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May 20, 2016

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery, Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Permit # 15-016,
Rutledge Joint Ventures
d/b/a Heritage Health;
Annual Progress Report

Dear Ms. Avery:

On June 2, 2015 the Illinois Health Facilities and Services Review Board granted a permit to Rutledge Joint Ventures, d/b/a Heritage Health for the major modernization of ancillary and support areas. On behalf of the Project, I am writing this letter to comply with section 1130.760 (Annual Progress Reports) of the 77 Illinois Administrative Code.

Current Status:

The project has been financially committed and documentation provided as Exhibit I. The total project scope of work is currently 60% complete. A breakdown of the work completed is listed below:

1. HVAC

- All materials for the retrofit have been received (i.e. fan/coil units, piping, controls, etc.) and stored.
- The hydrostatic boilers have been installed and are operational.
- The centrifugal chiller units have been installed and are operational.
- 61 of 122 total fan/coil units have been installed and are operational.
- 65% of the HVAC piping has been installed.
- 65% of ventilation work has been completed.

2. Plumbing

- All materials for the retrofit have been received and stored.
- 50% of all waste lines have been installed
- Domestic water heaters have been installed and are operational.
- 50% of fixtures have been installed and are operational.

3. Electrical

- All materials and fixtures have been received and stored.
- 50% of new electrical outlets and lighting have been installed and are operational.
- 50% of HVAC units have been wired and control work completed.

4. General Construction

- 50% of resident rooms and common areas have been remodeled per plans and specs.
- The laundry room relocation has been completed.
- The exterior EIFS membrane is 90% complete.

5. Furniture, Fixtures, and Equipment

- Bids have been received for all FFE. A purchase order is in process to acquire all FFE.
- Nurses call has been replaced.

There have been no changes in scope of work for this project from what was originally submitted.

Project Costs:

Appended herein (**EXHIBIT A**) is a project cost and sources of funds chart illustrating the approved line items and the corresponding expenditures that have been made per line item and the most current general contractor payout request.

Project Financing:

The method and sources of funds have not changed as originally approved. All funds to date have been paid from escrow and financing is now in place with the Bank of Springfield.

Project Completion:

The anticipated date of completion may be delayed from the scheduled completion date of 12/31/16 as stated in the permit letter. Based upon a 5 week delay in obtaining IDPH Phasing Inspection and another 5 weeks of delay because of issues with air balancing documentation, the project may require additional time. We are currently looking into ways to save construction time and meet the 12/31/16 completion date but do not know if it is possible yet. This project remains in compliance with all the conditions and items of the permit.

Should you have any questions or concerns, please do not hesitate to contact me on behalf of the Applicant.

Sincerely,



Michael R. Blake
SVP-Facilities
Heritage Enterprises, Inc.

ENCLOSURES

PROJECT COSTS AND SOURCES OF FUNDS

Use of Funds	COST	Expended to Date	% Expended
Preplanning Costs	\$ -	\$ -	#DIV/0!
Site Survey and Soil Investigation	\$ -	\$ -	#DIV/0!
Site Preparation	\$ -	\$ -	#DIV/0!
Off Site Work	\$ -	\$ -	#DIV/0!
New Construction Contracts	\$ -	\$ -	#DIV/0!
Modernization Contracts	\$ 7,066,275	\$ 4,320,830.00	61%
Contingencies	\$ 246,188	\$ 166,341.00	68%
Architectural/Engineering Fees	\$ 255,000	\$ 255,000.00	100%
Consulting and Other Fees	\$ 15,000	\$ 11,000.00	73%
Movable or Other Equipment	\$ 1,140,000	\$ 402,925.00	35%
Bond Issuance Expense	\$ -	\$ -	#DIV/0!
Net Interest Expense During Construction	\$ 117,174	\$ 39,489.00	34%
Fair Market Value of Leased Space or Equipment	\$ -	\$ -	#DIV/0!
Other Costs to be Capitalized	\$ -	\$ -	#DIV/0!
Acquisition of Building or Other Property	\$ -	\$ -	#DIV/0!
Total Uses of Funds	\$ 8,839,637	\$ 5,195,585	59%
Source of Funds			
Cash and Securities	\$ 1,561,281	\$ 1,453,882.00	93%
Pledges	\$ -	\$ -	#DIV/0!
Gifts and Bequests	\$ -	\$ -	#DIV/0!
Bond Issues	\$ -	\$ -	#DIV/0!
Mortgages	\$ 6,378,356	\$ 3,741,703.00	59%
Leases	\$ -	\$ -	#DIV/0!
Governmental Appropriations	\$ -	\$ -	#DIV/0!
Grants	\$ -	\$ -	#DIV/0!
Other Funds and Sources	\$ 900,000	\$ -	0%
Total Sources of Funds	\$ 8,839,637	\$ 5,195,585.00	59%

