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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

September 15, 2015

Anne M. Cooper
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(312) 819-1910
acooper@polsinelli.com

Michael Constantino
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

**Re: Annual Progress Report - Meadowbrook Manor LaGrange (Proj. No
11-021)**

Dear Mr. Constantino:

This office represents Butterfield Healthcare VII, LLC and MML Properties, LLC (collectively, "Permit Holders"). As you are aware, on August 16, 2011, the Illinois Health Facilities and Services Review Board (the "State Board") approved the Permit Holders' application to modernize its existing 197 bed long-term care facility located at 339 9th Street, LaGrange, Illinois (the "Project"). On December 16, 2014, the State Board granted Permit Holders a two-year renewal of Project Permit #11-021 and established December 31, 2016 as the project completion date. Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #11-021.

1. Status of the Project

On March 11, 2015, the Permit Holders closed on their HUD loan. The project started immediately upon closing of the HUD loan: residents from the south and east wings were relocated to the north wing; the kitchen was moved; and new exit paths and a stairway were constructed. Demolition of the east and south wings began on May 22, 2015 and is complete. On June 24, 2015, excavation and pouring of the foundation for the new building began and is now 50% complete. The Permit Holders anticipate the project will be complete by December 31, 2016.

2. Costs Incurred to Date

To date the Permit Holders have incurred \$3,025,780 in project costs.

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Atlanta Chicago Dallas Denver Kansas City Los Angeles New York Phoenix St. Louis San Francisco Washington, D.C. Wilmington

Polsinelli PC, Polsinelli LLP in California

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Project Costs Meadowbrook Manor – LaGrange (Proj. No. 11-021)		
	Approved	Expended
Preplanning Costs	\$438,800	\$13,065
Site Survey and Soil Investigation	\$35,000	\$8,320
Site Preparation	\$1,644,500	\$970,280
Off Site Work	\$75,000	0
New Construction Contracts	\$19,050,850	\$608,797
Modernization Contracts	\$789,400	0
Contingencies	\$1,744,920	0
A & E Fees	\$982,000	\$989,603
Consulting and Other Fees	\$450,225	\$434,601
Moveable or Other Equipment	\$1,410,000	\$1,114
Net Interest Expenses During Construction	\$1,173,730	0
Other Costs to be Capitalized	\$835,944	0
Estimated Total Project Cost	\$28,630,369	\$3,025,780

3. Sources of Funds

The project will be financed through a \$28,630,369 mortgage.

4. Application and Certification for Payment

A copy of the latest HUD Contractor's Requisition form (HUD-92448) for the construction costs incurred to date is attached at Attachment – 1.

5. Anticipated Completion Date

The anticipated completion date for the Project is December 31, 2016.



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If you need any additional information or have any questions regarding the status of the project, please feel free to contact me at 312-873-3606 or acooper@polsinelli.com.

Sincerely

A handwritten signature in black ink that reads "Anne M. Cooper".

Anne M. Cooper

Attachment

cc: John Maze
Charles P. Sheets Esq.

Contractor's Requisition

Project Mortgages

To be submitted to mortgagee in quadruplicate

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Government Contractor

OMB Approval No. 2502-0028 (exp. 05/31/2016)

This information is used to verify program benefits consisting of distribution of insured mortgage proceeds when construction costs are involved. The information regarding completed work items is used by HUD to ensure that payments from mortgage proceeds are made for work actually completed in a satisfactory manner. This information is a requirement under Section 207(b) of the National Housing Act (Public Law 479, 48 Stat. 1246, 12 U.S.C. 1701 et. seq) authorizing the Secretary of HUD to insure mortgages. The information collection does not contain information of a sensitive nature.

Public reporting burden for this collection of information is estimated to average 6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

To (owner) MML Properties, LLC		Requisition Number 7
Project Meadowbrook Manor of LaGrange	Project Number 072-43113	Location 339 Ninth Ave. LaGrange, Illinois 60525

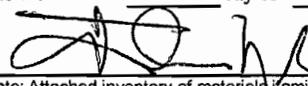
In accordance with the provision of the Construction Contract dated 4/28/14 and Contractor's and/or Mortgagor's Cost Breakdown (Schedule of Values) attached thereto, this requisition is submitted for the amount of \$ 547,917.00 due for work performed up to 25th day of August and as itemized below by the trades listed in the Schedule of Values.

