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October 25, 2013

RECEIVED

OCT 28 2013

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

VIA OVERNIGHT MAIL

Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Request for Permit Renewal; Project # 12-027

Dear Ms. Avery:

In accordance with Section 1130.730 and Section 1130.740 of the rules of the Illinois Health Facilities and Services Review Board (the "Board") and on behalf of Good Samaritan – Pontiac (the "Facility"), I request that the Board extend the Facility's obligation period and renew the Facility's certificate of need permit for the referenced Project.

As you know, the Facility has secured financing for the Project. On October 22, 2013, I mailed you proof of such financing. The Facility is working on satisfying USDA's requirements for the loan, which it set forth in the enclosed letter, dated September 30, 2013. The requirements are standard for USDA loans, and the Facility already meets or has met most of those requirements.

The Facility is now continuing to obligate the project. It is in the process of purchasing the land on which it will build the replacement facility, finalizing architectural drawings, securing relevant approvals, obtaining bids for the construction, and taking other necessary steps for it to begin construction. The Facility's architect estimates that he will submit final working drawings to IDPH for its review, within the next three months. The current Project Obligation date is January 23, 2014. Therefore, the Facility requests the Board to extend the Project Obligation Date for one year, until January 23, 2015. This is the Facility's first request for an extension of the obligation period.

The current Project completion date is December 31, 2013. The Facility estimates that it will complete the construction, within two years of breaking ground. It will then seek to license the Facility and complete the Project. Therefore, the Facility requests that the Board extend the Project completion date to a date two years after the Project Obligation date of January 23, 2015, until January 23, 2017.

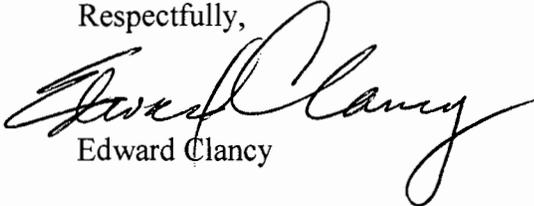
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At this time, the Project's costs and scope comply with the permit that the Board approved, and the Facility has sufficient financial resources to complete the project. To date, the Facility has expended \$444,271 on the Project. In the future, the Facility plans to reduce the number of beds from 122 to 90, but it does not have all of the necessary information to address all applicable review criteria. It will file a notice of alteration before it executes an alteration.

I enclose a check for \$1,000 as payment of the application processing fees of \$500 for the Facility's request for extension of the obligation period and \$500 for its request for extension of the project completion date and permit renewal. I thank you for your attention to this matter. Should you have any questions or need further information, please contact me.

Respectfully,



Edward Clancy

Enclosures

cc: Richard Hiatt (w/ encl.) (via email)
Glenda Tannahill (w/ encl.) (via email)



United States Department of Agriculture

September 30, 2013

Good Samaritan Group
Attn: Rick Hiatt, Board President
14335 US Highway 66
Pontiac, IL 61764

Subject: Good Samaritan Group
Livingston County, IL
Loan - \$12,796,400

With reference to your application for a loan from USDA Rural Development, herein called the "government," for a 90 bed replacement nursing home facility, this letter establishes conditions which must be understood and agreed to by you before further consideration may be given it. Any changes in project cost, source of funds, scope of services or any other significant changes in the project must be reported to and approved by the government by written amendment to this letter. Any changes not approved by the government shall be cause for discontinuing processing of the application.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a loan not to exceed \$12,796,400.

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered government funds and refunded to the government.

If the government makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. If you want the lower of the two rates, your written request should be submitted as soon as practical. In order to avoid possible delays in loan closing such a request should ordinarily be submitted at least 30 calendar days before loan closing. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds", is mailed to you.

The following conditions must be met before concurrence to solicit bids will be given and the loan will be closed:

1. Other Funds.
You will furnish at least \$2,500,000 from a grant you received from Livingston County toward the cost of the facility. Evidence of the availability of your contribution must be provided at loan closing.
2. Organization.
The facility will be managed under the general supervision of the Board of Directors of the Good Samaritan Group, Livingston County, Pontiac IL. Good Samaritan Pontiac will be leasing the facility from Good Samaritan Group.

