



Good Samaritan

Pontiac

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

June 3, 2013

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

RE: Request for Declaratory Ruling for Extension of the Condition for Debt Financing
on Good Samaritan – Pontiac's CON Permit; Project # 12-027

Dear Ms. Avery,

By this letter, I request on behalf of Good Samaritan – Pontiac (the "Facility") a second extension of (1) the condition the Illinois Health Facilities and Review Board (the "Board") placed on the Facility's CON, (2) the Project completion date, and (3) the Project obligation date.

On July 24, 2012, the Board approved the Facility's application for permit to discontinue its 122-bed Facility and to establish a new 122-bed facility at another site (the "Project"). The Board placed a condition on the permit on the Facility, requiring the Facility to have debt financing in place by December 31, 2012. In December 2012, the Board granted the Facility's first request for extension of the condition, until June 30, 2013.

In the Facility's first extension request in November 2012, I stated that we were working to secure financing through the USDA. In working with representatives from the USDA, they informed us that we had to provide them an updated Market Feasibility and Financial report, with a rendered opinion from an accounting firm, in order for the USDA to further consider our application for financing. We engaged Kelly Arduino from WIPFLI, LLP to perform this work.

Kelly Arduino completed a draft market feasibility report and submitted the draft to the USDA. Two weeks ago, Ms. Arduino talked to Mike Wallace, State Director of the Community Facilities program, regarding the timing of USDA's approval process of the Facility's application. He told her that the initial review of the draft would start the following week, which was last week. USDA representatives will then inform Ms. Arduino whether WIPFLI needs to revise the draft report. Once WIPFLI finalizes the report, it will then render an opinion on the report.

In addition, the Facility is waiting for confirmation that the HUD document it submitted, as part of its application for financing, is correct. The Facility is also in the process of finalizing the preliminary architectural report, the revised architectural drawings and site plan, the legal review of the new architect contract, and the most recent audits and year-to-date financials, necessary to complete the application. The parties who must review and sign off on the complete application include the state architect, the regional legal counsel, and the USDA state office.

The Facility anticipates that it will finalize the application, and the state USDA office will complete its review and sign off on the application by the end of June. The state office will

then send the application to its Washington office. Currently, the Washington office is turning around applications in two to three weeks. After the Washington office completes its review, it will send the application back to the state office, which then prepares the letter of conditions (essentially the formal approval), which usually takes a week or so. Thus, the Facility will not have debt financing in place by June 30th. However, we believe we will be able obtain confirmation from the USDA, stating that the Facility's application is complete and in the process of approval by then.

Therefore, we respectfully request an extension of the date to provide the Board with proof of financing. Though we believe we will be able to secure such proof within two to three months of the current deadline of June 30th, we ask that the Board extend the financing condition an additional six months, until December 31, 2013.

The Project obligation date and the Project completion dates are necessarily tied to the Facility securing financing. The current Project obligation date is January 23, 2014. Though the Facility believes that it will obligate the Project by that date, it requests a six-month extension of the obligation date, until July 23, 2014, in the event it runs into unexpected complications. The current Project completion date is August 13, 2013. The Facility estimates that it will complete the Project, within two years of breaking ground. Therefore, the Facility requests that the Board extend the Project completion date to July 23, 2016.

I thank you for your consideration of these requests. Should you have any questions or require additional information, please contact me.

Respectfully submitted,



Richard H. Hiatt, Chairman
The Good Samaritan Group