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May 20, 2014

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VIA FEDERAL EXPRESS AND EMAIL

CLIENT/MATTER NUMBER
100284-0102

RECEIVED

MAY 27 2014

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761-0001

Re: First Permit Renewal Request for Project No. 12-022,
Resthave Home of Morrison

Dear Mr. Constantino:

We are counsel to Resthave Home of Morrison (the "Permit Holder"). Pursuant to 77 Ill. Admin. Code § 1130.740, and on behalf of the Permit Holder, we are hereby submitting this permit renewal request (the "Permit Renewal Request") for Project No. 12-022. This is the Permit Holder's first permit renewal request for Project No. 12-022.

Background Facts

On March 8, 2012, the Permit Holder filed its original application for permit (the "Original Application") under the Illinois Health Facilities Planning Act seeking to modernize 49 existing long term care beds and to add 21 long term care beds, for a total of 70 long term care beds (the "Project"), to its existing long term care facility in Morrison, Illinois (the "Facility"). The Original Application stated that the Project would cost \$9,510,780 (the "Original Permit Amount") and that the Project would comprise 57,580 gross square feet (the "Original Square Footage"). The Original Application also stated that the Project would be completed by June 1, 2014 (the "Original Project Completion Date"). The Project also contained an assisted living component that is/was not subject to the jurisdiction of the Illinois Health Facilities & Services Review Board (the "Review Board"), so those numbers were not included in the Original Application.

On July 23, 2012, the Review Board approved the Project.

On August 6, 2012, the Permit Holder filed an alteration request for the Project (the "Alteration Request"), seeking to increase the Original Permit Amount by 3% to \$9,796,102

(the "Altered Permit Amount") and seeking to increase the Original Square Footage by 3% to 59,164 gross square feet.

On August 28, 2012, the Permit Holder obligated the Project.

On September 20, 2012, the Review Board approved the Alteration Request.

Elements Required by 77 Ill. Admin. Code § 1130.740

As you know, 77 Ill. Admin. Code § 1130.740(d) requires a party seeking a permit renewal to provide the following information to the Review Board: (1) the requested completion date; (2) a status report on the project detailing what percent has been completed and a summary of the project components yet to be finished and the amount of funds expended on the project to date; (3) a statement as to the reasons why the project has not been completed; (4) evidence of financial commitment to fund the project; and (5) the anticipated final cost of the project. Based upon this information, the Review Board must ultimately conclude that the party seeking the permit renewal "proceeded with due diligence," as that phrase is defined at 77 Ill. Admin. Code § 1130.140. For the reasons set forth in this letter, the Permit Holder believes that it has established the necessary predicates for a permit renewal for the Project.

Requested Completion Date

The Permit Holder hereby seeks a fifteen (15) month extension of the Original Project Completion Date of June 1, 2014. More specifically, the Permit Holder requests a new project completion date of September 1, 2015.

Status of the Project; Components Yet to be Finished; Reasons for Delay

As stated above, the Permit Holder obligated the Project on August 28, 2012.

To date, the Permit Holder has spent \$1,721,676 on the skilled nursing care/reviewable portion of the Project, which represents approximately 17.6% of the total costs of the Project (i.e., \$9,797,102). The Permit Holder has also spent \$3,110,999 on the assisted living/non-reviewable parts of the Project. In terms of the percentage of completion, the Permit Holder estimates that approximately 48% of the Project (as measured by gross square feet) has been completed.

The Project contains 3 phases (all of which have been approved by the Illinois Department of Public Health and which are attached hereto as Exhibit A). Phase 1 is the assisted living component of the Project. Phase 1 was started on August 6, 2012 and was completed in July of 2013. The Illinois Department of Public Health issued an Assisted Living License to the Permit Holder on November 18, 2013. Quite frankly, the assisted living construction and

licensure process took longer than expected and is primarily reason the Permit Holder needs additional time to complete the Project.

Phases 2 and 3 of the Project are the skilled nursing components of the Project (and are the portions of the Project that were set forth in the Original Application).

