



Good Samaritan

Pontiac

November 30, 2012

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

RE: Request for Declaratory Ruling Relative to and Extension of the CON Condition
for Debt Financing for Good Samaritan – Pontiac, Project # 12-027

Dear Ms. Avery,

I enclose with this letter supporting documentation in relation to the referenced Request for Declaratory Ruling. Our attorney Mr. Ed Clancy has informed us that your office requested that we send you material relative to our work in securing financing from the USDA.

In a conference in November with Shari Lannon, Area Specialist of the USDA in Illinois, she informed us, after a year of material meetings with USDA representatives, we needed to submit updated information in relation to a list of items identified by Mr. Mike Wallace, director of Illinois USDA. Therefore, I enclose for your review the package of items last submitted to the USDA.

I share with you an overview of the road we have been going down, since 2010, in our effort to obtain financing.

- A. Upon receiving the license to operate the Livingston Manor Nursing Home, as Good Samaritan – Pontiac, we started to work on an application for a CON permit to build a replacement facility for Good Samaritan – Pontiac.
- B. From the last half of 2010 through the end of 2011, we contacted several financial institutions and gave them information for consideration of financing. The first bank was Morton Community Bank. In June 2011, it declined to provide us financing for the project. At the same time, we had applications into PNC bank, which never responded. Flanagan State Bank was not interested in providing the financing. State Bank of Graymont was very serious about financing the project and was working with correspondent banks of Bank of Pontiac and Quad City Bank and Trust. However, in September 2011, the Bank said they could not go forward with the project financing. We also sent an application to Busey Bank in Bloomington. In September, we received a call of interest from the bank, asking us to provide updated financial information.
- C. Busey Bank had good experience working with the USDA. Subsequently, it put together a meeting with Busey Bank, USDA, and Good Samaritan Pontiac to discuss how financing could work, with guarantees and participations. Subsequent to that

meeting and after much sharing of information and financial projections, Busey Bank gave the Good Samaritan Pontiac and Good Samaritan Group a Letter of Financing, detailing all the considerations and terms with which we would need to comply. Finally, we had the missing piece for the CON application. We filed the initial CON application in March 2012 and an amended application in May 2012. The Board granted Good Samaritan a CON permit at its July 24, 2012 meeting, with the condition that we needed to provide proof of permanent financing by December 31, 2012.

- D. In August 2012, all parties met to discuss the information needed to move forward with permanent financing. In August and September of 2012, USDA (the anchor lender) and we sent information back and forth for purposes of securing permanent financing. At one point, it became apparent that the Washington, DC office of the USDA absolutely required an updated Market Feasibility and Financial report, with a rendered opinion from the accounting firm, in order to further consider our application for financing. As I stated in the Request for Declaratory Ruling, we engaged WIPFLI, LLP to perform this work. When we met with the firm in October 2012, it was apparent they would not be able to complete their report in time to meet the condition for financing on our CON permit. Therefore, we respectfully requested an extension to produce the report and secure the permanent financing commitment.

Thank you for consideration of this additional information and documentation on our request for an extension of the condition, until June 30, 2013, in furtherance of the completion of our project with Livingston County, Illinois, for the replacement of our current facility.

Sincerely,



Richard H. Hiatt, President

The Good Samaritan Group



Good Samaritan

Pontiac

November 30, 2012

Shari Lannon, Area Specialist
Rural Development
U.S. Department of Agriculture
2110 W. Park Ct., Suite B | Champaign, IL 61821

Ref: Preliminary Architect report of September 21, 2012, included as Exhibit I

Dear Shari:

This letter is an overview of the attached documents which are being submitted in response to the preliminary architect report dated September 21, 2012. We hope you will find that it comprehensively addresses the seven issues from the letter in a clear and concise manner.

Below is a list of the contents of the included attachments.

Preliminary Architectural Review item #1:

The project must comply with the Historical Preservation Act of 1966.

- a. This required a letter from the State Historical Preservation Officer. This letter is in the environmental assessment that has been completed.

Response:

See attachment A which contains a letter from the Illinois Historic Preservation Agency, Illinois Department of Natural Resources, and EcoCat.

Preliminary Architectural Review item #2:

The project must comply with the Architectural Barriers Act of 1968.

- a. The project must comply with UFAS and may need to comply with the Illinois Accessibility Code.
- b. A site plan and floor plans showing the accessible route and spaces are required for review.

Response:

See attachment B which contains a letter from KDA architects which this is addressed in Item #2, and a floor plan.

Preliminary Architectural Review item #3:

The facility must comply with the 2009 International Energy Conservation Code.

- a. There is not sufficient information submitted to confirm this. A letter from the Architect or Owner should be submitted to confirm compliance.

Response:

See attachment B which contains a letter from KDA architects which this is addressed in Item #3.

Preliminary Architectural Review item #4:

The facility must comply with the 2003 International Building Code.

- a. There is not sufficient information submitted to confirm this. A letter from the Architect or Owner should be submitted to confirm compliance.

Response:

See attachment B which contains a letter from KDA architects which this is addressed in Item #4.

Preliminary Architectural Review item #5:

The project budget needs additional clarification.

- a. Preplanning costs of \$84,000: A breakdown should be submitted to further analyze these costs.
- b. Construction Cost of \$10,558,947: This equates to \$190 per SF and is above the upper ¾ cost in Means Cost Data for nursing homes. A breakdown should be submitted to further analyze the building costs. We normally don't fund projects above the median cost level in Means.
- c. Consulting and other fees of \$1,181,750: A breakdown should be submitted to further analyze these costs.
- d. Land cost of \$480,000: this cost should be confirmed.
- e. Moveable equipment cost estimate of \$791,902: A breakdown should be submitted to further analyze these costs.
- f. Legal fees: There is no cost presented. Please provide an estimate.

Response:

a – See attachment C, which includes a summary spreadsheet and copies of check stubs and the preliminary financial projection agreement which documents the \$5,000 prepayment, and the \$12,000 final payment, for a total of \$17,000 for McGladrey, and invoices from KDA Architects for \$77,647. McGladrey provided preliminary financial projections. KDA supplied preliminary architectural consulting. The invoices are attached and total \$94,647 for hard costs that do not include travel and meals, well over the \$84,669 included in the sources and uses of funds

b – See attachment D, which contains the Project Costs and Sources of Funds from the Certificate of Need (CON) application which totals \$14,590,261 (please note that this does not include

the land cost of \$480,000 which would bring the total to \$15,070,261), and the Projected Sources and Uses of Funds used for financing, which shows \$15,070,261. T

Attachment D also contains a notice from the Illinois Health Facilities and Services Review Board on revised CON cost thresholds with calculations of our cost per square foot, and equipment costs. The Illinois Health Facilities Review Board, the standard cost of construction of a nursing home in zip code 617XX, is \$185/sq ft. We allowed a 3% inflation of \$5.55 per sq ft for a total of \$190 per sq ft. This cost was verified with Illinois Health Facilities and Services Review Board by phone as recently as October 30, 2012.

Attachment D also is a spreadsheet which shows construction costs for recent nursing home projects in Illinois. It shows the average of \$188 per sq ft. We feel that we are in line with that, especially since we have not started construction yet, and inflation will affect us over and beyond these costs.

c – See attachment E, which contains 3 spreadsheets, 2 of which are accompanied by invoices. The first spreadsheet is an estimate of how the 22% will be spent. We have not gone to bid yet, so we do not have hard numbers to work with. The second spreadsheet shows the summary of charges from Foley and Associates who gave us consulting for the CON. The agreement and check stubs are attached to the spreadsheet as subparts. The third spreadsheet is a breakdown of our CON filing fees. The cancelled checks, check stubs, and letter of fee notice are attached to that spreadsheet.

KDA and Farnsworth have both recommended that consulting costs run 22% of the building costs, but we do not have specific information on the costs. We anticipate further refinement moving forward. These costs include:

- Civil/Traffic engineering
- Environmental/Geotechnical engineering
- Architecture/Engineering
- Interior Design/ Specialty Design Consultants
- Legal
- Approvals
- Projections
- Market Studies
- Filing Fees
- Permits
- Utility
- Connection fees
- Testing
- Moving

Twenty-two percent of the building cost is \$1,828,200. We backed out the architect fee of \$646,450 which results in \$1,181,750. We also have the possibility of the architect fees increasing should we have to revise the building, or if we have to “buy out” KDA and move to Farnsworth to get a local architect. We have incurred \$182,929 in legal fees, also addressed in F, so far. We have another \$29,549 in the CON, with more fees to come due to extensions, or possible modifications.

d –See attachment F, which contains the purchase contract which states the price of \$480,000.

e – See attachment D, which contains a notice from the Illinois Health Facilities and Services Review Board on revised CON cost thresholds with calculations of our cost per square foot, and equipment costs. The Illinois Health Facilities Review Board, the average cost of equipment for a nursing home in zip code 617XX, is \$7,263 per bed. We are below that number at \$6,491 per bed.

Both KDA and Farnsworth have told us that at this point, the only way to know the cost of moveable equipment is as a standard cost per bed. According to the Illinois Health Facilities Services Review Board as of October 30, 2012, the standard cost of moveable equipment per bed is \$6,491. We have an approved CON for 122 beds $\$ 6.491 \times 122 = \$791,902$.

f – See attachment E, subpart I-JJ. Our current legal fees are \$182,929 and we anticipate further costs. These costs are included in the consultant costs in 5c.

Preliminary Architectural Review item #6:

The project must be modest in size and consistent with the needs of the community.

- a. The “draft interim” Market Feasibility Analysis indicates that an 81 bed facility is justified, but the proposal is for a 122 bed facility. The analysis also indicates that the study will need to be updated based on final size and scope decisions. What factors (other than replacement of like sized facility) went into the decision to size this new facility?
- b. The report also indicates that the reviewer “does not recommend proceeding with the proposed project until the Sponsor conducts all appropriate consumer research, explores facility design and composition options and analyzes operating pro forma scenarios.” Has this been accomplished and what are the results?
- c. Information should be provided about the existing facility, history, current utilization, etc.
- d. We will need to look at an appropriate management agreement/arrangement between GSG and GSP, due to ownership and management arrangement. What types of issues are there with GSG having ownership of the facility and GSP holding the license? This will need to be addressed in more detail to explain the relationship vs licensing requirements.
- e. Does GSG have a plan once the new facility is built to support occupancy needs?

Response:

See attachment G, which has the Illinois Health Facilities and Services Review Board minimum sq ft requirement for new construction of nursing homes, it also contains the breakdown of square footage for our building from KDA and the testimony of 3 of our employees who testified before the Illinois Health Facilities and Services Review Board. These testimonies spell out very well the reasons why we need a new facility and why we have trouble building census in our current building.

The “new Good Samaritan Pontiac” facility will be a no frills facility and the square footage is at a state required minimums to provide for two critical needs requested by family and residents. The first is to provide privacy to the extent possible and to have a bathroom in each room. We are a primary Medicaid facility; therefore, two beds are planned for each room with a fixed “toe-wall” constructed to offer the privacy and a bathroom for two people to share. The Old Livingston Manor, which was

operated by Livingston County, is the oldest home in the area and carries a reputation of "poor farm home". For many years this facility had over 100 residents and the census fell dramatically starting in 2006 when Livingston County started working to get out of the nursing home business.

a – Although, we know the County has an aging population and believe the 122 bed facility will be filled in a reasonable time, we understand the importance of demonstrating a business case for what is needed today. To provide some context for the 122 beds, the following occurred.

The Good Samaritan organization was selected by the county to take over their nursing facility. The County published a package of the criteria they wanted for the nursing facility. Primarily, it was to be 122 beds, a new facility within a mile of the intersection of route 166 and interstate 55, and to offer the same care of the current Livingston Manor. In recognition of the request they offered an economic grant to cover some operation costs and a grant for new construction. The amounts were \$2 million and \$2.5 million respectfully.

The Review Board granted us a Certificate of Need for 122 skilled beds, which is a certification from the State of Illinois that 122 beds are needed in our service area. The IHSRB does their own study, and does not rely on any information the applicant submits. At that time, we believed that the rigorous market and financial feasibility study conducted by the Illinois Health Services Review Board (IHSRB) and their approval of the 122 beds was sufficient justification for the facility size for both planning and for the USDA application in addition to the market study by Revere Healthcare in 2009 (see Attachment H).

We feel the population in the County has remained steady; therefore, the Revere study would have credibility for today if it projected information into 2017. We acknowledge that the study suggested additional analysis and recognize the disconnect between the number of beds in the Revere Study and the planned 122 bed facility. For this reason, we have contracted with Wipfli LLP to refresh the market study and conduct additional investigation into the types of beds needed. For example, there is likely a need for dementia or memory care, bariatric care, or other supportive living for the aged.

b – See attachment I, which contains the Financial Projection report that Good Samaritan-Pontiac employed the services of McGladrey CPAs to provide as an accompaniment to the Revere Healthcare market study (attachment G). This report shows with a high census of 67% Medicaid residents, which results in a positive cash flow in two years.

To better assess the Market Feasibility and Financial Projections, the Good Samaritan Pontiac has now engaged the services of Wipfli, LLP to provide a detailed report with their opinion. We anticipate the Wipfli report will bear out the expanded need for the variety of health services for us to offer the community. In the interim time frame, we are asking consideration to complete an application with the USDA for the project while the Wipfli study is proceeding.

C - See attachment J.

d – See attachment K, which contains the proposed lease agreement between Good Samaritan-Pontiac and Good Samaritan Group. The organization structure was created at the time we were awarded the opportunity to run the Livingston Manor and have it become Good Samaritan-Pontiac. The board decided that all assets should be held in a corporation to protect the property and investments from liability. Therefore, Good Samaritan Group Corporation was formed to hold the assets. The Good Samaritan-Flanagan and Good Samaritan-Pontiac would be separate corporations to manage and run

the operations of the nursing homes. The purpose of this was to isolate the operations from the assets of the organization. A fourth corporation was formed; Good Samaritan Services to provide efficiency in contracting for accounting services, supplies, therapy care, etc. This corporation is not active and has never been used the way it set up to be.

The Good Samaritan Pontiac would be the corporation to operate the home and carry the state license for running the nursing home. The Good Samaritan Group is there for support and help to make the operation of the facility successful. We do not believe there are any issues for the organization to have assets held by one corporation and the licenses held by another corporation. There is a proposed lease agreement attached to this report which will become effective once the building is complete. At this time the Good Samaritan Pontiac is leasing the County's building until the replacement facility can be constructed.

e – Given the short-comings of our current facility, the long and negative public press surrounding closing the facility and census before the negative press, we feel that residents will be anxious to move into a new facility near the hospital. In addition, a full marketing campaign will be utilized including radio, direct mailing, news print, television, and hospital and doctor visitations from the leadership of all staff and all corporations. The specific support of the Good Samaritan corporations will solicit residents from our County to fill the rooms in each facility. The Group will have the advantage to contract for marketing which will help both corporations. The Group will also be able to solicit support and donations which will be available to both corporations for funding services.

Preliminary Architectural Review item #7:

The new facility aesthetics should be compatible with the architectural character of the community.

- a. Architectural elevations of the proposed facility should be submitted for review.
- b. Architectural elevations of the proposed facility should be submitted for review.

Response:

a – The new facility will be built in the country near the hospital. There are no surrounding businesses or subdivisions to have a compatible architectural character with.

b – See attachment L.

The submission of this package and additional information is for USDA review in anticipation of an application invitation. Your time in reviewing all the details from the conference call with yourself, Rick Hiatt and I is very much appreciated. If there are any questions, please do not hesitate to call.

Sincerely,

Glenda Tannahill
 Glenda Tannahill, MBA, Ph.D.
 CEO/CFO

RECEIVED



Illinois Historic Preservation Agency

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Livingston County
Pontiac
SW of West Reynolds Street and Ewing Drive
Section: 29-Township: 28N-Range: 5E
USDA - RD
New construction, skilled nursing facility

PLEASE REFER TO: IHPA LOG #003021512

February 16, 2012

Susan Petrea
USDA - Rural Development
2118 W. Park Court, Suite B
Champaign, IL 61821

Dear Ms. Petrea:

We have reviewed the documentation submitted for the referenced project(s) in accordance with 36 CFR Part 800.4. Based upon the information provided, no historic properties are affected. We, therefore, have no objection to the undertaking proceeding as planned.

Please retain this letter in your files as evidence of compliance with section 106 of the National Historic Preservation Act of 1966, as amended. This clearance remains in effect for two (2) 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 are an applicant, please submit a copy of this letter to the state or federal agency from which you obtain any permit, license, grant, or other assistance.

Sincerely,

Anne E. Haaker
Deputy State Historic
Preservation Officer



Illinois Department of
Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
<http://dnr.state.il.us>

Pat Quinn, Governor
Marc Miller, Director

June 27, 2012

Susan Petrea
Good Samaritan Group LLC
RR
Pontiac, IL 61764

Re: Good Samaritan Group LLC
Project Number(s): 1217220
County: Livingston

Dear Applicant:

This letter is in reference to the project you recently submitted for consultation. The natural resource review provided by EcoCAT identified protected resources that may be in the vicinity of the proposed action. The Department has evaluated this information and concluded that adverse effects are unlikely. Therefore, consultation under 17 Ill. Adm. Code Part 1075 is terminated.

This consultation is valid for two years unless new information becomes available that was not previously considered; the proposed action is modified; or additional species, essential habitat, or Natural Areas are identified in the vicinity. If the project has not been implemented within two years of the date of this letter, or any of the above listed conditions develop, a new consultation is necessary.

The natural resource review reflects the information existing in the Illinois Natural Heritage Database at the time of the project submittal, and should not be regarded as a final statement on the site being considered, nor should it be a substitute for detailed site surveys or field surveys required for environmental assessments. If additional protected resources are encountered during the project's implementation, you must comply with the applicable statutes and regulations. Also, note that termination does not imply IDNR's authorization or endorsement of the proposed action.

Please contact me if you have questions regarding this review.

Rick Pietruszka
Division of Ecosystems and Environment
217-785-5500



Applicant: Good Samaritan Group LLC
Contact: Susan Petrea
Address: RR
Pontiac, IL 61764

IDNR Project #: 1217220
Date: 06/26/2012

Project: Good Samaritan Group LLC
Address: Ewing Drive, Pontiac

Description: Construction of a replacement skilled nursing facility on a 15 acre tract immediately to the south of the Pontiac hospital located on IL Route 116 just west of the I57 interchange.

Natural Resource Review Results

Consultation for Endangered Species Protection and Natural Areas Preservation (Part 1075)

The Illinois Natural Heritage Database shows the following protected resources may be in the vicinity of the project location:

Vermilion River - Illinois Drainage INAI Site

An IDNR staff member will evaluate this information and contact you within 30 days to request additional information or to terminate consultation if adverse effects are unlikely.

Location

The applicant is responsible for the accuracy of the location submitted for the project.

County: Livingston
Township, Range, Section:
28N, 5E, 29



IL Department of Natural Resources Contact
Rick Pietruszka
217-785-5500
Division of Ecosystems & Environment

Local or State Government Jurisdiction
USDA Rural Development
Susan Petrea
2110 W Park Court
Champaign, Illinois 61821

Disclaimer

The Illinois Natural Heritage Database cannot provide a conclusive statement on the presence, absence, or condition of natural resources in Illinois. This review reflects the information existing in the Database at the time of this inquiry, and should not be regarded as a final statement on the site being considered, nor should it be a substitute for detailed site surveys or field surveys required for environmental assessments. If additional protected resources are encountered during the project's implementation, compliance with applicable statutes and regulations is required.

Terms of Use

By using this website, you acknowledge that you have read and agree to these terms. These terms may be revised by IDNR as necessary. If you continue to use the EcoCAT application after we post changes to these terms, it will mean that you accept such changes. If at any time you do not accept the Terms of Use, you may not continue to use the website.

1. The IDNR EcoCAT website was developed so that units of local government, state agencies and the public could request information or begin natural resource consultations on-line for the Illinois Endangered Species Protection Act, Illinois Natural Areas Preservation Act, and Illinois Interagency Wetland Policy Act. EcoCAT uses databases, Geographic Information System mapping, and a set of programmed decision rules to determine if proposed actions are in the vicinity of protected natural resources. By indicating your agreement to the Terms of Use for this application, you warrant that you will not use this web site for any other purpose.
2. Unauthorized attempts to upload, download, or change information on this website are strictly prohibited and may be punishable under the Computer Fraud and Abuse Act of 1986 and/or the National Information Infrastructure Protection Act.
3. IDNR reserves the right to enhance, modify, alter, or suspend the website at any time without notice, or to terminate or restrict access.

Security

EcoCAT operates on a state of Illinois computer system. We may use software to monitor traffic and to identify unauthorized attempts to upload, download, or change information, to cause harm or otherwise to damage this site. Unauthorized attempts to upload, download, or change information on this server is strictly prohibited by law. Unauthorized use, tampering with or modification of this system, including supporting hardware or software, may subject the violator to criminal and civil penalties. In the event of unauthorized intrusion, all relevant information regarding possible violation of law may be provided to law enforcement officials.

Privacy

EcoCAT generates a public record subject to disclosure under the Freedom of Information Act. Otherwise, IDNR uses the information submitted to EcoCAT solely for internal tracking purposes.

October 9, 2012
US Mail

Mr. Richard H. Hiatt
PO Box 198
Pontiac IL 61764

Re: Good Samaritan Nursing Home
Preliminary Architectural Report - Reply

Dear Rick:

In response to an email sent to you and Glenda, September 10, 2012 from Shari Lannon, Area Specialist Rural Development, US Department of Agriculture (USDA) and with the *Preliminary Architectural Report* issued by Michael A. Wallace, Community Programs Director, the following is our response to items 1, 2, 3, 4, and 7 of the *Preliminary Architectural Review*. (Refer to attachment for original directive.)

The proposed scope of the work is to build a new 55,400 S.F., 122-bed nursing home on a virgin site.

Item #1 This item was completed and submitted by the State Historical Preservation officer and part of the environmental assessment that has been completed.

Item #2

- a) The project will comply with the UFAS – Uniform Federal Accessibility Standards and ADA – Americans with Disabilities Act.
- b) The floor plan submitted will comply with ADA requirements for all accessible routes and throughout.

The site plan has not yet been completed or reviewed by KDA Architects. However upon our review the site plan will conform to all UFAS and ADA requirements.

- c) Requirements mandated by the Illinois Accessibility Code, April 24, 1997, by the Capital Development Board, consistent with the UFAS will be followed.

Item #3 The design of the facility will comply with the 2009 International Energy Conservation Code (IECC).

Item #4 The design of the facility will comply with the 2003 International Building Code (IBC).

Item #5

- a) Pre-Planning – Phase One Programming, Conceptual Design
The following is an outline of services prepared by KDA Architects for the Pre-Planning Phase of the project and associated fee. KDA completed out portion of the Phase and submitted to Good Samaritan Pontiac.

USDA Architect
question #2 a
USDA Architect
question #2 b

USDA Architect
question #3

USDA Architect
question #4

PHASE ONE: Programming and Concept Design for CON Application**WORK PLAN AND TIMELINE (Six Weeks – Four Meetings)**

KDA will lead a process to explore, debate, and create a vision for the future of the community. The solutions developed during the design process must be linked to realistic financial and operational constraints, both long and short-term. We suggest that preliminary financial feasibility should be considered along the way and not at the end of the process.

Below is a suggested work plan for Phase One of the project. Phase One will span six weeks with the goal of preparing a building program, preliminary site and floor plans and elevations for CON submission to the State in early September. This work plan provides a basic framework of biweekly meetings which can be adjusted to suit the specific needs of the group.

Prior to our first team meeting KDA will develop a draft building program via phone conversations and email collaborations with you and key members of your team. At the same time we will assemble unit prototypes and an educational session for presentation at the kick-off meeting. KDA will also assist you in hiring a construction manager for the project.

MEETING 1
July 21, 2010
Kick-off Meeting

The focus of the kick off meeting is to develop a list of priority goals and objectives and to review a draft program of spaces for the new building. At this meeting, we will begin to discuss the operational philosophy for this new facility. We will evaluate household sizes, staffing arrangements, and operations. Some preliminary building diagrams will be created to evaluate how these operational decisions will affect the design solution.

Also at this first visit, we begin to develop the base tools that will allow us to develop a detailed building program that can output construction cost implications in a way that your Construction Manager can use to evaluate the financial impact as decisions are made. This type of live update tool keeps us from moving too far from your goals. It also ensures that we successfully merge your operational values into a design solution that is financially responsible.

Items to be reviewed at this meeting include:

- Goals and Objectives of the Project.
- Review any "green" and sustainable aspects.
- Identify key participants and establish lines of communication.
- Define additional consultants that may be needed.
- Define success factors – What will make the building a success?
- Refine and agree to the schedule of work sessions.
- An 'Educational Session' to review trends in the industry.
- Collect existing documents relevant to the project including:
 - Previous studies, strategic plans, market studies, etc.
 - Site survey showing boundaries, site improvements, topography, utilities, easements and adjacent properties.

MEETING 2**August 4, 2010****Refine Program, Concept Site Plan and Building Plans**

The focus of this meeting is to refine the project parameters. KDA will encourage looking to the future while considering the realities of the present. From an understanding of your operations plan developed at the first meeting, KDA will further develop the detailed building program. This program will be reviewed and evaluated by your staff through a series of conference calls and Internet-based meetings.

The program summary will be forwarded to your Construction Manager for financial evaluation. At the end of this step, we will have a detailed building program that reflects both your operational philosophy and financial goals.

From the approved building program and operational philosophy KDA will explore options and develop conceptual site plans that reflect your goals and the specific site constraints. Before starting this step, we will need survey information of the site to at least 2-foot contours.

Included in this step will be:

- Discuss operational and functional concepts related to the program
- Review the program of spaces; establish quantifiable space and area requirements.
- Evaluate the site and potential locations for the new building. Included in this will be a list of pro's and con's for each scheme.
- Discuss Resident lifestyle needs such as dining, therapy, fitness, hobbies, activities, religion, culture, etc
- Establish a working budget, schedule, and financial feasibility approach.
- Review the next steps and create a task list to be accomplished for the next meeting.

MEETING 3**August 18, 2010****Sketch Plans and Elevations**

The focus of this step is to further test ideas for accommodating the program within the budget and to begin narrowing down the options that best meet the needs of the project. With some preliminary concept plans in hand, KDA will meet with your team to discuss these options and with your input develop an option that reflects the best ideas. This meeting is an open forum meeting where we encourage open discussion and the exploration of ideas. By the end of the day, the goal is to have distilled all of the ideas into a focused direction.

Included in this meeting will be:

- Preparation of Plan and Elevation options to be reviewed with the team.
- Team review of the options such that a consensus is reached on the one to develop to the next level of detail.

MEETING 4
August 25, 2010
Finalize Site Plan, Floor Plans and Elevations

The focus of this step is final refinement of Plans and Elevations and program including agreement on the concepts to develop in Phase Two: Schematic Design. At this meeting the team will evaluate, review and make any final comments on the proposed design in preparation for CON submission.

Following this meeting we will summarize the study for use in submitting the CON Application to the State

- Complete the drawings and document the process.
- Prepare a powerpoint and an 8½x11 and /or 11x17 handout for distribution.
- Prepare a bound report. This report will include the final plans, program, elevations, diagrams, meeting notes, narratives, and key previously reviewed concepts.
- Finalize the presentation and present to the appropriate group.

The report at the conclusion of Phase One will provide your organization with a tool to evaluate the financial and operational viability of a new nursing facility.

Item #5

b) through f)

Project Budget is not the responsibility of KDA Architects. This is the responsibility of the Owner.

Item #6

a) through e)

Ancillary Information is not the responsibility of KDA A. This is the responsibility of the Owner.

Item #7

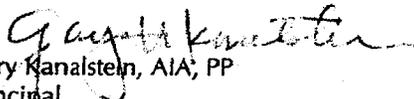
Architectural floor plans and exterior elevations have already been submitted. However, another set of documents is enclosed. (Refer to attachment.)

I believe this meets with the requirements of the *Preliminary Architectural Report* with respect to KDA Architects.

If you have any questions you may call either Joseph Scanlon or me at your convenience.

Very truly yours,

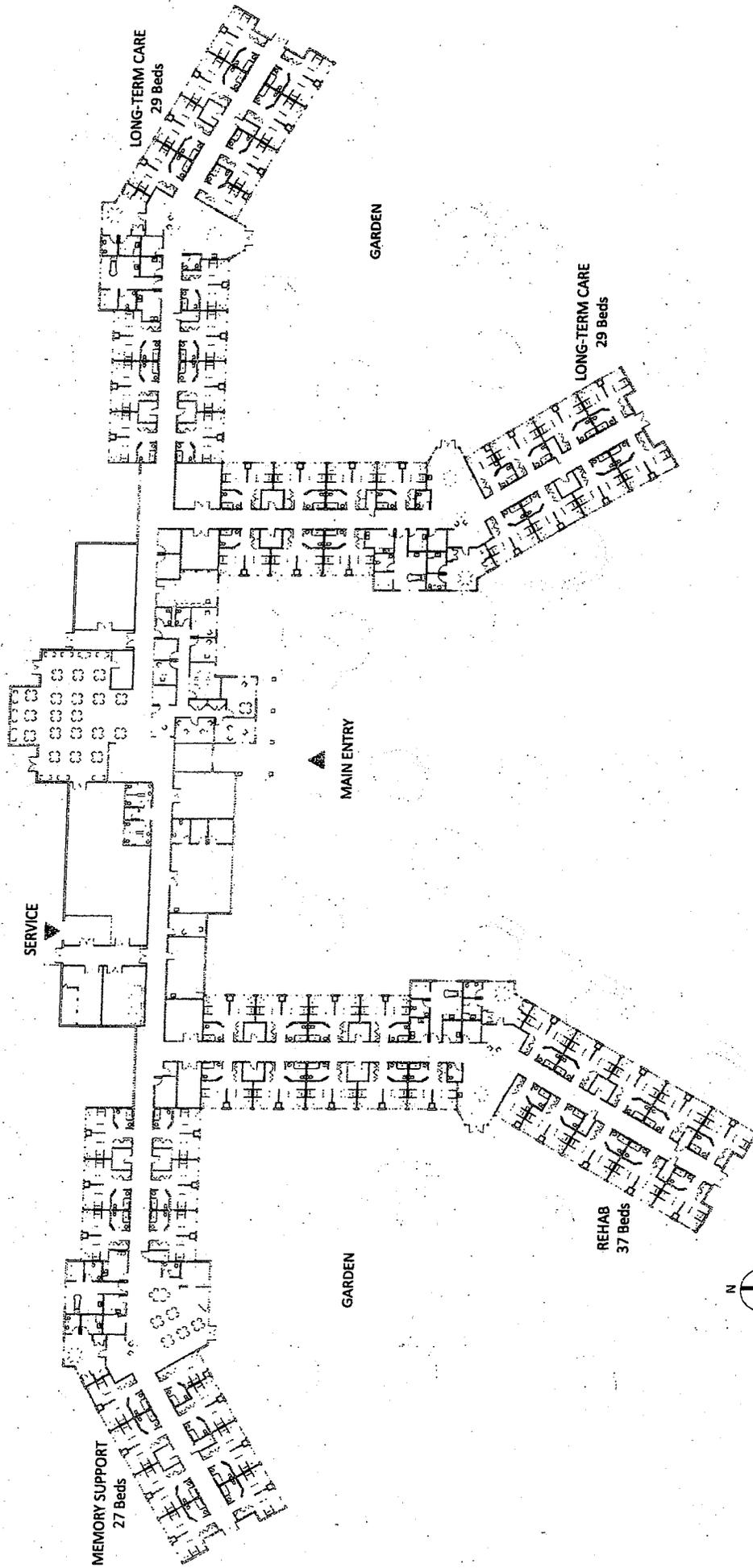
KDA Architects, P.A.


 Gary Kanalstein, AIA, PP
 Principal

CC: Dr. Glenda Tannahill, COO

Attachments

- USDA Preliminary Architectural Report
- Architectural Floor Plans and Exterior Elevation



TOTAL SQUARE FOOTAGE: 55,400 SF



Attachment D
Subpart A

Updated: November 30, 2012

Good Samaritan - Pontiac
Nursing Home Facility
Pontiac, IL 61764

Key Development Assumptions:

Nursing Home Facility	55,400 sq. ft.	
Site acreage	15 acres	
Design period		2013
Construction period		2014

Project Budget

Description:	Costs:	Subtotal:	Comments:
Administration and Legal Expenses:			
Administrative Costs to Project	\$ 50,000		Legal and costs for closing From contingency estimate
Legal and Title Fees	\$ 230,000		Attorney, CON, Title, etc
Pre-Planning	\$ 84,669		Research with firms for planning
Property and materials Insurance	\$ 20,000		From contingency estimate
Market Study, Consultants, Projections	\$ 125,000		Revere, Wipfli, Foley, McGladrey
Marketing for opening	\$ 5,000		Flyers, ground breaking, misc.
CON costs and possible amendments	\$ 74,000		Illinois State Health Facilities Bd
Subtotal		\$ 588,669	
Land, structures, retention, road, landscaping:			
Land costs	\$ 480,000		
Landscaping, road, retention	\$ 275,000		
Appraisal	\$ 10,000		
Subtotal		\$ 765,000	
Relocation expense:			
Moving expenses	\$ 75,000		Move from Livingston Manor
Subtotal		\$ 75,000	
Architectural and engineering fees:			
Architectural and engineering fees	\$ 646,450		KDA, Farnsworth, others
Subtotal		\$ 646,450	
Other Architectural and engineering fees:			
Architect review fees	\$ 10,000		Farnsworth
Interior Design work and Décor	\$ 175,000		Unknown contractor
Signage, Design	\$ 10,000		From contingency estimate
Cultural Resources fees	\$ 12,000		
Environmental Study fees	\$ 12,000		
Construction estimating	\$ 50,000		Farnsworth civil engineering
Subtotal		\$ 269,000	
Project Inspection fees:			

*Attachment D
Sub part A*

Building permits, Sewer, water,connections other fees	\$ 50,000	Esitimated from other projects
Construction testing	\$ 10,000	
Subtotal	\$ 60,000	
Site work:		
Utilities	\$ 83,750	In construction
Sitework costs		In new construction costs
Subtotal	\$ 83,750	
Equipment costs:		
Movable and other equipment	\$ 791,902	New equipment for facility
Subtotal	\$ 791,902	
Construction:		
Nursing Home Facility construction	\$ 10,558,947	Building construction
Subtotal	\$ 10,558,947	
Miscellaneous:		
Capitalized interest	\$ 270,648	During constructon
Subtotal	\$ 270,648	
Contingencies:		
Miscellaneous of every nature	\$ 960,895	Entire Project
Subtotal	\$ 960,895	
Grand Total Project	\$ 15,070,261	

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	NONCLINICAL	TOTAL
Preplanning Costs	\$60,693	\$23,976	\$84,669
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts	\$7,568,891	\$2,990,057	\$10,558,947
Modernization Contracts			
Contingencies	\$756,889	\$299,006	\$1,055,895
Architectural/Engineering Fees	\$463,390	\$183,060	\$646,450
Consulting and Other Fees	\$847,105	\$334,645	\$1,181,750
Movable or Other Equipment (not in construction contracts)	\$567,653	\$224,249	\$791,902
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)	\$194,007	\$76,641	\$270,648
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$10,458,627	\$4,131,634	\$14,590,261
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,792,056	\$707,944	\$2,500,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	\$8,666,571	\$3,423,690	\$12,090,261
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$10,458,627	\$4,131,634	\$14,590,261
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

NOTICE

To: Interested Parties
From: Illinois Health Facilities and Services Review Board
Re: Revised CON Review Thresholds
Date: July 1, 2011

In accordance with PA 096-031, the following revised thresholds for review become effective. These thresholds were adjusted by 3.30% in accordance with PA 096-031.
(Source for increase RS Means)

Capital Expenditures (Hospitals)	\$ 11,885,440
Capital Expenditures (Long Term Care)	\$ 6,717,857
Capital Expenditures (All other applicants)	\$ 3,100,550

Equipment
Cost
↓

HFSRB MOVEABLE EQUIPMENT
STANDARD

\$ 6,491 PER BED

HFSRB \$/GSF CONSTRUCTION
COST STANDARD
FOR ILLINOIS ZIP CODE
617XX MEANS COST

Square Footage
Cost
↓

CONST. STANDARD = \$ 185/GSF

30% INFLATION ALLOWANCE = \$ 5.55/GSF
TO MID-POINT OF CONST.

