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January 16, 2013.

**ELECTRONIC MAIL**

Mr. Dale Galassie  
Chair  
Illinois Health Facilities and Services Review  
Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

**Re: Greenfields of Geneva (Proj. No. 12-086)**

Dear Mr. Galassie:

This office represents Butterfield Health Care III, LLC, and MMG Partners, L. P. (collectively, "Meadowbrook Manor"). Pursuant to Section 1130.590 of the Illinois Health Facilities and Services Review Board ("HFSRB") rules, Meadowbrook Manor hereby submits the following comment in opposition to Friendship Village of Mill Creek, NFP and Friendship Senior Options, NFP (collectively, the "Applicants") proposal to establish a 43-bed skilled nursing facility at 0N801 Friendship Way, Geneva, Illinois. Specifically, Meadowbrook Manor opposes the removal of the continuum of care variance for this project. As discussed in greater detail below, the Applicants' initial application did not include a continuum of care variance and the Board issued an intent to deny due to underutilization of existing providers in the area. Since that time, nothing has changed and this project, despite the Applicants' contentions, will negatively impact existing providers. Therefore, Meadowbrook Manor respectfully requests the HFSRB deny the application for Greenfields of Geneva (Proj. No. 12-08).

**1. Status of Permit (Proj. No. 08-083)**

In the project narrative description, the Applicants mischaracterize the status of their permit and the purpose of the project. Specifically, the Applicants state "this application is submitted as a new application with the understanding that, if approved, the new permit would be conditioned on surrender of the existing permit."<sup>1</sup> This is not entirely true. While it is true the HFSRB previously approved a permit for the project (Proj. No. 08-083), it is important to note

<sup>1</sup> Greenfields of Geneva, Long-Term Care Application for Permit 2.

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that permit was revoked on June 21, 2012.<sup>2</sup> As a result, the Applicants currently do not have a valid permit for this project.

## **2. Removal of Continuum of Care Variance**

Further, the Applicants state the application is “a new application for what is effectively the same project as 08-083 with one change – the request to remove the CCRC variance restriction limiting admissions to internal residents of the CCRC.”<sup>3</sup> This mischaracterization is an attempt to divert the HFSRB’s attention and to premise approval of this project on the HFSRB’s prior approval of the Proj. No. 08-083 and not on the applicable review criteria. It is important to note that when a continuing care retirement community’s (“CCRC”) skilled nursing beds are available to the general population, the facility is in direct competition with the other facilities in the area and review criteria, such as utilization and impact to existing facilities, should be carefully considered by the HFSRB.

Importantly, and as noted in the Greenfields application, the original application did not include the continuum of care variance. At the time the application was initially considered by the Board at the April 21, 2009 meeting, there was a need for 418 beds in the Kane County Planning Area.<sup>4</sup> At the meeting, it was noted that there were 3,000 long-term beds, many of which were unoccupied, within 30 minutes of the proposed Greenfields’ location.<sup>5</sup> Similar to the current Greenfields’ application, the Applicants argued that because they were requesting a relatively small number of beds, the project was relatively insignificant and would have little impact on existing providers.<sup>6</sup> In response, the Board Secretary noted that when a continuing care retirement community’s beds are available to the general population and in direct competition with other facilities in the area, utilization of existing facilities is relevant in the Board’s consideration of the project.<sup>7</sup> Further, in reference to the need calculation, the Board Secretary pointed out that the need calculation is not a measure of current need but rather

<sup>2</sup> See Ill. Health Facilities & Svcs. Review Bd, Update to Inventory of Long-Term Care Services 5 (Dec. 18, 2012) available at <http://hfsrb.illinois.gov/pdf/LTC%20Update%2012-18-2012.pdf> (last visited Jan. 16, 2013).

<sup>3</sup> Greenfields of Geneva, Long-Term Care Application for Permit 1.

<sup>4</sup> See Ill. Health Facilities & Svcs. Review Bd, Greenfields of Geneva, Geneva (Proj. No. 08-083) State Agency Report 2 (Apr. 21, 2009) available at <http://hfsrb.illinois.gov/april09sars/15.%2008-083%20GREENFIELDS%20OF%20GENEVA.pdf> (last visited Jan. 16, 2013).