Phase 2 was started on October 28, 2013 and is scheduled to be completed on or about September 5, 2014. The General Contractor for the Project provided the following snapshot of the status of Phase 2:

- o Kitchen flooring complete early this week
- o Kitchen equipment arriving late this week
- o Trusses 90% installed
- o Phase 2 foundation complete
- o Phase 2 slab on grade 35% complete
- o Underground plumbing for Phase 2 65% complete
- o New corridor from Assisted Living Units to Skilled Nursing Units has been started
- o Framing of new interior walls for Phase 2 15% complete
- o Electrical rough in ongoing
- o Phase 2 and 3 site utility work complete
- o South parking lot addition excavated and stone has been installed
- o North parking lot addition excavated and stone has been installed
- o Landscaping against building installed around Phase 1 additions

Phase 3 is currently scheduled to begin on or about September 8, 2014 and is scheduled to be completed on or about March 30, 2015. IDPH will then have to inspect the modernized and expanded Facility. It is currently anticipated that licensure and other related certification processes could take several months. Thus, out of an abundance of caution, the Permit Holder is requesting a new project completion date of September 1, 2015.

Evidence of Financial Commitment to Fund the Project

The Permit Holder obtained a mortgage commitment letter from The National Bank of Bettendorf, Iowa, on August 28, 2012, a copy of which was previously submitted to the Review Board and is attached hereto as Exhibit B. The Project will continue to be funded as originally approved by the Review Board.

Anticipated Final Cost of the Project

The Permit Holder believes that the final cost of the Project will be within the Altered Permit Amount of \$9,796,102.

Mr. Michael Constantino
First Permit Renewal Request for Project No. 12-022
May 20, 2014
Page 4

Conclusion

Accordingly, the Permit Holder believes that it is entitled to a permit renewal for the Project on the terms set forth in this letter. If you need any other information, please call. I am also enclosing a check in the sum of \$1,000 to cover the processing fee.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward J. Green". The signature is written in a cursive style with a prominent initial "E".

Edward J. Green

cc: Tami Tegeler, Administrator, Resthave Home of Morrison
Grant Shumway, Revere Healthcare Ltd.



GLEASON ARCHITECTS P.C.
 1000 Woodland Drive, Suite 200
 Morrisson, IL 61270
 Phone: (815) 244-1100
 Fax: (815) 244-1101
 Website: www.gleasonarch.com

PROJECT: RESTHAVEN HOME ADDITION AND REMODEL
DATE: 08/15/2013
SCALE: 1/8" = 1'-0"

DESIGNED BY: J. GLEASON
CHECKED BY: J. GLEASON
DATE: 08/15/2013

REVISIONS:

NO.	DATE	DESCRIPTION
1	08/15/2013	ISSUED FOR PERMIT
2	08/15/2013	FOR PERMIT
3	08/15/2013	FOR PERMIT
4	08/15/2013	FOR PERMIT
5	08/15/2013	FOR PERMIT
6	08/15/2013	FOR PERMIT
7	08/15/2013	FOR PERMIT
8	08/15/2013	FOR PERMIT
9	08/15/2013	FOR PERMIT
10	08/15/2013	FOR PERMIT

