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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mike Constantino, Supervisor, Project Review Section
Illinois Health Facilities and Services Review Board (the "Board")
525 West Jefferson Street (2nd Floor)
Springfield, Illinois 62761

Re: Project 13-011 – Statement submitted at
Public Hearing held April 12, 2013 at 1:30 with duplicate copy sent
by mail

Dear Mr. Constantino:

The Board of Commonwealth Plaza Condominium Association (the "Association") authorized the preparation and submission of written comments at this hearing to insure that the concerns of its residents about the Project were presented to the Board in connection with its public hearing on the Project. Residents may also take it upon themselves to come to the public hearing and give their own presentations.

The Association's two 28 story residential buildings are located at Sheridan and Diversey. The Project is to be constructed on land located immediately to the north of the Association's property. Since this Project was announced, members of the Association have met from time to time with representatives of Presence's predecessors and others and have attended a number of meetings to express their opposition to the Project. Opposition to the Project still continues since concerns not relevant to the issues before the Board have never been resolved.

Today we are asking that the Board not take action to approve the Project until additional and information relevant to the Board making a decision is submitted.

The Association and its residents expected that the filing made on February 27, 2013 to obtain the Board's approval for the Project would have finally and definitively let them know what and when Presence is planning to undertake construction on its land.

While the filing with the Board is lengthy – 306+ pages - due to the inclusion of financial statements of the Presence Entities that submitted the Application (the "Applicant "or" Presence"), the filing as will be noted in greater detail below raises questions and does not provide answers to these ultimate questions:

- A. What are the qualifications and financial strength of Hammes Company Healthcare Real Estate Services, LLC (the "Developer") which Presence

describes as the entity that it expects will be: the developer, owner, landlord and operator of the Project and the entity responsible for obtaining financing for the Project? [No financial statements or other data showing Developer's qualifications were included in the filing.]

- B. What is the likelihood that financing for the Project can be obtained?
- C. What is the likelihood that construction will begin without 100% of the monies in place and then stop leaving a partially completed but unoccupied structure?
- D. What is the outside date for commencement of construction?
- E. What is the likelihood that the proposed transactions between Developer and Presence will ever become effective?

These questions arose because the economic heart of Presence's filing with the Board was a Letter of Intent (the "LOI") between Presence and Developer dated February 25, 2013 – an instrument signed just two days before Presence made its filing. The LOI is just that and as it states is "not binding upon either party unless and until embodied in final and legally binding mutually acceptable agreement(s) signed by both Parties." Further, the LOI is according the provision establishing its Term: "This LOI may be terminated by either Party upon ten (10) days written notice, with or without cause."

The LOI contemplates the negotiation and execution of a number of instruments which will shape, create and govern the Project. If one of those instruments cannot be finalized, it is likely that Project as described in the LOI and the Project which has been submitted to this Board for Approval will not be able to go forward. The yet to be completed instruments include:

- A. ground lease between Presence and a special purpose entity to be formed by Developer to be the ground lessee under the ground lease and as such will develop, lease finance, manage and own the Project; [The yet to be signed ground lease will provide an outside date for substantial completion of the Project which is not specified in the LOI.]
- B. ten year triple net leases with qualified physicians to lease the 87,000 rentable square feet of medical office space in the Project; [Are there any qualified physicians who are prepared to lease space on the terms set forth in the LOI? This is a serious question because typically

filings for Medical Office Buildings include letter of intent from potential tenants. No such documentation has been submitted.]

- C. a 20 lease of 114,000 rentable square feet of ambulatory care space in the Project to Presence;
- D. a twenty year lease of the garage portion of the Project (approximately 350 stalls) to Presence; and
- E. such other instruments such as Use Restrictions mentioned in the LOI.

The LOI contains no outside date for having all of the foregoing "Definitive Agreements" finalized and executed. Since the LOI may be terminated by either party by the giving of notice, there is no assurance that the Project will ever be in a position to go forward.

This filing with the Board is a classic example of Presence moving forward to obtain Board approval for the Project, before either Presence or the Board knows:

A. that the Definitive Agreements have been executed on terms consistent with the LOI;

B. that the ground lease and other Definitive Agreements contain terms that will enable Developer to obtain financing since Presence is not obligated to provide financing; and

C. that qualified physicians are prepared to enter into leases for the 87,000 rentable square feet of medical office space in the Project on the terms set forth in the LOI so that such space will not sit vacant and unoccupied because there is no demand or need for such space.

Based on the uncertainty inherent in the economic arrangement contemplated by the LOI and the lack of information before the Board about the Developer, the Association is requesting that the Board delay action on the Application for the Approval on the Project until the Applicant has:

1. executed and filed the Definitive Agreements with the Board; and
2. provided the Board with information as the Developer's qualifications and financial condition.

Once those submissions have been made, it will be possible for the Board to make a determination about the Project. In short, filings made by Presence on February 27,

2013 with respect to the Project were prematurely made and should not be recommended for approval by the Board at this time.

Respectfully Submitted this 12th Day of April, 2013

Commonwealth Plaza Condominium Association

By: Virginia M. Harding

Virginia M. Harding, It Board President