

Transitional Care Management
1200 North Arlington Heights Road
Arlington Heights, Illinois 60004

RECEIVED

SEP 01 2015

HEALTH FACILITIES &
SERVICES REVIEW BOARD

August 30, 2015

Via FedEx
Via E-Mail

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

**Re: Notice of Project Completion & Final Realized Cost Report –
Transitional Center Care of Arlington Heights (Proj. No. 11-006)**

Dear Mr. Constantino:

On behalf of Transitional Care Center of Arlington Heights, LLC and Transitional Care Management (collectively, the "Permit Holders"), I am writing to notify the Illinois Health Facilities and Services Review Board (the "State Board") of the completion of Transitional Care Center of Arlington Heights (Proj. No. 11-006) (the "Project") and to submit the final realized project cost report for the Project. On June 28, 2011, the State Board approved the Permit Holders' application to establish a 120 bed long term care facility located at 1200 North Arlington Heights Road, Arlington Heights, Illinois (the "Facility"). The project was obligated on April 30, 2013. On July 13, 2015, the Facility received its occupancy permit from the Village of Arlington Heights.

For your review, the Permit Holders submit the following information as its final realized cost report for Transitional Care Center of Arlington Heights.

1. Final Realized Project Costs

Transitional Care Center of Arlington Heights Final Realized Project Costs		
	Approved	Expended
Preplanning Costs	\$975,000	\$441,735

Transitional Care Center of Arlington Heights Final Realized Project Costs		
	Approved	Expended
New Construction Contracts ¹	\$12,680,000	\$15,556,692
Contingencies	\$1,700,000	\$178,370
Architectural/Engineering Fees	\$1,076,500	\$531,319
Consulting and Other Fees	\$800,000	\$851,223
Moveable and Other Equipment	\$1,515,000	\$1,823,711
Net Interest Expense During Construction	\$791,964	\$362,681
Other Costs to be Capitalized	\$187,409	\$600,015
Acquisition of Building or Other Property (excluding land)	\$2,550,000	\$0
TOTAL PROJECT COST	\$22,275,873	\$20,345,746

¹The G702 does not include a separate work agreement for the purchase and installation of kitchen equipment of \$21,724. The kitchen equipment was included in the new construction contracts.

2. Medicare and Medicaid Cost Reports and Certification of Compliance

All of the costs reported on the table above have been or will be reported on the Transitional Care Center of Arlington Height’s Medicare and Medicaid cost reports. Pursuant to 77 Ill. Admin. Code §1130.770, the Permit Holders certify that no additional or associated costs or capital expenditures related to the Project will be submitted for reimbursement under Title XVIII or Title XIX. I further certify the Permit Holders have complied with all of the terms of the permit to date and all information submitted in this cost report for the facility is true and correct.

3. Final Application and Certification for Payment

Attached as Attachment – 1 is the final Application and Certification for Payment (G702) for the Project.

4. Audited Financial Report

The audited financial report of project costs and sources of funds prepared by Kiefer Bofanti & Co. LLP is attached at Attachment – 2.

Mr. Michael Constantino
August 30, 2015
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If you have any questions or need any additional information related to the Project, please feel free to contact me.

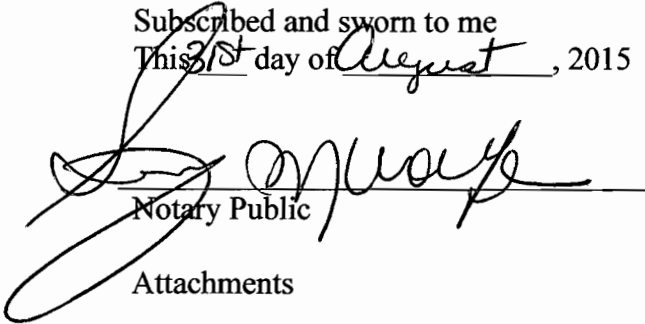
Sincerely



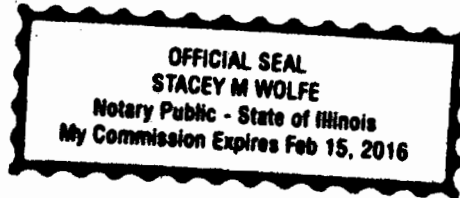
Brian Cloch
CEO

Transitional Care Center of Arlington Heights, LLC

Subscribed and sworn to me
This 30th day of August, 2015


Notary Public

Attachments



APPLICATION AND CERTIFICATE FOR PAYMENT

Invoice #: 1737

Distribution to:
 Owner
 Architect
 Contractor

Application No.: 21

Perfod To: 7/31/2015

To Owner: Arlington Heights Realty, LLC
 1630 Des Peres Road
 St. Louis, MO 63131

Project: 320- Arlington Heights Transitional Care

From Contractor: ARCO Construction Company, Inc.
 900 N. Rock Hill Road
 St. Louis, MO 63119

Project Nos:

Contract Date:

Contract For:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract Confirmation Sheet is attached.

