

FOLEY & ASSOCIATES, INC.

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SENT VIA HAND DELIVERED

August 25, 2017

Mr. Michael Constantino
Supervisor, Project Review Section
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, 2nd floor
Springfield, Illinois 62761-0001

Re: Project #17-012, Meadowbrook Manor of Geneva

Dear Mr. Constantino:

Please accept the following as a response to your e-mailed questions dated July 13, 2017.

Question 1: Page 526 of the application for permit there is language highlighted re Meadowbrook Manor of Bolingbrook. I need to know what the issues were and have those been resolved with CMS?

Applicant Response 1: Attached, please find the letter from IDPH stating Bolingbrook facility has been removed from the Special Focus List in CY 2013. **(Exhibit I)**

Question 2: Page 517 of the application for permit I do not know who Nicholas and Dorothy Vangel are and their relationship to this project. If they are members of the LLC or the limited partnership I need to know the percentage of ownership.

Applicant Response 2: Nick and Dorothy Vangel are each beneficiaries of trusts which are beneficiaries of Vangel Family Limited Partnership, which holds 19.8% ownership of MMG Partners, L.P.

Question 3: Page 521 of the application for permit if the project is approved how much will HUD require to be held in escrow?

Applicant Response 3: The amount, \$2,206,403, to be held in escrow is detailed within the application, page 521, # 6a, #6e and page 526, #16. See **Exhibit II** for these application pages.



Mr. Michael Constantino
August 25, 2017
Page 2

Question 4: Page 29 of the application for permit I need an explanation of other sources and funds of \$1,562,699.

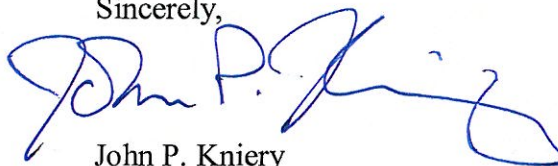
Applicant Response 4: Attached, please find a letter from the Applicant CFO addressing that these were already paid expenses from the previous application that apply to this project as well. **(Exhibit III)**

Question 5: If approved will all 150 LTC beds going to be dual certified?

Applicant Response 5: All beds will be dual certified upon project completion, as are all of the other four related facilities.

If you have any questions, please do not hesitate to contact me.

Sincerely,

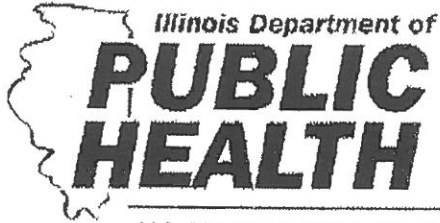


John P. Kniery
Health Care Consultant

JPK/kah

ENCLOSURES

C: Robert Jafari
Chris Vangel
Charles Sheets, Attorney at Law



Pat Quinn, Governor
LaMar Hasbrouck, MD, MPH, Director

625-536 West Jefferson Street • Springfield, Illinois 62761-0001 • www.idph.state.il.us

12/4/2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

1

Ralph Ricana, Administrator
Meadowbrook Manor
431 West Remington Boulevard
Bolingbrook, IL 60440

Reference: Provider #: 145710 / 0037366

Dear Mr. Ricana:

This letter is to inform you that Meadowbrook Manor, Bolingbrook graduated from the Special Focus Facility program effective December 4, 2013 by demonstrating at two consecutive standard surveys that it has deficiencies cited at a scope and severity level of no greater than „E“ and no intervening complaint-related deficiencies cited greater than „E.“

If you have any questions concerning this notice, please contact my staff at (217) 782-5180. You may also telephone the Department's TTY number for the hearing impaired at 1-800-547-0466.

Sincerely,

Toni Colón
Deputy Director
Office of Health Care Regulation

Encl:
cc:

CMS Regional Office
Illinois Department of Healthcare & Family Services
Illinois Department on Aging
Division of LTC-FO Region
Mr. Charles Sheets, Registered Agent
File

TZ

Improving public health, one community at a time

printed on recycled paper

Exhibit I

Question
3

for HUD to evaluate. The cost of each such PCNA report may be paid from the Reserve Fund for Replacements. The Lender's Certificate to be delivered prior to Initial Endorsement and the Regulatory Agreement shall each include a statement confirming the requirement for such periodic PCNA reports.

