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ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT  
July 2012 Edition

## ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

RECEIVED

CERTIFICATE OF NEED PERMIT

LONG-TERM CARE APPLICATION

MAR 10 2015

JULY 2012 EDITION

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
 525 WEST JEFFERSON STREET, 2nd FLOOR  
 SPRINGFIELD, ILLINOIS 62761  
 (217) 782-3516

**INSTRUCTIONS  
GENERAL**

- The Application must be completed for all proposed projects that are subject to the permit requirements of the Illinois Health Facilities Planning Act, including those involving establishment, expansion or modernization of a service or facility.
- The person(s) preparing the application for permit are advised to refer to the Planning Act, as well as the rules promulgated there under (77 Ill. Adm. Codes 1125 and 1130).
- **This Application does not supersede any of the above-cited rules and requirements that are currently in effect.**
- The application form is organized into several sections, involving information requirements that coincide with the Review Criteria in 77 Ill. Code 1125 (Long-Term Care)).
- Questions concerning completion of this form may be directed to the Health Facilities and Services Review Board staff at (217)782-3516.
- Copies of this application form are available on the Health Facilities and Services Review Board website [www.hfsrb.illinois.gov](http://www.hfsrb.illinois.gov).

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**SPECIFIC**

- Use this form, as written and formatted.
- Complete and submit **ONLY** those Sections along with the required attachments that are applicable to the type of project proposed.
- **ALL APPLICABLE CRITERIA** for each applicable section must be addressed. **If a criterion is NOT APPLICABLE, label as such and state the reason why.**
- For all applications that time and distance are required for a criterion submit copies of all Map-Quest Printouts that indicate the distance and time from the proposed facility or location to the facilities identified.
- **ALL PAGES ARE TO BE NUMBERED CONSECUTIVELY BEGINNING WITH PAGE 1 OF THE APPLICATION FOR PERMIT. DO NOT INCLUDE INSTRUCTIONS AS PART OF THE APPLICATION AND OR NUMBERING.**
- Attachments for each Section should be appended after the last page of the application for permit.
- Begin each Attachment on a separate 8 1/2" x 11" sheet of paper and print or type the attachment identification in the lower right-hand corner of each attached page.
- For those criteria that require MapQuest printouts, physician referral letters and attachments, impact letters and documentation of receipt, include as appendices after that last attachment submitted with the application for permit. Label as Appendices 1, 2 etc.
- For all applications that require physician referrals the following must be provided: a summary of the total number of patients by zip code and a summary (number of patients by zip code) for each facility the physician referred patients in the past 12 or 24 months whichever is applicable.
- Information to be considered must be included with the applicable Section attachments. References to appended material not included within the appropriate Section will **NOT** be considered.
- The application must be signed by the authorized representative(s) of each applicant entity.
- Provide an original application and one copy - both **unbound**. **Label the copy of the application for permit that contains the original signatures, as "ORIGINAL".**

**Failure to follow these requirements WILL result in the application being declared incomplete. In addition, failure to provide certain required information (e.g., not providing a site for the proposed project or having an invalid entity listed as the applicant) may result in the application being declared null and void. Applicants are advised to read Part 1130 with respect to completeness (1130.620(d)).**

**ADDITIONAL REQUIREMENTS****FLOOD PLAIN REQUIREMENTS**

Before an application for permit involving construction will be deemed **COMPLETE** the applicant must attest that the project **is or 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**.

**HISTORIC PRESERVATION REQUIREMENTS**

In accordance with the requirements of the Illinois Historic Resources Preservation Act (IHRP), the Health Facilities Planning Board is required to advise the Historic Preservation Agency of any projects that could affect historic resources. Specifically, the Preservation Act provides for a review by the IHRP Agency to determine if certain projects may impact upon historic resources. Such types of projects include:

1. Projects involving demolition of any structures; or
2. Construction of new buildings; or
3. Modernization of existing buildings.

The applicant must submit the following information to the Illinois Historic Preservation Agency so known or potential cultural resources within the project area can be identified and the project's effects on significant properties can be evaluated:

1. General project description and address;
2. Topographic or metropolitan map showing the general location of the project;
3. Photographs of any standing buildings/structure within the project area; and
4. Addresses for buildings/structures, if present.

The Historic Preservation Agency (HPA) will provide a determination letter concerning the applicability of the Preservation Act. Include the determination letter or comments from the HPA with the submission of the application for permit.

Information concerning the Historic Resources Preservation Act may be obtained by calling (217)782-4836 or writing Illinois Historic Preservation Agency Preservation Services Division, Old State Capitol, Springfield, Illinois 67201,

**FEE**

An application processing fee (refer to Part 1130.620(f) for the determination of the fee) must be submitted with most applications. If a fee is applicable, an initial fee of \$2,500 **MUST** be submitted at the same time as submission of the application. **The application will not be declared complete and the review will not be initiated if the processing fee is not submitted.** HFSRB staff will inform applicants of the amount of the fee balance, if any, that must be submitted. **Payment may be by check or money order and must be made payable to the Illinois Department of Public Health.**

**SUBMISSION OF APPLICATION**

**Submit an original and one copy of all Sections** of the application, including all necessary attachments. **The original must contain original signatures in the certification portions of this form.** Submit all copies to:

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

## LONG-TERM CARE APPLICATION FOR PERMIT

### SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

#### DESCRIPTION OF PROJECT

##### Project Type

[Check one]

- ☒ General Long-term Care
- ☐ Specialized Long-term Care

[check one]

- ☐ Establishment of a new LTC facility
- ☐ Establishment of new LTC services
- ☐ Expansion of an existing LTC facility or service
- ☒ Modernization of an existing facility

#### Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done, **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.

**Include: the number and type of beds involved; the actions proposed (establishment, expansion and/or modernization); the ESTIMATED total project cost and the funding source(s) for the project.**

Rutledge Joint Ventures (RJV), commonly known as Heritage Health of Springfield, is a 178-bed four-story skilled nursing facility located at 900 N. Rutledge Street, Springfield, IL 62702. RJV is a joint partnership between Heritage Enterprises of Bloomington, Illinois and Memorial Health System of Springfield, Illinois. The facility has been owned by the current partnership since 1996 and is managed by the Heritage Operations Group (HOG) of Heritage Enterprises. The facility has served the greater Springfield area for many years and is dually certified for Medicare and Medicaid participation.

RJV is proposing a modernization of the current facility which will primarily include a complete replacement of the current HVAC equipment and piping, replacement of domestic plumbing supply line, replacement of plumbing waste lines, upgrade of electrical system including emergency generator replacement, nurses call system replacement, door alarm and elopement system replacement, phone system replacement, replacement of toilets and lavatories, non-structural interior finish replacement (floors, walls, ceilings) of first and second floor completely and third and fourth floor partially, parking lot repaving, and exterior façade work to improve the aesthetics of the building.

The proposed project would be considered non-substantive per the Illinois Administrative Code Section 1110.40 since it is not a new or replacement facility and we are not proposing an increase in bed capacity nor changing categories of service or relocation of beds to another location. The project is, however, a major renovation with total costs of \$8,839,637.00 which exceeds the threshold for review by the planning board.

The proposed modernization will increase the comfort, safety, environmental quality and overall aesthetics of the facility for all residents, family, and staff served. The modernization will also extend the physical life of the facility to ensure we continue to provide quality health care to our residents in the near future and extend physical life of the facility in order to continue providing quality healthcare and improving the resident experience for the next twenty years.

**Facility/Project Identification**

|                                                            |                          |                           |
|------------------------------------------------------------|--------------------------|---------------------------|
| Facility Name: Rutledge Joint Ventures dba Heritage Health |                          |                           |
| Street Address: 900 N. Rutledge                            |                          |                           |
| City and Zip Code: Springfield, IL 62702                   |                          |                           |
| County: Sangamon                                           | Health Service Area: 003 | Health Planning Area: 167 |

**Applicant /Co-Applicant Identification****[Provide for each co-applicant [refer to Part 1130.220].**

|                                                                    |
|--------------------------------------------------------------------|
| Exact Legal Name: Rutledge Joint Ventures, LLC dba Heritage Health |
| Address: 900 N. Rutledge, Springfield, IL 62702                    |
| Name of Registered Agent: Benjamin Hart                            |
| Name of Chief Executive Officer: Benjamin Hart                     |
| CEO Address: 115 W. Jefferson St., Bloomington, IL 61701-3967      |
| Telephone Number: 309-828-4361                                     |

**Type of Ownership (Applicant/Co-Applicants)**

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

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- 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]**

|                                                                                        |
|----------------------------------------------------------------------------------------|
| Name: Benjamin Hart                                                                    |
| Title: President & CEO                                                                 |
| Company Name: Heritage Enterprises                                                     |
| Address: 115 W. Jefferson St., Bloomington, IL 61701-3967                              |
| Telephone Number: 309-828-4361                                                         |
| E-mail Address: <a href="mailto:bhart@heritageofcare.com">bhart@heritageofcare.com</a> |
| Fax Number: 309-829-5477                                                               |

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

|                                                                                              |
|----------------------------------------------------------------------------------------------|
| Name: Mark J. Silberman                                                                      |
| Title: Partner                                                                               |
| Company Name: Duane Morris                                                                   |
| Address: 190 South LaSalle St., Suite 3700                                                   |
| Telephone Number: 312-499-6713                                                               |
| E-mail Address: <a href="mailto:mjsilberman@duanemorris.com">mjsilberman@duanemorris.com</a> |
| Fax Number: 312-277-6957                                                                     |

**Post Permit Contact**

[Person to receive all correspondence subsequent to permit issuance. **This person must be an employee of the applicant.**]

|                                                           |
|-----------------------------------------------------------|
| Name: Michael R. Blake                                    |
| Title: Senior Vice President - Facilities                 |
| Company Name: Heritage Enterprises                        |
| Address: 115 W. Jefferson St., Bloomington, IL 61702-3188 |
| Telephone Number: 309-823-7120                            |
| E-mail Address: mblake@heritageofcare.com                 |
| Fax Number: 309-829-5477                                  |

**Site Ownership**

[Provide this information for each applicable site]

|                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exact Legal Name of Site Owner: Rutledge Joint Ventures, LLC                                                                                                                                                                                                                                      |
| Address of Site Owner: 900 N. Rutledge, Springfield, IL 62702                                                                                                                                                                                                                                     |
| Street Address or Legal Description of Site:<br>900 N. Rutledge, Springfield, IL 62702                                                                                                                                                                                                            |
| <b>Proof of ownership or control of the site is to be provided as . 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.</b> |
| <b>APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>                                                                                                                                                                             |

**Operating Identity/Licensee**

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                              |                                |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------|--|
| Exact Legal Name: Rutledge Joint Ventures, LLC dba~Heritage Health                                                                                                                                                                                                                                                                                                                                                                                               |                                              |                                |  |
| Address: 900 N. Rutledge, Springfield, IL 62702-3721                                                                                                                                                                                                                                                                                                                                                                                                             |                                              |                                |  |
| <input type="checkbox"/> Non-profit Corporation                                                                                                                                                                                                                                                                                                                                                                                                                  | <input type="checkbox"/> Partnership         |                                |  |
| <input type="checkbox"/> For-profit Corporation                                                                                                                                                                                                                                                                                                                                                                                                                  | <input type="checkbox"/> Governmental        |                                |  |
| <input checked="" type="checkbox"/> Limited Liability Company                                                                                                                                                                                                                                                                                                                                                                                                    | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |  |
| <ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>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.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul> |                                              |                                |  |
| <b>APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>                                                                                                                                                                                                                                                                                                                                            |                                              |                                |  |

**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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://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.

**State Agency Submittals**

The following submittals are up- to- date, as applicable:

- ☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
- ☒ All reports regarding outstanding permits

**If the applicant fails to submit updated information for the requirements listed above, the application for permit will be deemed incomplete.**

**CERTIFICATION**

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

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

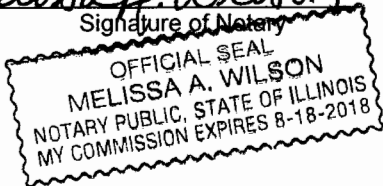
This Application for Permit is filed on the behalf of Rutledge Joint Ventures, LLC \*  
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf 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.

[Signature]  
SIGNATURE  
David M. Updegraff  
PRINTED NAME  
Manager  
PRINTED TITLE

[Signature]  
SIGNATURE  
Kevin R. England  
PRINTED NAME  
Manager  
PRINTED TITLE

## Notarization:

Subscribed and sworn to before me  
this 9<sup>th</sup> day of March, 2015

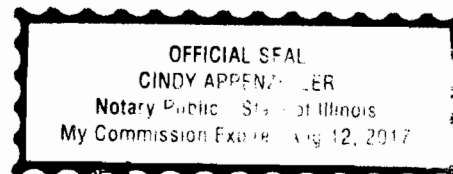
[Signature]  
Signature of Notary  


Seal

## Notarization:

Subscribed and sworn to before me  
this 10<sup>th</sup> day of March, 2015

[Signature]  
Signature of Notary



\*Insert EXACT legal name of the applicant



## SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS

This Section is applicable to ALL projects.

### Criterion 1125.320 – Purpose of the Project

**READ THE REVIEW CRITERION** and provide the following required information:

#### 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.
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 Board Report. APPEND DOCUMENTATION AS ATTACHMENT-10 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. Each item (1-6) must be identified in Attachment 10.

### Criterion 1125.330 – Alternatives

**READ THE REVIEW CRITERION** and provide the following required information:

#### 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-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

### SECTION III – BED CAPACITY, UTILIZATION AND APPLICABLE REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of LTC categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each LTC category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

#### Criterion 1125.510 – Introduction

##### Bed Capacity

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

##### Indicate bed capacity changes by Service:

| Category of Service                                        | Total # Existing Beds* | Total # Beds After Project Completion |
|------------------------------------------------------------|------------------------|---------------------------------------|
| <input checked="" type="checkbox"/> General Long-Term Care | 178                    | 178                                   |
| <input type="checkbox"/> Specialized Long-Term Care        |                        |                                       |
| <input type="checkbox"/>                                   |                        |                                       |

\*Existing number of beds as authorized by IDPH and posted in the "LTC Bed Inventory" on the HFSRB website ([www.hfrsb.illinois.gov](http://www.hfrsb.illinois.gov)). PLEASE NOTE: ANY bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

##### Utilization

##### Utilization for the most current CALENDAR YEAR:

| Category of Service                                        | Year | Admissions | Patient Days |
|------------------------------------------------------------|------|------------|--------------|
| <input checked="" type="checkbox"/> General Long Term Care | 2014 | 426        | 60043        |
| <input type="checkbox"/> Specialized Long-Term Care        |      |            |              |

**Applicable Review Criteria - Guide**

The review criteria listed below must be addressed, per the LTC rules contained in 77 Ill. Adm. Code 1125. See HFSRB's website to view the subject criteria for each project type - (<http://hfsrb.illinois.gov>). To view LTC rules, click on "Board Administrative Rules" and then click on "77 Ill. Adm. Code 1125".

READ THE APPLICABLE REVIEW CRITERIA OUTLINED BELOW and **submit the required documentation for the criteria, as described in SECTIONS IV and V:**

|                               |
|-------------------------------|
| <b>GENERAL LONG-TERM CARE</b> |
|-------------------------------|

| PROJECT TYPE                                 | REQUIRED REVIEW CRITERIA          |                                                          |
|----------------------------------------------|-----------------------------------|----------------------------------------------------------|
|                                              | Section                           | Subject                                                  |
| <b>Establishment of Services or Facility</b> | .520                              | Background of the Applicant                              |
|                                              | .530(a)                           | Bed Need Determination                                   |
|                                              | .530(b)                           | Service to Planning Area Residents                       |
|                                              | .540(a) or (b) + (c) + (d) or (e) | Service Demand – Establishment of General Long Term Care |
|                                              | .570(a) & (b)                     | Service Accessibility                                    |
|                                              | .580(a) & (b)                     | Unnecessary Duplication & Maldistribution                |
|                                              | .580(c)                           | Impact of Project on Other Area Providers                |
|                                              | .590                              | Staffing Availability                                    |
|                                              | .600                              | Bed Capacity                                             |
|                                              | .610                              | Community Related Functions                              |
|                                              | .620                              | Project Size                                             |
|                                              | .630                              | Zoning                                                   |
|                                              | .640                              | Assurances                                               |
|                                              | .800                              | Estimated Total Project Cost                             |
|                                              | Appendix A                        | Project Costs and Sources of Funds                       |
|                                              | Appendix B                        | Related Project Costs                                    |
|                                              | Appendix C                        | Project Status and Completion Schedule                   |
|                                              | Appendix D                        | Project Status and Completion Schedule                   |

|                                       |                        |                                                      |
|---------------------------------------|------------------------|------------------------------------------------------|
| <b>Expansion of Existing Services</b> | .520                   | Background of the Applicant                          |
|                                       | .530(b)                | Service to Planning Area Residents                   |
|                                       | .550(a) + (b) or (c)   | Service Demand – Expansion of General Long-Term Care |
|                                       | .590                   | Staffing Availability                                |
|                                       | .600                   | Bed Capacity                                         |
|                                       | .620                   | Project Size                                         |
|                                       | .640                   | Assurances                                           |
|                                       | .560(a)(1) through (3) | Continuum of Care Components                         |
|                                       | .590                   | Staffing Availability                                |
|                                       | .600                   | Bed Capacity                                         |
|                                       | .610                   | Community Related Functions                          |

|  |            |                                        |
|--|------------|----------------------------------------|
|  | .630       | Zoning                                 |
|  | .640       | Assurances                             |
|  | .800       | Estimated Total Project Cost           |
|  | Appendix A | Project Costs and Sources of Funds     |
|  | Appendix B | Related Project Costs                  |
|  | Appendix C | Project Status and Completion Schedule |
|  | Appendix D | Project Status and Completion Schedule |

|                                                       |                        |                                        |
|-------------------------------------------------------|------------------------|----------------------------------------|
| <b>Continuum of Care – Establishment or Expansion</b> | .520                   | Background of the Applicant            |
|                                                       | .560(a)(1) through (3) | Continuum of Care Components           |
|                                                       | .590                   | Staffing Availability                  |
|                                                       | .600                   | Bed Capacity                           |
|                                                       | .610                   | Community Related Functions            |
|                                                       | .630                   | Zoning                                 |
|                                                       | .640                   | Assurances                             |
|                                                       | .800                   | Estimated Total Project Cost           |
|                                                       | Appendix A             | Project Costs and Sources of Funds     |
|                                                       | Appendix B             | Related Project Costs                  |
|                                                       | Appendix C             | Project Status and Completion Schedule |
|                                                       | Appendix D             | Project Status and Completion Schedule |

|                                                        |                  |                                        |
|--------------------------------------------------------|------------------|----------------------------------------|
| <b>Defined Population – Establishment or Expansion</b> | .520             | Background of the Applicant            |
|                                                        | .560(b)(1) & (2) | Defined Population to be Served        |
|                                                        | .590             | Staffing Availability                  |
|                                                        | .600             | Bed Capacity                           |
|                                                        | .610             | Community Related Functions            |
|                                                        | .630             | Zoning                                 |
|                                                        | .640             | Assurances                             |
|                                                        | .800             | Estimated Total Project Cost           |
|                                                        | Appendix A       | Project Costs and Sources of Funds     |
|                                                        | Appendix B       | Related Project Costs                  |
|                                                        | Appendix C       | Project Status and Completion Schedule |
|                                                        | Appendix D       | Project Status and Completion Schedule |

|                      |               |                                        |
|----------------------|---------------|----------------------------------------|
| <b>Modernization</b> | .650(a)       | Deteriorated Facilities                |
|                      | .650(b) & (c) | Documentation                          |
|                      | .650(d)       | Utilization                            |
|                      | .600          | Bed Capacity                           |
|                      | .610          | Community Related Functions            |
|                      | .620          | Project Size                           |
|                      | .630          | Zoning                                 |
|                      | .800          | Estimated Total Project Cost           |
|                      | Appendix A    | Project Costs and Sources of Funds     |
|                      | Appendix B    | Related Project Costs                  |
|                      | Appendix C    | Project Status and Completion Schedule |
|                      | Appendix D    | Project Status and Completion Schedule |

|                                   |
|-----------------------------------|
| <b>SPECIALIZED LONG-TERM CARE</b> |
|-----------------------------------|

| PROJECT TYPE                                                   | REQUIRED REVIEW CRITERIA |                                                         |
|----------------------------------------------------------------|--------------------------|---------------------------------------------------------|
|                                                                | Section                  | Subject                                                 |
| <b>Establishment of LTC Developmentally Disabled – (Adult)</b> | .720(a)                  | Facility Size                                           |
|                                                                | .720(b)                  | Community Related Functions                             |
|                                                                | .720(c)                  | Availability of Ancillary and Support Programs          |
|                                                                | .720(d)                  | Recommendations from State Departments                  |
|                                                                | .720(f)                  | Zoning                                                  |
|                                                                | .720(g)                  | Establishment of Beds – Developmentally Disabled -Adult |
|                                                                | .720(j)                  | State Board Consideration of Public Hearing Testimony   |
|                                                                | .800                     | Estimated Total Project Cost                            |
|                                                                | Appendix A               | Project Costs and Sources of Funds                      |
|                                                                | Appendix B               | Related Project Costs                                   |
|                                                                | Appendix C               | Project Status and Completion Schedule                  |
|                                                                | Appendix D               | Project Status and Completion Schedule                  |

|                                                                 |            |                                                       |
|-----------------------------------------------------------------|------------|-------------------------------------------------------|
| <b>Establishment of LTC Developmentally Disabled - Children</b> | .720(a)    | Facility Size                                         |
|                                                                 | .720(b)    | Community Related Functions                           |
|                                                                 | .720(c)    | Availability of Ancillary and Support Programs        |
|                                                                 | .720(d)    | Recommendations from State Departments                |
|                                                                 | .720(f)    | Zoning                                                |
|                                                                 | .720(j)    | State Board Consideration of Public Hearing Testimony |
|                                                                 | .800       | Estimated Total Project Cost                          |
|                                                                 | Appendix A | Project Costs and Sources of Funds                    |
|                                                                 | Appendix B | Related Project Costs                                 |
|                                                                 | Appendix C | Project Status and Completion Schedule                |
|                                                                 | Appendix D | Project Status and Completion Schedule                |

|                                                |         |                                                       |
|------------------------------------------------|---------|-------------------------------------------------------|
| <b>Establishment of Chronic Mental Illness</b> | .720(a) | Facility Size                                         |
|                                                | .720(b) | Community Related Functions                           |
|                                                | .720(c) | Availability of Ancillary and Support Programs        |
|                                                | .720(f) | Zoning                                                |
|                                                | .720(g) | Establishment of Chronic Mental Illness               |
|                                                | .720(j) | State Board Consideration of Public Hearing Testimony |
|                                                | .800    | Estimated Total Project Cost                          |

|  |            |                                        |
|--|------------|----------------------------------------|
|  | Appendix A | Project Costs and Sources of Funds     |
|  | Appendix B | Related Project Costs                  |
|  | Appendix C | Project Status and Completion Schedule |
|  | Appendix D | Project Status and Completion Schedule |

|                                                             |            |                                                         |
|-------------------------------------------------------------|------------|---------------------------------------------------------|
| <b>Establishment of Long Term Medical Care for Children</b> | .720(a)    | Facility Size                                           |
|                                                             | .720(b)    | Community Related Functions                             |
|                                                             | .720(c)    | Availability of Ancillary and Support Programs          |
|                                                             | .720(e)    | Long-Term Medical Care for Children-Category of Service |
|                                                             | .720(f)    | Zoning                                                  |
|                                                             | .720(j)    | State Board Consideration of Public Hearing Testimony   |
|                                                             | .800       | Estimated Total Project Cost                            |
|                                                             | Appendix A | Project Costs and Sources of Funds                      |
|                                                             | Appendix B | Related Project Costs                                   |
|                                                             | Appendix C | Project Status and Completion Schedule                  |
|                                                             | Appendix D | Project Status and Completion Schedule                  |

**SECTION IV - SERVICE SPECIFIC REVIEW CRITERIA****GENERAL LONG-TERM CARE****Criterion 1125.520 – Background of the Applicant****BACKGROUND OF APPLICANT**

The applicant shall provide:

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-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.**

**Criterion 1125.530 - Planning Area Need**

1. Identify the calculated number of beds needed (excess) in the planning area. See HFSRB website (<http://hfsrb.illinois.gov>) and click on "Health Facilities Inventories & Data".
2. Attest that the primary purpose of the project is to serve residents of the planning area and that at least 50% of the patients will come from within the planning area.
3. Provide letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used, as described in Section 1125.540.

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



**Criterion 1125.540 - Service Demand – Establishment of General Long Term Care**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• If the applicant is an existing facility wishing to establish this category of service or a new facility, #1 – 4 must be addressed. Requirements under #5 must also be addressed if applicable.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <ul style="list-style-type: none"> <li>• If the applicant is not an existing facility and proposes to establish a new general LTC facility, the applicant shall submit the number of annual projected referrals.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <ol style="list-style-type: none"> <li>1. Document the number of referrals to other facilities, for each proposed category of service, for each of the latest two years. Documentation of the referrals shall include: resident/patient origin by zip code; name and specialty of referring physician or identification of another referral source; and name and location of the recipient LTC facility.</li> <li>2. Provide letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used.</li> <li>3. Estimate the number of prospective residents whom the referral sources will refer annually to the applicant's facility within a 24-month period after project completion. Please note: <ul style="list-style-type: none"> <li>• The anticipated number of referrals cannot exceed the referral sources' documented historical LTC caseload.</li> <li>• The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share, within a 24-month period after project completion</li> <li>• Each referral letter shall contain the referral source's Chief Executive Officer's notarized signature, the typed or printed name of the referral source, and the referral source's address</li> </ul> </li> <li>4. Provide verification by the referral sources that the prospective resident referrals have not been used to support another pending or approved Certificate of Need (CON) application for the subject services.</li> <li>5. <b>If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area</b> (as experienced annually within the latest 24-month period), the projected service demand shall be determined as follows: <ol style="list-style-type: none"> <li>a. The applicant shall define the facility's market area based upon historical resident/patient origin data by zip code or census tract;</li> <li>b. Population projections shall be produced, using, as a base, the population census or estimate for the most recent year, for county, incorporated place, township or community area, by the U.S. Bureau of the Census or IDPH;</li> <li>c. Projections shall be for a maximum period of 10 years from the date the application is submitted;</li> <li>d. Historical data used to calculate projections shall be for a number of years no less</li> </ol> </li> </ol> |

than the number of years projected;

- e. Projections shall contain documentation of population changes in terms of births, deaths and net migration for a period of time equal to or in excess of the projection horizon;
- f. Projections shall be for total population and specified age groups for the applicant's market area, as defined by HFSRB, for each category of service in the application (see the HFSRB Inventory); and
- g. Documentation on projection methodology, data sources, assumptions and special adjustments shall be submitted to HFSRB.

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

### Criterion 1125.550 - Service Demand – Expansion of General Long-Term Care

The applicant shall document #1 and either #2 or #3:

- 1. Historical Service Demand
  - a. An average annual occupancy rate that has equaled or exceeded occupancy standards for general LTC, as specified in Section 1125.210(c), for each of the latest two years.
  - b. If prospective residents have been referred to other facilities in order to receive the subject services, the applicant shall provide documentation of the referrals, including completed applications that could not be accepted due to lack of the subject service and documentation from referral sources, with identification of those patients by initials and date.
- 2. Projected Referrals
 

The applicant shall provide documentation as described in Section 1125.540(d).
- 3. **If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area** (as experienced annually within the latest 24-month period), the projected service demand shall be determined as described in Section 1125.540 (e).

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

### Criterion 1125.560 - Variances to Computed Bed Need

#### Continuum of Care:

The applicant proposing a continuum of care project shall demonstrate the following:

- 1. The project will provide a continuum of care for a geriatric population that includes independent living and/or congregate housing (such as unlicensed apartments, high rises for the elderly and retirement villages) and related health and social services. The housing complex shall be on the same site as the health facility component of the project.

2. The proposal shall be for the purposes of and serve only the residents of the housing complex and shall be developed either after the housing complex has been established or as a part of a total housing construction program, provided that the entire complex is one inseparable project, that there is a documented demand for the housing, and that the licensed beds will not be built first, but will be built concurrently with or after the residential units.
3. The applicant shall demonstrate that:
  - a. The proposed number of beds is needed. Documentation shall consist of a list of available patients/residents needing the proposed project. The proposed number of beds shall not exceed one licensed LTC bed for every five apartments or independent living units;
  - b. There is a provision in the facility's written operational policies assuring that a resident of the retirement community who is transferred to the LTC facility will not lose his/her apartment unit or be transferred to another LTC facility solely because of the resident's altered financial status or medical indigency; and
  - c. Admissions to the LTC unit will be limited to current residents of the independent living units and/or congregate housing.

#### **Defined Population:**

The applicant proposing a project for a defined population shall provide the following:

1. The applicant shall document that the proposed project will serve a defined population group of a religious, fraternal or ethnic nature from throughout the entire health service area or from a larger geographic service area (GSA) proposed to be served and that includes, at a minimum, the entire health service area in which the facility is or will be physically located.
2. The applicant shall document each of the following:
  - a. A description of the proposed religious, fraternal or ethnic group proposed to be served;
  - b. The boundaries of the GSA;
  - c. The number of individuals in the defined population who live within the proposed GSA, including the source of the figures;
  - d. That the proposed services do not exist in the GSA where the facility is or will be located;
  - e. That the services cannot be instituted at existing facilities within the GSA in sufficient numbers to accommodate the group's needs. The applicant shall specify each proposed service that is not available in the GSA's existing facilities and the basis for determining why that service could not be provided.
  - f. That at least 85% of the residents of the facility will be members of the defined population group. Documentation shall consist of a written admission policy insuring that the requirements of this subsection (b)(2)(F) will be met.
  - g. That the proposed project is either directly owned or sponsored by, or affiliated with, the religious, fraternal or ethnic group that has been defined as the population to be served by the project. The applicant shall provide legally binding documents that prove ownership, sponsorship or affiliation.

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

## APPLICATION FORM.

**Criterion 1125.570 - Service Accessibility****1. Service Restrictions**

The applicant shall document that **at least one** of the following factors exists in the planning area, as applicable:

- The absence of the proposed service within the planning area;
- Access limitations due to payor status of patients/residents, including, but not limited to, individuals with LTC coverage through Medicare, Medicaid, managed care or charity care;
- Restrictive admission policies of existing providers; or
- The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population.

**2. Additional documentation required:**

The applicant shall provide the following documentation, as applicable, concerning existing restrictions to service access:

- a. The location and utilization of other planning area service providers;
- b. Patient/resident location information by zip code;
- c. Independent time-travel studies;
- d. Certification of a waiting list;
- e. Admission restrictions that exist in area providers;
- f. An assessment of area population characteristics that document that access problems exist;
- g. Most recently published IDPH Long Term Care Facilities Inventory and Data (see [www.hfsrb.illinois.gov](http://www.hfsrb.illinois.gov)).

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

**Criterion 1125.580 - Unnecessary Duplication/Maldistribution**

1. The applicant shall provide the following information:
  - a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
  - b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and
  - c. The names and locations of all existing or approved LTC facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.
2. The applicant shall document that the project will not result in maldistribution of services.
3. The applicant shall document that, within 24 months after project completion, the proposed project:
  - a. Will not lower the utilization of other area providers below the occupancy standards specified in Section 1125.210(c); and
  - b. Will not lower, to a further extent, the utilization of other area facilities that are currently (during the latest 12-month period) operating below the occupancy standards.

APPEND DOCUMENTATION AS ATTACHMENT- 18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Criterion 1125.590 - Staffing Availability**

1. For each category of service, document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.
2. Provide the following documentation:
  - a. The name and qualification of the person currently filling the position, if applicable; and
  - b. Letters of interest from potential employees; and
  - c. Applications filed for each position; and
  - d. Signed contracts with the required staff; or
  - e. A narrative explanation of how the proposed staffing will be achieved.

APPEND DOCUMENTATION AS ATTACHMENT- 19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Criterion 1125.600 Bed Capacity**

The maximum bed capacity of a general LTC facility is 250 beds, unless the applicant documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c (Long-Term Care Facilities)) over a two-year period.

**APPEND DOCUMENTATION AS ATTACHMENT- 20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.610 - Community Related Functions**

The applicant shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from those organizations.

**APPEND DOCUMENTATION AS ATTACHMENT- 21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.620 - Project Size**

The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards as stated in Appendix A of 77 Ill. Adm. Code 1125 (LTC rules), unless the additional GSF can be justified by documenting one of the following:

1. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
2. 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 A;
3. The project involves the conversion of existing bed space that results in excess square footage.

**APPEND DOCUMENTATION AS ATTACHMENT- 22, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.630 - Zoning**

The applicant shall document one of the following:

1. The property to be utilized has been zoned for the type of facility to be developed;
2. Zoning approval has been received; or
3. A variance in zoning for the project is to be sought.

**APPEND DOCUMENTATION AS ATTACHMENT- 23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.640 - Assurances**

1. The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.
2. For beds that have been approved based upon representations for continuum of care (Section 1125.560(a)) or defined population (Section 1125.560(b)), the facility shall provide assurance that it will maintain admissions limitations as specified in those Sections for the life of the facility. To eliminate or modify the admissions limitations, prior approval of HFSRB will be required.

APPEND DOCUMENTATION AS ATTACHMENT- 24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Criterion 1125.650 - Modernization**

1. If the project involves modernization of a category of LTC bed service, the applicant shall document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, due to such factors as, but not limited to:
  - a. High cost of maintenance;
  - b. non-compliance with licensing or life safety codes;
  - c. Changes in standards of care (e.g., private versus multiple bed rooms); or
  - d. Additional space for diagnostic or therapeutic purposes.
2. Documentation shall include the most recent:
  - a. IDPH and CMMS inspection reports; and
  - b. Accrediting agency reports.
3. Other documentation shall include the following, as applicable to the factors cited in the application:
  - a. Copies of maintenance reports;
  - b. Copies of citations for life safety code violations; and
  - c. Other pertinent reports and data.
4. Projects involving the replacement or modernization of a category of service or facility shall meet or exceed the occupancy standards for the categories of service, as specified in Section 1125.210(c).

APPEND DOCUMENTATION AS ATTACHMENT- 25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE

## SPECIALIZED LONG-TERM CARE

**Criterion 1125.720 - Specialized Long-Term Care – Review Criteria**

**This section is applicable to all projects proposing specialized long-term care services or beds.**

**1. Community Related Functions**

Read the criterion and submit the following information:

- a. a description of the process used to inform and receive input from the public including those residents living in close proximity to the proposed facility's location;
- b. letters of support from social, social service and economic groups in the community;
- c. letters of support from municipal/elected officials who represent the area where the project is located.

**2. Availability of Ancillary and Support Services**

Read the criterion, which applies only to ICF/DD 16 beds and fewer facilities, and submit the following:

- a. a copy of the letter, sent by certified mail return receipt requested, to each of the day programs in the area requesting their comments regarding the impact of the project upon their programs and any response letters;
- b. a description of the public transportation services available to the proposed residents;
- c. a description of the specialized services (other than day programming) available to the residents;
- d. a description of the availability of community activities available to the facility's residents.
- e. documentation of the availability of community workshops.

**3. Recommendation from State Departments**

Read the criterion and submit a copy of the letters sent, including the date when the letters were sent, to the Departments of Human Services and Healthcare and Family Services requesting these departments to indicate if the proposed project meets the department's planning objectives regarding the size, type, and number of beds proposed, whether the project conforms or does not conform to the department's plan, and how the project assists or hinders the department in achieving its planning objectives.

**4. Long-term Medical Care for Children Category of Service**

Read the criterion and submit the following information:

- a. a map outlining the target area proposed to be served;
- b. the number of individuals age 0-18 in the target area and the number of individuals in the target area that require the type of care proposed, include the source documents for this estimate;
- c. any reports/studies that show the points of origin of past patients/residents admissions to the facility;



- d. describe the special programs or services proposed and explain the relationship of these programs to the needs of the specialized population proposed to be served.
- e. indicate why the services in the area are insufficient to meet the needs of the area population;
- f. documentation that the 90% occupancy target will be achieved within the first full year of

**5. Zoning**

Read the criterion and provide a letter from an authorized zoning official that verifies appropriate zoning.

**6. Establishment of Chronic Mental Illness**

Read the criterion and provide the following:

- a. documentation of how the resident population has changed making the proposed project necessary.
- b. indicate which beds will be closed to accommodate these additional beds.
- c. the number of admissions for this type of care for each of the last two years.

**7. Variance to Computed Bed Need for Establishment of Beds for Developmentally Disabled Placement of Residents from DHS State Operated Beds**

Read this criterion and submit the following information:

- a. documentation that all of the residents proposed to be served are now residents of a DHS facility;
- b. documentation that each of the proposed residents has at least one interested family member who resides in the planning area or at least one interested family member that lives out of state but within 15 miles of the planning area boundary where the facility is or will be located;
- c. if the above is not the case then you must document that the proposed resident has lived in a DHS operated facility within the planning area in which the proposed facility is to be located for more than 2 years and that the consent of the legal guardian has been obtained;
- d. a letter from DHS indicating which facilities in the planning area have refused to accept referrals from the department and the dates of any refusals and the reasons cited for each refusal;
- e. a copy of the letter (sent certified--return receipt requested) to each of the underutilized facilities in the planning area asking if they accept referrals from DHS-operated facilities, listing the dates of each past refusal of a referral, and requesting an explanation of the basis for each refusal;
- f. documentation that each of the proposed relocations will save the State money;
- g. a statement that the facility will only accept future referrals from an area DHS facility if a bed is available;
- h. an explanation of how the proposed facility conforms with or deviates from the DHS comprehensive long range development plan for developmental disabilities services.

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

## SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW

### Criterion 1125.800 Estimated Total Project Cost

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

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

### Availability of Funds

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

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>\$1,561,281</u> | <p>a. Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <u>\$0</u>         | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <u>\$0</u>         | <p>c. Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <u>\$6,378,356</u> | <p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>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.;</li> <li>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;</li> <li>5. For any option to lease, a copy of the option, including all terms and conditions.</li> </ol> |

|                    |                              |                                                                                                                                                                                                                                                                                                                                    |
|--------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| _____              | 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;                                                                                                                                                                                                             |
| <u>\$900,000</u>   | g.                           | All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.                                                                                                                                                                                                            |
| <u>\$8,839,637</u> | <b>TOTAL FUNDS AVAILABLE</b> |                                                                                                                                                                                                                                                                                                                                    |

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

### 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-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

1. 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) |            |            | Category B (Projected) |
|------------------------------------------|---------------------------------------------|------------|------------|------------------------|
| Enter Historical and/or Projected Years: | 12-31-2011                                  | 12-31-2012 | 12-31-2013 | 12-31-2017             |
| Current Ratio                            | 2.10                                        | 2.66       | 3.51       | 3.04                   |
| Net Margin Percentage                    | 2.46                                        | 5.43       | 8.06       | 4.40                   |
| Percent Debt to Total Capitalization     | 25.31                                       | 21.48      | 18.57      | 33.96                  |
| Projected Debt Service Coverage          | 1.24                                        | 1.83       | 2.33       | 2.47                   |
| Days Cash on Hand                        | 53.78                                       | 63.97      | 97.58      | 122.25                 |
| Cushion Ratio                            | 2.9                                         | 3.31       | 4.88       | 5.89                   |

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 29, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

## Economic Feasibility

This section is applicable to all projects

### A. Reasonableness of Financing Arrangements SEE ATTACHED CORRESPONDENCE

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

1. That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
2. That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A. A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 1.5 times for LTC facilities; or
  - B. Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

### B. Conditions of Debt Financing SEE ATTACHED CORRESPONDENCE

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

1. That the selected form of debt financing for the project will be at the lowest net cost available;
2. That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
3. That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

### C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

| COST AND GROSS SQUARE FEET BY SERVICE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                              |          |                             |   |                              |   |                      |                    |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------|-----------------------------|---|------------------------------|---|----------------------|--------------------|-----------------------|
| Area<br>(list below)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | A                            | B        | C                           | D | E                            | F | G                    | H                  | Total Cost<br>(G + H) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Cost/Square Foot<br>New Mod. |          | Gross Sq. Ft.<br>New Circ.* |   | Gross Sq. Ft.<br>Mod. Circ.* |   | Const. \$<br>(A x C) | Mod. \$<br>(B x E) |                       |
| Facility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                              | \$127.28 |                             |   | 67514                        |   |                      | \$8,593,449        | \$8,593,449           |
| Contingency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                              | \$ 3.65  |                             |   | 67514                        |   |                      | \$246,188          | \$246,188             |
| TOTALS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                              | \$130.93 |                             |   | 67514                        |   |                      | \$8,839,637        | \$8,839,637           |
| * Include the percentage (%) of space for circulation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                              |          |                             |   |                              |   |                      |                    |                       |
| <p><b>D. Projected Operating Costs SEE ATTACHMENT 30</b></p> <p>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.</p> <p><b>E. Total Effect of the Project on Capital Costs SEE ATTACHMENT 30</b></p> <p>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.</p> |                              |          |                             |   |                              |   |                      |                    |                       |
| APPEND DOCUMENTATION AS <u>ATTACHMENT - 30</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |          |                             |   |                              |   |                      |                    |                       |

|                   |
|-------------------|
| <b>APPENDIX A</b> |
|-------------------|

**Project Costs and Sources of Funds**

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

| <b>Project Costs and Sources of Funds</b>                  |                  |                    |                  |
|------------------------------------------------------------|------------------|--------------------|------------------|
| <b>USE OF FUNDS</b>                                        | <b>CLINICAL</b>  | <b>NONCLINICAL</b> | <b>TOTAL</b>     |
| Preplanning Costs                                          |                  |                    |                  |
| Site Survey and Soil Investigation                         |                  |                    |                  |
| Site Preparation                                           |                  |                    |                  |
| Off Site Work                                              |                  |                    |                  |
| New Construction Contracts                                 |                  |                    |                  |
| Modernization Contracts                                    | 2,734,648        | 4,331,627          | 7,066,275        |
| Contingencies                                              | 95,275           | 150,913            | 246,188          |
| Architectural/Engineering Fees                             | 98,685           | 156,315            | 255,000          |
| Consulting and Other Fees                                  | 5,805            | 9,195              | 15,000           |
| Movable or Other Equipment (not in construction contracts) | 441,180          | 698,820            | 1,140,000        |
| Bond Issuance Expense (project related)                    |                  |                    |                  |
| Net Interest Expense During Construction (project related) | 45,347           | 71,827             | 117,174          |
| Fair Market Value of Leased Space or Equipment             |                  |                    |                  |
| Other Costs To Be Capitalized                              |                  |                    |                  |
| Acquisition of Building or Other Property (excluding land) |                  |                    |                  |
| <b>TOTAL USES OF FUNDS</b>                                 | <b>3,420,940</b> | <b>5,418,697</b>   | <b>8,839,637</b> |
| <b>SOURCE OF FUNDS</b>                                     | <b>CLINICAL</b>  | <b>NONCLINICAL</b> | <b>TOTAL</b>     |
| Cash and Securities                                        | 604,216          | 957,065            | 1,561,281        |
| Pledges                                                    |                  |                    |                  |
| Gifts and Bequests                                         |                  |                    |                  |
| Bond Issues (project related)                              |                  |                    |                  |
| Mortgages                                                  | 2,468,424        | 3,909,932          | 6,378,356        |
| Leases (fair market value)                                 |                  |                    |                  |
| Governmental Appropriations                                |                  |                    |                  |
| Grants                                                     |                  |                    |                  |
| Other Funds and Sources                                    | 348,300          | 551,700            | 900,000          |
| <b>TOTAL SOURCES OF FUNDS</b>                              | <b>3,420,940</b> | <b>5,418,697</b>   | <b>8,839,637</b> |

Appendix A – Attachment

The table was completed by identifying the following areas of the facility as clinical:

1. Resident Rooms
2. Nurses Station Areas
3. Med Rooms
4. Physical Therapy

**APPENDIX B****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 ☐ Yes ☒ No  
Purchase Price: \$ \_\_\_\_\_  
Fair Market Value: \$ \_\_\_\_\_

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 \$     N/A    .



**APPENDIX C****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): July 2016

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.

|                   |
|-------------------|
| <b>APPENDIX D</b> |
|-------------------|

**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 |
| <b>CLINICAL</b>     |                  |                   |               |                                                     |                |       |               |
|                     |                  |                   |               |                                                     |                |       |               |
|                     |                  |                   |               |                                                     |                |       |               |
|                     |                  |                   |               |                                                     |                |       |               |
| Total Review        | 3,420,940        | 26,156            | 26,156        |                                                     | 26,156         |       |               |
| <b>NON CLINICAL</b> |                  |                   |               |                                                     |                |       |               |
|                     |                  |                   |               |                                                     |                |       |               |
|                     |                  |                   |               |                                                     |                |       |               |
|                     |                  |                   |               |                                                     |                |       |               |
|                     |                  |                   |               |                                                     |                |       |               |
| Total Non-clinical  | 5,418,697        | 41,358            | 41,358        |                                                     | 41,358         |       |               |
| <b>TOTAL</b>        | <b>8,839,637</b> | <b>67,514</b>     | <b>67,514</b> |                                                     | <b>67,514*</b> |       |               |

\*Total Square Footage of Existing Facility

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 | 32      |
| 2                    | Site Ownership                                                               | 33      |
| 3                    | Operating Identity/Licensee                                                  | 34-36   |
| 4                    | Organizational Relationships                                                 | 37-51   |
| 5                    | Flood Plain Requirements                                                     | 52-53   |
| 6                    | Historic Preservation Act Requirements                                       | 54      |
|                      | <b>General Information Requirements</b>                                      |         |
| 10                   | Purpose of the Project                                                       | 55-97   |
| 11                   | Alternatives to the Project                                                  | 99-100  |
|                      | <b>Service Specific - General Long-Term Care</b>                             |         |
| 12                   | Background of the Applicant                                                  | 101-106 |
| 13                   | Planning Area Need                                                           | 107     |
| 14                   | Establishment of General LTC Service or Facility                             | 108     |
| 15                   | Expansion of General LTC Service or Facility                                 | 109     |
| 16                   | Variances                                                                    | 110     |
| 17                   | Accessibility                                                                | 111     |
| 18                   | Unnecessary Duplication/Maldistribution                                      | 112     |
| 19                   | Staffing Availability                                                        | 113     |
| 20                   | Bed Capacity                                                                 | 114     |
| 21                   | Community Relations                                                          | 115-122 |
| 22                   | Project Size                                                                 | 123-124 |
| 23                   | Zoning                                                                       | 125     |
| 24                   | Assurances                                                                   | 126     |
| 25                   | Modernization                                                                | 127-186 |
|                      | <b>Service Specific - Specialized Long-Term Care</b>                         |         |
| 26                   | Specialized Long-Term Care – Review Criteria                                 | 187     |
|                      | <b>Financial and Economic Feasibility:</b>                                   |         |
| 27                   | Availability of Funds                                                        | 188-200 |
| 28                   | Financial Waiver                                                             | 201     |
| 29                   | Financial Viability                                                          | 202-255 |
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|                      | <b>APPENDICES</b>                                                            |         |
| A                    | Project Costs and Sources of Funds                                           |         |
| B                    | Related Project Costs                                                        |         |
| C                    | Project Status and Completion Schedule                                       |         |
| D                    | Cost/Space Requirements                                                      |         |

File Number 0006134-4



*To all to whom these Presents Shall Come, Greeting:*

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

RUTLEDGE JOINT VENTURES, L.L.C., HAVING ORGANIZED IN THE STATE OF ILLINOIS ON MARCH 11, 1996, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 1504002788

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 9TH day of FEBRUARY A.D. 2015 .*

*Jesse White*

SECRETARY OF STATE

Attachment-1  
Type of Ownership



**SANGAMON COUNTY REAL ESTATE TAX BILL**  
**THOMAS K. CAVANAGH, TREASURER AND COLLECTOR**  
 200 S. NINTH STREET ROOM 102, SPRINGFIELD, IL 62701  
 www.co.sangamon.il.us  
 (217) 753-6800

TOWNSHIP: CAPITAL  
 2013 Payable 2014  
 04/22/2014  
 051962D

14-28.0-277-027  
 RUTLEDGE JOINT VENTURES LLC  
 115 W JEFFERSON ST  
 PO BOX 3188  
 BLOOMINGTON IL 61702-3188



Your collector is:  
 THOMAS K. CAVANAGH  
 SANGAMON COUNTY COMPLEX  
 SPRINGFIELD, IL 62701  
 (217) 753-6800

Property Information  
 Parcel Number 14-28.0-277-027  
 Property Location 900 RUTLEDGE ST  
 SPRINGFIELD IL 62702  
 Acres 1.75 Tax Code 001

| Taxing District      | 2013 Rate     | 2013 Amount       | Change From 2012  | Pension          |
|----------------------|---------------|-------------------|-------------------|------------------|
| SPFLD DIST #186      | 5.0184        | 72,803.19         | 4,591.21 -        | 4,256.43         |
| LLCC #525            | .4690         | 6,803.90          | 551.73 -          | 132.02           |
| CAPITAL TOWN         | .0926         | 1,343.37          | 89.79 -           |                  |
| SPFLD AIRPORT AUTH.  | .0928         | 1,346.27          | 102.71 -          | 204.55           |
| SPFLD MET EXPO AUTH  | .0701         | 1,016.86          | 80.85 -           | 53.88            |
| SPRINGFIELD CORP.    | .9385         | 13,615.06         | 1,230.66 -        | 13,391.85        |
| SPFLD MASS TRANSIT   | .1160         | 1,691.55          | 103.86 -          | 513.56           |
| SPFLD PARK DISTRICT  | .4201         | 6,094.50          | 440.15 -          | 681.74           |
| PARK DIST-SRD TAX    | .0545         | 790.65            | 182.19 -          |                  |
| SPFLD SANITARY DIST. | .0935         | 1,356.43          | 90.97 -           | 472.94           |
| COUNTY               | .7360         | 10,677.32         | 718.36 -          | 1,874.33         |
| <b>TOTAL</b>         | <b>8.1021</b> | <b>117,539.20</b> | <b>8,172.48 -</b> | <b>21,480.90</b> |

|                        |            |
|------------------------|------------|
| Fair Market Value      | 4,352,175  |
| Assessed Value         | 1,450,725  |
| Township Multiplier    | 1.0000     |
| AV After TW Multiplier | 1,450,725  |
| County Multiplier      | 1.0000     |
| Equalized Value        | 1,450,725  |
| Value After Exemptions | 1,450,725  |
| Tax Rate               | 8.1021     |
| Total Tax              | 117,539.20 |

Total Due 117,539.20  
 1st Installment 58,769.60  
 2nd Installment 58,769.60

Messages

Legal Description  
 L 1-8 & W 120' L 8 GROESCHS  
 ADDN & W 120' L 33 ASSESSORS  
 SUB OF PT W 1/2 SEC 27 & PT  
 E 1/2 SEC 28

**SANGAMON COUNTY REAL ESTATE TAX BILL**

**THOMAS K. CAVANAGH, TREASURER AND COLLECTOR**

Mail checks to PO Box 19400 Springfield, IL 62794 - 9400

After September 05, 2014, mail checks to 200 S Ninth St Rm 102 Springfield, IL 62701

Make checks payable to Tax Collector

Save a Stamp-Free E-Check

at tax.co.sangamon.il.us

Drive Thru Open Aug. 29

Sep 2- 5: 8am to 5pm

SCCU 310 So. Grand East

UNPAID TAXES WILL BE SOLD AT THE TAX SALE ON NOVEMBER 07, 2014

OWNER RUTLEDGE JOINT VENTURES LLC

TOWNSHIP: CAPITAL

2013 Payable 2014

14-28.0-277-027

Postmarked on or before  
 September 05, 2014

**\$58,769.60 DUE**

| If paid in 2014  | Amount Due      |
|------------------|-----------------|
| 09/05 Thru 09/19 | 59,651.14       |
| 09/20 Thru 10/06 | 59,661.14       |
| 10/07 Thru 10/31 | 60,542.66       |
| After 11/01      | Call for Amount |



0101 142802770277 011753920 005876960 0 3

**SANGAMON COUNTY REAL ESTATE TAX BILL**

**THOMAS K. CAVANAGH, CAPITAL TOWNSHIP COLLECTOR**

Mail checks to PO Box 19400 Springfield, IL 62794 - 9400

After June 06, 2014, mail checks to 200 S Ninth St Rm 102 Springfield, IL 62701

Make checks payable to Tax Collector

Save a Stamp-Free E-Check

at tax.co.sangamon.il.us

Drive Thru Open June 2 -

June 6, 2014 8am - 5pm

SCCU 310 So. Grand East

UNPAID TAXES WILL BE SOLD AT THE TAX SALE ON NOVEMBER 07, 2014

OWNER RUTLEDGE JOINT VENTURES LLC

TOWNSHIP: CAPITAL

2013 Payable 2014

14-28.0-277-027

IF PAID IN FULL \$117,539.20

Postmarked on or before

June 06, 2014

**\$58,769.60 DUE**

| If paid in 2014  | Amount Due      |
|------------------|-----------------|
| 06/07 Thru 07/06 | 59,651.14       |
| 07/07 Thru 08/06 | 60,532.68       |
| 08/07 Thru 09/06 | 61,414.23       |
| 09/07 Thru 10/06 | 62,295.77       |
| 10/07 Thru 10/31 | 63,177.32       |
| After 11/01      | Call for Amount |



0101 142802770277 011753920 005876960 0 3

Attachment-2  
 Site Ownership

File Number 0006134-4



*To all to whom these Presents Shall Come, Greeting:*

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

RUTLEDGE JOINT VENTURES, L.L.C., HAVING ORGANIZED IN THE STATE OF ILLINOIS ON MARCH 11, 1996, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



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*In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 9TH  
day of FEBRUARY A.D. 2015*

*Jesse White*

SECRETARY OF STATE

Attachment-3  
Operating Identity

**RUTLEDGE JOINT VENTURES, L.L.C.  
OPERATING AGREEMENT**

This Operating Agreement (this "Agreement") for Rutledge Joint Ventures, L.L.C. (the "Company") is entered into by and between Memorial Health Ventures, an Illinois not-for-profit corporation ("Memorial"), and Heritage Enterprises, Inc., an Illinois corporation ("Heritage"), which are referred to herein individually as "Member" and collectively as "Members."

