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**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

October 23, 2012

**VIA FEDERAL EXPRESS AND EMAIL**

Mr. Michael Constantino  
Project Review Supervisor  
Illinois Health Facilities & Services Review Board  
535 West Jefferson Street  
Springfield, IL 62701-0001

Re: Final Certificate of Completion for Project #09-066  
Silver Cross Medical Services Building (the "Project")

Dear Mr. Constantino:

Pursuant to 77 Ill. Admin. Code § 1130.770(c), on behalf of Silver Cross Health System and Silver Cross Hospital & Medical Centers (collectively, the "Permit Holders"), I hereby certify the following:

1. The Permit Holders spent \$36,637,708.48 to complete the Project – which was less than the approved permit amount of \$42,668,369.27. See Exhibit A, attached hereto, for a detailed itemization of the Project's costs and sources of funds. Please note that the Permit Holders are currently involved in litigation with one of their office furniture vendors on the Project. The case is captioned Spellman Brady Company v. Silver Cross Hospital & Medical Centers, Case No. 12 SL-CC0391 (Circuit Court of St. Louis County, Missouri). More specifically, Spellman Brady Company ("Spellman") has asserted that the Permit Holders still owe Spellman \$100,857.60 for furniture and installation services attributable to the Project (the "Disputed Amounts"). The Permit Holders have denied Spellman's allegations and have countersued Spellman for overpayments. That said, for purposes of Exhibit A, and without admitting the validity of the Disputed Amounts, the Permit Holders have included the Disputed Amounts in the total costs for the Project.
2. The Permit Holders have not submitted any Project costs, expenses, or expenditures for reimbursement under Title XVIII or XIX of the Social Security Act.
3. The Permit Holders will not be submitting any Project costs, expenses, or expenditures for reimbursement under Title XVIII or XIX of the Social Security Act.
4. The Permit Holders have complied with all of the terms of the Permit issued for the Project, including, project costs, square footage, services, and other items contemplated by Section 1130.770(c)(4).
5. The Permit Holders were provided the attached G702 Application and Certificate of Payment from its General Contractor for the Project. See Exhibit B, attached hereto.

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Michael Constantino  
October 23, 2012

6. As required by Section 1130.770(c)(6), the Permit Holders engaged the accounting firm of Wermer, Rogers, Duran & Ruzon, LLC ("Wermer"), to audit the costs and sources of funds for this Project. A copy of Wermer's audited financial report is attached hereto as Exhibit C.

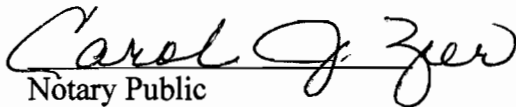
If you have any questions or need any additional information, please feel free to contact me.

Sincerely,



Geoffrey Tryon  
Vice President, Operations

Subscribed and Sworn Before  
me this 24 day of October, 2012



Notary Public



cc: Ruth Colby, Silver Cross Hospital & Medical Centers  
Sara Jackson, Silver Cross Hospital & Medical Centers  
Edward J. Green, Esq. Foley & Lardner LLP

**Final Project Report (10/23/12)**

**Exhibit A – Sources & Uses of Funds  
Project #09-066 /Silver Cross Medical Services Building**

<b>Uses of Funds</b>	<b>Approved CON Permit Amount (As Altered)</b>	<b>Final Project Costs</b>
Preplanning Costs		
Site Survey and Soil Investigation		
Site Preparation		
Off Site Work		
New Construction Contracts	\$10,186,661.31	\$8,415,961.00
Modernization Contracts		
Contingencies	\$500,000.00	
Architectural / Engineering Fees	\$800,000.00	\$799,754.00
Consulting and Other Fees	\$52,500.00	\$335,872.00
Moveable or Other Equipment	\$6,194,250.48	\$2,151,164.00
Fair Market Value of Leased Equipment		
Bond Issuance Expense		
Net Interest Expense During Construction		
Fair Market Value of Leased Space	\$24,934,957.48	\$24,934,957.48
Other Costs to be Capitalized		
Acquisition of Building or Other Property (excl land)		
<b>ESTIMATED TOTAL PROJECT COST</b>	<b>\$42,668,369.27</b>	<b>\$36,637,708.48</b>

