

ARNSTEIN & LEHR LLP

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December 15, 2014

VIA OVERNIGHT DELIVERY SERVICE

Mr. Michael Mills
Compliance Coordinator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, Second Floor
Springfield, IL 62761

RECEIVED

DEC 16 2014

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Alden Courts of Shorewood
Project No. 12-032 (the "Project")

Dear Mr. Mills:

Thank you for your December 13 email to Randi Schullo regarding the compliance matter with Alden Courts of Shorewood

Since seeing the Alden matter on the Board's compliance agenda for the December 16 meeting, we have reviewed this matter in closer detail. Fortunately, we were able to confirm that the Project was timely obligated. As you pointed out, however, the fact that obligation had occurred was not communicated in the most recent Annual Progress Report.

This Project was timely obligated on March 20, 2014 when the Applicant entered into a construction contract for the Project for a maximum of \$7,800,000 (well above 33% of the permit amount). Shortly thereafter, the applicants applied to the Review Board for a Permit Renewal. The March 25, 2014 permit renewal application stated that the Project had been obligated by the signing of the construction contract. Attached is a copy of the permit renewal application with the sentence highlighted stating that the Project had been obligated. Also attached is a copy of the first and last page of the executed HUD form construction contract showing the dates is attached. That construction contract was also filed with the US Department of Housing and Urban Development in applying for the HUD loan for the Project. As you had correctly pointed out in your October 28 email, however, the Annual Progress Report did not recite that the Project had been obligated. That Annual Progress Report should likely have also included that statement in addition to having included it in the permit renewal application.

Randi, John Kniery or I will be happy to work with you and Frank if you need any additional information to resolve this issue. We did, however, want to provide this information

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ARNSTEIN & LEHR LLP

Mr. Michael Mills

December 15, 2014

Page 2

to you and Frank in advance of the Tuesday Review Board meeting.

Very truly yours,



Joe Ourth

JRO:eka

Enclosure

cc: Frank Urso
Mike Constantino
Randi Schullo
John Kniery

**Construction Contract
Section 232**

**U.S. Department of Housing
and Urban Development
Office of Residential
Care Facilities**

OMB Approval No. 2502-0605
(exp. 03/31/2014)

Public reporting burden for this collection of information is estimated to average 1 hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation which must be submitted to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. 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.

Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

FHA Project No.: 071-10022

Cost Plus Contract X

Project Name: Alden Estates of Shorewood Addition

Lump Sum Contract

~~THIS CONSTRUCTION CONTRACT ("Contract") is made as of this 20th day of March, 2014,~~ between ALDEN BENNETT CONSTRUCTION CO., INC., an Illinois corporation ("Contractor") and ALDEN ESTATES OF SHOREWOOD I, L.L.C., an Illinois limited liability company ("Owner")

The definition of any capitalized term or word used herein can be found in this Contract and the General Conditions, except the term "Project" shall have the same definition as in the Regulatory Agreement between Borrower (Owner) and HUD, except that the term "Program Obligations" means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Contract rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: (<http://www.hud.gov/offices/adm/hudclips/index.cfm> or a successor location to that site). Any HUD form referenced herein shall be the current version of that form, and shall include any successor form adopted by HUD.

The Contractor and the Owner agree as follows:

Article 1: Scope of Contract

A. The contract between the parties is set forth in the "Contract Documents," which consist of this Contract and the other documents identified in Article 2 below. Together, these form the entire Contract between Owner and Contractor, and by this reference these Contract

IN WITNESS WHEREOF, the parties to these presents have executed this Contract in at least six (6) counterparts, each of which shall be deemed an original, as of the year and day first above mentioned.

OWNER:

ALDEN ESTATES OF SHOREWOOD I, L.L.C.,
an Illinois corporation

By: _____

Name: Joan Carl

Its: Manager

CONTRACTOR:

ALDEN BENNETT CONSTRUCTION CO., INC.,
an Illinois corporation

By: _____

Name: Joan Carl

Its: Vice President



ALDEN COURTS OF SHOREWOOD
4200 WEST PETERSON AVENUE
CHICAGO, ILLINOIS 60646
(773) 286-3883

RECEIVED

MAR 27 2014

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

March 25, 2014

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street - 2nd Floor
Springfield, IL 62761

Subject: Alden Courts of Shorewood, Project No. 12-032 (the AProject@)
Request for Permit Renewal

Dear Ms. Avery:

On October 31, 2012, the Illinois Health Facilities and Services Review Board granted us a permit to add 50 additional skilled nursing beds facility in Shorewood. We are now seeking a permit renewal for this Project from our original completion date of May 31, 2014. This is our first request for a permit renewal.

Requested Completion Date

We seek an 18-month extension to November 30, 2016.

Status Report on Project

Following the October 31, 2012 approval we selected and hired an outside architect for the Project. The architect delivered initial drawings in the summer of 2013. After making some revisions, we submitted our drawings to IDPH for review in September 2013. When we filed our November 22, 2013 Annual Progress Report, we noted that we likely would need to request a permit renewal. IDPH approved the drawings on December 31, 2013. ~~We obligated the project when we entered into a construction contract this month, subject to final HUD approval.~~

We could not submit our loan application until the drawings were complete. We received loan approval from Cambridge Realty Capital, our lender, subject to HUD's approval.

Actual construction on the Project is zero percent complete as commencement is reliant on the closing of the HUD insured financing. Project costs incurred through February, 2013 are approximately \$699,641.00, in addition to the approximately \$802,476.00 expended for land acquisition.

The construction contract has been finalized and construction will begin immediately after the HUD insured loan is closed



Ms. Courtney Avery
Project No. 12-032
Page 2

Statement as to reasons why the Project has not been Completed

While the Project has been progressing with due diligence, there has been several points of delay. In general, we were admittedly too optimistic in setting a May, 2014 project completion date. Project approval was delayed three months following intent to deny and we did not adjust the completion date at that time. The architectural drawing process has also taken longer than expected. Both in our architect's preparation of the drawings and to IDPH approval process. Finally, the lending approval process with HUD is lengthy and the time is difficult to predict. Everything for HUD approval has been submitted, but could take several more months for approval.

Project=s Cost and Scope

The Project=s cost and scope remain in compliance with the permit approved by the Services Review Board approved. Sufficient financial resources will be available to complete the 50-bed skilled nursing facility upon HUD approval.

Enclosed please find the required \$500 application fee. Please let me know of any questions on this material, or if additional information needs to be provided.

Thanking you in advance for your assistance, we remain,

Respectfully

ALDEN COURTS OF SHOREWOOD

By: 
Randi Schullo

cc: Mike Constantino, Supervisor of Project Review
enclosure