CLIENT: RESTHAVEN HOME
ADDRESS: 408 MAPLE AVENUE
CITY: MORRISON, IL 61270

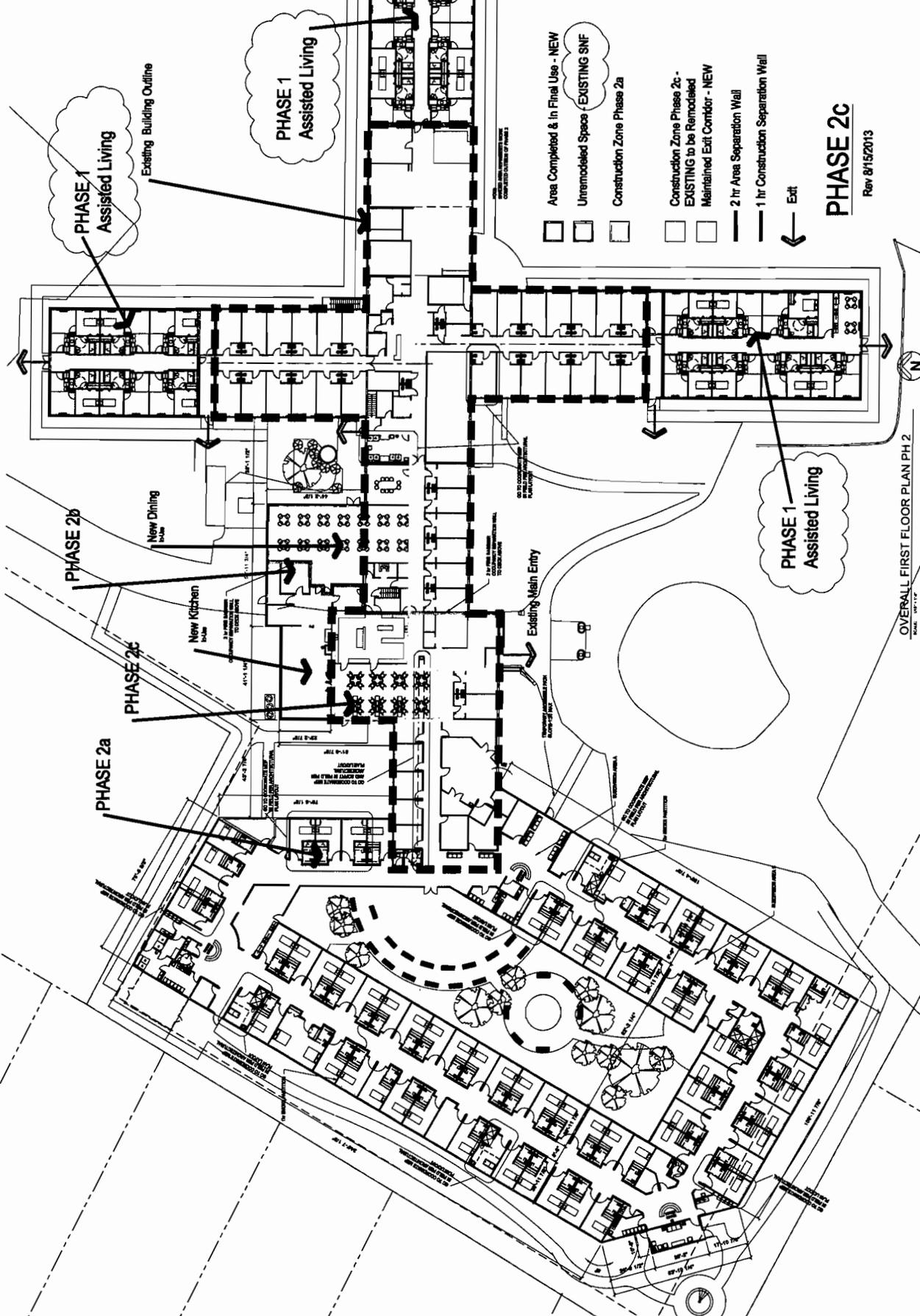
OWNER APPROVAL:
 DATE: 08/15/2013
 BY: J. GLEASON

PROJECT TITLE: RESTHAVEN HOME ADDITION AND REMODEL
FLOOR PLAN: FIRST FLOOR PLAN
PHASE: Phase 2

SHEET NUMBER: A1.2

DATE: 08/15/2013

SCALE: 1/8" = 1'-0"

