



**HSHS  
St. John's  
Hospital**

**RECEIVED**

JAN 15 2015

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

January 13, 2015

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

Re: Project Completion  
St. John's Hospital  
Springfield, Illinois  
CON #10-042

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, Patient Tower Project, CON # 10-042. All data represented is final information for the project.

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

Description/Use of Funds	CON Allocation	Spent to Date	Variance	% Complete
Preplanning Costs	\$ 506,291	\$ 522,177	\$ (15,886)	100%
Site Survey and Soil Investigation	\$ 0	\$ 0	\$ 0	N/A
Site Preparation	\$ 0	\$ 0	\$ 0	N/A
Off Site Work	\$ 0	\$ 0	\$ 0	N/A
New Construction Contracts	\$ 0	\$ 0	\$ 0	N/A
Modernization Contracts	\$ 28,186,285	\$ 28,875,939	\$ (689,654)	100%
Contingencies	\$ 2,963,111	\$ 2,811,732	\$ 151,379	100%
Architectural/Engineers Fees	\$ 1,745,164	\$ 1,749,293	\$ (4,129)	100%
Consulting and Other Fees	\$ 1,837,308	\$ 1,497,335	\$ 339,973	100%
Movable or Other Equipment	\$ 5,982,966	\$ 2,708,691	\$ 3,274,275	100%
Bond Issuance Expense	\$ 525,344	\$ 226,881	\$ 298,463	100%
Net Interest Expense	\$ 3,588,330	\$ 3,215,297	\$ 373,033	100%
Other Costs to be Capitalized	\$ 5,853,515	\$ 6,113,854	\$ (260,339)	100%
<b>TOTAL</b>	<b>\$ 51,188,314</b>	<b>\$ 47,721,199</b>	<b>\$ 3,467,115 *</b>	<b>100%</b>

\* Positive variance

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*This project is completed and approved by IDPH the acceptance letter is attached. (Attachment 1)  
The project is 100% complete and the final project cost is \$3,467,115 below the total project budget.*

- 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 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 attachments Number 2 and 4 to this final completion letter for the final payment information. We have provided a copy of the final G702 for the project however there is a disagreement between the WalshMiron and St. John's over the final contract amount. We have attached a letter drafted by the project architect detailing out the actual contract value and the necessary corrections to the G702. The contractor does not agree with the architect's assessment of the construction documents and refuses to update the G702. There will be no further funds expended for any more of the components covered in this letter. (See also the independent audit, 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 4. HSHS has approved the release of this audit information.*

Please contact me if you require additional information.

Sincerely,

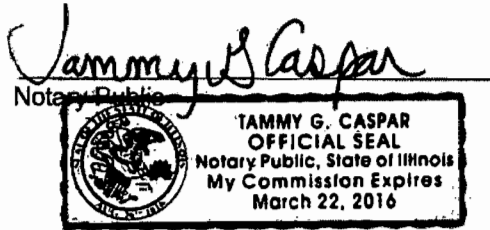
  
Dave Olejniczak  
Chief Operating Officer  
St. John's Hospital  
217-757-6256

January 13, 2015  
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Acknowledgement

State of Illinois  
County of Sangamon

This instrument was acknowledged before me on January 13, 2015 by  
Dave Olejniczak.



cc: Ms. Courtney Avery

- Attachments:
1. IDPH Permanent Occupancy Letter (Page 5)
  2. Letter from Architect with architect certified revised G702 (Pages 6 – 12)
  3. St. John's Letter to Walsh with Deduct from the final contract amounts (Pages 13 – 16)
  4. CHAN Independent Audit Final Project Cost IHFSRB # 10-042 (Pages 17 – 21)

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IHFSRB  
Project # 10-042  
Attachment 1