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief, the work covered by this Application for Payment has been completed in accordance with the Contract Documents. That all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

1. Original Contract Sum	\$14,964,170.00
2. Net Change By Change Order	\$570,797.78
3. Contract Sum To Date	\$15,534,967.78
4. Total Completed and Stored To Date	\$15,534,967.78
5. Retainage:	
a. 0.97% of Completed Work	\$150,000.00
b. 0.00% of Stored Material	\$0.00
Total Retainage	\$150,000.00
6. Total Earned Less Retainage	\$15,384,967.78
7. Less Previous Certificates For Payments	\$15,118,283.48
8. Current Payment Due	\$266,684.30
Sales Tax (0.0000% on 0.00)	0.00
Current Payment Due Plus Sales Tax	266,684.30
9. Balance To Finish, Plus Retainage	\$150,000.00

CHANGE ORDER SUMMARY	Additions	Deductions
Total changes approved in previous months by Owner	\$573,008.50	\$31,246.72
Total Approved this Month	\$29,036.00	\$0.00
TOTALS	\$602,044.50	\$31,246.72
Net Changes By Change Order	\$570,797.78	

CONTRACTOR: ARCO Construction Company, Inc.

By: [Signature] Date: 8/3/15

Printed Name & Title: Kyle Wagner - PM

OWNER: [Signature] Arlington Heights Realty, LLC

By: [Signature] Date: 8/10/2015

Printed Name & Title: David B. Weiss President
Raycorp Management Inc, its Manager

State of: Missouri County of: St. Charles

Subscribed and sworn to before me this 10th day of August, 2015

Notary Public: Clifford Robert Heeley

My Commission expires: MAY 14, 2019
CLIFFORD ROBERT HEELY
 Notary Public - Notary Seal
 STATE OF MISSOURI
 Comm. Number 15635420
 St. Charles County
 My Commission Expires: May 14, 2019

NOTICE TO OWNER

FAILURE OF THIS CONTRACTOR TO PAY THOSE PERSONS SUPPLYING MATERIAL OR SERVICES TO COMPLETE THIS CONTRACT CAN RESULT IN THE FILING OF A MECHANICS' LIEN ON THE PROPERTY WHICH IS THE SUBJECT OF THIS CONTRACT PURSUANT TO CHAPTER 429, RSMo. TO AVOID THIS RESULT YOU MAY ASK THIS CONTRACTOR FOR "LIEN WAIVERS" FROM ALL PERSONS SUPPLYING MATERIAL OR SERVICES FOR THE WORK DESCRIBED IN THIS CONTRACT. FAILURE TO SECURE LIEN WAIVERS MAY RESULT IN YOUR PAYING FOR LABOR AND MATERIAL TWICE.

CONTINUATION SHEET

Application and Certification for Payment, containing Contractor's signed certification is attached.

In tabulations below, amounts are stated to the nearest dollar. Use Column I on Contracts where variable retainage for line items may apply.

