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July 11, 2017

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FEDERAL EXPRESS

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

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Annual Progress Report – Forest City Rockford Dialysis (Proj. No. 16-015)

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 Machesney Bay, LLC (the "Permit Holders") to submit the annual progress report for Forest City Rockford Dialysis (Project No. 16-015). As you are aware, on June 21, 2016, HFSRB approved the Permit Holders' certificate of need application for the establishment of Forest City Rockford Dialysis (the "Project"). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #16-015.

1. Status of the Project

On May 27, 2016, the Permit Holders executed a lease for the dialysis facility contingent upon HFSRB approval. The Project was obligated on June 21, 2016, upon HFSRB approval of the Project. Shell construction began November 14, 2016 and was 99% complete as of July 10, 2017. The interior build out was started on March 24, 2017 and is 99% complete. The Certificate of Occupancy will be received around July 26, 2017.

Costs Incurred to Date

To date, the Permit Holders have incurred \$1,835,659 in project costs.

PROJECT COSTS	Approved	Expended
New Construction Contracts	\$1,211,052	\$569,054
Contingencies	\$110,000	\$0
A & E Fees	\$103,700	\$103,690
Consulting & Other Fees	\$76,000	\$8,336
Moveable Equipment	\$519,887	\$34,255
Fair Market Value of Leased Space & Equipment	\$1,120,324	\$1,120,324
Other Costs to be Capitalized	\$0	\$0
Estimated Total Project Cost	\$3,140,963	\$1,835,659

2. Sources of Funds

The project will be financed through \$2,020,639 in cash and cash equivalents and a \$1,120,324 lease.

3. Anticipated Completion Date

The anticipated completion date for the Project is June 30, 2018.

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

Sincerely,



Timothy V. Tincknell

cc: Mary Anderson, DaVita Inc.
Lynanne Hike, DaVita Inc.
Jim Burke, DaVita Inc.
Anne Cooper, Polsinelli PC