<sup>5</sup> Transcript of April 21, 2009 Illinois Health Facilities Planning Board Meeting at 170 (May 4, 2009).

<sup>6</sup> Id. at 170-171.

<sup>7</sup> Id. at 171-172.

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projected need for 10 years from the base date.<sup>8</sup> Finally, the Board Chair noted 339 vacant beds would need to be filled to bring the area facilities to 90% utilization.<sup>9</sup> Due to the underutilization of the existing facilities and a lack of need for 40 additional beds in the planning area, the initial application received an intent to deny.

After the intent to deny at the April 21, 2009 meeting, the Applicants modified their application and were approved under the continuum of care variance at the September 1, 2009 HFSRB meeting. Now that construction of the project is nearly complete, the Applicants, in complete disregard of the Board's prior concerns, seek removal of the variance. In fact, in their current application, Applicants present the same arguments regarding minimal impact to existing providers, which the Board dismissed at the April 21, 2009 meeting.

Importantly, since the initial application was considered in April 2009, nothing has changed. While there is a projected need for 471 beds, the existing facilities continue to be underutilized. As shown in the table below, there are 24 skilled nursing facilities within 30 minutes of Greenfields. Average utilization of the existing facilities is 81.5% with 18 of the 24 (or 75%) of the existing facilities operating below the HFSRB's 90% utilization standard. Further, there are 295 beds available within 30 minutes (and 66 available beds within 15 minutes) of Greenfields. Therefore, there is sufficient capacity among existing providers to accommodate the projected referrals to Greenfields.

Existing Facility Utilization						
Facility	Distance	Time	Licensed Beds	Patient Days	Utilization	Beds Available
Covenant Health Care	5.7	10	99	32,129	88.9%	1
Batavia Rehab & Healthcare	6.4	13	63	17,032	74.1%	10
Geneva Nursing & Rehab Center	5.9	14	107	14,960	38.3%	55
Provena Pineview Care Center	7.4	17	120	32,344	73.8%	19
Rosewood Care Center	8.2	18	109	25,654	64.5%	28
South Elgin Rehab & Healthcare	12.4	19	90	24,799	75.5%	13
Provena McAuley Manor	10.7	21	87	23,899	75.3%	13
Countryside Care Center	12.0	21	203	70,145	94.7%	0
North Aurora Care Center	10.5	22	129	39,937	84.8%	7
West Chicago Terrace	12.4	22	120	41,911	95.7%	0
Elmwood Terrace Healthcare Center	11.8	23	68	22,299	89.8%	0
Tower Hill	12.7	23	206	68,459	91.0%	0

<sup>8</sup> Id. at 172.

<sup>9</sup> Id. at 173.

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Existing Facility Utilization						
Facility	Distance	Time	Licensed Beds	Patient Days	Utilization	Beds Available
Aurora Rehab & Living Center	12.9	24	158	47,648	82.6%	12
Sherman West Court	14.5	25	112	29,506	72.2%	20
Rosewood Care Center	15.1	25	139	38,952	76.8%	18
Wood Glen Nursing & Rehab Center	11.9	26	207	74,608	98.7%	0
Apostolic Christian Resthaven	15.3	26	50	17,534	96.1%	0
Asta Care Center	14.9	28	99	30,890	85.5%	4
Maplewood Care	15.0	28	203	68,108	91.9%	0
Jennings Terrace	13.5	29	60	19,180	87.6%	1
Wynscape	14.2	29	209	43,224	56.7%	70
DuPage Convalescent Home	14.3	29	368	116,009	86.4%	13
Manor Care	16.0	29	88	27,099	84.4%	5
Heritage Health	16.8	30	94	28,779	83.9%	6
<b>Total</b>			<b>3,188</b>	<b>955,105</b>	<b>82.1%</b>	<b>295</b>

The Board initially considered this same project in April 21, 2009 and determined that due to the underutilization of existing providers there was no need for an additional 40 beds in area. Nothing has changed since that time. Therefore, we respectfully request the HFSRB deny the Applicants application for Proj. No. 12-086 (Greenfields of Geneva).

