



WestShore
Advisory Services

Original

January 27, 2011

Mr. Michael Constantino
Chief Program Review Section
Illinois Health Facilities Planning Board
525 West Jefferson Street
Springfield, IL 62761

RE: Mercy Circle CCRC

Dear Mr. Constantino:

Enclosed are an original and one copy of a re-application to build a CCRC with 24 skilled nursing beds on the far south side of Chicago. The skilled portion of the project is \$7,433,622.

Mercy Circle was previously granted a CON Permit # 10-044 in 2010. However since then, the source of the subordinated project debt and guarantee of the project has changed. Originally, the subordinated debt and guarantee was to be provided by the Sisters of Mercy of the Americas West Midwest Community, Inc. The Sisters has since issued the subordinated project debt with funds from a related entity, the West Midwest FIDES, Inc., ("FIDES"). FIDES is the Foundation for the Infirm, Disabled and Elderly Sisters and provides for the financial and healthcare needs of its sisters. Upon issuance of this CON Permit, FIDES will become the project guarantor and replace the Sisters of Mercy West Midwest Community, which is presently serving in that capacity.

As in the previous application, the Applicants are seeking both the defined population and CCRC variance.

Enclosed is a \$2,500 check in payment of the deposit on the application fee. If you have any questions, please contact me at (219) 227-6075.

Very truly yours,

Lori McLaughlin

Enc.

RECEIVED

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

HEALTH FACILITIES &
SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

11-008

Facility/Project Identification

| | | | |
|---|------|---------------------|---------------------------|
| Facility Name: Mercy Circle | | | |
| Street Address: 10000 South Central Park Avenue | | | |
| City and Zip Code: Chicago 60655 | | | |
| County: | Cook | Health Service Area | 6 Health Planning Area: C |

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

| |
|---|
| Exact Legal Name: West Midwest FIDES, Inc. |
| Address: 7262 Mercy Road, Omaha, NE 68124 |
| Name of Registered Agent: CB Programs, Inc. |
| Name of Chief Executive Officer: Sister Sheila Megley |
| CEO Address: 7262 Mercy Road, Omaha, NE 68124 |
| Telephone Number: 402-393-8225 |

Type of Ownership of Applicant/Co-Applicant

| | | |
|--|--|--------------------------------|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership | |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental | |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

| |
|--|
| Name: Lori McLaughlin |
| Title: Principal |
| Company Name: Westshore, LLC |
| Address: 833 W Lincoln Highway, Suite 410W, Schererville, IN 46375 |
| Telephone Number: 219-227-6075 |
| E-mail Address: lmclaughlin@westshorellc.com |
| Fax Number: 800-557-9176 |

Additional Contact

[Person who is also authorized to discuss the application for permit]

| |
|--|
| Name: Ira Rogal |
| Title: |
| Company Name: Shea, Paige & Rogal |
| Address: 547 S. LaGrange Road, LaGrange, IL 60525 |
| Telephone Number: 708-482-4820 |
| E-mail Address: IR4@aol.com |
| Fax Number: 708-482-1091 |

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

| | | |
|--|-----------------------|-------------------------|
| Facility Name: Mercy Circle | | |
| Street Address: 10000 S. Central Park Avenue | | |
| City and Zip Code: Chicago 60655 | | |
| County: Cook | Health Service Area 6 | Health Planning Area: C |

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

| |
|---|
| Exact Legal Name: Sisters of Mercy of the Americas West Midwest Community, Inc. |
| Address: 7262 Mercy Road, Omaha, NE 68124 |
| Name of Registered Agent: Illinois Corporation C |
| Name of Chief Executive Officer: |
| CEO Address: 7262 Mercy Road, Omaha, NE 68124 |
| Telephone Number: 402-393-8225 |

Type of Ownership of Applicant/Co-Applicant

| | |
|--|---|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> |
| <input type="checkbox"/> Other | |

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

| |
|--|
| Name: Lori McLaughlin |
| Title: Principal |
| Company Name: Westshore, LLC |
| Address: 833 W. Lincoln Highway, Suite 410W, Schererville, IN 46375 |
| Telephone Number: 219-227-6075 |
| E-mail Address: lmclaughlin@westshorellc.com |
| Fax Number: 800-557-9176 |

Additional Contact

[Person who is also authorized to discuss the application for permit]

| |
|--|
| Name: Ira Rogal |
| Title: |
| Company Name: Shea, Paige & Rogal, Inc. |
| Address: 547 S. LaGrange Road, LaGrange, IL 60525 |
| Telephone Number: 708-482-4820 |
| E-mail Address: jar4@aol.com |
| Fax Number: 708-482-1091 |

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

| | | | |
|---|---------------------|---|-------------------------|
| Facility Name: Mercy Circle | | | |
| Street Address: 10000 South Central Park Avenue | | | |
| City and Zip Code: Chicago 60655 | | | |
| County: Cook | Health Service Area | 6 | Health Planning Area: C |

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

| | |
|---|--|
| Exact Legal Name: Mercy Circle | |
| Address: 10000 South Central Park Avenue | |
| Name of Registered Agent: MICHAEL R CONNELLY | |
| Name of Chief Executive Officer: Sister Norita Cooney | |
| CEO Address: 7262 Mercy Road, Omaha NE 68124 | |
| Telephone Number: 402-393-8225 | |

Type of Ownership of Applicant/Co-Applicant

| | |
|--|--|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| | <input type="checkbox"/> Other |

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

| |
|--|
| Name: Lori McLaughlin |
| Title: Principal |
| Company Name: Westshore, LLC |
| Address: 833 W Lincoln Highway, Suite 410W, Schererville, IN 46375 |
| Telephone Number: 219-227-6075 |
| E-mail Address: lmclaughlin@westshorellc.com |
| Fax Number: 800-557-9176 |

Additional Contact

[Person who is also authorized to discuss the application for permit]

| |
|--|
| Name: Ira Rogal |
| Title: |
| Company Name: Shea, Paige & Rogal |
| Address: 547 South LaGrange Road, LaGrange, IL 60525 |
| Telephone Number: 708-482-4820 |
| E-mail Address: iar4@aol.com |
| Fax Number: 708-482-1091 |

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960

| |
|--|
| Name: Lori McLaughlin |
| Title: Principal |
| Company Name: Westshore, LLC |
| Address: 833 W. Lincoln Highway, Suite 410W, Schererville, IN 46375 |
| Telephone Number: : 219-227-6075 |
| E-mail Address: lmclaughlin@westshorellc.com |
| Fax Number: 800-557-9176 |

Site Ownership

[Provide this information for each applicable site]

| |
|--|
| Exact Legal Name of Site Owner: Sisters of Mercy of the Americas West Midwest Community, Inc. |
| Address of Site Owner: 7262 Mercy Road, Omaha, NE 68124 |
| Street Address or Legal Description of Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease. |
| APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

| |
|--|
| Exact Legal Name: Mercy Circle |
| Address: 10000 S. Central Park Ave., Chicago, IL 60655 |
| <input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other |
| <ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. |
| APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

| |
|---|
| APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |
|---|

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

| | |
|---|---|
| Part 1110 Classification: <input checked="" type="checkbox"/> Substantive <input type="checkbox"/> Non-substantive | Part 1120 Applicability or Classification: [Check one only.] <input type="checkbox"/> Part 1120 Not Applicable <input type="checkbox"/> Category A Project <input checked="" type="checkbox"/> Category B Project <input type="checkbox"/> DHS or DVA Project |
|---|---|

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Mercy Circle is a continuing care retirement community which consists of approximately 54 independent living apartments, 44 assisted living apartments, 24 assisted living memory support apartments and 24 skilled nursing beds. The community will be located at 10000 South Central Park Avenue, Chicago, Illinois. This is a substantive project because it is not an emergency review or a project which meets the non-substantive review project types.

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 | \$10,967 | \$304,419 | \$315,387 |
| Site Survey and Soil Investigation | \$3,650 | \$28,050 | \$31,700 |
| Site Preparation | \$292,410 | \$792,590 | \$1,085,000 |
| Off Site Work | \$126,337 | \$773,663 | \$900,000 |
| New Construction Contracts | \$4,007,106 | \$26,094,400 | \$30,101,506 |
| Modernization Contracts | \$0 | \$0 | \$0 |
| Contingencies | \$626,513 | \$3,667,194 | \$4,293,707 |
| Architectural/Engineering Fees | \$248,561 | \$3,906,341 | \$4,154,902 |
| Consulting and Other Fees | \$256,651 | \$2,387,798 | \$2,644,449 |
| Movable or Other Equipment (not in construction contracts) | \$513,199 | \$1,219,662 | \$1,732,861 |
| Bond Issuance Expense (project related) | \$100,445 | \$801,430 | \$901,875 |
| Net Interest Expense During Construction (project related) | \$207,032 | \$706,793 | \$913,825 |
| Fair Market Value of Leased Space or Equipment | \$0 | \$0 | \$0 |
| Other Costs to be Capitalized | \$309,398 | \$1,965,390 | \$2,274,788 |
| Acquisition of Building or Other Property (excluding land) | \$0 | \$0 | \$0 |
| Leases (fair market value - property) | \$731,351 | \$4,478,649 | \$5,210,000 |
| TOTAL USES OF FUNDS | \$7,433,622 | \$47,126,378 | \$54,560,000 |
| SOURCE OF FUNDS | CLINICAL | NONCLINICAL | TOTAL |
| Subordinated Debt/Note – West Midwest FIDES, Inc. | \$2,928,608 | \$17,071,392 | \$20,000,000 |
| Cash Equity – Sisters of Mercy | \$0 | \$3,100,000 | \$3,100,000 |
| Gifts and Bequests | \$0 | \$0 | \$0 |
| Bond Issuance (project related) | \$3,773,663 | \$22,476,338 | \$26,250,000 |
| Mortgages | \$0 | \$0 | \$0 |
| Leases (fair market value) | \$731,351 | \$4,478,649 | \$5,210,000 |
| Governmental Appropriations | \$0 | \$0 | \$0 |
| Grants | \$0 | \$0 | \$0 |
| Other Funds and Sources | \$0 | \$0 | \$0 |
| TOTAL SOURCES OF FUNDS | \$7,433,622 | \$47,126,378 | \$54,560,000 |
| NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. | | | |

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

| | | |
|--|------------------------------|-----------------------------|
| Land acquisition is related to project | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Purchase Price: \$ | _____ | |
| Fair Market Value: \$ | _____ 731,351 _____ | |

The project involves the establishment of a new facility or a new category of service
 Yes No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ 252,674

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

None or not applicable Preliminary

Schematics Final Working

Anticipated project completion date (refer to Part 1130.140): August 31, 2013

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

Purchase orders, leases or contracts pertaining to the project have been executed.

Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies

Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:

Cancer Registry

APORS

All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted

All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

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.**

| Dept. / Area | Cost | Gross Square Feet | | Amount of Proposed Total Gross Square Feet That Is: | | | |
|-----------------------|-------------------|-------------------|----------------|---|------------|-------|---------------|
| | | Existing | Proposed | New Const. | Modernized | As Is | Vacated Space |
| REVIEWABLE | | | | | | | |
| Medical Surgical | | | | | | | |
| Intensive Care | | | | | | | |
| Diagnostic Radiology | | | | | | | |
| MRI | | | | | | | |
| Total Clinical SNF | 7,433,622 | | 23,303 | 23,303 | | | |
| NON REVIEWABLE | | | | | | | |
| Administrative | | | | | | | |
| Parking | | | | | | | |
| Gift Shop | | | | | | | |
| Total Non-clinical | 47,126,378 | | 142,702 | 142,702 | | | |
| TOTAL | 54,560,000 | | 166,005 | 166,005 | | | |

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

CLINICAL IS DGSF

NONCLINICAL IS BGSF

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

| FACILITY NAME: MERCY CIRCLE | | CITY: CHICAGO | | | |
|---------------------------------------|------------------------|----------------------|---------------------|--------------------|----------------------|
| REPORTING PERIOD DATES: | | From: | to: | | |
| Category of Service | Authorized Beds | Admissions | Patient Days | Bed Changes | Proposed Beds |
| Medical/Surgical | | | | | |
| Obstetrics | | | | | |
| Pediatrics | | | | | |
| Intensive Care | | | | | |
| Comprehensive Physical Rehabilitation | | | | | |
| Acute/Chronic Mental Illness | | | | | |
| Neonatal Intensive Care | | | | | |
| General Long Term Care | -0- | | | | 24 |
| Specialized Long Term Care | | | | | |
| Long Term Acute Care | | | | | |
| Other ((identify) | | | | | |
| TOTALS: | -0- | | | | 24 |

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Mercy Circle *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Norita Codney, RSM
SIGNATURE

Sheila E. Megley, RSM
SIGNATURE

NORITA CODNEY, RSM
PRINTED NAME

SHEILA E. MEGLEY, RSM
PRINTED NAME

PRESIDENT
PRINTED TITLE

TREASURER
PRINTED TITLE

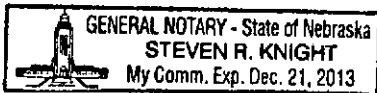
Notarization:
Subscribed and sworn to before me
this 12th day of January, 2011

Notarization:
Subscribed and sworn to before me
this 12th day of January, 2011

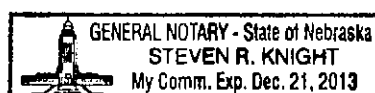
Steven R Knight
Signature of Notary

Steven R Knight
Signature of Notary

Seal



Seal



*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Sisters of Mercy of the Americas West Midwest Community, Inc.* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Norita Cooney, RSM
SIGNATURE

NORITA COONEY, RSM
PRINTED NAME

PRESIDENT
PRINTED TITLE

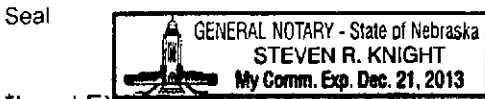
Sheila E. Megley, RSM
SIGNATURE

Sheila E. Megley, RSM
PRINTED NAME

TREASURER
PRINTED TITLE

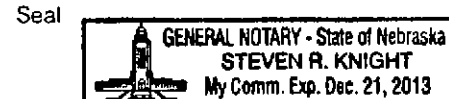
Notarization:
Subscribed and sworn to before me
this 12TH day of January, 2011

Steven R Knight
Signature of Notary



Notarization:
Subscribed and sworn to before me
this 12TH day of January, 2011

Steven R Knight
Signature of Notary



*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of West Midwest FIDES, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Sheila E. Megley, RSM
SIGNATURE

Judith Frikker, RSM
SIGNATURE

Sheila E. Megley, RSM
PRINTED NAME

Sr. Judith Frikker, RSM
PRINTED NAME

PRESIDENT
PRINTED TITLE

Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 12TH day of January, 2011

Notarization:
Subscribed and sworn to before me
this 12TH day of January, 2011

Steven R Knight
Signature of Notary

Steven R Knight
Signature of Notary

Seal



Seal



*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

| SIZE OF PROJECT | | | | |
|--------------------|--------------------|----------------|------------|---------------|
| DEPARTMENT/SERVICE | PROPOSED BGSF/DGSF | STATE STANDARD | DIFFERENCE | MET STANDARD? |
| | | | | |

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

| UTILIZATION | | | | | |
|-------------|----------------|---|-----------------------|----------------|---------------|
| | DEPT./ SERVICE | HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC. | PROJECTED UTILIZATION | STATE STANDARD | MET STANDARD? |
| YEAR 1 | | | | | |
| YEAR 2 | | | | | |

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

I. Criterion 1110.1730 - General Long Term Care

1. Applicants proposing to establish, expand and/or modernize General Long Term Care must submit the following information:

Indicate bed capacity changes by Service:
action(s):

Indicate # of beds changed by

| Category of Service | # Existing Beds | # Proposed Beds |
|--|-----------------|-----------------|
| <input checked="" type="checkbox"/> General Long Term Care | -0- | 24 |

2. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

| APPLICABLE REVIEW CRITERIA | Establish | Expand | Modernize | Continuum of Care- Establish or Expand | Defined Population Establish or Expand |
|---|-----------|--------|-----------|---|---|
| 1110.1730(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation) | X | | | | |
| 1110.1730(b)(2) - Planning Area Need - Service to Planning Area Residents | X | X | | | |
| 1110.1730(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service | X | | | | |
| 1110.1730(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service | | X | | | |
| 1110.1730(b)(5) - Planning Area Need - Service Accessibility | X | | | | |
| 1110.1730(c)(1) - Description of Continuum of Care | | | | X | |
| 1110.1730(c)(2) - Components | | | | X | |
| 1110.1730(c)(3) - Documentation | | | | X | |
| 1110.1730(d)(1) - Description of Defined Population to be Served | | | | | X |
| 1110.1730(d)(2) - Documentation of Need | | | | | X |
| 1110.1730(d)(3) - Documentation Related to Cited Problems | | | X | | |
| 1110.1730(e)(1) - Unnecessary Duplication of Services | X | | | | |
| 1110.1730(e)(2) - Maldistribution | X | | | | |
| 1110.1730(e)(3) - Impact of Project on Other Area Providers | X | | | | |
| 1110.1730(f)(1) - Deteriorated Facilities | | | X | | |
| 1110.1730(f)(2) & (3) - Documentation | | | X | | |

| APPLICABLE REVIEW CRITERIA | Establish | Expand | Modernize | Continuum of Care- Establish or Expand | Defined Population Establish or Expand |
|--|-----------|--------|-----------|---|---|
| 1110.1730(f)(4) - Utilization | | | X | | |
| 1110.1730(g) - Staffing Availability | X | X | | X | X |
| 1110.1730(h) - Facility Size | X | X | X | X | X |
| 1110.1730(i) - Community Related Functions | X | | X | X | X |
| 1110.1730(j) - Zoning | X | | X | X | X |
| 1110.1730(k) - Assurances | X | X | X | X | X |
| APPEND DOCUMENTATION AS ATTACHMENT-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. | | | | | |

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:

| | | |
|-------------|------------------------------|--|
| | 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; |
| \$6,702,271 | 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; |
| \$731,351 | g) | All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project. |
| \$7,433,622 | TOTAL FUNDS AVAILABLE | |

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

| Provide Data for Projects Classified as: | Category A or Category B (last three years) | | | BENCHMARK | Category B (Projected) |
|---|---|--------------------|---|---------------|------------------------|
| | 2014 Clinical | 2014 Total Project | FY 2010 Audited Financials West Midwest FIDES, Inc. | | |
| Enter Historical and/or Projected Years: | | | | | Benchmark Met? |
| Current Ratio | 2.67 | 2.58 | 49.76 | 1.50 or more | Met |
| Net Margin Percentage | -32.5% | -11.5% | 94.6% | 2.5% or more | Met |
| Percent Debt to Total Capitalization | 96.0% | 96.0% | 0% | 80.0% or less | Met |
| Projected Debt Service Coverage | -1.56 | 1.46 | No Annual Debt Service | 1.50 or more | Met |
| Days Cash on Hand | 62.07 | 149.47 | 66,272 | 45.00 or more | Met |
| Cushion Ratio | 2.42 | 2.29 | No Annual Debt Service | 3.00 or more | Met |

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

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 2.0 times for hospitals and 1.5 times for all other 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:

1. Identify each department or 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 DEPARTMENT OR SERVICE | | | | | | | | | |
|---|-------------------------|------|----------------------|--------|-----------------------|--------|----------------------|--------------------|--------------------------|
| Department (list below) | A | B | C | D | E | F | G | H | Total Cost (G + H) |
| | Cost/Square Foot New | Mod. | Gross Sq. Ft. New | Circ.* | Gross Sq. Ft. Mod. | Circ.* | Const. \$ (A x C) | Mod. \$ (B x E) | |
| | | | | | | | | | |
| Contingency | | | | | | | | | |
| TOTALS | | | | | | | | | |

* 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 42 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement NOT APPLICABLE

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

| Safety Net Information per PA 96-0031 | | | |
|---------------------------------------|------|------|------|
| CHARITY CARE | | | |
| Charity (# of patients) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| Charity (cost in dollars) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| MEDICAID | | | |
| Medicaid (# of patients) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| Medicaid (revenue) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |

| | | | |
|--------------------|--|--|--|
| Medicaid (revenue) | | | |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

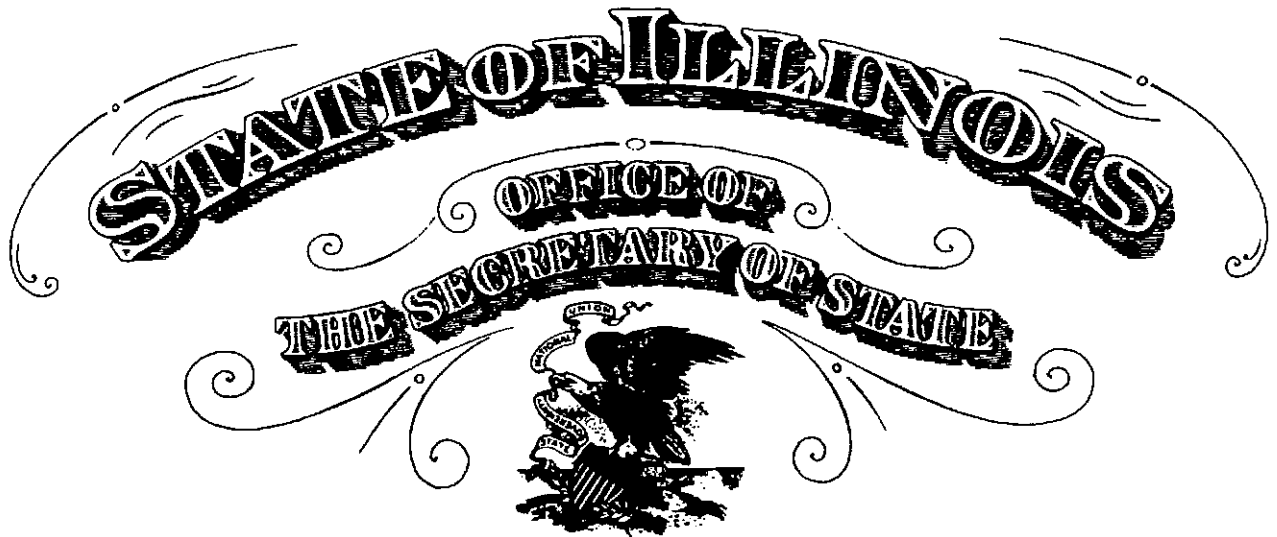
1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

| CHARITY CARE | | | |
|----------------------------------|------|------|------|
| | Year | Year | Year |
| Net Patient Revenue | | | |
| Amount of Charity Care (charges) | | | |
| Cost of Charity Care | | | |

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

MERCY CIRCLE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 27, 2008, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 20TH day of DECEMBER A.D. 2010 .

