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November 26, 2013

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Via Overnight Carrier

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

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Project #12-065 Advocate Illinois Masonic Medical Center (the "Project")

Annual Progress Report

Advocate Northside Health Network, (dba Advocate Illinois Masonic Medical Center),
Advocate Health Care Network, and Advocate Health and Hospitals Corporation
Construction Project for a Three-Story Outpatient Center

Dear Ms. Avery:

Advocate Illinois Masonic Medical Center is pleased to submit to you the our annual progress report on the Project referenced above in accordance with requirements of the 77 Ill. Adm. Code 1130.760, The Review Board granted the permit for this Project October 30, 2012 and the Project is progressing well.

The Project is for the construction of a new outpatient pavilion to contain digestive health care, cancer care, and ambulatory surgery plus various clinical and non-clinical services. The Project adjoins the Medical Center located at 836 West Wellington Avenue in Chicago.

1. Current status of the Project

- **Obligation:** The Project was timely obligated on October 2, 2013 by the signing of a construction contract with Turner Construction Company.
- **Percentage of the project finished:** The project is approx. 24% complete
- **Components of project finished:** Site utilities relocation, underground utilities, site prep work, deep foundations, earth retention system, concrete foundations/permanent walls, waterproofing, and steel structure.
- **Components yet to be finished:** Building envelope, roofing, mechanical/electrical/plumbing rough in, metal stud and drywall, flooring, trim, interior walls finishes, acoustical ceilings, casework, low voltage proprietary systems, medical equipment, landscaping, furniture fixtures and equipment.

- Changes in scope and size: As part of our ongoing planning and review for this project we have identified several improvements to our original plan, primarily to non-clinical areas, and anticipate that we will seek a permit alteration to implement these changes. We remain well within our total project budget, and as part of any permit alteration request will make corresponding changes in our estimated cost lines to implement any changes approved by the Board.

2. Costs

Costs incurred to date, an itemized listing of the total current estimated Project costs, and a comparison of those costs to the approved permit amounts are shown below:

USE OF FUNDS	COSTS INCURRED TO DATE	ESTIMATED PROJECT COST	PERMIT AMOUNT
Preplanning Costs	454,096	\$ 917,387	\$ 917,387
Site Survey and Soil Investigation	197,422	\$ 197,422	\$ 161,250
Site Preparation	2,295,000	\$ 2,700,000	\$ 2,700,000
Off Site Work	1,291,644	\$ 2,786,372	\$ 2,786,372
New Construction Contracts	12,933,664	\$ 51,957,650	\$ 51,957,650
Modernization Contracts	0	\$ 944,832	\$ 944,832
Contingencies	0	\$ 5,159,593	\$ 5,195,765
Architectural/Engineering Fees	1,781,713	\$ 3,076,225	\$ 3,076,225
Consulting and Other Fees	3,169,611	\$ 6,842,522	\$ 6,842,522
Movable or Other Equipment (not in construction contracts)	660,600	\$ 16,326,160	\$ 16,326,160
Bond Issuance Expense (project related)	180,565	\$ 887,899	\$ 887,899
Net Interest Expense During Construction (project related)	182,395	\$ 6,262,974	\$ 6,262,974
Fair Market Value of Leased Space or Equipment	\$ -	\$ -	\$ -
Other Costs To Be Capitalized	367,465	\$ 11,189,937	\$ 11,189,937
Acquisition of Building or Other Property (excluding land)	\$ -	\$ -	\$ -
TOTAL USES OF FUNDS	\$23,514,175	\$ 109,248,973	\$ 109,248,973

3. Method of financing the Project and sources of Funds

The method of financing remains a combination of cash, debt and grant funding. We anticipate, however, that the amount of debt may decrease and the amount paid from cash may increase.

	ESTIMATED PROJECT FUNDING TO DATE	IN PERMIT
Cash and Securities	7,554,747	\$ 35,717,087
Pledges	0	
Gifts and Bequests	0	
Bond Issues (project related)	15,969,428	\$ 71,031,886
Mortgages	0	
Leases (fair market value)	0	
Governmental Appropriations	0	
Grants	0	\$ 2,500,000
Other Funds and Sources	0	
TOTAL SOURCES OF FUNDS	\$23,514,175	\$ 109,248,973

4. Anticipated date of completion

The Project completion date in the permit is October 31, 2015. Progress on the Project is occurring on schedule and we anticipate completing the Project within the time frame in the permit.

Please contact me at (309) 268-5482 or Al Manshum at (630) 929-5575 if you have any questions about this report.

Sincerely,



Sonja Reece, FACHE
Director Health Facilities Planning
Advocate Health Care

CC: Al Manshum, Advocate Health Care
Jack Gilbert, Advocate Illinois Masonic Medical Center