



HSHS
St. John's
Hospital

RECEIVED

JUL 29 2015

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

July 29, 2015

Mr. Michael Constantino
Supervisor – Project Review Section
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – 2nd Floor
Springfield, Illinois 62761

Re: Transmittal Letter Final Realized Cost Reports
St. John's Hospital, Springfield, Illinois
CON Permit 10-019 – Surgical Suite and Related
CON Permit 10-042 – Medical / Surgical Bed Modernization

Dear Mr. Constantino,

As you are aware, our initial final cost submittal for CON Permit #10-042 was deemed non-compliant in that the information was based on what was considered by the State Board to be an internal audit. Subsequently, we renewed this specific permit to provide time to comply with the Review Board's external audit requirement. The required documentation is enclosed. The project completion date was renewed until May 31, 2015 allowing up to August 31, 2015 to submit final realized cost documentation.

Some costs on this project have increased since our original final realized cost submittal due to a negotiated settlement with our contractor and the inclusion of external audit costs. The total project costs are now \$48,091,559. As such, we are now \$3,096,755 or 6.0% below the permitted amount which is compliant with our original project cost of \$51,188,314, as approved on September 21, 2010.

St. John's Hospital, Springfield, IL
Draft Transmittal Letter
July 29, 2015
Page 2 of 2

With respect to CON Permit #10-019, this project was renewed until April 13, 2015, allowing until July 30th to file final costs per the Review Board's February 25, 2015 notification. The final realized project cost documentation is enclosed. The project cost is \$121,045,775 or \$153,550 under the CON Permit Letter amount of \$121,199,325 as approved on July 27, 2010. It should be noted that the actual request in the Permit Application was \$121,799,325 or \$600,000 more than the Permit Letter. We discovered this typo during the required audit. The final realized project costs are compliant with the Review Board's criterion, regardless which amount is used.

Please contact me if you require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Olejniczak". The signature is fluid and cursive, with a large initial "D" and "O".

Dave Olejniczak
Chief Operating Officer
St. John's Hospital
217-544-6464

CC: Ms. Courtney R. Avery, Administrator
Ed Parkhurst, PRISM Healthcare Consulting

Attachments: Final Realized Cost Submittal for Project 10-019 (Attachment A)
Final Realized Cost Submittal for Project 10-042 (Attachment B)

Attachment A
Final Realized Cost Documentation
CON Permit 10-019
St. John's Hospital
Surgical Suite Modernization



**HSHS
St. John's
Hospital**

July 29, 2015

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

Re: Project Completion
St. John's Hospital
Springfield, Illinois
CON #10-019
Surgical Suite Modernization

Dear Mr. Constantino:

In accordance with 77 Ill. Administrative Code Section 1130.770, Project Completion, Final Cost Realized and Cost Overruns, St. John's Hospital is providing you with the following information regarding our Certificate of Need, Surgical Suite Modernization, CON # 10-019. All data represented is final information for the project.

- 1) Itemization of all project costs; (per independent external audit, Attachment 4)

Description/Use of Funds	CON Allocation	Final Realized Cost	Variance
Preplanning Costs	\$ 1,130,865	\$1,318,832	\$ 187,967
Site Survey and Soil Investigation	\$ 42,000	86,518	44,518
Site Preparation	\$ 2,882,320	5,395,303	2,512,983
Off Site Work	\$ 1,422,753	1,881,852	459,099
New Construction Contracts	\$ 47,978,182	49,951,255	1,973,073
Modernization Contracts	\$ 10,141,537	13,001,012	2,859,475
Contingencies	\$ 5,786,930	5,474,110	(312,820)
Architectural/Engineers Fees	\$ 3,032,595	3,956,497	923,902
Consulting and Other Fees	\$ 5,058,332	5,574,574	516,242
Movable or Other Equipment	\$ 25,711,725	12,389,794	(13,321,931)
Bond Issuance Expense	\$ 1,284,656	558,305	(726,351)
Net Interest Expense	\$ 4,800,000	5,244,556	444,556
Other Costs to be Capitalized	\$ 11,927,430	16,213,167	\$4,285,737
TOTAL	\$ 121,199,325	\$121,045,775	\$ (153,550)

*This project is completed and approved by IDPH the acceptance letter is attached. (Attachment 2)
The project is 100% complete and the final project cost is \$121,045,775, which is \$153,550 below the
total project cost in the Permit Letter noted as \$121,199,325 or the original permit request of
\$121,799,325 (Attachment 1). There appears to have been a typo in the original Permit Letter.*

- 2) Itemization of those project costs that have been or will be submitted for reimbursement under Title XVIII and XIX;

All the costs detailed in the table under in item 1 of this letter will be submitted for reimbursement under Title XVIII and XIX.