Jesse White

Authentication #: 1035401846

Authenticate at: <http://www.cyberdriveillinois.com>

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

WEST MIDWEST FIDES, INC., INCORPORATED IN MISSOURI AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON FEBRUARY 24, 2009, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.



Authentication #: 1102702250

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JANUARY A.D. 2011 .

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

SISTERS OF MERCY OF THE AMERICAS WEST MIDWEST COMMUNITY, INC., INCORPORATED IN MISSOURI AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 10, 2008, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.



Authentication #: 1102702220

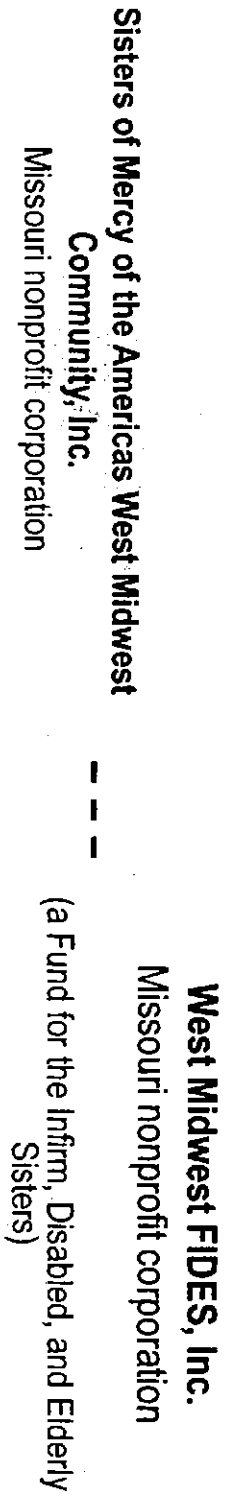
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JANUARY A.D. 2011 .

Jesse White

SECRETARY OF STATE

Mercy Circle Organization Chart



Mercy Circle
Illinois nonprofit corporation.

The Corporate Members are appointed by the leadership council of the Sisters of Mercy of the Americas West Midwest Community

As the Sponsor of Mercy Circle, the Sisters of Mercy of the Americas West Midwest Community, Inc. is leasing the land to Mercy Circle for purposes of constructing, developing and operating the CCRC. The Sisters of Mercy have also contributed \$3,100,000 in pre-development costs to Mercy Circle.

The West Midwest FIDES, Inc. is a foundation providing for the financial needs of the infirm, disabled and elderly sisters of the Sisters of Mercy West Midwest and other religious. The West Midwest FIDES is providing \$20,000,000 in equity for the development and construction of Mercy Circle. Such equity is intended to be repaid in accordance with the executed loan documents between the parties.

Attachment 4



TERRA
ENGINEERING LTD.

February 10, 2010

Mr. Dave Fodness
Franciscan Sisters of Chicago
1055 W. 175th Street
Suite 202
Homewood, IL 60430

RE: Mercy Circle Senior Housing Development – Flood Plain Investigation

To whom it may concern:

Pursuant to the above and per the request of Mr. Dave Fodness, I have examined the FEMA Flood Plain map relative to the forthcoming development. Upon review, I further attest that the project is not in a flood plain, and that the location of the proposed project complies with the Flood Plain rule under Illinois Executive Order #2005-5.

Sincerely Submitted,

TERRA ENGINEERING, LTD.

Karen Steingraber, P.E.
President

CC: Danielle Kowalewski, Terra Engineering, Ltd.

225 WEST OHIO STREET 4TH FLOOR CHICAGO ILLINOIS 60610 (T) 312.467.0123 (F) 312.467.0220
CHICAGO OAK PARK PEORIA

Attachment 5



Illinois Historic
Preservation Agency

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Cook County
Chicago

CON - New Addition to Sisters of Mercy Convent for Continuing Care Retirement
Community, Mercy Circle
10024 S. Central Park Ave.
IHPA Log #029100509

October 19, 2009

David Fodness
Franciscan Sisters of Chicago Service Corporation
1055 W. 175th St., Suite 202
Homewood, IL 60430

Dear Mr. Fodness:

We have reviewed the documentation submitted for the referenced project(s) in accordance with 36 CFR Part 800.4. Based upon the information provided, no historic properties are affected. We, therefore, have no objection to the undertaking proceeding as planned.

Please retain this letter in your files as evidence of compliance with section 106 of the National Historic Preservation Act of 1966, as amended. This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker
Deputy State Historic
Preservation Officer

Attachment 6

Mercy Circle
 CON Application
 Sources / Uses of Funds (application - pg 5)

| | Clinical | Non-Clinical | Total |
|---|------------------|--------------------|--------------------|
| USES OF FUNDS | | | |
| PREPLANNING COSTS | | | |
| LEGAL | 1,123 | 6,877 | \$8,000 |
| PRELIMINARY TITLE REPORT | 702 | 4,298 | \$5,000 |
| TITLE INSURANCE | 4,651 | 28,479 | \$33,130 |
| ZONING ATTORNEY | 1,684 | 189,773 | \$191,457 |
| OTHER | 2,807 | 74,993 | \$77,800 |
| | 10,967 | 304,419 | 315,387 |
| SITE SURVEY AND SOIL INVESTIGATION | | | |
| ENGINEERING & SURVEY | 842 | 13,858 | \$14,700 |
| ENVIRONMENTAL SURVEY | 1,404 | 796 | \$2,200 |
| SOILS INVESTIGATION | 702 | 9,098 | \$9,800 |
| OTHER | 702 | 4,298 | \$5,000 |
| | 3,650 | 28,050 | 31,700 |
| SITE PREPARATION | | | |
| SITE IMPROVEMENTS | 292,410 | 792,590 | \$1,085,000 |
| | 292,410 | 792,590 | 1,085,000 |
| OFF SITE WORK | | | |
| SITE IMPROVEMENTS | 126,337 | 773,663 | \$900,000 |
| | 126,337 | 773,663 | 900,000 |
| NEW CONSTRUCTION COSTS | | | |
| STRUCTURES | 3,654,619 | 23,685,843 | \$27,340,462 |
| GENERAL CONDITIONS | 151,705 | 1,179,009 | \$1,330,714 |
| CONTRACTOR'S FEE | 123,403 | 755,695 | \$879,098 |
| BONDS AND CONTRACTORS INSURANCE | 49,304 | 301,928 | \$351,232 |
| TESTING | 5,615 | 34,385 | \$40,000 |
| OWNERS REP FEE | 8,422 | 51,578 | \$60,000 |
| BUILDERS RISK INSURANCE | 14,037 | 85,963 | \$100,000 |
| | 4,007,106 | 26,094,400 | 30,101,506 |
| CONTINGENCIES | | | |
| CHANGE ORDER CONTINGENCY | 154,412 | 945,588 | \$1,100,000 |
| CONTRACTOR CONTINGENCY | 119,809 | 733,685 | \$853,494 |
| PROJECT CONTINGENCY | 125,934 | 968,486 | \$1,094,420 |
| CONSTRUCTION CONTINGENCY | 226,359 | 1,019,434 | \$1,245,793 |
| | \$626,513 | \$3,667,194 | \$4,293,707 |
| ARCHITECTUAL / ENGINEERING FEES | | | |
| ARCHITECT | 189,786 | 3,565,466 | \$3,755,252 |
| INTERIOR DESIGN | 9,265 | 45,235 | \$54,500 |
| EXPEDITER | 3,509 | 16,241 | \$19,750 |
| LOW VOLTAGE | 8,422 | 16,578 | \$25,000 |
| LEED MANAGEMENT | 18,866 | 116,534 | \$135,400 |
| ENGINEERING/SURVEY | 6,387 | 54,613 | \$61,000 |
| LANDSCAPE ARCHITECT | 5,166 | 47,834 | \$53,000 |
| ARCHITECT | 2,807 | 17,193 | \$20,000 |
| INTERIORS | 1,965 | 12,035 | \$14,000 |
| CIVIL/SOILS | 1,544 | 9,456 | \$11,000 |
| LANDSCAPE | 842 | 5,158 | \$6,000 |
| | 248,561 | 3,906,341 | 4,154,902 |
| CONSULTING AND OTHER FEES | | | |
| DEVELOPER'S /FEASIBILITY FEE | 234,106 | 2,160,250 | \$2,394,356 |
| CON FEE / PERMIT | 8,647 | 52,956 | \$61,603 |
| FURNISHINGS (INTERIOR DESIGNER) | 6,878 | 42,122 | \$49,000 |
| LEGAL FEES FOR CORPORATE ORGANIZATION | 7,019 | 132,471 | \$139,490 |
| | 256,651 | 2,387,798 | 2,644,449 |
| MOVABLE OR OTHER EQUIPMENT (NOT IN CONSTRUCTION CONTRACTS) | | | |
| FURNITURE & UPHOLSTERING | 286,540 | 636,321 | \$922,861 |
| SMALLWARES & TOOLS | 105,567 | 234,433 | \$340,000 |
| KITCHEN EQUIPMENT | 121,092 | 268,908 | \$390,000 |
| VEHICLES | 0 | 80,000 | \$80,000 |
| | 513,199 | 1,219,662 | 1,732,861 |
| BOND ISSUANCE EXPENSE (PROJECT RELATED) | | | |
| LOC/REMARKETING FEES | 9,131 | 82,744 | \$91,875 |
| ISSUANCE RELATED COSTS | 91,314 | 718,686 | \$810,000 |
| | 100,445 | 801,430 | 901,875 |
| NET INTEREST EXPENSE DURING CONSTRUCTION (PROJECT RELATED) | | | |
| CAPITALIZED INTEREST | 207,032 | 706,793 | \$913,825 |
| | 207,032 | 706,793 | 913,825 |
| OTHER COSTS TO BE CAPITALIZED | | | |

Mercy Circle
 CON Application
 Sources / Uses of Funds (application - pg 5)

| | Clinical | Non-Clinical | Total |
|--|--------------------|---------------------|---------------------|
| MARKETING | | | |
| SALARIES | 15,441 | 94,559 | \$110,000 |
| BENEFITS | 3,304 | 20,236 | \$23,540 |
| STAFF MAINTENANCE | 526 | 3,224 | \$3,750 |
| AGENCY FEE | 0 | 70,698 | \$70,698 |
| MEDIA | 0 | 0 | \$0 |
| PROMOTION & EVENTS | 7,721 | 47,279 | \$55,000 |
| DIRECT MAIL | 4,913 | 30,087 | \$35,000 |
| OTHER-CONTINGENCY | 0 | 0 | \$0 |
| OFFICE OPERATIONS / ADMINISTRATION | 9,826 | 60,174 | \$70,000 |
| INTERIOR DESIGN | 0 | 0 | \$0 |
| CONSTRUCTION/FINISH OUT | 10,528 | 64,472 | \$75,000 |
| FURNISHINGS & EQUIPMENT | 0 | 0 | \$0 |
| OTHER | 0 | 0 | \$0 |
| SIGNAGE & DISPLAYS | 772 | 4,728 | \$5,500 |
| COLLATERAL MATERIALS | 3,692 | 22,608 | \$26,300 |
| | 56,724 | 418,064 | 474,788 |
| OTHER COSTS | | | |
| WORKING CAPITAL RESERVE | 252,674 | 1,547,326 | \$1,800,000 |
| DEBT SERVICE RESERVE | 0 | 0 | \$0 |
| | 252,674 | 1,547,326 | 1,800,000 |
| TOTAL OTHER COSTS TO BE CAPITALIZED | 309,398 | 1,965,390 | 2,274,788 |
| LEASES (FAIR MARKET VALUE PROPERTY) | 731,351 | 4,478,649 | 5,210,000 |
| TOTAL USES OF FUNDS | 7,433,622 | 47,126,378 | 54,560,000 |
| SOURCES OF FUNDS | | | |
| SUBORDINATED DEBT | | | |
| FROM THE SISTERS OF MERCY | 2,928,608 | 17,071,392 | \$20,000,000 |
| | 2,928,608 | 17,071,392 | 20,000,000 |
| BDND ISSUES (PROJECT RELATED) | | | |
| BOND PROCEEDS | 3,773,662 | 22,476,338 | \$26,250,000 |
| | 3,773,662 | 22,476,338 | 26,250,000 |
| EQUITY | | | |
| FROM THE SISTERS OF MERCY | 0 | 3,100,000 | \$3,100,000 |
| | 0 | 3,100,000 | 3,100,000 |
| LEASES (FAIR MARKET VALUE PROPERTY) | 731,351 | 4,478,649 | 5,210,000 |
| TOTAL SOURCES OF FUNDS | \$7,433,622 | \$47,126,378 | \$54,560,000 |

**THIS DOCUMENT WAS PREPARED BY,
AND AFTER RECORDING, RETURN
TO:**

Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, Illinois 60661
Attention: Elizabeth Fleming Weber, Esq



Doc#: 1036422074 Fee: \$46.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 12/30/2010 01:50 PM Pg: 1 of 6

This space reserved for Recorder's use only

MEMORANDUM OF GROUND LEASE

This **MEMORANDUM OF GROUND LEASE** (this "**Memorandum**") is being entered into by and between **SISTERS OF MERCY OF THE AMERICAS WEST MIDWEST COMMUNITY, INC.**, a Missouri nonprofit corporation ("**Landlord**"), and **MERCY CIRCLE**, an Illinois not for profit corporation ("**Tenant**"). Landlord and Tenant hereby acknowledge and agree that Landlord has granted Tenant a leasehold interest in the real property legally described on Exhibit A attached hereto and made a part hereof (the "**Property**") pursuant to that certain Ground Lease Agreement by and between Landlord and Tenant dated as of December 29, 2010 (the "**Lease**"), on the terms and conditions set forth in the Lease. b

1. This Memorandum is being executed and recorded to evidence Tenant's leasehold interest in the Property in accordance with the Lease.

2. This Memorandum is a short form contract. The Lease is the full agreement between the parties and all of the terms and provisions of the Lease are incorporated herein by this reference as if fully set forth in this Memorandum. The provisions of this Memorandum are subject in all respects to the provisions of the Lease. In the event of any conflict between the provisions of this Memorandum and the provisions of the Lease, the provisions of the Lease shall control, it being the intent of the parties that this Memorandum shall not alter or vary the terms of the agreement between the parties as set forth in the Lease.

3. The Lease shall terminate on the date that is thirty-five (35) years commencing on December 29, 2010, subject to extension or earlier termination under the terms of the Lease.

4. This Memorandum may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

**[Remainder of Page Left Intentionally Blank.
Signature Page Follows.]**

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of the date first written above.

LANDLORD:

TENANT:

**SISTERS OF MERCY OF THE AMERICAS
WEST MIDWEST COMMUNITY, INC.**, a
Missouri nonprofit corporation

MERCY CIRCLE, an Illinois not for
profit corporation

By: *Sister Norita Cooney, RSM*
Sister Norita Cooney, RSM
President

By: *Sister Sheila Megley*
Sister Sheila Megley, RSM
Treasurer

[Signature Page to Memorandum of Ground Lease]

Nebraska
STATE OF ~~ILLINOIS~~)
) SS
COUNTY OF Douglas)

I, Steven R Knight, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Sister Norita Cooney, RSM, who is personally known to me to be president of SISTERS OF MERCY OF THE AMERICAS WEST MIDWEST COMMUNITY, INC., a Missouri nonprofit corporation, and the same person whose name is subscribed to the foregoing instrument as the president of said corporation, appeared before me this day in person and acknowledged that she signed and delivered said instrument as her own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 21st day of December, 2010.



Steven R Knight

Notary Public

My Commission Expires:

[Attestation to Memorandum of Ground Lease]

EXHIBIT A
TO THE GROUND LEASE AGREEMENT
LEGAL DESCRIPTION OF PREMISES

Real property in the City of Chicago, County of Cook, State of Illinois, described as follows:

A PARCEL OF LAND OF THAT PART OF THE EAST 900 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP OF 37 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 11; THENCE NORTH 89 DEGREES 43 MINUTES 47 SECONDS WEST, A DISTANCE OF 333.39 FEET ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER TO THE WEST LINE OF THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 11 TO THE POINT OF THE BEGINNING; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 663.84 FEET ALONG THE LAST SAID WEST LINE TO THE SOUTH LINE OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION; THENCE NORTH 89 DEGREES 43 MINUTES 47 SECONDS WEST, A DISTANCE OF 33.00 FEET ALONG THE LAST SAID LINE; THENCE NORTH 55 DEGREES 35 MINUTES 55 SECONDS WEST ALONG A LINE PERPENDICULAR TO THE BUILDING FACE, A DISTANCE OF 117.98 FEET TO THE SAID FACE; THENCE NORTH 34 DEGREES 24 MINUTES 05 SECONDS EAST ALONG THE BUILDING FACE, A DISTANCE OF 39.47 FEET TO THE SOUTHWESTERLY FACE OF THE NEW ADDITION; THENCE NORTH 55 DEGREES 36 MINUTES 21 SECONDS WEST ALONG THE SAID SOUTHWESTERLY FACE, A DISTANCE OF 46.54 FEET TO A CORNER; THENCE SOUTH 34 DEGREES 19 MINUTES 21 SECONDS WEST ALONG THE SAID ADDITION, A DISTANCE OF 8.77 FEET TO A SOUTHWESTERLY FACE OF THE NEW ADDITION; THENCE NORTH 55 DEGREES 40 MINUTES 39 SECONDS WEST ALONG THE LAST SAID SOUTHWESTERLY FACE, A DISTANCE OF 190.57 FEET TO A CORNER; THENCE NORTH 34 DEGREES 19 MINUTES 21 SECONDS EAST ALONG THE SAID ADDITION, A DISTANCE OF 5.79 FEET TO A SOUTHWESTERLY FACE OF THE NEW ADDITION; THENCE NORTH 54 DEGREES 48 MINUTES 13 SECONDS WEST ALONG THE LAST SAID SOUTHWESTERLY FACE AND AN EXTENSION THEREOF, A DISTANCE OF 43.34 FEET; THENCE NORTHERLY 68.90 FEET ALONG THE ARC OF A NON-TANGENT CURVE HAVING A RADIUS OF 52.52 FEET WITH A CHORD BEARING NORTH 18 DEGREES 01 MINUTES 16 SECONDS WEST TO A POINT OF TANGENCY; THENCE NORTH 55 DEGREES 36 MINUTES 21 SECONDS WEST, A DISTANCE OF 45.97 FEET; THENCE SOUTH 34 DEGREES 19 MINUTES 14 SECONDS WEST, A DISTANCE OF 138.04 FEET; THENCE NORTH 55 DEGREES 46 MINUTES 40 SECONDS WEST, A DISTANCE OF 108.97 FEET TO THE WEST LINE OF THE EAST 900.00 FEET OF THE SAID NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS WEST ALONG THE LAST

Exhibit A - 1

SAID WEST LINE, A DISTANCE OF 376.67 FEET TO THE SAID NORTH LINE OF SOUTHWEST QUARTER; THENCE SOUTH 89 DEGREES 43 MINUTES 47 SECONDS EAST, A DISTANCE OF 566.62 FEET ALONG THE SAID NORTH LINE TO THE PLACE OF BEGINNING, EXCEPT THE NORTH 52.00 FEET THEREOF TAKEN FOR THE ROAD PURPOSES.

24-11-300-014-0000

3659 West 99th Street, 10000 South Central PARK AV.
Chicago, IL 60655

Exhibit A - 2

**Section III – PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES –
INFORMATION REQUIREMENTS**

Criterion 1110.230 – Project Purpose, Background and Alternatives

Background of Applicant:

1. A listing of all health care facilities owned or operated by the applicant, including licensing, certification and accreditation identification numbers, if applicable.

None of the applicants own or operate any other health care facility.

2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.

No adverse actions have been taken against either of the applicants.

3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including but not limited to: Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.

See attached letter

4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

The applicant has not previously submitted an application for permit.

MERCY 
CIRCLE

LIFE WITH SPIRIT

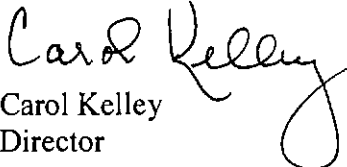
June 3, 2010

Illinois Health Facilities Planning Board
525 West Jefferson Street
Springfield, Illinois 62761

Dear Planning Board Members:

Mercy Circle, Inc. hereby authorizes both Health Facilities Services and Review Board and the Department of Health to access any documents necessary to verify the information submitted within its Certificate of Need application, including, but not limited to: official records of the Department of Health or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations

Sincerely,


Carol Kelley
Director

Attachment 11

Purpose of Project

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

Mercy Circle is a faith-based, not-for-profit, continuing care retirement community that will provide a successful aging lifestyle through a variety of supportive services and programs for people age 62 and older. It will be a replacement for the existing Mercy Convent currently on the grounds as well as provide a communal living arrangement for the various other religious members of the Sisters of Mercy who reside in a variety of other locations scattered throughout the Chicagoland area. Approximately seventy percent (70%) of the initial residents of Mercy Circle will be from the Sisters of Mercy. Many other religious orders have also expressed an interest in moving into Mercy Circle. Mercy Circle will provide a continuum of care for these sisters, priests and brothers that they believe will be of better quality and enable them to live out their retirement years in a communal life. In addition to meeting a need for religious housing and services, Mercy Circle will also allow the Sisters of Mercy to expand their ministry to the general population of elderly in a faith-based setting by providing appropriate high quality healthcare and other activities that enhance the fullness of life through a continuum of services.

