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HAND DELIVERED

June 19, 2012

RECEIVED

JUL 30 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

Re: Project Number **08-086**, Springfield Nursing
and Rehabilitation Center; Request for
Permit Alteration.

Dear Ms. Avery:

On behalf of the Applicant for the above referenced project, OJCC Realty, LLC (owner) and OJCC, LLC (operator), please accept this correspondence as documentation of the request for permit alteration. This project was originally approved on April 21, 2009. The Obligation date was renewed in September 21, 2010. On April 26, 2011 this Board granted the project a permit renewal through May 31, 2013. On October 12, 2011 the project's first permit alteration request was granted to reduce the overall size (gross square footage) of the project. As this project is well under way, according the annual progress report filed on May 18, 2012, as a precautionary measure, this Applicant is requesting the project's second permit renewal: an increase in the project cost. All other areas of the scope of the project will not change.

This request seeks to increase the project cost from \$12,950,000 to \$13,597,500, a difference of \$647,500 or a 5 percent increase. Enclosed herein are revised sections of the original Certificate of Need Application for all items that concern with the cost of the project.

Specifically, the following items have been addressed and are attached hereto:

Section I, Item M. Narrative Description;
Section I, Item N. Project Costs and Sources of Funds;
Section I, Item Q. Cost Space Requirements;
Section XXV, Item A. Financial Viability for owner and on a combined basis as
operations will not change due to this permit alteration request;
Section XXV, Item B. Availability of Funds;
Section XXVI, Item C.1 Reasonableness of Project and Related Costs;
Section XXVI, Item E. Total Effect of the Project on Capital Costs.

Ms. Courtney Avery, Administrator
June 19, 2012
Page Two

At the time of writing this request, the Applicant has not incurred any cost near the approved amount of \$12,950,000. To date, the Applicant has only spent \$4,626,783 according to the annual progress report filed with the State in May of this year. This request is more of a precautionary measure as this project was delayed early on, as documented in the previously approved obligation extension, permit renewal, and first permit alteration request. Additionally, the project fought through a protracted process of receiving the necessary permits from the City of Springfield as well as incurring construction, site and off-site work from the local utility that were not anticipated or communicated to be part of the process by the associated utility as the project was still in its planning phase. The Applicant is utilizing value engineering of this project and is hopeful that it will be able to save significant dollars on the project. But, as there are no guarantees, and there are additional requirements on the Applicant by the City, the Illinois Department of Public Health licensure, and the local utilities. It is the intent of the Applicant to ensure that they do not violate the conditions of this permit. As such, it should be noted that the majority of the funds being requested are placed in the contingency line item.

The breakdown of the costs as well as the "why" behind each of the items are provided below:

- Items 1-4 below, are additional costs were driven by MSKTD's response to the City of Springfield's review of the plans and comments provided in the subsequent letters from the reviewing authorities.
- Item 5 below is a standard cost of construction that was not anticipated by the construction manager, Walsh Construction, because the existing curb cut was originally to be allowed to be re-used/relocated by the City and now it is not.
- Item 6 below are costs which are directly related to/associated with the demolition of the existing home on the parcel of land. Originally, the house was to be moved at the seller's expense.
- Item 7 below are the additional costs being incurred as a result of inspections that are occurring during construction and issues are being cited above and beyond any that were found during the design review process.
- Items 8-14 are items that were not planned for as a result of delays in the start of construction due to the protracted process of getting the necessary permits from the City, as well as construction fees incurred by the local utilities that were not anticipated / communicated to be a part of the construction process by the associated utility.

Ms. Courtney Avery, Administrator
June 19, 2012
Page Three

1. Cost to go to ½" resilient channel 16" O.C. and type X drywall for fire/acoustical rating: \$88,340;
 2. To upgrade to Merv15 filters per air quality requirements: \$27,959;
 3. Addendum 5 (see enclosed attachment): \$124,749;
 4. Addendum 6 (see enclosed attachment): \$211,668;
 5. Curb cut permits: \$550;
 6. Demo/Abate Existing house
 - a. Demo: \$6,000;
 - b. Abate: \$6,200;
 - c. Test: \$650;
 7. Codes Changes to date:
 - a. \$5,725 for (26) additional cleanouts + (6) floor drains for plumbing;
 - b. \$9,000 sewer tap fee (based on connection and the number of plumbing fixtures in building approx. 700);
 8. Winter Conditions (Lime stabilization): \$55,385;
 9. CWLP removing existing power poles on property: \$8,800;
 10. CWLP water main (their estimated cost): \$89,000;
 11. Satellite TV: estimate (Owner orders this): \$5,000;
 12. Gas:
 - a. \$1,000 for high pressure meter;
 - b. 1st 60 feet free + (8.50/LF x 360 ft. = 2,975): \$2,975;
 13. CWLP permanent electrical: \$120; and
- TOTAL of above items: \$624,771.