\$ 190.55/GSF

BASED ON PHONE CALL
WITH IHFSRB

Attachment D
 Subpart D L
 Certificate of
 Illinois Health Facility

Project #	Facility Name	Location	# SNF Beds	Square Footage
12-027	Good Samaritan	Pontiac	122	48,796
12-022	Resthava Home SNF and AL	Morrison	70	57,580
12-014	Manor Court	Freeport	27	8,694
12-005	Hickory Point Christian Village	Forsyth	17	7,502
12-003	Holy Family Villa-SNF, Dining, Activity, Chapel Expansion	Palos Park	30	37,270
11-085	Manor Court	Princeton	27	12,160
11-104	McAllister Nursing & Rehab 4 stories	Tinley Park	200	102,937
09-030	Addison Rehabilitation & Living Center	Elgin	120	61,196
09-068	Ottawa Pavilion	Ottawa	129	79,168
09-077	Asbury Pavilion N&R Center	N. Aurora	75	24,365
11-021	Meadowbrook Manor	LaGrange	197	138,902
11-013	Bel-Wood Nursing Home	Peoria	214	145,126
10-003	The Clare at Water Tower	Chicago	32	25,201
10-007	Manor Court	Freeport	90	45,906
10-031	Pecatonica Pavilion	Pecatonica	24	14,730
10-061	Hoopeston Community Memorial Nursing Home	Hoopeston	75	37,047
10-065	Park Pointe-So. Elgin Health & Rehab Center	South Elgin	120	65,000
08-062	Manor Court of Maryville	Maryville	120	67,000
07-071	Park Place Christian Community of Elmhurst	Elmhurst	37	38,251
07-078	Manor Court of East Peoria	East Peoria	128	59,500
07-102	Alden Estates of Shorewood	Shorewood	100	65,300
07-139	Miller Healthcare Center	Kankakee	40	32,934
07-103	Manor Care Health Services	Frankfort	120	57,280
07-085	Fox River Pavilion	Aurora	99	63,108
07-084	Palos Hills Extended Care	Palos Hills	179	95,094
03-085	Champaign County Nursing Home	Urbana	243	133,406
06-048	Church Street Station Skilled Nursing Center	Hanover Park	237	119,446
05-060	Lutheran Retirement Center Association and Lutheran Senior Services	Springfield	32	15,000
05-050	Alden Gardens of Rockford	Rockford	75	58,100
05-064	Asbury Pavilion N&R Center	N. Aurora	75	28,842
05-003	Apostolic Christian Restmor	Morton	128	85,000
03-082	Valley Hill Nursing Home	Woodstock	127	69,914

Attachment D
 Subpart D

g Term Care
 ed Application Analysis
 as and Services Review Board

Total Project Cost	\$/GSF	\$/Bed	GSF/Bed	Constructon	\$/GSF	Equipment	\$/Bed	Date	Type	Classification
\$10,362,817	\$212.37	\$84,941	400	\$8,037,500	\$185	\$700,000	\$5,738	2012	Replacement	LTC
\$9,510,780	\$165.18	\$135,868	823	\$7,517,136	\$131	\$183,500	\$2,621	2012	Replacement	LTC/AL
\$1,799,109	\$206.94	\$66,634	322	\$1,375,000	\$158	\$105,000	\$3,889	2012	Addition	LTC
\$2,246,572	\$299.46	\$132,151	441	\$1,393,572	\$186	\$320,000	\$18,824	2012	Addition	LTC
\$10,871,749	\$291.70	\$362,392	1,242	\$7,933,884	\$213	\$426,747	\$14,225	2012	Addition/Remodel	LTC
\$2,980,521	\$243.46	\$109,649	450	\$1,984,500	\$163	\$175,000	\$6,481	2011	Addition	LTC
\$24,910,942	\$242.00	\$124,555	515	\$21,911,742	\$213	\$1,091,000	\$5,455	2011	Replacement	LTC
\$14,127,348	\$230.85	\$117,728	510	\$11,933,220	\$195	\$900,000	\$7,500	2010	New	LTC
\$13,597,635	\$171.76	\$105,408	614	\$10,404,349	\$131	\$980,000	\$7,597	2010	New/Remodel	LTC
\$5,365,000	\$220.19	\$71,533	325	\$4,136,000	\$170	\$525,000	\$7,000	2010	New	LTC
\$28,630,869	\$206.12	\$145,332	705	\$21,585,170	\$155	\$1,410,000	\$7,157	2010	Remodel/Replace	LTC
\$49,093,972	\$338.29	\$229,411	678	\$34,007,821	\$234	\$1,476,988	\$8,902	2010	Replacement	LTC
\$7,810,773	\$309.94	\$244,087	788	\$4,761,700	\$189	\$140,693	\$4,384	2010	Replacement	LTC
\$5,694,570	\$124.05	\$83,273	510	\$5,694,570	\$124	\$0	\$0	2010	Replacement	LTC
\$1,767,400	\$119.99	\$73,642	614	\$2,971,467	\$202	\$337,500	\$14,063	2010	New	LTC
\$6,210,145	\$167.63	\$82,802	494	\$5,354,760	\$145	\$454,330	\$6,058	2010	Replacement	LTC
\$18,600,000	\$286.15	\$155,000	542	\$14,465,746	\$223	\$1,446,292	\$12,052	2010	New	LTC
\$11,200,000	\$187.16	\$93,333	558					2008	New/Replacement	SNF
\$136,721,192	\$3,574.32	\$3,695,167	1,034					2008	New	LTC
\$10,577,698	\$177.78	\$82,638	465					2008	New	LTC
\$27,344,106	\$418.75	\$273,441	653					2008	New	LTC
\$7,073,000	\$214.76	\$176,825	823					2008	Addition	LTC
\$12,539,100	\$218.87	\$104,493	477					2008	New	LTC
\$9,312,500	\$147.56	\$94,086	637					2007	New/Replacement	LTC
\$18,291,331	\$202.87	\$107,773	531					2007	New/Replacement	LTC
\$23,224,933	\$174.09	\$95,576	549					2006	New/Replacement	LTC
\$25,138,370	\$210.46	\$106,069	504					2006	New	LTC
\$2,400,990	\$160.07	\$75,031	469					2006	New	CCRC
\$11,469,137	\$197.40	\$152,922	775					2006	New/Replacement	LTC
\$4,097,828	\$152.68	\$54,638	358					2006	New	CCRC
\$16,357,432	\$192.44	\$127,792	664					2005	New/Replacement	LTC
\$14,150,791	\$202.40	\$111,424	651					2005	New/Replacement	LTC

Avg \$/GSF	\$241			\$188
Avg \$/Bed		\$137,482	\$111,021	\$7,263
Avg GSF/Bed			566	

DATE	INVOICE #	LEGAL	HOURS		
5/31/2009	8175360	UNGARETTI & HARRIS	59.25	\$	20,026.25
5/31/2009	8175360	UNGARETTI & HARRIS	OTHER CHARGES	\$	3.20
5/31/2009	8178688	UNGARETTI & HARRIS	3	\$	672.18
5/31/2009	8178688	UNGARETTI & HARRIS	OTHER CHARGES	\$	117.78
5/31/2009	8178902	UNGARETTI & HARRIS	175.00	\$	42,417.50
5/31/2009	8178902	UNGARETTI & HARRIS	OTHER CHARGES	\$	163.93
12/31/2009	8182697	UNGARETTI & HARRIS	26.00	\$	6,667.50
12/31/2009	8182698	UNGARETTI & HARRIS	67.00	\$	16,997.50
12/31/2009	8152698	UNGARETTI & HARRIS	OTHER CHARGES	\$	5,221.19
12/31/2009	8182699	UNGARETTI & HARRIS	17.00	\$	3,809.02
12/31/2009	8182699	UNGARETTI & HARRIS	OTHER CHARGES	\$	103.17
1/31/2010	8183379	UNGARETTI & HARRIS	15.25	\$	4,213.75
2/28/2010	8184561	UNGARETTI & HARRIS	4.00	\$	1,400.00
2/28/2010	8184561	UNGARETTI & HARRIS	OTHER CHARGES	\$	18.70
3/31/2010	8185062	UNGARETTI & HARRIS	0.75	\$	266.25
9/30/2010	8191032	UNGARETTI & HARRIS	3.25	\$	1,113.75
10/31/2010	8192329	UNGARETTI & HARRIS	22.25	\$	5,613.75
11/30/2010	8193381	UNGARETTI & HARRIS	21.50	\$	5,180.00
7/31/2011	8201284	UNGARETTI & HARRIS	1.50	\$	562.50
7/31/2011	8201285	UNGARETTI & HARRIS	11.00	\$	2,145.00
8/17/2011	8201830	UNGARETTI & HARRIS	3.25	\$	1,086.25
8/17/2011	8201831	UNGARETTI & HARRIS	14.00	\$	3,155.00
8/17/2011	8201831	UNGARETTI & HARRIS	OTHER CHARGES	\$	107.95
9/30/2011	8202653	UNGARETTI & HARRIS	23.75	\$	6,198.75
9/30/2011	8202653	UNGARETTI & HARRIS	OTHER CHARGES	\$	72.57
10/31/2011	8203745	UNGARETTI & HARRIS	3.25	\$	1,178.75
11/30/2011	8205061	UNGARETTI & HARRIS	25.25	\$	7,788.75
11/30/2011	8205061	UNGARETTI & HARRIS	OTHER CHARGES	\$	33.56
12/31/2011	8205987	UNGARETTI & HARRIS	6.75	\$	1,811.25
12/31/2011	8205987	UNGARETTI & HARRIS	OTHER CHARGES	\$	1.70
1/31/2012	8206540	UNGARETTI & HARRIS	16.75	\$	4,081.25
1/31/2012	8206540	UNGARETTI & HARRIS	OTHER CHARGES	\$	4.00
2/29/2012	8207444	UNGARETTI & HARRIS	16.00	\$	4,440.00
2/29/2012	8207444	UNGARETTI & HARRIS	OTHER CHARGES	\$	28.90
3/31/2012	8208421	UNGARETTI & HARRIS	17.00	\$	4,255.00
					SEE ATTACHMENT I
					SEE ATTACHMENT I
					SEE ATTACHMENT J
					SEE ATTACHMENT J
					SEE ATTACHMENT K
					SEE ATTACHMENT K
					SEE ATTACHMENT L
					SEE ATTACHMENT M
					SEE ATTACHMENT M
					SEE ATTACHMENT N
					SEE ATTACHMENT N
					SEE ATTACHMENT O
					SEE ATTACHMENT P
					SEE ATTACHMENT P
					SEE ATTACHMENT Q
					SEE ATTACHMENT R
					SEE ATTACHMENT S
					SEE ATTACHMENT T
					SEE ATTACHMENT U
					SEE ATTACHMENT V
					SEE ATTACHMENT W
					SEE ATTACHMENT X
					SEE ATTACHMENT X
					SEE ATTACHMENT Y
					SEE ATTACHMENT Y
					SEE ATTACHMENT Z
					SEE ATTACHMENT AA
					SEE ATTACHMENT AA
					SEE ATTACHMENT BB
					SEE ATTACHMENT BB
					SEE ATTACHMENT CC
					SEE ATTACHMENT CC
					SEE ATTACHMENT DD
					SEE ATTACHMENT DD
					SEE ATTACHMENT EE

Attachment F



HARTWEG, TURNER, WOOD & DEVARY, P.C.

Darrell L. Hartweg
Ralph T. Turner
George C. Wood
Allen L. DeVary
David G. Armstrong

207 West Jefferson St. - Suite 400
Bloomington, IL 61701
www.htwlawyers.com

Phone: 309-827-0044
Fax: 309-829-0328

Ann Peterson
Office Manager

August 17, 2011

Glenda Tannahill
CFO/Temporary Administrator
Good Samaritan Home Flanagan/Pontiac
14335 US Highway 66
Pontiac, IL 61764

Re: OSF Contract

Dear Glenda:

Enclosed with this letter please find a complete copy of the executed "Real Estate Contract for Purchase and Sale of Vacant Land" between Good Samaritan and OSF, including all exhibits.

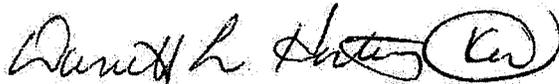
You indicated that you had an executed copy of the First Amendment to this contract.

I have checked my file and see that I do not have a signed Second Amendment; I have emailed the attorney for OSF in Rockford asking her for a signed copy. I will forward that to you upon its receipt.

Best regards.

Very Truly Yours,

HARTWEG, TURNER, WOOD & DEVARY, P.C.



Darrell L. Hartweg

DLH/kw
Enclosure

**REAL ESTATE CONTRACT FOR PURCHASE AND SALE
OF VACANT LAND**

(31.19 acres adjacent to Saint James – John W. Albrecht Medical Center)

THIS REAL ESTATE CONTRACT FOR PURCHASE AND SALE OF VACANT LAND ("Contract") is made and entered into this _____ day of _____, 2010, by and between GOOD SAMARITAN HOME OF FLANAGAN, ILLINOIS, an Illinois not-for-profit corporation n/k/a THE GOOD SAMARITAN GROUP ("Purchaser") and OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation d/b/a SAINT JAMES - JOHN ALBRECHT MEDICAL CENTER ("Seller").

RECITALS:

A. Seller is the owner of certain real estate commonly known as Saint James Hospital Property, Pontiac, Livingston County, Illinois ("Real Estate"), comprising approximately 31.19 acres of vacant real estate which Real Estate is legally described on the attached Exhibit A and depicted on the attached Exhibit B.

B. Purchaser desires to purchase and Seller desires to sell the Real Estate for the purchase price and on the terms hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and in reliance upon the recitals set forth above, which are incorporated herein by reference, it is hereby agreed between the parties hereto as follows:

1. Real Estate.

Seller shall sell and convey to Purchaser or its nominee, and Purchaser shall purchase from Seller upon and subject to the terms and conditions set for in this Contract fee simple title to the Real Property, together with all rights, privileges, easements, licenses, hereditaments and other appurtenances relating thereto; and all of Seller's right, title and interest, if any, in and to (i) any land lying in the bed of any street, road, or highway, open or proposed, in front of or adjoining all or any part of the Real Property, (ii) any alleys, walls, sidewalks or other property abutting the Real Property, and (iii) all strips and gores of land within the boundaries of the Real Property.

2. Purchase Price.

The purchase price of the Real Estate shall be Thirty-two Thousand and no/00 Dollars (\$32,000.00) per acre ("Purchase Price") for a total purchase of approximately NINE HUNDRED NINETY-EIGHT THOUSAND EIGHTY AND 00/100 Dollars(\$998,080.00) which shall be based on the actual number of acres of Real Estate as determined by the survey in accordance with the foregoing provisions. The Purchase Price shall be paid as follows:

2.1. Earnest Money. Intentionally deleted.

2.2. \$480,000.00 of the Purchase Price shall be payable at the First Closing by certified or cashiers check, or by wire transfer, and plus or minus prorations as set forth in paragraph 8.

2.3. The balance of the Purchase Price shall be payable at the Second Closing by certified or cashiers check, or by wire transfer, and plus or minus prorations as set forth in paragraph 8.

3. Closing; Possession.

This transaction shall be closed in two phases, as follows:

3.1. Closing on the first fifteen (15) acres of the Real Property identified as Tract 1 of the legal description ("First Property") shall take place within one hundred eighty (180) days of the date of this Contract ("First Closing"). The First Closing shall take place at the offices of Livingston County Abstract Co., ("Title Company") located at 1504 W. Washington Street, Pontiac, Illinois. At the First Closing, Seller shall convey title to the First Property to Purchaser by recordable Warranty Deed, with all documentary stamps affixed thereto, free and clear of any and all liens, encumbrances, covenants, conditions and restrictions, except for Permitted Title Exceptions.

3.2. Closing on the second sixteen and nineteen one-hundredths (16.19) acres of the Real Property identified as Tract 2 of the legal description ("Second Property") shall take place no later than June 1, 2015 ("Second Closing"). The Second Closing shall take place at the Title Company. At the Second Closing, Seller shall convey title to the Second Property to Purchaser by recordable Warranty Deed, with all documentary stamps affixed thereto, free and clear of any and all liens, encumbrances, covenants, conditions and restrictions, except for Permitted Title Exceptions.

3.3. Documents delivered at Closing.

A. At each respective Closing, Seller shall deliver or cause to be delivered to Purchaser the following documents, each in form and substance satisfactory to Purchaser in its sole but reasonable discretion:

- (1) recordable general warranty deed executed by Seller (the "Deed") conveying the First Property or Second Property, as applicable to Purchaser or its nominee, subject only to the Permitted Exceptions and the deed restrictions set forth herein;
- (2) an affidavit of Seller certifying that Seller is not a "foreign" person for purposes of Section 14.45 of the Internal Revenue Code of 1986, as amended;

- (3) the Title Policy;
 - (4) prior to, at or post closing, such other documents and certificates as Purchaser or the title insurer may reasonably request in order to consummate the transactions described herein.
- B. At each Closing, Purchaser shall deliver or cause to be delivered to Seller the following:
- (1) the Purchase Price in accordance with Paragraph 1; and
 - (2) such other documents and certificates as Seller or the title insurer may reasonably request in order to consummate the transactions described herein.
- C. At each Closing, Seller and Purchaser shall jointly execute and deliver the following:
- (1) a closing statement prepared in accordance with this Agreement;
 - (2) all real estate tax declarations, statements, or certificates required by any applicable laws;
 - (3) an ALTA Loan and Extended Coverage Owners Policy Statement;
 - (4) executed Flight Path Easement as described in Paragraph 4.2(B) below, in recordable form;
 - (5) executed Emergency Access Easement as described in Paragraph 4.2(C) below, in recordable form;
 - (6) executed Memorandum of Right of First Refusal as described in Paragraph 13 below.

4. Contingencies.

4.1. This Contract is contingent upon the following items which items must be completed to Purchaser's satisfaction prior to the expiration of the Inspection Period:

- A. Inspection Period. Notwithstanding any provision of this Contract to the contrary, Purchaser, its agents and consultants, shall have from the date Purchaser receives a fully executed original of this Contract ("Effective Date") through and continuing for a period of one hundred

eighty (180) days from the Effective Date (the "Inspection Period") in which to undertake, at Purchaser's expense, any and all inspections, studies, investigations and other evaluations of and concerning the Real Estate and its intended use, including, but not limited to, determination by Purchaser as to sufficiency of soil, environmental tests, utilities, titles, licenses, permits and easements, zoning, availability of a loan commitment that is reasonably acceptable to Purchaser, and governmental approvals including governmental approval for Purchaser's certificates of need to operate an assisted living facility ("CON"). For those purposes, Seller hereby grants to Purchaser, its consultants, agents or assigns, a license and full right of entry upon the Real Estate during the Inspection Period until termination of this Agreement. Purchaser agrees that it shall cause any physical damage to the Real Estate occasioned as a result of any soil borings or any physical tests or examinations to be repaired to the original condition thereof promptly upon completion of any such test or examination.

Notwithstanding any provision of this Contract to the contrary, in the event that the results of the inspections, studies or investigations and evaluations are, in Purchaser's discretion, reasonably exercised, found to be unacceptable to Purchaser, and Purchaser so notifies Seller of that fact no later than the last day of the Inspection Period, then this Contract shall be terminated and the Earnest Money shall be returned to Purchaser. In the event Purchaser decides to elect to terminate this Contract in accordance with the terms of this paragraph, it shall do so by giving Seller a written notice specifying the reason for the termination. The parties agree that this Contract is a binding Contract, notwithstanding that Purchaser has the reasonable discretion to terminate this Contract during the Inspection Period.

Other than matters of title, there are no warranties, express or implied, which have been given to Purchaser hereunder (or otherwise) by Seller related to the condition of the Real Estate, and no representations and warranties have been made as to the provision of utilities at the Real Estate and no representations or warranties have been made as to environmental condition of the Real Estate. Purchaser shall rely upon its own due diligence investigation as far as its purchase of the Real Estate, and understands and agrees that it is taking the Real Estate in its "As-Is/Where-Is" condition at Closing.

- B. Emergency Easement. Seller and Purchaser agreeing to a form of easement for emergency vehicle and services access to benefit Purchaser solely and which shall not run with the land and which may not be assigned or transferred to a third party without written consent from Seller ("Emergency Access Easement") the legal description of which is set forth in Exhibit C attached hereto, and the location of which is depicted on Exhibit D attached hereto.

- C. Buyer obtaining a special use permit from the City of Pontiac, Illinois allowing a nursing home facility to be built upon the first fifteen (15) acres of the Real Estate not later than one hundred eighty (180) days after the date of the execution of this Contract.

4.2. This Contract is contingent upon the following items which items must be completed to Seller's satisfaction prior to Closing:

- A. Seller obtaining approval from its board of directors no later than May 31, 2010.
- B. Seller and Purchaser agreeing to a form of easement for flight path aviation rights to be retained by Seller over the Real Estate purchased by Purchaser and prohibiting Purchaser from constructing improvements on any portion of the of the Real Estate that would obstruct the helicopter flight path of Seller for so long as the flight path is used by Seller for access to its adjacently located real estate ("Flight Path Easement."), the location of which is depicted in Exhibit E attached hereto and the form of easement for which is attached at Exhibit F.

5. Survey.

Purchaser shall, within 45 days of the date of this Contract, at its cost and expense, obtain a survey ("Survey") by an Illinois licensed surveyor, showing at a minimum, the legal descriptions and certified acreages of the Real Property as a whole, the First Property and Second Property, certified to Seller, Purchaser and title company.

6. Title Insurance.

Within twenty-one (21) days of acceptance of this Contract, Seller at its own expense, shall furnish evidence of merchantable title in the form of a current title insurance commitment and a final policy of title insurance from Title Company in the amount of the Purchase Price subject only to the following ("Permitted Exceptions"):

- 6.1. Taxes. All taxes and special assessments levied or confirmed after the date of First Closing.
- 6.2. Restrictions. Building and building line, use and occupancy restrictions, conditions and covenants of record.
- 6.3. Zoning. Zoning laws and ordinances of which there are no violations.
- 6.4. Easements. Recorded easements, if any.

6.5. Roads. Roads and highways.

6.6. Drainage. Drainage ditches, feeders or laterals, if any.

6.7. Farm Lease. Rights of OSF Saint James – John W. Albrecht Medical Center and Tenant pursuant to Crop Share Lease with Jay Barth a/k/a Vial Farm Management (“Farm Lease”), a copy of which lease is attached as Exhibit G.

7. Unpermitted Exceptions.

If the Title Commitment or Survey discloses unpermitted exceptions that render the title unmarketable (hereinafter referred to as "Title Defects") Seller shall have 30 days from the date of delivery of the Title Commitment or Survey respectively to have the Title Defects removed or corrected or have the title insurer commit to insure against loss or damage that may be occasioned by such Title Defects and in such event, the time of closing shall be thirty-five (35) days after delivery of the corrected commitment or the time expressly specified in Paragraph 2, whichever is later. If the Seller fails to have the Title Defects removed or in the alternative, to obtain the commitment for title insurance classified above as to such Title Defects within the specified time, Purchaser may terminate this Contract or may elect, upon notice to Seller after the expiration of the 30 day period, to take title as it then is with the right to deduct from the Purchase Price liens or encumbrances of a definite or ascertainable amount. If Purchaser does not so elect, this Contract shall become null and void without further action of the parties.

8. Prorations.

8.1. Real Estate Taxes. All real estate taxes for the First Property shall be prorated to the date of the First Closing and all real estate taxes for the Second Property shall be prorated to the date of Closing for the Second Property. At each Closing, if not paid prior thereto, Purchaser shall receive a credit for the prior years' general real estate taxes for the portion of the Real Property being conveyed and a pro rata credit for then-current closing year general real estate taxes based on one hundred five percent (105%) of the amount of the most recent ascertainable general real estate tax bill. Such prorations shall be final as of closing.

8.2. Transfer Tax. Seller shall pay the amount of any stamp or transfer tax imposed by state, city, or county law. Both parties agree to execute and deliver such transfer tax forms or declarations as may be necessary.

8.3. Title Company Costs. Seller shall pay the premium for the cost of the owner's policy, and the parties shall each pay fifty percent (50%) of the Title Company's closing fee.

8.4. Farm Lease. Purchaser acknowledges that the Farm Lease is based upon a crop share and yield basis, and not cash rent, and as such, OSF Saint James – John W. Albrecht

Medical Center and farm tenant are entitled to retain the crops and their respective shares of crop yields for the crops remaining to be harvested at time of each Closing.

8.5. In Cash. Unless otherwise provided for herein, all prorations shall be in cash at the time of Closing.

9. Entrance on Real Estate.

Upon acceptance of this Contract, Purchaser and his agent(s) shall have the right to enter upon the Real Estate, at its sole risk and cost, for the purpose of inspecting, surveying, testing and otherwise examining the subject Real Estate. Purchaser shall indemnify and save Seller harmless from and against any and all loss, cost or expenses (including without limitation reasonable attorney's fees) from any claim for death, bodily injury or damage arising from its entry upon the Real Estate.

10. Deed Restrictions and Post-Closing Obligations.

Purchaser shall accept title to the Real Property subject to the following deed restrictions and obligations:

10.1. No portion of the Real Property conveyed herein shall be used in any manner to perform or participate in the performance of abortion or euthanasia. "Abortion" shall mean the directly intended termination of pregnancy by any means (whether surgical, chemical, or other means) before viability or the directly intended destruction of a viable fetus and includes such actions in the interval between conception and implantation of the embryo. "Euthanasia" shall mean an action or omission that of itself or by intention causes death in order to alleviate suffering. Said covenant and restriction shall run with the land for a period of forty (40) years from the date of conveyance and shall be specifically enforceable by OSF Healthcare System, its successors and assigns, including, but not limited to, the right to obtain temporary, preliminary, and permanent injunctive relief to restrain and enjoin violations of said covenant and restriction without requirement of bond. Purchaser and successors and assigns shall be obligated to reimburse OSF and its successors and assigns for all costs and expenses incurred by it or them in enforcing these covenants and restrictions, including but not limited to all court costs and attorneys fees actually paid of incurred.

10.2. No portion of the Real Property or improvements now or hereafter situated on the Real Property shall be used for services that are provided by Seller at OSF Saint James – John W. Albrecht Medical Center including but not limited to: diagnostics, ambulatory, hospice, homecare, prompt care, surgi-center and physician offices, without the express prior written consent of OSF Healthcare System ("OSF") which consent may not be unreasonably withheld and any such consent shall not be assignable or transferable to any other party. The restrictions created herein shall run with the land, are for the benefit of OSF, shall be enforceable by injunctive relief, and shall continue until the earlier of ten (10) years from the date of this instrument or the date OSF Healthcare System d/b/a Saint James – John W. Albrecht Hospital is no longer owned and operated

by OSF, or a successor to OSF in which OSF continues to have an ownership or membership interest, after which time they shall be of no effect.

10.3. The Real Property shall be subject to the Flight Path Easement as described in Paragraph 4.2(B) above.

10.4. Sheds. During the period between the date of the First Closing and the date of the Second Closing, Purchaser may elect to demolish, at Purchaser's sole cost and expense, two (2) sheds each of approximately 48 feet by 48 feet and 20 feet in height ("Existing Sheds") currently located on Seller's property as depicted on Exhibit H which is attached hereto and incorporated herein, provided that Purchaser:

- A. Construct, solely at Purchaser's cost and expense, two (2) new sheds ("New Sheds") at a new location on Seller's property identified on Exhibit H or at such other location as may be required by Seller at Seller's discretion, said construction to be completed within sixty (60) days of the earlier of (i) demolition of the Existing Sheds or (ii) the issuance of a building permit for the New Sheds,
- B. Said New Sheds shall be constructed to the same size, quality and standards as the Existing Sheds, including but not limited to: concrete flooring, insulated walls, electrical and heating systems, alarms and security systems including cameras, and Purchaser shall complete any required landfill and foundation work;
- C. Purchaser shall not undertake any construction without first obtaining Seller's written approval of plans and specifications therefor, which approval shall not be unreasonably withheld;
- D. Obtain any and all permits and approvals required for demolition of the Existing Sheds and for the construction of the New Sheds and shall demolish the Existing Sheds and construct the New Sheds in a good and workmanlike manner and in accordance with all applicable federal, state and local laws, rules, regulations and ordinances, including but not limited to the Pontiac building and zoning code,
- E. Shall permit no liens to be placed upon Seller's property and if any lien is at any time filed or recorded, the Purchaser shall within fifteen (15) days after such filing or recording either bond over or obtain the release and satisfaction of such lien;
- F. Prior to commencing any work in connection with this matter, the Purchaser shall furnish the Seller with certificates of insurance evidencing such insurance coverage as required by the Seller from all contractors performing labor and furnishing materials insuring the

Seller and its employees, agents and beneficiaries against loss, cost, damage, or liability arising from or incurred in connection with any such construction, and Purchaser shall indemnify and hold Seller harmless against and from all damage, suits, liability, claims, losses, costs or expenses (including court costs and reasonable attorney's fees) arising out of or from any activity of Purchaser related to the demolition or construction activities.

- G. Upon completion of construction of the New Sheds, the New Sheds shall be the sole property of Seller.

Upon and after the date of the Second Closing, Seller shall have no obligation to permit Purchaser to demolish the Existing Sheds and construct New Sheds.

11. Representations, Warranties and Covenants of Seller; Indemnification.

All representations, warranties and covenants of Seller set forth in this Agreement shall be true and correct as of the date of this Contract is executed and as of the date of each Closing, and shall survive each Closing:

11.1. Seller has good and marketable title to, and owns of record, the Real Property.

11.2. Seller has full capacity, right, power and authority to execute, deliver and perform this Contract and all required action and approvals therefore have been duly taken and obtained.

11.3. All documents being delivered by Seller pursuant to the terms hereof are, to the best of Seller's knowledge, true, accurate and complete and fairly present the information set forth in a manner which is not misleading.

11.4. Between the date hereof and each respective Closing, no part of the Real Property will be alienated, encumbered or transferred in favor of or to any party whatsoever, except for the portion of the Real Property subject to the Farm Lease.

12. Default.

12.1. By Purchaser. Should Purchaser fail to perform this Contract promptly on its part at the time and in the manner herein specified, the Seller shall be entitled as a matter of right to elect to declare the contract void, and/or to obtain relief in any court of competent jurisdiction enjoining such breach or violation, in addition to every other remedy now or hereafter existing at law or in equity, or by statute, including court costs and attorneys' fees, and including specifically the right to specific performance.

12.2. By Seller. Should Seller fail to perform this Contract promptly on its part at the time and in the manner herein specified, Purchaser shall, at Purchaser's option, declare the Contract void in which case Purchaser shall be entitled to the return of its Earnest Money, if any, or Purchaser may elect to deduct from the purchase price a definite and ascertainable amount required to satisfy and release any nonpermitted exceptions, and in such case Seller shall convey the Real Estate to Purchaser

13. Right of First Refusal

Purchaser covenants and agrees that Seller shall have the right of first refusal on any contemplated sale, assignment, transfer, lease or sublease of all or any part of the Real Estate by Purchaser. Purchaser shall provide Seller with a copy of any bona fide offer which Purchaser has accepted or intends to accept and Seller shall have one hundred and twenty (120) days after receipt thereof to elect at its option to accept the sale, assignment, lease, transfer or sublease of the Real Property upon the same terms and conditions set forth in the bona fide offer. If Seller rejects the offer or fails to act within one hundred twenty (120) days, Purchaser may close the transaction with the proposed transferee upon the terms of the submitted offer submitted. Rejection or failure of Seller to act upon an offer does not waive Seller's right of refusal should Purchaser later decide to assign, transfer or sublease all or any part of the Real Property. The provisions of this paragraph shall survive closing. At Closing the parties shall execute a memorandum of right of first refusal to be recorded in the Livingston County Recorder's Office.

14. Miscellaneous.

14.1. Farm Crops. Purchaser shall be responsible for any costs incurred by OSF Saint James – John W. Albrecht Medical Center and farm tenant in planting or for damages caused to farm tenant's crops or livestock due to any inspection or construction activities of Purchaser on the Real Estate and/or for the removal of crops.

14.2. Notice. Any and all notices shall be deemed adequately given only if in writing and personally delivered, sent by electronic facsimile (provided the facsimile is followed by certified mail delivery with return receipt) or sent first class registered or certified mail, postage prepaid, to the party for whom such notices are intended, or sent by other means at least as fast and reliable as first class mail. A written notice shall be deemed to have been given to the recipient party on the earlier of (a) the date it shall be delivered to the address required by this Contract; (b) the date delivery shall have been refused at the address required by this Contract; (c) with respect to notices sent by mail, the date as of which the postal service shall have indicated such notice to be undeliverable at the address required by this Contract; or (d) with respect to notices sent by electronic facsimile, the date delivered by facsimile (provided proved by certified mail receipt). Any and all such notices referred by this Contract, or which either party desires to give to the other shall be addressed as follows:

If to Seller to:

OSF Healthcare System
Attn: Director of Real Estate
800 N.E. Glen Oak Avenue
Peoria, IL 61603

With a copy to:

Stephen T. Moore
Hinshaw & Culbertson LLP
100 Park Ave.
Rockford, IL 61101

If to Purchaser to:

Good Samaritan Group
205 N. Adams Street
Flanagan, IL 61740
phone: 815-796-2288

With a copy to:

Hartweg Turner & Wood, P.C.
Attn: Darrell Hartweg, Esq.
207 W. Jefferson #400
Bloomington, IL 61701
Phone: 309-827-0044

The above addresses may be changed by notice of such change, mailed as provided herein, to the last address designated.

14.3. Agreement Execution. This Contract may be executed in multiple counterparts, each of which shall be regarded as an original hereof, but all of which together shall constitute one and the same instrument.

14.4. Time of the Essence. Time shall be of the essence of this Contract.

14.5. Governing Law. This Contract shall be construed and enforced in accordance with the laws of the State of Illinois.

14.6. Entire Agreement. This Contract embodies the entire understanding of the parties, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof. This Contract shall not be altered, modified or changed unless in writing and executed by all parties hereto. This Contract shall be binding upon the parties, their heirs, executors, administrators, personal representatives, successors and assigns.

14.7. Headings. The article headings are inserted only for convenience and in no way define, limit or describe the scope or intent of any article in this Contract.

14.8. Nondiscrimination. Seller agrees that in the sale of this Real Estate it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by law.

14.9. Professional Fees. In the event of the bringing of any action by a party hereto against another party hereunder by reason of any breach of any of the covenants, contracts, or provisions on the part of the other party arising out of this Contract, then in that event the prevailing party shall be entitled to have and recover of and from the other party all reasonable costs and expenses of the action, including actual attorney's fees resulting therefrom.

(Remainder of page intentionally left blank; signature page follows.)

IN WITNESS WHEREOF, the parties to this Contract have hereunto set their hands the day and year first above written.

SELLER:

OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation

By: Sister Judith Ann Duval OSF

Print Name: Sister Judith Ann Duval, OSF

Its: Chairperson

PURCHASER:

GOOD SAMARITAN GROUP, an Illinois not-for-profit corporation

By: Audrey Harlan

Print Name: Audrey Harlan

Its: President of the Board of Directors

OSF Real Estate Contract for Purchase and Sale of Vacant Land-OSF Seller (RE-70402155)
5-04

EXHIBIT A**Legal Description of Real Estate****Tract 1:**

A part of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, more particularly described as follows: Beginning at a point on the East Line of the West Half of said Northwest Quarter lying 300.00 feet north of the Southeast Corner thereof. From said Point of Beginning, thence north 720.00 feet along said East Line to the Northeast Corner of the South 1,020.00 feet of even width of the West Half of said Northwest Quarter; thence west 907.50 feet along the North Line of the West Half of the said Northwest Quarter which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course; thence south 720.00 feet along a line which is parallel with said East Line and which forms an angle the right of $90^{\circ}-22'-14''$ with the last described course; thence east 907.50 feet along a line which is parallel with said North Line and which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course to the Point of Beginning, containing 15.00 acres, more or less.

Tract 2:

The South 1,020.00 feet of even width of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, except therefrom the following described tract: Beginning at a point on the East Line of the West Half of said Northwest Quarter lying 300.00 feet north of the Southeast Corner thereof. From said Point of Beginning, thence north 720.00 feet along said East Line to the Northeast Corner of the South 1,020.00 feet of even width of the West Half of said Northwest Quarter; thence west 907.50 feet along the North Line of the West Half of the said Northwest Quarter which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course; thence south 720.00 feet along a line which is parallel with said East Line and which forms an angle the right of $90^{\circ}-22'-14''$ with the last described course; thence east 907.50 feet along a line which is parallel with said North Line and which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course to the Point of Beginning. Said tract contains 16.19 acres, more or less.

Parcel Identification Number: each a part of 15-29-100-004

EXHIBIT B**LEGAL DESCRIPTION OF GOOD SAMARITAN PARCEL**

Tract 1:

A part of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, more particularly described as follows: Beginning at a point on the East Line of the West Half of said Northwest Quarter lying 300.00 feet north of the Southeast Corner thereof. From said Point of Beginning, thence north 720.00 feet along said East Line to the Northeast Corner of the South 1,020.00 feet of even width of the West Half of said Northwest Quarter; thence west 907.50 feet along the North Line of the West Half of the said Northwest Quarter which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course; thence south 720.00 feet along a line which is parallel with said East Line and which forms an angle the right of $90^{\circ}-22'-14''$ with the last described course; thence east 907.50 feet along a line which is parallel with said North Line and which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course to the Point of Beginning, containing 15.00 acres, more or less.

PIN: Part of 15-29-100-004

Tract 2:

The South 1,020.00 feet of even width of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, except therefrom the following described tract: Beginning at a point on the East Line of the West Half of said Northwest Quarter lying 300.00 feet north of the Southeast Corner thereof. From said Point of Beginning, thence north 720.00 feet along said East Line to the Northeast Corner of the South 1,020.00 feet of even width of the West Half of said Northwest Quarter; thence west 907.50 feet along the North Line of the West Half of the said Northwest Quarter which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course; thence south 720.00 feet along a line which is parallel with said East Line and which forms an angle the right of $90^{\circ}-22'-14''$ with the last described course; thence east 907.50 feet along a line which is parallel with said North Line and which forms an angle to the right of $89^{\circ}-37'-46''$ with the last described course to the Point of Beginning. Said tract contains 16.19 acres, more or less.

PIN; part of 15-29-100-004

EXHIBIT C

LEGAL DESCRIPTION OF EASEMENT PREMISES

An easement over that part of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, described as follows, to wit:

Commencing at the Northwest Corner of said South 1020.00 feet, thence east along the North Line of said South 1020.00 feet 580.07 feet to the Point of Beginning; thence east 69.32 feet along said North Line which forms an angle to the left of $180^{\circ}-00'-00''$ with the last described course; thence north 185.06 feet along a line which forms an angle to the right of $90^{\circ}-00'-00''$ with the last described course to a point on a curve; thence southwest 128.57 feet along the arc of a curve concave to the northwest and having a radius of 395.04 feet and the 128.01 foot chord of said arc forms an angle to the right of $81^{\circ}-16'-38''$ with the last described course to a point of tangency; thence west 221.37 feet along a line which forms an angle to the right of $189^{\circ}-19'-27''$ with the last described course to a point of curvature; thence northwest 133.13 feet along the arc of a curve concave to the northeast and having a radius of 85.00 feet and the 119.94 foot chord of said arc forms an angle to the right of $224^{\circ}-52'-13''$ with the last described course to a point of tangency; thence north 1329.90 feet along a line which forms an angle to the right of $224^{\circ}-52'-13''$ with the last described course to a point on the South Right of Way Line of Illinois Route 116 as dedicated; thence west 30.00 feet along said South Right of Way Line which forms an angle to the right of $89^{\circ}-39'-10''$ with the last described course; thence south 1329.72 feet along a line which forms an angle to the right of $90^{\circ}-20'-50''$ with the last described course to a point of curvature; thence southeast 180.12 feet along the arc of a curve concave to the northeast and having a radius of 115.00 feet and the 162.27 foot chord of said arc forms an angle to the right of $135^{\circ}-07'-47''$ with the last described course to a point of tangency; thence east 221.37 feet along a line which forms an angle to the right of $135^{\circ}-07'-47''$ with the last described course to a point of curvature; thence northeast 57.66 feet along the arc of a curve concave to the northwest and having a radius of 425.04 feet and the 57.62 foot chord of said arc forms an angle to the right of $176^{\circ}-06'-49''$ with the last described course to a point of tangency; thence south 138.95 feet along a line which forms an angle to the right of $273^{\circ}-17'-06''$ with the last described course to the Point of Beginning, containing 1.496 acres, more or less.

