

1301 Central Street
Evanston, IL 60201
www.northshore.org

August 26th, 2014

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

(847) 570-5065
(847) 570-5240 Fax

RECEIVED

AUG 27 2014

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Permit: #11-015-Glenbrook Hospital
Project: Modernization and Construction, Glenbrook Hospital
Permit Holder: NorthShore University HealthSystem

Dear Ms. Avery:

This is a report on project completion and final realized cost for the above referenced project. Included with this letter is the detailed itemization of expenditures by project cost component and certification of the expenditures and sources of funds. The approved permit amount was \$36,515,762. The final realized cost for this project is \$26,765,192.33 which is \$9,750,569.67 or 26.7% below the approved permit amount. These costs have been audited and a letter of audit has been attached.

Pursuant to sections 1130.770 of the Illinois Administrative Code, this letter certifies that the final realized cost referenced above is the total cost required to complete the project and that there are no additional or associated costs or capital expenditures related to the project which will be submitted for reimbursement under Title XVIII or XIX.

The Statement of Compliance with all terms of the permit is shown below and the required AIA Forms G702 is attached.

If we can provide you any further information at this time, please contact me via email at kagarwal@northshore.org or at 847-570-5217.

Sincerely,



Kajal Agarwal
Senior Director, Finance
Northshore University HealthSystem



Carmen V. Brown
August 26th 2014
Expire 9/21/16

August 25, 2014

Interoffice Correspondence

To: Kajal Agarwal, CPA, MBA, Senior Director of Accounting, Finance

From: Lynn Banks, Senior Internal Auditor, Internal Audit
Marilyn Tarrant, CPA, CHC, AVP of Internal Audit and Corporate Compliance

Subject: Certificate of Need Close-Out – Project #11-015: NorthShore University HealthSystem – Glenbrook Hospital Construction and Modernization Project

SCOPE:

The Certificate of Need (CON) close out review for the NorthShore University HealthSystem – Glenbrook Hospital Construction and Modernization Project was conducted as part of the compliance component of the Internal Audit Department's annual audit work plan.

The objectives of this review were:

- To determine if charges to be reported to the Illinois Health Facilities Services Review Board are substantiated by appropriate supporting documentation;
- To determine if expenses were properly recorded for the project and CON account category;
- To determine if expenses were properly approved;
- To determine the mathematical accuracy of invoices;
- To determine if applicable construction progress payments included accurate application for payment documents (i.e., previous payment calculations), were properly notarized, and included lien waivers.

In order to accomplish our objectives, we:

- Reviewed, on a test basis, expenditures identified on the project general ledger report to ensure existence of appropriate supporting documentation;
- Determined that the items sampled were properly included on the appropriate usage line in the Draft Close Out report;
- Confirmed that reconciling items were appropriately and logically supported;
- Ascertained the total projected expenditures to ensure the amount did not exceed the CON permit amount.

CONCLUSIONS:

In our opinion, based on our review of \$24,894,938.46 (93%) in payments made for the Glenbrook Hospital Construction and Modernization Project, we confirm that the \$26,765,192.33 in CON charges to be reported to the Illinois Health Facilities Services Review Board by the August 30, 2014 required submission date, were substantiated by comprehensive and appropriate supporting documentation. Our review did not identify any material inaccuracies in expenses incurred, paid and recorded.

c: Gary Gephart, AVP, Tax, Regulatory Reporting and Accounting
Harry L. Jones, Jr., CPA, MBA, FHFMA, Chief Compliance Officer



Permit Number: 11-015
Project Title: Glenbrook Hospital Construction & Modernization
Subject: Final Progress Report
Permit Holder: NorthShore University HealthSystem
Date: August 4, 2014

