



February 7, 2019

Jennifer Gilbert, Vice President  
Old National Bank  
One Main Street  
Evansville, IN 47708

Dear Mrs. Gilbert:

Reference is made to a request from the Ferrell Hospital Community Foundation, for interim financing from your bank to construct its hospital expansion and renovation at the interest rate and terms and conditions agreed upon, as reflected in the attached copy of your letter dated January 29, 2019. The maximum amount of the loan is \$34,260,000.

This letter is to confirm certain understandings on behalf of USDA, Rural Development.

Final plans and specifications have been prepared and approved, bids have been taken, and the board of directors is prepared to award the construction contract to the qualified low bidder. It has been determined by the applicant and Rural Development that the conditions of loan closing can be met.

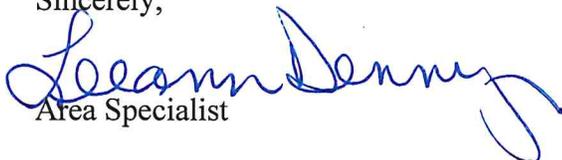
Funds have been obligated for the project by Rural Development.

It is proposed by Ferrell Hospital Community Foundation with the approval of Rural Development that the bank advance funds, in accordance with the agreed terms and conditions stated in the attached letter, as needed to pay for construction and other authorized and legally eligible expenses incurred by the Project, upon presentation of proper statements or work estimates approved by the Owner's authorized representative and the authorized official of Rural Development.

We will schedule the Rural Development loan to be closed when construction to be financed with loan funds is substantially complete, so that funds will be available to pay off the total amount of advances your bank has made for authorized approved purposes, including accrued interest to the date of closing.

We appreciate your assistance and look forward to working with you on this project. If you have any questions concerning this matter please contact me at (618) 993-5396, Extension 129.

Sincerely,

  
Area Specialist

cc: Area Director, Marion



# OLD NATIONAL BANK

Your bank. For life.

January 29, 2019

Ms. Alisa Coleman  
Ferrell Hospital Community Foundation  
1201 Pine Street  
Eldorado, IL 62930

RE: Commitment Letter

Dear Alisa:

Old National recognizes that Ferrell Hospital Community Foundation is in the process of rehabbing their 25-unit acute care facility located in Eldorado, Illinois. Old National is pleased to provide a commitment of financing for this project.

## ***STEP-ONE FINANCING – TAXABLE RATE LOAN***

**BORROWER:** Ferrell Hospital Community Foundation

**PURPOSE:** A construction line of credit for rehabbing and new construction of an acute care facility located in Eldorado, Illinois.

**LOAN AMOUNT:** Loan amount up to \$34,260,000.

**LOAN TYPE:** Draw note up to 24 months. After 24 months the loan will be paid in full from a USDA Direct Loan.

**MATURITY:** Up to 24 months

**INTEREST RATE – FIXED RATE:** 4.75% Fixed (Based on a 2-year SWAP + 2.04%)

**PAYMENTS:** Monthly interest payments

**COMMITMENT FEE:** .10%

Additional fees could include, but not be limited to, appraisal, title work, survey, environmental, mortgage recording/release, inspections, outside legal fees, and other costs reasonable to the consummation of this Loan.

Old National intends to rely on the USDA and the Borrower's monitoring of the project. As such, we will not be ordering separate inspection reports, escrowing the draw proceeds, or requiring date down endorsements. We will rely on the USDA and if it is deemed necessary to order a separate inspection, we will not charge Ferrell for that cost.

**SECURITY:** Real Estate Mortgage on the subject parcel(s) and all improvements of the acute care facility in Eldorado, Illinois. A blanket lien on business assets. Assignment of Architect and Construction Contract(s).

**FUNDING:** Copies of draw requests are required. Draw request to include a list of invoices, copies of all invoices (over \$5,000), a summary of funds requested/drawn from each grant source, and copies of the G702/703 including lien waiver by an authorized signor for the general contractor.

**MONITORING:** The construction of the Project shall be monitored by Old National Bank in accordance

with its standards for commercial real estate construction and management. Upon completion of construction, a satisfactory inspection must reflect that the work is compliant with the original plans and specifications (except as approved by appropriate change orders).

### ***Requirements for Note***

#### **Reporting and Financial Covenants:**

1. **Budget Detail Requirement** - Prior to Lender causing any Advance, Borrower shall furnish Lender with a final certified construction budget for the Project (approval of which is at the Lender's sole discretion), which completely and accurately identifies and itemizes (in line-item form) all development, construction, financing, contingency, and all other direct and indirect costs of construction in accordance with the Plans and Specifications, and is certified by Borrower as accurate and complete.

As applicable, Borrower shall also provide to Lender a certificate of reimbursable prepaid development and other costs, and a detailed schedule showing the sources and application of Borrower's cash equity related to the Project and that the Loan proceeds, coupled with such equity, will be sufficient to pay for all costs associated in any way with the Project.