GRANT OF EASEMENT
FOR EMERGENCY ACCESS

THIS GRANT OF EASEMENT FOR EMERGENCY ACCESS AGREEMENT ("Easement") is made and entered into effective the _____ day of _____, 2010, by and between OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation, ("OSF"), and GOOD SAMARITAN GROUP, an Illinois not-for-profit corporation ("Good Samaritan").

RECITALS

A. OSF is the record owner of the real property described on the attached Exhibit A which is incorporated herein ("Hospital Parcel").

B. Good Samaritan is the record owner of the real property described as Tract 1 on the attached Exhibit B which is incorporated herein ("Good Samaritan Parcel").

B. Good Samaritan wishes to obtain an easement located over a portion of the Hospital Parcel that is legally described in the attached Exhibit C which is incorporated herein and is depicted in the diagram shown on the attached Exhibit D which is incorporated herein ("Easement Premises"), to serve as access for the provision of emergency services to the Good Samaritan Parcel until such time Good Samaritan acquires title to the adjacent 16.19-acre parcel legally described as Tract 2 on Exhibit B ("Tract 2 Parcel").

C. OSF and Good Samaritan now desire to execute this Easement to set forth all of the terms, covenants and conditions under which OSF will grant a non-exclusive easement to Good Samaritan, all as of the effective date of this Easement.

NOW, THEREFORE, based on the Recitals set forth above, which are incorporated herein by reference, and based on the promises and covenants set forth below, and in consideration of Ten and No/100 Dollars (\$10.00) in hand paid by Good Samaritan to OSF, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. OSF hereby grants to Good Samaritan this Easement upon and through the Easement Premises in the location and subject to the restrictions, terms and conditions set forth herein for the purpose of providing access for emergency service providers including providers of police and fire fighting services and including providers of ambulance and rescue squad services ("Emergency Services"), to the Good Samaritan Parcel until such time as Good Samaritan acquires title to the Tract 2 Parcel. Good Samaritan hereby agrees that it will use only so much of the Easement Premises as is necessary for the

purposes of Emergency Services, and except as herein expressly granted, the OSF shall retain the right to the use and occupation of the Easement Premises, so long as OSF's use and occupation shall not unreasonably interfere with any rights granted herein or any work performed under this Easement by Good Samaritan and such use and occupation shall not be interfered with unnecessarily by any work performed under this Easement.

2. Good Samaritan shall perform, at its sole cost and expense, any construction, installation, inspection, maintenance, repair and operation of said Easement Premises and shall perform such construction, installation, inspection, maintenance, repair as expeditiously as reasonably possible so as to minimize interference with the use of OSF's property, including the flow of pedestrian or vehicular traffic.

Good Samaritan shall construct and install any paved areas at its sole cost and expense, meeting or exceeding the standards required by the municipality or county as applicable. Good Samaritan or its contractors shall carry insurance adequate to insure OSF and naming OSF as an additional insured during the period that construction is being completed. All construction by Good Samaritan shall comply with all applicable laws, statutes, building codes and regulations of general application (collectively, "Laws"). This Easement does not abrogate or supersede any applicable Laws requiring Good Samaritan to obtain permits, licenses, inspections or approvals in order to construct any improvements within the Hospital Parcel as contemplated herein.

Upon completion of the installation or construction of any improvements, Good Samaritan shall undertake all maintenance of the Easement Premises and any improvements located thereon, including but not limited to, any snow removal or other maintenance of the improvements, seal coating, asphaltting, patching, repairing or reconstructing. In the event that Good Samaritan fails to maintain the Easement Premises and/or improvements, OSF may after thirty (30) days' prior written notice without cure have the maintenance performed themselves, and may institute proceeding under this Easement for payment. All costs of collection including court costs and attorneys fees shall be recoverable in the event that Good Samaritan fails to comply with this Easement.

Promptly after completion by Good Samaritan of any work on the Easement Premises, the surface of the ground, all pavement or improvements on the Easement Premises which are altered in any manner by such work performed by Good Samaritan, its agents or subcontractors, shall be restored to substantially the same condition as existed before the commencement of such work.

3. OSF hereby agrees that Good Samaritan shall have the right of access to and within the Easement Premises, for the purpose of inspecting, repairing and maintaining the Easement Premises, and no other real estate owned by OSF shall be used except by permission of OSF which approval shall not be unreasonably withheld.
4. Notwithstanding anything herein to the contrary, Good Samaritan shall not, without the prior written consent of OSF, which consent shall not be unreasonably withheld, in the exercise of the rights and privileges granted to it under this Easement install or maintain any improvements above the surface of the ground or other surface appurtenances required for Emergency Services.
5. Good Samaritan shall indemnify and save harmless OSF from any injury to persons or loss or damage to personal or real property which OSF may suffer, incur or sustain

arising from the acts or omissions of Good Samaritan, its contractors, agents and/or employees in the performance of work or exercising the rights and privileges granted under this Easement, to the extent such injury or damage is not due to the negligence or willful misconduct of OSF. OSF shall indemnify and save harmless Good Samaritan from any injury to persons or loss or damage to personal and real property which Good Samaritan may suffer, incur or sustain arising from the acts or omissions of OSF, their contractors, agents, and/or employees in the exercise of their rights with respect to the Easement Premises, to the extent such injury or damage is not due to the negligence or willful misconduct of Good Samaritan.

6. Good Samaritan shall not permit any lien to stand against the Easement Premises for any improvements thereon for any labor or materials in connection with work of any character performed or claimed to have been performed on the Easement Premises for any improvements thereon at the direction or sufferance of Good Samaritan. In the event of such lien attaching to the Easement Premises or any improvements thereon, Good Samaritan shall immediately have such lien released or abandoned to the reasonable satisfaction of OSF and failure by Good Samaritan to do so shall constitute a breach of this agreement.
7. This Easement is non exclusive to Good Samaritan. OSF reserves the right to grant to others non exclusive rights to use and occupancy of the Easement Premises. Good Samaritan in the exercise of the rights granted in this Easement shall exercise reasonable efforts to avoid conflict with other services within the Easement Premises.
8. This Easement shall be effective as of the first date written above.
9. Good Samaritan shall not assign this Easement to any other party without the express written consent of OSF, which consent shall be determined at OSF's sole discretion.
10. This Easement shall not run with the land, and shall be binding upon grantees, assigns, heirs and successors of the parties hereto.
11. This Easement shall expire and terminate upon Good Samaritan's acquisition of the Tract 2 Parcel and upon such acquisition the parties shall execute a recordable termination of this Easement to be recorded at Good Samaritan's cost. Failure to record such termination document shall not otherwise invalidate the termination and/or expiration of this Easement.
12. In the event of a violation or breach of any covenant or restriction contained herein related to use, ingress, egress and/or maintenance, by Good Samaritan, OSF shall give written notice of such violation to Good Samaritan. If Good Samaritan fails to cure such breach within fourteen (14) days after receipt of written notice, OSF shall have the right to (a) institute an action to enjoin or abate such violation or breach or (b) enter upon the Easement Premises, correct any such violation or breach and hold Good Samaritan, its successors or assigns, responsible for the cost thereof. OSF shall have all available legal and equitable remedies to enforce the obligations hereunder of Good Samaritan, its successors or assigns, and in the event that Good Samaritan is found to have breached any of its obligations hereunder, Good Samaritan shall reimburse OSF for any costs or expenses incurred in connection therewith, including court costs and attorneys fees.

13. The parties hereto represent that they are duly authorized to sign this Easement and that it is enforceable against them.
14. All notices and other communications given pursuant to this Easement shall be in writing and shall be deemed properly served if delivered in person to the party to whom it is addressed or two (2) days after deposit in the U.S. mail if sent postage pre-paid by United States registered or certified mail, return receipt requested, addressed as follows:

If to Good Samaritan: Good Samaritan Group
Attn: Executive Director
205 N. Adams Street
Flanagan, IL 61740

If to OSF: OSF Healthcare System
800 N.E. Glen Oak Ave.
Peoria, IL 61603
Attn: Director of Real Estate

Names and addresses may be changed by the parties by notice given in accordance with the provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Easement to be executed by the appropriate individuals and duly authorized officers.

OSF:

OSF HEALTHCARE SYSTEM,
a not-for-profit corporation

By: _____

Name: _____

CEO

GOOD SAMARITAN:

GOOD SAMARITAN GROUP,
an Illinois not for profit corporation

By: _____

Its: _____

ATTEST:

By: _____

Name: _____

Secretary

STATE OF ILLINOIS)
) SS.
County of Peoria)

I, the undersigned, a Notary Public, in and for said County and State aforesaid, do hereby certify that _____ personally known to me to be the CEO of OSF Healthcare System, and _____ personally known to me to be the Secretary of OSF Healthcare System, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Chairperson and Secretary they have signed and delivered the said instrument as officers of OSF as their free and voluntary act, and as the free and voluntary act and deed of OSF Healthcare System for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this ___ day of _____, 2010.

Notary Public

STATE OF ILLINOIS)
) SS.
County of _____)

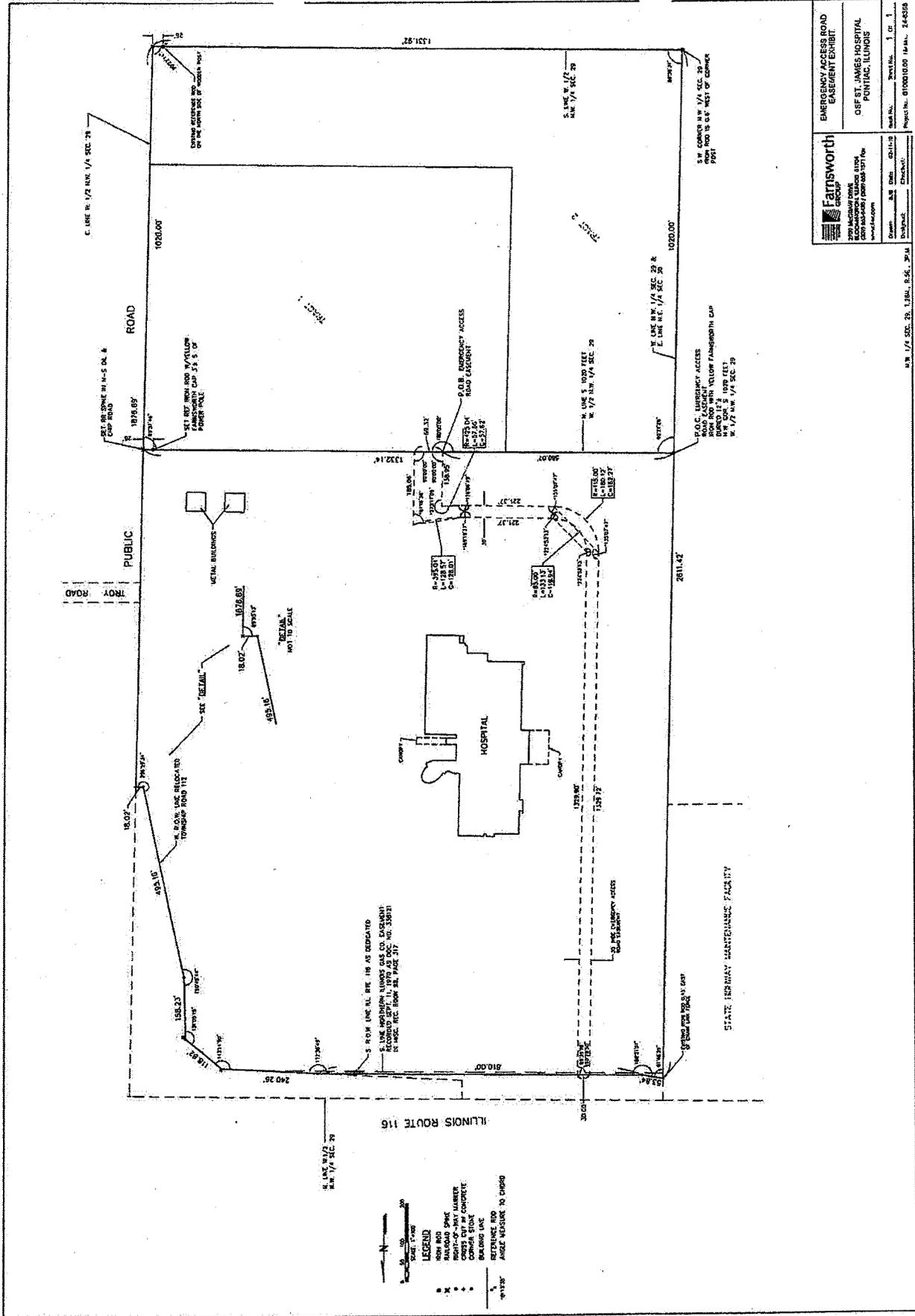
I, the undersigned, a Notary Public, in and for said County and State aforesaid, do hereby certify that _____, personally known to me to be the _____ of GOOD SAMARITAN GROUP, an Illinois not for profit corporation and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such _____ he has signed and delivered the said instrument as his free and voluntary act, and as the free and voluntary act and deed of the corporation for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this ___ day of _____, 2010.

Notary Public

Prepared by and Return to:
Hinshaw & Culbertson
100 Park Avenue
Rockford, IL 61101
Attention: Carol A. Lockwood

EXHIBIT D
DIAGRAM OF EASEMENT PREMISES



Fairsworth
 GROUP
 200 MADISON DRIVE
 COVINGTON, MISSISSIPPI 38932
 PHONE: 662-343-1111
 WWW.FAIRSWORTHGROUP.COM

EMERGENCY ACCESS ROAD BASEAMENT EXHIBIT
 OSF ST. JAMES HOSPITAL
 PONTIAC, ILLINOIS

Scale: 1" = 100'
 Date: 05/11/10
 Project No.: 0100010.00 (A.M.) 24-8398

LEGEND

- E-1000
- E-1000
- FRONT-OF-YARD MARKER
- CONCRETE
- CONCRETE
- BALCONY LINE
- REFERENCE ROD
- ANGLE MEASURE TO CURB

Project: 0100010.00 (A.M.) 24-8398 Date: 05/11/10

EXHIBIT D
DEPICTION OF EMERGENCY ROAD ACCESS EASEMENT

AVIGATION EASEMENT

PART OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 28 NORTH, RANGE 5 EAST OF THE THIRD PRINCIPAL MERIDIAN IN LIVINGSTON COUNTY, ILLINOIS.

LEGAL DESCRIPTION OF AIR SPACE PARCEL

THE AIR SPACE LYING ABOVE THE INCLINED PLANES HEREINAFTER DESCRIBED AND LYING WITHIN THE BOUNDARIES, PROJECTED VERTICALLY, OF THE FOLLOWING DESCRIBED PARCEL:

PART OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 28 NORTH, RANGE 5 EAST OF THE THIRD PRINCIPAL MERIDIAN IN LIVINGSTON COUNTY, ILLINOIS, SAID PART BEING FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SAID NORTHWEST QUARTER OF SECTION 29; THENCE NORTH ALONG THE WEST LINE OF THE SAID NORTHWEST QUARTER A DISTANCE OF 1043.48 FEET; THENCE DEFLECTING TO THE RIGHT AT 90 DEGREES 22 MINUTES 50 SECONDS A DISTANCE OF 326.38 FEET; THENCE IN A SOUTHERLY DIRECTION A DISTANCE OF 1048.21 FEET TO A POINT ON THE SOUTH LINE OF THE SAID NORTHWEST QUARTER; THENCE WEST ALONG THE SAID SOUTH LINE OF THE NORTHWEST QUARTER A DISTANCE OF 196.11 FEET TO THE POINT OF BEGINNING, CONTAINING 6.2 ACRES MORE OR LESS.

THE INCLINED PLANE REFERRED TO ABOVE IS OUTLINED BY POINTS A, B AND C DEPICTED ON THIS PLAT OF SURVEY AND IS MORE FULLY DESCRIBED AS FOLLOWS:

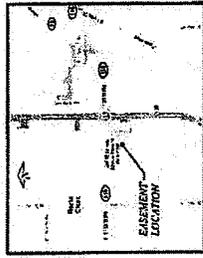
THE INCLINED PLANE WHICH IS 86.4 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 746.4 FEET ABOVE MEAN SEA LEVEL, AT POINT "A", AND WHICH INCLINED PLANE IS 84.8 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 744.8 FEET ABOVE MEAN SEA LEVEL, AT POINT "B"; AND WHICH INCLINED PLANE IS 160.1 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 820.1 FEET ABOVE MEAN SEA LEVEL, AT POINT "C".

THE INCLINED PLANE DESCRIBED ABOVE FORMS A PART OF THE APPROACH SURFACE OF THE HELIPORT AT THE OSF HEALTHCARE SYSTEM IN PONTIAC, ILLINOIS, SAID SURFACE BEING AN INCLINED PLANE WITH A SLOPE OF EIGHT TO ONE (8:1) (ONE FOOT OF ELEVATION FOR EVERY EIGHT FEET OF HORIZONTAL DISTANCE).

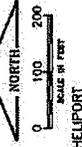
THE INCLINED PLANE REFERRED TO ABOVE IS OUTLINED BY POINTS B, D, E, F AND C DEPICTED ON THIS PLAT OF SURVEY AND IS MORE FULLY DESCRIBED AS FOLLOWS:

THE INCLINED PLANE WHICH IS 84.8 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 744.8 FEET ABOVE MEAN SEA LEVEL, AT POINT "B"; AND WHICH INCLINED PLANE IS 204.5 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 864.5 FEET ABOVE MEAN SEA LEVEL, AT POINT "D"; AND WHICH INCLINED PLANE IS 335.4 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 995.4 FEET ABOVE MEAN SEA LEVEL, AT POINT "E"; AND WHICH INCLINED PLANE IS 242.5 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 820.1 FEET ABOVE MEAN SEA LEVEL, AT POINT "C".

THE INCLINED PLANE DESCRIBED ABOVE FORMS A PART OF THE TRANSITIONAL SURFACE OF THE HELIPORT AT THE OSF HEALTHCARE SYSTEM IN PONTIAC, ILLINOIS, SAID SURFACE BEING AN INCLINED PLANE WITH A SLOPE OF TWO TO ONE (2:1) (ONE FOOT OF ELEVATION FOR EVERY TWO FEET OF HORIZONTAL DISTANCE).



SITE LOCATION MAP
1"=1000'



LEGEND

- APPROACH CENTERLINE
- FUTURE TRACT LINE
- SECTION LINE
- LIMITS OF AVIGATION EASEMENT

OSF ST. JAMES - JOHN W. ALBRECHT HOSPITAL CAMPUS

GENERAL NOTES

1. EASEMENT DESCRIPTION BASED ON HEIGHT RELATIVE TO THE CENTER OF THE HELIPORT. OTHER ELEVATIONS ARE PROVIDED FOR REFERENCE INFORMATION ONLY AND HAVE NOT BEEN VERIFIED BY FIELD SURVEY.
2. APPROXIMATE HEIGHT ABOVE MEAN SEA LEVEL (MSL) IS CALCULATED FROM ILLINOIS DEPARTMENT OF TRANSPORTATION, DIVISION OF AERONAUTICS' RECORDED HELIPORT ELEVATION OF 660' MSL (UNVERIFIED).

POINT	HEIGHT ABOVE HELIPORT (FEET)	APPROX. HEIGHT ABOVE MEAN SEA LEVEL
A	86.4	746.4
B	84.8	744.8
C	160.1	820.1
D	204.5	864.5
E	335.4	995.4
F	242.5	902.5

PLAT OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 28 NORTH, RANGE 5 EAST OF THE THIRD PRINCIPAL MERIDIAN IN LIVINGSTON COUNTY, ILLINOIS, SHOWING THE AVIGATION EASEMENT.

REVISIONS	BY	DATE

PART OF THE N.W. 1/4 OF SECTION 29, T. 28 N., R. 5 E. PONTIAC, IL
AVIGATION EASEMENT

CONTRACT NO. 1700
DATE: 03/29/10
DRAWN BY: MCM
CHECKED BY: DDC
DESIGN BY: RUF
GNT CONSULTING ENGINEERS
1700 N. WASHINGTON STREET
PONTIAC, ILLINOIS 62426
PH: 618-233-1100
FAX: 618-233-1101
WWW.GNT-ILL.COM

SHEET 1 OF 1 SHEETS

**EXHIBIT F
FORM OF FLIGHT PATH EASEMENT**

GRANT OF AVIGATION EASEMENT

Prepared By and Return To:
Hinshaw & Culbertson LLP
Attn: Carol Lockwood
100 Park Avenue
Rockford, IL 61101

PIN: Part of 15-29-100-004

WHEREAS, GOOD SAMARITAN GROUP, an Illinois not-for-profit corporation (hereinafter referred to as the Grantor), is the owner in fee simple title of a certain tract of land situated in County of Livingston, State of Illinois, (hereinafter referred to as GS 16.19-ACRE PARCEL) more particularly described as follows:

The South 1,020.00 feet of even width of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, except therefrom the following described tract: Beginning at a point on the East Line of the West Half of said Northwest Quarter lying 300.00 feet north of the Southeast Corner thereof. From said Point of Beginning, thence north 720.00 feet along said East Line to the Northeast Corner of the South 1,020.00 feet of even width of the West Half of said Northwest Quarter; thence west 907.50 feet along the North Line of the West Half of the said Northwest Quarter which forms an angle to the right of 89°-37'-46" with the last described course; thence south 720.00 feet along a line which is parallel with said East Line and which forms an angle the right of 90°-22'-14" with the last described course; thence east 907.50 feet along a line which is parallel with said North Line and which forms an angle to the right of 89°-37'-46" with the last described course to the Point of Beginning. Said tract contains 16.19 acres, more or less.

WHEREAS, the OSF St. James – John W. Albrecht Medical Center (hereinafter referred to as the Grantee), is the owner and operator of the **OSF St. James – John W. Albrecht Medical Center Heliport**, situated in the County of Livingston, State of Illinois, in close proximity to said above described land; and

WHEREAS, it is deemed necessary that the above described land, which lies beneath a portion of the 8:1 approach surface, as defined in Federal Aviation Regulation Part 77 (14 CFR 77), and the 2:1 side transitional surface for the southern approach of record on file with the Illinois Department of Transportation, Division of Aeronautics, with a bearing of 010°, as referenced to true north, to said Heliport, be and remain free and clear

GRANT OF AVIGATION EASEMENT

Prepared By and Return To:
Hinshaw & Culbertson LLP
Attn: Carol Lockwood
100 Park Avenue
Rockford, IL 61101

PIN: Part of 15-29-100-004

WHEREAS, GOOD SAMARITAN GROUP, an Illinois not-for-profit corporation (hereinafter referred to as the Grantor), is the owner in fee simple title of a certain tract of land situated in County of Livingston, State of Illinois, (hereinafter referred to as GS 16.19-ACRE PARCEL) more particularly described as follows:

The South 1,020.00 feet of even width of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, except therefrom the following described tract: Beginning at a point on the East Line of the West Half of said Northwest Quarter lying 300.00 feet north of the Southeast Corner thereof. From said Point of Beginning, thence north 720.00 feet along said East Line to the Northeast Corner of the South 1,020.00 feet of even width of the West Half of said Northwest Quarter; thence west 907.50 feet along the North Line of the West Half of the said Northwest Quarter which forms an angle to the right of 89°-37'-46" with the last described course; thence south 720.00 feet along a line which is parallel with said East Line and which forms an angle the right of 90°-22'-14" with the last described course; thence east 907.50 feet along a line which is parallel with said North Line and which forms an angle to the right of 89°-37'-46" with the last described course to the Point of Beginning. Said tract contains 16.19 acres, more or less.

WHEREAS, the OSF St. James – John W. Albrecht Medical Center (hereinafter referred to as the Grantee), is the owner and operator of the **OSF St. James – John W. Albrecht Medical Center Heliport**, situated in the County of Livingston, State of Illinois, in close proximity to said above described land; and

WHEREAS, it is deemed necessary that the above described land, which lies beneath a portion of the 8:1 approach surface, as defined in Federal Aviation Regulation Part 77 (14 CFR 77), and the 2:1 side transitional surface for the southern approach of record on file with the Illinois Department of Transportation, Division of Aeronautics, with a bearing of 010°, as referenced to true north, to said Heliport, be and remain free and clear

of any structure, tree or other object which is or would constitute an obstruction or hazard to the flight of aircraft in landing or takeoff at the said; and

NOW, THEREFORE, in consideration of the sum of Ten and 00/100 Dollars (\$10.00) paid by the Grantee to the Grantor, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor does hereby grant to the Grantee a permanent avigation easement and right-of-way way for the free and unobstructed passage of aircraft, by whomsoever owned or operated, in and through the air space over and across that portion of the Grantor's land affected by any part of the following described air space ("Air Space"):

THE AIR SPACE LYING ABOVE THE INCLINED PLANES HEREINAFTER DESCRIBED AND LYING WITHIN THE BOUNDARIES, PROJECTED VERTICALLY, OF THE FOLLOWING DESCRIBED PARCEL:

PART OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 28 NORTH, RANGE 5 EAST OF THE THIRD PRINCIPAL MERIDIAN IN LIVINGSTON COUNTY, ILLINOIS, SAID PART BEING FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SAID NORTHWEST QUARTER OF SECTION 29; THENCE NORTH ALONG THE WEST LINE OF THE SAID NORTHWEST QUARTER A DISTANCE OF 1043.48 FEET; THENCE DEFLECTING TO THE RIGHT AT 90 DEGREES 22 MINUTES 50 SECONDS A DISTANCE OF 326.36 FEET; THENCE IN A SOUTHERLY DIRECTION A DISTANCE OF 1048.21 FEET TO A POINT ON THE SOUTH LINE OF THE SAID NORTHWEST QUARTER; THENCE WEST ALONG THE SAID SOUTH LINE OF THE NORTHWEST QUARTER A DISTANCE OF 196.11 FEET TO THE POINT OF BEGINNING, CONTAINING 6.2 ACRES MORE OR LESS.

THE INCLINED PLANE REFERRED TO THE ABOVE IS OUTLINED BY POINTS A, B AND C DEPICTED ON THIS PLAT OF SURVEY AND IS MORE FULLY DESCRIBED AS FOLLOWS:

THE INCLINED PLANE WHICH IS 86.4 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 746.4 FEET ABOVE MEAN SEA LEVEL, AT POINT "A"; AND WHICH INCLINED PLANE IS 84.8 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 744.8 FEET ABOVE MEAN SEA LEVEL, AT POINT "B"; AND WHICH INCLINED PLANE IS 160.1 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 820.1 FEET ABOVE MEAN SEA LEVEL, AT POINT "C".

THE INCLINED PLANE DESCRIBED ABOVE FORMS A PART OF THE APPROACH SURFACE OF THE HELIPORT AT THE OSF HEALTHCARE SYSTEM IN PONTIAC, ILLINOIS, SAID SURFACE BEING AN INCLINED PLANE WITH A SLOPE OF EIGHT TO ONE (8:1) (ONE FOOT OF ELEVATION FOR EVERY EIGHT FEET OF HORIZONTAL DISTANCE).

THE INCLINED PLANE REFERRED TO ABOVE IS OUTLINED BY POINTS B, D, E, F AND C DEPICTED ON THIS PLAT OF SURVEY AND IS MORE FULLY DESCRIBED AS FOLLOWS:

THE INCLINED PLANE WHICH IS 84.8 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION 744.8 FEET ABOVE MEAN SEA LEVEL, AT POINT "B"; AND WHICH INCLINED PLANE IS 204.5 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 864.5 FEET ABOVE MEAN SEA LEVEL, AT POINT "D"; AND WHICH INCLINED PLANE IS 335.4 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 995.4 FEET ABOVE MEAN SEA LEVEL, AT POINT "E"; AND WHICH INCLINED PLANE IS 242.5 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 902.5 FEET ABOVE MEAN SEA LEVEL, AT POINT "F"; AND WHICH INCLINED PLANE IS 160.1 FEET ABOVE THE HELIPORT HAS AN APPROXIMATE ELEVATION OF 820.1 FEET ABOVE MEAN SEA LEVEL, AT POINT "C".

THE INCLINED PLANE DESCRIBED ABOVE FORMS A PART OF THE TRANSITIONAL SURFACE OF THE HELIPORT AT THE OSF HEALTHCARE SYSTEM IN PONTIAC, ILLINOIS, SAID SURFACE BEING AN INCLINED PLANE WITH A SLOPE OF TWO TO ONE (2:1) (ONE FOOT OF ELEVATION FOR EVERY TWO FEET OF HORIZONTAL DISTANCE).

Grantor does hereby covenant and agree with the Grantee the following:

- a) Grantor shall not hereafter construct nor permit any obstruction upon said land that extends above the previously described permanent aviation Air Space; and
- b) Grantor does hereby grant and convey, to the Grantee, an initial and continuing right to keep the airspace above the previously described aviation Air Space clear and free from any structure, tree, or other object; and
- c) Grantor does hereby grant and convey to the Grantee passage over the land previously described for the purpose of effecting and maintaining clear airspace above the aviation Air Space and the removal of any and all obstructions which now or may hereafter extend above said aviation Air Space. In the event of damage occasioned by the Grantee to crops or the land to which Grantee has the easement, the Grantee shall provide just compensation to the Grantor for the damage thereto; and
- d) Grantee shall also have the right to cause or allow noise, vibrations, fumes, dust and fuel particles inherent in the operation of any aircraft used for navigation or flight, landing or operation at, or taking off from the said heliport. Such noise, vibrations, fumes, dust and fuel particles shall not give rise to any claims against Grantee or the users of the heliport. Use of the heliport includes those aircraft operations at or near the heliport that are related to the heliport; and

- e) Grantor shall not use nor permit the above described land to be used in such a manner as to create a potential for attracting birds and other wildlife which may pose a hazard to aircraft using the OSF St. James – John W. Albrecht Medical Center Heliport. This right does not extend to the existing agricultural use of row cropping or any existing non-conforming uses such as ponds or drainage ditches; and
- f) Grantor, further hereby covenants for and during the life of this easement, that it shall not hereafter use or permit or suffer use of the land first above described in such manner as to create electrical or electronic interference with radio transmission and reception between radio-communications and air-navigation installations at or near the Heliport and the aircraft operating in the vicinity of said Heliport, or as to make it difficult for flyers to distinguish between heliport lights and others, or as to result in glare in the eyes of flyers using the said Heliport, or as to impair the visibility in the vicinity of the said Heliport, or as to otherwise endanger the landing, takeoff, or maneuvering of aircraft.

To have and to hold said easement and all rights appertaining thereto unto the Grantee until said Heliport shall be abandoned and shall cease to be used for heliport purposes.

IT IS UNDERSTOOD AND AGREED, that these covenants and agreements shall be binding upon the heirs, devisees, administrators, executors, and assigns of the Grantor, that these covenants and agreement shall run with the land, and that for the purposes of this instrument, that portion of land described as GS 16.19-acre Parcel which lies under the runway approach and transitional surfaces to the southern approach shall be the servient tenement and the said **OSF St. James – John W. Albrecht Medical Center Heliport**, shall be the dominant tenement.

IN WITNESS WHEREOF, the Grantor, has hereunto set its hand, and seal this _____ day of _____, 20_____.

GOOD SAMARITAN GROUP,
an Illinois not-for-profit corporation

By: _____

Its: _____

STATE OF ILLINOIS)
)ss.
COUNTY OF LIVINGSTON)

I, _____, a Notary Public, in and residing in said County, in the State aforesaid, DO HEREBY CERTIFY, that _____ personally known to me to be the same person, whose name subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that _____ signed, sealed and delivered the said instrument as _____ free and voluntary act for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and seal, this _____ day of _____,

A.D, 20 _____.

Notary Public

My Commission Expires:

_____, 20 _____.

EXHIBIT G
FARM LEASE

ILLINOIS SOCIETY OF PROFESSIONAL FARM MANAGERS AND RURAL APPRAISERS

CROP SHARE LEASE

THIS LEASE is made this 28th day of JANUARY, 1921
 by and between Tombaugh Farm Mgt., Agent for Saint James Hospital
 Landowner (or his assigned agent or manager) and Jay Barth
 Tenant.

The Landowner rents and leases to the Tenant, for agricultural purposes only, the following described REAL ESTATE, TO-WIT:

The W² of the NW⁴ of Section 29, Township 28 North, Range 5 East of the 3rd Principal Meridian, except 2.86 acres off the north side thereof deeded to the State of Illinois as recorded in Deed Book 328 page 490; in Pontiac Township

County of Livingston, State of Illinois, containing 77.14 acres, more or less.

LENGTH OF TENURE: The Term of this lease shall begin on the 1st day of March, 1921, and shall continue through the 29th day of February, 1922, and year to year thereafter, (1) unless terminated in writing executed by either the Landowner or Tenant not less than four months prior to the end of the current lease year ~~or (2) unless terminated in writing executed by either the Landowner or Tenant not less than four months~~

EXTENT OF AGREEMENT: Terms of this lease shall be binding on the heirs, executors, administrators or assigns, or agents, for both Landowner and Tenant, in the same manner as upon the original parties.

DIVISION OF CROPS, CASH RENT AND OTHER RENT STIPULATIONS: The tenant agrees to pay to the Landowner, rent for the above described farm, as follows:

LAND USE	RENTAL RATE TO LANDOWNER	LANDOWNER TO FURNISH
Corn	One-half	1/2 of seed
Oats		
Soybeans	One-half	1/2 of seed
Wheat		
Cash Rent		
Hay		
Pasture		
Gen. acres	One-half of allowed harvest and payments	1/2 of seed

COSTS SHARED BY LANDOWNER

- Limestone: One-half of applied cost, tenant to be reimbursed for unused portion based on 4 years' use.
- Commercial Fertilizer: One-half of applied cost.
- Herbicides: One-half

RECEIVED
ENGINEERING DIVISION

ILLINOIS SOCIETY OF PROFESSIONAL FARM MANAGERS AND SURVEYORS AND APPRAISERS

CROP SHARE LEASE

OSF HEALTHCARE
SYSTEM

THIS LEASE is made this 28th day of JANUARY, 1991
by and between Tombaugh Farm Mgt., Agent for Saint James Hospital
Landowner (or his assigned agent or manager) and Jay Barth
Tenant.

The Landowner rents and leases to the Tenant, for agricultural purposes only, the following described REAL ESTATE, TO-WIT:

The W² of the NW⁴ of Section 29, Township 28 North, Range 5 East of the 3rd Principal Meridian, except 2.86 acres off the north side thereof deeded to the State of Illinois as recorded in Deed Book 328 page 490; in Pontiac Township

City of Livingston, State of Illinois, containing 77.14 acres, more or less.

LENGTH OF TENURE: The Term of this lease shall begin on the 1st day of March, 1991, and shall continue through the 29th day of February, 1992, and year to year thereafter, (1) unless terminated in writing executed by either the Landowner or Tenant not less than four months prior to the end of the current lease year.

EXTENT OF AGREEMENT: Terms of this lease shall be binding on the heirs, executors, administrators or assigns, or agents, for both Landowner and Tenant, in the same manner as upon the original parties.

DIVISION OF CROPS, CASH RENT AND OTHER RENT STIPULATIONS: The tenant agrees to pay to the Landowner, rent for the above described farm, as follows:

LAND USE	RENTAL RATE TO LANDOWNER	LANDOWNER TO FURNISH
Corn	One-half	1/4 of seed
Oats		
Soybeans	One-half	1/4 of seed
Wheat		
Cash Rent		
Hay		
Pasture		
GOV. ACRES	One-half	1/4 of seed
	of allowed	
	harvest and	
	payments	

Limestone: One-half of applied cost, tenant to be reimbursed for unused portion based on 4 years' use.

Commercial Fertilizer: One-half of applied cost.

Herbicides: One-half

Insecticides: One-half

Governmental Program: Compliance with Governmental Program is at discretion of landowner. in cooperation with the tenant.

The Tenant agrees to store, at the option of the Landowner, as much of the Landowner's share of the crop as possible, using one-half of the space provided by the Landowner, in cribs, granaries, or barns on the farm, and to deliver such share in such manner as directed by and without cost to the Landowner to Rocks Creek or other agreed upon market.

Tenant agrees to pay cash rent at the office of NONE

on or before

LANDOWNER AGREES TO FURNISH AS HIS INVESTMENT AND EXPENSES:

- 1. The above described farm, including the fixed improvements thereon.
2. Materials the Landowner deems necessary for repairs and improvements on the above described farm.
3. Skilled labor employed in making permanent improvements.

TENANT AGREES TO FURNISH AS HIS INVESTMENT AND EXPENSES:

- 1. All machinery, equipment, power and man labor necessary to farm the premises properly.
2. Labor, except skilled labor, required for repairs and improvements.

