

16-056

LONG-TERM CARE
APPLICATION FOR PERMIT

[ORIGINAL]

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

RECEIVED

DESCRIPTION OF PROJECT

DEC 28 2016

Project Type

[Check one]

[check one]

HEALTH FACILITIES &
SERVICES REVIEW BOARD

<input checked="" type="checkbox"/> General Long-term Care <input type="checkbox"/> Specialized Long-term Care	<input type="checkbox"/> Establishment of a new LTC facility <input type="checkbox"/> Establishment of new LTC services <input type="checkbox"/> Expansion of an existing LTC facility or service <input checked="" type="checkbox"/> Modernization of an existing facility
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Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Include: the number and type of beds involved; the actions proposed (establishment, expansion and/or modernization); the ESTIMATED total project cost and the funding source(s) for the project.

Lifespace DG, LLC d/b/a Oak Trace was incorporated in 2011 to acquire Oak Trace, a senior living community, from Fairview Ministries through an auction conducted as part of a Chapter 11 bankruptcy proceeding. Oak Trace was formerly known as Fairview Village until it was acquired by Lifespace DG, LLC, an affiliate of Lifespace Communities, Inc. (Lifespace) in August 2011.

Oak Trace currently consists of 218 independent living apartments, 56 independent living duplexes and townhomes, 54 sheltered care facility apartments providing assisted living care and a 160-bed licensed nursing facility. The healthcare center (including sheltered care and nursing care) at Oak Trace was constructed in 1972 and the residential living apartments were added in 1989. Oak Trace is located on an approximately 40-acre site at 200-250 Village Drive in Downers Grove, IL 60516. It is a licensed life care Continuing Care Retirement Community (CCRC) licensed under the Illinois Life Care Facilities Act.

The current healthcare facility is functionally obsolete and its physical plant has reached the end of its useful life. Lifespace is currently executing a multi-year, multi-phased modernization and expansion of the Oak Trace campus that will ultimately result in the replacement of the existing nursing facility through construction of a new healthcare center including construction of new assisted living and memory support assisted living apartments licensed under the Assisted Living and Shared Housing statutes and construction of new residential living apartments in multiple congregate buildings including a five story residential living building.

The proposed project downsizes and replaces the existing nursing care beds to modernize the nursing facility. Also included as this first phase of work is construction of 66 new assisted living apartments and 28 new memory support assisted living apartments. All will be constructed in a 231,948 bgsf healthcare building located adjacent to the current nursing facility. 67,735 bgsf of the space will be clinical associated with the licensed long-term care services and

the remaining 164,213 bgsf will be non-clinical spaces. The building will include a four-story wing housing the memory support assisted living apartments and the nursing beds and a three-story wing housing the assisted living apartments. The new modernized nursing facility will result in a reduction in the number of licensed nursing beds at Oak Trace from 160 to 102. Upon completion of construction of the new healthcare center the existing nursing facility will be demolished.

The project is substantive per Section 1110.40 of the Illinois Health Care Facilities plan because it proposes the modernization of an existing nursing facility and exceeds the capital expenditure threshold of \$7,320,061 established by the State. The total project costs for the first phase of modernization (replacement nursing, new assisted living and memory support assisted living) are anticipated to total \$74,450,000. Of the total, \$22,650,000 relates to clinical spaces and \$51,800,000 are for non-clinical areas.

Facility/Project Identification

Facility Name: Oak Trace		
Street Address: 200 Village Drive		
City and Zip Code: Downers Grove 60516		
County: DuPage County	Health Service Area: 007	Health Planning Area: 7-C

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Lifespace DG, LLC d/b/a/ Oak Trace
Address: 4201 Corporate Drive, West Des Moines, Iowa 50266
Name of Registered Agent: Jodi Hirsch
Name of Chief Executive Officer: M. Sloan Bentley
CEO Address: 4201 Corporate Drive, West Des Moines, Iowa 50266
Telephone Number: (515) 309-4467

Type of Ownership (Applicant/Co-Applicants)

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive ALL correspondence or inquiries]

Name: Kara M. Friedman
Title: Shareholder
Company Name: Polsinelli
Address: 161 N. Clark Street, Suite 4200, Chicago, IL 60601
Telephone Number: (312) 873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: (312) 602-3717

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name: Jodi Hirsch
Title: Senior Vice President and General Counsel
Company Name: Lifespace Communities, Inc.
Address: 4201 Corporate Drive, West Des Moines, Iowa 50266
Telephone Number: (515) 288-5805
E-mail Address: Jodi.hirsch@lifespacecommunities.com
Fax Number: (515) 288-5911

Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Lifespace Communities, Inc.
Address: 4201 Corporate Drive, West Des Moines, Iowa 50266
Name of Registered Agent: Jodi Hirsch
Name of Chief Executive Officer: M. Sloan Bentley
CEO Address: 4201 Corporate Drive, West Des Moines, Iowa 50266
Telephone Number: (515) 309-4467

Type of Ownership (Co-Applicant)

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/>
<input type="checkbox"/> Other	

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance. **This person must be an employee of the applicant.**] Additional post permit contact included in Attachment - 2

Name: Jodi Hirsch
Title: Senior Vice President and General Counsel
Company Name: Lifespace Communities, Inc.
Address: 4201 Corporate Drive, West Des Moines, Iowa 50266
Telephone Number: (515) 288-5805
E-mail Address: Jodi.hirsch@lifespacecommunities.com
Fax Number: (515) 288-5911

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Lifespace DG, LLC
Address of Site Owner: 4201 Corporate Drive, West Des Moines, Iowa 50266
Street Address or Legal Description of Site: The Southwest Quarter of the Northwest Quarter of Section 21, Township 38 North, Range 11, East of the Third Principal Meridian, in DuPage County, Illinois.
Proof of ownership or control of the site is to be provided as . Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Lifespace DG, LLC
Address: 4201 Corporate Drive, West Des Moines, Iowa 50266
<input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.
APPEND DOCUMENTATION AS <u>ATTACHMENT-3</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

The following submittals are up- to- date, as applicable:

- All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
- All reports regarding outstanding permits

If the applicant fails to submit updated information for the requirements listed above, the application for permit will be deemed incomplete.

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Lifespace DG, LLC d/b/a Oak Trace in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.



 SIGNATURE

M. Sloan Bentley
President & CEO
Lifespace Communities, Inc. as Sole Member

Notarization:
Subscribed and sworn to before me
this 22nd day of December 2016



 SIGNATURE

Larry Smith
Senior VP & Chief Financial Officer.
Lifespace Communities, Inc. as Sole Member

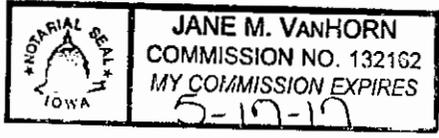
Notarization:
Subscribed and sworn to before me
this 22nd day of December 2016



 Signature of Notary



 Signature of Notary



Seal



Seal

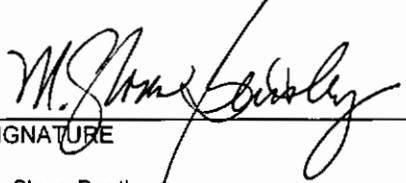
*Insert EXACT legal name of the applicant

CO-APPLICANT CERTIFICATION

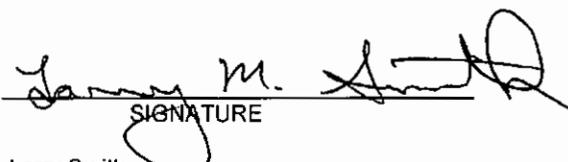
The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Lifespace Communities, Inc. in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.



 SIGNATURE
 M. Sloan Bentley
 President & CEO

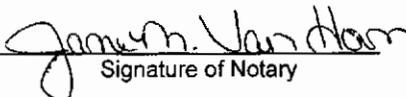


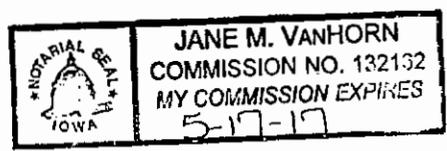
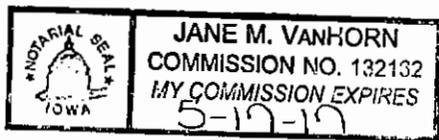
 SIGNATURE
 Larry Smith
 Senior VP & Chief Financial Officer

Notarization:
Subscribed and sworn to before me
this 22nd day of December, 2016

Notarization:
Subscribed and sworn to before me
this 22nd day of December, 2016


Signature of Notary


Signature of Notary



Seal

Seal

*Insert EXACT legal name of the applicant

**SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES –
INFORMATION REQUIREMENTS**

This Section is applicable to ALL projects.

Criterion 1125.320 – Purpose of the Project

READ THE REVIEW CRITERION and provide the following required information:

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project.
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Report. APPEND DOCUMENTATION AS **ATTACHMENT-10**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. Each item (1-6) must be identified in Attachment 10.

Criterion 1125.330 – Alternatives

READ THE REVIEW CRITERION and provide the following required information:

ALTERNATIVES

1. Identify **ALL** of the alternatives to the proposed project.
Alternative options **must** include:
 - a. Proposing a project of greater or lesser scope and cost;
 - b. Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - c. Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - d. Provide the reasons why the chosen alternative was selected.
2. Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long

term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3. The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III – BED CAPACITY, UTILIZATION AND APPLICABLE REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of LTC categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each LTC category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

Criterion 1125.510 – Introduction**Bed Capacity**

Applicants proposing to establish, expand and/or modernize General Long Term Care must submit the following information:

Indicate bed capacity changes by Service:

Category of Service	Total # Existing Beds*	Total # Beds After Project Completion
<input checked="" type="checkbox"/> General Long-Term Care	160	102
<input type="checkbox"/> Specialized Long-Term Care		
<input type="checkbox"/>		

*Existing number of beds as authorized by IDPH and posted in the "LTC Bed Inventory" on the HFSRB website (www.hfrsb.illinois.gov). PLEASE NOTE: ANY bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

Utilization

Utilization for the most current CALENDAR YEAR:

Category of Service	Year	Admissions	Patient Days
<input checked="" type="checkbox"/> General Long Term Care	2016 (YTD as of 12/22/16)	445	35,702
<input type="checkbox"/> Specialized Long-Term Care			

Applicable Review Criteria - Guide

The review criteria listed below must be addressed, per the LTC rules contained in 77 Ill. Adm. Code 1125. See HFSRB's website to view the subject criteria for each project type - (<http://hfsrb.illinois.gov>). To view LTC rules, click on "Board Administrative Rules" and then click on "77 Ill. Adm. Code 1125".

READ THE APPLICABLE REVIEW CRITERIA OUTLINED BELOW and submit the required documentation for the criteria, as described in SECTIONS IV and V:

GENERAL LONG-TERM CARE

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
	Section	Subject
Establishment of Services or Facility	.520	Background of the Applicant
	.530(a)	Bed Need Determination
	.530(b)	Service to Planning Area Residents
	.540(a) or (b) + (c) + (d) or (e)	Service Demand – Establishment of General Long Term Care
	.570(a) & (b)	Service Accessibility
	.580(a) & (b)	Unnecessary Duplication & Maldistribution
	.580(c)	Impact of Project on Other Area Providers
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions
	.620	Project Size
	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

Expansion of Existing Services	.520	Background of the Applicant
	.530(b)	Service to Planning Area Residents
	.550(a) + (b) or (c)	Service Demand – Expansion of General Long-Term Care
	.590	Staffing Availability
	.600	Bed Capacity
	.620	Project Size
	.640	Assurances
	.560(a)(1) through (3)	Continuum of Care Components
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions

	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

Continuum of Care – Establishment or Expansion	.520	Background of the Applicant
	.560(a)(1) through (3)	Continuum of Care Components
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions
	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
Appendix C	Project Status and Completion Schedule	
Appendix D	Project Status and Completion Schedule	

Defined Population – Establishment or Expansion	.520	Background of the Applicant
	.560(b)(1) & (2)	Defined Population to be Served
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions
	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
Appendix C	Project Status and Completion Schedule	
Appendix D	Project Status and Completion Schedule	

Modernization	.650(a)	Deteriorated Facilities
	.650(b) & (c)	Documentation
	.650(d)	Utilization
	.600	Bed Capacity
	.610	Community Related Functions
	.620	Project Size
	.630	Zoning
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
Appendix C	Project Status and Completion Schedule	
Appendix D	Project Status and Completion Schedule	

SPECIALIZED LONG-TERM CARE

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
	Section	Subject
Establishment of LTC Developmentally Disabled – (Adult)	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(d)	Recommendations from State Departments
	.720(f)	Zoning
	.720(g)	Establishment of Beds – Developmentally Disable -Adult
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

Establishment of LTC Developmentally Disabled - Children	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(d)	Recommendations from State Departments
	.720(f)	Zoning
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost
		Appendix A
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

Establishment of Chronic Mental Illness	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(f)	Zoning
	.720(g)	Establishment of Chronic Mental Illness
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost

	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

Establishment of Long Term Medical Care for Children	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(e)	Long-Term Medical Care for Children-Category of Service
	.720(f)	Zoning
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

SECTION IV - SERVICE SPECIFIC REVIEW CRITERIA**GENERAL LONG-TERM CARE****Criterion 1125.520 – Background of the Applicant - NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION****BACKGROUND OF APPLICANT**

The applicant shall provide:

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS **ATTACHMENT-12**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1125.530 - Planning Area Need NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION

1. Identify the calculated number of beds needed (excess) in the planning area. See HFSRB website (<http://hfsrb.illinois.gov>) and click on "Health Facilities Inventories & Data".
2. Attest that the primary purpose of the project is to serve residents of the planning area and that at least 50% of the patients will come from within the planning area.
3. Provide letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used, as described in Section 1125.540.

APPEND DOCUMENTATION AS **ATTACHMENT-13**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.540 - Service Demand – Establishment of General Long Term Care**NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**

- If the applicant is an existing facility wishing to establish this category of service or a new facility, #1 – 4 must be addressed. Requirements under #5 must also be addressed if applicable.

- If the applicant is not an existing facility and proposes to establish a new general LTC facility, the applicant shall submit the number of annual projected referrals.

1. Document the number of referrals to other facilities, for each proposed category of service, for each of the latest two years. Documentation of the referrals shall include: resident/patient origin by zip code; name and specialty of referring physician or identification of another referral source; and name and location of the recipient LTC facility.
2. Provide letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used.
3. Estimate the number of prospective residents whom the referral sources will refer annually to the applicant's facility within a 24-month period after project completion. Please note:
 - The anticipated number of referrals cannot exceed the referral sources' documented historical LTC caseload.
 - The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share, within a 24-month period after project completion
 - Each referral letter shall contain the referral source's Chief Executive Officer's notarized signature, the typed or printed name of the referral source, and the referral source's address
4. Provide verification by the referral sources that the prospective resident referrals have not been used to support another pending or approved Certificate of Need (CON) application for the subject services.
5. **If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area** (as experienced annually within the latest 24-month period), the projected service demand shall be determined as follows:
 - a. The applicant shall define the facility's market area based upon historical resident/patient origin data by zip code or census tract;
 - b. Population projections shall be produced, using, as a base, the population census or estimate for the most recent year, for county, incorporated place, township or community area, by the U.S. Bureau of the Census or IDPH;
 - c. Projections shall be for a maximum period of 10 years from the date the application is submitted;
 - d. Historical data used to calculate projections shall be for a number of years no less

than the number of years projected;

- e. Projections shall contain documentation of population changes in terms of births, deaths and net migration for a period of time equal to or in excess of the projection horizon;
- f. Projections shall be for total population and specified age groups for the applicant's market area, as defined by HFSRB, for each category of service in the application (see the HFSRB Inventory); and
- g. Documentation on projection methodology, data sources, assumptions and special adjustments shall be submitted to HFSRB.

APPEND DOCUMENTATION AS ATTACHMENT- 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Criterion 1125.550 - Service Demand – Expansion of General Long-Term Care
NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**

The applicant shall document #1 and either #2 or #3:

1. Historical Service Demand
 - a. An average annual occupancy rate that has equaled or exceeded occupancy standards for general LTC, as specified in Section 1125.210(c), for each of the latest two years.
 - b. If prospective residents have been referred to other facilities in order to receive the subject services, the applicant shall provide documentation of the referrals, including completed applications that could not be accepted due to lack of the subject service and documentation from referral sources, with identification of those patients by initials and date.
2. Projected Referrals
The applicant shall provide documentation as described in Section 1125.540(d).
3. **If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area** (as experienced annually within the latest 24-month period), the projected service demand shall be determined as described in Section 1125.540 (e).

