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Via Federal Express

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Kathryn J. Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Asbury Court Nursing and Rehabilitation (Proj. No. 14-022)

Dear Ms. Olson:

Pursuant to Section 1130.750 of the Illinois Health Facilities and Services Review Board ("State Board") rules, I am writing on behalf of Asbury Court Nursing and Rehabilitation, LLC and Des Plaines Property, LLC (the "Permit Holders") to request an alteration of Project Permit No. 14-022 to increase the approve project costs.

As you are aware, on August 27, 2014, the State Board approved the Permit Holders' application to establish a 71 bed general long term care facility to be located at 1750 Elmhurst Road, Des Plaines, Illinois. Since approval of the project, construction costs have increased, and the Permit Holders request the State Board approve a $504,905 increase in project costs for a total approved permit amount of $7,717,839. As noted in the table below, the increase in project costs is attributable to the increase in the cost of new construction. The increased project costs will be funded with additional cash and securities.

Project Costs and Sources of Funds			
USE OF FUNDS	Approved Permit Amount	Alteration Request	Difference
Preplanning Costs	$39,600	$39,600	$0
Site Survey and Soil Investigation	$15,400	$15,400	$0
Site Preparation	$30,800	$30,800	$0
Off Site Work	$99,000	$99,000	$0
New Construction Contracts	$5,172,609	$5,677,514	$504,905

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Project Costs and Sources of Funds			
USE OF FUNDS	**Approved Permit Amount**	**Alteration Request**	**Difference**
Modernization Contracts	$246,947	$246,947	$0
Contingencies	$270,978	$270,978	$0
Architectural/Engineering Fees	$518,200	$518,200	$0
Consulting and Other Fees	$258,500	$258,500	$0
Movable or Other Equipment (not in construction contracts)	$560,900	$560,900	$0
Bond Issuance Expense (project related)	$0	$0	$0
Net Interest Expense During Construction (project related)	$0	$0	$0
Fair Market Value of Leased Space or Equipment	$0	$0	$0
Other Costs To Be Capitalized	$0	$0	$0
Acquisition of Building or Other Property (excluding land)	$0	$0	$0
TOTAL USES OF FUNDS	**$7,212,934**	**$7,717,839**	**$504,905**
SOURCE OF FUNDS	**Approved Permit Amount**	**Alteration Request**	**Difference**
Cash and Securities	$1,442,587	$1,947,492	$504,905
Pledges	$0	$0	$0
Gifts and Bequests	$0	$0	$0
Bond Issues (project related)	$0	$0	$0
Mortgages	$5,770,347	$5,770,347	$0
Leases (fair market value)	$0	$0	$0
Governmental Appropriations	$0	$0	$0
Grants	$0	$0	$0
Other Funds and Sources	$0	$0	$0
TOTAL SOURCES OF FUNDS	**$7,212,934**	**$7,717,839**	**$504,905**

For your review, I have attached the following:

- Check for $1,000 made payable to the Illinois Department of Public Health for the Post-Permit Alteration Processing Fee;
- Revised Availability of Funds table;

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- Revised Reasonableness of Project and Related Costs table;
- Revised Project Costs and Sources of Funds table (Appendix A); and
- Revised Cost Space Requirements table (Appendix D).

We believe this request is in compliance with the State Board's standards and request the State Board Chair approve the alteration of Project Permit No. 14-022 as a desk review.

If you have any questions or need any additional information regarding the project or this alteration request, please feel free to contact me

Sincerely,

Anne M. Cooper

Attachments

SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW

Criterion 1125.800 Estimated Total Project Cost

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Availability of Funds – Review Criteria**
- **Financial Viability – Review Criteria**
- **Economic Feasibility – Review Criteria, subsection (a)**

Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$1,947,492	a.	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b.	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c.	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$5,770,347	d.	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1. For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3. For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4. For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5. For any option to lease, a copy of the option, including all terms and conditions.
_____	e.	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied

		by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f.	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g.	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$7,717,839	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Economic Feasibility

This section is applicable to all projects

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1. That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2. That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

   A. A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 1.5 times for LTC facilities; or

   B. Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1. That the selected form of debt financing for the project will be at the lowest net cost available;

2. That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3. That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

Identify each area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY SERVICE

Area (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Nursing	$236.85	$151.13	23,971	0	1,634	0	$5,677,514	$246,947	$5,924,461
Contingency	$10.79	$7.56	23,971	0	1,634	0	$258,630	$12,348	$270,978
TOTALS	$247.64	$158.69	23,971	0	1,634	0	$5,936,144	$259,295	$6,195,439

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT - 30, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Project Costs and Sources of Funds

APPENDIX A

Complete the following table listing all costs associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$27,482	$12,118	$39,600
Site Survey and Soil Investigation	$10,688	$4,712	$15,400
Site Preparation	$21,375	$9,425	$30,800
Off Site Work	$68,706	$30,294	$99,000
New Construction Contracts	$3,942,761	$1,734,753	$5,677,514
Modernization Contracts	$171,381	$75,566	$246,947
Contingencies	$188,059	$82,919	$270,978
Architectural/Engineering Fees	$359,631	$158,569	$518,200
Consulting and Other Fees	$179,399	$79,101	$258,500
Movable or Other Equipment (not in construction contracts)	$389,265	$171,635	$560,900
Bond Issuance Expense (project related)	$0	$0	$0
Net Interest Expense During Construction (project related)	$0	$0	$0
Fair Market Value of Leased Space or Equipment	$0	$0	$0
Other Costs To Be Capitalized	$0	$0	$0
Acquisition of Building or Other Property (excluding land)	$0	$0	$0
TOTAL USES OF FUNDS	**$5,358,747**	**$2,359,092**	**$7,717,839**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$1,354,126	$593,366	$1,947,492
Pledges	$0	$0	$0
Gifts and Bequests	$0	$0	$0
Bond Issues (project related)	$0	$0	$0
Mortgages	$4,004,621	$1,765,726	$5,770,347
Leases (fair market value)	$0	$0	$0
Governmental Appropriations	$0	$0	$0
Grants	$0	$0	$0
Other Funds and Sources	$0	$0	$0
TOTAL SOURCES OF FUNDS	**$5,358,747**	**$2,359,092**	**$7,717,839**

Cost/Space Requirements

APPENDIX D

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
CLINICAL							
Nursing	$3,850,819		14,500	12,987			
Living/Dining/Activity	$575,499		2,167	2,279			
Kitchen/Food Service	$754,495		2,841	191		2,842	
PT/TO	$0		0	812			
Laundry	$0		0	0			
Janitor Closets	$3,718		14	13			
Clean/Soiled Utility	$97,731		368	344			
Beauty/Barber	$76,485		288	0		288	
Total Clinical	**$5,358,747**		**20,178**	**16,626**	**0**	**3,130**	
NON CLINICAL							
Office/Administration	$411,606		1,549	535	653		
Employee Lounge/ Locker/Training	$72,808		274	252	0		
Mechanical/Electrical	$56,333		212	369	0		
Lobby	$140,833		530	408	90		
Storage/Maintenance	$239,948		903	817	70		
Corridor/Public Toilets	$1,406,474		5,293	4425	781	297	
Stair/Elevator	$31,090		117	539	40		
Total Non-clinical	**$2,359,092**		**8,878**	**7,345**	**1,634**	**297**	
TOTAL	**$7,717,839**		**29,056**	**23,971**	**1,634**	**3,427**	