**SECTION 1**

**ORGANIZATION**

**1.1 Formation.** The Members hereby agree to form a Limited Liability Company pursuant to the Illinois Limited Liability Company Act (the "Act").

**1.2 Name.** The Company shall operate under the name Rutledge Joint Ventures, L.L.C. or such other name as the Board of Managers of the Company (the "Board of Managers") may from time to time select.

**1.3 Principal Place of Business.** The principal place of business of the Company shall be located at 900 North Rutledge, Springfield, Illinois 62781 or such other place of business as the Board of Managers may determine.

**1.4 Purposes.** The purposes of the Company are to (i) acquire the nursing home located in Springfield, Illinois, currently owned and operated by Heritage, and commonly referred to as "Heritage Manor" (the "Nursing Facility"), and all property upon which the Nursing Facility is located, together with all rights, privileges and easements benefitting, belonging or pertaining, thereto (the "Nursing Home Property"); (ii) acquire a parcel of land contiguous to the Nursing Home Property, currently owned by Memorial and commonly referred to as "Dodge Street Frontage Land," together with all rights, privileges and easements benefitting, belonging or pertaining thereto (the "Dodge Street Property"); (iii) construct on the Nursing Home Property and the Dodge Street Property, adjacent to the Nursing Facility, a unit consisting of approximately 12,500 gross square feet dedicated to the provision of transitional care (the "New Unit"); (iv) own and operate the Nursing Facility and the New Unit; and (v) engage in any and all lawful business for which limited liability companies may be organized under the Act.

1.5 Term. The term of the Company shall commence (the "Commencement Date") upon the filing of the Articles of Organization of the Company (the "Articles of Organization") in the Office of the Secretary of State of the State of Illinois (the "Secretary of State") and shall continue until the thirtieth (30th) anniversary of the Commencement Date, unless sooner dissolved as provided herein.

## SECTION 2

### MEMBERS AND CAPITAL CONTRIBUTIONS

2.1 Members. The Members of the Company and their respective membership interests in the Company are as follows:

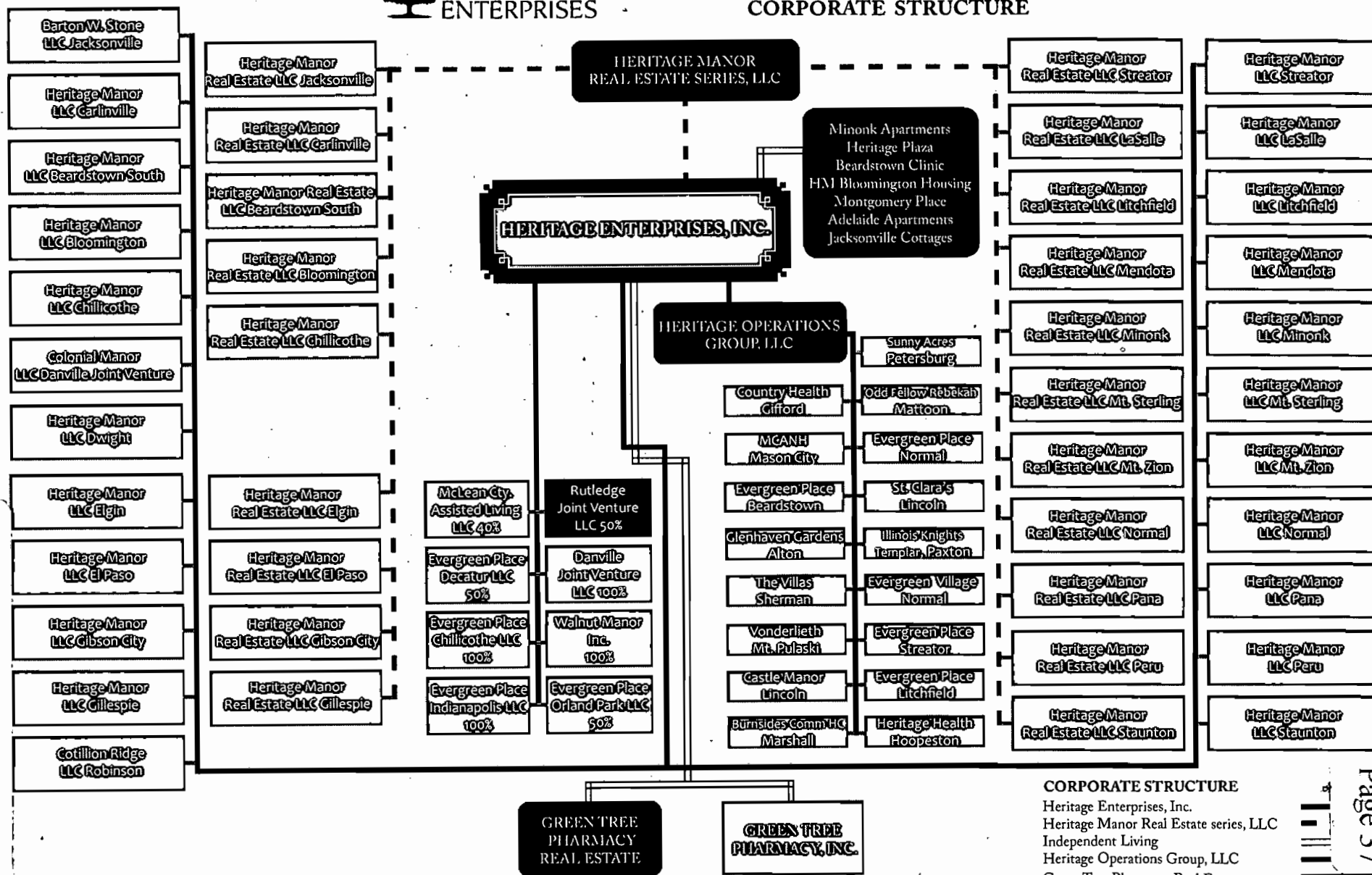
|          |     |
|----------|-----|
| Memorial | 50% |
| Heritage | 50% |





# HERITAGE ENTERPRISES

## CORPORATE STRUCTURE



Heritage Corporate Struture\_updated\_12-10-14

## CORPORATE STRUCTURE

Heritage Enterprises, Inc.  
Heritage Manor Real Estate series, LLC  
Independent Living  
Heritage Operations Group, LLC  
Green Tree Pharmacy Real Estate

**Heritage Enterprises  
Owned Facilities**

**Heritage Manor – Beardstown South, LLC**  
**dba~Heritage Health**  
8306 St. Lukes Drive  
Beardstown, IL 62618-8384

**Heritage Manor – Bloomington, LLC**  
**dba~Heritage Health**  
700 E. Walnut Street  
Bloomington, IL 61701-3244

**Heritage Manor – Carlinville, LLC**  
**dba~Heritage Health**  
1200 University Avenue  
Carlinville, IL 62626-9600

**Heritage Manor – Chillicothe, LLC**  
**dba~Heritage Health**  
1028 Hillcrest Drive  
Chillicothe, IL 61523-2258

**Heritage Manor-Danville, LLC**  
**dba~Colonial Manor**  
620 Warrington Avenue  
Danville, IL 61832-5446

**Heritage Manor – Dwight, LLC**  
**dba~Heritage Health**  
300 E. Mazon Avenue  
Dwight, IL 60420-1104

**Heritage Manor – Elgin, LLC**  
**dba~Heritage Health**  
355 Raymond Street  
Elgin, IL 60120-7875

**Heritage Manor – El Paso, LLC**  
**dba~Heritage Health**  
555 E. Clay  
El Paso, IL 61738-1508

**Heritage Manor – Gibson City, LLC**  
**dba~Heritage Health**  
620 E. 1st Street  
Gibson City, IL 60936-1822

**Heritage Manor – Gillespie, LLC**  
**dba~Heritage Health**  
7588 Staunton Road  
Gillespie, IL 62033-3232

**Barton W. Stone – Jacksonville, LLC**  
**dba~Heritage Health**  
873 Grove Street  
Jacksonville, IL 62650

**Heritage Manor – LaSalle, LLC**  
**dba~Heritage Health**  
1445 Chartres Street  
LaSalle, IL 61301

**Heritage Manor – Litchfield, LLC**  
**dba~Heritage Health**  
628 South Illinois Avenue  
Litchfield, IL 62056-2716

**Heritage Manor – Mendota, LLC**  
**dba~Heritage Health**  
1201 First Avenue  
Mendota, IL 61342-1815

**Heritage Manor – Minonk, LLC**  
**dba~Heritage Health**  
201 Locust Street  
Minonk, IL 61760-1511

**Heritage Manor – Mt. Sterling, LLC**  
**dba~Heritage Health**  
435 Camden Road  
Mt. Sterling, IL 62353-1058

**Heritage Manor – Mt. Zion, LLC**  
**dba~Heritage Health**  
1225 Woodland Drive  
Mt. Zion, IL 62549-1237

**Heritage Manor – Normal, LLC**  
**dba~Heritage Health**  
509 N. Adelaide  
Normal, IL 61761-2422

**Heritage Manor – Pana, LLC**  
**dba~Heritage Health**  
1000 East Sixth Street Road  
Pana, IL 62557-1870

**Heritage Manor – Peru, LLC**

**dba~Heritage Health**

1301 21st Street

Peru, IL 61354-1359

**Heritage Manor-Robinson, LLC**

**dba~Heritage Health**

600 E. Robinwood

Robinson, IL 62454-3220

**Heritage Manor – Staunton, LLC**

**dba~Heritage Health**

215 West Pennsylvania Avenue

Staunton, IL 62088-1127

**Heritage Manor – Streator, LLC**

**dba~Heritage Health**

1525 E. Main Street

Streator, IL 61364-3162

**Walnut Manor Inc.**

**dba~Walnut Manor Nursing Home**

308 S. Second Street

Walnut, IL 61376-9363

**Heritage Enterprises  
Managed Facilities**

**Country Health, Inc.**  
**dba~Country Health Care & Rehab**  
2304 County Road 3000N  
Gifford, IL 61847-9756

**Hoopeston Retirement Village Foundation Inc.**  
**dba~Heritage Health #555**  
423 N. Dixie Highway  
Hoopeston, IL 60942-1033

**St. Clara's Manor**  
200 5th Street  
Lincoln, IL 62656-2619

**Mason City Area Nursing Home Association, Inc.**  
**dba~Mason City Area Nursing Home**  
520 N. Price Avenue  
P.O. Box 32  
Mason City, IL 62664-0032

**Independent Order of Odd Fellows**  
**dba~Odd Fellow - Rebekah Home**  
201 Lafayette Ave. East  
Mattoon, IL 61938-4641

**Henry and Jane Vonderlieth Living Center**  
**dba~Vonderlieth Living Center**  
1120 N. Topper Drive  
Mt. Pulaski, IL 62548

**Villa Health Care, Inc., (EAST)**  
**dba~ The Villas Senior Care Community**  
100 Marian Parkway  
Sherman, IL 62684-9763

**Villa Health Care, Inc., (WEST)**  
**dba~ The Villas Senior Care Community**  
100 Stardust Drive  
Sherman, IL 62684-9763

**Burnsides Community Health Center**  
410-412 North 2<sup>nd</sup> Street  
Marshall, IL 62441

**Illinois Knights Templar Home**  
450 E. Fulton Street  
Paxton, IL 60957

**Sunny Acres Nursing Home**  
19130 Sunny Acres Road  
Petersburg, IL 62675

**Rutledge Regency Operations, LLC**  
**~dba~ Regency Care**  
2120 West Washington Street  
Springfield, IL 62702-4630

**Heritage Enterprises  
Assisted Living Facilities**

**Evergreen Place**  
801 Gregory Street  
Normal, IL 61761-4431

**Evergreen Senior Living - Chillicothe**  
404 S. Stillwater Drive  
Chillicothe, IL 61523

**Heritage Enterprises  
Supportive Living Facilities**

**Evergreen Place**  
8570 St. Luke's Drive  
Beardstown, IL 62618-9200

**Evergreen Village**  
1701 Evergreen Blvd.  
Normal, IL 61761

**Evergreen Place - Decatur Supportive Living**  
4825 E. Evergreen Court  
Decatur, IL 62521

**Evergreen Place - Litchfield Supportive Living**  
1015 E. Tyler Avenue  
Litchfield, IL 62056

**Evergreen Place - Streator Supportive Living**  
1529 E. Main Street  
Streator, IL 61364

**Castle Manor**  
1550 Castle Manor Drive  
Lincoln, IL 62656

**Glenhaven Gardens - Alton, LLC**  
100 Glenhaven Drive  
Alton, IL 62002-6700

**Evergreen Crossing & The Lofts**  
5404 Georgetown Road  
Indianapolis, IN 46254

**Heritage Enterprises  
Owned Facilities**

**Heritage Manor – Beardstown South, LLC**

**dba~Heritage Health**

8306 St. Lukes Drive

Beardstown, IL 62618-8384

**Heritage Manor – Bloomington, LLC**

**dba~Heritage Health**

700 E. Walnut Street

Bloomington, IL 61701-3244

**Heritage Manor – Carlinville, LLC**

**dba~Heritage Health**

1200 University Avenue

Carlinville, IL 62626-9600

**Heritage Manor – Chillicothe, LLC**

**dba~Heritage Health**

1028 Hillcrest Drive

Chillicothe, IL 61523-2258

**Heritage Manor-Danville, LLC**

**dba~Colonial Manor**

620 Warrington Avenue

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**Heritage Manor – Dwight, LLC**

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1000 East Sixth Street Road  
Pana, IL 62557-1870

**Heritage Manor – Peru, LLC**

**dba~Heritage Health**

1301 21st Street

Peru, IL 61354-1359

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**St. Clara's Manor**  
200 5th Street  
Lincoln, IL 62656-2619

**Mason City Area Nursing Home Association, Inc.**  
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P.O. Box 32  
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Sherman, IL 62684-9763

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Paxton, IL 60957

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100 Glenhaven Drive  
Alton, IL 62002-6700

**Evergreen Crossing & The Lofts**

5404 Georgetown Road  
Indianapolis, IN 46254

# Memorial Health System

## Memorial Health Ventures

**Memorial ExpressCare,  
LLC**

**ASSUMED NAMES:**

**Memorial ExpressCare  
at Koke Mill**

**Memorial ExpressCare  
at South Sixth Street**

**Memorial ExpressCare  
at North Dirksen**

**JOINT VENTURES:**

**Orthopedic Surgery  
Center of Illinois, LLC**

**Rutledge Joint  
Ventures, LLC**

**WTA Laser, LLC**

## **MHV Locations & Addresses**

### **Memorial ExpressCare at Koke Mill**

3132 Old Jacksonville Road  
Springfield, IL 62704

### **Memorial ExpressCare at North Dirksen**

3220 North Atlanta Street  
Springfield, IL 62707

### **Memorial ExpressCare at South Sixth Street**

2950 South Sixth Street  
Springfield, IL 62703

### **Orthopedic Surgery Center of Illinois, LLC**

3136 Old Jacksonville Road, Suite 250  
Springfield, IL 62704

### **Rutledge Joint Ventures, LLC**

900 North Rutledge Street  
Springfield, IL 62781

### **WTA Laser, LLC**

701 North First Street  
Springfield, IL 62781

**Mike Blake**

---

**From:** Dean Chalkey <deanc@chamlin.com>  
**Sent:** Thursday, February 05, 2015 2:46 PM  
**To:** Mike Blake  
**Subject:** Heritage Health - Springfield, IL  
**Attachments:** HERITAGE\_SPRINGFIELD.pdf

Mike,

Per the attached FEMA FIRM map, your property located at 900 N. Rutledge Street in Springfield, IL is located outside the floodplain / Special Flood Hazard Area (SFHA).

Should you need any additional information, please do not hesitate to call.

Thanks,

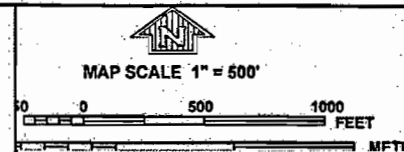
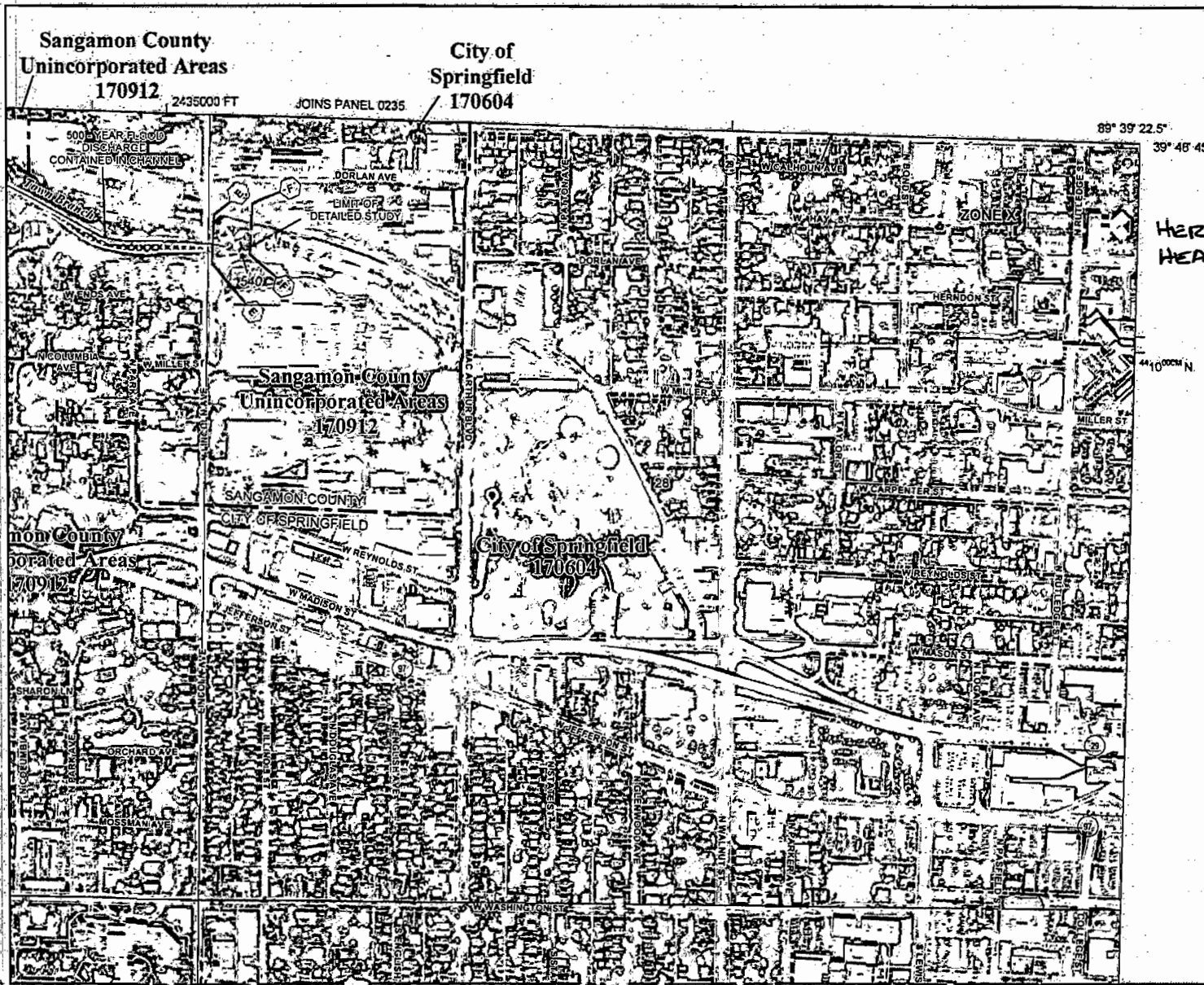
Dean

Dean Chalkey, CFM  
Project Manager  
Certified Floodplain Manager No. IL-13-00644  
**Chamlin & Associates, Inc.**  
Engineers•Surveyors•Planners  
3017 Fifth Street Peru, Illinois 61354  
P: 815.223.3344 F: 815.223.3348



♻️ Please consider the environment before printing this e-mail.





HERITAGE  
HEALTH

**NATIONAL FLOOD INSURANCE PROGRAM**

**PANEL 0241F**

**FIRM**  
FLOOD INSURANCE RATE MAP  
SANGAMON COUNTY,  
ILLINOIS  
AND INCORPORATED AREAS.

**PANEL 241 OF 575**  
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

| COUNTY                 | MAP    | DATE  |
|------------------------|--------|-------|
| LELAND COUNTY, CITY OF | 170605 | 02/01 |
| SANGAMON COUNTY        | 170919 | 03/01 |
| SPRINGFIELD, CITY OF   | 170904 | 02/01 |

Notes to User: The 100-year flood shown below should be used when showing the extent of the Community Floodplain shown above should be used on insurance applications for the subject community.

**MAP NUMBER:**  
17167C0241F

**MAP REVISED:**  
AUGUST 2, 2007

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using FIRM On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on this title block. For the latest product information about National Flood Insurance Program flood maps, check the FEMA Flood Map Store at [www.msa.fema.gov](http://www.msa.fema.gov)



# Illinois Historic Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

Page 54

FAX (217) 524-7525

[www.illinoishistory.gov](http://www.illinoishistory.gov)

Sangamon County

Springfield

Rehabilitation, Heritage Health

900 N. Rutledge

IHPA Log #009012915

February 9, 2015

Michael Blake

Heritage Enterprises

115 W. Jefferson St., Suite 401

P.O. Box 3188

Bloomington, IL 61702-3188

Dear Mr. Blake:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). 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 217/785-5031.

Sincerely,

Rachel Leibowitz, Ph.D.

Deputy State Historic  
Preservation Officer

Attachment-6  
Historic Resources Preservation Act

Section II – Purpose of the Project, and alternatives – information requirements

PURPOSE OF THE 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.

The proposed project is a modernization of Heritage Health of Springfield, a long term care facility that has been serving the community since the 1970's. Throughout the history of the building, maintenance and substantial projects have occurred every decade to extend the life of the facility. Despite the extraordinary efforts of Heritage Health of Springfield to ensure necessary maintenance and renovations take place as needed, the building condition has met and exceeded its life expectancy. The facility requires modernization in order to prepare for the future. The facility recognizes gaps created from technological advancements. The proposed project seeks to bridge the gaps to ensure Heritage Health of Springfield is able to continue providing the highest level of quality care for the community.

Heritage Health of Springfield maintained the facility from 1971 into the 21<sup>st</sup> century. The safety of both residents and staff were the top priority while maintaining the facility in order to allow for the provision of quality care. Heritage Health of Springfield began the process of looking to the future several years ago so as to explore all options in a responsible manner. These efforts have yielded the realization that the economically responsible decision is to embrace modernization. It is with substantial thought and consideration that Heritage Health of Springfield presents before the Board to modernize the existing facility. The conclusion that modernization was the best option to pursue was supported by the cost of alternatives; closing down the facility or building a new facility.

Heritage Health of Springfield further had to acknowledge that the time to modernize is immediate. Several million dollars in repairs are necessary in the near future and cannot be delayed much further. Given the exorbitant cost of maintenance, changes in the standards of care, changes in patient

expectations, changes in patient care services, and the preference for a patient-centered model, a modernization is absolutely necessary. Moreover, Heritage Health of Springfield is unwilling to wait until non-compliance with life safety codes jeopardizes the safety of residents, staff, and community. Non-compliance of life safety codes is irresponsible and places the facility at risk. To avoid jeopardizing patients or staff members, Heritage Health of Springfield has taken a proactive approach to ensure the uninterrupted provision of quality care to the community it has served for more than 45 years. Heritage Health of Springfield therefore comes before the Board enthusiastically looking forward to the next 45 years.

The review process began in 2011 when Heritage Health of Springfield retrained Farnsworth Group, an independent engineering and architecture consulting firm, to identify options available to Heritage Health of Springfield and to help the facility assess which of the available options were the most appropriate for the future. A review of the Farnsworth Group report dated July 18, 2011, reveals that modernization of the facility is necessary economically, and to allow for the facility to continue achieving its mission of providing care to the community. The modernization of the facility will include substantial improvements to resident life, both from a clinical perspective and a quality of life perspective. Features of the proposed modernization include the only person-centered, skilled nursing based, hospice unit in the community. Additional features include a modernized rehabilitation unit, rehabilitation gym, barbershop/salon, community rooms, Wi-Fi capabilities, commercial laundry, and brick façade.

Heritage Health of Springfield's service area includes by the Health Service Area and Geographic Service Area. Within a twenty-five mile radius, facilities designated by the Centers for Medicare and Medicaid Services, known as CMS, range greatly in star ratings. Heritage Health of Springfield has an overall rating of three of five stars. Additional facility ratings in the twenty-five mile radius include four facilities rated as one star, one facility rated as a two star, two facilities rated as a four star, and two facilities rated as a five star. The two four star rated facilities were built within the previous five years. The Centers for Medicare and Medicaid Services changed the star rating criteria effective February 2015.

The change reflected a higher standard for nursing homes to achieve a high rating on the quality measure dimension. Prior to the February 2015 changes, Heritage Health of Springfield was a five star rated facility. Heritage Health of Springfield remains committed to providing care to Medicare and Medicaid residents. The modernized facility will aid Heritage Health of Springfield in providing the highest quality care to its residents in that it reflects the current needs and desires of a more sophisticated and complex patient population.

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

Heritage Health of Springfield's planning area consists of Sangamon County and the defined boundaries of Health Service Area III and a Geographic Service Area. A 2012 market study performed by Valerie S. Kretchmer Associates, Inc., a real estate and planning consulting firm, identifies that central Springfield has the ability to maintain a high rate of occupancy. Heritage Health of Springfield's admission data shows the Health Service Area and Geographic Service Area market descriptions to be an accurate description of the market area.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project.

As cited in Section I of the application, multiple aged and failing systems require replacement. These systems include: HVAC equipment and piping, domestic plumbing supply line and waste lines, the electrical system including emergency generator, nurses call system, door alarm and elopement system, and phone system. Overall aging and outdated aesthetics also warrant replacement of toilets and lavatories, interior floors, walls, and ceilings of first and second floors completely and third and fourth floors partially. A lack of aesthetic appeal exists in regards to the exterior of the building warranting parking lot and exterior façade work. Heritage Health of Springfield notes a need to respond to current trends in hospice and rehabilitation care delivery, as they have shifted to a more person centered manner. Improving resident rooms and developing distinct hospice and rehabilitation units within the facility will

achieve this care method. Ultimately, by modernization of the overall facility, we believe Heritage Health of Springfield will be able to meet both standards of care and resident's expectations. The project is designed to achieve these goals.

4. Cite the sources of the information provided as documentation.

Included as part of Attachment 10 are the past five years of the Illinois Department of Public Health annual facility questionnaire forms documenting the facility utilization rate. A copy of an e-mail confirming that Heritage Health of Springfield is up to date in all of its submissions to the government is contained in Attachment 10. Also appended is the Springfield Nursing Home Market Assessment. The executive summary provided by the Farnsworth Group is included in Attachment 10, additionally. Included as part of the application is the narrative description prepared by Heritage Health of Springfield outlining the modernization project.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

Included in the project are designed units dedicated to delivering hospice and rehabilitative care. The Springfield community does not currently have a skilled nursing facility designed and dedicated to delivering hospice care to patients. The facility will offer rooms designed with form and function for the hospice patient in a person-centered environment reflecting modern trends meeting patient expectations. Included are rooms designed and dedicated to serving family members of the patient with living spaces and a kitchen offering person centered relief for the entire family. A full-service dining service space will be available for both patient and family support.

The modernized rehabilitation facilities will substantially benefit the residents of the home, as will the multitude of benefits accompanying the modernized facility. Benefits include upgraded electrical systems, new HVAC system allowing for additional resident comfort, domestic plumbing supply and

waste lines, and replacement of toilet and lavatories. A transformation is designed in the bathing and bathroom areas for residents to meet current expectations of consumers. Laundry facilities will be relocated and designed to meet modern standards and increased capacity. The entire facility is being modernized to allow for any future expansion of services that may prove necessary without incurring unnecessary costs. The project allows Heritage Health of Springfield to serve a broad spectrum of care needed by the community.

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

The project goals will be achieved shortly after the modernized facility is fully operational. The measure of the success will be the facility's ability to maintain a 90% utilization rate, in a market that has become more challenging with the addition of newly constructed skilled nursing facilities. Maintaining the utilization rate should not be an issue with a modernized facility designed to deliver specific care pathways for residents. The timeline to achieve the goal is within 90 days of the modernization project completion date. An additional goal is to measure levels of satisfaction of services provided by Heritage Health of Springfield after completion of the modernization project. Ultimately, the measure of success will be the facility's ability to maintain a 95% satisfaction rating through resident and family interviews. The timeline to achieve the goal is within 90 days of the modernization project completion date.

## Modernization Projects – Conditions Upgraded

### Exterior

The majority of the exterior façade is comprised of exterior brick and columns of concrete masonry units (CMU) with an architectural coating applied that has remained virtually untouched since the original construction in the year 1971 for the original structure, 1986 for the four-story dining room addition, and 1994 for the single story addition.

This construction gives the facility the look and feel of a medical office building of the 1970s. The aesthetics are very dated and not pleasing to our residents, resident families, employees, and guests. This creates an unnecessary challenge in competing with newer constructed buildings. Heritage Health has consistently had a high quality census which reflects the quality of care and the commitment of our staff. It is time the appearance and function of our facility match this commitment.

The exterior will be enhanced by installing an exterior insulating finish system (EIFS) between window columns after removal of a portion of the CMU to reduce the amount these columns jut out from the facility. After installation of these new surfaces, the facility will have a more pleasing and enticing look with a more pronounced and elegant front entryway.

The parking lots have not been replaced since 1987 and have only been crack-filled and sealed over the years. The asphalt surfaces of these lots are considerably cracked and many areas of settlement are apparent. We are proposing to remove these surfaces and replace with two (2) shifts of 1 ½ inch asphalt completely re-stripped to meet the existing parking configuration.

The roofing membrane of the facility consists of a gravel surfaced built up roof over the original building installed in 1971, a ballasted EPDM roof membrane over the 1987 addition installed at that time, and a ballasted EPDM membrane over the single story 1995 addition. All three roof membranes are warrantied for 20-year lives which have been exceeded. Patches and repairs have been performed over the years, but evidence of leaking is apparent throughout the facility. Our proposed modernization will remove these surfaces, add rigid insulation to meet the energy code and surface drainage details, and install a firestone .060 fully adhered white TPO single-ply roofing system.

### Interior

The interior finishes of the facility have been haphazardly replaced over the past 45 years with the latest rehabilitation occurring some 10 years ago. The floors, walls, and ceilings in all spaces are dated, worn, and in need of replacement. A good portion of the existing vinyl composition tile (VCT) is asbestos containing material (ACM). The painted surfaces are damaged and drab.

The modernization will be replacing all of the interior finish surfaces of the first and second floors, plus a portion of surfaces on the third and fourth floors. Where the VCT is



scheduled to be replaced, the ACM will be removed according to Illinois Department of Public Health standards. Walls will be patched, skim coated, and repaired; then painted in most areas. Ceilings will be replaced with new acoustical ceiling tile. The nurses' station cabinetry will be replaced. Shower rooms will be rehabbed, including replacement of ceramic tile.

When completed, the interior "look" of the facility will be less institutionalized and more residential to meet the needs of our residents and provide a more homelike setting to improve the quality of care we deliver.

### HVAC

The original 1971 building and the 1986 addition are heated by a natural gas-fired hot water boiler. The water is pumped to terminal units utilizing a 2-pipe system. This building is cooled by an air cooled chiller. Chilled water is pumped to the terminal units using the same 2-pipe system. The 1986 addition is cooled by individual 5-ton split systems. Heating for the 1994 addition is provided by natural gas-fired boilers. Cooling for the 1994 addition is by a 50-ton rooftop air handling unit. All of this equipment has exceeded its life expectancy as defined by ASHRAE.

The hydronic piping of the original building is 45 years old and in poor condition. There have been pipe breakages, severe calcification and blockage discovered and repaired over the last 15 years.

The terminal units are original and considered to be beyond their useful life expectancy of 20 years by ASHRAE. Extensive maintenance and repair has been undertaken over the last 15 years. Deficiencies with these units such as rusted drain pans, inoperable controls, and restricted piping have been noted.

The modernization of these systems is for complete replacement of all equipment and piping. The new system will consist of a gas-fired hot water boiler, cooling tower, water source heat pumps and re-piping to these heat pumps.

### Plumbing

The plumbing system for our facility consists of galvanized water supply lines inside the facility, cast iron waste piping on all floors, and porcelain stools and lavatories. All of this plumbing material is original to the building, thus 45 years old. The galvanized supply lines over time have calcified and corroded which leads to greatly reduced water pressure and leakage in various locations. In many areas galvanized piping has been attached to copper nipples which creates hydrolysis and much quick pipe failure at the locations.

Plumbing fixtures are also showing signs of aging by small cracks in the porcelain, staining of the porcelain, seat bolts breaking and fittings leaking.

The modernization of the facility includes replacement of galvanized supply lines, horizontal cast iron waste lines, and all toilets and lavatories.

### Electrical

The electrical system serving the facility is also original equipment or 45 years old. The circuit breakers in the electrical panels have been inspected using thermal imaging cameras for failures and have been found to be in good condition. Lighting for the facility has been retrofitted from T-12 fluorescent tubes to T-8 technology. The facility is served by two (2) 50 kw diesel powered emergency generators. Each generator has an automatic transfer switch installed for quick switchover when line power is disrupted.

The modernization of the electrical system mainly consists of limited electrical panel work, limited replacement light fixtures, additional circuitry added to provide for more outlets in all resident rooms, and replacement of the two (2) emergency generators to a single larger unit with multiple transfer switches.

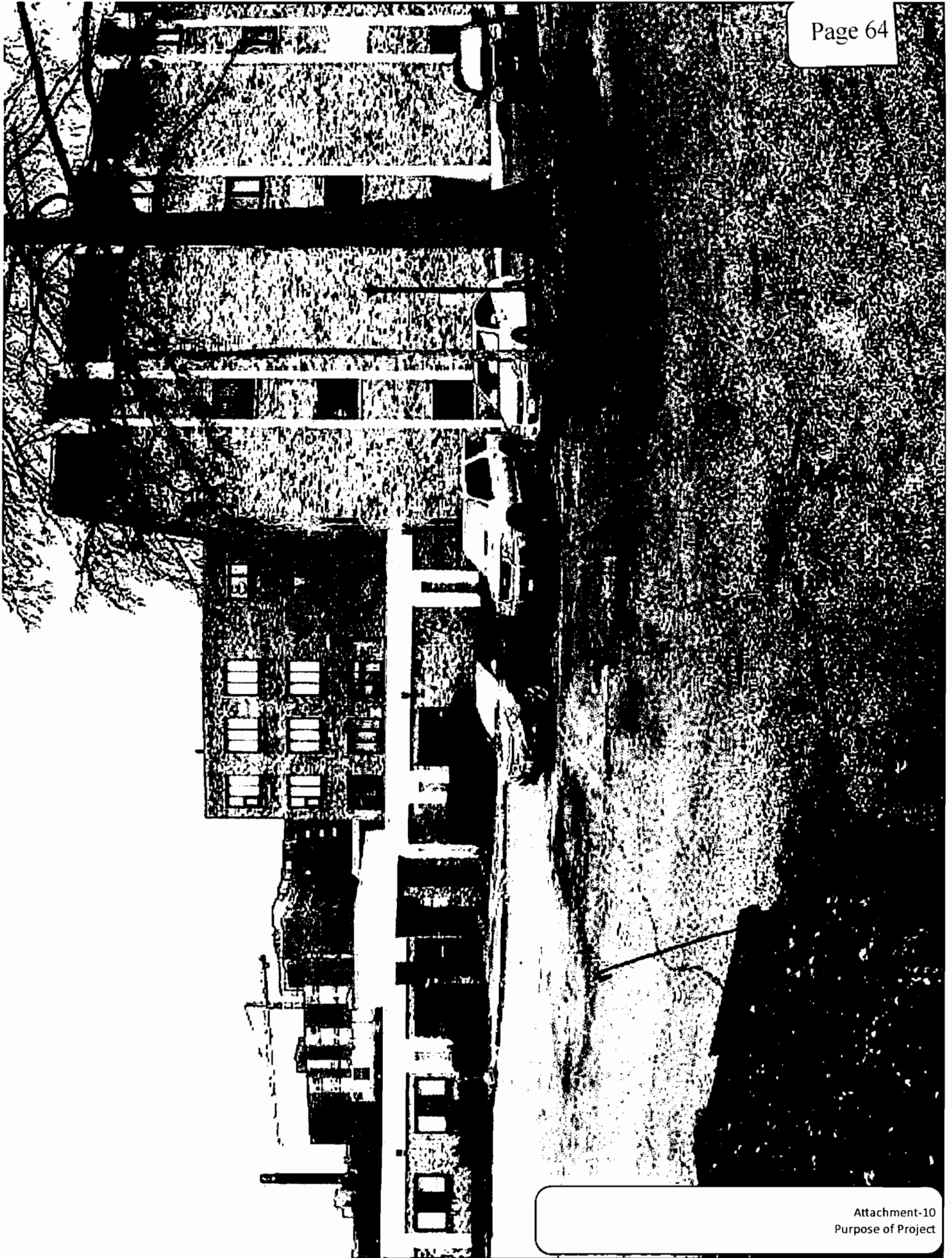
The fire alarm system is a zoned system that is original to the building. The modernization work will include the replacement of the entire system to an upgraded addressable fire alarm panel and devices.

The nurses call for the original building was installed 45 years ago and has been repaired and jerry-rigged over the years. The system is a tone/light installation only and parts to repair are becoming non-existent. The modernization will include the replacement of the nurses call with an upgraded Jeron system that includes voice capabilities to better serve our residents.

The phone system is over 15 years in age and it too will be replaced during the modernization.



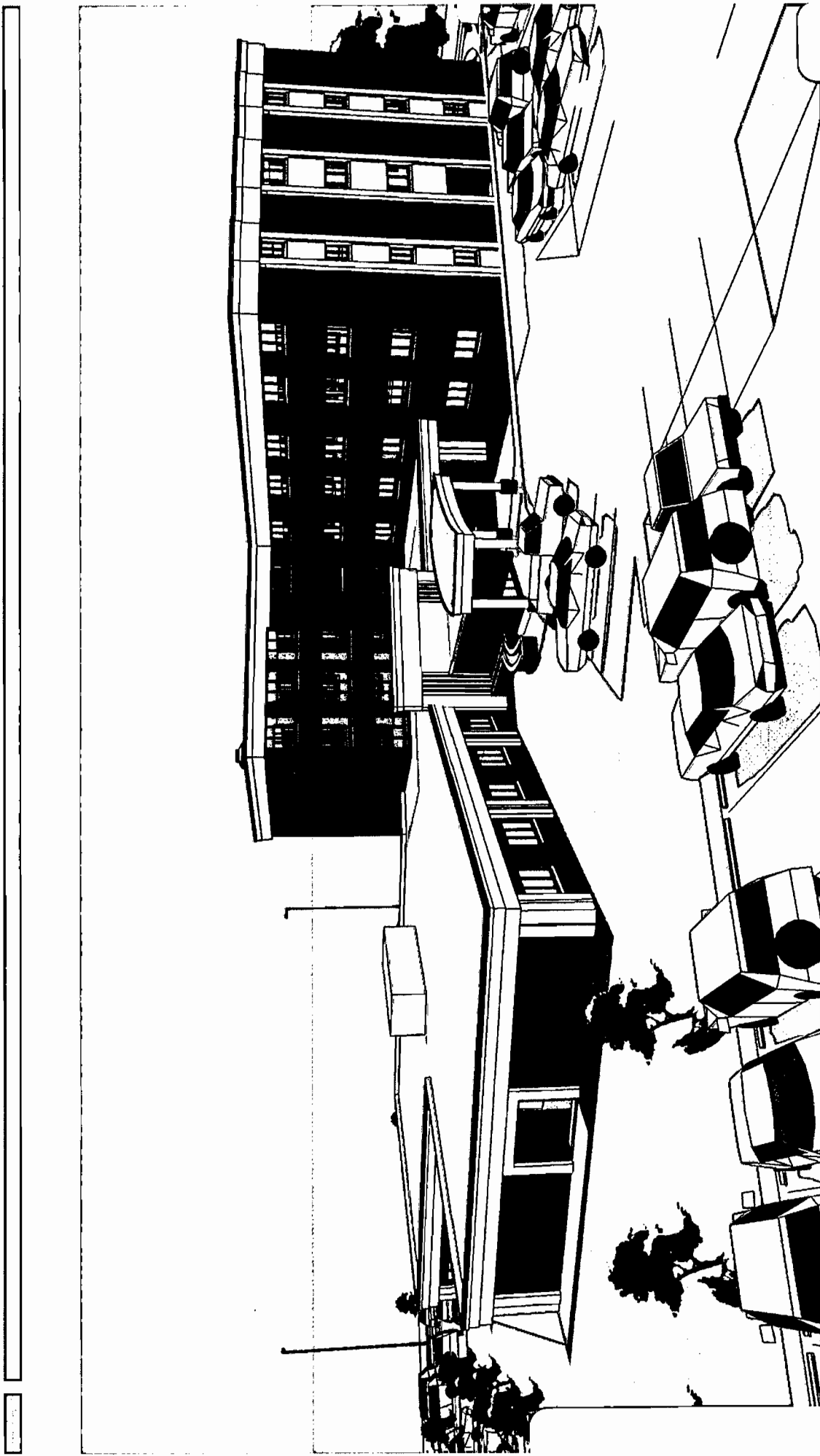
EXISTING EXTERIOR ELEVATIONS



# Option 1



# Option 1



## Senior Housing and Healthcare Valuations, Market Studies and Consulting Services

Page 67

**Salem, Oregon**

## Edwardsville, Illinois

**www.tellatin.com**

## Presented in a

## Heritage Health

Springfield, Sangamon County, Illinois

TS&H File Reference: 1129301

Prepared for

### As Is Value

July 3, 2012

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**Subject Property Description****Site Description**

|                                               |                                                                                                                          |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Legal Description:                            | See Exhibit B of the Addenda                                                                                             |
| Latitude / Longitude Coordinates:             | 39° 48' 41" North, 89° 39' 24" West                                                                                      |
| Parcel Identification:                        |                                                                                                                          |
| Parcel One:                                   | 14-28.0-277-027                                                                                                          |
| Size:                                         | 1.75 acres, or 76,230 square feet                                                                                        |
| Excess Land:                                  | None                                                                                                                     |
| Surplus Land:                                 | None                                                                                                                     |
| Site Plan:                                    | See Exhibit D in Addenda                                                                                                 |
| Shape:                                        | Nearly rectangular                                                                                                       |
| Average Depth:                                | 260 feet                                                                                                                 |
| Average Width:                                | 312 feet                                                                                                                 |
| Primary Frontage:                             | 312 feet on North Rutledge Street                                                                                        |
| Street Improvements:                          | Two lanes, sidewalks, streetlights, curbs, storm sewers, drainage ditches, and fire hydrants                             |
| Secondary Frontage:                           | 260 feet on Dodge Street                                                                                                 |
| Street Improvements:                          | Two lanes, sidewalks, streetlights, curbs, storm sewers, drainage ditches, and fire hydrants                             |
| Accessibility from Major Regional Highway(s): | Good                                                                                                                     |
| Ingress/Egress Restrictions:                  | None noticed                                                                                                             |
| Improvements Setback:                         | 27 feet from North Rutledge Street<br>26 feet from Dodge Street                                                          |
| Topography:                                   | Nearly level; at street grade                                                                                            |
| Soil Conditions:                              | Appear suitable for existing improvements based on surface evidence                                                      |
| Nearby Primary Fault Lines:                   | None                                                                                                                     |
| Utility services:                             | Electricity, public water, sanitary sewer, natural gas, and telephone utility lines                                      |
| Land-to-Building Ratio:                       | 1.00:1                                                                                                                   |
| On-site Parking Spaces:                       | 54 spaces                                                                                                                |
| Additional Parking:                           | None                                                                                                                     |
| Flood Zone:                                   | See Exhibit D in Addenda for Flood Zone Map                                                                              |
| Community Panel Number                        | 17167C0241F                                                                                                              |
| Date                                          | August 2, 2007                                                                                                           |
| Zone                                          | Zone X (shaded): Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. |
| Zoning (See Map in Addenda):                  | R-5B, General Residence or Office                                                                                        |
| Permitted Uses:                               | (See Exhibit D in Addenda)                                                                                               |
| Current Use Compliance:                       | Special use permit                                                                                                       |

**Improvement Description**

The 178-bed skilled nursing facility is a one and part four-story, Class "C" masonry structure with concrete block and brick exterior walls. The building contains a gross floor area of 76,230 square feet, or 428 square feet per bed -- including a 2,752-square-foot, partial basement. There are 16 private, 69 semi-private and eight three-bed resident rooms.



**Building Components**

**SITE PREPARATION & EXCAVATION:** General site preparation and grading; excavation for the partial basement.

**FOUNDATION:** Includes excavation for concrete footings under exterior walls, interior partitions and columns.

**FRAME:** Class "C" -- load-bearing.

**EXTERIOR WALLS, SUPERSTRUCTURE:** Concrete block and brick.

**WINDOWS:** White-finished, aluminum sash, casement.

**FLOOR STRUCTURE:** Reinforced concrete over fill and vapor barrier on ground level, open-web steel joist and metal deck supporting concrete over the basement and for upper levels.

**ROOF STRUCTURE:** Flat type, open-web steel joist and metal deck.

**ROOF COVER:** Rubber membrane.

**INTERIOR CONSTRUCTION:** Partial drywall on metal stud partitions and steel frame with plaster partitions; cubicle curtains; paint and vinyl wall coverings; wood doors in metal frames; ceramic tile wainscoting in the bathrooms; wood hand railings.

**CEILINGS:** Suspended acoustical tile in 2' x 2' grid systems. Drywall, taped with textured finish.

**FLOOR COVERINGS:** Vinyl tile in the resident rooms, hallways and most other common areas; carpet in the lobby and offices; ceramic tile in central bath and tub rooms, and quarry tile in the kitchen.

**ELECTRICAL & LIGHTING:** Fluorescent and incandescent fixtures; wiring in conduit; 60 and 100-KW emergency generators.

**PLUMBING:** Adequate and typical for skilled nursing facility occupancy. (See subsequent description of the toilet facilities per resident room)

**H.V.A.C.:** Heated and chilled circulating water system in original building. Addition has a combined forced air system with heated water and a roof-mounted air handler/exchange.

**FIRE PROTECTION:** Wet-type sprinkler system throughout the facility.

**ELEVATOR:** Two hydraulic, four-stop, 3,500-pound capacity elevators.

**ATTACHED CONSTRUCTION:** Canopy.

Site improvements include the following.

- Concrete sidewalks, patios and pads
- Asphalt-paved parking lot and drives with curbing
- Exterior lighting
- Signage
- Landscaping.

### **Functional Features and Condition**

Our evaluation of the condition and functional features of the facility is based on our inspection of the building, and our interview with Kiel Peregrin, the administrator and Mark Bressen, the maintenance supervisor.

### **Functional Features**

The facility layout is dated with functional shortcomings. Resident common areas are minimal but adequate. The therapy room is adequate. Support/service areas are limited. Storage space is limited. The corridors in the resident wings are eight feet wide, which meets the state and federal requirement (eight feet) for new facilities. The facility is licensed for 178 beds; it is currently set up for a 177-bed capacity because of a resident room conversion to office use. Based on the licensed capacity, the room types are as follows.

| Room Type Breakdown         |               |              |                       |
|-----------------------------|---------------|--------------|-----------------------|
| Room Type                   | # of<br>Rooms | # of<br>Beds | Total<br># of<br>Beds |
| <b><u>Licensed</u></b>      |               |              |                       |
| Private Room                | 16            | 16           | 16                    |
| Semi-Private / Two-bed Room | 69            | 138          | 138                   |
| Three-bed Ward Room         | 8             | 24           | 24                    |
| Four-bed Ward Room          | 0             | 0            | 0                     |
| Total                       | 93            | 178          | 178                   |
| <b><u>Operated</u></b>      |               |              |                       |
| Private Room                | 15            | 15           | 15                    |
| Semi-Private / Two-bed Room | 69            | 138          | 138                   |
| Three-bed Ward Room         | 8             | 24           | 24                    |
| Four-bed Ward Room          | 0             | 0            | 0                     |
| Total                       | 93            | 177          | 177                   |

There are 24 rooms with private toilet facilities and 69 rooms with adjoining facilities.

The Americans with Disabilities Act (ADA) essentially requires public properties to be accessible to handicapped persons. While ADA regulations have forced some real estate properties to be changed and upgraded for greater accessibility, most nursing facilities already complied with ADA regulations at the time of its enactment since their clientele typically suffer from handicaps. Tellatin, Short & Hansen, Inc., has no expertise in determining compliance with the ADA. Therefore, we express no independent opinion as to compliance.

Overall, the building improvements feature a dated but still adequately efficient design.

**Condition**

The subject was specifically designed for the existing use as a skilled nursing facility. It was erected in 1970 with additions in 1983 and 1994; last renovated in 2001. The building is of average-quality construction and exhibits no major structural problems.

The following list details recent capital expenditures on major short-lived building components.

| Recent Capital Improvements<br>for Building and Site Improvements |                   |          |                  |
|-------------------------------------------------------------------|-------------------|----------|------------------|
| <u>Building Improvements</u>                                      | <u>Date Range</u> |          | <u>\$ Amount</u> |
| Interior                                                          |                   |          |                  |
| Dining Room Windows                                               | 1/1/10            | 12/30/10 | 49,757           |
| Aggregate column repairs                                          | 1/1/10            | 12/30/10 | 34,550           |
| Total Interior                                                    |                   |          | 84,307           |
| Plumbing                                                          |                   |          |                  |
| Water storage tank                                                | 1/1/10            | 12/30/10 | 16,211           |
| A.O. Smith Hot Water Heater                                       | 1/1/10            | 12/30/11 | 22,698           |
| Total Plumbing                                                    |                   |          | 38,909           |
| Miscellaneous                                                     |                   |          |                  |
| Elevator                                                          | 1/1/10            | 12/30/10 | 55,477           |
| Lift with scale                                                   | 1/1/10            | 12/30/11 | 52,161           |
| carrier chiller                                                   | 1/1/11            | 12/31/11 | 11,556           |
| PC Refresh                                                        | 1/1/11            | 12/31/11 | 15,328           |
| Kitchen equipment                                                 | 1/1/11            | 12/31/11 | 35,588           |
| Milnor Dryers                                                     | 1/1/11            | 12/31/11 | 8,427            |
| Computer Equipment                                                | 1/1/11            | 12/31/11 | 29,324           |
| Total Miscellaneous                                               |                   |          | 207,861          |
| <b>Total Building Improvements</b>                                |                   |          | <b>\$331,077</b> |

The building should continue to provide good service without requiring significant replacement of structural or mechanical components other than normal replacements.

**Critical Assessment and Summary of the Improvements Description**

The following strengths and weaknesses are provided as a critical assessment of the design and condition of the improvements. Typical design features and conditions are not addressed – only strengths and weaknesses. Most but not necessarily all of these items have already been mentioned in the preceding improvement description; so, this section also serves as a summary.