- 3) Certification that the final realized costs are the total costs required to complete the project and that there are no additional costs or capital expenditures related to the project that will be submitted for reimbursement under Title XVIII or XIX.

I hereby certify that the final realized costs are the total costs required to complete the project and that there are no additional costs or capital expenditures related to the project that will be submitted for reimbursement under Title XVIII or XIX.

- 4) Certification of compliance with all terms of the permit to date, including project costs, square footage, services, etc.; certification attesting to compliance with the requirements of this Section must be in the form of a notarized statement signed by an authorized representative the permit holder;

I hereby certify that these are the final total realized costs required to complete the project and there are no additional or associated costs or capital expenditures related to the project that will be submitted. The project was constructed in accordance with the requirement of the permit, square-footage and services.

- 5) The final application and certificate for payment for the construction contract, as per the American Institute of Architects form G702 or equivalent; and

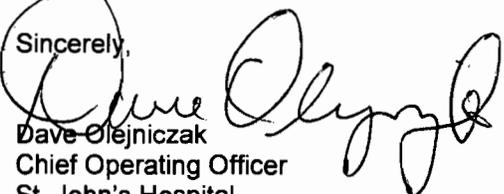
See attachment Number 3 to this final G702 document and Waiver of Lien. This project was finalized in a settlement that is reflected in the attached document. (Attachment 4)

- 6) For permits with a project cost equal to or greater than three times the capital expenditure minimum in place at the time of permit approval, and audited financial report of all project costs and sources of funds.

The audit of the project financials is attached to this report as Attachment 5. HSHS has approved the release of this audit information.

Please contact me if you require additional information.

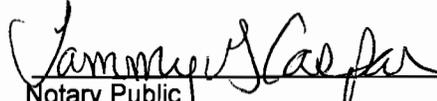
Sincerely,

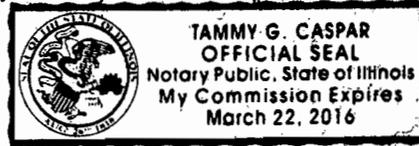

Dave Olejniczak
Chief Operating Officer
St. John's Hospital
217-544-6464

Acknowledgement

State of Illinois
County of Sangamon

This instrument was acknowledged before me on July 29, 2015 by
Dave Olejniczak.


Notary Public



cc: Ms. Courtney Avery

- Attachments:
1. Permit Letter and Permit Application (select pages) (Pages 5 – 8)
 2. IDPH Permanent Occupancy Letter (Page 10)
 3. Architect Certified G702 and Waiver of Lien (Pages 12 - 13)
 4. Release between Walsh / Miron JV and St. John's Hospital (Pages 15 - 22)
 5. Independent External Audit Final Project Cost IHFSRB # 10-019 (Pages 24 – 29)

Attachment 1
Permit Letter Project 10-019
Dated July 28, 2010
(\$121,199,325)
Permit Application Project 10-019
Dated March 29, 2010
(\$121,799,325)



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516

July 28, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael Cox, Director of Planning
St. John's Hospital
800 East Carpenter Street
Springfield, IL 62769

RE: **PERMIT: #10-019 - St. John's Hospital**

Dear Mr. Cox:

On July 27, 2010, the Illinois Health Facilities and Services Review Board approved the application for permit for the referenced project based upon the project's substantial conformance with the applicable standards and criteria of Part 1110 and 1120. In arriving at a decision, the State Board considered the findings contained in the State Agency Report, the application material, and any testimony made before the State Board.

- **PROJECT: #10-019 - St. John's Hospital** - The permit holders are approved for the modernization of 31,602 gross square feet of space ("GSF") and for the new construction of 140,264 GSF for the following clinical departments: main surgical suite, post-anesthesia recovery units (PACU), surgical prep-stage two recovery rooms, satellite pharmacy, sterile processing, pre-surgical testing, and shell space for replacement of the emergency department. The remaining construction and modernization will be for non clinical service areas. The operating entity licensee is St. John's Hospital. The owner of the site is St John's Hospital of the Hospital Sisters of the Third Order of St. Francis.
- **PERMIT HOLDERS:** The permit holders are St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Services, Inc., and Hospital Sisters Health System, 4936 Laverna Road, Springfield, Illinois
- **PERMIT AMOUNT:** \$121,199,325
- **PROJECT OBLIGATED BY:** January 27, 2012
- **PROJECT COMPLETION DATE:** June 30, 2014

This permit is valid only for the defined construction or modification, site, amount and the named permit holder and is not transferable or assignable. In accordance with the Planning Act, the permit is valid until such time as the project has been completed, provided that all post permit requirements have been fulfilled, pursuant to the requirements of 77 Ill. Adm. Code 1130.

