

CHARLES H. FOLEY & ASSOCIATES INC.

1638 South MacArthur Boulevard • Springfield, Illinois 62704
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HAND DELIVERED

August 25, 2011

RECEIVED

AUG 25 2011

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, 2nd floor
Springfield, Illinois 62761

Re: **Project Number 08-086**, Springfield
Nursing and Rehabilitation Center

Dear Ms. Avery:

On April 21, 2009, Springfield Nursing and Rehabilitation Center was approved for the establishment of a 75 bed long-term care facility to be located at 3089 Old Jacksonville Road, Springfield, Illinois. A twelve month Extension of Obligation was approved on September 21, 2010, extending the Obligation deadline to October 21, 2011. On April 16, 2010 our Annual Progress Report was filed with the Department. The project's completion date was extended on May 4, 2011 until May 31, 2013. Therefore, to-date, the Applicant has complied with all post-permit requirements.

As of this date, the Applicants anticipate breaking ground by October 1, 2011 and completing construction of the Project by November 30, 2012. It is also anticipated that within two months from that date the building will be approved for its certificate of occupancy and anticipate receipt of its IDPH license. From this January date (January 31, 2013) it is estimated that within four months all of the project costs will have been submitted and accounted for in order for the Applicant to submit its final realized cost back to the Board.

To date, no construction on the project has been initiated. However, significant funds have been expended. Consulting fees have been expended to the point of completing the Certificate of Need Application and receiving said permit and for fees to navigate the local zoning process. The site survey and soil investigation studies have been performed. Architectural and engineering fees have been expended to the point that the process is underway to complete construction documents for Illinois Department of Public Health (licensure) approvals. Appended as **EXHIBIT I** is the Project Costs and Sources of Funds page providing the approved permit amount, the dollars expended to date and the percentage of each line item completed in accordance with the requirements of Section 1130.d(2).



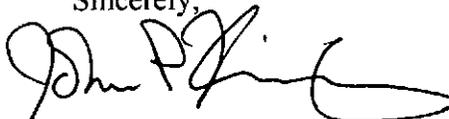
Health Care Consulting

Ms. Courtney Avery, Administrator
August 25, 2011
Page Two

Since the Applicants' request for the renewal of permit, they have worked with adjacent property owners and City of Springfield to obtain the necessary zoning for the site; zoning was completed in July of this year; and the Applicants are continuing to work with local general and sub-contractors to obtain pricing for the project that complies with the approved budget. The Applicants initially submitted the design documents to the Illinois Department of Public Health on March 7, 2011 and have made subsequent submissions in May, June, and July. The Applicants will be submitting construction documents to the IDPH by the middle of September, 2011. A copy of the zoning approval is attached as **Exhibit II**. Enclosed is a check in the amount of \$1,000.00 made payable to the Illinois Department of Public Health for the fee associated with this request (see **EXHIBIT III**).

This request is due to the resultant cost of the preliminary bids being received, the cost has been increasing and due to the negotiations to obtain zoning the project size has been altered. To adjust and minimize the effect of the pricing, the Applicant is looking to alter the size of the project from 54,375 to 45,271 gross square feet. The review criteria that are being altered and included as a result of this change include: cost/space requirements, size of project, and reasonableness of project and related costs along with a revised Narrative Description of the project is provided under **EXHIBIT IV**. If you have any questions, please do not hesitate to contact me. In order to maintain our timeline we are in the process of wanting to sign the construction documents on or before September 15th, therefore, an immediate response would be greatly appreciated.

Sincerely,



John P. Kniery
Health Care Consultant

Enclosures

C: Brian Levinson, OJCC
Christopher J. Lukaart, General Counsel
Mainstreet Capital Partners, LP

5467

CHARLES H. FOLEY & ASSOCIATES, INC.