2. Define the planning area or market area, or other, per the applicant's definition.

Mercy Circle is being built as a replacement convent for the Sisters of Mercy as well as providing a continuum of care for retired religious of other religious orders. Many other religious groups have also expressed interest in Mercy Circle in addition to the Intercommunity Retirement Network for Religious and Clergy, which is comprised of 20 different religious groups dedicated to working together to creatively "problem solve" or share new approaches to issues of aging and care giving. The group's primary concern is to develop the necessary facilities and services required to provide sensitive and dignified retirement living options for religious and clergy.

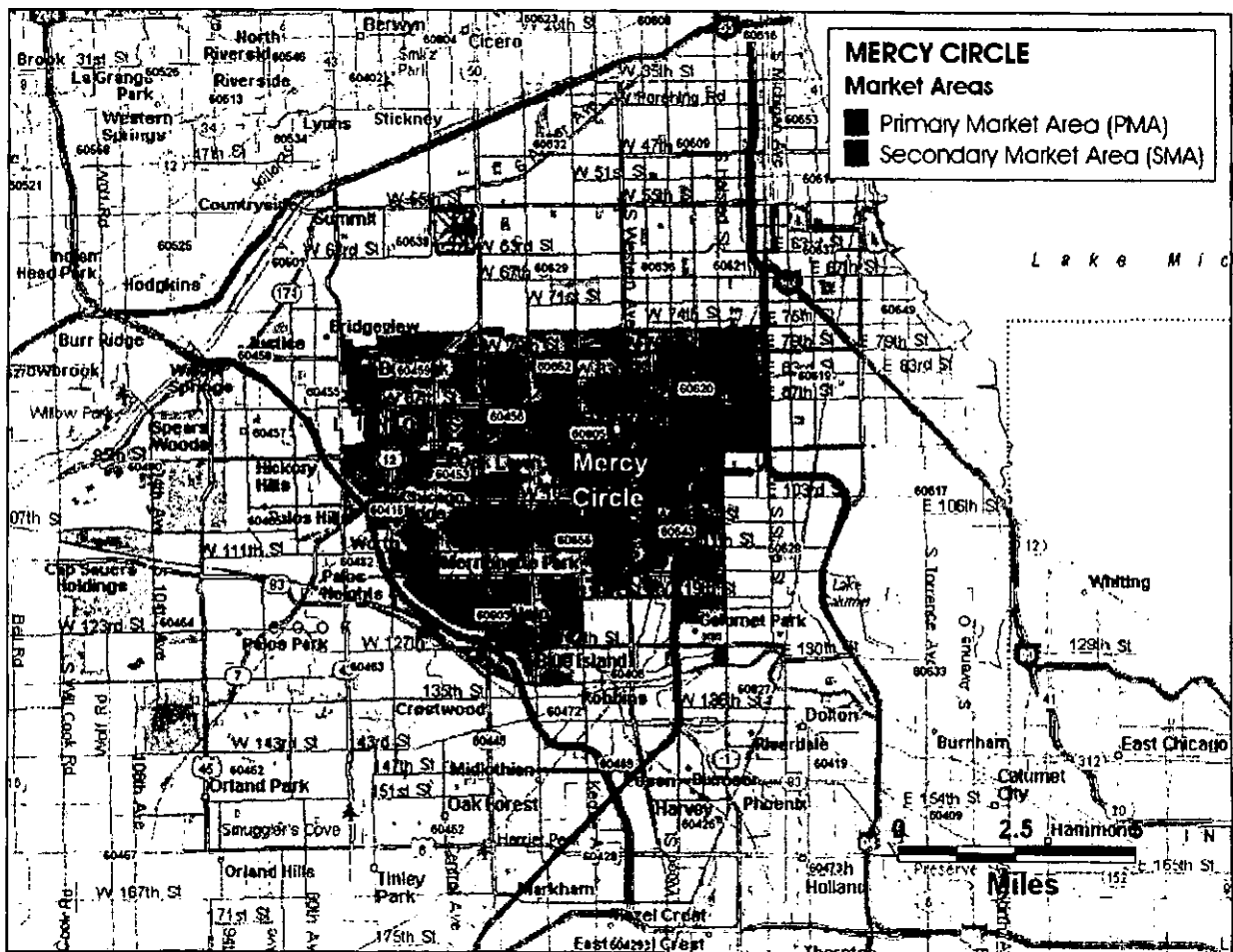
Besides retired religious housing and services, Mercy Circle is dedicated to meeting the needs of the elderly within the surrounding community. This primary market area ("PMA") includes ten zip codes in Chicago, Oak Lawn, Evergreen Park, Alsip and other areas. The PMA approximates a 28-square mile radius around the Mercy Circle property. Within the PMA, there are more than 24,000 seniors of qualifying age and older. See attached map of the primary and secondary market areas.

M ARKET AREA

The market area was determined based on geographic and demographic considerations, and GSI's professional experience, including the use of "industry rules of thumb" in the absence of primary market (survey) data.

The market area is contained within an approximate seven to ten mile radius around the project site. It is further divided into primary (PMA) and secondary (SMA) market areas.

- The PMA stretches approximately three to five miles from the project site and includes the following zip code areas 60415, 60453, 60456, 60459, 60620, 60643, 60652, 60655 (Project zip code), 60803.
- The SMA surrounds the PMA and extends beyond its boundaries for an additional four to five miles. It includes the following zip codes 60805, 60406, 60426, 60428, 60445, 60452, 60455, 60457, 60458, 60462, 60463, 60464, 60465, 60469, 60472, 60480, 60482, 60501, 60609, 60619, 60621, 60628, 60629, 60632, 60636, 60637, 60638, 60827.



- Resident storage areas
- Administrative offices
- Meeting rooms for both large or small groups
- Outdoor gardens and walk areas (separate secured areas will be provided for memory care residents)
- Libraries
- Salons
- Laundry facilities
- Meditation rooms
- On site chapel
- Therapy services areas

Health Security

Mercy Circle will provide a full continuum of care consisting of independent living apartments, assisted living and memory support units, and skilled nursing services. Mercy Circle will establish programs to promote the general welfare of each resident as they transition from independent living to higher care levels during the natural aging process. Nursing residents will receive 24-hour skilled nursing care and assistance with the monitoring and administration of medications as well as onsite rehabilitation services to promote a resident's possible return to independent or assisted living environments as applicable. Residents unable to return to a lower level of care can take comfort in knowing that they can remain at Mercy Circle and continue to live with and amongst the same people that have been sharing a home with over the years.

Physical Security

Mercy Circle will provide housing and services in a home like environment incorporating design features for the convenience and safety of elderly residents, including:

- Lever hardware
- Large clearances in baths and kitchens
- Minimal walking distances
- Non-glare lighting
- Handicap access
- Senior-friendly bathroom and kitchen appliances

- Conveniently located parking, some of which will be enclosed

Construction will be focused on meeting the special needs of seniors and consist of:

- Fire-resistant materials
- Fire suppression systems
- Skid-resistant floors and ramps
- Grab bars
- Wide doorways
- 24-hour emergency call system to respond to the emergency needs of all residents

Mercy Circle is also being built as a replacement of an existing religious convent for the Sisters of Mercy as well as providing a continuum of care for retired religious of other Orders. Many different religious groups have expressed interest in Mercy Circle in addition to the Intercommunity Retirement Network for Religious and Clergy, which is comprised of 20 different religious groups dedicated to working together to creatively “problem solve” or share new approaches to issues of aging and care giving. The group’s primary concern is to develop the necessary facilities and services required to provide sensitive and dignified retirement living options for religious and clergy.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals.

The Applicant’s goal is to complete the various approvals for the construction of and the opening of the skilled nursing facility in a timeframe outlined within this application. Ultimately, it is the Applicants goal to reach and maintain a stabilized occupancy of 90% within the nursing facility during its second full year of operations, or fiscal year 2014.

Alternatives

1. Identify all of the alternatives to the proposed project.
2. Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.
3. The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.
 - a. Proposing a project of greater or lesser scope and cost;

According to recent statistics, the average number of nursing home beds per facility is 108 (Jones AI, Dwyer LL, Bercovitz AR, Strahan GW. The National Nursing Home Survey: 2004 overview, National Center for Health Statistics, Vital Health State 13 (167) 2009). Mercy Circle is comprised of 122 residential housing apartments and 24 nursing home beds. The nursing unit, which represents 16% of the total number of apartments and beds within the continuing care retirement community, is designed to provide a continuum of care for residents residing in the residential units. The size of the nursing unit is also intended to serve as a source of skilled nursing services for retired religious members in need of such services. The proposed size does not exceed the State permitted one licensed nursing home bed for every five apartments or living units. Constructing a smaller facility would result in a possible unmet need for the future residents who will need nursing home care and will also increase the overall cost of the project in the long run since a smaller sized facility would not be able to achieve the same cost and operational efficiencies. Building a facility 25% larger or smaller will increase or decrease the cost of the project in a commensurate amount.

- b. Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

This alternative was found not to be cost effective or feasible for the following reasons.

- 1) Part of the purpose in constructing Mercy Circle is to provide a communal living environment with varying levels of care and services within a single site for retired religious. The religious members are currently living in different facilities scattered throughout the area. Pursuing a joint venture with other providers or using other settings will only continue to foster the fragmented housing and services approach. The Sisters of Mercy are currently paying in excess of \$3,000,000 on an annualized basis for the housing and care needs of their sisters at other facilities. Bringing them to Mercy Circle within

their own sponsored ministry will help maintain an effective cost of care while maintaining high quality standards.

- 2) Being transferred to a skilled nursing facility at another location would fail to provide a continuum of care in a single location for any of the residents of the proposed CCRC.
 - 3) Almost all of the other existing local nursing homes are for-profit entities that do not provide the same amenities and services as Mercy Circle. For instance, Mercy Circle will have access to chaplain services, priests and worship opportunities for its residents. Mercy Circle will also adopt a charity care policy which will ensure residents are not discharged from the facility solely based upon an inability to pay service fees.
 - 4) Couples often choose a CCRC for the benefit of being close to a spouse who may require a higher level of care after residing in an independent living unit for a period of time. Utilizing an existing facility would require the spouse to travel greater distances to visit his or her ailing loved one.
 - 5) Lastly, independent living residents of Mercy Circle will also have the option to select a continuing care benefit when initially entering the community through independent living. These residents will pay an initial one-time only entrance fee of \$25,000, which is 100% non-refundable. Of this amount, \$5,000 will be used by Mercy Circle and the remaining \$20,000 can either be donated to Mercy Circle or applied to future levels of care as a continuing care benefit. If Mercy Circle does not offer nursing home services, these residents will not be able to fully use their continuing care benefit when the need arises.
- c. Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project;

Mercy Circle will provide residents with access to a full continuum of care within the same campus. Residents will be offered an array of services and access to programs all focused in assisting residents to successfully age in place as long as possible. However, once residents' medical and health condition necessitates the need for skilled nursing services, being transferred to a skilled nursing facility at another location would fail to provide a continuum of care in a single location for the residents of the retirement community. Moreover, almost all of the other existing local nursing homes are for-profit entities that do not provide the same amenities as services as Mercy Circle. For instance, Mercy Circle will have access to chaplain services, priests and worship opportunities for its residents, and will adopt a charity care policy which will ensure residents are not discharged from the facility solely based upon an inability to pay service fees.

Additionally, couples often choose a CCRC for the benefit of being close to a spouse who may require a higher level of care after residing in an independent living unit for a period of time. Utilizing an existing facility would require the spouse to travel greater distances to visit his or her ailing loved one.

Mercy Circle is also being built as a replacement of an existing religious convent for the Sisters of Mercy as well as providing a continuum of care for retired religious of other Orders. The Sisters of Mercy currently pay in excess of \$3,000,000 for the cost of care and services and other facilities. Having them reside at Mercy Circle will maintain the cost of care while maintaining the high quality of care and services. Additionally, many different religious groups have expressed interest in Mercy Circle in addition to the Intercommunity Retirement Network for Religious and Clergy, which is comprised of 20 different religious groups dedicated to working together to creatively "problem solve" or share new approaches to issues of aging and care giving. The group's primary concern is to develop the necessary facilities and services required to provide sensitive and dignified retirement living options for religious and clergy.

Lastly, independent living residents of Mercy Circle will also have the option to select a continuing care benefit when initially entering the community through independent living. These residents will pay an initial one-time only entrance fee of \$25,000, which is 100% non-refundable. Of this amount, \$5,000 will be used by Mercy Circle and the remaining \$20,000 can either be donated to Mercy Circle or applied to future levels of care as a continuing care benefit. If Mercy Circle does not offer nursing home services, these residents will not be able to fully use their continuing care benefit when the need arises.

D. Provide the reasons why the chosen alternative was selected.

Mercy Circle is comprised of 122 residential housing apartments and 24 nursing home beds. The nursing unit, which represents 16% of the total number of apartments and beds within the continuing care retirement community, is designed to provide a continuum of care for residents residing in the residential units. The proposed size does not exceed the State permitted one licensed nursing home bed for every five apartments or living units.

Mercy Circle is also being built as a replacement of an existing religious convent for the Sisters of Mercy as well as providing a continuum of care for retired members of other religious orders. To date, numerous other religious groups have expressed interest in Mercy Circle in addition to the Intercommunity Retirement Network for Religious and Clergy, which is

comprised of 20 different religious groups dedicated to working together to creatively "problem solve" or share new approaches to issues of aging and care giving. The group's primary concern is to develop the necessary facilities and services required to provide sensitive and dignified retirement living options for religious and clergy.

Lastly, independent living residents of Mercy Circle will also have the option to select a continuing care benefit when initially entering the community through independent living. These residents will pay an initial one-time only entrance fee of \$25,000, which is 100% non-refundable. Of this amount, \$5,000 will be used by Mercy Circle and the remaining \$20,000 can either be donated to Mercy Circle or applied to future levels of care as a continuing care benefit. If Mercy Circle does not offer nursing home services, these residents will not be able to fully use their continuing care benefit when the need arises.

SECTION IV – PROJECT SCOPE, UTILIZATION AND UNFINISHED/SHELL SPACE

Criterion 1110.234 – Project Scope, Utilization and Unfinished/Shell Space

Size of Project

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive.

This project is for the establishment of a Continuing Care Retirement Community, of which a twenty-four bed-nursing unit is an integral part. For purposes of this Certificate of Need application, the nursing section is the only part of the facility that is reviewable. The design of the nursing facility is based on a residential model, with two 'neighborhood' pods of twelve beds each. This approach results in some duplication of areas which increases the square footage that otherwise would not be found in a typical institutional design. The two neighborhood pods provide shortened travel distances to the respective dining, living, laundry, and associated community spaces, fostering independence of the residents as well as a more home-like environment. The design includes an open hearth area combining living room, dining room, and open kitchen. Further, all resident rooms are private, with a complete private bath (water closet, lavatory, and shower) in keeping with market demand. As a result, the proposed project space is necessary and not excessive. Moreover, when determining the gross square footage of the essential functional areas of the nursing facility, the total per bed is only slightly above the standards adopted in Appendix B of the rules.

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing bed space that results in excess square footage.

| SIZE OF PROJECT | | | | |
|---------------------------|---------------------------|-----------------------|-------------------|----------------------|
| DEPARTMENT/SERVICE | PROPOSED BGSF/DGSF | STATE STANDARD | DIFFERENCE | MET STANDARD? |
| General Long Term Care | 737.96 | 435-713 | 24.96 | NO |

The essential functional square footage of the nursing home portion of the building is 17,711 square feet. This translates into 737.96 square feet per bed. The standards in Appendix B provide a range of 435-713 square feet per bed. Mercy Circle is only slightly larger than the standard by 24.96 square feet per bed.

Given the actual and projected economic affluence of the market area elderly population, a large number of people are demanding private rooms as well as a greater demand for services. The proposed facility responds to this market condition with twenty-four private rooms, each with a completely private bath. The resident rooms are appropriately spacious to allow residents the opportunity to move freely and to increase their mobility if they are using mobility devices. All of the private baths are all fully accessible, which does not discriminate, and allows for greater resident independence when toileting and grooming, and the ability for easier and safer staff assistance when it is needed.

In recognizing that this facility will be operational well into the future, the utilization of a residential concept with 'neighborhood' pods or households has been chosen to provide the freedom that such an approach delivers to the residents and staff versus the traditional institutional appearance. This also aligns with developing a 'seamless' transition and compatibility of all areas as residents transfer from other care levels into the nursing unit. This household concept limits the clinical feel by de-emphasizing institutional areas, such as the traditional nurses' station, by creating charting/medication rooms in each household core. However this also necessitates duplication of required areas within each household.

The dining rooms have a residential feel, by including a serving pantry/nourishment area that allows food to be plated and served restaurant style, versus the traditional approach of plating the food in the main kitchen, and transporting it onto the unit on resident trays. The proposed process encourages good nutrition and interaction of both staff to residents, and residents to other residents. The pantry/nourishment area has the atmosphere of a home kitchen, serving double duty as an activity hub.

The therapy area is conveniently located, sized and equipped to promote physical and occupational health. It includes a fully accessible training toilet area, private exam space, and kitchen and desk mock-ups for use during the therapy sessions. It is sized in recognition that many of the resident participants will be with mobility devices, thus the floor area is accommodating.

The other community areas (living rooms, meditation areas, laundry, and salon) encourage residents to be out of their bedrooms and interacting with others in an environment that promotes socialization and interaction. These spaces are in response to the market demand for a greater variety of services.

Project Services Utilization

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110 Appendix B.

| Utilization | | | | | |
|--|------------------------|---|-----------------------|----------------|---------------|
| | Dept./Service | HISTORIAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC | PROJECTED UTILIZATION | STATE STANDARD | MET STANDARD? |
| YEAR 1 - 2012 <i>(partial year of operations)</i> | General long term care | N/A | 34% | 90% occupancy | No |
| YEAR 2 - 2013 | General long term care | N/A | 86% | 90% occupancy | No |
| YEAR 3 - 2014 | General long term care | N/A | 90% | | Yes |

Mercy Circle is a continuing care retirement community that is scheduled to be completed by May 1, 2012. As such, the projected utilization for the year 2012 is only forecasted to be 34% to reflect a partial year of occupancy. The project will achieve the state utilization standard of 90% utilization within the second full year of operations. These occupancy projections are based upon internally developed studies, externally generated feasibilities and responses received from prospective residents on their anticipated care and service needs. For instance, the Sisters of Mercy currently have 803 members within their community. Of this number, 84% are older than 65 years of age. There are 195 sisters living within the Chicagoland area. Of these sisters, over 87% are older than 65 years of age and in varying stages of need for care and services. Mercy Circle has also received letters of support from various groups reflecting a need for these services.

School Sisters of Notre Dame

April 26, 2010

Sister Sheila Megley, RSM
Treasurer
Mercy Circle
7262 Mercy Road
Omaha, NE 68124-2389

RE: Mercy Circle Continuing Care Retirement Community

Dear Sister Sheila,

Thank you for sharing Mercy Circle's plans to develop a continuing care retirement community on land owned by the Sister of Mercy of the Americas West Midwest Community on Chicago's South Side. Although there are several nursing home facilities in the area, almost all of them are for-profit entities that do not reflect a faith-based approach to care and services. Although the needs of our own community of Sisters are presently being well met at Marian Village and Resurrection Life Center, we know of several other communities for whom this is not the case. Obviously our own needs could possibly change in the future also. We know that it is important for Sisters to live out their retirement years within a setting that not only meets their health, wellness and spiritual needs, but also permits them to live together in a community setting. The availability of a Catholic sponsored continuing care retirement community with a skilled nursing facility in your area would certainly be welcomed.

In closing, I want you to know that you have the School Sisters of Notre Dame's support for your Senior Campus efforts.

Sincerely,

Sister Jean Phelan, SSNA
Sister Jean Phelan, SSND



MERCY HOSPITAL & MEDICAL CENTER
2525 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60616-2477
phone 312.567.2000

May 3, 2010

Sister Sheila Megley
Treasurer
Mercy Circle
7262 Mercy Road
Omaha, NE 68124-2389

RE: Mercy Circle Continuing Care Retirement Community

Dear Sister Sheila,

Thank you for sharing Mercy Circle's plans to develop a continuing care retirement community on land owned by the Sisters of Mercy of the Americas West Midwest Community on Chicago's South Side. Although there are several nursing home facilities in the area, almost all of them are for-profit entities that do not reflect a faith-based approach to care and services. It is our belief that people in their later years of life are especially comforted during times of sickness to have access to spiritual support. The availability of a Catholic sponsored continuing care retirement community with a skilled nursing facility is especially needed in this community and will be well received by our patients and their loved ones seeking such services.

Mercy Hospital and Medical Center supports your project and its ministry to the elderly and will look forward to providing our discharged patients with information about the full spectrum of care and services available at Mercy Circle. We believe our patients will be excited to learn that they will now have a Catholic provider to select from for their long term care needs.

To further solidify a continuum of care approach for our elderly patients, we would like to explore with you various programmatic affiliation opportunities between Mercy Hospital and Medical Center and Mercy Circle including clinical residency programs, therapeutic services, and wellness programs. As I know you are still in the design phase of your project, we wanted to let you know of our interest in developing an affiliation agreement with Mercy Circle for physician and other types of health related programs so that you can include such provisions in your overall campus master-plan. I look forward to discussing the details of such a relationship in the months to come as Mercy Circle building details become known.

In closing, I want you to know that you have Mercy Hospital and Medical Center's support in your Senior Campus efforts and we look forward to a long and lasting relationship between our two institutions.

Sincerely,


Sister Sheila Lyne, RSM
President and Chief Executive Officer

SSL/SS

Christian Brothers

May 6, 2010

Sister Sheila Megley
Treasurer
Mercy Circle
7262 Mercy Road
Omaha, NE 68124-2389

RE: Mercy Circle Continuing Retirement Community

Dear Sister Sheila,

My name is Brother Robert May, CFC. Presently I am on the Housing Options Board along with Sister Marcian Deisenroth at Marian Village, Homer Glen, IL,

Thank you for sharing Mercy Circle's plans to develop a continuing care retirement community on land owned by the Sisters of Mercy of the Americas West Midwest Community on Chicago's South Side. Although there are several nursing home facilities in the area, almost all of them are for-profit entities that do not reflect a faith-based approach to care and services. Our Brothers are especially interested in living out their retirement years within a setting that not only meets their health, wellness and spiritual needs, but also permits our Brothers to live together within a communal setting. Currently, our Congregation is not able to accommodate these desired housing and supportive living services within a single location. The availability of a Catholic sponsored continuing care and retirement community with a skilled nursing facility is especially needed in this community and will be well received by our members.