<b>Sources of Funds</b>	<b>Approved CON Permit Amount</b>	<b>Final Project Funds</b>
Cash and Securities	\$36,082,655.03	\$29,730,294.24
Pledges		
Gifts and Bequests		
Bond Issues (project-related)		
Mortgages		
Leases (FMV) (discounted value of 15 yrs ground lease)	\$2,963,654.24	\$2,963,654.24
Governmental Appropriations		
Grants		
Other Funds and Sources	\$3,622,060.00	\$3,943,760.00
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$42,668,369.27</b>	<b>\$36,637,708.48</b>

**APPLICATION AND CERTIFICATE FOR PAYMENT**

TO (Owner): SCH MSB LLC  
 PROJECT: Silver Cross Hospital MSB  
 Shell & Core C.O. #1  
 BREAK-DOWN-GINEP-NOT  
 A PAY APPLICATION

1621 18th Street, Suite 250  
 Denver, CO 80202  
 Shell & Core C.O. #01 East Break Down: October 2011, AFP#13  
 FROM: M. A. Mortenson Company  
 25 Northwest Front Blvd., Suite 100  
 Elk Grove Village, IL 60007

VIA (ARCHITECT):  
 RTKL Associates, Inc.

AIA DOCUMENT G702  
 APPLICATION NO. 16

PERIOD: 2/1/2012 - 2/28/2012  
 ARCHITECT'S:  
 PROJECT NO: 30-09001.00

Distribution to:  
 OWNER  
 ARCHITECT  
 CONTRACTOR

JOB# 09080006  
 INVOICE # 9/27/2010

**CONTRACTOR'S APPLICATION FOR PAYMENT**

CONTRACT FOR: Silver Cross Hospital Medical Services Building (MSB)

CHANGE ORDER SUMMARY		DEDUCTIONS
Change Orders approved in previous months by Owner	ADDITIONS	DEDUCTIONS
TOTAL	0	0
Approved this Month		
Number		
Date Approved		
TOTALS	0	0

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and the current payments shown herein is now due.

CONTRACTOR: M. A. Mortenson Company

By: *[Signature]* Date: 3/01/2012  
 John Zhang, Project Manager

**ARCHITECT'S CERTIFICATE FOR PAYMENT**

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

1. ORIGINAL CONTRACT SUM: \$ 1,911,827
2. Net change by Change Orders: \$ -
3. CONTRACT SUM TO DATE (Line 1 + 2): \$ 1,911,827
4. TOTAL COMPLETED & STORED TO DATE: \$ 1,911,827
5. RETAINAGE:
  - a. Of Completed Work: \$ 0
  - b. Of Stored Material: \$ 0
- Total Retainage (Line 5a + 5b): \$ 0
6. TOTAL EARNED LESS RETAINAGE: \$ 1,911,827
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate): \$ 1,848,185
8. CURRENT PAYMENT DUE: \$ 63,632
9. BALANCE TO FRESH, PLUS RETAINAGE (Line 3 less Line 9): \$ 0

State of: Ill County of: Will  
 Subscribed and sworn to before me this 2nd day of February, 2012.  
 Notary Public: Maureen A. Dranne  
 My Commission expires: 12/31/14  
 OFFICIAL SEAL  
 MAUREEN A. DRANE  
 J.C. STATE OF ILLINOIS  
 MY COMMISSION EXPIRES: 12/31/14

Amount Certified: \$ \_\_\_\_\_  
 (Attach explanation if amount certified differs from the amount applied for.)  
 ARCHITECT: \_\_\_\_\_  
 By: \_\_\_\_\_ Date: \_\_\_\_\_  
 This Certificate is not negotiable. The AMOUNTS CERTIFIED is payable only the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