Rural Development • Champaign Area Office
2110 W. Park Court Suite B Champaign, IL 61821
Phone: 217 352-3536 ext. 125 • Fax: 217 352-4781 • TTY: 217 403-6240

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

3. Business Operations.

- a. Plan for Operation and Maintenance - A plan for operating the facility including training of personnel, bookkeeping and accounting procedures, services provided and physical plant and equipment maintenance must be submitted for review. The plan must be adopted before loan closing. Use Guide 6, Illinois Instruction 1942-A A as an outline.
- b. Budget - Your proposed operating budget is acceptable.
- c. Rules, Rates and Regulations - Rates and charges must at all times be sufficient to pay debt service and reserve on the loan and operate the facility. The government must be provided copies of any changes in your rates.
- d. Marketing Plan - The applicant must develop a marketing plan for the proposed facility that includes efforts taken to increase occupancy and retain/recruit personnel. The plan must be submitted to Rural Development for review and approval.

4. Accounts, Records and Audit Reports.

- a. Interim construction financing from commercial sources, if available at reasonable rates and terms, must be utilized for loans exceeding \$50,000. If it is not available, you must document this and multiple advances will be used.

Government funds and funds from other sources including your contribution will be deposited in a construction account established at a bank of your choice. Government funds will be disbursed in multiple advances as funds are needed. You must submit Form RD 440-11, "Estimate of Funds Needed" to show the amount of government funds needed to cover disbursements for the next 30 day period. All invoices, bills, and partial payment estimates (on Form RD 1924-18, "Partial Payment Estimate") must be approved before payment. You are responsible for obtaining lien waivers from suppliers and contractors.

- b. A reserve account must be established. The applicant will deposit an initial \$75,000 into a reserve account and continue to deposit \$7,000 each month until there is accumulated the sum of \$915,000 in the reserve account after which no further deposits need to be made except to replace authorized withdrawals.
- c. The following accounts will be established at loan closing using the precise name of each account as outlined in the authorizing ordinance:

Construction Account - (Applicant Contribution from Livingston County grant - \$2,500,000 to be deposited at loan closing. Government loan - \$12,796,400 to be deposited in multiple advances as funds are needed.)	\$15,296,400
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Operation & Maintenance Account	use existing
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Debt Service Account - (Funds will be deposited to make payments on your government loan.)	use existing
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Reserve Account (set up new with initial deposit of own funds)	\$75,000
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Other accounts to meet the applicant's needs subject to concurrence of the government.

- d. You must maintain the facility's accounts and provide financial reports and audits in accordance with Section 1942.17, RD Instruction 1942-A. Your accounting and billing system must be approved by the government.

Unless waived by Rural Development, you must provide us with a copy of your annual audit. If total Federal funds expended from all sources in any fiscal year exceed \$500,000 you will be required to submit an OMB Circular A-133 audit.

5. Insurance and Bonding.
Liability, workmen's compensation, property insurance, and fidelity bonds in connection with the facility must be provided in accordance with Section 1942.17 (j)(3), RD Instruction 1942-A. Form RD 440-24, "Position Fidelity Schedule Bond" is an acceptable bond and should be completed for all persons who have access to funds.

6. Debarment, Suspension and Other Responsibility Matters; Drug-Free Workplace Requirements (grants); Lobbying; Equal Opportunity Agreement; Assurance Agreement; and Federal Collection Policies for Consumer or Commercial Debts.

a. You have executed and agree to comply with the provisions of "USDA Certification of Compliance with Federal Requirements/Laws." This form certifies that you are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency; certifies you will provide a drug-free workplace (grants); prohibits lobbying with Federal funds; prohibits discrimination in employment by any of your contractors; prohibits discrimination in the use of the facility; and gives actions to be taken to recover any debts owed.

b. Facilities must be operated so as not to exclude participation on the basis of a handicap. You must complete a Self-Evaluation for program accessibility in accordance with Section 504 of the Rehabilitation Act of 1973, in consultation with handicapped persons or organizations representing handicapped persons. Any restrictive policies or procedures must be modified.

