POLSINELLI

161 N. Clark Street, Suite 4200, Chicago, IL 60601-3316 • 312.819.1900

August 29, 2014

Anne M. Cooper
(312) 873-3606
(312) 276-4317 Direct Fax
acooper@polsinelli.com

Via Federal Express

RECEIVED
SEP 0 2 2014
HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mr. Michael Constantino
Project Reviewer
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Winchester Endoscopy Center (Proj. No. 14-025)

Dear Mr. Constantino:

This letter is written in response to your determination that the applicant must procure a financing commitment letter, I am attaching relevant materials which includes a commitment letter. Ultimately, the agreement that the applicant made with the lender provides that the applicant will fund a portion of the project with cash. Therefore, we have revised the application to identify that portion of the project that will be funded by cash rather than a loan. Enclosed with this letter are the following materials:

- Updated Project Costs and Sources of Funds schedule;
- Updated Itemized Project Costs and Sources of Funds schedule (Attachment – 7);
- Updated Availability of Funds schedule;
- Letter from Northern Trust bank confirming Winchester Endoscopy, LLC has established an account with cash sufficient to fund the cash requirement of the proposed project; and
- Loan commitment from Northern Trust bank;

We understand the Illinois Health Facilities and Services Review Board will calculate the processing fee for the modification of the Winchester Endoscopy Center CON application and will send a notice of fee balance.

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Thank you for your time and attention to this matter. If you have any questions regarding any of the materials submitted, please feel free to contact me.

Sincerely,

Anne M. Cooper

Anne M. Cooper

Attachments

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) 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			
Site Survey and Soil Investigation			
Site Preparation	$30,000		$30,000
Off Site Work			
New Construction Contracts			
Modernization Contracts	$550,000		$550,000
Contingencies	$50,000		$50,000
Architectural/Engineering Fees	$42,500		$42,500
Consulting and Other Fees	$72,000		$72,000
Movable or Other Equipment (not in construction contracts)	$25,000		$25,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	$1,463,853		$1,463,853
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$2,233,353**		**$2,233,353**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$369,500		$369,500
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	$400,000		$400,000
Leases (fair market value)	$1,463,853		$1,463,853
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$2,233,353**		**$2,233,353**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Project Costs and Sources of Funds

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Site Preparation			
Demolition & Site Preparation	$30,000		$30,000
Modernization Contracts	$550,000		$550,000
Contingencies	$50,000		$50,000
Architectural & Engineering Fees	$42,500		$42,500
Consulting & Other Fees	$72,000		$72,000
Moveable Equipment	$25,000		$25,000
Fair Market Value of Leased Space or Equipment			
Leased Space	$1,123,629		$1,123,629
Capital Lease – High Def. Colonovideoscope & High Def. Gastrovideoschope	$237,515		$237,515
Capital Lease – Colonovideoscope Workstation	$16,710		$16,710
Capital Lease – Colonovideoscope Hardware	$5,525		$5,525
Capital Lease – Colonovideoscope	$80,474		$80,474
Total Fair Market Value of Leased Space or Equipment	$1,463,853		$1,463,853
TOTAL USES OF FUNDS	**$2,233,353**		**$2,233,353**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash	$369,500		$369,500
Mortgages	$400,000		$400,000
Leases (Fair Market Value)			
Leased Space	$1,123,629		$1,123,629
Capital Lease – High Def. Colonovideoscope & High Def. Gastrovideoschope	$237,515		$237,515
Capital Lease – Colonovideoscope Workstation	$16,710		$16,710
Capital Lease – Colonovideoscope Hardware	$5,525		$5,525
Capital Lease – Colonovideoscope	$80,474		$80,474
Total Fair Market Value of Leased Space or Equipment	$1,463,853		$1,463,853
TOTAL SOURCES OF FUNDS	**$2,233,353**		**$2,233,353**

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):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - 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:**

$369,500	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;
$400,000	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;
$1,463,853	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$2,233,353	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section VIII
Criterion 1120.120, Availability of Funds

1. Attached at Attachment – 36A1 is a letter from Northern Trust confirming that Winchester Endoscopy LLC has established an account with cash sufficient to fund the cash requirements of the proposed endoscopy center.

2. Attached at Attached at Attachment – 36A2 is a loan commitment from Northern Trust bank to finance a portion of the project with a term loan.

3. Attached at Attachment – 36B is the letter of intent for the lease between Winchester Medical Building, Ltd. and Winchester Endoscopy Center.

4. Attached at Attachment – 36C is the equipment lease between Winchester Endoscopy Center and Olympus America Inc.

The Northern Trust Company
1700 Green Bay Road
Highland Park, Illinois 60035
(847) 266-4200

August 28, 2014

RE: Winchester Endoscopy, LLC Account Balance

To whom it may concern:

This letter serves as confirmation that the account held at Northern Trust Company, account no. 3801274713, with the title of Winchester Endoscopy, LLC holds 370,000 dollars. Funds in this account are entirely available.

Please contact me at the email address listed below for further proof of funds.

Best Regards,

Nico Caputo
The Northern Trust Company
NPC1@ntrs.com

The Northern Trust Company
1700 Green Bay Road
Highland Park, Illinois 60035
(847) 266-4200

August 5, 2014

Dr. Arkan Alrashid
Winchester Endoscopy, LLC
1870 W. Winchester Rd. Suite 146
Libertyville, IL 60048

Dear Dr. Alrashid:

The Northern Trust Company ("Northern") is pleased to provide its commitment for a loan based on the following terms and conditions.