The permit holder is responsible for complying with the following requirements in order to maintain a valid permit. Failure to comply with the requirements may result in expiration of the permit or in State Board action to revoke the permit.

1. OBLIGATION-PART 1130.720

The project must be obligated by the Project Obligation Date, unless the permit holder obtains an "Extension of the Obligation Period" as provided in 77 Ill. Adm. Code 1130.730. Obligation is to be reported as part of the first annual progress report for permits requiring obligation within 12 months after issuance. For major construction projects which require obligation within 18 months after permit issuance, obligation must be reported as part of the second annual progress report. If project completion is required prior to the respective annual progress report referenced above, obligation must be reported as part of the notice of project completion. The reporting of obligation must reference a date certain when at least 33% of total funds assigned to project cost were expended or committed to be expended by signed contracts or other legal means.

2. ANNUAL PROGRESS REPORT-PART 1130.760

An annual progress report must be submitted to IDPH every 12-month from the permit issuance date until such time as the project is completed.

3. PROJECT COMPLETION REQUIREMENTS-PART 1130.770

The permit holder must submit a written notice of project completion as defined in Section 1130.140. Each permit holder shall notify IHFSRB within 30 days following the project completion date and provide supporting documentation within 90 days following the completion date and must contain the information required by Section 1130.770.

This permit does not exempt the project or permit holder from licensing and certification requirements, including approval of applicable architectural plans and specifications prior to construction. Should you have any questions regarding the permit requirements, please contact Mike Constantino.

Sincerely,



Dale W. Galassie, Acting Chairman
Illinois Health Facilities and Services Review Board

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD 10-019
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION
This Section must be completed for all projects.

RECEIVED

MAR 29 2010

Facility/Project Identification

Facility Name:	St. John's Hospital	HEALTH FACILITIES & SERVICES REVIEW BOARD	
Street Address:	800 East Carpenter Street		
City and Zip Code:	Springfield, Illinois 62769		
County:	Sangamon		

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis
Address:	4936 Laverna Road Springfield, Illinois 62794
Name of Registered Agent:	Mr. Leo A. Lenn
Name of Chief Executive Officer:	Mr. Robert P. Ritz, President and Chief Executive Officer
CEO Address:	St. John's Hospital 800 East Carpenter Street Springfield, Illinois 62769
Telephone Number:	217-544-6464 Extension 44572

APPENDIX 1 - INFORMATION ON ATTACHMENT NUMBER (FOR SEQUENTIAL NUMBERING) - HEALTH FACILITIES & SERVICES REVIEW BOARD APPLICATION FORM

Type of Ownership

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an Illinois certificate of good standing.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Mr. Michael Cox
Title:	Director of Planning
Company Name	St. John's Hospital
Address:	800 East Carpenter Street Springfield, Illinois 62769
Telephone Number:	217-544-6464 Extension 45412
E-mail Address:	Michael.Cox@st-johns.org
Fax Number:	217-527-5525

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Ms. Andrea R. Rozran
Title:	Principal
Company Name:	Diversified Health Resources, Inc.
Address:	875 N. Michigan Avenue #3250 Chicago, IL 60611-1960
Telephone Number:	312-266-0466
E-mail Address:	arozran@diversifiedhealth.net
Fax Number:	312-266-0715