	Projected	Total Costs Incurred as of: 8/4/14	Available Balance as of 8/4/14	Estimated Costs to Completion	Variance From Approved
Preplanning Costs	\$ 503,000.00	\$ 260,135.98	\$ 242,864.02	\$ -	\$ 242,864.02
Site Survey & Soil Investigation	\$ -	\$ -	\$ -	\$ -	\$ -
Site Preparation	\$ 790,000.00	\$ 601,935.00	\$ 188,065.00	\$ -	\$ 188,065.00
Off-site Work	\$ -	\$ -	\$ -	\$ -	\$ -
New Construction Contracts	\$ 14,918,662.00	\$ 20,103,226.00	\$ (5,184,564.00)	\$ -	\$ (5,184,564.00)
Modernization Contracts	\$ 5,562,490.00	\$ -	\$ 5,562,490.00	\$ -	\$ 5,562,490.00
Contingencies	\$ 1,219,430.00	\$ -	\$ 1,219,430.00	\$ -	\$ 1,219,430.00
Architectural/Engineering Fees	\$ 1,908,000.00	\$ 1,505,549.63	\$ 402,450.37	\$ -	\$ 402,450.37
Consulting and Other Fees	\$ 2,050,180.00	\$ 1,179,821.13	\$ 870,358.87	\$ -	\$ 870,358.87
Movable or Other Equipment	\$ 7,964,000.00	\$ 2,860,400.59	\$ 5,103,599.41	\$ -	\$ 5,103,599.41
Other Costs to be Capitalized	\$ 1,600,000.00	\$ 254,124.00	\$ 1,345,876.00	\$ -	\$ 1,345,876.00
Total	\$ 36,515,762.00	\$ 26,765,192.33	\$ 9,750,569.67	\$ -	\$ 9,750,569.67

Cash and Securities \$ 36,515,762.00
 Pledges
 Gifts and Bequests
 Bond Issues (project related)
 Mortgages
 Leases (fair market value)
 Governmental Appropriations
 Grants
 Other Funds and Sources
TOTAL FUNDS \$ 36,515,762.00

APPLICATION AND CERTIFICATION FOR PAYMENT

TO (OWNER): NORTHSHORE UNIVERSITY HEALTHSYSTEM EVANSTON, IL 602010000 Attn: Dave Behls CONTRACTOR: Pepper Construction Company 18505 West Creek Drive Tinley Park, IL 60477 CONTRACT FOR: General Construction	PROJECT: Glenbrook Hospital 5th Floor Expans 2100 Pfingsstien Road Glenview, IL 60025 20982 VIA (ARCHITECT): ESA APPLICATION NO: 25 (Twenty Five) PERIOD FROM: 11/1/2013 PERIOD TO: 1/30/2014 ARCHITECT'S PROJECT NO: CONTRACT DATE:
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CONTRACTOR'S APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Change Orders approved in previous months by Owner		\$1,828,098.00	\$0.00
Approved this Month			
C.O. Number	Job Savings		
14	1/15/2014	41,098.00	116,425.00
			0.00
TOTALS		\$1,869,196.00	\$116,425.00
Net change by Change Orders		\$1,752,771.00	

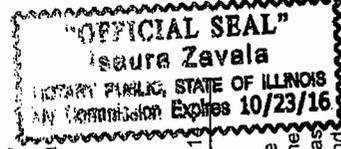
The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates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

CONTRACTOR: Pepper Construction Company

By: [Signature] Date: 2/28/2014

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.



State of: Illinois County of: Cook
 Subscribed and sworn to before me this 28 th day of February 2014.
 Notary Public:
 My Commission expires: February 2014
 AMOUNT CERTIFIED... \$ 344,515.00
 (Attach explanation if amount certified differs from the amount applied for)
 ARCHITECT: ESA By: [Signature] Date: 03/07/14

Application is made for Payment, as shown below, in connection with the Contract Continuation Sheet, Schedule of Values, is attached.

1. ORIGINAL CONTRACT SUM..... \$ 19,197,284.00
2. Net change by Change Orders..... \$ 1,752,771.00
3. CONTRACT SUM TO DATE (Line 1 +/- 2)..... \$ 20,950,055.00
4. TOTAL COMPLETED & STORED TO DATE..... \$ 20,950,055.00
 (Column G on Schedule of Values)

5. RETAINAGE:

- a. 0 % of Completed Work..... \$ 0.00
 (Column D + E on Schedule of Values)
 - b. % of Stored Material..... \$ 0.00
 (Column F on Schedule of Values)
- Total Retainage (Line 5a + 5b or Total in Column 1 on Schedule of Values)..... \$ 0.00

6. TOTAL EARNED LESS RETAINAGE..... \$ 20,950,055.00
 (Line 4 less Line 5 Total)

7. LESS PREVIOUS CERTIFICATES FOR

- PAYMENT (Line 6 from prior Certificate)..... \$ 20,605,540.00
8. CURRENT PAYMENT DUE..... \$ 344,515.00
9. BALANCE TO FINISH, PLUS RETAINAGE..... \$ 0.00
 (Line 3 less Line 6)

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.