1638 SOUTH MACARTHUR BOULEVARD
SPRINGFIELD, IL 62704
217-544-1551

Check Fraud
Protection for Buyers

70-7345-2711

DATE 8/25/11

PAY
TO THE
ORDER OF

ILLINOIS DEPARTMENT OF PUBLIC HEALTH \$ 1,000.⁰⁰

One Thousand and ^{no}/₁₀₀

DOLLARS

Spfld Nursing
& Rehab Center



SECURITY BANK

510 E. Monroe
Springfield, IL 62701

FOR 08-086 Permit Alt. Request

⑈005467⑈ ⑆271173452⑆ 0300001070⑈

N. Project Costs and Sources of Funds**Project Number 08-086****April 15, 2011**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains components that are not related to the provision of health care, complete an additional table for the portions that are solely for health care and insert that table following this page (e.g. separate a nursing home's costs from the components of a retirement community; separate patient care area costs from a hospital project that includes a parking garage). Note, the use and sources of funds must equal.

PROJECT USES AND SOURCES OF FUNDS	PERMIT	EXPENDED	PERCENTAGE
USE OF FUNDS	AMOUNT	TO DATE	%
Preplanning Costs	\$6,500	\$3,470	53%
Site Survey and Soil Investigation	\$10,000	\$15,050	150%
Site Preparation	\$20,000		
Off Site Work	\$0		
New Construction Contracts	\$10,400,000	\$101,240	0.97%
Modernization Contracts	\$0		
Contingencies	\$520,000		
Architectural/Engineering Fees	\$55,000	\$343,768	625%
Consulting and Other Fees	\$558,000	\$224,884	40%
Movable or Other Equipment (not in construction contracts)	\$501,053		
Bond Issuance Expense (project related)	\$0		
Net Interest Expense During Construction (project related)	\$770,000		
Fair Market Value of Leased Space or Equipment	\$0		
Other Costs To Be Capitalized	\$109,448		
Acquisition of Building or Other Property (excluding land)	\$0		
TOTAL USES OF FUNDS	\$12,950,000	\$688,412	5.32%
SOURCE OF FUNDS	AMOUNT		
Cash and Securities	\$1,950,000	\$688,412	35.3%
Pledges	\$0		
Gifts and Bequests	\$		
Bond Issues (project related)	\$0		
Mortgages	\$11,000,000	0	0%
Leases (fair market value)	\$0		
Governmental Appropriations	\$0		
Grants	\$0		
Other Funds and Sources	\$0		
TOTAL SOURCES OF FUNDS	\$12,950,000	\$688,412	5.32%



BUILDING AND ZONING DEPARTMENT
CITY OF SPRINGFIELD, ILLINOIS

August 2, 2011

Todd M. Turner
Sorling, Northrup, Hanna,
Cullen & Cochran, Ltd.
Suite 800, Illinois Building
Springfield, IL 62705

Brian Levinson
7444 North Long Ave.
Skokie, IL 60077

RE: 3089 Old Jacksonville Road
Docket # 2011-022

Dear Sirs:

Enclosed is your copy of the Ordinance granted by the Springfield City Council.

If you should have any questions concerning this matter, please do not hesitate to contact me.

Sincerely,

Matt McLaughlin
Assistant Zoning Administrator

MM:llc

**AN ORDINANCE GRANTING THE PROPERTY LOCATED
AT 3089 OLD JACKSONVILLE ROAD, A VARIANCE OF
SECTION 155.020(a), REGULATIONS OF THE OFF, OFFICE
DISTRICT, OF THE SPRINGFIELD ZONING ORDINANCE**

DOCKET #2011-022

WHEREAS, the City of Springfield is a home rule unit as defined in Article VII, Section 6(a) of the 1970 Illinois Constitution and has jurisdiction over matters pertaining to its government and affairs; and

WHEREAS, on June 15, 2011, the Springfield Planning and Zoning Commission heard a petition for a Variance of Section 155.020(a), Regulations of the OFF, Office District, for the property located at 3089 Old Jacksonville Road, and legally described as follows:

The West Five (5) acres of the East Ten (10) acres of the South Quarter of the East Half of the Southeast Quarter of Section 36, Township 16 North, Range 6 West of the Third Principal Meridian, Sangamon County, Illinois. Except the coal and other minerals underlying the surface of said land and all rights and easements in favor of the estate of said coal and minerals. Tax ID 13-36-0-476-005

WHEREAS, all statutory notice requirements have been fulfilled in regard to said hearing; and

WHEREAS, the Springfield Planning and Zoning Commission recommended that the Springfield City council approve the petition as submitted; and

WHEREAS, the Springfield City Council agrees with the recommendation of the Springfield Planning and Zoning Commission, and finds adequate factual basis for said recommendation adopting the Commission's findings as it own findings.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, ILLINOIS:

Section 1: That the property located at 3089 Old Jacksonville Road, as legally described above, is hereby granted a Variance of Section 155.020(a), Regulations of the OFF, Office District, to allow a facility up to 50,000 square feet.