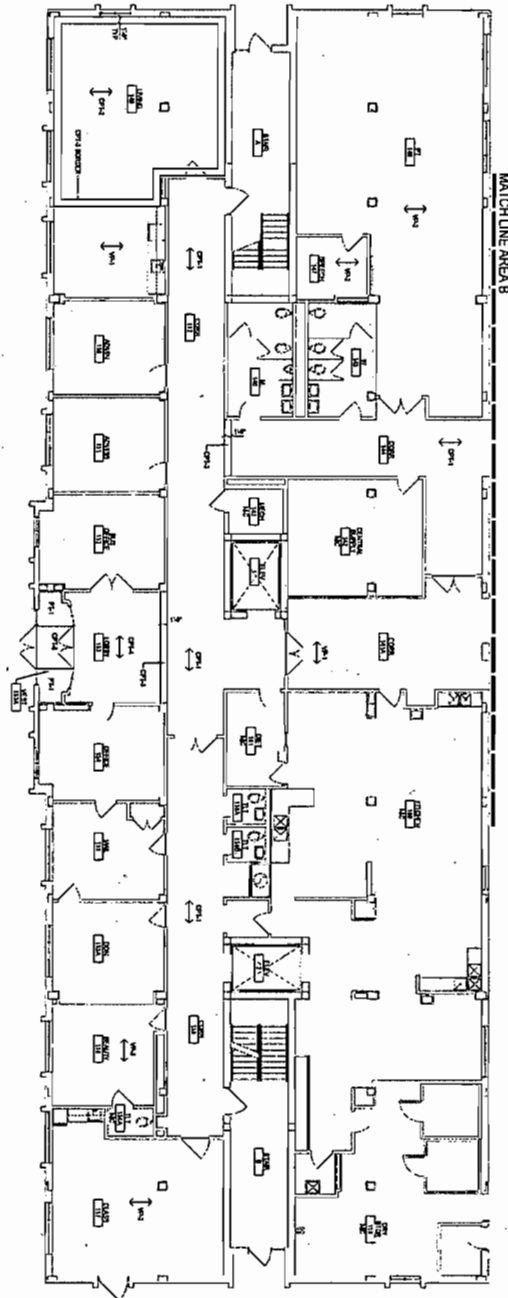
**Major strengths:**

- Overall, older but well-maintained short-lived building components

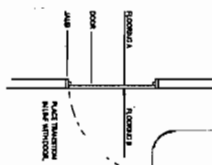
**Major weaknesses:**

- Poor "curb" appeal
- Multistory facility – inefficient and undesirable by most chain operators
- 24 out of 178 beds in ward rooms – a high ratio is undesirable by residents, families, and operators
- Limited therapy areas

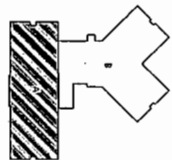
1 FLOORING PLAN - FIRST FLOOR - AREA A  
SCALE: 1/8" = 1'-0"



2 TRANSITION DETAIL  
SCALE: 1/8" = 1'-0"



KEY PLAN  
SCALE: 1/8" = 1'-0"



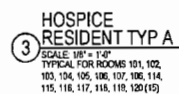
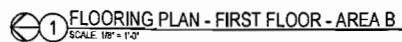
Attachment-10  
Purpose of Project

HERITAGE MANOR  
HERITAGE HEALTH SPRINGFIELD  
100 W RUTLEDGE ST  
SPRINGFIELD, IL 62702



| REVISIONS | DATE     | BY | DESCRIPTION              |
|-----------|----------|----|--------------------------|
| 1         | 10/20/11 | AV | ISSUED FOR PERMIT        |
| 2         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 3         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 4         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 5         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 6         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 7         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 8         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 9         | 10/20/11 | AV | REVISED FOR CONSTRUCTION |
| 10        | 10/20/11 | AV | REVISED FOR CONSTRUCTION |

ID201A



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**HERITAGE MANOR**  
**HERITAGE HEALTH SPRINGFIELD**  
500 N RUTLEDGE ST  
SPRINGFIELD, IL 62702

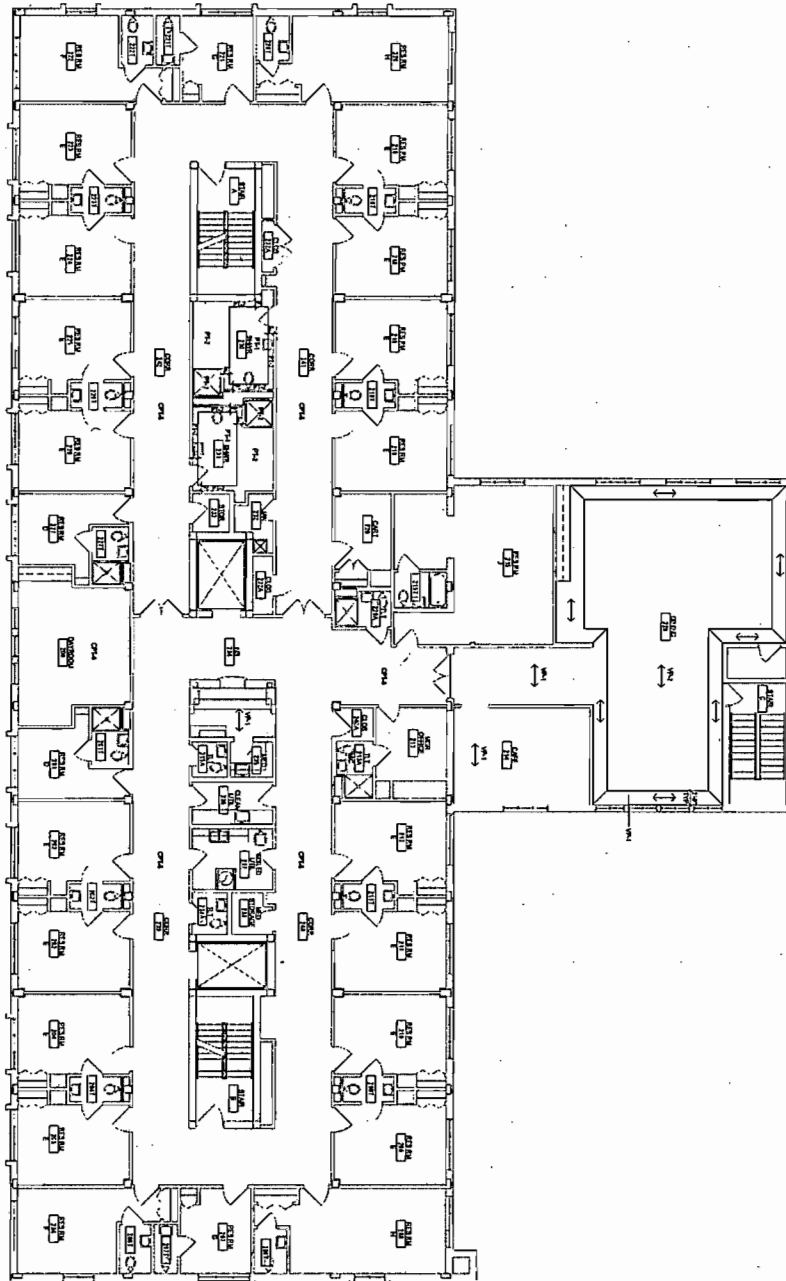
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| PROJECT STATUS: | 100% CO SE |
| DATE ISSUED:    | 10/15/15   |
| DRAWN BY:       | M          |
| CHECKED BY:     | A          |
| PROJECT #       | 1007856    |

**FLOORING  
PLANS**

ID201B

1 FLOORING PLAN - SECOND FLOOR  
SCALE: 1/8" = 1'-0"



2 RESIDENT TYP D  
SCALE: 1/8" = 1'-0"  
TYPICAL FOR ROOMS 201, 227, (2)

**3 RESIDENT TYPE**  
SCALE: 1/8" = 1'-0"  
TYPICAL FOR ROOMS 202, 203, 204, 205,  
206, 210, 211, 212, 216, 217, 218, 223,  
224, 225, 226 (1/4)

**4** **RESIDENT TYP F**  
SCALE: 1/8" = 1'-0"  
TYPICAL FOR ROOMS 206, 222 (2)

5 RESIDENT TYP G  
SCALE: 1/8" = 1'-0"  
TYPICAL FOR ROOMS 207, 221 (2)

6 RESIDENT TYP H  
SCALE: 1/8" = 1'-0"  
TYPICAL FOR ROOMS 204, 220 (7)

7 RESIDENT TYP J  
SCALE: 1/8" = 1'-0"  
TYPICAL FOR ROOMS 215 (1)

Attachment-10  
Purpose of Project

**HERITAGE MANOR  
HERITAGE HEALTH SPRINGFIELD**  
800 N RUTLEDGE ST  
SPRINGFIELD, IL 62702

**WATER SUPPLY**  
apura.

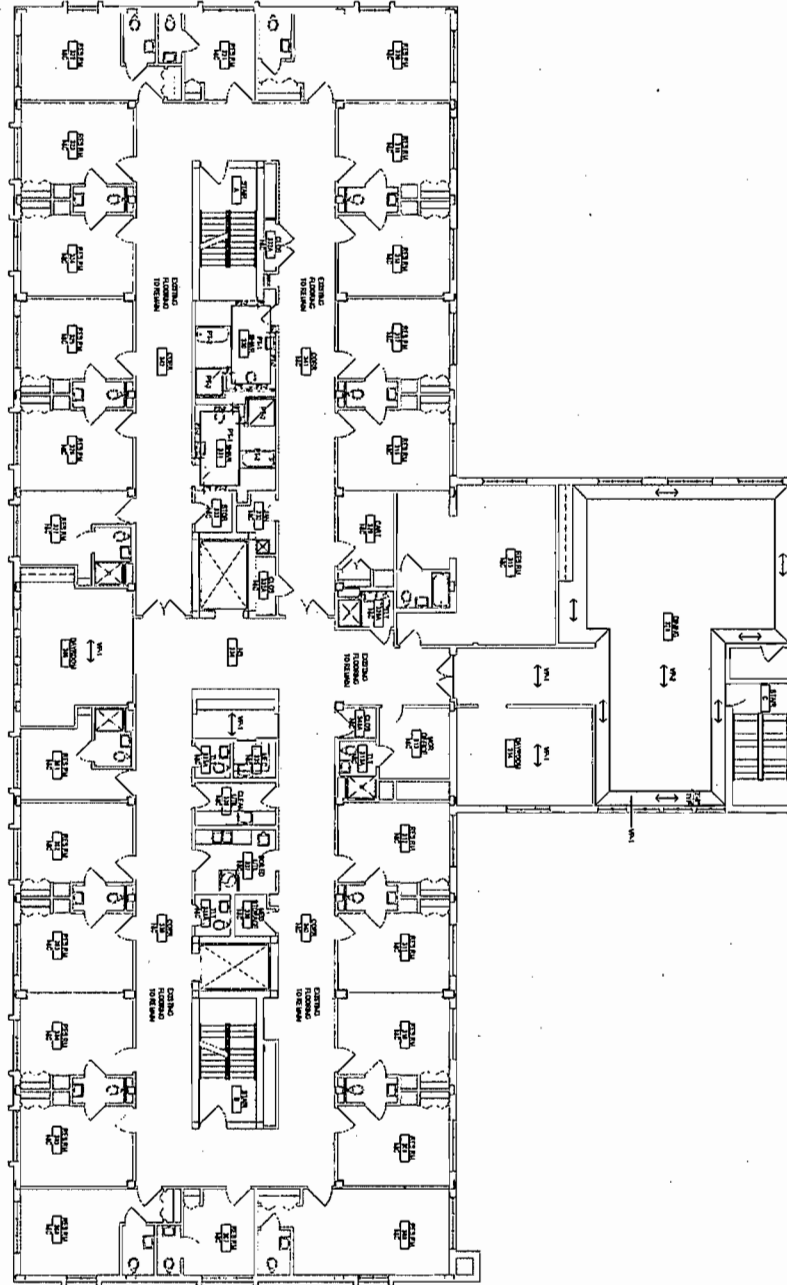
8787 North Verdugo Road  
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ID202

**FLOORING**  
**PLANTS**

| REVISIONS    |              |  |  |  |  |
|--------------|--------------|--|--|--|--|
|              |              |  |  |  |  |
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|              |              |  |  |  |  |
| PROJECT NAME | 100% C/D SET |  |  |  |  |
| DISTRICT     | CD#151       |  |  |  |  |
| COUNTY       | NM           |  |  |  |  |
| DISTRICT NO. | 1007866      |  |  |  |  |
| PROJECT      |              |  |  |  |  |

1 FLOORING PLAN - THIRD FLOOR  
SCALE: 1/8" = 1'-0"



Attachment-10  
Purpose of Project

HERITAGE MANOR  
HERITAGE HEALTH SPRINGFIELD  
800 W. RUTLEDGE ST.  
SPRINGFIELD, IL 62702

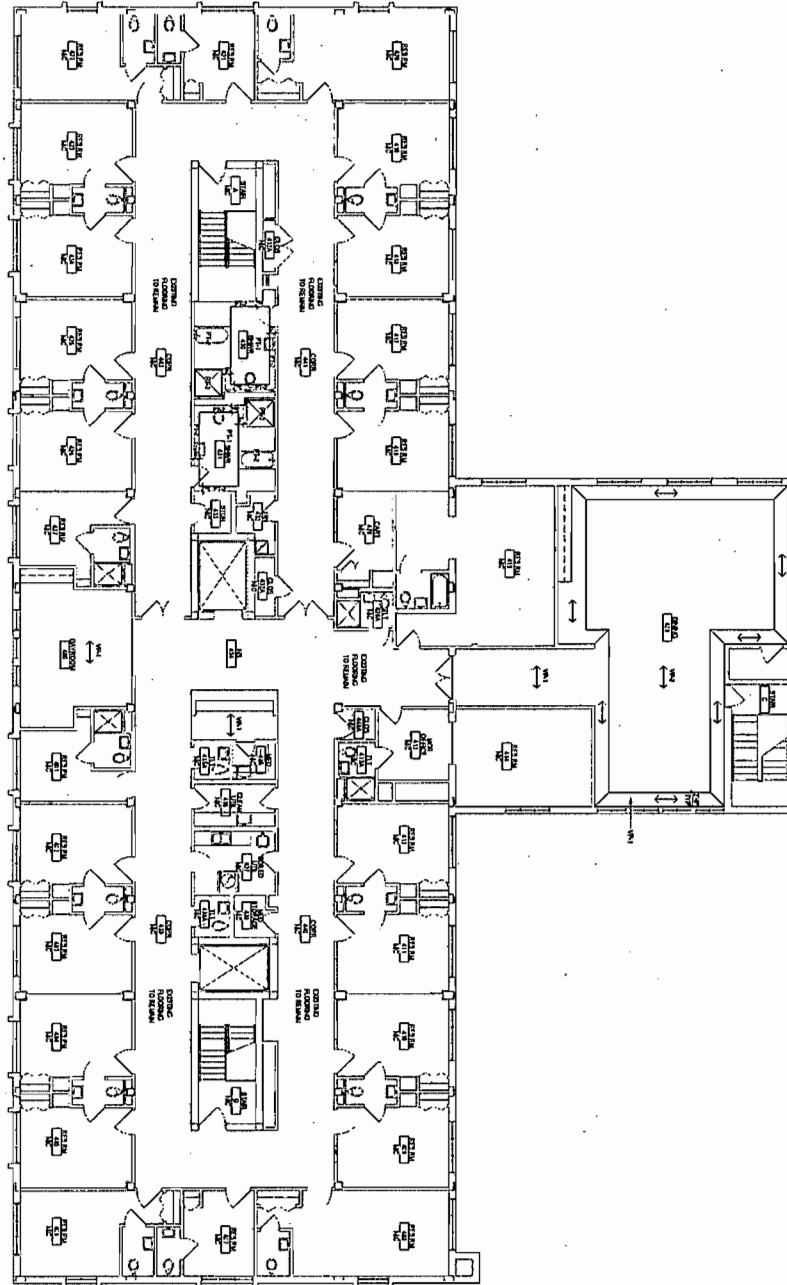
**Supply**  
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ID203

FLOORING  
PLANS

| REVISIONS |         |         |         |         |         |
|-----------|---------|---------|---------|---------|---------|
| 1         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 2         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 3         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 4         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 5         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 6         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 7         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 8         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 9         | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |
| 10        | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 | 10/1/03 |

① FLOORING PLAN - FOURTH FLOOR  
SCALE: 1/8" = 1'-0"



Attachment-10  
Purpose of Project

HERITAGE MANOR  
HERITAGE HEALTH SPRINGFIELD  
800 W. RUTLEDGE ST.  
SPRINGFIELD, IL 62702

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618-688-1111  
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| REVISIONS | DATE     | BY | DESCRIPTION       |
|-----------|----------|----|-------------------|
| 1         | 10/15/14 | AV | ISSUED FOR PERMIT |
| 2         | 10/15/14 | AV | ISSUED FOR PERMIT |
| 3         | 10/15/14 | AV | ISSUED FOR PERMIT |
| 4         | 10/15/14 | AV | ISSUED FOR PERMIT |
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| 8         | 10/15/14 | AV | ISSUED FOR PERMIT |
| 9         | 10/15/14 | AV | ISSUED FOR PERMIT |
| 10        | 10/15/14 | AV | ISSUED FOR PERMIT |

ID204



## HENSON ROBINSON COMPANY

3550 GREAT NORTHERN AVE., 62711  
P.O. BOX 13137  
SPRINGFIELD, IL 62791

SINCE 1861



TELEPHONE: 217-544-8451  
FAX: 217-544-0829  
www.hensonrobinson.com

June 26, 2014

**Heritage Enterprises, Inc.**  
115 West Jefferson Street, Suite 401  
Bloomington, IL 61702-3188

**Attn: Mr. Mike Blake**  
**Vice-President Facilities**

**Refer: Reroofing Proposal**  
**Heritage Manor**  
900 N. Rutledge St.  
Springfield, IL

Dear Mr. Blake,

Please consider the following proposal for the above captioned facility as per your request. In order to better understand our proposed scope of work, we have separated the building into three roof areas, four-story living, four story dining, and new addition. Our quote will include the work at all the different roof areas.

The four story living area is approximately 11,300 square feet. The existing roof is a asphalt type, gravel surfaced, built-up roof installed over perlite and foam insulation. This roof is at the end of it's useful like and should be replaced. Our scope of work is as follows:

The existing roof system, including the metal flashings will be removed and legally disposed of offsite on a daily basis. We will remove only as much roof system each day as can be replaced so that the building will remain watertight during the replacement process.

To the existing roof deck we will install a tapered polyiso roof system in the roof manufacturer's adhesive. The insulation design will have a 3 1/2" minimum thickness, slope at 1/8 inch per foot and an "R" value average of 25.96.

The four store dining addition is approximately 2300 square feet. The existing roof is a ballasted type EPDM, originally installed in 1987. The existing insulation is a single layer of 3", one pound density expanded polystyrene. This roof is at the end of it's useful life and should be replaced. Our scope of work is as follows:

The existing roof system, including the metal flashings will be removed and legally disposed of offsite on a daily basis. We will remove only as much roof system each day as can be replaced so that the building will remain watertight during the replacement process.

To the existing metal roof deck we will mechanically fasten two layers of polyiso insulation (R=25.8), totally 4.5 inches. We also include tapered polyiso crickets in between the existing roof drains to enhance the roof drainage.

The new addition is a ballasted type EPDM, approximately sixteen years old. The existing insulation system has a single layer of 2.5 inch polyiso and a ½" wood fiber coverboard. This roof area, while not yet requiring a complete replacement, will be overlaid with additional insulation and a new membrane to comply with current Illinois Energy code requirements and for inclusion in the roof membrane manufacturer's warranty. This roof area is approximately 11,000 square feet. Our scope of work is as follows:

The existing gravel ballast will be vacuumed off the facility and recycled. The existing EPDM membrane will be removed and recycled. We will remove only as much membrane each day as can be replaced so that the building will remain watertight during this replacement process. The existing insulation will remain.

Over the existing insulation, we will mechanically fasten a single layer of 2 inch polyiso insulation. This additional insulation layer will comply with the Illinois Energy Code requirements when combined with the existing materials.

On all the roof areas the new roof membrane will be a .060, fully adhered, white TPO roof system. We include the roof membrane manufacturer's details and installation instructions so as to qualify for an extended warranty. We include the roof membrane manufacturer's twenty (20) year, no-dollar-limit, watertight warranty with this proposal.

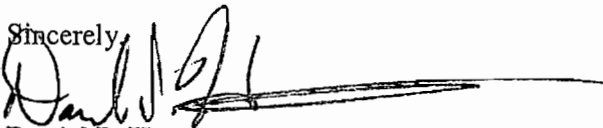
Our sheet metal scope of work includes new prefinished 24 gauge metal fascia, coping, counter flashing and required penetration flashings.

Other work included is the new required wood blocking at the perimeter roof edges to equal the new, additional insulation. We also include freight, delivery, disposal, hoisting, safety, clean-up, and sales tax.

***Proposal, As Stated Above: \$293,339.00***

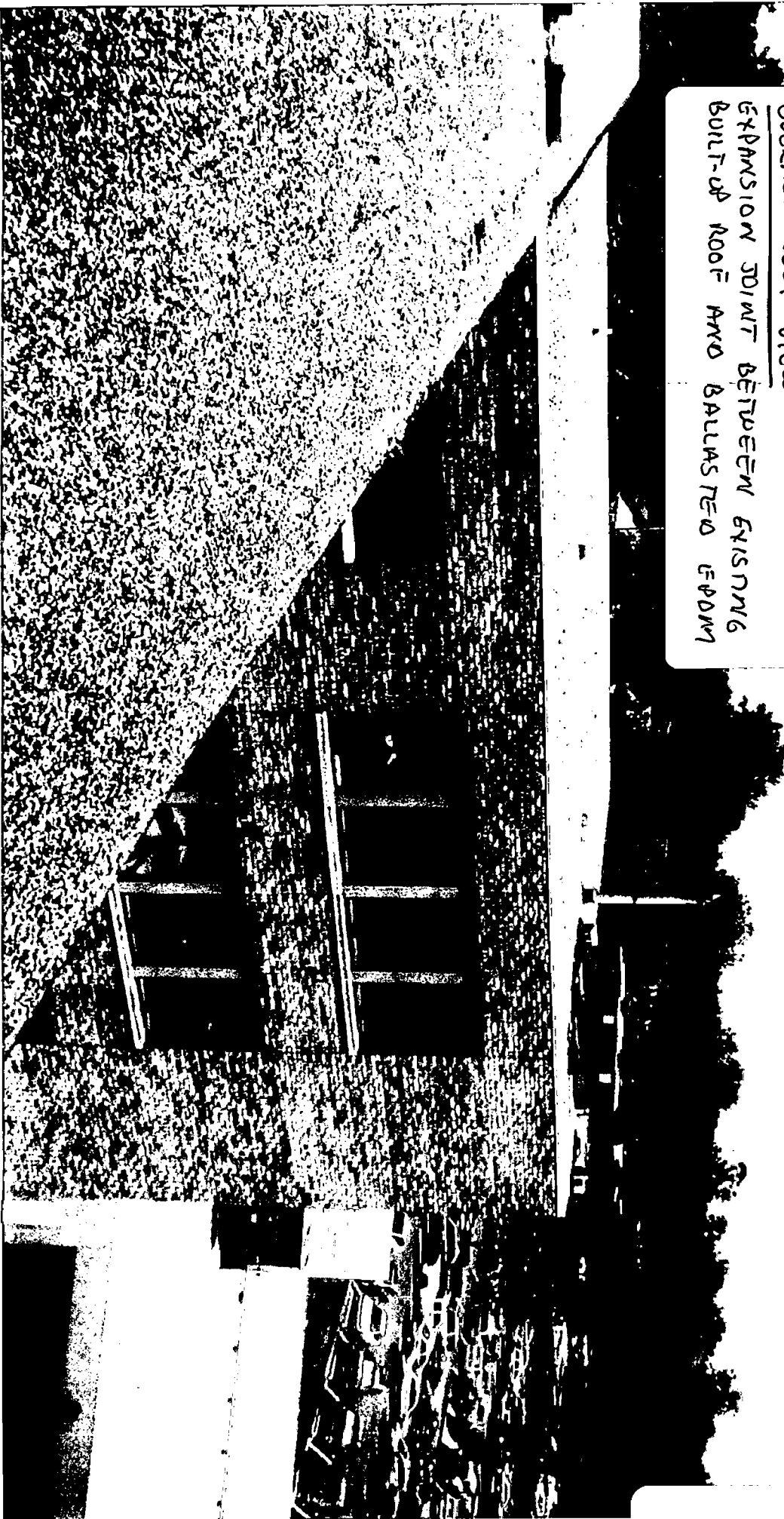
As always we encourage your input regarding our recommendations. Contact me if you have any questions or I can be of any further service. Thank you again for the the opportunity to quote your work.

Sincerely,



**Daniel P. Hoselton**  
**Henson Robinson Company**

OVERALL ROOF VIEW  
EXPANSION JOINT BETWEEN EXISTING  
BUILT-UP ROOF AND BALLASTED GREEN

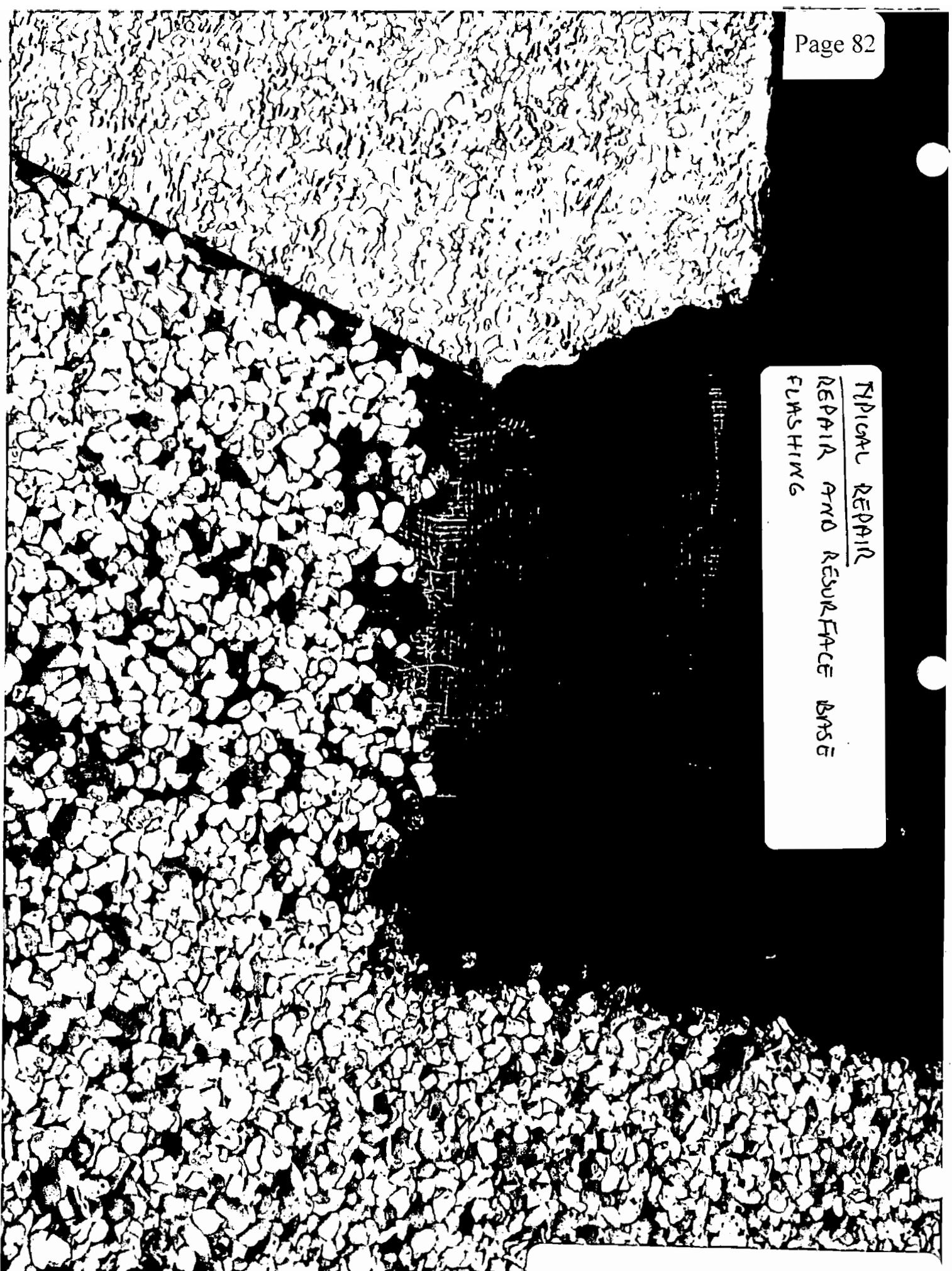


OVERALL ROOF VIEW  
TYPICAL REPAIR- INSPECT AND REPAIR  
ALL BASE FLASHING

TYPICAL REPAIR  
BASE FLASHING REPAIR



TYPICAL REPAIR  
REPAIR AND RESURFACE BASE  
FLASHING

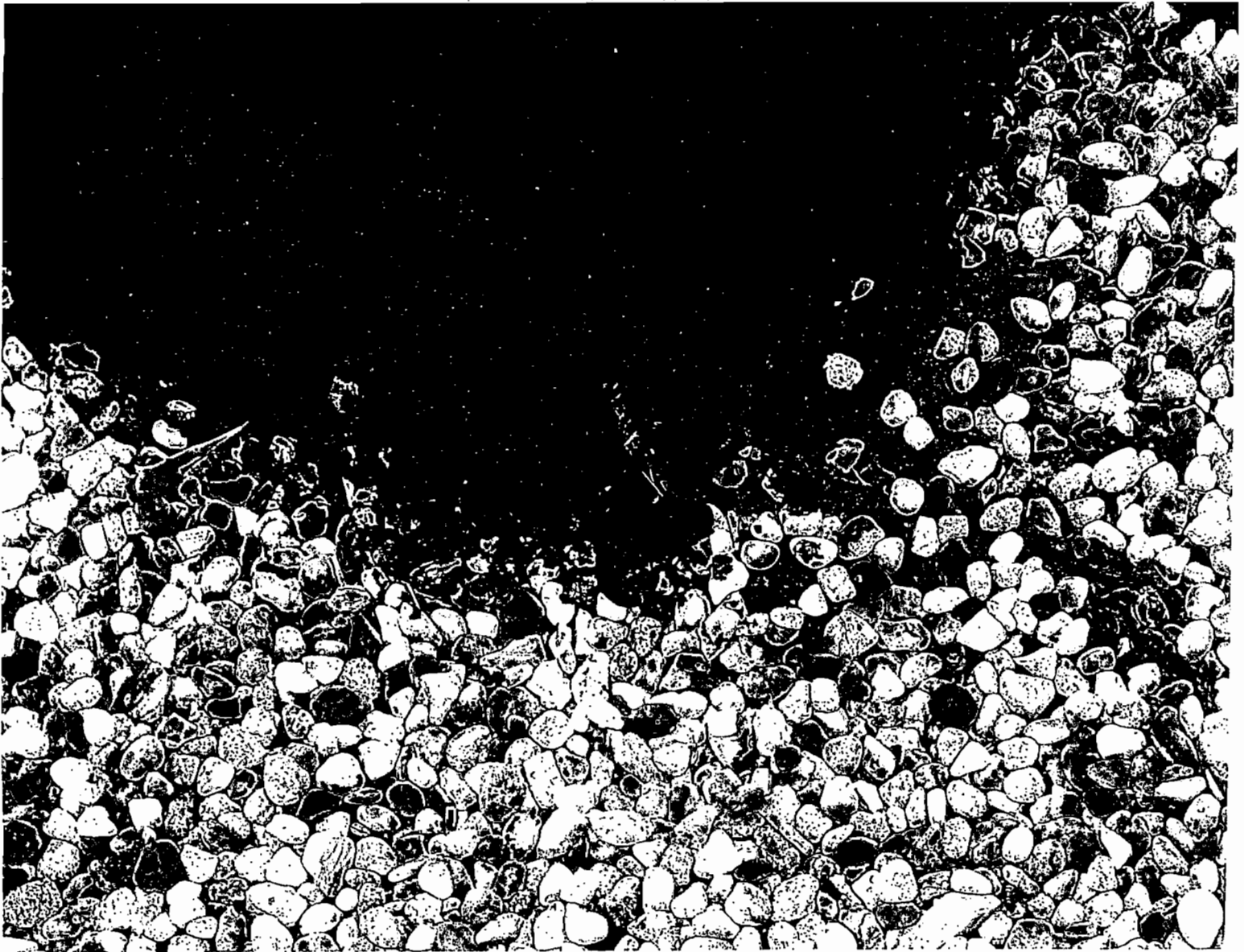


ROOF SPLIT BETWEEN RAISED ROOF FEATURES (APPROX 3' LONG)





BASE FLASHING SPLIT AT RAISED ROOF FEATURES

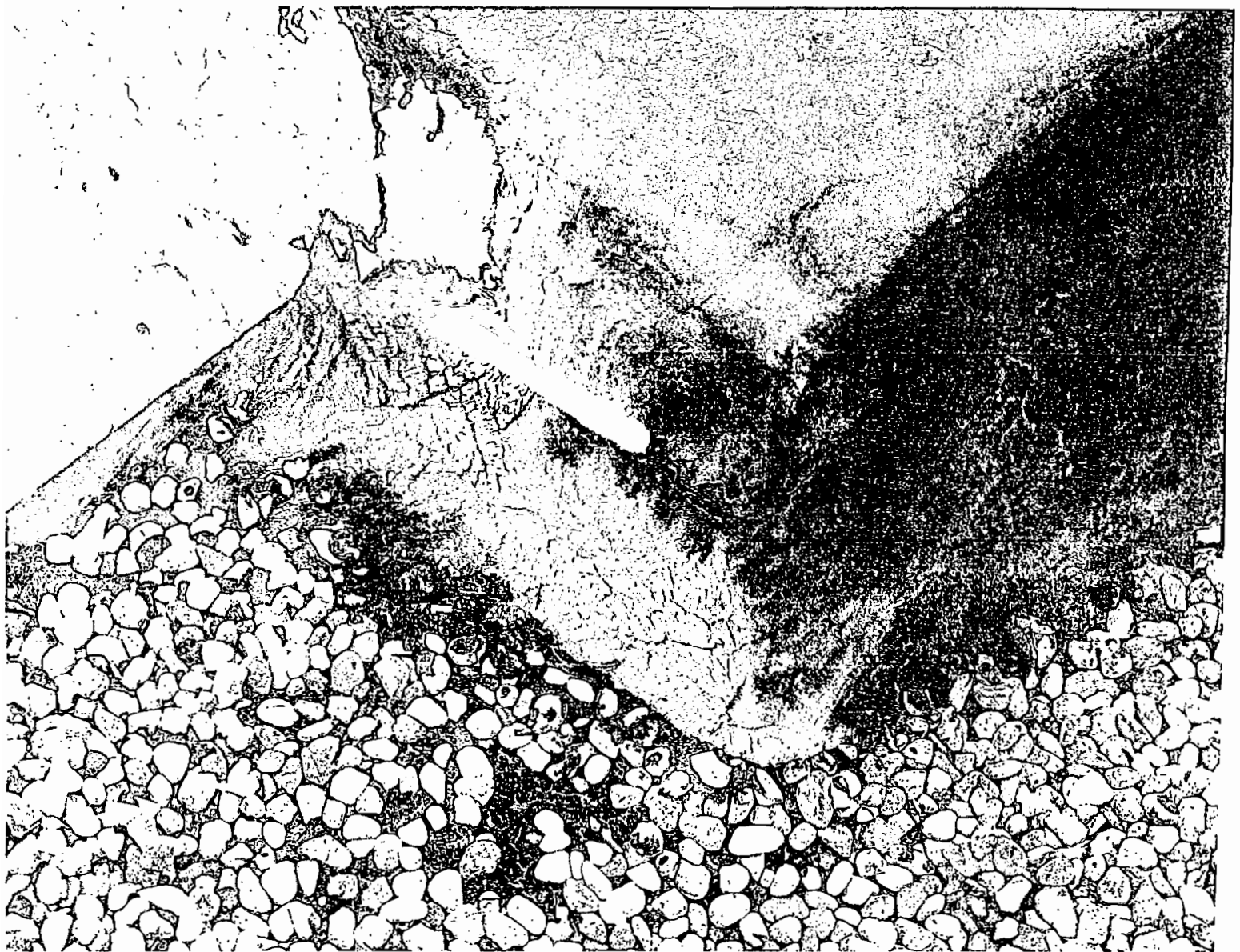




AREA SHOWN IN PHOTO'S #1 AND #2



MORE OF THE SAME. SPLITS AT THE RAISED ROOF FEATURE, (TYPICAL).

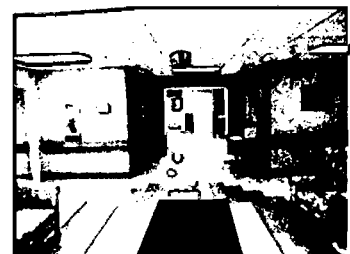
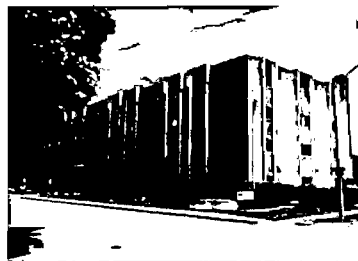




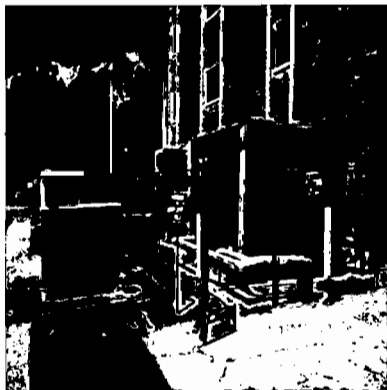
## FACILITY ASSESSMENT STUDY

**HERITAGE MANOR - SPRINGFIELD**  
900 North Rutledge, Springfield, Illinois 62702

July 18, 2011



## HVAC PLANT



- The mechanical systems for this facility serve three distinct areas based on the original 4-level 1971 building plus the 4-level 1986 addition and the 1994 single story addition. The original 1971 building is heated by means of a 3,490,000 Btuh input Weil-McClain, natural gas-fired hot water boiler located on the lower level. Hot water is pumped to terminal units utilizing a dual temperature (2-pipe) piping system. The boiler appears to be original to the 1971 building and is considered to be beyond its useful life of 30 years as defined by ASHRAE. This building is cooled by means of a 90 ton Carrier air-cooled chiller located on exterior grade. It is estimated that this particular chiller was installed in the mid-1990's. Considering the age of the chiller, parts are not readily available for this machine. Chilled water is pumped to terminal units throughout the building utilizing the above-mentioned dual temperature piping infrastructure. Chilled water is available from approximately April to September. Hot water is available from September to April. Both plants cannot operate simultaneously.
- Heating for the 1986 addition is provided from an extension of the 1971 building. Cooling is provided by individual 5-ton split systems utilizing central station air handlers. The condensing units are located on the roof within 10 feet from the edge of the roof with no barriers or parapets.



- Heating for the 1994 single story addition is provided by two Raypak Firebrick boilers. These boilers are atmospheric and are provided with natural ventilation. These boilers are nearing the end of their useful life expectancy of 25 years as defined by ASHRAE. Hot water is pumped throughout the building to variable air volume (VAV) reheat terminals. Cooling is provided by a single 50-ton rooftop air handling unit. The unit appears to be in good working condition, but it is nearing the end of its useful life as defined by ASHRAE.

#### **DISTRIBUTION**

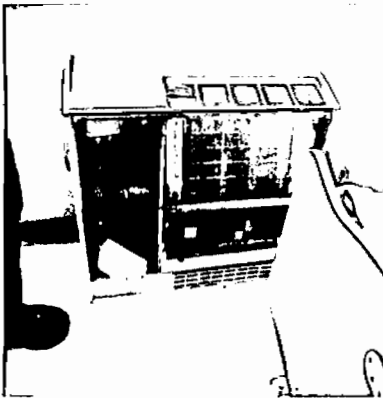
- Heating hot water and cooling chilled water are pumped throughout the 1971 building through dual temperature hydronic piping. The piping infrastructure in this building is considered to be original to the 1971 building and is estimated to be in poor condition. There have been noted pipe breakages and confirmed cases of severe calcification and blockages within the infrastructure. It has been rumored that proper water treatment for this system had been discontinued for a substantial time period. It was also noted that many of the pipe fittings located within the mechanical room are insulated with suspected asbestos containing material (ACM) and the condition of this ACM is friable and delaminating from the pipe. Various pipe sections away from the mechanical room have been noted to have extensive condensation issues due to non-insulated runs of pipe.

Attachment-10  
Purpose of Project

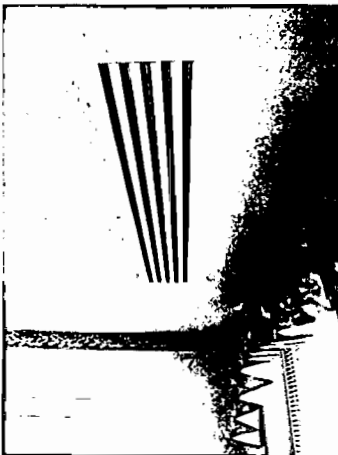


- Heating hot water is pumped throughout the 1994 addition through a dedicated hot water piping system. Hot water is delivered to variable volume reheat terminal boxes located at each room.

#### TERMINAL UNITS



- The 1971 building is conditioned by the use of fan coil units located in each room. The fan coil units are supplied with dual temperature coils, fan, filters and associated controls. These units are original to the 1971 building and are considered to be beyond their useful life expectancy of 20 years as indicated by ASHRAE. Extensive maintenance and repair have been conducted to ensure proper operability of these units. Such deficiencies as rusted drain pans, inoperable controls and restricted piping have been noted.



- The 1986 building air handlers appear to be operating effectively; however, these units appear to be nearing their useful life expectancy of 20 years as defined by ASHRAE.
- The 1994 building utilizes VAV boxes to regulate and control cooling/heating air to the associated rooms. These terminals appear to be in satisfactory condition and operate effectively



## AIR SYSTEMS

- Supply air is distributed throughout the 1986 and 1994 buildings through a network of insulated galvanized ducts terminating at air devices located in the ceiling of the associated spaces. Exhaust ducts are provided to draw exhaust from various areas such as restrooms, janitor's closets and process areas and terminate at exhaust fans located on the roof. Various clean linen rooms are presently being exhausted where supply air is required. Various storage areas have no air flow. Some of the storage areas have been occupied with no modifications to the HVAC system.

- The laundry dryers are exhausted and terminate at grade level adjacent to vehicle parking. Intake for the dryers draws from an areaway adjacent to the egress stairwell from the lower level. It should be noted that there was a fire incident involving one of the dryers within the last 5 years. One attribute to the fire was the accumulation of lint around the dryer area.

## CONTROLS

- The complex utilizes a 15 year old Johnson Controls Metasys system with a manual summer/winter switchover. Considering the age of the system, some parts are difficult to find and install. It has been noted that the corridors get overheated in the summer.

Attachment-10  
Purpose of Project



### PLUMBING

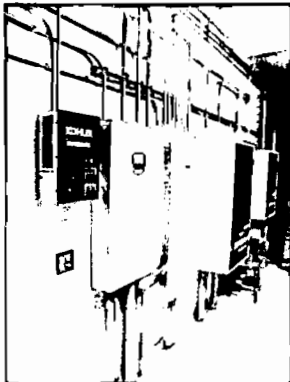
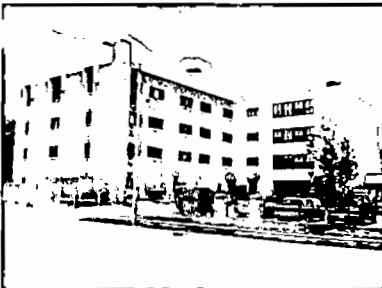
- **Water Supply:** The water supply for this facility enters the building from the local municipality. City pressure provides adequate pressure to accommodate associated plumbing fixtures located throughout the facility.
- **Hot Water:** Water is heated utilizing two 360,000 btuh input natural gas fired water heaters. These heaters appear to be in good working order.
- **Sanitary:** Sanitary waste is distributed to the local utility. All waste from food preparation areas are trapped and disposed of in an appropriate fashion. There is an ongoing issue with sanitary main blockages as it relates to lavatories serving resident rooms.
- **Plumbing Fixtures:** All fixtures observed appear to be of an appropriate application. Various sanitary drains from lavatories are missing suitable protective insulation.

### FIRE PROTECTION

- This facility is provided with automatic sprinkler systems located throughout on a wet pipe type system. All sprinkler systems are hydraulically calculated to deliver densities to accommodate the appropriate area that they cover. Sprinkler piping and heads are original to their respective building era. The sprinkler heads located on the lower level were noted as having excessive lint adhered to them.

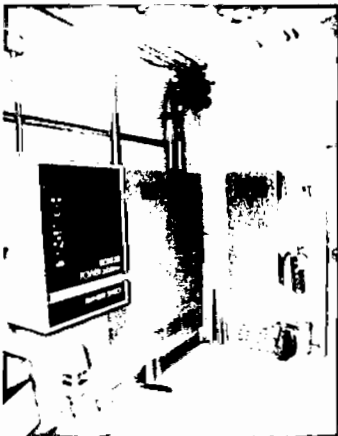
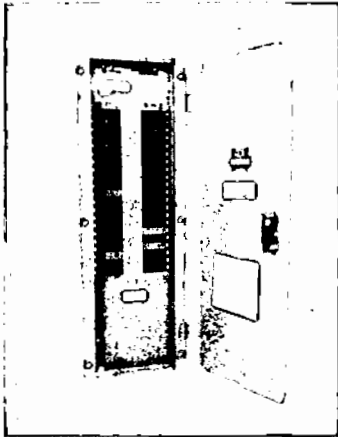


## SERVICE



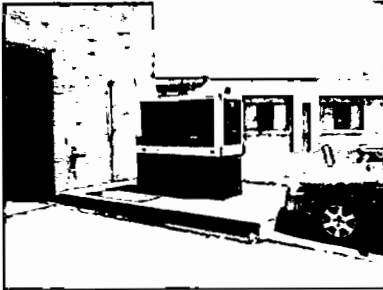
- The service is provided by the local utility from a 500k VA pad-mounted transformer outside the building.
- The service equipment to the original facility is located in the basement and is rated at 1200 Amps, 120/208v volt, 3 phase, 4 wire with a Main Fused Switch in a switchboard. The service equipment supplying the original building and 1986 addition appears to be original to the 1970 building and consists of a combination of fused switches and circuit breakers mounted in the service switchboard. While the switchboard appears to still be functional, the equipment has or is quickly reaching the end of its useful life. Spare parts will be difficult to locate and extremely costly. Additionally, there are no provisions given in the switchboard to feed additional loads. Any additional additions are major remodeling projects which will require a service upgrade.
- The 1994 single story addition is fed via a second 600A service disconnect added near the original switchboard. The disconnect feeds a main distribution panel located in the mechanical room of the addition.

## DISTRIBUTION



- The resident room floors in the original building are each fed via (2) 225A panels, one in the North and one in the South, along with a 100A panel at the nurse desk. A panel in one of the wings on each floor is installed on the side wall of a small area isolated from the storage closet in such a manner that the NEC required working clearances are not met. The labeling of the circuits is very minimal making it difficult to maintain or identify. The panels all appear to be the original panels installed during the construction. The existing panel boards have no or very limited spaces or spares to facilitate additional loads. The replacement of the existing panels with new panels with provisions for additional spare circuits should be considered.
- The 4-story 1970 addition area is fed in such a manner that the 3rd and 4th floor are fed via a 225A panel located on the 3rd floor in the dining room. The 1st and 2nd floors are fed in a similar manner by a panel located on the 1st floor. Per the existing plans, the resident rooms are not equipped with patient bed receptacles fed from both the normal and emergency systems as required by NEC.
- The one-story 1994 addition is served from panels located in the mechanical room of the addition. Since this addition is relatively new, the panels in this area are functional and should provide several years of additional service.

### EMERGENCY POWER



- The facility is served by two (2) generators.
- The main facility and 4-story addition are served via a Cummins 75kVA/50kW 3 phase generator. The transfer switch is rated at 225A 3 phase. The generator and transfer switch have been replaced fairly recently. The transfer switch indicates it was replaced in May 2003. The feeding of the facility via a single transfer switch does not comply with the NEC 517.41 required separation into a life safety, critical branch and the delayed transfer critical equipment branch.
- The one-story 1994 addition is served via a Kohler 75kVA/50kW 3 phase generator. The generator feeds a 100A life safety transfer switch and a 225A critical transfer switch. The generator and transfer switch appear to be original to the 1994 addition and at the end of their useful life. The maintenance staff indicated that there have been operational issues with the generator. The NEC 517.41 required delayed transfer critical equipment branch is not installed.
- None of the transfer switches include Isolation and Bypass. The emergency generator should include all kitchen loads and all HVAC loads required by IDPH. The non-compliance with the NEC 517.41 requirements and age of the Kohler generator would make it beneficial to consider the installation of a single, larger generator and complete transfer switch electrical system including separation of the existing loads into the proper categories which would require additional panels and reworking of the branch circuit wiring.

## LIGHTING



- The lighting throughout the facility is reaching the end of its useful life. Most of the fluorescent lighting is T12 technology. Due to federal legislation, the T12 magnetic ballasts will no longer be produced. Starting July 2012, most T12 lamp production will be phased out. Facility should consider lighting replacement and review rebate opportunities available.

- Many of the existing exit signs appear to be incandescent.



- Incandescent light fixtures are being utilized in patient rooms and in support areas.
- Any major renovation or addition to the facility which would require the removal of existing ceilings would require the facility to meet current energy codes and will result in upgrading the lighting and lighting controls.

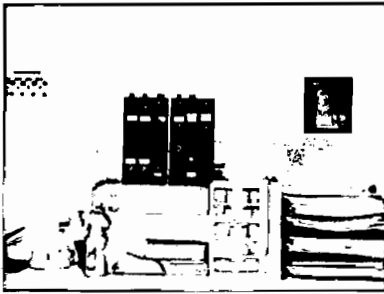


- There is significant energy savings that could be obtained by upgrade of the T12 and incandescent light fixtures.



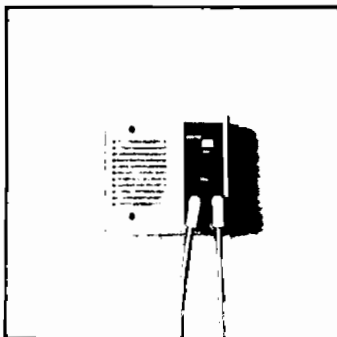
#### **FIRE ALARM**

- The existing fire alarm control panel is manufactured by EST and is located in the basement mechanical room of the main building.
- There is a mixture of vintages of detectors throughout the facility due to replacement of detectors.
- The system is still functional and appears to be functioning correctly.
- The system should perform satisfactorily for a few more years but will need to be considered for upgrade in the near future. During any major renovation, it is recommended that the entire system be upgraded.



#### **NURSE CALL**

- The existing system is a Rauland system that is old and has functional issues.
- Per maintenance staff, parts are extremely difficult to obtain.
- The nurse stations annunciator are installed in metal boxes with exposed cabling.
- The entire system in the facility needs to be upgraded.



## Attachment 11 – Alternatives

### 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;

The project proposed is a modernization of the physical plant and is thus the least costly option available. For a project of lesser scope and cost, the only area that potentially could be reduced is the façade work which is approximately \$750,000 and the proposed amount could potentially be reduced by this amount as an alternative. The façade work is being proposed to improve the aesthetic nature of the building as currently it appears very dated and reflective of buildings from forty years ago. Also, it creates an unnecessary obstacle in providing a quality resident environment. Resident outlook is important to resident outcome.

As previously noted, all other improvements as noted are being made to maintain the safety, comfort and environmental condition of the building for existing and future residents. The project at a lesser scope would not include the proposed façade work and as such would reduce the cost and scope of the project by approximately \$750,000.

A project of greater scope and cost would involve the replacement of the entire facility which was considered and studied at one point. To replace a facility of this size would involve several key issues:

- Land acquisition: in the Hospital district suitable in size and location that it would facilitate rebuilding a 178 bed skilled facility which would take approximately 3-4 acres to comfortably accommodate the building and surrounding grounds.

(The project developers explored this option and there are currently no suitable building locations in the Springfield Hospital district that would meet these criteria without demolition and/or excessive expense.)

- Funding and revenue to support a new facility: At prevailing market rates based on recent building costs, the cost per bed for building new skilled nursing occupancy is approximately \$175,000 - \$200,000 per bed. This would equate to \$31-\$35M for new construction which does not even take into account the abandonment of the current facility which has little market value without an operational license as a skilled nursing facility.

(Given the current mix in the resident population in terms of payor source, it would not be feasible to continue to serve the current Medicaid population in the building at prevailing reimbursement rates with the debt structure tied to a new facility. Continuing to serve the Medication population is a priority for the RJV and as such a new building would force drastic reductions in the number of Medicaid residents served.

- 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;

The proposed project is a joint venture with Heritage Enterprises and Memorial Health Ventures. There isn't a more cost efficient alternative setting that will meet the projects' intended purposes which is to modernize the facility and provide market driven amenities for skilled nursing patients and expand in-house hospice capabilities for the greater Springfield area. By approaching the project from a partnership and modernization perspective, the Rutledge Joint Venture (RJV) is an efficient, responsive and needed upgrade to a well-established, high quality nursing facility which serves the greater Springfield, Illinois market.

- 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

There are multiple skilled nursing facilities in the greater Springfield market but at this time there is not a glut of nursing beds and most of the facilities maintain a stable and healthy census. As such, there are few other resources that will meet the needs that will be met by this proposed project and modernization. There is no planned expansion of beds with this project and the project will maintain status quo for skilled nursing beds in the Springfield market.

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

The proposed alternative was selected as it is a critical and major update of the major environmental systems of the building with some secondary aesthetic remodeling to better meet the preferences and demands of skilled nursing facility patients. The project is being proposed out of necessity and will contribute to the long term utility and maintenance of the facility.

- 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.**

As evidence of the above alternatives of lesser and greater scope, RJV has noted above why the alternatives are not feasible at this time. A recounting of the alternatives is as follows:

**Alternative 1: Lesser Scope/Cost:**

As noted the vast majority of tasks of the proposed modernization involves improvement to heating, cooling, sanitary and environmental areas of the building which are required to maintain the comfort, safety and preferences of the current and future skilled nursing population. These renovations total approximately **\$7.3M dollars**. The additional \$750,000 of total project costs is made up in façade work for the facility. This last renovation could be eliminated to lessen the cost and scope of the project but again the building is very dated in appearance and many of the exterior surfaces will require replacement in the next several years due to weathering and nearing the end of their useful life. It would be much more advantageous to include this work at this juncture since the majority of the building will be undergoing change and have it completed in one concerted effort. This will minimize the impact on facility residents and staff and avoid the perception of constant construction if this part of the project was left to a later stage.

**Alternative 2: Greater Scope/Cost:**

The planners of this project given the amount of expenditure also considered a full replacement of the facility. This would involve land acquisition of approximately 3-4 acres in the Springfield Hospital District. Current rates for a parcel of this size (if it were available which it is not) would be nearly \$2.0 - \$2.5 million dollars. To be located in the Springfield hospital district is critical to continuing to serve the current skilled population which includes a large portion of Medicaid residents, followed by lesser amounts of Medicare/Private Insurance and private pay residents.