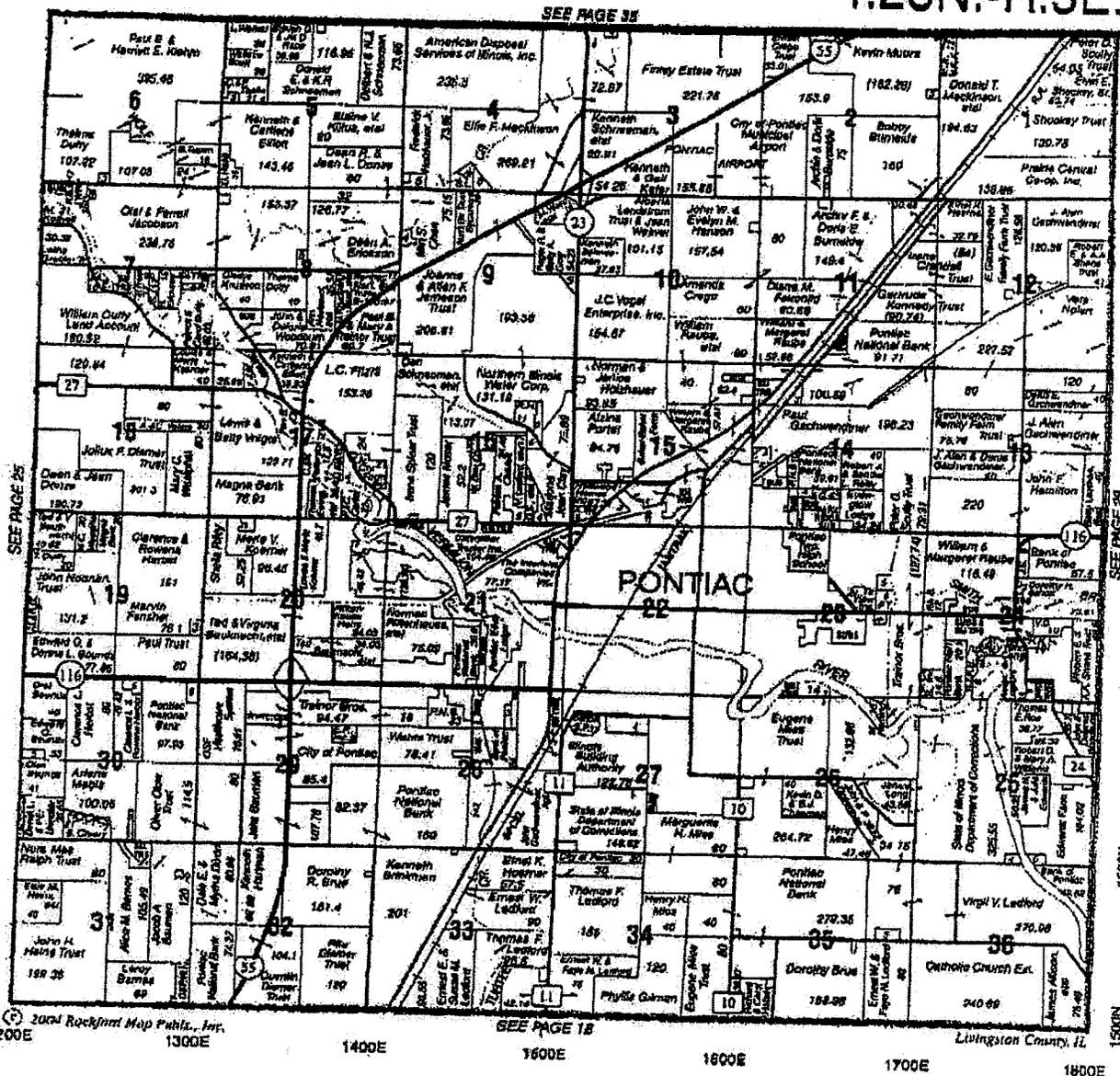
TENANT'S DUTIES IN OPERATING THE FARM:

- 1. To keep farm neat, and to prevent any unnecessary waste, or damage to the property.
2. Not to allow noxious weeds to go to seed on said premises but to destroy same; to cut all weeds, sprouts and brush in fence rows and on roads adjoining as often as needed each year without charge to the Landowner for labor.
3. To investigate and repair any broken tile and keep outlets open; repair breaks in open ditches. Tenant shall not plow or disk through grass waterway, or other low places that will permit open ditches eroding across fields.
4. Not to burn corn stalks, cobs, straw or other residue grown on the farm, nor to remove any hay, cobs or straw or other residue, except by agreement.
5. To clip small grain stubble and to prevent noxious weeds from going to seed.
6. Not to permit tramping of rotation fields by livestock in wet weather when the soil is soft, and to prevent rooting by hogs.
7. The tenant agrees to follow such crop rotation; tillage practices, fertilizer programs, conservation measures, and arrangements as are worked out with the Landowner or his Agent, for the best interest of all concerned.
8. Not to assign this lease to any person or persons or sublet any part of the premises.

HHC... F

PONTIAC

T.28N.-R.5E.



© 2004 Rockford Map Publcs., Inc. SEE PAGE 18 SEE PAGE 35
 1200E 1300E 1400E 1500E 1600E 1700E 1800E
 1500N 1600N 1700N 1800N 1900N 2000N 2100N
 Livingston County, IL

PANNO REALTY

405 WEST MADISON STREET
PONTIAC, ILLINOIS 61784

OFFICE: 815-844-6771

"We Make It Happen"

John F. Hamilton

CERTIFIED GENERAL APPRAISER

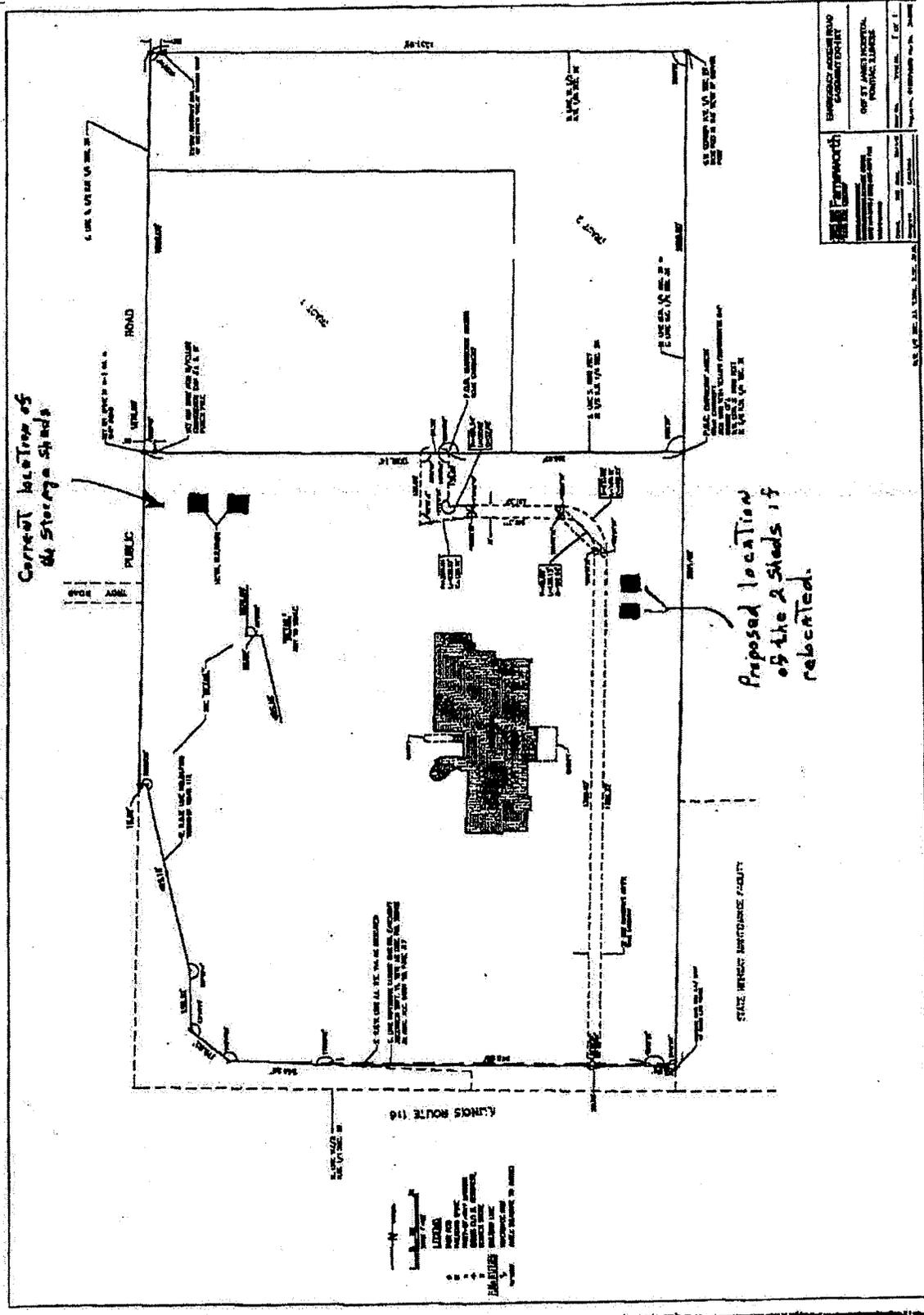
PROFESSIONAL MEMBER AMERICAN SOCIETY OF FARM MANAGERS & RURAL APPRAISERS

Specializing in Farm Appraisals

815-844-8771

Frank T. Panno: 844-6892 John J. Panno: 842-3662
 Bert Kennedy: 844-7794 Rick Campbell: 844-7805

www.pannorealty.com



Appendix A

Source: Title 77: Public Health Chapter II: Health Facilities and Services Review Board Section 1110.APPENDIX B State Guidelines - Square Footage and Utilization

The following standards apply to new construction, the development of freestanding facilities, modernization, and the development of facilities in existing structures, including the use of leased space. For new construction, the standards are based upon the inclusion of all building components and are expressed in building gross square feet (bgsf). For modernization projects, the standards are based upon interior build-out only and are expressed in departmental gross square feet (dgsf). Spaces to be included in the applicant's determination of square footage shall include all functional areas minimally required for the applicable service areas by the appropriate rules required for IDPH licensure and/or federal certification and any additional spaces required by the applicant's operational program.

Service Areas	Square Feet/Unit	Annual Utilization/Unit
General Long-Term Care	435-713 bgsf/Bed 350-570 dgsf/Bed	See 77 Ill. Adm. Code 1100
ICF/DD Facilities	505-580 bgsf/Bed 404-464 dgsf/Bed	See 77 Ill. Adm. Code 1100
Ambulatory Surgical Treatment Center (ASTC) <ul style="list-style-type: none"> • Operating Room • Procedure Room • Recovery 	2075-2750 bgsf/Treatment Room 1660-2200 dgsf/Treatment Room	Maximum of 4 recovery stations per operating room 1500 hrs of Surgery/OR or Procedure Room
In-Center Hemodialysis	450-650 bgsf/Room 360-520 dgsf/Room	See 77 Ill. Adm. Code 1100
Freestanding Emergency Center	840-1170 bgsf/Treatment Station 672-936 dgsf/Treatment Station	2000 visits/Treatment Room/year

(Source: Amended at 34 Ill. Reg. 6121, effective April 13, 2010)

GOOD SAMARITAN
PONTIAC, IL



Schematic Design - BUILDING PROGRAM - April, 2012

A. Long Term Care - South (29 beds)

A.1	Resident Rooms	Rms.		Beds
	Special Care:	1	250 SF =	250 SF (1 bed)
	Toe to Toe:	14	352 SF =	4,928 SF (28 beds)
				5,178 SF

A.2	Nursing Support	
	Resident Lounge	350 SF
	Clean Linen	80 SF
	Clean Utility	80 SF
	Soiled Utility	100 SF
	Public Toilet	50 SF
	Spa (showers, tub, toilet)	370 SF
	Housekeeping	25 SF
		1,055 SF

A.3	Nursing	
	Nurse Station / Lounge (includes charts, closet, carts, work space)	500 SF
	Med Room	80 SF
	Staff Toilet	55 SF
		635 SF

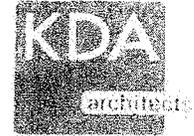
LTC Unit Sub-Total:	6,868 SF
LTC South Total:	
w/ Multiplier	1.35 9,272 GSF

B. Long Term Care - East (29 beds)

B.1	Resident Rooms	Rms.		Beds
	Special Care:	1	250 SF =	250 SF (1 bed)
	Toe to Toe:	14	352 SF =	4,928 SF (28 beds)
				5,178 SF

B.2	Nursing Support	
	Resident Lounge	350 SF
	Clean Linen	80 SF
	Clean Utility	80 SF
	Soiled Utility	100 SF
	Public Toilet	50 SF
	Spa (showers, tub, toilet)	370 SF
	Housekeeping	25 SF
		1,055 SF

GOOD SAMARITAN
PONTIAC, IL



B.3 Nursing		
Nurse Station / Lounge (includes charts, closet, carts, work space)		500 SF
Med Room		80 SF
Staff Toilet		55 SF
		<hr/>
		635 SF
LTC Unit Sub-Total:		6,868 SF
LTC Unit East Total:		
w/ Multiplier	1.35	9,272 GSF

C. Rehab Unit (37 beds)

C.1 Resident Rooms			Rms.		Beds
Special Care:	1	250 SF =	250 SF	(1 bed)	
Toe to Toe:	18	352 SF =	6,336 SF	(36 beds)	
			<hr/>		
					6,586 SF

C.2 Nursing Support

Resident Lounge		350 SF
Clean Linen		80 SF
Clean Utility		80 SF
Solled Utility		100 SF
Public Toilet		50 SF
Spa (showers, tub, toilet)		370 SF
Housekeeping		25 SF
		<hr/>
		1,055 SF

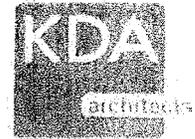
C.3 Nursing

Nurse Station / Lounge (includes charts, closet, carts, work space)		500 SF
Med Room		80 SF
Staff Toilet		55 SF
		<hr/>
		635 SF

Rehab Unit Sub-Total: **8,276 SF**

Rehab Unit Total:
w/ Multiplier 1.35 11,173 GSF

GOOD SAMARITAN
PONTIAC, IL



D. Memory Support Unit (27 beds)

D.1 Resident Rooms	Rms.		Beds
Special Care:	1	250 SF =	250 SF (1 bed)
Toe to Toe:	13	352 SF =	4,576 SF (26 beds)
			4,826 SF

D.2 Unit Amenities		
Great Room:		
Living, Activity, Dining, Country Kitchen	1,095 SF	(for 27 beds)
Pantry	150 SF	
<hr/>		
	1,245 SF	

D.3 Nursing Support	
Clean Linen	80 SF
Clean Utility	80 SF
Soiled Utility	100 SF
Public Toilet	50 SF
Spa (showers, tub, toilet)	370 SF
Housekeeping	25 SF
<hr/>	
	705 SF

D.4 Nursing	
Nurse Station / Lounge	500 SF
(includes charts, closet, carts, work space)	
Med Room	80 SF
Staff Toilet	55 SF
<hr/>	
	635 SF

Memory Unit Sub-Total: **7,411 SF**

Memory Unit Total:
w/ Multiplier 1.35 **10,005 GSF**

UNIT SUMMARY:

A. Long Term Care - South	9,272 GSF
B. Long Term Care - East	9,272 GSF
C. Rehabilitation	11,173 GSF
D. Memory Support	10,005 GSF
<hr/>	
Unit Total GSF:	39,721 GSF

GOOD SAMARITAN
PONTIAC, IL



E. ADMINISTRATION

E.1 Administration

Reception	120 SF
CEO	220 SF
Administrator	160 SF
DON	120 SF
AP / AR	155 SF
Activities Director	100 SF
Social Services	100 SF
Meeting Room	175 SF
<hr/>	
	1,150 SF

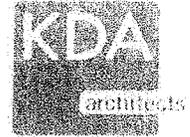
E.2 Administrative Support

Work Room (copy, files, coffee, etc.)	85 SF
Closets 2 @ 12 SF	24 SF
Toilets 2 @ 60 SF	120 SF
Med Rec Storage	80 SF
<hr/>	
	309 SF
<hr/>	
Administration Total	1,459 SF
w/ Multiplier 1.30	1,897 SF

F. Commons Space

Rehab Suite:	
Rehab Exercise Area	716 SF
Toilet	75 SF
Storage	85 SF
Office	85 SF
<hr/>	
Exam Room East	120
Exam Room West	120
Break Room	395
ADON / MDS Office	145
Dining / Activity (central)	1,950 SF (for 95 beds)
Salon	375
Activity / Training Room	470
Toilets 2 @ 150 SF	300 SF
Housekeeping	30
Lobby	145 SF
Vestibule	200 SF
<hr/>	
Commons Space Total	5,211 SF
w/ Multiplier 1.3	6,774 SF

GOOD SAMARITAN
PONTIAC, IL



G. Commons Support

Kitchen		2,000 SF
Receiving		240 SF
Laundry		875 SF
Building Storage (distributed)		1,350 SF
Housekeeping		30
Mech. / Elect.		906 SF
Commons Support Total		<u>5,401 SF</u>
w/ Multiplier	1.3	<u>7,021 SF</u>

SUMMARY

A	Long Term Care - Sor	9,272 GSF
B	Long Term Care - E	9,272 GSF
C	Rehabilitation	11,173 GSF
D	Memory Support	10,005 GSF
E	Administration	1,897 GSF
F	Commons Space	6,774 GSF
G	<u>Commons Support</u>	<u>7,021 GSF</u>
	TOTAL GSF:	55,413 GSF
	Total GSF per bed:	454

July 23, 2012

Shari Lannon | Area Specialist
Rural Development
U.S. Department of Agriculture
2110 W. Park Ct., Suite B
Champaign, IL 61821

Attached is the Market Feasibility Analysis that was prepared for Good Samaritan-Pontiac in 2009 by Revere Healthcare.

This study shows a need for 81 beds in the market area. Our replacement facility will be able to accept residents with special needs such as bariatric, and a locked dementia unit which will increase our referrals to outside the area contained in this study.

We are not updating this study for 2 reasons:

1. The most current data available to update this analysis is from 2010.
2. Today, the Illinois Health Services Review Board granted us a Certificate of Need (CON) to build a replacement facility with 122 beds. The replacement facility will not impact the market area, as we already have 122 beds. The Review Board recognized that we will be serving residents from outside the 30 minute driving distance contained in this study. With Bariatric alone, several related health issues come into play, with heart therapy, lung therapy, kidney dialysis, and diabetes. We also plan to work closely with each resident to help stabilize or reverse some dementia with good diets. The State Boards approval and our specialization, we cannot find information to show the additional need, but we have referrals and clients that show us the need. Therefore, thousands of dollars to tell us what this study already shows is not prudent.

Sincerely,

Richard H. Hiatt, President

There has been an increased trend of obesity in the United States. Studies have shown that the average person's weight has increased over the past 20 years. Due to this modality it has placed an increased stress on the healthcare system in our country. There is an increased need for larger w/c, beds, scales, mechanical or overhead lifts and tubs.

These residents tend to have numerous health issues including, high blood pressure, heart disease, diabetes, neuropathy, kidney failure and wounds. Due to the increased nursing care most of these residents require monitoring of blood glucose with adjustments made to insulin or diets on a daily basis. While some resident may only need medication and diet adjustment there are others that require dressing changes or monitoring of wound vacs to heal wounds obtained due diabetes and neuropathy.

If their weight or diabetes are not controlled, this resident is at high risk of kidney failure. This type of resident may require dialysis. Dialysis may be completed at an outpatient facility but can also be completed in a nursing home through the process of peritoneal dialysis.

It is our hope to partner with OSF and the Joslin Diabetics Center to assist in managing diabetic residents. It is through this center that we will have access to staff that specialize in diabetes management. Food and nutrition issues are the focus of their dieticians, while their nurse educators provide important education and resources about diabetes and how to treat them. They will be working to help us to understand this disease and how to manage it while they work closely with our physicians to monitor your glucose levels while you are in our care.

It is with having a unit that includes all of these risk factors and treatments we would be able to treat the person holistically.

1. diabetes
2. obesity
3. wounds
4. dialysis
5. therapy/rehab

Good Samaritan Pontiac

Nursing STAFF Report

July 20, 2012

MARKET FEASIBILITY ANALYSIS

- Licensed Nursing Care

INTERIM DRAFT

Prepared For:

Good Samaritan Home
Pontiac, Illinois

Prepared By:

Revere Healthcare, Ltd.
Cary, Illinois

Table of Contents

I. EXECUTIVE SUMMARY	1
<i>Summary of Key Indicators</i>	<i>1</i>
II. INTRODUCTION.....	2
<i>Objectives.....</i>	<i>2</i>
<i>Criteria and Scope</i>	<i>2</i>
RISKS	3
<i>Assumptions and Limitations.....</i>	<i>3</i>
<i>Market Risk</i>	<i>3</i>
<i>Managing Project Risk.....</i>	<i>3</i>
INDUSTRY ANALYSIS	4
<i>Nursing Care Facilities.....</i>	<i>4</i>
III. SERVICE AREA DEFINITION	5
METHODOLOGY	5
MARKET DEFINITION	5
<i>Primary Market Area</i>	<i>5</i>
<i>Project Draw</i>	<i>5</i>
<i>Service Area</i>	<i>6</i>
<i>Maps.....</i>	<i>7</i>
IV. DEMOGRAPHIC STUDY.....	8
METHODOLOGY.....	8
NATIONAL DEMOGRAPHICS.....	8
MARKET CHARACTERISTICS	9
<i>Population Distribution.....</i>	<i>9</i>
<i>Households by Tenure.....</i>	<i>12</i>
<i>Housing Values.....</i>	<i>17</i>
V. COMPETITION STUDY	18
METHODOLOGY	18
<i>Sources.....</i>	<i>19</i>
SUMMARY OF COMPETITIVE FACILITIES	19
<i>Licensed Nursing Care.....</i>	<i>19</i>
COMPETITION ASSESSMENT	22
<i>Licensed Nursing Care.....</i>	<i>22</i>
CONCLUSIONS.....	29
VII. DEMAND ANALYSIS.....	30

METHODOLOGY30
LICENSED NURSING CARE30
 Supply.....30
DEMAND CALCULATIONS31
RECOMMENDATION.....33

GLOSSARY34

DRAFT

Table of Figures & Tables

<i>Figure 3.1 Service Area Definition Map (PMA)</i>	7
<i>Figure 4.1 Comparison: 65+ as a Percent of Population</i>	10
<i>Table 4.1 Population Distribution by Age Group 55+</i>	11
<i>Figure 4.2 Comparison: Population Growth Age 65+</i>	12
<i>Figure 4.3 Household Tenure by Householder Age 65+</i>	13
<i>Table 4.2 Median Household Income (All Households)</i>	14
<i>Table 4.3 Median Household Income by Age Group (55+ Households)</i>	15
<i>Figure 4.4 Comparison: Median Income All Households</i>	15
<i>Figure 4.5 Comparison: Median Income Households Age 65+</i>	16
<i>Figure 4.6 Comparison: Growth in Median Income for All Ages</i>	16
<i>Table 4.4 Median Housing Values (All Households)</i>	17
<i>Figure 4.7 Comparison: Median Housing Values (All Households)</i>	17
<i>Table 5.1 Competitive Nursing Facilities – Primary Market Area</i>	20
<i>Figure 5.1 Nursing Care Competition Map – PMA</i>	20
<i>Figure 5.2 Nursing Care Competition Map – PMA (Enlargement)</i>	21
<i>Table 6.1 PMA Bed Supply Total</i>	31
<i>Table 6.2 State Bed Need Calculation – Livingston County</i>	32
<i>Table 6.3 State Bed Need Determination – Livingston County</i>	32
<i>Table 6.4 Reverse Bed Need Calculation – Livingston County</i>	33

I. EXECUTIVE SUMMARY

The Good Samaritan Home (the Client or Sponsor) has engaged Revere Healthcare, Ltd., to conduct a market feasibility analysis for licensed nursing care services in the community of Pontiac, Illinois. Demographic and utilization trends advocate further exploration of programs designed to meet the unique housing and health care needs of the mature adult population. Based on the information contained in this report, Revere identifies a need in 2014 with the following:

- A 81-bed development targeting older adults requiring licensed nursing care.

Summary of Key Indicators

- The service area for licensed nursing care will be represented by age- and income-qualified individuals residing in Livingston County, Illinois. The service area is depicted in the map in the Service Area Definition section of this report.
- 65+ individuals (6,059 in 2000) has decreased an estimated 5.9% (5,704 total in 2009) but is projected to increase 4.3% (5,950 total individuals) by 2014.
- In the Primary Market Area, there are six licensed nursing facilities (totaling 419 licensed nursing units, 95% average occupancy).

Please note, these recommendations are current (2009) and future projection (2014) market demand based on current demographic data, market conditions and competitors in the market area. When the client has decided on a final project unit mix and unit count that will be built on a site then the penetration rates need to be calculated for each specific level of care and unit count to ensure that there is proper demand for the project.

II. INTRODUCTION

Revere Healthcare, Ltd. is pleased to submit this market feasibility analysis regarding the need for senior housing and care services in Pontiac, Illinois. The market feasibility plan is determined by characterizing a few key areas:

- The current number of age-, income- and disability-qualified adults in a defined geographic area relative to the number of units/homes available.
- The inventory of competitive units in the area.

Objectives

The primary objectives of this market analysis were to determine the following:

- Supply, future need, and demand for licensed nursing care services in the service area of the Sponsor.
- Strength of market activity in the mature adult housing and geriatric nursing care market, at the present and in the near future, for determining and maximizing a product package.

Criteria and Scope

The scope of this report is defined in Phase 1 in the Approach and Methodology section of the agreement. In summary, the scope of this study is described below:

- A definition of the project's service area (Service Area Definition).
- A demographic analysis of primary market (Demographic).
- An analysis of facilities offering comparable services (Competitive).
- An analysis of market area demand for the proposed service(s) (Demand).

RISKS

This report must be read thoroughly in order to gain insight into the methodology and concepts used in forming our conclusions and recommendations. The analyses contain estimates of future events and trends based upon our market research, industry experience, and interaction with the Sponsor and other authorities in both the state and the nation. The conclusions and recommendations included in this report assume future developments in the economy, local real estate market, and the mature adult housing and health care industry. The viability of the proposed project depends on the timing and probability of a complex series of events both internal and external to the enterprise. Accordingly, we do not guarantee either the attainability of our recommendations or the viability of the proposed project.

Assumptions and Limitations

In order to make valid recommendations and conclusions, it is necessary to make certain assumptions about economic, political, and social forces that lie outside the control of the project coordinators and consultants. Several basic assumptions exist that pertain specifically to this study. First, the concept, planning, execution, and management of the proposed development will incorporate the features necessary to create a substantial impact in the service area. Second, neither the service area, the geographic region, nor the nation as a whole will suffer any long-term or major economic decline or catastrophe during the period under consideration. Finally, this study assumes that population growth, demand for health care services, reimbursement for these services, and other related factors in the market area will perform at or above the rate predicted.

Market Risk

There is a possibility the project will not be accepted by the marketplace. Management of any risk begins with this strategic plan, which incorporates demographic, competitive, and demand analyses. However, Revere Healthcare does not recommend proceeding with the proposed project until the Sponsor conducts all appropriate consumer research, explores facility design and composition options, and analyzes several operating pro forma scenarios. These actions will further minimize market risk.

Managing Project Risk

The project risks must be carefully assessed and managed. The currently known risks are not excessive or unusual; however, risks should be specifically addressed and contingency plans should be prepared, documented, and practiced as part of the development management plan.

INDUSTRY ANALYSIS

Nursing Care Facilities

Admissions to nursing facilities are by order of a physician. Nursing homes, as either free-standing facilities or as distinct wings, provide a living arrangement that integrates shelter with medical, nursing, psychological, and rehabilitative services for persons who require 24-hour supervision. Meals, utilities, housekeeping, laundry, and a social/activities program are all included in the fee.

States may classify nursing home beds as either skilled or intermediate care. Skilled Nursing Facilities (SNFs) are primarily for patients who require intensive nursing care; e.g., convalescence from a hospital stay. SNFs are state licensed and may be certified to participate in Medicare and/or Medicaid programs. Intermediate Care Facilities (ICF) are intended for patients whose needs are more custodial in nature. ICFs are also licensed by the state and may participate only in the Medicaid program. Medicare does not cover ICF services. SNFs generally provide a higher level of nursing care and a higher staff-to-patient ratio than ICFs. In addition to Medicare and Medicaid, nursing homes may also receive payment through third-party insurance and private cash payments.

III. SERVICE AREA DEFINITION

METHODOLOGY

Traditionally, the service area for licensed nursing care services has been typically within a 20- to 30-mile radius of a rural or suburban location and within a 5-mile radius of an urban or dense suburban location. The area is usually limited by natural and cultural boundaries. The service area can be divided into primary and secondary market areas.

Depending on the location of a proposed facility, the primary market area may extend beyond the above guidelines. In addition, natural and cultural barriers may diminish or even eliminate what might have normally been defined as a secondary market area. Therefore, a market is defined through analysis of the above characteristics and verified through interviews with local planning officials.

MARKET DEFINITION

Primary Market Area

For the purpose of this study, the target market for licensed nursing care will be represented by age- and income-qualified individuals residing in Livingston County, Illinois, which is depicted in Figure 3.1.

Project Draw

Revere has set the primary market area (PMA) as the region from which 70 percent of the project's market will originate. The region from which the remaining 30 percent of the prospective residents will most likely be drawn is referred to as the secondary market area (SMA).

For planning purposes, Revere estimates that 30% of residents will come from beyond the boundaries of the service area.

Service Area

The service area for licensed nursing care is the area within the boundaries illustrated on the map in Figure 3.1, which is the boundary for Livingston County. For planning purposes, Revere has set the area within these boundaries as the primary market area for the project for the following reasons:

- Political boundaries; specifically, Pontiac and the proposed project's site are located at the southwest corner of Livingston County. The primary market area encompasses Livingston County in Illinois.
- Geographical boundaries; in this case, there are no distinct geographical boundaries.
- Drive times for most individuals living within the service area would be 30 minutes or less.
- Accessibility from Interstate 55, U.S. Highway 24 and IL Routes Old Rt. 66, 17, 47, 23 and 116. Other smaller roads traverse the service area.

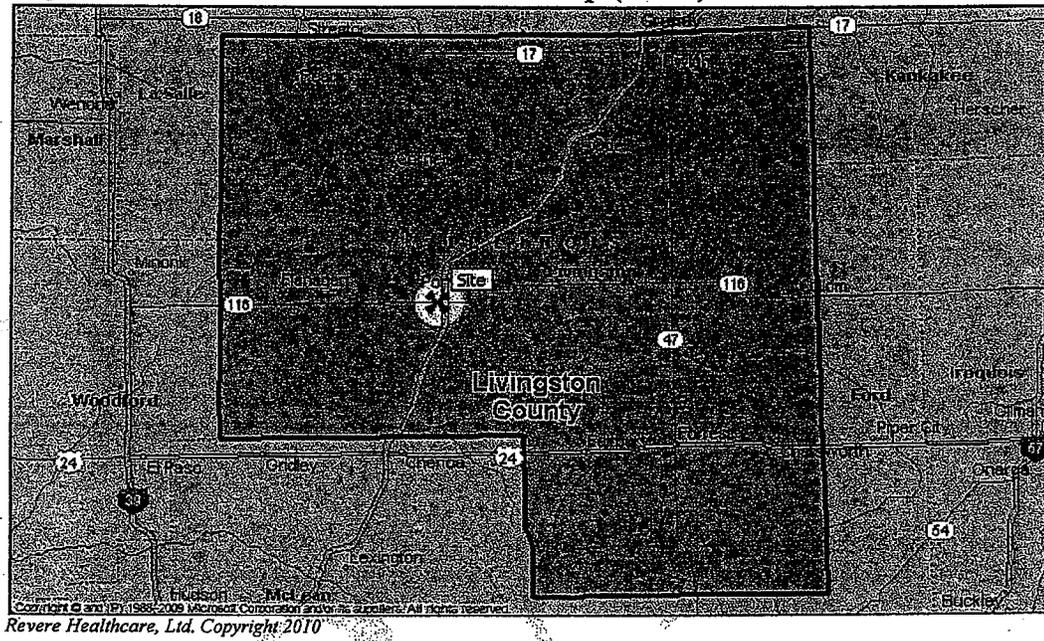
A description of the primary market area follows: the county boundary for Livingston County, Illinois.

Parts or all of the following Illinois communities make up this area: Campus, Chatsworth, Cornell, Cullom, Dwight, Emington, Fairbury, Flanagan, Forrest, Long Point, Odell, Pontiac, Saunemin, and Strawn.

Maps

Figure 3.1 illustrates the boundaries of the primary service area.

Figure 3.1 Service Area Definition Map (PMA)



Dem

IV. DEMOGRAPHIC STUDY

METHODOLOGY

Demographic information was obtained using the services of Claritas, Inc. The information is based on the based on the 2000 census, which is projected by Claritas for 2009 and 2014 [2010 and 2015 projections have not yet been released]. Revere Healthcare analyzed and interpreted this information for the demographic study.

The following section of the market feasibility will analyze historical economic and demographic growth trends in the market area. The data included in this section are useful indicators of the potential strengths and weaknesses in key target markets for licensed nursing care.

NATIONAL DEMOGRAPHICS

- This country's already significant 55+ population is expected to continue to grow over the next several years and then, after 2010, surge as the baby-boom generation born between 1942 and 1964 begins to hit retirement age. The U.S. census expects today's senior population of approximately 35 million to jump to nearly 40 million this year and then rocket to close to 70 million by 2030.
- During this time, the 85-and-over population will be growing faster than the 65-84 age group, and it is estimated that by 2050 approximately 25% of the senior population will be 85 or older; the percentage of seniors 85 or older today is approximately 14%. The following trends discussed below will be crucial in shaping the housing choices of this population.

Living Longer with Spouses – Women will continue to make up a disproportionate share of the senior population, but recent trends indicate that men are closing the longevity gap. Because the presence of a spouse is critical to the ability of seniors to remain at home, this should mean less demand for assisted living communities and nursing homes than would otherwise be expected.

seniors are
ices, as we

increase tl
will be incr

he expans.
) there is
buying pov

lp provide
s. While to
ies, meanit
e less comr
atives like

ture projection
for Housing S

ristics. Ty

ket is cons
ted 15.0%
ents over e
household

Market Feasibility Analysis

Demographic Study

Higher Education Levels – Higher levels of education among seniors are likely to mean more demand for high-quality healthcare and other support services, as well as a stronger demand to live independently.

Longer Work Life – Improved health and policy changes that increase the incentive to continue working make it both possible and likely that seniors will be increasingly active in the labor force.

Greater Financial Resources – Due to social security and the expansion of private pension funds and other retirement accounts (IRA's, 401k's, etc.), there is good reason to believe that tomorrow's seniors will have a somewhat stronger buying power despite the current economic climate.

Fewer Children to Support – The availability of children to help provide care plays an important role in the choice of living arrangements for seniors. While today's seniors tend to have larger families, baby-boomers have smaller families, meaning that shared housing – a senior living with an adult child – is likely to become less common. The lack of children living nearby should also boost demand for alternatives like active adult communities and assisted living.

Sources: Current year projections are provided by Claritas, Inc. Historical data and future projections are from the US Census Bureau except where otherwise noted. Housing trends by the Joint Center for Housing Studies at Harvard University.

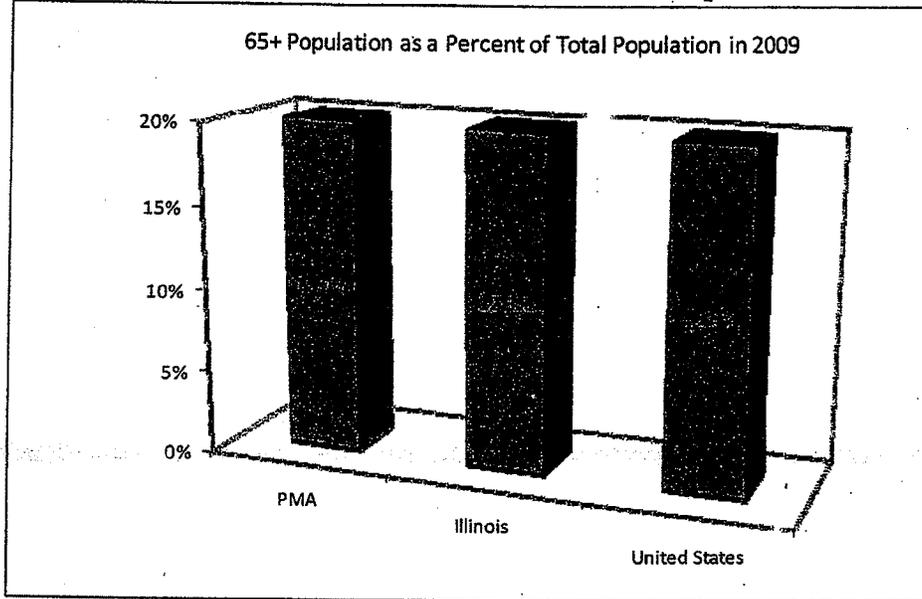
MARKET CHARACTERISTICS

The market can be analyzed by identifiable traits or characteristics. Typical market characteristics include population and income distribution.

Population Distribution

- As highlighted in table 4.1 and figure 4.1 (below), the market is considered "old" with individuals age 65 and over representing an estimated 15.0% of the total population in 2009. Nationally, the 65+ age group represents over an estimated 12.3% of the total population. An old market has more 65+ households relative to young families for example.

Figure 4.1 Comparison: 65+ as a Percent of Population



Source: Claritas, Inc.

For the licensed nursing care population, the target market will be individuals age 65 years or more. This population is growing in the market area. The number of 65+ individuals (6,059 in 2000) has decreased an estimated 5.9% (5,704 total in 2009) but is projected to increase 4.3% (5,950 total individuals) by 2014.

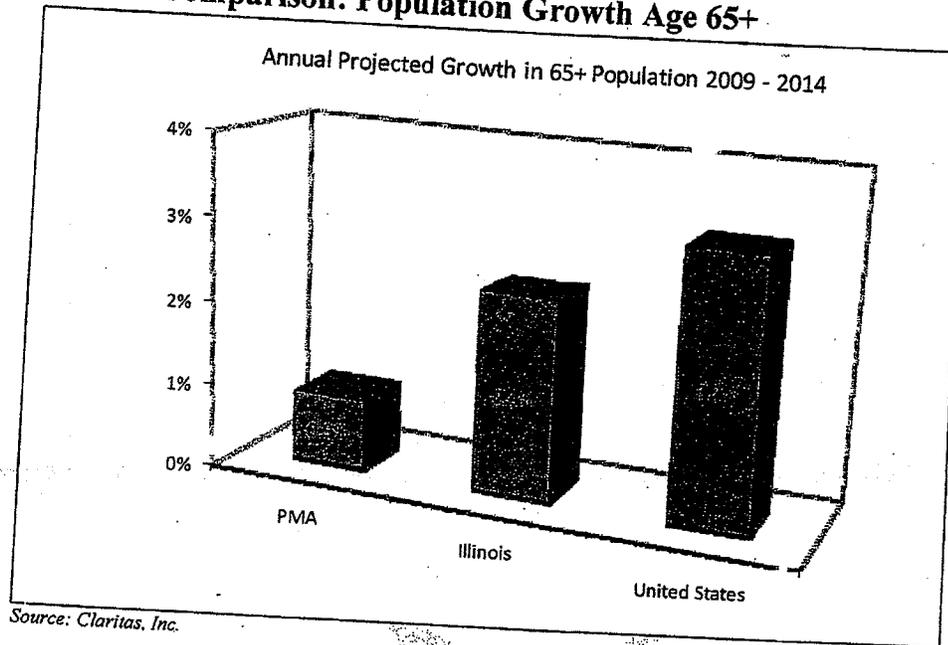
The percentage of adult children in the target market (individuals between the age of 55 and 64) is also experiencing significant growth in the service area. The number of 55-64 individuals (3,461 in 2000) has increased an estimated 25.7% (4,352 total in 2009) and is projected to increase another 8.9% (4,738 total individuals) by 2014 (an approximately 36.9% increase over the 2000 census). Adult children can influence seniors residing outside of the primary market area to move.

