



Trinity Springs: Elim Senior Housing, Inc.

Construction Status Report: October 13, 2017

Table of Contents

I.	Introduction.....	pg.2
II.	Project Description.....	pg.2
III.	Development and Construction.....	pg.2
IV.	Project Timeline.....	pg.4

Appendices

Appendix A: Development Cost Report

Appendix B: Project Team

I. Introduction

On behalf of Elim Senior Housing, Inc. this report summarizes construction progress for the development and construction of the Trinity Springs Assisted Living and Memory Care project located in Oxford, Florida.

Information pertaining to the construction activity reflects progress through October 13, 2017. The Development and Cost Report and Contingency analysis reflect expenses through October 13, 2017.

II. Project Description

The Project is located on approximately 20 acres of land located at the northwest quadrant of the intersection at County Road 103 and Woodridge Drive, within the city limits of the City of Wildwood, Florida in Sumter County, Florida, having a mailing address of 12120 County Road 103, Oxford, Florida and consists of 107 assisted living apartments, 48 assisted living memory care suites providing 54 beds, 1 guest suite and a town center.

The Project is designed to meet the needs of aging seniors. The building will be three stories of approximately 185,000 total square feet, which is being built nearby to the Live Oaks Community Church.

In addition to residential assisted living units and memory care units, the Project will have central and building commons areas for residents and their families. The central commons area consists of a dining room, living room and activity room available to residents on each floor. Additionally, each floor provides access to a spa tub, laundry and community lanai with living rooms for each neighborhood. The building commons area will include a theater, art gallery, an entry lounge, general store, fitness and aerobics center with the ability to provide physical therapy services, and a salon. Outdoor amenities of the Project consist of two courtyards, one for memory care residents and one for assisted living residents with direct elevator access from their central commons.

III. Development and Construction

I am pleased to report that we did receive our Full Building Permit on October 5. Thankfully, despite the delay, Edwards Construction was able to work with the local building official to keep the laborers on schedule and we lost no time on the project. I personally visited the site on October 9 and 10 and am very pleased to see that Footings are moving forward according to schedule and the Exterior Block walls are also progressing very rapidly. I counted a minimum of 30 laborers on site, all working diligently. Additionally, the rebar delivery issue that we were concerned about in my last report has diminished and we have no concern of receiving those materials in a timely fashion at this point. As discussions of the impact of Hurricane Irma have continued, Edwards Construction has little to no concerns moving forward about delays caused by this storm or any of the other smaller storms that followed.

Beyond the issue of material supply chains and staff availability to attain permit, Irma left another fall out to the state of Florida. It has been well documented in the media in Hollywood Hills, Florida there was a Nursing Home Facility that had insufficient backup power and due to a variety of reasons a

number of beloved elderly had passed away due to excessive heat. This has thrust the governor of Florida to require all Assisted Living and Care Centers to provide generator power or fuel for a minimum of four days (96 hours). This has created a lot of push back as this requirement is retroactive to all existing facilities as well as new facilities. We do provide backup power to not only critical life safety systems but also to the air conditioning in the community areas. Our Design and Engineer Team is currently working with the reviewing officials to establish what these requirements mean for our building at this time. What we do know is that we meet the newly required demands for the facility comfort levels, but we only hold enough fuel for 24 hours of service. I anticipate that this specific item will be concluded prior to the November Report and will provide an update as to how we are or could be affected by this situation.

Lastly, it was found that our long term blanket insurance policy would become excessive if we continued to move forward with our current roof design for the project. We had originally intended for the roof trusses to be made of wood, which met both the structural and fire requirements of this facility and were included in the approved and permitted set of documents. After talking with our insurance company and looking at the long term cost projections for our blanket policy on the property in the aftermath of Irma, it was decided it would be in the project's best interest to change the design to steel stud roof trusses. We plan for some of the cost to come out of the project contingency and also the construction contingency. This strategy will help reduce the impact on the construction contingency so early in the project. We will spell this out in more detail in next month's report when the Change Order is finalized.

Key activities that are underway as of October 13, 2017 are as follows:

- 1- Site Grading and NE / NW Pond Excavation (85% Complete)
- 2- Footing and Foundation Excavation (65% Complete)
- 3- First Floor Exterior Block Wall Construction (15% Complete)
- 4- First Floor Interior Bearing Walls (5% Complete)

Between the permit, generator and the roof trusses the project has shown challenges, but we are successfully navigating them with both the engineers and contractor to bring them to successful resolution. I believe this is the everyday challenge to construction and I am left with little concern as to where we are at this point. All things considered, we are on schedule and have a budget that was built in such a way to manage some level of change. Although we do not want to release contingency of this magnitude this early, we feel this is the best use of funds for the long term success of the property. Furthermore the items above are trickle down affect to a historic storm, if anything we will be better prepared for storms in the future as a result.

Construction Schedule

With our permit now issued for the project, the 16-month (488 Day) construction period has now commenced. Based on its issuance date of October 5, our 16-month construction duration is allowed to go until February 19, 2019. That being said, Edwards Construction is still tracking for substantial completion to be achieved by December 15, 2018 as per the schedule issued in the previous report.

Construction Budget Update

The construction cost for the project is established by the Guaranteed Maximum Price (“GMP”) in the contract between the Owner and the Contractor. During construction, the GMP may be modified by Change Orders that are approved and executed by the owner.