In addition to the land acquisition, as previously noted building costs for a new skilled facility range in the \$175,000 - \$200,000 per bed range. This would put the cost of a 178 bed replacement facility at nearly **\$33 - \$38 million** when counting in the land acquisition costs. As also previously noted, the existing facility would have little residual value without an operating license and as such would not be a significant offset to new building costs.

Finally with a new facility priced at this level, the debt structure would not support a significant Medicaid population at the prevailing rates and as such would be detrimental to the current and future patient base served by the facility. For this reason it was determined the greater scope/cost option was not feasible.

- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

## Appendix A

### Narrative

The majority of the modernization contracts involve replacement of MEP systems which, by definition, is non-clinical. The general construction item of modernization is for roof replacement, exterior façade and parking lot improvement, general rehabilitation of resident room spaces and common areas (floor covering, wall covering, etc.) which, too, is non-clinical by definition.

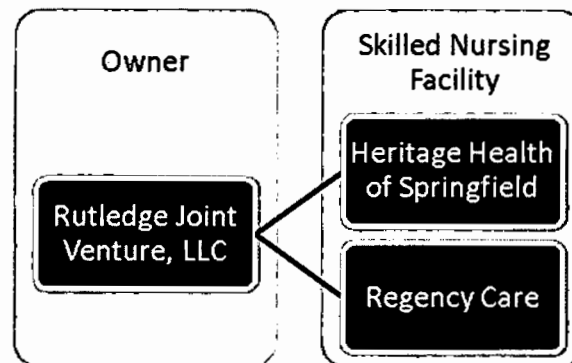
Therefore, we interpret the entire modernization project to be non-clinical in nature and have documented on Appendix A.



## BACKGROUND OF APPLICANT

The applicant shall provide:

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.

Due to a licensure finding associated with the 2014 annual health inspection by the Illinois Department of Public Health, a fine was assessed to Heritage Health of Springfield in the amount of \$1,430 (Type B Violation, Docket No. NH 14-S0251). The date of payment was made on July 2, 2014. No other adverse action was taken against any facility owned and/or operated by Rutledge Joint Venture, LLC in the 3 years prior to the date of 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.

As a representative of Rutledge Joint Ventures, LLC, I, Benjamin Hart, hereby give the HFSRB and DPH authorization to access 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, and the records of nationally recognized accreditation organizations.

A handwritten signature in black ink, appearing to read "Ben A. Hart", is written over a solid horizontal line.

Benjamin Hart, President & CEO



**State of Illinois 2186537**  
**Department of Public Health**

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**LA MAR HASBROUCK, MD, MPH**  
**DIRECTOR**

Issued under the authority of  
 The State of Illinois  
 Department of Public Health

| EXPIRATION DATE                       | CATEGORY | I.D. NUMBER |
|---------------------------------------|----------|-------------|
| 08/31/2016                            | BGBE     | 0041699     |
| LONG TERM CARE LICENSE<br>SKILLED 178 |          |             |
| UNRESTRICTED 178 TOTAL BEDS           |          |             |

BUSINESS ADDRESS

LICENSEE:

**RUTLEDGE JOINT VENTURES L.L.C.**

**HERITAGE HEALTH-SPRINGFIELD**  
**900 NORTH RUTLEDGE**  
**SPRINGFIELD IL 62702**

**EFFECTIVE DATE: 09/01/14**  
 The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

← DISPLAY THIS PART IN A  
 CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN  
 IDENTIFICATION

**State of Illinois 2186537**  
**Department of Public Health**  
**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

| EXPIRATION DATE | CATEGORY | I.D. NUMBER |
|-----------------|----------|-------------|
| 08/31/2016      | BGBE     | 0041699     |

**LONG TERM CARE LICENSE**  
**SKILLED 178**

**UNRESTRICTED- 178 TOTAL BEDS**

**REGION 4**

**08/22/14**

**HERITAGE HEALTH-SPRINGFIELD**  
**900 NORTH RUTLEDGE**  
**SPRINGFIELD IL 62702**

FEE RECEIPT NO.

Attachment-12  
 Background of Applicant

**Mike Blake**

---

**From:** Kiel S. Peregrin  
**Sent:** Thursday, February 19, 2015 10:52 AM  
**To:** Mike Blake  
**Subject:** FW: Regency Care

---

**From:** Rabecca Howard  
**Sent:** Tuesday, February 03, 2015 9:26 AM  
**To:** Anthony R. Twardowski; Kiel S. Peregrin  
**Subject:** FW: Regency Care

See below for license information.

*Rabecca Howard*

Operations Coordinator  
Heritage Operations Group  
115 W Jefferson St., Suite 401  
Bloomington, IL 61701  
309-823-7139 - phone  
309-829-5477 - fax

---

**From:** Corpstein, Paul [<mailto:Paul.Corpstein@Illinois.gov>]  
**Sent:** Monday, February 02, 2015 4:55 PM  
**To:** Rabecca Howard  
**Cc:** Zelinski, Ted  
**Subject:** RE: Regency Care

LICENSEE ID: 0053371      FACILITY NAME: REGENCY CARE  
DATE LICENSE ISSUED: 02/02/15  
EFFECTIVE DATE OF ACTION: 02/02/15  
TYPE OF ACTION: 03 CHOW FIRST PROBATIONARY  
LICENSE EXPIRATION DATE: 06/02/15

**Paul Corpstein**  
Illinois Department of Public Health  
Long-Term Care - QA (Licensure)

---

**From:** Rabecca Howard [<mailto:RHoward@Heritageofcare.com>]  
**Sent:** Monday, February 02, 2015 12:15 PM  
**To:** Corpstein, Paul  
**Cc:** Zelinski, Ted  
**Subject:** Regency Care

Paul, please see attached for the executed lease addendum. Thank you

*Rabecca Howard*

Attachment-12  
Background of Applicant

**Kiel S. Peregrin**

---

**From:** Roate, George <George.Roate@Illinois.gov>  
**Sent:** Tuesday, February 17, 2015 12:30 PM  
**To:** Kiel S. Peregrin  
**Subject:** RE: Heritage Health of Springfield

Kiel:

We had a productive discussion with Michael Blake, and it appears there will be no compliance issues with the facility or the applicants involved. We look forward to seeing the application.

---

**From:** Kiel S. Peregrin [mailto:ksperegrin@Heritageofcare.com]  
**Sent:** Tuesday, February 17, 2015 12:25 PM  
**To:** Roate, George  
**Subject:** RE: Heritage Health of Springfield

George,

Thank you for the follow up. Unfortunately I already had an arrangement out of state for today.

Kiel

---

**From:** Roate, George [mailto:George.Roate@Illinois.gov]  
**Sent:** Tuesday, February 17, 2015 8:50 AM  
**To:** Kiel S. Peregrin  
**Subject:** RE: Heritage Health of Springfield

Good morning, Kiel:

It appears Heritage Health is compliant with reporting requirements as of this writing. However, we would need to research the names of the applicants on the application to determine applicant compliance. We will discuss in this morning's meeting. Thank you.

---

**From:** Kiel S. Peregrin [mailto:ksperegrin@Heritageofcare.com]  
**Sent:** Saturday, February 14, 2015 6:32 AM  
**To:** Roate, George; Corpstein, Paul  
**Subject:** Heritage Health of Springfield

Good Morning,

Heritage Health of Springfield will be submitting a Certificate of Need application to the Illinois Health Facilities and Services Review Board this week. A requirement is to have confirmation that the facility is in compliance with annual survey reporting requirements. Please advise if the facility is or is not in compliance with this requirement. I appreciate your timely response due to the time sensitivity to the application. Thank you.

Regards,



Kiel Peregrin, LNHA, RAC-CT | Regional Director of Operations |

Attachment-12  
Background of Applicant

**Kiel S. Peregrin**

---

**From:** Corpstein, Paul <Paul.Corpstein@Illinois.gov>  
**Sent:** Tuesday, February 17, 2015 9:32 AM  
**To:** Kiel S. Peregrin; Roate, George  
**Subject:** RE: Heritage Health of Springfield

Hi Kiel,

Licensure has no known issues with the facility.

LICENSEE ID: 0041699      FACILITY NAME: HERITAGE HEALTH-SPRINGFIELD  
DATE LICENSE ISSUED: 08/22/14  
EFFECTIVE DATE OF ACTION: 09/01/14  
TYPE OF ACTION: 05 RENEWALS - UNRESTRICTED  
LICENSE EXPIRATION DATE: 08/31/16

Thanks!

**Paul Corpstein**  
Illinois Department of Public Health  
Long-Term Care - QA (Licensure)

---

**From:** Kiel S. Peregrin [mailto:ksperegrin@Heritageofcare.com]  
**Sent:** Saturday, February 14, 2015 6:32 AM  
**To:** Roate, George; Corpstein, Paul  
**Subject:** Heritage Health of Springfield

Good Morning,

Heritage Health of Springfield will be submitting a Certificate of Need application to the Illinois Health Facilities and Services Review Board this week. A requirement is to have confirmation that the facility is in compliance with annual survey reporting requirements. Please advise if the facility is or is not in compliance with this requirement. I appreciate your timely response due to the time sensitivity to the application. Thank you.

Regards,



Kiel Peregrin, LNHA, RAC-CT | Regional Director of Operations |  
Heritage Health - Springfield | 900 N. Rutledge | Springfield, IL 62702 |  
☎: 217-789-0930 | 📠: 217-789-6465 | 📠: 217-685-5808 | ✉: [kperegrin@heritageofcare.com](mailto:kperegrin@heritageofcare.com)

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Attachment-12  
Background of Applicant

Planning Area Need

This section is not applicable because this project is categorized as a modernization only.

Service Demand – Establishment of Long Term Care

This section is not applicable because this project is categorized as a modernization only.



Service Demand – Expansion of General Long Term Care

This section is not applicable because this project is categorized as a modernization only with no expansion involved.

Variances to Computed Bed Need

This section is not applicable because this project is categorized as a modernization only.

Service Accessibility

This section is not applicable because this project is categorized as a modernization only.

Unnecessary Duplication/Maldistribution

This section is not applicable because this project is categorized as a modernization only.

Staffing Availability

This section is not applicable because this project is categorized as a modernization only.

1125.600

**Bed Capacity**

The Bed Capacity for Heritage Health, 900 N. Rutledge, Springfield, IL is and will remain licensed at 178 beds. This number is the maximum number of beds that can be occupied.

RICHARD J. DURBIN

ILLINOIS

ASSISTANT MAJORITY LEADER

United States Senate  
Washington, DC 20510-1304

February 10, 2015

COMMITTEE ON APPROPRIATIONS

COMMITTEE ON FOREIGN RELATIONS

COMMITTEE ON THE JUDICIARY

COMMITTEE ON RULES  
AND ADMINISTRATION

Ms. Katherine Olson  
Illinois Health Facilities and Services Review Board  
525 W. Jefferson  
2<sup>nd</sup> Floor  
Springfield, IL 62761

Dear Ms. Olson:

I am writing in support of Heritage Health Therapy and Senior Center in Springfield, Illinois and their application for a Certificate of Need. Heritage Health has worked in partnership with Memorial Medical Center for nearly 20 years with Heritage acting as the operating partner.

Heritage Health was constructed in 1971 and an addition in 1985 added 3 dining rooms to the four story facility. A second addition, designed for sub-acute care nursing and rehabilitation, was built in 1985. Because of the age of the facility, the function does not meet current healthcare standards.

A renovation proposed by Heritage Health would include a new roof, an updated brick façade, redesign of visitor entrances, new HVAC system, new mechanical lines, moderate electrical work, and cosmetic work through all 4 patient floors. One floor will be redesigned for hospice or palliative level care, the only hospice in a long-term care facility in Springfield.

Technological improvements made will improve communications abilities with physicians, hospitals and home health agencies. All of the changes will allow the facility to streamline its operations, deliver quality care, and reduce the total cost of healthcare through coordinating care across all providers.

With its impressive track record of providing quality care to some of our most vulnerable citizens, Heritage Health has clearly demonstrated it meets the criteria for a Certificate of Need. I urge you to give its application the most serious consideration.

Sincerely,



Richard J. Durbin  
U.S. Senator

711 HART SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-1304  
(202) 224-2152  
TTY (202) 224-8180

230 SOUTH DEARBORN, 38TH FLOOR  
CHICAGO, IL 60604  
(312) 353-4952

526 SOUTH EIGHTH STREET  
SPRINGFIELD, IL 62703  
(217) 452-4062

1504 THIRD AVENUE  
SUITE 227  
ROCK ISLAND, IL 61201  
(309) 785-5173

PAUL SIMON FEDERAL BUILDING  
250 W. CHERRY STREET  
SUITE 115-D  
CARBONDALE, IL 62901  
(618) 351-1122

[durbin.senate.gov](http://durbin.senate.gov)



**Andy Manar**  
STATE SENATOR • 48th DISTRICT

February 17, 2015

To Whom It May Concern:

I am writing in support of Heritage Health of Springfield and its proposal to renovate the nursing home.

The renovated facility would enhance services provided to the citizens and improve their ability to facilitate better quality care with a building designed for modern purposes. This will enhance both the quality of life and quality of care for the community's residents.

This expansion will fill a growing need for senior care and stimulate the local economy by providing work for area construction firms.

I urge the Illinois Health Facilities and Services Review Board to seriously consider Heritage Health of Springfield's proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Manar".

Andy Manar  
State Senator—48<sup>th</sup> District  
Illinois

115 North Washington Street • Bunker Hill, IL 62014 • 618-585-4848  
141 South Main Street, Macon County Building • Decatur, IL 62523 • 217-429-8110  
119A State House • Springfield, IL 62706 • 217-782-0228  
E-2 Stratton Building • Springfield, IL 62706

SenatorAndyManar.com

RECYCLED PAPER • SOYBEAN INKS

Attachment-21  
Community Related Functions





**HSHS Medical Group**

February 3, 2015

Ms. Courtney Avery  
Administrator, Illinois Health Facilities  
and Services Review Board  
525 West Jefferson  
Springfield, IL 62761

Dear Ms. Avery,

I am writing this letter to support the Certificate of Need application for Heritage Health in Springfield, IL. This well respected long term care facility is a tremendous asset for the health of the residents in Sangamon and surrounding collar counties in central Illinois. This facility is hoping to undergo a significant remodeling project which will modernize, improve safety, and enhance the care delivery to its residents.

As the President of HSHS Medical Group, our providers care for many patients in the Heritage Health service area. We are committed to the delivery of high quality health care and recognize the importance of rehabilitation and elder care to the patients we cover.

Heritage Health has been a part of the Springfield health care network for over 40 years. It has garnered a reputation for high quality of care and is currently maintaining a 5-Star rating from the Centers for Medicare Services. This is the highest rating possible and a reflection of the emphasis on safety and care they provide.

I strongly encourage you to support the renovations they are planning as it will improve our patient's quality of life when it matters most to them. Thank you for consideration of my letter of support.

Loren Hughes MD  
President  
HSHS Medical Group

Tau Services Center • 3215 Executive Park Drive • Springfield, Illinois 62703  
Office (217) 492-9696 • Fax (217) 492-9643



Office of the Mayor  
City of Springfield, Illinois

J. Michael Houston  
Mayor

February 3, 2015

Illinois Health Facilities and Services Review Board  
525 West Jefferson – 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Re: Expansion of Heritage Manor, Springfield, IL

To Whom It May Concern:

I am writing in strong support of the application by Heritage Enterprises for the expansion of Heritage Manor here in Springfield, Illinois. Healthcare is this City's most vital and largest area of employment and a field where we continue to see innovation and expansion. Moreover, Heritage Manor is located in the heart of our Medical District. As Mayor, I am encouraged and support their plans for renovation.

The City of Springfield is highly renowned as a regional health care center in Central Illinois. It is essential that services are available here that include a full spectrum of care—from emergency and acute care to rehabilitation and long-term care.

I believe that the renovation initiative proposed for Heritage Manor will enable an essential provider to become an even more crucial institution. It is already an important asset for the community, and I am greatly encouraged to learn of their plans for investing and improving this quality facility.

If I can be of any further assistance, please do not hesitate to contact me at (217) 789-2200.

Sincerely,

J. Michael Houston

300 Municipal Center East • Springfield, Illinois 62701 • (217) 789-2200 • Fax (217) 789-2109



**SANGAMON COUNTY  
COUNTY BOARD OFFICE**

200 South Ninth Street, Suite 201 • Springfield, IL 62701 • Tel. (217) 753-6650 • Fax (217) 753-6651

February 3, 2015

Illinois Health Facilities and Services Review Board  
525 West Jefferson – 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Re: Expansion of Heritage Manor, Springfield, IL

To Whom It May Concern:

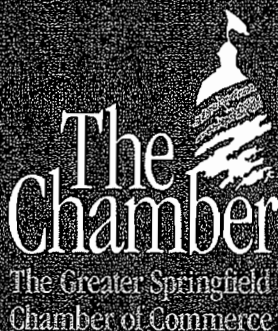
I was very encouraged to hear that Heritage Enterprises was applying to do an expansion and renovation of Heritage Manor here in Springfield, Illinois. Our medical community is so important to the economic growth of Springfield and Sangamon County. Having a new updated facility offering quality healthcare services for our citizens and expansion of employment opportunities in the Medical District is a winning combination.

Sangamon County and the City of Springfield are renowned as a regional health care center in Central Illinois. Having services available to provide a full spectrum of care, from emergency and acute care, to rehabilitation and long-term care, will be an asset to our community.

I am in strong support of the Certificate of Need application by Heritage Enterprises for the expansion of Heritage Manor. If I can be of any further assistance, please do not hesitate to contact me at (217) 753-6650.

Sincerely,

Andy Van Meter  
Chairman  
Sangamon County Board



January 28, 2015

TO: Illinois Health Facilities and Services Review Board

RE: Support for Heritage Health Therapy & Senior Care Renovation

On behalf of the more than 1,500 members of the Greater Springfield Chamber of Commerce I'd like to express our support, through this letter, for the proposed renovation of Heritage Health Therapy & Senior Care in Springfield, Illinois.

Heritage Health has a long and very successful history of serving the residents of Springfield and the surrounding communities since 1971. The facility is rated as a five star facility by CMS, the highest rating achievable. The facility provides exceptional care for the citizens of our community and the renovated facility would allow for enhanced services and even greater quality care.

As President and CEO of the chamber I thank Heritage Health and its staff for their support of our city, county, and the business community, and ask for your support of their renovation plans.

Sincerely,

Chris Hembrough, President and CEO  
Greater Springfield Chamber of Commerce

*Transforming the economy of Sangamon County*

1011 S. Second Street • Springfield • IL 62704 • T: 217.525.1173 • F: 217.525.8768 • W: [www.gsc.org](http://www.gsc.org)

February 10, 2015

Illinois Health Facilities and  
Services Review Board

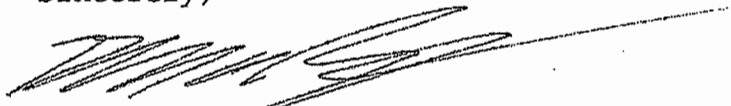
Re: Heritage Health  
900 N. Rutledge  
Springfield, IL 62702

To Whom It May Concern,

We are pleased to offer our sincere and earnest support of  
Heritage Health's vision for a large scale renovation of its  
facility.

Heritage Health provides exceptional care for the residents of  
Springfield. The renovated facility would enhance the  
services they provide and improve their ability to facilitate  
better quality care in a facility designed for modern  
practices.

Sincerely,



Randall A. Bryant  
Chief Executive Officer

RAB.mvp

Main Campus  
1025 South 6th Street • P.O. Box 19248  
Springfield, Illinois 62794-9248  
217.528.7541 • 800.444.7541  
[www.SpringfieldClinic.com](http://www.SpringfieldClinic.com)

Accredited by Association for Ambulatory Health Care, Inc.



2603 South Sixth Street • Springfield, Illinois 62703-3807  
www.memorialmd.com  
Phone (217) 528-0307 • Fax (217) 528-0034

February 9, 2015

Illinois Health Facilities  
& Services Review Board

RE: Heritage Health  
900 N. Rutledge  
Springfield, IL 62702

To Whom It May Concern:

On behalf of Memorial Physician Services and myself I am pleased to offer my sincere and earnest support of the decision by Heritage Health to renovate their facility. Original construction of the building was completed in 1971 with a first floor addition added in 1995. The facility is rated by CMS as a five-star facility.

As the current Medical Director of Heritage I am confident in the exceptional care provided for the citizens of Springfield and the surrounding communities. Renovation of their facility would certainly enhance the services provided and improve their ability to facilitate even higher quality care in a modern, updated atmosphere.

Thank you for your time and consideration of this information in support of Heritage Health.

Sincerely,

Mary A. Saunders, MD

MAS:psw

1125.620

**Project Size**

The gross square footage of this facility is 67,514 existing and will remain the same after modernization. This gross square footage has been unchanged since the last addition was built in 1996.

The building gross square footage (BSGF) calculates to be 379 square feet per licensed resident bed. This BSGF has been adequate and far from excessive to care for our residents.

Staffing Availability

This section is not applicable because this project is categorized as a modernization and physical space of the facility will remain unchanged.



Zoning

This facility on this site has been operating as a long term care facility for the past 44 years. However, a rezoning reclassification is being sought for Lot 33 of the nine (9) lot parcel that makes up the building site.

Assurances

This section is not applicable because this project is categorized as a modernization only.

## Modernization

### Exterior

The majority of the exterior façade is comprised of exterior brick and columns of concrete masonry units (CMU) with an architectural coating applied that has remained virtually untouched since the original construction in the year 1971 for the original structure, 1986 for the four-story dining room addition, and 1994 for the single story addition.

This construction gives the facility the look and feel of a medical office building of the 1970s. The aesthetics are very dated and not pleasing to our residents, resident families, employees, and guests. This creates an unnecessary challenge in competing with newer constructed buildings. Heritage Health has consistently had a high quality census which reflects the quality of care and the commitment of our staff. It is time the appearance and function of our facility match this commitment.

The exterior will be enhanced by installing an exterior insulating finish system (EIFS) between window columns after removal of a portion of the CMU to reduce the amount these columns jut out from the facility. After installation of these new surfaces, the facility will have a more pleasing and enticing look with a more pronounced and elegant front entryway.

The parking lots have not been replaced since 1987 and have only been crack-filled and sealed over the years. The asphalt surfaces of these lots are considerably cracked and many areas of settlement are apparent. We are proposing to remove these surfaces and replace with two (2) shifts of 1 ½ inch asphalt completely re-stripped to meet the existing parking configuration.

The roofing membrane of the facility consists of a gravel surfaced built up roof over the original building installed in 1971, a ballasted EPDM roof membrane over the 1987 addition installed at that time, and a ballasted EPDM membrane over the single story 1995 addition. All three roof membranes are warrantied for 20-year lives which have been exceeded. Patches and repairs have been performed over the years, but evidence of leaking is apparent throughout the facility. Our proposed modernization will remove these surfaces, add rigid insulation to meet the energy code and surface drainage details, and install a firestone .060 fully adhered white TPO single-ply roofing system.

### Interior

The interior finishes of the facility have been haphazardly replaced over the past 45 years with the latest rehabilitation occurring some 10 years ago. The floors, walls, and ceilings in all spaces are dated, worn, and in need of replacement. A good portion of the existing vinyl composition tile (VCT) is asbestos containing material (ACM). The painted surfaces are damaged and drab.

The modernization will be replacing all of the interior finish surfaces of the first and second floors, plus a portion of surfaces on the third and fourth floors. Where the VCT is scheduled to be replaced, the ACM will be removed according to Illinois Department of Public Health standards. Walls will be patched, skim coated, and repaired; then painted in most areas. Ceilings will be replaced with new acoustical ceiling tile. The nurses' station cabinetry will be replaced. Shower rooms will be rehabbed, including replacement of ceramic tile.

When completed, the interior "look" of the facility will be less institutionalized and more residential to meet the needs of our residents and provide a more homelike setting to improve the quality of care we deliver.

### HVAC

The original 1971 building and the 1986 addition are heated by a natural gas-fired hot water boiler. The water is pumped to terminal units utilizing a 2-pipe system. This building is cooled by an air cooled chiller. Chilled water is pumped to the terminal units using the same 2-pipe system. The 1986 addition is cooled by individual 5-ton split systems. Heating for the 1994 addition is provided by natural gas-fired boilers. Cooling for the 1994 addition is by a 50-ton rooftop air handling unit. All of this equipment has exceeded its life expectancy as defined by ASHRAE.

The hydronic piping of the original building is 45 years old and in poor condition. There have been pipe breakages, severe calcification and blockage discovered and repaired over the last 15 years.

The terminal units are original and considered to be beyond their useful life expectancy of 20 years by ASHRAE. Extensive maintenance and repair has been undertaken over the last 15 years. Deficiencies with these units such as rusted drain pans, inoperable controls, and restricted piping have been noted.

The modernization of these systems is for complete replacement of all equipment and piping. The new system will consist of a gas-fired hot water boiler, cooling tower, water source heat pumps and re-piping to these heat pumps.

### Plumbing

The plumbing system for our facility consists of galvanized water supply lines inside the facility, cast iron waste piping on all floors, and porcelain stools and lavatories. All of this plumbing material is original to the building, thus 45 years old. The galvanized supply lines over time have calcified and corroded which leads to greatly reduced water pressure and leakage in various locations. In many areas galvanized piping has been attached to copper nipples which creates hydrolysis and much quick pipe failure at the locations.

Plumbing fixtures are also showing signs of aging by small cracks in the porcelain, staining of the porcelain, seat bolts breaking and fittings leaking.

The modernization of the facility includes replacement of galvanized supply lines, horizontal cast iron waste lines, and all toilets and lavatories.

### Electrical

The electrical system serving the facility is also original equipment or 45 years old. The circuit breakers in the electrical panels have been inspected using thermal imaging cameras for failures and have been found to be in good condition. Lighting for the facility has been retrofitted from T-12 fluorescent tubes to T-8 technology. The facility is served by two (2) 50 kw diesel powered emergency generators. Each generator has an automatic transfer switch installed for quick switchover when line power is disrupted.

The modernization of the electrical system mainly consists of limited electrical panel work, limited replacement light fixtures, additional circuitry added to provide for more outlets in all resident rooms, and replacement of the two (2) emergency generators to a single larger unit with multiple transfer switches.

The fire alarm system is a zoned system that is original to the building. The modernization work will include the replacement of the entire system to an upgraded addressable fire alarm panel and devices.

The nurses call for the original building was installed 45 years ago and has been repaired and jerry-rigged over the years. The system is a tone/light installation only and parts to repair are becoming non-existent. The modernization will include the replacement of the nurses call with an upgraded Jeron system that includes voice capabilities to better serve our residents.

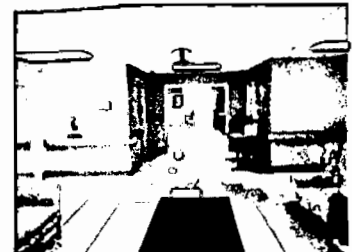
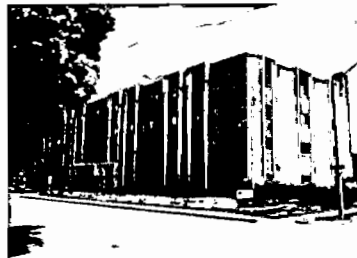
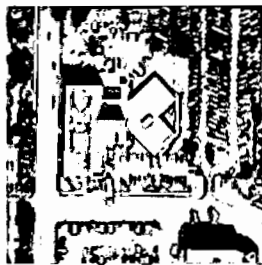
The phone system is over 15 years in age and it too will be replaced during the modernization.



## FACILITY ASSESSMENT STUDY

**HERITAGE MANOR - SPRINGFIELD**  
900 North Rutledge, Springfield, Illinois 62702

July 18, 2011



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## EXECUTIVE SUMMARY

---

### INTRODUCTION

Thank you for this opportunity to present to you this **Built Environment Assessment** of the Heritage Manor – Springfield (HMS) community. We hope that this study will serve as an important tool for the Ownership and the Administration in determining how best to grow into the future. It may be used as a baseline document to determine the practicality of maintaining and improving the existing landscaped areas, parking lot, building and infrastructure of the campus along with considering new construction alternatives for Heritage Manor of Springfield.

FGI has assessed the building and site in terms of what could be done to extend its service life and improve its ability to appeal to the prospective patient. A narrative has been provided to help the reader understand the nature and scope of the deficiencies and problems. Our engineering team assessed the MEP system's bigger issues. The architect has also surveyed the building. The space plan and room sizes have been compared with new consumer expectations. The report includes an estimate of a range of replacement costs for budget purposes.

### MAJOR FINDINGS

#### *Architectural*

In our opinion Heritage Manor does have life safety, building code, accessibility, layout, and aesthetic issues which are hindering patient care. Many of the deficiencies are either very expensive or impossible to correct.

Patient rooms cannot accommodate modern equipment. Patient room toilets and lavatories are not accessible to wheelchair bound residents. Electric water coolers are not accessible to the disabled. Staff space required to be accessible to the disabled is not. The existing windows and insulation do not meet current code requirements. Much of the cabinetry is broken. There is not enough storage space. The finishes and layout are very institutional as is the overall look of the building's exterior. The property does not have enough parking spaces. There are no exterior landscape garden areas for the residents to use.

## EXECUTIVE SUMMARY

---

### ***Mechanical***

Required air supply and exhaust methods and quantities are not met. As defined by ASHRAE criteria, the mechanical units (chillers, boilers, condensers, etc) are nearing the end of their useful life. The piping infrastructure in this building is considered to be original to the 1971 building and is in very poor condition. Many of the pipe fittings located within the mechanical room are insulated with suspected asbestos containing material (ACM). The condition of this ACM is friable and delaminating from the corroded pipes.

### ***Electrical***

The electrical service equipment supplying the original building and 1986 addition appears to be original to the 1970 building and consists of a combination of fused switches and circuit breakers mounted in the service switchboard. The equipment has or is quickly reaching the end of its useful life. The resident rooms are not equipped with patient bed receptacles fed from both the normal and emergency systems as required by NEC. The NEC 517.41 required delayed transfer critical equipment branch is not installed. Most of the fluorescent lighting is T12 technology. Starting July 2012, T12 magnetic ballast and lamp production will be phased out. Replacement bulbs will no longer be available. Replacing the lighting will require upgrading the lighting controls. Any additions or major remodeling projects will require an electrical service upgrade.

### ***Energy Efficiency***

Illinois has adopted the International Energy Conservation Code. Compliance is mandatory. Any major renovation to the facility which would involve the replacement of existing equipment or roof would require the facility to meet the new energy code.

## EXECUTIVE SUMMARY

---

### CONCLUSION

**The physical plant needs to undergo major modernization or full facility replacement to meet the needs of today's elderly seeking skilled nursing care.**

The issue facing ownership and administration is that the existing facility is nearing the end of its useful and marketable life. The nursing unit support areas are not state-of-the-art. Personal care spaces cannot be made handicapped accessible without further reducing patient room floor space. The current food service and laundry operation spaces are poorly organized. The plumbing infrastructure is failing. The site does not provide adequate parking. Renovation of the facility into a state-of-the-art fully compliant nursing home will be extremely difficult given the existing structure and shaft/duct/pipe chase configuration.

Further supporting evidence for this conclusion will be found:

- In a listing of all maintenance expenditures for calendar years 2008, 2009, 2010 and to date
- Copies of the IDPH life safety surveys for calendar years 2008, 2009, 2010 and to date
- An asbestos identification and paint survey report
- An asbestos operation and maintenance plan for containment and removal
- A cost/revenue analysis based on the loss of 53 skilled care beds for three to four years during construction
- A cost/revenue analysis based on the loss of approximately 60 skilled care beds due to the need to construct the new work in compliance with current building code, life safety code and IL 77 Administrative Code Part 300

Renovation and remodeling could be phased in over the course of six years. Space needed for accessibility compliance could probably be achieved by reducing the licensed bed count. Replacement pipe, wiring and control components might possibly be able to be installed adjacent to existing. This would allow the building to continue to operate.

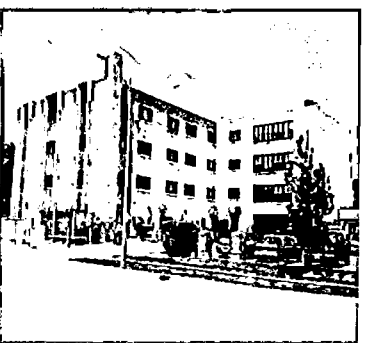
## ANALYSIS - EXTERIOR



- The building exterior has a medical office appearance and feel.



- The entry level public areas appear clean and well maintained.

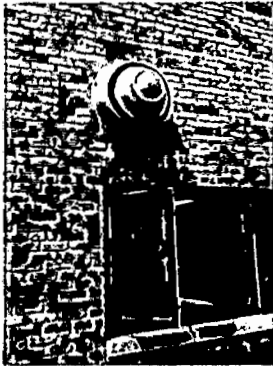


- The campus has a curb appeal that is in keeping with the hospital district. The corner signage and landscaping are nice but do not point out the main entrance.



- The rear and side facades are harsh, but not decrepit.

## ANALYSIS - EXTERIOR



- The building elements look structurally sound. No developing structural failures were noticed.



- There are however areas that are open to pests and the weather.



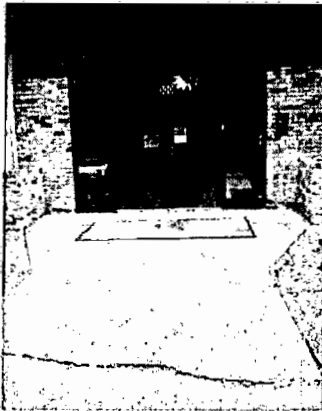
- Note the open duck work and failing exterior ceiling.



## ANALYSIS - EXTERIOR



- Access to and from the parking lot presents a challenge to the frail or disabled. The more easily accessible spaces are limited.



- There are no designated assessable parking spaces at the main entry and the entry does not have a covered drop-off as required by administrative rule. The main entry walkway has a full crack across its width.



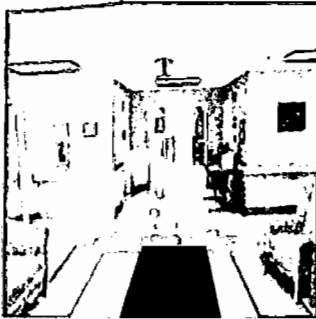
- "Bringing the outside inside" is a market trend expectation. There are no exterior landscaped garden areas for resident and family enjoyment other than a bench by the front entrance. The lack of comparable exterior garden access earns negative points.

## ANALYSIS - INTERIOR

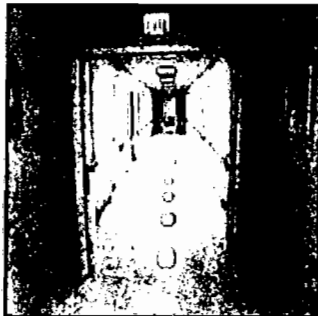
### Interior – First Floor



- The view toward the service and staff space is not appealing.



- The entry foyer is direct, well maintained and anonymous.

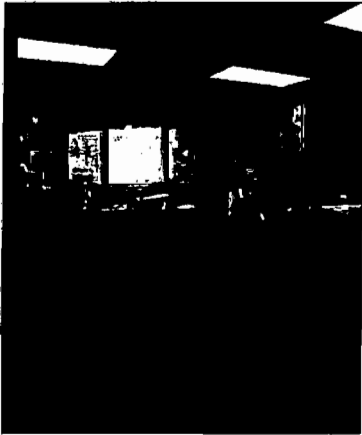


- HMS has many wayfinding challenges. Residential areas are not well defined.



- The various corridors flow from one corner to the other.

## ANALYSIS - LEVEL ONE



- Administrative spaces are close to the entrance and look professional.



- The main dayroom is generous and well appointed. This attention is a goal to follow throughout the nursing floors.





## ANALYSIS - BASEMENT

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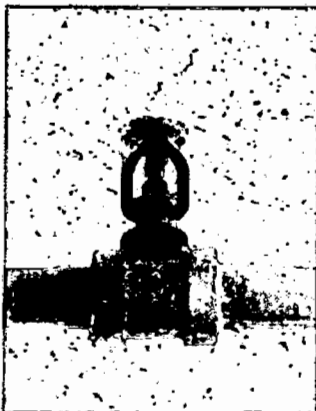
- The laundry chute room may not be secure against the spread of smoke.
- A laundry cart is blocking the door to the laundry chute room.



- The laundry chute is sprinklered but the shaft enclosure has failed.

## ANALYSIS - BASEMENT

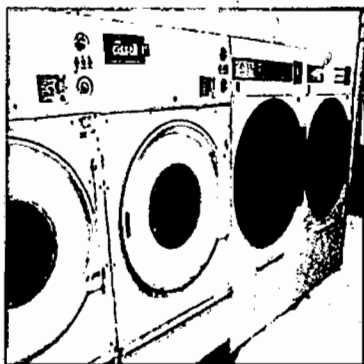
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- The laundry chute room may not be secure against the spread of smoke. The laundry chute is sprinklered, but the seal has failed.

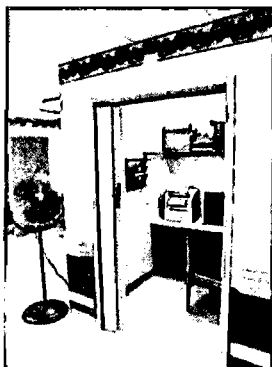


- The dryer exhaust system does not work. Dryer lint is a constant problem. It covers the automatic fire suppression system and is drawn back into the building .



- Dryers are a common fire hazard.

## ANALYSIS - NURSING UNITS



### Interior – Level Two through Level Five

- The licensed skilled nursing units appear to meet the 77 Administrative Code 300 requirements for existing SN/IC facilities.
- Travel distances are not exceeded.



- Required care component utility spaces are in place and meet the existing facility requirements.



- The components do not meet the requirements for new construction.



- This may result in a more labor intensive environment if the patients need ADL assistance.

## ANALYSIS - NURSING UNITS



- The nursing station is the first thing a visitor sees when entering the nursing unit. New construction deemphasizes this element.



- The Life Safety Code does not require a nurse station. CMS requires that the call system be in a place that is constantly monitored. The administrative rule requires that the nurse station be located so that oversight is provided. The rule does not dictate size.



- Charting does not have to happen at a large central station. Records do not have to be stored at the nurse station.



- Charting may be done elsewhere. Satellite charting stations are acceptable and may improve documentation.

## ANALYSIS - NURSING UNITS



- The current HMS skilled nursing units are finished like a hospital. The corridors appear quite anonymous and lack personalization.



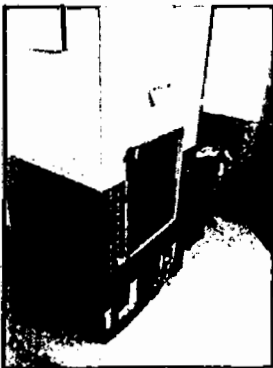
- The current HMS skilled nursing floor layout does not have a logical, "homelike" sense of organization. The private spaces (bed rooms, bathrooms) are as accessible to casual view as are the public spaces (entry foyer, living room and kitchen). While the environment does not feel "custodial", it does have the atmosphere of a medical institution.



- For example, it is good that the unit level dining room is bright and has large windows. It is bad that the décor is so hard, shiny and uniform making it feel like an office cafeteria.

## ANALYSIS - NURSING UNITS

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- The case work and finishes in the clean linen and soiled utility rooms are in terrible shape.

- Patient rooms in the 1994 Addition are being used as offices.

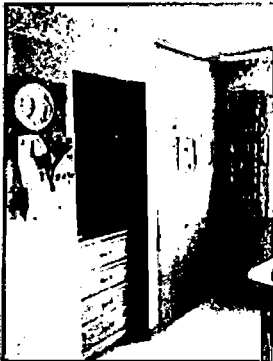
## ANALYSIS - NURSING UNITS



- Storage closets are too small.



- The difficulty of appropriate patient room size is a very serious one. The nursing rooms are too small, lack storage, share inaccessible toilet/lavatory facilities, do not have bathing facilities and cannot easily be converted to single patient rooms with private accessible toilet facilities. Care support elements are also out of date. Some elements are too small and other elements infringe on residential amenities.



- Clear patient room floor areas are **not** provided in several patient rooms such as in the corner Bedroom 211.

## ANALYSIS - NURSING UNITS



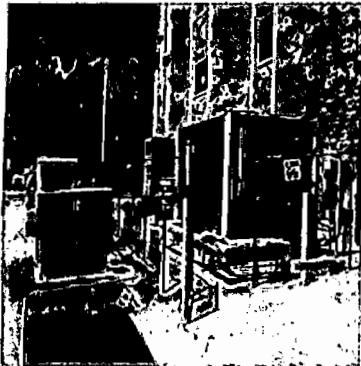
- Sharing a traditional hospital-style bedroom causes much friction because of the loss of control and privacy. Shared bedrooms have two beds in the same space, only by chance separated by a piece of fabric. There are no private or intimate spaces. The patient rooms do not provide personal space. The beds are askew and are not made. Uniform chairs are the institutional one-size-fits-all type. Closet space is no more than the regulatory minimum. The single built-in dresser, its top surface and TV is shared by two patients. There is no display shelving or personalized artwork. The small toilet and lavatory room is shared between 4 patients. Note how the towels and toilet paper rolls are stacked. Where are the patients toiletries kept? How does one, on one's own, transfer from a wheelchair to the toilet or use the lavatory to brush one's teeth? The physical plant does not promote the retention of abilities and does increase CNA assistance.

- Newer construction promotes daylight penetration into corridors, apartments and community spaces with connections and views to the outside. HMS does not favorably compare with newer facilities.
- Some of the corridor finishes and most of the unit finishes that the team saw are worn out. A contemporary refurbishment is needed to counteract a transitory/dorm room affect.



## ANALYSIS - MECHANICAL

### HVAC PLANT



- The mechanical systems for this facility serve three distinct areas based on the original 4-level 1971 building plus the 4-level 1986 addition and the 1994 single story addition. The original 1971 building is heated by means of a 3,490,000 Btuh input Weil-McClain, natural gas-fired hot water boiler located on the lower level. Hot water is pumped to terminal units utilizing a dual temperature (2-pipe) piping system. The boiler appears to be original to the 1971 building and is considered to be beyond its useful life of 30 years as defined by ASHRAE. This building is cooled by means of a 90 ton Carrier air-cooled chiller located on exterior grade. It is estimated that this particular chiller was installed in the mid-1990's. Considering the age of the chiller, parts are not readily available for this machine. Chilled water is pumped to terminal units throughout the building utilizing the above-mentioned dual temperature piping infrastructure. Chilled water is available from approximately April to September. Hot water is available from September to April. Both plants cannot operate simultaneously.
- Heating for the 1986 addition is provided from an extension of the 1971 building. Cooling is provided by individual 5-ton split systems utilizing central station air handlers. The condensing units are located on the roof within 10 feet from the edge of the roof with no barriers or parapets.

## ANALYSIS - MECHANICAL



- Heating for the 1994 single story addition is provided by two Raypak Firebrick boilers. These boilers are atmospheric and are provided with natural ventilation. These boilers are nearing the end of their useful life expectancy of 25 years as defined by ASHRAE. Hot water is pumped throughout the building to variable air volume (VAV) reheat terminals. Cooling is provided by a single 50-ton rooftop air handling unit. The unit appears to be in good working condition, but it is nearing the end of its useful life as defined by ASHRAE.

## DISTRIBUTION

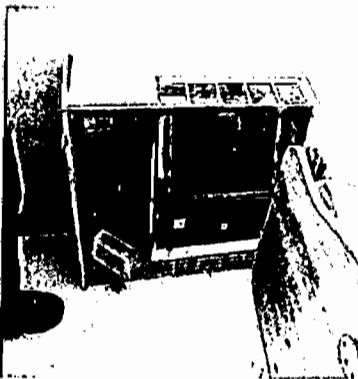
- Heating hot water and cooling chilled water are pumped throughout the 1971 building through dual temperature hydronic piping. The piping infrastructure in this building is considered to be original to the 1971 building and is estimated to be in poor condition. There have been noted pipe breakages and confirmed cases of severe calcification and blockages within the infrastructure. It has been rumored that proper water treatment for this system had been discontinued for a substantial time period. It was also noted that many of the pipe fittings located within the mechanical room are insulated with suspected asbestos containing material (ACM) and the condition of this ACM is friable and delaminating from the pipe. Various pipe sections away from the mechanical room have been noted to have extensive condensation issues due to non-insulated runs of pipe.

## ANALYSIS - MECHANICAL

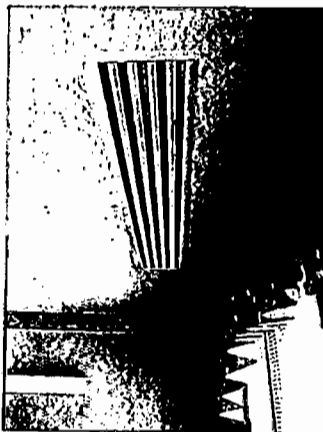


- Heating hot water is pumped throughout the 1994 addition through a dedicated hot water piping system. Hot water is delivered to variable volume reheat terminal boxes located at each room.

### TERMINAL UNITS



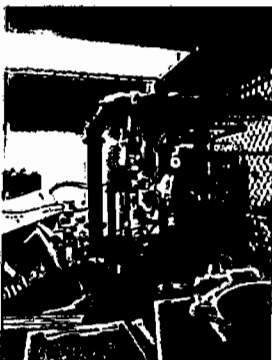
- The 1971 building is conditioned by the use of fan coil units located in each room. The fan coil units are supplied with dual temperature coils, fan, filters and associated controls. These units are original to the 1971 building and are considered to be beyond their useful life expectancy of 20 years as indicated by ASHRAE. Extensive maintenance and repair have been conducted to ensure proper operability of these units. Such deficiencies as rusted drain pans, inoperable controls and restricted piping have been noted.



- The 1986 building air handlers appear to be operating effectively; however, these units appear to be nearing their useful life expectancy of 20 years as defined by ASHRAE.
- The 1994 building utilizes VAV boxes to regulate and control cooling/heating air to the associated rooms. These terminals appear to be in satisfactory condition and operate effectively.

## ANALYSIS - MECHANICAL

### PLUMBING



- **Water Supply:** The water supply for this facility enters the building from the local municipality. City pressure provides adequate pressure to accommodate associated plumbing fixtures located throughout the facility.
- **Hot Water:** Water is heated utilizing two 360,000 btuh input natural gas fired water heaters. These heaters appear to be in good working order.
- **Sanitary:** Sanitary waste is distributed to the local utility. All waste from food preparation areas are trapped and disposed of in an appropriate fashion. There is an ongoing issue with sanitary main blockages as it relates to lavatories serving resident rooms.
- **Plumbing Fixtures:** All fixtures observed appear to be of an appropriate application. Various sanitary drains from lavatories are missing suitable protective insulation.

### FIRE PROTECTION

- This facility is provided with automatic sprinkler systems located throughout on a wet pipe type system. All sprinkler systems are hydraulically calculated to deliver densities to accommodate the appropriate area that they cover. Sprinkler piping and heads are original to their respective building era. The sprinkler heads located on the lower level were noted as having excessive lint adhered to them.

## ANALYSIS - ELECTRICAL

### SERVICE



- The service is provided by the local utility from a 500k VA pad-mounted transformer outside the building.



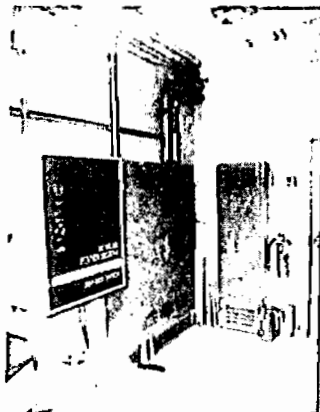
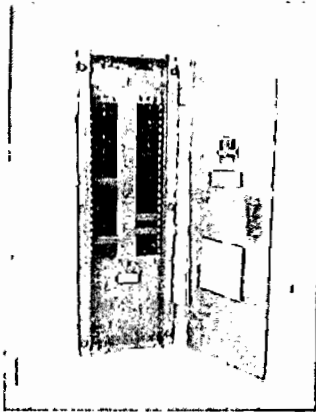
- The service equipment to the original facility is located in the basement and is rated at 1200 Amps, 120/208v volt, 3 phase, 4 wire with a Main Fused Switch in a switchboard. The service equipment supplying the original building and 1986 addition appears to be original to the 1970 building and consists of a combination of fused switches and circuit breakers mounted in the service switchboard. While the switchboard appears to still be functional, the equipment has or is quickly reaching the end of its useful life. Spare parts will be difficult to locate and extremely costly. Additionally, there are no provisions given in the switchboard to feed additional loads. Any additional additions are major remodeling projects which will require a service upgrade.



- The 1994 single story addition is fed via a second 600A service disconnect added near the original switchboard. The disconnect feeds a main distribution panel located in the mechanical room of the addition.

## ANALYSIS - ELECTRICAL

### DISTRIBUTION



- The resident room floors in the original building are each fed via (2) 225A panels, one in the North and one in the South, along with a 100A panel at the nurse desk. A panel in one of the wings on each floor is installed on the side wall of a small area isolated from the storage closet in such a manner that the NEC required working clearances are not met. The labeling of the circuits is very minimal making it difficult to maintain or identify. The panels all appear to be the original panels installed during the construction. The existing panel boards have no or very limited spaces or spares to facilitate additional loads. The replacement of the existing panels with new panels with provisions for additional spare circuits should be considered.
- The 4-story 1970 addition area is fed in such a manner that the 3rd and 4th floor are fed via a 225A panel located on the 3rd floor in the dining room. The 1st and 2nd floors are fed in a similar manner by a panel located on the 1st floor. Per the existing plans, the resident rooms are not equipped with patient bed receptacles fed from both the normal and emergency systems as required by NEC.
- The one-story 1994 addition is served from panels located in the mechanical room of the addition. Since this addition is relatively new, the panels in this area are functional and should provide several years of additional service.