Ms. Courtney Avery, Administrator
June 19, 2012
Page Four

The respective cost above were divided into their appropriate line items of the Project Costs and Sources of Funds chart and mostly between the site and off-site costs with the balance of the additional requested permit amount lumped under contingency as the Applicant is not sure how much, if any, they will be able to off-set the cost through value engineering of the project.

The enclosed documentation should be inclusive of all criteria that are affected by this cost increase; thus, this request for permit alteration should be complete. If you should have any questions or concerns or need additional information, please do not hesitate to contact me.

Sincerely,



John P. Kniery
Health Care Consultant

ENCLOSURES

C: Brian Levinson
V. Edward Grogg

**REVISED
June 12, 2012**

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 \$13,597,500.

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.*

N. Project Costs and Sources of Funds**Project Number 08-086****May 18, 2012**

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	\$5,378	83%
Site Survey and Soil Investigation	\$10,000	\$11,485	115%
Site Preparation	\$20,000		
Off Site Work	\$0		
New Construction Contracts	\$10,400,000	\$2,577,431	25%
Modernization Contracts	\$0		
Contingencies	\$520,000		
Architectural/Engineering Fees	\$55,000	\$376,809	685%
Consulting and Other Fees	\$558,000	\$414,303	74%
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	2,868	0.3%
Fair Market Value of Leased Space or Equipment	\$0		
Other Costs To Be Capitalized	\$109,448	40,500	37%
Acquisition of Building or Other Property (excluding land)	\$0		
TOTAL USES OF FUNDS	\$12,950,000	\$4,626,783	36%
SOURCE OF FUNDS	AMOUNT		
Cash and Securities	\$1,950,000	\$2,590,000	133%
Pledges	\$0		
Gifts and Bequests	\$		
Bond Issues (project related)	\$0		
Mortgages	\$11,000,000	2,036,783	19%
Leases (fair market value)	\$0		
Governmental Appropriations	\$0		
Grants	\$0		
Other Funds and Sources	\$0		
TOTAL SOURCES OF FUNDS	\$12,950,000	\$4,626,783	36%

Project Costs and Sources of Funds

USE OF FUNDS	Currently Approved			Requested Amount			%	%	Difference
	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	in Total
Preplanning Costs	4,512	1,988	6,500	4,355	2145	6,500	67%	33%	0.00%
Site Survey and Soil Investigation	6,942	3,058	10,000	6,700	3300	10,000	67%	33%	0.00%
Site Preparation	13,883	6,117	20,000	27,906	13744.5	41,650	67%	33%	108.25%
Off Site Work	0	0	0	65,054	32041.35	97095	67%	33%	error
New Construction Contracts	7,219,284	3,180,736	10,400,000	6,968,000	3432000	10,400,000	67%	33%	0.00%
Modernization Contracts	0	0	0	0	0	0	67%	33%	
Contingencies	360,963	169,037	520,000	702,665	346088.82	1,048,754	67%	33%	101.68%
Architectural/Engineering Fees	38,179	18,821	55,000	36,850	18150	55,000	67%	33%	0.00%
Consulting and Other Fees	387,341	170,659	558,000	373,860	184140	558,000	67%	33%	0.00%
Movable or Other Equipment (not in construction contracts)	347,811	153,242	501,053	335,706	165347.49	501,053	67%	33%	0.00%
Bond Issuance Expense (project related)	0	0	0	0	0	0	67%	33%	
Net Interest Expense During Construction (project related)	534,503	235,497	770000	515,900	254100	770,000	67%	33%	0.00%
Fair Market Value of Leased Space or Equipment	0	0	0	0	0	0	67%	33%	
Other Costs To Be Capitalized	75,974	33,474	109448	73,330	36117.84	109,448	67%	33%	0.00%
Acquisition of Building or Other Property (excluding land)	0	0	0	0	0	0	67%	33%	
TOTAL USES OF FUNDS	8,989,373	3,960,828	12,950,001	9,110,325	\$ 4,487,175	13,597,500			5.00%
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL			
Cash and Securities	1,287,000	663,000	1,950,000	1,740,325	857,175	2,597,500	67%	33%	33.21%
Pledges	0	0	0	0	0	0			
Gifts and Bequests	0	0	0	0	0	0			
Bond Issues (project related)	0	0	0	0	0	0			
Mortgages	7,280,000	3,740,000	11000000	7,370,000	3,630,000	11000000	67%	33%	0.00%
Leases (fair market value)	0	0	0	0	0	0			
Governmental Appropriations	0	0	0	0	0	0			
Grants	0	0	0	0	0	0			
Other Funds and Sources	0	0	0	0	0	0			
TOTAL SOURCES OF FUNDS	8,547,000	4,403,000	12,950,000	9,110,325	4,487,175	13,597,500			5.00%

