

# Lutheran Life Communities

## Fax

To: Mr. Dale Galassie

From: James Holbrook

Fax: 217.785.4111

Pages: 5 (including coversheet)

Phone:

Date: April 8, 2010

Re: Pleasant View Luther Home

CC:

Project #08-081

3150 Salt Creek Lane  
Arlington Heights, IL 60005  
Phone: 224.735.4000  
Fax: 847.368.7320

**RECEIVED**

APR 09 2010

HEALTH FACILITIES &  
SERVICES REVIEW BOARD



April 9, 2010

Via Facsimile (217/785-4111) and U.S. Mail

Mr. Dale Galassie  
Chairman  
Illinois Health Facilities and Services Review Board  
525 W. Jefferson, Second Floor  
Springfield, IL 62761

**RECEIVED**

APR 16 2010

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Re: Pleasant View Luther Home ("Pleasant View")  
Project No. 08-081 (the "Project")  
Pleasant View Luther, Inc. and Lutheran Life Communities (the "Permit  
Holders")

Dear Chairman Galassie:

This letter provides the Annual Progress Report for the Project referenced above in accordance with Section 1130.760 of the Review Board rules.

**1) Current Status of the Project**

The Review Board approved the permit for our Pleasant View Luther Home Project on March 10, 2009 for an extensive modernization of our home in Ottawa. Currently, all design work, including construction drawings, has been completed on the Project. We have submitted our drawings to IDPH for architectural review and our drawings have been approved. The next step will be to issue revenue bonds to finance construction on the Project. We have retained Ziegler Securities as the financial advisor/underwriter for the financing of the Project.

We were prepared to take this Project to the financial markets for bond issuance last year. As the Board well knows, the national economic situation has created a challenging situation for financing. Our financial advisor has advised us that present market conditions are not conducive for bond issuance and has recommended that we delay our bond issuance at this time. At this point we anticipate our bonds going to market early this summer to allow the Project to proceed during the summer construction season. Depending upon when bond market conditions recover, it may be necessary to request an extension of the obligation period beyond September 10, 2010.

3150 Salt Creek Lane · Arlington Heights, IL 60005  
(847) 368-7400 · fax (847) 368-7320  
[www.LutheranLifeCommunities.org](http://www.LutheranLifeCommunities.org)

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across all generations*

While design has proceeded, actual construction on the Project is zero percent complete and consequently all construction components remain to be finished. The costs incurred through December 31 are \$1,663,586 as detailed on the attached chart.

## **2) Project Costs**

We have solicited and received bids for the Project. Our initial bid responses have shown an increase in the modernization portion of the Project. In addition, we have continued to work with our financial advisor / underwriter for this Project. Bond market conditions have shown that interest costs on the bonds would also be higher than anticipated in the permit application. We are continuing to work on reducing construction and financing costs prior to entering into construction or financing costs agreements. Attached with this letter is an itemized listing of Project costs in comparison to the approved Permit amounts. In the event that these preliminary costs remain comparable to present bids and financing projections, we will follow necessary Board regulations in seeking a permit alteration to reflect the revised project costs.

## **3) Project Funding**

The method of financing the Project remains a combination of equity and debt. Upon recovery of debt market conditions we anticipate that there will be sufficient financial resources to complete the Project. We confirm that nothing has been undertaken on this Project that would cause the Project to be out of compliance with what was approved by the Board. The Project will be constructed in compliance with the scope and cost of the Project as approved by the Board. Funding sources are summarized on the attached table.

## **4) Application and Certification for Payment**

Construction for this Project has not begun, pending sale of the bonds. No G702 forms have been produced at this time.

## **5) Anticipated Date of Completion**

Under the existing permit Project completion is scheduled for May 31, 2011. The delay in Project financing may extend the anticipated Project completion date and, if so, we will follow all necessary procedures to request a Permit renewal from the Board.

Please let me know of any questions on this material, or if additional information needs to be provided.

Sincerely,

A handwritten signature in cursive script that reads "James Holbrook". The signature is written in black ink and is positioned above the printed name.

James Holbrook

cc: Mike Constantino  
Michael Mills  
Joe Ourth

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Pleasant View Luther Home, Inc. - Project 08-081

	Project Costs and Sources of Funds						
	Skilled Care Permit	Assisted/I.L. Permit	Total Project Permit	Anticipated Total Expenditures	Expended 12/31/2009		
Use of Funds							
Preplanning	\$121,974	\$29,045	\$151,019	\$184,639	\$101,288		
Site Survey & Soil Investigation	\$4,750	\$3,500	\$8,250	\$4,750	\$4,750		
Site Preparation	\$938,000	\$772,000	\$1,710,000	\$1,698,122	\$5,520		
New Construction Contracts	\$599,617	\$5,292,842	\$5,892,459	\$5,749,419	\$2,931		
Modernization	\$6,132,286	\$648,214	\$6,780,500	\$8,114,397	\$10,294		
Contingencies	\$673,190	\$594,106	\$1,267,296	\$900,000	\$0		
Architectural / Engineering Fees	\$647,946	\$571,827	\$1,219,772	\$1,307,474	\$983,825		
Consulting and Other Fees	\$106,200	\$70,800	\$177,000	\$155,310	\$154,055		
Movable or Other Equipment	\$550,754	\$486,052	\$1,036,806	\$880,710	\$0		
Bond Issuance Expenses	\$541,335	\$475,869	\$1,017,204	\$850,000	\$0		
Net Interest Expense During Const	\$801,997	\$704,991	\$1,506,968	\$2,100,000	\$0		
Other Costs to be Capitalized	\$685,700	\$715,083	\$1,400,783	\$1,300,000	\$165,533		
<b>Total</b>	<b>\$11,803,728</b>	<b>\$10,364,330</b>	<b>\$22,168,058</b>	<b>\$23,244,821</b>	<b>\$1,428,197</b>		
<b>Sources of Funds</b>							
Cash and Securities			\$3,468,503	\$4,545,266			
Bond Issues			\$18,699,555	\$18,699,555			
<b>Total</b>			<b>\$22,168,058</b>	<b>\$23,244,821</b>			