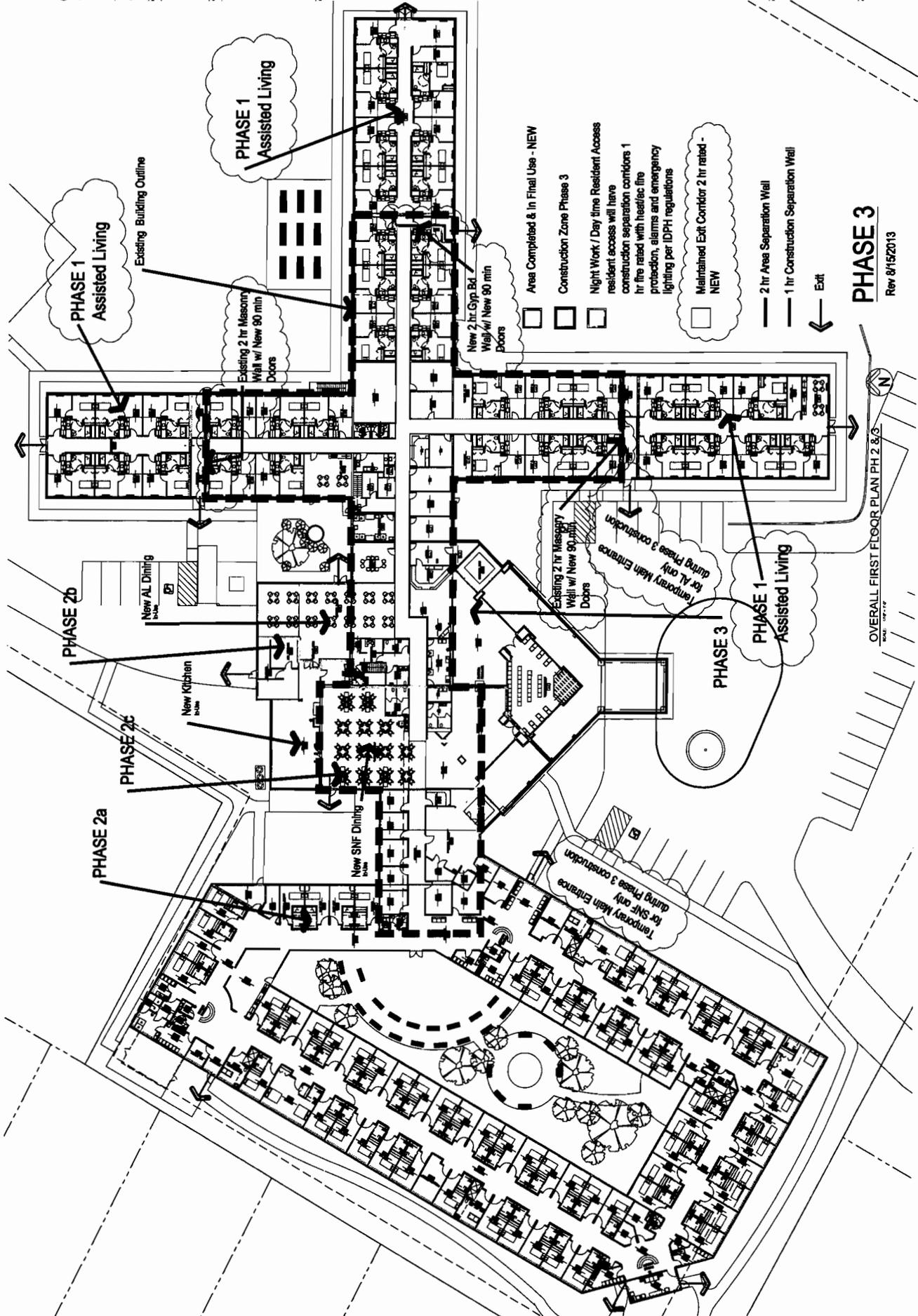


- Area Completed & in Final Use - NEW
- Unremodeled Space - EXISTING SNF
- Construction Zone Phase 2a
- Construction Zone Phase 2c - EXISTING to be Remodeled
- Maintained Exit Corridor - NEW
- 2 hr Area Separation Wall
- 1 hr Construction Separation Wall
- ↔ Exit

PHASE 2C
 Rev 8/15/2013

OVERALL FIRST FLOOR PLAN PH 2
 SCALE: 1/8" = 1'-0"

NO.	DATE	DESCRIPTION
1	10/15/13	PRELIMINARY
2	11/15/13	REVISED
3	12/15/13	REVISED
4	01/15/14	REVISED
5	02/15/14	REVISED
6	03/15/14	REVISED
7	04/15/14	REVISED
8	05/15/14	REVISED
9	06/15/14	REVISED
10	07/15/14	REVISED
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99	12/15/21	REVISED
100	01/15/22	REVISED



Resthave Retirement and Nursing Home

408 Maple Avenue
Morrison, Illinois 61270-2998

Tami Tegeler, Administrator
Phone 815-772-4021
Fax 815.772.4583

September 4, 2012

RECEIVED

SEP 05 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities & Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