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$791,605	\$339,260	\$1,130,865
Site Survey and Soil Investigation	\$29,400	\$12,600	\$42,000
Site Preparation	\$2,017,624	\$864,696	\$2,882,320
Off Site Work	\$0	\$1,422,753	\$1,422,753
New Construction Contracts	\$29,539,007	\$18,439,175	\$47,978,182
Modernization Contracts	\$8,686,324	\$1,455,213	\$10,141,537
Contingencies	\$3,881,753	\$1,905,177	\$5,786,930
Architectural/Engineering Fees	\$2,122,817	\$909,778	\$3,032,595
Consulting and Other Fees	\$3,540,832	\$1,517,500	\$5,058,332
Movable or Other Equipment (not in construction contracts)	\$23,382,657	\$2,329,068	\$25,711,725
Bond Issuance Expense (project related)	\$899,258	\$385,398	\$1,284,656
Net Interest Expense During Construction (project related)	\$3,360,000	\$1,440,000	\$4,800,000
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$154,000	\$11,773,430	\$11,927,430
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$78,405,277	\$42,794,048	\$121,199,325
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	\$30,941,709	\$17,157,616	\$48,099,325
Pledges	\$0	\$0	\$0
Gifts and Bequests	\$0	\$0	\$0
Bond Issues (project related)	\$47,463,568	\$25,636,432	\$73,100,000
Mortgages/Loans	\$0	\$0	\$0
Leases (fair market value)	\$0	\$0	\$0
Governmental Appropriations	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Other Funds and Sources	\$0	\$0	\$0
TOTAL SOURCES OF FUNDS	\$78,405,277	\$42,794,048	\$121,199,325

Attachment 2
IDPH Occupancy Letter
CON Permit 10-019
St. John's Hospital
Surgical Suite Modernization



525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • www.dph.illinois.gov

April 17, 2015

Mr. Charles Lucore, Administrator
St. John's Hospital
800 East Carpenter Street
Springfield, IL 62769-

Permanent Occupancy

Re: St. John's Hospital
Springfield
Surgery renovation & addition - Component 2
IDPH No: 9124

Dear Mr. Lucore:

Based on the evaluation of the physical plant and life safety standards, the above project has been approved for occupancy on 04/17/2015.

If this project changes the bed count for which the facility is licensed for by adding or reducing beds, it will be necessary to contact the Illinois Health Facilities Services and Review Board. As required for the entire facility, this unit must be operated and maintained in accordance with the requirements of the Hospital Licensing Act (210 ILCS 8/1 et. seq.) and the Department's rules entitled Hospital Licensing Requirements (77 Ill. Adm. Code 250). For eligibility for Medicare reimbursement, the unit must be operated and maintained in accordance with the federal Conditions of Participation for hospitals (42 CFR 482.1 et. seq.).

If you have any questions about this approval, please do not hesitate to call us at 217/785-4247. The Department's TTY number is 800/547-0466, for use by the hearing impaired.

Sincerely,

Henry Kowalenko, Division Chief
Division of Life Safety and Construction

Cc: Mr. Jonathan Blain
Odell Associates Inc
800 West Hill Street, 3rd floor
Charlotte, NC 28208-

Mr. Daniel Dallich
Berners-Schober Associates, Inc
310 Pine Street
Green Bay, WI 54301-

PROTECTING HEALTH. IMPROVING LIVES

Attachment 3
Architect Certified G-702 and Waiver of Lien
CON Permit 10-019
St. John's Hospital
Surgical Suite Modernization

APPLICATION AND CERTIFICATION FOR PAYMENT

AIA DOCUMENT G702

TO OWNER:
 St. John's Hospital
 800 East Carpenter Street
 Springfield, IL 62769

PROJECT:
 St. John's Hospital Main Surgery
 800 East Carpenter Street
 Springfield, IL 62769

FROM CONTRACTOR:
 Walsh Miron Joint Venture
 929 West Adams
 Chicago, IL 60607

VIA OWNER'S REPRESENTATIVE:
 Adams Management
 401 E. Broad St., Suite 100
 Rome, GA 30161

CONTRACT FOR: Construction Manager

APPLICATION NO.: 50
DATE: 3/9/15
PERIOD FROM: 12/1/14
PERIOD TO: FINAL

Distribution to:
 Walsh Miron JV
 St. John's Hospital
 Adams Management
 Odell Associates, Inc.
 Berners-Schober Associates, Inc

PROJECT NO.: 210122
CONTRACT DATE: 02/14/11

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
 Continuation Sheet, AIA Document G703, is attached.

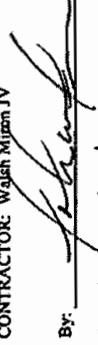
1. ORIGINAL CONTRACT SUM (Estimated Value GMP Not Signed) 78,768,178
2. Net change by Change Orders \$ 9,357,412
3. CONTRACT SUM TO DATE (Line 1 + 2) \$ 88,125,590
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ 88,125,590
5. RETAINAGE:
 - a. Remains on Completed Work 0

6. TOTAL EARNED LESS RETAINAGE \$ 0
 (Line 4 Less Line 5 Total) \$ 88,125,590
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior certificate) \$ 84,765,590
8. CURRENT PAYMENT DUE \$ 3,360,000
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6) \$ 0

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$7,714,698.00	\$0.00
Total approved this Month (CCDS)	\$1,642,714.00	\$0.00
TOTALS	\$9,357,412.00	\$0.00
NET CHANGES by Change Order	\$9,357,412.00	

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 that current payment shown herein is now due. Retainage amount and CCD amount shown established by the Owner and not verified by WMJV.

