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December 2, 2015

Via Overnight Carrier

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

Re: Annual Progress Report
Midwestern Regional Medical Center, Inc.
Project #13-047 (the "Project")

RECEIVED

DEC 04 2015

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Dear Ms. Avery:

Midwestern Regional Medical Center, Inc. respectfully submits our second annual progress report on the Project referenced above. On November 5, 2013 the Review Board granted our permit to modernize our hospital in Zion through construction of a new bed tower. Since Board approval the Project has progressed well and remains on schedule and within budget.

1. Current status of the Project:

- Obligation: The Project was timely obligated on December 1, 2013 with the signing of a construction contract with Riley Construction Company.
- Percentage of the Project finished: The Project is 98% complete.
- Components of Project finished: All floors are fully completed, basement through 4 and all building systems 100% complete and functioning.
- Components yet to be finished: Finishes, flooring, wall coverings are yet to be installed on the 5th and 6th floors.
- Changes in scope and size: The Project remains substantially in compliance with the scope of the permit as approved by the Review Board. It is within the CON approved budget and has not changed in size or function from the approved CON.

2. Cost:

- Cost 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:

	As of Nov. 22, 2015	Forecast Final	As Reported Permit
Preplanning Costs	268,227.56	297,077.85	289,803.00
Site Survey and Soil Investigation	83,299.65	92,259.27	90,000.00
Site Preparation	1,682,766.73	1,863,763.43	1,818,123.00
Off Site Work	60,160.86	66,631.70	65,000.00
New Construction Contracts	61,943,300.06	68,605,858.99	61,392,800.00
Modernization Contracts			
Contingencies			5,532,937
Architectural/Engineering Fees	3,684,634	4,280,992	4,571,981
Consulting and Other Fees	1,095,442	1,272,739	1,359,250
Movable or Other Equipment (not in construction contracts)	2,714,281	7,620,678	8,980,106
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
	71,532,111.76	84,100,000.00	84,100,000.00

3. Method of Financing the Project and Sources of Funds

Project costs will continue to be paid from internal sources secured by Performance Bond. A condition of the Permit was that we supply the promised Performance Bond within 60 days of permit approval. That Performance Bond issued by Fidelity and Deposit Company of Maryland Zurich American Insurance was timely provided to the Board and remains in effect.

4. Anticipated Date of Completion

The Project was substantially completed in September 2015 with the exception of the 5th and 6th floors, which will remain unfinished due to a 2nd Certificate of Need (CON) approved for an adjacent project. CON Project #14-055 was approved January 2014.

We have received Illinois Department of Public Health (IDPH) temporary occupancy in October 2015 and moved patients in to the new building November 27, 2015.

Due to the 2nd CON additional office floors we require the Patient Tower floor 5 and 6 for construction access. We will be submitting an extension request of 9 months to officially close this Project on September 30, 2016.

Please contact me at if you have any questions regarding this report.

Sincerely,



Cecilia Taylor
Chief Financial Officer

cc: Philip L. Kaufman, CPA
Robert Klasek
Joe Ourth