Table 4.1 Population Distribution by Age Group 55+

Age Group	2000	2009	% Change	2014	% Change
55-59	1,879	2,435	29.6%	2,532	4.0%
60-64	1,582	1,917	21.2%	2,206	15.1%
65-69	1,444	1,498	3.7%	1,713	14.4%
70-74	1,477	1,179	-20.2%	1,280	8.6%
75-79	1,191	1,063	-10.7%	1,007	-5.3%
80-84	979	865	-11.6%	810	-6.4%
85+	968	1,099	13.5%	1,140	3.7%
55-64 Population	3,461	4,352	25.7%	4,738	8.9%
65+ Population	6,059	5,704	-5.9%	5,950	4.3%
55-74 Population	6,382	7,029	10.1%	7,731	10.0%
75+ Population	3,138	3,027	-3.5%	2,957	-2.3%
Total Population	39,678	37,993	-4.2%	37,207	-2.1%
Elderly (65+) % of Population	15.3%	15.0%		16.0%	

Source: Claritas, Inc.

Figure 4.2 Comparison: Population Growth Age 65+

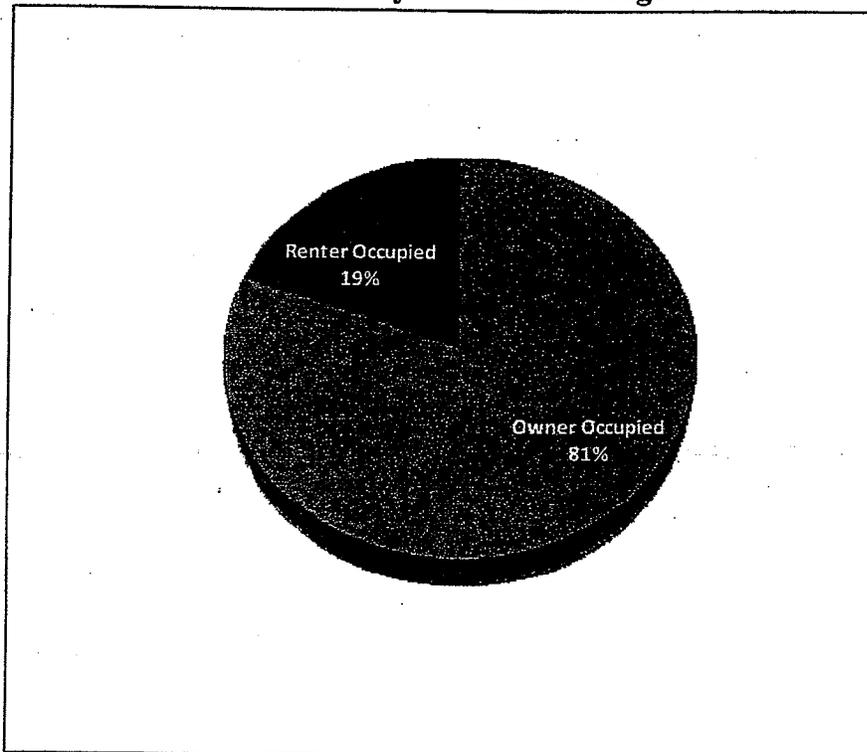


As seen in Figure 4.2, growth in the target market for nursing care is projected to be below the state and nation.

Households by Tenure

Of 3,884 households with a householder age 65 years or more (nursing care population), 81% own and 19% rent. The percentage of owners in the market area is above the national average of 78% and the percentage of renters in the market area is below the national average of 22% renters. The ratio of renters to owners can influence the types of pricing options offered. Figure 4.3 illustrates household tenure by age group for the population age 65+.

Figure 4.3 Household Tenure by Householder Age 65+



Source: Claritas, Inc.

Income Distribution

Income distribution is an indicator of the economic wellbeing of a market.

- For the nursing care population (householders age 65+) the median household income for the primary market area (PMA) is estimated to be \$31,890 in 2009 which is below the state and national averages. For 2014, this age population is estimated to have a median household income of \$36,550, which is above both the state and national projections.

The following tables illustrate the median income (table 4.2), median income by age group (table 4.3), and comparisons of the regional, state, and national averages (figures 4.4 through 4.6).

Table 4.2 Median Household Income (All Households)

Household Income	2000	2009	% Change	2014	% Change
Less than \$15,000	1,966	1,520	-22.7%	1,368	-10.0%
\$15,000-\$34,999	4,029	3,354	-16.8%	3,059	-8.8%
\$35,000-\$74,999	6,042	5,757	-4.7%	5,505	-4.4%
\$75,000-\$150,000	2,148	3,037	41.4%	3,409	12.2%
\$150,000-\$499,999	211	404	91.5%	548	35.6%
\$500,000 and over	4	13	225.0%	20	53.8%
Total	14,400	14,085	-2.2%	13,909	-1.2%
Average Household Income	\$ 48,163	\$ 57,338	19.1%	\$ 62,260	8.6%
Median Household Income	\$ 41,193	\$ 48,204	17.0%	\$ 52,323	8.5%
Per Capita HH Income	\$ 18,347	\$ 22,086	20.4%	\$ 24,080	9.0%

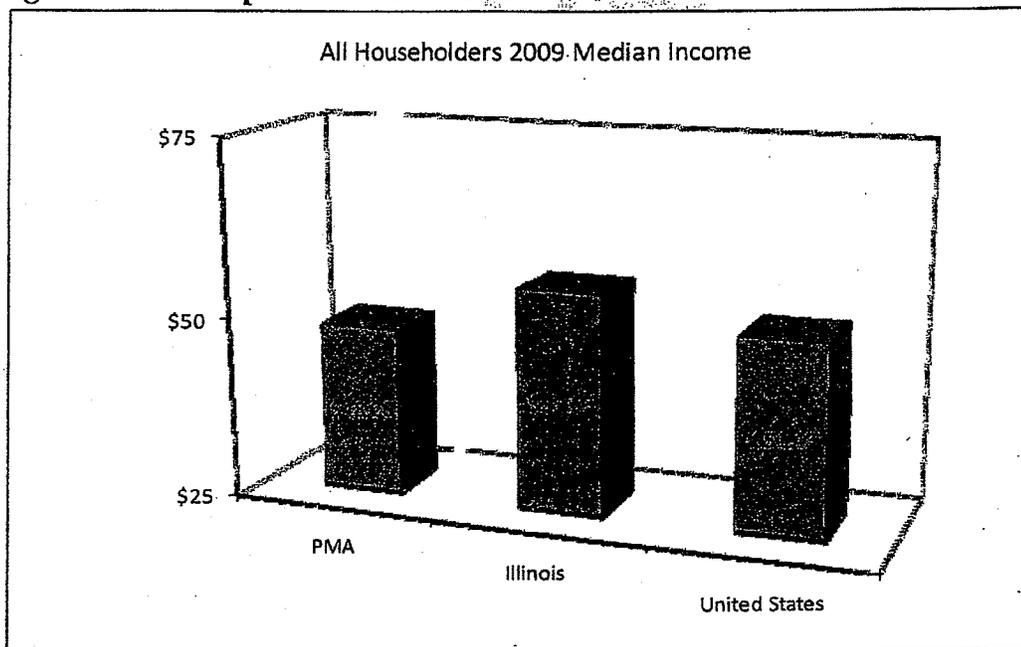
Source: Claritas, Inc.

Table 4.3 Median Household Income by Age Group (55+ Households)

Age Group	2000	2009	% Change	2014	% Change
55-59	\$ 43,431	\$ 50,692	16.7%	\$ 53,792	6.1%
60-64	\$ 42,175	\$ 50,446	19.6%	\$ 54,264	7.6%
65-69	\$ 31,176	\$ 37,471	20.2%	\$ 41,705	11.3%
70-74	\$ 29,313	\$ 35,741	21.9%	\$ 42,019	17.6%
75-79	\$ 24,304	\$ 29,730	22.3%	\$ 33,091	11.3%
80-84	\$ 22,021	\$ 27,371	24.3%	\$ 31,990	16.9%
85+	\$ 18,770	\$ 24,483	30.4%	\$ 27,273	11.4%
55-74 Population	\$ 37,004	\$ 45,040	21.7%	\$ 49,077	9.0%
65+ Population	\$ 26,254	\$ 31,890	21.5%	\$ 36,550	14.6%
75+ Population	\$ 22,495	\$ 27,437	22.0%	\$ 30,916	12.7%
Total Population	\$ 41,193	\$ 48,204	17.0%	\$ 52,323	8.5%

Source: Claritas, Inc.

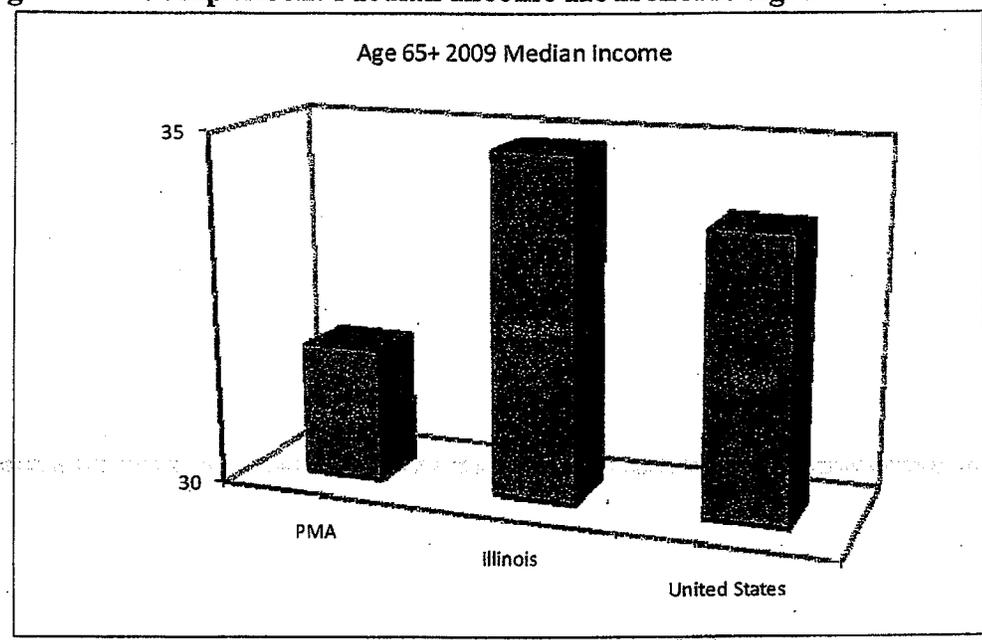
Figure 4.4 Comparison: Median Income All Households



Source: Claritas, Inc.

In Thousands

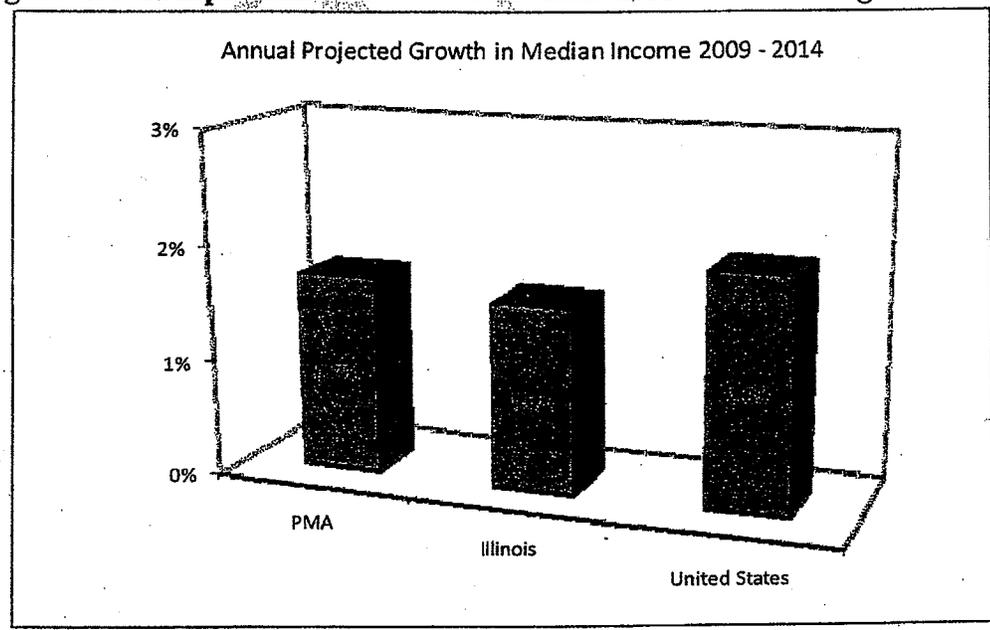
Figure 4.5 Comparison: Median Income Households Age 65+



Source: Claritas, Inc.

In Thousands

Figure 4.6 Comparison: Growth in Median Income for All Ages



Source: Claritas, Inc.

In Thousands

Housing Values

Housing values are both an indicator of the economic wellbeing of a market and a factor in determining entrance fees. The median housing value for the PMA is estimated to be \$108,261 in 2009, which is well below both the state and national averages.

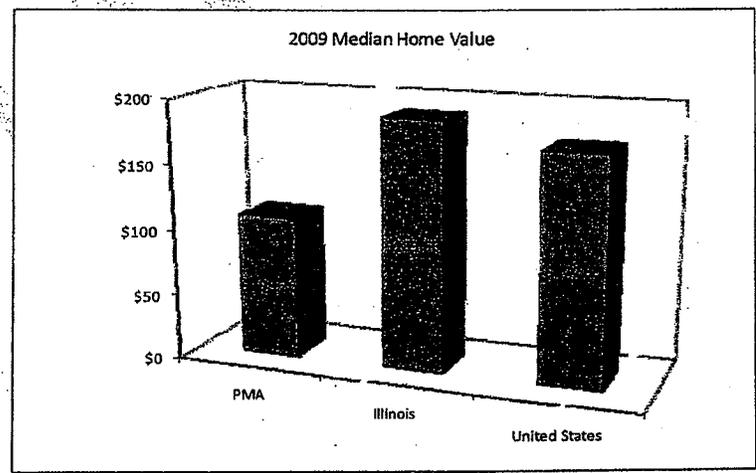
Table 4.4 Median Housing Values (All Households)

Housing Value	2000	2009	% Change	2014	% Change
Less than \$60,000	3,155	1,864	-40.9%	1,674	-10.2%
\$60,000-\$99,999	4,435	2,819	-36.4%	2,377	-15.7%
\$100,000-\$199,999	2,655	4,567	72.0%	4,798	5.1%
\$200,000-\$299,999	319	868	172.1%	1,063	22.5%
\$300,000-\$400,000	48	205	327.1%	242	18.0%
\$400,000-\$500,000	27	41	51.9%	82	100.0%
\$500,000+	27	68	151.9%	81	19.1%
Total Units	10,666	10,432	-2.2%	10,317	-1.1%
Median Housing Value	\$ 78,261	\$ 108,261	38.3%	\$ 116,783	7.9%

Source: Claritas, Inc.

The affordability ratio of median house price to median household income is 2.25 for the PMA, which is considered to be in the 'affordable' category. Affordable is defined as 2.0 to 3.0.

Figure 4.7 Comparison: Median Housing Values (All Households)



Source: Claritas, Inc.

In Thousands

V. COMPETITION STUDY

METHODOLOGY

An analysis of the older adult housing market in the primary market area provides the Sponsor and consultant with specific data on the supply and availability of competitive facilities. This section of the report analyzes the overall service area through a summary of the licensed nursing care facilities available to the population of Pontiac, Illinois, and surrounding communities.

The purpose of the study was to locate all existing and planned facilities in the targeted market area, to identify the greatest competition to the proposed project, and to compare specific areas of operations and services. This summary represents Revere's best effort to identify all competitors, existing and potential, to the proposed project; however, facilities in the planning stages are difficult to identify and may not be reflected here.

Our survey of the competitive facilities identified six skilled nursing competitors directly inside the primary market area. Our evaluation and the elements involved in establishing our conclusions are detailed below.

Revere visited licensed nursing care communities in the primary market area. At no time were competitors aware that Revere was gathering information for the proposed project. Revere obtained information on the following comparative categories:

- Locations
- Number and type of units
- Occupancy levels
- Rates and payment structures
- Services and amenities

Sources

There are several sources of information on competitive facilities and alternative services. Revere used the following sources in conducting this analysis:

- Illinois Department of Public Health (IDPH) website (<http://www.idph.state.il.us>)
- Illinois Supportive Living Program (SLF) website (<http://www.sfillinois.com>)
- The National Investment Center for the Seniors Housing & Care Industry (NIC MAP) website (<http://www.nicmap.org>)
- Medicare Compare - <http://www.medicare.gov>
- Independent research conducted by Revere Healthcare, Ltd.

SUMMARY OF COMPETITIVE FACILITIES**Licensed Nursing Care**

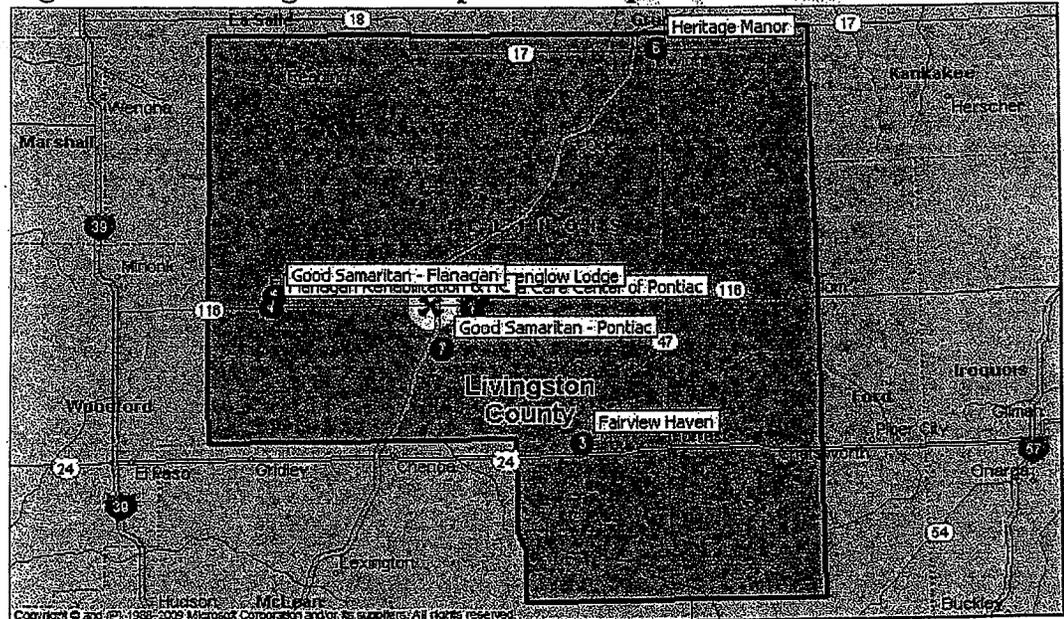
Within the primary market area of the facility, there are six nursing facilities. For its market research, Revere visited the nursing homes, all of which are considered competitive due to the distance from the proposed site and/or comparable care. Those six facilities have a combined total of 419 nursing beds, which had a combined average occupancy of 95 percent of licensed beds. However, please note that Heritage Manor is currently undergoing extensive renovation and is operating with just over 84 of the 92 beds it is licensed for. Using a weighted average for the 84 units, which are at 100% occupancy with a waiting list, the combined average occupancy is 97 percent of licensed beds. This average occupancy is weighted downward due to the difference between licensed and operating beds.

Table 5.1 illustrates the facilities considered competitive.

Table 5.1 Competitive Nursing Facilities – Primary Market Area

	Facility Name	Address	City	State	ZIP	Beds	Occupancy
1	Asta Care Center of Pontiac	300 West Lowell	Pontiac	IL	61784	88	97%
2	Evenglow Lodge	215 E. Washington	Pontiac	IL	61784	73	100%
3	Fairview Haven	605 North 4th St	Fairbury	IL	61739	63	95%
4	Flanagan Rehabilitation & Health Care (FKA Beulah Christian Home)	201 E. Falcon Highway	Flanagan	IL	61740	43	91%
5	Good Samaritan Home - Flanagan	205 North Adams	Flanagan	IL	61740	60	93%
6	Heritage Manor - Dwight	300 E. Mazon Ave.	Dwight	IL	60420	92	91%
						419	95%

Figure 5.1 Nursing Care Competition Map – PMA



Revere Healthcare, Ltd. Copyright 2010

COMPETITION ASSESSMENT

Each service area competitor was visited in person by a representative of Revere. The following facility profiles identify specific data about each facility.

Licensed Nursing Care

Skilled Nursing Facility Profiles

The following facility profiles identify specific data about primary market facilities which are considered comparable to aspects of the project as proposed.

Market Feasibility Analysis

Competition Study

Asta Care Center of Pontiac
 300 West Lowell
 Pontiac, IL 61764
 (815) 842-1181
<http://astacare.com/locations.php?i>
Project Type: SNF, ICF
Year Built: 1961
Condition: Poor
Remodeled: Partially
Management: Asta Healthcare
 (Local chain) Company
Entrance Fee: None
Date Visited: May 25, 2010



Resident Units Include:

- Shared bathroom/Private
- Bed
- Chair
- Closet
- Nightstand/bedside cabinet
- Emergency call system
- Rooms can be personalized
- Individual heating & cooling
- Television
- Satellite
- Phone hookup available
- Other: _____

Campus Amenities:

- Chapel
- Facility van
- Secure entrance/alarmed doors
- Library
- Computer room
- Fitness Center
- Beauty & barber salon
- Gift/Ice cream shop
- Other: _____

Skilled Nursing		5/25/2010	Private Pay Rates	
Unit Type	# of Beds	Occupancy	Daily	Monthly
Semi-private			\$150	\$4,563
Private	88	97%	\$180	\$5,475
Private, Priv Bath			\$185	\$5,627
Totals	88	97%		
		Medicare Star Rating: 4 Stars	Inspected: 7/9/2009	
Payor Mix (2008)	Private Pay	21.9%	Ins./Other	4.4%
	Medicare	17.4%	Medicaid	56.2%

Services Provided Include:

- 24 hour skilled nursing
- 3 meals daily
- Tray service dining
- Respite care
- Hospice care
- Daily activities
- Activities transportation
- Laundry & housekeeping
- Special diets
- Care Plan meetings
- Other: _____

Services available at additional cost:

- Physical therapy
- Occupational therapy
- Speech therapy
- Physician appointments
- Wound therapy
- Beauty & barber
- Medication
- Medical supplies
- Incontinence supplies
- Dental services
- Other: _____
- _____ Dialysis program
- _____ Outpatient therapy

Comments:

Asta Care Center Pontiac is owned and managed by Asta Healthcare Company. Asta owns and operates six skilled and intermediate care nursing facilities all of which are located in Illinois. Asta Care Center is an older facility that has had some remodeling but nothing major that has updated the entire facility. An additional wing is currently being added to the facility and construction was underway at the time of the visit. The new Luxury Wing will include 9 Medicare private rooms, a dining room, recreational areas, and a new therapy room. Construction is projected to be completed in fall 2010. Asta Care has 28 Skilled beds, and 60 Intermediate Care Beds. It is assumed that the 9 beds are a reordering of existing beds the facility is licensed for because there have been no updates on bed count that have been published by IDPH.

Market Feasibility Analysis

Competition Study

Evenglow Lodge
 215 E. Washington
 Pontiac, IL 6174
 (815) 844-6131
<http://www.evenglowlodge.org/>
Project Type: CCRC: IL, AL, SNF
Year Built: 1984
Condition: Excellent
Remodeled: Recently
Management: The United
 (Non-profit) Methodist Church



Entrance Fee: None
Date Visited: May 25, 2010

Resident Units Include:

- Shared bathroom/Private
- Bed
- Chair
- Wooden armoire
- Nightstand/bedside cabinet
- Emergency call system
- Rooms can be personalized
- Individual heating & cooling
- Television
- Satellite
- Phone hookup available
- Other:
 - Laundry Room
 - Patient phone on each floor

Campus Amenities:

- Chapel
- Facility van
- Secure entrance/alarmed doors
- Library
- Computer room
- Fitness Center
- Beauty & barber salon
- Gift/ice cream shop
- Other:
 - Wellness Office
 - Lounge on each floor with kitchen

Skilled Nursing Unit Type	# of Beds	5/25/2010 Occupancy	Private Pay Rates	
			Daily	Monthly
Semi-private	73	100%	\$151-\$175	\$4,593-\$5,323
Medicare			\$201	\$6,114
Private-Small			\$178-\$200	\$5,414-\$6,083
Medicare			\$225	\$6,844
Private-Large			\$194-\$217	\$5,901-\$6,600
Medicare			\$242	\$7,361
Private-Double			\$243-\$266	\$7,391-\$8,091
Totals			73	100%

Medicare Star Rating: 5 Stars		Inspected: 10/21/2009	
Payor Mix (2008)	Private Pay: 66.4%	Ins./Other: 0.3%	
	Medicare: 8.3%	Medicaid: 25.0%	

Services Provided include:

- 24 hour skilled nursing
- 3 meals daily
- Tray service dining
- Respite care (occasional)
- Hospice care
- Daily activities
- Activities transportation
- Laundry & housekeeping
- Special diets
- Internet
- Other:

Services available at additional cost:

- Physical therapy
- Occupational therapy
- Speech therapy
- Physician appointments
- Wound therapy
- Beauty & barber
- Guest meals

Other Services Included

- Incontinence supplies
- Medication
- Medical supplies
- Other:
- Social services
- Counseling
- Oxygen

Comments:

Evenglow Lodge is not-for-profit and is privately managed. The facility has 37 skilled nursing beds, 36 intermediate care units and 72 sheltered care AL units (141 licensed though). 7 IL apartments (Skyline Apartments) are on the 7th floor of the Memorial Building. A 26 unit Alzheimer's/memory care building, Evenglow Inn, is located nearby but off the main campus. The Tjardes Health Center is currently being renovated floor by floor with new furniture, carpet, wall coverings, and window treatments.

Market Feasibility Analysis

Competition Study

Fairview Haven
 605 N. 4th St.
 Fairbury, IL 61739
 815-692-2572

<http://www.fairviewhaven.org/>

Project Type: CCRC: IL, AL, SNF
Year Built: 1961
Condition: Fair
Remodeled: In the last year
Management: Apostolic Christian
 (Non-profit) Church

Entrance Fee: \$500
Date Visited: May 25, 2010



Resident Units Include:

- Shared bathroom
- Bed
- Chair
- Wooden armoire
- Nightstand/bedside cabinet
- Emergency call system
- Rooms can be personalized
- Individual heating & cooling
- Television
- Satellite
- Phone hookup available
- Other:

Campus Amenities:

- Chapel (church next to facility)
- Facility van
- Secure entrance/alarmed doors
- Library
- Computer room
- Enclosed courtyard
- Beauty & barber salon
- Gift/Ice cream shop
- Other:
- Private dining room
- Alternative therapy room

Skilled Nursing Unit Type	# of Beds	5/25/2010 Occupancy	Private Pay Rates	
			Daily	Monthly
Semi-private	63	95%	\$176	\$5,353
Private			\$205	\$6,235
Totals	63	95%		

Medicare Star Rating: 5 Stars		Inspected: 12/8/2009		
Payor Mix (2008)	Private Pay	65.5%	Ins./Other	0.0%
	Medicare	3.4%	Medicaid	31.2%

Services Provided include:

- 24 hour skilled nursing
- 3 meals daily
- Tray service dining
- Respite care (occasional)
- Hospice care
- Daily activities
- Activities transportation
- Laundry & housekeeping
- Special diets
- Internet
- Other:

Services available at additional cost:

- Physical therapy
- Occupational therapy
- Speech therapy
- Physician appointments
- Wound therapy
- Beauty & barber
- Guest meals

Other Services Included

- Incontinence supplies
- Medication
- Social services
- Medical supplies
- Counseling
- Other:
- Oxygen

Dental Services

Comments:

Fairview Haven is not-for-profit and is privately managed. The facility has 63 skilled nursing beds and also has 17 Independent Living apartments (Fairview Suites) and 13 assisted living apartments (Fairview Estates). The main building is currently being remodeled. All hallways have been remodeled with new paint and carpet. All resident rooms are being updated with new paint, new wardrobes, window treatments, new lighting, new wall heaters, new privacy curtains (semi-privates), and doorways and bathrooms have been updated to be handicap accessible.

Market Feasibility Analysis

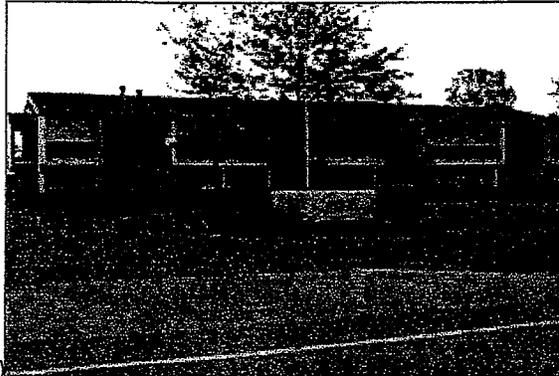
Competition Study

Flanagan Rehabilitation & HC

201 E. Falcon Highway
 Flanagan, IL 61740
 (815) 796-2267

www.petersenhealthcare.net

Project Type: SNF, ICF, AL
Year Built: 1982
Condition: Fair
Remodeled: No
Management: Peterson Health
 (Local chain) Care



Entrance Fee: One month (priv pay)
Date Visited: May 25, 2010

Resident Units Include:

- Shared bathroom
- Bed
- Chair
- Wooden armoire
- Nightstand/bedside cabinet
- Emergency call system
- Rooms can be personalized
- Individual heating & cooling
- Television
- Satellite
- Phone hookup available
- Other:

Campus Amenities:

- Chapel
- Facility van
- Secure entrance/alarmed doors
- Library
- Computer room
- Fitness Center
- Beauty & barber salon
- Gift/Ice cream shop
- Other:

Skilled Nursing	Unit Type	# of Beds	5/25/2010: Occupancy	Private Pay Rates	
				Daily	Monthly
	Semi-private	43	91%	\$173	\$5,262
	Private			\$186	\$5,658
Totals		43	91%		

Medicare Star Rating: 4 Stars		Inspected: 7/31/2009	
Payor Mix (2008)	Private Pay	22.4%	Ins./Other 1.9%
	Medicare	15.4%	Medicaid 60.3%

Services Provided Include:

- 24 hour skilled nursing
- 3 meals daily
- Tray service dining
- Respite care
- Hospice care
- Daily activities
- Activities transportation
- Laundry & housekeeping
- Special diets
- Internet
- Other:

Services available at additional cost:

- Physical therapy
- Occupational therapy
- Speech therapy
- Physician appointments
- Wound therapy
- Beauty & barber
- Podiatrist
- Incontinence supplies
- Medication
- Medical supplies
- Other:

Comments:

Flanagan Rehabilitation & Health Care is owned and managed by Peterson Health Care, Inc. Peterson Health Care owns and operates skilled and intermediate care nursing facilities, assisted/independent facilities, supportive living facilities and developmentally disabled homes in the Midwest. Flanagan Rehabilitation is an older facility that has had some remodeling but nothing major that has updated the entire facility. The facility has 43 skilled nursing beds and 32 sheltered care AL units.

Market Feasibility Analysis

Competition Study

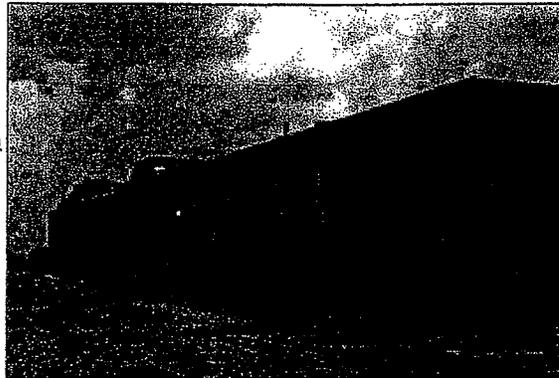
Good Samaritan Flanagan

205 N. Adams
Pontiac, IL 61740
(815) 796-2288

<http://www.yourgoodsamaritan.com>

Project Type: CCRC: AA, IL, SNF
Year Built: 1968
Condition: Good
Remodeled: Recently
Management: Lutheran Church (Non-profit)

Entrance Fee: None
Date Visited: May 25, 2010



Resident Units Include:

- Shared bathroom
- Bed
- Chair
- Wooden armoire
- Nightstand/bedside cabinet
- Emergency call system
- Rooms can be personalized
- Individual heating & cooling
- Television
- Satellite
- Phone hookup available
- Other:

Campus Amenities:

- Chapel
- Facility van
- Secure entrance/alarmed doors
- Library
- Computer room
- Fitness Center
- Beauty & barber salon
- Gift/Ice cream shop
- Other:

Skilled Nursing Unit Type	# of Beds	5/25/2010 Occupancy	Private Pay Rates	
			Daily	Monthly
Semi-private	12	93%	\$158	\$4,806
Private	48		\$186	\$5,658
Totals	60	93%		

Medicare Star Rating: 4 Stars		Inspected: 05/22/2009	
Payor Mix (2008)	Private Pay	Ins./Other	1.7%
	Medicare	7.6%	Medicaid

Services Provided Include:

- 24 hour skilled nursing
- 3 meals daily
- Tray service dining
- Respite care (occasional)
- Hospice care
- Daily activities
- Activities transportation
- Laundry & housekeeping
- Special diets
- Internet
- Other:

Services available at additional cost:

- Physical therapy
- Occupational therapy
- Speech therapy
- Physician appointments
- Wound therapy
- Beauty & barber
- Guest meals

Other Services Included

- Incontinence supplies
- Medication
- Medical supplies
- Other:
- Social services
- Counseling
- Oxygen

Comments:

Good Samaritan Flanagan is a not-for-profit that is privately owned and managed. Good Samaritan also operates Good Samaritan Pontiac, formerly the Livingston Manor, the Livingston County run nursing home. Good Samaritan Flanagan has 60 skilled nursing beds as well as independent living apartments and active adult duplexes.

Market Feasibility Analysis

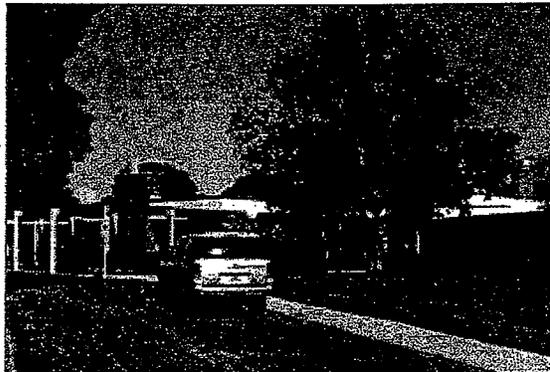
Competition Study

Heritage Manor
 300 E. Mazon Ave.
 Dwight, IL 60420
 (815) 584-1240

<http://www.heritageofcare.com/dwi>

Project Type: SNF
Year Built: 1972
Condition: Fair
Remodeled: Recently
Management: Heritage
 (Local chain) Enterprises

Entrance Fee: None
Date Visited: May 25, 2010



Resident Units Include:

- Shared bathroom (Some Private)
- Bed
- Chair
- Wooden armoire
- Nightstand/bedside cabinet
- Emergency call system
- Rooms can be personalized
- Individual heating & cooling
- Television (New rooms only)
- Satellite
- Phone hookup available
- Other:

Campus Amenities:

- Chapel
- Facility van
- Secure entrance/alarmed doors
- Library
- Computer room
- Fitness Center
- Beauty & barber salon
- Gift/Ice cream shop
- Other: Activity room for mass, exercise, etc.

Skilled Nursing		5/25/2010	Private Pay Base Rates	
Unit Type	# of Beds	Occupancy	Daily	Monthly
Semi-private			\$150	\$4,563
Private	92	91%	\$177	\$5,384
Private (Converted)			\$207	\$6,296
Totals		92		

Medicare Star Rating: 3 Stars		Inspected: 5/8/2009	
Payor Mix (2008)	Private Pay	31.2%	Ins./Other
	Medicare	16.2%	Medicaid
			52.6%

Services Provided Include:

- 24 hour skilled nursing
- 3 meals daily
- Tray service dining
- Respite care (\$12+ base rate)
- Hospice care
- Daily activities
- Activities transportation
- Laundry & housekeeping
- Special diets
- Internet
- Other:

Services available at additional cost:

- Physical therapy
 - Occupational therapy
 - Speech therapy
 - Physician appointments
 - Wound therapy
 - Beauty & barber
 - Guest meals
- Other Services Included**
- Incontinence supplies
 - Medication
 - Social services
 - Medical supplies
 - Counseling
 - Other:
 - Oxygen

Comments:

Heritage Manor is owned and managed by Heritage Enterprises. Heritage Enterprises owns and operates skilled and intermediate care nursing facilities, assisted/independent facilities, supportive living facilities and Alzheimer's/dementia care facilities in Illinois. Heritage Manor is currently undergoing extensive renovations. Rooms are being updated with new paint, window treatments, flooring (carpet or hard-wood laminate), new sinks, and flat screen televisions. Each wing of the building is also receiving updates to the walls, flooring and railings.