In closing, I want you to know that you have my support for your Senior Campus efforts and look forward to a long and lasting relationship between our two institutions.

Sincerely,

Brother Robert May, CFC

Br. R. N. May
1555 Mt. Carmel Dr.
Homer Glen, IL 60491



**Intercommunity Retirement Network
for Religious and Clergy**

April 24, 2010

Sister Sheila Megely, RSM
Treasurer
Mercy Circle
7262 Mercy Road
Omaha, NE 68124-2389

RE: Mercy Circle Continuing Care Retirement Community

Dear Sister Sheila,

Thank you for sharing Mercy Circle's plans to develop a continuing care retirement community on land owned by the Sisters of Mercy of the Americas West Midwest Community on Chicago's south side. Having family on the south side of Chicago, I am aware that there are several for-profit nursing home facilities in the area but very few reflect faith based care and services.

As the Executive Director of the Intercommunity Retirement Network for Religious and Clergy, I am also aware that women and men religious desire to live out their retirement years within a setting that understands their physical, wellness and spiritual needs, as well as, their need to be a member of a communal setting.

There are several women and men's religious congregations in the Chicago area who would welcome a Catholic sponsored continuing care retirement community due to the fact that they are not able to provide retirement housing, supportive living services and skilled nursing care for their members. Having this complete mode of care in one location would certainly be an advantage for them.

Know you have the support of the Intercommunity Retirement Network for Religious and Clergy in creating a faith based Continuing Care Retirement Community at Mercy Circle in Chicago.

Sincerely,

Sister Jean Okroi, IBVM

Sister Jean Okroi, IBVM
Executive Director
Intercommunity Retirement Network



- Home
- Who We Are ▶
- Membership ▶
- Newsletter
- Calendar
- Education/Resources ▶
- Contact Us
- Links

Member List / Website Links

Membership

IRN MEMBER Websites

- Claretian Missionaries (CMF)
www.claretians.org

- Congregation of St. Joseph (CSJ)
www.csjlagrange.org

- Congregation of the Passion (CP)
www.passionist.org

- Edmund Rice Christian Brothers North America (CFC)
www.ercbna.org

- Holy Spirit Missionary Sisters (SSPS)
www.ssps-usa.org

- Institute of the Blessed Virgin Mary (IBVM)
www.ibvm.us

- Little Company of Mary Sisters (LCM)
www.usalcmglobal.org

- Order Friar Servants of Mary (OSM)
www.servite.org

- Religious of the Cenacle (rc)
www.cenaclesisters.org

- School Sisters of Notre Dame Atlantic-Midwest Province (SSND)
www.amsnd.org

- School Sisters of St. Francis (OSF)
www.sssf.org

- Sisters of Charity of the Blessed Virgin Mary (BVM)
www.bvmcong.org

- Sisters of Christian Charity (SCC)
www.sccgen.org

- Sisters of Mercy West/Midwest (RSM)
www.sistersofmercy.org

- Sisters of St. Casimir (SSC)
www.ssc2601.com

SECTION VIII – SERVICE SPECIFIC REVIEW CRITERIA

Criterion 1110.1730 – General Long Term Care

2. Applicable Review Criteria

Continuum of Care – Establish or Expand

a. Description of Continuum of Care

Mercy Circle is a proposed continuing care retirement community that will provide housing, care and services to retired religious members and the elderly. The continuum will include independent living, assisted living, memory support suites, skilled nursing and a variety of other supportive health, wellness and social services. Mercy Circle will be constructed on the same site with physically connected buildings. The nursing home beds will be constructed concurrently with the residential units.

b. Components

The continuum will include independent living, assisted living, memory support suites, skilled nursing and a variety of other supportive health, wellness and social services.

c. Documentation

A market study was conducted to validate that there is a documented demand for the housing and services. This study, originally done in May 2009, was updated in February 2010. See Attached – Market Research and Feasibility Study

d. Staffing Availability

The applicant considered relevant licensure staffing requirements for the project as well as the local pool of potential job applicants. The applicant has not solicited letters of interest of applications for employment as it will not open for over 2 years. However, the applicant does not anticipate a problem securing appropriate staff for the facility.

e. Facility Size

Mercy Circle will include a total of 122 residential units and 24 nursing beds. The proposed number of beds does not exceed one licensed nursing home bed for every five apartments. Upon commencing operations, the facility will adopt a written policy assuring that a resident of the retirement community who is

transferred to the nursing home portion will not lose his/her apartment or be transferred to another nursing home solely because of the resident's altered financial status or medical indigence. The facility will also limit admissions to the nursing home beds to current residents of the residential units or religious members.

f. Community Related Functions

Mercy Circle has received several letters of support from other institutions and groups. See Attachment 15 – Letters of Support

g. Zoning

The property has been zoned for the type of facility to be developed. See Attachment 28

h. Assurances

See Attachment 28

Defined Population – Establish or Expand

a. Description of Defined Population to be Served

Mercy Circle, sponsored by the Sisters of Mercy of the Americas West Midwest Community, Inc., is also being built as a replacement of an existing religious convent for the Sisters of Mercy in addition to providing a continuum of care at a single location for retired religious of other Orders. Currently, there are 34 sisters living at the convent, all of whom will relocate to appropriate levels of care within Mercy Circle upon opening. To date, many different religious groups have expressed interest in Mercy Circle in addition to the Intercommunity Retirement Network for Religious and Clergy, which is comprised of 20 different religious groups dedicated to working together to creatively “problem solve” or share new approaches to issues of aging and care giving. The group's primary concern is to develop the necessary facilities and services required to provide sensitive and dignified retirement living options for religious and clergy. See Attachment 28 – Mercy Circle Bylaws

b. Documentation of Need

Mercy Circle will fill a need for a continuum of care for any retired religious member regardless of their religious affiliation or gender. Currently, there are no other religious sponsored continuing care retirement communities within this planning area permitting religious members to live out their retirement years in a communal setting dedicated to fulfilling their physical, emotional, spiritual,

recreational and social needs. It is anticipated that the retired religious members will come from both within and from outside of the health service area. The Sisters of Mercy currently have 803 members within their community spanning several different states. Of this number, 84% are older than 65 years of age. There are 195 sisters living within the Chicagoland area. Of these sisters, over 87% are older than 65 years of age and in varying stages of need for care and services. A multitude of other religious groups representing an aggregate number of over 3,000 retired religious have expressed an interest in Mercy Circle. See Attachment 15 – Letters of support Attachment 28 – Religious orders listing

c. Staffing Availability

The applicant considered relevant licensure staffing requirements for the project as well as the local pool of potential job applicants. The applicant has not solicited letters of interest of applications for employment as it will not open for over 2 years. However, the applicant does not anticipate a problem securing appropriate staff for the facility.

d. Facility Size

Mercy Circle will include a total of 122 residential units and 24 nursing beds. The size of the nursing home portion is based upon the amount of beds anticipated to be needed for internal transfers of residents from other parts of the continuum of care as well as direct admissions of retired religious members. The facility will limit admissions to the nursing home beds to current residents of the residential units or religious members.

e. Community Related Functions

Mercy Circle has received several letters of support from other institutions and groups. See Attachment 15 – Letters of support

f. Zoning

g. The property has been zoned for the type of facility to be developed.

See Attachment 28

h. Assurances

See Attachment 28

MARKET RESEARCH AND FEASIBILITY STUDY

FOR A NEW CONTINUING CARE RETIREMENT COMMUNITY
IN THE SOUTHERN CHICAGO SUBURBS, TO BE CALLED:

MERCY 
CIRCLE

LIFE WITH SPIRIT

Prepared for:

plante

moran

Prepared by:

GERONTOLOGICAL SERVICES, INC.

May 2009



Gerontological Services, Inc.

1237A Third Street Promenade Santa Monica, California 90401-1307 (310) 393-0332 FAX: (310) 393-1332

ANALYSIS OF DEMAND

INTRODUCTION

Mercy Circle is being planned to be a faith-based, not-for-profit, continuing care retirement community, that would provide an intergenerational lifestyle and a variety of supportive services and programs for people age 62 and older. It will be located adjacent to the Chicago suburbs of Oak Lawn and Evergreen Park, and will be an extension of Mercy Convent, and existing retirement facility. It will be owned as a 501 (c) corporation in the State of Illinois, the Sisters of Mercy will be the sponsor, and it will be managed by the Franciscan Sisters of Chicago Services Corporation (FSCSC).

As currently planned, Mercy Circle will have a total of 146 units, including 54 independent living units, 44 assisted living units, and 24 each of memory support (assisted living) units and nursing beds. There will be an entrance fee for admission into independent living of \$25,000. Five-thousand dollars of the entrance fee will remain with Mercy Circle, and the remaining \$20,000 can either be donated to Mercy Circle, be reserved for payment of future care, be amortized to assist in the payment of monthly fees in independent living, or can be returned to the resident (or their estate).

Details for the proposed units are as follows:

MERCY CIRCLE PROPOSED PROJECT DETAILS

| <i>Independent Living</i> | | | |
|---|--------------|--------------------|--------------------|
| Unit Type | Units | Size (s.f.) | Monthly Fee |
| 1 Bedroom | 22 | | |
| 1 Bedroom + Den | 12 | | |
| 2 Bedroom | 20 | | |
| <i>Total (Average)</i> | <i>54</i> | | |
| <i>Assisted Living</i> | | | |
| Unit Type | Units | Size (s.f.) | Monthly Fee |
| 1 Bedroom | 42 | | |
| 2 Bedroom | 2 | | |
| <i>Total (Average)</i> | <i>44</i> | | |
| <i>Memory Support (Assisted Living)</i> | | | |
| Unit Type | Units | Size (s.f.) | Monthly Fee |
| Studio | 24 | | |
| <i>Nursing</i> | | | |
| Unit Type | Units | Size (s.f.) | Daily Fee |
| Studio | 24 | | |

SUMMARY OF FINDINGS

Analyses of need and/or demand for all levels of care under consideration (independent living, assisted living, residential dementia care, nursing care) indicate:

- There is sufficient market depth (among the targeted age and income market) to fill all proposed independent living units for Mercy Circle, and project penetration rates are favorable to other markets studied by GSI.
- There will be adequate statistical demand to support the addition of all proposed assisted living and residential dementia care units for Mercy Circle.
- The current supply of nursing beds in the market area will be adequate to meet projected need. Therefore, there will be no additional need for the beds being proposed for Mercy Circle.

Independent Living

There will be sufficient statistical demand (projected to 2014) to support the 54 independent living units being planned for Mercy Circle.

▪

An additional measure of estimating demand for independent living units in the market area is an examination of the project penetration rate for Mercy Circle.

▪

Assisted Living

The estimate of need indicates that there will be sufficient market-depth for private-pay assisted living (targeting the income-qualified age 75+ market) to fill the 44 beds being proposed for Mercy Circle.

- It appears that assisted living is under-utilized (compared to national averages) in this market area.

MIGUEL DEL VALLE, CITY CLERK
CITY CLERK'S OFFICE CITY OF CHICAGO

189407-5-SP-3/0

Reclassification Of Area Shown On Map Number 24-J.
(As Amended)
(Application Number 16570)

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Title 17, of the Municipal Code of Chicago, the Chicago Zoning Ordinance be amended by changing all the RT4 Residential Two-Flat, Townhouse and Multi-Unit District symbols and indications as shown on Map Number 24-J in the area bounded by:

Reclassification Of Area Shown On Map Number 24-J.
(As Amended)
(Application Number 16570)

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Title 17, of the Municipal Code of Chicago, the Chicago Zoning Ordinance be amended by changing all the RT4 Residential Two-Flat, Townhouse and Multi-Unit District symbols and indications as shown on Map Number 24-J in the area bounded by:

West 99th Street (City Limits); South Millard Avenue (City Limits); West 100th Street (City Limits); South Central Park Avenue (City Limits); a line from a point 1,165.83 feet south of the centerline of West 99th Street and the westerly right-of-way line of South Central Park Avenue; to a point, 989.80 feet south of the centerline of West 99th Street and 424.93 feet west of the centerline of South Central Park Avenue; a line from a point 989.80 feet south of the centerline of West 99th Street and 424.93 feet west of the centerline of South Central Park Avenue; to a point, 772.60 feet south of the centerline of West 99th Street and 829.11 feet west of the centerline of South Central Park Avenue; a line from a point 772.60 feet south of the centerline of West 99th Street and 829.11 feet west of the centerline of South Central Park Avenue; to a point, 738.33 feet south of the centerline of West 99th Street and 900 feet west of the centerline of South Central Park Avenue; and a line 900 feet west of and parallel to the centerline of South Central Park Avenue,

to those of a Institutional Planned Development Number ____ which is hereby established in the area above described, subject to such use and bulk regulations as are set forth in this Plan of Development herewith attached and made a part and to no others.

SECTION 2. This ordinance shall be in force and effect from and after its passage and due publication.

Plan of Development Statements referred to in this ordinance read as follows:

Institutional Residential Planned Development Number ____.

Plan Of Development Statements.

1. The area delineated herein as Institutional Residential Planned Development Number ____, consists of approximately five hundred ninety-five thousand four hundred twenty-one (595,421) square feet (thirteen point six six nine (13.669 acres)). The property is owned by the Sisters of Mercy of the Americas West Midwest Community Inc. who has authorized Mercy Circle (the "Applicant") to file this application.
2. All applicable official reviews, approvals or permits are required to be obtained by the Applicant or its successors, assignees or grantees. Any dedication or vacation of streets or alleys, or easements, or adjustments of right-of-way, or consolidation or resubdivision of parcels, shall require a separate submittal on behalf of the Applicant or its successors, assignees or grantees and approval by the City Council.
3. The requirements, obligations and conditions contained within this planned development shall be binding upon the Applicant, its successors and assigns and, if different than the Applicant, the legal titleholder and any ground lessors. All rights granted hereunder to the Applicant shall inure to the benefit of the Applicant's successors and assigns and if different than the Applicant, then to the owners of record title to all of the property and any ground lessors. Furthermore, pursuant to the requirements of Section 17-8-0400 of the Chicago Zoning Ordinance, the property, at the time any applications for amendments, modifications or changes (administrative,

legislative or otherwise) to this planned development are made, shall be under single ownership or under single designated control. Single designated control for purposes of this paragraph shall mean that any application to the City for any amendment to this planned development or any other modification or change thereto (administrative, legislative or otherwise) shall be made or authorized by all the owners of the property and any ground lessors. An agreement among property owners, the board of directors of any property owners association, or a covenant binding property owners, may designate the authorized party for any future amendment, modification or change. The Applicant shall retain single designated control and shall be deemed to be the authorized party for any future amendment, modification or change until the Applicant shall designate in writing the party or parties authorized to make application for any future amendment, modification or change.

4. This plan of development consists of these sixteen (16) statements; a Bulk Regulations and Data Table; an Existing Zoning Map; an Existing Land-Use Map; a Planned Development Boundary and Property Line Map; a Site Plan; a Landscape/Green Roof Plan; South, East, North and West Elevations, dated August 21, 2008 prepared by AG Architects. Full-size sets of the Site Plan, Landscape Plan and Building Elevations are on file with the Department of Planning and Development. The planned development is applicable to the area delineated hereto and these and no other zoning controls shall apply. In any instance where a provision of the planned development conflicts with the Chicago Building Code, the Building Code shall control.
5. The following uses shall be permitted within the area delineated herein as "Institutional Residential Planned Development" elderly residential units including independent living, memory care units, assisted living units and skilled nursing units, daycare, administrative offices, high school classrooms, accessory parking, non-accessory parking and related uses.
6. On-premise business identification signs shall be permitted within the planned development subject to the review and approval of the Department of Planning and Development. Temporary signs, such as construction and marketing signs shall be permitted, subject to the review and approval of the Department of Planning and Development. Off-premises signs shall not be permitted in the planned development.
7. Ingress and egress shall be subject to the review and approval of the Department of Transportation and the Department of Planning and Development. All work proposed in the public way must be designed and constructed in accordance with the Chicago Department of Transportation Construction Standards for Work in the Public Way and in compliance with the Municipal Code of the City of Chicago. Closure of all or part of any public streets or alleys during demolition or construction shall be subject to the review and approval of the Chicago Department of Transportation.
8. In addition to the maximum height of the building and any appurtenance thereto prescribed in this planned development, the height of any improvement shall also be subject to height limitations approved by the Federal Aviation Administration.
9. For purposes of floor area ratio ("F.A.R.") calculations, the definitions in the Chicago Zoning Ordinance shall apply.

10. The City of Chicago established a Part II Review Fee in the amount of Zero and 25/100 Dollars (\$0.25) per square feet for the total buildable square feet (floor area). The Part II Review Fee will be assessed by the Department of Planning and Development during the actual Part II Review. The fee as determined by the Department of Planning and Development staff at that time is final and binding on the applicant and must be paid to the Department of Planning and Development prior to the issuance of any Part II approval.
11. The improvements on the property shall be designed, installed and maintained in substantial conformance with the Site Plan, Landscape Plan and Building Elevations and in accordance with the parkway tree provisions of the Chicago Zoning Ordinance and corresponding regulations and guidelines.
12. The terms, conditions and exhibits of this planned development ordinance may be modified administratively by the Commissioner of the Department of Planning and Development upon the application for such a modification by the Applicant and after a determination by the Commissioner of the Department of Planning and Development that such a modification is minor, appropriate and consistent with the nature of the improvements contemplated in this planned development and the purposes underlying the provisions hereof. Any such modification of the requirements of this planned development by the Commissioner of the Department of Planning and Development shall be deemed to be a minor change in the planned development as contemplated by Section 17-13-0611 of the Chicago Zoning Ordinance.
13. The Applicant acknowledges that it is in the public interest to design, construct and maintain all buildings in a manner that promotes and maximizes the conservation of natural resources. The Applicant shall construct the building under the Leadership in Energy and Environmental Design ("L.E.E.D.") Green Building Rating System. The Applicant shall provide a vegetated ("green") roof of least fifty percent (50%) of the building's net roof area. "Net roof area" is defined as total roof area minus any required perimeter setbacks, rooftop structures, and roof-mounted equipment, approximately forty thousand twenty (40,020) square feet.
14. The Applicant acknowledges that it is in the public interest to design, construct and maintain the project in a manner which promotes, enables and maximizes universal access throughout the property. Plans for all buildings and improvements on the property shall be reviewed and approved by the Mayor's Office for People with Disabilities ("M.O.P.D.") to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility. No building permit shall be granted by the Department of Construction and Permits until the Director of M.O.P.D. has approved detailed construction drawings for the building or improvement proposed to be constructed pursuant to the permit.
15. Notwithstanding any statement to the contrary, this planned development shall be subject to the provisions of Chapter 17-11 of the Chicago Zoning Ordinance governing landscaping and screening. In any instance where a provision of this planned development conflicts with landscape and screening provisions of the Chicago Zoning Ordinance, the Chicago Zoning Ordinance shall control. Nothing in this planned development is intended to waive the applicability of the landscape and screening provisions of the Chicago Zoning Ordinance.

16. Unless substantial construction has commenced within six (6) years following adoption of this planned development, and unless completion is thereafter diligently pursued, then this planned development shall expire. If this planned development expires under the provisions of this section, then the zoning of the property shall automatically revert to that of RT4 Residential Two-Flat, Townhouse and Multi-Unit District.

[Vicinity Map; Existing Zoning Map; Existing Land-Use Map; Planned Development Boundary and Property Line Map; Site Plan; Landscape Plans; Five Story Section; Building Elevations; and Chicago Builds Green Application referred to in these Plan of Development Statements printed on pages 37542 through 37577 of this *Journal*.]

Bulk and Use Table referred to in these Plan of Development Statements reads of follows:

Bulk And Use Table.

| | |
|--------------------------------------|--|
| Underlying Zoning District: | RT4 |
| Net Site Area: | 595,421 square feet = 13.669 acres |
| Area in the Public Right-of-Way: | 0 square feet = 0 acres |
| Floor Area Ratio: | 0.712 |
| Setbacks from Property Line: | In substantial conformance with Site Plan (minimum should not be less than 87 feet, 6 inches from 99 th Street) |
| Maximum Percentage of Site Coverage: | In substantial conformance with the Site Plan |
| Maximum Number of Dwelling Units: | 212 units |
| Maximum Number of Parking Spaces: | Accessory Parking = 35 existing spaces + 156 new spaces/Non-Accessory Parking = 34 spaces |
| Maximum Number of Loading Berths: | 2 (10 feet wide by 25 feet long by 14 feet high) |
| Maximum Building Height: | In substantial conformance with the elevations (53 feet, 4 inches maximum) |

MERCY 
CIRCLE

LIFE WITH SPIRIT

June 3, 2010

Illinois Health Facilities Services and Review Board
525 West Jefferson Street
Springfield, Illinois 62761


Dear Board Members:

The undersigned here by acknowledges and understands that by the second full year of operations, after the construction and development of Mercy Circle is completed, the facility will achieve and maintain the occupancy standards for a general long term care facility as specified in 77 Ill. Adm. Code 1100.

Additionally, Mercy Circle hereby assures that it will maintain admissions limitations to the nursing facility portion of its continuing care retirement community permitting only residents of the independent living and/or congregate housing units of the continuing care retirement community or religious members to be admitted to the nursing facility for the life of the facility or upon prior approval from the Illinois Health Facilities Services and Review Board.

Lastly, Mercy Circle has not commenced operations. As such, it has not developed any operating policies and procedures. However, the attached excerpt from the residency agreement provides the requisite assurance that a resident of the retirement community who is transferred to the nursing facility will not lose his/her apartment unit or be transferred to another nursing facility solely because of the resident's altered financial status or medical indigency.

