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May 25, 2018

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Via FedEx

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Michael Constantino
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Annual Progress Report – Transitional Care of Lake County (Proj. No. 16-012)

Dear Mr. Constantino:

This office represents Transitional Care of Lake County, LLC; Innovative Health, LLC; IH Mundelein Owner, LLC; and OnPointe Health Development, LLC (collectively, the “Permit Holders”). As you are aware, on June 21, 2016, the Illinois Health Facilities and Services Review Board (the “State Board”) approved the Permit Holders’ application to establish a 185-bed general long-term care facility to be located at 850 East U.S. Highway, Mundelein, Illinois (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #16-012.

1. Status of the Project

The Permit Holders acquired the land where the Project will be located and received zoning approval for the site from the Village of Mundelein Planning and Zoning Commission. The Illinois Department of Public Health approved the architectural plans for the Project.

The Permit Holders have been diligently working to obtain HUD financing for the Project. They received a commitment letter and are working with HUD to close on the financing. Based upon previous experience it can take six to twelve months to close the financing. Construction will commence once financing is in place.

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While its HUD application is pending, the Permit Holders have proceeded with the Project. They received zoning approval from the Village of Mundelein and acquired the land at a cost of \$524,268.

2. Costs Incurred to Date

To date, the Permit Holders have expended \$1,433,116 on the Project.

Transitional Care of Lake County (Proj. No. 16-012)		
Project Costs		
	Approved	Expended
Preplanning Costs	\$310,700	
Site Survey and Soil Investigation	0	\$10,550
New Construction Contracts	\$21,415,000	0
Contingencies	\$402,000	0
A & E Fees	\$1,525,000	\$751,012
Consulting and Other Fees	\$1,560,000	\$671,554
Moveable or Other Equipment	\$1,955,000	0
Net Interest Expenses During Construction	\$970,000	0
Other Costs to be Capitalized	\$1,095,000	0
Estimated Total Project Cost	\$29,232,700	\$1,433,116

3. Sources of Funds

The project will be funded through \$7,030,895 in cash and securities and a \$22,201,805 mortgage.

4. Anticipated Completion Date

The anticipated completion date for the Project is June 30, 2019.

If you need any additional information or have any questions regarding the status of the project, please feel free to contact me at 312-873-3606 or acooper@polsinelli.com.

Sincerely

Anne M. Cooper