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January 10, 2017

RECEIVED

JAN 18 2017

**HEALTH FACILITIES &
 SERVICES REVIEW BOARD**

Courtney R. Avery
 Administrator
 Illinois Health Facilities Services and Review Board
 Illinois Department of Public Health
 525 West Jefferson Street, Second Floor
 Springfield, Illinois 62702

Re: Annual Progress Report and Final Report - IHFSRB Project #14-054, Passavant Area Hospital,
 Permit Holder – Passavant Memorial Area Hospital Association

Dear Ms. Avery:

This letter is submitted in compliance with State Board Rule 1130.760 and 1130.770 which require that a CON permit holder provide annual progress reports and a final report of project status to the Illinois Health Facilities Services and Review Board. Project #14-054 is now complete.

Passavant Area Hospital received approval on January 27, 2015 to establish a 10-bed AMI category of service. The permit amount was \$3,479,095. Construction for this project was completed on May 16, 2016, and patients began receiving care on this unit on July 19, 2016. One hundred percent (100%) of project expenses have now been disbursed and audited.

The detailed itemization of all project costs approved in the CON and the amounts paid in each of the expense categories follow:

	<u>Approved</u>	<u>Disbursed</u>
Pre-planning	0	0
Site Survey & Soil Investigation	0	0
Site Preparation	0	0
Off Site Work	0	0
Construction Contracts	0	0
Modernization Contracts	\$ 2,499,042	\$ 1,819,696.36
Contingencies	\$ 248,493	\$ 176,261.22
Arch/Eng Fees	\$ 211,560	\$ 145,942.45
Consulting/Other	\$ 120,000	\$ 9,600.00
Equipment	\$ 400,000	\$ 206,782.23
Bond Issuance Expense	0	0
Net Interest	0	0
Other Costs to be Capitalized	<u>0</u>	<u>0</u>
Total	\$ 3,479,095.00	\$ 2,358,282.26

The final realized costs, as itemized above, are the total costs required to complete the project and there are no additional or associated costs or capital expenditures related to the project. The completed project complies with all terms of the permit including project scope, cost, square footage and services.

The source and use of funds for this project remain as stated in our May 20, 2014 letter and revised sources and uses of funds statement.

Attached is the final Application and Certification for Payment for the construction contract (AIA Form G702) and the Audited Financial Report for Project #14-054.

If additional information is required, please contact me 217-788-3529.

Sincerely,



Mitchell L. Johnson
Senior Vice President &
Chief Strategy Officer



Notary Seal

Natalie R Vandyke
January 11, 2017

Attachment – AIA Form G702
Audited Financial Report

Memorial
Health System



**Internal Audit Report
Passavant Area Hospital
Certificate of Need
Project #14-054**

December 28, 2016

Background:

The Memorial Health System Department of Internal Audit and Compliance (IAC) recently conducted an audit of the Passavant Area Hospital Certificate of Need (CON) Project #14-054. This audit was requested as part of the Memorial Health System (MHS) FY17 annual audit plan.

The Health Facilities Planning Act (the Act) (20 ILCS 3960), established Illinois' CON program. CON is designed to restrain rising health care costs by preventing unnecessary construction or modification of health care facilities. The Act promotes the development of a comprehensive health care delivery system that assures the availability of quality facilities, related services, and equipment to the public, while simultaneously addressing the issues of community need, accessibility, and financing. In addition, CON promotes cost containment, better management and improved planning by health care providers.

The Illinois Health Facilities and Services Review Board (Planning Board) issues CONs for construction or modification projects proposed by or on behalf of healthcare facilities and for the acquisition of major medical equipment. To obtain a permit, an entity must justify that a proposed project is needed and financially and economically feasible. Included in the application review is the opportunity for public comments and a public hearing that provides for community input into the process.

MHS and Passavant Area Hospital (PAH) submitted an application for a CON to establish a 10 bed acute mental illness category of service on October 30, 2014. The Planning Board approved Project #14-054 on January 27, 2015. A CON permit in the amount of \$3,479,095 was issued to MHS and PAH with an anticipated project completion date of March 1, 2017.