New Construction	Current	Gross Square Feet	Requested
Dept./Area	Cost (\$)	Permit Alteration Approved Amount	Project Cost (\$)
CLINICAL			
Nursing	\$ 6,064,368	21,200	6,367,586
LR/DR/Activity	\$ 924,244	3,231	970,456
Kitchen/Food Svc	\$ 475,138	1,661	498,894
PT/OT	\$ 694,542	2,428	729,269
Laundry	\$ 171,061	598	179,614
Janitor Closet	\$ 34,899	122	36,644
Clean/Soiled Linen	\$ 159,333	557	167,299
Beauty/Barber	\$ 109,559	383	115,037
Total CLINICAL	\$ 8,833,143	30,180	9,064,800
NON CLINICAL			
Employee Lounge/Locker NT/LT	\$ 144,172	504	151,380
Office/Admin	\$ 393,612	1,376	413,292
Mechanical Rooms	\$ 206,246	721	216,558
Lobby/Vestibule	\$ 230,560	806	242,088
Storage	\$ 214,541	750	225,268
Maintenance	\$ 66,365	232	69,683
Corridor	\$ 2,996,713	10,476	3,146,549
Public Toilets	\$ 64,648	226	67,881
Total NON CLINICAL	\$ 4,316,857	15,091	4,532,700
TOTAL	\$ 12,950,000	45,271	13,597,500

SECTION XXV. REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

REVISED JUNE 17, 2012

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

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming the applicant's debt obligations in case of default) have a bond rating of "A" or better?
 Yes No

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

1. Balance sheet
2. Income statement
3. Change in fund balance
4. Change in financial position

APPEND THE REQUIRED DOCUMENTS AS ATTACHMENT FINANCIALS AND PLACE AFTER ALL OTHER APPLICATION ATTACHMENTS INCLUDING THE REMAINING ATTACHMENTS FOR THIS SECTION AND FOR SECTION XXVI.

A. Criterion 1120.210(a), Financial Viability

1. Viability Ratios - OJCC REALTY - OWNERSHIP ENTITY

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B
Enter Historical and/or Projected Years:				2013
Current Ratio				2.45
Net Margin Percentage				-22.24%
Percent Debt to Total Capitalization				84.81%
Projected Debt Service Coverage				0.99
Days Cash on Hand				8,524.06
Cushion Ratio				0.74

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

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

SECTION XXV. REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)
 REVISED JUNE 17, 2012

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

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming the applicant's debt obligations in case of default) have a bond rating of "A" or better?
 Yes No

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

1. Balance sheet
2. Income statement
3. Change in fund balance
4. Change in financial position

APPEND THE REQUIRED DOCUMENTS AS ATTACHMENT FINANCIALS AND PLACE AFTER ALL OTHER APPLICATION ATTACHMENTS INCLUDING THE REMAINING ATTACHMENTS FOR THIS SECTION AND FOR SECTION XXVI.

A. Criterion 1120.210(a), Financial Viability

1. Viability Ratios - OJCC - COMBINED BASIS

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B
Enter Historical and/or Projected Years:				2013
Current Ratio				7.54
Net Margin Percentage				16.99%
Percent Debt to Total Capitalization				68.66%
Projected Debt Service Coverage				2.16
Days Cash on Hand				254.81
Cushion Ratio				1.95

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

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

REVISED June 12, 2012

B. Criterion 1120.210(b), Availability of Funds

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

\$2,597,500 Cash & Securities

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

_____ Pledges

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

_____ Gifts and Bequests

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

\$11,000,000 Debt Financing (indicate type(s) HUD MORTGAGE)

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

_____ Governmental Appropriations

Provide a copy of the appropriation act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, provide a resolution or other action of the governmental unit attesting to such future funding.

