



Lake County Illinois

Legislation Text

File #: 18-0872, Version: 1

Joint resolution approving Change Order Number Two for Agreement Number 14198 for the lease and management agreement between the County of Lake, Illinois, and Transitional Care of Lake County, LLC, (TCLC) of Rosemont, Illinois, in the amount of \$734,000.

- In 2015 Lake County and 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.
- The County Board approved Change Order Number One to the agreement in January 2017 that extended the original three-year deal into a fourth year and provided an additional six months of incentive payments in the amount of \$192,000.
- TCLC requested a second modification to the agreement due to a significant change in the equity partnership that has resulted in a delay in final approval of financing by the United States Department of Housing and Urban Development.
- The modification provides that the remaining start-up capital, which was originally tied to construction milestones, be forgiven upon execution of the modification and prior to construction to address changes in the equity partnership.
- An Operational Support Fund, in the amount not to exceed \$734,000, will be established to address continued operational losses at the facility and will be accounted for based on actuals versus pro forma. No payment shall be made unless construction on the replacement facility begins by December 31, 2018.
- The anticipated construction start date has been extended to December 31, 2018, with an anticipated move in date to the new replacement facility in May 2020.
- Change Order Number Two increases the lease in a not to exceed amount of \$734,000 for establishment of an Operational Support Fund increasing the cost of this agreement from \$6,906,133 to a total of \$7,640,133.
- 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 Number Two.

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, the County Board approved Change Order Number One to the Agreement in January

2017 that extended the original three-year deal into a fourth year and provided an additional six months of incentive payments in the amount of \$192,000; and

WHEREAS, TCLC requested a second modification to the agreement due to a significant change in the equity partnership that has resulted in a delay in final approval of financing by Department of Housing and Urban Development; and

WHEREAS, due to the change in equity partnership, TCLC has requested the following modifications to the lease and management agreement - forgiveness of the remaining start-up capital (\$1,031,957) upon execution of the modification and establishment of an Operational Support Fund in the amount not to exceed \$734,000; and

WHEREAS, initial payment from the Operational Support Fund is anticipated to be in February 2019. No payment shall be made unless construction on the replacement facility is begun by December 31, 2018 and will be tied to operational losses at the facility that will be accounted for based on actuals vs. pro forma; and

WHEREAS, the anticipated construction start date has been extended to December 31, 2018 with an anticipated move in date to the new replacement facility in May 2020; and

WHEREAS, Change Order Number Two increases the amount of the lease in a not to exceed amount of \$734,000 for establishment of an Operational Support Fund from \$6,906,133 for a total of \$7,640,133; 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 #2.

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 in a not to exceed amount of \$734,000 for establishment of an Operational Support Fund from \$6,906,133 for a total of \$7,640,133 for the Lease and Replacement of Winchester House, subject to appropriation of funds by the County Board.

DATED at Waukegan, Lake County, Illinois, on August 14, 2018.