Sincerely,


Carol Kelley
Director
Mercy Circle Board of Directors

Attachment - Residency Agreement



RESIDENCY AGREEMENT

Effective 2/18/2010

RESIDENCY AGREEMENT

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| 1. GENERAL SERVICES AND FACILITIES | |
| A. Basic Agreement..... | 1 |
| B. Residence Furnishings..... | 1 |
| C. Parking..... | 2 |
| D. Common Areas..... | 2 |
| E. Included General Services..... | 2 |
| F. Assisted Living and Nursing Services Available for an Additional Charge | 3 |
| G. Other Services Available for an Additional Charge..... | 5 |
| H. Alteration to Residence..... | 5 |
| I. Advance Notice for Changes in Scope of Services..... | 5 |
| 2. RESIDENT'S RIGHTS AND OBLIGATIONS | |
| A. Residents Jointly and Severally Liable..... | 5 |
| B. Health Insurance | 6 |
| C. Power of Attorney; Guardianship..... | 6 |
| D. Healthcare Costs..... | 6 |
| E. Resident Handbook..... | 7 |
| F. Resident Negligence or Misconduct..... | 7 |
| G. Non-Impairment of Financial Responsibility..... | 7 |
| H. Residents' Council | 7 |
| I. Guests..... | 7 |
| J. Absence from the Community | 7 |
| 3. TRANSFERS AND READMISSION | |
| A. Consultations | 8 |
| B. Consents..... | 8 |
| C. Temporary Transfer | 8 |
| D. Availability of Residence upon Permanent Transfer | 9 |
| 4. RESIDENT DEPOSIT AND FEES | |
| A. Occupancy Date..... | 9 |
| B. Resident Deposit..... | 9 |
| C. Monthly Service Fees and Additional Fees..... | 11 |

TABLE OF CONTENTS (continued)

ATTACHMENTS

ADDENDUM A: ENTRANCE FEE REFUND PLANS

ATTACHMENT A: ACKNOWLEDGMENTS

ATTACHMENT B: CONFIDENTIAL DATA PROFILE

ATTACHMENT C: RESIDENT(S)' DONATION OF UNCLAIMED PERSONAL PROPERTY

ATTACHMENT D: NOTICE OF PRIVACY PRACTICES

RESIDENCY AGREEMENT

This Agreement is entered into by _____ (individually and/or collectively "you," "your," or "Resident") and Mercy Circle, Inc. (the "Community"), which owns and operates a retirement community located in Chicago, Illinois. The terms "we," "us," or "our" are used throughout this Agreement to denote the Community.

You may cancel this Agreement at any time prior to midnight of the fourteenth (14th) day after the date on which you sign this Agreement (the "Rescission Period" as defined in Section 6.B. of this Agreement). If you elect to cancel this Agreement, you must do so by written notice and may be entitled to receive a refund of all assets transferred, without interest, subject to the terms and conditions contained herein.

1. GENERAL SERVICES AND FACILITIES

- A. **Basic Agreement.** The Community seeks to provide a campus living environment for active seniors, including quality residential housing and a wide array of personal services and amenities as outlined in this Agreement, including certain supportive and nursing services. Subject to the conditions contained in this Agreement, we agree to make available to you, an unfurnished independent living unit (the "Apartment Home" or collectively, the "Residence") in the Community and to provide you with the general services and amenities described in this Agreement.

In consideration of payment of an Entrance Fee in the amount stated in Section 4.B. of this Agreement and payment of the appropriate Monthly Service Fee (initially in the amount stated in Section 4.C. of this Agreement), you will be entitled to occupy the Residence indicated below and to receive the services and use the facilities described in and according to this Agreement.

RESIDENCE NUMBER: _____

RESIDENCE STYLE: _____

The right to occupy the Residence, to receive the services and to use the facilities described in this Agreement shall apply exclusively to the named Resident(s) hereunder, and to no other individual(s). No person other than the Resident(s) entering into this Agreement shall be permitted to occupy the Residence without our express written permission as hereinafter provided.

- B. **Residence Furnishings.** Your Residence will be furnished at our expense with floor coverings, window blinds, self-defrosting refrigerator and freezer, range and oven, microwave oven, washer/dryer and an emergency call system, all as selected by us.
- C. **Parking.** Each Resident will have access to onsite parking. Limited guest parking is available onsite in designated areas.

- (7) **Transportation.** We will provide regularly scheduled local transportation to designated shopping centers, select local events, medical facilities, and other local destinations based on resident demand and as defined by the Community.
- (8) **Social, Educational, and Wellness Programs.** Day-time concierge staff will coordinate a variety of social, recreational, educational, and cultural programs for those residents wishing to participate. In addition, the staff of the Community will coordinate educational and screening programs promoting wellness and preventative health maintenance. Specific programs will be based on residents' interest. Participation in these activities is voluntary and some but not all may require a fee for participation.
- (9) **Taxes and Insurance.** Any Tax assessments on or tax obligations of the Community, should they occur, will be included as part of your Monthly Service Fee. You will be responsible for those taxes assessed on your personal property. The Community will also obtain property and casualty insurance coverage on the buildings and grounds. Such coverage will not insure against loss or damage to your personal property or damage or injury to others caused by you. The Community recommends that you purchase appropriate comprehensive insurance typically referred to as renter's insurance.

F. **Assisted Living, Memory Support and Nursing Services Available for an Additional Charge.** If it is determined that you require assisted living, memory support services or nursing care in the future, we will provide you with such services as described below and subject to change in law.

- (1) **Admission.** You will be given priority admission to the Assisted Living Center, Memory Support Center or the Health Center, respectively, to the extent allowed by licensure, law, and availability of space. You agree to make a temporary or permanent transfer to the appropriate level of care if you are unable to live independently in your Residence. All determinations concerning temporary or permanent transfers will be made to the extent feasible in consultation with you, your family members or representatives, your primary physician and the Executive Director (as referenced in Section 3 of this Agreement). We reserve the right to make the final determination regarding the necessity of a transfer.

If there is a determination that a temporary or permanent transfer is required and, for any reason, there is not available space at the Assisted Living, Memory Support or Health Centers, we will assist you in arranging for your temporary care in your Residence, at your expense, by a certified home health care agency of your choice, subject to our approval, until space becomes available at the respective Center. If home health care is not reasonably possible, we will attempt to arrange for your temporary care in another facility of our choice that can provide the same care that would otherwise have been provided by us until space becomes available at the

respective Center. Any costs of care associated with a home health care agency or care in another facility are your responsibility.

Home health services are intended to be intermittent and short-term in nature, often rendered following an acute illness. Residents are required to register with us any home health care agency that delivers services on the premises of the Community. Any approval by us in your selection of any appropriate home health agency shall in no way be deemed an endorsement of a particular home health care agency. We shall in no way be deemed responsible for the acts or failure to act of any home health care agency.

- (2) **Assisted Living and Memory Support.** Subject to availability, we will provide to you, in the assisted living or memory support apartment of your choice, services which are designed to assist with the activities of daily living in accordance with applicable laws. Services included are assistance with dressing, eating, bathing, toileting, and ambulating. You are responsible for the entire cost of services provided.
- (3) **Nursing.** Subject to availability and applicable laws, we will provide to you in a room of your choice, licensed nursing care services which are approved by your physician and our Medical Advisor. You are responsible for the entire cost of services provided.
- (4) **Reassignment.** In the event of single occupancy and you are admitted temporarily to the Assisted Living, Memory Support or Health Center with a medical prognosis of recovery and an expected return to your Residence, you shall retain possession of your Residence for the purpose of resuming residency in the Residence. However, if your transfer to the respective Center is projected to exceed ninety (90) days, and if within such ninety (90) day period there is not a medical prognosis of recovery, and if in our opinion, in consultation with you, your family members or representatives, your primary physician, and the Community's Executive Director, it is determined that you will not resume residency in your Residence, we will have the right to take possession of and reassign your Residence to a new resident in accordance with Section 3.D. of this Agreement.

G. **Other Services Available for an Additional Charge.** The following other services may be available on a fee-for-service basis to you:

- (1) Guest Meals
- (2) Catering for Special Occasions
- (3) Barber and Beauty Services
- (4) Room Service as needed
- (5) Additional Resident Meals
- (6) Additional Housekeeping Services
- (7) Laundry Services
- (8) Personalized Transportation
- (9) Guest suites
- (10) Limited Garage parking

Charges for any additional services will appear on your monthly bill in accordance with our Additional Services Fee Schedule in effect at the time the services are rendered. These additional services are subject to change at our discretion.

- H. **Alteration to Residence.** You may make or have us make alterations to your Residence at your cost, subject to the Policies of the Community and with our prior written approval. Any approved alteration will be performed by our maintenance staff or by a contractor we approve. Any alterations of a permanent nature become the property of the Community. Upon termination of this Agreement, you may, at our sole discretion, be required to return your Residence to the original design at your cost. In addition, we reserve the right to charge you a reasonable refurbishment fee, as allowed by law. For your safety, you agree not to replace the existing, or install any additional, locking devices to your Residence.
- I. **Advance Notice for Changes in Scope of Services.** We will provide at least thirty (30) days advance notice before any change in the scope of care or services becomes effective, including charges for additional services. We agree not to unreasonably reduce the scope of care or services without reasonable cause. Reductions in scope of care or services resulting from changes in law are considered, without limitation, reasonable cause.

2. RESIDENT'S RIGHTS AND OBLIGATIONS

- A. **Residents Jointly and Severally Liable.** When the parties under this Agreement consist of more than one (1) resident, the rights and obligations apply to each resident individually and jointly. Each person who is designated as a Resident in this Agreement is jointly and severally liable for the payment of the Monthly Service Fee, fees for additional services, and all other amounts required to be paid pursuant to this Agreement. If it is necessary for us to institute legal action or other proceedings to recover amounts due under this Agreement, we also will be entitled to recover reasonable legal fees and all costs incurred in connection with all such proceedings. This provision will survive any termination of this Agreement.
- B. **Health Insurance.** During the term of this Agreement, you shall obtain and maintain in force Medicare Parts A and B (or an equivalent substitute policy approved by us) and any future program that may be offered by Medicare and may be reasonably required by us. You shall also maintain in effect supplemental insurance coverage acceptable to us, and you agree to furnish evidence of such insurance coverage upon our request. If you are not qualified for Medicare coverage because of age, you will be required to maintain comprehensive health coverage satisfactory to us, and you agree to provide evidence of such insurance coverage upon our request. You also agree to execute all necessary forms to obtain payment of benefits which are or may be payable in the future for health care services provided hereunder to you.

You will be responsible for paying for all health care services that are not covered by Medicare, Medicare supplemental insurance, or by us as set forth in this Agreement.

determined in our sole discretion and upon completion of the applicable admission agreement.

- D. Duty of Resident to Notify the Community.** You acknowledge and agree that we have relied upon all of the information contained in the Confidential Data Profile and the Confidential Medical Profile completed by you to make a decision regarding acceptance of you for residency in the Community. Any misrepresentation or omission by you shall render this Agreement null and void at our sole discretion. You agree to notify us prior to the Occupancy Date of any material change in any of the matters covered by, or reflected on, the Confidential Data Profile or the Confidential Medical Profile.

6. **TERMINATION AND REFUNDS**

From the effective date of the termination of this Agreement, you shall have no further right to occupy the Residence, or any unit in the Assisted Living Center or the Health Center, or to receive any services or benefits pursuant to this Agreement, except the right to receive the appropriate payment described below, and you shall promptly vacate the Community.

A. Termination Prior to Occupancy.

- (1) You will be entitled to full reimbursement of any monies paid to us, without interest, within thirty (30) days of our receiving your written termination of this Agreement under any one of the following conditions:
 - (a) If you terminate this Agreement before midnight on the fourteenth (14th) day from the date on which you signed this Agreement and paid the Reservation Deposit ("Rescission Period"); or,
 - (b) If we terminate this Agreement by:
 - (i) terminating our intention to fully construct the Community; or,
 - (ii) the Residence not being available for occupancy within three (3) years after the date of execution of this Agreement.
- (2) You will be entitled to a reimbursement of any monies paid to us, without interest, less a two thousand five hundred dollar (\$2,500.00) application and processing fee, within thirty (30) days of our receiving your written termination of this Agreement if you terminate this Agreement prior to occupancy and after expiration of the Rescission Period.
- (3) If you become incapable of occupying your Residence because of illness, injury, death, or other circumstances beyond your control that equitably entitles you to a refund, this Agreement may be terminated by us in our sole discretion, and you or your legal representative will be entitled to a full

reimbursement of any monies paid to us, without interest, within thirty (30) days of us receiving written notice of such circumstances. However, you may request that we not terminate this Agreement and may elect direct admission into the Assisted Living Center or the Health Center at the appropriate level of care, as determined in our sole discretion.

B. Termination of Residency after Occupancy. After you have assumed occupancy of your Residence, this Agreement shall continue for the Resident's lifetime unless sooner terminated as follows:

- (1) This Agreement shall terminate upon your death, if you are the only Resident hereunder, and upon the death of the surviving Resident, if there are two (2) Residents hereunder.
- (2) You may terminate this Agreement at any time for any reason by delivering written notice to us, such termination to be effective on the later of sixty (60) days from the date such notice is received or another date specified in the notice.
- (3) We may terminate this Agreement after the Occupancy Date for medical reasons, including, but not limited to, the following:
 - (a) You have been determined by a court of competent jurisdiction to be legally incapacitated or incompetent;
 - (b) You have developed a condition for which the Community cannot provide care;
 - (c) You are in need of drug or alcoholic rehabilitation or a condition for which the Community cannot provide care; or,
 - (d) You are or have become mentally or emotionally disturbed to a degree that your continued presence in the Community is considered to be detrimental to your health, safety, or welfare or that of other residents or staff of the Community.

Should any of these situations occur, we are expressly authorized (in consultation, if appropriate and to the extent feasible, with your family members or representatives, your primary physician, and the Community's Executive Director) to transfer you, at your sole expense, to an appropriate hospital facility or alternative care facility.

- (4) We may terminate this Agreement after the Occupancy Date for nonmedical reasons including, but not limited to the following:
 - (a) A material misrepresentation or omission in the Confidential Data Profile, Confidential Medical Profile, or related materials which, if such information had been accurately provided, would have been material to the decision whether or not to accept you for residency;

- (b) If you fail to comply with the Policies of the Community or create a situation detrimental to your health or safety or the quiet enjoyment of the Community or that of other residents or the staff of the Community;
- (c) If you file for protection under the bankruptcy laws of the United States, under any chapter, or you convey all your assets for the benefit of creditors, or you involuntarily file for bankruptcy law protection;
- (d) If you fail to pay the Monthly Service Fee or other amounts owed to us when due unless other mutually satisfactory arrangements have been made, and subject to any subsidy provided by us in accordance with the provisions of Section 4.G. of this Agreement;
- (e) You materially breach the terms or conditions of this Agreement; or
- (f) The Residence is no longer fit for occupancy, and we elect not to restore the Residence to habitable condition.

If we seek to terminate this Agreement and your occupancy for nonmedical reasons, we shall give you sixty (60) days prior written notice of termination which shall reasonably describe the conduct alleged to warrant the termination of this Agreement and shall set the time, place, and date for a meeting between you and representatives of the Community, which shall not be earlier than thirty (30) days nor later than forty-five (45) days after the notice of termination. At this meeting you may avoid termination by demonstrating to our reasonable satisfaction that you have cured the conduct alleged to warrant the termination.

- C. **Effect of Double Occupancy.** If your Residence is occupied by two (2) Residents and one (1) Resident dies, this Agreement will continue in full legal force and effect as to the surviving Resident, except the Monthly Service Fee will be reduced by the current charge for second (2nd) person occupancy of the Residence.
- D. **Right of Offset; Other Rights.** Termination of this Agreement for whatever reason will not affect or impair the exercise of any right or remedy granted to us or you under this Agreement for any claim or cause of action occurring prior to the date of such termination.
- E. **Relocation.** You may elect to move to another Residence, subject to availability. In such event, this Agreement will be amended to reflect the change in Residence status. You will pay the current Monthly Service Fee for the new Residence. All moving costs will be at your sole expense. You will not be required to pay an additional non-refundable Resident Deposit amount. However, a transfer fee may be assessed at the prevailing rate.

- F. **Subordination to Lease Agreement; Termination of Residency in the Event of the Termination of the Lease Agreement.** This Agreement is expressly subject to and subordinate to the terms, conditions, covenants and agreements of the land lease between the Community and the Sisters of Mercy of the Americas West Midwest Community, Inc. (the "Sisters of Mercy"). The Sisters of Mercy have leased the premises (as defined in the Lease Agreement) to Mercy Circle upon which the Community is constructed (the "Lease Agreement"). In the event that the Lease Agreement expires or terminates, this Agreement will also automatically terminate, without further action of any party to this Agreement or the Lease Agreement. The Lease Agreement has a term of thirty-five (35) years commencing in the year 2010. The Sisters of Mercy may earlier terminate the Lease Agreement upon any "Event of Default" (as defined in the Lease Agreement), including but not limited to if Mercy Circle shall fail to observe and faithfully perform any of its covenants in the Lease Agreement for thirty (30) days after written notice is given by the Sisters of Mercy to the Community (or to take steps in good faith to remedy the failure).

7. MISCELLANEOUS PROVISIONS

- A. **Resident(s)' Interest.** You do not have any proprietary interest in the Community or its assets or properties by virtue of this Agreement. You agree you shall not pledge, mortgage, or use this Agreement or your Residence as a security interest, and that no one to whom you owe money or who may have some other claim against you may make or file any claim, lien, or attachment against this Agreement or your Residence.
- B. **Responsibility for Protection of Resident(s)' Property.** We shall not be responsible for damage or loss to any personal property belonging to you caused by fire, flood, storm or other casualty, or by leaking of water, bursting pipes, theft, or any other cause. You shall be solely responsible, at your sole expense, for insuring against property damage or loss and personal liability to others. In the event of your death or transfer from the Community, we will exercise ordinary care in temporarily safekeeping your personal property. If such property is not removed from the Community premises within five (5) days after termination of this Agreement, we reserve the right to have such property placed in storage at the sole expense and risk of you or your estate. Personal property not claimed by you or your representative within thirty (30) days shall be accepted by the Community as a donation, as indicated within Attachment D of this Agreement, herein incorporated by referenced.
- C. **Right of Entry.** You hereby authorize our employees and agents to enter your Residence to provide services, repairs, maintenance, alterations, pest control, and inspection, and to respond to perceived medical or other emergency.
- D. **Damage to Apartment.** If your Residence is damaged by fire, flood, storm, or other casualty or cause and we elect not to terminate this Agreement, we will, at our expense, proceed diligently to repair and restore your Residence. If your Residence is uninhabitable during the repair, we will relocate you to a comparable type

Residence in the Community, if available, or, if not, we will try to relocate you temporarily to any other available Residence in the Community and the Monthly Service Fee will be adjusted for the type of Residence you temporarily occupy.

- E. **Entire Agreement.** This Agreement represents the entire understanding between the parties and supersedes all previous representations, understanding, or agreements, oral or written, between the parties to the Agreement.
- F. **Modifications.** The Community reserves the right to modify the terms of this Agreement to any changes in law or regulation. To the extent reasonably possible, the Community will give the Resident thirty (30) days advance written notice of any such modifications.
- G. **Assignment.** This Agreement is assignable by us without your prior consent. The provisions of this Agreement are not assignable or transferable in whole or in part by you. You do not have a right to sublet the Residence.
- H. **Severability.** The various provisions of this Agreement shall be severable one from another. If any provision of this Agreement is found by a court or administrative body to be invalid, the other provisions shall remain in full force and effect as if the invalid provision had not been a part of this Agreement.
- I. **Subordination.** Your rights under this Agreement will be subordinate to any mortgage, security interest, pledge, or other lien that now encumbers all or any part of our assets and shall be further subordinate to any mortgage, security interest, pledge, or other lien hereafter placed on all or any part of our assets. You agree to execute, acknowledge, and deliver such subordination agreements as any lender or future lender shall reasonably require in order to establish the priority of any such lien.
- J. **Nondiscrimination.** The Community will be operated on a non-discriminatory basis and will provide the facilities and services described in this Agreement to individuals regardless of race, color, sex, marital status, religion, creed, ancestry, disability, national origin, or status with regard to public assistance.
- K. **Notices.** Any notice, payment, or communication required or permitted in this Agreement to us by you will be given in writing and mailed or delivered to us at the administrative office or at such other address as we may designate in writing. Any notice to you by us will be given in writing and mailed or delivered to your Residence or at such other address as you may designate to us in writing.
- L. **Governing Law.** This Agreement shall be interpreted in accordance with the laws of the State in which the Community is located and shall be binding upon and benefit each of the undersigned parties and their respective heirs, personal representatives, successors, and assigns.
- M. **Third-Party Rights.** No other persons or entities other than you and the Community have any rights or obligations under this Agreement.

- N. **Waiver of Provisions.** The Community reserves the right to waive any obligation of the Resident under the provisions of this Agreement in its sole and absolute discretion. No term, provision, or obligation of this Agreement shall be deemed to have been waived by the Community unless such waiver is in writing by the Community. Any waiver by the Community shall not be deemed a waiver of any other term, provision, or obligation of this Agreement, and the other obligations of the Resident and this Agreement shall remain in full force and effect.
- O. **Right of Subrogation.** Should you be injured by a third-party and such injury requires us to arrange health care services under this Agreement, the Community shall be subrogated, to the extent allowed by law, to your rights against such other third-party to the extent necessary to reimburse us for the costs incurred in providing care services under this Agreement. To the extent allowed by law, this right of subrogation authorizes us to institute legal action in your name. However, such action shall not cause or result in a compromise, waiver, or release of any causes of action that you may have against such third-party for such injuries.
- P. **Certain References.** Whenever in this Agreement a singular word is used, it also shall include the plural wherever required by the context and vice-versa. All references to the masculine, feminine, or neuter genders herein shall include any other gender, as the context requires.
- Q. **Limitation on Damages.** In no event shall you be entitled to recover from the Community special, punitive, incidental or consequential damages arising out of or relating to a breach by the Community under this Agreement, even if you have been advised of the possibility of such damages.
- R. **Uncontrollable Interruption of Services.** No breach of our obligations under this Agreement shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond our reasonable control, specifically including strikes or other forms of labor disturbances, government edicts, regulations and/or embargoes, acts of war or terrorism, shortages of labor or materials, fire, flood, inclement weather, interruption of utility services, or your acts
- S. **Review and Consultation.** You hereby acknowledge and agree that you (1) have read this Agreement in its entirety prior to executing it; (2) understand the provisions and effects of this Agreement; and (3) have consulted with such attorneys, accountants, and other advisors as you have deemed appropriate in connection with your execution of this Agreement.
- T. **Headings.** The headings contained in this Agreement have been inserted and used solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.

