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December 20, 2012

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

FEDERAL EXPRESS

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

Re: Annual Progress Report – Shiloh Dialysis (Proj. No. 11-097)

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 Total Renal Care, Inc. (the “Permit Holders”) to submit the annual progress report for Shiloh Dialysis (Proj. No. 11-097). As you are aware, on January 10, 2012, HFSRB approved the Permit Holders’ application to establish a 12-station in-center hemodialysis facility to be located at 1095 North Green Mount Road, Shiloh, Illinois (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #11-097.

1. Status of the Project

The Project was obligated on June 27, 2012, through execution of the lease for the dialysis facility. The dialysis facility is located within an existing building. Build-out of the existing space is complete. The facility treated its first patient on December 12, 2012 and is waiting for its Medicare certification survey. Based on recent experience, the Permit Holders anticipate it may take four to six months for the initial Medicare certification survey and subsequent receipt of Medicare enrollment documentation.

2. Costs Incurred to Date

To date, the Permit Holders have incurred \$2,126,002 in project costs.

Chicago Dallas Denver Edwardsville Jefferson City Kansas City Los Angeles
New York
Overland Park Phoenix St. Joseph St. Louis Springfield Topeka Washington, DC
Wilmington

In California, Polsinelli Shughart LLP.

Michael Constantino
December 20, 2012
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PROJECT COSTS			
	Approved	Proposed	Expended
Modernization Contracts	\$968,000	\$968,000	\$711,500
Contingencies	\$96,800	\$96,800	\$0
A & E Fees	\$75,000	\$75,000	\$62,331
Consulting & Other Fees	\$40,000	\$40,000	\$0
Moveable Equipment	\$479,206	\$479,206	\$459,867
Fair Market Value of Leased Space & Equipment	\$892,304	\$892,304	\$892,304
Estimated Total Project Cost	\$2,551,310	\$2,551,310	\$2,126,002

3. Sources of Funds

The project is being financed through \$1,659,006 in cash. Additionally, the fair market value of the lease is \$892,304.

4. Application and Certification for Payment

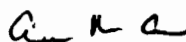
The most recent Application and Certification for Payment for the construction contract for the Project, form G702 published by the American Institute of Architects, is attached hereto at Attachment 1.

5. Anticipated Completion Date

The anticipated completion date for the Project is December 31, 2013.

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

Attachments

cc: Alexis Kendrick
Yoni Danieli

APPLICATION AND CERTIFICATION FOR PAYMENT

CONSTRUCTION MANAGER

PAGE ONE OF PAGES

APPLICATION #: Five (retainage) Distribution to:
 PERIOD TO: 10/31/12 Owner
 PROJECT NOS: Const. Mgr
 ARCHITECT
 CONTRACTOR

PROJECT: Shiloh Chronic

TO (OWNER):

DaVita - David Geary

FROM (CONTRACTOR):

Seakay Construction SE Corp
 940 Dogwood Drive
 Delray Beach, FL 33483

VIA ARCHITECT: Pulse Design Group
 8207 Melrose Dr. Suite 145
 Lenexa, Kansas 66214

CONTRACT DATE:

CONTRACT FOR:

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----- \$ 711,500.00
- 2. Net Change by Change Orders----- \$
- 3. CONTRACT SUM TO DATE (Line 1 +/- 2) \$ 711,500.00
- 4. TOTAL COMPLETED & STORED TO DATE-\$ (Column G on G703) 711,500.00
- 5. RETAINAGE:
 - a. % of Completed Work \$
 - (Columns D+E on G703)
 - b. % of Stored Material \$
 - (Column F on G703)
- Total Retainage (Line 5a + 5b or Total in Column 1 of G703)----- \$ 711,500.00
- 6. TOTAL EARNED LESS RETAINAGE----- \$
- (Line 4 less Line 5 Total)
- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)----- \$ 640,350.00
- 8. CURRENT PAYMENT DUE----- \$ 71,150.00
- 9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)----- \$

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 therein is now due.

