Northwestern Medicine
Northwestern Memorial HealthCare

251 East Huron Street
Chicago, Illinois 60611-2908
312.926.2000
northwesternmedicine.org

March 18, 2019

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APR 2 2019
HEALTH FACILITIES & SERVICES REVIEW BOARD

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

Re: Project Completion
Project # 16-054
Northwestern Medicine Kishwaukee Health & Fitness Center

Dear Ms. Avery:

This letter certifies that Project #16-054 has been completed and is in compliance with all terms of the permit, including total project cost, square footage, and services. The final realized cost is $45,828,222 which is less than the approved permit amount of $46,392,770. This is the total amount required to complete the project.

A detailed itemization of expenditures and sources of funds is attached. The entire project cost will be submitted for reimbursement under Titles XVIII and XIX of the Social Security Act. There are no additional or associated costs or capital expenditures related to the project that will be submitted for reimbursement under Title XVIII or XIX.

This letter is intended to complete the project close-out process for this permit. If further information or action is needed, please contact Bridget Orth at 312-926-8650.

Sincerely,

Jay Anderson
President, Northwestern Medicine
Kishwaukee Hospital

John A. Orsini
Senior Vice President &
Chief Financial Officer

"OFFICIAL SEAL"
DEBRA A. SELLS
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 11/14/20

Debra A Sells

OFFICIAL SEAL
ANGELA CAMPHOR
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES: 10/08/20

Angela Camphor
10/08/2020

cc: Gina Weldy, Senior Vice President, Administration
Bridget Orth, Director, Regulatory Planning
Jan Peterson, Manager, Financial Planning & Construction Finance

Attachments

Kishwaukee Health & Fitness Center
Project # 16-054

Kishwaukee Hospital Permit Project Expenditures

Final Realized Costs

	Category	CON Approved Budget	Project to Date (Final)
	USE OF FUNDS		
1	PREPLANNING COSTS	$ -	$ -
2	SITE SURVEY AND SOIL INVESTIGATION	$ -	$ -
3	SITE PREPARATION	$ 1,178,000	$ 3,930,994
4	OFF SITE WORK	$ -	$ -
5	NEW CONSTRUCTION CONTRACTS	$ 35,522,000	$ 35,522,000
6	MODERNIZATION CONTRACTS	$ -	$ -
7	CONTINGENCIES	$ 3,183,511	$ 363,475
8	ARCHITECTURAL/ENGINEERING FEES	$ 2,520,359	$ 2,849,434
9	CONSULTING & OTHER FEES	$ 75,000	$ 243,665
10	MOVABLE CAPITAL EQUIPMENT (not in construction contracts)	$ 2,738,800	$ 2,807,904
11	BOND ISSUANCE EXPENSE (project related)	$ -	$ -
12	NET INTEREST EXPENSE DURING CONSTRUCTION (project related)	$ -	$ -
14	OTHER COSTS WHICH ARE TO BE CAPITALIZED	$ 1,175,100	$ 110,750
	GRAND TOTAL	$ 46,392,770	$ 45,828,222
	SOURCE OF FUNDS		
16	CASH & SECURITIES	$ 46,392,770	$ 45,828,222
18	GIFTS & BEQUESTS	$ -	$ -
19	BOND ISSUES (project related)	$ -	$ -
25	TOTAL FUNDS	$ 46,392,770	$ 45,828,222
	CON PERMIT AMOUNT	$ 46,392,770	$ 45,828,222
	% COMPLETE 100%		

APPLICATION AND CERTIFICATE FOR PAYMENT

TO : Northwestern Memorial Healthcare

PROJECT : NMH Kishwaukee Health and Fitness

APPLICATION NO.: 23
PERIOD TO : 01-31-2019
PROJECT NO.: 53210
CONTRACT DATE : 11-16-2016

FROM: Power Construction Company,LLC

ARCHITECT : Plunkett Raysich Architects, LLP

CONTRACTOR'S APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY		
Change Order approved in previous months by Owner	Additions	Deductions
TOTAL	39,571,085	0
APPROVED THIS MONTH	0	188,533
Total Job To Date	39,571,085	188,533

Application is made for payment, as shown below, in connection with the Contract.

1. ORIGINAL CONTRACT SUM ..... $	311,830
2. NET CHANGE BY CHANGE ORDERS..... $	39,382,552
3. CONTRACT SUM TO DATE..... $	39,694,382
4. TOTAL COMPLETED & STORED TO DATE.....$	39,694,382
5. RETAINAGE..... $	0
6. TOTAL EARNED LESS RETAINAGE ..... $	39,694,382
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (line 6 from prior Certificate)..... $	39,261,717
8. CURRENT PAYMENT DUE ..... $	432,665
9. BALANCE TO FINISH, INCLUDING RETAINAGE..$	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 that current payment shown herein is now due.

Contractor : Power Construction Company,LLC

By: _____ Date : 02-05-2019

State of : Illinois County of: Cook

Subscribed and sworn to before me

This 05th day of February, 2019

Notary Public _____

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 Work is in accordance with the Contract Documents, and the Contractor is entitled to the payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED.....$ 432,665.00

ARCHITECT :

By: _____ Date : 21-FEB-19

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.