Application No.: 21

Application Date: 8/3/2015

To: 7/31/2015

Invoice #: 1737 Contract: 320- Arlington Heights Transitional Care

A Item No.	B Description of Work	C Scheduled Value	D Work Completed		E This Period In Place	F Materials Presently Stored (Not in D or E)	G Total Completed and Stored To Date (D+E+F)	H Balance To Finish (C-G)	I Retainage
			From Previous Application (D+E)	In Place					
0010	Building Demolition	108,000.00	108,000.00	0.00	0.00	0.00	108,000.00	0.00	
0020	Utility Demolition	62,000.00	62,000.00	0.00	0.00	0.00	62,000.00	0.00	
0030	Misc Demolition Fees	18,887.00	18,887.00	0.00	0.00	0.00	18,887.00	0.00	
0100	Concrete	727,500.00	727,500.00	0.00	0.00	0.00	727,500.00	0.00	
0200	Masonry	1,010,400.00	1,010,400.00	0.00	0.00	0.00	1,010,400.00	0.00	
0300	Metals	686,900.00	686,900.00	0.00	0.00	0.00	686,900.00	0.00	
0400	Rough Carpentry	944,100.00	944,100.00	0.00	0.00	0.00	944,100.00	0.00	
0500	Finish Carpentry	170,000.00	170,000.00	0.00	0.00	0.00	170,000.00	0.00	
0600	Waterproofing	35,000.00	35,000.00	0.00	0.00	0.00	35,000.00	0.00	
0700	Insulation	150,000.00	150,000.00	0.00	0.00	0.00	150,000.00	0.00	
0800	Roofing	170,200.00	170,200.00	0.00	0.00	0.00	170,200.00	0.00	
0900	Sheet Metal	33,000.00	33,000.00	0.00	0.00	0.00	33,000.00	0.00	
1000	Doors	204,000.00	204,000.00	0.00	0.00	0.00	204,000.00	0.00	
1100	Windows	205,500.00	205,500.00	0.00	0.00	0.00	205,500.00	0.00	
1200	Glass	38,000.00	38,000.00	0.00	0.00	0.00	38,000.00	0.00	
1300	Drywall	548,000.00	548,000.00	0.00	0.00	0.00	548,000.00	0.00	
1400	Tile Work	457,000.00	457,000.00	0.00	0.00	0.00	457,000.00	0.00	
1500	Acoustical	131,400.00	131,400.00	0.00	0.00	0.00	131,400.00	0.00	
1600	Resilient Flooring	240,900.00	240,900.00	0.00	0.00	0.00	240,900.00	0.00	
1700	Painting and Decorating	276,650.00	276,650.00	0.00	0.00	0.00	276,650.00	0.00	
1800	Specialties	73,000.00	73,000.00	0.00	0.00	0.00	73,000.00	0.00	
1900	Special Equipment	11,500.00	11,500.00	0.00	0.00	0.00	11,500.00	0.00	
2000	Cabinets	218,800.00	218,800.00	0.00	0.00	0.00	218,800.00	0.00	
2100	Appliances	275,000.00	275,000.00	0.00	0.00	0.00	275,000.00	0.00	
2200	Carpets	136,050.00	136,050.00	0.00	0.00	0.00	136,050.00	0.00	
2300	Elevators	196,500.00	196,500.00	0.00	0.00	0.00	196,500.00	0.00	
2400	Plumbing and Hot Water	1,232,152.00	1,232,152.00	0.00	0.00	0.00	1,232,152.00	0.00	
2500	Heat and Ventilation	870,500.00	870,500.00	0.00	0.00	0.00	870,500.00	0.00	
2600	Electrical	1,781,700.00	1,781,700.00	0.00	0.00	0.00	1,781,700.00	0.00	
2700	Earth Work	493,600.00	493,600.00	0.00	0.00	0.00	493,600.00	0.00	
2800	Site Utilities	265,465.00	265,465.00	0.00	0.00	0.00	265,465.00	0.00	
2900	Road and Walks	403,800.00	403,800.00	0.00	0.00	0.00	403,800.00	0.00	

CONTINUATION SHEET

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To: 7/31/2015

Invoice #: 1737 Contract: 320- Arlington Heights Transitional Care

A Item No.	B Description of Work	C Scheduled Value	D		E		F Materials Presently Stored (Not in D or E)	G Total Completed and Stored To Date (D+E+F)	% (G / C)	H Balance To Finish (C-G)	I Retainage
			From Previous Application (D+E)	Work Completed This Period In Place							
3000	Site Improvements	230,000.00	230,000.00	0.00	0.00	0.00	230,000.00	100.00%	0.00	0.00	
3100	Lawns and Planting	196,500.00	196,500.00	0.00	0.00	0.00	196,500.00	100.00%	0.00	0.00	
3200	General Requirements	682,000.00	682,000.00	0.00	0.00	0.00	682,000.00	100.00%	0.00	0.00	
3300	Builder's Overhead	261,902.00	261,902.00	0.00	0.00	0.00	261,902.00	100.00%	0.00	0.00	
3400	Builder's Profit	1,192,965.00	1,192,965.00	0.00	0.00	0.00	1,192,965.00	100.00%	0.00	0.00	
3500	Other Fees	110,856.00	110,856.00	0.00	0.00	0.00	110,856.00	100.00%	0.00	0.00	
3600	Bond Premium	114,443.00	114,443.00	0.00	0.00	0.00	114,443.00	100.00%	0.00	0.00	
9900	Owner Change Order #1	120,000.00	120,000.00	0.00	0.00	0.00	120,000.00	100.00%	0.00	0.00	
9901	Owner Change Order #2	-21,724.72	-21,724.72	0.00	0.00	0.00	-21,724.72	100.00%	0.00	0.00	
9902	Owner Change Order #3	271,833.00	271,833.00	0.00	0.00	0.00	271,833.00	100.00%	0.00	0.00	
9903	Owner Change Order #4	84,425.00	84,425.00	0.00	0.00	0.00	84,425.00	100.00%	0.00	0.00	
9904	Owner Change Order #5	-9,522.00	-9,522.00	0.00	0.00	0.00	-9,522.00	100.00%	0.00	0.00	
9905	Owner Change Order #6	96,750.50	96,750.50	0.00	0.00	0.00	96,750.50	100.00%	0.00	0.00	
9906	Owner Change Order #7	29,036.00	0.00	29,036.00	0.00	0.00	29,036.00	100.00%	0.00	0.00	
Grand Totals		15,534,967.78	15,505,931.78	29,036.00	0.00	0.00	15,534,967.78	100.00%	0.00	150,000.00	