APPEND DOCUMENTATION AS ATTACHMENT- 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Criterion 1125.560 - Variances to Computed Bed Need
NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**

Continuum of Care:

The applicant proposing a continuum of care project shall demonstrate the following:

1. The project will provide a continuum of care for a geriatric population that includes independent living and/or congregate housing (such as unlicensed apartments, high rises for the elderly and retirement villages) and related health and social services. The housing complex shall be on the same site as the health facility component of the project.

2. The proposal shall be for the purposes of and serve only the residents of the housing complex and shall be developed either after the housing complex has been established or as a part of a total housing construction program, provided that the entire complex is one inseparable project, that there is a documented demand for the housing, and that the licensed beds will not be built first, but will be built concurrently with or after the residential units.
3. The applicant shall demonstrate that:
 - a. The proposed number of beds is needed. Documentation shall consist of a list of available patients/residents needing the proposed project. The proposed number of beds shall not exceed one licensed LTC bed for every five apartments or independent living units;
 - b. There is a provision in the facility's written operational policies assuring that a resident of the retirement community who is transferred to the LTC facility will not lose his/her apartment unit or be transferred to another LTC facility solely because of the resident's altered financial status or medical indigency; and
 - c. Admissions to the LTC unit will be limited to current residents of the independent living units and/or congregate housing.

NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**Defined Population:**

The applicant proposing a project for a defined population shall provide the following:

1. The applicant shall document that the proposed project will serve a defined population group of a religious, fraternal or ethnic nature from throughout the entire health service area or from a larger geographic service area (GSA) proposed to be served and that includes, at a minimum, the entire health service area in which the facility is or will be physically located.
2. The applicant shall document each of the following:
 - a. A description of the proposed religious, fraternal or ethnic group proposed to be served;
 - b. The boundaries of the GSA;
 - c. The number of individuals in the defined population who live within the proposed GSA, including the source of the figures;
 - d. That the proposed services do not exist in the GSA where the facility is or will be located;
 - e. That the services cannot be instituted at existing facilities within the GSA in sufficient numbers to accommodate the group's needs. The applicant shall specify each proposed service that is not available in the GSA's existing facilities and the basis for determining why that service could not be provided.
 - f. That at least 85% of the residents of the facility will be members of the defined population group. Documentation shall consist of a written admission policy insuring that the requirements of this subsection (b)(2)(F) will be met.
 - g. That the proposed project is either directly owned or sponsored by, or affiliated with, the religious, fraternal or ethnic group that has been defined as the population to be served by the project. The applicant shall provide legally binding documents that prove ownership, sponsorship or affiliation.

APPEND DOCUMENTATION AS ATTACHMENT- 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.570 - Service Accessibility
NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**1. Service Restrictions**

The applicant shall document that **at least one** of the following factors exists in the planning area, as applicable:

- The absence of the proposed service within the planning area;
- Access limitations due to payor status of patients/residents, including, but not limited to, individuals with LTC coverage through Medicare, Medicaid, managed care or charity care;
- Restrictive admission policies of existing providers; or
- The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population.

2. Additional documentation required:

The applicant shall provide the following documentation, as applicable, concerning existing restrictions to service access:

- a. The location and utilization of other planning area service providers;
- b. Patient/resident location information by zip code;
- c. Independent time-travel studies;
- d. Certification of a waiting list;
- e. Admission restrictions that exist in area providers;
- f. An assessment of area population characteristics that document that access problems exist;
- g. Most recently published IDPH Long Term Care Facilities Inventory and Data (see www.hfsrb.illinois.gov).

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Criterion 1125.580 - Unnecessary Duplication/Maldistribution
NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**

1. The applicant shall provide the following information:
 - a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
 - b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and
 - c. The names and locations of all existing or approved LTC facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.
2. The applicant shall document that the project will not result in maldistribution of services.
3. The applicant shall document that, within 24 months after project completion, the proposed project:
 - a. Will not lower the utilization of other area providers below the occupancy standards specified in Section 1125.210(c); and
 - b. Will not lower, to a further extent, the utilization of other area facilities that are currently (during the latest 12-month period) operating below the occupancy standards.

APPEND DOCUMENTATION AS ATTACHMENT- 18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Criterion 1125.590 - Staffing Availability
NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**

1. For each category of service, document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.
2. Provide the following documentation:
 - a. The name and qualification of the person currently filling the position, if applicable; and
 - b. Letters of interest from potential employees; and
 - c. Applications filed for each position; and
 - d. Signed contracts with the required staff; or
 - e. A narrative explanation of how the proposed staffing will be achieved.

APPEND DOCUMENTATION AS ATTACHMENT- 19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.600 Bed Capacity

The maximum bed capacity of a general LTC facility is 250 beds, unless the applicant documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c (Long-Term Care Facilities)) over a two-year period.

APPEND DOCUMENTATION AS ATTACHMENT- 20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.610 - Community Related Functions

The applicant shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from those organizations.

APPEND DOCUMENTATION AS ATTACHMENT- 21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.620 - Project Size

The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards as stated in Appendix A of 77 Ill. Adm. Code 1125 (LTC rules), unless the additional GSF can be justified by documenting one of the following:

1. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
2. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix A;
3. The project involves the conversion of existing bed space that results in excess square footage.

APPEND DOCUMENTATION AS ATTACHMENT- 22, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.630 - Zoning

The applicant shall document **one** of the following:

1. The property to be utilized has been zoned for the type of facility to be developed;
2. Zoning approval has been received; or
3. A variance in zoning for the project is to be sought.

APPEND DOCUMENTATION AS ATTACHMENT- 23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.640 - Assurances**NOT APPLICABLE UNDER PROJECT TYPE MODERNIZATION**

1. The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.
2. For beds that have been approved based upon representations for continuum of care (Section 1125.560(a)) or defined population (Section 1125.560(b)), the facility shall provide assurance that it will maintain admissions limitations as specified in those Sections for the life of the facility. To eliminate or modify the admissions limitations, prior approval of HFSRB will be required.

APPEND DOCUMENTATION AS ATTACHMENT- 24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Criterion 1125.650 - Modernization

1. If the project involves modernization of a category of LTC bed service, the applicant shall document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, due to such factors as, but not limited to:
 - a. High cost of maintenance;
 - b. non-compliance with licensing or life safety codes;
 - c. Changes in standards of care (e.g., private versus multiple bed rooms); or
 - d. Additional space for diagnostic or therapeutic purposes.
2. Documentation shall include the most recent:
 - a. IDPH and CMMS inspection reports; and
 - b. Accrediting agency reports.
3. Other documentation shall include the following, as applicable to the factors cited in the application:
 - a. Copies of maintenance reports;
 - b. Copies of citations for life safety code violations; and
 - c. Other pertinent reports and data.
4. Projects involving the replacement or modernization of a category of service or facility shall meet or exceed the occupancy standards for the categories of service, as specified in Section 1125.210(c).

APPEND DOCUMENTATION AS ATTACHMENT- 25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE

APPLICATION FORM.

SPECIALIZED LONG-TERM CARE**Criterion 1125.720 - Specialized Long-Term Care – Review Criteria
NOT APPLICABLE – FILING UNDER GENERAL LONG-TERM CARE**

This section is applicable to all projects proposing specialized long-term care services or beds.

1. Community Related Functions

Read the criterion and submit the following information:

- a. a description of the process used to inform and receive input from the public including those residents living in close proximity to the proposed facility's location;
- b. letters of support from social, social service and economic groups in the community;
- c. letters of support from municipal/elected officials who represent the area where the project is located.

2. Availability of Ancillary and Support Services

Read the criterion, which applies only to ICF/DD 16 beds and fewer facilities, and submit the following:

- a. a copy of the letter, sent by certified mail return receipt requested, to each of the day programs in the area requesting their comments regarding the impact of the project upon their programs and any response letters;
- b. a description of the public transportation services available to the proposed residents;
- c. a description of the specialized services (other than day programming) available to the residents;
- d. a description of the availability of community activities available to the facility's residents.
- e. documentation of the availability of community workshops.

3. Recommendation from State Departments

Read the criterion and submit a copy of the letters sent, including the date when the letters were sent, to the Departments of Human Services and Healthcare and Family Services requesting these departments to indicate if the proposed project meets the department's planning objectives regarding the size, type, and number of beds proposed, whether the project conforms or does not conform to the department's plan, and how the project assists or hinders the department in achieving its planning objectives.

4. Long-term Medical Care for Children Category of Service

Read the criterion and submit the following information:

- a. a map outlining the target area proposed to be served;
- b. the number of individuals age 0-18 in the target area and the number of individuals in the target area that require the type of care proposed, include the source documents for this estimate;
- c. any reports/studies that show the points of origin of past patients/residents admissions to the facility;

SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW**Criterion 1125.800 Estimated Total Project Cost**

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Availability of Funds – Review Criteria
- Financial Viability – Review Criteria
- Economic Feasibility – Review Criteria, subsection (a)

Availability of Funds**NOT APPLICABLE – APPLICANT HAS "A" RATING FROM FITCH RATINGS**

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

	<p>a. Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	<p>b. Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p>
	<p>c. Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
	<p>d. Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:</p> <ol style="list-style-type: none"> 1. For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3. For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4. For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5. For any option to lease, a copy of the option, including all terms and conditions.

_____	e.	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f.	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g.	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
TOTAL FUNDS AVAILABLE		

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Financial Viability-

NOT APPLICABLE – APPLICANT HAS “A” RATING FROM FITCH RATINGS

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. “A” Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant’s current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

1. The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant’s facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system’s viability ratios shall be provided. If the health care system includes one or more hospitals, the system’s viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and

applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 29, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Economic Feasibility

This section is applicable to all projects

A. Reasonableness of Financing Arrangements

NOT APPLICABLE – APPLICANT HAS A BOND RATING OF “A” FROM FITCH RATINGS

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1. That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
2. That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A. A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 1.5 times for LTC facilities; or
 - B. Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1. That the selected form of debt financing for the project will be at the lowest net cost available;
2. That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
3. That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

Identify each area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

Economic Feasibility

Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department/Area	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. \$	Mod. \$	
	New	Mod.	New	Circ.*	Mod.	Circ.*	(A x C)	(B x E)	
Nursing Suites		\$ 228.85			34,553	20%		\$7,907,000	\$7,907,000
Commons		\$ 228.85			14,737	20%		\$3,373,000	\$3,373,000
Support/Administration		\$ 228.85			18,445	20%		\$4,220,000	\$4,220,000
Contingency		\$ 18.45			67,735	20%		\$1,250,000	\$1,250,000
TOTAL		\$ 247.29			67,735	20%		\$16,750,000	\$16,750,000

COST AND GROSS SQUARE FEET BY SERVICE									
Area (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT - 30, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

APPENDIX A**Project Costs and Sources of Funds**

Complete the following table listing all costs 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	\$142,000	344,000	\$486,000
Site Survey and Soil Investigation	20,000	41,000	61,000
Site Preparation	787,000	1,910,000	2,697,000
Off Site Work	52,000	124,000	176,000
New Construction Contracts	0	0	0
Modernization Contracts	15,500,000	36,500,000	52,000,000
Contingencies	1,250,000	2,722,000	3,972,000
Architectural/Engineering Fees	856,000	2,075,000	2,931,000
Consulting and Other Fees	1,086,000	2,375,000	3,461,000
Movable or Other Equipment (not in construction contracts)	700,000	775,000	1,475,000
Bond Issuance Expense (project related)	540,000	1,180,000	1,720,000
Net Interest Expense During Construction (project related)	1,490,000	3,260,000	4,750,000
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	227,000	484,000	721,000
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	\$22,650,000	\$51,800,000	\$74,450,000
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$22,650,000	\$51,800,000	\$74,450,000
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			

APPENDIX B**Related Project Costs**

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

NOT APPLICABLE – LAND NOT ACQUIRED WITHIN LAST 2 YEARS

Land acquisition is related to project Yes No
Purchase Price: \$ _____
Fair Market Value: \$ _____

The project involves the establishment of a new facility or a new category of service
 Yes No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ _____.

APPENDIX C**Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:

- | | |
|---|--|
| <input type="checkbox"/> None or not applicable | <input type="checkbox"/> Preliminary |
| <input checked="" type="checkbox"/> Schematics | <input type="checkbox"/> Final Working |

Anticipated project completion date (refer to Part 1130.140): March 2020
The project completion date allows time for completion of project cost certification.

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

- Purchase orders, leases or contracts pertaining to the project have been executed.
- Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
- Project obligation will occur after permit issuance.

APPENDIX D**Cost/Space Requirements**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

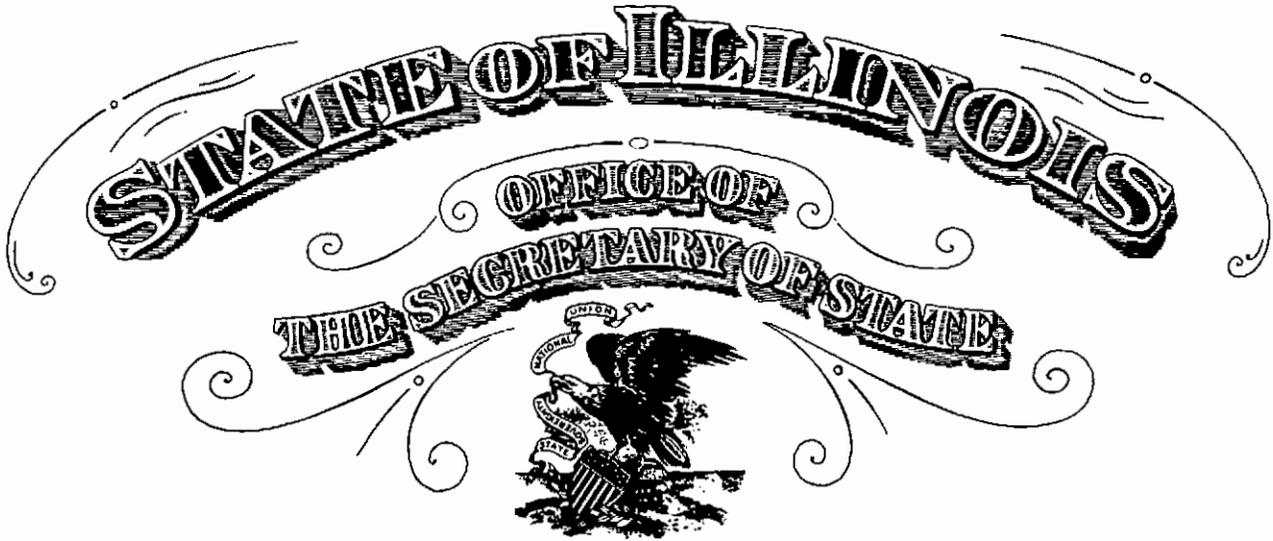
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed (BGSF)	New Const.	Modernized (BGSF)	As Is	Vacated Space
CLINICAL							
Nursing Suites	\$11,554,000		34,553		34,553		
Commons	4,928,000		14,737		14,737		
Support/Administration	6,168,000		18,445		18,445		
Total Review	\$22,650,000		67,735		67,735		
NON CLINICAL							
Support/Administration	\$2,483,000		7,872		7,872		
Assisted Living	39,720,000		125,919		125,919		
Memory Support	7,762,000		24,606		24,606		
Outpatient Services	1,835,000		5,816		5,816		
Total Non-clinical	51,800,000		164,213		164,213		
TOTAL	\$74,450,000		231,948		231,948		

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Co-applicant Identification including Certificate of Good Standing	36-39
2	Site Ownership	40-47
3	Operating Identity/Licensee	48-51
4	Organizational Relationships	52-53
5	Flood Plain Requirements	54-57
6	Historic Preservation Act Requirements	58-65
	General Information Requirements	
10	Purpose of the Project	66-79
11	Alternatives to the Project	80-84
	Service Specific - General Long-Term Care	
12	Background of the Applicant	
13	Planning Area Need	
14	Establishment of General LTC Service or Facility	
15	Expansion of General LTC Service or Facility	
16	Variances	
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18	Unnecessary Duplication/Maldistribution	
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20	Bed Capacity	85-86
21	Community Relations	87-90
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24	Assurances	
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Attachment - 1

Illinois Certificates of Good Standing



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

LIFESPACE COMMUNITIES, INC., INCORPORATED IN IOWA AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON OCTOBER 20, 1980, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 22ND day of DECEMBER A.D. 2016 .