Sincerely,



Anne M. Cooper

Attachments

cc: Mike Constantino  
056510 129229

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1 received a deferral of the Board until the July  
2 meeting.

3 CHAIRMAN LOPATKA: We now come to  
4 Greenfields of Geneva to establish a 40-bed  
5 long-term care facility in Geneva.

6 If you would identify yourselves and be  
7 sworn, please.

8 MR. YENCHEK: Good afternoon. My  
9 name is Steve Yenchek. I'm the senior vice  
10 president of Friendship Senior Options and chief  
11 executive officer of Greenfields of Geneva.

12 MR. ROGAL: And I'm Ira Rogal of  
13 Shea, Paige & Rogal. We're consultants on the  
14 project.

15 THE COURT REPORTER: Would you raise  
16 your right hands, please.

17 (The witnesses were thereupon  
18 duly sworn.)

19 CHAIRMAN LOPATKA: May we have the  
20 State agency report, please.

21 MR. ROATE: Thank you, Madam Chair.

22 The Applicants are Friendship Village of  
23 Mill Creek, NFP, and Friendship Senior Options.

24 The Applicants propose to construct a

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1 40-bed skilled nursing facility with 27,297 gross  
2 square feet of space and costing \$7.7 million.

3 Thank you, Madam Chair.

4 CHAIRMAN LOPATKA: Thank you.

5 Sirs.

6 MR. YENCHEK: Good afternoon. On  
7 behalf of Friendship Senior Options, I'm pleased  
8 to be with you today and to answer any questions  
9 you have about our project. I would like to take  
10 a moment to acquaint you with Friendship Senior  
11 Options and Friendship Village of Mill Creek.

12 Friendship Senior Options is a  
13 not-for-profit parent organization of both  
14 Friendship Village of Schaumburg -- the  
15 15th largest continuing care retirement community  
16 in the country, which serves approximately  
17 1,000 residents and has done so for over the past  
18 30 years -- and is also the parent company of  
19 Friendship Village of Mill Creek, another  
20 not-for-profit entity, which is in a different  
21 obligated group than that of Friendship Senior  
22 Options' Friendship Village of Schaumburg.

23 Our project in Geneva will consist of a  
24 continuing care retirement community offering

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1 133 independent living units, 48 assisted living  
2 units, 24 memory support units, and 40 skilled  
3 nursing beds.

4           Importantly, the community is located  
5 within the community of Mill Creek in the Geneva  
6 area. This is an intergenerational environment,  
7 which we believe is very key to our future as a  
8 continuing care retirement community, offering  
9 great opportunities to combine our programs with  
10 local resources and with the community of which  
11 we'll be a part.

12           Despite the difficult economic conditions  
13 that the project has experienced over the past  
14 year, we are marketing at a very high rate, and  
15 we are looking forward to coming to completion of  
16 our financing at the later portion of this year.

17           We have also taken steps in the  
18 establishment of this organization to create  
19 local governance opportunities, and a number of  
20 the members of our board of directors are local  
21 residents of the Geneva marketplace.

22           Finally, Greenfields of Geneva will help us  
23 fulfill our mission to provide lifestyle  
24 opportunities while offering the security of a

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1 continuing care retirement community and the  
2 benefit of life care should it ever be needed for  
3 our residents.

4 Thank you.

5 CHAIRMAN LOPATKA: I just wanted to  
6 note before opening it up for questions that  
7 there is a major error on Table 1, the very first  
8 facility, and you guys had already left for  
9 Chicago when I called Springfield yesterday.

10 Covenant Health Care Center in Batavia --  
11 the correct number of beds is 99, and they're  
12 at -- it's 99.7 percent occupancy. The reason I  
13 picked this up is that I was rereviewing  
14 applications and I noted there's another  
15 application which has a major overlap as far as  
16 service area, and that is the very first one  
17 listed there with the corrected statistics.