2. **Loan Advance Request Frequencies** - Acknowledge and consent that requests for Advances may be submitted by Borrower no more frequently than every 30 days.
3. **Reappraisal Provision** - Permit Lender to obtain a new appraisal of the Project, at Borrower's cost, performed by an appraiser chosen and engaged by Lender if (A) construction of the Project has been stopped for more than (45) days; (B) the Project is behind schedule with regard to completion; or (C) the Project construction has been modified from the Plans and Specifications approved by the Lender and Lender, in its sole discretion, determines that there is sufficient cause to believe in good faith that the Project's value may have been adversely impacted. Should Lender so determine and engage an appraiser, Borrower shall cooperate with and assist appraiser in all matters requested in order to enable appraiser to fully and accurately complete the appraisal. Should Lender, in good faith and based upon the reappraisal, determine that the outstanding principal balance of the Loan is in excess of that allowed under the Loan Advance Restriction Covenant, the Borrower shall, upon the request of Lender, reduce the outstanding principal balance of the Loan to a balance that would be compliant with said Loan Advance Restriction Covenant. Reduction of the outstanding principal balance shall be made by repayment in cash or, if Lender in its sole discretion allows, Borrower may provide additional security in amount, form and substance as shall be deemed acceptable to Lender in order to bring the Loan into compliance with the Loan Advance Restriction Covenant.\*

\*If a reappraisal is deemed necessary the Bank will not charge Ferrill for that cost.

4. **Inspection Covenant** - Permit Lender to hire, at Borrower's expense, an independent inspector of Lender's choosing to consult with Lender and perform such inspections, certifications, examinations, and other duties as Lender shall direct. Borrower shall cooperate with said inspector and provide all such information as inspector deems necessary to perform such actions. As substitution for an independent inspection, the Bank will allow a third-party reviewer of the borrower's choosing so long as said reviewer is under contract to provide reports to the Bank with the same level of review and reliance that the Bank would receive from a fully independent inspector.\*

\*Old National intends to rely upon the USDA for monitoring of construction process and compliance with conditions precedent to each advance. Such reliance will not act as a waiver of Lender's rights to monitor construction and approve advances.

5. **Borrower Annual Audited Financials with Quarterly Interims** - As soon as available, but in any event not later than (120) days after the end of each fiscal year of the Borrower, Borrower's

audited balance sheet and audited statements of income, accumulated earnings, and cash flows for such year, setting forth in each case in comparative form the figures for the previous year, prepared by an independent certified public accountant satisfactory to Lender. In addition, as soon as available, but in any event not later than (30) days after the end of each fiscal quarter, Borrower's balance sheet and statements of income, accumulated earnings, and cash flows for the respective fiscal quarter and year-to-date periods, all prepared in accordance with GAAP, setting forth in each case in comparative form the figures for the previous year's respective fiscal quarter and year-to-date periods and certified by an officer of Borrower as being true and correct. Lender, in its sole discretion, reserves the ability to change the required times and frequencies of submissions of financial statements by Borrower. In addition to any other financial reporting requirements of Borrower to Lender, Borrower agrees to furnish to Lender, at times and frequencies determined appropriate by Lender in its sole discretion from time to time, Federal and State income tax returns, borrowing base certificates, agings of receivables and payables, inventory schedules, budgets, forecasts, and other reports with respect to Borrower's financial condition and business operations.

**Closing is Subject To:**

1. Receipt and review of the USDA requirements for the construction take-out (commitment letter);
2. Receipt of General Contract, and any Primary Sub-Contractor Construction Contracts;
3. A provider list to include all primary contractors and service providers shall accompany the signed Construction Contract;
4. Final review and approval of plans and specifications;
5. Receipt, review, and an assignment of the payment and performance bond (ONB will be co-obligor on the Bond);
6. Receipt and review of the final project budget for all costs and allowances necessary for project completion (budget on the AIA-G703);
7. Receipt and review of all insurance certificates. We specifically need to know who will handle the builder's risk insurance;
8. Permits are not required by the city. However, we need the Project Architect to provide a closing certificate that the plans and specs meet the requirements of the applicable regulatory requirements;
9. Receipt and review of the construction schedule. The construction schedule shall include all start, finish, and critical bench mark dates;
10. Resolution passed by the Board of Directors of Ferrell Hospital approving the closing of the taxable loan and the designated signer for the loan documents. They should also mention that their intention is to refinance that loan with a tax-exempt bond in 2019; and
11. Interest rate pricing is subject to fluctuation until loan closing. Interest is charged based on the amount drawn, at any point in time, and not based on the full commitment.

**Assignments and Participations:**

12. Lender may grant assignments to participants to any commercial bank or other acceptable financial institution of all or any portion of the Loan.

