

May 23, 2013

**RECEIVED**

MAY 29 2013

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

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

RE: Manor Court of Freeport, Project #12-014  
**Project Obligation and Annual Progress Report**

Dear Ms. Avery:

We are writing to advise your office that a contract for the construction of the above-referenced project was signed on May 15, 2013. The project's cost, scope, design, square footage and number of beds are in compliance with that which Health Facilities and Services Review Board has approved and the financial resources to fund the project are available as evidenced by letters from Thomas R. Steil of McGladrey LLP and Jeffrey W. Shaw of Frances House, Inc.

We wish to also advise you of the progress on the above-referenced project. The project is for The addition of 27 skilled care beds to its existing 90-bed complement for a total of 117 skilled care beds. Work is currently progressing between the owner and the architect to finalize the building plans. The project is at this time 5% complete.

Listed below you will find our expenditures to date:

	<i>Approved Amount</i>	<i>Expensed Amount</i>	<i>Percent of Approved Amount</i>
Preplanning	\$15,000.00	\$15,000.00	100%
Site Survey and Soil Investigation	\$10,000.00		
Site Preparation	\$50,000.00		
New Construction Contracts	\$1,389,950.00		
Contingencies	\$75,000.00		
Architectural/Engineering Fees	\$70,000.00	\$32,500.00	46.40%
Consulting and Other Fees	\$40,000.00	\$40,000.00	100%
Movable or Other Equipment	\$105,000.00		
Fair Market Value of Leased Space or Equipment	\$134,109.00		
<b>TOTAL USES OF FUNDS</b>	<b>\$1,889,059.00</b>	<b>\$87,500.00</b>	<b>4.60%</b>

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Of the funds expended to date, all has come from existing cash and securities set aside for this project.

It should be noted that this project has just received a permit alteration for the increase of cost and square footage. The delay resulting from the need for alteration of the project will also cause a delay in the project completion. It is estimated that the project will be completed by June 2014 and that prior to 45 days of expiration of this permit, the Applicant will request an extension in accordance with the rules.

If you should have any questions or concerns with any item provided herein, do not hesitate to contact our CON Consultant, John Kniery, at (217)544-1551.

Sincerely yours,

  
Jeffrey Shaw

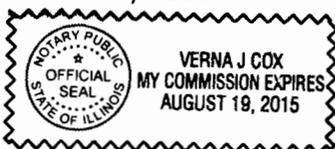
  
Kenneth Pyszka

State of Illinois  
County of Knox

Sworn to before me this  
23rd day of May, 2013.

Verna J. Cox

Notary Public



## "TURN KEY" CONSTRUCTION AGREEMENT

THIS AGREEMENT made this 15<sup>th</sup> day of May, 2013, by and between Residential Alternatives of Illinois, Inc., and Frances House, Inc., whose principal place of business is 285 South Farnham Street, Galesburg, Illinois 61401, hereinafter referred to as "Owner," and RFMS, Inc., an Illinois corporation, whose principal place of business is Galesburg, Illinois, hereinafter referred to as "Contractor."

WITNESSETH:

WHEREAS, Contractor has developed and acquired specialized, novel and unique techniques, practices, knowledge, know-how, skill, experience, and other proprietary information relating to the development and construction of nursing homes; and,

WHEREAS, Owner desires Contractor to engineer, design and construct a 27-bed addition to Manor Court of Freeport, its 90-bed general long-term care facility through both new construction and remodeling. Contractor shall deliver the addition ready for occupancy pursuant to the specifications set forth in Schedule A attached hereto. The facility is located on owner's property located at 2170 West Navajo Drive, Freeport, Illinois, and more specifically described on Schedule B attached hereto.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, and promises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows:

### ARTICLE I DUTIES OF CONTRACTOR

Under the terms of this Agreement, Contractor shall perform the following services for Owner:

1.1 All detailed engineering needed to prepare the plans and specifications for construction of the addition.

1.2 Purchase and inspect all required equipment and materials.

1.3 Construct the addition and conduct all required evaluations and tests necessary for occupancy of the addition, all pursuant to Schedule A attached hereto.

1.4 Complete the addition within 12 months following execution and delivery of this Agreement.

1.5 Provide, without charge, one sepia reproducible of all necessary design and detail drawings of the addition, including water and sewer systems, and other equipment for the

Contractor shall at all times keep the premises reasonably free from accumulation of waste material or rubbish caused by its employees or work in accordance with Owner's standards, and on the completion of the work it shall remove all its rubbish from and about the building and all its tools, scaffolding, and surplus materials, and shall leave the premises orderly.

**ARTICLE XV**  
**ENTIRE AGREEMENT**

This Agreement shall supersede any prior representation or agreement, written or oral. This Agreement shall not be subject to modification or amendment except in writing executed by both parties.

**ARTICLE XVI**  
**EFFECTIVE DATE**

The effective date of this Agreement shall be May 15, 2013.

Residential Alternatives of Illinois, Inc.

Verna J. Coy  
Witness

By Travis Jew  
Its: President

Frances House, Inc.

Verna J. Coy  
Witness

By Jeffrey Shaw  
Its: President

RFMS, INC.

Verna J. Coy  
Witness

By Donald E. Fife  
Its: President