DIV	Trade Item	Cost as per Cost Breakdown (A)	Enter Amounts to Nearest Even Dollar		
			Amounts Complete (B)	For HUD-FHA Use (C)	
3	Concrete	\$ 1,268,539.00	20.85%	\$ 264,550.00	\$
4	Masonry	\$ 1,885,257.00	0.00%	\$ -	
5	Metals	\$ 1,421,815.00	0.00%	\$ -	
6	Rough Carpentry	\$ 540,445.00	0.00%	\$ -	
6	Finish Carpentry	\$ 271,190.00	0.00%	\$ -	
7	Waterproofing	\$ 69,301.00	0.00%	\$ -	
7	Insulation	\$ 257,847.00	0.00%	\$ -	
7	Roofing	\$ 360,000.00	0.00%	\$ -	
7	Sheet Metal	\$ 56,589.00	0.00%	\$ -	
8	Doors	\$ 415,744.00	0.00%	\$ -	
8	Windows	\$ 277,184.00	0.00%	\$ -	
8	Glass	\$ 25,000.00	0.00%	\$ -	
9	Lath and Plaster	\$ 7,748.00	0.00%	\$ -	
9	Drywall	\$ 1,665,887.00	0.00%	\$ -	
9	Tile Work	\$ 139,470.00	0.00%	\$ -	
9	Acoustical	\$ 184,022.00	0.00%	\$ -	
9	Wood Flooring				
9	Resilient Flooring	\$ 182,085.00	0.00%	\$ -	
9	Painting and Decorating	\$ 290,562.00	0.00%	\$ -	
10	Specialties	\$ 107,917.00	0.00%	\$ -	
11	Special Equipment				
11	Cabinets	\$ 346,737.00	0.00%	\$ -	
11	Appliances				
12	Blinds and Shades, Artwork				
12	Carpets	\$ 191,770.00	0.00%	\$ -	
13	Special Construction	\$ 894,930.00	0.00%	\$ -	
14	Elevators	\$ 290,562.00	0.00%	\$ -	
15	Plumbing and Hot Water	\$ 1,524,480.00	0.00%	\$ -	
15	Heat and Ventilation	\$ 1,768,070.00	0.00%	\$ -	
15	Air Conditioning				
16	Electrical	\$ 1,806,630.00	0.00%	\$ -	
	Accessory Buildings	\$ 20,000.00	0.00%	\$ -	
2	Earth Work	\$ 387,415.00	62.27%	\$ 241,250.00	
2	Site Utilities	\$ 132,930.00	0.00%	\$ -	
2	Roads and Walks	\$ 518,524.00	0.00%	\$ -	
2	Site Improvement	\$ 21,748.00	0.00%	\$ -	
2	Lawns and Planting	\$ 191,043.00	0.00%	\$ -	
2	Unusual Site Conditions				
1	General Requirements	\$ 1,514,163.00	3.00%	\$ 45,424.00	
1	Bond Premium (\$250000)				

Previous editions are obsolete.

DIV	Trade Item	Cost as per Cost Breakdown (A)	Enter Amounts to Nearest Even Dollar	
			Amounts Complete (B)	For HUD-FHA Use (C)
1	Fees (\$)	10,200		
(1)	Subtotal of Breakdown Items	\$ 19,035,604.00	2.85% \$ 551,224.00	% \$
(2)	Builder's Overhead	\$ 380,712.00	2.85% \$ 10,850.00	% \$
(3)	Builder's Profit	\$ 1,639,410.00	2.85% \$ 46,723.00	% \$
(4)	Total of Cost Breakdown Items	\$ 21,055,726.00	\$ 608,797.00	\$
(5)	Inventory of Materials Stored On-site (See Note Below)		\$ 0.00	\$
(6)	Inventory of Materials Stored Off-site (See Note Below)		\$ 0.00	\$
(7)	Sum of Cost Breakdown Items Plus Inventories of Materials		\$ 608,797.00	\$
(8)	Less Net Decrease in Cost as a Result of Approved Changes		\$ 0.00	\$
(9)	Total After Adjusting for Net Decrease to Approved Changes		\$ 608,797.00	\$
(10)	Less Retained 10%		\$ 60,880.00	\$
(11)	Bal.: Total Amount Due to Date on Account of Construction Contract		\$ 547,917.00	\$
(12)	Less Previous Payments		\$ 0.00	\$
(13)	Net Amount of this Requisition		\$ 547,917.00	\$

I certify that the Work covered by this requisition has been completed in accordance with the Contract Documents, and that I have actually received \$ 0.00 for Work performed and materials purchased up to the 25 day of July (date of previous requisition).

