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March 22, 2019

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
Second Floor
525 West Jefferson
Springfield, Illinois 62702

Re: IHFSRB Project #13-069

Dear Ms. Avery:

This letter constitutes an Annual Progress Report on the above-referenced project, which was granted a CON permit at the March 11, 2014, meeting of the Illinois Health Facilities and Services Review Board, and alterations were approved on February 16, 2016 and November 26, 2018.

You may recall that this permit is for the expansion and modernization of Memorial Hospital of Carbondale.

The altered permit was approved with project costs of \$56,112,398, the source for which is debt financing in the form of tax-exempt bonds, and cash and securities.

1. The current status of the project is as follows.
 - a. The project was financially committed on April 11, 2014.
 - b. 83% of the project is finished.
 - c. The following components of the project have been completed:
 - Subsurface work, including storm and sanitary lines
 - New Construction, which included many departments included in the project
 - Modernization of some departments included in the project, except as noted under 1.d.
 - Paving
 - Landscaping
 - Installation of the new daVinci Robotic Surgical System

- d. The following components of the project are not yet finished:
 - Modernization of existing operating rooms
 - e. The project costs are unchanged from the approved altered permit.
2. The costs incurred to date as of February 25, 2019 are \$46,424,272.

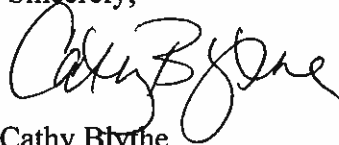
I am enclosing an itemized listing of the costs incurred as of February 25, 2019, and a comparison of those costs to the most-recently approved alteration amounts.

Please note that, during a recent review of project costs, it was discovered that several paid invoices had previously been reported in incorrect line items, which we have now reclassified to the correct line items (in accordance with Attachment 7 in the CON application) in the attached listing of Project Costs. The categories impacted include Preplanning Costs, Site Survey and Soil Investigation, and New Construction Contracts.

- 3. The method of financing the project and the sources of funds are debt financing in the form of tax exempt bonds, and cash and securities, as specified in the alteration to our CON permit.
- 4. We estimate project completion by December 31, 2019, as specified in our most recent permit renewal.

Please feel free to contact Andrea Rozran of Diversified Health Resources (312-266-0466) if you have any questions.

Sincerely,



Cathy Blythe
System Manager, Planning and Physician Recruitment
Southern Illinois Healthcare

Enclosures

cc: Andrea Rozran
Phil Schaefer

MEMORIAL HOSPITAL OF CARBONDALE EXPANSION AND MODERNIZATION

IHFPB PROJECT # 13-069

PROJECT COSTS AND SOURCES OF FUNDS AS OF FEBRUARY 25, 2019

	TOTAL COSTS INCURRED	APPROVED COSTS PER ALTERATION TO CON PERMIT
Preplanning Costs	\$107,564	\$159,231
Site Survey and Soil Investigation	\$13,149	\$33,638
Site Preparation	\$188,631	\$188,631
Off Site Work	\$395,218	\$395,218
New Construction Contracts	\$20,379,212	\$20,865,371
Modernization Contracts	\$5,858,390	\$7,200,506
Contingencies	\$2,644,088	\$2,644,088
Architectural/Engineering Fees	\$1,938,955	\$1,963,438
Consulting and Other Fees	\$1,917,440	\$2,003,014
Movable or Other Equipment (not in construction contracts)	\$11,610,071	\$13,053,705
Bond Issuance Expense (project related)	\$339,736	\$1,055,000
Net Interest Expense During Construction (project related)	\$946,146	\$6,445,525
Fair Market Value of Leased Space or Equipment	\$0	\$0
Other Costs to be Capitalized	\$85,672	\$105,033
Acquisition of Building or Other Property (excluding land)	\$0	\$0
ESTIMATED TOTAL PROJECT COST	\$46,424,272	\$56,112,398