8. EXECUTION

P.H.

IN WITNESS WHEREOF, the Resident(s) and Mercy Circle, Inc. have signed this Agreement on this ____ day of _____, 20 ____.

RESIDENT(S):

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

MERCY CIRCLE, INC.

By: _____

Its: _____

CORPORATE BYLAWS

OF

**MERCY CIRCLE
CHICAGO, ILLINOIS**

**ARTICLE I
CORPORATION**

Section 1.1 Name. The name of the corporation is Mercy Circle ("Mercy Circle"). Mercy Circle is an Illinois not for profit corporation.

Section 1.2 Office. The location of the principal office of Mercy Circle shall be at such place in the State of Illinois as determined from time to time by the Corporate Member, and Mercy Circle may have other offices within or without the state as the Corporate Member may from time to time determine. Mercy Circle shall have and continuously maintain a registered agent and registered office in Illinois.

Section 1.3 Purposes. Mercy Circle is organized and operated exclusively for charitable, religious, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended or corresponding provisions of any future United States internal revenue laws (the "Code") and consistent therewith:

(a) To provide for the spiritual, psychological and physical needs of the aged and infirm without regard to race, creed, national origin, and gender.

(b) To conduct and participate in educational activities related to the promotion of healthcare and wellness of all those served by Mercy Circle.

(c) To establish, own, operate, lease, manage or maintain elder care facilities and related facilities, services and programs, provided, however that in no instance shall Mercy Circle engage in the practice of medicine;

(d) To provide for a waiver or reduction, based on an individual's ability to pay, of any entrance fee, assignment of assets, or fee for services;

(e) To promote and support the interests and purposes of organizations which provide health care, education or research and which fall within the category of Section 501(c)(3) of the Code;

(f) To own, lease or otherwise deal with all property, real and personal, to be used in furtherance of these purposes;

(g) To contract with other organizations, for-profit and not-for-profit, individuals and governmental agencies in furtherance of these purposes;

(h) To function as an integral part of the apostolate of the Roman Catholic Church and to act in accordance with the applicable principles of the Code of Canon Law and the Ethical and Religious Directives for Catholic Health Care Services, as from time to time adopted, approved and confirmed by appropriate authority of the Roman Catholic Church.

Section 1.4 Tax-Exempt Status. All of the assets and earnings of Mercy Circle shall be used exclusively for charitable, religious, scientific or educational purposes within the meaning



of Section 501(c)(3) of the Code.

(a) Mercy Circle may make distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code.

(b) No part of the net earnings of Mercy Circle shall inure to the benefit of, or be distributable to its members, directors, officers or other private persons, except that Mercy Circle shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 4 above.

(c) No substantial part of the activities of Mercy Circle shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and Mercy Circle shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

(d) Notwithstanding any other provision of these articles, Mercy Circle shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

Section 1.5 Corporate Dissolution. Upon dissolution of Mercy Circle, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of Mercy Circle, convey or distribute all of the remaining assets of Mercy Circle to Sisters of Mercy of the Americas West Midwest Community, Inc., a Missouri nonprofit corporation, or to its successors or assigns, if then in existence and qualified as exempt from federal income tax pursuant to Section 501(c)(3) of the Code; or, if said corporation, successor or assign is not then so qualified, then to such organization or organizations organized and operated exclusively for charitable, religious, educational or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code as the Board of Directors designates. Any such assets not so disposed of shall be disposed of by the appropriate court of law of the county in which the principal office of Mercy Circle is then located, exclusively for such charitable, religious, educational or scientific purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE II CORPORATE MEMBERSHIP

Section 2.1 The Corporate Member. The persons comprising the Corporate Member shall be known as the Members of the Corporation (the "Corporate Member"). The original Members of the Corporation are appointed by the leadership team of the Sisters of Mercy of the Community of Chicago. Subsequent appointments of Members of the Corporation are appointed by the corporate leadership of the Sisters of Mercy of the Americas West Midwest Community, Inc. The names of the appointees comprising the Corporate Member shall be certified to the Board of Directors of Mercy Circle by the President of the Sisters of Mercy of the Americas West Midwest Community, Inc. The Corporate Member shall have all rights which are vested in members of a corporation under the Illinois General Not For Profit Corporation Act of 1986 as

amended or any succeeding statute (the "Act"), including the right to ensure through the Board of Directors that Mercy Circle is conducting its business and affairs consistent with and in furtherance of its mission, objectives and philosophy, as the Corporate Member deems advisable.

Section 2.2 Matters Requiring Approval of the Corporate Member. The following matters, known as Reserve Powers, must be presented to the Corporate Member for approval prior to becoming effective:

- (a) Any change in the mission, vision or values of Mercy Circle.
- (b) Amendments of the Articles of Incorporation or the Bylaws of the Corporation.
- (c) Merger, consolidation, sale, dissolution or name change of Mercy Circle.
- (d) The appointment of the Executive Director of Mercy Circle.
- (e) Borrowing by Mercy Circle in excess of \$1,000,000 and/or where repayment is due more than three (3) years from the date the debt is incurred.
- (f) Appointment of the members of the Board of Directors.

Section 2.3 Action of the Corporate Member. The Corporate Member shall execute and deliver a letter or memorandum signed by the President or Secretary of the Corporate Member, setting out the action taken under Section 2.2 above.

Section 2.4 Matters Requiring Communication with the Corporate Member. The following matters shall be presented to the Corporate Member for informational purposes:

- (a) The annual operating and capital budgets.
- (b) The Strategic Long Range Plan and updates.
- (c) The annual financial audit.

Section 2.5 General. No membership dues or assessment of any kind or nature shall be levied against or collected from the Corporate Member. The Corporate Member shall not be liable for the debts or obligations of Mercy Circle or its subsidiary corporations. The Corporate Member may be reimbursed for expenses reasonably incurred on behalf of Mercy Circle.

ARTICLE III THE BOARD OF DIRECTORS

Section 3.1 General Powers and Duties. Subject to the powers reserved to the Corporate Member under these Bylaws, the Articles of Incorporation or the General Not-For-Profit Corporation Act of the State of Illinois, all of the business and affairs of Mercy Circle shall be managed by or under the direction of the Board of Directors, which

shall constitute the Governing Board. Without limiting the generality of the foregoing, the Board of Directors shall:

- (a) Maintain corporate oversight over Mercy Circle's activities.
- (b) Take all action necessary to assure the mission of Mercy Circle is being fulfilled.
- (c) Approve the statement of the mission, vision and values statement of Mercy Circle.
- (d) Appoint Board committees essential to carry out Board responsibilities.
- (e) Employ and evaluate the Executive Director.
- (f) Recommend to the Corporate Member amendments to the Bylaws of Mercy Circle.
- (g) Approve the strategic plan and annual budget of Mercy Circle and submit to the Corporate Member for informational purposes.
- (h) Recommend to the Corporate Member candidates for the Board of Directors.
- (i) Approve any borrowing and long term leases consistent with Section 2.2(e).
- (j) Forward all approved actions related to the Reserved Powers of the Corporate Member and informational submissions to the Corporate Member, as set forth in Sections 2.2 and 2.4 above.

Section 3.2 Qualifications.

- (a) Criteria for the selection of directors shall include, but not be limited to, the following:
 - (i) Commitment to safeguard the charitable, educational and religious mission and purpose of Mercy Circle, especially its Catholic-Mercy character.
 - (ii) Recognized community leadership.
 - (iii) Expertise in an area of need (e.g., senior housing, education, healthcare, spirituality, ethics, finance, law, corporate ministries, etc.).
 - (iv) Acknowledgement of and commitment to the corporate purposes, as stated in these bylaws.

(b) At least one member of the Board of Directors shall be the President of the Sisters of Mercy of the Americas West Midwest Community, Inc. or her designee. If a designee is appointed by the President of the Sisters of Mercy of the Americas West Midwest Community, Inc., the person designated shall be subject to the director term

100

limits set forth in Section 3.3.

(c) With the exception of the Executive Director, employees of Mercy Circle shall be ineligible to serve as members of the Board of Directors.

Section 3.3 Number, Term of Office and Re-Election. The number of directors shall be not less than five (5) nor more than nine (9). The initial term of office shall be three (3) years, subject to reappointment for not more than two (2) subsequent three (3) year terms. The initial Board of Directors shall be appointed for terms of office such that the Board of Directors thereafter shall be divided into three classes for the purpose of serving staggered terms of office. A director (other than an ex-officio director) who has completed three (3) consecutive full terms shall not again serve as a director until the expiration of one (1) year from the end of such director's last term of office. A director who has served more than half a term is considered to have served a full term.

Section 3.4 Director and Officer Elections. The Board of Directors Governance Committee is responsible for soliciting candidate recommendations from the Board and other constituents of Mercy Circle. The committee is responsible for the preparation of a list of director and officer candidates to be presented to and elected by the Board to fill expired or vacant unexpired terms on the Board of Directors or of an officer position. Following election by the Board, the names of individuals recommended for the position of director shall be forwarded to the Corporate Member for its consideration and approval.

Section 3.5 Resignations. A director may resign at any time by giving written notice to the Chairperson of the Board of Directors. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.6 Removal of Directors. A director may be removed in accordance with these Bylaws by an affirmative vote of a majority of Board members present and voting at a meeting of the Board of Directors, whenever, in the judgment of the Board of Directors, the best interests of Mercy Circle will be served by such action. The notice for such Board meeting shall include this specific matter as an agenda item.

Section 3.7 Vacancies. Any vacancy occurring on the Board of Directors may be filled by appointment made by majority vote of the directors, in accord with the term and election provisions described in Sections 3.3 and 3.4 of these Bylaws, and subject to approval of the Corporate Member.

Section 3.8 Annual Meeting of the Board of Directors. The annual meeting of the Board shall be held at such time each year as may be established by the Board from time to time, or thereafter, for the purpose of electing officers and transacting any business as may properly come before the meeting.

Section 3.9 Regular Meetings of the Board of Directors. Regular meetings of the Board of Directors shall be held at Mercy Circle at least annually or at more frequent intervals or at other locations, as the Board of Directors may fix and determine.

Section 3.10 Special Meetings of the Board of Directors. Special meetings of the Board of Directors may be held at any time on the call of the Chairperson or at the request in writing of any two (2) directors, or at the request of a majority vote of the Corporate Member. Special meetings of the Board may be held at such place, either within or without the State of Illinois, as shall be specified or fixed in the call for such meeting or notice thereof.

Section 3.11 Notice of Special Meetings. Except in cases of emergency, notice of each special meeting shall be communicated to each director either at their residence or usual place of business, for receipt at least three (3) calendar days before the day on which the meeting is to be held. Notice may be waived in writing by a director either before or after the meeting. Any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all directors attend. The purpose of any special meeting of the Board of Directors must be specified in the notice or waiver of notice of such meeting.

Section 3.12 Quorum. A simple majority of the Board of Directors in office shall constitute a quorum and the act of a simple majority of the members present at a meeting at which a quorum is present shall be the act of the Board.

Section 3.13 Meeting by Telephone or Other Communications Medium. Members of the Board of Directors or of any committee of the Board of Directors may participate in and act at any meeting of the board or committee by means of conference telephone, webcast or other communications equipment through which all persons participating in the meeting can hear each other simultaneously. Participation in such a meeting shall be equivalent to attendance and presence in person at the meeting of the person or persons so participating.

Section 3.14 Action Without a Meeting. Any action required to be taken at a meeting of the Board of Directors may be taken without a meeting, if consent in writing setting forth the action so taken shall be signed by all directors in office.

Section 3.15 Compensation. Directors shall serve without financial compensation for their services as such, but may be compensated for services rendered to Mercy Circle in other capacities, and shall be entitled to reimbursement, in any case, for actual, necessary and reasonable expenses incurred incident to their work upon business of Mercy Circle.

ARTICLE IV OFFICERS OF MERCY CIRCLE

Section 4.1 Officers of Mercy Circle. The Corporation shall have the following elected officers: President, Vice-Chairperson, Executive Director and Secretary. They shall be elected in accordance with these Bylaws and shall serve in their respective capacities as officers of Mercy Circle.

Section 4.2 Election and Term of Office. Officers of Mercy Circle, with the exception of the Executive Director, shall be elected annually by the Board in accord with Section 3.4 of Article III. Each officer shall hold the position for a term of one (1) year, beginning July 1.

Section 4.3 Resignations and Removals. Any officer may resign at any time by giving written notice to the President. The Board may remove an officer whenever, in the Board's judgment, the best interests of Mercy Circle would be served thereby.

Section 4.4 Vacancies. A vacancy in any office may be filled by appointment made by majority vote of the Board of Directors in accord with the election provision of Section 3.4 of Article III. Each person elected to fill a vacancy shall remain as officer until a successor has been elected by the Board at its annual meeting or at any special meeting called for such purpose.

Section 4.5 President of Mercy Circle. The President of Mercy Circle serves as chairperson of the board and shall preside at all meetings of the Board of Directors and the Board's Executive Committee, shall exercise such power and perform all duties incident to the office of President of Mercy Circle's Board of Directors, including representing the Board in its relationship with the Corporate Member, and shall perform such other duties as may be assigned by the Board of Directors.

Section 4.6 Vice-Chairperson of Mercy Circle. The Vice Chairperson shall, in the absence of the President, perform the duties of the President and shall perform such other duties as from time to time may be assigned by the President or the Board of Directors.

Section 4.7 Executive Director. The Executive Director of Mercy Circle shall be the chief executive officer of Mercy Circle and shall be an ex-officio, non-voting member of the Board of Directors, and shall have the duties and authority that such position would customarily carry, including, but not limited to, the following:

(a) Carrying out all policies established by the Board and advising on the formation of these policies.

(b) Developing and directing an administrative organization to manage Mercy Circle within established policies and procedures approved by the Board of Directors and seeing that all orders and resolutions of the Board are carried into effect.

(c) Attending meetings of the Board and serving as an ex-officio member on its committees.

(d) Preparing annual operating goals and objectives for Mercy Circle, to be presented to the Board.

(e) Preparing annual operating and capital budgets for Mercy Circle, to be presented to the Board for approval each year.

(f) Presenting to the Board, for its consideration and approval, (i) any proposed expenditure by Mercy Circle not previously approved in the annual budget and above the designated spending authorization established annually by the Board, and (ii) any plan for

construction, purchase, sale, lease, exchange, gift, pledge or mortgage of any real property or interest therein, or the disposition of any other asset of Mercy Circle not previously approved in the annual budget.

(g) Presenting to the Board, or its authorized committees, periodic reports reflecting the activities of Mercy Circle and such other special reports as may be required by the Board.

(h) Representing Mercy Circle in its relationship with religious, civic, social and external organizations.

(i) Presiding, in the absence of the Chairperson and Vice Chairperson, at all meetings of the Board of Directors and the Board's Executive Committee.

(j) Performing such other duties as may from time to time be assigned by the Board of Directors.

Section 4.8 Secretary of Mercy Circle. The Secretary of Mercy Circle shall assure that appropriate notices or waivers of notices regarding Board meetings are prepared; shall provide agenda and other materials for all meetings of the Board of Directors, shall provide for and maintain accurate minutes of all meetings of the Board and its Executive Committee, and shall perform such other duties as may be assigned by the Board of Directors. The Secretary must be a member of the board of directors.

An Assistant to the Secretary may be appointed by the President. The Assistant to the Secretary may be the Administrative Assistant of the Executive Director and shall act as official custodian of all records and reports of Mercy Circle; shall keep the Corporate Seal of Mercy Circle and affix it to corporate documents as directed by the Executive Director as mandated by law or as otherwise appropriate; and shall perform such other duties as may be assigned by the President, Executive Director or the Secretary of the Board of Directors.

Section 4.9 Treasurer of Mercy Circle. If a Treasurer of Mercy Circle is desired, the Treasurer is not an officer of the Corporation and is appointed by the President. The Treasurer shall assure that periodic and timely financial reports are prepared by the financial officers of Mercy Circle for presentation to its Board by the Executive Director or by the Treasurer, and shall perform other such duties as may be assigned by the Board of Directors. The Treasurer may, but need not be, the chief financial officer of the Corporation. The treasurer need not be a member of the board.

An Assistant to the Treasurer may be appointed by the President. The Assistant Treasurer may be the chief financial officer of Mercy Circle and shall have custody and control of all funds of Mercy Circle; shall ensure that a true and accurate accounting of all financial transactions of Mercy Circle is made periodically and that reports of such transactions are provided to the Executive Director and as appropriate, to the Treasurer, for presentation by the Executive Director or by the Treasurer of the Board of Directors; and shall perform other duties incident to

the office of Assistant Treasurer and such other duties as may be assigned by the President, Executive Director, or the Treasurer of the Board.

ARTICLE V
COMMITTEES OF THE BOARD OF DIRECTORS

Section 5.1 Standing Committees of the Board of Directors. A majority of the Directors then in office may create standing committees to serve at the direction and pleasure of the Board. Each committee shall report its activities and findings to the Board on a regular basis, as determined by the Board. Each committee shall be chaired by a member of the Board and may consist of members other than Directors. The standing committees of the Board of Directors shall be:

- (a) Executive Committee
- (b) Governance Committee
- (c) Finance Committee
- (d) Planning Committee

Section 5.2 Functions of Standing Committees. Each committee shall be subordinate to the Board of Directors. Each committee, other than the Executive Committee whose additional powers and responsibilities are outlined in Section 5.3, shall communicate and recommend actions to the Board based upon such committee's activities. Each committee may exercise the authority of the Board to the extent that such authority is not inconsistent with the Act, the Articles of Incorporation of the Corporation and these Bylaws, provided that, neither the Executive Committee nor any other committee shall:

- (a) Adopt a plan for the distribution of the assets of the Corporation, or for dissolution;
- (b) Fill vacancies on the Board or on any of its committees;
- (c) Elect, appoint or remove any officer or Director or member of any committee, or fixing the compensation of any member of a committee;
- (d) Adopt, amend or repeal the Bylaws or Articles of Incorporation of the Corporation;
- (e) Adopt or recommend to the Corporate Member, a plan of merger or plan of consolidation with another corporation, or authorize the sale, lease, transfer, pledge or mortgage of all or substantially all of the property or assets of the Corporation; or
- (f) Amend, alter, repeal or take any action inconsistent with any resolution or action of the Board when the resolution or action of the Board provides by its terms that it shall not be amended, altered or repealed by action of a committee.

Section 5.3 Executive Committee. The Executive Committee membership shall

consist of the officers of the Board of Directors. The President shall be Chairperson of the Executive Committee. The Executive Committee shall:

(a) Transact in the interim between meetings, all emergent business of the Board when time is of the essence. No action so taken shall be in conflict with the express policies of the Board of Directors or these Bylaws.

(b) Assure that the Board at its next regular Board meeting is informed of all interim actions of the Executive Committee, and assure that all such interim actions, other than actions where time is of the essence, are submitted to the Board for ratification at the referenced Board meeting.

(c) Function as advisor to the Executive Director.

(d) Establish a process of evaluation for the Executive Director and execute the same.

(e) Perform other duties as appropriate for the Executive Committee.

Section 5.4 Governance Committee. The Governance Committee of the Board shall:

(a) Draw up proposed amendments to the Bylaws of Mercy Circle.

(b) Prepare a list of director and officer candidates for the Board of Directors, as described above in Sections 3.4 and 4.1 for recommendation to the Board.

(c) Recommend to the President candidates for committee membership.

(d) Provide for effective Board structure and functioning, including: developing a Board handbook, recommending an annual Board evaluation process, proposing annual Board objectives, preparing statements of roles and responsibilities, identifying the skill mix criteria of Board members, drafting conflict of interest statements and policies, and other governance self-management policies.

(e) Assure that the Board of Directors is in compliance with its Bylaws.

(f) Perform other duties as assigned from time to time by the Board or its Executive Committee and/or as appropriate for the Governance Committee.

Section 5.5 Finance Committee. The Finance Committee of the Board shall:

(a) Review, recommend, evaluate and monitor the fiscal policies and financial performance of Mercy Circle.

(b) Review and recommend to the Board the following items: annual operating and capital budgets, annual financial audit report, selection of investment firms, and selection of an auditing firm.

(c) Identify the long-range and short-term financial requirements of Mercy Circle and monitor progress of approved plans and goals as outlined in the Strategic Long Range Plan for report to the Board.

(e) Perform other duties as appropriate for the Finance Committee.

Section 5.6 Planning Committee. The Program and Services Committee shall:

(a) Review and recommend changes in the mission, vision and value statements of Mercy Circle.

(b) Recommend for Board approval a strategic plan that includes a vision, strategic direction and major strategies to achieve Mercy Circle's mission.

(c) Monitor and assess management's reports concerning existing programs and services.

(d) Monitor implementation of the approved strategic plan and recommend corrective action as necessary to assure alignment of vision and strategies.

(e) Review and recommend proposals related to affiliations, joint ventures or other types of partnerships between/among Mercy Circle and other similar institutions.

(f) Review and recommend proposals related to the dissolution, merger or closure of Mercy Circle.

(g) Assign components of the plan to the relevant Board committees and these committees shall report their progress to the Board.

(h) Perform other duties as appropriate for the Program and Services Committee.

Section 5.8 Appointment to Board Committees other than the Executive Committee. The President, in consultation with other Board members, shall appoint committee members. Such Committee membership shall begin with the Board's first meeting in its new fiscal year.

The President shall appoint one (1) member of each committee of the Board as committee chairperson. The President is an ex-officio, voting member of each Committee and may attend meetings. The Executive Director is an ex-officio, non-voting member of each committee and may attend meetings.

The President may fill vacancies in the membership of any committee. No action of any committee, other than emergent action of the Executive Committee, when time is of the essence, shall be binding until ratified by the Board of Directors.

Section 5.9 Special Committees and Task Forces. The President may appoint special committees and task forces from time to time as warranted. Each such committee shall have a description of its function and a recommended completion date. Special committees and task forces shall stand discharged upon completion of their functions. Such committees shall report to the Board on a regular basis, as determined by the Board.

