

COOK COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2018

The old Cook County hospital building has been out of service and fully impaired since 2002 and has no cost basis or accumulated depreciation as of November 30, 2018. The value of any future improvements to the land and building belongs to the developers during the period of the lease agreement. The lease of the land and the old Cook County hospital building commenced on December 31, 2017 and expires on December 31, 2116, with two 25-year extension options. The rent consists of the base rent amount, plus an annual increase based on the percentage change in the CPI plus .05%. During the lease period, the developer (tenant) is responsible for all repair and maintenance expenditures. At the conclusion of the original or extended lease term, the land, buildings and all improvements revert back to the County. The County is expected to start receiving rent payments beginning in FY 2019. Minimum future rentals to be received under this lease, excluding unknown escalation amounts and un-negotiated renewals, are as follows at November 30, 2018:

Year	Amount
2019	\$ 45,300
2020	546,709
2021	869,408
2022	954,495
2023	2,047,893
Thereafter	841,375,040
	<u><u>\$ 845,838,845</u></u>

Operating Leases Expense

The CCHHS leases data processing and other equipment. Lease agreements frequently include a renewal option and usually require the CCHHS to pay for maintenance costs. Rental payments for operating leases are charged to operating expense in the period incurred. Rental expense for operating leases was approximately \$19.1 million for FY 2018. Estimated minimum future lease payments under non-cancelable lease obligations for fiscal years ending November 30 are as follows:

Year	Amount
2019	\$ 17,956,020
2020	15,578,226
2021	7,030,910
2022	4,880,987
2023	3,258,331
Thereafter	1,402,931
	<u><u>\$ 50,107,405</u></u>