This Agreement has important legal and insurance consequences. Consultation with an attorney and insurance consultant is encouraged with respect to its completion or modification. Notes indicate where information is to be inserted to complete this Agreement.

ARTICLE 1 AGREEMENT

This Agreement is made this 6th Day of May in the year 2015, by and between the

OWNER:
Rutledge Joint Venture, LLC
115 West Jefferson Street
Suite 401
Bloomington, IL 61702-3188

and the

CONSTRUCTION MANAGER:
Harold O'Shea Builders, Inc.
3401 Constitution Drive
Springfield, IL 62711

for services in connection with the following

PROJECT, Renovation and Infrastructure Upgrades for Heritage Manor, located in Springfield, IL.

Notice to the Parties shall be given at the above addresses.

The Design Professional is:
Farnsworth Group
2709 McGraw Drive
Bloomington, IL 61704

ARTICLE 2 GENERAL PROVISIONS

2.1 RELATIONSHIP OF PARTIES The Parties each agree to proceed with the Project on the basis of mutual trust, good faith and fair dealing.

2.1.1 The Construction Manager shall furnish construction administration and management services and use the Construction Manager's diligent efforts to perform the Work in an expeditious manner consistent with the Contract Documents. The Parties shall each endeavor to promote harmony and cooperation among all Project participants.



The Date of Final Completion of the Work is: December 31, 2016 or within Thirty (30) Days after the Date of Substantial Completion, subject to adjustments as provided for in the Contract Documents.

This Amendment is entered into as of June 22, 2015.

OWNER: Rutledge Joint Venture, LLC

BY: David M. Underwood
PRINT NAME [] PRINT TITLE Manager

BY: Keem R. England
PRINT NAME [] PRINT TITLE []

CONTRACTOR: Harold O'Shea Builders, Inc.

BY: Michael E. O'Shea
614BA9938C4740B...

PRINT NAME Michael E. O'Shea

PRINT TITLE President

END OF DOCUMENT.



Application and Certificate For Payment

<p>To Owner: Heritage Enterprises 115 W. Jefferson St., Suite 40 Bloomington, IL 61702</p>	<p>Project: Heritage Healthcare 900 N. Rutledge Mike Blake Springfield, IL 62702-3721</p>	<p>Application No: 10 Date: 04/01/2016 Period To: 04/30/16 Architect's Project No: Contract Date: 07/08/15</p>
<p>From (Contractor): Harold O'Shea Builders, Inc. 3401 Constitution Dr Springfield, IL 62711</p>	<p>Contractor Job Number: 4984 Via (Architect): Farnsworth Group</p>	
<p>Phone: 217 522-2826 Contract For:</p>		

Contractor's Application For Payment

Change Order Summary	Additions	Deductions
Change orders approved in previous months by owner		
Change orders approved this month		
Totals		
Net change by change orders		

Original contract sum	6,729,264.00
Net change by change orders	0.00
Contract sum to date	6,729,264.00
Total completed and stored to date	4,157,448.21
Retainage	
10.0% of completed work	415,744.82
0.0% of stored material	0.00
Total retainage	415,744.82
Total earned less retainage	3,741,703.39
Less previous certificates of payment	3,545,830.99
Current sales tax	
0.000% of taxable amount	0.00
Current sales tax	0.00
Current payment due	195,872.40
Balance to finish, including retainage	2,987,560.61

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

Contractor: Nick O'Brien **Date:** 4/28/2016
By: [Signature] **County of:** Saline **Official Seal:** ERIKA E. CAMPAS
 State of: Illinois **Notary Public, State of Illinois**
 My commission expires 07-25-2019

Architect's Certificate for Payment

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the Amount Certified.

Amount Certified: \$ 195,872.40

Architect: OWNER REP **Date:** 5/12/16
By: [Signature]

This Certification is not negotiable. The Amount Certified is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.