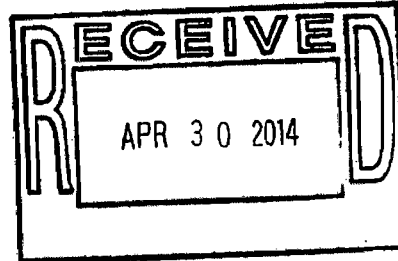


Pat Quinn, Governor

525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • [www.idph.state.il.us](http://www.idph.state.il.us)

April 28, 2014

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



**Permanent Occupancy**

Re: St. John's Hospital  
Springfield  
Patient tower remodel  
IDPH No: 9201

Dear Mr. Lucore:

Based on the evaluation of the physical plant and life safety standards, the above project has been approved for occupancy on 04/28/2014.

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,

A handwritten signature in black ink, appearing to read "Henry Kowalenko".

Henry Kowalenko, Division Chief  
Division of Life Safety and Construction

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

Toni Colón - Deputy Director - IDPH

***Improving public health, one community at a time***

*printed on recycled paper*

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IHFSRB  
Project # 10-042  
Attachment 2



Joseph G. Dettliff, P.E., President  
 Dennis M. Duffin, Sr., AIA, Vice President  
 Brian P. Madelonis, PE, Director  
 John J. Moran, AIA, LEED AP, Senior  
 Yvonne R. Harwell, BDA, LEED AP  
 Lee W. Griffiths, LEED AP, BDC  
 Matthew J. Verba, PE

November 26, 2014

Mr. Tim Ferguson, HSHS Director Facilities Management  
 St John's Hospital  
 800 E Carpenter  
 Springfield, Illinois 62769

RE: Final Payment to Contractor  
 Phase One – Patient Tower Remodel  
 St John's Hospital  
 Springfield, Illinois  
 Commission No. 5218

Dear Mr. Ferguson:

A summary of the final Cost of Work for the above project is:

CHANGE ORDERS		CONSTRUCTION CHANGE DIRECTIVE	
CO #1	\$0	CCD #1	\$0
CO #2	\$129,371.00	CCD #2	Included in CO # 13
CO #3	\$61,256.50	CCD#3	Included in CO # 12
CO #4	\$232,330.00	CCD #4	Included in CO # 13
CO #5	\$947,842.00	CCD #5	(\$160,000.00)
CO #6	\$346,903.00	CCD #6	\$181,947.00
CO #7	\$243,343.00	CCD #7	\$53,217.08
CO #8	\$115,548.00		\$75,164.08
CO #9	\$209,601.00		
CO #10	\$208,780.00		
CO #11	\$113,994.00		
CO #12	\$95,452.00		
CO #13	\$402,518.00		
	<u>\$3,106,938.50</u>		

Change Orders	\$3,106,938.50
Construction Change Directives	\$75,164.08
<b>Total Changes</b>	<b>\$3,182,102.58</b>
Original Contract	\$34,829,041.00
Changes	\$3,182,102.58
<b>Final Contract Amount</b>	<b>\$38,011,143.58</b>

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Attachment 2 (Continued)

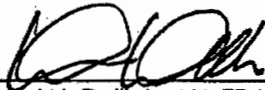
Mr. Ferguson  
Page 2 of 2  
November 26, 2014

In our opinion, \$38,011,143.58 is the final Cost for the Construction Contract. We have received the Final Pay Application from the Contractor and have certified the final payment, leaving a balance to finish of \$0.00.

Feel free to contact me with any questions or comments.

Sincerely,

BERNERS-SCHOBER ASSOCIATES, INC.