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| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:<br><br>145229 | (X2) MULTIPLE CONSTRUCTION<br>A. BUILDING 01 - MAIN BUILDING 01<br><br>B. WING _____                            |                      | (X3) DATE SURVEY COMPLETED<br><br>06/11/2014 |
| NAME OF PROVIDER OR SUPPLIER<br><br>HERITAGE HEALTH-SPRINGFIELD |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                  | STREET ADDRESS, CITY, STATE, ZIP CODE<br>900 NORTH RUTLEDGE<br>SPRINGFIELD, IL 62702                            |                      |                                              |
| (X4) ID PREFIX TAG                                              | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | ID PREFIX TAG                                                    | PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) | (X5) COMPLETION DATE |                                              |
| K 000                                                           | <p><b>INITIAL COMMENTS</b></p> <p>An Annual Life Safety Code (LSC) Certification Survey was conducted by the Illinois Department of Public Health. At this survey, Heritage Manor of Springfield was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR Subpart 483.70(a), Life Safety from Fire, and the 2000 Edition of the National Fire Protection Association (NFPA) 101, Life Safety Code, Chapter 19 Existing Health Care.</p> <p>The facility was surveyed as two separate buildings due to different construction types.</p> <p>Existing building 0102 built in 1970 is a four story masonry and steel building with a partial basement used for elevator equipment, mechanical, boiler and laundry. Sleeping rooms are provided on the 2nd, 3rd and 4th floors. In 1987 a dining/activities addition was added to the 2nd, 3rd and 4th floors. The first floor contains reception, business offices, training classroom, lounge, dietary and physical therapy. The building is constructed with masonry exterior walls, concrete floor and steel framing. The ceiling on each floor is a lay-in style that forms a part of the ceiling assembly rating and must be maintained. The building's construction type was determined to be a Type II (222). There is a complete automatic sprinkler system installed throughout. The building has a fire alarm system with smoke detection provided in the corridors and in spaces open to the corridor.</p> <p>Building 0102 has a capacity of (144) beds and had a census of 129 beds at time of survey.</p> | K 000                                                            |                                                                                                                 |                      |                                              |

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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| K 000                                                                  | Continued From page 1<br>The Facility has a capacity of (178) beds and had<br>a census of 152 beds at time of survey.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | K 000                                                                      |                                                                                                                          |                            |                                                        |
| K 029<br>SS=E                                                          | Building 0102: The requirement at 42 CFR<br>Subpart 483.70(a) is NOT MET as evidenced by:<br>NFPA 101 LIFE SAFETY CODE STANDARD<br><br>One hour fire rated construction (with ¾ hour<br>fire-rated doors) or an approved automatic fire<br>extinguishing system in accordance with 8.4.1<br>and/or 19.3.5.4 protects hazardous areas. When<br>the approved automatic fire extinguishing system<br>option is used, the areas are separated from<br>other spaces by smoke resisting partitions and<br>doors. Doors are self-closing and non-rated or<br>field-applied protective plates that do not exceed<br>48 inches from the bottom of the door are<br>permitted. 19.3.2.1<br><br>This STANDARD is not met as evidenced by:<br>Based on observation and interview, the facility<br>failed to maintain the enclosures required for<br>hazardous areas in accordance with LSC Section<br>19.3.2.1. This deficient practice could affect of<br>the 50 residents in the First Floor Smoke Zone in<br>Building 0102, as well as an indeterminable<br>number of staff and visitors, if smoke or fire were<br>allowed to move from a hazardous area to other<br>portions of the facility.<br>Findings include: On 06/11/14, while<br>accompanied by E-1 observations determined the<br>facility used the sprinkler option to protect the<br>hazardous areas but did not separate the<br>hazardous areas from other spaces by<br>smoke-resisting partitions and doors in | K 029                                                                      |                                                                                                                          |                            |                                                        |



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| K 029                                                                  | Continued From page 2<br>accordance with the LSC 19.3.2.1 as evidence<br>by:<br>A. At 1:40 PM, the human Resource Office, and<br>the Administrator Office in Building 0102 was<br>considered a hazardous area because the rooms<br>were greater than 25 square feet storing<br>combustible. The door to the corridor was not self<br>closing, no closer.<br>B. At 1:50 PM, the Admission Office on the First<br>floor of Building 0102 adjacent to the Rutledge<br>Street Lobby is considered a hazardous area<br>because the room was greater than 25 square<br>feet used to store combustible. The door to the<br>Lobby was a double door and not self closing, no<br>closer on either door. One door had to be<br>manually latched into the frame by a thumb bolt<br>the other door did latch tight to the fist door when<br>closed, but had no closer.<br>C. At 1:57 PM, the Business Office adjacent to<br>the Lobby on the Fist Floor Building 0102 is<br>considered a hazardous area because the room<br>was greater than 25 square feet used to store<br>combustible. The door to the Lobby was a Dutch<br>door that was not self closing, no closer.<br>Adjacent to the door was a widow above a<br>counter which acted as a door. The window door<br>was not self closing (did not have a closer). The<br>Business Office was open to the Lobby.<br>D. At 11:50 AM, the Care Plan Office/Medical<br>records Storage room adjacent to the Employee<br>Lounge/Activity room in the basement of Building<br>0102 is considered a hazardous area because<br>the room was greater than 100 square feet used<br>to store combustible. The door to the Employee<br>Lounge/Activity room was not self closing, no<br>closer. There were pipe/conduit penetrations at<br>the walls with voids not sealed with fire rated<br>materials.<br>E. At 2:10 PM, the Copy/Supply room between | K 029                                                                      |                                                                                                                          |                            |                                                        |

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| STATEMENT OF DEFICIENCIES<br>AND PLAN OF CORRECTION                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | (X1) PROVIDER/SUPPLIER/CLIA<br>IDENTIFICATION NUMBER:<br><br><b>145229</b> | (X2) MULTIPLE CONSTRUCTION<br>A. BUILDING 01 - MAIN BUILDING 01<br><br>B. WING _____                                     |                            | (X3) DATE SURVEY<br>COMPLETED<br><br><b>06/11/2014</b> |
| NAME OF PROVIDER OR SUPPLIER<br><br><b>HERITAGE HEALTH-SPRINGFIELD</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                            | STREET ADDRESS, CITY, STATE, ZIP CODE<br><b>900 NORTH RUTLEDGE<br/>SPRINGFIELD, IL 62702</b>                             |                            |                                                        |
| (X4) ID<br>PREFIX<br>TAG                                               | SUMMARY STATEMENT OF DEFICIENCIES<br>(EACH DEFICIENCY MUST BE PRECEDED BY FULL<br>REGULATORY OR LSC IDENTIFYING INFORMATION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | ID<br>PREFIX<br>TAG                                                        | PROVIDER'S PLAN OF CORRECTION<br>(EACH CORRECTIVE ACTION SHOULD BE<br>CROSS-REFERENCED TO THE APPROPRIATE<br>DEFICIENCY) | (X5)<br>COMPLETION<br>DATE |                                                        |
| K 029                                                                  | Continued From page 3<br>the Business Office and the DON Office on the<br>First Floor of Building 0102 is considered a<br>hazardous area because the room was greater<br>than 25 square feet used to store combustible.<br>The door to the DON Office would not close and<br>latch to the frame. The door needs adjusted.<br>These observations were reviewed with E-1,<br>Maintenance Director and E-2, Administrator at<br>the time of the Exit Conference.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | K 029                                                                      |                                                                                                                          |                            |                                                        |
| K 147<br>SS=E                                                          | NFPA 101 LIFE SAFETY CODE STANDARD<br><br>Electrical wiring and equipment is in accordance<br>with NFPA 70, National Electrical Code. 9.1.2<br><br>This STANDARD is not met as evidenced by:<br>Based on observation and interview, the facility<br>failed to prevent the use of extension cords on<br>more than a temporary basis and failed to prevent<br>the use of high current draw equipment in a<br>power strip in accordance with LSC Section 9.1.2,<br>19.5.1 and NFPA 70, 1999 Edition. These<br>deficient practices could affect 50 of the 144<br>residents, as well as an indeterminable number of<br>staff and visitors, if improper use of an extension<br>cords and power strips contributed to the ignition<br>of a fire.<br><br>Findings include: On 06/11/2014, while<br>accompanied by E-1, observations<br>determined that the Facility failed to provide<br>Electrical wiring and equipment in accordance<br>with NEC 9-1.2 and NFPA99 and Life Safety<br>Code 101, Chapter 19.9.1 as evidenced by:<br><br>A. At 1:40 PM in the Human Resources Office<br>there was a multi-plug surge protection extension | K 147                                                                      |                                                                                                                          |                            |                                                        |

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|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------|
| STATEMENT OF DEFICIENCIES<br>AND PLAN OF CORRECTION                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (X1) PROVIDER/SUPPLIER/CLIA<br>IDENTIFICATION NUMBER:<br><br><b>145229</b> | (X2) MULTIPLE CONSTRUCTION<br>A. BUILDING <b>01 - MAIN BUILDING 01</b><br><br>B. WING _____                              |                            | (X3) DATE SURVEY<br>COMPLETED<br><br><b>06/11/2014</b> |
| NAME OF PROVIDER OR SUPPLIER<br><br><b>HERITAGE HEALTH-SPRINGFIELD</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                            | STREET ADDRESS, CITY, STATE, ZIP CODE<br><b>900 NORTH RUTLEDGE<br/>SPRINGFIELD, IL 62702</b>                             |                            |                                                        |
| (X4) ID<br>PREFIX<br>TAG                                               | SUMMARY STATEMENT OF DEFICIENCIES<br>(EACH DEFICIENCY MUST BE PRECEDED BY FULL<br>REGULATORY OR LSC IDENTIFYING INFORMATION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ID<br>PREFIX<br>TAG                                                        | PROVIDER'S PLAN OF CORRECTION<br>(EACH CORRECTIVE ACTION SHOULD BE<br>CROSS-REFERENCED TO THE APPROPRIATE<br>DEFICIENCY) | (X5)<br>COMPLETION<br>DATE |                                                        |
| K 147                                                                  | <p>Continued From page 4</p> <p>cord being used to connect electrical devices to the wall duplex outlet. The surge protection device was laying on the floor, not protected from being damaged.</p> <p>B. At 2:20 PM on the First Floor of Building 0102 in the South Class there was a multi-plug surge protection extension cord being used to connect electrical devices to the wall duplex outlet. The surge protection device was laying on the floor, not protected from being damaged.</p> <p>C. At 2:25 PM in the Basement of Building 0102 in the Laundry behind the dryers there was a multi-plug surge protected extension cord connected to the wall duplex outlet. This device had heat tape for the sprinkler line and a sump pump connected to the surge protection device.</p> <p>D. At 3:25 PM in the Second Floor Nurses Office, and the Nurses Station of Building 0102 there was a multi-plug surge protected extension cord connected to the wall duplex outlet. This device was on the floor connecting not being protected.</p> <p>E. At 3:30 PM in resident room 308 on the third Floor of Building 0102 there was a multi-plug surge protected extension cord connected to the wall duplex outlet. This device was on hanging from the table un-supported which could cause undue stress and could cause a short.</p> <p>These observations were reviewed with E-1 and E-2 at the time of the exit conference.</p> | K 147                                                                      |                                                                                                                          |                            |                                                        |

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|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------|
| STATEMENT OF DEFICIENCIES<br>AND PLAN OF CORRECTION                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (X1) PROVIDER/SUPPLIER/CLIA<br>IDENTIFICATION NUMBER:<br><br><b>145229</b> | (X2) MULTIPLE CONSTRUCTION<br>A. BUILDING <b>02 - BUILDING 02</b><br><br>B. WING _____                                   |                            | (X3) DATE SURVEY<br>COMPLETED<br><br><b>06/11/2014</b> |
| NAME OF PROVIDER OR SUPPLIER<br><br><b>HERITAGE HEALTH-SPRINGFIELD</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                            | STREET ADDRESS, CITY, STATE, ZIP CODE<br><b>900 NORTH RUTLEDGE<br/>SPRINGFIELD, IL 62702</b>                             |                            |                                                        |
| (X4) ID<br>PREFIX<br>TAG                                               | SUMMARY STATEMENT OF DEFICIENCIES<br>(EACH DEFICIENCY MUST BE PRECEDED BY FULL<br>REGULATORY OR LSC IDENTIFYING INFORMATION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ID<br>PREFIX<br>TAG                                                        | PROVIDER'S PLAN OF CORRECTION<br>(EACH CORRECTIVE ACTION SHOULD BE<br>CROSS-REFERENCED TO THE APPROPRIATE<br>DEFICIENCY) | (X5)<br>COMPLETION<br>DATE |                                                        |
| K 000                                                                  | <p><b>INITIAL COMMENTS</b></p> <p>An Annual Life Safety Code (LSC) Certification Survey was conducted by the Illinois Department of Public Health. At this survey, Heritage Manor of Springfield - Building 0202 was found in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR Subpart 483.70(a), Life Safety from Fire, and the 2000 Edition of the National Fire Protection Association (NFPA) 101, Life Safety Code, Chapter 19 Existing Health Care.</p> <p>The facility was surveyed as two separate buildings.</p> <p>Building 0202 is a newer one story building built in 1998 and surveyed in accordance with LSC Chapter 19. The exterior walls are masonry and the roof system is steel framed with non-fire rated assemblies. The building's construction type was determined to be a Type II (000) construction. The building was completely protected by an automatic sprinkler system with quick response sprinkler heads. The building has fire alarm system with smoke detection provided in the corridors and spaces open to the corridor. Smoke detection in each resident room is connected to the room's door closer.</p> <p>Building 0202 has a capacity of (34) beds and had a census of 23 beds at the time of the survey.</p> <p>The Facility has a capacity of (178) beds and had a census of 152 beds at time of survey.</p> <p>Building 0202: The requirement at 42 CFR Subpart 483.70(a) is MET.</p> | K 000                                                                      |                                                                                                                          |                            |                                                        |

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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|                                                                 |                                                                                                                              |                                                                     |                                                                                                                          |                            |                                                 |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------------|
| STATEMENT OF DEFICIENCIES<br>AND PLAN OF CORRECTION             |                                                                                                                              | (X1) PROVIDER/SUPPLIER/CLIA<br>IDENTIFICATION NUMBER:<br><br>145229 | (X2) MULTIPLE CONSTRUCTION<br>A. BUILDING 02 - BUILDING 02<br><br>B. WING _____                                          |                            | (X3) DATE SURVEY<br>COMPLETED<br><br>06/11/2014 |
| NAME OF PROVIDER OR SUPPLIER<br><br>HERITAGE HEALTH-SPRINGFIELD |                                                                                                                              |                                                                     | STREET ADDRESS, CITY, STATE, ZIP CODE<br>900 NORTH RUTLEDGE<br>SPRINGFIELD, IL 62702                                     |                            |                                                 |
| (X4) ID<br>PREFIX<br>TAG                                        | SUMMARY STATEMENT OF DEFICIENCIES<br>(EACH DEFICIENCY MUST BE PRECEDED BY FULL<br>REGULATORY OR LSC IDENTIFYING INFORMATION) | ID<br>PREFIX<br>TAG                                                 | PROVIDER'S PLAN OF CORRECTION<br>(EACH CORRECTIVE ACTION SHOULD BE<br>CROSS-REFERENCED TO THE APPROPRIATE<br>DEFICIENCY) | (X5)<br>COMPLETION<br>DATE |                                                 |
|                                                                 |                                                                                                                              |                                                                     |                                                                                                                          |                            |                                                 |

## Heritage Health - Springfield 2010 - 2014 Capital Expenditures

### 2010 Capital Expenditures

|                                                                   |            |
|-------------------------------------------------------------------|------------|
| Electric beds                                                     | 4,194.43   |
| Dryers                                                            | 1,793.99   |
| Medcare lift with scale                                           | 5,329.67   |
| (2) Joerns Ultracare beds                                         | 4,353.38   |
| Surface prep stripping machine                                    | 2,694.34   |
| Elevator repairs                                                  | 71,294.15  |
| Water storage tank and hot water heater                           | 16,211.00  |
| Paging system                                                     | 2,642.24   |
| A.O. Smith hot water heater                                       | 13,740.00  |
| (33) Dining room windows                                          | 49,757.15  |
| (2) 90-minute fire rated metal doors                              | 3,921.20   |
| Aggregate column repairs                                          | 34,550.00  |
| Boiler #2 - Replaced refractory, ignition transformer and conduit | 3,254.54   |
|                                                                   | 213,736.09 |

### 2011 Expenditures

|                                                                 |             |
|-----------------------------------------------------------------|-------------|
| PC refresh project - 14 computers                               | 15,328.56   |
| (2) steam tables and (2) cold food buffets                      | 22,615.50   |
| Southbend convection steamer                                    | 12,973.42   |
| (2) Milnor 75# dryers                                           | 8,427.53    |
| Cisco WiFi equipment                                            | 29,324.54   |
| (4) Medcare lifts with scales                                   | 46,830.69   |
| A.O. Smith 100 gallon water heater                              | 8,958.00    |
| Carrier chiller - condenser fan motor and fan blade replacement | 11,556.00   |
| Elevator repairs                                                | (15,817.25) |
| Hollow door and installation                                    | 4,360.93    |
| Chiller fan and motor work                                      | 3,792.33    |
| Smoke detector replacement                                      | 3,935.50    |
|                                                                 | 152,285.75  |

### 2012 Expenditures

|                                  |           |
|----------------------------------|-----------|
| PC refresh project - 6 computers | 4,444.56  |
| Dell PowerEdge server            | 837.01    |
| (4) Excel wheelchairs            | 2,999.88  |
| Electric hi-low beds             | 22,317.28 |
| (10) Hillrom hospital beds       | 5,566.20  |
| Sidewall mattresses              | 3,316.69  |
| Lighting retrofit project        | 22,896.23 |
| 2nd floor - nurse call system    | 5,106.60  |
|                                  | 67,484.45 |

Attachment-25  
Modernization

## Heritage Health - Springfield

### 2010 - 2014 Capital Expenditures

#### 2013 Expenditures

|                                   |            |
|-----------------------------------|------------|
| Ricoh MP6000 copier               | 7,670.60   |
| Prevamatt Elite mattresses        | 6,861.43   |
| (18) LG 26" TVs and mounts        | 7,186.58   |
| (4) Lenovo ThinkPad Twist tablets | 3,440.00   |
| 2nd floor - nurse call system     | 13,536.40  |
| Lighting retrofit project         | (5,123.35) |
|                                   | 33,571.66  |

#### 2014 Expenditures

|                                |            |
|--------------------------------|------------|
| True refrigerator (Model T-23) | 2,561.20   |
| Manitowoc ice machine          | 3,265.00   |
| Ricoh MP7000sp copier          | 9,336.73   |
| Milnor 60# washer              | 12,398.44  |
| (3) Ricoh MP301spf machines    | 3,859.59   |
| Tractor with attachments       | 8,489.23   |
| Lighting retrofit project      | (1,126.09) |
| Exhaust fan replacements       | 17,340.00  |
| Hot water heater replacement   | 3,565.00   |
| Gate valve replacement         | 2,928.00   |
| Roof replacement               | 293,339.00 |
|                                | 355,956.10 |

**GRAND TOTAL (2010 - 2014)    \$ 823,034.05**

# HVAC SYSTEMS

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Heritage Health  
Springfield, IL

Billed to the Home  
History of Repairs - *Ruyle Mechanical*

| INV#   | INV DATE | INV AMOUNT       | DESCRIPTION OF SERVICES                  |
|--------|----------|------------------|------------------------------------------|
| 85575  | 03/26/08 | 605.83           | Dining room a/c low on charge, add R22   |
| 86145  | 05/07/08 | 199.56           | 2nd floor - replace fan relay board      |
| 86881  | 07/01/08 | 591.09           | 2nd floor dining room - replace board    |
| 87438  | 08/05/08 | 223.10           | check and repair condensate leaks        |
| 90740  | 03/14/09 | 797.00           | install low ambient controls 3 units     |
| 91458  | 05/19/09 | 702.11           | 2nd flr dining - replace flue/board      |
| 92827  | 08/27/09 | 1,353.58         | * replace burner tray on boiler          |
| 92357  | 07/28/09 | 2,389.76         | chiller repairs                          |
| 92239  | 07/20/09 | 215.10           | 4th floor - reset breaker                |
| 92683  | 08/13/09 | 2,833.70         | chiller - replace exv                    |
| 92730  | 08/17/09 | 937.40           | clean chiller condenser coils            |
| 93188  | 09/15/09 | 1,698.20         | replace sensors on chiller               |
| 92981  | 09/01/09 | 667.00           | clean chiller and coils                  |
| 93739  | 08/28/09 | 122.51           | * repairs to boiler #2                   |
| 93740  | 11/04/09 | 712.80           | spot cooler for basement elev room       |
| 93520  | 10/12/09 | 313.90           | * start and check boiler #2              |
| 93811  | 11/05/09 | 740.43           | repipe coil for therapy room             |
| 96723  | 06/10/10 | 2,794.95         | check/repair chiller leaks               |
| 96463  | 05/25/10 | 4,101.16         | chiller - install screen straighten fins |
| 96751  | 06/15/10 | 956.86           | chiller - replace fan motor              |
| 97007  | 06/30/10 | 2,300.30         | exhaust fan repairs                      |
| 96832  | 06/24/10 | 205.20           | check chiller operation                  |
| 97061  | 07/02/10 | 410.40           | brush chiller screen, check boiler       |
| 98881  | 11/17/10 | 2,521.00         | boiler repairs                           |
| 98725  | 11/04/10 | 205.20           | chiller down, motor needs replaced       |
| 98882  | 11/17/10 | 733.54           | * repair wiring to boilers               |
| 99567  | 01/06/11 | 2,128.63         | * install new control on boiler          |
| 100098 | 02/10/11 | 617.72           | walk in cooler repairs                   |
| 100099 | 02/10/11 | 821.00           | walk in freezer repair coil leak         |
| 101808 | 06/16/11 | 1,891.40         | service chiller and rtu cont. care       |
| 101912 | 06/29/11 | 670.20           | fab/install drain pan for magic air unit |
| 101809 | 06/16/11 | 320.64           | wash coils on rtu                        |
| 101810 | 06/16/11 | 320.64           | repair drain leak in kitchen             |
| 101913 | 06/29/11 | 394.06           | fab/install catch pan in kitchen         |
| 102306 | 07/21/11 | 427.52           | freezer down - wash coils                |
| 102307 | 07/21/11 | 1,366.34         | clean coils, add ref to rtu              |
| 102421 | 07/28/11 | 1,431.35         | chiller, found compressor bad            |
| 102422 | 07/28/11 | 477.52           | install screen on rtu                    |
| 102758 | 08/23/11 | 2,464.44         | spare motors and fan blades              |
| 102588 | 08/11/11 | 3,792.33         | change out bad fan motor                 |
| 102589 | 08/11/11 | 972.04           | recharge roof top unit                   |
|        |          | <u>47,427.51</u> |                                          |

Attachment-25  
Modernization



# Heritage Health - Springfield Repair history - Ruyle Mechanical

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| Inv #  | Inv Date | Inv Amt          | Description of Services                      |
|--------|----------|------------------|----------------------------------------------|
| 103934 | 11/03/11 | 641.28           | * clean and check boilers                    |
| 103709 | 10/24/11 | 213.76           | 4th flr ac - repair wire                     |
| 104604 | 12/15/11 | 641.28           | 2nd flr furnace - control board              |
| 105889 | 03/21/12 | 320.64           | * reset phase monitor on rtu                 |
| 106540 | 05/11/12 | 1,479.13         | 4th flr dining - install new compressor      |
| 106130 | 04/05/12 | 223.41           | freezer - add refrigerant                    |
| 106739 | 05/24/12 | 658.12           | rtu - replace relays/timers                  |
| 106938 | 06/06/12 | 929.10           | freezer - replace fan motor                  |
| 106939 | 06/06/12 | 405.27           | #2 dining room - replace comp terminals      |
| 107539 | 07/18/12 | 814.01           | chiller - add refrigerant                    |
| 107958 | 08/14/12 | 2,690.17         | chiller repairs                              |
| 107959 | 08/14/12 | 383.45           | chiller, clean screen                        |
| 108253 | 09/05/12 | 619.42           | 2nd flr dining replace motor board           |
| 108006 | 08/17/12 | 621.32           | 3rd flr dining ac replace motor board        |
| 108254 | 09/05/12 | 666.90           | pm rtu and chillers                          |
| 108696 | 10/01/12 | 1,067.63         | start boilers                                |
| 108954 | 10/19/12 | 202.85           | replace valve on ice machine                 |
| 109194 | 11/02/12 | 555.75           | pm boiler                                    |
| 109838 | 12/26/12 | 410.91           | replace thermostat on reach in cooler        |
| 110394 | 02/01/13 | 640.70           | 4th flr ice machine-replace motor            |
| 110270 | 01/23/13 | 111.15           | 4th flr ice machine - replace water valve    |
| 110395 | 02/01/13 | 235.03           | * replace fuse on boiler #1 ext care         |
| 110646 | 02/15/13 | 111.15           | * adjust temp control on boiler #1 ext care  |
| 111484 | 04/09/13 | 444.60           | check and reset dining room rtu              |
| 111779 | 05/09/13 | 1,820.91         | clean / check chillers and rtu's             |
| 111684 | 05/01/13 | 551.03           | * repair wiring - replace belts rtu ext care |
| 112074 | 05/30/13 | 383.47           | 4th flr dining - replace capacitor           |
| 112625 | 07/11/13 | 578.85           | 2nd flr dining - replace board               |
| 113665 | 09/11/13 | 678.30           | chiller - wash coils                         |
| 114426 | 10/31/13 | 904.40           | start and clean boilers                      |
| 114957 | 12/04/13 | 2,979.95         | rebuild hot water pumps                      |
| 114865 | 12/02/13 | 470.62           | * check boiler problem ext care              |
| 116065 | 02/12/14 | 1,989.03         | east wing - boiler controls                  |
| 115503 | 01/09/14 | 866.73           | #1 boiler replace temp control               |
| 115585 | 01/15/14 | 452.20           | room 109 - change actuator valve             |
| 115846 | 01/30/14 | 226.10           | room 109 - adjust hot water valve            |
| 116544 | 03/11/14 | 1,009.55         | freezer drain line repair                    |
| 116797 | 04/01/14 | 904.40           | * boiler #2 - replace temp controller        |
| 116995 | 04/22/14 | 475.30           | replace motor 4th flr dining rm ac           |
| 116996 | 04/22/14 | 1,736.66         | wash condenser coils                         |
| 117289 | 05/15/14 | 452.20           | replace fan motor / blade carrier chiller    |
| 117241 | 05/08/14 | 452.20           | * ext care boiler - repair ignition wire     |
| 117242 | 05/08/14 | 339.15           | * shut down reheat valves not closing        |
| 117585 | 06/05/14 | 356.70           | 3rd flr dining - charge unit                 |
| 117586 | 06/05/14 | 230.00           | * reset phase monitor on rtu                 |
| 117587 | 06/05/14 | 345.00           | reset boiler, check controls                 |
| 117588 | 06/05/14 | 345.00           | * boiler- found bad refractory               |
|        |          | <u>33,634.78</u> |                                              |

Attachment-25  
Modernization

Heritage Health - Springfield  
Repair history - Ruyle Mechanical

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| Inv #  | Inv Date | Inv Amt  | Description of services                |
|--------|----------|----------|----------------------------------------|
| 118024 | 07/09/14 | 287.50   | chiller - found dirty coils            |
| 118310 | 07/28/14 | 628.60   | wash coils                             |
| 118224 | 07/18/14 | 234.10   | charge reach in freezer                |
| 118490 | 8/7/2014 | 503.10   | 2nd flr dining - ignition board        |
| 118992 | 09/11/14 | 631.77   | 4th flr dining - ice machine probe     |
| 118993 | 09/11/14 | 521.54   | 2nd flr dining - clean coil            |
| 118994 | 09/11/14 | 460.00   | wash condenser coils                   |
| 119085 | 09/18/14 | 460.00   | *replace fuse on rtu                   |
| 119938 | 11/21/14 | 820.02   | boiler - replace ignition module       |
| 120008 | 12/02/14 | 411.52   | 2nd flr dining - replace control board |
| 119939 | 11/21/14 | 862.20   | replace actuator/valve room 119        |
| 121037 | 02/15/15 | 2,146.51 | replace hot water valves room 101, 102 |
| 120543 | 01/13/15 | 1,397.92 | replae valves room 120, break room     |
| 120544 | 01/13/15 | 460.00   | charge freezer                         |
| 121038 | 2/5/2015 | 409.98   | walk in cooler/freezer parts           |
| 121039 | 2/5/2015 | 584.55   | 3rd flr dining - replace gas valve     |

Subtotal 10,819.31

Grand total = 91,881.60

\* jobs for extended care wing repairs

# Customer History Report

for

## HERITAGE HEALTH

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| Invoice ID                                                                         | Invoice Date | Work Order ID | Status ID | Invoice Total |
|------------------------------------------------------------------------------------|--------------|---------------|-----------|---------------|
| <u>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.</u>                            |              |               |           |               |
| 091203-004                                                                         | 12/14/2009   | 091203-004    | BILLED    | \$245.50      |
| <u>Extended Problem Description</u>                                                |              |               |           |               |
| R.I. FREEZER IS NOT COOLING.                                                       |              |               |           |               |
| <u>Description of Work</u>                                                         |              |               |           |               |
| SERVICE REQUEST - REACH-IN FREEZER IS NOT COOLING.                                 |              |               |           |               |
| CHECK TRUE REACH-IN FREEZER, S/N 13362884.                                         |              |               |           |               |
| IDENTIFY FAULTY WIRE.                                                              |              |               |           |               |
| REPAIR WIRE.                                                                       |              |               |           |               |
| START UNIT. CHECK OPERATION.                                                       |              |               |           |               |
| ASSIST CUSTOMER IN INSTALLATION OF BLOWER ON FAN COIL PER CUSTOMER REQUEST.        |              |               |           |               |
| START UNIT. CHECK OPERATION.                                                       |              |               |           |               |
| 091214-008                                                                         | 12/21/2009   | 091214-008    | BILLED    | \$397.77      |
| <u>Extended Problem Description</u>                                                |              |               |           |               |
| SUMP PUMP IN LAUNDRY IS NOT RUNNING.                                               |              |               |           |               |
| <u>Description of Work</u>                                                         |              |               |           |               |
| SERVICE REQUEST - SUMP PUMP IN LAUNDRY IS NOT RUNNING.                             |              |               |           |               |
| CHECK ZOELLER EJECTOR PUMP LOCATED ON RIGHT SIDE OF BASEMENT.                      |              |               |           |               |
| DIAGNOSE FAULTY CHECK VALVE.                                                       |              |               |           |               |
| REMOVE EXISTING CHECK VALVE.                                                       |              |               |           |               |
| FURNISH AND INSTALL A NEW CHECK VALVE.                                             |              |               |           |               |
| CHECK OPERATION.                                                                   |              |               |           |               |
| 091008-011                                                                         | 12/28/2009   | 091008-011    | BILLED    | \$319.00      |
| <u>Extended Problem Description</u>                                                |              |               |           |               |
| MAIN A.C. SERVICING CONTINUED CARE IS DOWN                                         |              |               |           |               |
| <u>Description of Work</u>                                                         |              |               |           |               |
| SERVICE REQUEST - MAIN CONDENSING UNIT SERVICING CONTINUED CARE IS DOWN.           |              |               |           |               |
| CHECK MCQUAY CONDENSING UNIT, S/N 37B0115800.                                      |              |               |           |               |
| IDENTIFY PHASE MONITOR NEEDS RESET.                                                |              |               |           |               |
| RESET PHASE MONITOR.                                                               |              |               |           |               |
| START UNIT. CHECK OPERATION.                                                       |              |               |           |               |
| NOTE: ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                             |              |               |           |               |
| 091221-011                                                                         | 01/11/2010   | 091221-011    | BILLED    | \$825.08      |
| <u>Extended Problem Description</u>                                                |              |               |           |               |
| HOOK UP GAS AND VENTS FOR NEW DRYERS                                               |              |               |           |               |
| <u>Description of Work</u>                                                         |              |               |           |               |
| SERVICE REQUEST - HOOK UP GAS AND VENTS FOR NEW DRYERS.                            |              |               |           |               |
| CONNECT GAS PIPING AND VENTS TO DRYERS.                                            |              |               |           |               |
| PERFORM LEAK CHECK AND SET PRESSURES.                                              |              |               |           |               |
| RECONNECT FLUE.                                                                    |              |               |           |               |
| START UNITS. CHECK OPERATION.                                                      |              |               |           |               |
| 091229-007                                                                         | 01/11/2010   | 091229-007    | BILLED    | \$783.25      |
| <u>Extended Problem Description</u>                                                |              |               |           |               |
| BOILER IN CONTINUE CARE LOCKING OUT AND CHECK PUMP IN ANOTHER AREA, CALL B-4 GOING |              |               |           |               |
| <u>Description of Work</u>                                                         |              |               |           |               |
| SERVICE REQUEST - CHECK BOILER AND PUMP.                                           |              |               |           |               |
| CHECK RAYPAK BOILER, S/N 9701137127.                                               |              |               |           |               |
| IDENTIFY FLAME ROD DIRTY.                                                          |              |               |           |               |
| CLEAN FLAME ROD.                                                                   |              |               |           |               |
| START UNIT. MONITOR OPERATION.                                                     |              |               |           |               |

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| DIAGNOSE FAULTY CIRCULATING PUMP MOTOR.<br>REMOVE EXISTING CIRCULATING PUMP MOTOR.<br>FURNISH AND INSTALL A NEW CIRCULATING PUMP MOTOR.<br>START UNIT. CHECK OPERATION.                                                                                                                         |              |               |           |               |
| 091230-004                                                                                                                                                                                                                                                                                      | 01/11/2010   | 091230-004    | BILLED    | \$968.91      |
| <u>Extended Problem Description</u><br>run water lines to new dryers for fire suppression system                                                                                                                                                                                                |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - RUN WATER LINES TO NEW DRYERS FOR FIRE SUPPRESSION SYSTEM.<br>RUN WATER LINES TO TWO (2) NEW CLOTHES DRYERS FIRE SUPPRESSION SYSTEM.<br>UTILIZE CUSTOMER PROVIDED HEAT TAPE AND FIBERGLASS PIPE WRAP TO SECURE WATER LINES.<br>CHECK OPERATION. |              |               |           |               |
| ✓ 100104-032                                                                                                                                                                                                                                                                                    | 01/11/2010   | 100104-032    | BILLED    | \$123.00      |
| <u>Extended Problem Description</u><br>BOILER NOT WORKING                                                                                                                                                                                                                                       |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - BOILER NOT WORKING.<br>CHECK RAYPAK BOILER, S/N 9701137127.<br>IDENTIFY THERMOSTAT SET POINT NEEDS ADJUSTED.<br>ADJUST THERMOSTAT SET POINT.<br>IDENTIFY UNIT NEEDS RESET.<br>RESET UNIT.<br>START UNIT. CHECK OPERATION.                       |              |               |           |               |
| 100108-009                                                                                                                                                                                                                                                                                      | 01/18/2010   | 100108-009    | BILLED    | \$1,802.84    |
| <u>Extended Problem Description</u><br>MIXING VALVE NEEDS TO BE CHCEKED TEMP AT 95 NEEDS TO BE ATLEAST 105                                                                                                                                                                                      |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - MIXING VALVE NEEDS CHECKED.<br>CHECK MIXING VALVE.<br>IDENTIFY MIXING VALVE NEEDS CLEANED.<br>REMOVE, CLEAN, AND REASSEMBLE MIXING VALVE.<br>CHECK OPERATION.                                                                                   |              |               |           |               |
| ✓ 100111-005                                                                                                                                                                                                                                                                                    | 01/18/2010   | 100111-005    | BILLED    | \$319.00      |
| <u>Extended Problem Description</u><br>NO HEAT IN PATIENT ROOMS                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - NO HEAT IN PATIENT ROOMS.<br>CHECK MCQUAY FURNACE, S/N 37B0115/800.<br>IDENTIFY PHASE MONITORS NEED RESET.<br>RESET PHASE MONITORS.<br>START UNIT. CHECK OPERATION.                                                                             |              |               |           |               |
| 100111-018                                                                                                                                                                                                                                                                                      | 01/18/2010   | 100111-018    | BILLED    | \$518.51      |
| <u>Extended Problem Description</u><br>SUMP PUMP IN SERVICE ELEVATOR PITNOT WORKING                                                                                                                                                                                                             |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - SUMP PUMP IN SERVICE ELEVATOR PIT NOT WORKING.<br>CHECK SUMP PUMP IN SERVICE ELEVATOR PIT.<br>DIAGNOSE FAULTY SUMP PUMP.<br>REMOVE EXISTING SUMP PUMP.                                                                                          |              |               |           |               |

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| FURNISH AND INSTALL A NEW SUMP PUMP .<br>START UNIT . CHECK OPERATION.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| 100127-005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 02/01/2010   | 100127-005    | BILLED    | \$448.64      |
| <u>Extended Problem Description</u><br>MATERIALS USED FOR INSTALLATION OF DRYERS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - MATERIALS USED FOR INSTALLATION OF DRYERS .<br>MATERIALS FURNISHED AND INSTALLED DURING INSTALLATION OF CUSTOMER FURNISHED DRYERS.                                                                                                                                                                                                                                                                                                                                                                                                     |              |               |           |               |
| 100201-006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 02/08/2010   | 100201-006    | BILLED    | \$196.50      |
| <u>Extended Problem Description</u><br>INSTALL CUSTOMER PROVIDED GAS HOSE'S FOR DRIERS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - INSTALL NEW CUSTOMER PROVIDED GAS HOSES FOR DRIERS .<br>REMOVE EXISTING GAS HOSES FROM DRIERS.<br>INSTALL NEW CUSTOMER FURNISHED GAS HOSES .<br>START UNITS. CHECK OPERATION.                                                                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| 100201-014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 02/15/2010   | 100201-014    | BILLED    | \$221.00      |
| <u>Extended Problem Description</u><br>REPAIR MIXING VALVE IN CONTINUED CARE UNIT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REPAIR MIXING VALVE CONTINUED CARE UNIT .<br>CHECK MIXING VALVE SERVING CONTINUED CARE .<br>IDENTIFY TEMPERATURE SET POINT ON MIXING VALVE NEEDS ADJUSTED .<br>ADJUST TEMPERATURE SET POINT .<br>CHECK OPERATION.                                                                                                                                                                                                                                                                                                                      |              |               |           |               |
| 100120-015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 02/22/2010   | 100120-015    | BILLED    | \$1,217.88    |
| <u>Extended Problem Description</u><br>REPLACE FLEX GAS LINES ON DRYERS WITH 3/4 X 48" FLEX GAS LINES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REPLACE FLEXIBLE GAS LINE CONNECTORS.<br>FURNISH AND INSTALL NEW FLEXIBLE GAS LINE CONNECTORS ON DRYER AND COOK TOP .<br>CHECK OPERATION.<br>NOTE: ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                                                                                                                                                                                                                                                                                                                                    |              |               |           |               |
| 100129-003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 02/22/2010   | 100129-003    | BILLED    | \$304.21      |
| <u>Extended Problem Description</u><br>LEAK IN BASEMENT HOT WATER SYSTEM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - LEAK IN BASEMENT ON HOT WATER SYSTEM.<br>CHECK TEMPERATURE AND PRESSURE VALVE LOCATED ON WATER HEATER SERVING LAUNDRY AND KITCHEN.<br>IDENTIFY FAULTY TEMPERATURE AND PRESSURE VALVE .<br>REMOVE EXISTING TEMPERATURE AND PRESSURE VALVE .<br>INSTALL A NEW CUSTOMER FURNISHED TEMPERATURE AND PRESSURE VALVE .<br>IDENTIFY FAULTY FITTING .<br>REMOVE EXISTING FITTING.<br>FURNISH AND INSTALL A NEW FITTING .<br>CHECK OPERATION.<br>IDENTIFY FITTING LEAKING ON OUTLET OF TANK.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS. |              |               |           |               |

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| 100215-001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 02/22/2010   | 100215-001    | BILLED    | \$354.83      |
| <u>Extended Problem Description</u><br>leak in wall<br><u>Description of Work</u><br>SERVICE REQUEST - LEAK IN WALL.<br>CHECK LAV DRAIN IN MIDDLE SUITE ON FOURTH FLOOR.<br>DIAGNOSE FAULTY FITTING.<br>REMOVE EXISTING FITTING.<br>FURNISH AND INSTALL A NEW FITTING.<br>CHECK OPERATION.                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| 100222-009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 03/01/2010   | 100222-009    | BILLED    | \$563.86      |
| <u>Extended Problem Description</u><br>3RD FLOOR ICE MACHINE IS MAKING ICE, BUT IS LEAKING.<br><u>Description of Work</u><br>SERVICE REQUEST - THIRD FLOOR ICE MACHINE IS LEAKING.<br>CHECK MANITOWOC ICE MACHINE LOCATED ON THIRD FLOOR, S/N 110583094.<br>DIAGNOSE FAULTY INLET WATER VALVE.<br>REMOVE EXISTING INLET WATER VALVE.<br>FURNISH AND INSTALL A NEW INLET WATER VALVE.<br>START UNIT. CHECK OPERATION.<br>NOTE: ADDITIONAL INLET WATER VALVE LEFT WITH CUSTOMER REPRESENTATIVE AS SPARE.                                                                                                                                                                     |              |               |           |               |
| 091201-100                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 03/08/2010   | 091201-100    | BILLED    | \$439.93      |
| <u>Extended Problem Description</u><br>recirculating pump for domestic water not working<br><u>Description of Work</u><br>SERVICE REQUEST - PUMP FOR DOMESTIC WATER HEATER IS NOT WORKING.<br>CHECK MCQUAY HEATER, S/N N/A.<br>DIAGNOSE FAULTY FAN SELECTOR SWITCH.<br>REMOVE EXISTING FAN SELECTOR SWITCH.<br>FURNISH AND INSTALL A NEW FAN SELECTOR SWITCH.<br>START UNIT. MONITOR OPERATION.<br>DIAGNOSE FAULTY MOTORS.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.<br>CHECK GAS LINES SERVING GRILL AND OVEN.<br>DIAGNOSE FAULTY FLEX LINES.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.<br>NOTE: TRIP CHARGE NOT ASSESSED DUE TO CONCURRENT SERVICES. |              |               |           |               |
| 100208-007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 03/08/2010   | 100208-007    | BILLED    | \$1,224.35    |
| <u>Extended Problem Description</u><br>NEED SEALS ON REACH IN REFRIGIATOR<br>WOULD LIKE TO ORDER NEW DOOR ASSEMBLY FOR ICE MACH IN KITCHEN<br><u>Description of Work</u><br>SERVICE REQUEST - CHECK TRUE UNIT AND ICE MACHINE IN KITCHEN.<br>CHECK TRUE THREE (3) DOOR REACH-IN COOLER, S/N N/A.<br>DIAGNOSE FAULTY DOOR GASKETS.<br>REMOVE EXISTING DOOR GASKETS.<br>FURNISH AND INSTALL NEW DOOR GASKETS.<br>START UNIT. CHECK OPERATION.<br>CHECK ICE MACHINE LOCATED IN KITCHEN, S/N N/A.<br>DIAGNOSE FAULTY BIN DOOR.<br>REMOVE EXISTING BIN DOOR.                                                                                                                    |              |               |           |               |

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| FURNISH AND INSTALL A NEW BIN DOOR .<br>START UNIT . CHECK OPERATION.                                                                                                                                                                                                                                                                                   |              |               |           |               |
| 100218-002                                                                                                                                                                                                                                                                                                                                              | 03/08/2010   | 100218-002    | BILLED    | \$369.01      |
| <u>Extended Problem Description</u><br>KENMORE REFRIGERATOR IN STAFF LOUNGE AT COUNTINUED CARE NEEDS NEW DOOR SEAL.                                                                                                                                                                                                                                     |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REFRIGERATOR IN STAFF LOUNGE NEEDS NEW DOOR SEAL .<br>CHECK KENMORE REFRIGERATOR, S/N BA71602239.<br>DIAGNOSE FAULTY DOOR GASKET .<br>REMOVE EXISTING DOOR GASKET.<br>FURNISH AND INSTALL A NEW DOOR GASKET .<br>START UNIT . CHECK OPERATION.                                                          |              |               |           |               |
| 100301-010                                                                                                                                                                                                                                                                                                                                              | 03/08/2010   | 100301-010    | BILLED    | \$172.00      |
| <u>Extended Problem Description</u><br>REPLACE FITTING ON HAMILTON TANK                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REPLACE FITTING ON HAMILTON TANK .<br>CHECK HOT WATER HOLDING TANK LOCATED IN BASEMENT , S/N JK0566.<br>IDENTIFY FAULTY FITTING .<br>REMOVE EXISTING FITTING.<br>INSTALL A NEW CUSTOMER FURNISHED FITTING .<br>MONITOR OPERATION.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                   |              |               |           |               |
| 100304-005                                                                                                                                                                                                                                                                                                                                              | 03/08/2010   | 100304-005    | BILLED    | \$383.70      |
| <u>Extended Problem Description</u><br>fitting on dielectric heat is leaking                                                                                                                                                                                                                                                                            |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - DIELECTRIC FITTING LEAKING.<br>CHECK DIELECTRIC FITTING ABOVE CEILING IN FIRST FLOOR PERSONNEL MANAGER'S OFFICE.<br>IDENTIFY FAULTY DIELECTRIC FITTING .<br>FURNISH AND INSTALL A NEW PIPE AND FITTINGS .<br>CHECK OPERATION.                                                                           |              |               |           |               |
| 100308-001                                                                                                                                                                                                                                                                                                                                              | 03/15/2010   | 100308-001    | BILLED    | \$140.00      |
| <u>Extended Problem Description</u><br>reach-in cooler located in kitchen is not holding temp                                                                                                                                                                                                                                                           |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REACH-IN COOLER LOCATED IN KITCHEN IS RUNNING WARM.<br>CHECK TRUE REACH-IN COOLER, S/N 11389776.<br>IDENTIFY UNIT LOW ON REFRIGERANT.<br>CHARGE UNIT TO PROPER REFRIGERANT LEVEL.<br>START UNIT . CHECK OPERATION.<br>NOTE: DEPENDING ON REFRIGERANT LOSS RATE, REFRIGERANT LEAK CHECK MAY BE REQUIRED. |              |               |           |               |
| 100311-004                                                                                                                                                                                                                                                                                                                                              | 03/15/2010   | 100311-004    | BILLED    | \$123.00      |
| <u>Extended Problem Description</u><br>A/C NOT WORKING                                                                                                                                                                                                                                                                                                  |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - A/C UNIT IS DOWN.<br>CHECK MCQUAY UNIT, S/N N/A.<br>IDENTIFY UNIT OFF ON PHASE MONITOR.<br>RESET PHASE MONITOR.                                                                                                                                                                                         |              |               |           |               |

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| ✓ 100225-006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 03/29/2010   | 100225-006    | BILLED    | \$1,638.47    |
| <u>Extended Problem Description</u><br>REPLACE MOTORS IN MCQUAY UNIT S/N 76M0176201.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REPLACE MOTORS ON MCQUAY UNIT.<br>CHECK MCQUAY UNIT, S/N 76M0176201.<br>DIAGNOSE TWO FAULTY FAN MOTORS.<br>DISCONNECT AND REMOVE TWO (2) BLOWER ASSEMBLIES.<br>DISCONNECT AND REMOVE THREE (3) BLOWER WHEELS.<br>FURNISH AND INSTALL ONE STANDARD BLOWER MOTOR AND ONE DUAL SHAFT BLOWER MOTOR.<br>REINSTALL THREE (3) BLOWER WHEELS.<br>REASSEMBLE TWO (2) BLOWER ASSEMBLIES.<br>START UNIT. CHECK OPERATION.                                                                                                                                                      |              |               |           |               |
| ✓ 100318-004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 03/29/2010   | 100318-004    | BILLED    | \$221.00      |
| <u>Extended Problem Description</u><br>DRAIN STOPPED-UP HAS TOILET THAT NEEDS RESET                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - DRAIN IS RESTRICTED AND TOILET NEEDS RESET.<br>CHECK RESTRICTED DRAIN LINE.<br>DISASSEMBLE PIPING TO ACCESS RESTRICTION.<br>ASSIST ON-SITE STAFF TO CLEAR RESTRICTION.<br>CHECK OPERATION.<br>RESET TOILET UTILIZING CUSTOMER FURNISHED MATERIAL.<br>CHECK OPERATION.                                                                                                                                                                                                                                                                                               |              |               |           |               |
| ✓ 100322-002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 03/29/2010   | 100322-002    | BILLED    | \$1,540.35    |
| <u>Extended Problem Description</u><br>NO HEAT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - BOILERS FOR CONTINUED CARE ARE DOWN.<br>CHECK BOILER SERVING AREA OF CONCERN.<br>IDENTIFY WATER LEAK ON CIRCULATING PUMP SEAL.<br>ISOLATE PUMP.<br>IDENTIFY SYSTEM LOW ON WATER.<br>DIAGNOSE FAULTY PRESSURE REDUCING VALVE.<br>MANUALLY FILL SYSTEM TO ALLOW OPERATION.<br>START BOILER. CHECK OPERATION.<br>CHECK ROOFTOP UNIT, S/N N/A.<br>IDENTIFY FAULTY SUPPLY AIR FAN BELTS.<br>INSTALL CUSTOMER FURNISHED SUPPLY AIR FAN BELTS.<br>START UNIT. CHECK OPERATION.<br>RETURN AND INSTALL A NEW PRESSURE REDUCING VALVE.<br>FURNISH SPARE BELTS AS PER REQUEST. |              |               |           |               |
| 100406-007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 04/12/2010   | 100406-007    | BILLED    | \$123.00      |
| <u>Extended Problem Description</u><br>ADJUST TEMPS FOR DOMESTIC HOT WATER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - CHECK DOMESTIC HOT WATER TEMPERATURE.<br>CHECK HOT WATER TEMPERATURE.<br>REVIEW MIXING VALVE LOCATED IN BASEMENT MECHANICAL ROOM.<br>ADJUST MIXING VALVE SET POINT.                                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |

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| REVIEW FINDINGS WITH ON-SITE REPRESENTATIVE.<br>CHECK OPERATION.                                                                                                                                                                                                                                                                                                                                              |              |               |           |               |
| ✓ 100406-008                                                                                                                                                                                                                                                                                                                                                                                                  | 04/12/2010   | 100406-008    | BILLED    | \$613.00      |
| <u>Extended Problem Description</u><br>CHECK RTU MAINT. FOR COOLING                                                                                                                                                                                                                                                                                                                                           |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - CHECK ROOFTOP UNIT IN COOLING MODE.<br>CHECK MCQUAY ROOFTOP UNIT, S/N N/A.<br>INSTALL CUSTOMER FURNISHED AIR FILTERS .<br>START UNIT. CHECK OPERATION.<br>CHECK EXHAUST FANS #1-#14.<br>IDENTIFY TWO (2) FAULTY MOTORS.<br>INSTALL CUSTOMER PROVIDED MOTORS.<br>IDENTIFY FAULTY BELTS .<br>INSTALL CUSTOMER PROVIDED BELTS .<br>START UNITS. CHECK OPERATION. |              |               |           |               |
| ✓ 100406-011                                                                                                                                                                                                                                                                                                                                                                                                  | 04/12/2010   | 100406-011    | BILLED    | \$197.00      |
| <u>Extended Problem Description</u><br>4TH FLOOR SINK NEEDS REPAIRS                                                                                                                                                                                                                                                                                                                                           |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - FOURTH FLOOR SINK NEEDS REPAIRED.<br>CHECK SINK IN ROOM #417.<br>IDENTIFY RESTRICTED SINK DRAIN.<br>UTILIZE SUPER VEE TO CLEAR RESTRICTION.<br>CHECK OPERATION.                                                                                                                                                                                               |              |               |           |               |
| 100405-003                                                                                                                                                                                                                                                                                                                                                                                                    | 04/19/2010   | 100405-003    | BILLED    | \$497.14      |
| <u>Extended Problem Description</u><br>ICE MACHINE DOWN                                                                                                                                                                                                                                                                                                                                                       |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - ICE MACHINE IS DOWN.<br>CHECK MANITOWOC ICE MACHINE, S/N 110582779.<br>IDENTIFY FAULTY INLET WATER VALVE .<br>INSTALL A NEW CUSTOMER FURNISHED INLET WATER VALVE .<br>START UNIT. CHECK OPERATION.<br>FURNISH AND INSTALL ICE MACHINE CLEANER IN CLEANER RESERVOIR .<br>FURNISH A SPARE INLET WATER VALVE .                                                   |              |               |           |               |
| 100415-010                                                                                                                                                                                                                                                                                                                                                                                                    | 04/19/2010   | 100415-010    | BILLED    | \$270.00      |
| <u>Extended Problem Description</u><br>CHECK CIRCULATING PUMP.                                                                                                                                                                                                                                                                                                                                                |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - CHECK CIRCULATING PUMP.<br>CHECK CIRCULATING PUMP.<br>DISASSEMBLE PUMP AND INSPECT COMPONENTS.<br>IDENTIFY FAULTY BEARING ASSEMBLY AND SEAL .<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                                                                                                                                                             |              |               |           |               |
| 100423-005                                                                                                                                                                                                                                                                                                                                                                                                    | 05/03/2010   | 100423-005    | BILLED    | \$123.00      |
| <u>Extended Problem Description</u><br>WIRE UP PUMP FOR CUST.                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - WIRE PUMP.                                                                                                                                                                                                                                                                                                                                                    |              |               |           |               |

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| CHECK CIRCULATION PUMP ON FIRST FLOOR NEXT TO ELEVATOR .<br>ASSIST FRANK WITH INSTALLATION & WIRING OF CIRCULATION PUMP.<br>CHECK OPERATION.                                                                                                                                                                             |              |               |           |               |
| 100422-003                                                                                                                                                                                                                                                                                                               | 05/10/2010   | 100422-003    | BILLED    | \$221.00      |
| <u>Extended Problem Description</u><br>CHECK MIXING VALVE TO NEW W/H                                                                                                                                                                                                                                                     |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - CHECK MIXING VALVE TO NEW WATER HEATER .<br>CHECK TWO (2) MIXING VALVES .<br>ADJUST MIXING VALVES .<br>CHECK DISCHARGE SETTING.<br>CHECK OPERATION.                                                                                                                      |              |               |           |               |
| ✓ 100504-001                                                                                                                                                                                                                                                                                                             | 05/10/2010   | 100504-001    | BILLED    | \$278.63      |
| <u>Extended Problem Description</u><br>leak 304 cooling system ball valve                                                                                                                                                                                                                                                |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - LEAK IN ROOM 304 ON COOLING SYSTEM BALL VALVE .<br>CHECK AREA ON CONCERN.<br>IDENTIFY FAULTY BALL VALVE IN WALL UNIT IN ROOM 402.<br>FURNISH AND INSTALL A NEW BALL VALVE .<br>CHECK OPERATION.<br>USE SUPER VEE TO OPEN LAVATORY DRAIN IN ROOM 302.<br>CHECK OPERATION. |              |               |           |               |
| ✓ 100506-014                                                                                                                                                                                                                                                                                                             | 05/17/2010   | 100506-014    | BILLED    | \$246.00      |
| <u>Extended Problem Description</u><br>2 SINKS ON 4TH FLOOR STOPPED UP                                                                                                                                                                                                                                                   |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - TWO SINKS ON FOURTH FLOOR STOPPED UP.<br>CHECK AREA OF CONCERN.<br>IDENTIFY BLOCKED DRAINS ON TWO LAVATORIES ON FOURTH FLOOR .<br>RUN SUPER VEE FULL LENGTH OF BOTH DRAINS TO CLEAR BLOCKAGE.<br>CHECK OPERATION.                                                        |              |               |           |               |
| ✓ 100511-004                                                                                                                                                                                                                                                                                                             | 05/17/2010   | 100511-004    | BILLED    | \$172.00      |
| <u>Extended Problem Description</u><br>LEAK INSIDE WALL ON 4TH FLOOR                                                                                                                                                                                                                                                     |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - LEAK INSIDE WALL ON 4TH FLOOR.<br>IDENTIFY FAULTY LAVATORY DRAIN ON FOURTH FLOOR .<br>REPAIR WITH COUPLER SUPPLIED BY CUSTOMER.<br>CHECK OPERATION.                                                                                                                      |              |               |           |               |
| ✓ 100507-003                                                                                                                                                                                                                                                                                                             | 05/24/2010   | 100507-003    | BILLED    | \$915.62      |
| <u>Extended Problem Description</u><br>VENTING REPAIRS                                                                                                                                                                                                                                                                   |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - VENTING REPAIRS.<br>REPAIR 8" DRIER VENT.                                                                                                                                                                                                                                |              |               |           |               |
| ✓ 100514-005                                                                                                                                                                                                                                                                                                             | 05/24/2010   | 100514-005    | BILLED    | \$471.39      |
| <u>Extended Problem Description</u><br>FRANK WANTS TO REPLACE PIPE ON 4TH FLOOR                                                                                                                                                                                                                                          |              |               |           |               |