18 And I called Springfield and they looked up  
19 the actual questionnaire to verify that this is  
20 the correct figure for Covenant Health Care  
21 Center. Okay?

22 MR. CONSTANTINO: Thank you.

23 CHAIRMAN LOPATKA: So there was a  
24 potential for 33 beds there that were not

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1 occupied to bring it up to the occupancy level,  
2 you know, and so that removed that because they  
3 are way above the occupancy level, actually.

4 Are there any questions or comments from  
5 staff and Board members?

6 SECRETARY MARK: Yes, Madam Chair.

7 I just want to bring to the Board's  
8 attention -- and staff refers to this on  
9 page 4 -- that this application for the  
10 establishment of this facility is being made  
11 under the general -- under general beds.

12 Even though this may be in the assisted  
13 living community, they are requesting a permit of  
14 this Board that would make these beds, if the  
15 Board so approves -- they would be generally  
16 accessible to the entire community and have  
17 corresponding impacts on other facilities.

18 CHAIRMAN LOPATKA: And that was going  
19 to be my first question because under the CCRC  
20 variance, you could build 40 beds -- 41 beds.  
21 And, actually, you're only asking for 40, but  
22 you're coming in under the general application,  
23 which then subjects you to a lot of other things.

24 I mean, you would have gotten them

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1 automatically if you'd come in under the  
2 variance. Now we've got to look at all kinds of  
3 other sections of the rules because you're coming  
4 in under the general license. So I would like  
5 you to address that.

6 MR. YENCHEK: I'd be happy to and I  
7 think Ira may have a comment, as well.

8 We're aware of the discrepancy that you're  
9 identifying here. As we construct the community  
10 and as we bring it online for occupancy by our  
11 independent living residents, we don't know  
12 exactly when the first opportunity will exist  
13 that one of them will have a change of health  
14 status that needs to have them occupy our skilled  
15 nursing facility as part of our life care  
16 contract. So we would be bringing the entire  
17 facility online simultaneously, not a phased  
18 opening.

19 If we were only going to be having the  
20 fill-up associated with our existing residents  
21 moving through the continuum, the project would  
22 be incurring operating costs which it needs to  
23 have online from a contractual standpoint for our  
24 residents, but we would not have the benefit of

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1 necessarily having rapid fill-up of the skilled  
2 nursing facility.

3 By entertaining the ability to bring  
4 residents from the community in at an earlier  
5 date, rather than through just our continuum,  
6 it would give the project an ability to  
7 experience about somewhere between an 800,000  
8 and a million dollar economic advantage during  
9 the fill-up period associated with bringing  
10 outside residents into the community.

11 CHAIRMAN LOPATKA: Now, are -- the  
12 other sections that are not subject to this  
13 permit, basically -- are they in progress? Are  
14 they built? Are they occupied or are they still  
15 on the drawing boards, too, the independent  
16 living, the assisted living, and the memory?

17 MR. YENCHEK: The entire community is  
18 in the development stage. We have not broken  
19 ground at this point. We will not anticipate  
20 doing so until sometime until next year.

21 CHAIRMAN LOPATKA: Well, I have to  
22 tell you, my husband and I had started looking  
23 into this type of option, and the very first  
24 question I would ask if I were considering

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1 something like this, given, you know, entrance  
2 fees and endowments or whatever you want to call  
3 it, was whether this was a dedicated long-term  
4 care facility or not, and, if they're not, I  
5 don't think I would sign on the dotted line, but  
6 that's just my own personal viewpoint on this.

7 Are there any other questions or  
8 comments -- I don't have any more at this  
9 point -- from other members of the Board?

10 MR. ROGAL: If I could make  
11 one comment first.

12 CHAIRMAN LOPATKA: Okay.

13 MR. ROGAL: First, to put these in  
14 perspective, that list of other facilities  
15 includes 3 to 4,000 beds within the 30-minute  
16 drive time. This is for a 40-bed project. It's  
17 really a relatively insignificant amount.

