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HEALTH FACILITIES &
SERVICES REVIEW BOARD

December 23, 2013

FEDERAL EXPRESS

Michael Constantino
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Annual Progress Report – Lawndale Dialysis (Proj. No. 12-085)

Dear Mr. Constantino:

Pursuant to Section 1130.760 of the Illinois Health Facilities and Services Review Board (“HFSRB”) rules, I am writing on behalf of DaVita HealthCare Partners Inc f/k/a DaVita Inc and Cowell Dialysis, LLC d/b/a Lawndale Dialysis (collectively, “DaVita” and the “Permit Holders”) to submit the annual progress report for Lawndale Dialysis (Project No. 12-085). As you are aware, on December 10, 2012, HFSRB approved the Permit Holders’ application to establish a 16-station in-center hemodialysis facility located at 3934 West 24th Street, Chicago, Illinois 60623 (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #12-085.

1. Status of the Project

The Project was obligated on June 25, 2012, through the execution of a lease for the building that will house the dialysis facility. Construction was completed and the first treatment occurred on October 8, 2013. To date, the facility is still awaiting Medicare certification of the 16 stations.

2. Costs Incurred to Date

To date, the Permit Holders have incurred \$2,956,031 in project costs.

Michael Constantino

December 23, 2013

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| PROJECT COSTS | Approved | Expended |
|---|--------------------|--------------------|
| Modernization Contracts | \$940,600 | \$910,985 |
| Contingencies | \$140,000 | \$41,621 |
| Architectural / Engineering Fees | \$52,800 | \$57,191 |
| Consulting & Other Fees | \$75,000 | \$17,132 |
| Moveable Equipment or Other Equipment (not in construction contracts) | \$525,708 | \$517,270 |
| Net Interest Expense During Construction (project related) | \$37,363 | \$37,363 |
| Fair Market Value of Leased Space & Equipment | \$1,374,469 | \$1,374,469 |
| Estimated Total Project Cost | \$3,145,940 | \$2,956,031 |

3. Sources of Funds

The project will be financed through \$487,715 in cash and cash equivalents, a \$1,283,756 loan, and a \$1,374,469 lease.

4. Application and Certification for Payment

The Application and Certification for Payment (AIA Form G702) is included as Attachment A.

5. Anticipated Completion Date

The anticipated completion date for the Project is March 31, 2014.

If you need any additional information or have any questions regarding the status of the project, please feel free to contact me.

Sincerely,



Timothy V. Tincknell

cc: Beth Markus-Boles

APPLICATION AND CERTIFICATION FOR PAYMENT

CONSTRUCTION MANAGER-ADVISER EDITION

AIA DOCUMENT G702/CMa

PAGE ONE OF FOUR PAGES

TO OWNER DaVita Healthcare Partners, Inc. PROJECT: Lawndale Dialysis

2000 16th Street
Denver, CO 80202

Facility #5283
3934 W. 24th Street
Chicago IL 60623

APPLICATION NC 005
PERIOD TO: 12/31/2013
PROJECT NOS.:
CONTRACT DATE:

Distribution to:
 OWNER
 CONSTRUCTION MGR
 ARCHITECT
 CONTRACTOR

FROM CONTRACTOR: Frontier Construction, Inc.
7615 Plaza Court
Willowbrook, IL 60527

VIA CONSTRUCTION MANAGER:
VIA ARCHITECT: Studio GC / Gilfillan Callahan Nelson Architects

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM \$ 888,850.00
2. Net change by Change Orders \$ 22,135.28
3. CONTRACT SUM TO DATE (Line 1 ± 2) \$ 910,985.28
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ 910,985.28

5. RETAINAGE:
 - a. % of Completed Work \$ _____
(Column D + E on G703)
 - b. % of Stored Material \$ _____
(Column F on G703)

- Total in Column I of G703) \$ 0.00
6. TOTAL EARNED LESS RETAINAGE (Line 4 Less Line 5 Total) \$ 910,985.28
 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate) \$ 852,118.27
 8. CURRENT PAYMENT DUE \$ 58,867.01
 9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6) \$ 0.00

| CHANGE ORDER SUMMARY | ADDITIONS | DEDUCTIONS |
|-----------------------------|-------------|-------------|
| Total changes approved | \$33,116.60 | |
| in previous months by Owner | | |
| Total approved this Month | \$11,391.45 | \$22,372.77 |
| TOTALS | \$44,508.05 | \$22,372.77 |
| NET CHANGES by Change Order | \$22,135.28 | |

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:
By: _____ Date: _____
Gregory A. Parr President Country of: Cook
State of: Illinois
Subscribed and sworn to before me this 25th Day of December 2013
Notary Public:
My Commission expires:

CERTIFICATE FOR PAYMENT

In accordance with the Contract documents, based on on-site observations and the data comprising this application, the Construction Manager and Architect certify to the owner that to the best of their knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ _____
(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

CONSTRUCTION MANAGER: _____ Date: _____
By: _____
ARCHITECT: _____ Date: _____
By: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CONTINUATION SHEET

AIA DOCUMENT G703

PAGE TWO OF THREE

AIA Document G702, APPLICATION AND CERTIFICATION FOR PAYMENT, containing Contractor's signed certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

DaVita Lawndale Dialysis

APPLICATION NO: 005
 APPLICATION DATE: 12/13/2013
 PERIOD TO: 12/31/2013
 ARCHITECT'S PROJECT NO:

| A ITEM NO. | B DESCRIPTION OF WORK | C SCHEDULED VALUE | D WORK COMPLETED | | E THIS PERIOD | F MATERIALS PRESENTLY STORED (NOT IN D OR E) | G TOTAL COMPLETED AND STORED TO DATE (D+E+H) | H BALANCE TO FINISH (C - G) | I RETAINAGE (IF VARIABLE RATE) |
|----------------------|---|-------------------------|---|-------------|------------------|---|---|--------------------------------------|---|
| | | | FROM PREVIOUS APPLICATION (D + E) | | | | | | |
| | OHP | \$63,876.00 | \$63,876.00 | | | | \$63,876.00 | 100.00% | |
| | General Conditions | \$30,765.00 | \$30,765.00 | | | | \$30,765.00 | 100.00% | |
| | Permit Allowance | \$10,000.00 | | \$10,000.00 | | | \$10,000.00 | 100.00% | |
| | Contingency Allowance | \$5,000.00 | | \$5,000.00 | | | \$5,000.00 | 100.00% | |
| | Floor Prep Allowance | \$7,000.00 | | \$7,000.00 | | | \$7,000.00 | 100.00% | |
| | Cushion Allowance | \$3,000.00 | | \$3,000.00 | | | \$3,000.00 | 100.00% | |
| | Concrete (Ipema Concrete) | \$17,000.00 | \$17,000.00 | | | | \$17,000.00 | 100.00% | |
| | Masonry (G.Lolos Masonry) | \$14,500.00 | \$14,500.00 | | | | \$14,500.00 | 100.00% | |
| | Steel (Fabricating & Welding, Inc.) | \$6,625.00 | \$6,625.00 | | | | \$6,625.00 | 100.00% | |
| | Architectural Woodwork (C-V Custom Cabinets) | \$70,000.00 | \$70,000.00 | | | | \$70,000.00 | 100.00% | |
| | Roofing (Metalmaster-Roofmaster, Inc.) | \$9,750.00 | \$9,750.00 | | | | \$9,750.00 | 100.00% | |
| | Glass & Glazing (CAD Contract Glazing) | \$23,800.00 | \$23,800.00 | | | | \$23,800.00 | 100.00% | |
| | Automatic Operators (Stanley Access Technologies) | \$5,050.00 | \$5,050.00 | | | | \$5,050.00 | 100.00% | |
| | Drywall Systems (Diaz Interior Contractors) | \$79,615.00 | \$79,615.00 | | | | \$79,615.00 | 100.00% | |
| | Acoustical Ceilings (International Decorators) | \$19,000.00 | \$19,000.00 | | | | \$19,000.00 | 100.00% | |
| | Resilient & Carpet Flooring (C.E.Korsgard) | \$21,000.00 | \$21,000.00 | | | | \$21,000.00 | 100.00% | |
| | Resinous Flooring (CCI Flooring) | \$8,230.00 | \$8,230.00 | | | | \$8,230.00 | 100.00% | |
| | Painting (HDS, Inc.) | \$7,175.00 | \$7,175.00 | | | | \$7,175.00 | 100.00% | |
| | Metal Lockers (Commercial Specialties) | \$2,773.00 | \$2,773.00 | | | | \$2,773.00 | 100.00% | |
| | Roller Window Shades (Evergreen Specialties) | \$3,800.00 | \$3,800.00 | | | | \$3,800.00 | 100.00% | |
| | Fire Protection (Nelson Fire Protection) | \$10,134.00 | \$10,134.00 | | | | \$10,134.00 | 100.00% | |
| | Plumbing (Provencal Brother's Plumbing) | \$200,000.00 | \$200,000.00 | | | | \$200,000.00 | 100.00% | |
| | HVAC (C&D Air Quality) | \$80,000.00 | \$80,000.00 | | | | \$80,000.00 | 100.00% | |
| | Electrical (Kreykes Electric) | \$111,000.00 | \$111,000.00 | | | | \$111,000.00 | 100.00% | |
| | Doors/Frames/Hardware | | | | | | | | |
| | Material: J&L Metal Door | \$21,700.00 | \$21,700.00 | | | | \$21,700.00 | 100.00% | |
| | Labor: Frontier | \$9,333.00 | \$9,333.00 | | | | \$9,333.00 | 100.00% | |
| PAGE 1 TOTALS | | 840,126.00 | 815,126.00 | 25,000.00 | | 0.00 | 840,126.00 | | 0.00 |