Section 5.10 Quorum. Unless otherwise provided in the resolution of the Board appointing a committee, a majority of the voting members of that committee shall constitute a quorum and the act of a simple majority of the voting members present at a meeting at which a quorum is present shall be the act of the committee.

ARTICLE VI FISCAL MATTERS

Section 6.1 Fiscal Year. The fiscal year of Mercy Circle shall commence on July 1 of each year and end on June 30 of each year.

Section 6.2 Contracts. The Board of Directors in accordance with these Bylaws may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of Mercy Circle.

Section 6.3 Loans. No loans shall be contracted on behalf of Mercy Circle and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors and consistent with Section 2.2. No loan shall be granted to any officer or director of Mercy Circle.

Section 6.4 Checks and Drafts. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness shall be issues in the name of Mercy Circle or to Mercy Circle, shall be signed or endorsed by such officer or officers, agent or agents of Mercy Circle and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 6.5 Deposits. All funds of Mercy Circle, not otherwise employed, shall be deposited from time to time to the credit of Mercy Circle in such banks, trust companies or depositories as the President may select.

Section 6.6 Gifts. The Board of Directors or officers may accept on behalf of Mercy Circle any contribution, gift, bequest or devise for the general purpose or for any special purpose of Mercy Circle.

Section 6.7 Corporate Seal. The Board shall adopt a corporate seal that shall be in the form of a circle and shall state thereon the name of Mercy Circle and the words "Corporate Seal, Illinois."

ARTICLE VII

CONFLICT OF INTEREST

Section 7.1 Conflict of Interest

(a) **General Policy.** No Director, no Officer of the Corporation and no employee of the Corporation, whether full-time or part-time, shall use his/her position with the Corporation to secure for himself/herself, his/her family, his/her close relatives, his/her business and professional associates, any material financial benefit of a direct or indirect nature that is in addition to his/her stated and agreed upon compensation, if any, for the position he/she occupies.

(b) **Disclosure of Personal Interests.** Any Director or Officer who has (or who has an immediate family member who has) an interest in a contract or other transaction presented to the Board or a committee for authorization, approval, or ratification shall make a prompt and full disclosure of his or her interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the Corporation's interest.

For the purposes of this Section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she (or an immediate member of the person's family) is the party (or one of the parties) contracting or dealing with the Corporation, or is a director, trustee or officer of, or has a significant financial or influential interest in, the entity contracting or dealing with the Corporation.

(c) **Conflict and Personal Interest Disclosure.** Every Director and Officer

shall be required, as a condition of the office, to fully disclose at least annually all personal and professional interests that do or might result in a conflict of interest as defined in this Section 3.16, in a manner and form to be prescribed by the Board of Directors.

ARTICLE VIII INDEMNIFICATION

Section 8.1 Standard. Mercy Circle shall indemnify to the fullest extent permitted by law any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director or Officer of Mercy Circle, against expenses (including attorney's fee), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding if the person acted in good faith and (a) the person reasonably believed: (i) in the case of conduct in such person's official capacity with Mercy Circle, that his/her conduct was in Mercy Circle's best interests; and (ii) in all other cases, that his/her conduct was at least not opposed to Mercy Circle's best interests; and (b) with respect to any criminal action or proceeding, the individual had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not meet the standard of conduct described in this Section.

Section 8.2 Indemnification Determination. Any indemnification (unless ordered by a court) shall be made by Mercy Circle only as authorized in the specific case upon a determination that indemnification is proper in the circumstances because the person has met the applicable standard of conduct. Such determination may be made by (i) the Board by a majority vote or a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, independent legal counsel in a written opinion; or (iii) by the Corporate member (provided that such determination may be made by the Corporate Member only by the vote of a disinterested majority, consisting of persons who are not parties to the applicable action, suit or other proceeding, and are not subject to the control of any Directors or Officers who are parties to such proceeding).

Section 8.3 Advancement of Expenses. The Board may authorize that expenses incurred by a Director or Officer (or former Director or Officer) in defending a civil or criminal action, suit or other proceeding may be paid by Mercy Circle in advance of the final disposition of such proceeding, upon receipt of: (a) the Director's or Officer's written affirmation of his or her good faith belief that s/he met the applicable standard of conduct required for indemnification under applicable law; and (b) the Director's or Officer's written undertaking to repay any advance if it is ultimately determined that s/he did not meet the standard of conduct required under applicable law.

Section 8.4 Director and Officer Liability Insurance. Subject to the limits established by the Corporate Member, Mercy Circle shall purchase and maintain a Director and

Officer Liability Policy insuring Mercy Circle and its individual Directors and Officers against the costs of defending a claim or paying a settlement or decision.

Section 8.5 No Limitation of Rights. The right of a Director or Officer to indemnification by Mercy Circle shall be in addition to, and not exclusive of, all other rights to indemnification to which he/she otherwise may be entitled, including any rights to indemnification under the terms of the Director and Officer Liability Policy.

**ARTICLE IX
AMENDMENTS**

These Bylaws may be amended by the Board of Directors at any annual, regular or special meeting, provided the complete text of the proposed amendment was published in the notice calling the meeting, which notice may be sent by mail, fax, e-mail or other reasonable commercial means to the Board members. A specific bylaw may also be overridden, although not amended, on a temporary basis (not to exceed one (1) year) by a two-thirds affirmative vote of the Board members present and voting at any annual, regular or special meeting, provided the complete text of the proposed override was published in the notice calling the meeting, and provided such override is made only under extraordinary circumstances. Any such amendment or override becomes effective only upon approval by the Corporate Member.

**ARTICLE X
WAIVER OF NOTICE**

Whenever any notice required to be given under the provisions of the General-Not-For-Profit Corporation Act of Illinois or under the provisions of the Articles of Incorporation or the Bylaws of Mercy Circle, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**ARTICLE XI
SEVERABILITY**

The invalidity of any clause, provision, section or Article of these Bylaws shall not affect the validity or enforce ability of the remaining clauses, provisions or Articles.

Initially Adopted:

May 30, 2008

///

Religious Orders interested in Mercy Circle

Marist Brothers – 185 members in the USA
Br. Vito Aresto, FMS
10111 S. Leavitt, Chicago IL

Christian Brothers – 102 members
Br. Michale Lucas
5120 S. Kimbark Ave Chicago IL

Midwest Augustinian Province – 85 members
Rev. Joseph McCormick, OSA, Pastor
24832 US - 12 East, Edwardsburg MI

Sisters of Providence of St. Mary-of-the-Woods, Indiana
Sister Denise Wilkinson,

Franciscan Sisters of Chicago – 55 members
Lemont, IL

Dr. Carol Fowler, PRMAA – 1 member
4951 Harison Street, Hillside, IL 60162

Father Charles Gallagher – 1 member
10044 S. Central Park Ave

Father Joe Spitz - 1 member
9131 Sacramento, Evergreen Park IL

Pastor David and Adeienne Vidler – 2 members
303 South Clay St, Mt. Carroll, IL

Intercommunity Retirement Network for Religious and Clergy

Sisters of St. Casimir – 90 members
Claretian Missionaries – 44 members
Congregation of St. Joseph – 80 members
Congregation of the Passion – 65 members
Edmund Rice Christian Brothers North America
Holy Spirit Missionary Sisters – 87 members
Institute of the Blessed Virgin Mary – 79 members
Little Company of Mary Sisters – 22 members
Order Friar Servants of Mary – 91 members
Religious of the Cenacle – 119 members
School Sisters of Notre Dame Atlantic Midwest Province – 612 members
School Sisters of St. Francis – 654 members
Sisters of Charity of the Blessed Virgin Mary – 547 members
Sisters of Christian Charity – 62 members

Religious Orders interested in Mercy Circle

Sisters of St. Francis, Joliet – 209 members
Sisters of St. Francis, Wheaton – 81 members
Sisters of St. Joseph, Third Order of St. Francis – 314 members
Sisters of the Holy Family Nazareth – 365 members
Sisters of the Living Word – 69 members
Sisters of the Resurrection – 46 members

*Source: Official Catholic Directory of Religious Orders 2008 and the Sister Jean Okroi,
Executive Director of the Intercommunity Retirement Network, current as of April 2010*



STATE OF ILLINOIS
EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SPRINGFIELD 62706

PAT QUINN
GOVERNOR

December 14, 2010

Re: Illinois Finance Authority
\$30,000,000 (not to exceed) Revenue Bonds
Mercy Circle, (the "Borrower")
IFA NO.: H-SL-TE-CD-8425

Dear Mr. Meister:

In accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, the Illinois Finance Authority (the "Authority") held a public hearing before the Executive Director of the Authority, or his designee, regarding the proposed issuance by the Authority of revenue bonds as hereinafter described (the "Bonds"). The proceeds of the Bonds will be loaned to Mercy Circle, an Illinois not for profit corporation (the "Corporation"). The Bonds will be issued in an aggregate principal amount not to exceed \$30,000,000 and the proceeds thereof will be used, together with other available funds, to: (i) pay or reimburse the costs of (a) the acquisition, construction, installation and equipping of a continuing care retirement community, including related administrative facilities, containing approximately 172,039 square feet, consisting of approximately 54 independent living units, 44 assisted living units, 24 memory care units and 24 skilled nursing beds, (b) all necessary furniture, fixtures and equipment required of and necessary for such facilities, and (c) approximately 108 adjacent parking spaces, all to be located at the addresses listed below in Chicago, Illinois (collectively, the "Project"); (ii) pay capitalized interest on the Bonds during the period of construction of the Project; and (iii) to pay costs of issuance incurred in connection with the issuance of the Bonds. The Project will be operated by the Corporation and/or a related tax-exempt affiliate.

The facilities financed or refinanced with the proceeds of the Bonds, including the Project, are located or will be located on approximately six (6) acres of real property located at or near 3659 West 99th Street, Chicago, Illinois 60655-3132, 10000 South Central Park Avenue, Chicago, Illinois 60655-3132 and 10024 South Central Park Avenue, Chicago, Illinois 60655-3132.

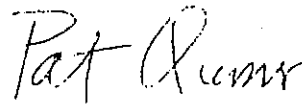
In support of this request, I have been presented with copies of (1) the minutes of the public hearing held on December 10, 2010 regarding the proposed issuance of the Bonds, and (2) the publishers' affidavits evidencing publication of the notice of such public hearing.

In addition, the Authority has represented to me that it will comply with all legal requirements in connection with the issuance of the Bonds. You have advised me that the Bonds will be payable solely from the revenues pledged under a trust indenture or similar document and that the Bonds do not constitute an indebtedness, liability, general or moral obligation, or a pledge or loan of credit, of the Authority, the State of Illinois or any political subdivision of the State of Illinois within the meaning of any constitutional or statutory provision.

You have also advised me that the Authority duly adopted a final resolution relating to the Bonds at a regularly scheduled meeting of its Members held on December 14, 2010.

No representative of the Governor's Office has undertaken to independently verify any information provided to me in connection with the Authority's request for approval. Based upon the information and representations noted above, I hereby approve, for the purposes of Section 147(f) of the Internal Revenue Code of 1986 only, the issuance of the Bonds in an aggregate principal amount not to exceed \$30,000,000, the proceeds of which will be loaned to the Borrower for the purposes set forth above. The initial owner, operator or manager of the projects being financed or refinanced with the proceeds of the Bonds and the locations thereof are or will be as set forth above.

Sincerely,



Pat Quinn
Governor

West Midwest FIDES, Inc.
(a nonprofit corporation)

Financial Report
June 30, 2009

plante
m
moran

West Midwest FIDES, Inc.
(a nonprofit corporation)

Financial Report
June 30, 2009

West Midwest FIDES, Inc.

Contents

| | |
|---|-----|
| Report Letter | 1 |
| Financial Statements | |
| Balance Sheet | 2 |
| Statement of Activities and Changes in Net Assets | 3 |
| Statement of Cash Flows | 4 |
| Notes to Financial Statements | 5-8 |



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Directors
West Midwest FIDES, Inc.

We have audited the accompanying balance sheet of West Midwest FIDES, Inc. (FIDES) as of June 30, 2009 and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of FIDES's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Midwest FIDES, Inc. at June 30, 2009 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

January 15, 2010

West Midwest FIDES, Inc.

Balance Sheet June 30, 2009

| Assets | |
|---|-----------------------|
| Cash and cash equivalents | \$ 435,445 |
| Receivables (Note 1) | 15,199,585 |
| Investments (Note 2) | <u>119,721,529</u> |
| Total assets | <u>\$ 135,356,559</u> |
| Liabilities and Net Assets | |
| Liabilities - Due to Sisters of Mercy of the Americas West Midwest Community, Inc. (Note 4) | \$ 12,000,000 |
| Net Assets - Unrestricted net assets | <u>123,356,559</u> |
| Total liabilities and net assets | <u>\$ 135,356,559</u> |

West Midwest FIDES, Inc.

Statement of Activities and Changes in Net Assets Year Ended June 30, 2009

| | |
|--|-----------------------|
| Revenue and Support | |
| Net realized and unrealized losses on investments | \$ (23,379,661) |
| Investment Income | <u>4,381,483</u> |
| Total revenue and support - Net | (18,998,178) |
| Expenses | |
| Program services: | |
| Benefits paid | 444,977 |
| Contributions to Sisters of Mercy of the Americas West Midwest Community, Inc. (Note 4) | 16,320,000 |
| Support services - Investment management | <u>596,797</u> |
| Total expenses | <u>17,361,774</u> |
| Loss from Operating Activities | (36,359,952) |
| Transfers in (Note 1) | <u>68,716,162</u> |
| Increase in Net Assets | 32,356,210 |
| Net Assets - Beginning of year | <u>91,000,349</u> |
| Net Assets - End of year | <u>\$ 123,356,559</u> |

West Midwest FIDES, Inc.

Statement of Cash Flows Year Ended June 30, 2009

| | |
|--|-------------------|
| Cash Flows from Operating Activities | |
| Decrease in net assets | \$ (36,359,952) |
| Adjustments to reconcile decrease in net assets to net cash from operating activities: | |
| Realized and unrealized loss on investments | 23,379,661 |
| Changes in operating assets and liabilities which (used) provided cash: | |
| Receivables | (122,101) |
| Contribution payable | <u>12,000,000</u> |
| Net cash used in operating activities | (1,102,392) |
| Cash Flows from Investing Activities | |
| Purchases of investments | (38,528,639) |
| Proceeds from sales and maturities of investments | <u>39,935,076</u> |
| Net cash provided by investing activities | <u>1,406,437</u> |
| Net Increase in Cash and Cash Equivalents | 304,045 |
| Cash and Cash Equivalents - Beginning of year | <u>131,400</u> |
| Cash and Cash Equivalents - End of year | <u>\$ 435,445</u> |

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2009

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Activities - West Midwest FIDES, Inc. (FIDES) was established during the fiscal year ended June 30, 2008. Contributions were made into FIDES by the former Sisters of Mercy regional communities of Auburn and Burlingame and the McAuley Ministry Fund of the former regional community of Omaha during that year. During the year ended June 30, 2009, the net assets from the retirement trusts of the former Sisters of Mercy regional communities of Cedar Rapids and Chicago were transferred into FIDES. It is anticipated that the net assets of the retirement trusts from the former Sisters of Mercy regional communities of Detroit and Omaha will be transferred to FIDES upon approval from each state's attorney general. Management expects funding for FIDES will come primarily from investment earnings and contributions. The purpose of FIDES is to provide for the infirm, disabled, and elderly members of Sisters of Mercy of the Americas West Midwest Community Inc. or the Sisters of Mercy of the Americas (the "Institute").

Significant accounting policies are as follows:

Cash Equivalents - FIDES considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Receivables - Receivables are comprised of a contribution receivable from McAuley Ministry Fund, a related party, of \$15 million representing a contribution commitment to FIDES made in June 2008, and accrued interest on investments. All receivables are due within one year. Management believes that all receivables are fully collectible and, therefore, has not established an allowance for uncollectible receivables.

Investments - Investments in marketable securities and alternative investments are recorded at fair value. The fair values of money market funds, certificates of deposit, fixed income securities, and equity securities are based on quoted market prices and other observable inputs where applicable. Where necessary, the fair value of alternative investments has been estimated in the absence of readily ascertainable market values. Alternative investments include commingled funds and investments in real estate investment trusts. The fair value of alternative investments is based on quoted market prices of the underlying investments. Donated investments are recognized initially at the fair market value at the date of donation.

Risks and Uncertainties - FIDES invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Federal Income Taxes - FIDES is exempt from income taxes as provided for under Internal Revenue Code Section 501(c)(3).

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2009

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up to and including January 15, 2010, which is the date the financial statements were available to be issued.

Fair Value Disclosures - The estimated fair value amounts have been determined by FIDES using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts FIDES could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a significant effect on the estimated fair value amounts. For cash equivalents and receivables, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments. All investment securities are carried at fair value in the financial statements.

Note 2 - Investments

The following investments are recorded at fair market value at June 30, 2009:

| | |
|---|-----------------------|
| Money markets and certificates of deposit | \$ 3,881,904 |
| Fixed income | 56,200,011 |
| Equities | 47,716,922 |
| Alternative investments | <u>11,922,692</u> |
| Total | <u>\$ 119,721,529</u> |

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2009

Note 3 - Fair Value Measurements

As of July 1, 2008, FIDES adopted Statement of Financial Accounting Standards No. 157 (SFAS 157), *Fair Value Measurements*. SFAS 157 clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures for fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS 157 are effective prospectively for periods beginning July 1, 2008 for financial assets and liabilities and for periods beginning July 1, 2009 for nonfinancial assets and liabilities as a result of the deferral of the effective date of SFAS 157 provided by FSP FAS 157-2. The implementation of the provisions of SFAS 157 for financial assets and liabilities as of July 1, 2008 did not have a material impact on FIDES's financial statements.

The following tables present information about FIDES's assets measured at fair value on a recurring basis at June 30, 2009 and the valuation techniques used by FIDES to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that FIDES has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. FIDES's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2009

| | Quoted Prices in Active Markots for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2009 |
|-------------------------|--|---|--|-----------------------------|
| Assets | | | | |
| Money markets | \$ 3,871,736 | \$ - | \$ - | \$ 3,871,736 |
| Fixed income | - | 56,200,011 | - | 56,200,011 |
| Equities | 42,066,093 | 5,650,829 | - | 47,716,922 |
| Alternative investments | - | 9,207,885 | 2,714,807 | 11,922,692 |

West Midwest FIDES, Inc.

**Notes to Financial Statements
June 30, 2009**

Note 3 - Fair Value Measurements (Continued)

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis

| | <u>Alternative Investments</u> |
|---|------------------------------------|
| Balance at June 30, 2008 | \$ 4,500,000 |
| Total realized and unrealized losses included in income | <u>(1,785,193)</u> |
| Balance at June 30, 2009 | <u>\$ 2,714,807</u> |

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs. Investment securities categorized as Level 3 assets include investments in a real estate investment trust.

Note 4 - Related Party

During the year, FIDES committed to contribute \$16,320,000 to Sisters of Mercy of the Americas West Midwest Community, Inc. for sisters' care. At June 30, 2009, \$12,000,000 was outstanding related to the commitment.



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Directors
West Midwest FIDES, Inc.

We have audited the accompanying balance sheet of West Midwest FIDES, Inc. (FIDES) as of June 30, 2010 and 2009 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of FIDES's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Midwest FIDES, Inc. at June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

November 29, 2010

West Midwest FIDES, Inc.
(a nonprofit corporation)

Financial Report
June 30, 2010

plante
m
moran

West Midwest FIDES, Inc.
(a nonprofit corporation)

Financial Report
June 30, 2010

West Midwest FIDES, Inc.

Contents

| | |
|---|-----|
| Report Letter | 1 |
| Financial Statements | |
| Balance Sheet | 2 |
| Statement of Activities and Changes in Net Assets | 3 |
| Statement of Cash Flows | 4 |
| Notes to Financial Statements | 5-9 |

West Midwest FIDES, Inc.

Balance Sheet

| | <u>June 30, 2010</u> | <u>June 30, 2009</u> |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 178,924 | \$ 435,445 |
| Receivables (Note 1) | - | 15,199,585 |
| Investments (Note 2) | <u>189,778,104</u> | <u>119,721,529</u> |
| Total assets | <u>\$ 189,957,028</u> | <u>\$ 135,356,559</u> |
| Liabilities and Net Assets | | |
| Liabilities - Due to Sisters of Mercy of the Americas West Midwest Community, Inc. (Note 4) | \$ 3,817,719 | \$ 12,000,000 |
| Net Assets - Unrestricted net assets | <u>186,139,309</u> | <u>123,356,559</u> |
| Total liabilities and net assets | <u>\$ 189,957,028</u> | <u>\$ 135,356,559</u> |

West Midwest FIDES, Inc.

Statement of Activities and Changes in Net Assets

| | Year Ended | |
|--|-----------------------|-----------------------|
| | June 30, 2010 | June 30, 2009 |
| Revenue and Support | | |
| Net realized and unrealized gains (losses) on investments | \$ 13,641,743 | \$ (23,379,661) |
| Investment Income | 5,564,111 | 4,381,483 |
| Miscellaneous income | 29,749 | - |
| Total revenue and support - Net | 19,235,603 | (18,998,178) |
| Expenses | | |
| Program services: | | |
| Benefits paid | - | 444,977 |
| Contributions to Sisters of Mercy of the Americas West Midwest Community, Inc. (Note 4) | - | 16,320,000 |
| Support services - Investment management | 1,046,210 | 596,797 |
| Total expenses | 1,046,210 | 17,361,774 |
| Gain (Loss) from Operating Activities | 18,189,393 | (36,359,952) |
| Contributions from Trusts (Note 1) | 44,593,357 | 68,716,162 |
| Increase in Net Assets | 62,782,750 | 32,356,210 |
| Net Assets - Beginning of year | 123,356,559 | 91,000,349 |
| Net Assets - End of year | \$ 186,139,309 | \$ 123,356,559 |

West Midwest FIDES, Inc.

