



June 13, 2016

Mike Constantino
Illinois Health Facilities Planning Board
525 West Jefferson
Springfield, Illinois

RE: Alteration -Project #10-065

Mike-

Please accept this letter in response to your request for more information regarding a possible alteration of our South Elgin Project.

1. The permit borrowing amount has not changed. We have attached page 5 from our original application and these amounts remain the same. The amount financed will be \$19,550.00.
2. The amount of the financing has remained the same. The project is now being financed with EB5 Private Investment funds. The reason for the change in financing is related to the original delay in the project obligation. At the date of the issue of the Con Permit the project had the necessary approvals to obtain an allocation of bonds in the amount of \$15,444,500. However, given the environment in the capital markets at the time we were unsuccessful in inducing a financial institution to provide the necessary credit enhancement that would allow us to sell the bonds in the market place. As such, the bond commitment expired. Subsequent to their expiration, we have been actively engaged in discussions with various lenders and programs to provide debt financing for the project. We were confident that with capital markets stabilizing, we would be successful in obtaining the financing adequate to complete this project. We have been successful in securing EB5 investment funds and we are respectfully requesting that you accept our change in financing due to the slow bounce back of the capital markets.
3. The terms and structure of the financing are based on percent of profits, based on ownership, paid upon operational stabilization of the project. No interest shall be accrued prior to or during the construction period. No payments will be distributed until the first quarter of operational profit has been achieved.

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SERVICES REVIEW BOARD**

4. The EB5 investors have been added to the ownership of the Real Estate Entity and will have profits distributed according to such ownership. The EB5 investor have no Control of this project. The member organizational chart is attached.
5. Please advise if the fee is required. We will have it sent fedex immediately.

Please let me know if any further information is required. I look forward to seeing you at the meeting on June 21.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kim Westerkamp', with a long horizontal flourish extending to the right.

Kim Westerkamp
Consultant



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

April 27, 2016

VIA EMAIL
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kim Westerkamp
Horizon Healthcare
800 Roosevelt Road
Building E Suite 218
Glen Ellyn, Illinois 60137

Re: Alteration - Project #10-065

Kim:

It has come to my attention that the financing for this project has changed. 77 IAC 1110.750 b) 6) states

"any increase in the amount of funds to be borrowed for those permit holders that have not documented 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)."

The approved permit effective December 14, 2010 allowed for a borrowing of \$19, 550,000. In your permit renewal request dated April 12, 2016 you stated financing would be \$22,200,000. You need to submit an alteration request to the State Board.

As part of that alteration request we need the following:

1. A new cost and sources of funds statement. [page 5 of the original application for permit]
2. The amount of the financing and the terms and conditions of the financing.
3. A detailed description of how the EB5 financing is going to be structured.
4. A list of the members of the South Elgin Real Estate Holdings I, L.L.C. and South Elgin Healthcare & Rehabilitation Center, L.L.C. and their percentage of ownership
5. The Alteration Fee is \$1,000.

Additionally we have rescheduled the Permit Renewal of Project 10-065 the June 2016 meeting to be held in Bolingbrook, Illinois.

Should you have any questions or concerns please contact Mike Constantino or George Roate of my staff at Mike.Constantino@illinois.gov or George.Roate@illinois.gov or 217.782.3516

Sincerely,

Mike Constantino
Project Reviewer

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$ 44,240	\$ 11,760	\$ 56,000
Site Survey and Soil Investigation	\$ 7,900	\$ 2,100	\$ 10,000
Site Preparation	\$ 395,000	\$ 105,000	\$ 500,000
Off Site Work	\$ 316,000	\$ 84,000	\$ 400,000
New Construction Contracts	\$ 10,724,764	\$ 2,850,887	\$ 13,575,650
Modernization Contracts	\$ -	\$ -	\$ -
Contingencies	\$ 703,175	\$ 186,920	\$ 890,096
Architectural/Engineering Fees	\$ 518,559	\$ 137,845	\$ 656,404
Consulting and Other Fees	\$ 1,631,620	\$ 433,722	\$ 2,065,342
Movable or Other Equipment (not in construction contracts)	\$ 1,142,571	\$ 303,721	\$ 1,446,292
Bond Issuance Expense (project related)	\$ 474,000	\$ 126,000	\$ 600,000
Net Interest Expense During Construction (project related)	\$ 1,028,580	\$ 273,420	\$ 1,302,000
Fair Market Value of Leased Space or Equipment	\$ -	\$ -	\$ -
Other Costs To Be Capitalized	\$ 165,900	\$ 44,100	\$ 210,000
Acquisition of Building or Other Property (excluding land)	\$ -	\$ -	\$ -
TOTAL USES OF FUNDS	\$ 17,152,309	\$ 4,559,475	\$ 21,711,784
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	\$ -	\$ -	\$ -
Pledges	\$ -	\$ -	\$ -
Gifts and Bequests	\$ -	\$ -	\$ -
Bond Issues (project related)	\$ 15,444,500	\$ 4,105,500	\$ 19,550,000
Mortgages	\$ -	\$ -	\$ -
Leases (fair market value)	\$ -	\$ -	\$ -
Governmental Appropriations	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -
Other Funds and Sources - Land Value, Dev Fee	\$ 1,707,809	\$ 453,975	\$ 2,161,784
TOTAL SOURCES OF FUNDS	\$ 17,152,309	\$ 4,559,475	\$ 21,711,784
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