CONTRACTOR: Walsh Miron JV

By:  Date: Oct 10, 2018
 State of: Hiram Nevada County of: Sage
 Subscribed and sworn to before me this 13th day of March
 Notary Public: Veronica Gomez
 My Commission expires: Oct 10, 2018



ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the 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.

AMOUNT CERTIFIED \$ 3,369,000.00

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)
 ARCHITECT:

By:  Date: 3/26/2015
 This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

WAIVER OF LIEN TO DATE

State of Illinois)
COUNTY OF Cook SS

City # _____
Loan # _____
Draw # 50
SO FINAL R2

TO WHOM IT MAY CONCERN:

WHEREAS the undersigned has been employed by St. John's Hospital
to furnish General Construction Work
for the premises known as St. John's Hospital Main Surgery Addition & Renovation
of which St. John's Hospital is the owner.

THE undersigned, for and in consideration of Three Million Three Hundred Sixty Thousand
\$3,360,000 Dollars, and other good and valuable considerations, the receipt whereof is hereby acknowledged, do(es)
hereby waive and release any and all lien or claim of, or right to, lien, under the statutes of the State of Illinois, relating to mechanics' liens, with respect to
and on said. I've described premises, and the improvements thereon, and on the material, fixtures, apparatus or machinery furnished, and on the
moneys, funds or other consideration due or to become due from the owner, on account of all labor, services, material, fixtures, apparatus or machinery,
heretofore paid to date.

DATE 3/9/2015 COMPANY NAME Walsh/Miron Joint Venture
ADDRESS 929 W. Adams St. Chicago, IL 60607

SIGNATURE AND TITLE _____

CONTRACTOR'S AFFIDAVIT

State of Illinois)
COUNTY OF Cook SS

TO WHOM IT MAY CONCERN:

THE UNDERSIGNED, (NAME) John W. Frye BEING DULY SWORN, DEPOSES
AND SAYS THAT HE OR SHE IS (POSITION) Project Director OF
(COMPANY NAME) Walsh/Miron Joint Venture WHO IS THE
CONTRACTOR FURNISHING General Construction Work WORK ON THE BUILDING
LOCATED AT St. John's Hospital, Springfield, IL 62701
OWNED BY St. John's Hospital

That the total amount of the contract is \$88,125,590 on which he or she has received payment of
\$84,765,590 prior to this payment. That all waivers are true, correct and genuine and delivered unconditionally and that
there is no claim either legal or equitable to defeat the validity of said waivers. That the following are the names and addresses of all parties
who have furnished material or labor, or both, for said work and all parties having contracts or sub contracts for specific portions of said work
or for material entering into the construction thereof and the amount due or to become due to each, and that the items mentioned include all
labor and material required to complete said work according to plans and specifications:

NAMES & ADDRESSES	WHAT FOR	CONTRACT PRICE INCLDG EXTRAS*	AMOUNT PAID	THIS PAYMENT	BALANCE DUE
<small>See attached G789</small>	General Construction	\$ 88,125,590	\$ 84,765,590	\$ 3,360,000	\$ -
TOTAL LABOR AND MATERIAL TO COMPLETE		\$ 88,125,590	\$ 84,765,590	\$ 3,360,000	\$ -

That there are no other contracts for said work outstanding, and that there is nothing due or to become due to any person for material, labor
or other work of any kind done or to be done upon or in connection with said work other than above stated.

DATE 3/9/2015 SIGNATURE: _____
SUBSCRIBED AND SWORN TO ME THIS _____ DAY OF _____ 2014

NOTARY PUBLIC

July 29, 2015
Mike Constantino
Page 14 of 30

Attachment 4
Contractor Agreement and Release
CON Permit 10-019
St. John's Hospital
Surgical Suite Modernization

AGREEMENT AND RELEASE

(St. John's Phase I – Main Surgery Expansion Project)

This Agreement and Release is entered into effective as of March 9, 2015, (the "Agreement Effective Date") by and between St. John's Hospital and Hospital Sisters Health System of the Third Order of St. Francis ("St. John's") and Walsh/Miron Joint Venture ("Walsh/Miron"). St. John's and Walsh/Miron may hereinafter be collectively referred to as the "Parties".