6. At or before Initial Endorsement, the Lender or its nominee shall collect the following escrows (in the form of cash and/or, except with respect to clause (c) below, one or more unconditional and irrevocable letters of credit) to be applied to the following items:
- * (a) Funds for application to taxes, mortgage insurance premiums, property insurance premiums and assessments required by the terms of the Security Instrument accruing subsequent to Initial Endorsement, and not included in the proceeds of the Note and Security Instrument in the amount of \$312,000 (Working Capital).
 - (b) Funds for application to the cost of purchasing minor moveable equipment for use in Project operations in the amount of \$50,000.
 - (c) Funds required over and above Note and Security Instrument proceeds for completion of the Project in the amount of \$7,597,188 (Front Money Escrow). This sum represents the difference between HUD's estimate of the total cash required for carrying charges, financing, and for construction of the Project, including contractor's fees and overhead, architect's fees, and other fees, and the maximum amount of the Note and Security Instrument to be insured. These funds may be reduced by (i) so much of the contractor's fees up to a maximum of \$N/A, as the closing documents show are not to be paid in cash and (ii) amounts that have been prepaid by or on behalf of the Borrower, as evidenced by a certification of the Borrower.
 - (d) Funds for application to the costs of off-site improvements in the amount of \$0, and demolition in the amount of \$0.
 - * (e) Funds in the amount of \$1,383,000 (Initial Operating Deficit) for application to the expenses of the Project beginning on the later of (i) the date on which all or part of the Project has received a certificate of occupancy or (ii) the date on which residents are first occupying units/beds in the Project and ending on the later of (1) 12 months after the date of Final Endorsement or (2) when the project has demonstrated to HUD's satisfaction that the project has achieved a debt service coverage ratio (including Mortgage Insurance Premium) of at least 1.45 for each month of three consecutive months.

At Initial Endorsement, the Lender shall deliver to HUD a Lender's Certification evidencing the collection of the amounts set forth in this paragraph. All funds deposited with the Lender or its nominee under this paragraph shall be held and disbursed by the Lender or its nominee in accordance with the applicable requirements of HUD. The amounts set forth in this paragraph are subject to change based on the resizing of the Security Instrument prior to Initial Endorsement.

7. (a) Approval of advances of Mortgage proceeds in accordance with the Building Loan Agreement (Form HUD-92441-ORCF) must be obtained on a form prescribed by HUD

12. An updated Progress Schedule of Work must be provided prior to initial closing.
13. If the Deposit Account Control Agreement (DACA) is not submitted and approved by HUD prior to initial endorsement, this document must be submitted for HUD approval when the project reaches 70% construction completion.
14. The Legal Punch List provides an assessment of the title policy, license, survey and organizational documents. All comments on the attached punch list must be addressed prior to closing.
15. Prior to initial closing HUD will complete a Title/Survey review. Conditions of the Title/Survey review must be addressed prior to initial closing.
- * 16. A Debt Service Escrow equal to 6 months of debt service (\$511,403) must be established prior to initial endorsement. Disbursements from the escrow are authorized monthly with written approval from the Lender's Servicer and OHP to make debt service payments. Unused portions are returned to the borrower after the project has maintained underwritten Debt Service Coverage of 2.19 (including Mortgage Insurance Premiums) for 12 consecutive months. OHP will look to the servicing mortgagee to certify that this requirement has been met, based on financial statements provided to the mortgagee by the mortgagor. Note: The escrow is not mortgagable and can be funded either through cash or one or more unconditional, irrevocable letter(s) of credit issued to the lender by a banking institution.
17. A third party risk management program is required for the following projects in addition to the subject project: Meadowbrook Manor of Boilingbrook (071-22167), Meadowbrook Manor of Naperville (071-22166), and Lee Manor (071-22181). Prior to initial closing on this project, Meadowbrook Manor of Geneva (071-43247), HUD must approve the third party risk management program, and the mortgagor/operator must provide evidence that an acceptable third party risk management program for each facility has been contracted. The mortgagor/operator may not cease participation in the risk management program at any of these facilities without prior approval from HUD.
18. ~~Prior to Initial Closing, the Meadowbrook Manor of Boilingbrook (071-22167) must successfully graduate from the Centers for Medicare and Medicaid Services (CMS) Special Focus Facility list.~~
19. Ongoing Reserve for Replacement deposits will be determined at the Final Submission. Should the lender wish to deviate from the standard HUD formulas, a waiver request will be required.
20. HUD must approve the Affirmative Fair Housing Marketing Plan prior to the start of marketing.
21. The Part 1 legal review package utilizing the new Section 232 documents must be submitted to OGC prior to submission of the Final Submission Firm Application. The



**Butterfield
Health Care Group, Inc.**

August 25, 2017

The owners of MMG Partners, LP have contributed \$1,562,698 as of the submission of the CON application. The expenses paid include:

- \$1,190,598 for engineering/architecture fees
- \$176,633 for legal fees
- \$195,468 for other items including taxes, traffic studies, marketing fees, appraisals and permits

The architectural and landscaping drawings are complete.

The above is true and accurate to the best of my knowledge.

Allan S. Gabrys
Chief Financial Officer of Butterfield Health Care Group, Inc.

State of Illinois

County of Will

Sworn to and subscribed before me this 25th day of August, 2017.

Signature of Notary Public

8/25/17
Date

(Seal)

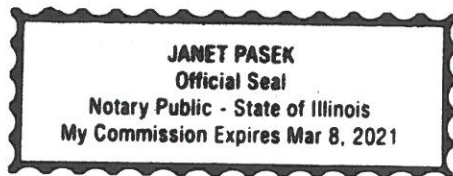


Exhibit III