If physical barriers exist, you must prepare a Transition Plan to provide for the elimination of barriers, or alternative means of making program benefits available to persons having a disability.

If your organization has or will have 15 or more employees, you must designate a Section 504 Coordinator, and adopt employee grievance procedures for compliance with Section 504 of the Rehabilitation Act.

7. Contracts for Professional Service.

a. Legal Services Agreement - Your Legal Services Agreement with Edward Clancy (Ungaretti & Harris LLP, Chicago, IL) dated May 21, 2013, was previously approved.

b. Architectural Services Agreement - Your Architectural Services Agreement with Farnsworth Group, Inc. dated June 10, 2013 was previously approved.

c. Auditor Agreement - The Good Samaritan Group must enter into and provide a copy of its contract with a Certified Public Accountant.

d. Management Plan/Lease Agreement - The applicant must submit an executed management plan or lease agreement to the agency for review and approval.

8. Approval of Legal Documents.

Your attorney is expected to examine and approve in writing the legality of all contracts executed by you in regard to the proposed project. This includes but is not limited to the construction documents, performance and payment bonds, insurance, fidelity bonds, agreement for architectural services, etc.

9. Security Requirements.

The loan will be evidenced by a Promissory Note, Form RD 440-22, "Promissory Note (Association or Organization)". Security will be a 1st lien position real estate mortgage on land and the improvements located thereon (use Form RD-IL 1927-4, "Real Estate Mortgage") and a Financing Statement covering all contract rights, accounts receivable and general intangibles. You will be required to pledge an assignment of income. Section 3 of Form RD 1942-9, "Loan Resolution Security Agreement", effects the assignment of income.

10. Repayment Schedule.
The loan will be repayable over a period not to exceed 40 years from the date of loan closing. Payments will be in equal amortized monthly installments. Principal payments will be deferred for 2 years, therefore you will have interest only payments for 2 years annually after closing. Payments will be made through the PREAUTHORIZED DEBIT (PAD) process. It will allow for your payment to be electronically debited from your bank account on the day your payment is due.

11. Resolution of Members or Stockholders and Loan Resolution.
 - a. Form RD 1942-9, "Loan Resolution Security Agreement" must be executed by the Board. Please note that one provision of the Loan Resolution Security Agreement requires you to refinance the unpaid loan balance at any time it appears to the government that commercial credit is available at reasonable rates and terms.
 - b. Prior to the adoption of the Loan Resolution Security Agreement, the members of the Association may be required to adopt Form RD 1942-8, "Resolution of Members or Stockholders." The Agency may accept the Loan Resolution Security Agreement without such membership authorization when the organization's charter and bylaws do not require such authorization.

12. Association Loan Proceedings.
The attorney for the association shall assemble the transcript of all actions of the association having to do with its organizational proceedings and its authorization for incurring the loan. The following originals and/or properly certified copies must be provided.
 - a. Articles of Incorporation and opinion relative thereto.- has completed
 - b. By-laws. – has completed
 - c. Minutes or excerpts thereof of the meeting having to do with the adoption or authorization of each of the above.
 - d. Secretary's Certificate showing the names and addresses of the membership.- has completed
 - e. Secretary's Certificate showing the names and titles and terms of office of the officers. – has completed
 - f. Signature Identification Certificate of the applicant's officers authorized to sign the loan documents. This must be made by an individual personally acquainted with the officers. – has completed.

13. Rights-of-Way and Title Evidence.
Rights-of-way will be acquired and title evidence submitted in accordance with Pages 6 and 7 of Guide 1, Illinois Instruction 1942-A A. This must be done prior to advertising for construction bids. Specific requirements must be met on leasehold interests. **Proposed leases must be submitted for our review before being executed.** The legal instruments which give you rights-of-way for construction, operation and maintenance of the facility must be recorded by the County Recorder before loan closing or the start of construction whichever occurs first. Attorney should assure adequate ingress and egress.