CONCLUSIONS

Revere Healthcare identified six facilities as competitive to the Sponsor and/or the levels of care under consideration in the primary market area. In the primary market area, there are six competitive facilities with nursing care units (totaling 419 beds, 95% average occupancy). At present, there are no approvals for new senior housing projects in the PMA, however Asta Care Center of Pontiac is currently building a 9 bed addition onto their facility. It is assumed this expansion is a reordering of current licensed beds, as there has not been an updated unit count published by IDPH. Because there is no actual increase in licensed beds these will not be considered as additional beds in the market area.

DRAFT

VII. DEMAND ANALYSIS

METHODOLOGY

The demand analysis draws on the service area definition, demographic, and competition sections of this report. Relevant information collected to determine demand for the proposed services is summarized briefly in this section; however, the aforementioned sections must be read in order to fully understand the methodology used in this section. Analyses for licensed nursing care are presented below.

LICENSED NURSING CARE

A skilled nursing environment provides a high level of nursing, supervision, and health care. Admission to a nursing facility (NF) is by order of a physician only. NFs provide nursing care for intensive needs such as convalescence from a hospital stay, and provide a high level of nursing care (RNs and LPNs).

Supply

For calculating bed need we have used Livingston County as the Primary Market Area. Revere found a total of 419 licensed nursing care beds from within that area in six facilities in the PMA. The subject facility which is being replaced, Good Samaritan Pontiac formerly known as Livingston Manor, included in the Illinois *Inventory of Health Care Facilities and Services Need Determinations* is completely excluded from consideration due to it being the subject of this study.

Table 6.1 PMA Bed Supply Total

	Facility Name	Address	City	State	ZIP	Beds	Occupancy
1	Asta Care Center of Pontiac	300 West Lowell	Pontiac	IL	61764	88	97%
2	Evenglow Lodge	215 E. Washington	Pontiac	IL	61764	73	100%
3	Fairview Haven	605 North 4th St	Fairbury	IL	61739	83	95%
4	Flanagan Rehabilitation & Health Care (FKA Beulah Christian Home)	201 E. Falcon Highway	Flanagan	IL	61740	43	91%
5	Good Samaritan Home - Flanagan	205 North Adams	Flanagan	IL	61740	60	93%
6	Heritage Manor - Dwight	300 E. Mazon Ave.	Dwight	IL	60420	92	91%
						419	95%

DEMAND CALCULATIONS

Illinois State Bed Need Formula – Livingston County

The Illinois Health Facilities Planning Board (IHFPB) periodically publishes an *Inventory of Health Care Facilities and Services Need Determinations*. The IHFPB formula combines historical utilization and demographic projection methodologies to determine bed need.

The Illinois portion of the Sponsor's IHFPB planning area is located within Health Service Area 004. In the Livingston County planning area, the IHFPB projects a 2015 bed surplus of 41 beds. Revere will present the states bed need calculations and will also present calculations with updated demographic data from Claritas

Published Bed Need

In the latest revision of the *Inventory of Health Care Facilities and Services and Need Determinations*, the IHFPB identified a surplus of 41 beds for the Livingston County planning area. The state bed need calculation is shown in Table 6.2. Revere assumes there is a 2015 bed need within this area due to the following: Good Samaritan - Pontiac is licensed for 122 beds, and is proposing closing the existing facility given the age and design of the facility and opening a new facility under the existing license. Subtracting 122 beds from the supply would suggest a bed need of 81 by 2015. The State Bed need determination with existing Good Samaritan Pontiac beds included and excluded from the calculation is shown in Table 6.3.

Table 6.2 State Bed Need Calculation – Livingston County

Age Groups	2005 PSA Patient Days	2005 PSA Estimated Populations	2005 PSA Use Rates (Per 1,000)	2006 HSA Minimum Use Rates	2006 HSA Maximum Use Rates	2015 PSA Planned Use Rates	2015 PSA Projected Populations	2015 PSA Planned Patient Days
0-64 Years Old	10,475	33,100	316.5	201.1	536.7	316.5	35,500	11,235
65-74 Years Old	10,087	2,800	3,602.5	2,716.6	7,244.4	3,602.5	3,400	12,249
75+ Years Old	140,826	3,100	45,427.7	20,741.4	55,310.5	45,427.7	3,100	140,826
Planning Area Totals								164,309

Table 6.3 State Bed Need Determination – Livingston County

Good Samaritan - Pontiac 122 Skilled Nursing Beds	Planned Average Daily Census	Beds In Planning Area	Planned Bed Need (90% Occ.)	Additional Beds Needed / Surplus
Beds Including	450.2	541	500	-41
Beds Excluding	450.2	419	500	81

Revere also applied the State's bed need calculation to demographics obtained from Claritas, Inc. shown in table 6.4.

The proposed project plans to close the existing Good Samaritan – Pontiac facility and construct new nursing care beds to replace the beds formerly in the old facility for the older adult population of Livingston County. To identify bed need for nursing care for this population, Revere adapted the State's bed need calculation by excluding the population under the age of 65. In Livingston County, the utilization from the under-65 age group is driven largely by the mentally ill (MI) population.

Using the State's published "planned use rates" for the 65-74 and 75+ age groups and population estimates and projections from Claritas, Revere's projections indicate that a need for 29 beds exists in 2009 in the Livingston County. The bed need for this area is projected to decrease to 23 beds by 2015.

Table 6.4 Revere Bed Need Calculation – Livingston County

Bed Need Calculation (2009)										
Age Groups	Planning Area Population 2009 Estimate	Minimum Use Rates	Area Use Rates	Maximum Use Rates	Planned Use Rates	Planned Patient Days	Planned ADC	Planned Bed Need (90% Occ)	Existing Beds	Beds Needed (Surplus)
65-74 Years	2.7	2,717	3,603	7,244	3,603	9,644				
75+ Years	3.0	20,741	45,428	55,311	45,428	137,510				
						147,154	403	448	419	29
Bed Need Calculation (2014)										
Age Groups	Planning Area Population 2015 Projection	Minimum Use Rates	Area Use Rates	Maximum Use Rates	Planned Use Rates	Planned Patient Days	Planned ADC	Planned Bed Need (90% Occ)	Existing Beds	Beds Needed (Surplus)
65-74 Years	3.0	2,717	3,603	7,244	3,603	10,782				
75+ Years	3.0	20,741	45,428	55,311	45,428	134,330				
						145,112	398	442	419	23
Livingston County Population										
						2009	2014			Bed Need/Surplus
	0-64 Years					32,289	31,257			2009
	65-74 Years					2,677	2,993			2014
	75+ Years					3,027	2,957			Net Increase Per Year
										-6
										-1

Source: Calculations based on information obtained from Claritas, Inc. Use rates, bed inventory, and bed need calculations provided in *Inventory of Health Care Facilities and Services and Need Determinations*, Volume 2, Parts VI-VII, Long-term Care, 2008 edition and Addendum effective 5/21/2010.

RECOMMENDATION

Revere recommends further planning for a project that includes licensed nursing care services in Pontiac, Illinois. Using population estimates from the IHFPB, Revere calculates a 2015 demand for 81 licensed nursing care units.

GLOSSARY

AA or AARC. *See active adult retirement community.*

active-adult retirement community (AA or AARC). These communities target adults 55 and older seeking housing typically restricted to that age group. Typically, these communities include a clubhouse and are comprised of townhomes, duplexes, and single-family ranch-style homes, and sometimes include condominiums. The pioneer for AARCs has been and continues to be Del Webb (now a subsidiary of Pulte Homes) with its extensive research and large communities nationwide.

absorption rate. The anticipated rate that housing units will be filled. Industry norms, product demand, existing competition, and the real estate market within the primary market area are used to determine this rate.

activities of daily living (ADLs). Actions or events concerning personal appearance, hygiene, or health performed on a regular or daily basis, including but not limited to dressing, bathing, grooming, hygiene, and supervised self-administered medication. Also called *personal care*.

ADLs. *See activities of daily living.*

Alzheimer's disease. A degenerative disease of the central nervous system characterized primarily by premature senile mental deterioration.

ALU. *See assisted living units.*

assisted living units (ALU). A housing facility type integrating shelter and services for a more frail elderly population, typically those who are functionally and/or socially impaired and need 24-hour supervision. Unlike retirement housing, this is a service-intensive living environment with social and support services combined with assistance (as required) in activities of daily living. Residents must generally be ambulatory and not require actual nursing care, but even these requirements are relaxing. Physical standards and staffing requirements for these facilities may be, but are not always, licensed by the state. May also be known as *domiciliary care, board and care, personal care, sheltered care, or adult foster care facilities* depending on the state.

CCRC. *See continuing care retirement communities.*

CCRS. *See comprehensive care in residential settings.*

caregiver population. Term for individuals age 45-64 years old, because they are often involved in the care and support of an elderly parent.

continuing care retirement communities (CCRC). Also called life care communities. A facility that provides congregate living, private apartments, and a wide variety of services. However, an assisted living and/or licensed nursing unit (wing or separate building) will also be located on the campus. CCRCs offer a broad continuum of health care and housing located in one building or complex. Some CCRCs offer the endowment or entrance fee payment option in addition to a monthly maintenance charge, others use a monthly rental fee option, and yet others incorporate both types.

comprehensive care in residential settings (CCRS). The Comprehensive Care in Residential Settings (CCRS), formerly the Community Based Residential Facility Program demonstration program, originated in fiscal year 1997. The CCRSs provide housing with assisted living services for underserved low- and moderate-income seniors. The Illinois Department on Aging provides reimbursement for the cost of some of the supportive services received by Community Care Program clients residing in CCRSs. Six facilities currently participate in this program. All of the facilities are required to become licensed under the Assisted Living and Shared Housing Act.

dementia. The loss of mental abilities in an alert and awake individual. In older adults, Alzheimer's disease is the most common cause of dementia. *See also Alzheimer's disease.*

Department of Health and Human Services (DHHS). Governmental agency charged with maintaining public health. DHHS is the parent organization for HCFA.

DHHS. See Department of Health and Human Services.

gate keepers. In managed care, a gate keeper serves as the initial contact for medical services and/or referrals—usually a primary care physician. In retirement housing, a gatekeeper serves as the initial contact for housing services. Examples of the latter include real estate agents, marketing personnel, and key individuals in the community. See also key persons.

HCFA. See Health Care Financing Administration.

Health Care Financing Administration (HCFA). The governmental agency that oversees the Medicare and the federal portion of the Medicaid programs. In addition, HCFA establishes Medicare reimbursement rates, investigates fraudulent Medicare claims, and issues waivers to innovative Medicaid programs.

home health care. Also called home care. Home care uses the patient's residence as an alternative site for the delivery of health care services. This level of care is suitable for patients who are medically stable enough to return home but who still require some health care services. Because home care reduces the need for extended, costly hospitalization, this sector of the health care industry has realized amazing growth over the past few years.

hospice care. A supportive care environment for the terminally ill patient. Hospice care can be provided in a variety of settings, including hospital and nursing facility units and stand-alone facilities.

ICF. See intermediate care facilities.

ILU. See independent living units.

independent living units (ILU). A housing facility type integrating shelter and services for the older adult who is willing and able to remain living independently, but who requires assistance in coordinating the support and services they need. Older adults who choose independent living want to be a part of a supportive and caring group of neighbors while maintaining their independence and privacy. ILU facilities must successfully coordinate environment, services, and community support in order to increase independence and offset social isolation. Residents will have different levels of service requirements, with some needing no additional services. Services generally include housekeeping, personal care, nutrition, and transportation. May also be known as *congregate living facilities*, *Continuing Care Retirement Communities (CCRCs)*, and *retirement villages*.

intermediate care facilities (ICF). ICFs serve patients whose needs are custodial in nature, and these facilities generally provide a lower level of nursing care and a lower staff-to-patient ratio than SNFs. ICFs are licensed by the state and may participate only in the Medicaid program.

key persons. Individuals involved in the older adult community. Key persons often have knowledge of services that are missing and/or desired by the local elderly population. These individuals can include bankers, local politicians, attorneys, health care employees, and senior center volunteers.

long-term care (LTC). A residential housing or health care delivery setting that focuses on patients in need of care for a chronic condition, convalescence or rehabilitation from an acute episode, assistance with personal care, supervision (as in dementia cases), or any other situation involving a diagnosis with no short-term resolution.

LTC. See long-term care.

managed care. A new paradigm in health care reimbursement where the payor attempts to control rising costs through negotiating prices for a covered population prior to the actual use of services. Managed care payors track the utilization of health care services, monitor the cost of services, and measure a health care provider's performance in the delivery of services. Negotiations are based on these factors. The covered population receives access to quality, cost-effective health care as a result.

market penetration rate. A measurement that the financial community utilizes to determine market risk for housing projects. The higher the penetration rate, the higher the market risk. The calculation involves defining a qualified population based on several standard criteria. For example, an age and income screen would produce the qualified population for a retirement housing project. Several

deductions may be used to further define a project's target population. The number of competitive units is typically deducted.

Medicaid. Title XIX of the Social Security Act as amended in 1966. A program of federal grants to the states for the purpose of providing medical assistance to those unable to afford the cost of these services. There are four categories of Medicaid recipients: 1) families with dependent children; 2) older adults; 3) the blind; 4) the disabled; and comparable groups of medically indigent persons. Medically needy is defined as those individuals whose medical expenses reduce their income below the Medicaid eligibility level. Each state must provide at least partial coverage for inpatient, outpatient, laboratory, nursing, and medical services.

nursing facility. In a 1986 survey, the National Center for Health Statistics stated that to be classified as a nursing or related care home, a facility must have three or more beds and have provided nursing care, personal care, and/or custodial care to its residents. Based on this survey and several more recent reports, approximately 15,000-16,000 free-standing nursing facilities exist in the United States. These facilities tend to be 50-150 beds in size and 93% occupied on average.

nursing home. See nursing facility.

payor (or payer). An organization (or individual in the case of self-pay) that reimburses a provider for expenses incurred in the course of rendering services. Medicare is the most common payor for inpatient services in the acute care setting, while Medicaid is the primary payor for long-term care.

personal care. Assistance with daily activities relating to the person or body. For example, assistance with grooming and dressing are personal care services.

PMA. See primary market area.

primary market area (PMA). The majority (in this case 80%-85%) of a project's market originates from this part of the service area. Market-specific analysis, the market areas of primary competitors, and a Sponsor's historical draw for similar services are common methods of primary market definition.

pro forma. A financial model of a project's estimated operating results to be used as a basis for financing and development. Common components include notes and assumptions, a balance sheet, cash a flow statement and a revenues over expenses statement.

provider. Any supplier of health care services, from a physician to a hospital.

registered nurse (RN). A graduate trained nurse who has been licensed by a state authority after meeting the criteria set for registration.

rehabilitation. The process of restoring an individual who has experienced an illness or other traumatic event to a condition of health or former activity. Common types of rehabilitation include speech, occupational, and physical therapies.

RN. See registered nurse.

secondary market area (SMA). The portion of the service area outside of the primary market area. Approximately 10%-15% of a project's market originates from this area.

service area. The most likely consumers for a particular service reside in the area surrounding the proposed site. This area is limited by geographic, political, and socio-economic boundaries. Sponsorship by a not-for-profit organization or a hospital may also affect the size and scope of a service area. ZIP codes, communities, or counties are frequently used to define a service area.

licensed nursing facilities (SNF). A nursing facility providing medical and rehabilitation services to patients. Services are of lower acuity than those provided by a hospital, but they are also generally provided for a longer period of time. Licensed nursing beds provide patient's with a high level of nursing, supervision, and health care. Admission to a SNF is by order of a physician only. SNFs render intensive nursing, such as convalescence from a hospital stay, and generally provide a high level of nursing care (RNs) and staff-to-patient ratios.

SMA. See secondary market area



McGladrey LLP

15 S. Old State Capitol Plaza, Ste. 200
Springfield, Illinois 62705-0159
O 217.789.7700 F 217.753.1654
www.mcgladrey.com

August 14, 2012

Dr. Glenda Tannahill, CFO
Good Samaritan – Pontiac
14335 Old Route 66
Pontiac, Illinois 61764

Dear Dr. Tannahill:

In accordance with your request, we are enclosing one copy of the preliminary draft of the Projected Financial Report (Compiled) as of and for the years ending December 31, 2012 through December 31, 2017, for Good Samaritan – Pontiac.

The Projected Financial Report (Compiled) mentioned above were not audited by us and, accordingly, we do not express an opinion on them.

These preliminary drafts are for review and discussion purposes only and are, therefore, subject to change. We ask that you return them to us when you have finished with them.

McGladrey LLP

A handwritten signature in black ink that reads "Randy A. Ragan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Randy A. Ragan
Partner

Enclosure

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

Good Samaritan – Pontiac

Projected Financial Report
(Compiled)
12.31.12 through 12.31.17

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT	1
<hr/>	
FINANCIAL STATEMENTS	
Projected statements of financial position	2
Projected statements of activities	3
Projected statements of cash flows	4
Summary of significant accounting policies and assumptions	5-10
SUPPLEMENTAL INFORMATION	
Projected occupancy	11
Projected sources and uses of funds	12
Projected debt service coverage ratio	13

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

INDEPENDENT ACCOUNTANT'S REPORT

Dr. Glenda Tannahill, CFO
Good Samaritan – Pontiac
14335 Old Route 66
Pontiac, IL 61764

We have compiled the accompanying projected statements of financial position, statements of activities, and statements of cash flows and related projected supplemental information of Good Samaritan – Pontiac (the "Organization") as of and for the years ending December 31, 2012 through 2017, in accordance with attestation standards established by the American Institute of Certified Public Accountants. The accompanying projection was prepared for the purpose of providing information to you regarding the Organization's expected financial position, results of operations and cash flows for the projection period, assuming financing is obtained for the construction of a new facility and a \$2.5 million construction grant received from the County of Livingston is earned as the various "milestones" are achieved.

A compilation is limited to presenting in the form of a projection that is the representation of management and does not include evaluation of the support for the assumptions underlying the projection. We have not examined the projection and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements, assumptions, or supplemental information. Furthermore, even if the new facility is completed and proposed debt financing is obtained, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying projection and this report are intended solely for the use of the Board of Directors, Busey Bank, the Illinois Healthcare Facilities Review and Services Board, and the U.S. Department of Agriculture. The accompanying financial projection is not intended to be and should not be used by anyone other than these specified parties.

Springfield, Illinois

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

GOOD SAMARITAN - PONTIAC
(An Illinois Not-for-Profit Corporation)

PROJECTED STATEMENTS OF FINANCIAL POSITION
December 31, 2012 through 2017
See Independent Accountant's Report

ASSETS	Projected					
	2012	2013	2014	2015	2016	2017
Current Assets:						
Operating cash	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Invested cash	136	1,639	2,530	683,521	2,011,694	3,268,544
Accounts receivable	899,442	1,282,683	2,563,245	2,810,422	2,828,031	2,846,032
Prepaid expenses	705	719	733	748	763	778
Inventory	15,755	23,369	39,970	44,191	44,715	45,209
Total current assets	<u>1,066,037</u>	<u>1,458,410</u>	<u>2,756,478</u>	<u>3,688,881</u>	<u>5,035,203</u>	<u>6,310,564</u>
Property and Equipment:						
Land and land improvements	480,000	480,000	480,000	480,000	480,000	480,000
Construction in progress	7,016,925	-	-	-	-	-
Building and building improvements	-	13,852,495	13,852,495	13,852,495	13,852,495	13,852,495
Furniture, equipment and fixtures	-	850,049	850,049	890,049	890,049	930,049
Vehicles	40,000	40,000	80,000	80,000	120,000	120,000
Property and equipment (at cost)	<u>7,536,925</u>	<u>15,222,544</u>	<u>15,262,544</u>	<u>15,302,544</u>	<u>15,342,544</u>	<u>15,382,544</u>
Less accumulated depreciation	<u>(5,714)</u>	<u>(492,219)</u>	<u>(984,438)</u>	<u>(1,480,657)</u>	<u>(1,982,591)</u>	<u>(2,488,524)</u>
Net property and equipment	<u>7,531,211</u>	<u>14,730,325</u>	<u>14,278,106</u>	<u>13,821,887</u>	<u>13,359,953</u>	<u>12,894,020</u>
Total assets	\$ 8,597,247	\$ 16,188,735	\$ 17,034,584	\$ 17,510,768	\$ 18,395,156	\$ 19,204,583
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 272,501	\$ 299,877	\$ 440,545	\$ 470,616	\$ 475,313	\$ 480,016
Line of credit	865,000	585,000	515,000	-	-	-
Current maturities of long-term debt	21,261	130,578	135,898	141,435	147,197	153,194
Accrued liabilities	114,008	142,965	216,551	239,508	246,694	254,094
Total current liabilities	<u>1,272,769</u>	<u>1,158,420</u>	<u>1,307,994</u>	<u>851,559</u>	<u>869,204</u>	<u>887,305</u>
Long-Term Liabilities						
Notes payable	5,161,812	12,391,853	12,255,955	12,114,520	11,967,322	11,814,128
Total long-term liabilities	<u>5,161,812</u>	<u>12,391,853</u>	<u>12,255,955</u>	<u>12,114,520</u>	<u>11,967,322</u>	<u>11,814,128</u>
Total liabilities	6,434,581	13,550,273	13,563,949	12,966,079	12,836,526	12,701,433
Net Assets:						
Unrestricted	2,162,666	2,638,461	3,470,635	4,544,689	5,558,630	6,503,151
Total net assets	<u>2,162,666</u>	<u>2,638,461</u>	<u>3,470,635</u>	<u>4,544,689</u>	<u>5,558,630</u>	<u>6,503,151</u>
Total liabilities and net assets	\$ 8,597,247	\$ 16,188,735	\$ 17,034,584	\$ 17,510,768	\$ 18,395,156	\$ 19,204,583

See Summary of Significant Accounting Policies and Assumptions

GOOD SAMARITAN - PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

PROJECTED STATEMENTS OF ACTIVITIES
Years ending December 31, 2012 through 2017
See Independent Accountant's Report

	Projected					
	2012	2013	2014	2015	2016	2017
Operating revenue:						
Net resident income	\$ 2,698,325	\$ 3,848,048	\$ 7,689,736	\$ 8,431,265	\$ 8,484,093	\$ 8,538,097
Operating expenses:						
Nursing	1,074,988	1,426,863	2,800,861	3,042,334	3,099,900	3,159,192
Housekeeping, laundry and plant	352,265	407,571	519,703	559,025	575,797	593,070
Dietary	223,434	318,507	525,926	588,427	606,890	625,096
Employee welfare	378,278	474,359	718,517	794,689	818,529	843,085
Bad debts	53,967	76,961	153,795	168,625	169,682	170,762
Activities and social services	59,829	73,145	101,068	110,211	113,518	116,923
	<u>2,142,760</u>	<u>2,777,407</u>	<u>4,819,870</u>	<u>5,263,311</u>	<u>5,384,315</u>	<u>5,508,129</u>
Income before general and administrative expenses and capital expenses	555,565	1,070,641	2,869,866	3,167,954	3,099,778	3,029,968
General and administrative expense	620,976	756,628	1,023,367	1,096,500	1,105,761	1,115,300
Income (loss) before capital expense	(65,411)	314,014	1,846,499	2,071,453	1,994,017	1,914,668
Capital expenses:						
Interest	21,825	119,839	526,021	506,076	487,664	481,902
Depreciation	5,714	486,505	492,219	496,219	501,933	505,933
	<u>27,339</u>	<u>606,344</u>	<u>1,018,240</u>	<u>1,002,295</u>	<u>989,597</u>	<u>987,835</u>
Income (loss) before other income	(92,750)	(292,330)	828,259	1,069,159	1,004,420	926,833
Other income:						
Gifts & Other	2,500	3,125	3,906	4,883	6,104	7,629
Interest and investment income	-	1	8	13	3,418	10,058
	<u>2,500</u>	<u>3,126</u>	<u>3,914</u>	<u>4,895</u>	<u>9,521</u>	<u>17,688</u>
Change in unrestricted net assets	(90,250)	(289,205)	832,174	1,074,054	1,013,941	944,520
Temporarily restricted assets:						
Construction grant	1,735,000	765,000	-	-	-	-
Change in net assets	1,644,750	475,795	832,174	1,074,054	1,013,941	944,520
Net Assets:						
Beginning of year	517,916	2,162,666	2,638,461	3,470,635	4,544,689	5,558,630
End of year	<u>\$ 2,162,666</u>	<u>\$ 2,638,461</u>	<u>\$ 3,470,635</u>	<u>\$ 4,544,689</u>	<u>\$ 5,558,630</u>	<u>\$ 6,503,151</u>

See Summary of Significant Accounting Policies and Assumptions

GOOD SAMARITAN - PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

PROJECTED STATEMENTS OF CASH FLOWS
Years ending December 31, 2012 through 2017
See Independent Accountant's Report

	Projected					
	2012	2013	2014	2015	2016	2017
Cash Flows from Operating Activities:						
Change in net assets	\$ 1,644,750	\$ 475,795	\$ 832,174	\$ 1,074,054	\$ 1,013,941	\$ 944,520
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:						
Depreciation	5,714	486,505	492,219	496,219	501,933	505,933
Revenue from construction grant	(1,735,000)	(765,000)	-	-	-	-
(Increase) decrease in assets:						
Accounts receivable	167,741	(383,241)	(1,280,563)	(247,176)	(17,609)	(18,001)
Prepaid expenses	(14)	(14)	(14)	(15)	(15)	(15)
Inventory	(15,755)	(7,615)	(16,600)	(4,222)	(524)	(494)
Increase (decrease) in liabilities:						
Accounts payable	(450,098)	27,376	140,668	30,071	4,697	4,703
Accrued expenses and other current liabilities	4,727	28,958	73,586	22,957	7,185	7,401
Net cash provided by operating activities	(377,934)	(137,236)	241,469	1,371,889	1,509,609	1,444,047
Cash Flows from Investing Activities:						
Purchase of property and equipment	(7,438,073)	(7,685,619)	(40,000)	(40,000)	(40,000)	(40,000)
Net cash (used in) investing activities	(7,438,073)	(7,685,619)	(40,000)	(40,000)	(40,000)	(40,000)
Cash Flows from Financing Activities:						
Proceeds from notes payable	5,183,073	7,360,619	-	-	-	-
Proceeds from line of credit	865,000	-	-	-	-	-
Proceeds from construction grant	1,735,000	765,000	-	-	-	-
Payments on line of credit	-	(280,000)	(70,000)	(515,000)	-	-
Payments on notes payable	-	(21,261)	(130,578)	(135,898)	(141,435)	(147,197)
Net cash provided by (used in) financing activities	7,783,073	7,824,359	(200,578)	(650,898)	(141,435)	(147,197)
Increase (decrease) in cash and cash equivalents	(32,934)	1,503	891	680,990	1,328,174	1,256,850
Cash and Cash Equivalents:						
Beginning	183,070	150,136	151,639	152,530	833,521	2,161,694
Ending	\$ 150,136	\$ 151,639	\$ 152,530	\$ 833,521	\$ 2,161,694	\$ 3,418,544

See Summary of Significant Accounting Policies and Assumptions

GOOD SAMARITAN – PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS Not to be Reproduced
See Independent Accountant's Report

This financial projection presents, to the best of management's knowledge and belief, the expected financial position, results of operations, and cash flows of Good Samaritan – Pontiac (the Organization) as of and for the years ending December 31, 2012 through December 31, 2017, given the occurrence of the hypothetical assumptions. Accordingly, the projection reflects management's judgment of the expected conditions and its expected course of action as of the date of this projection, assuming financing is obtained for the construction of a new 122-bed senior care facility and a \$2.5 million construction grant received from the County of Livingston is earned. This presentation is designed to provide information to the Organization's Board of Directors, Busey Bank, the Illinois Healthcare Facilities and Services Review Board, and the U.S. Department of Agriculture to assist with their assessment of the viability of constructing a new facility and cannot be considered to be a presentation of expected future results. Accordingly, this projection may not be used for any other purpose and may not be distributed to other parties without our consent. The assumptions disclosed herein are those which management believes are significant to the projection or are key factors upon which the financial results of the Organization depends. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary from the projection and the variations may be material. Management does not intend to revise this projection to reflect changes in present circumstances or the occurrence of unanticipated events.

Note 1. Nature of Business Operations

Good Samaritan – Pontiac and Good Samaritan Home of Flanagan are subsidiaries of Good Samaritan Group. Good Samaritan Home of Flanagan entered into various agreements with the County of Livingston, Illinois for management of the operations of Livingston Manor, a 122-bed long-term care facility owned by the County of Livingston, and additional agreements for the assumption of the operations of Livingston Manor, the lease of the Livingston Manor facilities and an economic development agreement. On May 14, 2009 these agreements were assigned to Good Samaritan Group and Good Samaritan – Pontiac. On March 1, 2010, Good Samaritan – Pontiac assumed the operations of Livingston Manor from the County of Livingston, Illinois. A summary of these agreements follows:

Operations transfer agreement: This agreement provides for the transfer of the operations of Livingston Manor to Good Samaritan – Pontiac. This document provides for the management of Livingston Manor while Good Samaritan – Pontiac is in the process of obtaining the Certificate of Need and other licenses required by the regulatory bodies. This agreement (and the associated extensions) provides for the transfer of Livingston Manor operations to Good Samaritan – Pontiac on or before March 31, 2010. The transfer took place on March 1, 2010.

Management agreement: This agreement provided for a management fee of \$12,500 per month plus various travel and other related expense prior to the operations transfer. This agreement terminated on February 28, 2010.

Commercial lease agreement: Good Samaritan – Pontiac began leasing Livingston Manor facility on March 1, 2010. The lease will remain in place until a new facility is constructed and all of the residents from Livingston Manor are transferred to the new facility. Under the terms of the lease, Good Samaritan-Pontiac does not anticipate having to pay any lease expense prior to occupying the new facility.

Economic Development Grant Agreement: This agreement provides Good Samaritan – Pontiac with an economic development grant which consists of two parts: (1) an operations grant for a maximum of two years at the rate of up to \$1 million per year to be used to pay for operating expenses; and (2) a \$2.5 million construction grant which will be earned as certain milestones are achieved (see Notes 2 and 3). The operations grant terminated in June 2011.

GOOD SAMARITAN – PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS Not to be Reproduced
See Independent Accountant's Report

On July 24, 2012, the Illinois Health Facilities and Services Review Board approved Good Samaritan-Pontiac's application for the permit for the project providing debt financing is in place for the project by December 31, 2012. Failure to do so will result in the permit being deemed null and void. It is assumed Good Samaritan – Pontiac will obtain permanent financing and complete the construction of a new facility. The Organization will continue to operate as a Long-Term Care facility, which is licensed annually by the Illinois Department of Public Health (IDPH) and will operate 122 beds for skilled nursing care and dually certified for Medicare and Medicaid.

Note 2. Significant Accounting Policies

The following is a summary of the significant accounting policies for Good Samaritan – Pontiac.

Basis of presentation: Net assets, support and revenue are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Organization and the changes therein are classified and reported as follow:

Unrestricted net assets: Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that may or will be met either by the actions of the Organization and/or the passage of time.

Permanently restricted assets: Net assets subject to donor-imposed restrictions that neither expire by the passage of time and/or otherwise by actions of the Organization.

Revenue recognition: Revenue and related accounts receivable is recognized for each day a resident resides in the facility. The amounts are based on a reimbursement methodology determined by the rules and regulations of the applicable third-party payor or by the facility for private pay residents. The third-party payor rules and regulations and required record keeping and documentation requirements are complex and noncompliance may result in adjustment or loss of revenue.

A significant portion of the Organization's revenue is based on the rules of the following third-party payors:

Illinois Department of Public Aid (IDPA) – Medicaid – Daily rate of approximately \$119 was established prospectively consisting of three components – capital, support and nursing activities. The daily rate is determined after the filing of an annual cost report. Amounts billed under the Medicaid program can take 60 to 120 days or more for collection. The amounts paid are subject to audit.

Centers for Medicare and Medicaid Services (CMS) – Medicare – The Medicare program uses a Prospective Payment System (PPS) which is based upon the RUGS (Resource Utilization Groups) III System. The RUG category, and therefore the amount of revenue, is determined by resident clinical documentation and level-of-care information. The amounts paid are subject to post-payment medical review and may be adjusted retroactively, normally for a period of one to two years. Each RUG category is assigned a geographically-adjusted federal reimbursement.

Receivables due from governmental agencies are subject to audit and retroactive adjustment by the State of Illinois. Such adjustments are recognized in operations in the year of settlement.

Revenue from the construction grant is recorded in income as certain milestones are achieved. It is assumed the entire \$2.5 million construct grant received from the County of Livingston (and which exceeds 15% of the construction cost as provided in the Economic Development Grant Agreement) will be earned.

GOOD SAMARITAN – PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS Not to be Reproduced
See Independent Accountant's Report

Resident receivables: Resident receivables, where a third-party is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Resident receivables due directly from the residents are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables, if appropriate. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. A resident receivable is considered past due when the amount billed remains unpaid for more than 30 days subject to a third-party payor's agreed upon terms, if applicable. The Organization does not charge interest on resident receivable accounts which are past due. Resident receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Cash and equivalents: Cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased.

Income taxes: The Organization is a not-for-profit corporation as defined under the Internal Revenue Code Section 501(c) (3). Therefore, no provision for income taxes has been made in these projected financial statements.

Advertising: The Organization expenses advertising costs as they are incurred.

Notes payable: Interest expense is recognized as it accrues on related debt.

Property and equipment: Property and equipment are recorded at cost, if purchased, or fair value, if contributed. Depreciation is computed using the straight-line method over the assets estimated useful life as follows:

Land improvements	15 years
Buildings and building improvements	7 – 40 years
Furniture, equipment and fixtures	5 – 25 years
Vehicles	7 years

Rounding: Totals are rounded to the nearest \$1.

Note 3. Statement of Financial Position Assumptions

Cash: Management estimates the Organization requires \$150,000 for operations.

Invested cash: It is assumed any cash balances in excess of \$150,000 will be invested cash.

Accounts receivable - net: Accounts receivable are assumed to equal 120 days of net patient revenue.

Inventories: Inventory is assumed to equal 20 days of supplies expense.

Net property and equipment: Good Samaritan – Pontiac does not own the current facility and the only significant asset at the beginning of the projection period is construction in progress of \$98,852.

GOOD SAMARITAN – PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS Not to be Reproduced
See Independent Accountant's Report

The new construction, including capitalized interest in the amount of \$328,748, consists of the following:

Land	\$ 480,000
Building	13,852,495
Equipment	810,049
Total	\$15,142,544

It is also assumed the Organization will have annual capital expenditures of \$40,000 for equipment and vehicles.

Current maturities of long-term debt: It is assumed a bridge loan will be obtained during construction and a final mortgage issued at completion. Accordingly, the current portion of long-term debt is assumed to be the next year's principal payments on the mortgage.

Accounts payable: Accounts payable is assumed to equal 60 to 90 days of operating expense, excluding depreciation, interest expense, employee compensation and benefits and bad debts, as follows:

2012	90 days
2013	75 days
2014 and after	60 days

Accrued expenses: Accrued expenses, including vacation, are assumed to equal 30 days of salary expense.

Line-of-credit: It is assumed a line of credit of up to \$1.5 million will be available to temporarily fund operations. Draws will be made on the line-of-credit as necessary to maintain the Organization's required operating cash and they will be repaid immediately when adequate cash is available. Interest at the rate of 5% annually is charged monthly on the average outstanding balance.

Long-term debt:

Construction-period financing – It is assumed the Organization will have a temporary construction loan from which draws for construction of the facility are made during the 14-month period prior to completion of the facility. Interest at the rate of 4% annually is charged monthly on the outstanding balance. The total interest charged during the construction period is capitalized in arriving at the total construction cost and is included in the total amount of permanent financing discussed below.

Permanent financing – Management has assumed the new facility will be financed with a \$12,543,692 mortgage. It is assumed the Organization will secure financing July 1, 2013 for the total amount of the construction costs and capitalized interest less a \$2,500,000 construction grant received from the County of Livingston, Illinois and the \$98,852 of construction in progress paid from operations. The term of the mortgage is assumed to be 40 years at a fixed interest rate of 4%. Monthly payments of principal and interest are assumed to be \$52,425. The mortgage will be secured by substantially all of the real estate and equipment of Good Samaritan – Pontiac.

Note 4. Statement of Activities Assumptions

Operating Revenue: Operating revenue consists of net resident income and ancillary services revenue.

GOOD SAMARITAN – PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS Not to be Reproduced
See Independent Accountant's Report

Daily rates - Daily rates for Medicaid and private pay residents are anticipated to increase after operations in the new building commence, while Medicare daily rates are not projected to increase. The private pay daily rate is then anticipated to increase 2% annually for inflation. No additional increases are expected for the Medicaid daily rates. The base rates are as follows:

	<u>Pre-Construction</u>	<u>Post-Construction</u>
Medicaid	\$119.00	\$127.00
Private	\$154.00	\$190.00
Medicare	\$410.00	\$410.00

Occupancy – Occupancy is assumed to be approximately 40 beds at January 1, 2012. Occupancy is expected to increase to 115 beds by October 2014. Average occupancy per year is as follows:

<u>Year</u>	<u>Average # of Beds Occupied</u>	<u>% of Total Beds Available</u>
2012	42	34.4%
2013	62	50.8%
2014	105	86.1%
2015	115	94.3%
2016	115	94.3%
2017	115	94.3%

Ancillary services revenue - Ancillary services revenue is estimated to be \$325 per resident annually.

Medicare Part B revenue – Revenue from Medicare Part B is assumed to be approximately \$30,000 per month in 2012 and will increase 5% annually.

Operating Expenses: Total operating expenses consist of nursing services, housekeeping and plant, dietary services, therapies, bad debts, and activities and social services.

Nursing Services – Nursing services consist of salaries and wages and the cost of therapies. Normal wage increases are assumed to be 3% annually. Expenses for therapies are assumed to be \$162 per day per each Medicare occupied room.