---

Daniel N. Dallich, AIA EDAC

cc: Dale Hynes, Odell Associates  
Anders Sandli  
Tom Welch



EXHIBIT "F"

**APPLICATION AND CERTIFICATION FOR PAYMENT**

AIA DOCUMENT G702

PAGE 1 OF 2

PAGES

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

**PROJECT:**  
St. John's Hospital Patient Tower Renovation  
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

**CONTRACTOR:** Walsh Miron JV  
929 West Adams  
Chicago, IL 60607

**CONTRACT FOR:** Construction Manager

**APPLICATION NO:** 40  
**DATE:** 9/22/14  
**PERIOD FROM:** 6/1/14  
**PERIOD TO:** FINAL

**PROJECT NO:** 210140  
**CONTRACT DATE:** 02/14/11

**Distribution to:**  

<input checked="" type="checkbox"/>	Walsh Miron JV
<input checked="" type="checkbox"/>	St. John's Hospital
<input checked="" type="checkbox"/>	Adams Management
<input type="checkbox"/>	Odell Associates, Inc.
<input checked="" type="checkbox"/>	Berners-Schober Associates, Inc

**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) 34,829,041
2. Net change by Change Orders / ~~CCO~~ \$ 3,182,102.83
3. CONTRACT SUM TO DATE (Line 1 ± 2) \$ 38,011,143.83
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ 38,011,143.83
5. RETAINAGE  
a. Retainage on Completed Work 0

- Total in Column I of G703 \$ 0
6. TOTAL EARNED LESS RETAINAGE \$ 38,011,143.83
  7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior certificate) \$ 36,869,859
  8. CURRENT PAYMENT DUE \$ 1,141,284.83
  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	\$3,160,156	\$0.00
Total approved this Month	\$1,266,106.00	\$0.00
<b>TOTALS</b>	<b>\$4,426,262</b>	<b>\$0.00</b>
<b>NET CHANGES by Change Order</b>	<b>\$4,426,262</b>	

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: Walsh Miron JV

By: \_\_\_\_\_ Date: \_\_\_\_\_  
 State of: Illinois County of: Sangamon  
 Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_  
 Notary Public:  
 My Commission expires: \_\_\_\_\_

**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 . . . . . \$ 1,141,284.83

(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: 1/26/14  
 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.