Borrower:	Winchester Endoscopy, LLC
Co-Borrower:	NorthShore Center for Gastroenterology, S.C. and Winchester Endoscopy, S.C.
Loan:	$400,000.00 Term Loan
Purpose:	Renovations to leasehold improvements at 1870 West Winchester Rd., Suite 146, Libertyville, IL and to comply with Certificate of Need requirements for an ambulatory surgical treatment center for endoscopy services
Maturity:	Five years
Interest:	Northern Match Cost Funding + 2.75% fixed. The interest rate shall be locked at the time of closing.
Repayment:	Monthly payments of principal and interest based on a five year amortization schedule.

Fees:	Non-refundable commitment fee of $15,000.00
Expenses:	The Borrower will pay all fees, costs and disbursements reasonably incurred by Northern including due diligence investigation, recording fees, reasonable attorney fees and collection costs.
Collateral:	A perfected first lien and sole security interest in all business assets of Borrower and a perfected second lien security interest in all assets of Co-Borrower, whether now owned or hereafter acquired, subject only to those prior liens of Northern and a first mortgage loan issued by Harris Bank.
Guaranty:	Arkan Alrashid, Sean Lee and John Tasiopoulos, joint and several
Documentation:	Prepared by Northern and reviewed or modified by Northern approved legal counsel
Expiration:	This letter shall expire no later than October 31, 2014 if all Conditions Precedent are not satisfied.
Conditions Precedent:	a) Payment of Fees b) Completion of Northern's due diligence examination of the Borrower, Co-Borrower and Guarantors, including judgment and tax lien searches, the results of which shall be satisfactory to Northern in its sole discretion. c) Proof of insurance, satisfactory to Northern, naming Northern as loss payee d) Lease between Borrower and Winchester Medical Building, Ltd., in an amount sufficient to satisfy all real estate expenses and mortgage loan with Northern. e) Evidence of funds in Borrower's deposit account with Northern in an amount of $370,000.00 to be used solely for renovations to leasehold improvements at 1870 W. Winchester Rd., Suite 146, Libertyville, IL to comply with Certificate of Need for an ambulatory surgical treatment center for endoscopy services. Borrower shall provide evidence that all of its funds have been used for the project prior to Northern advances under the Loan. f) Borrower to establish and maintain deposit accounts with Northern so long as the loan is outstanding. g) Satisfactory loan documentation, in Northern's sole discretion.

h) Approval of Certificate of Need for an ambulatory surgical treatment center at 1870 W. Winchester Rd., Suite 146, Libertyville, IL.
i) No material litigation shall have been instituted against Borrower, Co-Borrower or Guarantor or any affiliate or subsidiary thereof.
j) No material adverse change, as determined by Northern, shall occur or be revealed in the condition or operations, financial or otherwise, of the Borrower, Co-Borrower or Guarantor or any affiliate or subsidiary thereof.
k) The Borrower, Co-Borrower and Guarantors shall have executed and delivered definitive loan documents ("Loan Documents") containing terms and provisions satisfactory to Northern, and shall have delivered each other document or agreement required to be delivered under the Loan Documents, each duly executed and each containing terms and provisions in form and substance satisfactory to Northern and its counsel.

The Loan Documents will contain such usual types of representations, warranties, covenants, events of default and other conditions as are required by Northern, including but not limited to:

Covenants:

- Business financial statements of Borrower and Co-Borrower within 120 days of each fiscal year end, compiled by a certified public accountant
- Tax returns of Borrower and Co-Borrower due by April 15, prepared by a certified public accountant
- Personal Financial Statements of each Guarantor on Northern form within 90 days of each calendar year end beginning in 2015
- Personal tax returns, including K-1s, of each Guarantor due by each April 15, prepared by a certified public accountant
- Borrower to maintain minimum Debt Service Coverage Ratio (DSCR) of 1.25x. DSCR defined as Borrower Cash Flow divided by Borrower Debt Service with Borrower Cash Flow defined as (Net Income + Non-Cash Charges + Interest + one-time expenses related to the Certificate of Need application) and Borrower Debt Service defined as (required minimum debt service in accordance with all loans of Borrower).
- Borrower to maintain primary bank accounts with Northern

Borrower, Co-Borrower and all Guarantors shall indemnify and hold harmless Northern and its directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities and expenses (including, without limitation, fees and disbursements of legal counsel) which may be incurred by or asserted against any such indemnified party in connection with or arising out of any investigation, litigation or proceeding, or proposed transaction (whether or not consummated provided Northern has acted in good faith and is not in default of its obligations under any commitment or loan documentation) contemplated by this letter.

Dr. Alrashid, we look forward to helping you with this opportunity. To the extent you accept these terms and conditions, please sign and return this acknowledgement page, along with the Fee as defined above.

Sincerely,

THE NORTHERN TRUST COMPANY

By: _____

Vice President
Senior Private Banker

ACKNOWLEDGED AND AGREED

WINCHESTER ENDOSCOPY, LLC

By: _____
Its Manager
Dr. Arkan Alrashid