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HEALTH FACILITIES &
SERVICES REVIEW BOARD

OJCC LLC

HAND DELIVERED

August 2, 2012

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

Re: 08-086, Springfield Nursing and
Rehabilitation Center – Obligation

Dear Ms. Avery:

Please accept this letter as verified notification that the above referenced project was obligated on September 30, 2011. Please find enclosed, a copy of the first pages of the AIA construction contract document and the signature page of the construction contract (refer to **EXHIBIT I**). You will note that this contract was signed by Mainstreet Properties Group, Inc. This entity has been engaged by the Applicant to develop the project for them. As presented in the project's annual State Agency Reports, the financial resources to fund the project are in-place as committed in the Certificate of Need Application as originally approved. Please refer to the enclosed financing commitment letter from Springfield's Town and Country Bank as documentation of the financing arrangements (**EXHIBIT II**). At this time, the project's cost, scope and design are in compliance with that which has been approved in the first alteration request. However, it should be noted that the Applicant has on file with State Staff a second permit alteration request.

Obligation, according to Section 1130.140, "Obligation" means the commitment of at least 33% of total funds assigned to cover total project cost, that occurs by: 1) The actual expenditure of 33% or more of the total project cost; and/or 2) The commitment to expend 33% or more of the total project cost by signed contracts or other legal means. The signed construction contract is indicative of item number 2 of the definition as it entered into contract to be committed to expend 33% of the construction contract.

The Applicant did experience delays in the project from the point of signing the AIA agreement until February 2012 but all of them were out of their control. There were five factors that caused the delays:

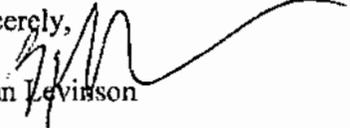
1. Illinois Department of Health: we experienced several months of delays in getting our architectural plans approved from IDPH. Multiple delays from different layers of the department without the ability to talk to a "live" person extended the project beyond the AIA contract date.

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August 2, 2012
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2. City of Springfield approvals: Some delays were caused when City officials wanted us to change our plans even beyond the standard level provided by IDPH. In some situations the City wanted us to make a change which would have created a later conflict with IDPH during the final licensure approval process. This made for a very sensitive balancing act as the two governmental entities.
3. Illinois Department of Environmental Management: There was a house on the property. Originally we had a buyer who was going to relocate the house to another piece of property. Just as construction was set to begin, the buyer backed out. Since the house was older it contained traces of both lead and asbestos. To get these approvals took significant time as well as the demolition.
4. Weather delays: very wet late Fall and early Winter.
5. Walsh Construction: several issues where subcontractors tried to renegotiate their subcontractor pricing with Walsh. As documented herein, the AIA is with the General Contractor (Walsh) who bid and secured the project. Because of these problems, Walsh has to fire a couple of the subs and re-bid certain trades for the project.

So, as you can see we had several hurdles involving this project. Nonetheless, we are moving along and are on schedule. It should be known that these are the issues that were set forth in the Applicant's request for permit alteration which is also currently with staff.

I trust that the above information and documentation formally addresses the project's obligation of this project and clears up any and all question and concerns presented by staff. I apologize for any confusion that there has been. If you have any further questions or concerns with this matter, please do not hesitate to contact me. Thanks You.

Sincerely,

Brian Levinson

ENCLOSURES



State of Illinois
County of Scott

Sworn to before me this
7th day of August, 2012


Notary Public

AIA[®] Document A102[™] – 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

AGREEMENT made as of the 30th day of September in the year 2011
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

Mainstreet Properties Group, Inc.
109 West Jackson Street
Cicero, IN 46034

and the Contractor:
(Name, legal status, address and other information)

Walsh Construction Company II, LLC
929 West Adams Street
Chicago, IL 60607

for the following Project:
(Name, location and detailed description)

Springfield Short Stay Rehab Facility
3089 Old Jacksonville Road
Springfield, IL 62704

The Architect:
(Name, legal status, address and other information)

MSKTD of Illinois, Inc.
1715 Magnavox Way
Fort Wayne, IN 46804

The Owner and Contractor agree as follows.

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

This document is not intended for use in competitive bidding.

AIA Document A201[™]-2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

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ARTICLE 1 THE CONTRACT DOCUMENTS

§1.1 The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement and Modifications issued after execution of this Agreement, all of which form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. If anything in the other Contract Documents, other than a Modification, is inconsistent with this Agreement, this Agreement shall govern.