Jesse White

SECRETARY OF STATE

Authentication #: 1635702040 verifiable until 12/22/2017
Authenticate at: <http://www.cyberdriveillinois.com>



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

LIFESPACE DG, LLC, AN IOWA LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 07, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

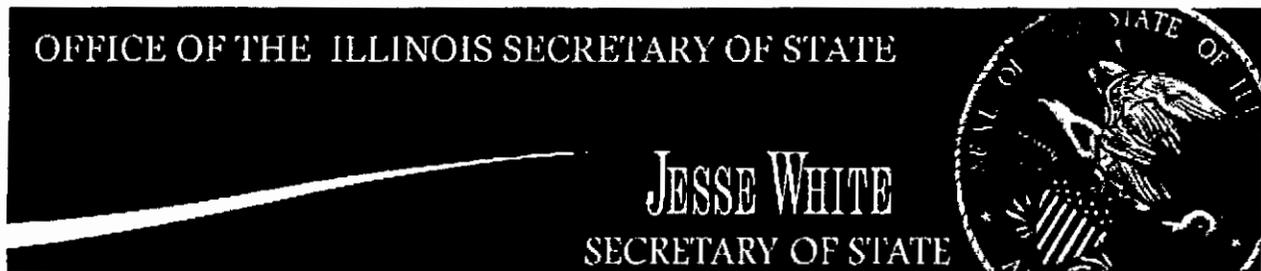
In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 14TH day of DECEMBER A.D. 2016 .



Authentication #: 1634902636 verifiable until 12/14/2017
Authenticate at: <http://www.cyberdriveillinois.com>

Jesse White

SECRETARY OF STATE



Authentication of Good Standing

This is to verify that the Illinois Secretary of State issued the following certificate on DECEMBER 14, 2016 for file number 0362189-8 and the authentication number of 1634902636.

LIFESPACE DG, LLC, AN IOWA LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 07, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

[Return to the Search Screen](#)

BACK TO CYBERDRIVEILLINOIS.COM HOME PAGE

Attachment - 2

Site Ownership

THIS INSTRUMENT PREPARED
BY

Kris E. Curran, Esq.
Ungaretti & Harris LLP
3500 Three First National Plaza
Chicago, Illinois 60602

AFTER RECORDING RETURN TO:

Dorsey & Whitney
801 Grand, Suite 3900
Des Moines, Iowa 50309
Attn: David D. Grossklaus



FRED BUCHOLZ
DUPAGE COUNTY RECORDER
AUG. 25, 2011 RHSP 10:51 AM
DEED 09-21-102-007
007 PAGES R2011-100098

ABOVE SPACE FOR RECORDER'S USE ONLY

SPECIAL WARRANTY DEED

This Special Warranty Deed, made effective as of August 1, 2011, by **FAIRVIEW BAPTIST HOME**, an Illinois not-for-profit corporation ("Grantor"), having an address of c/o Fairview Ministries, Inc., 210 Village Drive, Downers Grove, Illinois 60516 to and in favor of **LIFESPACE DG, LLC**, an Iowa limited liability company ("Grantee"), having an address of Lifespace Communities, Inc., 100 East Grand Avenue, Suite 200, Des Moines, Iowa 50309.

WITNESSETH, that Grantor, for and in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and good and valuable consideration in hand paid by Grantee, the receipt whereof is hereby acknowledged, and pursuant to authority of its Members, by these presents does REMISE, RELEASE, ALIEN AND CONVEY unto the Grantee, and to its successors and assigns, FOREVER, all the following described real estate, situated in the County of DuPage and State of Illinois known and described as follows, to wit:

As more fully described in Exhibit A attached hereto.

Together with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, claim or demand whatsoever, of Grantor, either in law or equity, of, in and to the above described premises, with the hereditaments and appurtenances: **TO HAVE AND TO HOLD** the said premises as above described, with the appurtenances, unto Grantee, their heirs and assigns forever.

And Grantor, for itself, and its successors, does covenant, promise and agree, to and with Grantee, their heirs and assigns, that it has not done or suffered to be done, anything whereby the said premises hereby granted are, or may be, in any manner encumbered or charged, except as herein recited; and that the said premises, against all persons lawfully claiming, or to claim the same, by, through or under it, it **WILL WARRANT AND DEFEND**, subject to the Permitted Exceptions described in Exhibit B attached hereto.

1 of 1

AS P2

880009874

CHARGE (C.T.I.C.) DUPAGE

IN WITNESS WHEREOF, said Grantor has caused its name to be signed to this Special Warranty Deed the day and year first above written.

FAIRVIEW BAPTIST HOME,
an Illinois not-for-profit corporation

By: Richard W. Olson
Name: Richard W. Olson
Title: President / Chief Executive Officer

This Deed is exempt under provisions of Paragraph (b) of Section 45 of the Illinois Real Estate Transfer Tax Law (35 ILCS 200/31-45 (b)).

Dated: July 27, 2011

[Signature]
Grantor, Grantee or Representative

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, the undersigned, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Richard W. Olson, personally known to me to be the Chief Exec. Officer of **Fairview Baptist Home**, 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 acknowledged that he signed and delivered the said instrument as his free and voluntary act, and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

Given under my hand and official seal this 27th day of July, 2011.

[Signature]
Notary Public

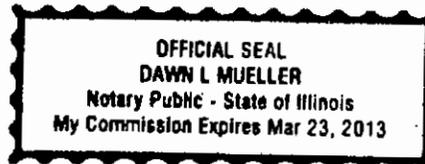


Exhibit A
Legal Description

The Southwest Quarter of the Northwest Quarter of Section 21, Township 38 North, Range 11,
East of the Third Principal Meridian, in DuPage County, Illinois.

75241 Fairview

Common Address: ~~210 Village Drive~~, Downers Grove, Illinois 60516

PIN: 09-21-102-007-0000

EXHIBIT B
Permitted Exceptions

1. Real estate taxes and assessments not due and payable as of the Effective Date of this Deed.
2. Rights of residents under unrecorded Residency Agreements.
3. Rights of way for drainage tiles, ditches, feeders and laterals, if any.
4. Terms, provisions and conditions of the Annexation Agreement recorded April 29, 1992 as Document R92-79897, annexing the land to the Village of Downers Grove.
5. Rights of the public, the State of Illinois and the municipality in and to that part of the land taken or used for Fairview Avenue.
6. Plat of Dedication for road purposes recorded August 17, 1992 as Document R92-156548 which affects the West 50 feet of the land, taken for Fairview Avenue.
7. Grant recorded April 25, 1960 as Document 962543, to Northern Illinois Gas Company, its successors and assigns, of the right to lay, maintain, operate, renew and remove a gas main and other necessary gas facilities together with the right of access thereto for said purposes in, upon, under, along and across the West 45 feet of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 21, Township 38 North, Range 11, East of the Third Principal Meridian, in DuPage County, Illinois.
8. Sanitary Sewer Easement recorded January 18, 1973 as Document R73-3371, to Downers Grove Sanitary District, granting an easement and right to construct, install, maintain, inspect, operate, replace and remove a sanitary sewer line, with the necessary appurtenances thereto, with right of access to the site for the maintenance, repair, operation and removal thereof, and the installation of additional lines, in, upon and across the following described property:

The East 37 feet of the West 70 feet (except the South 278 feet thereof) of the South $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 21, Township 38 North, Range 11, East of the Third Principal Meridian, in DuPage County, Illinois.

9. Permanent Easement recorded November 16, 1990 as Document R90-156554, to the Downers Grove Sanitary District, its successors and assigns, for the design, construction, installation, operation, maintenance, repair, replacement and removal of sanitary sewers over, under, through and across the easement area, together with the right to cut, trim or remove trees, bushes and roots, or to perform other work necessary for the maintenance, construction, or repair of sewers, together with right of access thereto, as follows:

That part of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 21, Township 38 North, Range 11, East of the Third Principal Meridian, described as follows: A strip of land 20 feet in width, the center line of which is described by commencing at the Southwest

corner of said Northwest ¼ and running thence North 00 degrees 04 minutes 07 seconds East on the West line thereof, 292.04 feet; thence North 89 degrees 57 minutes 07 seconds East, 70.00 feet to the East line of the Sanitary Sewer Easement granted by Document R73-3371 for the point of beginning; thence continuing North 89 degrees 57 minutes 07 seconds East, 231.66 feet to a point hereinafter designated as Point A; thence South 74 degrees 16 minutes 08 seconds East, 295.32 feet to a point hereinafter designated as Point B; thence North 83 degrees 14 minutes East 276.70 feet to a point hereinafter designated as Point C; thence North 57 degrees 08 minutes 20 seconds East, 124.05 feet to a point hereinafter designated as Point D; thence North 34 degrees 17 minutes 06 seconds East, 198.57 feet for a place of termination; also beginning at the aforesaid Point A and running thence North 08 degrees 55 minutes 26 seconds East, 145.64 feet; thence North 56 degrees 23 minutes 37 seconds East, 199.71 feet for a place of termination; also beginning again at the aforesaid Point A and running thence South 07 degrees 07 minutes 00 seconds West, 77.52 feet; thence South 82 degrees 11 minutes 14 seconds East, 90.00 feet; thence South 00 degrees 04 minutes 07 seconds West, 105.00 feet; thence North 89 degrees 55 minutes 53 seconds West, 75.00 feet for a place of termination; also beginning at the aforesaid Point B and running thence North 38 degrees 37 minutes 01 seconds East, 145.15 feet for a place of termination, also beginning again at the aforesaid Point B and running thence North 05 degrees 50 minutes 47 seconds East, 148.59 feet; thence North 18 degrees 02 minutes 27 seconds East, 187.78 feet for a place of termination; also beginning again at the aforesaid Point B and running thence South 11 degrees 43 minutes 20 seconds West, 70.00 feet for a termination; also beginning at the aforesaid Point C and running thence South 19 degrees 48 minutes 34 seconds East, 70.00 feet to a place of termination; also beginning at the aforesaid Point D and running thence South 44 degrees 17 minutes 17 seconds East, 70.00 feet for a place of termination, all in DuPage County, Illinois.

10. Terms, provisions and conditions contained in the Grant of Conservation Right in the form of an Easement recorded July 21, 1992 as Document R92-138508 made by and between Fairview Baptist Home and the Downers Grove Park District.
11. Terms, provisions and conditions contained in the Grant of a Non-Exclusive Easement recorded May 3, 1993 as Document R93-086064 made by Fairview Baptist Home to the County of DuPage, the Village of Downers Grove, the Downers Grove Sanitary District, the Commonwealth Edison Company, the Illinois Bell Telephone Company, Northern Illinois Gas Company, any cable communications company or any other public utility company operating under a franchise from a governing municipality or governmental body and their respective successors and assigns, for construction, maintenance, inspection, repair, replacement and operation of utility transmission and distribution systems, cable communications systems, sanitary sewers and storm sewers, together with any related fixtures, structures and appurtenances as may be deemed necessary for the operation of the same, together with the right of ingress and egress for the operation and maintenance of such operations.
12. Storm sewers, traversing the property, as disclosed by a survey dated August 16, 1991, Job Number E-21456-T, by Webster, McGrath and Carlson, Ltd.

13. Agreement for Enforcement of Fire Lane Restrictions on Private Property dated September 1, 1997 and recorded October 20, 1998 as Document Number R98-216630 between the Village of Downers Grove and Fairview Baptist Home.
14. Matters disclosed on ALTA Survey of the property in question prepared by Gewalt Hamilton Associates, Inc. originally dated March 20, 2007, and last revised May 18, 2011 designated Project No. 3855.000

J.P. "RICK" CARNEY
RECORDER

AFFIDAVIT - METES AND BOUNDS

STATE OF ILLINOIS

} SS

COUNTY OF DUPAGE

DOCUMENT NO.

Andrew H. Tripp being duly sworn on oath, states that he
resides at 3500 Trace First National Plaza, Chicago, IL 60602 That the attached deed is not in
violation of 765 ILCS 205/1 for one of the following reasons:

1. The sale or exchange is of an entire tract of land not being a part of a larger tract of land.
2. The division or subdivision of the land into parcels or tracts of five acres or more of size which does not involve any new streets or easements of access
3. The division is of lots or blocks of less than one acre in any recorded subdivision which does not involve any new streets or easements of access.
4. The sale or exchange of parcels of land is between owners of adjoining and contiguous land.
5. The conveyance is of parcels of land or interests therein for use as right of way for railroads or other public utility facilities, which does not involve any new streets or easement of access.
6. The conveyance is of land owned by a railroad or other public utility which does not involve any new streets or easements of access.
7. The conveyance is of land for highway or other public purposes or grants or conveyances relating to the dedication of land for public use or instruments relating to the vacation of land impressed with a public use.
8. The conveyance is made to correct descriptions in prior conveyances.
9. The sale or exchange is of parcels or tracts of land following the division into no more than two parts of a particular parcel or tract of land existing on July 17, 1959, and not involving any new streets or easements of access.
10. The sale is of a single lot of less than five acres from a larger tract, the dimensions and configurations of said larger tract having been determined by the dimensions and configurations of said larger tract on October 1, 1973, and no sale prior to this sale, or any lot or lots from said larger tract having taken place since October 1, 1973, and a survey of said single lot having been made by a registered land surveyor.

CIRCLE NUMBER ABOVE WHICH IS APPLICABLE TO ATTACHED DEED.

AFFIANT further states that he makes this affidavit for the purpose of inducing the Recorder of DuPage County, Illinois, to accept the attached deed for recording.

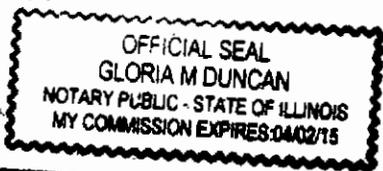


SUBSCRIBED AND SWORN TO BEFORE ME

this 16 day of August, 2011

Gloria M. Duncan
Notary public

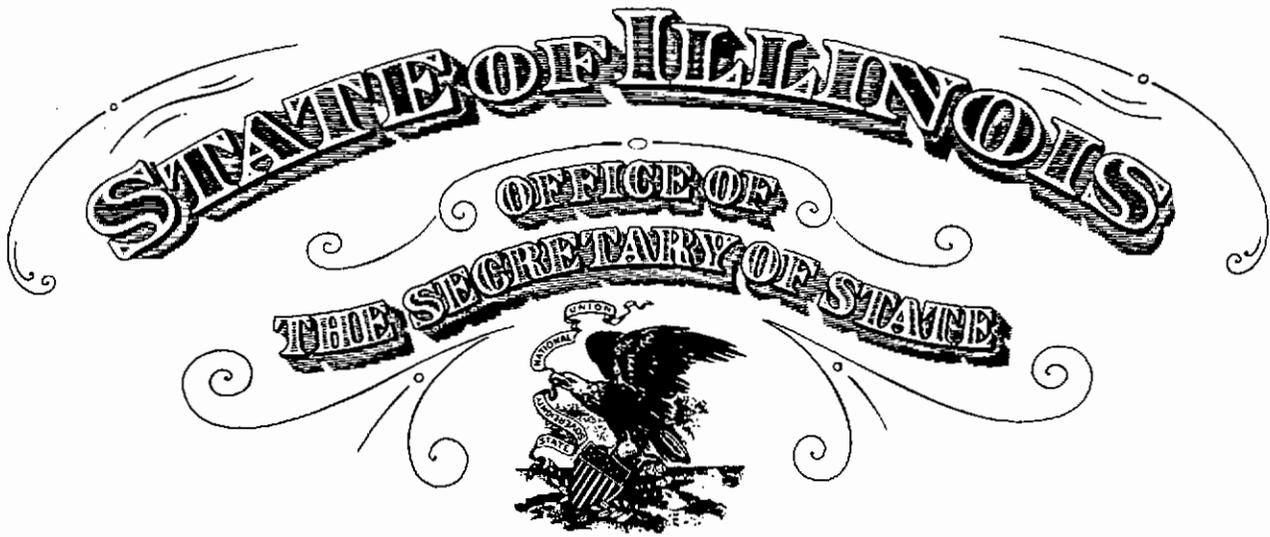
DUPA A 14F



ATTACHMENT-2

Attachment - 3

Illinois Certificates of Good Standing



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In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 22ND day of DECEMBER A.D. 2016 .