_____ Grants

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

_____ Other Funds and Sources

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

\$13,597,500 TOTAL FUNDS AVAILABLE

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

C. Criterion 1120.210(c), Operating Start-up Costs - SEE ATTACHED SCHEDULE

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes X No
 If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

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	23.17		45,271				1,048,754		1,048,754
TOTALS	252.90		45,271				11,448,754		11,448,754

* Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:
 - a. that the lowest net cost available has been selected; or
 - b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.

APPEND DOCUMENTATION AS ATTACHMENT ECON-3 AFTER THE LAST PAGE OF THIS SECTION.

3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

APPEND DOCUMENTATION AS ATTACHMENT ECON-4 AFTER THE LAST PAGE OF THIS SECTION.

D. Criterion 1120.310(d), Projected Operating Costs - CONSOLIDATED

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

Salaries/Benefits/Supplies	\$3,290,166
Patient Days (2012)	24,656
Operating Cost per Patient Day	133.44

E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs - CONSOLIDATED

Is the project classified as a category B project? Yes No . If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

Depreciation	\$ 366,667	Patient Days (2012)	24,656
Interest Expense	\$ 751,943	Capital Cost per Patient Day	\$53.17
Property Taxes	\$ 165,375	<u>REVISED June 19, 2012</u>	
Mortgage Insurance	\$ 55,000		
Total	\$1,338,985		

N/AF. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT ECON-5 AFTER THE LAST PAGE OF THIS SECTION.

Ratios	2011	Ratio	2012	Ratio	2013	Ratio
Current Ratio:						
Current Assets	728,952	3.05	750,605	2.51	749,473	2.45
Current liabilities	238,648		299,054		306,220	
Net Margin Percentage:						
Net Income	(188,628)	-22.49%	(248,175)	-22.16%	(248,708)	-22.24%
Net Operating Income	838,730		1,118,898		1,118,166	
Percent of debt to total Capitalization:						
Long term debt	10,916,931	81.92%	10,799,187	83.33%	10,672,831	84.81%
Long term debt plus shareholder's equity	13,325,804		12,959,884		12,584,020	
Projected Debt Service Coverage:						
Net Income+Depredation+Interest	661,953	1.01	878,948	1.00	889,902	0.99
Principal and Interest	658,647		878,196		878,196	
Days Cash on Hand:						
Cash in bank	653,328	10355.87	652,440	8674.80	651,308	8524.08
Operating Expenses/365	63		75		76	
Cushion Ratio:						
Cash and investments	653,328	0.99	652,440	0.74	651,308	0.74
Maxtrum Annual Debt Service	658,647		878,196		878,196	

Ratios	2011	Ratio	2012	Ratio	2013	Ratio
Current Ratio: >1.5						
Current Assets	1,823,497	4.53	2,951,839	5.63	4,124,491	7.54
Current Liabilities	358,107		524,661		546,960	
Net Margin Percentage: >2.5%						
Net Income	157,802	6.89%	841,318	18.85%	774,619	16.99%
Net Operating Income	2,293,000		4,483,678		4,660,375	
Percent of debt to total Capitalization: <60%						
Long term debt	10,916,831	77.03%	10,799,187	72.50%	10,672,931	69.86%
Long term debt plus shareholder's equity	14,172,333		14,895,908		15,544,269	
Projected Debt Service Coverage: >1.5						
Net Income+Depredation+Interest	1,008,482	1.53	1,968,439	2.24	1,883,228	2.16
Principal and interest	658,647		878,196		878,196	
Days Cash on Hand: >75 Days						
Cash in bank	1,115,561	360.09	1,484,752	237.41	1,708,107	254.81
Operating Expenses/365	3,098		8,254		6,703	
Cushion Ratio: >3.0						
Cash and Investments	1,115,561	1.69	1,484,752	1.69	1,708,107	1.95
Maximum Annual Debt Service	658,647		878,196		878,196	
Cushion+Current Ratio:						
Total Current Assets	1,823,497	1.60	2,951,839	2.10	4,124,491	2.89
Total Current Liabilities+Maximum Annual Debt Service	1,016,754		1,402,857		1,425,166	

Town and Country Bank
SidebySide

June 28, 2012

SPRINGFIELD
2401 Wabash Avenue
3601 Wabash Avenue
2601 North Dirksen Parkway
1925 South MacArthur Boulevard

DECATUR
445 North Franklin

FORSYTH
107 East Highland Drive

MT. ZION
1645 State Highway 121

www.townandcountrybank.com

P: 217.787.3100
Toll Free: 866.770.3100

Mailing Address:
P.O. Box 13255
Springfield, IL 62791

A subsidiary of Town and Country
Financial Corp.