18 And secondly --

19 CHAIRMAN LOPATKA: The number of  
20 empty beds within 30 minutes is not  
21 insignificant, I mean, given the most current  
22 information that we have. That's why I  
23 questioned why --

24 MR. ROGAL: But the impact on any

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1 one of those facilities is small.

2 CHAIRMAN LOPATKA: You took something  
3 that's a certainty and made it into something  
4 that potentially is an uncertainty, so --

5 MR. ROGAL: Secondly, with respect to  
6 the variance and -- based on the staff report for  
7 this and other projects, the staff reports  
8 indicate -- and I'm no expert on your rules --  
9 that, if there is a bed need, the variance simply  
10 does not apply.

11 CHAIRMAN LOPATKA: That's not  
12 my understanding. My understanding is that  
13 one still could come in under the variance.

14 Isn't that correct?

15 SECRETARY MARK: I believe Mr. Rogal  
16 is correct in the exact language of the old  
17 rules, and this was deemed complete under the old  
18 rules, but we're not under the old rules.

19 The Board has looked at, in particular,  
20 CCRC situations as being either basically devoted  
21 to a dedicated population -- in which case there  
22 would be minimal impact on the surrounding  
23 community and surrounding facilities -- or  
24 general access, in which case it -- those beds

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1 are considered available to the general  
2 population and in direct competition, if you  
3 will, with other facilities in the area.

4 Therefore, the test of whether or not those  
5 facilities are at the appropriate utilization  
6 target are valid questions. The current need  
7 that they've shown in one -- I would also caution  
8 the Board that the current need that is projected  
9 is based on a change in the Board's rules as  
10 mandated by statute, and it is a projected need  
11 for 10 years from the base date.

12 So this is not the need today or the need  
13 2 years from now or the need three years from  
14 now, but it is, in fact, a projection 10 years  
15 hence from the base year, and the Board should  
16 view those projections in the context of them.

17 MR. ROGAL: And in response to that,  
18 you're -- I would absolutely agree with that.  
19 This, like most of these other long-term  
20 projects, won't come online until 2012, with the  
21 expected fill-up until 2013, which is fairly  
22 close to when those projections are out there.

23 Again, it's only 40 beds. The long-term  
24 intended use for these would be for the residents

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1 Ms. Lopatka.

2 CHAIRMAN LOPATKA: At this point I  
3 have to vote no, and, I think, probably my line  
4 of questioning was indicative of that. With the  
5 current vacancies of 339 beds in the planning  
6 area to bring 26 facilities up to 90 percent  
7 occupancy -- I just don't see how I can support  
8 this project at this time.

9 And, for sure, if you were not part of the  
10 CCRC but were just asking for 40 beds for a  
11 brand-new facility, I would vote no under the  
12 same circumstances.

13 SECRETARY MARK: Ms. Avery.

14 MEMBER AVERY: I'm going to vote no  
15 because I don't think that the application  
16 demonstrates a need for 40 additional beds in the  
17 planning area.

18 SECRETARY MARK: Dr. Burden.

19 MEMBER BURDEN: I vote yes for this.

20 CHAIRMAN LOPATKA: Mr. Penn.

21 MEMBER PENN: I am voting yes, also,  
22 and I like the idea that they're changing the  
23 footprint and making the quality of living -- I  
24 heard people say that they shop for the best

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1 place for people to reside and, you know, add  
2 some dignity to their retirement, so I'm going to  
3 vote yes.

4 SECRETARY MARK: Okay. This  
5 application -- the motion did not pass. This  
6 application has received an intent to deny.

7 The Applicant is afforded an opportunity to  
8 request a second -- another consideration and to  
9 submit additional information.

10 MR. YENCHEK: Thank you.

11 CHAIRMAN LOPATKA: Thank you very  
12 much.

13 We now come to A-12, Springfield Nursing  
14 and Rehab Facility Center, to establish a 75-bed  
15 long-term facility in Springfield, and I believe  
16 the Applicant deferred at the last meeting.