Objectives:

The objective of this audit was to determine whether all project costs and sources of funds presented in PAH CON report of final realized costs is accurate.

Scope:

The scope of this audit included discussions with key Hospital personnel responsible for Project #14-054 accounting and the examination and testing of documents including invoices supporting 100% of the costs allocated to the project.

General Findings:

The PAH project was funded by a gift of \$1,000,000 and cash funds of \$1,358,283.

Based on a review of invoices supporting 100% of the costs allocated to the project, IAC has determined that the project costs presented in the PAH CON report of final realized costs is accurate in all material respects. The final realized costs compared to the budget approved by the Planning Board are as follows:

Description of Costs	Approved Budget	Actual	Variance
Modernization Contracts	\$2,499,042	\$1,819,696	\$(679,346)
Contingencies	248,493	176,261	(72,232)
Architectural/ Engineering Fees	211,560	145,943	(65,617)
Consulting and Other Fees	120,000	9,600	(110,400)
Moveable or Other Equipment	400,000	206,782	(193,218)
Totals	\$3,479,095	\$2,358,282	\$(1,120,813)

ACCEPTED:



Mitch Johnson, Senior Vice President and Chief Strategy Officer

Application and Certificate for Payment

Owner: Passavant Area Hospital
1600 Walnut
Jacksonville, IL 62650

Contractor: Harold O'Shea Builders, Inc.
3401 Constitution Dr
Springfield, IL 62711

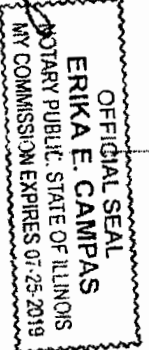
Phone: 217 522-2826

Contractor's Application For Payment

Change Order Summary	Additions	Deductions
Change orders approved in previous months by owner	102,779.91	
Change orders approved this month	3,391.00	
Totals	3,391.00	
Net change by change orders	106,170.91	

I, 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: Harold O'Shea Builders, Inc.
Date: 8/27/16
Site of: PAH Psychiatric Unit
County of: Springfield
Notary Public: Erika E. Campas
Notary Public, State of Illinois
My Commission Expires 07-25-2019



Architect's Certificate for Payment

I, 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.

Amount Certified: \$ _____

241513
Line 11

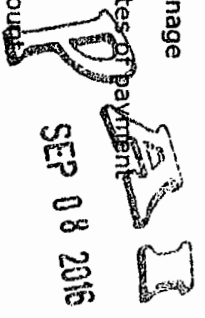
[Handwritten signatures and initials]

PAH Psychiatric Unit
1600 W. Walnut
Springfield, IL 62650

SEP 07 2016
Passavant Area Hospital
Accounting Dept.

Application No: 10 Date: 08/01/2016
Period To: 08/31/16
Architect's Project No:
Contract Date:

Original contract sum	1,668,249.00
Net change by change orders	106,170.91
Contract sum to date	1,774,419.91
Total completed and stored to date	1,774,419.91
Retainage	0.00
0.0% of completed work	0.00
0.0% of stored material	0.00
Total retainage	0.00
Total earned less retainage	1,774,419.91
Less previous certificates of payment	583,463.52
Current sales tax	0.00
0.000% of taxable amount	0.00
Current sales tax	0.00
Current payment due	190,956.39
Balance to finish, including retainage	0.00



Architect: _____
By: _____ Date: _____
PROJECT # 272

This Certification 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.