Statement of Cash Flows

| | Year Ended | |
|---|-------------------|-------------------|
| | June 30, 2010 | June 30, 2009 |
| Cash Flows from Operating Activities | | |
| Increase in net assets | \$ 62,782,750 | \$ 32,356,210 |
| Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities: | | |
| Contribution of investment securities | (44,593,357) | (68,716,162) |
| Realized and unrealized (gain) loss on investments | (13,641,743) | 23,379,661 |
| Changes in operating assets and liabilities which provided (used) cash and cash equivalents: | | |
| Receivables | 15,199,585 | (122,101) |
| Contribution payable | (8,182,281) | 12,000,000 |
| Net cash and cash equivalents provided by (used in) operating activities | 11,564,954 | (1,102,392) |
| Cash Flows from Investing Activities | | |
| Purchases of investments | (205,215,222) | (38,528,639) |
| Proceeds from sales and maturities of investments | 193,393,747 | 39,935,076 |
| Net cash and cash equivalents (used in) provided by investing activities | (11,821,475) | 1,406,437 |
| Net (Decrease) Increase in Cash and Cash Equivalents | (256,521) | 304,045 |
| Cash and Cash Equivalents - Beginning of year | 435,445 | 131,400 |
| Cash and Cash Equivalents - End of year | <u>\$ 178,924</u> | <u>\$ 435,445</u> |

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2010 and 2009

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Activities - West Midwest FIDES, Inc. (FIDES) was established during the fiscal year ended June 30, 2008. Contributions were made into FIDES by the former Sisters of Mercy regional communities of Auburn and Burlingame and the McAuley Ministry Fund of the former regional community of Omaha during that year. During the year ended June 30, 2009, the net assets from the retirement trusts of the former Sisters of Mercy regional communities of Cedar Rapids and Chicago were contributed to FIDES. During the year ended June 30, 2010, the net assets from the retirement trust of the former Sisters of Mercy regional community of Detroit were contributed to FIDES after approval was received from the state's attorney general. Management expects funding for FIDES will come primarily from investment earnings and contributions. The purpose of FIDES is to provide for the infirm, disabled, and elderly members of Sisters of Mercy of the Americas West Midwest Community Inc. or the Sisters of Mercy of the Americas (the "Institute").

Significant accounting policies are as follows:

Cash Equivalents - FIDES considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Receivables - In 2009, receivables were comprised of a contribution receivable from McAuley Ministry Fund, a related party, for \$15,000,000 representing a contribution commitment to FIDES made in June 2008 along with accrued earnings on investments. All amounts outstanding at June 30, 2009 were collected in the current year. There are no outstanding receivables at June 30, 2010 and therefore no allowance for uncollectible receivables has been established.

Investments - Investments in marketable securities and alternative investments are recorded at fair value. The fair values of money market funds, certificates of deposit, fixed-income securities, and equity securities are based on quoted market prices and other observable inputs where applicable. Where necessary, the fair value of alternative investments has been estimated in the absence of readily ascertainable market values. Alternative investments include commingled funds and investments in real estate investment trusts. The fair value of alternative investments is based on quoted market prices of the underlying investments. Donated investments are recognized initially at the fair market value at the date of donation.

FIDES participates in Mercy Investment Services, Inc. (MIS) in addition to its own investment program. MIS was established to provide short-term and long-term investment options. MIS holds funds for the collective investment and professional management of its investments. MIS is separately incorporated and has an independent board and financial statement audit. MIS investments are grouped in various investment pools. Pools consist primarily of debt and equity securities established to align with the participants' investment strategies. The participant investments are recognized as unit shares based on their proportion of the fund.

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2010 and 2009

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Participants are provided the fair value of their investment in MIS based on the net asset value (NAV) per share of their investment. The NAV is an estimate that is based on information provided by the fund managers in the absence of readily determinable market values for the unit share. The NAV is calculated using the fair values of the underlying investments within the fund. These investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. At June 30, 2010, the investments at MIS are valued at approximately \$183.8 million (98.8 percent of net assets).

The earnings of MIS, including all realized and unrealized gains and losses, are allocated monthly on a pro rata basis according to the amount and asset allocation that each participant has invested. Investment income is recognized as income when earned, with realized and unrealized gains and losses included in the statement of activities and changes in net assets.

Risks and Uncertainties - FIDES invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Federal Income Taxes - FIDES is exempt from income taxes as provided for under Internal Revenue Code Section 501(c)(3).

Reclassification - Certain reclassifications were made to amounts in the 2009 financial statements to conform to the classifications used in 2010.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up to and including November 29, 2010, which is the date the financial statements were available to be issued.

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2010 and 2009

Note 2 - Investments

The following investments are recorded at fair market value at June 30:

| | <u>2010</u> | <u>2009</u> |
|---|-----------------------|-----------------------|
| Money markets and certificates of deposit | \$ 235,667 | \$ 3,881,904 |
| Corporate bonds | 2,256,747 | 40,998,117 |
| Government securities | 3,474,483 | 15,201,894 |
| Equities | - | 47,716,922 |
| Alternative investments | - | 11,922,692 |
| Mercy Investment Services | <u>183,811,207</u> | <u>-</u> |
| Total | <u>\$ 189,778,104</u> | <u>\$ 119,721,529</u> |

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about FIDES's assets and liabilities measured at fair value on a recurring basis at June 30, 2010 and 2009, and the valuation techniques used by FIDES to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that FIDES has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. FIDES's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

During the current year, FIDES adopted, on a prospective basis, new accounting standards which require disclosure of fair value by class of investments.

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2010 and 2009

Note 3 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2010

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2010 |
|------------------------------|--|---|--|-----------------------------|
| Investments: | | | | |
| Debt securities - Government | \$ - | \$ 3,474,483 | \$ - | \$ 3,474,483 |
| Debt securities - Corporate | - | 2,256,747 | - | 2,256,747 |
| Money markets | 235,667 | - | - | 235,667 |
| Mercy Investment Services | - | 183,811,207 | - | 183,811,207 |
| Total assets | \$ 235,667 | \$ 189,542,437 | \$ - | \$ 189,778,104 |

Assets Measured at Fair Value on a Recurring Basis at June 30, 2009

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2009 |
|------------------------------|--|---|--|-----------------------------|
| Investments: | | | | |
| Money markets | \$ 3,871,736 | \$ - | \$ - | \$ 3,871,736 |
| Debt Securities - Government | - | 15,201,894 | - | 15,201,894 |
| Debt Securities - Corporate | - | 40,998,117 | - | 40,998,117 |
| Equities | 42,066,093 | 5,650,829 | - | 47,716,922 |
| Alternative Investments | - | 9,207,885 | 2,714,807 | 11,922,692 |
| Other depository accounts | - | - | - | 10,168 |
| Total assets | \$ 45,937,829 | \$ 71,058,725 | \$ 2,714,807 | \$ 119,721,529 |

The fair value of investments in government debt securities and corporate debt securities at June 30, 2010 was determined primarily based on Level 2 inputs. FIDES estimates the fair value of these investments based on quoted market prices and other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures.

The fair value of investments in Mercy Investments Services, Inc. Mercy Funds at June 30, 2010 was determined primarily based on Level 2 inputs. FIDES estimates the fair value of these investments using the net asset value per share.

West Midwest FIDES, Inc.

Notes to Financial Statements June 30, 2010 and 2009

Note 3 - Fair Value Measurements (Continued)

Investments in Entities that Calculate Net Asset Value per Share

FIDES holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments Held at June 30, 2010

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency, if Eligible</u> | <u>Redemption Notice Period</u> |
|---------------------------------|-------------------|---------------------------------|--|-------------------------------------|
| Mercy Investment Services, Inc. | | | | |
| Mercy Funds | \$ 183,811,207 | \$ - | Daily up to \$500,000 | Daily up to \$500,000 |

Mercy Investment Services Inc. Mercy Fund's 60/40 Fund invests in approximately 60 percent equities and 40 percent fixed-income securities. The investment vehicles are designed to meet performance objectives, while remaining in line with socially responsible guidelines as well as the risk constraints identified by the participants. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 4 - Related Party

During 2009, FIDES committed to contribute \$16,320,000 to Sisters of Mercy of the Americas West Midwest Community, Inc. for sisters' care. At June 30, 2010, \$3,817,719 was outstanding related to the commitment. No additional commitments have been made.

Note 5 - Subsequent Event

Mercy Circle is a ministry of the Sisters of Mercy of the Americas West Midwest Community, Inc. that is an Illinois not-for-profit corporation established for the purpose of developing and constructing a continuing care retirement community. Subsequent to year end, the board of directors authorized FIDES to provide financial support to Mercy Circle in an amount not to exceed \$20,000,000 and to guarantee the repayment of a bank loan on behalf of Mercy Circle in the amount of \$27,000,000.

Criterion 1120.210(a) – Financial Viability

Variances

Mercy Circle is a continuing care retirement community. The size of the nursing home unit is smaller than most stand alone nursing homes since it is being built to accommodate a defined population as well as internal transfers of seniors within the retirement community. Because of the smaller size of the unit, its ability to meet the state financial ratios is limited. As a standalone nursing facility, the project meets all of the benchmarks with the exception of two: Net Margin Percentage and Debt Service Coverage. However, when looking at the financial viability of the entire continuing care retirement community project, the total project meets the state ratio for Debt Service Coverage and is only .2 percent below the state ratio for Net Margin Percentage. According to the *Financial Ratios & Trend Analysis of CARF-CCAC Accredited Organizations* for 2009, the 50th quartile for CCRC's nationally resulted in an industry average of 1.97% for the Total Excess Margin Ratio which is well below the state requirement of 2.5%. The publication includes 32 multi-site CCRCs as well as 172 single-site CCRCs in the study.

Additional factors impact the cost of Mercy Circle relate to extraordinary costs (above those normally encountered with a project of this nature) that are attributable to its unique location within the City of Chicago and Mercy Circle's particular site, including:

1. The existing sanitary sewer is not large enough to accommodate the increased number of users, requiring a new sanitary run to the intersection of Pulaski and 99th street (west of Mercy Circle), a distance of 1,780 feet. This sewer has to meet the City of Chicago requirements for a city sewer main, as it will be run within the city's right-of-way.
2. As a condition for zoning approval, the project must be LEED (Leadership in Energy and Environmental Design) certified. The contractor and architect have estimated that this has added 6%+ to the cost of construction. The contractor's experience with LEED certified facilities at the adjacent St. Xavier University, and general feedback from the USGBC (United States Green Building Council), the organization that oversees LEED, estimates that LEED certification adds between 2-25% to the construction cost versus a non-LEED certified structure.
3. Also as a condition of zoning approval, the exterior of the facility must be 100% masonry, with a mixture of masonry products (brick and cast concrete facing) and specific masonry banding.
4. The City of Chicago Zoning Department is requiring that approximately 45% of the site perimeter be enclosed with decorative permanent fencing, and intensive streetscape landscaping.

5. The City of Chicago Fire Department is requiring a 30.0' wide street ringing the east and south sides of the property in order to serve as emergency access. This internal street must also have a fire main with hydrants.
6. The City of Chicago building code requires that the Independent and Assisted Living areas of the facility be constructed of fire resistive assemblies that are an equal to those normally associated with nursing care environments.
7. Mercy Circle is part of a Planned Unit Development with several occupants on site. The facility is an addition to an existing convent and high school that must remain in operation during the construction period. As a result, the project is subject to unusual phasing to maintain existing systems, utilities, and emergency egress and access.
8. The project requires a significant amount of existing building and site demolition in order to prepare for the new construction.
9. The proposed cost of construction, including Architectural and Engineering Fees, of Mercy Circle is below the 'Medium' Classification cost guidelines as determined by RSMeans for a similar project in the City of Chicago (refer to RSMeans attachment):

| | |
|---------------------------|-------------|
| • Mercy Circle Total: | \$4,255,667 |
| • RSMeans 'Medium' Total: | \$4,367,500 |
| • RSMeans 'High' Total: | \$5,459,375 |

Factoring in the results of the June 30, 2010, audited financials for West Midwest FIDES, Inc., all of the financial ratios are met.

The Co-Applicant was established during fiscal year end June 30, 2008. The Financial Viability Ratios for fiscal years ending June 30, 2009 and June 30, 2010 are provided.

Mercy Circle Project
CON Application
Viability Ratios (pg 51)

| | Mercy Circle | | West Midwest FIDES, Inc, FY 2009 Audit | West Midwest FIDES, Inc. FY 2010 Audit | Benchmark | |
|--|---------------------|--------------------------|---|---|----------------|------------|
| | Clinical FY 2014 | Total Project FY 2014 | | | | |
| Current Ratio | | | | | | |
| Current Assets | 672,338 | 4,523,000 | 135,356,559 | 189,957,028 | | |
| Divided by: Current Liabilities | 251,993 | 1,752,000 | 12,000,000 | 3,817,719 | | |
| Current Ratio | 2.67 | 2.58 | 11.28 | 49.76 | 1.50 | met |
| | | | | | or more | |
| Net Margin Percentage | | | | | | |
| Revenue in Excess of Expenses | (837,600) | (1,070,334) | (36,359,952) | 18,189,393 | | |
| Divided by: Net Revenue | 2,578,608 | 9,281,941 | (18,998,178) | 19,235,603 | | |
| Net Margin Percentage | -32.5% | -11.5% | -1.91 | 94.6% | 2.5% | met |
| | | | | | or more | |
| Percent Debt to Total Capitalization | | | | | | |
| Long-Term Debt | 6,460,042 | 46,020,000 | 0 | 0 | | |
| Long-Term Debt | 6,460,042 | 46,020,000 | - | 0 | | |
| Plus: Unrestricted Net Assets | 271,906 | 1,937,000 | 123,356,559 | 186,139,309 | | |
| TOTAL | 6,731,948 | 47,957,000 | 123,356,559 | 186,139,309 | | |
| Percent Debt to Total Capitalization | 96.0% | 96.0% | 0% | 0.0% | 80.0% | met |
| | | | | | or less | |
| Projected Debt Service Coverage | | | | | | |
| Revenues in Excess of Expenses | (837,600) | (1,070,334) | (36,359,952) | 18,189,393 | | |
| Plus: Depreciation / Amortization | 203,122 | 1,447,000 | 0 | 0 | | |
| Plus: Interest Expense - bank loan | 155,233 | 1,105,850 | 0 | 0 | | |
| Plus: Interest Expense - subordinated debt | 126,337 | 900,000 | 0 | 0 | | |
| Less: In-Kind Contribution - subordinated debt | 0 | 0 | 0 | 0 | | |
| Less: Entrance Fee Amortization Revenue | | (21,429) | 0 | 0 | | |
| TOTAL | (352,907) | 2,361,087 | (36,359,952) | 18,189,393 | | |
| Divided by: Annual Debt Service | 226,359 | 1,612,534 | - | - | | |
| Projected Debt Service Coverage | (1.56) | 1.46 | (See Below) | (See Below) | 1.50 | met |
| | | | | | or more | |
| Days Cash on Hand | | | | | | |
| Cash and Receivables | 547,770 | 3,685,000 | 15,635,030 | 178,924 | | |
| Investments | 0 | 0 | 119,721,529 | 189,778,104 | | |
| TOTAL | 547,770 | 3,685,000 | 135,356,559 | 189,957,028 | | |
| Less: Operating Expenses | 3,424,258 | 10,445,628 | 17,361,774 | 1,046,210 | | |
| Less: Depreciation Expense | (203,122) | (1,447,000) | - | 0 | | |
| SUB-TOTAL | 3,221,136 | 8,998,628 | 17,361,774 | 1,046,210 | | |
| Divided by: Days in Year | 365 | 365 | 365 | 365 | | |
| TOTAL | 8,825 | 24,654 | 47,567 | 2,866 | | |
| Days Cash on Hand | 62.07 | 149.47 | 2,845.63 | 66,271.89 | 45.00 | met |
| | | | | | or more | |
| Cushion Ratio | | | | | | |
| Cash | 547,770 | 3,685,000 | 15,635,030 | 178,924 | | |
| Investments | 0 | 0 | 119,721,529 | 189,778,104 | | |
| TOTAL | 547,770 | 3,685,000 | 135,356,559 | 189,957,028 | | |
| Divided by: Annual Debt Service | 226,359 | 1,612,534 | - | - | | |
| Cushion Ratio | 2.42 | 2.29 | (See Below) | (See Below) | 3.00 | met |
| | | | | | or more | |

Note: During 2009, West Midwest FIDES committed to contribute \$16,320,000 to the Sisters of Mercy of the Americas West Midwest Community, Inc. for sisters' care. At June 30, 2010, \$3,817,719 was outstanding related to the commitment. No additional commitments have been made.

Mercy Circle Project
 CON Application

REASONABLENESS OF PROJECT AND RELATED COSTS

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

| Department or Area | A | C | D | G | Total |
|-----------------------|-------------------------|--|------------|-----------------------|-----------------------|
| | Cost/Square Foot New | Gross Square Feet New | Circulat'n | Construction Costs | Construction Costs |
| Nursing | \$144.35 | 18,276 | 24% | \$2,638,135 | \$2,638,135 |
| Food Service | \$215.50 | 1,349 | | \$290,684 | \$290,684 |
| Dining/Living | \$205.50 | 2,272 | | \$466,896 | \$466,896 |
| All other Departments | \$134.42 | 1,406 | | \$188,995 | \$188,995 |
| Site Costs | | | | \$422,397 | \$422,397 |
| TOTAL | | 23,303 | | \$4,007,106 | \$4,007,106 |
| | | Less: Circulation @ 24%: | (5,592) | | |
| | | Essential Functional Skilled Nursing Square Footage: | 17,711 | | |
| | | Skilled Nursing Units: | 24 | | |
| | | Sq ft/SNF unit: | <u>738</u> | | |

Mercy Circle Project
CON Application
 Projected Operating Costs - Per Patient Day (pg. 53 - D)
 "Salaries / Employee Benefits / Supplies"
 FY 2014 - Stabilized Occupancy

| | 2014 | <u>Discounted to</u> <u>2010</u> | <u>Per Patient</u> <u>Day</u> |
|---|-----------------|-------------------------------------|----------------------------------|
| | <u>Clinical</u> | <u>Clinical</u> | <u>Clinical</u> |
| <u>Direct Costs:</u> | | | |
| Salaries | 1,504,685 | 1,343,468 | 167.31 |
| Employee Benefits | 326,065 | 291,130 | 36.26 |
| Supplies | 83,803 | 74,824 | 9.32 |
| Total - Salaries / Benefits / Supplies | 1,998,356 | 1,709,422 | 212.88 |

145

Mercy Circle Project
CON Application
Annual Capital Costs - First Year of Stabilization

Detail

FY 2014

| Expenses | Clinical | Per Patient Day |
|-------------------------------|----------------|-----------------|
| Interest - Bond | 155,233 | \$19.33 |
| Interest - Subordinated Debt | 126,337 | \$15.73 |
| Depreciation and Amortization | 203,122 | \$25.30 |
| TOTAL | 484,693 | \$60.36 |

Mercy Circle Project
 FON Application
 Charity Care (Pg 54)

| | FY 2012 Clinical | FY 2013 Clinical | FY 2014 Clinical |
|--|---------------------|---------------------|---------------------|
| Revenue (by payor mix): | | | |
| Private Pay | 437,210 | 1,537,100 | 1,663,896 |
| Medicare | 326,180 | 1,056,288 | 1,122,788 |
| Total Net Patient Revenue | 763,390 | 2,593,388 | 2,786,684 |
| Amount of Charity Care (charges) | 174,870 | 594,969 | 649,143 |
| Cost of Charity Care | 18,090 | 61,548 | 67,152 |
| Charity Care to Net Patient Rev Ratio | 2.37% | 2.37% | 2.41% |

Notes: FY 2012 is a partial occupancy year. Therefore, FY 2014 is the second full year of occupancy.
 Charity care amounts are estimates only during the start up years. The amounts are expected to increase over time.

147

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

| INDEX OF ATTACHMENTS | | |
|-----------------------------|--|--------------|
| ATTACHMENT NO. | | PAGES |
| 1 | Applicant/Co-applicant Identification including Certificate of Good Standing | 25-27 |
| 2 | Site Ownership | 28 |
| 3 | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | |
| 4 | Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc. | 29 |
| 5 | Flood Plain Requirements | 30 |
| 6 | Historic Preservation Act Requirements | 31 |
| 7 | Project and Sources of Funds Itemization | 32-33 |
| 8 | Obligation Document if required | 34 |
| 9 | Cost Space Requirements | |
| 10 | Discontinuation | |
| 11 | Background of the Applicant | 40-41 |
| 12 | Purpose of the Project | 42-46 |
| 13 | Alternatives to the Project | 47-50 |
| 14 | Size of the Project | 51-52 |
| 15 | Project Service Utilization | 53-59 |
| 16 | Unfinished or Shell Space | |
| 17 | Assurances for Unfinished/Shell Space | |
| 18 | Master Design Project | |
| 19 | Mergers, Consolidations and Acquisitions | |
| | Service Specific: | |
| 20 | Medical Surgical Pediatrics, Obstetrics, ICU | |
| 21 | Comprehensive Physical Rehabilitation | |
| 22 | Acute Mental Illness | |
| 23 | Neonatal Intensive Care | |
| 24 | Open Heart Surgery | |
| 25 | Cardiac Catheterization | |
| 26 | In-Center Hemodialysis | |
| 27 | Non-Hospital Based Ambulatory Surgery | |
| 28 | General Long Term Care | 60-113 |
| 29 | Specialized Long Term Care | |
| 30 | Selected Organ Transplantation | |
| 31 | Kidney Transplantation | |
| 32 | Subacute Care Hospital Model | |
| 33 | Post Surgical Recovery Care Center | |
| 34 | Children's Community-Based Health Care Center | |
| 35 | Community-Based Residential Rehabilitation Center | |
| 36 | Long Term Acute Care Hospital | |
| 37 | Clinical Service Areas Other than Categories of Service | |
| 38 | Freestanding Emergency Center Medical Services | |
| | Financial and Economic Feasibility: | |
| 39 | Availability of Funds | 114 |
| 40 | Financial Waiver | |
| 41 | Financial Viability | 116-141 |
| 42 | Economic Feasibility | 142-146 |
| 43 | Safety Net Impact Statement | |
| 44 | Charity Care Information | 147 |