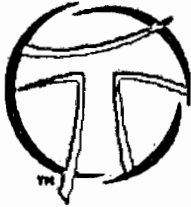


St. John's Hospital  
 Bed Tower Renovation

Adams code	Project Costs and Source of Funds			Actual as of 12/12/14		Budget Left
	Use of Funds	Clinical	Non Clinical			
	<b>Pre-Planning Costs</b>					
2201a	Architectural Programming Costs	\$ 56,000	\$ 14,000	\$ 70,000	19,853 (a)	20% 50,147
2201b	Architectural (Schematic Design) Costs	\$ 349,033	\$ 87,258	\$ 436,291	29,947 (a)	20% 406,344
2201	Architectural				389,584 (a)	20% (389,584)
2201c	Design Team Construction Administration				82,753 (a)	20% (82,753)
	<b>Total Pre-Planning Costs</b>	<b>\$ 405,033</b>	<b>\$ 101,258</b>	<b>\$ 506,291</b>	<b>522,877</b>	<b>(15,886)</b>
3301	<b>Modernization Contracts</b>	<b>\$ 22,549,028</b>	<b>\$ 5,637,257</b>	<b>\$ 28,186,285</b>	<b>28,875,939 (b)</b>	<b>92.50% \$ (689,654)</b>
7601	<b>Contingencies</b>	<b>\$ 2,370,489</b>	<b>\$ 582,622</b>	<b>\$ 2,953,111</b>	<b>2,811,737 (b)</b>	<b>7.50% \$ 151,379</b>
2201, 2208, 2209, 2303, 2304	<b>Architectural and Engineering Fees</b>	<b>\$ 1,896,181</b>	<b>\$ 349,083</b>	<b>\$ 1,745,164</b>	<b>1,749,293 (a)</b>	<b>67% \$ (4,129)</b>
	<b>Consulting and Other Fees</b>					
2403	Pre-Construction Services	\$ 52,000	\$ 13,000	\$ 65,000	132,039	(67,039)
2201c	Design Team Construction Administration	\$ 581,722	\$ 145,430	\$ 727,152	339,415 (a)	13% 387,737
2202, 2203	Architecture Reimbursables	\$ 220,410	\$ 55,103	\$ 275,513	83,221	192,292
2405	Program Management	\$ 235,949	\$ 58,987	\$ 294,936	483,781	(188,845)
2406	Program Management Reimbursables	\$ 21,138	\$ 5,284	\$ 26,422	46,886	(20,464)
1204	Hazardous Materials Survey	\$ 17,078	\$ 4,270	\$ 21,348		21,348
2910	Medical Equipment Planning	\$ 56,557	\$ 14,139	\$ 70,696	40,000	30,696
2311	Medical Equipment Planning Reimbursables	\$ 3,200	\$ 800	\$ 4,000		4,000
2408	Legal Fees	\$ 63,236	\$ 15,809	\$ 79,045		79,045
2412	CON Planning and Consultation	\$ 90,557	\$ 22,639	\$ 113,196	152,218	(39,022)
5105	CON Application Processing Fee	\$ 85,000	\$ 15,000	\$ 100,000	94,520	5,480
	IDPH Plan Review Fee	\$ 32,000	\$ 8,000	\$ 40,000		40,000
5104	Building Permit Fee	\$ 16,000	\$ 4,000	\$ 20,000	125,256	(105,256)
	<b>Total Consulting and Other Fees</b>	<b>\$ 1,474,847</b>	<b>\$ 362,461</b>	<b>\$ 1,837,308</b>	<b>1,497,335</b>	<b>339,973</b>
	<b>Movable or Other Equipment (Not in Construction Contracts)</b>					
4101	Medical Equipment	\$ 1,056,968	\$ -	\$ 1,056,968	347,843	709,125
4402	Furniture/Furnishings	\$ 2,435,382	\$ -	\$ 2,435,382	1,294,254	1,141,128
4200	Telecom, Equipment	\$ 1,445,572	\$ 361,393	\$ 1,806,965	1,018,169	788,796
4404	Artwork & Plants	\$ 182,307	\$ 45,577	\$ 227,884	10,239	217,645
3703	Signage and Graphics	\$ 364,614	\$ 91,153	\$ 455,767	38,186	417,581
	<b>Total Movable or Other Equipment</b>	<b>\$ 5,484,843</b>	<b>\$ 498,123</b>	<b>\$ 5,982,966</b>	<b>2,708,691</b>	<b>3,274,275</b>
	<b>Bond Issuance Expense (project related)</b>					
	Underwriting Fees	\$ 239,160	\$ 59,792	\$ 298,952		298,952
	Bond Counsel	\$ 29,024	\$ 7,256	\$ 36,280		36,280
	Issuer Fees	\$ 34,830	\$ 8,707	\$ 43,537	226,881	(183,344)
	IFA Counsel Fees	\$ 4,644	\$ 1,161	\$ 5,805		5,805
	Financial Advisor to Hospital Sister's Services Inc.	\$ 29,025	\$ 7,256	\$ 36,281		36,281
	Auditor Fees	\$ 23,220	\$ 5,805	\$ 29,025		29,025
	Underwriter's Counsel	\$ 23,220	\$ 5,805	\$ 29,025		29,025
	Trustee	\$ 1,161	\$ 290	\$ 1,451		1,451
	Printer	\$ 1,161	\$ 290	\$ 1,451		1,451
	Rating Agencies' Fees	\$ 34,830	\$ 8,707	\$ 43,537		43,537
	<b>Total Bond Issuance Expense</b>	<b>\$ 420,275</b>	<b>\$ 105,069</b>	<b>\$ 525,344</b>	<b>226,881</b>	<b>298,463</b>
	<b>Other Costs to be Capitalized</b>					
9104	Patient Tower Infrastructure Upgrades	\$ -	\$ 5,578,696	\$ 5,578,696	5,802,090	(223,394)
5602	Internal Move Costs	\$ -	\$ 224,819	\$ 224,819	5,713	219,106
3701	Hazardous Material Removal	\$ 40,000	\$ 10,000	\$ 50,000		50,000
5500	Miscellaneous Allocated Expenses				9,687	(9,687)
5501	SJS In House Labor				28,151	(28,151)
5502	SJS IT Labor				28,946	(28,946)
5503	SJS Staff Salaries				239,266	(239,266)
	<b>Total Other Costs to be Capitalized</b>	<b>\$ 40,000</b>	<b>\$ 5,813,515</b>	<b>\$ 5,853,515</b>	<b>6,113,854</b>	<b>(260,339)</b>
		<b>\$34,140,646</b>	<b>\$13,459,338</b>	<b>\$47,599,984</b>	<b>\$44,505,902</b>	<b>\$3,094,082</b>
	<b>Capitalized Interest</b>	<b>\$ 2,870,664</b>	<b>\$ 717,666</b>	<b>\$ 3,588,330</b>	<b>3,215,297</b>	<b>373,033</b>
		<b>\$37,011,310</b>	<b>\$14,177,004</b>	<b>\$51,188,314</b>	<b>\$47,721,199</b>	<b>\$3,467,115</b>
	<b>Less: Issuer Fees</b>				<b>(226,881)</b>	
	<b>Less: Capitalized Interest</b>				<b>(3,215,297)</b>	
	<b>Per Adams Report</b>				<b>44,279,021</b>	