Jesse White

SECRETARY OF STATE

Authentication #: 1635702040 verifiable until 12/22/2017
Authenticate at: <http://www.cyberdriveillinois.com>

ATTACHMENT-3



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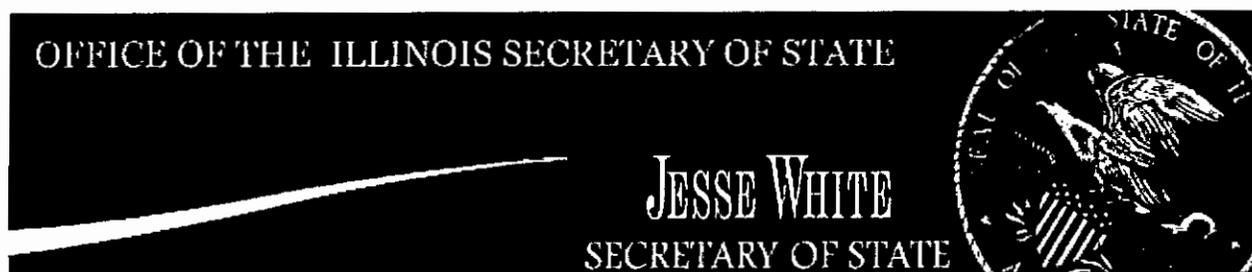
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Jesse White

SECRETARY OF STATE

Authentication #: 1634902636 verifiable until 12/14/2017
Authenticate at: <http://www.cyberdriveillinois.com>



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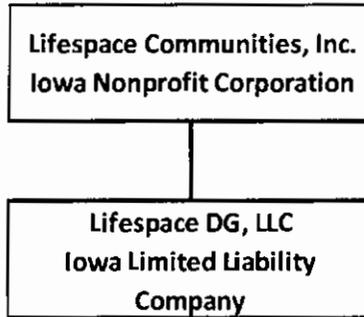
[Return to the Search Screen](#)

BACK TO CYBERDRIVEILLINOIS.COM HOME PAGE

Attachment - 4
Organizational Chart

Organizational Relationships

Lifespace Communities, Inc. is the sole corporate member of Lifespace DG, LLC. Lifespace Communities, Inc., Co-Applicant, is providing the funding for the project.



Attachment – 5

Flood Plain Requirements

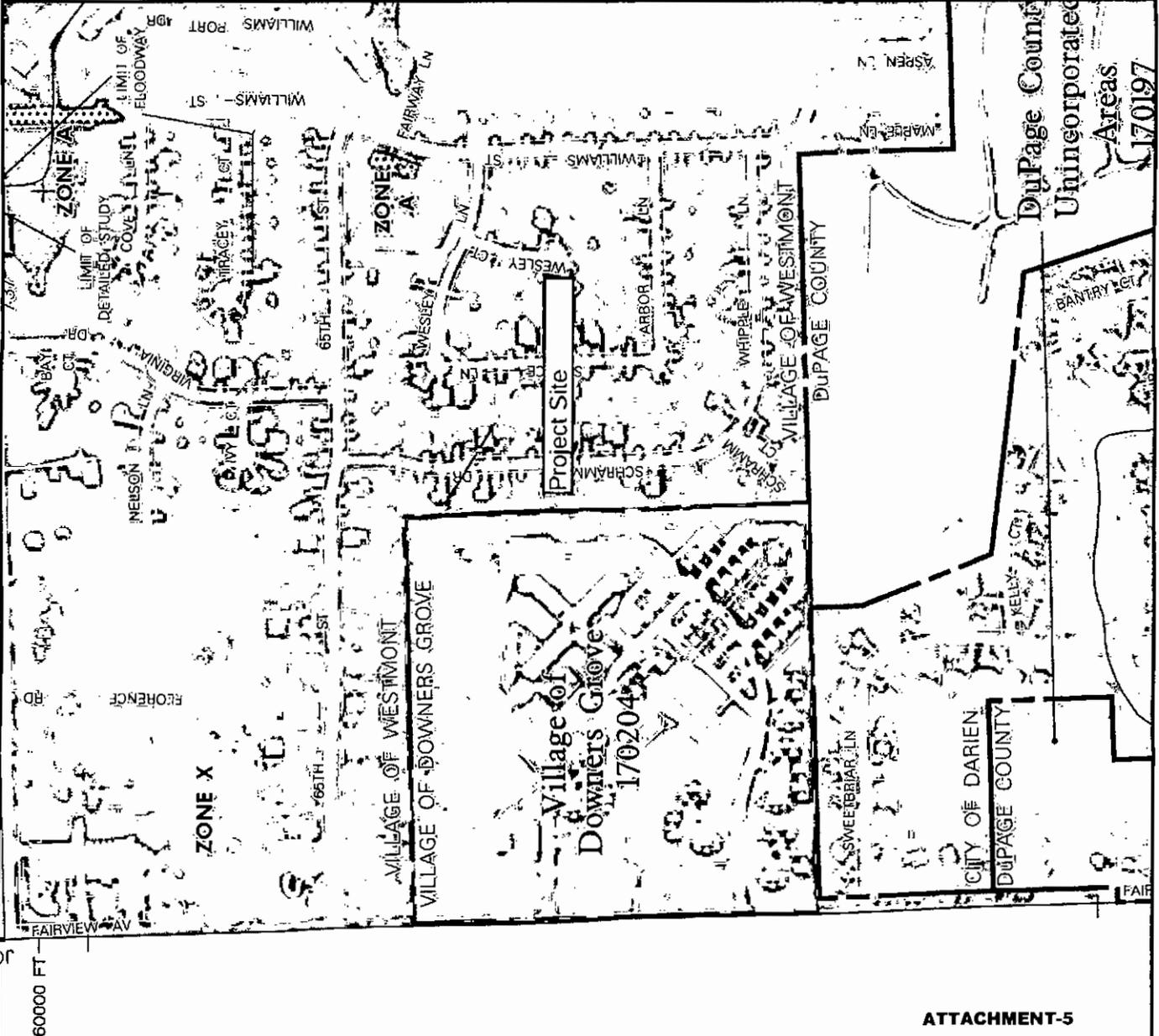
Flood Plain Requirements

A map of the location of the Oak Trace campus is included in this attachment depicting that no floodplain areas have been identified on the campus. The project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas.

National Flood Insurance Program at 1-800-638-6620.



MAP SCALE 1" = 500'



INFLIP

FIRM
FLOOD INSURANCE RATE MAP
 DuPAGE COUNTY,
 ILLINOIS
 AND INCORPORATED AREAS

PANEL 0905 OF 1006
 (SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
CLARKSON HILLS VILLAGE OF	170203	0905	H
DARIEN CITY OF	170250	0905	H
DOWNERS GROVE VILLAGE OF	170204	0905	H
DUPAGE COUNTY	170607	0905	H
WESTMONT VILLAGE OF	170220	0905	H
WILLOWBROOK VILLAGE OF	170222	0905	H

MAP NUMBER
 17043C0905H
EFFECTIVE DATE
 DECEMBER 16, 2004

Federal Emergency Management Agency



Notes to User: The Map Number shown below should be used when placing map orders. The Community Number shown above should be used on insurance applications for the subject community.

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Exhibit 4

Attachment – 6

Historic Resources Preservation Act

Historic Resources Preservation Act

In accordance with the requirements of the Illinois Historic Resources Preservation Act, Oak Trace has submitted a request for a formal determination from the Illinois Historic Preservation Agency as to whether the proposed project to modernize and replace the existing healthcare facility affects historic resources. The submittal letter is attached for documentation and review.



161 N. Clark Street, Suite 4200, Chicago, IL 60601-3316 • 312.819.1900

December 22, 2016

Anne M. Cooper
(312) 873-3606
(312) 276-4317 Direct Fax
acooper@polsinelli.com

Via Federal Express

Rachel Leibowitz, Ph.D.
Deputy State Historic Preservation Officer
Preservation Services Division
Illinois Historic Preservation Agency
1 Old State Capitol Plaza
Springfield, Illinois 62701

Re: Historic Preservation Act Determination – Oak Trace Health Center
Modernization

Dear Ms. Leibowitz:

This office represents Lifespace DG, LLC d/b/a Oak Trace (“Requestor”). Pursuant to Section 4 of the Illinois State Agency Historic Resources Preservation Act, Requestor seeks a formal determination from the Illinois Historic Preservation Agency as to whether Requestor’s proposed project to modernize and replace an existing healthcare facility located at 250 Village Drive, Downers Grove, Illinois 60516 (“Proposed Project”) affects historic resources.

1. Project Description and Address

The Requestor is seeking a certificate of need from the Illinois Health Facilities and Services Review Board to establish a replacement healthcare facility to be located at 250 Village Drive, Downers Grove, Illinois 60516. This project will involve the demolition of the existing healthcare facility and existing townhomes and construction of a new healthcare facility.

2. Topographical or Metropolitan Map

A topographic map showing the location of the Proposed Project is attached at Attachment 1.

polsinelli.com

Allanta Chicago Dallas Denver Kansas City Los Angeles Nashville New York Phoenix St. Louis San Francisco Washington, D.C. Wilmington
Polsinelli PC, Polsinelli LLP in California

ATTACHMENT-6



Ms. Rachel Leibowitz
December 22, 2016
Page 2

3. Photographs of Standing Buildings/Structure

Photographs of the existing buildings that will be demolished is attached at Attachment 2.

4. Addresses for Buildings/Structures

The Proposed Project will have the same address as the existing healthcare facility which is 250 Village Drive, Downers Grove, Illinois 60516.

Thank you for your time and consideration of our request for Historic Preservation Determination. If you have any questions or need any additional information, please feel free to contact me at 312-873-3606 or acooper@polsinelli.com

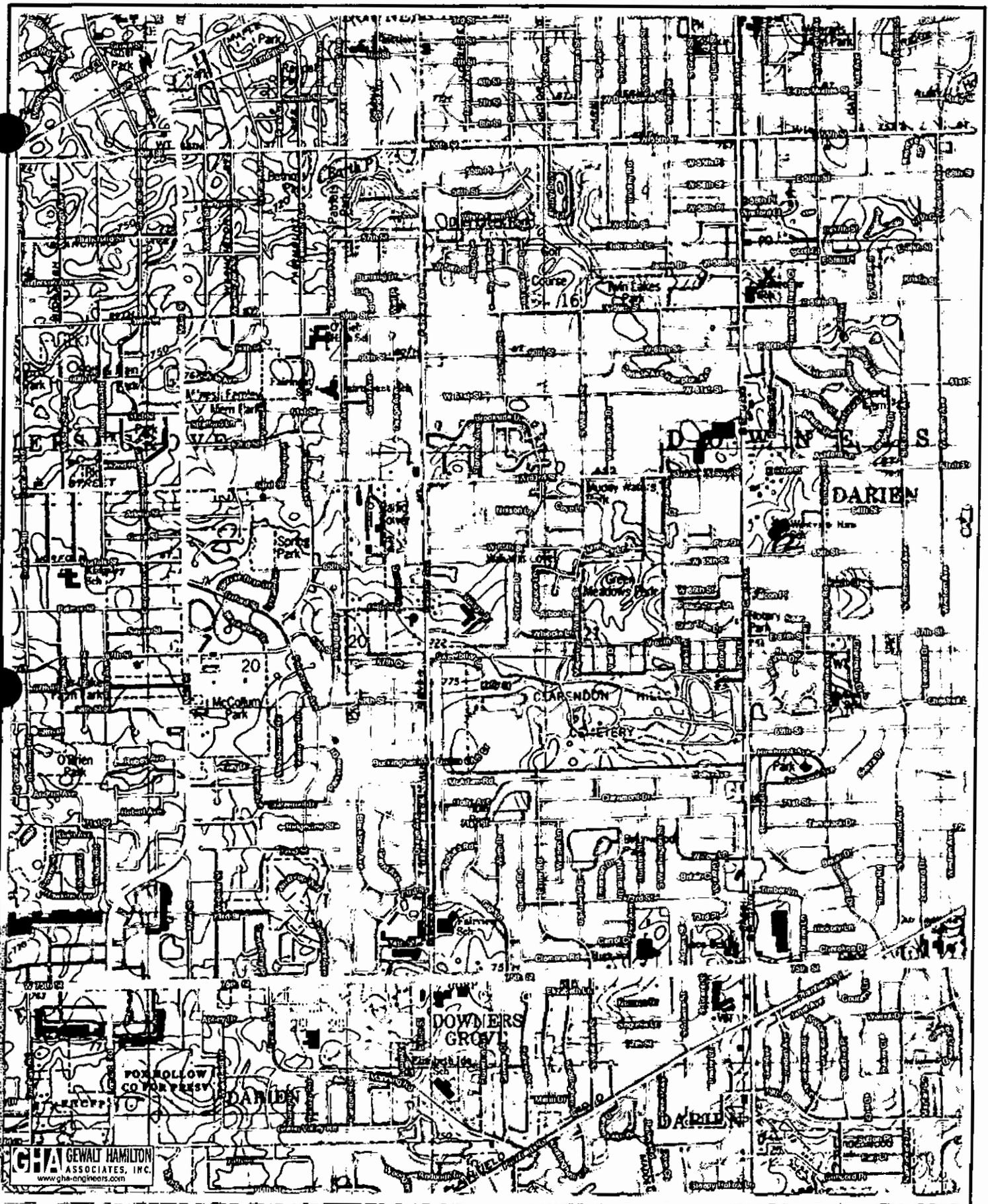
Sincerely,

A handwritten signature in cursive script that reads "Anne M. Cooper".

Anne M. Cooper

Attachments

Attachment 1 – Topographic Map



GHA GEWALT HAMILTON
ASSOCIATES, INC.
www.gha-engineers.com



1 inch = 2,000
Feet

Exhibit 3: USGS Topographic Map

ATTACHMENT 6
Date: 10/11/2017

Attachment 2 – Pictures



Existing Oak Trace Healthcare Center



Existing Oak Trace Healthcare Center



Existing Oak Trace Townhomes



Existing Oak Trace Townhomes

Attachment – 10

Criterion 1125.320 Purpose of the Project

Purpose of the Project

Oak Trace, a senior living community, seeks to modernize several elements of its senior living community by constructing a new building on the same parcel of land as its existing healthcare center which will include replacement beds for its long term care facility. The project is intended to provide state-of-the-art care and to replace an obsolete building located at 200 Village Drive which also houses other non-regulated living units. This community has been serving seniors in the Downers Grove market for almost 45 years and currently consists of 218 independent living apartments, 56 independent living duplexes and townhomes, a 72-bed sheltered care facility providing assisted living care and a 160-bed licensed nursing facility. The healthcare center (including sheltered care and nursing care) at Oak Trace was constructed in 1972 and the residential living apartments were added in 1992. Oak Trace is a licensed life care Continuing Care Retirement Community (CCRC) licensed under the Illinois Life Care Facilities Act. Oak Trace is sponsored by and affiliated with Lifespace Communities, Inc. ("Lifespace"), a 40 year old not-for-profit provider located in Des Moines, Iowa, that owns and operates twelve continuing care retirement communities in five states including Oak Trace and Beacon Hill in Downers Grove and Lombard, Illinois, respectively.

Oak Trace is located in Health Service Area 007, Health Planning Area 7-C. A market study for the project was prepared by Greystone Communities in 2016 and is provided as an addendum. The study evaluated the market dynamics within Planning Area 7-C and identified the primary market area as a 14 zip code area surrounding the current Oak Trace campus and encompassing zip codes in the following cities: Downers Grove, Brookfield, Clarendon Hills, Woodridge, Hinsdale, Oak Brook, La Grange, La Grange Park, Willowbrook, Lisle, Western Springs, Westmont and Darien. This primary market area represents the geographic area from which Oak Trace draws the majority of its residents. The primary market area was determined based on a number of factors including an analysis of the prior residences of the current Oak Trace residents and admissions.