Section 2: The Zoning Administrator is hereby directed to amend the map according to the provisions stated herein.

Section 3: This Ordinance shall become effective immediately upon its passage and recording by the City Clerk.

PASSED: July 19, 2011

SIGNED: 7.21, 2011

RECORDED: July 27, 2011

Michael Hester
MAYOR

ATTEST: [Signature]
CITY CLERK

Approved as to legal sufficiency:

JAP / 7.21.11
Office of Corporation Counsel/Date

REVISED
August 22, 2011

M. Narrative Description

Provide in the space below a brief narrative description of the project. Explain what is to be done, **NOT** why it is being done. Include the rationale as to the project's classification as substantive or non-substantive. If the project site does NOT have a street address, include a legal description of the site.

OJCC Realty, LLC (Owner) and OJCC, LLC (Operator) are proposing a new 75 bed nursing care facility to be known as Springfield Nursing and Rehabilitation Center. The facility will be located at 3089 Old Jacksonville Road, Springfield, Sangamon County, Illinois. The total proposed gross square feet will be 45,271 and the total project cost will be \$12,950,000.

This Certificate of Need application is for a new facility, thus, this project is classified as "Substantive" according to the *77 Illinois Administrative Code, Chapter II, Section 1110.140.b of subchapter a.*

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION (Continued vi)

Q. Cost/Space Requirements

REVISED August 22, 2011

Provide in the format of the following example the gross square footage (GSF) and the attributable portion of total project cost for each department/area. Identify each piece of major medical equipment. The sum of the department costs MUST equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurement plus the department or area's portion of the surrounding circulation space. Indicate the proposed use of any vacated space.

Department/Area	Cost(\$)	Existing GSF	Proposed GSF	Amount of Proposed Total GSF That is:		
				New Construction	Remodeled	As Is
Clinical						
Nursing	\$6,064,368	0	21,200	21,200	0	0
Living/Dining/Activity	\$924,244	0	3,231	3,231	0	0
Kitchen/Food Service	\$475,138	0	1,661	1,661	0	0
Physical/Occupational Therapy	\$694,542	0	2,428	2,428	0	0
Laundry	\$171,061	0	598	598	0	0
Janitor Closets	\$34,899	0	112	112	0	0
Clean/Soiled Utility	\$159,333	0	557	557	0	0
Beauty/Barber	\$109,559	0	383	383	0	0
Sub-Total	\$8,633,143	0	30,180	30,180	0	0
Non - Clinical						
Employee Lounge/ Locker/N.T./N.L.	\$144,172	0	504	504	0	0
Office/Administration	\$393,612	0	1,376	1,376	0	0
Mechanical Room	\$206,246	0	721	721	0	0
Lobby/Vestibules	\$230,560	0	806	806	0	0
Storage	\$214,541	0	750	750	0	0
Chapel	\$66,365	0	232	232	0	0
Corridor	\$2,996,713	0	10,476	10,476	0	0
Public Toilets	\$64,648	0	226	226	0	0
Sub-Total	\$4,316,857	0	15,091	15,091	0	0
Grand Total	\$12,950,000	0	45,271	45,271	0	0

