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July 18, 2019

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

VIA FEDEX

Courtney Avery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

**Re: Annual Progress Report-Transitional Care of Lake County, Mundelein
Project #16-012**

Dear Ms. Avery:

On June 21, 2016, the Illinois Health Facilities and Services Review Board (“HFSRB”) approved Project #16-012, a project to construct and establish a 185 bed general long term category of service to be located at 850 East U.S. Highway, Mundelein, Illinois. The purpose of this letter is to provide an annual progress report pursuant to 77 Ill. Admin. Code 1130.760.

Status of the Project

The project was able to begin construction in December 2018. Currently, the project is approximately 15% complete. We anticipate an additional 12-14 months of construction will be required to complete the building. The additional time is necessary to complete construction of the facility, and allow for the requisite Illinois Department of Public Health (“IDPH”) life safety and licensure inspections. This additional time will also allow for the final reconciliation of costs and expenses to allow for proper final cost reporting to the Board.

We have closed on our HUD loan which has allowed the construction of the facility to begin. Over the last year we have also worked through additional zoning matters that arose with the site and have satisfactorily addressed them. Finally, the project was financially committed on July 27, 2018 through the execution of the construction contract to build the skilled nursing facility and has been reported to the Board.

Costs Incurred to Date

To date approximately \$3,800,000 of the approved \$29,232,700 has been expended on the project. The project is progressing consistent with the application underlying the permit

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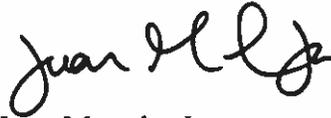
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approved by the Board and will be completed in accordance with the terms of the permit letter issued by the HFSRB. At this time we do not anticipate the need to alter the project in any way, and we expect the project to be completed in accordance with the approved permit.

If you have any questions or need any additional information regarding the project or this permit renewal request, please feel free to contact me at 312-212-4967.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

A handwritten signature in black ink, appearing to read "Juan Morado, Jr.", written in a cursive style.

Juan Morado, Jr.