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Mike Constantino  
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IHFSRB  
Project # 10-042  
Attachment 3



**HSHS  
St. John's  
Hospital**

December 3, 2014

Mr. John Frye  
WalshMiron JV  
301 N. 8<sup>th</sup> Street  
Springfield, IL 62701

Re: St. John's Patient Tower Project; Springfield, IL  
Project Closeout

Dear John,

This correspondence is in follow up to our previous correspondences regarding the completion of the St. John's Patient Tower Project and the Project closeout. As previously communicated, the actual date of Substantial Completion occurred on April 28, 2014. Final completion should have been reached by now, more than seven months after actual Substantial Completion. Despite the length of time, Walsh Miron JV has not yet completed all of the punch list items /corrective actions and has not provided all of the documents and information required pursuant to the Contract despite repeated requests.

Regardless of Walsh Miron's lack of taking the necessary steps to close out the Project, St. John's Hospital must close out the Project file in order to provide necessary information to the appropriate governmental agencies overseeing the Project and will proceed with taking these necessary steps.

This correspondence will serve as notice that St. John's Hospital is closing out the project files on the Patient Tower Remodel Project. Below is a final accounting of the contract value including all change orders and construction change directives issued during the project pursuant to the Contract. The amount already paid to WalshMiron over the course of the construction project is indicated and the contract balance is specified in this chart:

Original Contract Value	\$ 34,829,041.00
Change Order #1	\$ 0.00
Change Order #2	\$ 129,371.00
Change Order #3	\$ 61,256.50
Change Order #4	\$ 232,330.00
Change Order #5	\$ 947,842.00
Change Order #6	\$ 346,903.00
Change Order #7	\$ 243,343.00
Change Order #8	\$ 115,548.00
Change Order #9	\$ 209,601.00
Change Order #10	\$ 208,780.00
Change Order #11	\$ 113,994.00
Construction Change Directive #1	\$ 0.00
Construction Change Directive #2 OCO #13	\$ 195,686.00

Page 2  
 John Frye  
 Project Closeout

Construction Change Directive #3 OCO #12	\$ 95,452.00
Construction Change Directive #4 OCO #13	\$ 206,832.00
Construction Change Directive #5	(\$ 160,000.00)
Construction Change Directive #6	\$ 181,947.00
Construction Change Directive #7 OCO #14	\$ 53,217.08
<b>Final Contract Value</b>	<b>\$ 38,011,143.58</b>
Amount paid to date	\$ 36,869,859.00
<b>Contract Balance</b>	<b>\$ 1,141,284.58</b>

