

May 19, 2016

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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 62761

Re: IHFSRB Project #15-007

Dear Ms. Avery:

This letter constitutes an Annual Progress Report on the above-referenced project, which was granted a CON permit at the April 21, 2015 meeting of the Illinois Health Facilities and Services Review Board.

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

The permit was approved with project costs of \$23,668,969, the source for which is cash and securities.

1. The current status of the project is as follows.
 - a. The project has been obligated.
 - b. 45% of the project is finished.
 - c. The following components of the project have been completed:
 - Site Excavation is complete
 - Off site utilities are complete
 - New Construction:
 - Structure is complete
 - Roofing is complete

d. The following components of the project are not yet finished:

- Off site work
 - Paving
 - Landscaping
- New Construction
 - Framing
 - Exterior sheathing
 - Framing and dry wall
 - Rough in for electrical and plumbing
 - Mechanical HVAC Work
 - Interior Work
 - Partitions
 - Finishes
 - Flooring
 - Painting
 - Other
 - Temporary Department Locations
 - Signage
 - Emergency Generator
- Modernization – modernization has not yet begun

e. The project costs are unchanged from the approved permit.

2. The costs incurred to date as of March 31, 2016 are \$8,122,471.

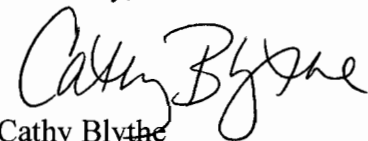
I am enclosing an itemized listing of the costs incurred as of March 31, 2016, total current estimated project costs and a comparison of those costs to the approved alteration amounts.

3. The method of financing the project and the source of funds are cash and securities, as specified in the CON permit.

4. We estimate project completion by December 31, 2018, as specified in the CON application.

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

Herrin Hospital Surgery Expansion
IHFSRB PROJECT # 15-007
PROJECT COSTS AND SOURCES OF FUNDS AS OF MARCH 31, 2016

USE OF FUNDS	TOTAL COSTS INCURRED	TOTAL CURRENT ESTIMATED PROJECT COSTS	APPROVED COSTS PER CON PERMIT
Preplanning Costs	\$120,488	\$127,083	\$127,083
Site Survey and Soil Investigation	\$0	\$0	\$0
Site Preparation	\$51,833	\$57,592	\$57,592
Off Site Work	\$76,050	\$234,389	\$234,389
New Construction Contracts	\$4,912,000	\$8,197,530	\$8,197,530
Modernization Contracts	\$463,617	\$6,720,804	\$6,720,804
Contingencies	\$0	\$1,491,831	\$1,491,831
Architectural/Engineering Fees	\$917,007	\$988,396	\$988,396
Consulting and Other Fees	\$177,529	\$655,240	\$655,240
Movable or Other Equipment (not in construction contracts)	\$1,067,230	\$4,541,022	\$4,541,022
Bond Issuance Expense (project related)	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$0	\$0	\$0
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs to be Capitalized	\$336,717	\$655,082	\$655,082
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
ESTIMATED TOTAL PROJECT COST	\$8,122,471	\$23,668,969	\$23,668,969