Oak Trace is currently home to approximately 400 residents of which 67 are in the licensed nursing facility. Through December 20, 2016, Oak Trace has provided care to approximately 273 individuals for a short-term rehabilitation Medicare eligible stay. More than 70% of these individuals have been from the general community at large.

The existing healthcare facility at Oak Trace is institutional and does not offer private rooms with personal showers and other amenities desired by seniors and their families as the contemporary standard for these services. Oak Trace currently has 92 occupied beds of the total 160 licensed beds representing 58% occupancy and this is a typical census. The current healthcare facility is functionally obsolete and its physical plant has reached the end of its useful life especially the mechanical, electrical and plumbing ("MEP") systems. A majority of the MEP equipment requires partial to full replacement. The systems as they currently operate are increasing the utility usage of water, gas, electric and sewer. The failed systems are leading to wasteful use of the utilities needed to operate the equipment resulting in higher operating costs. Additionally, the existing building does not meet code requirements due to the age of the physical plant. The HVAC and fire alarm system do not meet current codes, standard and regulations. Oak Trace has to obtain additional architectural reviews to determine whether they satisfy the Fire Safety Evaluation System ("FSES") requirement to address deficiencies identified by the Illinois Department of

Public Health ("IDPH") licensure division on a routine basis because of non-compliance with licensing/life safety code requirements.

The existing sheltered care facility is located in the 1972 building and, in 1994, one wing of the skilled nursing facility was converted to house the 72 sheltered care facility apartments. Since it was originally built for skilled nursing, the sheltered care facility is comprised of semi-private apartments that are consistent in size with traditional skilled nursing rooms. The sheltered care facility is designed under a medical model of care and offers an institutional setting that is not contemporary compared to other emerging assisted living products that have been more recently developed. A new standard has been set for assisted living and other market area providers offer a residential setting with larger one bedroom apartments complemented by a social model resident program to foster resident independence. Similar to skilled nursing, Oak Trace currently has 50 occupied beds of the total 72 licensed beds representing 69% occupancy. Furthermore, many assisted living providers in the market now offer specialized care components to care for dementia residents in early to mid-stages. The healthcare facility at Oak Trace does not currently have appropriate space to offer memory care assisted living services.

Lifespace is currently executing a multi-year, multi-phased modernization and expansion of the Oak Trace campus that will ultimately result in the replacement of the existing nursing facility, construction of new assisted living and memory support assisted living apartments licensed under the Assisted Living and Shared Housing statutes and construction of new residential living apartments in multiple congregate buildings including a five story residential living building. A site plan and rendering of the proposed project follows.

The proposed project downsizes and replaces the existing nursing care beds in a new building located on the same parcel of land to modernize the nursing facility and meet anticipated future needs for contract residents and the general community. The new modernized nursing facility is anticipated to have the same address as the existing and proposes to reduce the number of licensed nursing beds at Oak Trace from 160 semi-private beds to 102 rooms (90 private rooms and 6 semi-private rooms) with private bathrooms. The new healthcare center will offer also a state-of-the-art rehabilitation and therapy gym for both in-patient and out-patient therapy and rehabilitation services.

The modernization plan proposes a small decrease of the existing sheltered care facility by 6 beds and replaces it with the construction of 66 new assisted living apartments. The assisted living building will primarily offer large one bedroom apartments with a small number of two bedroom apartments and suites. The design will include multiple gathering areas for dining and socialization. The assisted living environment will be structured as a residential model, including a full-time activities staff and an emphasis on wellness programs. Additionally, the plan proposes to add a new specialized assisted living program for dementia with 28 memory support assisted living apartments. Memory support assisted living residents will receive the same basic services as assisted living in a more care-intensive, secured environment, as well as programs and common areas designed specifically for their dementia needs, including specialized staff and secured wandering areas.

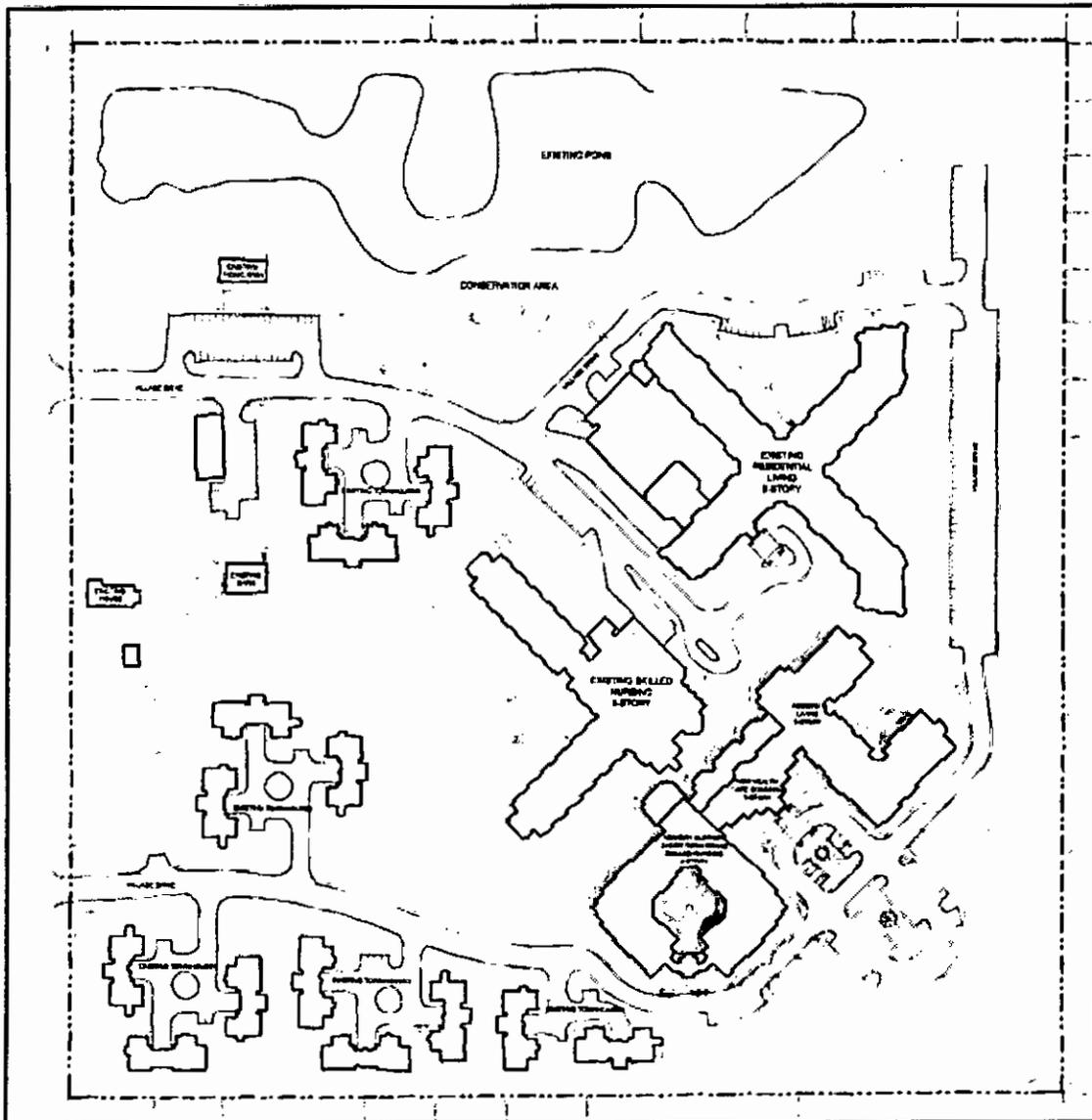
Since Oak Trace is modernizing and replacing the existing skilled nursing facility in a new building, the current residents will be transitioned to the new healthcare only after the new building is constructed and the plan does not require any outplacement or displacement of the current residents during construction.



Oak Trace Replacement Healthcare Center



Oak Trace New Residential Living Apartments



MARKET ANALYSIS ADDENDUM

A. INTRODUCTION

The market analysis is designed to evaluate the adequacy of the senior market to support the replacement healthcare center and assisted living and memory support expansion at Oak Trace (the "Community") located in Downers Grove, Illinois. The market analysis focuses on assisted living, memory support assisted living and nursing and addresses the following key elements:

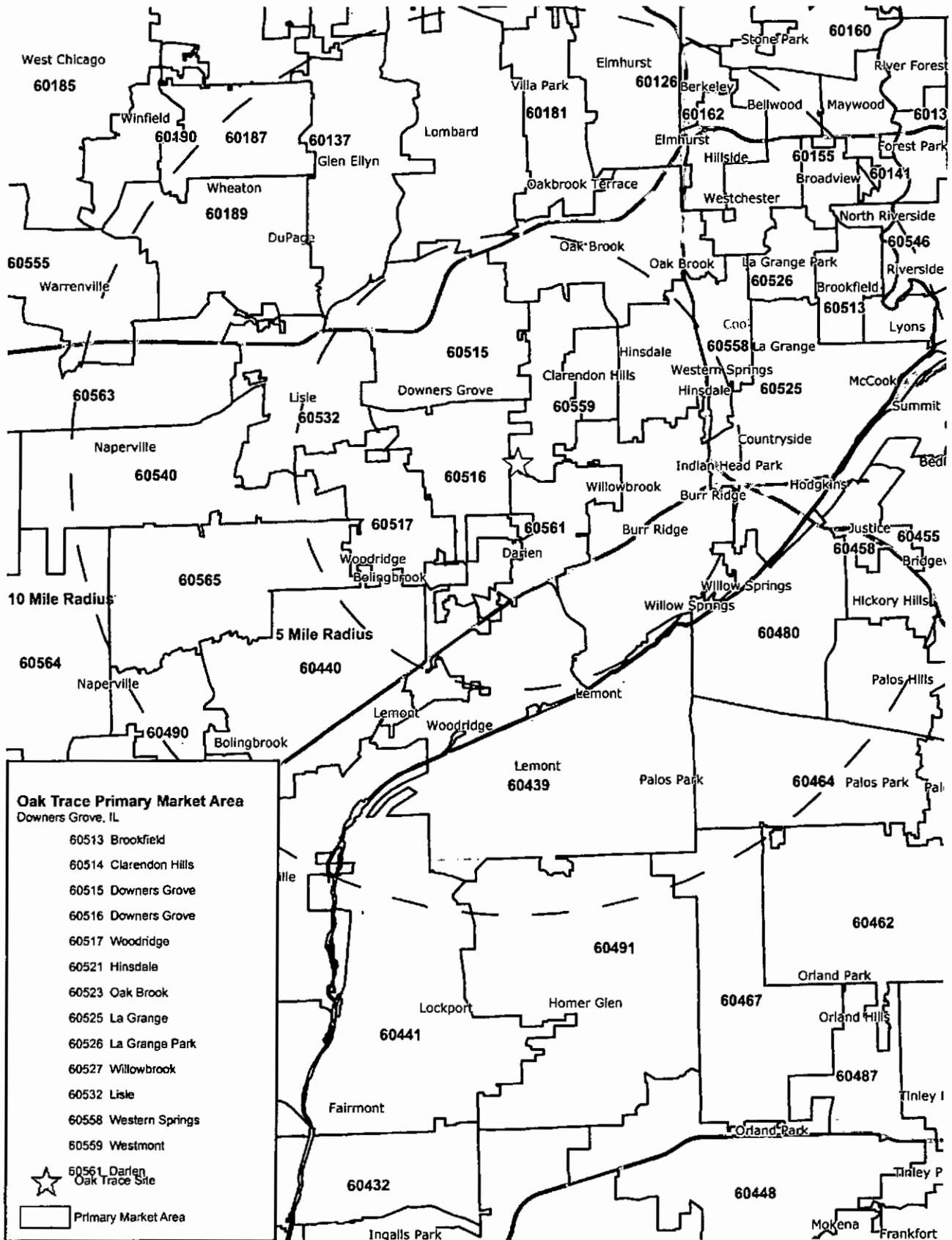
- Geographic area the proposed replacement healthcare center and expansion will serve (primary market area);
- Segments of the senior population the project will target;
- Impact of competitive senior housing supply on the proposed project; and
- Overall demand for assisted living, memory support assisted living, and nursing.

B. TARGET POPULATION AND MARKET AREA

The target population for senior living communities is generally seniors age 75 years and older. For those residents requiring assisted living services, the target population is seniors age 85 years and older. The primary market area ("PMA") is defined as the probable geographic area from which Oak Trace will draw the majority of its residents, taking into account man-made, socio-economic and natural barriers. Additionally, since Oak Trace has an existing resident population, analysis of their prior residences is beneficial in determining the PMA. The PMA for the proposed community is defined as a 14 zip code area around Downers Grove, Illinois. The PMA consists of the following zip codes: 60513, 60514, 60515, 60516, 60517, 60521, 60523, 60525, 60526, 60527, 60532, 60558, 60559, 60561. Approximately 70% of the current Residential Living population originated from within the defined PMA.

Figure 1 below illustrates the geographic area encompassed by the defined PMA by zip code.

Figure 1
Primary Market Area by Zip Code



C. **ASSISTED LIVING**

Assisted living is an intermediate step between independent living and nursing care. In addition to standard retirement services, assisted living residents typically receive three meals per day, housekeeping, and help with basic activities of daily living such as grooming, dressing, bathing and medication assistance, as needed and as permitted by licensure.

1. **Target Market Demographics**

The target market for assisted living is primarily the frail elderly. For planning purposes, it is assumed 90% of the potential residents for the Community will be over the age of 85.

Population and Growth

As summarized in **Table 1**, it is estimated that in 2016 there are approximately 8,136 seniors age 85 years and older in the PMA representing approximately 2.6% of the population.

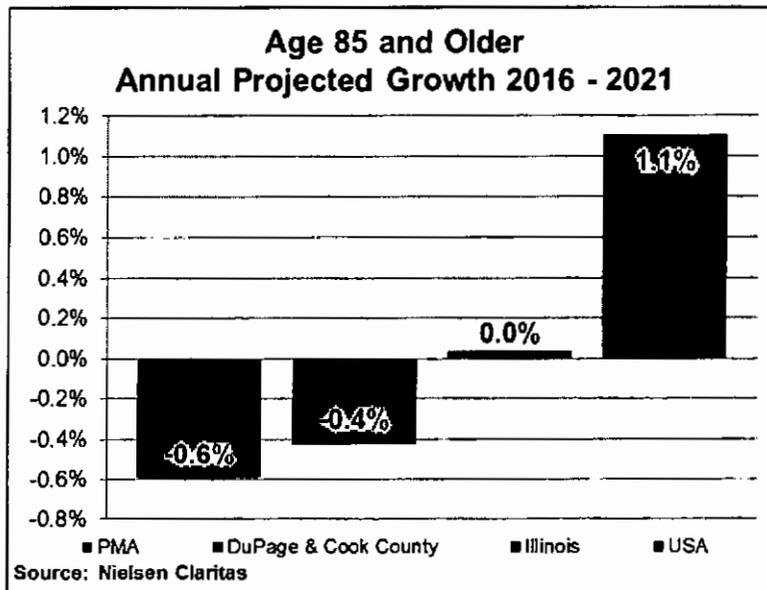
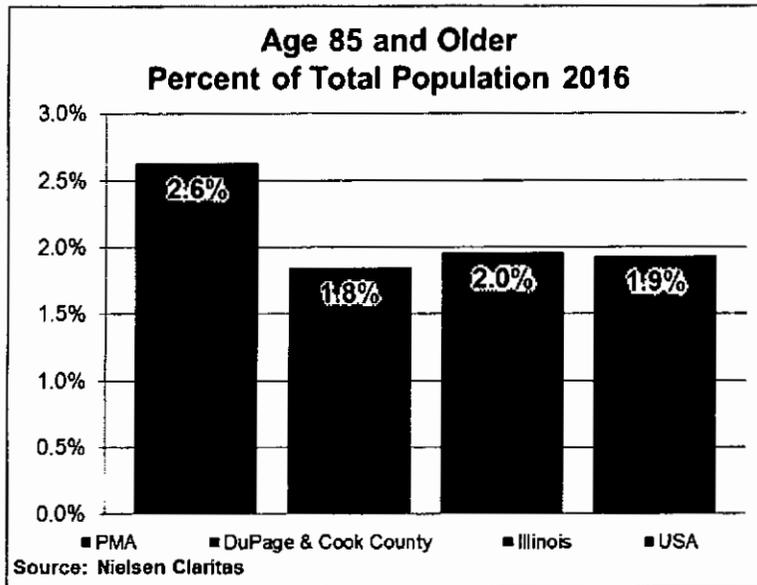
Table 1
Estimated 85+ Senior Population and Projected Growth
Year 2016

	2016 ⁽¹⁾
<i>Population</i>	
Seniors Age 85+	8,136
% of Total Population	2.6%
Projected Annual Growth Rate (85+)	-0.6%
<i>Households</i>	
Senior Households Age 85+	5,455
% of Total Households	4.4%
Projected Annual Growth Rate (Age 85+)	-0.7%

⁽¹⁾ Source: Nielsen Claritas

As **Figure 2** indicates, the number of seniors age 85 years and older as a percent of the total population in the PMA (2.6%) is currently higher than DuPage and Cook Counties (1.8%), Illinois (2.0%) and national levels (1.9%). The senior population age 85 years and older in the PMA is anticipated to decline 0.6% annually during the next five years. The decline in the senior population age 85 years and older appears to be a temporary reduction as the growth in the population age 75 years and older is anticipated to increase 2.0% annually over the same time period.

