HSHS
St. John's
Hospital

RECEIVED
OCT 09 2019
HEALTH FACILITIES &
SERVICES REVIEW BOARD

October 8, 2019

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

Re: Project Completion, Final Realized Cost Report (Section 1130.770 (d))
CON Permit Project # 16-053
HSHS St. Johns Woman's and Children's Health Care Building

Dear Ms. Avery,

Please accept this project completion attestation / certification letter in reference to the foregoing project. The Health Center Building completion date was originally March 31, 2019. Due to the fact an independent third-party CPA audit was required, the Permit completion date was renewed until July 12, 2019.

This final completion documentation certifies:

1. The itemized final project capitalized cost in the amount of $43,289,946.00 (See attached KPMG Independent Auditors Report) is below the approved CON permit capitalized cost in the amount of $48,377,826.00.
2. The final realized capital cost (Actual Project Cost), as itemized in the KPMG Audit, are the total project costs.
3. The project, as completed, is in compliance with all the terms of the approved permit.
4. The enclosed AIA form G-702 documents the final construction payout on the construction work done by HSHS.

To the best of my knowledge we have complied with all Illinois Health Facilities and Services Review Board requirements in developing and completing this project.

800 East Carpenter Street
Springfield, Illinois 62769
217-544-6464
www.st-johns.org

If you have any questions, I can be reached by email at amy.bulpitt@hshs.org or by phone at (217) 814-8336.

Sincerely,

E. J. Kuiper
HSHS St. John's Hospital President and CEO
and Central Illinois Division President

CC: Mike Constantino, Supervisor, Project Review Section
Ed Parkhurst, PRISM Healthcare Consulting

Enclosures: AIA Form G-702
KPMG Audit Report

Notarization:

Subscribed and sworn to before me

this 9th day of October 2019

Elaine M Garvey

Signature of Notary

Elaine M Garvey

Printed Name

Seal

ELAINE M. GARVEY
OFFICIAL SEAL
Notary Public - State of Illinois
My Commission Expires 3/27/2023

**Application and Certificate For Payment**



| | | | | | |
|---|---|---|---|---|---|
| To Owner: | St. John's Hospital<br>800 East Carpenter<br>Springfield, IL 62769 | Project: | STJ Madison Street Ramp<br>800 E. Carpenter Street<br>Bruce Maassen<br>Springfield, IL 62769 | Application No: 14 | Date: 01/01/2019 |
| | | | | Period To: 01/31/19 | |
| | | | | Architect's Project No: | |
| From (Contractor): | Harold O'Shea Builders, Inc.<br>3401 Constitution Drive<br>Springfield, IL 62711 | Contractor Job Number: | 5835 | Contract Date: 10/23/17 | |
| | | Via (Architect): | Berners-Schober | | |
| Phone: | 217 522-2826 | Contract For: | | | |

**Contractor's Application For Payment**

| Change Order Summary | | | Additions | Deductions |
|---|---|---|---|---|
| Change orders approved in previous months by owner | | | 63,482.97 | -6,105.54 |
| | Number | Date Approved | | |
| Change orders approved this month | 004<br>005 | 01/03/19<br>01/30/19 | 56,500.00 | -31,204.65 |
| **Totals** | | | 56,500.00 | -31,204.65 |
| **Net change by change orders** | | | 82,672.78 | |

| | |
|---|---|
| Original contract sum | 10,072,580.00 |
| Net change by change orders | 82,672.78 |
| Contract sum to date | 10,155,252.78 |
| Total completed and stored to date | 10,155,252.78 |
| Retainage | |
| 0.0% of completed work | 0.00 |
| 0.0% of stored material | 0.00 |
| Total retainage | 0.00 |
| Total earned less retainage | 10,155,252.78 |
| Less previous certificates of payment | 8,889,657.80 |
| Current sales tax | |
| 0.000% of taxable amount | 0.00 |
| Current sales tax | 0.00 |
| Current payment due | **1,265,594.98** |
| Balance to finish, including retainage | 0.00 |

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: DocuSigned by: E6F85780458479...

By: _____ Date: 1/31/2019

State of: Illinois County of: Sangamon

Subscribed and sworn to before me this 31st day of January 2019 (year). Notary public Erika E Campas

My commission expires 7/25/2019.

OFFICIAL SEAL
ERIKA E. CAMPAS
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES 07-25-2019

**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.

Amount Certified: $ _____

Architect:

By: _____ Date: _____

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.