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| <u>Description of Work</u><br>SERVICE REQUEST - REPLACE PIPE ON 4TH FLOOR.<br>REMOVE OLD LAVATORY DRAIN OVER ROOM 310 BATHROOM.<br>FURNISH AND INSTALL A NEW DRAIN .<br>CHECK OPERATION.                                                                                                                                       |              |               |           |               |
| 100517-009                                                                                                                                                                                                                                                                                                                     | 05/24/2010   | 100517-009    | BILLED    | \$225.12      |
| <u>Extended Problem Description</u><br>R/I FREEZER RUNNING AT 60 DEGREES                                                                                                                                                                                                                                                       |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REACH IN FREEZER RUNNING AT 60 DEGREES.<br>CHECK TRUE REACH IN FREEZER, S/N 13362884.<br>IDENTIFY UNIT LOW ON REFRIGERANT.<br>LEAK CHECK.<br>LOCATE LEAKS AND REPAIR THEM .<br>CHARGE UNIT TO PROPER REFRIGERANT LEVEL.<br>CHECK OPERATION.                                    |              |               |           |               |
| 100525-007                                                                                                                                                                                                                                                                                                                     | 05/31/2010   | 100525-007    | BILLED    | \$368.00      |
| <u>Extended Problem Description</u><br>CK ROOM A/C UNITS ON 4TH FLOOR<br>ICE MACHINE NOT WORKING                                                                                                                                                                                                                               |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - CHECK ROOM AIR CONDITIONING UNITS ON FOURTH FLOOR; ICE MACHINE NOT WORKING.<br>REMOVE BLOCKAGE FROM ICE MAKER ON SECOND FLOOR.<br>CHECK OPERATION.<br>CLEAN EVAPORATOR COILS ON FOURTH FLOOR ROOMS : #417, #401 AND #413.<br>CHECK OPERATION.                                  |              |               |           |               |
| ✓ 100526-004                                                                                                                                                                                                                                                                                                                   | 05/31/2010   | 100526-004    | BILLED    | \$492.23      |
| <u>Extended Problem Description</u><br>PLMG ISSUE SEVERAL SINKS STOPPED UP                                                                                                                                                                                                                                                     |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - SINKS STOPPED UP.<br>CHECK AREAS OF CONCERN.<br>USE SUPER VEE TO CLEAR DRAINS IN THIRD AND FOURTH FLOOR UTILITY ROOMS AND ROOM 411 LAVATORY .<br>CHECK OPERATION.<br>INSTALL CUSTOMER SUPPLIED FAUCET ON LEFT LAVATORY IN CONTINUE CARE WOMEN 'S RESTROOM.<br>CHECK OPERATION. |              |               |           |               |
| ✓ 100527-007                                                                                                                                                                                                                                                                                                                   | 05/31/2010   | 100527-007    | BILLED    | \$319.00      |
| <u>Extended Problem Description</u><br>FRANK HAS SEVERAL SINKS THAT NEED CLEANED OUT                                                                                                                                                                                                                                           |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - SEVERAL SINKS NEED CLEANED OUT.<br>CLEAN DIRT & DEBRIS FROM 1/2 WATTS RPZ IN CONTINUE CARE.<br>CHECK OPERATION.<br>INSTALL CUSTOMER SUPPLIED AIR GAP VALVES IN CHEMICAL DISPENSERS IN SECOND AND FOURTH FLOOR JANITOR CLOSETS.<br>CHECK OPERATION.                             |              |               |           |               |
| 100527-008                                                                                                                                                                                                                                                                                                                     | 05/31/2010   | 100527-008    | BILLED    | \$111.00      |

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| <u>Extended Problem Description</u><br>R/I COOLER ON 4TH FLOOR DINING ROOM FREEZING UP<br><u>Description of Work</u><br>SERVICE REQUEST - REACH-IN COOLER ON 4TH FLOOR DINING ROOM FREEZING UP.<br>CHECK TRUE REACH-IN COOLER, S/N 537700.<br>DE-ICE EVAPORATOR COIL AND CLEAN BLADE .<br>CHECK OPERATION.                                                                                                                                                                                           |              |               |                                |               |
| 100524-025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 06/07/2010   | 100524-025    | BILLED                         | \$1,479.96    |
| <u>Extended Problem Description</u><br>UNIT IN KITCHEN LEAKING<br>2 ROOM UNITS NEED WORKED ON<br><u>Description of Work</u><br>SERVICE REQUEST - UNIT IN THE KITCHEN IS LEAKING AND TWO ROOM UNITS NEED SERVICED.<br>CHECK UNIT IN KITCHEN AREA.<br>IDENTIFY FAULTY DRAIN PAN AND INSULATION MISSING FROM DUCT FITTINGS .<br>FABRICATE AND INSTALL A NEW DRAIN PAN .<br>INSULATE DUCT FITTINGS.<br>CHECK OPERATION.<br>CHECK FOURTH FLOOR UNITS.<br>VENT AIR FROM PIPING SYSTEM.<br>CHECK OPERATION. |              |               |                                |               |
| 100601-004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 06/07/2010   | 100601-004    | BILLED                         | \$232.24      |
| <u>Extended Problem Description</u><br>CLEAN EVAP ON LAUNDRY UNIT<br><u>Description of Work</u><br>SERVICE REQUEST - CLEAN EVAPORATOR ON LAUNDRY UNIT .<br>BRUSH AND WASH OUT EVAPORATOR UTILIZING CHEMICAL CLEANER .<br>START UNIT. CHECK OPERATION.                                                                                                                                                                                                                                                |              |               |                                |               |
| 100601-005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 06/07/2010   | 100601-005    | BILLED                         | \$268.34      |
| <u>Extended Problem Description</u><br>plmg leaks, ceilings falling<br><u>Description of Work</u><br>SERVICE REQUEST - PLUMBING LEAKS.<br>USE SUPER VEE TO OPEN LAVATORY DRAIN IN ROOM 408.<br>CHECK OPERATION.<br>CONNECT DRAIN PAN IN KITCHEN DRAFT HOOD TO EXISTING DRAIN LINE.<br>CHECK OPERATION.                                                                                                                                                                                               |              |               |                                |               |
| 100602-001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 06/07/2010   | 100602-001    | BILLED                         | \$123.00      |
| <u>Extended Problem Description</u><br>CLEAN COILS ON FIRST FLOOR OFFICE<br><u>Description of Work</u><br>SERVICE REQUEST - CLEAN COILS ON FIRST FLOOR OFFICE.<br>PULL BLOWERS.<br>CLEAN EVAPORATOR COILS .<br>REASSEMBLE.<br>CHECK OPERATION.                                                                                                                                                                                                                                                       |              |               |                                |               |
| 100602-002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 06/07/2010   | 100602-002    | BILLED                         | \$149.55      |
| <u>Extended Problem Description</u><br>DRAINS ARE RESTRICTED ON 4TH FLOOR OFFICE AREA/HALLWAY                                                                                                                                                                                                                                                                                                                                                                                                        |              |               | Attachment-25<br>Modernization |               |

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| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| SERVICE REQUEST - DRAINS ARE RESTRICTED ON FOURTH FLOOR OFFICE AREA/HALLWAY.<br>BLOW OUT DRAINS FOR FOURTH FLOOR OFFICE AREA AND FIRST FLOOR HALLWAY .<br>CHECK OPERATION.                                                                                                                                                                                                                                        |              |               |           |               |
| 100601-016                                                                                                                                                                                                                                                                                                                                                                                                        | 06/14/2010   | 100601-016    | BILLED    | \$423.74      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                                                                                               |              |               |           |               |
| WORK ON REGENT RFG.                                                                                                                                                                                                                                                                                                                                                                                               |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| SERVICE REQUEST - WORK ON REGENT REFRIGERATION.<br>CHECK TRUE REACH-IN COOLER, S/N 11389776.<br>IDENTIFY UNIT LOW ON CHARGE.<br>PERFORM A CURSORY LEAK CHECK.<br>IDENTIFY TWO FAULTY LINE TAPS .<br>FURNISH AND INSTALL TWO NEW LINE TAPS .<br>CHARGE UNIT TO PROPER REFRIGERANT LEVEL.<br>CHECK OPERATION.                                                                                                       |              |               |           |               |
| 100611-004                                                                                                                                                                                                                                                                                                                                                                                                        | 06/21/2010   | 100611-004    | BILLED    | \$755.63      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                                                                                               |              |               |           |               |
| ICE MACHINE IN KITCHEN DOWN                                                                                                                                                                                                                                                                                                                                                                                       |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| SERVICE REQUEST - ICE MACHINE IN KITCHEN IS DOWN.<br>CHECK MANITOWOC ICE MACHINE, S/N 9807636763.<br>IDENTIFY FAULTY WATER PUMP .<br>FURNISH AND INSTALL A NEW WATER PUMP .<br>CHECK OPERATION.                                                                                                                                                                                                                   |              |               |           |               |
| 100611-014                                                                                                                                                                                                                                                                                                                                                                                                        | 06/21/2010   | 100611-014    | BILLED    | \$123.00      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                                                                                               |              |               |           |               |
| MAIN FREEZER DOWN                                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| SERVICE REQUEST - MAIN FREEZER DOWN.<br>CHECK HEATCRAFT WALK-IN FREEZER, S/N T07B01273.<br>IDENTIFY DIRTY CONDENSER COIL.<br>WASH CONDENSER COIL.<br>CHECK OPERATION.<br>CHECK HEATCRAFT COOLER, S/N T07C00494.<br>IDENTIFY DIRTY CONDENSER COIL.<br>WASH CONDENSER COIL.<br>MONITOR OPERATION.<br>IDENTIFY CONDENSER COIL PARTIALLY FROZE UP .<br>RUN SYSTEM THROUGH DEFROST CYCLE MANUALLY.<br>CHECK OPERATION. |              |               |           |               |
| 100608-009                                                                                                                                                                                                                                                                                                                                                                                                        | 06/28/2010   | 100608-009    | BILLED    | \$379.86      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                                                                                               |              |               |           |               |
| DISHWASHER PRE-RINSE SPRAYER NEEDS A HOT WATER HOOK-UP                                                                                                                                                                                                                                                                                                                                                            |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| SERVICE REQUEST - DISHWASHER PRE-RINSE SPRAYER NEEDS A HOT WATER HOOK -UP.<br>FURNISH AND INSTALL A NEW T & S SPREADER UNIT ON KITCHEN DISH SPRAYER FAUCET .<br>CHECK OPERATION.                                                                                                                                                                                                                                  |              |               |           |               |
| 100614-017                                                                                                                                                                                                                                                                                                                                                                                                        | 06/28/2010   | 100614-017    | BILLED    | \$174.68      |

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| <u>Extended Problem Description</u>                                            |              |               |           |               |
| A/C 2ND FLOOR DINING NOT COOLING                                               |              |               |           |               |
| <u>Description of Work</u>                                                     |              |               |           |               |
| SERVICE REQUEST - AIR CONDITIONER FOR SECOND FLOOR DINING NOT COOLING.         |              |               |           |               |
| CHECK GOODMAN ROOFTOP UNIT, S/N 0708149708.                                    |              |               |           |               |
| IDENTIFY FAULTY COMPRESSOR START COMPONENTS .                                  |              |               |           |               |
| FURNISH AND INSTALL A NEW HARD START KIT .                                     |              |               |           |               |
| START UNIT . CHECK OPERATION.                                                  |              |               |           |               |
| CHECK DUNHAM BUSH ROOFTOP UNIT, S/N N/A.                                       |              |               |           |               |
| IDENTIFY UNIT OPERATING IN COOLING MODE .                                      |              |               |           |               |
| IDENTIFY HOT WATER REHEAT COIL OPERATING IN HEAT MODE .                        |              |               |           |               |
| MANUALLY SHUT OFF REHEAT COIL .                                                |              |               |           |               |
| ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS .                              |              |               |           |               |
| 100621-021                                                                     | 06/28/2010   | 100621-021    | BILLED    | \$460.00      |
| <u>Extended Problem Description</u>                                            |              |               |           |               |
| 4 RPZ INSPECTIONS                                                              |              |               |           |               |
| 100623-012                                                                     | 06/28/2010   | 100623-012    | BILLED    | \$600.07      |
| <u>Extended Problem Description</u>                                            |              |               |           |               |
| A/C FOR DINING ROOM 4TH FLOOR NOT COOLING                                      |              |               |           |               |
| <u>Description of Work</u>                                                     |              |               |           |               |
| SERVICE REQUEST - AIR CONDITIONER FOR DINING ROOM ON FOURTH FLOOR NOT COOLING. |              |               |           |               |
| CHECK GOODMAN UNIT, S/N 0610205054.                                            |              |               |           |               |
| IDENTIFY FAULTY CIRCUIT BOARD .                                                |              |               |           |               |
| FURNISH AND INSTALL A NEW CIRCUIT BOARD .                                      |              |               |           |               |
| START UNIT . CHECK OPERATION.                                                  |              |               |           |               |
| 100625-002                                                                     | 07/05/2010   | 100625-002    | BILLED    | \$295.00      |
| <u>Extended Problem Description</u>                                            |              |               |           |               |
| DRAIN PROBLEMS                                                                 |              |               |           |               |
| <u>Description of Work</u>                                                     |              |               |           |               |
| SERVICE REQUEST - DRAIN PROBLEMS.                                              |              |               |           |               |
| CHECK PUBLIC LAVATORY NEXT TO NURSES STATION ON THIRD FLOOR .                  |              |               |           |               |
| USE SUPER VEE TO CLEAR DRAIN LINE.                                             |              |               |           |               |
| CHECK OPERATION.                                                               |              |               |           |               |
| CHECK FAN COIL UNIT DRAIN IN FOURTH FLOOR DINING ROOM HALLWAY .                |              |               |           |               |
| USE CO2 TO CLEAR DRAIN LINE.                                                   |              |               |           |               |
| CHECK OPERATION.                                                               |              |               |           |               |
| 100628-001                                                                     | 07/05/2010   | 100628-001    | BILLED    | \$1,179.19    |
| <u>Extended Problem Description</u>                                            |              |               |           |               |
| NO A/C                                                                         |              |               |           |               |
| <u>Description of Work</u>                                                     |              |               |           |               |
| SERVICE REQUEST - NO AIR CONDITIONING.                                         |              |               |           |               |
| CHECK MCQUAY UNIT, S/ N 37RG115800.                                            |              |               |           |               |
| IDENTIFY UNIT LOW ON CHARGE.                                                   |              |               |           |               |
| IDENTIFY CONDENSER RESTRICTED.                                                 |              |               |           |               |
| CLEAN CONDENSER COIL.                                                          |              |               |           |               |
| CHARGE TO PROPER REFRIGERANT LEVEL.                                            |              |               |           |               |
| START UNIT . CHECK OPERATION.                                                  |              |               |           |               |
| 100628-013                                                                     | 07/05/2010   | 100628-013    | BILLED    | \$128.00      |
| <u>Extended Problem Description</u>                                            |              |               |           |               |
| MAIN DRAIN LINE BETWEEN 1ST AND 2ND FLOOR IS LEAKING                           |              |               |           |               |

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| <u>Description of Work</u><br>SERVICE REQUEST - MAIN DRAIN LINE BETWEEN FIRST AND SECOND FLOOR IS LEAKING.<br>IDENTIFY FAULTY WAX RING ON TOILET IN ROOM 227.<br>RESET TOILET.<br>INSTALL CUSTOMER SUPPLIED WAX RING.<br>FURNISH AND INSTALL A NEW O -RING.<br>CHECK OPERATION.                                                                                                                                                                                                                                                                                                                                                                             |              |               |           |               |
| 100630-008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 07/12/2010   | 100630-008    | BILLED    | \$381.26      |
| <u>Extended Problem Description</u><br>REPLACE TWO (2) DELTA LAV FAUCETS AND SUPPLIES.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - REPLACE TWO DELTA LAVATORY FAUCETS AND SUPPLIES .<br>FURNISH TWO DELTA LAVATORY FAUCETS .<br>NOTE: CUSTOMER WILL INSTALL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| 100701-013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 07/12/2010   | 100701-013    | BILLED    | \$368.00      |
| <u>Extended Problem Description</u><br>CHECK MCQUAY UNIT S/N 37RG115800                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - CHECK PRESSURE RELIEF VALVE AND WASH CONDENSER IF NECESSARY .<br>CHECK MCQUAY ROOFTOP UNIT , S/N 37801158.<br>WASH COILS ON ROOFTOP UNIT.<br>START UNIT. CHECK OPERATION.<br>CHECK ROOM 119.<br>IDENTIFY ISSUE WITH CONTROLS.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                                                                                                                                                                                                                                                                                                                           |              |               |           |               |
| 100527-002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 07/19/2010   | 100527-002    | BILLED    | \$3,470.96    |
| <u>Extended Problem Description</u><br>CLEAN COILS ON 130 ROOM UNITS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - CLEAN COILS ON 130 ROOM UNITS.<br>CLEAN ALL COILS ON SECOND FLOOR; ROOMS 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226 & 227.<br>CLEAN COILS FOR COMMON AREAS ON THIRD FLOOR AND ROOMS 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326 & 327.<br>CLEAN THE FOLLOWING COILS ON FORTH FLOOR; ROOMS 401, 402, 403, 404, 405, 406, 407, 409, 411, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425 & 427.<br>FURNISH AND INSTALL THREE FILTERS . |              |               |           |               |
| 100714-012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 07/19/2010   | 100714-012    | BILLED    | \$123.00      |
| <u>Extended Problem Description</u><br>UNIT SERVING 4TH FLOOR DINING AREA NOT COOLING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - UNIT SERVING FOURTH FLOOR DINING AREA NOT COOLING .<br>IDENTIFY DRAIN RESTRICTED.<br>BLOW OUT DRAIN.<br>CHECK OPERATION.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              |               |           |               |
| 100707-019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 07/26/2010   | 100707-019    | BILLED    | \$733.43      |
| <u>Extended Problem Description</u><br>REPLACE 1 EXPANSION TANK ON DOMESTIC HOT WATER SYSTEM ( AMTROL #ST12)<br>REPAIR ON LEAKY ELBOW , INSTALL TREADED PLUG IN HOT WATER STORAGE TANK DRAIN LINE                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              |               |           |               |

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| <u>Description of Work</u>                                                                                                                                                                                                                                                                                  |              |               |           |               |
| REPLACE ONE EXPANSION TANK ON DOMESTIC HOT WATER SYSTEM . REPAIR ONE LEAKY ELBOW .<br>INSTALL THREADED PLUG IN HOT WATER STORAGE TANK DRAIN LINE .<br>FURNISH AND INSTALL A NEW AMTROL #ST12 EXPANSION TANK AND CSW 90 ON WATER SUPPLY<br>LINE TO KITCHEN AND LAUNDRY BOILERS .<br>CHECK OPERATION.         |              |               |           |               |
| D00809-021                                                                                                                                                                                                                                                                                                  | 08/23/2010   | 100809-021    | BILLED    | \$350.00      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                         |              |               |           |               |
| WALK IN FREEZER WARM                                                                                                                                                                                                                                                                                        |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                  |              |               |           |               |
| SERVICE REQUEST - WALK-IN FREEZER WARM.<br>CHECK WALK-IN FREEZER, S/N N/A.<br>UNIT OPERATING PROPERLY AT THIS TIME .<br>CHECK WALK-IN COOLER, S/N N/A.<br>IDENTIFY EVAPORATOR COIL FROZEN .<br>REMOVE ICE FROM EVAPORATOR COIL .<br>ADD DEFROST CYCLES.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS. |              |               |           |               |
| 100907-007                                                                                                                                                                                                                                                                                                  | 09/13/2010   | 100907-007    | BILLED    | \$230.02      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                         |              |               |           |               |
| MARK THINKS THERMO COUPLE IS BAD ON H/W HEATER                                                                                                                                                                                                                                                              |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                  |              |               |           |               |
| SERVICE REQUEST - THERMOCOUPLE IS BAD ON HOT WATER HEATER .<br>CHECK STATE WATER HEATER , S/N L8327339.<br>IDENTIFY FAULTY THERMOCOUPLE .<br>FURNISH AND INSTALL A NEW THERMOCOUPLE .<br>MONITOR OPERATION.<br>IDENTIFY FAULTY PILOT LINE .<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.             |              |               |           |               |
| 100805-006                                                                                                                                                                                                                                                                                                  | 10/25/2010   | 100805-006    | BILLED    | \$195.00      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                         |              |               |           |               |
| SEWAGE BACK-UP                                                                                                                                                                                                                                                                                              |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                  |              |               |           |               |
| SERVICE REQUEST - SEWAGE BACK-UP.                                                                                                                                                                                                                                                                           |              |               |           |               |
| 101015-009                                                                                                                                                                                                                                                                                                  | 10/25/2010   | 101015-009    | BILLED    | \$123.00      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                         |              |               |           |               |
| INSTALL CUST PROVIDED THERMOCOUPLE ON STOVE IN KITCHEN                                                                                                                                                                                                                                                      |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                  |              |               |           |               |
| SERVICE REQUEST - INSTALL CUSTOMER PROVIDED THERMOCOUPLE ON STOVE IN KITCHEN .<br>CHECK VULCAN STOVE, S/N N/A.<br>IDENTIFY FAULTY GRIDDLE PLUNGER .<br>ADJUST GRIDDLE PLUNGER.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                                                                          |              |               |           |               |
| 101029-004                                                                                                                                                                                                                                                                                                  | 11/08/2010   | 101029-004    | BILLED    | \$211.84      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                         |              |               |           |               |
| W/I FREEZER AT 40 DEGREES                                                                                                                                                                                                                                                                                   |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                  |              |               |           |               |
| SERVICE REQUEST - WALK-IN FREEZER AT 40 DEGREES.<br>CHECK WALK-IN FREEZER, S/N N/A.<br>IDENTIFY UNIT SHORT CYCLING.                                                                                                                                                                                         |              |               |           |               |

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| <p>IDENTIFY UNIT LOW ON CHARGE.<br/>CHARGE TO PROPER REFRIGERANT LEVEL.<br/>TIGHTEN ALL CAPS.<br/>CHECK OPERATION.</p>                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| ✓ 101011-001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 11/15/2010   | 101011-001    | BILLED    | \$584.33      |
| <p><u>Extended Problem Description</u><br/>PROBLEMS WITH HVAC UNIT</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |               |           |               |
| <p><u>Description of Work</u><br/>SERVICE REQUEST - PROBLEMS WITH HVAC UNIT.<br/>CHECK RAYPAK BOILER, S/N N/A.<br/>IDENTIFY FAULTY ELECTRICAL WIRING AND TRANSFORMER ON BOILER #2.<br/>REPAIR ELECTRICAL WIRING.<br/>FURNISH AND INSTALL NEW TRANSFORMER.<br/>START UNIT. CHECK OPERATION.<br/>CHECK RAYPAK BOILER, S/N 9701137127.<br/>IDENTIFY FAULTY REFRACTORY PANELS, TRANSFORMER, IGNITION MODULE AND ELECTRICAL WIRING.<br/>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.</p>                       |              |               |           |               |
| ✓ 101101-006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 11/15/2010   | 101101-006    | BILLED    | \$123.00      |
| <p><u>Extended Problem Description</u><br/>HOT WATER NOT GETTING TO ALL FLOORS</p>                                                                                                                                                                                                                                                                                                                                                                                                                            |              |               |           |               |
| <p><u>Description of Work</u><br/>SERVICE REQUEST - HOT WATER NOT GETTING TO ALL FLOORS.<br/>ADJUST RESIDENCE MIXING VALVE TO 110 DEGREES.<br/>NOTE: CUSTOMER WILL MONITOR TEMPERATURE.</p>                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| ✓ 101102-007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 12/20/2010   | 101102-007    | BILLED    | \$3,900.00    |
| <p><u>Extended Problem Description</u><br/>LEAKS IN HEATING SYSTEM BEHIND WALL IN KITCHEN</p>                                                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <p><u>Description of Work</u><br/>REPLACE HOT WATER PIPING IN KITCHEN. REPAIR LEAK ON ADJACENT COPPER FITTING ON DOMESTIC WATER. CAP SUPPLY LINES TO (2) CONVECTORS REMOVED BY CUSTOMER. PERFORM ALL SERVICES AS PER QUOTE DATED 11/4/2010.</p>                                                                                                                                                                                                                                                               |              |               |           |               |
| 101214-001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 12/27/2010   | 101214-001    | BILLED    | \$255.48      |
| <p><u>Extended Problem Description</u><br/>W.I. COOLER AND W.I. FREEZER ARE BOTH SHORT CYCLING</p>                                                                                                                                                                                                                                                                                                                                                                                                            |              |               |           |               |
| <p><u>Description of Work</u><br/>SERVICE REQUEST - WALK-IN COOLER AND WALK-IN FREEZER ARE BOTH SHORT CYCLING.<br/>CHECK WALK-IN FREEZER, S/N N/A.<br/>IDENTIFY UNIT LOW ON REFRIGERANT.<br/>CHARGE TO PROPER REFRIGERANT LEVEL.<br/>CHECK OPERATION.<br/>CHECK WALK-IN COOLER, S/N N/A.<br/>IDENTIFY UNIT LOW ON REFRIGERANT.<br/>LOCATE LEAK ON LIQUID LINE SCHRADER VALVE.<br/>TIGHTEN VALVE CORE.<br/>FURNISH AND INSTALL NEW VALVE CAP.<br/>CHARGE TO PROPER REFRIGERANT LEVEL.<br/>CHECK OPERATION.</p> |              |               |           |               |
| 101119-008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 01/10/2011   | 101119-008    | BILLED    | \$746.70      |

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| <u>Extended Problem Description</u><br>WATER LINE BREAK ON 2ND FLOOR<br><u>Description of Work</u><br>SERVICE REQUEST - WATER LINE BREAK ON SECOND FLOOR.<br>LOCATE LEAK IN HEATING SYSTEM IN FIRST FLOOR ROOM IN NORTHWEST CORNER.<br>TURN OFF BOILERS.<br>DRAIN SYSTEM.<br>REPAIR FAULTY PIPING .<br>REFILL SYSTEM.<br>START UNIT . CHECK OPERATION.                                                                                        |              |               |           |               |
| ✓ 101228-009                                                                                                                                                                                                                                                                                                                                                                                                                                  | 01/17/2011   | 101228-009    | BILLED    | \$295.76      |
| <u>Extended Problem Description</u><br>FURNISH NCLX-1 3/4 TEMPETURE RELEIF VALVE AND DTMV40- JS MULTVOLT DEFROST TIMER<br><u>Description of Work</u><br>FURNISH A NEW TEMPERATURE RELIEF VALVE AND A NEW MULTI-VOLT DEFROST TIMER.                                                                                                                                                                                                            |              |               |           |               |
| 110110-002                                                                                                                                                                                                                                                                                                                                                                                                                                    | 02/14/2011   | 110110-002    | BILLED    | \$519.12      |
| <u>Extended Problem Description</u><br>walk-in freezer is not maintaining temp<br><u>Description of Work</u><br>SERVICE REQUEST - WALK-IN FREEZER IS NOT MAINTAINING TEMPERATURE .<br>CHECK HEATCRAFT WALK-IN FREEZER, S/N T07B01273.<br>IDENTIFY UNIT LOW ON REFRIGERANT.<br>ADD REFRIGERANT FOR INTERIM OPERATION.<br>RETURN TO PERFORM LEAK CHECK.<br>IDENTIFY FAULTY CONDENSER COIL .<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS. |              |               |           |               |
| ✓ 110411-003                                                                                                                                                                                                                                                                                                                                                                                                                                  | 04/18/2011   | 110411-003    | BILLED    | \$1,138.01    |
| <u>Extended Problem Description</u><br>CHECK 3RD FLOOR DINING A/C<br><u>Description of Work</u><br>SERVICE REQUEST - CHECK AIR CONDITIONER SERVING THIRD FLOOR DINING.<br>CHECK GOODMAN UNIT, S/N 0708149709.<br>IDENTIFY FAULTY COMPRESSOR.<br>FURNISH AND INSTALL A NEW WARRANTY COMPRESSOR .<br>FURNISH AND INSTALL TWO NEW DRIERS .<br>CHARGE TO PROPER REFRIGERANT LEVEL.<br>START UNIT . CHECK OPERATION.                               |              |               |           |               |
| ✓ 110708-010                                                                                                                                                                                                                                                                                                                                                                                                                                  | 07/18/2011   | 110708-010    | BILLED    | \$202.42      |
| <u>Extended Problem Description</u><br>PIPE BROKE IN LINEN ROOM ON 2ND FLOOR<br><u>Description of Work</u><br>SERVICE REQUEST - PIPE BROKE IN LINEN ROOM ON SECOND FLOOR.<br>IDENTIFY FAULTY GALVANIZED DRAIN SECOND FLOOR UTILITY ROOM .<br>FURNISH AND INSTALL NEW PVC PIPE AND FITTINGS .<br>CHECK OPERATION.<br>IDENTIFY OPEN SITE DISHWASHER DRAIN RESTRICTED.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                       |              |               |           |               |
| 110713-003                                                                                                                                                                                                                                                                                                                                                                                                                                    | 07/18/2011   | 110713-003    | BILLED    | \$139.00      |
| <u>Extended Problem Description</u><br>WATER HEATER FOR 1ST FLOOR NOT WORKING                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |

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| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| SERVICE REQUEST - WATER HEATER FOR FIRST FLOOR IS NOT WORKING .<br>CHECK A.O. SMITH WATER HEATER, S/N 1045M00051.<br>IDENTIFY PILOT RESTRICTED.<br>CLEAR RESTRICTION FROM PILOT.<br>START UNIT. CHECK OPERATION.                                                                                                                             |              |               |           |               |
| 110812-004                                                                                                                                                                                                                                                                                                                                   | 08/29/2011   | 110812-004    | BILLED    | \$460.00      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| RPZ TEST                                                                                                                                                                                                                                                                                                                                     |              |               |           |               |
| 110718-011                                                                                                                                                                                                                                                                                                                                   | 09/26/2011   | 110718-011    | BILLED    | \$470.35      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| 4TH FLOOR DINING AREA NOT COOLING                                                                                                                                                                                                                                                                                                            |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| SERVICE REQUEST - FOURTH FLOOR DINING AREA IS NOT COOLING .<br>CHECK GOODMAN UNIT, S/N 0610205054.<br>IDENTIFY FAULTY THERMOSTAT .<br>IDENTIFY UNIT LOW ON REFRIGERANT.<br>CHARGE TO PROPER REFRIGERANT LEVEL.<br>FURNISH AND INSTALL A NEW THERMOSTAT .<br>START UNIT. CHECK OPERATION.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS. |              |               |           |               |
| 110928-007                                                                                                                                                                                                                                                                                                                                   | 10/03/2011   | 110928-007    | BILLED    | \$454.75      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| INSTALL GAS PIPING FOR NEW LAUNDRY DRYERS.                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| SERVICE REQUEST - INSTALL GAS PIPING FOR NEW LAUNDRY DRYERS .<br>FURNISH TWO GAS REGULATORS.                                                                                                                                                                                                                                                 |              |               |           |               |
| 110916-007                                                                                                                                                                                                                                                                                                                                   | 10/10/2011   | 110916-007    | BILLED    | \$1,783.00    |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| PERFORM PLUMBING MODIFICATIONS AS PER QUOTE                                                                                                                                                                                                                                                                                                  |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| PERFORM PLUMBING MODIFICATIONS IN SOUTHEAST BASEMENT AREA AS PER QUOTE DATED 8/22/2011 .                                                                                                                                                                                                                                                     |              |               |           |               |
| 110923-003                                                                                                                                                                                                                                                                                                                                   | 10/10/2011   | 110923-003    | BILLED    | \$430.16      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| MAIN DRAIN IN BASMENT LEAKING                                                                                                                                                                                                                                                                                                                |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| SERVICE REQUEST - MAIN DRAIN IN BASEMENT IS LEAKING.<br>IDENTIFY FAULTY CAST IRON WYE IN BASEMENT .<br>FURNISH AND INSTALL NEW PVC PIPE AND FITTINGS .<br>CHECK OPERATION.                                                                                                                                                                   |              |               |           |               |
| 111018-006                                                                                                                                                                                                                                                                                                                                   | 10/24/2011   | 111018-006    | BILLED    | \$524.38      |
| <u>Extended Problem Description</u>                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| CHILLER LINE IN LIVING ACTIVITY ROOM LEAKING                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u>                                                                                                                                                                                                                                                                                                                   |              |               |           |               |
| SERVICE REQUEST - CHILLER LINE IN LIVING ACTIVITY ROOM IS LEAKING.<br>CHECK 3" CHILLED WATER LINE.<br>IDENTIFY FAULTY FITTING .<br>FURNISH AND INSTALL NEW BLACK IRON FITTINGS .<br>TIGHTEN FITTINGS.                                                                                                                                        |              |               |           |               |

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| 111108-003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 11/21/2011   | 111108-003    | BILLED    | \$341.28      |
| <u>Extended Problem Description</u><br>CHECK OPERATION.<br>ICE MACHINE ON 4TH FLOOR SLOW PRODUCING ICE                                                                                                                                                                                                                                                                                                                                                                                                 |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - ICE MACHINE ON FOURTH FLOOR PRODUCING ICE SLOWLY.<br>CHECK ICE MACHINE SERVING FOURTH FLOOR.<br>IDENTIFY FAULTY WATER LEVEL PROBE .<br>FURNISH AND INSTALL A NEW WATER LEVEL PROBE .<br>START UNIT. CHECK OPERATION.                                                                                                                                                                                                                                   |              |               |           |               |
| 120113-016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 01/30/2012   | 120113-016    | BILLED    | \$5,188.35    |
| <u>Extended Problem Description</u><br>MAIN 4" FEEDER LINE FOR BOILER LEAKING                                                                                                                                                                                                                                                                                                                                                                                                                          |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - MAIN 4" FEEDER LINE FOR BOILER IS LEAKING.<br>REVIEW AREA OF CONCERN.<br>DISCONNECT AND REMOVE FAULT SECTION OF PIPE .<br>FABRICATE NEW SECTION OF PIPE .<br>INSTALL NEW PIPE AND FITTINGS .<br>FILL AND PRESSURIZE SYSTEM.<br>IDENTIFY LEAK IN ADDITIONAL AREA OF PIPING .<br>DISCONNECT AND REMOVE FAULTY SECTION OF PIPE .<br>FABRICATE NEW SECTION OF PIPE .<br>INSTALL NEW PIPE AND FITTINGS .<br>FILL AND PRESSURIZE SYSTEM.<br>CHECK OPERATION. |              |               |           |               |
| 120622-006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 07/09/2012   | 120622-006    | BILLED    | \$143.00      |
| <u>Extended Problem Description</u><br>water leak in living activity room                                                                                                                                                                                                                                                                                                                                                                                                                              |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - WATER LEAKING IN LIVING ACTIVITY ROOM .<br>CHECK FAN COIL UNIT SERVING ROOM #234, S/N N/A.<br>IDENTIFY CONDENSATE DRAIN RESTRICTED.<br>BLOW OUT DRAIN.<br>CHECK OPERATION.                                                                                                                                                                                                                                                                             |              |               |           |               |
| 120710-047                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 08/20/2012   | 120710-047    | BILLED    | \$476.00      |
| 120827-018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 09/17/2012   | 120827-018    | BILLED    | \$437.08      |
| <u>Extended Problem Description</u><br>WATER FROM HOT WATER HEATER TOO HOT                                                                                                                                                                                                                                                                                                                                                                                                                             |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - WATER FROM WATER HEATER IS TOO HOT .<br>CHECK WATER HEATERS , S/N'S N/A.<br>ADJUST MIXING VALVE IN BASEMENT BOILER ROOM .<br>CHECK OPERATION.<br>FURNISH ONE NEW WATTS RELIEF VALVE .                                                                                                                                                                                                                                                                  |              |               |           |               |
| 120907-005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 09/17/2012   | 120907-005    | BILLED    | \$657.15      |
| <u>Extended Problem Description</u><br>ICE MACHINE ON 1ST FLOOR WON'T STOP MAKING ICE                                                                                                                                                                                                                                                                                                                                                                                                                  |              |               |           |               |
| <u>Description of Work</u><br>SERVICE REQUEST - ICE MACHINE ON FIRST FLOOR WILL NOT STOP MAKING ICE.                                                                                                                                                                                                                                                                                                                                                                                                   |              |               |           |               |

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| CHECK FIRST FLOOR ICE MACHINE, S/N N/A.<br>IDENTIFY FAULTY DISPENSER SENSORS.<br>FURNISH NEW DISPENSER SENSORS.<br>NOTE: CUSTOMER WILL INSTALL PARTS.                                                                                                                                                                                     |              |               |           |               |
| 121015-008                                                                                                                                                                                                                                                                                                                                | 10/22/2012   | 121015-008    | BILLED    | \$143.00      |
| <u>Extended Problem Description</u><br>CHECK MIXING VALVE<br><u>Description of Work</u><br>SERVICE REQUEST - CHECK MIXING VALVE.<br>CHECK MIXING VALVE IN BASEMENT BOILER ROOM.<br>IDENTIFY VALVE OPERATING PROPERLY AT THIS TIME.<br>ADJUST TEMPERATURE.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                             |              |               |           |               |
| ✓ 121010-008                                                                                                                                                                                                                                                                                                                              | 11/19/2012   | 121010-008    | BILLED    | \$3,764.22    |
| <u>Extended Problem Description</u><br>REPIPE BRANCH LINE TO 2ND FLOOR CONVECTOR IN FIRST FLOOR CEILING OF BEAUTY SHOP & NORTH OFFICE<br><u>Description of Work</u><br>SERVICE REQUEST - RE-PIPE BRANCH LINE TO SECOND FLOOR CONVECTOR IN FIRST FLOOR CEILING OF BEAUTY SHOP AND NORTH OFFICE.                                            |              |               |           |               |
| 121109-002                                                                                                                                                                                                                                                                                                                                | 11/26/2012   | 121109-002    | BILLED    | \$108.00      |
| <u>Extended Problem Description</u><br>PERFORM REPAIR ON STAINLESS STEEL CART.<br><u>Description of Work</u><br>SERVICE REQUEST - PERFORM REPAIR ON STAINLESS STEEL CART.                                                                                                                                                                 |              |               |           |               |
| 130130-013                                                                                                                                                                                                                                                                                                                                | 02/04/2013   | 130130-013    | BILLED    | \$0.00        |
| <u>Extended Problem Description</u><br>REPAIR STAINLESS DOOR<br><u>Description of Work</u><br>SERVICE REQUEST - REPAIR STAINLESS STEEL DOOR.                                                                                                                                                                                              |              |               |           |               |
| 130726-042                                                                                                                                                                                                                                                                                                                                | 10/21/2013   | 130726-042    | BILLED    | \$725.86      |
| <u>Description of Work</u><br>IDENTIFY WATTS BACKFLOW DEVICE, S/N 15682, HAS CHECK VALVE #1, CHECK VALVE #2 AND RELIEF VALVE LEAKING.<br>FURNISH AND INSTALL A NEW DISK IN CHECK VALVE #1 AND #2.<br>FURNISH AND INSTALL A NEW RELIEF DIAPHRAGM IN RELIEF VALVE.<br>PERFORM FOUR BACKFLOW TESTS.<br>CHECK OPERATION.                      |              |               |           |               |
| 131024-007                                                                                                                                                                                                                                                                                                                                | 11/04/2013   | 131024-007    | BILLED    | \$277.57      |
| <u>Extended Problem Description</u><br>TOILET HAS FLANGE BUSTED OUT. WANTS TO KNOW WHAT HIS OPTIONS ARE<br><u>Description of Work</u><br>SERVICE REQUEST - TOILET HAS BROKEN FLANGE.<br>REMOVE FAULTY FLANGE.<br>FURNISH AND INSTALL A NEW FLANGE.<br>FURNISH A NEW O-RING, CLOSET BOLTS AND WAX RING.<br>CUSTOMER WILL REINSTALL TOILET. |              |               |           |               |
| 131205-001                                                                                                                                                                                                                                                                                                                                | 03/17/2014   | 131205-001    | BILLED    | \$150.00      |

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| Invoice ID                                                                                                                                                                                                                                                                                                                                                                                           | Invoice Date | Work Order ID | Status ID | Invoice Total |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|-----------|---------------|
| <u>Extended Problem Description</u><br>DOMESTIC WATER LEAK ON 4TH FLOOR.<br><u>Description of Work</u><br>SERVICE REQUEST - DOMESTIC WATER LEAK ON THE FOURTH FLOOR.<br>FURNISH AND INSTALL A NEW PLUG ON ABANDONED WATER COOLER .<br>CHECK OPERATION.                                                                                                                                               |              |               |           |               |
| ✓ 140516-003                                                                                                                                                                                                                                                                                                                                                                                         | 05/26/2014   | 140516-003    | BILLED    | \$303.09      |
| <u>Extended Problem Description</u><br>PIPE IN MAIN DRAIN LINE LEAKING INTO BOILER ROOM.<br><u>Description of Work</u><br>SERVICE REQUEST - PIPE IN MAIN DRAIN LINE LEAKING INTO BOILER ROOM.<br>LOCATE FAULTY FITTING IN NORTHWEST CORNER OF BASEMENT BOILER ROOM .<br>FURNISH AND INSTALL NEW FITTINGS .<br>CHECK OPERATION.                                                                       |              |               |           |               |
| ✓ 140619-003                                                                                                                                                                                                                                                                                                                                                                                         | 06/30/2014   | 140619-003    | BILLED    | \$147.00      |
| <u>Extended Problem Description</u><br>CLEAN OUT PLASTIC SEWER LINE.<br><u>Description of Work</u><br>SERVICE REQUEST - CLEAN OUT PLASTIC SEWER LINE.<br>IDENTIFY FAULTY PVC JOINT ON 4" DRAIN LINE FROM KITCHEN IN BASEMENT.<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS.                                                                                                                    |              |               |           |               |
| ✓ 140624-008                                                                                                                                                                                                                                                                                                                                                                                         | 06/30/2014   | 140624-008    | BILLED    | \$147.00      |
| <u>Extended Problem Description</u><br>VALVE IN BASEMENT ON SUPPLY LINE TO CHILLER IS LEAKING.<br><u>Description of Work</u><br>SERVICE REQUEST - VALVE IN BASEMENT ON SUPPLY LINE TO CHILLER IS LEAKING .<br>CHECK GATE VALVE ON SOUTHEAST CORNER OF BOILER .<br>IDENTIFY VALVE LEAKING FROM STEM PACKING .<br>UNABLE TO ADJUST PACKING BOLTS .<br>ADVISE CUSTOMER OF FINDINGS AND RECOMMENDATIONS. |              |               |           |               |
| 140711-051                                                                                                                                                                                                                                                                                                                                                                                           | 08/11/2014   | 140711-051    | BILLED    | \$476.00      |

Specialized Long-Term Care – Review Criteria

This section is not applicable because this project is categorized as a modernization only.

**Criterion 1125.800 – Estimated Total Project Cost****Availability of Funds –****Cash and Securities: \$1,561,281 Cash Contribution**

Rutledge Joint Ventures (RJV) will support a component of the project with existing cash and liquid short-term (money market) investments. The unaudited 12-31-14 RJV Balance Sheet (see Attachment 27-1) documented the balance of Cash and Short Term Investments at \$2,771,860. In January, 2015 RJV received a combined \$3,300,000 cash contribution from its two member organization for the sole purpose of investing in another local nursing home. RJV then expended \$4,775,017 on the investment. These transactions are noted on the attached unaudited RJV January 31, 2015 balance sheet (see Attachment 27-2 and 27-3). Projected cash flow between February 1, 2015 and the project start date will provide RJV with a cash balance of \$1,850,312. See Attachment 29-47 for the estimated cash available at the beginning of the project. Management believes that a minimum of \$300,000 must be available in free operating cash to manage the daily needs of the operation.

**Debt: \$6,378,356 Construction Loan**

RJV has received a commitment letter from the Bank of Springfield (BOS) for a construction loan to cover the remaining costs of the project. Relevant details and framework of the commitment and loan are included in the BOS commitment letter which is documented on Attachment 27 -4 through Attachment 27-9. It should be noted that RJV currently has an outstanding loan with BOS. The outstanding amount of that loan was subtracted from the total loan amount available to RJV (\$7,708,000) to arrive at the construction loan amount. The construction loan is scheduled to convert to a term loan nine months following the initial draw on bank funds.

**Other Sources: \$900,000 Line of Credit**

Since 2010, the Bank of Springfield has provided RJV with a line of credit. The agreement currently in force is attached (see Attachment 27-10 through Attachment 27-12). This line of credit has a borrowing limit of \$1,500,000. There have been no prior draws on the line. To provide the necessary cash flow through the equity portion of the construction draws, RJV is projected to borrow \$900,000 on the line to support operations. If there is a shortfall of internally derived funds, the existing limit allows RJV to draw up to another \$600,000. Current cash flow projections through the construction period do indicate the need to draw any more than \$900,000 and it is anticipated that the line balance will be reduced to \$0 within six months after project completion. BOS, through its loan officer, has assured RJV that the current terms and limit of the line will continue to be available.



RUTLEDGE JOINT VENTURES, L.L.C.  
Balance Sheet  
As of December 31, 2014

|                                     | Ending<br>Balance | %      | Balance<br>12/31/13 | %      | Difference    |
|-------------------------------------|-------------------|--------|---------------------|--------|---------------|
| <hr/>                               |                   |        |                     |        |               |
| ASSETS                              |                   |        |                     |        |               |
| CURRENT ASSETS                      |                   |        |                     |        |               |
| CASH                                | 2,521,090.33      | 24.29  | 1,230,485.57        | 14.93  | 1,290,604.76- |
| CASH-RESTRICTED                     |                   |        |                     |        |               |
| INVESTMENTS-SHORT TERM              | 250,770.24        | 2.42   |                     |        | 250,770.24-   |
|                                     | <hr/>             |        |                     |        |               |
| CASH                                | 2,771,860.57      | 26.71  | 1,230,485.57        | 14.93  | 1,541,375.00- |
| ACCOUNTS RECEIVABLE-PRIVATE PAY     | 822,629.31        | 7.93   | 765,762.38          | 9.29   | 56,866.93-    |
| ACCOUNTS RECEIVABLE-MEDICARE        | 360,811.10        | 3.48   | 474,160.49          | 5.75   | 113,349.39    |
| ACCOUNTS RECEIVABLE-VA              | 5,381.55          | .05    |                     |        | 5,381.55-     |
| ACCOUNTS RECEIVABLE-INCOME CREDIT   | 41,427.13-        | .40-   | 14,547.91           | .18    | 55,975.04     |
| ACCOUNTS RECEIVABLE-INSURANCE       |                   |        |                     |        |               |
| ACCOUNTS RECEIVABLE-MEDICAID        | 1,479,282.06      | 14.26  | 1,124,995.01        | 13.65  | 354,287.05-   |
| ALLOWANCE FOR UNCOLLECTIBLE ACCOUNT | 510,142.99-       | 4.92-  | 509,945.01-         | 6.19-  | 197.98        |
| MEDICARE COST REPORT RECEIVABLE     | 42,990.63         | .41    | 24,881.78           | .30    | 18,108.85-    |
|                                     | <hr/>             |        |                     |        |               |
| ACCOUNTS RECEIVABLE                 | 2,159,524.53      | 20.81  | 1,894,402.56        | 22.98  | 265,121.97-   |
|                                     | <hr/>             |        |                     |        |               |
| ACCRUED INTEREST RECEIVABLE         |                   |        |                     |        |               |
| CURRENT PORTION OF LT REC           |                   |        |                     |        |               |
| PREPAID EXPENSES & INVENTORY        | 87,075.66         | .84    | 74,446.44           | .90    | 12,629.22-    |
|                                     | <hr/>             |        |                     |        |               |
| OTHER CURRENT ASSETS                | 87,075.66         | .84    | 74,446.44           | .90    | 12,629.22-    |
|                                     | <hr/>             |        |                     |        |               |
| TOTAL CURRENT ASSETS                | 5,018,460.76      | 48.36  | 3,199,334.57        | 38.81  | 1,819,126.19- |
|                                     | <hr/>             |        |                     |        |               |
| FIXED ASSETS                        |                   |        |                     |        |               |
| LAND                                | 630,000.00        | 6.07   | 630,000.00          | 7.64   |               |
| FURNITURE & EQUIPMENT               | 1,765,659.14      | 17.02  | 1,725,748.95        | 20.94  | 39,910.19-    |
| BUILDING                            | 7,363,421.58      | 70.96  | 6,878,870.02        | 83.45  | 484,551.56-   |
| ACCUM DEPRECIATION                  | 6,143,768.73-     | 59.21- | 5,831,357.37-       | 70.74- | 312,411.36    |
|                                     | <hr/>             |        |                     |        |               |
| NET FIXED ASSETS                    | 3,615,311.99      | 34.84  | 3,403,261.60        | 41.29  | 212,050.39-   |
|                                     | <hr/>             |        |                     |        |               |
| OTHER ASSETS                        |                   |        |                     |        |               |
| RESIDENT FUNDS                      | 17,576.23         | .17    | 22,123.56           | .27    | 4,547.33      |
| LOAN FEES                           |                   |        |                     |        |               |
| OTHER ASSETS                        | 1,638,625.86      | 15.79  | 1,638,625.86        | 19.88  |               |
| CONTRACTS RECEIVABLE                | 2,315.01          | .02    | 20,043.54-          | .24-   | 22,358.55-    |
| INTERCOMPANY                        | 84,742.54         | .82    |                     |        | 84,742.54-    |
|                                     | <hr/>             |        |                     |        |               |
| OTHER ASSETS                        | 1,743,259.64      | 16.80  | 1,640,705.88        | 19.90  | 102,553.76-   |
|                                     | <hr/>             |        |                     |        |               |
| TOTAL ASSETS                        | 10,377,032.39     | 100.00 | 8,243,302.05        | 100.00 | 2,133,730.34- |
|                                     | <hr/>             |        |                     |        |               |

Amendment 27-1

RUTLEDGE JOINT VENTURES, L.L.C.  
Balance Sheet  
As of January 31, 2015

|                             | Ending<br>Balance | %       | Balance<br>12/31/14 | %       | Difference       |
|-----------------------------|-------------------|---------|---------------------|---------|------------------|
| <hr/>                       |                   |         |                     |         |                  |
| LIABILITIES & EQUITY        |                   |         |                     |         |                  |
| CURRENT LIABILITIES         |                   |         |                     |         |                  |
| ACCOUNTS PAYABLE            | 504,289.53-       | 3.75-   | 881,008.17-         | 8.49-   | 376,718.64-      |
| WAGES PAYABLE               |                   |         |                     |         |                  |
| ACCRUED PAYROLL TAXES       |                   |         |                     |         |                  |
| MISC ACCRUED EXPENSES       | 144,584.92-       | 1.07-   | 135,980.14-         | 1.31-   | 8,604.78         |
| ACCRUED INTEREST PAYABLE    | 4,334.60-         | .03-    | 4,473.20-           | .04-    | 138.60-          |
| CURRENT PORTION OF LT DEBT  | 183,360.69-       | 1.36-   | 183,360.69-         | 1.77-   |                  |
| REAL ESTATE TAXES PAYABLE   | 134,215.07-       | 1.00-   | 123,416.16-         | 1.19-   | 10,798.91        |
| INCOME TAXES PAYABLE        |                   |         |                     |         |                  |
| TOTAL CURRENT LIABILITIES   | 970,784.81-       | 7.21-   | 1,328,238.36-       | 12.80-  | 357,453.55-      |
| LONG-TERM LIABILITIES       |                   |         |                     |         |                  |
| DUE TO RESIDENTS            | 17,576.23-        | .13-    | 17,576.23-          | .17-    |                  |
| LOANS & MORTGAGES           | 1,161,861.03-     | 8.63-   | 1,177,237.37-       | 11.34-  | 15,376.34-       |
| DEFERRED INCOME TAXES       |                   |         |                     |         |                  |
| LONG-TERM LIABILITIES       | 1,179,437.26-     | 8.76-   | 1,194,813.60-       | 11.51-  | 15,376.34-       |
| STOCKHOLDERS EQUITY         |                   |         |                     |         |                  |
| STOCK AND PAID IN CAPITAL ① | 7,648,532.00-     | 56.83-  | 4,348,532.00-       | 41.91-  | 3,300,000.00 (A) |
| RETAINED EARNINGS           | 3,505,448.43-     | 26.05-  | 1,619,684.08-       | 15.61-  | 1,885,764.35     |
| PROFIT/LOSS FOR PERIOD      | 153,325.36-       | 1.14-   | 1,885,764.35-       | 18.17-  | 1,732,438.99-    |
| DIVIDENDS PAID              |                   |         |                     |         |                  |
| STOCKHOLDERS EQUITY         | 11,307,305.79-    | 84.02-  | 7,853,980.43-       | 75.69-  | 3,453,325.36     |
| TOTAL LIABILITIES & EQUITY  | 13,457,527.86-    | 100.00- | 10,377,032.39-      | 100.00- | 3,080,495.47     |
|                             | =====             | =====   | =====               | =====   | =====            |

January Cash Infusion From Members = \$ 3,300,000 (A) +

Attachment 29-2

RUTLEDGE JOINT VENTURES, L.L.C.  
Balance Sheet  
As of January 31, 2015

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|                                     | Ending<br>Balance | %      | Balance<br>12/31/14 | %      | Difference    |
|-------------------------------------|-------------------|--------|---------------------|--------|---------------|
| <b>ASSETS</b>                       |                   |        |                     |        |               |
| <b>CURRENT ASSETS</b>               |                   |        |                     |        |               |
| CASH                                | 445,551.58        | 3.31   | 2,521,090.33        | 24.29  | 2,075,538.75  |
| CASH-RESTRICTED                     |                   |        |                     |        |               |
| INVESTMENTS-SHORT TERM              | 250,770.24        | 1.86   | 250,770.24          | 2.42   |               |
| CASH                                | 696,321.82        | 5.17   | 2,771,860.57        | 26.71  | 2,075,538.75  |
| ACCOUNTS RECEIVABLE-PRIVATE PAY     | 915,866.65        | 6.81   | 822,629.31          | 7.93   | 93,237.34-    |
| ACCOUNTS RECEIVABLE-MEDICARE        | 588,314.80        | 4.37   | 360,811.10          | 3.48   | 227,503.70-   |
| ACCOUNTS RECEIVABLE-VA              | 14,457.14         | .11    | 5,381.55            | .05    | 9,075.59-     |
| ACCOUNTS RECEIVABLE-INCOME CREDIT   | 49,977.18-        | .37-   | 41,427.13-          | .40-   | 8,550.05      |
| ACCOUNTS RECEIVABLE-INSURANCE       |                   |        |                     |        |               |
| ACCOUNTS RECEIVABLE-MEDICAID        | 1,496,482.98      | 11.12  | 1,479,282.06        | 14.26  | 17,200.92-    |
| ALLOWANCE FOR UNCOLLECTIBLE ACCOUNT | 515,142.99-       | 3.83-  | 510,142.99-         | 4.92-  | 5,000.00      |
| MEDICARE COST REPORT RECEIVABLE     | 34,907.29         | .26    | 42,990.63           | .41    | 8,083.34      |
| ACCOUNTS RECEIVABLE                 | 2,484,908.69      | 18.46  | 2,159,524.53        | 20.81  | 325,384.16-   |
| ACCRUED INTEREST RECEIVABLE         |                   |        |                     |        |               |
| CURRENT PORTION OF LT REC           |                   |        |                     |        |               |
| PREPAID EXPENSES & INVENTORY        | 114,074.99        | .85    | 87,075.66           | .84    | 26,999.33-    |
| OTHER CURRENT ASSETS                | 114,074.99        | .85    | 87,075.66           | .84    | 26,999.33-    |
| TOTAL CURRENT ASSETS                | 3,295,305.50      | 24.49  | 5,018,460.76        | 48.36  | 1,723,155.26  |
| <b>FIXED ASSETS</b>                 |                   |        |                     |        |               |
| LAND                                | 630,000.00        | 4.68   | 630,000.00          | 6.07   |               |
| FURNITURE & EQUIPMENT               | 1,765,659.14      | 13.12  | 1,765,659.14        | 17.02  |               |
| BUILDING                            | 7,374,546.58      | 54.80  | 7,363,421.58        | 70.96  | 11,125.00-    |
| ACCUM DEPRECIATION                  | 6,171,072.61-     | 45.86- | 6,143,768.73-       | 59.21- | 27,303.88     |
| NET FIXED ASSETS                    | 3,599,133.11      | 26.74  | 3,615,311.99        | 34.84  | 16,178.88     |
| <b>OTHER ASSETS</b>                 |                   |        |                     |        |               |
| RESIDENT FUNDS                      | 17,576.23         | .13    | 17,576.23           | .17    |               |
| LOAN FEES                           |                   |        |                     |        |               |
| OTHER ASSETS                        | 6,413,643.81      | 47.66  | 1,638,625.86        | 15.79  | 4,775,017.95- |
| CONTRACTS RECEIVABLE                | 8,473.33-         | .06-   | 2,315.01            | .02    | 10,788.34     |
| INTERCOMPANY                        | 140,342.54        | 1.04   | 84,742.54           | .82    | 55,600.00-    |
| OTHER ASSETS                        | 6,563,089.25      | 48.77  | 1,743,259.64        | 16.80  | 4,819,829.61- |
| TOTAL ASSETS                        | 13,457,527.86     | 100.00 | 10,377,032.39       | 100.00 | 3,080,495.47- |

January Cash Acquisition - New Affiliate = 4,775,017  
Less: Cash Infused From Members = 3,300,000  
Reducing of Cash = 1,475,017



November 15, 2014

Toll Free 1-800-777.698.3278  
 Page 192  
 Springfield 217.529.5555  
 Chatham 217.483.6666  
 Jacksonville 217.479.8888  
 Metro East 618.310.2555  
 Quincy 217.641.5555

FDIC

# COMMITMENT LETTER

Rutledge Joint Ventures, LLC  
 Mr. David Underwood  
 Executive Vice President Finance/Chief  
 Financial Officer  
 115 W. Jefferson, Suite 401  
 Bloomington, IL 61701

Re: Proposed Loan by Bank of Springfield  
 ("Bank") to Rutledge Joint Ventures, LLC  
 ("Borrower")

Dear David:

This letter shall serve as a commitment by the Bank to make a loan to the Borrower listed below, subject to the terms provisions, limitations, and conditions contained herein:

Borrower: Rutledge Joint Ventures, LLC

Amount: \$6,378,356 Construction Loan

Purpose: Fund the remodel of Heritage Manor Springfield

Rate/Term: National Prime floating for nine months/ Loan fee of \$15,800

Collateral: 2<sup>nd</sup> Real Estate Mortgage and Assignment of Rents on 900 N. Rutledge Street, Springfield, IL

Guaranty: None

Other: Loan to value limited to 80% of appraised value  
 Borrower will pay for attorney fees associated with closing  
 Borrower will pay for updated title commitment  
 Borrower will pay for recording fees associated with loan closing  
 Borrower will provide annual audited financial statement and quarterly internally prepared financial information  
 Borrower will provide to bank any evidence necessary to show property is clear of any environmental concerns.