**Confidentiality:**

13. The terms contained herein are Confidential, and except for disclosure as necessary to your executives, officers and employees, to professional advisors retained by you in connection with this transaction, and/or as may be required by law, the terms hereof shall not be disclosed in whole or in part to any other person or entity without the prior written consent of Lender.

**Termination of Commitment:**

Bank shall not be obligated to make the Loan if:

14. There is occurrence of an adverse change subsequent to the date of this commitment deemed by the Bank to be material or substantial in the assets, net worth, financial condition, business prospects or credit standing of the Borrower;
15. There is an adverse change subsequent to the date of this commitment deemed by the Bank to be material or substantial in the value of any of the items, which secure or are to secure this Loan;
16. There is a filing by or against Borrower, or any petition of bankruptcy or insolvency, or for the reorganization of Borrower, or appointment of a receiver or trustee or the making of an assignment for the benefit of creditors;
17. There is a filing of any mechanic's lien against the Property or a filing of any judgment against Borrower; and
18. Any fees or expenses to be paid by Borrower are not paid at the times specified.

**Expiration of Commitment:**

If this loan transaction does not close by March 15, 2019, for any reason, this loan commitment shall expire and become null, void, and of no effect without further notice; provided, that the Borrower's obligation to reimburse Old National for any expenses incurred prior to such expiration shall continue and shall become immediately due and payable.

***STEP TWO – TAX-EXEMPT BOND FINANCING***

It is the Bank's understanding that Ferrell Hospital wants to pay-off the taxable loan ("refinance") with a non-bank qualified tax-exempt bond in early 2019. The "refinance" is subject to the completing the necessary steps to meet the Illinois Finance Authority's requirements to issue the bond.

Illinois Finance Authority Economic Development Revenue Bonds, 2019  
Issued by Illinois Finance Authority ("Issuer")  
For the Benefit of Ferrell Hospital Community Foundation ("Obligor")

**OBLIGOR:** Ferrell Hospital Community Foundation

**LOAN AMOUNT:** Loan amount up to \$34,260,000.

**LOAN TYPE:** Draw note up to 24 months. After 24 months the loan will be paid in full from a USDA Direct Loan.

**MATURITY:** Up to 24 months

**INTEREST RATE – TAX-EXEMPT FIXED RATE:** The non-bank qualified tax-exempt interest rate is to

be determined by the following formula 79% (2 year USD Swap Rate)+ 1.74%. Currently, this rate is 3.88%.

PAYMENTS: Monthly interest payments

COMMITMENT FEE: All Bond closing costs as required by the Bank, including but not limited to attorneys' fees (both Bank and Bond counsel) and costs, environmental, appraisal, inspections, title work, survey, outside legal fees, mortgage recording/release, inspections, and other costs reasonable to the consummation of this Loan.

An estimation of the fees as it relates to the bond program are provided below:

1. IFA Application, Closing, and Counsel Fee - \$28,000 (Estimated)
2. Bank/Bond Counsel - \$50,000 (Estimated)
3. Loan Fee - \$34,260\*

\*The loan fee will only be charged once. If we do the two-step financing, we will only charge it on the taxable loan.

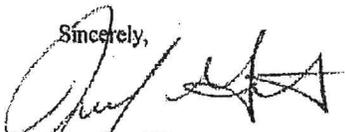
TAXABILITY: In the event interest income on the Bond becomes subject to Federal income taxes to the Bank (by actions of the Federal Reserve, any governmental agency, the IRS or the Obligor), the Obligor will be responsible to reimburse the Bank in an amount sufficient to restore the Bank's after-tax yield on the bond to the original tax exempt yield plus pay any interest and penalties imposed on the Bank as a result of this transaction.

This commitment letter is not meant to be, nor shall it be construed as an attempt to define all of the terms and conditions involved in the documentation of this loan. Rather it is intended only to outline certain basic points of business understanding around which the legal documentation is to be structured. Further negotiation within the scope of these major terms shall not be precluded by the issuance of this commitment letter and its acceptance by the Borrower. No statements, agreements, or representations, oral or written, which may have been made to you or to any employee or agent of yours, either by Bank or by employee, agent or broker acting on your behalf, with respect to this Loan, shall be of any force or effect, except to the extent stated in this commitment letter.

Please indicate your acceptance of this commitment by signing and returning a copy of this letter to the Bank.

We are pleased to be able to offer this accommodation to you, and I invite you to contact me should you have any questions.

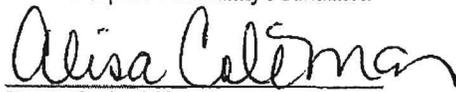
Sincerely,



Jennifer Gilbert  
Vice President

Accepted and agreed to this 1 day of February, 2019.

Ferrell Hospital Community Foundation



Its: Authorized Signer