TRANSITIONAL CARE CENTER OF ARLINGTON HEIGHTS, LLC

Illinois Health Facilities Planning Board
IHFPB Project #11-006

Project Costs and Sources of Funds Report

**Period from January 1, 2010 to August 1, 2015
(With Independent Auditors' Report Theron)**



Kiefer | Bonfanti & Co. LLP
Certified Public Accountants & Business Advisors

701 Emerson Road
Suite 201
St. Louis, MO
63141
314.812.1100
F. 314.812.1199
kiefersonfanti.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Transitional Care Center of Arlington Heights, LLC

We have audited the accompanying Project Costs and Sources of Funds Report (the Report) of Transitional Care Center of Arlington Heights, LLC (the Company) for the period from January 1, 2010 through August 1, 2015 and the related notes. The Report was prepared for the purpose of complying with the terms of the Illinois Health Facilities Planning Board Act and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Report

Management is responsible for the preparation and fair presentation of the Report in accordance with the Illinois Health Facilities Planning Board Act; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Report 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 Report is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error.

In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Project Costs and Sources of Funds Report of Transitional Care Center of Arlington Heights, LLC referred to above presents fairly, in all material respects and in accordance with the aforementioned guidelines, the project costs of Arlington Heights Transitional Care Center, LLC for the period from January 1, 2010 through August 1, 2015.

This report is intended solely for the information and use of the board of directors and management of the Company and the Illinois Health Facilities and Services Review Board, and is not intended to be and should not be used by anyone other than these specified parties.

Kiefer Bonfanti & Co. LLP

St. Louis, Missouri
August 27, 2015

TRANSITIONAL CARE CENTER OF ARLINGTON HEIGHTS, LLC

**Illinois Health Facilities Planning Board
IHFBP Project #11-006**

Project Costs and Sources of Funds Report

Period from January 1, 2010 through August 1, 2015

Long term care center costs and sources of funds

	CON permit	Actual project costs	Over (under) budget
Use of funds:			
Preplanning costs	\$ 975,000	441,735	\$ 533,265
Construction costs	12,680,000	15,556,692	(2,876,692)
Contingencies	1,700,000	178,370	1,521,630
Architect/Engineering	1,076,500	531,319	545,181
Consulting and other	800,000	851,223	(51,223)
Movable or other equipment	1,515,000	1,823,711	(308,711)
Net interest expense during construction	791,964	362,681	429,283
Other costs to be capitalized	187,409	600,015	(412,606)
Acquisition of Building	2,550,000		2,550,000
Total uses of funds	<u>\$ 22,275,873</u>	<u>20,345,746</u>	<u>\$ 1,930,127</u>
Source of funds:			
Cash and securities	\$ 3,341,381	3,111,146	\$ (230,235)
Loan proceeds	18,934,492	17,234,600	(1,699,892)
Total sources of funds	<u>\$ 22,275,873</u>	<u>20,345,746</u>	<u>\$ (1,930,127)</u>

TRANSITIONAL CARE CENTER OF ARLINGTON HEIGHTS, LLC

**Illinois Health Facilities Planning Board
IHFBP Project #11-006**

Project Costs and Sources of Funds Report

Period from January 1, 2010 through August 1, 2015

Project Costs and Sources of Funds Report

Transitional Care Center of Arlington Heights, LLC was issued a permit to construct a 120 bed long term care facility. The total project was budgeted for \$22,275,873, all of which relates to the long term care facility. Actual project costs were \$20,345,746 which is \$1,930,127 under budget.