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CONTINUATION SHEET

AIA DOCUMENT G703

PAGE THREE OF THREE

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 APPLICATION DATE: 12/13/2013
 PERIOD TO: 12/31/2013
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| A ITEM NO. | B DESCRIPTION OF WORK | C SCHEDULED VALUE | D WORK COMPLETED | | E THIS PERIOD | F MATERIALS PRESENTLY STORED (NOT IN D OR E) | G TOTAL COMPLETED AND STORED TO DATE (D+E+F) | H BALANCE TO FINISH (C - G) | I RETAINAGE (IF VARIABLE RATE) |
|------------------|---|-------------------------|---|-------------|------------------|---|---|--------------------------------------|---|
| | | | FROM PREVIOUS APPLICATION (D + E) | THIS PERIOD | | | | | |
| | Toilet & Bath Accessories | | | | | | | | |
| | Material: Commercial Specialties | \$3,439.00 | \$3,439.00 | | \$4,500.30 | | \$3,439.00 | 100.00% | 0.00 |
| | Labor: Frontier | \$2,000.00 | \$2,000.00 | | \$5,051.55 | | \$2,000.00 | 100.00% | 0.00 |
| | Frontier Construction, Inc. | | | | \$1,451.10 | | \$9,641.00 | 100.00% | 0.00 |
| | Rough Carpentry | | | | \$388.50 | | \$3,662.00 | 100.00% | 0.00 |
| | Materials: | \$3,662.00 | \$3,662.00 | | | | \$9,641.00 | 100.00% | 0.00 |
| | Labor: | \$9,641.00 | \$9,641.00 | | | | \$15,602.00 | 100.00% | 0.00 |
| | Finish Carpentry | | | | | | \$14,380.00 | 100.00% | 0.00 |
| | Materials: | \$15,602.00 | \$15,602.00 | | | | \$432.00 | 100.00% | 0.00 |
| | Labor: | \$14,380.00 | \$14,380.00 | | | | \$22,550.00 | 100.00% | 0.00 |
| | Change Request #2 | \$432.00 | \$432.00 | | | | \$1,785.00 | 100.00% | 0.00 |
| | Change Request #3 | \$22,550.00 | \$22,550.00 | | | | \$1,566.60 | 100.00% | 0.00 |
| | Change Request #4 | \$1,785.00 | \$1,785.00 | | | | \$4,814.25 | 100.00% | 0.00 |
| | Change Request #5 | \$1,566.60 | \$1,566.60 | | | | \$1,155.00 | 100.00% | 0.00 |
| | Change Request #6 | \$4,814.25 | \$4,814.25 | | | | \$813.75 | 100.00% | 0.00 |
| | Change Request #7 | \$1,155.00 | \$1,155.00 | | | | | 100.00% | 0.00 |
| | Change Request #8 | \$813.75 | \$813.75 | | | | | 100.00% | 0.00 |
| | Change Request #9 | \$4,500.30 | \$4,500.30 | | | | | 100.00% | 0.00 |
| | Change Request #12 | \$5,051.55 | \$5,051.55 | | | | | 100.00% | 0.00 |
| | Change Request #13 | \$1,451.10 | \$1,451.10 | | | | | 100.00% | 0.00 |
| | Change Request #14 | \$388.50 | \$388.50 | | | | | 100.00% | 0.00 |
| | Change Request #15 - Unused Cushion Allowance | (\$2,400.00) | (\$2,400.00) | | | | | 100.00% | 0.00 |
| | Change Request #16 - Unused Floor Prep Allowance | (\$4,972.77) | (\$4,972.77) | | | | | 100.00% | 0.00 |
| | Change Request #17 - Unused Contingency Allowance | (\$5,000.00) | (\$5,000.00) | | | | | 100.00% | 0.00 |
| | Change Request #18 - Unused Permit Allowance | (\$10,000.00) | (\$10,000.00) | | | | | 100.00% | 0.00 |
| | PAGE 2 TOTALS | 70,859.28 | 81,840.60 | (10,981.32) | | | 70,859.28 | 100.0% | 0.00 |
| | GRAND TOTALS | \$910,985.28 | \$896,966.60 | \$14,018.68 | | | \$910,985.28 | 100.0% | \$0.00 |

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