Mr. V. Edward Grogg
MS Springfield, LP
109 W. Jackson Street
Cicero, IN 46034

RE: MS Springfield, LLC, now MS Springfield, LP
75 Bed Nursing Home
3089 Old Jacksonville Road, Springfield, IL 62704

Dear Ed:

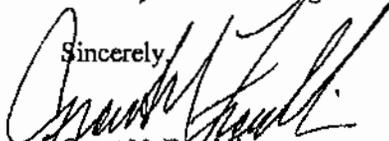
At your request, I am providing you with some confirmation of funding on the above referenced project:

1. Pursuant to our bank's Commitment Letter for financing in the amount of \$10,360,000, MS Springfield has contributed total equity in excess of \$2,590,000 on this \$12,950,000 project. The equity contribution was used for land acquisition and construction related expenses prior to the disbursement of construction loan funds as required by Town and Country Bank. This equity contribution is documented by closing and construction escrow transactions administered by Chicago Title and Trust Company. A copy of our Commitment Letter dated July 6, 2011 is attached. Please advise if any additional detail is required.
2. In addition, a depository account was established pursuant to an agreement between MS Springfield, LLC and Town and Country Bank. This account is for the Benefit of MS Springfield. The initial deposit to this account was \$1,050,000, with a current balance including accrued interest of \$1,051,714.58.

I hope this information is helpful to you. If you need anything additional, please do not hesitate to let me know. I can be reached at (217) 321-3612, or by e-mail at gfranklin@townandcountrybank.com. My mailing address is Town and Country Bank, 1925 S. MacArthur Blvd., Springfield, IL 62704.

Thank you for allowing Town and Country Bank to be of service to you!

Sincerely,



Grant N. Franklin
Senior Vice President

OJCC REALTY, LLC - REALTY ENTITY - PROJECTED STATEMENT OF OPERATIONS						
	2011	PPD	2012	PPD	2013	PPD
Revenues:						
Rent	838,730		1,118,898		1,118,166	
Total Revenue	838,730	\$0.00	1,118,898	\$0.00	1,118,166	\$0.00
Expenses:						
Misc Expenses	6,000		10,000		10,000	
Insurance	17,027		17,452		17,889	
Total expenses	23,027	\$0.00	27,452	\$0.00	27,889	\$0.00
Gross Profit	815,703	\$0.00	1,091,446	\$0.00	1,090,277	\$0.00
Capital costs:						
Real estate taxes	112,500	\$11.69	157,500	\$6.39	165,375	\$6.57
Interest expense	575,580	\$59.80	760,455	\$30.84	751,943	\$29.86
Mortgage insurance	41,250	\$4.29	55,000	\$2.23	55,000	\$2.18
Depreciation	275,000	\$28.57	366,667	\$14.87	366,667	\$14.56
Total capital costs	1,004,330	\$104.35	1,339,622	\$54.33	1,338,985	\$53.17
Net income	(188,628)	(\$104.35)	(248,175)	(\$54.33)	(248,708)	(\$53.17)
Occupancy	9,625		24,856		25,185	
Average Census	35		68		69	
Days	275		365		365	
Beds	75		75		75	
Available Days	20,625		27,375		27,375	
Occupancy	46.67%		68.07%		72.00%	
Number of Months in Operation	9		12		12	

OJCC REALTY, LLC - REALTY ENTITY - PROJECTED BALANCE SHEET			
BALANCE SHEET			
Current Assets			
Cash in bank and on hand	653,328	652,440	651,308
Accounts receivable net of allowance for doubtful accounts			
Tax and Insurance Escrows	73,824	98,165	98,165
Inventory			
Total current assets	726,952	750,605	749,473
Fixed Assets:			
Land, Building, Movables	13,000,000	13,000,000	13,000,000
Less: Accumulated Depreciation	275,000	641,667	1,008,333
Net Fixed Assets	12,725,000	12,358,333	11,991,667
Other Assets:			
Replacement Reserve	112,500	150,000	150,000
Total assets	13,564,452	13,258,938	12,891,140
Liabilities and Stockholder's Equity			
Current Liabilities:			
Accounts Payable			
Accrued payroll taxes			
Accrued salaries			
Current portion of Mortgage Payable	73,183	73,183	73,183
Accrued P/E Taxes	112,500	157,500	165,375
Accrued interest	47,965	63,371	62,682
Other Liabilities	5,000	5,000	5,000
Total current liabilities	238,648	299,054	306,220
Long Term Debt Mortgage Payable	10,916,931	10,799,187	10,672,931
Total Liabilities	11,155,579	11,098,241	10,979,151
Stockholder's equity			
Contributed Capital	2,597,500	2,597,500	2,597,500
Retained earnings	(188,628)	(436,803)	(685,511)
Total stockholders equity	2,408,873	2,160,697	1,911,989
Total liabilities and stockholder's equity	13,564,452	13,258,938	12,891,140
Balance	0	0	(0)