§1.2 The Construction Contract may be amended or modified only by a Modification. A Modification is (1) a written amendment to the Construction Contract signed by both parties, (2) a Change Order, (3) a Construction Change Directive or (4) a written order for a minor change in the Work issued by the Owner or Architect.

ARTICLE 2 THE WORK OF THIS CONTRACT

§2.1 The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others.

§2.1.2 The Contractor shall, in conformity with the Contract Documents, assume and fulfill all obligations and perform all Work, as that term is defined in the Contract Documents, required to construct, complete, and make ready the Project for use by the Owner. Contractor's work at the Project shall include all labor, tools, materials, equipment,

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services, supervision, and facilities necessary or required to properly and efficiently complete the Work in accordance with the plans and specifications, and in a manner generally accepted in the construction industry during the relevant time period. Contractor shall obtain all permits and licenses necessary for the performance of the Work, including but not limited to any licenses required to conduct business within the State in which the Project is located,

§

2.1.3 The minimum quality, quantity and fitness of products, workmanship and services and other elements of Contractor's Work shall be based on the requirements that all such Work shall conform with the quality levels established by the Contract Documents. All services performed by the Contractor and subcontractors pursuant to the Contract Documents shall be performed in accordance with the standard of care and skill generally accepted in the construction industry during the relevant time period or in accordance with any of the practices, methods, in exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, safety and expeditions. This standard of care is not intended to be limited to the optimum practice, methods, or acts generally accepted in the construction industry in the Midwest United States. Contractor and its subcontractors shall perform all construction activities efficiently and with direct requisite expertise, skill, competence, resources, and care to satisfy the requirements of the Contract Documents and all applicable legal requirements.

ARTICLE 3 RELATIONSHIP OF THE PARTIES

The Contractor accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and exercise the Contractor's skill and judgment in furthering the interests of the Owner; to furnish efficient business administration and supervision; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests. The Owner agrees to furnish and approve, in a timely manner, information required by the Contractor and to make payments to the Contractor in accordance with the requirements of the Contract Documents.

ARTICLE 4 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 4.1 The date of commencement of the Work shall be the date of this Agreement unless a different date is stated below or provision is made for the date to be fixed in a notice to proceed issued by the Owner.
(Insert the date of commencement, if it differs from the date of this Agreement or, if applicable, state that the date will be fixed in a notice to proceed.)

Shall be fixed in a notice to proceed.

If, prior to commencement of the Work, the Owner requires time to file mortgages and other security interests, the Owner's time requirement shall be as follows:

§ 4.2 The Contract Time shall be measured from the date of commencement.

§ 4.3 The Contractor shall achieve Substantial Completion of the entire Work not later than Three Hundred Sixty Five (365) days from the date of commencement, or as follows:
(Insert number of calendar days. Alternatively, a calendar date may be used when coordinated with the date of commencement. If appropriate, insert requirements for earlier Substantial Completion of certain portions of the Work.)

Portion of Work

Substantial Completion date

, subject to adjustments of this Contract Time as provided in the Contract Documents.

(Insert provisions, if any, for liquidated damages relating to failure to achieve Substantial Completion on time, or for bonus payments for early completion of the Work.)

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§4.4 It is hereby understood and mutually agreed, by and between the Contractor and the Owner, that the date of commencement and the time for completion of the Work as specified in the Contract Documents are essential conditions of this Agreement. All dates expressed in this Agreement or set forth in any notice given by Owner under the terms of the Contract Documents are of the essence.

ARTICLE 5 CONTRACT SUM

§ 5.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum is the Cost of the Work as defined in Article 7 plus the Contractor's Fee.

§ 5.1.1 The Contractor's Fee:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Contractor's Fee.)

5.25% of the Cost of the Work

§ 5.1.2 The method of adjustment of the Contractor's Fee for changes in the Work:

For additions to the Cost of the Work: 5.25% Fee, 2% Overhead, 1.25% Insurance, 0.77% Bond.

For deductions in the cost of the Work: 5.25% Fee, 1.25% Insurance, 0.77% Bond.

§ 5.1.3 Limitations, if any, on a Subcontractor's overhead and profit for increases in the cost of its portion of the Work:

15% of cost

§ 5.1.4 Rental rates for Contractor-owned equipment shall not exceed the standard rate paid at the place of the Project.