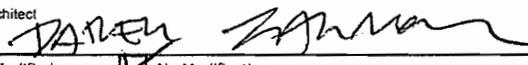
Date 9/1/15 Contractor 

* Percentage derived from subtotal of Breakdown Items (col. B divided by col. A) Note: Attached inventory of materials itemized as to quantities and costs.
 ** (col. C divided by col. A) Exclusive of Bond Premium

For Use of HUD-Federal Housing Commissioner

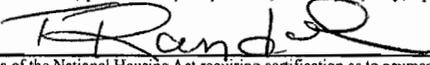
Date	Net Amount Approved for Payment	Column C Completed by (Mortgage Credit Examiner)
Reviewed and Approved by (Chief, Mortgage Credit)	Director, Housing Development	

Architect's Certificate I certify, based on my on-site observations (or those of my authorized representative) and the data comprising this requisition, that the Work has progressed to the point indicated; that to the best of my knowledge, information and belief the Work is in accordance with the Contract Documents; and that the Contractor is entitled to payment of the amount certified.

Date 9/1/15 Architect 

Inspector's Certificate Amount Modified No Modification

I certify that I have visited the site on this date 9-1-15, observed the Work, and monitored the log and reports of the Architect (if an architect is administering the Construction Contract); that to the best of my knowledge, information and belief the amount certified represents acceptable Work; and that I have no personal interest, present or prospective, in the property, applicant or proceeds of the mortgage.

Date 9/1/15 Inspector 

Contractor's Prevailing Wage Certificate (For use under all sections of the National Housing Act requiring certification as to payment of prevailing wages. To be completed with each request for insurance of advance of mortgage proceeds which includes a payment on account of construction cost, or at the time the mortgage is presented for insurance pursuant to a commitment to insure upon completion.)

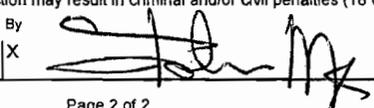
To	Date <u>9/1/15</u>	Advance No. <u>3</u>
Manager	Project Name <u>Meadowbrook Manor of LaGrange</u>	
Field Office	Project Number <u>13058</u>	

The undersigned, as principal contractor in connection with the construction of the above project, states that he/she is fully familiar with applicable wage determination decision of the Secretary of Labor and certifies that:

- A copy of the applicable wage determination decision is posted in a conspicuous place at the site of the work and he/she has required each subcontractor as a part of his/her contract, to agree to pay wages at rates not less than those contained in the decision.
- All laborers and mechanics employed in the construction of the project have been, to the date hereof, paid for such employment at wage rates not less than those contained in the applicable wage determination decision of the Secretary of Labor and no deductions or rebates have been made, either directly or indirectly, from the full weekly wages earned by any person, other than permissible deductions as defined in Regulations of the Secretary of Labor, Part 3 (29 CFR Part 3).
- He/She has fulfilled his/her obligations, to the date hereof, under The Labor Standards Provisions of the Supplementary Conditions of the Contract for Construction and has included said conditions in all subcontracts.

This certificate is executed by the undersigned for the purpose of inducing the Commissioner to approve for insurance that certain mortgage loan, or an advance thereof, made or to be made by the mortgagee in connection with the construction of the project, and with the intent that the Commissioner rely upon this certification to establish compliance with the provisions of Section 212 of the National Housing Act, which provides in part: The Commissioner shall not insure ... unless the principal contractor files a certificate ... certifying that the laborers and mechanics ... have not been paid not less than the wages prevailing ... as determined by the Secretary of Labor..."

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
 Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Contractor Beaver Creek Construction, LLC. By  Date: 9/1/15