Business Loan Agreement:

The borrower agrees to maintain at least an annual debt coverage ratio of 1.2x.

The borrower agrees to maintain a maximum debt to tangible net worth ratio of 2.00x.

The borrower agrees to maintain a minimum current ratio of 2.00x.

The borrower will not pay dividends, distributions or withdrawals in the event the DCR is below 1.2x except to pay member taxes.

The current management agreement cannot be renegotiated without prior bank approval.

Borrower: Rutledge Joint Ventures, LLC

Amount: \$7,708,000

Purpose: Combine 1<sup>st</sup> and 2<sup>nd</sup> real estate mortgage balances of Heritage Manor Springfield

Rate/Term: 3.99% fixed for five years, 20-year amortization

Collateral: 1<sup>st</sup> real estate mortgage on property located at 900 N. Rutledge Street, Springfield, IL

Guaranty: None

Other: Loan to value limited to 80% of appraised value  
Borrower will pay for attorney fees associated with closing  
Borrower will pay for updated title commitment  
Borrower will pay for recording fees associated with loan closing  
Borrower will provide annual audited financial statement and quarterly internally prepared financial information  
Borrower shall provide bank with proof property is free of any environmental concerns.

Business Loan Agreement:

The borrower agrees to maintain at least an annual debt coverage ratio of 1.2x.

The borrower agrees to maintain a maximum debt to tangible net worth ratio of 2.00x.

The borrower agrees to maintain a minimum current ratio of 2.00x.

The borrower will not pay dividends, distributions or withdrawals in the event the DCR is below 1.2x except to pay member taxes.

The current management agreement cannot be renegotiated without prior bank approval.

Acceptance of Offer: This offer must be accepted in writing not later than 5:00 p.m. on March 12, 2015 and shall be deemed accepted only when executed and returned to the Bank's office at 3400 West Wabash, Springfield, IL 62711.

Loan Closing Date: This loan shall be closed no later than July 15, 2015. This Commitment shall automatically expire at 11:59 a.m. on the loan closing date unless this Commitment is extended by the Bank. The Bank may extend this closing date at its option in its sole discretion. An extension must be in writing signed by the Bank.

Covenants: So long as Borrower is indebted to Bank, the Borrower shall:

1. Maintain, preserve, and keep its buildings, properties, equipment, fixtures, and every part thereof in good repair, working order, and condition and from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements thereof, so that at all times, the efficiency thereof shall be fully preserved and maintained.

2. Maintain insurance against fire, theft, and other casualty on its insurable real and personal property at full replacement cost from companies acceptable to the Bank against liability on account of damage to persons or property as required under all workmen's compensation laws. Also, Borrower shall maintain any other insurance as may from time to time be reasonably requested by the Bank and shall deliver certified copies of all such insurance policies to the Bank which insurance with respect to real property shall name the Bank as "mortgagee" under a standard loss-payable clause and with respect to personal property shall include a separate lender's loss-payable clause insuring the Bank's security interest or lien in the Borrower's property regardless of any act or neglect of the Borrower. The Borrower shall deliver certified copies of all such insurance policies to the Bank.

3. Duly pay and discharge or cause to be paid and discharged all taxes, assessments, and other governmental charges imposed upon it and its properties or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies, which if unpaid could become a lien or charge upon it and its properties or any part thereof, or upon the income or profits therefrom, except such items as are being in good faith appropriately contested and for which the Borrower has provided adequate reserves.

4. Carry on and conduct its business in substantially the same manner and substantially the same areas as such business is now and has previously been carried on, and maintain its legal existence, and comply with all valid and applicable statutes, rules and regulations.

5. Maintain a standard and modern system of accounting; deliver to Bank financial reports in form satisfactory to Bank as Bank may request from time to time, and permit the duly authorized representative(s) of Bank at all reasonable times to examine and inspect any of the Borrower's books, records, and/or property wherever same may be located.

6. Comply with all applicable federal, state and local laws, ordinances, rules and regulations, including, but not limited to, all environmental laws, ordinances, rules, and regulations and shall keep all of its real and personal property or any interest therein (the

{S0605478.1 11/6/2008 TMT TMT}

Attachment 27-6

"Property") free and clear of any liens imposed pursuant to such laws, ordinances, rules, and regulations and deliver to Bank such reports and information in form satisfactory to Bank as Bank may request from time to time to establish compliance with this covenant.

7. Borrower shall comply with all applicable federal, state and local laws, ordinances, rules and regulations concerning wage payments, minimum wages, overtime laws, and payment of withholding taxes, and deliver to Bank such reports and information in form satisfactory to Bank as Bank may request from time to time to establish compliance with such laws.

8. If real or personal property, or both, or any interest therein is mortgaged, conveyed, or assigned or a security interest granted therein by the Borrower to the Bank as security for payment of the Loan, then Borrower shall comply with all warranties, covenants and representations of such mortgage, security agreement, conveyance or assignment which warranties, covenants and representations are incorporated by reference herein in their entirety.

Other Terms and Conditions:

1. This Commitment is issued in reliance upon the representations of facts contained in your application. In the event of either (1) the discovery by the Bank hereafter of any fact which, if known at the date hereof, would have prompted the withholding of this Commitment or (2) occurrence hereafter of any change of material facts or circumstances in the economic markets or Borrower or Borrower's business upon which this Commitment is based, the Bank may withdraw this Commitment without any liability for so doing.

2. Borrower shall produce for Bank appropriate evidence of formation, legal evidence and good standing from the state of its organization and any jurisdiction in which it is required to be authorized to do business.

3. Borrower shall adopt and execute appropriate resolutions.

4. Borrower shall pay all out-of-pocket expenses incurred by Lender, if any, in connection with this transaction, including, but not limited to UCC searches, title searches and premiums, including Lender's legal fees and costs whether or not the loan is funded.

5. In the event of default on breach of any of the loan documents or covenants, Borrower shall be liable for Bank's attorney's fees and costs in any action to enforce or collect against Borrower.

6. Between the date of this Commitment and the closing that there is no material adverse change in Borrower's financial condition or business.

7. This Commitment is conditioned upon the preparation, execution, and delivery of loan and legal documentation ("Loan Documentation") in form and substance satisfactory to the Bank and to its counsel, in its sole discretion, which documentation in addition to incorporating substantially the terms set forth herein will include such other terms as are customary for transactions of this type, including, if applicable, any estoppels, consents, or third party

{S0605478.1 11/6/2008 TMT TMT}

Attachment 27-7

acknowledgements. Not every provision that imposes duties, obligations, burdens, or limitations on Borrower is contained herein, but shall be contained in the final Loan Documentation.

8. The loan is subject to the Bank's satisfaction with the results of any inspections or reviews of matters affecting the Collateral including, but not limited to, title, survey, UCC, and lien searches, appraisal, environmental survey, and any other due diligence that Bank deems necessary in its sole discretion.

Nothing contained in this Agreement or any exhibit attached hereto or any agreement given pursuant hereto shall be deemed or construed as creating any relationship other than that of borrower and lender. There is no partnership or joint venture between the Bank and Borrower or between the Bank and any other person, and the Bank is not responsible in any way for the debts or obligations of the Borrower or any other person. Nothing in this letter or any attachments makes the Bank a fiduciary for the Borrower or any other person. Bank is not acting as an investment advisor, consultant, or business advisor.

This letter is personal to the parties hereto and is for their sole benefit and is not made for the express or implied benefit of any other person or entity. No third party shall be entitled to rely upon this Commitment or any terms or provisions herein. This Commitment cannot be assigned by Borrower.

Any appraisals of the Borrower's property or evaluation of the potential profitability of the enterprise to be engaged in by the Borrower in connection with the extension of credit or proposed extension of credit from the Bank to the Borrower, are for the sole benefit of the Bank and do not constitute a representation of the likelihood of financial viability of such enterprise by the Bank to the Borrower.

This letter, if accepted by the Borrower, constitutes the entire agreement between the Bank and Borrower as to Bank's commitment to lend. Any and all prior, contemporaneous, oral or written agreements, understandings, statements, customs or practices between the Bank and the Borrower pertaining to the transaction herein described are merged herein. Bank has not made any representations, warranties or inducements, express or implied, to any other party, except as expressly set forth herein and Bank expressly disclaims any prior representation, warranty or inducement not contained herein.

EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATED TO THIS LETTER TO THE TRANSACTION DESCRIBED IN THIS LETTER. THE PARTIES HERETO AGREE THAT GOVERNING LAW FOR THIS LETTER IS ILLINOIS LAW (EXCLUSIVE OF ITS CONFLICT OF LAWS PROVISIONS) AND THAT THE EXCLUSIVE JURISDICTION AND VENUE FOR ANY LEGAL ACTION CONCERNING THIS LETTER OR THE LOAN MADE



PURSUANT HERETO IS THE CIRCUIT COURT OF SANGAMON COUNTY, ILLINOIS  
OR FEDERAL COURT LOCATED IN SANGAMON COUNTY, ILLINOIS.

The terms of this letter may not be modified, waived, discharged or terminated orally, except by  
written instrument signed by Borrower and the Bank.

BANK OF SPRINGFIELD

By: Lora E Huebner  
Lora E Huebner, Senior Vice President

Accepted and approved by Borrower this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

BORROWER:

By: \_\_\_\_\_

NOTE :

The Borrower intends to  
execute this agreement  
upon approval of the project  
by the Illinois Health  
Facilities & Services Review Board

1248045233

## CHANGE IN TERMS AGREEMENT

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| Principal      | Loan Date  | Maturity   | Loan No | Call / Coll | Account | Officer | Initials |
|----------------|------------|------------|---------|-------------|---------|---------|----------|
| \$1,500,000.00 | 04-01-2014 | 04-01-2015 | 45233   |             | 12480   | LEH     |          |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Rutledge Joint Ventures, L.L.C.  
115 W. Jefferson Street, Ste. 401  
Bloomington, IL 61701-3967

**Lender:** Bank of Springfield  
Wabash  
P.O. Box 19301  
Springfield, IL 62794-9301  
(217) 529-5555

Principal Amount: \$1,500,000.00

Initial Rate: 3.250%

Date of Agreement: April 1, 2014

**DESCRIPTION OF EXISTING INDEBTEDNESS.** Promissory Note No. 12480-45233 dated May 1, 2010 along with all promissory notes, modifications, change in term agreements and extensions for Note No. 12480-45233 as given to the Bank of Springfield by Rutledge Joint Ventures, L.L.C.

**DESCRIPTION OF COLLATERAL.** Commercial Security Agreement dated May 1, 2004; Business Loan Agreement dated May 1, 2002; and Commercial Security Agreement dated April 1, 2013.

**DESCRIPTION OF CHANGE IN TERMS.** The maturity date is extended to the date captioned above. The interest rate is modified and further described in the variable rate paragraph below.

**PROMISE TO PAY.** Rutledge Joint Ventures, L.L.C. ("Borrower") promises to pay to Bank of Springfield ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Five Hundred Thousand & 00/100 Dollars (\$1,500,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on April 1, 2015. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning May 1, 2014, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the Prime Rate which means the base rate on corporate loans posted by at least 75% of the Nation's thirty (30) largest banks as published each business day in the Money Rates section of the Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each time the Wall Street Journal publishes a change in Prime Rate. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% per annum. Interest on the unpaid principal balance of this loan will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate equal to the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 3.250%. NOTICE: Under no circumstances will the interest rate on this loan be less than 3.250% per annum or more than the maximum rate allowed by applicable law.

**INTEREST CALCULATION METHOD.** Interest on this loan is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

**PREPAYMENT.** Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Bank of Springfield, Wabash, P.O. Box 19301, Springfield, IL 62794-9301.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$10.00, whichever is greater.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased to 15.000%. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Indebtedness.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or ability to perform Borrower's obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help,

ATTACHMENT 27-10

**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: 45233

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repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the indebtedness. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness evidenced by this Note.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Cure Provisions.** If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Agreement and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

**JURY WAIVER.** Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

**GOVERNING LAW.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Illinois without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Illinois.

**CONFESSION OF JUDGMENT.** Borrower hereby irrevocably authorizes and empowers any attorney-at-law to appear in any court of record and to confess judgment against Borrower for the unpaid amount of this Agreement as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Agreement, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Agreement have been paid in full. Borrower hereby waives and releases any and all claims or causes of action which Borrower might have against any attorney acting under the terms of authority which Borrower has granted herein arising out of or connected with the confession of judgment hereunder.

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

**COLLATERAL.** Borrower acknowledges this Agreement is secured by Commercial Security Agreement dated May 1, 2004; Business Loan Agreement dated May 1, 2002; and Commercial Security Agreement dated April 1, 2013.

**LINE OF CREDIT.** This Agreement evidences a revolving line of credit. Advances under this Agreement, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Agreement at any time may be evidenced by endorsements on this Agreement or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Agreement if: (A) Borrower or any guarantor is in default under the terms of this Agreement or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Agreement; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Agreement or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Agreement for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**DEFINITION OF INDEBTEDNESS.** The word "indebtedness" means the Loan and all other loan and indebtedness of Borrower to Lender, including but not limited to Lender's payments of insurance or taxes, all amounts Lender pays to protect its interest in the collateral, overdrafts and deposit accounts with Lender, and all other indebtedness, obligations, and liabilities of Borrower to Lender, whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, due or to become due, now existing or hereafter arising.

Attachment 27-11

CHANGE IN TERMS AGREEMENT  
(Continued)

Loan No: 45233

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**SUCCESSORS AND ASSIGNS.** Subject to any limitations stated in this Agreement on transfer of Borrower's Interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Borrower, Lender, without notice to Borrower, may deal with Borrower's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Agreement or liability under the indebtedness.

**MISCELLANEOUS PROVISIONS.** If any part of this Agreement cannot be enforced, this fact will not affect the rest of the Agreement. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**BORROWER:**

**RUTLEDGE JOINT VENTURES, L.L.C.**

By: David M. Underwood, Manager  
David M. Underwood, Manager of Rutledge Joint  
Ventures, L.L.C.

**LENDER:**

**BANK OF SPRINGFIELD**

X Julie Bowers  
Authorized Signer

Attachment 27-12

Financial Viability

The Financial Viability Waiver is not applicable to this project.

**Criterion 1125.800 – Estimated Total Project Cost****Financial Viability****Ratios:**

Rutledge Joint Ventures (RJV) equates its fiscal year with the calendar year. At this time, audited financial statements are not available for the year ended December 31, 2014. Therefore, the last three years of audited financial statements utilized in the calculation of financial viability ratios begin with the year ended December 31, 2011 and end with the year ended December 31, 2013. Audited financial statements, including the auditor's opinion and footnotes, for each of these years are included as Attachment 29 pages 29-3 through 29-46. There was no change in audit firm used during the period in question.

The project is scheduled to begin during the third quarter of 2015 and end during the third quarter of 2016. With a short volume "ramp-up" period expected, RJV management fully believes that the year ending December 31, 2017 will be the first **full** fiscal year at target utilization (130 residents per calendar day) following project completion. As such, the financial viability ratios computed under the "Projected" column are based upon projections for the year ending December 31, 2017. Source data for the "Projected" ratios are found on the projected 2017 balance sheet and income statement, Attachments 29-47 and 29-48.

Methodologies and financial statement page references (for both audited and projected statements) are depicted on three worksheets referenced as Attachment 29A, 29B and 29C. Other than the comments documented below, all ratios computed for this project met the minimum requirements set forth in Section 1120. APPENDIX A.

**Variances:**

There were a few variances noted in the earlier years analyzed. Explanations are noted below:

**Net Margin Percentage – 2011:** The variance was largely due to lower than anticipated census. Ratios in this category subsequent to 2011 exceeded the minimum target.

**Projected Debt Service Coverage – 2011:** Had the actual annual debt service amount for 2011 (\$241,773) been used as the denominator, the ratio would have been easily exceeded. When the maximum debt service amount post-completion is inserted, the low net income generated in 2011 did not provide sufficient funds to meet the higher standard.

**Criterion 1125.800 – Estimated Total Project Cost****Financial Viability****Variances (con't):**

Days Cash On Hand – There were no variances in this category due to the availability of a line of credit between RJV and the Bank of Springfield. This line of credit has a maximum limit of \$1,500,000 and has been available for use since May 2010. The line of credit now renews annually on April 1 of each year. RJV has not drawn from the line of credit but opts to maintain the line primarily to protect from elongated delays in the payment of Illinois Public Aid claims. The current line of credit agreement is included in this application as on Attachment 27-10 through 27-12. Without availability of the line, the Days Cash On Hand ratios would not have met the minimum ratio requirement as of both December 31, 2011 and December 31, 2012. Improved financial performance in 2013, fueled primarily by increases in census and payment rates, provided a sufficient amount of cash to meet the ratio requirement even without the existence of the BOS line of credit. Further improvements in 2014 financial performance provided RJV management with the opportunity to increase the cash and short term investment account balance. RJV anticipates continuation of the line of credit from BOS throughout the construction period and the first full fiscal year thereafter with the same maximum borrowing limit and without any outstanding draws at the end of 2016 and 2017.

Cushion – 2011: RJV carried an unusually low amount of cash and short term investments as of December 31, 2011. The low balance, coupled with a maximum debt service amount that includes the construction loan, resulted in a cushion ratio of 2.90 which fell just short of the 3.00 required minimum. The ratio requirements were satisfied during all other years reported.

**Maximum Debt Service Estimate:**

Both the Debt Service Coverage and Cushion Ratio calculations require documentation of Maximum Debt Service for years occurring after project completion. As a conservative approach to arriving at the maximum debt service number, RJV utilized the maximum debt allowable under the BOS commitment letter (\$7,708,000) and applied the interest rate and amortization period contained within. The amortization schedule, which includes the maximum annual debt service requirement of \$560,020, is included as Attachment 29-50 through 29-51. The maximum allowable total debt number noted above (\$7,708,000) includes the remaining balance on RJV's existing long term loan. That loan and the project construction loan will be merged to form a single term loan upon completion of the project.

Rutledge Joint Ventures, LLC  
LTC Application For Permit  
Section V - Criterion 1125.800  
Financial Viability Ratios - Current Ratio & Net Margin Percentage  
ATTACHMENT 29A

|                                        | Per Audited Financial Statements |              |              | Page Location<br>Audited Financial Stmtns | Projected<br>2017 | Page Location<br>Projection |
|----------------------------------------|----------------------------------|--------------|--------------|-------------------------------------------|-------------------|-----------------------------|
|                                        | <u>2011</u>                      | <u>2012</u>  | <u>2013</u>  |                                           |                   |                             |
| <b>1. CURRENT RATIO</b>                |                                  |              |              |                                           |                   |                             |
| Current Assets                         | \$ 2,269,760                     | 3,046,724    | 3,199,335    | Attachment 29-6, 29-21 & 29-36            | 3,888,897         | Attachment 29-47            |
| Current Liabilities                    | \$ 1,078,744                     | 1,145,934    | 912,262      | Attachment 29-6, 29-21 & 29-36            | 1,278,464         | Attachment 29-47            |
| <b>Current Ratio - Actual</b>          | <u>2.10</u>                      | <u>2.66</u>  | <u>3.51</u>  |                                           | <u>3.04</u>       |                             |
| <b>Current Ratio - Minimum</b>         | <u>1.50</u>                      | <u>1.50</u>  | <u>1.50</u>  |                                           | <u>1.50</u>       |                             |
| <b>2. NET MARGIN PERCENTAGE</b>        |                                  |              |              |                                           |                   |                             |
| Net Income                             | \$ 285,665                       | 625,720      | 922,530      | Attachment 29-7, 29-22 & 29-37            | 480,758           | Attachment 29-48            |
| Net Operating Revenues                 | \$ 11,595,736                    | 11,525,676   | 11,446,007   | Attachment 29-7, 29-22 & 29-37            | 10,937,057        | Attachment 29-48            |
| <b>Net Margin Percentage - Actual</b>  | <u>2.46%</u>                     | <u>5.43%</u> | <u>8.06%</u> |                                           | <u>4.40%</u>      |                             |
| <b>Net Margin Percentage - Minimum</b> | <u>2.50%</u>                     | <u>2.50%</u> | <u>2.50%</u> |                                           | <u>2.50%</u>      |                             |



Rutledge Joint Ventures, LLC  
LTC Application For Permit  
Section V - Criterion 1125.800  
Financial Viability Ratios - Percent Debt to Total Capitalization & Projected Debt Service Coverage  
ATTACHMENT 29B

|                                                | Per Audited Financial Statements |           |           | Page Location<br>Audited Financial Stmtns | Projected<br>2017 | Page Location<br>Projection |
|------------------------------------------------|----------------------------------|-----------|-----------|-------------------------------------------|-------------------|-----------------------------|
| 3. PERCENT DEBT TO TOTAL CAPITALIZATION        | 2011                             | 2012      | 2013      |                                           |                   |                             |
| Long-Term Debt                                 | \$ 1,701,381                     | 1,544,530 | 1,360,745 | Attachment 29-6, 29-21 & 29-36            | 6,904,807         | Attachment 29-47            |
| Long-Term Debt Plus Net Assets                 | \$ 6,721,347                     | 7,190,216 | 7,328,961 | Attachment 29-6, 29-21 & 29-36            | 20,334,194        | Attachment 29-47            |
| Percent Debt to Total Capitalization - Actual  | 25.31%                           | 21.48%    | 18.57%    |                                           | 33.96%            |                             |
| Percent Debt to Total Capitalization - Maximum | 50.00%                           | 50.00%    | 50.00%    |                                           | 50.00%            |                             |
|                                                |                                  |           |           |                                           |                   |                             |
| 4. PROJECTED DEBT SERVICE COVERAGE             |                                  |           |           |                                           |                   |                             |
| Net Income                                     | \$ 285,665                       | 625,720   | 922,530   | Attachment 29-7, 29-22 & 29-37            | 480,758           | Attachment 29-48            |
| Add: Depreciation Expense                      | 302,299                          | 307,489   | 309,801   | Attachment 29-12, 29-27 & 29-42           | 607,066           | Attachment 29-48            |
| Add: Interest Expense                          | 104,456                          | 93,668    | 70,225    | Attachment 29-13, 29-28 & 29-43           | 297,655           | Attachment 29-48            |
| Equals: Net Income Before Debt Service         | \$ 692,420                       | 1,026,877 | 1,302,556 |                                           | 1,385,479         |                             |
| Maximum Debt Service - Post Completion         | \$ 560,020                       | 560,020   | 560,020   | Attachment 29-50                          | 560,020           | Attachment 29-50            |
| Projected Debt Service Coverage - Actual       | 1.24                             | 1.83      | 2.33      |                                           | 2.47              |                             |
| Projected Debt Service Coverage - Minimum      | 1.50                             | 1.50      | 1.50      |                                           | 1.50              |                             |

Rutledge Joint Ventures, LLC  
LTC Application For Permit  
Section V - Criterion 1125.800  
Financial Viability Ratios - Days Cash on Hand & Cushion Ratio  
ATTACHMENT 29C

|                                          | Per Audited Financial Statements |            |            | Page Location<br>Audited Financial Stmt | Projected<br>2017 | Page Location<br>Projection |
|------------------------------------------|----------------------------------|------------|------------|-----------------------------------------|-------------------|-----------------------------|
| 5. DAYS CASH ON HAND                     | 2011                             | 2012       | 2013       |                                         |                   |                             |
| Cash                                     | \$ 121,890                       | 351,511    | 1,230,486  | Attachment 29-6, 29-21 & 29-36          | 2,001,025         | Attachment 29-50            |
| Add: Investments                         | 0                                | 0          | 0          |                                         | 0                 |                             |
| Add: Board Designated Assets             | 0                                | 0          | 0          |                                         | 0                 |                             |
| Add: Line of Credit Limit                | 1,500,000                        | 1,500,000  | 1,500,000  | Attachment 27-10                        | 1,500,000         | Attachment 27-10            |
| Less: Outstanding Line of Credit Balance | 0                                | 0          | 0          |                                         | 0                 |                             |
| Equals: Total Cash                       | 1,621,890                        | 1,851,511  | 2,730,486  |                                         | 3,501,025         |                             |
| Total All Expense                        | 11,310,071                       | 10,899,956 | 10,523,477 | Attachment 29-7, 29-22 & 29-37          | 10,456,299        | Attachment 29-48            |
| Less: Depreciation Expense               | 302,299                          | 307,489    | 309,801    | Attachment 29-12, 29-27 & 29-42         | 607,066           | Attachment 29-48            |
| Equals: Net Expense                      | 11,007,772                       | 10,592,467 | 10,213,676 |                                         | 9,849,233         |                             |
| /                                        | 365                              | 366        | 365        |                                         | 365               |                             |
| Net Expenses Per Day                     | 30,158                           | 28,941     | 27,983     |                                         | 26,984            |                             |
| Days Cash on Hand - Actual               | 53.78                            | 63.97      | 97.58      |                                         | 129.74            |                             |
| Days Cash on Hand - Minimum              | 45.00                            | 45.00      | 45.00      |                                         | 45.00             |                             |
| 6. CUSHION RATIO                         |                                  |            |            |                                         |                   |                             |
| Total Cash                               | \$ 1,621,890                     | 1,851,511  | 2,730,486  | Per Above                               | 3,501,025         | Per Above                   |
| Maximum Debt Service - Post Completion   | \$ 560,020                       | 560,020    | 560,020    | Attachment 29-50                        | 560,020           | Attachment 29-50            |
| Cushion Ratio - Actual                   | 2.90                             | 3.31       | 4.88       |                                         | 6.25              |                             |
| Cushion Ratio - Minimum                  | 3.00                             | 3.00       | 3.00       |                                         | 3.00              |                             |

RUTLEDGE JOINT VENTURES, L.L.C.

FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

and

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS  
Years ended December 31, 2011 and 2010

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## INDEPENDENT AUDITOR'S REPORT

Board of Managers  
Rutledge Joint Ventures, L.L.C.

We have audited the accompanying balance sheets of Rutledge Joint Ventures, L.L.C. as of December 31, 2011 and 2010, and the related statements of income, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company'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 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 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 Rutledge Joint Ventures, L.L.C. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Sulaski & Webb*

Sulaski and Webb  
Certified Public Accountants

May 21, 2012

*ATTACHMENT 29-5*

BALANCE SHEETS  
December 31, 2011 and 2010

|                                                             | <u>2011</u>                | <u>2010</u>                |
|-------------------------------------------------------------|----------------------------|----------------------------|
| <u>ASSETS</u>                                               |                            |                            |
| CURRENT ASSETS                                              |                            |                            |
| Cash and cash equivalents                                   | \$ 121,890                 | \$ 687,689                 |
| Accounts receivable                                         |                            |                            |
| (net of allowance of \$444,293 and \$428,746, respectively) | 2,070,690                  | 860,082                    |
| Inventories and prepaid expenses                            | 77,180                     | 71,644                     |
| Total current assets                                        | <u>2,269,760</u>           | <u>1,619,415</u>           |
| LAND, BUILDINGS AND EQUIPMENT                               | 9,104,872                  | 8,933,636                  |
| Less accumulated depreciation                               | <u>(5,214,067)</u>         | <u>(4,911,768)</u>         |
| Net land, buildings and equipment                           | <u>3,890,805</u>           | <u>4,021,868</u>           |
| OTHER ASSETS                                                |                            |                            |
| Goodwill                                                    | 1,638,626                  | 1,638,626                  |
| Other                                                       | 21,828                     | 15,454                     |
| Total other assets                                          | <u>1,660,454</u>           | <u>1,654,080</u>           |
| Total assets                                                | <u><u>\$ 7,821,019</u></u> | <u><u>\$ 7,295,363</u></u> |
| <u>LIABILITIES AND MEMBERS' EQUITY</u>                      |                            |                            |
| CURRENT LIABILITIES                                         |                            |                            |
| Accounts payable and accrued expenses                       | \$ 675,095                 | \$ 354,993                 |
| Line of credit                                              | 75,000                     | -                          |
| Current maturities of long-term debt                        | 160,751                    | 134,157                    |
| Due to related party                                        | 166,998                    | 183,743                    |
| Total current liabilities                                   | <u>1,077,844</u>           | <u>672,893</u>             |
| LONG-TERM LIABILITIES                                       |                            |                            |
| Long-term debt, less current maturities                     | 1,701,381                  | 1,871,014                  |
| Other                                                       | 21,828                     | 15,454                     |
| Total long-term liabilities                                 | <u>1,723,209</u>           | <u>1,886,468</u>           |
| MEMBERS' EQUITY                                             |                            |                            |
| Paid-in capital                                             | 4,348,532                  | 4,348,532                  |
| Retained earnings                                           | 671,434                    | 387,470                    |
| Total members' equity                                       | <u>5,019,966</u>           | <u>4,736,002</u>           |
| Total liabilities and members' equity                       | <u><u>\$ 7,821,019</u></u> | <u><u>\$ 7,295,363</u></u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF INCOME  
Years ended December 31, 2011 and 2010

|                                        | <u>2011</u>       | <u>2010</u>       |
|----------------------------------------|-------------------|-------------------|
| REVENUE:                               |                   |                   |
| Operating revenue                      | \$ 6,404,061      | \$ 6,546,180      |
| Ancillary and other revenue            | <u>5,191,675</u>  | <u>4,838,527</u>  |
| Total revenue                          | <u>11,595,736</u> | <u>11,384,707</u> |
| ROUTINE SERVICE EXPENSES:              |                   |                   |
| General and administrative             | 2,458,242         | 2,184,411         |
| Property and plant                     | 689,199           | 768,197           |
| Dietary                                | 901,819           | 886,567           |
| Laundry                                | 138,435           | 135,224           |
| Housekeeping                           | 305,622           | 340,074           |
| Nursing                                | 3,766,079         | 3,756,730         |
| Activities and social                  | 186,001           | 221,313           |
| Ancillary services                     | <u>2,068,333</u>  | <u>1,956,010</u>  |
| Total routine service expenses         | <u>10,513,730</u> | <u>10,248,526</u> |
| Operating income                       | 1,082,006         | 1,136,181         |
| OTHER EXPENSES:                        |                   |                   |
| Financing and management               | <u>796,341</u>    | <u>798,532</u>    |
| Income (loss) before replacement taxes | 285,665           | 337,649           |
| STATE REPLACEMENT TAX:                 | <u>1,701</u>      | <u>-</u>          |
| Net income (loss)                      | <u>\$ 283,964</u> | <u>\$ 337,649</u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF MEMBERS' EQUITY  
Years ended December 31, 2011 and 2010

|                            | Paid-In<br>Capital  | Retained<br>Earnings | Total               |
|----------------------------|---------------------|----------------------|---------------------|
| Balance, January 1, 2010   | \$ 4,348,532        | \$ 149,821           | \$ 4,498,353        |
| Distributions              | -                   | (100,000)            | (100,000)           |
| Net income (loss), 2010    | -                   | 337,649              | 337,649             |
| Balance, December 31, 2010 | 4,348,532           | 387,470              | 4,736,002           |
| Net income (loss), 2011    | -                   | 283,964              | 283,964             |
| Balance, December 31, 2011 | <u>\$ 4,348,532</u> | <u>\$ 671,434</u>    | <u>\$ 5,019,966</u> |

The accompanying notes are an integral part of these financial statements.



STATEMENTS OF CASH FLOWS  
Years ended December 31, 2011 and 2010

|                                                                                   | <u>2011</u>              | <u>2010</u>              |
|-----------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                          |                          |
| Net income (loss)                                                                 | \$ 283,964               | \$ 337,649               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |                          |
| Depreciation                                                                      | 302,299                  | 293,523                  |
| Changes in assets and liabilities                                                 |                          |                          |
| (Increase) decrease in:                                                           |                          |                          |
| Accounts receivable                                                               | (1,210,608)              | 372,881                  |
| Inventories and prepaid expenses                                                  | (5,536)                  | 3,678                    |
| Increase (decrease) in:                                                           |                          |                          |
| Accounts payable and accrued expenses                                             | 320,102                  | 42,709                   |
| Due to related party                                                              | (16,745)                 | 59,016                   |
| Net cash provided (used) by operating activities                                  | <u>(326,524)</u>         | <u>1,109,456</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                          |                          |
| Purchase of land, buildings, and equipment                                        | <u>(171,236)</u>         | <u>(213,736)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                          |                          |
| Proceeds of debt                                                                  | 75,000                   | 2,250,000                |
| Repayment of debt                                                                 | (143,039)                | (2,426,360)              |
| Distributions to members                                                          | <u>-</u>                 | <u>(100,000)</u>         |
| Net cash provided (used) by financing activities                                  | <u>(68,039)</u>          | <u>(276,360)</u>         |
| Net increase (decrease) in cash and cash equivalents                              | (565,799)                | 619,360                  |
| CASH AND CASH EQUIVALENTS, Beginning                                              | <u>687,689</u>           | <u>68,329</u>            |
| CASH AND CASH EQUIVALENTS, Ending                                                 | <u><u>\$ 121,890</u></u> | <u><u>\$ 687,689</u></u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 20101. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIESSummary of Operations

Rutledge Joint Ventures, L.L.C. ("the Company") - An Illinois limited liability company began operations on September 1, 1996. The Company owns and operates a nursing home located in Springfield, Illinois. The nursing home was formerly owned by Heritage Enterprises, Inc.

Heritage Enterprises, Inc. (an Illinois corporation) and Memorial Health Ventures (an Illinois not-for-profit corporation) each have a 50% membership interest in the Company. Each member is not liable for any debt, liability, or other obligation of the Company. The life of the Company is 30 years, ending on March 11, 2026.

Significant Accounting Policies

**Resident Funds** - Control and recordkeeping functions are provided for personal funds of some nursing home residents. The Company is not entitled to these funds and the funds recorded are appropriately offset by a liability. The amount of resident funds held at December 31, 2011 and 2010, was \$21,828 and \$15,454, respectively.

**Cash and Cash Equivalents** - The Company considers unrestricted investments with original maturities of three months or less to be cash equivalents.

**Accounts Receivable and Allowance for Doubtful Accounts** - Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its residents to make required payments. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$444,293 and \$428,746 at December 31, 2011 and 2010, respectively.

**Inventories** - Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Inventory consists of food, kitchen supplies, and linens.

**Income Taxes** - No provision is made for federal income tax, since the Company is not a taxable entity. The Company files partnership tax returns and the members report their distributive shares of the Company's income or loss on their tax returns. Provision has been made for the state replacement tax. The Company's liability for the replacement tax at December 31, 2011 and 2010 was \$1,701 and \$0, respectively. Financial statement income and taxable income differed due to tax treatment of depreciation.

**Land, Buildings and Equipment** - Land, buildings and equipment are carried at cost. Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)Significant Accounting Policies (Continued)

Goodwill - Goodwill is recorded for the difference between fair market value and financial statement value of members' contributions. Goodwill is not amortized but is tested for impairment annually for financial statement purposes. The transfer of net assets by Heritage Enterprises, Inc. to Rutledge Joint Ventures, L.L.C. was a tax-free transaction, and therefore no amortization is allowed for tax purposes.

Resident Service Revenue - Resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for service rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. RELATED PARTIES

Green Tree Pharmacy, Inc. is a separate corporation controlled by the same shareholders as Heritage Enterprises, Inc. Green Tree Pharmacy, Inc. is the preferred pharmaceutical and medical supply provider used by Rutledge Joint Ventures. It is also the major service provider for the needs of the residents of the home. For the years ended December 31, 2011 and 2010, payments made to Green Tree Pharmacy, Inc. for supplies and services were \$844,804 and \$734,416, respectively. Also, as of December 31, 2011 and 2010, amounts owed to Green Tree Pharmacy, Inc. were \$70,124 and \$83,920, respectively.

Memorial Health Ventures, a related party, is a service provider for Rutledge Joint Ventures. Memorial Health Ventures is a subsidiary of Memorial Health System. For the years ended December 31, 2011 and 2010, Rutledge Joint Ventures made payments to Memorial Health Ventures, and to Memorial Health System and its related subsidiaries for supplies and services in the amounts of \$60,512 and \$72,824, respectively, and has accounts payable owed to Memorial Health Ventures and Memorial Health System and its related subsidiaries of \$13,114 and \$5,277, respectively.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of December 31, 2011 and 2010.

|                                       | 2011                | 2010              |
|---------------------------------------|---------------------|-------------------|
| Nursing home residents/insurance      | \$ 745,372          | \$ 602,323        |
| Illinois Department of Public Aid     | 1,470,196           | 187,570           |
| Medicare                              | 299,415             | 498,935           |
| Less: Allowance for doubtful accounts | (444,293)           | (428,746)         |
| Total accounts receivable             | <u>\$ 2,070,690</u> | <u>\$ 860,082</u> |

4. INVENTORIES AND PREPAID EXPENSES

|                  | December 31,<br>2011 | 2010             |
|------------------|----------------------|------------------|
| Inventory        | \$ 68,385            | \$ 52,180        |
| Prepaid expenses | 8,795                | 19,464           |
| Total            | <u>\$ 77,180</u>     | <u>\$ 71,644</u> |

5. LAND, BUILDINGS AND EQUIPMENT

|                                   | December 31,<br>2011 | 2010                | Estimated<br>Useful Lives |
|-----------------------------------|----------------------|---------------------|---------------------------|
| Land                              | \$ 630,000           | \$ 630,000          | -                         |
| Buildings and improvements        | 6,813,763            | 6,778,028           | 15-40 years               |
| Furniture, fixtures and equipment | 1,661,109            | 1,525,608           | 5-15 years                |
| Total                             | <u>\$ 9,104,872</u>  | <u>\$ 8,933,636</u> |                           |

Depreciation expense was \$302,299 and \$293,523 for 2011 and 2010, respectively.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

|                          | December 31,<br>2011 | 2010              |
|--------------------------|----------------------|-------------------|
| Accounts payable, trade  | \$ 540,246           | \$ 212,104        |
| Accrued interest expense | 7,610                | 10,115            |
| Property taxes payable   | 125,538              | 132,774           |
| Accrued replacement tax  | 1,701                | -                 |
| Total                    | <u>\$ 675,095</u>    | <u>\$ 354,993</u> |

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

7. LONG-TERM DEBT

|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | December 31,       |                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>2011</u>        | <u>2010</u>        |
| 5.0% note secured by real estate mortgages on land, buildings, and improvements of nursing home property in Springfield. Collateral also includes all easements, right-of-ways, present and future income, rents and revenues of the properties and all insurance proceeds. Principal and interest payable monthly, consisting of 59 regular payments of \$20,148 and one balloon payment of unpaid principal and interest due on June 1, 2016. | \$1,849,237        | \$1,984,938        |
| 5.75% note secured by a vehicle. Monthly payments of \$749 include principal and interest. Maturity date is May 30, 2013.                                                                                                                                                                                                                                                                                                                       | <u>12,895</u>      | <u>20,233</u>      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,862,132          | 2,005,171          |
| Less: current maturities                                                                                                                                                                                                                                                                                                                                                                                                                        | <u>(160,751)</u>   | <u>(134,157)</u>   |
| Total long-term debt                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>\$1,701,381</u> | <u>\$1,871,014</u> |

Maturities of long-term debt are as follows:

|       |                    |
|-------|--------------------|
| 2012  | \$ 160,751         |
| 2013  | 164,431            |
| 2014  | 168,226            |
| 2015  | 176,832            |
| 2016  | <u>1,191,893</u>   |
| Total | <u>\$1,862,132</u> |

The Company's credit agreements with its lending institution contain certain restrictive covenants that require, among other things, minimum ratios of cash flow coverage and maximum amounts of distributions to the members. As of December 31, 2011, Rutledge Joint Ventures, L.L.C. is in full compliance with the financial covenants.

Total interest cost incurred for the years ended December 31, 2011 and 2010, was \$104,456 and \$125,434, respectively. For the year ended December 31, 2011, \$0 interest was capitalized, and \$104,456 was charged to operations. For the year ended December 31, 2010, \$0 interest was capitalized, and \$125,434 was charged to operations.

The Company had an available line of credit from the Bank of Springfield for \$1,500,000. The credit line bears interest at prime less one-quarter percent and is secured by all land, buildings, equipment, easements, rights-of-way, present and future income, rents and revenues of the properties, and all insurance proceeds. The line of credit was issued on May 1, 2002, and expires on May 1, 2012. Amounts outstanding at December 31, 2011 and 2010 were \$75,000 and \$0, respectively.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

8. MANAGEMENT AGREEMENT

The Company has entered into an agreement with Heritage Enterprises, Inc. for management services. The agreement authorizes Heritage Enterprises, Inc. to operate the nursing home in accordance with generally accepted management, administrative, and accounting practices. The agreement commenced on September 1, 1996, and continued for a term of three years, automatically renewing for one-year terms unless terminated by either party pursuant to the terms of the agreement. The total management fees charged by Heritage Enterprises, Inc. for the years ended December 31, 2011 and 2010, was \$398,764 and \$396,780, respectively.

Heritage Enterprises, Inc. hires and employs all personnel working at the Company and bills the Company for payroll and related costs separately from the management fees described in the preceding paragraph.

The Company has accounts payable of \$83,759 and \$94,546 with Heritage Enterprises, Inc. as of December 31, 2011 and 2010, respectively.

9. MAJOR SOURCE OF REVENUE

A material portion of the Company's total revenue is received from the Illinois Department of Public Aid. Revenue from this source was \$4,309,163 and \$4,009,837 in 2011 and 2010, respectively, which represents 37% and 35% of the total revenue for the years ended December 31, 2011 and 2010, respectively.

The Company also received a material portion of total revenue from Medicare. Revenue from this source was \$5,066,479 in 2011 and \$5,013,534 in 2010, which represents 44% and 44%, respectively, of the total revenue for those years.

10. SUPPLEMENTAL CASH FLOW DISCLOSURES

|                    | <u>2011</u> | <u>2010</u> |
|--------------------|-------------|-------------|
| Cash payments for: |             |             |
| Interest           | \$106,961   | \$126,039   |
| Income taxes       | -           | -           |

11. FINANCIAL INSTRUMENTS

The Company maintains cash balances at one financial institution located in Illinois. The account at that institution is insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2011 and 2010. At December 31, 2011 and 2010, the Company's uninsured cash balances totaled \$0 and \$482,927, respectively.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 201012. FAIR VALUE MEASUREMENTS

Rutledge Joint Ventures has adopted the fair value accounting guidance related to financial assets and liabilities. The guidance defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. It also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

*Level 1:* Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

*Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

*Level 3:* Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2011:

| Description | Fair Value<br>12/31/2011 | Level 1     | Level 2     | Level 3             |
|-------------|--------------------------|-------------|-------------|---------------------|
| Goodwill    | \$ 1,638,626             | \$ -        |             | \$ 1,638,626        |
| Total       | <u>\$ 1,638,626</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,638,626</u> |

Financial assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2010:

| Description | Fair Value<br>12/31/2010 | Level 1     | Level 2     | Level 3             |
|-------------|--------------------------|-------------|-------------|---------------------|
| Goodwill    | \$ 1,638,626             | \$ -        |             | \$ 1,638,626        |
| Total       | <u>\$ 1,638,626</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,638,626</u> |

There was no change in goodwill from December 31, 2010 to December 31, 2011. There was no impairment of goodwill during the years ended December 31, 2011 and 2010, and therefore no gain or loss recorded.

The market approach valuation technique was used to measure the fair value of the Level 3 input noted above. As noted previously in Note 1, this goodwill represents the difference between fair market value and financial statement value of members' contributions. In accordance with the provisions of *FASB Accounting Standards Codification 350, Intangibles – Goodwill and Others*, goodwill is evaluated annually and has been determined to not be impaired at December 31, 2011 and 2010. There was no change in the valuation technique during the years ended December 31, 2011 and 2010.

There were no major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 201013. UNCERTAINTY IN INCOME TAXES

The Company files a Form 1120S (U.S. Income Tax Return for an S Corporation) annually. There were no uncertain tax benefits identified and recorded as a liability as of December 31, 2011. Forms 1120S filed by the Company for the years ended December 31, 2008, 2009, and 2010 are subject to examination by the Internal Revenue Service (IRS), generally for up to three years after they are filed.

14. SUBSEQUENT EVENTS

Rutledge Joint Ventures, LLC has evaluated events occurring subsequent to December 31, 2011 as to their potential impact to the financial statements through May 21, 2012, which is the date the financial statements were available to be issued.



RUTLEDGE JOINT VENTURES, L.L.C.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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Years ended December 31, 2012 and 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Managers  
Rutledge Joint Ventures, L.L.C.

We have audited the accompanying financial statements of Rutledge Joint Ventures, L.L.C., which comprise the balances sheets as of December 31, 2012 and 2011, and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Rutledge Joint Ventures, L.L.C. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Sulaski & Webb*

Sulaski and Webb  
Certified Public Accountants

May 28, 2013

BALANCE SHEETS  
December 31, 2012 and 2011

|                                                                                    | <u>2012</u>                | <u>2011</u>                |
|------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <u>ASSETS</u>                                                                      |                            |                            |
| CURRENT ASSETS                                                                     |                            |                            |
| Cash and cash equivalents                                                          | \$ 351,511                 | \$ 121,890                 |
| Accounts receivable<br>(net of allowance of \$511,103 and \$444,293, respectively) | 2,610,658                  | 2,070,690                  |
| Inventories and prepaid expenses                                                   | 84,555                     | 77,180                     |
| Total current assets                                                               | <u>3,046,724</u>           | <u>2,269,760</u>           |
| LAND, BUILDINGS AND EQUIPMENT                                                      | 9,172,356                  | 9,104,872                  |
| Less accumulated depreciation                                                      | <u>(5,521,556)</u>         | <u>(5,214,067)</u>         |
| Net land, buildings and equipment                                                  | <u>3,650,800</u>           | <u>3,890,805</u>           |
| OTHER ASSETS                                                                       |                            |                            |
| Goodwill                                                                           | 1,638,626                  | 1,638,626                  |
| Other                                                                              | 23,928                     | 21,828                     |
| Total other assets                                                                 | <u>1,662,554</u>           | <u>1,660,454</u>           |
| Total assets                                                                       | <u><u>\$ 8,360,078</u></u> | <u><u>\$ 7,821,019</u></u> |
| <u>LIABILITIES AND MEMBERS' EQUITY</u>                                             |                            |                            |
| CURRENT LIABILITIES                                                                |                            |                            |
| Accounts payable and accrued expenses                                              | \$ 845,075                 | \$ 675,095                 |
| Line of credit                                                                     | -                          | 75,000                     |
| Current maturities of long-term debt                                               | 157,101                    | 160,751                    |
| Due to related party                                                               | 143,758                    | 166,998                    |
| Total current liabilities                                                          | <u>1,145,934</u>           | <u>1,077,844</u>           |
| LONG-TERM LIABILITIES                                                              |                            |                            |
| Long-term debt, less current maturities                                            | 1,544,530                  | 1,701,381                  |
| Other                                                                              | 23,928                     | 21,828                     |
| Total long-term liabilities                                                        | <u>1,568,458</u>           | <u>1,723,209</u>           |
| MEMBERS' EQUITY                                                                    |                            |                            |
| Paid-in capital                                                                    | 4,348,532                  | 4,348,532                  |
| Retained earnings                                                                  | 1,297,154                  | 671,434                    |
| Total members' equity                                                              | <u>5,645,686</u>           | <u>5,019,966</u>           |
| Total liabilities and members' equity                                              | <u><u>\$ 8,360,078</u></u> | <u><u>\$ 7,821,019</u></u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF INCOME  
Years ended December 31, 2012 and 2011

|                                        | <u>2012</u>       | <u>2011</u>       |
|----------------------------------------|-------------------|-------------------|
| REVENUE:                               |                   |                   |
| Operating revenue                      | \$ 6,403,956      | \$ 6,404,061      |
| Ancillary and other revenue            | <u>5,121,720</u>  | <u>5,191,675</u>  |
| Total revenue                          | <u>11,525,676</u> | <u>11,595,736</u> |
| ROUTINE SERVICE EXPENSES:              |                   |                   |
| General and administrative             | 2,327,042         | 2,458,242         |
| Property and plant                     | 671,798           | 689,199           |
| Dietary                                | 840,248           | 901,819           |
| Laundry                                | 135,796           | 138,435           |
| Housekeeping                           | 294,143           | 305,622           |
| Nursing                                | 3,552,238         | 3,766,079         |
| Activities and social                  | 167,589           | 186,001           |
| Ancillary services                     | <u>2,129,812</u>  | <u>2,068,333</u>  |
| Total routine service expenses         | <u>10,118,666</u> | <u>10,513,730</u> |
| Operating income                       | 1,407,010         | 1,082,006         |
| OTHER EXPENSES:                        |                   |                   |
| Financing and management               | <u>781,290</u>    | <u>796,341</u>    |
| Income (loss) before replacement taxes | 625,720           | 285,665           |
| STATE REPLACEMENT TAX:                 | <u>-</u>          | <u>1,701</u>      |
| Net income (loss)                      | <u>\$ 625,720</u> | <u>\$ 283,964</u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF MEMBERS' EQUITY  
Years ended December 31, 2012 and 2011

|                            | Paid-In<br>Capital  | Retained<br>Earnings | Total               |
|----------------------------|---------------------|----------------------|---------------------|
| Balance, January 1, 2011   | \$ 4,348,532        | \$ 387,470           | \$ 4,736,002        |
| Net income (loss), 2011    | -                   | 283,964              | 283,964             |
| Balance, December 31, 2011 | 4,348,532           | 671,434              | 5,019,966           |
| Net income (loss), 2012    | -                   | 625,720              | 625,720             |
| Balance, December 31, 2012 | <u>\$ 4,348,532</u> | <u>\$1,297,154</u>   | <u>\$ 5,645,686</u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS  
Years ended December 31, 2012 and 2011

|                                                                                   | <u>2012</u>              | <u>2011</u>              |
|-----------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                          |                          |
| Net income (loss)                                                                 | \$ 625,720               | \$ 283,964               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |                          |
| Depreciation                                                                      | 307,489                  | 302,299                  |
| Changes in assets and liabilities                                                 |                          |                          |
| (Increase) decrease in:                                                           |                          |                          |
| Accounts receivable                                                               | (539,968)                | (1,210,608)              |
| Inventories and prepaid expenses                                                  | (7,375)                  | (5,536)                  |
| Increase (decrease) in:                                                           |                          |                          |
| Accounts payable and accrued expenses                                             | 169,980                  | 320,102                  |
| Due to related party                                                              | (23,240)                 | (16,745)                 |
| Net cash provided (used) by operating activities                                  | <u>532,606</u>           | <u>(326,524)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                          |                          |
| Purchase of land, buildings, and equipment                                        | <u>(67,484)</u>          | <u>(171,236)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                          |                          |
| Proceeds of debt                                                                  | 1,135,000                | 75,000                   |
| Repayment of debt                                                                 | <u>(1,370,501)</u>       | <u>(143,039)</u>         |
| Net cash provided (used) by financing activities                                  | <u>(235,501)</u>         | <u>(68,039)</u>          |
| Net increase (decrease) in cash and cash equivalents                              | 229,621                  | (565,799)                |
| CASH AND CASH EQUIVALENTS, Beginning                                              | <u>121,890</u>           | <u>687,689</u>           |
| CASH AND CASH EQUIVALENTS, Ending                                                 | <u><u>\$ 351,511</u></u> | <u><u>\$ 121,890</u></u> |

The accompanying notes are an integral part of these financial statements.



NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 20111. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIESSummary of Operations

Rutledge Joint Ventures, L.L.C. ("the Company") - An Illinois limited liability company began operations on September 1, 1996. The Company owns and operates a nursing home located in Springfield, Illinois. The nursing home was formerly owned by Heritage Enterprises, Inc.

Heritage Enterprises, Inc. (an Illinois corporation) and Memorial Health Ventures (an Illinois not-for-profit corporation) each have a 50% membership interest in the Company. Each member is not liable for any debt, liability, or other obligation of the Company. The life of the Company is 30 years, ending on March 11, 2026.

Significant Accounting Policies

**Resident Funds** - Control and recordkeeping functions are provided for personal funds of some nursing home residents. The Company is not entitled to these funds and the funds recorded are appropriately offset by a liability. The amount of resident funds held at December 31, 2012 and 2011, was \$23,928 and \$21,828, respectively.

**Cash and Cash Equivalents** - The Company considers unrestricted investments with original maturities of three months or less to be cash equivalents.

**Accounts Receivable and Allowance for Doubtful Accounts** - Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its residents to make required payments. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$511,103 and \$444,293 at December 31, 2012 and 2011, respectively.

**Inventories** - Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Inventory consists of food, kitchen supplies, and linens.

**Income Taxes** - No provision is made for federal income tax, since the Company is not a taxable entity. The Company files partnership tax returns and the members report their distributive shares of the Company's income or loss on their tax returns. Provision has been made for the state replacement tax. The Company's liability for the replacement tax at December 31, 2012 and 2011 was \$0 and \$1,701, respectively. Financial statement income and taxable income differed due to tax treatment of depreciation.

**Land, Buildings and Equipment** - Land, buildings and equipment are carried at cost. Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)Significant Accounting Policies (Continued)

Goodwill - Goodwill is recorded for the difference between fair market value and financial statement value of members' contributions. Goodwill is not amortized but is tested for impairment annually for financial statement purposes. The transfer of net assets by Heritage Enterprises, Inc. to Rutledge Joint Ventures, L.L.C. was a tax-free transaction, and therefore no amortization is allowed for tax purposes.

Resident Service Revenue - Resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for service rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. RELATED PARTIES**

Green Tree Pharmacy, Inc. is a separate corporation controlled by the same shareholders as Heritage Enterprises, Inc. Green Tree Pharmacy, Inc. is the preferred pharmaceutical and medical supply provider used by Rutledge Joint Ventures. It is also the major service provider for the needs of the residents of the home. For the years ended December 31, 2012 and 2011, payments made to Green Tree Pharmacy, Inc. for supplies and services were \$850,127 and \$844,804, respectively. Also, as of December 31, 2012 and 2011, amounts owed to Green Tree Pharmacy, Inc. were \$66,704 and \$70,124, respectively.

Memorial Health Ventures, a related party, is a service provider for Rutledge Joint Ventures. Memorial Health Ventures is a subsidiary of Memorial Health System. For the years ended December 31, 2012 and 2011, Rutledge Joint Ventures made payments to Memorial Health Ventures, and to Memorial Health System and its related subsidiaries for supplies and services in the amounts of \$56,818 and \$60,512 respectively, and has accounts payable owed to Memorial Health Ventures and Memorial Health System and its related subsidiaries of \$18,511 and \$13,114, respectively.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of December 31, 2012 and 2011.

|                                       | 2012                | 2011                |
|---------------------------------------|---------------------|---------------------|
| Nursing home residents/insurance      | \$ 718,084          | \$ 745,372          |
| Illinois Medicaid                     | 1,984,290           | 1,470,196           |
| Medicare                              | 419,387             | 299,415             |
| Less: Allowance for doubtful accounts | (511,103)           | (444,293)           |
| Total accounts receivable             | <u>\$ 2,610,658</u> | <u>\$ 2,070,690</u> |

4. INVENTORIES AND PREPAID EXPENSES

|                  | December 31,<br>2012 | 2011             |
|------------------|----------------------|------------------|
| Inventory        | \$ 71,296            | \$ 68,385        |
| Prepaid expenses | 13,259               | 8,795            |
| Total            | <u>\$ 84,555</u>     | <u>\$ 77,180</u> |

5. LAND, BUILDINGS AND EQUIPMENT

|                                   | December 31,<br>2012 | 2011                | Estimated<br>Useful Lives |
|-----------------------------------|----------------------|---------------------|---------------------------|
| Land                              | \$ 630,000           | \$ 630,000          | -                         |
| Buildings and improvements        | 6,841,766            | 6,813,763           | 15-40 years               |
| Furniture, fixtures and equipment | 1,700,590            | 1,661,109           | 5-15 years                |
| Total                             | <u>\$ 9,172,356</u>  | <u>\$ 9,104,872</u> |                           |

Depreciation expense was \$307,489 and \$302,299 for 2012 and 2011, respectively.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

|                          | December 31,<br>2012 | 2011              |
|--------------------------|----------------------|-------------------|
| Accounts payable, trade  | \$ 498,371           | \$ 540,246        |
| Accrued interest expense | 6,510                | 7,610             |
| Property taxes payable   | 128,752              | 125,538           |
| Accrued replacement tax  | -                    | 1,701             |
| IHFS assessment payable  | 211,442              | -                 |
| Total                    | <u>\$ 845,075</u>    | <u>\$ 675,095</u> |

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 20117. LONG-TERM DEBT

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | December 31,<br><u>2012</u> | <u>2011</u>        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------|
| 5.0% note secured by real estate mortgages on land, buildings, and improvements of nursing home property in Springfield. Collateral also includes all easements, right-of-ways, present and future income, rents and revenues of the properties and all insurance proceeds. Note was refinanced on April 12, 2013 changing the interest rate to 4.0% and extending the maturity date. Principal and interest payable monthly, consisting of 59 regular payments of \$20,148 and one balloon payment of unpaid principal and interest due on May 1, 2018. | \$1,697,196                 | \$1,849,237        |
| 5.75% note secured by a vehicle. Monthly payments of \$749 include principal and interest. Maturity date is May 30, 2013.                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>4,435</u>                | <u>12,895</u>      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,701,631                   | 1,862,132          |
| Less: current maturities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>(157,101)</u>            | <u>(160,751)</u>   |
| Total long-term debt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <u>\$1,544,530</u>          | <u>\$1,701,381</u> |

Maturities of long-term debt are as follows:

|            |                    |
|------------|--------------------|
| 2013       | \$ 157,101         |
| 2014       | 183,361            |
| 2015       | 190,831            |
| 2016       | 198,606            |
| 2017       | 206,697            |
| Thereafter | <u>765,035</u>     |
| Total      | <u>\$1,701,631</u> |

The Company's credit agreements with its lending institution contain certain restrictive covenants that require, among other things, minimum ratios of cash flow coverage and maximum amounts of distributions to the members. As of December 31, 2012, Rutledge Joint Ventures, L.L.C. is in full compliance with the financial covenants.

Total interest cost incurred for the years ended December 31, 2012 and 2011, was \$93,668 and \$104,456, respectively. For the year ended December 31, 2012, \$0 interest was capitalized, and \$93,668 was charged to operations. For the year ended December 31, 2011, \$0 interest was capitalized, and \$104,456 was charged to operations.

The Company had an available line of credit from the Bank of Springfield for \$1,500,000. The credit line bears interest at prime less one-quarter percent and is secured by all land, buildings, equipment, easements, rights-of-way, present and future income, rents and revenues of the properties, and all insurance proceeds. The line of credit was issued on May 1, 2002, and expires on April 1, 2013. Amounts outstanding at December 31, 2012 and 2011 were \$0 and \$75,000, respectively. The line of credit was extended on April 1, 2013, and now has an expiration date of April 1, 2014.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

8. MANAGEMENT AGREEMENT

The Company has entered into an agreement with Heritage Enterprises, Inc. for management services. The agreement authorizes Heritage Enterprises, Inc. to operate the nursing home in accordance with generally accepted management, administrative, and accounting practices. The agreement commenced on September 1, 1996, and continued for a term of three years, automatically renewing for one-year terms unless terminated by either party pursuant to the terms of the agreement. The total management fees charged by Heritage Enterprises, Inc. for the years ended December 31, 2012 and 2011, was \$404,716 and \$398,764, respectively.

Heritage Enterprises, Inc. hires and employs all personnel working at the Company and bills the Company for payroll and related costs separately from the management fees described in the preceding paragraph.

The Company has accounts payable of \$58,542 and \$83,759 with Heritage Enterprises, Inc. as of December 31, 2012 and 2011, respectively.

9. MAJOR SOURCE OF REVENUE

A material portion of the Company's total revenue is received from Illinois Medicaid. Revenue from this source was \$5,000,315 and \$4,309,163 in 2012 and 2011, respectively, which represents 43% and 37% of the total revenue for the years ended December 31, 2012 and 2011, respectively.

The Company also received a material portion of total revenue from Medicare. Revenue from this source was \$5,148,420 in 2012 and \$5,066,479 in 2011, which represents 45% and 44%, respectively, of the total revenue for those years.

10. SUPPLEMENTAL CASH FLOW DISCLOSURES

|                    | <u>2012</u> | <u>2011</u> |
|--------------------|-------------|-------------|
| Cash payments for: |             |             |
| Interest           | \$94,768    | \$106,961   |
| Income taxes       | 1,701       | -           |

11. FINANCIAL INSTRUMENTS

The Company maintains cash balances at one financial institution located in Illinois. The accounts at that institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at December 31, 2012 and 2011. In addition, all funds in noninterest-bearing transaction accounts are insured in full by the FDIC from December 31, 2010 through December 31, 2012. At December 31, 2012 and 2011, the Company's uninsured cash balances totaled \$109,999 and \$0, respectively.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011

12. FAIR VALUE MEASUREMENTS

The Company has adopted the fair value accounting guidance related to financial assets and liabilities. The guidance defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. It also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

- Level 1:* Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:* Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2012:

| Description | Fair Value<br>12/31/2012 | Level 1     | Level 2     | Level 3             |
|-------------|--------------------------|-------------|-------------|---------------------|
| Goodwill    | \$ 1,638,626             | \$ -        |             | \$ 1,638,626        |
| Total       | <u>\$ 1,638,626</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,638,626</u> |

Financial assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2011:

| Description | Fair Value<br>12/31/2011 | Level 1     | Level 2     | Level 3             |
|-------------|--------------------------|-------------|-------------|---------------------|
| Goodwill    | \$ 1,638,626             | \$ -        |             | \$ 1,638,626        |
| Total       | <u>\$ 1,638,626</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,638,626</u> |

There was no change in goodwill from December 31, 2011 to December 31, 2012. There was no impairment of goodwill during the years ended Decembers 31, 2012 and 2011, and therefore no gain or loss recorded.

The market approach valuation technique was used to measure the fair value of the Level 3 input noted above. As noted previously in Note 1, this goodwill represents the difference between fair market value and financial statement value of members' contributions. In accordance with the provisions of *FASB Accounting Standards Codification 350, Intangibles – Goodwill and Others*, goodwill is evaluated annually and has been determined to not be impaired at December 31, 2012 and 2011. There was no change in the valuation technique during the years ended December 31, 2012 and 2011.

There were no major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2012 and 2011.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 201113. UNCERTAINTY IN INCOME TAXES

The Company files a Form 1065 (U.S. Income Tax Return for a Partnership) annually. There were no uncertain tax benefits identified and recorded as a liability as of December 31, 2012. Forms 1065 filed by the Company for the years ended December 31, 2009, 2010, and 2011 are subject to examination by the Internal Revenue Service (IRS), generally for up to three years after they are filed.

14. SUBSEQUENT EVENTS

Rutledge Joint Ventures, L.L.C. has evaluated events occurring subsequent to December 31, 2012 as to their potential impact to the financial statements through May 28, 2013, which is the date the financial statements were available to be issued.

RUTLEDGE JOINT VENTURES, L.L.C.

FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

and

INDEPENDENT AUDITOR'S REPORT



FINANCIAL STATEMENTS  
Years ended December 31, 2013 and 2012

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## INDEPENDENT AUDITOR'S REPORT

Board of Managers  
Rutledge Joint Ventures, L.L.C.

We have audited the accompanying financial statements of Rutledge Joint Ventures, L.L.C., which comprise the balances sheets as of December 31, 2013 and 2012, and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Rutledge Joint Ventures, L.L.C. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Sulaski + Webb*

Sulaski and Webb  
Certified Public Accountants  
Bloomington, Illinois

July 14, 2014

BALANCE SHEETS  
December 31, 2013 and 2012

|                                                                                    | <u>2013</u>                | <u>2012</u>                |
|------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <u>ASSETS</u>                                                                      |                            |                            |
| <b>CURRENT ASSETS</b>                                                              |                            |                            |
| Cash and cash equivalents                                                          | \$ 1,230,486               | \$ 351,511                 |
| Accounts receivable<br>(net of allowance of \$509,945 and \$511,103, respectively) | 1,894,403                  | 2,610,658                  |
| Inventories and prepaid expenses                                                   | <u>74,446</u>              | <u>84,555</u>              |
| Total current assets                                                               | <u>3,199,335</u>           | <u>3,046,724</u>           |
| <b>LAND, BUILDINGS AND EQUIPMENT</b>                                               | 9,234,619                  | 9,172,356                  |
| Less accumulated depreciation                                                      | <u>(5,831,357)</u>         | <u>(5,521,556)</u>         |
| Net land, buildings and equipment                                                  | <u>3,403,262</u>           | <u>3,650,800</u>           |
| <b>OTHER ASSETS</b>                                                                |                            |                            |
| Goodwill                                                                           | 1,638,626                  | 1,638,626                  |
| Other                                                                              | <u>22,123</u>              | <u>23,928</u>              |
| Total other assets                                                                 | <u>1,660,749</u>           | <u>1,662,554</u>           |
| Total assets                                                                       | <u><u>\$ 8,263,346</u></u> | <u><u>\$ 8,360,078</u></u> |
| <u>LIABILITIES AND MEMBERS' EQUITY</u>                                             |                            |                            |
| <b>CURRENT LIABILITIES</b>                                                         |                            |                            |
| Accounts payable and accrued expenses                                              | \$ 577,026                 | \$ 845,075                 |
| Current maturities of long-term debt                                               | 183,361                    | 157,101                    |
| Due to related party                                                               | <u>151,875</u>             | <u>143,758</u>             |
| Total current liabilities                                                          | <u>912,262</u>             | <u>1,145,934</u>           |
| <b>LONG-TERM LIABILITIES</b>                                                       |                            |                            |
| Long-term debt, less current maturities                                            | 1,360,745                  | 1,544,530                  |
| Other                                                                              | <u>22,123</u>              | <u>23,928</u>              |
| Total long-term liabilities                                                        | <u>1,382,868</u>           | <u>1,568,458</u>           |
| <b>MEMBERS' EQUITY</b>                                                             |                            |                            |
| Paid-in capital                                                                    | 4,348,532                  | 4,348,532                  |
| Retained earnings                                                                  | <u>1,619,684</u>           | <u>1,297,154</u>           |
| Total members' equity                                                              | <u>5,968,216</u>           | <u>5,645,686</u>           |
| Total liabilities and members' equity                                              | <u><u>\$ 8,263,346</u></u> | <u><u>\$ 8,360,078</u></u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF INCOME  
Years ended December 31, 2013 and 2012

|                                        | <u>2013</u>       | <u>2012</u>       |
|----------------------------------------|-------------------|-------------------|
| REVENUE:                               |                   |                   |
| Operating revenue                      | \$ 6,449,394      | \$ 6,403,956      |
| Ancillary and other revenue            | <u>4,996,613</u>  | <u>5,121,720</u>  |
| Total revenue                          | <u>11,446,007</u> | <u>11,525,676</u> |
| ROUTINE SERVICE EXPENSES:              |                   |                   |
| General and administrative             | 2,280,143         | 2,327,042         |
| Property and plant                     | 656,807           | 671,798           |
| Dietary                                | 767,576           | 840,248           |
| Laundry                                | 138,223           | 135,796           |
| Housekeeping                           | 271,658           | 294,143           |
| Nursing                                | 3,498,708         | 3,552,238         |
| Activities and social                  | 180,834           | 167,589           |
| Ancillary services                     | <u>2,022,958</u>  | <u>2,129,812</u>  |
| Total routine service expenses         | <u>9,816,907</u>  | <u>10,118,666</u> |
| Operating income                       | 1,629,100         | 1,407,010         |
| OTHER EXPENSES:                        |                   |                   |
| Financing and management               | <u>706,570</u>    | <u>781,290</u>    |
| Income (loss) before replacement taxes | 922,530           | 625,720           |
| STATE REPLACEMENT TAX:                 | <u>-</u>          | <u>-</u>          |
| Net income (loss)                      | <u>\$ 922,530</u> | <u>\$ 625,720</u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF MEMBERS' EQUITY  
Years ended December 31, 2013 and 2012

|                            | Paid-In<br>Capital  | Retained<br>Earnings | Total               |
|----------------------------|---------------------|----------------------|---------------------|
| Balance, January 1, 2012   | \$ 4,348,532        | \$ 671,434           | \$ 5,019,966        |
| Net income (loss), 2012    | -                   | 625,720              | 625,720             |
| Balance, December 31, 2012 | 4,348,532           | 1,297,154            | 5,645,686           |
| Distributions              | -                   | (600,000)            | (600,000)           |
| Net income (loss), 2013    | -                   | 922,530              | 922,530             |
| Balance, December 31, 2013 | <u>\$ 4,348,532</u> | <u>\$ 1,619,684</u>  | <u>\$ 5,968,216</u> |

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS  
Years ended December 31, 2013 and 2012

|                                                                                   | <u>2013</u>                | <u>2012</u>              |
|-----------------------------------------------------------------------------------|----------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                            |                          |
| Net income (loss)                                                                 | \$ 922,530                 | \$ 625,720               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                            |                          |
| Depreciation                                                                      | 309,801                    | 307,489                  |
| Changes in assets and liabilities                                                 |                            |                          |
| (Increase) decrease in:                                                           |                            |                          |
| Accounts receivable                                                               | 716,255                    | (539,968)                |
| Inventories and prepaid expenses                                                  | 10,109                     | (7,375)                  |
| Increase (decrease) in:                                                           |                            |                          |
| Accounts payable and accrued expenses                                             | (268,049)                  | 169,980                  |
| Due to related party                                                              | 8,117                      | (23,240)                 |
| Net cash provided (used) by operating activities                                  | <u>1,698,763</u>           | <u>532,606</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                            |                          |
| Purchase of land, buildings, and equipment                                        | <u>(62,263)</u>            | <u>(67,484)</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                            |                          |
| Proceeds of debt                                                                  | -                          | 1,135,000                |
| Repayment of debt                                                                 | (157,525)                  | (1,370,501)              |
| Distributions to members                                                          | <u>(600,000)</u>           | <u>-</u>                 |
| Net cash provided (used) by financing activities                                  | <u>(757,525)</u>           | <u>(235,501)</u>         |
| Net increase (decrease) in cash and cash equivalents                              | 878,975                    | 229,621                  |
| CASH AND CASH EQUIVALENTS, Beginning                                              | <u>351,511</u>             | <u>121,890</u>           |
| CASH AND CASH EQUIVALENTS, Ending                                                 | <u><u>\$ 1,230,486</u></u> | <u><u>\$ 351,511</u></u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 20121. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIESSummary of Operations

Rutledge Joint Ventures, L.L.C. ("the Company") - An Illinois limited liability company began operations on September 1, 1996. The Company owns and operates a nursing home located in Springfield, Illinois. The nursing home was formerly owned by Heritage Enterprises, Inc.

Heritage Enterprises, Inc. (an Illinois corporation) and Memorial Health Ventures (an Illinois not-for-profit corporation) each have a 50% membership interest in the Company. Each member is not liable for any debt, liability, or other obligation of the Company. The life of the Company is 30 years, ending on March 11, 2026.

Significant Accounting Policies

**Resident Funds** - Control and recordkeeping functions are provided for personal funds of some nursing home residents. The Company is not entitled to these funds and the funds recorded are appropriately offset by a liability. The amount of resident funds held at December 31, 2013 and 2012, was \$22,123 and \$23,928, respectively.

**Cash and Cash Equivalents** - The Company considers unrestricted investments with original maturities of three months or less to be cash equivalents.

**Accounts Receivable and Allowance for Doubtful Accounts** - Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its residents to make required payments. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$509,945 and \$511,103 at December 31, 2013 and 2012, respectively.

**Inventories** - Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Inventory consists of food, kitchen supplies, and linens.

**Income Taxes** - No provision is made for federal income tax, since the Company is not a taxable entity. The Company files partnership tax returns and the members report their distributive shares of the Company's income or loss on their tax returns. Provision has been made for the state replacement tax. The Company's liability for the replacement tax at both December 31, 2013 and 2012 was \$0. Financial statement income and taxable income differed due to tax treatment of depreciation.

**Land, Buildings and Equipment** - Land, buildings and equipment are carried at cost. Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.



NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)Significant Accounting Policies (Continued)

**Goodwill** - Goodwill is recorded for the difference between fair market value and financial statement value of members' contributions. Goodwill is not amortized but is tested for impairment annually for financial statement purposes. The transfer of net assets by Heritage Enterprises, Inc. to Rutledge Joint Ventures, L.L.C. was a tax-free transaction, and therefore no amortization is allowed for tax purposes.

**Resident Service Revenue** - Resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for service rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

**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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. RELATED PARTIES

Green Tree Pharmacy, Inc. is a separate corporation controlled by the same shareholders as Heritage Enterprises, Inc. Green Tree Pharmacy, Inc. is the preferred pharmaceutical and medical supply provider used by Rutledge Joint Ventures. It is also the major service provider for the needs of the residents of the home. For the years ended December 31, 2013 and 2012, payments made to Green Tree Pharmacy, Inc. for supplies and services were \$731,584 and \$850,127, respectively. Also, as of December 31, 2013 and 2012, amounts owed to Green Tree Pharmacy, Inc. were \$72,136 and \$66,704, respectively.

Memorial Health Ventures, a related party, is a service provider for Rutledge Joint Ventures. Memorial Health Ventures is a subsidiary of Memorial Health System. For the years ended December 31, 2013 and 2012, Rutledge Joint Ventures made payments to Memorial Health Ventures, and to Memorial Health System and its related subsidiaries for supplies and services in the amounts of \$57,573 and \$56,818 respectively, and has accounts payable owed to Memorial Health Ventures and Memorial Health System and its related subsidiaries of \$4,053 and \$18,511, respectively.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of December 31, 2013 and 2012.

|                                       | 2013                | 2012                |
|---------------------------------------|---------------------|---------------------|
| Nursing home residents/insurance      | \$ 780,310          | \$ 718,084          |
| Illinois Medicaid                     | 1,124,995           | 1,984,290           |
| Medicare                              | 499,043             | 419,387             |
| Less: Allowance for doubtful accounts | (509,945)           | (511,103)           |
| Total accounts receivable             | <u>\$ 1,894,403</u> | <u>\$ 2,610,658</u> |

4. INVENTORIES AND PREPAID EXPENSES

|                  | December 31,<br>2013 | 2012             |
|------------------|----------------------|------------------|
| Inventory        | \$ 61,308            | \$ 71,296        |
| Prepaid expenses | 13,138               | 13,259           |
| Total            | <u>\$ 74,446</u>     | <u>\$ 84,555</u> |

5. LAND, BUILDINGS AND EQUIPMENT

|                                   | December 31,<br>2013 | 2012                | Estimated<br>Useful Lives |
|-----------------------------------|----------------------|---------------------|---------------------------|
| Land                              | \$ 630,000           | \$ 630,000          | -                         |
| Buildings and improvements        | 6,878,870            | 6,841,766           | 15-40 years               |
| Furniture, fixtures and equipment | 1,725,749            | 1,700,590           | 5-15 years                |
| Total                             | <u>\$ 9,234,619</u>  | <u>\$ 9,172,356</u> |                           |

Depreciation expense was \$309,801 and \$307,489 for 2013 and 2012, respectively.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

|                          | December 31,<br>2013 | 2012              |
|--------------------------|----------------------|-------------------|
| Accounts payable, trade  | \$ 300,032           | \$ 498,371        |
| Accrued interest expense | 4,907                | 6,510             |
| Property taxes payable   | 131,997              | 128,752           |
| IHFS assessment payable  | 140,090              | 211,442           |
| Total                    | <u>\$ 577,026</u>    | <u>\$ 845,075</u> |

NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

7. LONG-TERM DEBT

|                                                                                                                                                                                                                                                                                                                                                                                        | December 31,<br><u>2013</u> | <u>2012</u>        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------|
| 4.0% note secured by real estate mortgages on land, buildings, and improvements of nursing home property in Springfield. Collateral also includes all easements, right-of-ways, present and future income, rents and revenues of the properties and all insurance proceeds. Monthly payments of \$20,148 include principal and interest; balloon payment due at maturity, May 1, 2018. | \$1,544,106                 | \$1,697,196        |
| 5.75% note secured by a vehicle. Monthly payments of \$749 include principal and interest. Maturity date is May 30, 2013.                                                                                                                                                                                                                                                              | <u>-</u>                    | <u>4,435</u>       |
| Total                                                                                                                                                                                                                                                                                                                                                                                  | 1,544,106                   | 1,701,631          |
| Less: current maturities                                                                                                                                                                                                                                                                                                                                                               | <u>(183,361)</u>            | <u>(157,101)</u>   |
| Total long-term debt                                                                                                                                                                                                                                                                                                                                                                   | <u>\$1,360,745</u>          | <u>\$1,544,530</u> |

Maturities of long-term debt are as follows:

|       |                    |
|-------|--------------------|
| 2014  | \$ 183,361         |
| 2015  | 190,831            |
| 2016  | 198,606            |
| 2017  | 206,697            |
| 2018  | <u>764,611</u>     |
| Total | <u>\$1,544,106</u> |

The Company's credit agreements with its lending institution contain certain restrictive covenants that require, among other things, minimum ratios of cash flow coverage and maximum amounts of distributions to the members. As of December 31, 2013, Rutledge Joint Ventures, L.L.C. is in full compliance with the financial covenants.

Total interest cost incurred for the years ended December 31, 2013 and 2012, was \$70,225 and \$93,668, respectively. For the year ended December 31, 2013, \$0 interest was capitalized, and \$70,225 was charged to operations. For the year ended December 31, 2012, \$0 interest was capitalized, and \$93,668 was charged to operations.

The Company had an available line of credit from the Bank of Springfield for \$1,500,000. The credit line bears interest at prime less one-quarter percent and is secured by all land, buildings, equipment, easements, rights-of-way, present and future income, rents and revenues of the properties, and all insurance proceeds. The line of credit was issued on May 1, 2002, and expires on April 1, 2014. Amounts outstanding at both December 31, 2013 and 2012 were \$0. The line of credit was extended on April 1, 2014, and now has an expiration date of April 1, 2015.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

8. MANAGEMENT AGREEMENT

The Company has entered into an agreement with Heritage Enterprises, Inc. for management services. The agreement authorizes Heritage Enterprises, Inc. to operate the nursing home in accordance with generally accepted management, administrative, and accounting practices. The agreement commenced on September 1, 1996, and continued for a term of three years, automatically renewing for one-year terms unless terminated by either party pursuant to the terms of the agreement. The total management fees charged by Heritage Enterprises, Inc. for the years ended December 31, 2013 and 2012, was \$404,716 and \$404,716, respectively.

Heritage Enterprises, Inc. hires and employs all personnel working at the Company and bills the Company for payroll and related costs separately from the management fees described in the preceding paragraph.

The Company has accounts payable of \$75,686 and \$58,542 with Heritage Enterprises, Inc. as of December 31, 2013 and 2012, respectively.

9. MAJOR SOURCE OF REVENUE

A material portion of the Company's total revenue is received from Illinois Medicaid. Revenue from this source was \$4,178,576 and \$5,000,315 in 2013 and 2012, respectively, which represents 37% and 43% of the total revenue for the years ended December 31, 2013 and 2012, respectively.

The Company also received a material portion of total revenue from Medicare. Revenue from this source was \$4,820,168 in 2013 and \$5,148,420 in 2012, which represents 42% and 45%, respectively, of the total revenue for those years.

10. SUPPLEMENTAL CASH FLOW DISCLOSURES

|                    | <u>2013</u> | <u>2012</u> |
|--------------------|-------------|-------------|
| Cash payments for: |             |             |
| Interest           | \$71,828    | \$ 94,768   |
| Income taxes       | -           | 1,701       |

11. FINANCIAL INSTRUMENTS

The Company maintains cash balances at one financial institution located in Illinois. All accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at December 31, 2013 and 2012. In addition, all funds in non-interest bearing transaction accounts are insured in full by the FDIC from December 31, 2010 through December 31, 2012. At December 31, 2013 and 2012, the Company had uninsured cash balances of \$744,159 and \$109,999, respectively.

12. FAIR VALUE MEASUREMENTS

The Company has adopted the fair value accounting guidance related to financial assets and liabilities. The guidance defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. It also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

FAIR VALUE MEASUREMENTS (Continued)

- Level 1:* Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:* Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2013:

| Description | Fair Value<br>12/31/2013 | Level 1     | Level 2     | Level 3             |
|-------------|--------------------------|-------------|-------------|---------------------|
| Goodwill    | \$ 1,638,626             | \$ -        | \$ -        | \$ 1,638,626        |
| Total       | <u>\$ 1,638,626</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,638,626</u> |

Financial assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2012:

| Description | Fair Value<br>12/31/2012 | Level 1     | Level 2     | Level 3             |
|-------------|--------------------------|-------------|-------------|---------------------|
| Goodwill    | \$ 1,638,626             | \$ -        | \$ -        | \$ 1,638,626        |
| Total       | <u>\$ 1,638,626</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,638,626</u> |

There was no change in goodwill from December 31, 2012 to December 31, 2013. There was no impairment of goodwill during the years ended December 31, 2013 and 2012, and therefore no gain or loss recorded.

The market approach valuation technique was used to measure the fair value of the Level 3 input noted above. As noted previously in Note 1, this goodwill represents the difference between fair market value and financial statement value of members' contributions. In accordance with the provisions of *FASB Accounting Standards Codification 350, Intangibles – Goodwill and Others*, goodwill is evaluated annually and has been determined to not be impaired at December 31, 2013 and 2012. There was no change in the valuation technique during the years ended December 31, 2013 and 2012.

There were no major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2013 and 2012.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 201213. UNCERTAINTY IN INCOME TAXES

The Company files a Form 1065 (U.S. Income Tax Return for a Partnership) annually. There were no uncertain tax benefits identified and recorded as a liability as of December 31, 2013. Forms 1065 filed by the Company for the years ended December 31, 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service (IRS), generally for up to three years after they are filed.

14. SUBSEQUENT EVENTS

Rutledge Joint Ventures, L.L.C. has evaluated events occurring subsequent to December 31, 2013 as to their potential impact to the financial statements through July 14, 2014, which is the date the financial statements were available to be issued.

Rutledge Joint Ventures LLC  
Balance Sheet Projections  
Years Ended December 31, 2014-2017 & June 30, 2015 (Project Start Date)

|                                               | Unaudited<br>12/31/2014 | Projected<br>6/30/2015 | Projected<br>12/31/2015 | Projected<br>12/31/2016 | Projected<br>12/31/2017 |
|-----------------------------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b><u>ASSETS</u></b>                          |                         |                        |                         |                         |                         |
| <b><u>Current Assets</u></b>                  |                         |                        |                         |                         |                         |
| Operating Cash                                | \$ 2,771,861            | 1,850,312              | 475,985                 | 1,320,703               | 2,001,025               |
| Cash from Line of Credit                      | 0                       | 900,000                | 400,000                 | 0                       | 0                       |
| Accounts Receivable (net of allowance)        | 2,159,525               | 2,282,375              | 1,884,615               | 1,657,959               | 1,797,872               |
| Inventories and prepaid expenses              | 87,076                  | 87,076                 | 90,000                  | 90,000                  | 90,000                  |
| <b>Total Current Assets</b>                   | <b>5,018,462</b>        | <b>5,119,763</b>       | <b>2,850,600</b>        | <b>3,068,662</b>        | <b>3,888,897</b>        |
| <b><u>Land, Buildings and Equipment</u></b>   |                         |                        |                         |                         |                         |
| Total                                         | 9,759,081               | 9,759,081              | 12,011,123              | 18,598,718              | 18,598,718              |
| Less: Accumulated depreciation                | (6,143,769)             | (6,311,769)            | (6,456,180)             | (6,768,591)             | (7,375,657)             |
| <b>Net Land, Buildings and Equipment</b>      | <b>3,615,312</b>        | <b>3,447,312</b>       | <b>5,554,943</b>        | <b>11,830,127</b>       | <b>11,223,061</b>       |
| <b><u>Other Assets</u></b>                    |                         |                        |                         |                         |                         |
| Goodwill                                      | 1,725,681               | 1,725,681              | 1,725,681               | 1,725,681               | 1,725,681               |
| Investment in Affiliate                       | 0                       | 4,775,019              | 4,775,019               | 4,775,019               | 4,775,019               |
| <b>Total Other Assets</b>                     | <b>1,725,681</b>        | <b>6,500,700</b>       | <b>6,500,700</b>        | <b>6,500,700</b>        | <b>6,500,700</b>        |
| <b>Total Assets</b>                           | <b>\$ 10,359,455</b>    | <b>15,067,775</b>      | <b>14,906,243</b>       | <b>21,399,489</b>       | <b>21,612,658</b>       |
| <b><u>LIABILITIES AND MEMBERS' EQUITY</u></b> |                         |                        |                         |                         |                         |
| <b><u>Current Liabilities</u></b>             |                         |                        |                         |                         |                         |
| Accounts payable and accrued expenses         | \$ (1,140,671)          | (1,140,671)            | (1,021,460)             | (1,000,000)             | (1,000,000)             |
| Line of credit balance                        | 0                       | (900,000)              | (400,000)               | 0                       | 0                       |
| Current maturities of long-term debt          | (183,361)               | (183,361)              | (198,602)               | (267,589)               | (278,464)               |
| <b>Total Current Liabilities</b>              | <b>(1,324,032)</b>      | <b>(2,224,032)</b>     | <b>(1,620,062)</b>      | <b>(1,267,589)</b>      | <b>(1,278,464)</b>      |
| <b><u>Long Term Liabilities</u></b>           |                         |                        |                         |                         |                         |
| Long-term debt, less current maturity         | (1,177,237)             | (1,085,557)            | (971,168)               | (7,183,271)             | (6,904,807)             |
| <b>Total Long-Term Liabilities</b>            | <b>(1,177,237)</b>      | <b>(1,085,557)</b>     | <b>(971,168)</b>        | <b>(7,183,271)</b>      | <b>(6,904,807)</b>      |
| <b><u>Members' Equity</u></b>                 |                         |                        |                         |                         |                         |
| Paid in capital                               | (4,348,532)             | (7,648,532)            | (7,648,532)             | (7,648,532)             | (7,648,532)             |
| Retained earnings                             | (3,509,654)             | (4,109,654)            | (4,666,481)             | (5,300,097)             | (5,780,855)             |
| <b>Total Members' Equity</b>                  | <b>(7,858,186)</b>      | <b>(11,758,186)</b>    | <b>(12,315,013)</b>     | <b>(12,948,629)</b>     | <b>(13,429,387)</b>     |
| <b>Total Liabilities and Members' Equity</b>  | <b>\$ (10,359,455)</b>  | <b>(15,067,775)</b>    | <b>(14,906,243)</b>     | <b>(21,399,489)</b>     | <b>(21,612,658)</b>     |

Rutledge Joint Ventures LLC  
Income Statement Projections  
2014 (Unaudited) 2015-2017 (Projected)

Note: PPD = Per Patient Day

| <u>Occupancy Statistics</u>              | <u>2014</u>   | <u>PPD</u> | <u>2015</u> | <u>PPD</u> | <u>2016</u> | <u>PPD</u> | <u>2017</u> | <u>PPD</u> |
|------------------------------------------|---------------|------------|-------------|------------|-------------|------------|-------------|------------|
| Total Patient Days                       | 60,043        |            | 51,664      |            | 45,255      |            | 48,217      |            |
| Licensed Patient Days                    | 64,970        |            | 64,970      |            | 65,148      |            | 64,970      |            |
| Occupancy %                              | 92.42%        |            | 79.52%      |            | 69.46%      |            | 74.21%      |            |
| Residents Per Day                        | 164.5         |            | 141.5       |            | 123.6       |            | 132.1       |            |
| <b><u>Revenue</u></b>                    |               |            |             |            |             |            |             |            |
| <b>Total Operating Revenue</b>           | \$ 13,365,895 | 222.61     | 11,464,740  | 221.91     | 10,113,552  | 223.48     | 10,937,057  | 225.06     |
| <b><u>Operating Expenses</u></b>         |               |            |             |            |             |            |             |            |
| General and administrative               |               |            |             |            |             |            |             |            |
| Salaries                                 | 604,697       | 10.07      | 555,112     | 10.74      | 509,593     | 11.26      | 519,785     | 10.78      |
| Other                                    | 1,748,495     | 29.12      | 1,605,118   | 31.07      | 1,473,499   | 32.56      | 1,502,969   | 31.17      |
| Property and plant                       |               |            |             |            |             |            |             |            |
| Salaries                                 | 154,770       | 2.58       | 142,079     | 2.63       | 130,428     | 2.68       | 133,037     | 2.76       |
| Other                                    | 503,889       | 8.39       | 462,570     | 8.95       | 424,639     | 9.38       | 433,132     | 8.98       |
| Dietary                                  |               |            |             |            |             |            |             |            |
| Salaries                                 | 386,118       | 6.43       | 338,880     | 6.56       | 302,778     | 6.69       | 329,047     | 6.82       |
| Other                                    | 476,123       | 7.93       | 421,970     | 8.17       | 380,713     | 8.41       | 417,800     | 8.66       |
| Laundry                                  |               |            |             |            |             |            |             |            |
| Salaries                                 | 114,557       | 1.91       | 100,542     | 1.95       | 89,831      | 1.98       | 97,625      | 2.02       |
| Other                                    | 34,209        | 0.57       | 34,893      | 0.68       | 35,591      | 0.79       | 36,303      | 0.75       |
| Housekeeping                             |               |            |             |            |             |            |             |            |
| Salaries                                 | 213,169       | 3.55       | 187,090     | 3.62       | 167,159     | 3.69       | 181,661     | 3.77       |
| Other                                    | 72,766        | 1.21       | 74,221      | 1.44       | 75,706      | 1.67       | 77,220      | 1.60       |
| Nursing                                  |               |            |             |            |             |            |             |            |
| Salaries                                 | 3,525,401     | 58.71      | 3,094,100   | 59.89      | 2,764,477   | 61.09      | 3,004,325   | 62.31      |
| Other                                    | 42,108        | 0.70       | 42,950      | 0.83       | 43,809      | 0.97       | 44,685      | 0.93       |
| Activities and social services           |               |            |             |            |             |            |             |            |
| Salaries                                 | 166,053       | 2.77       | 145,738     | 2.82       | 130,212     | 2.88       | 141,509     | 2.93       |
| Other                                    | 7,107         | 0.12       | 7,249       | 0.14       | 7,394       | 0.16       | 7,542       | 0.16       |
| Ancillary service fees                   | 2,708,937     | 45.12      | 2,327,342   | 45.05      | 2,053,051   | 45.37      | 2,220,223   | 46.05      |
| <b>Total Operating Expenses</b>          | 10,758,399    | 179.18     | 9,539,855   | 184.65     | 8,588,881   | 189.79     | 9,146,862   | 189.70     |
| Management fees                          | 404,716       | 6.74       | 404,716     | 7.83       | 404,716     | 8.94       | 404,716     | 8.39       |
| Interest expense, net of interest income | 399           | 0.01       | 50,945      | 0.99       | 173,957     | 3.84       | 297,655     | 6.17       |
| Depreciation expense                     | 312,411       | 5.20       | 312,411     | 6.05       | 312,411     | 6.90       | 607,066     | 12.59      |
| <b>Total All Expenses</b>                | 11,475,925    | 191.13     | 10,307,927  | 199.52     | 9,479,965   | 209.48     | 10,456,299  | 216.86     |
| <b>Net Income</b>                        | \$ 1,889,970  | 31.48      | 1,156,813   | 22.39      | 633,587     | 14.00      | 480,758     | 9.97       |
| <b><u>Operating Expense Summary</u></b>  |               |            |             |            |             |            |             |            |
| Salaries                                 | \$ 5,164,765  | 86.02      | 4,563,540   | 88.33      | 4,094,478   | 90.48      | 4,406,989   | 91.40      |
| Other                                    | 2,884,697     | 48.04      | 2,648,973   | 51.27      | 2,441,351   | 53.95      | 2,519,651   | 52.26      |
| Ancillary service fees                   | 2,708,937     | 45.12      | 2,327,342   | 45.05      | 2,053,051   | 45.37      | 2,220,223   | 46.05      |
| <b>Total</b>                             | \$ 10,758,399 | 179.18     | 9,539,855   | 184.65     | 8,588,881   | 189.79     | 9,146,862   | 189.70     |



**Rutledge Joint Ventures LLC**  
**Income Statement Projection-Operating Revenues**  
**Years Ending December 31, 2015-2017**

|                    | 2015          |             |                   | 2016          |             |                   | 2017          |             |                   |
|--------------------|---------------|-------------|-------------------|---------------|-------------|-------------------|---------------|-------------|-------------------|
|                    | <u>Days</u>   | <u>Rate</u> | <u>Revenue</u>    | <u>Days</u>   | <u>Rate</u> | <u>Revenue</u>    | <u>Days</u>   | <u>Rate</u> | <u>Revenue</u>    |
| Private Pay        | 8,596         | \$225.00    | 1,934,100         | 7,019         | \$230.00    | 1,614,370         | 7,556         | \$235.00    | 1,775,660         |
| Hospice            | 3,910         | \$250.00    | 977,500           | 6,259         | \$255.00    | 1,596,045         | 6,242         | \$260.00    | 1,622,920         |
| Public Aid         | 30,085        | \$132.00    | 3,971,220         | 24,568        | \$125.00    | 3,071,000         | 26,204        | \$125.00    | 3,275,500         |
| Medicare A         | 9,073         | \$472.00    | 4,282,456         | 7,409         | \$476.00    | 3,526,684         | 8,215         | \$481.00    | 3,951,415         |
| Medicare B         |               |             | 299,464           |               |             | 305,453           |               |             | 311,562           |
| <b>Totals</b>      | <b>51,664</b> |             | <b>11,464,740</b> | <b>45,255</b> |             | <b>10,113,552</b> | <b>48,217</b> |             | <b>10,937,057</b> |
| <b>Revenue PPD</b> |               |             | <b>\$221.91</b>   |               |             | <b>\$223.48</b>   |               |             | <b>\$226.83</b>   |

**Assumptions:**

Medicare B revenue is for outpatients only and has no associated resident days.

Projected days were sourced from Operations Staff based upon the construction schedule. Floors will close in stages throughout the course of the project.

Payor mix is expected to remain relatively constant throughout construction and into the post-construction phase

The designated Hospice unit is scheduled to open two months after construction begins.

Rate assumptions are as follows:

Private Pay - Historical trend of \$4-5 per year

Hospice - Local market trend plus \$5 per year inflator

Public Aid - 2016 and beyond fixed at 95% of 2015 level (Illinois budget cuts)

Medicare A - 1% annual inflation (no estimated projected change in case mix)

**Loan Summary**

|                |           |
|----------------|-----------|
| Principal:     | \$7708000 |
| Interest Rate: | 3.99%     |
| Loan Term:     | 20 years  |

**Payment Summary**

|                         |                        |
|-------------------------|------------------------|
| Number of Payments:     | 240                    |
| <b>Monthly Payment:</b> | <b>\$46,668.36</b>     |
| Total Principal Paid:   | \$7,708,000.00         |
| Total Interest Paid:    | \$3,492,405.89         |
| <b>Total Paid:</b>      | <b>\$11,200,405.89</b> |

**Yearly Amortization Schedule**

| Payments             | Yearly Total | Principal Paid | Interest Paid | Balance        |
|----------------------|--------------|----------------|---------------|----------------|
| Year 1<br>(1-12)     | \$560,020.29 | \$257,139.72   | \$302,880.58  | \$7,450,860.28 |
| Year 2<br>(13-24)    | \$560,020.29 | \$267,589.31   | \$292,430.98  | \$7,183,270.97 |
| Year 3<br>(25-36)    | \$560,020.29 | \$278,463.56   | \$281,556.73  | \$6,904,807.41 |
| Year 4<br>(37-48)    | \$560,020.29 | \$289,779.71   | \$270,240.58  | \$6,615,027.70 |
| Year 5<br>(49-60)    | \$560,020.29 | \$301,555.73   | \$258,464.57  | \$6,313,471.97 |
| Year 6<br>(61-72)    | \$560,020.29 | \$313,810.30   | \$246,210.00  | \$5,999,661.67 |
| Year 7<br>(73-84)    | \$560,020.29 | \$326,562.86   | \$233,457.43  | \$5,673,098.81 |
| Year 8<br>(85-96)    | \$560,020.29 | \$339,833.66   | \$220,186.63  | \$5,333,265.15 |
| Year 9<br>(97-108)   | \$560,020.29 | \$353,643.76   | \$206,376.53  | \$4,979,621.39 |
| Year 10<br>(109-120) | \$560,020.29 | \$368,015.07   | \$192,005.22  | \$4,611,606.31 |
| Year 11<br>(121-132) | \$560,020.29 | \$382,970.40   | \$177,049.89  | \$4,228,635.91 |
| Year 12<br>(133-144) | \$560,020.29 | \$398,533.49   | \$161,486.81  | \$3,830,102.42 |
| Year 13<br>(145-156) | \$560,020.29 | \$414,729.02   | \$145,291.28  | \$3,415,373.40 |

Attachment 29-50

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|                          |                        |                       |                       |                |
|--------------------------|------------------------|-----------------------|-----------------------|----------------|
| Year<br>14 (157<br>-168) | \$560,020.29           | \$431,582.70          | \$128,437.59          | \$2,983,790.70 |
| Year<br>15 (169<br>-180) | \$560,020.29           | \$449,121.28          | \$110,899.01          | \$2,534,669.42 |
| Year<br>16 (181<br>-192) | \$560,020.29           | \$467,372.59          | \$92,647.70           | \$2,067,296.83 |
| Year<br>17 (193<br>-204) | \$560,020.29           | \$486,365.59          | \$73,654.70           | \$1,580,931.24 |
| Year<br>18 (205<br>-216) | \$560,020.29           | \$506,130.43          | \$53,889.86           | \$1,074,800.81 |
| Year<br>19 (217<br>-228) | \$560,020.29           | \$526,698.47          | \$33,321.83           | \$548,102.34   |
| Year<br>20 (229<br>-240) | \$560,020.29           | \$548,102.34          | \$11,917.95           | \$0.00         |
| <b>Totals</b>            | <b>\$11,200,405.89</b> | <b>\$7,708,000.00</b> | <b>\$3,492,405.89</b> |                |

ATTACHMENT 29-51

**Criterion 1125.800 – Estimated Total Project Cost****Economic Feasibility****Reasonableness of Financing Arrangements –**

The proposed project will be funded in part by borrowing because a portion of the cash and cash equivalents must be retained in the balance sheet in order to maintain a ratio of at least 1.5 times for a long term care facility. The notarized document attesting to Reasonableness of Financing Arrangements has been completed and is shown as Attachment 30-1.

**Conditions of Debt Financing-**

The selected form of debt financing for this project may not be at the lowest 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. The notarized document attesting to Conditions of Debt Financing has been completed and is shown as Attachment 30.

**Reasonableness of Project and Related Costs-**

See completed chart on Page 26.

**Projected Operating Costs-**

Please refer to Attachment 29-48 for the projected operating costs and respective per patient day amounts for the year ended December 31, 2014 and years ending December 31, 2015-2017. Operating costs are categorized as Salary, Other and Ancillary Service Fees. Ancillary service fees are those payments made to third-party providers of therapy services and drugs/pharmaceuticals.

**Projected Capital Costs-**

Please refer to Attachment 29-48 for the projected capital (depreciation and interest) costs and respective per patient day amounts for the year ended December 31, 2014 and years ending December 31, 2015-2017. Interest cost for the first full year after project completion was calculated on the assumption that the full term loan was started on July 1, 2016. The resulted in an interest cost equal to the midpoint of interest paid in Year 1 and Year 2 as stated on the loan amortization schedule (Attachment 29-50). Depreciation expense included a balance from existing depreciable assets (\$312,411) plus an additional \$294,655 which represents annual straight line depreciation on the new project cost. It is assumed that the depreciation period for the new project costs begins January 1, 2017 and that the average depreciable life is thirty (30) years.



March 5, 2015

HeritageOfCare.com/springfield

**To: Illinois Health Facilities and Services Review Board**  
**Re: Economic Feasibility Statements**  
**Reasonableness of Financing Arrangements**  
**Conditions of Debt Financing**

The Board of Managers and management of Rutledge Joint Ventures, LLC (RJV) spent a considerable amount of time evaluating the size, scope and funding of the proposed project. The age of the facility along with the trend towards more acutely ill residents clearly required a solution that was well in excess of the cash and investments held by the organization. Management is pleased to report that nearly \$2.5 million of RJV cash and investments will be used on the project. Using any more than this amount of internal funds would jeopardize RJV's ability to maintain a current ratio of at least 1.5 and to meet required Days of Cash On Hand and Cushion Ratio targets.

RJV personnel examined two primary sources for debt financing, commercial banks and HUD (Housing and Urban Development). Whereas financing under HUD would provide a longer amortization period and remove some restrictive financial covenants, RJV research concluded that the time, effort and cost required to obtain a HUD loan would delay the project by several months and not result in a lower cost of borrowing over the first five years following project completion. RJV has maintained a relationship with the Bank of Springfield (BOS) for many years. BOS is very familiar with the credit and was in an excellent position to provide terms that were on par with other commercial lenders. It is possible that other banks, seeking to add to their portfolios in a competitive market, would loan funds at a lower interest rate but their unfamiliarity with RJV would create require considerably more time and expense in the evaluation period and would result in more stringent financial covenants once the loan was executed. In addition, BOS already carries a first mortgage from RJV on the facility which would require addition labor and expense on the part of RJV and others to displace.

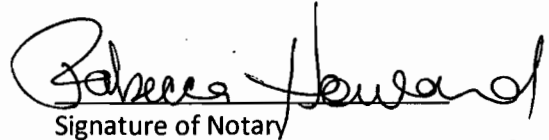
Given the factors noted above, I hereby attest that the financing plan presented by RJV is reasonable given the amount of available cash and investments and that the conditions of debt financing as committed to by the Bank of Springfield are reasonable and provide the most prudent course of action for RJV.

Respectfully submitted,

  
David M. Underwood  
Manager and CFO  
Rutledge Joint Ventures LLC

Notarization:

Subscribed and sworn before me  
this 5 day of march, 2015

  
Signature of Notary