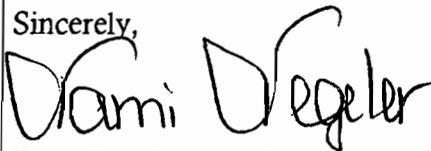
Re: Stipulation for Project # 12-022
Resthave Home of Morrison, Illinois

Dear Mr. Constantino:

On July 23, 2012, the Board granted Resthave Home of Morrison, Illinois a permit for Project # 12-022 with stipulations. I am submitting a mortgage commitment letter from The National Bank that satisfies the condition. Furthermore, I am including the proxy from the Board of Directors of Resthave Home approving The National Bank as lender for Project #12-022.

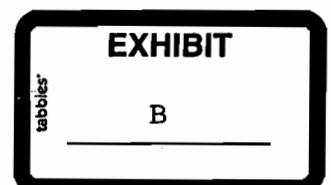
Please contact me at (815) 772-4021 with any questions.

Sincerely,



Tami Tegeler, Administrator
Resthave Nursing & Retirement Home

Attachments



Resthave Retirement and Nursing Home

408 Maple Avenue
Morrison, Illinois 61270-2998

Tami Tegeler, Administrator
Phone 815-772-4021
Fax 815-772-4583

Proxy

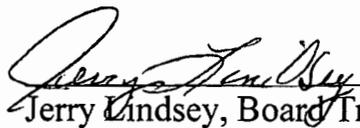
The Board of Directors of Resthave Home of Whiteside County, Illinois, met on August 30th, 2012 and approved THE National Bank as the mortgage lender for the modernization and addition to Resthave Home.



John Hauptman, Board President

9-4-12

Date



Jerry Lindsey, Board Treasurer

8/31/2012

Date



Debra L Letcher
9-4-12

THE NATIONAL BANK

COMMITMENT LETTER NO. 2012-506

August 28, 2012

Tami Tegeler, Administrator
Resthve Home of Whiteside County
408 Maple Ave.
Morrison, IL 61270

Subject: Your Request for a Construction Loan for expansion and remodeling

Dear Administrator Tegeler:

THE National Bank, Morrison, IL is pleased to offer you this loan commitment per the following terms:

1. **BORROWER:** Resthve Home of Whiteside County -or- an entity acceptable to THE National Bank
2. **AMOUNT:** A maximum amount of \$10,363,257.
3. **RATE:** **Construction Closed End Line of Credit:** Variable based on Wall Street Journal Prime (currently 3.25%) + .50% with a minimum interest rate floor of 3.75%.

Permanent Term Financing: After the construction phase is completed, the rate will be based on the 10 year LIBOR Swap Rate plus 3%. As of August 17th, 2012 this rate would have equated to 4.86%. The actual rate will be determined as of the 1st day of the month prior to completion of the permanent financing loan. After the initial 10 year term, the rate will be based on the 5 year LIBOR Swap Rate plus 3.50%. A minimum interest rate floor of 4.50% will be in effect until final maturity.

4. **TERM:** **Construction Closed End Line of Credit:** 24 months.

Permanent Term Financing: 10 years fixed based on a 40 year amortization. After the initial 10 year term, the loan will automatically reprice every 5 years based on the rate structure above until the loan is fully amortized.

5. **MONTHLY PAYMENT:** Payments of interest only monthly will be required during construction. At the end of construction, the loan will be repaid with monthly principal and interest payments amortized over the life of the loan as determined by the rate and term structure above.

6. **DOCUMENTATION & SECURITY:**
 - a. A first real estate mortgage on all property to be included in the loan, with exact legal descriptions to be furnished by borrowers. In addition, an assignment of all leases, income, rents, and profits will be required.
 - b. A first UCC blanket filing on all furniture, fixtures, equipment, inventory and accounts receivable now owned or hereafter acquired and accompanying



security agreement will be required.

c. Any other documentation deemed necessary by the Bank's attorney.

