

by FedEX

June 27, 2018

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd floor
Springfield, IL 62761

RE: Annual Progress Report
Project # 17-001
Mercyhealth Crystal Lake Campus – Medical Office Building

Dear Ms. Avery:

Please accept this document in response to the annual progress reporting requirements for the above-referenced project, consistent with the provisions of Section 1130.760.

This project was approved by the State Board on June 20, 2017 and involves the construction of the new Mercyhealth Crystal Lake Medical Center campus which includes a new medical office building.

The project is currently approximately 3% complete, and the anticipated completion date remains November 30, 2020. Through April 30, 2018, it is estimated that a total of approximately \$925,000 has been incurred, related to project.

The sources of funds are not anticipated to change from that identified in the *Application*.

The major project components completed to date include:

- Preconstruction – site surveys, tree inventory and soils investigations
- Initial functional programming and space planning
- Architectural/Engineering – Schematic Design
- Architectural/Engineering – Design Development 80% Complete
- Landscape design 80% complete
- Medical equipment planning – 75% Complete
- Permitting for sitework – top soil removal and grading
- Sitework construction – mobilization, top soil removal, grading, temporary power
- Construction documents package – Sitework utilities and foundations package
- Building exterior enclosure construction documents – 90% Complete
- City of Crystal Lake PUD Planning and Zoning Process
- Site assessment including access planning and traffic evaluation
- Certificate of Need and legal consultation

The HFSRB's 6-1 decision approving the hospital project and unanimous decision approving the medical office building project were challenged by Centegra and Advocate in the McHenry County Circuit Court. On June 1, 2018, the presiding circuit judge issued an order reversing the HFSRB's approval of the hospital project and upholding the HFSRB's approval of the medical office building. Mercyhealth and the HFSRB are in the process of challenging the circuit court's decision reversing the HFSRB's approval of the hospital project. It is our intention to continue construction of this project, confident in the propriety of the Board's decision and our confidence in the process ahead.

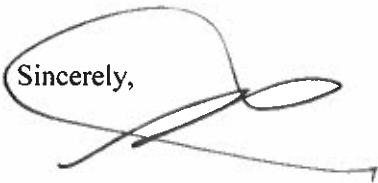
33% or more of the permit amount has not been spent or committed. As a result, financial obligation is not reported at this time.

The major project components yet to be completed include:

- Completion of construction documents
- Facility interior design and documents
- Medical equipment final planning and documentation
- Building foundations and core construction
- Building exterior enclosure construction
- Interior construction and finishes
- Bid and award all construction trades
- Furniture and equipment procurement and installation
- Sitework construction and landscaping installation
- Permitting and inspections

Please contact me at (608) 756-6158 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Van Den Heuvel', with a large, stylized loop at the end.

Paul Van Den Heuvel
Vice President and General Counsel

cc: Joanna Benning, Vice President, Facilities and Construction, Mercyhealth System
Ralph Weber, CON Consultant