NORTHWESTERN MEMORIAL HEALTHCARE

HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)
NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT
HFSRB PROJECT #16-054

SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS

For the Period from March 15, 2017 through February 28, 2019

NORTHWESTERN MEMORIAL HEALTHCARE
Chicago, Illinois

HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)
NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT
HFSRB PROJECT #16-054

SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS

For the Period from March 15, 2017 through February 28, 2019

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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northwestern Memorial HealthCare and the
State of Illinois Health Facilities and Services Review Board:

Report on the Schedule

We have audited the Schedule of Project Costs and Sources of Funds of Northwestern Memorial HealthCare related to the Health Facilities and Services Review Board (HFSRB) Project #16-054 for the period from March 15, 2017 through February 28, 2019 (the Schedule), 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 principles 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 is 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.

(Continued)

Opinion

In our opinion, the Schedule referred to previously presents fairly, in all material respects, the project costs and sources of funds of Northwestern Memorial HealthCare related to the Health Facilities and Services Review Board Project #16-054 for the period from March 15, 2017 through February 28, 2019, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying Schedule was prepared to present the project costs and sources of funds for the purpose of complying with the terms of the Health Facilities and Services Review Board permit as described in Note 1 and is not intended to be a complete presentation of Northwestern Memorial HealthCare's financial position. 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 Directors and management of Northwestern Memorial HealthCare and the State of Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Simsbury, Connecticut
March 18, 2019

NORTHWESTERN MEMORIAL HEALTHCARE
HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)
NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT
HFSRB PROJECT #16-054
SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS
For the Period from March 15, 2017 through February 28, 2019

	Project Cost		
	Approved Permit Amount	Actual Funds Expended	Variance
Costs:			
Site survey and soil investigation	$ -	$ -	$ -
Site preparation	1,178,000	3,930,994	(2,752,994)
Off-site work	-	-	-
New construction contracts	35,522,000	35,522,000	-
Contingencies	3,183,511	363,475	2,820,036
Architectural/engineering fees	2,520,359	2,849,434	(329,075)
Consulting and other fees	75,000	243,665	(168,665)
Movable or other equipment	2,738,800	2,807,904	(69,104)
Bond issuance expense	-	-	-
Net interest expense during construction (project related)	-	-	-
Other costs to be capitalized	1,175,100	110,750	1,064,350
Total project cost	$ 46,392,770	$ 45,828,222	$ 564,548

	Sources of Funds		
	Final Approved Alteration	Actual Funds Spent	Variance
Cash and securities	$ 46,392,770	$ 45,828,222	$ 564,548
Pledges	-	-	-
Gifts and bequests	-	-	-
Bond issues (project related)	-	-	-
Mortgages/loans	-	-	-
Leases (fair market value)	-	-	-
Government appropriations	-	-	-
Grants	-	-	-
Other funds and sources	-	-	-
Total funds	$ 46,392,770	$ 45,828,222	$ 564,548

See Notes to Schedule of Project Costs and Sources of Funds

NORTHWESTERN MEMORIAL HEALTHCARE
HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)
NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT
HFSRB PROJECT #16-054
NOTES TO THE SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS
For the Period from March 15, 2017 through February 28, 2019

NOTE 1 - DESCRIPTION OF PROJECT

Northwestern Memorial HealthCare ("NMHC") was issued a permit to construct a two-story health and fitness center on Northwestern Memorial's Kishwaukee campus, under Illinois' Health Facilities and Services Review Board (HFSRB) Project #16-054 (the Project). The fitness center includes an aquatic center with two pools, locker rooms, and childcare services. The Project also includes physician office space, as well as space for community wellness and education programs along with an auditorium and administrative space.

Work on the project was started in March 2017 and ended on February 28, 2019. The project was approved by the HFSRB at an estimated cost of $46,392,770. The Schedule of Project Costs and Sources of Funds of Northwestern Memorial HealthCare related to the HFSRB Project #16-054 for the period from March 15, 2017 through February 28, 2019 (the Schedule) has been prepared in accordance with accounting principles generally accepted in the United States of America and is not intended to be a complete presentation of Northwestern Memorial HealthCare's financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: Accounting for the costs on the Schedule was performed in accordance with the accrual basis of accounting.

Use of Estimates: The preparation of the Schedule in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the report amounts of project costs and disclosures over the period covered by the Schedule. Actual project costs could differ from management's estimates.

Project Costs: Costs incurred to construct a replacement facility under the HFSRB Project #16-054 are stated at cost within the Schedule.

Sources of Funds: The sources of funds related to the Project have been obtained from NMHC's cash and securities.

NOTE 3 - SUBSEQUENT EVENTS

Northwestern Memorial HealthCare evaluated events and transactions occurring subsequent to February 28, 2019, through March 18, 2019, the date the Schedule was available to be issued.

Galesburg Cottage Hospital

695 North Kellogg Street • Galesburg, Illinois 61401 • Telephone: 309-343-8131

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APR 2 2019

HEALTH FACILITIES &
SERVICES REVIEW BOARD

April 1, 2019

Ms. Courtney Avery
Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

Ms. Karen Senger
Division Chief
Illinois Department of
Public Health
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery and Ms. Senger:

Please be advised that, effective May 2, 2019, Galesburg Cottage Hospital is suspending admissions to its obstetrics beds, in anticipation of filing a Certificate of Exemption ("COE") application addressing the discontinuation of the category of service.

Should the filing of the anticipated COE application occur later than thirty days following the date on this letter, you will be notified of the status of the category of service and COE application preparation. This suspension of service and the subsequent discontinuation are the result of both low utilization and the hospital's anticipated loss of one of its Medical Staff's two obstetricians.

Should any additional information be needed by either of your offices at this time, please don't hesitate to contact me at (309)345-4567.

Sincerely,

James Flynn

James Flynn
Chief Executive Officer

Cc: J. Axel