



HSHS
St. Anthony's
Memorial Hospital

February 19, 2016

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

Re: Annual Progress Report (Section 1130.760)
CON Permit 14-056
St. Anthony's Memorial Hospital (SAE)
Ambulatory Care Center (ACC/POB) Project

Dear Ms. Avery,

Our first Annual Progress Report is being submitted consistent with Section 1130.760 and our Permit Letter dated March 10, 2015. Concurrent with this filing, we are also submitting a first Alteration Request (Section 1130.750), a Financial Commitment Extension Request (Section 1130.730), and a Permit Renewal Request (Section 1130.740) for Project 14-056.

Due to unforeseen circumstances, the third-party developer, Agracel, and also the Marshall Clinic, are no longer associated with this approved ACC/POB Project. Consistent with our January 13, 2015 Project Completion Attestation letter (attached), the Hospital and the Hospital Sisters Health System (HSHS) are assuming full responsibility to fund and complete the Project as well as assume its ownership. Hence, the rationale to seek the Alteration, Financial Commitment Extension, and Permit Renewal request.

The project has been delayed and we have submitted, under separate cover, a June 16, 2017 Financial Commitment date request and a December 21, 2018 completion date in our Permit Renewal Request.

RECEIVED

FEB 18 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Funds have been expended, and are committed to be expended, for the Project, but are not yet currently at the 33% of total Project cost level. We are proceeding with due diligence and, as of February 29, 2016, have expended the following monies, which are 13.9% of the \$14,004,619 currently permitted amount:

CON Permit 14-056
 Expended Funds
 Through February 29,2016

Project Costs and Sources of Funds			
USE OF FUNDS	APPROVED PROJECT COST	CURRENT PROJECT EXPENDITURES AS OF 2/29/2016	VARIANCE
Preplanning Costs (BKD) (PRISM)	41,000	15,000	26,000
Site Survey and Soil Investigation	80,000	11,972	68,028
Site Preparation	40,000	0	40,000
Off Site Work	0	0	0
New Construction Contracts (Parking / EMC)	8,470,763	802,603	7,668,160
Modernization Contracts	0	0	0
Contingencies	720,000	0	720,000
Architectural/Engineering Fees @ 8.0%	565,937	606,530	(40,593)
Consulting and Other Fees (CON Related)	92,898	61,745	31,153
Movable or Other Equipment (not in construction contracts)	2,454,511	0	2,454,511
Bond Issuance Expense (project related)	55,000	0	55,000
Net Interest Expense During Construction (project related)	199,965		199,965
Fair Market Value of Leased Space or Equipment	0		0
Other Costs To Be Capitalized	1,284,545	450,627	833,918
Acquisition of Building or Other Property (excluding land)			0
TOTAL USES OF FUNDS	14,004,619	1,948,477	12,056,142
Percent Distribution	100.0%	13.9%	86.1%

SAE ACC POB Project 14-056
Annual Progress Report Letter
February 19, 2016
Page 3 of 4

As evidenced by the above expenditures, major building development has not yet occurred. The site is being prepared to accept the project.

Please let me know if you have any questions. I can be reached by e-mail at Theresa.Rutherford@hshs.org or by telephone at 217-347-1494.

Sincerely,



Theresa J. Rutherford
President and Chief Executive Officer

Attachment: Project Completion Attestation Letter, January 13, 2015

CC: Mike Constantino, Supervisor, Project Review Section
E.W. Parkhurst, Jr., PRISM Healthcare Consulting



**HSHS
St. Anthony's
Memorial Hospital**

January 13, 2015

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

Re: Project Completion Attestation Letter
Project 14-046
St. Anthony's Memorial Hospital
Effingham, Illinois

Dear Ms. Avery,

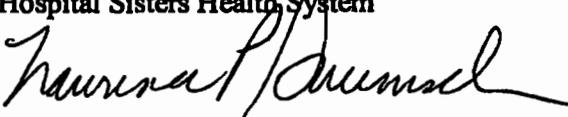
This letter attests to the fact that if Agracel, Inc. (the third-party developer) is unable or unwilling to complete the proposed Ambulatory Care Center and Physician Office Building (ACC/POB) (Project 14-056), Hospital Sisters Health System will provide the funding necessary to complete and assume ownership of the project.

his attestation letter is being submitted at the request of the Illinois Health Facilities and Services Review Board. However, as attested to in the underlying Permit Application, Agracel, Inc. (or its affiliate Effingham MOB, LLC) will fund the project development and St. Anthony's Memorial Hospital will have no risk or provide any guarantees for the development other than the lease of space from Effingham MOB, LLC (See Permit Application, Narrative, Exhibit 1).

We trust this attestation letter addresses your request.

On Behalf of:
St. Anthony's Memorial Hospital

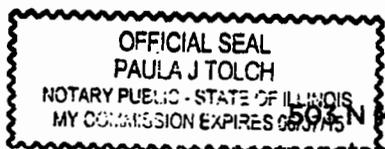
Theresa J. Rutherford
President and Chief Executive Officer

Hospital Sisters Health System

Lawrence P. Schumacher
Chief Operating Officer

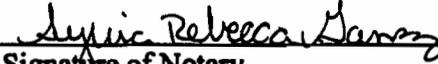
Notarization:
Subscribed and sworn to before me
this 13th day of January, 2015


Signature of Notary

Seal



Notarization:
Subscribed and sworn to before me
this 20th day of January


Signature of Notary

Seal