**Exhibit B - G702**  
**Project #09-066 / Silver Cross Medical Services Building**

**APPLICATION AND CERTIFICATE FOR PAYMENT**

TO (Owner): SCH MSB LLC  
 PROJECT: Silver Cross Hospital MSB  
 Shell & Core C.O. #2  
 BREAKDOWN ONLY NOT A PAY APPLICATION  
 VIA (ARCHITECT): RTKL Associates, Inc.  
 FROM: M. A. Montenson Company  
 25 Northwest Point Blvd., Suite 100  
 Elk Grove Village, IL 60007  
 PERIOD: 2/1/2012 - 2/28/2012  
 ARCHITECTS: PROJECT NO: 30-06001.00  
 DISTRIBUTION TO:  
 OWNER  
 ARCHITECT  
 CONTRACTOR

CONTRACT FOR: Silver Cross Hospital Medical Service Building (MSB)  
 CONTRACT DATE: 9/27/2010 INVOICE #  
 JOB#: 08060006

**CONTRACTOR'S APPLICATION FOR PAYMENT**

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Change Orders approved in previous months by Owner		36,171	
CO#6		250,828	
CO#7		231,597	
CO#8		518,386	
TOTAL			
Approved this Month			
Number	Date Approved		
CO#12	12/20/11	0	0
TOTAL			
TOTALS		518,386	0
Net change by Change Orders		518,386	0

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and the current payments shown herein is now due.

CONTRACTOR: M. A. Montenson Company  
 By: *[Signature]* Date: 3/01/2012  
 John Zhang, Project Manager

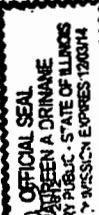
**ARCHITECT'S CERTIFICATE FOR PAYMENT**

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

1. ORIGINAL CONTRACT SUM \$ 8,349,628  
 2. Net change by Change Orders \$ 518,386  
 3. CONTRACT SUR TO DATE (Line 1 + 2) \$ 8,861,922  
 4. TOTAL COMPLETED & STORED TO DATE \$ 8,861,922  
 (Column G on G703)  
 5. RETAINAGE:  
 a. Of Completed Work \$ 0  
 b. Of Stored Material (Column F on G703) \$ 0  
 Total Retainage (Line 5a + 5b) \$ 0  
 6. TOTAL EARNED LESS RETAINAGE \$ 8,861,922  
 (Line 4 less Line 5 Total)  
 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate) \$ 7,816,244  
 8. CURRENT PAYMENT DUE \$ 945,678  
 9. BALANCE TO FINISH, PLUS RETAINAGE (Line 3 less Line 6) \$ -

State of Ill County of Will  
 Subscribed and sworn to before me this 3rd day of February, 2012.  
 Notary Public: Michael A. Drinane  
 My Commission expires: 12-13-14

Amount Certified \$ \_\_\_\_\_  
 (Attach explanation if amount certified differs from the amount applied for.)  
 By: \_\_\_\_\_ Date: \_\_\_\_\_  
 This Certificate is not negotiable. The AMOUNTS CERTIFIED is payable only the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.



(20%)

**Exhibit C – Independent Auditor Report**  
**Project #09-066 /Silver Cross Medical Services Building**

**SILVER CROSS HOSPITAL**

**Medical Services Building - Schedule of Project  
Costs and Sources of Funds**

Illinois Health Facilities and Services Review Board  
Project #09-066 – Silver Cross Medical Services Building  
October 19, 2012

# SILVER CROSS HOSPITAL

## Medical Services Building - Schedule of Project Costs and Sources of Funds

Illinois Health Facilities and Services Review Board  
Project #09-066 – Silver Cross Medical Services Building

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

755 ESSINGTON ROAD, JOLIET, ILLINOIS 60435 • 815/730-6250 • FAX 815/730-6257 • WWW.WRDR.COM

### Independent Auditor's Report

To the Board of Trustees of  
Silver Cross Hospital and  
to the Illinois Health Facilities and Services Review Board

We have audited the accompanying Medical Services Building - Schedule of Project Costs and Sources of Funds - Illinois Health Facilities and Services Review Board Project #09-066 - Silver Cross Medical Services Building (the "Schedule") of Silver Cross Health System and Silver Cross Hospital & Medical Centers (the "Hospital"), pursuant to the Illinois Health Facilities Planning Board Act. The Schedule is the responsibility of the Hospital's management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the Schedule was prepared in conformity with the accounting practices prescribed or permitted by the Illinois Health Facilities Planning Act and pursuant to the Illinois Administrative Code, 77 Ill. Adm. Code 1130.770, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the Project Costs and Sources of Funds for the Medical Services Building of Silver Cross Hospital on the basis of accounting described in Note 2.