St. John's has previously communicated in detail several issues that pursuant to the Contract result in deductions to the contract balance. A brief description of these issues is recapped as follows:

1. Since the project was not finished on schedule, pursuant to the Contract St. John's is entitled to collect liquidated damages of \$1,600/day for each of the 194 days past the approved completion date of the project. As a result, the amount of \$310,400.00 will be deducted from the contract balance.
2. As a result of the cost audit overcharges and added general conditions charged in the PCI were identified that were not allowed by the Contract. As you are aware, the detailed documentation of these items was sent in previous correspondence. As a result, the amount of \$413,698.00 will be deducted from the contract balance to account for these overpayments.
3. Documentation shows that during the Project, Walsh Miron was paid for overtime that was paid out of the 6000 log to contractors. The specific PCI numbers include 6011, 6039, 6058, 6072, 6072, and 6377. The Contract specifically states that the owner must approve all overtime costs that are to be reimbursed. Approval was not obtained for these costs. Since any savings from this project are to be refunded to St. John's, payment of these 6000 PCI resulted in an overpayment that would have otherwise been refunded to St. John's. As a result, the amount of \$31,056.00 will be deducted from the contract balance to account for these overpayments.
4. Two PCI's (5047 and 5050) were rejected by the Architect as being part of the GMP and not an added scope to the project. The 6000 PCI logs provide information that shows that PCI 5047 was inappropriately converted to PCI 6016 and PCI 5050 was inappropriately converted to PCI 6017. Payment of these amounts resulted in an overpayment from the remaining contingency funds from the Project that would have otherwise been refunded to St. John's. As a result, the amount of \$7,683.00 will be deducted from the contract balance to account for these overpayments.
5. PCI 6051 was apparently issued to cover legal fees without explanation. The Contract clearly states that reimbursement for any legal fees would require owner approval. St. John's approval was not obtained and accordingly resulted in an overpayment. As a result, the amount of \$75,742.00 will be deducted from the contract balance to account for this overpayment.

Note - Additional potential deductions are being evaluated regarding appropriate reconciliation of subcontractor back charges and some schedule of value conflicts with PCI's. St. John's reserves the right to recover these additional deductions for amounts previously paid. As discussed in the Contract, a payment does not result in a waiver for recovery of these amounts.

Page 3  
John Frye  
Project Closeout

<b>Contract Balance from Above</b>	<b>\$ 1,141,284.58</b>
1. Deduct for Liquidated Damages	(\$ 310,400.00)
2. Deduct for Audit Results for Change Order Fee and GC's	(\$ 413,698.00)
3. Deduct for Overtime payments per Audit	(\$ 31,056.00)
4. Deduct for Group 5000 Voided PCI's	(\$ 7,683.00)
5. Deduct for Legal Cost for PCI 6051	(\$ 75,742.00)
<b>Revised Contract Balance</b>	<b>\$ 302,705.58</b>

After the deductions, the resulting contract balance is \$ 302,705.58. St. John's Hospital will forward payment in this amount, less 200% of the costs to complete punch list items that will be paid when the items are complete. St. John's can no longer wait for WalshMiron to issue a revised G702 to reflect this final cost. This payment will be the final payment for the Project.

Should you have any questions regarding this final accounting please refer them to Amy Marquardt - Vice President and General Counsel for Hospital Sisters Health System at (217) 492-9167 or email Amy.Marquardt@hshs.org.