# HOSPITAL SISTERS HEALTH SYSTEM
# SPRINGFIELD, ILLINOIS

Illinois Health Facilities Planning Board
IHFPB Project #16-053

Project Costs and Sources of Funds Report

Period from March 14, 2017 through June 1, 2019

(With Independent Auditors' Report Thereon)

KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

# Independent Auditors' Report

The Board of Trustees
Hospital Sisters Health System
Springfield, Illinois:

*Report on the Financial Statements*

We have audited the accompanying Project Costs and Sources of Funds Report (the Report) of Hospital Sisters Health System (HSHS), for the period March 14, 2017 through June 1, 2019.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the Report in accordance with the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770 (d) (5) "Project Completion, Finalized Realized Cost Overruns"; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the Report 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 Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Report, 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 Report 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 Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the Project Costs and Sources of Funds Report referred to above present fairly, in all material respects, the project costs and sources of funds of Hospital Sisters Health System for the period March 14, 2017 through June 1, 2019, in accordance with the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770 (d) (5) "Project Completion, Finalized Realized Cost Overruns."

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*Basis of Accounting*

We draw attention to Note (1) of the Report, which describes the basis of accounting. As described in Note (1), of the Report, the Report is prepared by HSHS on the basis of the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1110 and 1120, which is a basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the Illinois Health Facilities and Services Review Board. Our opinion is not modified with respect to this matter.

*Restriction on Use*

This report is intended solely for the information and use of the board of trustees and management of HSHS and the Illinois Health Facilities and Service Review Board, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
October 7, 2019

**HOSPITAL SISTERS HEALTH SYSTEM**
**SPRINGFIELD, ILLINOIS**

Illinois Health Facilities Planning Board
IHFPB Project #16-053

Schedule of Project Costs and Sources of Funds

Period from March 14, 2017 through June 1, 2019

| | | Total project costs and sources of funds | | |
|---|---|---|---|---|
| | | CON Permit | Actual project costs | Over (under) budget |
| Use of funds: | | | | |
| Preplanning costs | $ | 236,000 | 45,522 | (190,478) |
| Site survey and soil investigation | | 106,000 | 63,029 | (42,971) |
| Site preparation | | 4,366,000 | 3,220,644 | (1,145,356) |
| New construction contracts | | 27,326,534 | 28,024,160 | 697,626 |
| Contingencies | | 2,142,535 | — | (2,142,535) |
| Architectural and engineering fees | | 2,683,400 | 2,077,321 | (606,079) |
| Consulting and other fees | | 1,159,911 | 1,759,292 | 599,381 |
| Movable or other equipment | | 7,985,452 | 6,032,120 | (1,953,332) |
| Net interest expense | | 1,517,994 | 1,176,884 | (341,110) |
| Other costs to be capitalized | | 854,000 | 890,974 | 36,974 |
| Total uses of funds | $ | 48,377,826 | 43,289,946 | (5,087,880) |
| Source of funds: | | | | |
| Cash and securities | $ | 21,989,452 | 19,676,829 | (2,312,623) |
| Mortgages | | 26,388,374 | 23,613,117 | (2,775,257) |
| Total sources of funds | $ | 48,377,826 | 43,289,946 | (5,087,880) |

See accompanying notes to project costs and sources of funds report.

**HOSPITAL SISTERS HEALTH SYSTEM**
**SPRINGFIELD, ILLINOIS**

Illinois Health Facilities Planning Board
IHFBP Project #16-053

Notes to Project Costs and Sources of Funds Report

Period from March 14, 2017 through June 1, 2019

## (1) Purpose of the Audit

The accompanying Schedule of Project Costs and Sources of Funds for Project #16-053 (The Schedule) has been prepared in accordance with the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1110 and 1120. This presentation was prepared for the purpose of complying with the reporting requirements of Hospital Sisters Health System for Project #16-053 to the Illinois Health Facilities and Services Review Board (IHFSRB) and to the Board of Trustees of HSHS upon the project's completion.

## (2) Summary of Significant Accounting Policies

The Schedule has been prepared and compiled in a manner consistent with and accrual basis such that whereas necessary, management has made estimates for the final payment as of the date of this report. The "Approved Project Costs/Sources" present the respective amounts approved by the IHFSRB and the "Actual Project Costs/Sources" represent the respective actual project costs incurred and actual sources used to fund Project #16-053.

## (3) Project Costs and Sources of Funds Report

HSHS was issued a permit to construct a four-story, approximately 87,150 DGSF (usable GSF), Medical Office building at Madison and Ninth Street in Springfield, Illinois on its campus. The application was filed with the IHFSRB on December 21, 2016 and approved at a public hearing on March 14, 2017. HSHS master leased the entire building with a rent guaranty to support the mortgage used by Landmark to construct the building. The mortgages of $23,613,117 disclosed on the schedule of project costs and sources of funds was taken out by Landmark Healthcare Facilities, LLC for construction of the building. The remaining sources of funds were comprised of cash and securities. Actual total costs for Project #16-053 were $43,289,946, which was $5,087,880 under budget.