17 Good afternoon. If you would identify  
18 yourselves and be sworn, please.

19 MR. FOLEY: Thank you.

20 My name is Charles Foley. With me this  
21 afternoon to my right is Mr. Brian Levinson, who  
22 represents the Applicant, one of the owners. To  
23 my immediate left is Mr. John Kniery,  
24 K-n-i-e-r-y; and to his left is Cindy Schaaf, who

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1 of the community, and the short-term, given these  
2 economic times, would be to allow some benefit  
3 from some fill-up with minimal impact on the  
4 other areas.

5 There will be some impact, sure, but  
6 40 beds total, which -- under the CCRC variance,  
7 if there was no -- if there were 400 beds over,  
8 they would be entitled to go for 41 beds.

9 We think this is, you know, a minor request  
10 given the times, and we would appreciate your  
11 consideration.

12 CHAIRMAN LOPATKA: Does anyone else  
13 have any questions or comments? Board members,  
14 does anyone else have any questions or comments  
15 on this?

16 (No response.)

17 CHAIRMAN LOPATKA: Well, I just  
18 wanted to note that there are 26 facilities  
19 that are within the 30-minute area, and 20 of  
20 the 26 are not at occupancy, and I computed a  
21 total of 339 beds in the planning area currently  
22 available, which is what drove the negatives that  
23 you had under allocation of additional beds,  
24 location, and then -- I will stop there as far as

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1 the need.

2 So I know that there might be some  
3 financial short-term gains for you, but this --  
4 but what you've done is thrown yourself into  
5 competition with someone who just wants to put  
6 up, you know, a standard unit that has no  
7 connection with a CCRC, when you could have had  
8 one more bed by not doing it this way if you had  
9 chosen the CCRC variance.

10 The other issue I had with this is that, if  
11 I did my math correctly, the gross square footage  
12 of the size is over 60 percent higher than what  
13 our standard is, and that's a huge figure.

14 I mean, 5 or 10 percent, I think, can be  
15 explained, but when you consider approving  
16 something at almost 65 percent, actually, then  
17 how do we turn somebody down who comes in at  
18 70 percent? I mean, why have a standard if it's  
19 so outside the box on that?

20 And then there was, I believe, one issue  
21 with the margins on the 1120 financials.

22 So those are the concerns that I see with  
23 this application at the present time.

24 MR. YENCHEK: If I may address you,

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1 at least, on some of those questions in part.

2 I believe -- on the table that's  
3 shown on the margins, I believe there's a  
4 misinterpretation of the data in the staff  
5 report. On page 14, the net margin percentage,  
6 the standard is greater than or equal to  
7 2.5 percent; we're at 2.9. And the projected  
8 debt-service coverage is greater than or equal to  
9 1.5; we're at 1.6. But further down the page  
10 there is the conclusion that we did not meet the  
11 net margin percentage, nor the debt-service  
12 coverage.

13 SECRETARY MARK: Mike, do you want to  
14 respond?

15 MR. CONSTANTINO: That's correct.  
16 For the Village, yes, he is correct, Jeff. Yes.  
17 It's an error on the part of the State.

18 SECRETARY MARK: So what is the  
19 error? And please correct it to the Board  
20 right now.

21 MR. CONSTANTINO: The Applicant,  
22 Friendship Village of Mill Creek, is what he's  
23 talking about. The net margin percentage, our  
24 standard is 2 1/2 percent; his projected ratio is

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1 2.9 percent.

2 If you look down under -- in the narrative,  
3 I say he met -- did not meet the net margin  
4 percentage. That is in error.

5 SECRETARY MARK: Okay.

6 MR. CONSTANTINO: Okay? The project  
7 debt-service coverage is 1.5 percent. That is  
8 our standard and he's projecting 1.6. If you  
9 look in the narrative, I say that was in error.

10 SECRETARY MARK: Okay.

11 MR. CONSTANTINO: The State agency  
12 report is in error. However, we are negative on  
13 these criteria and remain so.

14 SECRETARY MARK: Okay. And what --  
15 if you would, again, just elaborate on that.  
16 You're still negative because of --

17 MR. CONSTANTINO: Because the other  
18 Applicant did not meet the ratios.

19 SECRETARY MARK: Okay.

20 Thank you.

21 MR. ROGAL: And the other Applicant  
22 isn't providing funds for the project. They're  
23 just in there because they're the parents.