SPRINGFIELD

As of 8/19/2011

SECTION 1: IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Department/Area - Clinical	Original Estimate		Revised w/new SF Redesign	
	Cost (\$)	Previous SF	Cost (\$)	Proposed GSF
Nursing	\$6,430,345.00	27,000	\$6,055,350.98	21,200
Living/Dining/Activity	\$1,428,966.00	6000	\$931,880.82	3,231
Kitchen/Food Service	\$272,694.00	1145	\$479,063.46	1,661
Physical/Occupational Therapy	\$428,690.00	1800	\$700,280.60	2,428
Laundry	\$209,582.00	880	\$172,474.38	598
Janitor Closets	\$9,526.00	40	\$35,187.08	122
Clean/Soiled Utility	\$114,317.00	480	\$160,649.22	557
Beauty/Barber	\$95,264.00	400	\$110,464.36	383
Sub-Total	\$8,989,384.00	37,745	\$8,645,350.91	30,180
Department Area - Non Clinical				
Employee Lounge/Locker/NT/NL	\$117,651.00	494	\$145,363.02	504
Office/Administration	\$215,059.00	903	\$396,864.13	1,376
Mechanical Rooms	\$60,017.00	252	\$207,949.88	721
Lobby/Vestibules	\$333,425.00	1400	\$232,465.47	806
Storage	\$178,621.00	750	\$216,314.03	750
Maintenance	\$47,632.00	200	\$66,913.14	232
Corridor	\$2,974,868.00	12491	\$2,973,596.79	10,476
Public Toilets	\$33,343.00	140	\$65,182.63	226
Sub-Total	\$3,960,616.00	16,630	\$4,304,649.09	15,091
Grand Total	\$12,950,000.00	54,375	\$12,950,000.00	45,271

SECTION III. GENERAL REVIEW CRITERIA

E. Criterion 1110.230.e, Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Nursing	603.6 BGSF/bed	713 BGSF	-109.4 BGSF	Yes

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive:

The State Norm applicable to this project is that of the Department identified as *Nursing Care Facilities* according to the *77 Illinois Administrative Code, Chapter II, Subchapter a, Part 1110, Section 1110.Appendix B State and National Norms is between 435-713 bgsf/bed (total)*. Thus, the allowable total gross square footage for a project of 75 beds would be 53,475 gross square feet. This Applicant is proposing 45,271 gross square feet for this project. This is well within the range acceptable for nursing care projects.

This project proposes to reduce the total gross square feet per bed to maintain the project cost and to accommodate the project's negotiated conditions that were made to receive zoning for the project. Specifically, this alternation of the permit takes 9,104 gsf or 17% of the original project size out of the project. The reductions bring this project from 725 gross square feet per bed (a number that was/is over the Board's norm) to 603 gross square feet per bed (a number well within the Board's square footage norm). More specifically, the square footage in the basement was eliminated and uses relocated to the first floor plan as a basement is expensive and the site has a high water table. The nursing area was redesigned and the overall floor plan was downsized by 21% (5,800

SECTION III. GENERAL REVIEW CRITERIA

E. Criterion 1110.230.e, Size of Project (Continued ii)

gsf), the living/dining/activity area had 46% of its original space eliminated (2,769 gsf). The lobby/vestibule areas were resized by 42% (594 gsf). Finally, the corridor space was downsized by 16% or (2,015 gsf). These proposed alterations do not change the original nature of the project. The facility will still provide predominately private resident rooms (87% or 57 rooms). All resident rooms will still have their own full bath and shower and all original amenities were retained even if resized. In total, the original project as approved was a wish list whereas the proposed alteration instills the integrity of that original project with a more efficient design.

SECTION XXVI. -REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

This section is applicable to all projects subject to Part 1120.

REVISED August 22, 2011

A. Criterion 1120.310(a), Reasonableness of Financing Arrangements

Is the project classified as a Category B project? Yes No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes No If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing? Yes No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. borrowing is less costly than the liquidation of existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

APPEND DOCUMENTATION AS ATTACHMENT ECON-1 AFTER THE LAST PAGE OF THIS SECTION.

B. Criterion 1120.310(b), Conditions of Debt Financing

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

APPEND DOCUMENTATION AS ATTACHMENT ECON-2 AFTER THE LAST PAGE OF THIS SECTION.

C. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Nursing	229.73		45,271				10,400,000		10,400,000
Contingency	11.49		45,271				520,000		520,000
TOTALS	241.22		45,271				10,920,000		10,920,000

* Include the percentage (%) of space for circulation