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JAN 06 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

JAMES M. SULZER
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KIMBERLY GRIFFIN
TORAL PATEL

Via: FedEx and Fax 217-785-4111

January 4, 2016

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

RE: Annual Progress Report
CON Permit No. 12-076
IDPH No. 9870

Dear Ms. Avery:

I represent Chicago Surgical Clinic, Ltd, in the above-referenced project.

In accordance with the Act and Section 1130.760 of 77 Ill. Adm. Code, your post-permit reporting requirements and your special announcement concerning annual progress reports, we are pleased to herein timely submit this, our Annual Progress Report for the above-referenced project to establish a multi-specialty ASTC in Arlington Heights.

The project received a Certificate of Need Permit (Project No. 12-076) from the Board on December 10, 2012.

The project received IDPH Design and Construction Section review approval on August 12, 2013.

The project was obligated as of August 22, 2013. The Notice of Obligation was submitted to the Board on October 4, 2013. Obligation occurred well in advance of the June 10, 2014 required obligation date.

The project concurrently underwent building review by the Village of Arlington Heights and we received our Building Permit on October 28, 2013.

The project had a completion date that was extended to December 31, 2015. A request for extension of that completion date was recently filed with the Board.

PROJECT STATUS:

The current status of the project is that work remains under construction. We recently requested of the Board a permit renewal with a completion date of June 30, 2016. We believe that new date will allow for adequate time to complete construction, providing for unforeseen additional delays and allow time for the final IDPH certification and inspection process required for licensure.

PERCENT PROJECT COMPLETION:

The project is approximately 96% completed. There have been no changes to either the scope or size of the project. The project is expected to be completed by June 30, 2016.

REASONS WHY PROJECT HAS NOT BEEN COMPLETED:

Our general contractor has provided insufficient supervision and has been unable to provide sufficient workers to complete the project. In addition, certain components such as providing additional sprinkler and fireproofing to attic spaces that was not called for in the original construction documents require additional work. We are working with Mr. Enrique Unanue, an expert in the field, who we recently retained as our project consultant, to advise and guide us in addressing work that remains to be done.

WORK COMPLETED AND COMPONENTS YET TO BE FINISHED:

Substantial work has been completed. Punch list items from the project engineer, punch list items from our project consultant, Enrique Unanue, and fireproofing in the attic remain to be completed. An interim field inspection was conducted by Thomas A. Busse, staff architect from the Design and Construction Section, Division of Life Safety and Construction from the Illinois Department of Public Health and they issued their Interim Field Inspection Report on December 18, 2015. We are now working with due diligence to complete the project with our architect of record and with Mr. Unanue, our project consultant, to address and correct issues raised in the IDPH Interim Field Inspection Report, a copy of which was recently submitted to the Board as a part of our request for extension of the project completion date.

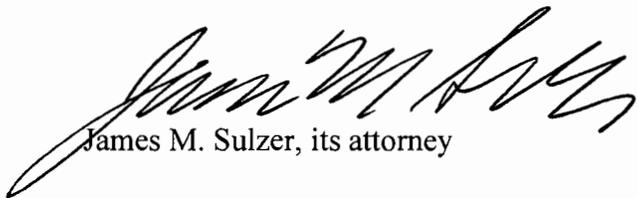
AMOUNT EXPENDED TO-DATE:

Project funds expended as of December 1, 2015 are approximately \$3,637,915. Please see the enclosed Project Cost Report which compares costs to-date with the CON Permit approved costs. There has been no change in either the project's method of financing or in the sources of funds from the approved permit amounts.

CONFIRMATION STATEMENT:

On behalf of the permit owner we confirm that the scope and size of the project has not changed, that a final cost report will be submitted to the Board upon completion of the project and that sufficient financing remains in place to complete the project.

CHICAGO SURGICAL CLINIC, LTD BY:



James M. Sulzer, its attorney

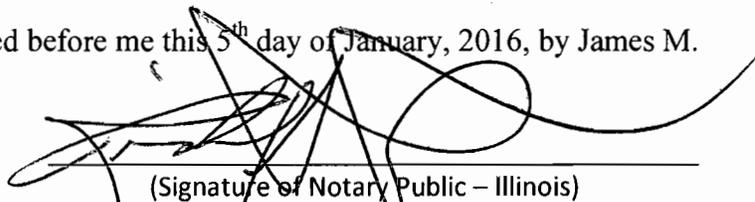
cc: Billie Paige, Consultant
Yelena Levitin, M.D., Chief Executive Officer

NOTARY

§ State of Illinois
§ County of Cook

Sworn to (or affirmed) and subscribed before me this 5th day of January, 2016, by James M. Sulzer, personally known to me.

(Notary Seal)



(Signature of Notary Public – Illinois)

Richard Shopiro

(Name of Notary Public - Typed, Printed or Stamped)

**CHICAGO SURGICAL CLINIC
PROJECT COST REPORT**

USES OF FUNDS	CON APPROVED	ACTUAL	
	12/10/2013	as of 11/30/2015	
Preplanning	\$11,000	\$11,000	
Site Survey/Soil Investigation	1,000	1,000	
Site Preparation	57,000	54,000	
Off Site Work	N/A	N/A	
New Construction Contracts	1,640,000	1,719,101	
Modernization Contracts	N/A	N/A	
Contingencies	160,000	97,756	
Architect/Engineering Fees	265,000	265,000	
Consultants & Other Fees	165,000	145,000	
Moveable/Other Equipment	250,000	110,875	
New Equipment	206,157	175,000	
Bond Issue Expenses	N/A	N/A	
Net Interest During Construction	60,000	44,183	
FMV of Space or Equipment	N/A	N/A	
Other Costs to be Capitalized	293,900	245,000	
Acquisition of Bldg/Property	770,000	770,000	
TOTAL USES OF FUNDS	\$3,879,057	\$3,637,915	93.78%
SOURCES OF FUNDS			
Cash & Securities	\$1,629,057	\$1,629,057	
Pledges			
Gifts & Bequests			
Bond Issues			
Mortgages	2,000,000	2,000,000	
Leases (FMV)			
Government Appropriations			
Grants			
Existing Equipment	250,000	250,000	
Other Funds & Sources			
TOTAL SOURCES OF FUNDS	\$3,879,057	\$3,879,057	