Application and Certificate For Payment -- page 2

Owner: Passavant Area Hospital
 Contractor: Harold O'Shea Builders, Inc.
 Object: PAH Psychiatric Unit

Application No: 10
 Contractor's Job Number: 4917
 Architect's Project No:

Date: 08/01/16
 Period To: 08/31/16

Item Number	Description	Scheduled Value	Work Completed		Materials Presently Stored	Completed and Stored to Date	%	Balance to Finish	Retention	Memo
			Previous Application	This Period						
000	General Conditions	163,745.00	163,745.00	0.00	0.00	163,745.00	100.00	0.00	0.00	
510	Preconstruction fee	7,000.00	7,000.00	0.00	0.00	7,000.00	100.00	0.00	0.00	
560	Dust Barriers	24,413.00	24,413.00	0.00	0.00	24,413.00	100.00	0.00	0.00	
730	Cutting & Patching	3,402.00	3,402.00	0.00	0.00	3,402.00	100.00	0.00	0.00	
1072	Demolition	77,307.00	77,307.00	0.00	0.00	77,307.00	100.00	0.00	0.00	
1300	Topping Slabs	23,461.00	23,461.00	0.00	0.00	23,461.00	100.00	0.00	0.00	
1500	Metal Fabrications	18,740.00	18,740.00	0.00	0.00	18,740.00	100.00	0.00	0.00	
3100	Rough Carpentry	52,989.00	52,989.00	0.00	0.00	52,989.00	100.00	0.00	0.00	
3400	Architectural Woodwork	27,725.00	27,725.00	0.00	0.00	27,725.00	100.00	0.00	0.00	
7270	Firestopping	13,835.00	13,835.00	0.00	0.00	13,835.00	100.00	0.00	0.00	
7500	Membrane Roofing	5,174.00	5,174.00	0.00	0.00	5,174.00	100.00	0.00	0.00	
3100	Doors/Frames/Hardware	128,177.00	128,177.00	0.00	0.00	128,177.00	100.00	0.00	0.00	
3310	Access Doors & Frames	14,966.00	14,966.00	0.00	0.00	14,966.00	100.00	0.00	0.00	
3580	Security Windows	66,202.00	66,202.00	0.00	0.00	66,202.00	100.00	0.00	0.00	
3200	Plaster & Gypsum Board	122,455.00	122,455.00	0.00	0.00	122,455.00	100.00	0.00	0.00	
3800	Flooring	58,985.00	58,985.00	0.00	0.00	58,985.00	100.00	0.00	0.00	
3900	Paints & Coatings	38,400.00	38,400.00	0.00	0.00	38,400.00	100.00	0.00	0.00	
3280	Wall & Corner Guards	3,789.00	3,789.00	0.00	0.00	3,789.00	100.00	0.00	0.00	
3500	Lockers	4,145.00	4,145.00	0.00	0.00	4,145.00	100.00	0.00	0.00	
3520	Fire Protection Spec	2,881.00	2,881.00	0.00	0.00	2,881.00	100.00	0.00	0.00	
3810	Toilet Accessories	8,770.00	8,770.00	0.00	0.00	8,770.00	100.00	0.00	0.00	
2490	Solar- Control Film	2,926.00	2,926.00	0.00	0.00	2,926.00	100.00	0.00	0.00	
5300	Fire Protection	20,475.00	20,475.00	0.00	0.00	20,475.00	100.00	0.00	0.00	
5400	Plumbing	157,047.00	157,047.00	0.00	0.00	157,047.00	100.00	0.00	0.00	
5700	HVAC	153,825.00	153,825.00	0.00	0.00	153,825.00	100.00	0.00	0.00	
5900	HVAC Instrumentation & Contis	86,508.00	86,508.00	0.00	0.00	86,508.00	100.00	0.00	0.00	

Application and Certificate For Payment -- page 3

Owner: Passavant Area Hospital
 Contractor: Harold O'Shea Builders, Inc.
 Object: PAH Psychiatric Unit

Application No: 10 Date: 08/01/16
 Contractor's Job Number: 4917
 Architect's Project No:

Period To: 08/31/16

Item Number	Description	Scheduled Value	Work Completed			Materials Presently Stored	Completed and Stored to Date	%	Balance to Finish	Retention	Memo
			Previous Application	This Period							
880	Test and Balance	6,284.00	6,284.00	0.00	0.00	6,284.00	100.00	0.00	0.00		
000	Electrical	286,340.00	286,340.00	0.00	0.00	286,340.00	100.00	0.00	0.00		
000	CM Contingency	45,489.00	33,984.00	11,525.00	0.00	45,489.00	100.00	0.00	0.00		
001	OH&P	63,044.00	63,044.00	0.00	0.00	63,044.00	100.00	0.00	0.00		
2 001	Temporary Containment WTG	3,967.00	3,967.00	0.00	0.00	3,967.00	100.00	0.00	0.00		
2 003	Gal to Copper MainWater Piping	9,307.00	9,307.00	0.00	0.00	9,307.00	100.00	0.00	0.00		
2 005	2-1/2" Premeter Studs vs. HC	3,158.00	3,158.00	0.00	0.00	3,158.00	100.00	0.00	0.00		
2 007	Eng. Sub for Fixture Sub "1.1"	1,391.00	1,391.00	0.00	0.00	1,391.00	100.00	0.00	0.00		
2 008	CI to PVC Waste Pipe	-11,020.00	-11,020.00	0.00	0.00	-11,020.00	100.00	0.00	0.00		
2 009	Raise/Re-route Sprinkler Main	6,632.00	6,632.00	0.00	0.00	6,632.00	100.00	0.00	0.00		
R 010	Credit for Carpet Demo	-4,648.00	-4,648.00	0.00	0.00	-4,648.00	100.00	0.00	0.00		
R 011	Removal of Wall and Ltr Curbs	7,443.00	7,443.00	0.00	0.00	7,443.00	100.00	0.00	0.00		
R 012	PR 003 - Chase FD & Acc Pnl	6,979.00	6,979.00	0.00	0.00	6,979.00	100.00	0.00	0.00		
R 013	Window Bkml Enclosures	5,484.00	5,484.00	0.00	0.00	5,484.00	100.00	0.00	0.00		
R 014	ASI #1 Wall Type Revision	722.00	722.00	0.00	0.00	722.00	100.00	0.00	0.00		
R 015	PR #7 Switch for Solenoid Valv	675.00	675.00	0.00	0.00	675.00	100.00	0.00	0.00		
R 016	PR 2 Activity and IT Room Rev	-1,815.09	-1,815.09	0.00	0.00	-1,815.09	100.00	0.00	0.00		
R 022	PR 008 Clean Room Changes	7,337.00	7,337.00	0.00	0.00	7,337.00	100.00	0.00	0.00		
R 023	Major Floor Prep	9,875.00	9,875.00	0.00	0.00	9,875.00	100.00	0.00	0.00		
R 024	PR 009 Fur Out of Shaft Wall	7,802.00	7,802.00	0.00	0.00	7,802.00	100.00	0.00	0.00		
R 026	RFI 017 Ceiling Reconfig L4	789.00	789.00	0.00	0.00	789.00	100.00	0.00	0.00		
R 030	PR 012 Add Duct F/S Dampers	933.00	933.00	0.00	0.00	933.00	100.00	0.00	0.00		
R 033	Alarm Cancel Button Change	590.00	590.00	0.00	0.00	590.00	100.00	0.00	0.00		
R 035	Clip Down all ACT Tile	1,316.00	1,316.00	0.00	0.00	1,316.00	100.00	0.00	0.00		
R 037	PR 012	6,526.00	6,526.00	0.00	0.00	6,526.00	100.00	0.00	0.00		
R 040	RFI 11 F/S Damp in Column	2,656.00	2,656.00	0.00	0.00	2,656.00	100.00	0.00	0.00		

Application and Certificate For Payment -- page 4

Owner: **Passavant Area Hospital**
 Contractor: **Harold O'Shea Builders, Inc.**
 Project: **PAH Psychiatric Unit**

Application No: **10** Date: **08/01/16** Period To: **08/31/16**
 Contractor's Job Number: **4917**
 Architect's Project No:

Item Number	Description	Scheduled Value	Work Completed		Materials Presently Stored	Completed and Stored to Date	%	Balance to Finish	Retention	Memo
			Previous Application	This Period						
R 042	Existing Floor Epoxy Repair	21,814.00	21,814.00	0.00	0.00	21,814.00	100.00	0.00	0.00	
R 043	Owner Electric and Casework	7,512.00	7,512.00	0.00	0.00	7,512.00	100.00	0.00	0.00	
R 044	Patient Room Base	7,355.00	7,355.00	0.00	0.00	7,355.00	100.00	0.00	0.00	
R 054	Quiet Room Nurse Call	3,391.00	0.00	3,391.00	0.00	3,391.00	100.00	0.00	0.00	
Application Total		1,774,419.91	1,759,403.91	15,016.00	0.00	1,774,419.91	100.00	0.00	0.00	

STATE OF ILLINOIS }
SANGAMON COUNTY } SS

Project: Passavant Area Hospital – Psychiatric Unit

To All Whom It May Concern:

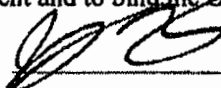
WHEREAS, we, the undersigned Harold O'Shea Builders have been employed by Passavant Area Hospital, to furnish General Work for the building known as Passavant Area Hospital – Infusion & Exam Room

Situated on Lot –

In the City of Jacksonville County of Morgan and State of Illinois.

[PARTIAL] WAIVER AND RELEASE: In consideration of [partial/final] payment for labor, services, materials or equipment in the amount of (\$190,956.39) One Hundred Ninety Thousand Nine Hundred Fifty Six Dollars and Thirty Nine Cents the Undersigned does hereby waive and release all bond claims, liens, claims or right of claim, or right of lien, statutory or otherwise, against the property, project, Owner, or any other person or entity who is or may be claimed to be liable, or any sureties, for labor, services, materials, or equipment, as provided by the Undersigned, but only to the extent of payment received, as indicated above.

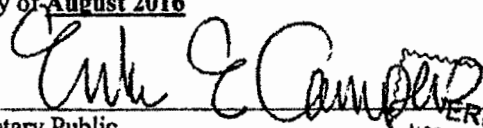
THE PERSON SIGNING below does hereby certify that he/she is fully-authorized and empowered to execute this instrument and to bind the Undersigned hereto, and does in fact so execute this instrument.



By: _____

8/22/16
Date

SUBSCRIBED AND SWORN TO BEFORE ME this 22nd day of August 2016


Notary Public

My Commission Expires: 7/25/2019



Always Make and Retain an Exact Copy

Please sign, date & return both copies of Waiver Today

STATE OF ILLINOIS

COUNTY Sangamon

SS

Project: Passavant Area Hospital –Psychiatric Unit

To All Whom It May Concern:

WHEREAS, we, the undersigned Harold O'Shea Builders have been employed by Memorial Medical Center to furnish General Work for the building known as Passavant Area Hospital Psychiatric Unit

Situated on Lot – 1600 West Walnut Street

in the City of Jacksonville County of Morgan and State of Illinois.

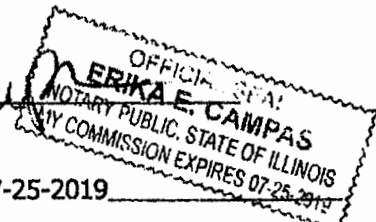
[Final] WAIVER AND RELEASE: In consideration of **[final]** payment for labor, services, materials or equipment in the amount of **\$(1,774,419.91) One Million Seven Hundred Seventy Four Thousand Four Hundred Nineteen Dollars and Ninety One Cents** the Undersigned does hereby waive and release all bond claims, liens, claims or right of claim, or right of lien, statutory or otherwise, against the property, project, Owner, or any other person or entity who is or may be claimed to be liable, or any sureties, for labor, services, materials, or equipment, as provided by the Undersigned, but only to the extent of payment received, as indicated above.

THE PERSON SIGNING below does hereby certify that he/she is fully-authorized and empowered to execute this instrument and to bind the Undersigned hereto, and does in fact so execute this instrument.

By: [Signature] 8/22/16
Date

SUBSCRIBED AND SWORN TO BEFORE this 22nd day of August 2016

[Signature]
Notary Public



My Commission Expires: 7-25-2019

Always Make and Retain an Exact Copy

Please sign, date & return both copies of Waiver Today