24 MR. YENCHEK: And, additionally,

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1 Friendship Village of Mill Creek is a separate  
2 obligated group in addition to not having a  
3 funding source, so the FSO is in its own  
4 obligated group.

5 So the FSO ratios are not really germane.  
6 They were provided as part of the application as  
7 we were required to do, but they don't have any  
8 impact on the project.

9 CHAIRMAN LOPATKA: Other questions or  
10 comments?

11 Mr. Carvalho.

12 MR. CARVALHO: Judging from some  
13 earlier Applicants, I guess that these questions  
14 are becoming stereotyped to me, but I have some  
15 structural questions.

16 Do all these "NFPs" after these  
17 Applicants -- these names -- mean they're  
18 not-for-profit? Is that what "NFP" stands for?

19 MR. YENCHEK: That's correct.

20 MR. CARVALHO: Okay. So is everybody  
21 in this application not-for-profit? They're all  
22 "NFP" but I think you also said Friendship Senior  
23 Options was a not-for-profit.

24 MR. YENCHEK: All of -- Friendship

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1 Senior Options, which is the parent company, and  
2 all of its related subsidiary companies are all  
3 not-for-profits, yes.

4 MR. CARVALHO: And Friendship Senior  
5 Options is the top entity?

6 MR. YENCHEK: It's the parent company  
7 of four subsidiaries, yes.

8 MR. CARVALHO: But this isn't a  
9 charity; correct?

10 MR. YENCHEK: We have an IRS  
11 determination as a 501(c)(3) for all of  
12 the entities of the parent, as well as all  
13 four subsidiaries.

14 MR. CARVALHO: So who's this -- is  
15 there a sponsor behind this or just whoever  
16 decided to put this together decided to organize  
17 it in a not-for-profit structure?

18 MR. YENCHEK: The original company in  
19 our group, Friendship Village of Schaumburg --  
20 which was formed about 33 years ago -- was  
21 originally convened by a developer working with  
22 community resource people and was organized as a  
23 not-for-profit organization at that point in  
24 time, and it has been self-perpetuating over that

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1 30-year period.

2 The original developer exited the project  
3 about five years after the community opened, and  
4 the organization has been self-perpetuating as a  
5 not-for-profit since that time.

6 The subsidiaries and the parent companies  
7 that grew out of Friendship Village of Schaumburg  
8 were opened over the past five or six years as  
9 the organization was restructured, and new  
10 obligated groups were created to facilitate  
11 exactly this type of campus development to allow  
12 the organization to grow without impeding the  
13 core resource at Friendship Village of Schaumburg  
14 or creating any financial strain on that  
15 organization.

16 MR. CARVALHO: Okay. So it grew out  
17 of that original -- and that's very helpful.

18 I -- you know, it's probably transparent  
19 why I'm concerned about this. We had an  
20 application many meetings ago where the  
21 not-for-profit structure, frankly, looked like it  
22 was being abused, so now, as more nonprofits come  
23 before us, I've been asking questions to better  
24 understand how nonprofits fit into the mix.

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1           And, interestingly, almost every time I've  
2           done it, it's totally understandable, and yours  
3           is totally understandable, too. But what I'm  
4           trying to make sure -- and this is -- this Board  
5           is as good an opportunity as any -- is that the  
6           not-for-profit structure isn't being used with a  
7           core profit entity kind of lurking in the  
8           background and feeding off of the opportunities  
9           that are available in the not-for-profit.

10           I go through all that because yours doesn't  
11           sound like that situation, so I wanted to make  
12           clear that any of my questions weren't trying to  
13           imply that there's anything wrong with this but  
14           trying to figure out how the not-for-profit  
15           structure is being used by Applicants. This  
16           sounds totally fine and I wanted to make sure I  
17           get that on the record.

18           CHAIRMAN LOPATKA: Thank you.

19           Any other questions or comments?

20           MR. YENCHEK: If you'd like me to  
21           address the square-footage issue that you raised,  
22           I'd be happy to do that.