WHEREAS, St. John's entered into a Construction Contract Agreement with Walsh/Miron identified as "AIA Document A102 – 2007, Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price", which was modified by the parties and dated January 20, 2011; and

WHEREAS, under the terms of the construction agreement, Walsh/Miron, as the Contractor, was to construct the "Phase I – Main Surgery Expansion" Project for the St. John's campus; and,

WHEREAS, the work on the Project by Walsh/Miron was substantially completed in December 2014; and,

WHEREAS, Walsh/Miron believes it should be awarded additional time to the contract scheduled completion date and paid additional money for alleged additional costs incurred in performing its work on the Project, all of which St. John's denies; and,

WHEREAS, St. John's believes Walsh/Miron failed to timely complete the Main Surgery Expansion Project by the completion date required by the Construction Contract Agreement, and that St. John's is to be credited certain billed items associated with the work on the Project, all of which Walsh/Miron denies; and,

WHEREAS, the Parties hereto have now agreed to resolve and settle any claims that have been or could be made against one another relating the schedule and payment for services provided to the Project in order to avoid the uncertainties and expenses of litigation, and further desire to compromise and settle such claims, disputes, and controversies by and between them, under the terms and conditions set forth herein.

* * * * *

NOW, THEREFORE, in consideration of the premises and the undertakings of the Parties hereto, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated into and form a part of this Agreement and Release.
2. Agreed Terms of Settlement.
 - a. Walsh/Miron will complete the remediation of all remaining punch list items for the Project to St. John's satisfaction. Upon completion of all of the punch list items for the Project to St. John's satisfaction, final completion will be certified.
 - b. In consideration of the release granted below, St. John's shall pay Walsh/Miron the total sum of \$1,558,950.39 (the "Settlement Payment"). Payment of this total sum shall accompany the payment associated with the contract final payment in

the amount of \$1,801,049.61. Payment of these two amounts totaling \$3,360,000 will occur within 30 days of final completion being reached and after a G-702 document is submitted by Walsh/Miron (identifying the final payment amount and Settlement Payment amount) being certified by St. John's and the Architect.

- c. The Parties agree that there are no outstanding change orders for the Project.
 - d. Once payment is made, no further money will be due to Walsh/Miron on the Project for any reason, including but not limited to: change order(s), construction change directives, PCI's (approved or unapproved), requests for additional time, requests for added general conditions, or any liquidated damages.
 - e. Walsh/Miron will execute and provide to St. John's all lien waivers and releases required under the Contact Agreement for the Project.
 - i. Walsh/Miron will ensure any lien placed on the Project and/or Project property will be released as required pursuant to the Construction Contract Agreement. This requirement shall remain in full force and effect into the future.
 - f. All other requirements and covenants in the Construction Contract Agreement will remain in full force and effect, including, but not specifically limited to, any defective work or warranty work for the Project, which if arises will be resolved by Walsh/Miron according to the Construction Contract Agreement.
3. Payments to Subcontractors. Upon receipt of the payments identified in Section 2 above, Walsh/Miron will promptly pay all of its subcontractors, suppliers, vendors, and any other persons who provided labor, material, or equipment to the Project for Walsh/Miron.

4. Release of Claims by Walsh/Miron. For and in consideration of the execution of this Agreement and Release, the making of the Settlement Payment, and other good and valuable consideration, the sufficiency of which are hereby acknowledged, Walsh/Miron and its partners, predecessors, successors, assigns, parents, holding entities, subsidiaries, and affiliates release, acquit, and forever discharge St. John's and Hospital Sisters Health System of the Third Order of St. Francis and their respective agents, servants, affiliates, employees, board members, officers, and directors from any and all claims, actions, causes of action, suits, damages, demands of debts, sums of money, or accounts, or breaches of covenants, contracts or agreements which Walsh/Miron has or may have against St. John's or Hospital Sisters Health System relating to or arising out of the **St. John's Phase I -Main Surgery Expansion Project.**

5. Limited Release of Certain Claims by St. John's. For and in consideration of the execution of this Agreement and Release and other good and valuable consideration, the sufficiency of which are hereby acknowledged, St. John's and its predecessors, successors, assigns, parents, holding entities, subsidiaries, and affiliates release, acquit, and forever discharge Walsh/Miron and their respective agents, servants, affiliates, employees, board members, officers, and directors from any and all claims, actions, causes of action, suits, damages, demands of debts, sums of money, or accounts, or breaches of covenants, contracts or agreements which St. John's has or may have against Walsh/Miron only relating to payment, for Project work or liquidated damages associated with completion deadlines, arising out of the **St. John's Phase I -Main Surgery Expansion Project.** All other obligations and covenants required pursuant to the Project

Construction Contract Agreement, including, but not specifically limited to, defective work and warranties, shall remain in full force and effect.

