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FEDERAL EXPRESS

Michael Constantino
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RECEIVED
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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Annual Progress Report – Belvidere Dialysis (Proj. No. 13-070)

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. and Dialysis of Northern Illinois, LLC d/b/a Belvidere Dialysis (collectively, “DaVita” and the “Permit Holders”) to submit the annual progress report for Belvidere Dialysis (Project No. 13-070). As you are aware, on March 11, 2014, HFSRB approved the Permit Holders’ application to establish a 12-station in-center hemodialysis facility at 1751 Henry Luckow Lane, Belvidere, Illinois 61008 (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #13-070.

1. Status of the Project

The Project was obligated on April 9, 2014, through the execution of a lease for the building that will house the dialysis facility. Shell construction began August 25, 2014 and is complete. The interior build out was started on November 19, 2014 and is complete. First treatment is expected in mid to late February 2016. Since DaVita anticipates it may take four to six months for Medicare certification of the new stations, under separate cover DaVita has requested a six month renewal of the Project permit and a new project completion date of September 30, 2016.

Costs Incurred to Date

To date, the Permit Holders have incurred \$2,514,234 in project costs.

PROJECT COSTS	Approved	Expended
New Construction Contracts*	\$921,400	\$831,373
Contingencies	\$90,000	\$0
Architectural / Engineering Fees	\$75,000	\$55,797
Consulting & Other Fees	\$75,000	\$19,159
Moveable Equipment or Other Equipment (not in construction contracts)	\$466,405	\$458,939
Fair Market Value of Leased Space & Equipment	\$1,148,966	\$1,148,966
Estimated Total Project Cost	\$2,776,771	\$2,514,234

*The G702 does not include the Permit Holder's purchased lighting package of \$34,701.25. This amount was added to the New Construction Costs.

All of the costs reported in the Table above will be reported on the Medicare / Medicaid cost reports.

2. Sources of Funds

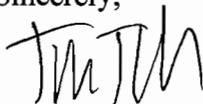
The project will be financed through \$1,627,805 in cash and cash equivalents and a \$1,148,966 lease.

3. Anticipated Completion Date

The anticipated completion date for the Project is September 30, 2016. DaVita submitted a request for a six month renewal of Project Permit #13-070 and a project completion date of September 30, 2016 under separate cover.

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: Mary J. Anderson
Lynanne Hike