

RESOLUTION

WHEREAS, Lake County continues to support the replacement of the current Winchester House operation with a new skilled nursing facility in Mundelein, Illinois, by acknowledging that approval of this contract modification will keep the County and TCM moving forward to the ultimate resolution that both parties seek, which is to transition Winchester House residents to a new and better facility while transitioning the County out of the nursing home business; and

WHEREAS, in 2015 Lake County and Transitional Care of Lake County, LLC, (TCLC) entered into an Operations Transfer Agreement and a Lease and Management Agreement (collectively, the "Agreements") for the County's skilled nursing facility known as Winchester House in the amount not to exceed \$6,714,133: and

WHEREAS, since 2015, the need has arisen to modify the current Lease and Management Agreement due to revenue shortfalls at Winchester House, which rendered the original pro forma, which was part of the Lease and Management Agreement, inaccurate; and

WHEREAS, to remedy the shortfalls, the County worked with TCLC to rework the pro forma and negotiate a modification to the previously approved 2015 Lease and Management Agreement; and

WHEREAS, the proposed modification includes extending the original three-year deal into a fourth year, if TCLC requires the additional time due to construction and regulatory delays and providing an additional six months of incentive payments in the amount of \$192,000; and

WHEREAS, the County has negotiated revisions to various milestones to better reflect the progress thus far, and the anticipated progress which, again, may go into a full fourth year; and

WHEREAS, the agreement modifications are contingent on TCLC doing the following: (1) Closing on the property in Mundelein for which the company has a real estate contract; and (2) Soliciting bids for construction; and

WHEREAS, the proposed modified agreement includes additional County concessions including reduced rent and utility payments, forgoing future rent and utilities, forgiveness of \$900,000 in already-budgeted start-up capital and the deleting of a "shared savings" provision in order to simplify accounting going forward; and

WHEREAS, the agreement modifications call for the forgiveness of the remaining, already-budgeted, start-up capital (\$1,031,957), provided construction milestones are met; and

WHEREAS, TCLC releases the County from claims it might have had arising from "the revenue shortfalls due to residents without payor sources, the unanticipated expenses for health care, and the unanticipated expenses for workers' compensation"; and

WHEREAS, in accordance with Article 8, Section 101 (1) of the Lake County Purchasing Ordinance it is hereby requested that the County Board Chair be authorized to enter into Contract Modification #1.

NOW, THEREFORE, BE IT RESOLVED, by this County Board of Lake County, Illinois, that the County Board Chair is hereby authorized to enter into a contract modification with Transitional Care of lake County, LLC of Rosemont, IL which increases the amount of the lease incentive payments by \$192,000 from \$6,714,133 for a total of \$6,906,133 for the Lease and Replacement of Winchester House and charging the costs thereof to account number 218-4101010-72885.

DATED at Waukegan, Lake County, Illinois, on January 17, 2017.