Payment Application #3, dated September 21, 2017 for \$282,307.96 was approved for payment with \$28,631.37 retainage to date withheld. To date, no material draws have been presented or endorsed. As of October 13, 2017 there have been no Change Orders executed by the owner. The next project draw is expected to be issued the week of October 23rd. Contingency Funds of \$1,107,256.76 were included in the project budget. To date \$123,252.11 has been used. The remaining \$984,004.65 is anticipated to be sufficient funding through completion of the project.

IV. Project Timeline

Date	Milestone
August 9, 2017	Bond Purchase Agreement Endorsed
August 9, 2017	Early Start
August 29, 2017	Finance Closing
August 29, 2017	Mobilization
Sept. 7-12, 2017	Hurricane Irma Preparation and Recovery
December 15, 2018	Substantial Completion
February 19, 2019	Construction Duration by Contract (16 months/ 488 Days)
January 15, 2019	Furniture Installation Complete
January 15, 2019	Available for Operations and Occupancy
September 2021	New Assisted Living Facility reaches stabilized occupancy

Appendix A: Cost Report

PROJECT: ELIM SENIOR HOUSING, INC. (TRINITY SPRINGS) - WILDWOOD, FL

OWNER: ELIM SENIOR HOUSING, INC.

Sources	Total	Draw # 1 Disbursed at Closing Date: 8/29/17	Draw #2 Date: 8/31/17	Draw #3 Date: 8/31/17	Draw #4 Date: 9/12/17	Draw #5 Date: 10/2/17	Equity Previously Paid	Available
Project Fund	37,397,227.10	691,249.68	1,435,004.11	32,880.00	-	282,307.96	1,225,000.00	33,730,785.35
Capitalized Interest	8,235,060.40				-			8,235,060.40
Cost of Issuance	1,233,660.31	1,233,660.31	-					-
Underwriters Discount	770,750.00	770,750.00						-
Reserve Fund	3,704,212.50							3,704,212.50
Working Capital - (includes Marketing Funds)	2,652,500.00			49,776.69	1,989.38			2,600,733.93
Working Capital -Elim Equity	281,589.69							281,589.69
		-	-		-			-
Total	54,275,000.00	2,695,659.99	1,435,004.11	82,656.69	1,989.38	282,307.96	1,225,000.00	48,552,381.87

Sources	Total	Draw # 1 Disbursed at Closing Date: 8/29/17	Equity Previously Paid	Draw #2 Date: 8/31/17	Draw #3 Date: 8/31/17	Draw #4 Date: 9/12/17	Draw #5 Date: 10/2/17	Total Cost Paid to Date	Available
Construction - Edwards Construction Svcs	30,589,201.00	-	90,372.11	1,435,004.11	32,880.00	-	282,307.96	1,840,564.18	28,748,636.82
Construction Contingency (Elim)	1,107,256.76	-		-	-		-	-	1,107,256.76
Architect / Engineering Fees & Exp.	2,153,482.00	691,249.68	902,680.23	-	-		-	1,593,929.91	559,552.09
Architect Reimbursable Fees	23,670.26	-	17,464.72	-	-		-	17,464.72	6,205.54
As Built Survey (Farner Barley)	6,000.00	-	-	-	-		-	-	6,000.00
Bd of Cty Commissioners (Permits/Rd Impact)	115,283.09	-	-	-	-		-	-	115,283.09
FF&E	2,337,081.00		17,025.00					17,025.00	2,320,056.00
City of Wildwood Fees (need 3 different checks)	578,253.05	-	8,625.00	-	-		-	8,625.00	569,628.05
Builder's Risk Insurance (American Agency)	78,362.00	-	-	-	-		-	-	78,362.00
Reviewing Architect (Kp Studio)	30,000.00	-	-	-	-		-	-	30,000.00
Civil Engineering Fees (Farner Barley)	142,218.31	-	142,218.31	-	-		-	142,218.31	-
Special Testing (AB Consult & Adreyev)	59,805.00	-	-	-	-		-	-	59,805.00
Mechanical Testing (Questions & Solutions)	30,000.00	-	-	-	-		-	-	30,000.00
Soil Borings & Phase I ESA (Andreyev Eng)	9,740.00	-	9,740.00	-	-		-	9,740.00	-
Various Studies and Fees (detail in schedule)	36,874.63	-	36,874.63	-	-		-	36,874.63	-
Elim Management Services, LLC (Dev fee)	100,000.00	-	-	-	-		-	-	100,000.00
Capitalized Interest	8,235,060.40	-	-	-	-		-	-	8,235,060.40
Cost of Issuance	1,233,660.31	1,233,660.31	-	-	-		-	1,233,660.31	-
Underwriters Discount	770,750.00	770,750.00	-	-	-		-	770,750.00	-
Reserve Fund	3,704,212.50		-	-	-		-	-	3,704,212.50
Working Capital - (includes Marketing Funds)	2,652,500.00	-	-	-	49,776.69	1,989.38	-	51,766.07	2,600,733.93
Working Capital -Elim Equity	281,589.69	-	-	-	-		-	-	281,589.69
Total Project Costs	54,275,000.00							5,722,618.13	48,552,381.87
Total Draw		2,695,659.99	1,225,000.00	1,435,004.11	82,656.69	1,989.38	282,307.96	5,722,618.13	
% of Total Project Costs		4.97%	2.26%	2.64%	0.15%	0.00%	0.52%		
Remaining Project Balance		51,579,340.01	50,354,340.01	48,919,335.90	48,836,679.21	48,834,689.83	48,554,371.25		

Appendix B: Project Team

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