6. Indemnification. To the fullest extent permitted by law, Walsh/Miron shall indemnify and hold harmless St. John's and Hospital Sisters Health System of the Third Order of St. Francis from and against claims, damages, losses, and expenses, including but not limited to attorneys' fees, court costs, and investigative costs, arising out of or resulting from any claim by a subcontractor, supplier, or vendor of Walsh/Miron or any other person who provided labor, material, or equipment to the Project for or on behalf of Walsh/Miron, including but not limited to claims pertaining to mechanics' or materialmen's lien claims, breach of contract, unjust enrichment or quantum meruit, tort, or any other type of claim asserted against St. John's and/or Hospital Sisters Health System of the Third Order of St. Francis.
7. Effective Date of Release/Indemnification. The releases and indemnification set forth in Paragraphs 4, 5, and 6 of this Agreement and Release shall become effective upon the making payment of the final contract payment and the Settlement Payment, for **St. John's Phase I -Main Surgery Expansion Project**, all as set forth in Paragraph 2 of this Agreement and Release.
8. Good Faith. The Parties enter into this Agreement and Release in acceptance of a good faith settlement of all claims described herein.
9. Modification of this Agreement and Release. No waiver, modification, or amendment of any term, condition, or provision of this Agreement and Release shall be valid or have

any force or effect unless made in writing and signed by the Parties. The waiver by any one of the Parties of a breach or violation of any provision of this Agreement and Release shall not operate as, constitute, or be construed to be a waiver of any subsequent breach or violation hereof.

10. No Admission of Liability. The execution of this Agreement and Release is not an admission on the part of any of the Parties of any liability, fault, or obligation whatsoever. This Agreement and Release is a compromise of disputed liability covering all the claims asserted, or which could have been asserted, in any action, litigation, arbitration, complaint, or regulatory or administrative proceeding.
11. Understanding of the Parties. The Parties hereby represent that each has read and understands all of the terms and provisions of this Agreement and Release and is executing this Agreement and Release voluntarily and following the opportunity for independent legal advice, and that this Agreement and Release should not be construed against any of the Parties as the drafter of the same.
12. Capacity. The signatories to this Agreement and Release hereby represent and warrant that each has the authority and capacity to bind the respective principals by the execution of this Agreement and Release.
13. Counterparts. This Agreement and Release may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

14. Entire Agreement. This Agreement and Release reflects the entire agreement between the Parties with respect to the settlement of claims hereinabove described. Those statements, promises, or inducements made by or on behalf of the Parties that are not contained herein shall not be binding.
15. Governing Law. This Agreement and Release shall be governed by the laws of the State of Illinois. The Parties hereby consent to and submit themselves to the exclusive jurisdiction and venue of the state courts situated in Sangamon County, Illinois, to interpret the terms of this Agreement and Release, to enforce this Agreement and Release, and to resolve any and all disputes that may arise from this Agreement and Release.
16. Binding Effect. This Agreement and Release shall inure to the benefit of and be binding, as applicable, upon the Parties' respective agents, servants, predecessors, successors, assigns, parent companies, partners, subsidiaries, affiliates, employees, representatives, subcontractors, suppliers, vendors, board members, officers, directors, members, and partners.
17. Construction. Whenever in this Agreement and Release a singular word is used, it shall also include the plural whenever required by the context, and vice-versa.
18. Captions. Captions and heading in this Agreement and Release are for reference only and shall not affect the interpretation of this Agreement and Release.
19. Severability. To the extent any provision of this Agreement and Release is found to be invalid or legally unenforceable by a court of competent jurisdiction, the remaining

provisions of this Agreement and Release shall not be affected and shall be given full force and effect.