**Figure 2
Comparative Demographics
Seniors 85 and Older**



2. Competitive Environment

Assisted living continues to be a fast growing segment of the senior market. As no typical facility or program exists, existing assisted living facilities vary significantly in quality and the scope of services offered. Many older, existing facilities are institutional in character including Oak Trace. In contrast, higher standards have been set by new providers to offer a residential setting with larger one bedroom apartments with multiple gathering areas for dining and socialization. Consistent with current market expectations, the design philosophy for the replacement healthcare center incorporates building residential style assisted living apartments licensed under the Assisted Living and Shared Housing Act complemented by a

social model resident program to foster and prolong resident independence. These will replace the existing sheltered care units in operation.

To assess how market needs are being met for assisted living, a review of existing and planned facilities in the PMA and the surrounding area was made to determine if they are similar and would compete in drawing the target market. Due to the need-driven characteristics of assisted living, only communities within the PMA are considered competitive.

The assisted living environment within the PMA consists of 11 providers offering approximately 750 assisted living units. Average occupancy at PMA communities is approximately 92%.

3. Market Assessment

To determine how many units a given market can support, several factors in the marketplace are considered:

- Estimates of seniors requiring assistance with activities of daily living (ADLs);
- Size of the 85+ income- and need-qualified segment; and
- Impact of competitive facilities.

Estimates of Seniors Requiring Assistance with Activities of Daily Living

The target market for assisted living is primarily the frail elderly or those persons age 85 years and above. For planning purposes it is assumed that 85% of the potential residents will be over the age of 85. It is also assumed that 85% of the residents will come from the PMA.

Table 2 below demonstrates that approximately 2,996 or 37% of the 7,991 seniors age 85 years and older in the PMA in 2019 will be potential candidates for assisted living services based on their potential need for assistance with one or more “everyday activity.” An “everyday activity” is defined as (1) personal needs such as dressing, eating, or personal hygiene, (2) getting around outside the household, (3) light housekeeping, (4) meal preparation, and (5) household management.

**Table 2
Assisted Living Demand**

	Age 85+	
	\$35,000+	\$50,000+
2019 Market Area Households	5,347	5,347
2019 AIQ Market Area Households	<u>2,336</u>	<u>1,610</u>
Percent AIQ Households	43.7%	30.1%
Need Qualified Population ⁽¹⁾⁽²⁾	2,996	2,996
Residents in PMA AL Competitors	<u>740</u>	<u>740</u>
Remaining Need Qualified Population	2,257	2,257
Percent AIQ Households	<u>43.7%</u>	<u>30.1%</u>
Need and Financially Qualified Population	<u>986</u>	<u>679</u>

(1) Source: U.S. Bureau of the Census, "Americans with Disabilities: 2010", p. 5, July 2012.

(2) PMA demand calculated as follows: 2016 Population, less current residents (occupancy times units) in PMA independent living communities and grown at the projected compound annual growth rate per Claritas data. PMA demand multiplied by need factor equals need qualified population

The target market for assisted living is primarily the frail elderly and usually those seniors 85 years and older with one or more deficiencies in performing an everyday activity. Oak Trace currently offers 72 sheltered care facility apartments in a wing of the healthcare center. As part of the modernization of the healthcare facility, Oak Trace plans to replace the sheltered care apartments with 66 new assisted living apartments. Approximately 679 need and financially qualified seniors are in the PMA in 2019 in addition to those already residing in existing communities, demonstrating strong market support for the existing assisted living at Oak Trace and other providers within the PMA. Additionally, occupancy at Oak Trace averages approximately 90% and at other area providers approximately 92%. The modernization plan proposes a small decrease of six apartments of traditional assisted living, but also proposes to add a new specialized care assisted living program for dementia with 28 memory support assisted living apartments.

D. MEMORY SUPPORT ASSISTED LIVING

As seniors are living longer, the incidence of some form of dementia is increasing. Awareness and understanding of the specialized needs of dementia residents are also increasing as a result. The majority of existing assisted living and nursing facilities are ill-equipped from a design perspective to deal with the wandering and agitation that dementia residents experience. To better care for needs of dementia residents, senior living providers are developing specialized care components designed to care for dementia residents in both early to mid-stages (assisted living setting) as well as advanced stages (nursing setting).

1. Competitive Environment

To assess how market needs are being met for memory support, a review of existing facilities in the PMA and surrounding area is made to determine if they are similar and would compete

in drawing the target market. Due to the need-driven characteristics of memory support assisted living, only communities within the PMA are considered competitive.

The memory support assisted living market within the PMA consists of two CCRC providers and four assisted living/memory support assisted living providers offering approximately 136 memory support assisted living units. Average occupancy at PMA communities is approximately 94%.

2. Market Assessment

The need for memory support assisted living services is difficult to quantify objectively. In the early stages, dementia victims can function in their own homes with the assistance of a family member, spouse or in an assisted living environment. As the disease progresses, a specialized memory support facility is more appropriate. Finally, in the later stages, or as physical health fails, the senior is best served in a nursing environment.

The estimated incidence of PMA seniors afflicted with Alzheimer's disease to be approximately 2,405 people in 2019, or 32% of the 7,470 seniors age 85+ located the PMA in 2019.

The target market for assisted living is primarily the frail elderly and usually those seniors 85 years and older with one or more deficiencies in performing an everyday activity. Approximately 672 need and financially qualified seniors are in the PMA in 2019 in addition to those already residing in existing communities, demonstrating robust market support for the development of memory support assisted living at Oak Trace and other providers within the PMA. The modernization plan proposes the development of 28 memory support assisted living apartments to better care for the special needs of Oak Trace residents who suffer from dementia.

E. NURSING

The PMA nursing market, consisting of 1,881 total beds, is mature and steady, characterized by high average occupancy rates of approximately 92%. Within the PMA there are three CCRC providers and eleven stand-alone providers.

To estimate the need for nursing beds in an area, an analysis was prepared of nursing beds per 1,000 seniors in the PMA and compares these ratios to state and national figures. **Table 3** shows this analysis.

**Table 3
Nursing Bed Assessment**

	PMA	Illinois	Usa
Existing Nursing Beds ⁽¹⁾	1,931	98,348	1,693,943
Age 75+ Population ⁽²⁾	23,402	794,874	20,367,433
Age 85+ Population ⁽²⁾	8,136	252,469	6,232,138
Number of Beds/1,000 Seniors Age 75+	83	124	83
Number of Beds/1,000 Seniors Age 85+	237	390	272

⁽¹⁾ Source: Greystone competitive assessment, National Center for Health Statistics - 'Health, United States, 2015'

⁽²⁾ Source: Nielsen Claritas

Oak Trace is currently licensed for 160 skilled nursing beds, but plans to decrease skilled nursing capacity to 102 skilled nursing beds to meet budgeted occupancy levels.

Attachment – 11

Criterion 1125.330 Alternatives

Alternatives

The following alternatives to the proposed project were considered by Oak Trace and, for the reasons described, were found not to be feasible:

- a. Make no changes to the existing campus and facilities ("Do nothing" alternative).

This alternative was not feasible for the following reasons:

- 1) Oak Trace has recently been experiencing declining financial performance as a result of the aging physical plant, low average occupancy levels and higher annual operating and capital expenditures.
- 2) A report was prepared by Metro Design Associates, Inc. on June 29, 2010 to provide an evaluation of the residence building and the healthcare center (the "Metro Report"). The summary of the Metro Report states the following, "The building MEP infrastructure for the most part has exceeded the mean useful life and a majority of the equipment and systems require partial to full replacement. The systems as they currently operate are increasing the utility usage of water, gas, electric and sewer for both facilities investigated. These failed systems are leading to wasteful use of the utilities needed to operate the equipment. I believe the energy usage will continue to rise for the facility due to the inefficiency of the equipment and systems installed."
- 3) The existing building does not meet code requirements due to the age of the physical plant. Oak Trace currently has to obtain additional architectural reviews to satisfy the Fire Safety Evaluation System requirements to address the deficiencies identified in the annual Life Safety Code survey. The existing building is not able to comply with current standards.
- 4) As the Oak Trace senior living community has aged, is no longer market viable. The existing healthcare center is outdated and has become functionally obsolete. The healthcare center does not have private skilled nursing rooms with showers and only approximately 29 of the current rooms have showers which is the contemporary standard for this service.

- b. Remodel the existing building that currently houses the sheltered care facility apartments and nursing facility.

This alternative was not feasible for the following reasons:

- 1) Remodeling the existing building is a short-term solution that would not result in creating a market viable product. The skilled nursing facility does not offer private rooms with showers and only approximately 29 of the current rooms have showers. The building design is institutional and does

not offer desired amenities and social areas to provide a resident-centered environment.

- 2) The existing building does not meet code requirements due to the age of the physical plant. Renovations to bring the existing building to code requirements would be extensive. In June of 2009, ARCH Consultants, Ltd. conducted a site survey of the campus. Based on the survey, ARCH recommended a ten year budget for capital replacement projects in the healthcare center. In total, the report identified \$6,307,333 (in 2009 dollars) worth of capital replacement projects for the period of time from 2009 – 2018. The report's assumptions did not include escalation costs over the ten year period. The assumptions only addressed physical attributes and did not include soft costs such as professional consulting fees, design and other associated costs. The report also acknowledges that it did not address updating the building design/layout to conform to current market expectations.

Additionally, one of the significant conclusions of the report is the following, "The HVAC and fire alarm system for the facility do not meet current codes, standards and regulations. They can exist as per the status quo because the system is "grandfathered", which means it can remain as long as the areas the system serves, does not get remodeled/renovated. Any remodel/renovation project could trigger losing the "grandfather" status. The governmental agencies that have jurisdiction over this facility can also require upgrading to current standards and codes. It is recommended that the facility be brought to meet these standards and codes if the master plan is for the facility to remain. The cost for upgrading the associated systems has not been incorporated into this report. Examples are the following:

- Fire Alarm system in the resident's rooms (detectors and closers).
- Make-up air to all resident rooms."

- 3) The types of renovations required of the forty-five year old building are extensive and would not lessen the significant capital expenditures required to maintain the building every year. This alternative would be extremely costly.

- c. Construct a skilled nursing facility at a location other than the campus of Oak Trace.

This alternative was not feasible for the following reasons.

- 1) Construction of a skilled nursing facility at another location would fail to provide a continuum of care in a single location for the residents of the CCRC.

CCRC. In fact, several of the facilities in the planning area are already being utilized above the 90% occupancy standard required by the State.

The only option would be to develop transfer agreements with several of the existing facilities, which would be burdensome to both Oak Trace and those facilities.

- 4) Couples often choose a CCRC for the benefit of being close to a spouse who may require a higher level of care after living in an independent living unit for a period of time. Utilizing an existing facility would require the spouse to travel greater distances to visit his or her ailing loved one.
- e. Using underutilized beds or other space in the facility would not be feasible for the following reasons:
- 1) Oak Trace does not currently have excess capacity to relocate the existing patients of the 160 bed nursing facility to other buildings on the current Oak Trace campus.
 - 2) The only other congregate building on the Oak Trace campus does not meet building code requirements for the provision of skilled nursing care.

Attachment – 20

Criterion 1125.600 Bed Capacity

Bed Capacity

Oak Trace is planning to modernize the Long Term Care facility resulting in a reduction in the size from 160 beds to 102 beds. The maximum bed capacity of a general LTC facility is 250 beds, therefore the Applicant is in compliance.

Attachment – 21

**Criterion 1125.610 - Community Related
Functions**



UMANG S. PATEL, MD
Board Certified Internal Medicine

VIJAY C. PATEL, MD
Board Certified Family Practice

THELMA S. MARIN, MD
Board Certified Family Practice

PRANJAL H. SHAH, MD
Board Certified Internal Medicine

PATRICK DOLAN, MD
Board Certified Pediatrics

PAOLA PORTELA, MD
Board Certified Pediatrics

RESHMA AJMERE, MD
Board Certified Pediatrics

MADHU JAIN, MD
Board Certified Allergist

CHANDRA SHARMA, MD
Board Certified Family Practice

WINSTON THEIN-WAI, M.D.
Endocrinology

FARZEEN ANWAR, PA-C
Board Certified Physician Assistant

December 21, 2016

To Whom It May Concern:

For over forty years, Oak Trace (formerly Fairview Baptist Home) has provided high quality living accommodations, programs and healthcare services to seniors in the Downers Grove Township under both the previous owner, Fairview Ministries, and the current owner, Lifespace Communities, Inc. Oak Trace is a licensed life care Continuing Care Retirement Community ("CCRC") and is currently home to approximately 400 residents.

Oak Trace is currently preparing to modernize and redevelop its healthcare center to provide better quality of care and additional services to current and prospective residents. Oak Trace's plans include the construction of a new four-story healthcare building on the same parcel of land as the current skilled nursing facility. The healthcare facility will consist of a new 102-bed replacement nursing unit and associated physical therapy and rehabilitation space, as well as 66 new assisted living apartments and 28 new memory support assisted living suites. The redeveloped skilled nursing unit will continue to serve the needs of the seniors in the Downers Grove and surrounding population as well as current and future residents of the CCRC. It will provide modern nursing rooms and predominantly private rooms in a neighborhood setting, and will add a level of living – memory support assisted living – not previously available to seniors at Oak Trace.

As the Medical Director of Renal Services at Oak Trace, I support the redevelopment plans of Oak Trace and recommend the approval of the community's Certificate of Need Application by the Illinois Department of Public Health.

Locations:

Woodridge Clinic
7530 S. Woodward Ave.
Woodridge, IL 60517
Phone: (630) 910-1177
Fax: (630) 910-6995

Woodridge Clinic - Lemont
15884 W. 127th Street, Suite H
Lemont, IL 60439
Phone: (630) 754-8710
Fax: (630) 754-8311

Woodridge Clinic - Lombard
805 S. Main Street
Lombard, IL 60148
Phone: (630) 620-6225
Fax: (630) 620-6286

Hospital Affiliations:

Good Samaritan Hospital
Downers Grove, IL

Edward Hospital
Naperville, IL

Hinsdale Hospital
Hinsdale, IL

Bolingbrook Hospital
Bolingbrook, IL

Elmhurst Hospital
Elmhurst, IL

Sincerely,

Pranjal H. Shah, M.D.
Medical Director Oak Trace
7530 Woodward Ave.
Suite A
Woodridge, IL 60517

cc: Chris Romick, Executive Director - Oak Trace



3825 Highland Avenue
Tower 1, Suite 4C
Downers Grove, IL 60515
Phone 630.968.1595
Fax 630.968.1590

5201 South Willow Springs Road
Suite 260
LaGrange, IL 60525
Phone 708.354.1306
Fax 708.354.1538

December 21, 2016

To Whom It May Concern:

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As the Medical Director of Renal Services at Oak Trace, I support the redevelopment plans of Oak Trace and recommends the approval of the community's Certificate of Need Application by the Illinois Department of Public Health.

