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February 6, 2019

VIA FEDEX

Courtney Avery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62702

RECEIVED

FEB 07 2019

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Annual Progress Report- Lake Behavioral Hospital- HFSRB Project # 17-048

Dear Ms. Avery:

We represent US HealthVest, LLC, V Covington, LLC and V Covington Realty, LLC in connection with Project #17-048, Lake Behavioral Hospital. The Illinois Health Facilities and Services Review Board approved this Project to renovate and expand the facility to a 146-bed AMI facility on January 9, 2018. The facility is located at 2615 West Washington, Waukegan, Illinois 60085. Pursuant to Ill. Admin Code Section 1130.760, please accept the following as our annual progress report.

Current Status of the Project

Through the end of January 2019, the project is 10% complete. The Project scope and size has not changed and remains consistent with the permit issued.

Cost Incurred to Date and Method of Financing

The amount of funds expended on the Project through the end of January 2019 is \$1,653,034.48. Additionally, the method of financing and the sources of funds for the Project have not changed since the filing of the Project application. The Project has been and will continue to be funded through the use of cash and debt as indicated in our application. We anticipate the total project costs at completion will be consistent with those reported in the approved Project application.

Anticipated Date of Completion

The construction to renovate and expand the facility has not begun to date. The design work for the project is complete and has been reviewed by the Illinois Department of Public Health Design Standards, Life Safety and Construction Unit ("IDPH"). The full demolition and abatement of the building that will be replaced as part of the facility's expansion has also been completed. There was an unexpected administrative delay with obtaining the state and local

permits. However, we are pleased to report that we have obtained the IDPH permit and are only awaiting a building permit from the City of Waukegan before we commence with construction of the Project. As a result of the unforeseen delay in obtaining the requisite permits we are evaluating whether we will be able to complete the Project by the project completion date listed in their permit letter. The permit holder will file all necessary requests for permit renewal (if needed) in a timely manner.

If you should have any questions please do not hesitate to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com, you can also contact my colleague Mark J. Silberman at 312-212-4952 or via email at MSilberman@beneschlaw.com.

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.

JMJ