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HEALTH FACILITIES &  
SERVICES REVIEW BOARD

September 19, 2016

**FEDERAL EXPRESS**

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

**Re: Annual Progress Report – Morris Dialysis (Proj. No. 15-032)**

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 Inc. and Total Renal Care Inc. (the “Permit Holders”) to submit the annual progress report for Morris Dialysis (Project No. 15-032). As you are aware, on August 25, 2015, HFSRB approved the Permit Holders’ certificate of need application for the relocation and expansion of Morris Dialysis (the “Project”). Pursuant to Section 1130.760, the Permit Holders submit the following information regarding the progress of Project Permit #15-032.

**1. Status of the Project**

The Project was obligated on September 15, 2015, through the execution of a lease for the building that will house the dialysis facility. Shell construction has yet to begin. In light of the approval of the establishment of the 10-station Morris Community Dialysis (Proj. No. 15-042) on November 18, 2015, the Permit Holders are having ongoing internal discussions regarding the continued viability of the Project.

**2. Costs Incurred to Date**

To date, the Permit Holders have incurred \$778,058 in project costs.

| PROJECT COSTS                                 | Approved           | Expended         |
|---|--------------------|------------------|
| Modernization Contracts                       | \$1,156,000        | \$6,119          |
| Contingencies                                 | \$70,000           | \$0              |
| A & E Fees                                    | \$107,000          | \$59,159         |
| Consulting & Other Fees                       | \$107,500          | \$0              |
| Moveable Equipment                            | \$353,077          | \$0              |
| Fair Market Value of Leased Space & Equipment | \$712,780          | \$712,780        |
| Other Costs to be Capitalized                 | \$127,286          | \$0              |
| Net Book Value of Existing Equipment          |                    |                  |
| <b>Estimated Total Project Cost</b>           | <b>\$2,633,643</b> | <b>\$778,058</b> |

3. Sources of Funds

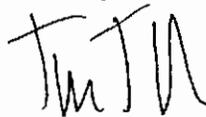
The project will be financed through \$2,633,643 in cash and cash equivalents.

4. Anticipated Completion Date

The anticipated completion date for the Project is April 30, 2017.

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: Penny Davis, DaVita Inc.