Nursing staff is expected to be 1.8 full-time-equivalent (FTE) registered nurses at an initial average rate of \$22.23 per hour, 2 FTE registered nurse managers at a combined annual salary of \$115,170 per year and initially 5.6 FTE licensed practical nurses at an initial average rate of \$19.76 per hour. It is assumed this staffing will be adequate up to 60 residents. It is assumed that an additional .5 hours per occupied room over 60 will be provided by licensed practical nurses. It is assumed hours for certified nurse assistants will be 2.5 hours per day per occupied room at an initial rate of \$10.76 per hour.

Housekeeping and plant – Housekeeping and plant consist of wages and utilities. Normal wage increases are assumed to be 3% annually. Staffing is assumed to be two FTE maintenance employees at an initial rate of \$14.36 per hour and hours for housekeeping staff will be .6 hours per day per occupied room at an initial rate of \$10.00 per hour.

Utilities are assumed to be \$200,000 in 2012 and increase 3% annually.

GOOD SAMARITAN – PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS Not to be Reproduced
See Independent Accountant's Report

Dietary Services – Dietary services include salaries and wages and food expense. Normal wage increases are assumed to be 3% annually. Staffing is assumed to be one FTE dietary manager at an initial salary of \$40,000 per year and hours for cooks will be .6 hours per day per occupied room at an initial rate of \$9.36 per hour.

It is assumed that food costs will be \$2.09 per meal served.

Employee Welfare – Employee welfare includes FICA expense and other employee benefits and costs. FICA expense is assumed to be 7.65% of salary. Other employee benefits and costs are assumed to be 20% of employee compensation.

Bad debts – It is assumed bad debts will be approximately 2% of operating revenue.

Activities and social services – Activities and social services consist of salaries and wages. Normal wage increases are assumed to be 3% annually. Staffing is assumed to be one FTE social service director at an initial salary of \$36,000 per year and hours for activity aides will be 1.1 hours per week per occupied room at an initial rate of \$9.86 per hour.

General and administrative expenses: General and administrative expenses consist of salaries, wages, FICA expense, other employee benefits and costs, all other departmental costs, and provider access tax expense. Normal wage increases are assumed to be 3% annually. FICA expense is assumed to be 7.65% of employee compensation. Other employee benefits and costs are assumed to be 20% of employee compensation. Total initial administrative staff compensation is assumed to equal \$186,000 per year.

All other department costs, such as supplies, as well as variable administrative costs are assumed to be \$12.11 per day per occupied room.

Provider tax payable to the State of Illinois is assumed to be \$6.07 per bed occupied by Medicaid and private pay residents.

Provider access tax expense is assumed to be \$1.50 per day per available room.

Other fixed administrative expenses are assumed to be \$96,500 in 2011 and increase 3% annually.

Capital expenses: Capital expenses consist of interest expense, amortization expense and depreciation expense.

Interest Expense – Interest expense is accrued in accordance with the related debt agreements described above in Note 3.

Depreciation – Depreciation expense is computed on a straight-line basis with no salvage value and the following average useful lives:

Land improvements	15 years
Building and improvements	35 years
Equipment	10 years
Vehicles	7 years

GOOD SAMARITAN – PONTIAC
(An Illinois Not-for-Profit Corporation)

Preliminary Draft
for Review and Discussion
--Subject to Change--

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ASSUMPTIONS Not to be Reproduced
See Independent Accountant's Report

Other income – Other income consists of grants, gifts and interest income.

Gifts – Gifts received will be \$2,500 in 2012 and increase by 25% annually.

Interest Income – Interest income is computed at .5% of the prior year's invested cash.

Temporarily restricted assets – It is assumed the entire \$2.5 million construction grant of \$2.5 million from the County of Livingston, Illinois will be earned. \$250,000 is earned when the Organization receives a Certificate of Need and a commitment for financing, 33% of the remainder is earned when the foundation of the new facility is completed, 33% of the remainder is earned when the roof of the new facility is completed and the remainder is earned when all related permits are received and residents are relocated to the new facility.

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

GOOD SAMARITAN - PONTIAC
(An Illinois Not-for-Profit Corporation)

PROJECTED OCCUPANCY
Years ending December 31, 2012 through 2017
See Independent Accountant's Report

Number of Months in Operation					
2012	2013	2014	2015	2016	2017
12	12	12	12	12	12

	Fiscal Year 2012 Cumulative Occupancy - Skilled Nursing Units												Total	Average
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Medicaid	30	30	30	32	32	32	32	33	33	34	35	38	391	32.58
Private	5	5	5	6	6	6	6	6	6	6	6	6	69	5.75
Medicare	5	4	3	3	3	2	3	3	4	5	6	6	47	3.92
Occupancy:	40	39	38	41	41	40	41	42	43	45	47	50	507	42.25
Resident Days:	1,240	1,131	1,178	1,230	1,271	1,200	1,271	1,302	1,290	1,395	1,410	1,550	15,468	

	Fiscal Year 2013 Cumulative Occupancy - Skilled Nursing Units												Total	Average
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Medicaid	38	42	44	48	48	48	49	50	49	47	49	50	560	46.67
Private	6	6	6	7	7	7	8	9	13	14	15	16	114	9.50
Medicare	6	4	3	3	3	5	5	5	8	9	10	10	71	5.92
Occupancy:	50	52	53	56	58	60	62	64	70	70	74	76	745	62.08
Resident Days:	1,550	1,456	1,643	1,680	1,798	1,800	1,922	1,984	2,100	2,170	2,220	2,356	22,679	

	Fiscal Year 2014 Cumulative Occupancy - Skilled Nursing Units												Total	Average
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Medicaid	56	59	62	64	65	65	67	67	66	67	67	67	772	64.33
Private	13	14	15	17	20	22	27	27	28	29	29	29	270	22.50
Medicare	15	16	17	18	19	17	20	20	20	19	19	19	219	18.25
Occupancy:	84	89	94	99	104	104	114	114	114	115	115	115	1,261	105.08
Resident Days:	2,604	2,492	2,914	2,970	3,224	3,120	3,534	3,534	3,420	3,565	3,450	3,565	38,392	

	Fiscal Year 2015 Cumulative Occupancy - Skilled Nursing Units												Total	Average
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Medicaid	67	67	67	67	67	67	67	67	67	67	67	67	804	67.00
Private	29	29	29	29	29	29	29	29	29	29	29	29	348	29.00
Medicare	19	19	19	19	19	19	19	19	19	19	19	19	228	19.00
Occupancy:	115	115	115	115	115	115	115	115	115	115	115	115	1,380	115.00
Resident Days:	3,565	3,220	3,565	3,450	3,565	3,450	3,565	3,565	3,450	3,565	3,450	3,565	41,975	

	Fiscal Year 2016 Cumulative Occupancy - Skilled Nursing Units												Total	Average
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Medicaid	67	67	67	67	67	67	67	67	67	67	67	67	804	67.00
Private	29	29	29	29	29	29	29	29	29	29	29	29	348	29.00
Medicare	19	19	19	19	19	19	19	19	19	19	19	19	228	19.00
Occupancy:	115	115	115	115	115	115	115	115	115	115	115	115	1,380	115.00
Resident Days:	3,565	3,335	3,565	3,450	3,565	3,450	3,565	3,565	3,450	3,565	3,450	3,565	42,090	

	Fiscal Year 2017 Cumulative Occupancy - Skilled Nursing Units												Total	Average
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Medicaid	67	67	67	67	67	67	67	67	67	67	67	67	804	67.00
Private	29	29	29	29	29	29	29	29	29	29	29	29	348	29.00
Medicare	19	19	19	19	19	19	19	19	19	19	19	19	228	19.00
Occupancy:	115	115	115	115	115	115	115	115	115	115	115	115	1,380	115.00
Resident Days:	3,565	3,335	3,565	3,450	3,565	3,450	3,565	3,565	3,450	3,565	3,450	3,565	42,090	

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

GOOD SAMARITAN - PONTIAC
(An Illinois Not-for-Profit Corporation)

PROJECTED SOURCES AND USES OF FUNDS
See Independent Accountant's Report

Sources of Funds

County Grant	\$ 2,500,000
Debt	12,543,692
	<u>\$ 15,142,544</u>

Uses of Funds

Land	\$ 480,000
Pre-Construction costs	98,852
Construction and site work	10,558,947
Architecture, Engineering, Consulting, Testing	1,828,200
Contingency	1,055,895
Equipment	791,902
Capitalized interest	328,748
Total construction	<u>15,142,544</u>
Financing costs	-
	<u>\$ 15,142,544</u>

Preliminary Draft
for Review and Discussion
--Subject to Change--
Not to be Reproduced

GOOD SAMARITAN - PONTIAC
(An Illinois Not-for-Profit Corporation)

PROJECTED DEBT SERVICE COVERAGE RATIO
Years ending December 31, 2012 through 2017
See Independent Accountant's Report

	Projected					
	2012	2013	2014	2015	2016	2017
Change in net assets	\$ 1,644,750	\$ 475,795	\$ 832,174	\$ 1,074,054	\$ 1,013,941	\$ 944,520
Add back:						
Mortgage interest expense	-	83,589	498,521	493,201	487,664	481,902
Depreciation	5,714	486,505	492,219	496,219	501,933	505,933
Net income and other sources available for debt service	\$ 1,650,464	\$ 1,045,889	\$ 1,822,913	\$ 2,063,474	\$ 2,003,538	\$ 1,932,356
Annual debt service requirements - mortgage:						
Principal	-	21,261	130,578	135,898	141,435	147,197
Interest	-	83,589	498,521	493,201	487,664	481,902
Total annual debt service payments - total	\$ -	\$ 104,850	\$ 629,099	\$ 629,099	\$ 629,099	\$ 629,099
Number times debt service covered-total debt	-	9.98	2.90	3.28	3.18	3.07

Narrative of Good Samaritan Pontiac
Financial Loan Request with USDA

October 12, 2012

The Good Samaritan Pontiac Corporation was founded in 2009 after being selected by the Livingston County Board to be the successor owner, operator and caretaker for the senior citizens of Livingston County and the surrounding areas. The following information gives some history of the development of Good Samaritan Pontiac.

For the past 40 years, a 60 bed skilled nursing home called "Good Samaritan Home" in Flanagan has been operating in a rural community called Flanagan, Illinois. The home was started by community residents who wanted a home for seniors to have a safe and comfortable place to live out their later years where people could not stay in their home due to skilled care needs. The Heibuilt family and several others contributed farmland and financial resources to get the home started.

After the Home was built and operating, the board of directors decided to build 26 duplexes surrounding the home to provide a transition from personal residence to a home where they could still live independently, and, have maintenance completed by someone else, provide a community living area and have access for some help if it was needed for a short time.

Several years later the Board of Directors added a wing to the skilled nursing home building to provide another alternative for residents to transition from their home. This created 8 apartments with a kitchen and dining area. Residents prepare their own meals and collaborate on preparation if they wish in the kitchen area. An additional community room was added with the apartment wing called "the Rainbow Room", to provide a large area for community activities and nursing home activities. This campus now provides: a 60 skilled bed nursing facility, 8 apartments and 26 duplexes for residents to transition from personal residence. The campus facilities were built with community donations and support from all neighboring churches and a group of 13 Lutheran Churches from the market area.

The home accepts residents from all walks of life, regardless of race, religion, creed, sex and familiar orientations. While our heritage is from the Lutheran religion there is no funding from a Lutheran organization and all support is free will and from many areas in this community. The home is a not-for-profit organization and was a good compliment to the operation of the County Nursing Home. Our mission and care seemed to compliment the County Nursing Home, so Good Samaritan applied for consideration to run and own the County Home.

The County Nursing Home, called "Livingston Manor", had been operated and owned by the County since 1870. The County Board realized it could no longer efficiently operate the home and did not have the expertise to manage it. The Livingston County Board thought it would be best to close the home even after they pursued several ideas of build with outside management, or build a new nursing home. They determined nursing home services were not in their business expertise. In 2006 they began the process to close the

home. When residents were told of the possibility, families started moving residents to other locations. The census had been well over 100 in previous years. The census has been on a constant decline since the County decided to get out of the business.

The Livingston County Board prepared a Performa sheet listing criteria for any Long Term Care Company to make a proposal to be the successor owner and operator of Livingston Manor. Certain conditions had to be agreed upon to be selected and the County was willing to financially support the operation and new construction of a replacement facility.

To be selected as the successor, the new company had to apply for change of ownership, build a new 122 bed replacement facility within 1.0 mile of Interstate 55 and Route 116, continue to accept and care for the economic disadvantaged residents. There was a \$2 million operation grant and \$2.5 million construction grants for the replacement facility provided in the proposal from the Livingston County Board.

Good Samaritan was selected by the Board because of its good reputation of providing care and willingness to care for "all people" regardless of economical states unless they could not provide the service and care the patient required.

The current "Livingston Manor Home" owned by the Livingston County is quite old with water supply issues (large well), not connected to sanitary sewage facility, old plumbing in the building, heating source is a boiler fueled with fuel oil, asbestos, 3 to 4 beds in a room, community type bathrooms, lack of privacy, air conditioning from the hallways, and poor emergency transportation. This home is located 5 miles south of Pontiac on Old Route 66. Transporting residents for medical appointments and families to visit is a problem. This is why the County required a replacement facility for its 122 beds.

With the Pontiac opportunity the Board of Directors of Good Samaritan Flanagan decided an organization structure needed to be developed. The new structure is a parent company called Good Samaritan Group, Good Samaritan Flanagan, Good Samaritan Pontiac, and Good Samaritan Services. Good Samaritan Group was organized to hold all the assets of the corporations and serve as the parent corporation with subsidiaries. Good Samaritan Flanagan's responsibility was to manage and operate the Flanagan facility. Good Samaritan Pontiac's responsibility was to manage and operate the Pontiac facility. Good Samaritan Services shall provide for efficiency and economy of scale of various services for the operating corporations such as accounting and medical support services.

Why did Good Samaritan apply for this facility? Rural America is getting smaller in population and services for people living in rural America. (An example is the local grocery store or hardware store competing with a Wal-Mart Store.) Flanagan is a bedroom community to Pontiac. Good Samaritan's type of care and service is aligned with the tradition of Livingston Manor's care and services.

Finally, if our home in Flanagan was to survive physically and financially, we needed to expand and be a significant player in with modern up-to-date services in a shrinking net profit margin environment.

To fulfill our agreement with the Livingston County Board and to provide a safe, comfortable, senior home with privacy and personal services, we respectfully request consideration of the USDA for a long term loan to construct this facility for the Livingston County Community and surrounding area.

This is a 122 bed replacement facility and we believe the need exists for our care and facility. When we can post and advertise, the Good Samaritan Pontiac will continue with a new facility, the census will increase and people will come. For the past seven years the County residents has been fearful of the Livingston Manor closing. They also do not like lack of privacy, communal bathrooms servicing a wing, and two or three people in a room. The utilities are out of date and expensive. For an example, the boiler is still run with fuel oil for heat.

The Good Samaritan Pontiac new facility will have a dedicated wing for Alzheimer residents and we plan to concentrate on Bariatric services for residents which lead to additional care of the heart, lung, and diabetes conditions.

The new Good Samaritan Pontiac skilled nursing home will require good marketing efforts. The census at the old home will increase to 70 just from being able to tell the community the Home is moving and will continue its traditional care. The Alzheimer wing will attract 24 people who currently do not fit in other homes' arrangements, a wing of bariatric care will attract those in the community who now have to go elsewhere to be served because of their requirement for equipment and needs which should produce another 24 residents. We also plan to use presentations at civic groups, all area churches, letter of information and brochures, as well as media advertising to tell our community what we are all about and services we offer. There will also be a concentrated effort to reach the private pay people who are contemplating the health care need, but are still in their homes. The population is a very slow growth in Livingston County and the immediate area, but the population is presently aging quickly. These people do not want to leave their community and friends or family. Currently our staff, residents and families are the largest marketing force. Telling others about the care and experiences is the best and most consistent marketing success we experience.

Our new facility will be directly south of the OSF St. James Hospital along Interstate 55. Acute care service will be immediately available to and from the Hospital.

We have a contract with the Hospital to purchase 30 acres of Land, 15 acres now and 15 acres later. This setting allows for future expansion should the need arise and to develop a long range plans for a total senior care campus.

In summary, while Livingston Manor is a century old operation and Good Samaritan Flanagan has a 40 year old generation, Good Samaritan Pontiac is now like a new start up operation with, experience, heritage, and strong community support.

We received the Certificate of Need for the facility with the condition of obtaining approved permanent financing by December 31, 2012 from the State Board of Health Facilities and Planning.

Thank you for consideration of our request for a \$12 million loan.

Sincerely,

Richard H Hiatt
President of Good Samaritan Group

October 11, 2012

Lease Agreement**Draft**

Good Samaritan Group, an Illinois not-for-profit corporation ("**Lessor**"), and Good Samaritan Pontiac, an Illinois not-for-profit corporation ("**Lessee**") hereby make and enter into this Lease Agreement ("**Lease**") this day of _____, _____, 2014.

WITNESSETH

WHEREAS, Lessor is the owner in fee simple title of that certain tract of land, situated in the County of Livingston, State of Illinois, and commonly known as Ewing Dr., Pontiac, Illinois, as described in Exhibit "A" and the improvements located therein (the "Improvements");

WHEREAS, Lessor is also the owner of the furniture, fixtures, and equipment (the "Personal Property") used in or about the Demised Premises;

WHEREAS, Lessor desires to lease the Demised Premises, Improvements, and Personal Property (collectively, the "Property") to the Lessee and Lessee desires to lease the Property from Lessor; and

WHEREAS, the parties hereto have agreed to the terms and conditions of this Lease.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00), other good and valuable Consideration, the receipt and sufficiency of which the parties hereby acknowledged, and the above Recitals, which this Lease incorporates herein, the parties agree that the use and occupancy of the Demised Premises and the Improvements, and the use of the Personal Property, shall be subject to and in accordance with the terms, conditions, and provisions of this Lease.

ARTICLE I -- DEFINITIONS

1.1. The terms defined in this Article shall, for all purposes of this Lease and all agreements supplemental hereto, have the meaning herein specified.

(a) "Demised Premises" shall mean the real estate described in Exhibit "A" and all Improvements located thereon.

(b) "Personal Property" shall mean all furniture, fixtures, equipment and supplies located on the Demised Premises and owned by Lessor

(c) "Mortgage" shall mean any mortgage that currently encumbers or in the future may encumber the Demised Premises.

(d) "Mortgagee" shall mean the holder of any Mortgage.

(e) "Lease Year" shall mean any twelve-month period beginning on the first day of September and ending the last day of August.

(f) "Improvements" shall mean any and all improvements and/or fixtures now or hereafter located on or at the Demised Premises.

(g) "Property" shall mean the Demised Premises and the personal Property.

(h) This Lease will define all other terms in other sections hereof.

ARTICLE II -- DEMISED PREMISES, IMPROVEMENTS, AND PERSONAL PROPERTY

2.1. Lessor, its successors and assigns, for and in consideration of the rents, covenants, and agreements hereinafter reserved, mentioned, and contained on the part of Lessee, to be paid, kept, and performed, does hereby lease unto Lessee the Demised Premises, together with the Personal Property to be used in and upon the Demised Premises, for the term hereinafter specified, and for use and operation therein

and thereon of a skilled and/or intermediate care nursing home, in full compliance with all the rules and regulations and minimum standards applicable thereto, as the State of Illinois and such other governmental authorities, having jurisdiction thereof, prescribe.

ARTICLE III -- TERM OF LEASE

3.1. The term of this Lease shall be for a period of Five (5) years, commencing on January 1, 2014 (the "Commencement Date"), and it shall expire on the last day of December 2019, unless sooner terminated as hereinafter provided (the "Lease Term"). Upon the expiration of the Lease Term, Lessee shall have the right to extend the Lease for an additional five (5) of years, upon thirty (30) days written notice to Lessor. Upon the expiration of such extension (the "Extension Period") Lessee shall have the sole right, within thirty (30) days of the end of said Extension Period upon written notice to Lessor, to further extend the lease on a year to year basis. In no event shall the Lease Term and the Extension Period exceed a total of forth (40) years from the Commencement Date. Such extension shall be upon the same terms and conditions as the Lease Term, except that the amount of rent paid during the extension period shall be determined at the time of each extension.

ARTICLE IV -- RENT

4.1. Lessee shall pay to Lessor, or as Lessor shall direct, as fixed monthly rent for the Property (the "Rent"), over and above all other additional payments to be made by Lessee as provided in this Lease, the amounts set forth in Exhibit "B" attached hereto. In the event the Commencement Date shall be other than the first day of the month, Lessee shall pay to Lessor (i) a *pro rata* portion of the Rent for the month; and (ii) a *pro rata* portion of all tax, insurance, and other deposits provided for in this Lease. All Rent payments, together with all tax and insurance deposits provided for in this Lease, shall be paid in advance on the first day of each month; provided, however, notwithstanding anything to the contrary contained elsewhere herein, Lessee shall pay to Lessor all monthly Rent payments, plus any later charges, due and owing under the Lease, not less than seven (7) days prior to the due date of Lessor's payment its lender or mortgagee, under the mortgage against the Property. Unless otherwise notified in writing, all checks shall be made payable to Good Samaritan Pontiac and shall be sent to Good Samaritan Group, Ewing Drive, Pontiac, Illinois.

4.2. This Lease is and shall be deemed and construed to be a net-net-net lease and the Rent specified herein shall be net to the Lessor in each year during the term of this Lease. The Lessee shall pay all costs, expenses, and obligations of every kind whatsoever relating to the Property, which may arise or become due during the term of this Lease, except for any principal and interest payments due with respect to the Mortgage and Lessor's payments due with respect thereto. Lessee does hereby indemnify and hold harmless the Lessor from and against any and all such costs, expenses, and obligations.

ARTICLE V -- LATE CHARGES

5.1. If payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, or payments are made by Lessor under any provision hereof for which Lessor is entitled to reimbursement by Lessee, shall become overdue beyond three (3) days after the date on which they are due and payable under this Lease, a late charge, equal to any late charge imposed on Lessor by the Mortgage, if any, shall become immediately due and payable to Lessor as liquidated damages for Lessee's failure to

make prompt payment; provided that the late charge imposed on Lessor is due to Lessee's late payment, and that notice thereof is given to Lessee, within ninety (90) days after such late charge is incurred. Said late charges shall be due and payable within four (4) days after the date on which Lessor mails notice to Lessee that such late charges became payable. The date of any notice of late charges shall be deemed the date of mailing such notice. If non-payment of any late charge shall occur, Lessor shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of non-payment of Rent. Failure by Lessor to timely insist upon the strict performance by Lessee of Lessee's obligations to pay late charges, for which proper notice hereunder has been given, shall not constitute a waiver by Lessor of its rights to enforce the provisions of this Article in any instance thereafter occurring.

ARTICLE VI -- PAYMENT OF TAXES AND ASSESSMENTS

6.1. Lessee will pay or cause to be paid, as provided herein, as Additional Rent, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all taxes, assessments, Licenses and permit fees, and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which during the term of this Lease may have been, or may be assessed, levied, confirmed, imposed upon, or become due and payable out of or in respect of, or become a lien on the Personal Property or any part thereof (the "Taxes and Assessments").

6.2. Any Taxes and Assessments, relating to a fiscal period of any authority, a part of which is included in a period of time before or after the term of this Lease, shall be adjusted *pro rata* between Lessor and Lessee, and each party shall be responsible for its *pro rata* share of any such Taxes and Assessments.

6.3. Nothing herein contained shall require Lessee to pay income taxes assessed against Lessor, or capital levy, franchise, estate, succession, or inheritance taxes of Lessor.

6.4. Lessee shall have the right to contest the amount or validity, in whole or in part, of any Taxes and Assessments by appropriate proceedings diligently conducted in good faith, but only after payment of such Taxes and Assessments, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, Lessee may postpone or defer such payment only if:

(a) Neither the Demised Premises nor any part thereof would, by reason of such postponement or deferment, be in danger of being forfeited or lost; and

(b) Lessee shall have deposited with Lessor, or, at Lessor's designation, with Lessor's Mortgagee, to be held in trust, cash or securities satisfactory to Lessor in an amount equal to One Hundred Fifty (150%) Percent of the amount of such Taxes and Assessments, which at such time shall be actually due and payable, and such additional amounts from time to time as may be necessary to keep on deposit at all times an amount equal to One Hundred Fifty (150%) Percent of such Taxes and Assessments, at any time actually due and payable, together with all interest and penalties in connection therewith, and all charges that may or might be assessed against or become a charge on the Demised Premises, or any part thereof, in such proceedings.

The cash so deposited shall bear interest payable to Lessee if interest is paid under the terms of the Mortgage and the cash or securities so deposited shall be held by Lessor

or the Mortgagee until the Demised premises or any part thereof shall have been released and discharged and shall thereupon be returned to the Lessee, less the amount of any loss, cost, damage, and reasonable expense incurred by Lessor or such Mortgagee in connection with the Taxes and Assessments so contested.

6.5. Upon the termination of any such proceedings, Lessee shall pay the amount of such Taxes and Assessments or part thereof as finally determined in such proceedings (the payment of which may have been deferred during the prosecution of such proceedings), together with any costs, fees, interest, penalties, or other liabilities in connection therewith, and such payment, at Lessee's request, shall be made by Lessor or the Mortgagee out of the amount deposited with respect to such Taxes and Assessments as aforesaid. In the event such amount is insufficient, then Lessee shall pay the balance due.

6.6. Lessor and Mortgagee shall not be required to join in any proceedings referred to in this Article, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Lessor (and/or Mortgagee), in which event Lessor (and/or Mortgagee) shall join in such proceedings or permit the same to be brought in its name. Lessor (and/or Mortgagee) shall not ultimately be subject to any liability for the payment of any costs or expenses in connection with any such proceedings, and Lessee will indemnify and save harmless Lessor (and/or Mortgagee) from and against any and all such costs and expenses, including, but not limited to, reasonable attorneys' fees. Lessee shall be entitled to any refund of any real estate taxes and penalties or interest thereon received by Lessor (and/or Mortgagee) but previously paid and/or reimbursed in full by Lessee.

6.7. If any income, profits or revenue tax shall be levied, assessed, or imposed upon the income, profits, or revenue arising from rents payable hereunder, partially or totally in lieu of or as a substitute for real estate taxes imposed upon the Demised Premises or Personal Property, then Lessee shall be responsible for the payment of such tax.

ARTICLE VII -- TAX AND INSURANCE DEPOSITS

7.1. Lessee shall be required to make deposits for annual real estate taxes and will make monthly deposits with Lessor, of an amount equal to one-twelfth (1/12th) of the annual real estate taxes or such greater amount as may be required by the Mortgagee pursuant to the Mortgage. If required by the mortgage, Lessee shall make deposits for annual insurance premiums for insurance on the Demised Premises and Personal Property. Said deposits shall be due and payable as Additional Rent on the same day of each month as the Lessee's fixed monthly Rent payments are due, pursuant to Article IV hereof; shall not bear interest, unless interest on the deposits is paid to Lessor, in which event Lessor will credit Lessee with the full amount of said interest; and shall be held by Lessor or Mortgagee to pay the real estate taxes and insurance premiums, as they become due and payable. If the total of the monthly payments, as made under this Article, shall be insufficient to pay the real estate taxes and insurance premiums when due, then Lessee shall, on demand, pay Lessor, prior to the due date of any said real estate taxes and/or insurance premiums, the amount necessary to make up the deficiency in its *pro rata* share in the initial year of the term hereof, and, thereafter, shall pay the full deficiency, upon demand.

ARTICLE VIII -- OCCUPANCY

8.1. During the term of this Lease, the Demised Premises shall be used and occupied by Lessee for and as a skilled care and/or intermediate care nursing home and for no other purpose. Lessee shall at all times maintain, in good standing and full force, all the licenses issued by the State of Illinois and any other governmental agencies, permitting the operation on the Demised Premises of a skilled and/or intermediate care nursing home facility.

8.2. Lessee will not suffer any act to be done or any condition to exist on the Demised Premises which may be dangerous, which may, in law, constitute a public or private nuisance, or which may void or make voidable any insurance then in force on the Demised Premises.

8.3. Upon termination of this Lease for any reason, Lessee will return to Lessor the Property in the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and qualified and sufficient for licensing under present law by the State of Illinois and any and all governmental agencies, having jurisdiction over the Demised Premises, as at least a one hundred twenty two (122) bed skilled and/or intermediate care nursing home, with a state license, in full force and good standing, for no less than one hundred twenty two (122) skilled and/or intermediate care beds.

ARTICLE IX -- INSURANCE

9.1. Lessee shall, at its sole cost and expense, during the full term of this Lease, maintain fire and casualty insurance, with extended coverage endorsement, malicious mischief, and vandalism, both on the Demised Premises and the Personal Property, on the Illinois standard form, with a responsible company or companies approved by Lessor and Lessor's Mortgagee, which approval will not be unreasonably withheld. Such insurance shall, at all times, be maintained (without any co-insurance clause) in an amount equal to the full replacement value, but not less than that required by the Mortgagee, but in any event in an amount sufficient to prevent Lessor and Lessee from becoming co-insurers under applicable provisions of the insurance policies. Such insurance shall contain a loss payable clause to the Mortgagee as said Mortgagee's interest may appear, and otherwise shall be payable to Lessor and Lessee as their interests may appear. Not less frequently than such time as required by Lessee's insurance carrier, Lessee shall furnish, at its sole cost and expense, to Lessor and such insurance carrier, insurance appraisals such as are regularly and ordinarily made by insurance companies, if procurable for such purpose, in order to determine the then replacement value of the building or buildings and improvements on the Demised Premises.

9.2. Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the entire term of this Lease:

(a) A public liability policy naming Lessor, its beneficiary, and Lessee, as insured, and insuring them against claims for personal injury, or property damage occurring upon, in or about the Demised Premises, or in or upon the adjoining streets, sidewalks, passageways and areas, such insurance to afford protection to the limit of not less than One Million Dollars (\$1,000,000) per each occurrence; said policy shall also provide contractual coverage with respect to Lessee's indemnification in this Lease;

(b) Boiler explosion insurance, in the amount of not less than One Million Dollars (\$1,000,000), under the terms of which Lessor, its beneficiary, and Lessee will be indemnified, as their interests may appear, against any loss or damage which may

result from any accident or casualty in connection with any boiler used in the Demised Premises, whereby any person or persons may be injured or killed or property damaged in or about the Demised Premises; and

(c) Professional Malpractice insurance in the amount of One Million Dollars (\$1,000,000).

9.3. All policies of insurance shall provide that:

(a) They are carried in favor of the Lessor, Lessee, and such other parties as may be required by the Mortgage, as their respective interests may appear, and any loss shall be payable as therein provided, notwithstanding any act or negligence of Lessor or Lessee, which might otherwise result in forfeiture of insurance;

(b) They shall not be canceled, terminated, reduced, or materially modified, without at least thirty (30) days prior written notice to Lessor and Lessor's Mortgagee, as named in said policies; and

(c) They contain a standard mortgagee clause in favor of any Mortgagee, and, if obtainable, a waiver of the right of subrogation against funds paid under the standard mortgagee endorsement, which are to be used to pay the cost of any repairing, rebuilding, restoring, or replacing.

9.4. The originals of all insurance policies, required by this Article, shall be delivered to Lessor at least five (5) days prior to the Commencement Date, and may be delivered by Lessor to its Mortgagee.

9.5. Lessee shall, at all times, keep in effect business interruption insurance, with a loss of rents endorsement naming Lessor as an insured, in an amount at least sufficient to cover:

(a) The aggregate of the cost of all Taxes and Assessments due during the period of the next succeeding twelve (12) months, following the occurrence of the business interruption;

(b) The cost of all insurance premiums for insurance required to be carried by Lessee for such twelve (12) month period; and

(c) The aggregate of the amount of the Rent for the next succeeding twelve (12) month period.

All proceeds of the loss of rents endorsement shall be applied, first, to the payment of any and all Rent payments for the next succeeding twelve (12) months; and, second, to the payment of any Taxes and Assessments and insurance deposits required for the next succeeding twelve (12) months.

In the event the amount of such insurance proceeds exceeds Fifty Thousand Dollars (\$50,000.00), such insurance proceeds, as may be paid to Lessee and Lessor, shall be deposited with Lessor and Lessee, and shall be held and disbursed for the repairing, rebuilding, restoring, or replacing of the Demised Premises, any portion thereof, or any improvements from time to time situated thereon or therein, in accordance with the pertinent provisions of the Mortgage and this Lease.

9.6. No sums shall be paid by Lessor toward such repairing, rebuilding, restoring, or replacing, unless it shall be first made to appear to the reasonable satisfaction of Lessor that (1) Lessee is not in default under this Lease; and (2) the amount of money necessary to provide for any such repairing, rebuilding, restoring, or replacing (according to any plans or specifications which may be adopted therefore), in excess of the amount received from any such insurance policies, has been expended or provided

by Lessee for such repairing, rebuilding, restoring, or replacing; and (3) the amount received from such insurance policies is sufficient to complete such work. In the event there is any amount required in excess of the amount received from such insurance policies, Lessee shall deposit such excess funds with Lessor (or at Lessor's direction with Lessor's Mortgagee), so that the total amount available will be sufficient to complete such repairing, rebuilding, restoring, or replacing, in accordance with the provisions of the Mortgage, this Lease, and any plans and specifications submitted in connection therewith, free from any liens or encumbrances of any kind whatsoever. The funds so held shall be disbursed only upon the presentment of architect's or general contractor's certificates, waivers of lien, contractor's sworn statements, and other evidence of cost and payments, as may be reasonably required.

ARTICLE X -- LESSOR'S RIGHT TO PERFORM

10.1. Should Lessee fail to perform any of its covenants herein agreed to be performed, Lessor, upon four (4) days notice to Lessee, may, but shall not be required to, make such payment or perform such covenants, and all sums expended by Lessor thereon shall be payable within four (4) days after demand by Lessor to Lessee, stating the amount due. Payment shall be made by Lessee to Lessor, with interest thereon, at such rate of interest as Lessor incurs when borrowing funds, or, if Lessor actually borrows such funds, the interest rate charged the Lessor, from date thereof until paid, and, in addition, Lessee shall reimburse Lessor for Lessor's reasonable expenses in enforcing or performing such covenants, including reasonable attorneys' fees. Any such costs or expenses incurred or payments made by the Lessor shall be deemed to be Additional Rent payable by Lessee and collectible as such by Lessor.

10.2. Performance of and/or payment to discharge said Lessee's obligations shall be optional with Lessor, and such performance and payment shall in no way constitute a waiver of, or a limitation upon, Lessor's other rights hereunder.

ARTICLE XI -- REPAIRS AND MAINTENANCE

11.1. Throughout the term of this Lease, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Demised Premises (including the grounds, sidewalks and curbs abutting the same), and the Personal Property, in good order and condition without waste and in a suitable state of repair at least comparable to that which existed immediately prior to the Commencement Date (ordinary wear and tear excepted); and will make, or cause to be made, as and when the same shall become necessary, all structural and nonstructural, exterior and interior, replacing, repairing, and restoring necessary to that end. All replacing, repairing, and restoring, required of Lessee, shall be (in the reasonable opinion of Lessor) of comparable quality at least equal to the original work, and shall be in compliance with all standards and requirements of law, licenses, and municipal ordinances, necessary to operate the Demised Premises as a skilled and/or intermediate care nursing home.

11.2. In the event that any part of the improvements, located on the Demised Premises or the Personal Property, shall be damaged or destroyed by fire or other casualty (any such event being called a "Casualty"), Lessee shall promptly replace, repair, and restore the same as nearly as possible to the condition it was in immediately prior to such Casualty, in accordance with all of the terms, covenants, conditions, and other requirements of this Lease, and the Mortgage, applicable in the event of such Casualty. The Demised Premises and the Personal Property shall be so replaced, repaired, and

restored, as to be of at least equal value and substantially the same character as prior to such Casualty. If the estimated cost of any such restoring, replacing, or repairing is Fifty Thousand Dollars (\$50,000.00) or more, the plans and specifications for same shall be first submitted to and approved in writing by Lessor, which approval shall not be unreasonably withheld, and Lessee shall immediately select an independent architect, approved by Lessor, which approval shall not be unreasonably withheld, who shall be in charge of such repairing, restoring, or replacing. Lessee covenants that it will give to Lessor prompt written notice of any Casualty, affecting the Demised Premises in excess of Fifty Thousand Dollars (\$50,000.00).

11.3. Provided that Lessee is not then in default under this Lease, Lessee shall have the right, at any time and from time to time, to remove and dispose of any Personal Property, which may have become obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises; provided Lessee promptly replaces such Personal Property, so removed or disposed of, with other personal property free of any security interest, liens, or encumbrances. The replacement personal property shall be of the same character, and of at least equal usefulness and quality, as any such Personal Property so removed or disposed of. The replacement property shall automatically become the property of and shall belong to the Lessor, and Lessee shall execute such bills of sale or other documents, reasonably requested by Lessor, to vest ownership of such personal property in Lessor.

ARTICLE XII -- ALTERATIONS AND DEMOLITION

12.1. Lessee will not remove or demolish the Demised Premises or any portion thereof, or allow it to be removed or demolished, without the prior written consent of the Lessor. Lessee further agrees that it will not make, authorize, or permit to be made any changes or alterations in or to the Demised Premises in excess of Twenty Thousand Dollars (\$20,000.00), without first obtaining the Lessor's written consent thereto, which consent shall not be unreasonably withheld. All alterations, improvements, and additions to the Demised Premises shall be in quality and class at least equal to the original work, shall become the property of the Lessor, and shall meet all building and fire codes, and all other applicable codes, rules, regulations, laws, and ordinances.

ARTICLE XIII -- COMPLIANCE WITH LAWS AND ORDINANCES

13.1. Throughout the term of this Lease, Lessee, at its sole cost and expense, will obey, observe and promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of any federal, state and municipal governmental agency or authority having jurisdiction over the Demised Premises and the operation thereof as a skilled and/or intermediate care nursing home, which may be applicable to the Personal Property and the nursing home and the Demised Premises and including, but not limited to, the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts, and curbs adjoining the Demised Premises, whether or not such law, ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

13.2. Lessee shall likewise observe and comply with the requirements of all policies of public liability, fire insurance, and all other policies of insurance at any time in force with respect to the Demised Premises.

13.3. Lessee shall promptly apply for, procure, and keep in good standing and in full force and effect all necessary licenses, permits, and certifications, required by any

governmental authority for the purpose of maintaining and operating on the Demised Premises a skilled and/or intermediate care nursing home, which at all times shall be qualified to participate in the Medicaid reimbursement program.

