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July 2, 2019

Via Federal Express
Via Email

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

Re: Annual Progress Report – Auburn Park Dialysis (Proj. No 17-062)

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 Inc. and Sappington Dialysis, LLC (collectively, the “Permit Holders”) to submit the annual progress report for Auburn Park Dialysis (Project No. 17-062). As you are aware, on June 5, 2018, HFSRB approved the Permit Holders’ certificate of need application for the establishment of Auburn Park Dialysis (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #17-062.

1. Status of the Project

The Project was obligated through the execution of the lease for the facility effective on June 5, 2018. Architectural drawings for the tenant improvement permit are complete. The core and shell component of the building are to be constructed by the landlord prior to completion of tenant improvements and the landlord has not yet turned the site over for completion of such tenant improvements.

2. Costs Incurred to Date

To date, the Permit Holders have incurred \$1,807,826 in project costs.

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| PROJECT COSTS | Approved | Incurred |
|---|--------------------|--------------------|
| Modernization Contracts | \$1,243,979 | |
| Contingencies | \$124,396 | |
| A & E Fees | \$119,000 | \$49,507 |
| Consulting & Other Fees | \$90,000 | \$6,438 |
| Moveable Equipment | \$724,527 | \$38 |
| Fair Market Value of Leased Space & Equipment | \$1,751,843 | \$1,751,843 |
| Estimated Total Project Cost | \$4,053,745 | \$1,807,826 |

3. Sources of Funds

The project will be financed through \$2,301,902 in cash and cash equivalents and a \$1,751,843 lease.

4. Anticipated Completion Date

The anticipated completion date for the Project is February 29, 2020 though completion by this date is dependent on timely completion by the landlord of the core and shell work. In order to ensure sufficient time for completion of construction and Medicare certification, the Permit Holders will likely need to file a permit renewal request prior to Project completion date.

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

Sincerely,



Anne M. Cooper

cc: John Byce, DaVita
 Jim Burke, DaVita