7. **APPRAISAL:** Subject to a satisfactory appraisal by a member of a real estate appraisal organization engaged by the Bank. This appraisal must be reviewed by a third party appraiser chosen by the Bank. This appraisal and subsequent review must be in an amount acceptable to the Bank and indicate that the loan does not exceed 90% loan to value ratio based on an "As Completed Value."
8. **BORROWING AUTHORIZATION:** The borrower is to furnish satisfactory evidence that the borrower is duly organized, in existence, and is in good standing and all documents required to meet the terms of this commitment have been duly authorized and submitted to the Bank. The Borrower(s) and Guarantor(s) shall not be the subject of any bankruptcy, reorganization, or insolvency proceedings, nor shall there be any material change in their financial status at the time the loan is made and there are no suits, actions or proceedings pending or to their knowledge threatened against them or any of their properties in any Court of any Federal, State, Municipal, or other governmental agency.
9. **LEGAL REQUIREMENTS:** Evidence satisfactory to the Bank shall be furnished certifying that the improvements and their intended use comply fully with all applicable zoning and building laws, ordinances and regulations, and all other Federal and State municipal laws and requirements. The loan shall be in all respects legal and shall not violate any applicable law or other requirements of any governmental authority.
10. **HAZARD INSURANCE:** The Bank is to be provided with an original hazard insurance policy covering the improvements securing this loan. Said policy is to be in an amount not less than the amount of the loan and to be in a form and with an insurance company satisfactory to the Bank with an acceptable loss payable mortgagee clause attached. In the event this loan covers construction of improvements in the property, a builder's risk policy will be required.
11. **GUARANTORS:** As a condition of this commitment, it is required that the USDA will provide a conditional commitment to provide a 90% guaranty prior to funding of the construction loan. In addition the USDA will provide a final 90% guaranty prior to closing on the term loan.
12. **SURVEY:** A final survey showing location of improvements on the lot may be required if reasonable doubt of locations arises as determined by the Bank.



THE NATIONAL BANK

Commitment Letter No. 2012-506

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- 13. PARTIAL RELEASE:** Any request for partial release of any portion of the security property from the lien of the mortgage will be approved only upon payment of a sum for principal reduction in an amount specified by the Bank.
- 14. CONDO DOCUMENTS:** Not applicable.
- 15. PLANS & SPECIFICATIONS:** A full set of construction plans and specifications shall be provided (and be acceptable) to the Bank prior to closing of the loan and no change of any substance shall be made in the plans and specifications submitted without the written approval of the Bank.
- 16. COMPLETION AGREEMENT:** Borrower will authorize Bank to make all construction progress disbursements directly to an entity who will guarantee completion of the building according to the original plans and specifications and for the agreed contract prices. All lien waivers from prior progress disbursements will be delivered to the Bank prior to the next progress disbursement. NOTE: Bank will require a satisfactory Completion Bond in an amount at least equal to the loan amount.
- 17. PROGRESS DISBURSEMENT:** Disbursements of loan proceeds will be made: (a) upon request of borrower; (b) after inspection of security by the Bank; and (c) when all prior lien waivers have been delivered to the Bank, on the basis of a schedule acceptable to the Bank and the borrower.
- 18. BUILDING CONTRACT:** An acceptable certified copy of the contract between the owners and the building contractors shall be provided (and be acceptable) to the Bank prior to loan closing, and no change of any substance shall be made to the contract without the written approval of the Bank. Said contract will show the total project cost excluding land.
- 19. ORIGINATION FEE:** An origination fee in the amount of ½ % or \$51,816 is due and payable to the Bank at the time of closing this loan.
- 20. FEES:** All credit report fees, attorney fees, appraisal costs, EPA inspection report, recording fees and other fees incurred with the origination and maintenance of the loan will be the borrower's responsibility. This includes the USDA guarantee fee equal to 1% of the guaranteed portion of the loan amount.
- 21. TITLE OPINION:** A title insurance policy from an attorney or title company acceptable to the Bank, based on abstract of title brought up to date to within twenty (20) days of closing will be provided to the Bank at least forty-eight (48) hours prior to the closing. No disbursements of the loan proceeds will be made until the Bank receives a title insurance policy or a final Certificate of Title that is satisfactory to the Bank.