§ 5.1.5 Unit prices, if any:

(Identify and state the unit price; state the quantity limitations, if any, to which the unit price will be applicable.)

Item	Units and Limitations	Price Per Unit (\$0.00)
None		

§ 5.2 GUARANTEED MAXIMUM PRICE

§ 5.2.1 The Contract Sum is guaranteed by the Contractor not to exceed **EIGHT MILLION SIX HUNDRED TWENTY TWO THOUSAND SIX HUNDRED FIFTY SIX DOLLARS (\$ 8,622,656)**, subject to additions and deductions by Change Order as provided in the Contract Documents. Such maximum sum is referred to in the Contract Documents as the Guaranteed Maximum Price. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Contractor without reimbursement by the Owner.
(Insert specific provisions if the Contractor is to participate in any savings.)

In the event that the Work is fully completed by the Contractor and the final, audited Cost of the Work is less than the Guaranteed Maximum Price (as may be increased or decreased by Change Order or Construction Change Directive) minus the Contractor's Fee, then twenty five percent (25%) of any positive difference shall be paid to the Contractor by the Owner as additional fee.

§ 5.2.2 The Guaranteed Maximum Price is based on the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when the amount expires.)

See Exhibit B - Contract Clarifications

§ 5.2.3 Allowances included in the Guaranteed Maximum Price, if any:

(Identify allowance and state exclusions, if any, from the allowance price.)

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Item	Price
See Exhibit B – Contract Clarifications	

§ 5.2.4 Assumptions, if any, on which the Guaranteed Maximum Price is based:

See Exhibit B – Contract Clarifications

§ 5.2.5 To the extent that the Drawings and Specifications are anticipated to require further development by the Architect, the Contractor has provided in the Guaranteed Maximum Price for such further development consistent with the Contract Documents and reasonably inferable therefrom. Such further development does not include such things as changes in scope, systems, kinds and quality of materials, finishes or equipment, all of which, if required, shall be incorporated by Change Order.

ARTICLE 6 CHANGES IN THE WORK

§ 6.1 Adjustments to the Guaranteed Maximum Price on account of changes in the Work may be determined by any of the methods listed in Section 7.3.3 of AIA Document A201-2007, General Conditions of the Contract for Construction.

§ 6.2 In calculating adjustments to subcontracts (except those awarded with the Owner's prior consent on the basis of cost plus a fee), the terms "cost" and "fee" as used in Section 7.3.3.3 of AIA Document A201-2007 and the term "costs" as used in Section 7.3.7 of AIA Document A201-2007 shall have the meanings assigned to them in AIA Document A201-2007 and shall not be modified by Articles 5, 7 and 8 of this Agreement. Adjustments to subcontracts awarded with the Owner's prior consent on the basis of cost plus a fee shall be calculated in accordance with the terms of those subcontracts.

§ 6.3 In calculating adjustments to the Guaranteed Maximum Price, the terms "cost" and "costs" as used in the above-referenced provisions of AIA Document A201-2007 shall mean the Cost of the Work as defined in Article 7 of this Agreement and the term "fee" shall mean the Contractor's Fee as defined in Section 5.1.1 of this Agreement.

§ 6.4 If no specific provision is made in Article 5 for adjustment of the Contractor's Fee in the case of changes in the Work, or if the extent of such changes is such, in the aggregate, that application of the adjustment provisions of Article 5 will cause substantial inequity to the Owner or Contractor, the Contractor's Fee shall be equitably adjusted on the same basis that was used to establish the Fee for the original Work, and the Guaranteed Maximum Price shall be adjusted accordingly.

ARTICLE 7 COSTS TO BE REIMBURSED

§ 7.1 COST OF THE WORK

§ 7.1.1 The term Cost of the Work shall mean costs necessarily incurred by the Contractor in the proper performance of the Work. Such costs shall be at rates not higher than the standard paid at the place of the Project except with prior consent of the Owner. The Cost of the Work shall include only the items set forth in this Article 7.

§ 7.1.2 Where any cost is subject to the Owner's prior approval, the Contractor shall obtain this approval prior to incurring the cost. The parties shall endeavor to identify any such costs prior to executing this Agreement.

§ 7.2 LABOR COSTS

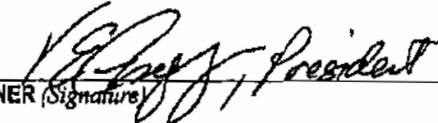
§ 7.2.1 Wages of construction workers directly employed by the Contractor to perform the construction of the Work at the site or, with the Owner's prior approval, at off-site workshops.