Sincerely,

Naveen Reddy

Naveen C. Reddy, M.D.
Medical Director of Renal Services at Oak Trace
3825 Highland Ave. Ste. 4C
Downers Grove, IL 60515
cc: Chris Romick, Executive Director - Oak Trace

Naresh Julka, MD Leonard Potempa, MD May Chow MD Samir Kumar MD Naveen Reddy, MD
Sadaf Elahi, MD Nayan Gowda, MD Tricia Littig, NP Brian Filippini, PA **ATTACHMENT-21**



December 20, 2016

To Whom It May Concern:

For over forty years, Oak Trace (formerly Fairview Baptist Home) has provided high quality living accommodations, programs and healthcare services to seniors in the Downers Grove Township under both the previous owner, Fairview Ministries, and the current owner, Lifespace Communities, Inc. Oak Trace is a licensed life care Continuing Care Retirement Community ("CCRC") and is currently home to approximately 400 residents.

Oak Trace is currently preparing to modernize and redevelop its healthcare center to provide better quality of care and additional services to current and prospective residents. Oak Trace's plans include the construction of a new four-story healthcare building on the same parcel of land as the current skilled nursing facility. The healthcare facility will consist of a new 102-bed replacement nursing unit and associated physical therapy and rehabilitation space, as well as 66 new assisted living apartments and 28 new memory support assisted living suites. The redeveloped skilled nursing unit will continue to serve the needs of the seniors in the Downers Grove and surrounding population as well as current and future residents of the CCRC. It will provide modern nursing rooms and predominantly private rooms in a neighborhood setting, and will add a level of living – memory support assisted living – not previously available to seniors at Oak Trace.

Chamber630 supports the redevelopment plans of Oak Trace and recommends the approval of the community's Certificate of Need Application by the Illinois Department of Public Health.

Sincerely,

A handwritten signature in cursive script that reads "Laura Crawford".

Laura Crawford
President & CEO

cc: Chris Romick, Executive Director - Oak Trace
Board of Directors – Chamber630

2001 Butterfield Road, Suite 105
Downers Grove, IL 60515
(630) 968-4050

5 Plaza Drive, Suite 212
Woodridge, IL 60517
(630) 960-7080

ATTACHMENT-21

Attachment – 22

Criterion 1125.620 – Project Size

Project Size

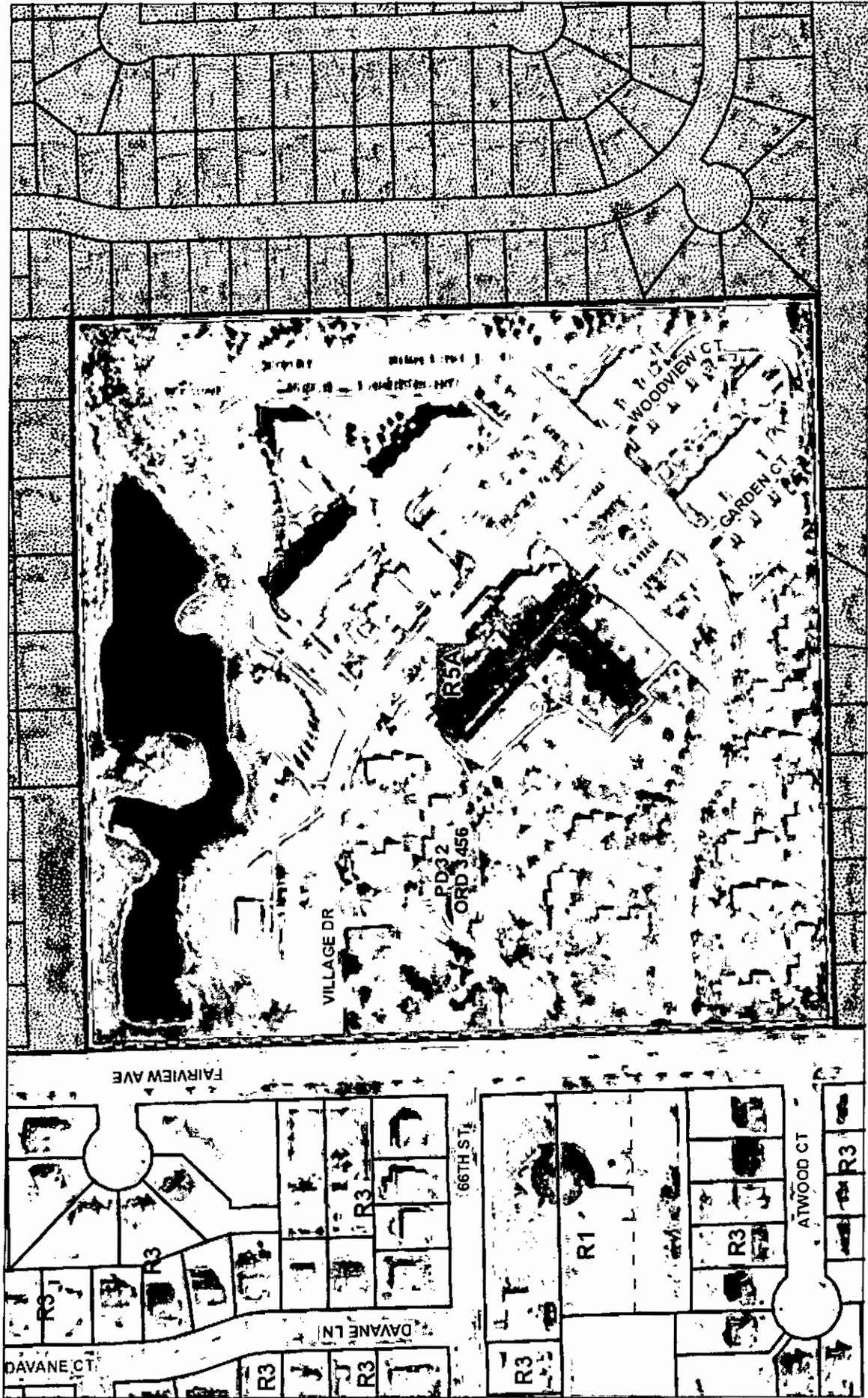
The proposed project represents new construction of a building that will modernize and replace the existing long term care facility. Total building gross square footage for the clinical space is 67,735 building gross square feet or 664 BGSF/Bed, therefore the Applicant is in compliance with the standards stated in Appendix A of 77 Ill. Adm. Code 1125 (LTC rules) which allow for 435 to 713 BGSF/Bed.

Attachment – 23

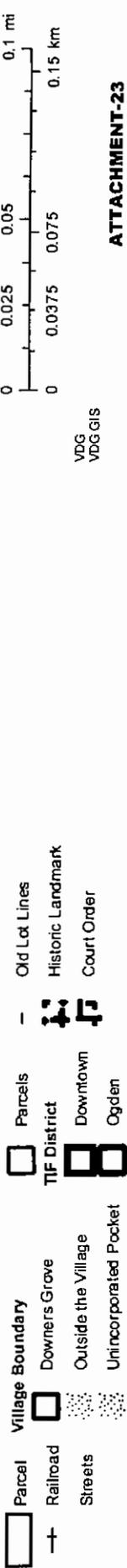
Criterion 1125.630 – Zoning

Zoning

The modernization project will be constructed on the same parcel of land that the current healthcare center is located. As indicated in the attached ALTA survey, the property is zoned for the intended use.



December 22, 2016



Attachment – 25

Criterion 1125.650 – Modernization

Modernization

If the project involves modernization of a category of LTC bed service, the applicant must document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized. This is a true statement as it relates to the Oak Trace facilities which the applicants seek to modernize. The subject Oak Trace building must obtain additional architectural reviews to address deficiencies identified by the Illinois Department of Public Health (“IDPH”) licensure division on a routine basis because of non-compliance with licensing/life safety code requirements. Further, the building’s maintenance costs are excessive and these higher costs can be avoided with a new building. Additionally, the facilities are not contemporary and are lacking in some modern amenities that are expected in a community like Oak Trace which provides a continuum of services for senior living.

In June of 2009, ARCH Consultants, Ltd. conducted a site survey of the campus. Based on the survey, ARCH recommended a ten year budget for capital replacement projects in the healthcare center. In total, the report identified \$6,307,333 (in 2009 dollars) worth of capital replacement projects for the period of time from 2009 – 2018. The report’s assumptions did not include escalation costs over the ten year period. The assumptions only addressed physical attributes and did not include soft costs such as professional consulting fees. The report also acknowledges that it did not address updating the building design/layout to conform to current market expectations.

Additionally, one of the significant conclusions of the report is the following, “The HVAC and fire alarm system for the facility do not meet current codes, standards and regulations. They can exist as per the status quo because the system is “grandfathered”, which means it can remain as long as the areas the system serves, does not get remodeled/renovated. Any remodel/renovation project could trigger losing the “grandfather” status. The governmental agencies that have jurisdiction over this facility can also require upgrading to current standards and codes. It is recommended that the facility be brought to meet these standards and codes if the master plan is for the facility to remain. The cost for upgrading the associated systems has not been incorporated into this report. Examples are the following:

- Fire Alarm system in the resident’s rooms (detectors and closers).
- Make-up air to all resident rooms.”

On October 26, 2016, a Life Safety Code (LSC) survey was conducted at Oak Trace by staff of the IDPH to determine compliance with federal certification requirements for nursing homes participating in Medicare programs. As a result of that inspection, Oak Trace was required to provide a Plan of Correction (“POC”) for deficiencies that were cited. IDPH staff subsequently documented that although specific deficiencies had been corrected, other deficiencies are the subject of Annual and/or Temporary waiver requests and/or were resolved through the Fire Safety Evaluation System (“FSES”). In this case, Oak Trace requested an evaluation of the building using FSES for K20. Based upon Oak Trace’s request, IDPH responded on December 15, 2016 stating that the FSES was reviewed by the architect reviewer and it was found to be acceptable.

In addition to licensure/LSC deficiencies, the high cost of maintenance of the building has rendered it obsolete. At the request of the applicants, Metro Design Associates, Inc. prepared an evaluation of the residence building and the healthcare center in a report dated June 29, 2010 (the "Metro Report") The Metro Report concluded, "The building MEP infrastructure for the most part has exceeded the mean useful life and a majority of the equipment and systems require partial to full replacement. The systems as they currently operate are increasing the utility usage of water, gas, electric and sewer for both facilities investigated. These failed systems are leading to wasteful use of the utilities needed to operate the equipment. I believe the energy usage will continue to rise for the facility due to the inefficiency of the equipment and systems installed."

With regard to functions in the skilled nursing facility, it does not offer private rooms with showers. The building design is not home-like but rather institutional and does not offer desired amenities and social areas. The new healthcare center will offer a state-of-the-art rehabilitation and therapy gym for both in-patient and out-patient therapy and rehabilitation services. Oak Trace currently has 92 occupied beds of the total 160 licensed beds representing 58% occupancy. The new modernized nursing facility proposes to reduce the number of licensed nursing beds at Oak Trace from 160 semi-private beds to 102 private rooms with private bathrooms.

Attachment – 27, 28 & 29

Availability of Funds and Financial Viability

**Not applicable, Applicant has “A” Rating
from Fitch Ratings (attached).**

Lifespace Communities, Iowa

New Issue Report

Ratings

New Issues

\$62,660,000 Iowa Finance Authority Revenue Bonds, Series 2016A	A
\$28,990,000 Palm Beach County Health Facilities Authority Revenue Bonds, Series 2016B	A

Outstanding Debt

\$33,185,000 Illinois Finance Authority Revenue Bonds, Series 2015A	A
\$4,855,000 Illinois Finance Authority Taxable Revenue Bonds, Series 2015B	A
\$42,305,000 Palm Beach County Health Facilities Authority Revenue Refunding Bonds, Series 2015C	A
\$23,736,500 Iowa Finance Authority Senior Living Facility Revenue Bonds (Deerfield Retirement Community), Series 2014A	A

See page 2 for a full listing of Outstanding Debt.

Rating Outlook

Stable

Related Research

Fitch Rates Lifespace Communities, Inc.'s (IA) Series 2016A/B Bonds 'A'; Outlook Stable (October 2016)

Analysts

Adam Kates
+1 312 368-3180
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Paul Rizzo
+1 212 612-7875
paul.rizzo@fitchratings.com

New Issue Details

Sale Information: \$62,660,000 Iowa Finance Authority Revenue Bonds, Series 2016A, \$28,990,000 Palm Beach County Health Facilities Authority Revenue Bonds, Series 2016B, expected to sell the week of Oct. 31 via negotiation.

Security: Pledge of unrestricted receivables of the obligated group (OG), a mortgage interest in certain property and a debt service reserve fund (DSRF).

Purpose: To finance various capital projects, reimburse for prior capital spending, refund the series 2010S bonds, fund capitalized interest, fund a DSRF and pay costs of issuance.

Final Maturity: May 15, 2047.

Key Rating Drivers

Diverse Operating Platform: Operations are well diversified across the 11 communities (when Oak Trace is included) in the OG, located in six states, with no individual community accounting for more than 14% of gross revenue in 2015 (Dec. 31 year end). The diverse operating platform has helped sustain consistent occupancy despite fluctuations at individual communities.

Consistently Solid Profitability: The diverse operating platform and effective cost management practices have combined to produce consistently solid operating profitability. Net operating margin (NOM) and net operating margin adjusted (NOMA) averaged 6.8% and 24.2% since 2011 and equaled 6.3% and 23.7% in 2015.

Manageable Debt Burden: Pro forma maximum annual debt service (MADS) equals a manageable 7.7% of 2015 revenue (6.9% including Oak Trace). The manageable debt burden and solid operating profitability produced strong MADS coverage of 3.4x in fiscal 2015 (3.7x including Oak Trace), exceeding Fitch Ratings' 'A' rating category median of 3.1x.

Increased Capital Spending: Capital spending is expected to increase through fiscal 2021 as Lifespace executes a \$367 million multi-campus redevelopment plan. The redevelopment plan is expected to be funded by the series 2016A bond issuance, a future bond issuance, entrance fee generation and operating cash flows.

Rating Sensitivities

Successful Execution of Capital Projects: Fitch expects that Lifespace Communities (Lifespace) will successfully execute its large capital projects while maintaining a credit profile consistent with the 'A' category rating. Given the large scope of the projects, failure to successfully execute the projects or material changes in leverage or liquidity metrics could result in negative rating pressure.

Rating History

Rating	Action	Outlook/ Watch	Date
A	Affirmed	Stable	10/18/16
A	Affirmed	Stable	2/20/15
A	Affirmed	Stable	10/28/14
A	Affirmed	Stable	11/1/12
A	Affirmed	Stable	11/18/10
A	Assigned	Stable	9/27/10

Outstanding Debt (cont.)

\$3,691,972 Prairie Village, City of (Claridge Court) Revenue Refunding Bonds, Series 2014	NR
\$25,685,000 Kansas Development Financial Authority (Lifespace Communities, Inc.) Revenue Bonds, Series 2010S*	A
\$5,305,000 Illinois Financial Authority (Beacon Hill) Revenue Refunding Bonds, Series 2005B	A
\$17,279,166 Hospital Authority No. 1 of Lancaster City (Grand Lodge) Development Revenue Bonds, Series 2005 and Series 2003	NR
\$2,655,000 Palm Beach County Health Facility Authority (Harbour's Edge) Revenue Bonds, Series 2004B	A
\$1,515,000 Palm Beach County Health Facility Authority (Harbour's Edge) Revenue Bonds, Series 2004A	A
\$4,167,000 Palm Beach County Health Facilities Authority (Abbey Delray) Revenue Bonds, Series 2001B	A

*Expected to be refunded. NR – Not rated.

Credit Profile

Headquartered in Des Moines, Iowa, Lifespace operates 12 continuing care retirement communities (CCRCs) in seven states, 10 of which are currently in the OG. Concurrent with the series 2016 bond issuance, Lifespace will add an eleventh community to the OG, Oak Trace (Downers Grove, IL). Including Oak Trace, the OG would have accounted for 96% of consolidated operating revenues and 90% of consolidated total assets in 2015. Of the 11 communities in the OG (including Oak Trace), five are located in Florida, with the rest in Illinois, Kansas, Minnesota, Pennsylvania and Nebraska. Total OG operating revenues equaled \$195 million in fiscal 2015 (\$216 million including Oak Trace). Non-OG entities include Lifespace Foundation and Deerfield Retirement Community (Deerfield, Urbandale, IA).

