

August 3, 2016

Ms. Courtney Avery, Administrator
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

AUG 04 2016

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Annual Progress Report

Project: #10-090 Centegra Hospital - Huntley
Permit Holders: Centegra Health System, Centegra Hospital – Huntley, Centegra Hospital-McHenry
Permit Amount: \$233,160,352

Dear Ms. Avery,

Per 77 Ill. Adm. Code Section 1130.760, this letter is being submitted as the Annual Progress Report for Project #10-090 for which a permit has been issued by the Health Facilities and Services Review Board.

1) Current status of the project, including the percentage of the project finished, components finished and components yet to be finished, and any changes in the scope of the project and size.

- a. The Review Board's issuance of the permit for this project was contested by complaints for administrative review filed in the Circuit Court of Will County on August 24, 2012 (Case No. 12 MR 1824) and August 28, 2012 (Case No. 12 MR 1840). The two cases were consolidated and in November 2013, Circuit Court Judge Bobbi N. Petrungaro ruled in favor of Centegra Health System and the Illinois Health Facilities and Services Review Board upholding the CON approval. Opponents appealed and on April 22, 2016 the Appellate Court for the 3rd Judicial District issued an opinion unanimously affirming the Illinois Health Facilities and Services Review Board decision granting Centegra's CON to construct Centegra Hospital-Huntley. The Mandate was issued on June 16, 2016, bringing the matter to a close.
- b. In accordance with 77 Ill. Adm. Code Section 1130.710(a)(2), the obligation period for the project was extended. The project was obligated on February 18th, 2014 when contracts were signed committing to spend over 33% of the project cost.
- c. As of May 31, 2016 the construction of the project is over 95% complete and a total of \$180,173,779 in project related costs have been incurred.
- d. The project was approved for occupancy on July 21, 2016 and the Illinois Department of Public Health (IDPH) has issued an operating license for the facility. The opening day is planned for August 9, 2016.
- e. The following components of the project are finished.
 1. Pre-Planning and site survey
 2. Excavation
 3. Site utility work and relocations
 4. Cast-in-place concrete foundations
 5. Structural steel erection
 6. Metal deck installation
 7. Exterior studs and sheathing
 8. Building enclosure including: windows, roofing, sheet metal, louvers and screen wall
 9. Precast concrete façade installation
 10. Mechanical, electrical and plumbing system rough in work

11. Major mechanical equipment installation
12. Site paving
13. Elevators and pneumatic tube work
14. Interior partitions and acoustic ceilings
15. Interior wall finishes, ruining trim, ceramic tile and casework
16. Floor finishes
17. Mechanical, electrical and plumbing trim installation
18. Off-site work
19. Installation of signage, and non-movable equipment and furnishings
20. Landscaping

f. The following components of the project are not yet finished.

1. The move in of movable medical equipment

g. The project scope and size remains consistent with the permit.

2) Cost incurred to date and an itemized listing of the total current estimated project costs and a comparison of those costs to the approved permit amounts.

Use of Funds	CON Permit Amount as Altered	Cost Incurred Through May 31st, 2016
Preplanning	\$ 2,935,000	\$ 2,932,066
Site Survey & Soil Preparation	\$ 85,000	\$ 84,489
Site Preparation	\$ 2,090,000	\$ 2,088,332
Offsite Work	\$ 10,880,000	\$ 9,166,923
New Construction	\$ 126,732,813	\$ 123,027,174
Modernization Contracts		
Contingencies	\$ 12,039,617	\$ -
A/E Fees	\$ 7,446,160	\$ 6,857,292
Consulting and Other Fees	\$ 12,224,729	\$ 10,560,698
Movable or Other Equipment	\$ 35,684,966	\$ 9,544,871
Bond Issuance Expense	\$ 1,500,000	\$ 1,468,574
Net Interest Expense During Construction	\$ 19,000,000	\$ 14,051,293
Fair Market Value of Leased Space or Equipment	\$ 2,150,000	\$ -
Other Costs	\$ 392,067	\$ 392,067
Total Uses of Funds	\$ 233,160,352	\$ 180,173,779

3) The method of financing the project and sources of funds.

Source of Funds	CON Permit Amount as Altered	Cost Incurred Through May 31st, 2016
Cash & Securities	\$ 48,010,352	\$ 14,700,698
Pledges		
Gifts and Bequests		\$ -
Bond Issues (Project Related)	\$ 183,000,000	\$ 165,473,081
Mortgages		
Leases (fair market value)	\$ 2,150,000	
Governmental Appropriations		
Grants		
Other Funds and Sources		
Total Sources of Funds	\$ 233,160,352	\$ 180,173,779

The method of financing the project and sources of funds have not changed.

4) The anticipated date of completion.

The project completion date in the permit is September 30, 2016. As noted above, the facility has been licensed and approved for occupancy by IDPH with the opening day planned for August 9, 2016. We expect the project will be completed by the project completion date but we anticipate that we may need more than 90-days after the project completion date to submit the final realized cost report due to the size of the project, the litigation related delay in the obligation of the project, and the need for an audited final cost report. For these reasons we are separately submitting with this annual progress report a permit renewal request for a six-month extension of the project completion date to March 31, 2017.

If you have any questions, please feel free to contact me at 815.788.5858.

Sincerely,

A handwritten signature in black ink that reads "Hadley Streng". The signature is written in a cursive, flowing style.

Hadley Streng
Vice President, Strategy and Development
Centegra Health System