23           CHAIRMAN LOPATKA: Yes, please do.

24           MR. YENCHEK: You heard just briefly

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1 from the previous Applicant about a new  
2 methodology that they're bringing forward in  
3 their project called "small house."

4 What we are bringing forward in our project  
5 is a somewhat similar analogy, though I guess  
6 it's more of a neighborhood concept. Traditional  
7 long-term care delivery in semiprivate rooms or  
8 even in private rooms is certainly becoming  
9 yesterday's way of delivering services.

10 Our particular nursing program here in  
11 the skilled section of 40 beds is organized  
12 into three neighborhoods of 13 apartments --  
13 13 apartments and 14 apartments.

14 Each of these is designed to be as much of  
15 a homelike setting as possible with the way the  
16 space is organized -- the sizing of the space --  
17 to make a smooth transition as a resident moves  
18 through our continuum of independent living,  
19 perhaps, to assisted living and into skilled.

20 SECRETARY MARK: If I may interrupt,  
21 what page of your application do you explain  
22 this on?

23 MR. YENCHEK: The neighborhood  
24 concept?

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1 SECRETARY MARK: Yes.

2 MR. YENCHEK: I'm not sure I could  
3 refer you to that off the top of my head.

4 SECRETARY MARK: So this is new  
5 information being provided to the Board?

6 CHAIRMAN LOPATKA: Or you just can't  
7 reference the page right now?

8 MR. ROGAL: We can't reference the  
9 page, but -- it's just information in response to  
10 the question.

11 CHAIRMAN LOPATKA: Well, if it's new  
12 information, then it's not acceptable, but I  
13 don't have the application with me. If it is in  
14 the application, it's just a matter, then, of  
15 finding it.

16 So which is the situation?

17 MR. YENCHEK: My belief is that the  
18 information is in the application because this is  
19 one of the original design criteria that the  
20 project's been developed on.

21 MR. ROGAL: And I don't recall  
22 whether we put it in the diagram or whether -- I  
23 don't believe it's in the narrative.

24 CHAIRMAN LOPATKA: I'm sorry. Can

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1 the State find the --

2 MR. CONSTANTINO: My computer has  
3 given out, so I won't be able to help you.

4 MR. ROGAL: But the answer -- that  
5 explains why it's somewhat oversized.

6 CHAIRMAN LOPATKA: Well, it's  
7 definitely an issue, but I don't perceive it --  
8 it's not the overriding issue for me in  
9 particular at this point. What about the other  
10 Board members?

11 MEMBER AVERY: Well, he was  
12 explaining that, at least, to the reason why the  
13 square footage is over, so I would like to  
14 continue hearing what he has to say.

15 CHAIRMAN LOPATKA: Okay.

16 MR. YENCHEK: Just to round out that  
17 thought, the experience that we're trying to  
18 create for the residents -- your comment earlier,  
19 Madam Chairman, about some of your own research  
20 about how you're looking at retirement  
21 communities -- our dedication to providing a  
22 quality experience from independent living  
23 through skilled nursing is reflected in how the  
24 amenity spaces in the building are designed, how

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1 the functional spaces are designed to support  
2 those neighborhood concepts.

3 That generates a slightly larger footprint  
4 in both the residential space for the rooms and  
5 also in terms of the gross square footage for the  
6 building, but it is consistent with what we see  
7 as the requirements of the marketplace and the  
8 way our program is delivered in Greenfields,  
9 which is very much related to how our program has  
10 been delivered for the last 30 years in  
11 Schaumburg.

12 CHAIRMAN LOPATKA: Are there any  
13 other questions or comments from Board members or  
14 staff?

15 (No response.)

16 CHAIRMAN LOPATKA: Well, hearing  
17 none, I'd entertain a motion for approval of  
18 Greenfields of Geneva to establish a 40-bed  
19 skilled nursing facility under general long-term  
20 care criteria.

21 MEMBER AVERY: So moved.

22 MEMBER BURDEN: Second.

23 SECRETARY MARK: Motion made by  
24 Ms. Avery, seconded by Dr. Burden.