OJCC - CONSOLIDATED - PROJECTED STATEMENT OF OPERATIONS						
	2011	PPD	2012	PPD	2013	PPD
Revenues:						
Room & Board	2,334,063		4,604,741		4,601,438	
Provider tax	(41,063)		(41,063)		(41,063)	
Other						
Total Revenue	2,283,000	\$0.00	4,463,678	\$0.00	4,560,375	\$0.00
Expenses:						
Nursing & Ancillary	457,958		928,051		995,371	
Activities	9,818		19,895		21,338	
Employee Costs	135,135		273,851		293,716	
Dietary costs	124,740		252,788		271,122	
Housekeeping & repairs	45,815		92,844		99,579	
Laundry & linen	24,929		50,518		54,183	
Marketing expenses	105,779		214,381		229,910	
General and administrative	114,281		239,881		256,558	
Bad debts	12,031		24,381		28,150	
Insurance expense	100,283		186,171		198,848	
Total expenses	1,130,768	\$0.00	2,282,739	\$0.00	2,448,772	\$0.00
Gross Profit	1,152,232	\$0.00	2,180,939	\$0.00	2,111,603	\$0.00
Capital costs:						
Real estate taxes	112,500	\$11.69	157,500	\$8.39	165,375	\$6.57
Interest expense	575,580	\$59.80	780,455	\$30.84	751,843	\$29.88
Mortgage Insurance	41,250	\$4.29	55,000	\$2.23	55,000	\$2.18
Depreciation	275,000	\$28.57	366,887	\$14.87	366,887	\$14.58
Total capital costs	1,004,330	\$104.35	1,338,622	\$54.33	1,338,985	\$53.17
Net Income	157,902	(\$104.35)	841,318	(\$54.33)	774,619	(\$53.17)
Occupancy	9.625		24.656		25.185	
Average Census	35		68		89	
Days	275		365		365	
Beds	75		75		75	
Available Days	20,625		27,375		27,375	
Occupancy	46.87%		90.07%		92.00%	
Number of Months in Operation	9		12		12	

OJCC - CONSOLIDATED - PROJECTED BALANCE SHEET

BALANCE SHEET			
Current Assets:			
Cash in bank and on hand	1,115,561	1,484,752	1,708,107
Accounts receivable net of allowance for doubtful accounts	416,813	1,351,422	2,300,719
Tax and insurance Escrows	73,824	98,165	98,165
Inventory	17,500	17,500	17,500
Total current assets	1,623,497	2,951,839	4,124,491
Fixed Assets:			
Land, Building, Movables	13,000,000	13,000,000	13,000,000
Less: Accumulated Depreciation	275,000	641,667	1,068,333
Net Fixed Assets	12,725,000	12,358,333	11,931,667
Other Assets:			
Replacement Reserve	112,500	150,000	150,000
Total assets	14,460,997	15,480,173	16,286,157
Liabilities and Stockholder's Equity			
Current Liabilities:			
Accounts Payable	77,542	157,870	169,322
Accrued payroll taxes	24,824	50,744	54,425
Accrued salaries	16,893	16,893	16,893
Current portion of Mortgage Payable	73,183	73,183	73,183
Accrued R/E Taxes	112,500	157,600	165,375
Accrued interest	47,865	63,371	62,662
Other Liabilities	5,000	5,000	5,000
Total current liabilities	358,107	524,661	546,960
Long Term Debt Mortgage Payable	10,916,831	10,799,187	10,672,831
Total Liabilities	11,275,038	11,323,848	11,219,891
Stockholder's equity			
Contributed Capital	3,097,500	3,097,500	3,097,500
Retained earnings	157,902	999,219	1,773,838
Total stockholders equity	3,255,402	4,096,719	4,871,338
Total liabilities and stockholder's equity	14,530,440	15,420,568	16,091,229
Balance	(69,443)	39,605	174,929