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August 12, 2013

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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 – Stony Island Dialysis (Proj. No. 12-008)

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 Stony Island Dialysis (Project No. 12-008). As you are aware, on July 24, 2012, HFSRB approved the Permit Holders’ application to add 8 stations to its existing 24-station in-center hemodialysis facility located at 8721 South Stony Island Avenue, Chicago, Illinois 60617 to establish a 32-station in-center hemodialysis facility (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #12-008.

1. Status of the Project

The Project was obligated on November 9, 2012, through the execution of an amendment of a lease to expand the dialysis facility. Due to delays in obtaining permits from the City of Chicago, construction has not commenced. Construction is expected to begin in September 2013.

2. Costs Incurred to Date

To date, the Permit Holders have incurred \$118,317 in project costs. Costs incurred to date have all been tied to Architectural/Engineering and Consulting and Other (CON and legal) Fees.

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PROJECT COSTS	Approved	Expended
New Construction Contracts	\$483,133	\$0
Modernization Contracts	\$1,386,000	\$0
Contingencies	\$186,500	\$0
A & E Fees	\$135,094	\$82,514
Consulting & Other Fees	\$62,500	\$35,803
Moveable Equipment	\$466,655	\$0
Fair Market Value of Leased Space & Equipment	\$595,624	\$0
Estimated Total Project Cost	\$3,315,506	\$118,317

3. Sources of Funds

The project will be financed through \$2,719,882 in cash and cash equivalents and \$595,624 lease.

4. Application and Certification for Payment

Construction of the Project has not commenced. Therefore, no Application and Certification for Payment (AIA Form G702) has been presented for payment.

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,



Timothy V. Tincknell

cc: Alexis Kendrick, HFSRB
Kelly Ladd