CONTRACTOR:

By:  Date: 10/30/12

State of:

County of:

Subscribed and sworn to before me this _____ day of _____

Notary Public:

My Commission expires:

CERTIFICATE FOR PAYMENT

In accordance with Contract Documents, based on on-site observations and the data comprising application, the Architect certifies to the Owner that to the best of the Architect's 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 ----- 71,150.00

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this application and on the Continuation Sheet that are changed to conform to the amount certified.)

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner		
Total approved this Month		
TOTALS		
NET CHANGES by Change Order		

ARCHITECT:  Date: 12/12/2012

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 of Contractor under this Contract.

Continuation Sheet		Application No. Five (retainage)		Application Date: 30-Oct-12		Period To: 31-Oct-12		Architect's Project No.:	
Shiloh - Chronic									
Schedule of Values									
B Description of Work	C Scheduled Value	D Work Completed		E Completed This Period	F Materials Presently Stored (Not in D & E)	G Total Completed and Stored (D + E + F)	G % (G/C)	H Balance to Finish (C - G)	I Retainage (If variable Rate)
		From Previous Application (D + E)							
General Conditions	\$ 29,000	\$ 29,000	\$ 29,000	\$ -	\$ -	\$ 29,000	100%	\$ -	\$ 0
Fire Sprinkler	\$ 29,000	\$ 29,000	\$ 29,000	\$ -	\$ -	\$ 29,000	100%	\$ -	\$ 0
Concrete/Masonry	\$ 34,000	\$ 34,000	\$ 34,000	\$ -	\$ -	\$ 34,000	100%	\$ -	\$ 0
Partitions/Ceilings	\$ 64,000	\$ 64,000	\$ 64,000	\$ -	\$ -	\$ 64,000	100%	\$ -	\$ 0
Millwork	\$ 76,000	\$ 76,000	\$ 76,000	\$ -	\$ -	\$ 76,000	100%	\$ -	\$ 0
Glass/Glazing	\$ 23,000	\$ 23,000	\$ 23,000	\$ -	\$ -	\$ 23,000	100%	\$ -	\$ 0
Electrical	\$ 65,000	\$ 65,000	\$ 65,000	\$ -	\$ -	\$ 65,000	100%	\$ -	\$ 0
Plumbing	\$ 135,000	\$ 135,000	\$ 135,000	\$ -	\$ -	\$ 135,000	100%	\$ -	\$ 0
HVAC	\$ 80,000	\$ 80,000	\$ 80,000	\$ -	\$ -	\$ 80,000	100%	\$ -	\$ 0
Specialties	\$ 36,500	\$ 36,500	\$ 36,500	\$ -	\$ -	\$ 36,500	100%	\$ -	\$ 0
Doors & Hardware	\$ 28,000	\$ 28,000	\$ 28,000	\$ -	\$ -	\$ 28,000	100%	\$ -	\$ 0
Flooring	\$ 36,000	\$ 36,000	\$ 36,000	\$ -	\$ -	\$ 36,000	100%	\$ -	\$ 0
Painting	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	\$ -	\$ 12,000	100%	\$ -	\$ 0
Profit & Overhead	\$ 64,000	\$ 64,000	\$ 64,000	\$ -	\$ -	\$ 64,000	100%	\$ -	\$ 0
Change Order	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ -	\$ 0
Total	\$ 711,500.00	\$ 711,500.00	\$ 711,500.00	\$ -	\$ -	\$ 711,500	100%	\$ -	\$ 0

**LIEN WAIVER
(Shiloh Chronic)**

State of Florida
County of Palm Beach

The undersigned Michael Nicolosi, Vice President of Seakay Construction hereby releases, waives, and quitclaims rights to a construction lien in the amount of Seven Hundred Eleven Thousand Five Hundred Dollars (\$711,500.00) for improvements to, or materials furnished to, the property described as Shiloh Dialysis through the date of October 31, 2012.

The undersigned warrants that all laborers and subcontractors employed by it, and all suppliers from which it has acquired materials, have been paid their respective portion of prior claims, and that none of such laborers, subcontractors, or suppliers have any claim of lien against the project through October 31, 2012.

This waiver is conditioned upon full satisfaction of the amount shown above.

Signed on October 30, 2012

Signature: _____

Title: President

Address: 940 Dogwood Drive Delray Beach, FL 33483