

October 23, 2014

RECEIVED

OCT 24 2014

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, IL 62761

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: IHFPB Project #13-036

Dear Ms. Avery:

This letter constitutes an Annual Progress Report on the above referenced project, which was granted a CON permit on September 24, 2013.

You may recall that this permit is to construct an 18 bed addition to our current behavioral health unit and to renovate other areas that are impacted by this project.

The permit was approved with total project costs of \$10,138,535 of which \$10,000,000 will be financed through a mortgage and the remainder through cash and securities.

1. The current status of the project is as follows:
 - a. The project has been obligated.
 - b. Approximately 10% of the project is finished.
 - c. The following components of the project have been completed:
 - Design
 - IDPH approvals have been obtained
 - General contractor selected
 - Subcontractors selected
 - Construction of new heliport
 - d. The following components of the project are not yet finished
 - Site work
 - Building structure
 - Renovation of existing clinical and non-clinical area
 - e. The project scope, size and cost are unchanged from the approved application.
2. The costs incurred through September 30, 2014 are \$818,683. Please see attached.

3. The method of financing is a Credit Agreement with JPMorgan Chase Bank for \$10,000,000.00 secured through a Guarantee Agreement by Hospital Sister Services, Inc.
4. We estimate the project will be complete by December 31, 2015, as specified in our CON application and the CON permit.

Please feel free to contact me at (618) 332-5400 if you have any questions.

Sincerely,



John Majchrzak
Corporate Vice President, Finance/CFO

cc: Clare C. Ranalli, McDermott Will & Emery LLP

Attachment (1)

TOUCHETTE REGIONAL HOSPITAL

IHFPB PROJECT #13-036

PROJECT COSTS AND SOURCES OF FUNDS AS OF SEPTEMBER 30, 2014

	COSTS INCURRED -9/30/2014			ESTIMATED PROJECT COSTS		
	CLINICAL	NON-CLINICAL	TOTAL	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$ 94,297		94,297	\$ 91,375	\$ 8,625	\$ 100,000
Site Survey and Soil Investigation	300		300	26,042	2,458	28,500
Site Preparation		3,164	3,164	529,975	50,025	580,000
Off-Site Work			-	502,563	47,438	550,001
New Construction Contracts	84,460		84,460	4,958,984	468,085	5,427,069
Modernization Contracts			-	715,258	67,514	782,772
Contingencies			-	616,781	58,219	675,000
Architectural/Engineering Fees	578,538		578,538	586,477	55,358	641,835
Consulting and Other Fees	10,533	30,198	40,731	345,109	32,575	377,684
Moveable or Other Equipment (not in construction contracts)			-	615,411	58,089	673,500
Total before interest expense	\$ 768,128	\$ 33,362	\$ 801,490	\$ 8,987,975	\$ 848,386	\$ 9,836,361
Net Interest Expense During Construction	17,193		17,193	276,111	26,063	302,174
Total	\$ 785,321	\$ 33,362	\$ 818,683	\$ 9,264,086	\$ 874,449	\$ 10,138,535