13.4. Lessee will deliver or mail to Lessor, wherever Rent is then paid, immediately upon receipt thereof, copies of all exit interviews, inspection reports, and surveys, which may have an adverse affect on Lessee's licensure status or Medicaid Certification; and notices of administrative hearing and/or court action, from all state, federal, and local governmental bodies, regarding the Demised Premises or the nursing home operated thereon. Lessee shall notify Lessor, within seventy-two (72) hours after the receipt thereof, of any notice from any governmental agency, terminating, suspending, or threatening termination or suspension, of any license or certification, relating to the Demised Premises or the nursing home operated thereon. Notwithstanding anything to the contrary contained elsewhere herein, Lessee covenants and agrees that it shall deliver or mail to Lessor, not later than twenty-four (24) hours prior to the time in which, pursuant to its Mortgage, Lessor must deliver or mail to its Mortgagee, any and all surveys, interviews, inspections, notices, or correspondence, referring to, relating to, arising out of, or connected with any and all alleged violations of any rules, regulations, orders, or decrees.

ARTICLE XIV -- DISCHARGE OF LIENS

14.1. Lessee will not create or permit to be created, or to remain, and Lessee will discharge, any lien, encumbrance or charge levied on account of any mechanics, laborer-s or materialman's lien or any conditional sale, security agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Demised Premises or any part thereof or the income therefrom or the Personal Property, for work or materials or personal property furnished or supplied to, or claimed to have been supplied to or at the request of Lessee, without the consent of Lessor, which consent shall not be unreasonably withheld.

14.2. If any mechanics, laborer's, or materialman's lien, caused or charged to Lessee, shall at any time be filed against the Demised premises or Personal Property, Lessee shall have the right to contest such lien or charge; provided Lessee, within thirty (30) days after notice of the filing thereof, will cause the same to be discharged of record, or, in lieu thereof, to secure Lessor against said lien by depositing with Lessor of such Security as may be reasonably demanded by Lessor to protect against such lien. If Lessee shall fail to cause such lien to be discharged within the period aforesaid, or to otherwise secure Lessor as aforesaid, then, in addition to any other right or remedy, Lessor may, upon ten (10) days notice, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due or by processing the discharge of such lien by deposit or by bonding proceedings. Any amount so paid by Lessor, and all costs and expenses incurred by Lessor in connection therewith (including interest thereon at the highest of Lessor's actual cost of borrowing said sums, Lessor's Default Rate of Interest under its Mortgage, or the prime rate of interest as declared from time to time by the Federal Reserve Bank of Chicago plus six (6) percentage points, but, in all events, not in excess of the maximum amount permitted by law), shall constitute Additional Rent payable by Lessee under this Lease, and shall be paid by Lessee to Lessor on demand. Except as herein provided, nothing contained herein shall in any

way empower Lessee to, or suffer any act which can, may, or shall, cloud or encumber Lessor's or Mortgagee's interest in the Demised Premises.

ARTICLE XV -- INSPECTION OF PREMISES BY LESSOR AND/OR LESSOR'S MORTGAGEE

15.1. At any time, upon twenty-four (24) hours' notice, during reasonable business hours, Lessor and/or its authorized representative shall have the right to enter and inspect the Demised Premises and Personal Property.

15.2. Lessor agrees that the person or persons upon entering and inspecting the Demised Premises and Personal Property will cause as little inconvenience to the Lessee as may reasonably be possible, under the circumstances.

15.3. Lessee shall, not later than ten (10) days after demand from Lessor, pay and/or reimburse Lessor any and/or all costs, expenses, and charges suffered and/or incurred by Lessor, as a result of Lessor's Mortgagee inspecting said Property, and said costs, expenses, and charges shall be Additional Rent hereunder.

ARTICLE XVI -- CONDEMNATION

16.1. If all of the Demised Premises is taken by the exercise of the power of eminent domain, or sold under eminent domain proceedings, this Lease shall terminate as of the date possession is taken by the condemnor.

16.2. If less than all of the Demised Premises are taken by the exercise of the power of eminent domain, or sold under eminent domain proceedings, and, if such exercise affected the improvements located on the Demised Premises, Lessor, subject to the requirements contained in the Mortgage, shall, with reasonable diligence, restore or rebuild, to the extent reasonably practicable, any improvements located upon the Demised Premises affected by the taking, but shall not be obligated to spend, for such restoration, any amount in excess of the amount awarded or paid to Lessor by the condemnor for such purpose. In the event the amount awarded shall be insufficient to repair and restore the Demised Premises, and neither party elects to furnish additional funds needed, then both Lessor and Lessee shall have the right to terminate this Lease.

16.3. In the event that all or less than all of the Demised Premises are taken or sold, and this Lease shall terminate as provided herein, then, as between Lessor and Lessee, Lessor shall be entitled to the entire award for the Demised Premises and Personal Property. Lessee shall be entitled to any award that it can prove for damage to its leasehold interest, provided (i) that such award is separately allocated to Lessee by the condemning authorities, and (ii) that such award to Lessee does not lessen the award to Lessor.

ARTICLE XVII -- RENT ABSOLUTE

17.1. Damage to or destruction of any portion of the buildings, structures, or fixtures upon the Demised Premises, by fire, the elements, or any other cause whatsoever, whether with or without fault on the part of Lessee, shall not terminate this Lease, entitle Lessee to surrender the Demised Premises, entitle Lessee to any abatement of or reduction in Rent, Additional Rent, and any other amounts payable hereunder, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

ARTICLE XVIII -- ASSIGNMENT AND SUBLETTING

18.1. During the term of the Lease, Lessee shall not assign this Lease or in any manner

whatsoever further sublet, assign, encumber, transfer all or any part of the Demised Premises, or in any manner whatsoever sell, transfer, or assign an interest in the Demised Premises, any interest in the Lessee, or a majority of the outstanding shares or partnership interests in Lessee, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld; provided, however, that if Lessor's Mortgagee prohibits the further subleasing, assignment, transfer, or encumbrance of the Property, Lessor's withholding of its consent to the same shall not be deemed unreasonable. Any violation, breach, or attempted violation or breach of the provisions of this Article by Lessee, or any acts inconsistent herewith, shall vest no right, title, or interest herein, hereunder, or in the Demised Premises, in any such transferee or assignee; and such act shall be deemed an Event of Default, under this Lease.

ARTICLE XIX -- EVENTS OF DEFAULT

19.1. The following acts or events shall be deemed to be a default ("Event of Default") on the part of the Lessee:

- (a) The failure of Lessee to pay when due any Rent payment, any part thereof, or any other sum or sums of money due or payable to the Lessor, under the provisions of this Lease, when such failure shall continue for a period of three (3) days after notice that such payment is due;
- (b) The failure of Lessee to perform, or the violation by Lessee of, any of the covenants, terms, conditions, or provisions of this Lease, if such failure or violation shall not be cured within fifteen (15) days after the earlier of the date of notice thereof by Lessor to Lessee, or the date Lessee was required hereunder to disclose such Default to Lessor;
- (c) The removal by any local, state, or federal agency, having jurisdiction over the operation of the nursing home, located on the Demised Premises of Fifty Percent (50%) or more of the patients located in the nursing home;
- (d) Notwithstanding anything to the contrary contained elsewhere herein, the failure of Lessee to comply, or the violation by Lessee of, any of the terms, conditions, or provisions of the Mortgage (except for those terms, conditions, or provisions requiring payment of principal and interest), if such failure or violation shall not be cured (if cure is permitted thereunder), within eighteen (18) days (or ten (10) days less than such lesser period as may be provided in the Mortgage), after notice thereof by Lessor to Lessee;
- (e) The failure of Lessee to replace, within twenty-five (25) days after notice by Lessor to Lessee, a substantial portion of the Personal Property, previously removed by Lessee;
- (f) The making, by the beneficiary of Lessee, of an assignment for the benefit of creditors;
- (g) The levying of a writ of execution or attachment on or against the property of Lessee, which is not discharged or stayed by action of Lessee contesting same, within twenty-five (25) days after such levy or attachment (provided that, if the stay is vacated or ended, this paragraph shall again apply);
- (h) If the proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or involuntary dissolution of the beneficiary of Lessee, for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of the beneficiary of Lessee, said proceedings are not dismissed, and any receiver, trustee, or liquidator appointed therein is not discharged within twenty-five (25)

days after the institution of said proceedings;

(i) The sale of the interest of Lessee in the Demised premises, under execution or other legal process;

(j) The failure of Lessee to give immediate notice to Lessor, after receipt by Lessee of any notice, claim, or demand from any governmental authority, or any officer acting on behalf thereof, of any violation of any law, order, ordinance, rule, or regulation with respect to the operation of the nursing home located on the Demised Premises, which may have an adverse effect on Lessee's licensure status, or Medicare or Medicaid Certification;

(k) The failure on the part of Lessee, during the term of this Lease, to cure or abate any violation claimed by any governmental authority, or any officer acting on behalf thereof, of any law, order, ordinance, rule, or regulation, pertaining to the operation of the nursing home located on the Demised Premises, and within the time permitted by such authority for such cure or abatement;

(l) The institution of any proceedings against Lessee, by any governmental authority, to revoke any license granted to Lessee for the operation of a skilled and/or intermediate care nursing home, operated on the Demised Premises, from participation in the Medicaid reimbursement program, subject to Lessee's right to contest as provided in Article XX hereof;

(m) The abandonment of the Demised Premises by Lessee; or

(n) The failure to pay, if applicable, any portion of the Option Payment due Lessor or its affiliate under the option.

ARTICLE XX -- RIGHT TO CONTEST

20.1. Anything to the contrary contained herein notwithstanding, Lessee shall have the right to contest, upon written notice thereof to the Lessor, the validity or application of any law, regulation, or rule mentioned herein, and to delay compliance therewith, pending the prosecution of such proceedings; provided, however, that no civil or criminal liability would thereby be incurred by Lessor, that no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises, that such contest is diligently conducted in good faith, and that the effectiveness and good standing of any license, certificate, or permit, affecting the Demised Premises or the nursing home operated thereon, would continue in full force and effect during the period of such contest.

ARTICLE XXI -- LESSOR'S REMEDIES UPON DEFAULT

21.1. Upon the occurrence of an Event of Default on the part of Lessee, Lessor shall be entitled to all remedies that Lessor's Mortgagee would have against Lessor, if Lessor had defaulted thereunder. In addition, Lessor may, if it so elects, and with or without any demand whatsoever upon Lessee, terminate this Lease and Lessee's right to possession of the Demised Premises, or, at the option of the Lessor, terminate Lessee's right to possession of the Demised Premises, without terminating this Lease. Upon any such termination of this Lease, or upon any such termination of Lessee's right to possession, without termination of this Lease, Lessee shall vacate the Demised Premises immediately, and shall quietly and peaceably deliver possession thereof to the Lessor. Lessee hereby grants to the Lessor full and free license to enter into and upon the Demised Premises, in such event, and to repossess the Demised Premises and Personal Property, as the Lessor's former estate. In the event of any such

termination of this Lease, the Lessor shall again have possession and enjoyment of the Demised Premises and Personal Property, to the extent as if this Lease had not been made. Thereupon this Lease, and everything herein contained on the part of Lessee to be done and performed, shall cease and terminate, without prejudice to, and without relinquishing the rights of, the Lessor to rent, with an offset against such Rent, or any other right given to the Lessor, hereunder or by operation of law. Such offset will be the amount of Lessor's net profit from operating the Demised Premises, as determined by the accountants for the Lessor (the "Offset"), which, upon such termination of this Lease and entry of Lessor upon the Demised Premises, shall, in all events, be the right to receive Rent due up to the time of such entry. If applicable, upon the occurrence of an Event of Default by Lessee, all rights of the optionee, under the option, shall terminate, shall be of no force and effect, and the option shall terminate.

21.2. Upon the occurrence of an Event of Default on the part of Lessee and Lessor elects either to terminate this Lease or to terminate Lessee's right to possession of the Demised Premises, then all licenses, certifications, permits, and authorizations, issued by any governmental agency, body, or authority in connection with or relating to the Demised Premises and the nursing home operated thereon, shall be deemed as being assigned to Lessor, to the extent same are legally assignable. Lessor shall also have the right to continue to utilize the telephone number and name used by Lessee, in connection with the operation of the nursing home located on the Demised Premises. This Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title, and interest in and to (i) all licenses, certifications, permits, and authorizations, obtained in connection with the operation of the nursing home located on the Demised Premises, and (ii) the name and telephone number, used in connection with the operation of the nursing home located on the Demised Premises. Lessee hereby agrees to take such other action and execute such other documents as may be reasonably necessary to vest in Lessor all right, title, and interest to the items specified herein.

21.3. If Lessee abandons the Demised Premises, or otherwise entitles Lessor to elect to terminate this Lease or Lessee's right to possession of the Demised Premises, and Lessor elects to terminate only Lessee's right to possession, without terminating this Lease, Lessor may, at its option, enter into the Demised Premises, remove Lessee's signs and other evidences of tenancy, and take and hold possession thereof, as in the foregoing Paragraph 21.1 of this Article. Such entry and possession will not terminate this Lease or release Lessee, in whole or in part, from Lessee's obligation to pay the Rent hereunder, less the offset for the full remaining term of this Lease. If Lessor enters and takes possession under this paragraph, Lessee shall pay to Lessor a sum equal to the entire amount of the Rent reserved hereunder, less the offset; the Rent required to be paid by Lessee up to the time of such termination of the right of possession; and any other sums then due hereunder. Upon and after entry into possession, without termination of this Lease, Lessor may either relet the Demised premises, or any part thereof, for the account of Lessee for such Rent; or operate the nursing home, located on the Demised Premises, for such time, and upon such terms, as Lessor, in its sole discretion, shall determine. In any such case, Lessor may make repairs, alterations, and additions in or to the Demised premises, and redecorate the same, to the extent deemed by Lessor desirable. In such case, Lessee shall, upon demand, pay the cost

thereof, together with Lessor's expenses of reletting. If the consideration collected by Lessor, upon any such reletting, is not sufficient to pay monthly the full amount of Rent reserved in this Lease, together with the costs of repairs, alterations, additions, redecorating, and Lessor's expenses, Lessee shall pay to Lessor, upon demand, the amount of each monthly deficiency.

21.4. Lessee's liability to Lessor for damages upon the occurrence of an Event of Default, whether in payment of Rent or otherwise, shall, in all events, survive the termination by Lessor of this Lease, or the termination by Lessor of Lessee's right to session only, as hereinabove provided. Upon such termination of this Lease, or at any time after such termination of Lessee's right to possession, Lessor may recover from Lessee, and Lessee shall pay to Lessor, as liquidated and final damages (whether or not Lessor has collected any current monthly deficiencies under the foregoing paragraph, and in lieu of such current deficiencies, after the date of demand for such final damages), the amount thereof found to be due by a court of competent jurisdiction, which amount thus found may be equal to:

- (a) the remainder, if any, of Rent and charges due from Lessee, for the period up to and including the date of the termination of this Lease, or Lessee's right to possession;
- (b) the amount of any current monthly deficiencies, accruing and unpaid by Lessee, up to and including the date of Lessor's demand for final damages hereunder;
- (c) the excess, if any, of:
 - (1) the Rent reserved for what would have been the remainder of the term of this Lease, together with charges to be paid by Lessee under this Lease; over
 - (2) the then fair rental value of the Demised Premises and the Personal Property.

If any statute or rule, governing a proceeding in which such liquidated final damages are to be proved, shall validly limit the amount thereof to an amount less than the amount above agreed upon, Lessor shall be entitled to the maximum allowable amount, under such statute or rule of law.

21.5. Except for the occurrence of an Event of Default by Lessee in the payment of Rent or any additional payment required hereunder, in any case where (i) Lessor has given to Lessee a written notice, specifying a situation which, as hereinbefore provided, must be remedied by Lessee within a certain time period, and (ii) for causes beyond Lessee's control, it would not reasonably be possible for Lessee to remedy such situation, within such period, then this Lease, and the term and estate hereby granted, shall not expire and terminate at the expiration of such time period, as otherwise hereinbefore provided; provided all of the following: (i) that Lessor's Mortgage permits such an extension of time; (ii) that Lessee, immediately upon receipt of such notice, advises Lessor, in writing, of Lessee's intention to institute, and, as soon as reasonably possible thereafter, duly institutes, and thereafter diligently prosecutes to completion, all steps necessary to remedy such situation, and remedies same; and (iii) subject to the provisions of Article XX, that any license or certification necessary for the operation of the Demised Premises, as a skilled and/or intermediate care nursing home, is not affected thereby.

21.6. No receipt of funds by Lessor from Lessee after service of any notice of an Event of Default, termination of this Lease, possession of the Demised Premises by Lessor, or commencement of any suit or proceedings against Lessee shall in any way reinstate,

continue or extend this Lease; affect the notice of the Event of Default or demand; or be deemed a waiver by Lessor of any of its rights, unless consented to in writing by Lessor.

ARTICLE XXII -- LIABILITY OF LESSOR

22.1. It is expressly agreed by the parties that, to the extent permitted by law, in no case shall Lessor be liable, under any express or implied covenant, agreement, or provision of this Lease, for any damages whatsoever to Lessee beyond the loss of Rent reserved in this Lease, accruing after or upon any act or breach hereunder on the part of Lessor, for which damages may be sought to be recovered against Lessor.

ARTICLE XXIII -- CUMULATIVE REMEDIES OF LESSOR

23.1. The specific remedies to which Lessor may resort, under the terms of this Lease, are cumulative and are not intended to be exclusive of any other remedies or means of redress, to which Lessor may be lawfully entitled, in case of any breach or threatened breach by Lessee of any provision of this Lease. The failure of Lessor to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions, or agreements, or the exercise any option herein contained, shall not be construed as a waiver, or relinquishment of any such term, covenant, condition, provision, agreement, or option. The exercise by Lessor of any one or more remedies granted it hereunder shall neither be deemed an election of said remedy or remedies nor bar or preclude Lessor from the simultaneous and/or successive exercise of any other remedy or remedies hereunder.

ARTICLE XXIV -- SECURITY FOR RENT

Lessor shall have a first lien paramount to all others, except that of Lessor's Mortgagee on every right and interest of Lessee in and to this Lease, and on any furnishings, equipment, fixtures, accounts receivable, or other property of any kind belonging to Lessee. Such lien is granted for the purpose of securing (i) the payments of rents, charges, penalties, and damages, herein covenanted to be paid by Lessee, and (ii) the Performance of all of Lessee's obligations under this Lease. Such lien shall be in addition to all rights to Lessor given and provided by law. This Lease shall constitute a security agreement, under the Uniform Commercial Code, granting Lessor a security interest in any furnishings, equipment, fixtures, accounts receivable, or other personal property of any kind, belonging to Lessee. Upon request by Lessor, Lessee shall execute and deliver such financing statement, and other documents reasonably required, to perfect said security interest and/or the security interest of Lessor's Mortgagee.

ARTICLE XXV -- INDEMNIFICATION

25.1. Lessee agrees to protect, indemnify, and save harmless the Lessor from and against any and all claims, demands, and causes of action, of any nature whatsoever, for: injury to or death of persons; or loss of or damage to property (i) occurring on the Demised Premises, or on any adjoining sidewalks, streets, ways, or (ii) in any manner growing out of, or connected with the use and occupation of, the Demised Premises, the condition thereof, the use of any existing or future sewer system, or the use of any adjoining sidewalks, streets, or ways, arising during the term of this Lease. Lessee further agrees to pay any reasonable attorneys' fees and expenses, incident to the defense by Lessor of any such claims, demands, or causes of action.

ARTICLE XXVI -- SUBORDINATION PROVISIONS

26.1. This Lease, and Lessee's interest in the Demised Premises and Personal Property, shall be subject and subordinate to the Mortgage, to any future mortgage given to Lessor by any lender, which may affect the Demised Premises and/or Personal Property, and all renewals, modifications, consolidations, replacements, and extensions thereof; provided that any such renewals, modifications, consolidations, and extensions do not require monthly Rent from time to time required hereunder, and the principal balance shall not exceed Thirteen Million Dollars (\$13,000,000). Lessee agrees to execute and deliver, upon demand, such further instruments, subordinating this Lease to any such liens or encumbrances, as shall be desired by Lessor.

ARTICLE XXVII -- LESSEE'S FAITHFUL COMPLIANCE WITH THE MORTGAGE

27.1. Anything in this Lease contained to the contrary notwithstanding, Lessee shall, at all times and in all respects, fully, timely, and faithfully comply with and observe each and all of the conditions, covenants, and provisions required on the part of the Lessor under the Mortgage (except for those requiring payment of principal and interest), and any renewal, modification, extension, replacement, and/or consolidations or the Mortgage, to which this Lease is subordinate or to which it later may become subordinate. These conditions, covenants, and provisions include, without limitation, those that relate to the care, maintenance, repair, insurance, restoration, preservation, and condemnation of the Demised Premises, Events of Default, and rights to cure, notwithstanding that they may require compliance and observance to a standard or degree in excess of that otherwise required by the provisions of this Lease, or performance not required by the provisions of this Lease. Further, Lessee shall not do, or permit to be done, anything that would constitute a breach of, or default under, any obligation of the Lessor, under the Mortgage. It is the intention hereof that Lessee shall fully, timely, and faithfully comply with and observe each and all of such covenants, conditions, and provisions of the Mortgage, or any future mortgage, affecting the Demised Premises, so that they will at all times be in good standing, and there will not be any default on the part of the Lessor thereunder.

ARTICLE XXVIII -- MORTGAGE RESERVES

28.1. Lessee shall pay to Lessor the amount any tax, insurance, or other reserve required under the Mortgage and against the Demised Premises, during the term of this Lease not later than seven (7) days prior to the due date of Lessor's payment.

ARTICLE XXIX -- LESSEE'S ATTORNMENT

29.1. Lessee covenants and agrees that if, by reason of a default, upon the part of the Lessor herein, in the performance of any of the terms and conditions of the Mortgage, which default causes the estate of the Lessor, under the Mortgage, to be terminated by foreclosure proceedings or otherwise, Lessee will attorn to and will recognize the purchaser at such foreclosure proceedings, or the Mortgagee, as the Lessor, under this Lease. Lessee covenants and agrees to execute and deliver, at any time and from time to time, upon the request of Lessor or the Mortgagee, any instrument that may be necessary or appropriate to evidence such attornment.

29.2. If Lessor's Mortgage permits, and if Lessor defaults in the performance of any of the terms, provisions, covenants, or conditions, under the Mortgage, or fails to timely pay the amounts due thereunder, then, immediately upon notice of such default or failure on the part of Lessor, Lessee shall have the right to cure such defaults, upon five (5) days notice to Lessor, and to make such payments as are due from Lessor, directly

to the Mortgagee. To the extent such payments are accepted by the Mortgagee for the credit of Lessor, Lessee shall have the right to deduct the amounts expended by Lessee to cure such defaults plus interest thereon at the prime rate of interest, as determined from time to time by Bank One, plus one (1) percentage point from the next succeeding Rent payment or payments, due under this Lease. Such deductions shall not constitute an Event of Default, under this Lease. Lessor shall mail to Lessee copies of all notices of default received by Lessor, with respect to the Mortgage.

ARTICLE XXX -- REPRESENTATIONS

30.1. Lessor represents as follows:

- (a) The nursing home operated on the Demised Premises (i) is currently licensed and on the Commencement Date will be licensed by the Illinois Department of Public Health, permitting its operation as a one hundred twenty two (122)-bed skilled or intermediate care nursing home facility, and (ii) is certified for participation in the Medicaid reimbursement program;
- (b) Lessor has received no notice of building code or zoning code violations, with respect to the Demised Premises, which have not been cured;
- (c) Lessor has received no notice of any special assessments, or intent to levy any special assessments, with respect to the Demised Premises;
- (d) To the best of Lessor's knowledge, all real estate tax obligations or assessments, which are due and owing, have been paid;
- (e) Lessor is a trust Not-For-Profit Corporation, duly organized, validly existing, and in good standing, under the laws of the State of Illinois;
- (f) Lessor has full right and power to enter into, or perform its obligations under, this Lease, and has taken all requisite action to authorize the execution, delivery, and performance of this Lease; and
- (g) Except those contracts specifically identified on Exhibit "C" attached hereto and incorporated herein, Lessor represents that all contracts, including, but not limited to, for services, equipment, and supplies are cancelable on not more than sixty (60) days notice, and hereby assigns all said contracts, including, but not limited to, those identified on Exhibit "C" to Lessee. Lessee hereby accepts the assignment of all said contracts. All representations of Lessor contained in this Lease shall be true on and as of the Commencement Date, as though made at that time.

30.2. Lessee represents and covenants to Lessor as follows:

- (a) Lessee is a corporation Not-For-Profit Corporation duly organized, validly existing, and in good standing, under the laws of the State of Illinois;
- (b) Lessee has full right and power to enter into, or perform its obligations under, this Lease, and has taken all requisite partnership action to authorize the execution, delivery, and performance of this Lease; and
- (c) Lessee has examined the Demised Premises, Personal Property, Improvements, and nursing home located thereon, prior to the acceptance and execution of this Lease. No representations or warranties, express or implied, have been made by or on behalf of Lessor, with respect to the condition of the Demised Premises and Personal Property. Lessee represents that it is satisfied with the condition thereof, and is leasing the Demised Premises, Improvements, and Personal Property in "AS IS" condition, and Lessor shall in no event whatsoever be liable for any latent or patent defects therein.

30.3. In the event Lessor defaults or breaches any representation, warranty, or covenant contained herein, Lessee, as its sole and exclusive remedy, shall have the right to terminate this Lease.

ARTICLE XXXI -- ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE

31.1. All of the suppliers' and merchants' accounts payable, for goods or services to be delivered or furnished after the Commencement Date, shall be the obligation of and shall be paid by Lessee. Lessee shall assume the responsibility for, and pay when due, all vacation pay of employees of the nursing home, accrued through the Commencement Date.

31.2. The accounts receivable accrued, whether or not billed, at the time of the Commencement Date, shall be the property of and belong to Lessee ("Lessee's Accounts Receivable"). Lessee shall apply payments from residents owing money for services rendered, before and after the Commencement Date hereof, and which are allocated to a particular time period toward the particular receivable and time period to which such payments are so allocated. Lessee shall apply payments from residents owing money for services rendered, before and after the Commencement Date hereof, and which are *not* allocated to a particular time period toward the payment of Lessee's Account Receivable for that particular resident.

31.3. INTENTIONALLY OMITTED

31.4. Lessor agrees to, and does hereby, assign to Lessee, to the extent assignable, any and all warranties, presently held by Lessor, on the heating, ventilation, and air-conditioning systems, and the roof and foundation of the nursing home, located at the Demised Premises.

ARTICLE XXXII -- LICENSURE PROVISIONS

32.1. If possession is terminated at any time, the parties shall request appropriate inspections by governmental agencies, upon the return of the Demised Premises to Lessor. Lessee agrees that it will cure any violations found, involving the Demised Premises or Personal Property, provided such violations were not in existence on the Commencement Date. Lessee agrees to execute such documents, and take such action as may be required, in order to restore Lessor to ownership and possession of the Demised Premises, the nursing home located thereon, and the Personal Property.

ARTICLE XXXIII -- FINANCIAL STATEMENTS

33.1. Except as otherwise set forth in Lessor's Mortgage which Mortgage requirements, referring to reports of financial information, are hereby incorporated herein and made a part hereof, and supersede, prevail over, and control the terms, provisions, and conditions of this paragraph, to the extent of any inconsistency between them within ninety (90) days after the end of each of its fiscal years, Lessee shall furnish to Lessor full and complete financial statements of the operations of the Demised Premises and nursing home operated thereon for such annual fiscal period, including, but not limited to, balance sheets, operating statements, and net worth reconciliations, all of which shall be prepared by a Certified Public Accountant in accordance with generally accepted accounting principles, and shall contain a statement of capital changes, and detailed income and expense statements (collectively, the "Financial Statements"), as of the end of the calendar quarter. In addition, Lessee shall furnish Lessor, within ten (10) days following filing, a copy of its federal income tax return for the preceding year. Each such statement shall be certified

as being true and correct, by an officer or general partner of Lessee, and certified at least annually, by a certified public accountant.

33.2. Within twenty-one (21) days after each calendar quarter, Lessee shall furnish to Lessor copies of all Financial Statements for the preceding calendar quarter.

33.3. At all times, Lessee shall keep and maintain full and correct records and books of account of the operations of Lessee in the Demised Premises, and records and books of account of the entire business operations of Lessee, in accordance with generally accepted accounting principles. Upon request by Lessor, Lessee shall make available for inspection by Lessor, or its designee, during reasonable business hours, the said records and books of account, covering the entire business operations of Lessee, on the Demised Premises.

ARTICLE XXXIV -- MISCELLANEOUS

34.1. Lessee, in consideration for paying the Rent, Additional Rent, and all other charges herein provided, and for observing and keeping the covenants, agreements, terms, and conditions of this Lease on its part to be performed, shall lawfully and quietly hold, occupy, and enjoy the Demised Premises, during the term of this Lease, and subject to its terms, without hindrance by Lessor, or by any other person or persons claiming under Lessor.

34.2. All payments to be made by the Lessee hereunder, whether or not designated as Additional Rent, shall be deemed Additional Rent, so that in default of payment when due, the Lessor shall be entitled to all of the remedies available at law or equity, or under this Lease, for the nonpayment of Rent.

34.3. It is understood and agreed that any consent by Lessor, requiring Lessor's consent under the terms of this Lease, or failure on the part of Lessor to object to any such action taken by Lessee, without Lessor's consent, shall not be deemed a waiver by Lessor of its rights to require such consent for any further similar act by Lessee. Lessee hereby expressly covenants and warrants that, as to all matters requiring Lessors consent under the terms of this Lease, it will secure such consent, for each and every happening of the event requiring such consent, and will not claim any waiver on the part of Lessor of the requirement to secure such consent.

34.4. Lessee represents that it did not deal with any broker in connection with this Lease, and hereby indemnifies Lessor against the claims or demands of any broker claimed through a relationship with Lessee.

34.5. If an action shall be brought, under this Lease, to recover Rent; for or on account of any breach; to enforce or interrupt any of the terms, covenants, or conditions of this Lease; or for the recovery of possession of the Demised Premises, the prevailing party shall be entitled to recover from the other party, as part of prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court, and shall be made a part of any judgment rendered.

34.6. Should Lessee hold possession of the Property, after the expiration of the term of this Lease, with or without the consent of Lessor, Lessee shall become a tenant on a month-to-month basis, upon all the terms, covenants, and conditions herein specified, excepting, however, that Lessee shall pay Lessor monthly Rent, for the period of such month-to-month tenancy, in an amount equal to twice the last Rent specified.

34.7. All notices, demands, or requests, which may or are required to be given by either party to the other, shall be in writing, shall be effective upon receipt, and shall be sent

by United States certified mail, return receipt requested, with postage thereon prepaid, addressed to the other party hereto, at the address set forth below:

If to Lessor:

Good Samaritan Group
Ewing Drive
Pontiac, IL 61764

If to Lessee:

Good Samaritan Pontiac
Ewing Drive
Pontiac, IL 61764

Or, if written notification of a change of address has been sent, to such other party, and/or such other address, as may be designated in that written notification.

34.8. Upon demand by either party, Lessor and Lessee agree to execute and deliver a short form Lease, in recordable form, so that either party may record the same.

34.9. Each party agrees, upon not less than five (5) days prior written request from the other party, to execute, acknowledge, and deliver to the other party a statement in writing, certifying that this Lease is (i) unmodified, (ii) in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), (iii) the dates to which the Rent, Taxes, Assessments, and other charges have been paid, (iv) whether this Lease is then in default, and/or (v) whether any events have occurred that, with the giving of notice or the passage of time, or both, could constitute a default hereunder. It is intended that any such statement, delivered pursuant to this paragraph, may be relied upon by any prospective assignee, mortgagee, or purchaser of either the fee interest in the Demised Premises or of this Lease.

34.10. All of the provisions of this Lease shall be deemed and construed to be "conditions" and "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

34.11. Any reference to the termination of this Lease shall be deemed to include any termination thereof by expiration, or pursuant to Articles referring to earlier termination.

34.12. The headings and title in this Lease are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope or intent of this Lease, nor in any way affect this Lease.

34.13. The recitals, set forth at the beginning of this Lease, constitute an integral part of this Lease.

34.14. This Lease contains the entire agreement between the parties, and any executory agreement hereafter made shall be ineffective to change, modify, or discharge it in whole or in part, unless such executory agreement is in writing, and signed by the party against whom enforcement of the change, modification, or discharge is sought. This Lease cannot be orally changed or terminated.

34.15. Except as otherwise expressly provided, the covenants, conditions, and agreements in this Lease shall bind and inure to the benefit of the Lessor, Lessee, and their respective successors and assigns.

34.16. All nouns and pronouns, and any variations thereof, shall be deemed to refer to the masculine, feminine, neuter, singular, or plural, as the identity of the person or

persons, firm or firms, corporation or corporations, entity or entities, or any other thing or things may require.

34.17. If any term or provisions of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

34.18. The obligations of Lessor, with respect to the consummation of the Lease transaction contemplated hereby, are subject to and conditioned upon (i) receipt of written consent and approval of this Lease Agreement, upon the commencement of the initial Lease Term, from all parties whose consent or approval is required or necessary, including, but not limited to, Lessor's Mortgagee, and (ii) consummation and closing by Lessor under the Asset Purchase Agreement, and (iii) Lessor receiving title to the Property. Such consent shall provide that the consenting party acknowledges the existence of this Lease, shall give notice of any default to Lessee, and shall give Lessee the opportunity to cure the default. In the event such approval is not obtained by 30 days after receipt, either party shall have the right, upon notice to the other party, to terminate this Lease Agreement and, if applicable, the Option. Upon such termination, all rights and obligations of the parties shall cease. No such consent shall be required at the beginning of any extension period hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed by persons authorized to do so, on behalf of each of them respectively, the day and year first above written.

Lessor: Good Samaritan Group

By: _____
Glenda Tannahill, CFO

Attest:

By: _____
Richard H. Hiatt, President of the Board

Lessee: Good Samaritan Pontiac

By: _____
Glenda Tannahill, Administrator

Attest:

By: _____
Audrey Harlan, President of the Board

EXHIBIT A

Good Samaritan Group and Good Samaritan Pontiac Lease

Legal Description of Property:

A part of the West Half of the Northwest Quarter of Section 29, Township 28 North, Range 5 East of the Third Principal Meridian, Livingston County, Illinois, more particularly described as follows: Beginning at a point on the East Line of the West Half of said Northwest Quarter lying 300.00 feet north of the Southeast Corner thereof. From said Point of Beginning, thence north 720.00 feet along said East Line to the Northeast Corner of the South 1020.00 feet of even width of the West Half of said Northwest Quarter; thence west 907.50 feet along the North Line of the West Half of the said Northwest Quarter which forms an angle to the right 89 degrees 37 minutes 46 seconds with the last described course; thence south 720.00 feet along a line which is parallel with said East Line and which forms an angle to the right 90 degrees 22 minutes 14 seconds with the last described course; thence east 907.50 feet along a line which is parallel with said North Line and which forms an angle to the right 89 degree 37 minutes 46 seconds with the last described course to the Point of Beginning, containing 15.00 acres, more or less.

EXHIBIT B

Good Samaritan Group and Good Samaritan Pontiac Lease

Lease payments: The lease will be a net, net, net lease and upon completion of the project and final mortgage the monthly payments will be set. Initially the lease payment will equal the mortgage payment of the premises.

EXHIBIT C

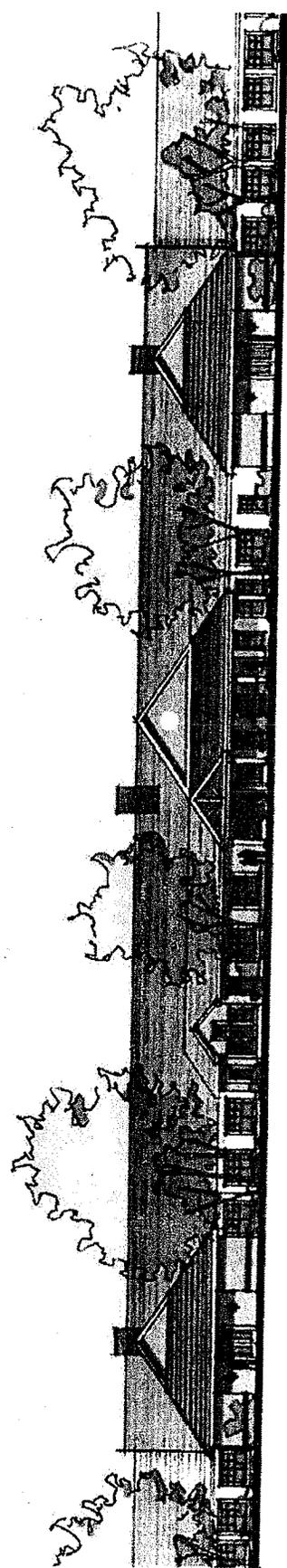
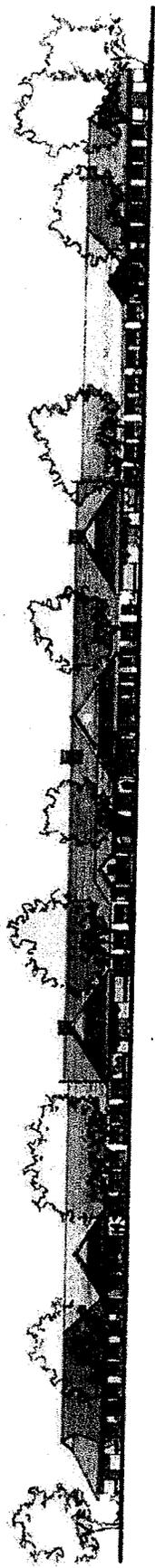
Good Samaritan Group and Good Samaritan Pontiac Lease

Contracts of the Lessor to be assigned or shared with Lessee:

To be listed at closing.

Contracts of Lessee to be disclosed to the Lessor:

To be listed at closing.



Good Samaritan
Pontiac

SOUTH ELEVATION (MAIN ENTRY)

KDA

10