14. Construction Contract Documents and Bidding.
 - a. Design - Preliminary plans are acceptable as a basis for the final design.
 - b. Plans, Specifications and Contract Documents - Final plans, specifications and contract documents must be submitted for review before advertising for construction bids. Final plans and specifications should be prepared in accordance with the requirements outlined in Section 1942.18, RD Instruction 1942-A.

The requirements of Section 1942.18, RD Instruction 1942-A must be followed regarding bidding and contracting. "Contract Documents" consist of all the items listed on either Guide 11 or Guide 12 of Illinois Instruction 1942-A A. EEO bid conditions for minority and female utilization will be included in the contract documents as well. The above referenced documents may be obtained from the Area or State Rural Development Office.

- c. Bidding and Award of Contracts - Bidding and contract awards must be conducted in accordance with RD Instruction 1942-A, Section 1942.18, and any applicable State and local laws. The government must concur in the award of all contracts before the formal award is made. The executed contract documents including executed Performance and Payment Bonds, Bid Tabulation Sheets, and the attorney's review and certifications, must be provided for review.
 - d. Project Construction - Before and during construction the project must meet all the requirements listed in RD Instruction 1942-A, Section 1942.18 (o)(1) through (7) which refers to the preconstruction conference, borrower monitor reports, inspections, and contract change orders.
 - e. Resident Inspection - Full-time resident inspection is required for all construction unless a written exception is made by the government upon written request of the owner. Before the issuance of the "Notice to Proceed" and prior to construction the architect must submit for approval by the Good Samaritan Group and the government the name(s) of the resident inspector(s) and a summary of his/her (their) work experience and qualifications.
15. Compliance with Special Laws and Regulations, Planning and Environmental Mitigation Measures.
- a. Your attorney or appropriate local official must supply an opinion that the project is in compliance with State or local development plans, if such exists, special laws or regulations, zoning laws or ordinances, etc.
 - b. Health Care Facilities - "Approval by the Illinois Department of Public Health is required."
 - c. No Environmental Mitigation measures are required on this project.
16. Appraisal. -
An appraisal must be prepared in accordance with USPAP by an Illinois Certified General Real Estate Appraiser. The as improved value of the facility in the appraisal report must equal or exceed the amount of the loan plus any other indebtedness against the facility. The appraisal report must be reviewed and determined to be acceptable by Rural Development.
17. Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applications -
This award is subject to the provisions contained in the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2012, P.L. No. 112-55, Division A, Sections 738 and 739 regarding corporate felony convictions and corporate federal tax delinquencies. Accordingly, by accepting this award the recipient acknowledges that it: (1) does not have a tax delinquency, meaning that it is not subject to any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, and (2) has not been convicted (or had an officer or agent acting on its behalf convicted) of a felony criminal violation under any Federal or State law within 24 months preceding the award, unless a suspending and debarment official of the United States Department of Agriculture has considered suspension or debarment of the recipient corporation, or such officer or agent, based on these convictions and/or tax delinquencies and determined that suspension or debarment is not necessary to protect the interests of the Government. If the recipient fails to comply with these provisions, USDA Rural Development will annul this agreement and may recover any funds the recipient has expended in violation of sections 738 and 739.
18. Closing Instructions.
This letter is subject to applicable government regulations and any closing instructions of the Office of the General Counsel which will be issued just prior to the actual loan closing.

The RD Instructions, forms and guides referred to in this letter may be obtained from this office. Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions" if you desire further consideration be given your application.

If the rights-of-way have not been acquired and construction bids solicited by one year from the date of this letter the government reserves the right to discontinue the processing of your application.

After construction is complete and a Certificate of Acceptance by the borrower has been issued, the borrower has three (3) months to use any excess funds for authorized loan purposes with prior approval of the government. At the end of this time funds remaining in the Construction Account must be returned to the government and any undisbursed funds will be cancelled.

Any questions or assistance needed should be requested from our office located at 2110 W. Park Ct., Suite B, Champaign, IL 61821 or phone 217-352-3536 x125.

Sincerely,

SHARI LANNON
Area Specialist

Attachments

- cc – Board (2)
- cc – Attorney
- cc – Architect
- cc – Community Programs Director, Champaign, IL
- cc – Area Director, Champaign, IL