22. **EPA INSPECTION:** Subject to an EPA inspection report acceptable to the bank. The EPA inspection will be performed by a firm approved by, and selected by, the bank.
23. **FLOOD INSURANCE:** If the property is determined to be located in a flood plain, the customer must obtain flood insurance with the Bank named as loss payee -- in an amount acceptable to the Bank.
24. **FINANCIAL STATEMENTS:** Audited financial statements or income tax statements for the borrowing entity will be delivered to the bank within 120 days of fiscal year-end. Internally prepared interim financial statements will be delivered to the bank within 30 days of each fiscal quarter end.
25. **DEBT SERVICE:** The borrower will maintain a debt service coverage ratio of 1.2 to 1. Minimum Debt Service Coverage Ratio is to be defined as the Borrower's (Net Income plus Depreciation Expense plus Amortization Expense plus Interest Expense minus Distributions to Owners or Shareholders) divided by Borrower's (Interest Expense plus Scheduled Principal Payments on Total Indebtedness). Testing of this requirement will be on a fiscal quarter basis beginning November 30, 2014.
26. **PRE-PAYMENT PENALTY:** A pre-payment penalty in an amount determined as follows:
- a. On or before the first and second year anniversary date of the original note, 5% of the principal outstanding.
 - b. On or before the third and fourth year anniversary date of the original note, 4% of the principal outstanding.
 - c. On or before the fifth and sixth year anniversary date of the original note, 3% of the principal outstanding.
 - d. On or before the seventh and eighth year anniversary date of the original note, 2% of the principal outstanding.
 - e. On or before the ninth and tenth year anniversary date of the original note, 1% of the principal outstanding.
 - f. Subsequent to the initial 10 year term for every 5 year repricing term thereafter the prepayment penalty will be as follows:
 - 1) On or before the first year anniversary date of a 5 year pricing date, 5% of the principal outstanding.
 - 2) On or before the second year anniversary date of a 5 year pricing date, 4% of the principal outstanding.
 - 3) On or before the third year anniversary date of a 5 year pricing date, 3% of the principal outstanding.
 - 4) On or before the fourth year anniversary date of a 5 year pricing date, 2% of the principal outstanding.
 - 5) On or before the fifth year anniversary date of a 5 year pricing date, 1% of the principal outstanding.
27. **ACCOUNTS:** Borrower will be required to maintain all depository accounts at THE National



THE NATIONAL BANK

Commitment Letter No. 2012-506

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Bank during the term of this loan.

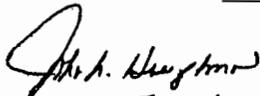
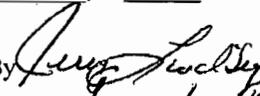
28. **OTHER REQUIREMENTS:** The borrower will provide any other documents deemed necessary by the Bank.
29. **BANK COUNSEL:** Borrower acknowledges that Bank utilizes Lane & Waterman LLP as its attorneys. Should Borrower also utilize Lane & Waterman LLP as its attorneys, Borrower hereby waives any real or perceived conflict of interest created by such representation. Borrower acknowledges that the Bank may, in its discretion, waive any conflict of interest resulting from the Borrower's use of Lane & Waterman LLP, or request that Borrower obtain other legal counsel. In the event of default on the loan, the Borrower acknowledges and agrees that Lane & Waterman LLP may be retained to act as Bank's counsel and Borrower agrees to retain other counsel not affiliated with Lane & Waterman LLP should it be necessary. Borrower hereby waives any claim or cause of action against Bank arising out of Bank's retention of Lane & Waterman.

If the foregoing reflects your understanding of the transaction, please acknowledge your acceptance by your signature and return the accepted copy to the Bank prior to September 21, 2012. Upon acceptance, our commitment to make the loan will become effective and remain in force provided the loan closes prior to November 23, 2012. This letter supersedes any prior commitment letters, correspondence, or conversations. Thank you for allowing us to be of service to you.

Sincerely,

THE National Bank


Bob Smith
Vice President
815-772-2896

Accepted hereunder on this <u>30th</u> day of <u>AUGUST</u> , 20 <u>12</u> .	
By 	By 
Name & Title: <u>JOHN L. HAUPTMAN</u> <u>PRESIDENT</u>	Name & Title: <u>Jerry Lindberg</u> <u>Treasurer</u>

