

FOLEY & ASSOCIATES, INC.

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HAND DELIVERED

August 11, 2016

RECEIVED

AUG 12 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mr. Michael Constantino,
Chief Project Reviewer
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Questions on alteration request of **Project # 13-032**, Palos Hills Extended Care.

Dear Mr. Constantino:

Please accept this correspondence as the Applicant's response to your issues raised as a result of the Applicant's permit alteration request of August 9, 2016. Specific responses to your questions are provided below.

1. We are reviewing the proposed alteration. We find a construction loan for approximately \$21 million when the project costs are now \$18.7 million. We found the explanation of the construction loan amount on page 1. How much is the existing building mortgage?

As noted the construction loan is for \$20,750,000. The existing mortgage is for \$2,718,102 and the bank is requiring escrow of \$1,642,563 for future interest and operating losses should it be needed. This leaves \$16,389,335 for project costs.

2. Because the proposed alteration is close to the 7% threshold we need an updated project and sources of funds schedule similar to what is provided in the annual report.

The chart, appended as **EXHIBIT I**, provides the Project Costs and Sources of Funds chart with the approved costs, expended costs and percentage expended column addressing this item. Please note that this reflects the latest draw from June and items expended but not paid until July.

3. Reviewing what has been submitted I see off site work, architectural fees, and consulting costs have been decreased. I will need an explanation for those decreases.

Off site work - Off site work was included in the contract with the GC and is part of the increase in the GC costs. They did the utility hookups and sidewalks to complete the project and it is in their line item.



Mr. Michael Constantino
August 11, 2016
Page Two

Consulting fees - Ownership decided to do some of the work in house and there was no cost for that. They negotiated the contracts themselves and were able to keep permit fees down.

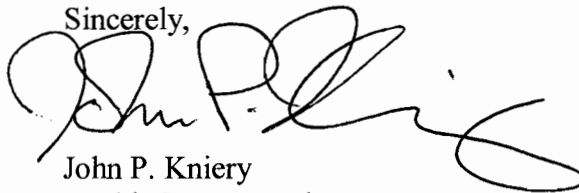
Architectural/Engineering Fees - Owner ended up agreeing to a better initial price and based on some of the overages in the actual building costs agreed not to charge for part of the work they did so it could be offset. We have a contract with them for \$645,000 and the change orders were minimal due to above.

4. Finally we need an signed and notarized attestation that the project gross square footage and the number of beds remain unchanged from what was approved by the State Board.

The notarized attestation from the ownership is appended herein as **EXHIBIT II**.

I trust this addresses your questions. If you have any additional concerns, please do not hesitate to contact me. Thank you in advance for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "John P. Kniery", with a large, stylized flourish extending to the right.

John P. Kniery
Health Care Consultant

ENCLOSURES

c: Natan Weiss
Mark J. Silberman, Attorney at Law

Palos Hills Extended Care
HFSRB Project #: 13-032
Project Cost Expended to Date

PROJECT COSTS AND SOURCES OF FUNDS

Use of Funds	Cost	Expended to Date	% Expended
Preplanning Costs	\$ 269,900	\$ 269,900.00	100%
Site Survey and Soil Investigation	\$ 18,000	\$ 10,155.00	56%
Site Preparation	\$ 520,000	\$ 520,000.00	100%
Off Site Work	\$ 30,000	\$ -	0%
New Construction Contracts	\$ 13,374,957	\$ 14,048,602.45	105%
Modernization Contracts	\$ -	\$ -	
Contingencies	\$ 1,337,496	\$ 1,337,496.00	100%
Architectural/Engineering Fees	\$ 863,997	\$ 645,000.00	75%
Consulting and Other Fees	\$ 411,000	\$ 96,478.80	23%
Movable or Other Equipment	\$ 651,050	\$ 372,352.24	57%
Bond Issuance Expense	\$ -	\$ -	
Net Interest Expense During Construction	\$ -	\$ -	
Fair Market Value of Leased Space or Equipment	\$ -	\$ -	
Other Costs to be Capitalized	\$ -	\$ -	
Acquisition of Building or Other Property	\$ -	\$ -	
Total Uses of Funds	\$ 17,476,400	\$ 17,299,984	99%
Source of Funds			
Cash and Securities	\$ 2,276,400	\$ 2,276,400.00	100%
Pledges		\$ -	
Gifts and Bequests		\$ -	
Bond Issues		\$ -	
Mortgages	\$ 15,200,000	\$ 15,023,584.49	99%
Leases		\$ -	
Governmental Appropriations		\$ -	
Grants		\$ -	
Other Funds and Sources		\$ -	
Total Sources of Funds	\$ 17,476,400	\$ 17,299,984.49	99%

**Palos Hills Healthcare
10426 S Roberts Road
Palos Hills, Illinois**

August 10, 2016

Ms. Courtney Avery
Administrator
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Palos Hills Extended Care, #13-032

Dear Ms. Avery:

This letter attests to the fact that the number of beds and gross square footage of the above referenced project as approved by the Illinois Health Facilities and Services Review Board remains unchanged and will be in place upon project completion.

Sincerely,



Avrum Weinfeld
Member

Subscribed and sworn to before me
this 10 day of Aug, 2016

Notary Public