Governance and Management

Lifespace is governed by a common board of directors, which can have a maximum of 15 directors. The board currently consists of nine elected directors plus Lifespace's CEO. The board adopted new corporate governance guidelines in July 2016, including implementation of director term limits and a revised board committee structure. Directors are now limited to serving three four-year terms. Standing committees include: executive; compensation; finance and investment; governance and nominating; and risk management and audit committees.

The majority of the senior management team is fairly new to Lifespace, with several members joining in 2015 and 2016, but possesses significant senior living and healthcare experience. The CEO joined Lifespace in March 2014 following the planned retirement of the prior CEO. She joined Lifespace from American Baptist Homes of the West (ABHOW), where she served as a founding member and president of Seniority, Inc., an ABHOW unit that provides marketing and management services to senior living communities. Lifespace's CFO joined in 2002 after serving as vice president and controller of Progress Energy in North Carolina.

New Issue Details

The series 2016A and 2016B bonds are expected to be issued as fixed-rate bonds. Pro forma MADS is expected to increase to \$14.9 million, occurring in 2020, from \$12.3 million. Excluding a spike in debt service in 2020, MADS would equal \$13.8 million and aggregate debt service is level through 2030.

Financial covenants include a rate covenant requiring minimum debt service coverage of 1.2x and a liquidity covenant requiring a minimum 120 days cash on hand. Failure to achieve 1.0x coverage for two consecutive years will result in an event of default. Failure to maintain 120 days cash on hand will not result in an event of default so long as a consultant is retained and the consultant's recommendations followed.

Related Criteria

Not-for-Profit Retirement Communities Criteria (August 2015)	Continuing Communities Rating	Care Rating
Revenue-Supported (June 2014)	Rating	Criteria

Pro Forma Debt Profile

Post issuance, total debt is expected to increase to approximately \$207 million from \$149 million at June 30, 2016. The pro forma debt profile will consist of 89% underlying fixed-rate bonds and 11% underlying variable-rate bonds. Lifespace is not counterparty to any swaps. Fitch views the conservative debt portfolio favorably.

Guaranty Agreement

In October 2015, Lifespace entered into an agreement to guaranty approximately \$36 million of Deerfield's series 2014A, 2014C and 2014D bonds in exchange for deferral on debt service payments through May 2018, and parity status for any future capital expenditures for repositioning provided to Deerfield by Lifespace with Deerfield's senior indebtedness. Lifespace currently owns the outstanding series 2014C and 2014D bonds. Therefore, Lifespace's exposure under the guaranty is limited to approximately \$24 million of outstanding series 2014A bonds. Given the deferral on debt service payments through 2018, Fitch does not expect the guaranty to materially impact the OG's credit profile until 2018 (when debt service payments resume), if at all. Additionally, Lifespace's financial profile currently mitigates concerns should any payments be required under the guaranty.

Service Area and Competition

With 11 communities (including Oak Trace) located in six states, Fitch believes bondholders benefit from the OG's geographic diversity, which reduces overall operating risk relative to a single-site borrower. Revenue generation and profitability are well balanced, with no individual community accounting for more than 14% of fiscal 2015 gross revenue. However, five communities are located in Florida, accounting for 53% of Lifespace's 2015 revenue. Fitch's credit concerns include Lifespace's high concentration of revenue derived from Florida and the resulting high exposure to the state's housing markets and risks related to hurricanes.

Lifespace's communities operate in distinct service areas with distinct competitive pressures. Each community has competition in its local market with at least one and up to six competitors in a given market. However, Lifespace's communities generally benefit from locations in densely populated areas with little developable land. Three of the Florida communities are located relatively close to each other, which inherently creates competition among its own facilities. However, management stated that the three facilities have fairly unique cultures, which reduces the competition somewhat. Each community performs an annual review of its specific competitors to ensure that entrance fees and monthly service fees remain competitive.

Strategic and Capital Planning

The new CEO updated Lifespace's strategic plan in January 2015. Related initiatives included identifying revenue-generating opportunities such as pricing adjustments; new products and services; bridging existing service gaps with assisted living and memory support; and identifying future growth opportunities through acquisitions, new communities and development of existing communities. No acquisitions or development of new communities are currently contemplated.

Subsequent to the adoption of the new strategic plan, Lifespace engaged Greystone to help develop a new capital plan, including a campus redevelopment plan. Campus redevelopment plans include adding assisted living and memory support services at five communities in addition to enhancing common areas and independent living at certain communities. The project is expected to be funded by series 2016A bond proceeds, an approximately

\$125 million issuance in 2018 (a portion of which will be temporary debt), entrance fee generation and operating cash flows. The final scope and timing of the projects are subject to change and dependent upon sustained operating performance.

Capital spending is expected to materially increase reflecting the campus redevelopment plan. In addition to routine capital spending, Lifespace expects to spend approximately \$367 million between 2016 and 2021, averaging \$61 million per year, on the campus repositioning project. Historical capital spending has been solid, averaging \$42.3 million per year (149% of depreciation) between 2011 and 2015.

Fitch views the projects favorably and expects successful execution to enhance Lifespace's competitive position in each market, expand consolidated revenue and increase cash flows. However, the large combined size of the projects exposes Lifespace to execution risk. Fitch expects Lifespace to maintain a credit profile consistent with its 'A' category rating while executing the projects.

Utilization

The diverse operating platform has helped to sustain consistent occupancy rates, despite variations at individual communities. Including Oak Trace, independent living unit occupancy has averaged 91% since 2013 and equaled 91% at June 30, 2016. Similarly, skilled nursing facility occupancy averaged 86% and equaled 89% at June 30, 2016, while assisted living unit occupancy averaged 88% and equaled 88%, respectively. In addition to the diverse operating base, the consistent occupancy rates reflect solid management practices and the competitive position of each community.

Occupancy

(Years Ended Dec. 31)

	2013	2014	2015	Six Mos. Ended 6/30/15	Six Mos. Ended 6/30/16
Independent Living					
ILU Available Units	2,649	2,642	2,638	2,642	2,638
Occupancy (%)	92.4	92.5	92.0	92.0	92.1
Assisted Living					
ALU Available Units	77	77	77	77	77
Occupancy (%)	88.2	89.5	90.8	91.0	90.8
Skilled Nursing					
SNF Available Beds	673	674	674	674	674
Occupancy (%)	88.2	90.1	91.6	91.0	90.8

Note: Does not include Oak Trace, which is expected to be added to the obligated group.

Source: Lifespace Communities and Fitch.

Skilled Nursing Payor Mix

(%, Years Ended Dec. 31)

	2013	2014	2015	Six Mos. Ended 6/30/15	Six Mos. Ended 6/30/16
Medicare	41.7	44.0	45.6	45.5	48.6
Medicaid	11.2	11.5	12.0	11.4	9.0
Other	3.2	3.1	2.6	2.6	4.0
Private	43.9	41.4	39.8	40.5	38.4
Total	100.0	100.0	100.0	100.0	100.0

Note: Does not include Oak Trace, which is expected to be added to the obligated group.

Source: Lifespace Communities and Fitch.

Financial Overview

Profitability has been consistently solid with the operating ratio, NOM and NOMA averaging 94.1%, 6.8%, and 24.2%, respectively, since 2011 and equal to 93.8%, 6.3% and 23.7%, respectively, in 2015 (excluding Oak Trace). The solid operations continued in the six month interim period ended June 30, 2016 (interim period) with NOM and NOMA equal to 7.8% and 19.4%, respectively. Including Oak Trace, operating profitability remains solid with NOM and NOMA equal to 6.1% and 23.1%, respectively, in 2015 and 8.7% and 20%, respectively, in the interim period. The consistently solid operating profitability is driven by strong occupancy rates, continued net entrance fee generation, effective cost management practices and yearly fee increases.

Despite the issuance of new debt, Lifespace's debt burden remains very manageable. Including Oak Trace in the OG, pro forma MADS equals 6.9% of 2015 revenue, comparing favorably to Fitch's 'A' rating category median of 9.2%, and pro forma MADS coverage equaled a solid 3.7x in fiscal 2015, exceeding Fitch's 'A' rating category median of 3.1x. Without Oak Trace in the OG, pro forma MADS equals 7.7% of fiscal 2015 revenue, and pro forma MADS coverage equaled a solid 3.4x. Excluding the spike in debt service in 2020, MADS coverage would equal 4.0x including Oak Trace in 2015 and 3.7x excluding Oak Trace.

As discussed above, capital plans could include the issuance of additional debt in 2018, but plans are not final. Fitch will assess the impact to Lifespace's credit profile of any new debt issuance as the timing and size of the debt issuance is more certain.

Despite solid historical capital spending, unrestricted cash and investments have continued to grow, increasing 5.4% since 2014 to \$174 million at June 30, 2016. The continued growth reflects solid entrance fee generation and operating cash flows, offsetting the healthy capital spending. Given the scope and diversification of operations, pro forma liquidity metrics are adequate for the rating category relative to debt, with 82% cash to pro forma debt and an 11.4x cushion ratio at June 30, 2016. Fitch's pro forma liquidity metrics include approximately \$11.8 million of series 2016A reimbursement proceeds and excludes approximately \$19 million of cash that will be used to defease Oak Trace's outstanding debt. Given the sizable capital plans, liquidity metrics are expected to compress in the medium term before strengthening due to the benefit of the capital projects. A compression of liquidity metrics to levels inconsistent with the 'A' rating category could result in negative rating pressure.

Disclosure

Lifespace covenants to provide annual disclosure within 150 days of its fiscal year end and quarterly disclosure within 45 days of each fiscal quarter end. Disclosure is provided through the Municipal Securities Rulemaking Board's EMMA system.

Financial Summary

(\$000, Audited Years Ended Dec. 31)

	2013	2014	2015	Six Mos. Ended 6/30/15 ^a	Six Mos. Ended 6/30/16 ^a
Balance Sheet Data					
Unrestricted Cash and Investments	159,095	164,726	169,953	166,336	173,666
Restricted Cash and Investments	29,182	22,080	28,801	38,366	22,118
Net Accounts Receivable	9,401	10,286	11,934	11,548	11,475
Property, Plant and Equipment, Net	368,135	378,767	395,739	382,349	401,828
Total Assets	573,604	586,083	614,429	606,175	615,035
Current Liabilities	51,622	52,710	57,125	52,282	56,854
Total Debt (Including Current Portion)	141,616	132,317	153,315	155,186	148,935
Adjusted Debt	141,616	132,317	153,315	155,186	148,935
Deferred Revenue from Non-Refundable Entrance Fees	143,372	152,982	159,402	152,605	155,079
Refundable Entrance Fees	319,725	320,131	322,191	321,588	324,754
Unrestricted Net Assets	(80,810)	(72,140)	(77,629)	(76,351)	(69,858)
Income Statement Data					
Resident Service Revenue	151,545	156,214	161,699	80,498	83,753
Amortization of Advance Fees	23,915	26,005	27,202	13,339	14,196
Interest and Dividends	4,361	3,092	3,655	1,850	1,997
Other Operating Revenue	0	0	1,911	0	0
Total Operating Revenue	179,821	185,311	194,467	95,687	99,946
Salaries, Wages, Fees and Benefits	82,194	83,817	87,555	43,227	43,591
Depreciation and Amortization	28,183	30,197	32,590	15,923	16,935
Interest Expense	5,701	5,334	3,672	2,027	2,822
Other Operating Expenses	59,458	62,467	66,450	32,432	34,037
Total Expenses	174,579	181,246	189,564	93,357	97,004
Operating Income	5,242	4,065	4,903	2,330	2,942
Realized Gains/(Losses) on Investments	(52)	838	(313)	242	(3,624)
Other Non-Operating Revenue	0	(98)	(5,333)	(5,333)	0
Total Non-Operating Revenue	(52)	838	(313)	242	(3,624)
Excess Income	5,190	4,903	4,590	2,572	(682)
Net Operating Income	10,850	10,499	10,308	5,091	6,506
Adjusted Net Operating Income	48,105	47,664	47,626	20,830	18,557
Unrealized Gains/(Losses) on Investments	(4,809)	4,350	(4,143)	(1,287)	8,828
Maximum Annual Debt Service (MADS)	14,933	14,933	14,933	14,933	14,933
MADS (Excluding 2020 Spike)	13,771	13,771	13,771	13,771	13,771
Cash Flow Data					
Entrance Fees Received – New Units	225	365	142	0	0
Entrance Fees Received – Turnover Units	77,251	76,423	79,780	35,827	30,063
Entrance Fees Refunded	39,996	39,258	42,462	20,088	18,012
Net Entrance Fees Received – Turnover Units	37,255	37,165	37,318	15,739	12,051
Continuing Care Retirement Community (CCRC) Net Available	52,414	51,594	50,968	22,922	16,930
CCRC Net Available – Revenue Only	15,159	14,429	13,650	7,183	4,879
Net Capital Expenditures	44,742	40,955	49,849	19,559	23,221

^aUnaudited. Notes: Fitch may have reclassified certain financial statement items for analytical purposes. Does not include Oak Trace, which is expected to be added to the obligated group.

Source: Lifespace Communities and Fitch.

Financial Ratios

(Audited Years Ended Dec. 31)

	2013	2014	2015	Six Mos. Ended 6/30/15 ^a	Six Mos. Ended 6/30/16 ^a
Liquidity Ratios					
Days Cash on Hand	396.7	398.1	395.2	392.0	395.8
Cash/Debt (%)	112.3	124.5	110.9	107.2	116.6
Cushion Ratio (x)	10.7	11.0	11.4	11.1	11.6
Profitability and Operational Ratios (%)					
Operating Ratio	93.9	94.8	93.9	94.0	93.4
Operating Margin	2.9	2.2	2.5	2.4	2.9
Net Operating Margin	7.2	6.7	6.3	6.3	7.8
Net Operating Margin – Adjusted	25.5	24.7	23.7	21.6	19.4
Excess Margin	2.9	2.6	2.4	2.7	(0.7)
Capital-Related Ratios					
Maximum Annual Debt Service (MADS)					
Coverage (x)	3.5	3.5	3.4	3.1	2.3
MADS Coverage – Revenue Only (x)	1.0	1.0	0.9	1.0	0.7
MADS Coverage (x)					
(Excluding 2020 Spike)	3.8	3.8	3.7	3.3	2.5
MADS/Revenue (%)	8.3	8.0	7.7	7.8	7.8
Capital Expenditures/Depreciation (%)	158.8	135.6	153.0	122.8	137.1
Debt/Net Available (x)	2.7	2.6	3.0	3.4	4.4
Adjusted Debt/Capitalization (%)	69.4	62.1	65.2	67.1	63.6
Average Age of Plant (Years)	10.2	10.3	10.4	10.3	10.4

^aUnaudited. Notes: Fitch may have reclassified certain financial statement items for analytical purposes. Does not include Oak Trace, which is expected to be added to the obligated group.

Source: Lifespace Communities and Fitch.

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Attachment 30

Economic Feasibility

Economic Feasibility

D. Criterion 1120.310.d, Projected Operating Costs - Clinical (dollars in thousands)

Expenses:	<u>2016</u>
Salaries	\$ 3,358
Benefits	717
Supplies	125
Total Operating Expenses	\$ 6,881
Number of Patient Days	34,624
Cost per Patient Day	\$199

	<u>2016</u>
EXPENSES	
Assisted Living Services	0
Memory Support	0
Nursing Services	(4,633)
Building and Ground Maintenance	(36)
Dining Services	(300)
Housekeeping and Laundry Services	(54)
Ancillary and Therapy - Medicare	(1,765)
Utilities	(95)

TOTAL OPERATING EXPENSES (\$6,881)

Number of Patient Days	34,624
Cost per Patient Day	\$199
Cost per Patient Day excluding Utilities	\$196

E. Criterion 1120.310.e, Total Effect of the Project on Capital Costs - Clinical (dollars in thousands)

	<u>2016</u>
EXPENSES	
Depreciation & Amortization	666
Interest Expense	<u>1,133</u>
TOTAL OPERATING EXPENSES	<u><u>\$1,798</u></u>
Number of Patient Days	34,624
Cost per Patient Day	\$52