§ 7.2.2 Wages or salaries of the Contractor's supervisory and administrative personnel when stationed at the site. *(If it is intended that the wages or salaries of certain personnel stationed at the Contractor's principal or other offices shall be included in the Cost of the Work, identify in Article 15, the personnel to be included, whether for all or only part of their time, and the rates at which their time will be charged to the Work.)*

§ 7.2.3 Wages and salaries of the Contractor's supervisory or administrative personnel engaged at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

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This Agreement entered into as of the day and year first written above.


OWNER (Signature)

V. Edward Grogg, President
(Printed name and title)


CONTRACTOR (Signature)

Walsh Construction Company II, LLC
Sean C. Walsh, President
(Printed name and title)

Init.

**town and
country
financial . corp.**

July 6, 2011

Mr. Clint Mitchell
Managing Director
LCG Capital Group, LLC
450 East 96th Street, Suite 500
Indianapolis, IN 46240

Via e-mail: cmitchell@logcapital.com

RE: MS Springfield, LLC
3089 Old Jacksonville Road
Springfield, Illinois

Dear Mr. Mitchell:

Town & Country Bank is pleased to provide this commitment letter for a loan package in the total amount of \$10,360,000 for the purpose of constructing and providing mini-perm financing for a proposed 45,000 square foot, 75-bed, skilled nursing facility in Springfield, Illinois. This Commitment will expire on October 6, 2011. The financing package will be subject to and made in accordance with the terms and conditions of this letter (the "Commitment").

Our Financing Commitment is as follows:

Construction Loan:

Borrower: MS Springfield, LLC, or some entity created to own the subject real estate.

Loan Amount: Up to \$10,360,000.00

Purpose: To provide construction financing for an approximately 45,000 square foot, 75 bed nursing facility at 3089 Old Jacksonville Road, Springfield, Illinois.

Term: Up to twenty-four (24) month construction phase with monthly payments of accrued interest from an interest reserve account.

Interest Rate: Floating monthly at Wall Street Journal Prime Rate, plus 0%, subject to an interest rate floor of 4.50%.

TOWN & COUNTRY BANK
Toll Free: 800-770-3100
www.townandcountrybank.com

P.O. Box 18255
Springfield, IL 62791-8255
217-787-8100

P.O. Box 317
Buffalo, IL 62615
217-854-4408

107 E. Highland Drive
Fossyth, IL 62536
217-872-1328

1048 State Hwy. 121
Mt. Zion, IL 62549
217-864-2311

LOBAN COUNTY BANK
P.O. Box 169
Lincoln, IL 62968
217-732-6161

TOWN & COUNTRY BANK MORTGAGE SERVICES, INC.
P.O. Box 13258
Springfield, IL 62791-3258
217-787-8100

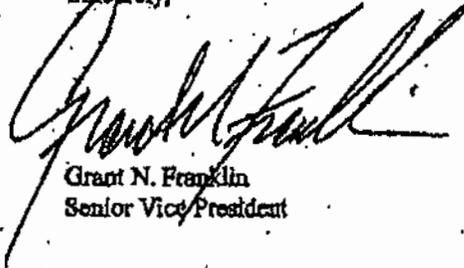
EXHIBIT II

Mr. Clint Mitchell
LCG Capital Group, LLC
MS Springfield, LLC
Commitment Letter
July 7, 2011
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Thank you for the opportunity to provide you with this commitment for financing. If you are in agreement with the terms and conditions outlined within this Commitment Letter, please have an authorized representative of the company sign the Acceptance below, and return one copy of this letter with their check in the amount of \$10,360.00 which will be held as a deposit and applied to closing costs.

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, Illinois 62704.

Sincerely,

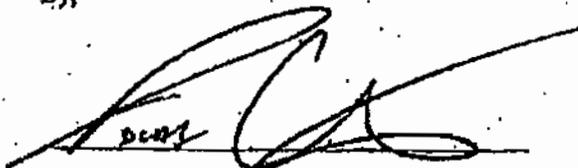


Grant N. Franklin
Senior Vice President

ACCEPTANCE

The Borrower hereby agrees to the above terms and conditions and accepts this Commitment for Financing provided by Town and Country Bank.

By,



Signature of Authorized Representative of
MS Springfield, LLC

7/7/11

Date