Agreed to and Executed by:

St. John's Hospital and Hospital Sisters Health System of the Third Order of St. Francis

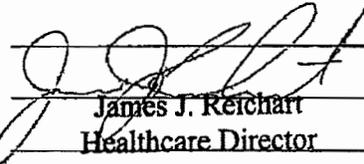


By: Larry P. Schumacher

Its: Chief Operating Officer of Hospital Sisters Health System

Date: 3/16/15

Walsh/Miron Joint Venture



By: James J. Reichart

Its: Healthcare Director

Date: MAR 26 2015

#1717355

July 29, 2015
Mike Constantino
Page 23 of 30

Attachment 5
Independent Auditors Report
CON Permit 10-019
St. John's Hospital
Surgical Suite Modernization

July 29, 2015
Mike Constantino
Page 24 of 30

**St. John's Hospital of the Hospital Sisters
of the Third Order of St. Francis**

Project 10-019 Surgery Pavilion
Independent Auditor's Report and Schedule
April 30, 2015

**St. John's Hospital of the Hospital Sisters
of the Third Order of St. Francis
Project 10-019 Surgery Pavilion
April 30, 2015**

Contents

Independent Auditor's Report..... 1

Schedule

Schedule of Project Costs and Sources of Funds for Project No. 10-019 2
Notes to Schedule of Project Costs and Sources of Funds for Project No. 10-019 3



Independent Auditor's Report

Board of Directors
St. John's Hospital of the Hospital Sisters
of the Third Order of St. Francis
Springfield, Illinois

We have audited the accompanying Schedule of Project Costs and Sources of Funds for Project 10-019 – Surgery Pavilion (the "Schedule") for St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis as of April 30, 2015, and the related notes to the Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principle generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion, pursuant to the provisions and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(d)(5) "Project Completion, Final Realized Costs and Cost Overruns."

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the project cost and sources of funds for Project 10-019 – Surgery Pavilion, for St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis as of April 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

July 29, 2015
Mike Constantino
Page 27 of 30

Board of Directors
St. John's Hospital of the Hospital Sisters
of the Third Order of St. Francis
Page 2

Restriction on Use

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

BKD, LLP

St. Louis, Missouri
July 28, 2015

**St. John's Hospital of the Hospital Sisters
of the Third Order of St. Francis**
Schedule of Project Costs and Sources of Funds for Project No. 10-019
April 30, 2015

Description of Costs	Approved Permit Amount	Actual	Variance Favorable/ (Unfavorable)
Preplanning costs	\$ 1,130,865	\$ 1,318,832	\$ (187,967)
Site survey and soil investigation	42,000	86,518	(44,518)
Site preparation	2,882,320	5,395,303	(2,512,983)
Off-site work	1,422,753	1,881,852	(459,099)
New construction contracts	47,978,182	49,951,255	(1,973,073)
Modernization contracts	10,141,537	13,001,012	(2,859,475)
Contingencies	5,786,930	5,474,110	312,820
Architectural/engineering fees	3,032,595	3,956,497	(923,902)
Consulting and other fees	5,058,332	5,574,574	(516,242)
Movable or other equipment	25,711,725	12,389,794	13,321,931
Bond issuance expense	1,284,656	558,305	726,351
Net interest expense during construction	4,800,000	5,244,556	(444,556)
Other costs to be capitalized	11,927,430	16,213,167	(4,285,737)
Total project costs	\$ 121,199,325	\$ 121,045,775	\$ 153,550

Description of Sources	Approved Permit Amount	Actual	Variance Favorable/ (Unfavorable)
Cash and securities	\$ 48,099,325	\$ 57,203,405	\$ (9,104,080)
Bond issues	73,100,000	63,842,370	9,257,630
Total sources of funds	\$ 121,199,325	\$ 121,045,775	\$ 153,550

**St. John's Hospital of the Hospital Sisters
of the Third Order of St. Francis**
Notes to Schedule of Project Costs and Sources of Funds for Project 10-019
April 30, 2015

Note 1: Purpose of Audit and Basis of Accounting

The Schedule of Projected Costs and Sources of Funds for Project 10-019 – Surgery Pavilion (“Schedule”) is presented on the accrual basis of accounting. The amounts presented in the Schedule strictly relate to Project No. 10-019 (“Project”) and do not include any other sources of funds or costs of St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis (“Hospital”).

The Schedule is prepared in accordance with the financial reporting provisions and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(d)(5) “Project Completion, Final Realized Costs and Cost Overruns,” to comply with the requirements of the State of Illinois Health and Facilities and Services Review Board (IHFSRB).

Note 2: Project Description

The Project represented by these expenditures was for the replacement of several of the Hospital's existing clinical service areas. This was accomplished by demolishing two existing buildings and part of a third building and constructing a new addition. The Project also included modernization of existing space for a number of non-clinical functions, building mechanical and electrical space and equipment which support those floors. The application, filed with the IHFSRB, was approved on July 27, 2010, and the Project was completed as of April 30, 2015.

Note 3: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the Schedule was available to be issued.