This report is intended solely for the information and use of the Board of Trustees and management of the Hospital and the Illinois Health Facilities and Services Review Board and is not intended to be and should not be used by anyone other than these specified parties.

*Werner, Rogers, Doran & Ruzon, LLC*

October 19, 2012



## SILVER CROSS HOSPITAL

### Medical Services Building - Schedule of Project Costs and Sources of Funds

Illinois Health Facilities and Services Review Board  
Project #09-066 – Silver Cross Medical Services Building

	Approved CON Permit Amount	Final Total Project
<b>Project Costs</b>		
Preplanning Costs	\$ -	\$ -
Site Survey and Soil Investigation	-	-
Site Preparation	-	-
Off Site Work	-	-
New Construction Contracts	10,186,661.31	8,415,961.00
Modernization Contracts	-	-
Contingencies	500,000.00	-
Architectural/Engineering Fees	800,000.00	799,754.00
Consulting and Other Fees	52,500.00	335,872.00
Movable or Other Equipment	6,194,250.48	2,151,164.00
Fair Market Value of Leased Equipment	-	-
Bond Issuance Expense	-	-
New Interest Expense During Construction	-	-
Fair Market Value of Leased Space	24,934,957.48	24,934,957.48
Other Costs To Be Capitalized	-	-
Acquisition of Building or Other Property (excluding land)	-	-
<b>Total Project Costs</b>	<b>\$ 42,668,369.27</b>	<b>\$ 36,637,708.48</b>
<b>Sources of Funds</b>		
Cash and Securities	\$ 36,082,655.03	\$ 29,730,294.24
Pledges	-	-
Gifts and Bequests	-	-
Bond Issues (project related)	-	-
Mortgages	-	-
Leases	2,963,654.24	2,963,654.24
Governmental Appropriations	-	-
Grants	-	-
Other Funds and Sources	3,622,060.00	3,943,760.00
<b>Total Sources of Funds</b>	<b>\$ 42,668,369.27</b>	<b>\$ 36,637,708.48</b>

See accompanying Notes to Medical Services Building - Schedule of Project Costs and Sources of Funds.

# SILVER CROSS HOSPITAL

## Notes to Medical Services Building - Schedule of Project Costs and Sources of Funds

Illinois Health Facilities and Services Review Board  
Project #09-066 – Silver Cross Medical Services Building

### Note 1 - Description of Project

On March 2, 2010, the Illinois Health Facilities and Services Review Board (the "Board") approved the application for permit to lease 83,126 gross square feet of space in a new medical office building to be constructed by a third-party developer in New Lenox, Illinois (the "Project") in conjunction with the new Replacement Hospital for Silver Cross Hospital. The Application listed a total Project cost of \$41,459,087.92. On July 2, 2010, Silver Cross Hospital filed an alteration request with the Board to increase the gross square feet from 83,126 to 87,226 and to increase the Project cost from \$41,459,087.92 to \$42,668,369.27. On July 14, 2010, the Board's chairman approved the Alteration Request. The actual cost of the Project was \$36,637,708.48, \$6,030,660.79 less than budgeted. The new Replacement Hospital received a permit to begin activities as of February 26, 2012.

### Note 2 - Reporting

The Hospital has reported the Medical Services Building - Schedule of Project Costs and Sources of Funds in conformity with the accounting practices prescribed or permitted by the Illinois Health Facilities Planning Act (20 ILCS 3960) and pursuant to the Illinois Administrative Code, 77 Ill. Adm. Code 1130.770, using specific cost categories, which practices differ from accounting principles generally accepted in the United States of America.