Sincerely,

Tim Ferguson  
System Director Facilities Management  
Hospital Sisters Health System  
3215 Executive Park Drive  
Springfield, IL 62794-9456  
Office: 217.523.5420  
Fax: 217.523.5436

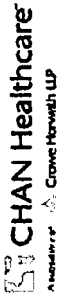
cc: Larry Schumacher – HSHS  
Amy Marquardt - HSHS  
Amy Bulpitt – CID  
EJ Kuiper – CID  
Dave Olejniczak - SJS  
Charles Lucore M.D. – SJS  
Jim Reichart – WalshMiron  
Tim Kippenhan – WalshMiron  
Dan Dallich – BSA  
Tom Welch – BSA  
Brian Bozemen – Adams  
William Hucks - Adams



January 13, 2015  
Mike Constantino  
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IHF SRB  
Project # 10-042  
Attachment 4

## Certificate of Need Financial Review - SJS Patient Tower



Date: December 19, 2014      Location: St. John's Hospital

### PROJECT BACKGROUND

St. John's Hospital, Springfield, IL (SJS), submitted a Certificate of Need (CON) proposal to the State of Illinois Health Facilities and Services Review Board (Review Board) to modernize and remodel a patient tower. The CON Review Board approved and issued the Certificate of Need during their September 2010 meeting. As part of the CON submission and permit process, SJS has provided annual construction spending reports to the Illinois Department of Public Health (IDPH). Per the IDPH's standards, the CON permit holder (SJS) must provide final construction spending reports within 90 days following the certificate completion date.

The SJS CON Patient Tower application established the following information:

- Estimated project cost: \$51,188,314
- Project completion date: October 30, 2014 (as approved by permit renewal)
- Patient Tower scope to include the modernization and remodeling of floors 6 - 9

The newly-remodeled patient tower floors 6 - 9 were opened and operational April 28, 2014. SJS Management collected close-out documentation and completed a draft project completion report. The draft completion report was obtained from Management for the purposes of this review.

### PROJECT OBJECTIVES

- Review and testing of the project completion report to establish that information is accurate for the final report submission.

### PROJECT SCOPE

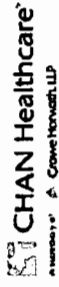
Location: St. John's, Springfield - Patient Tower Project

Time Period: January 1, 2011 through December 12, 2014

Sample Selected: Judgmental sample of 51 project expenditures.

Confidential

## Certificate of Need Financial Review - SJS Patient Tower



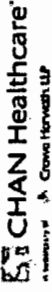
Date: December 19, 2014      Location: St. John's Hospital

### PROCEDURES PERFORMED

CHAN Healthcare reviewed the project completion report for the SJS Patient Tower project. The following steps were performed in order to establish the audit conclusion:

1. Vouched budgeted amounts for all cost reporting categories from the original CON application to amounts reported on the project completion report.
2. Traced a judgmental sample of 51 project expenditures to original documentation to confirm propriety, proper approval, and cost category on a test basis.
3. Verified that percentages of completion reported on the final project report were 100%.
4. Reviewed reconciliation of SJS Invoices listing to ADAMS (project program manager) cost detail and project completion report.
5. Reviewed that sources of funds were sufficient to finance the remodeling and modernization of the Patient Tower.

## Certificate of Need Financial Review - SJS Patient Tower



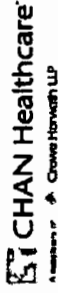
Date: December 19, 2014      Location: St. John's Hospital

### PROJECT RESULTS

Our review established that the project completion report prepared for submission to the CON Board was accurate based upon limited testing under the scope of this review. The following detailed conclusions were supported:

- Final reporting date for this application is January 30, 2015.
- The source of funds to finance the construction of this project was sufficient to cover the costs and consistent with the CON application.
- Final project costs totaled \$47,721,199. When compared to the project's estimated costs of \$51,188,314, there was a favorable budget variance of \$3,467,115.
- All tested project costs were approved by ADAMS and appropriately allocated to a cost category.

### Certificate of Need Financial Review - SJS Patient Tower



Date: December 19, 2014      Location: St. John's Hospital

REPORT ACCEPTANCE

Dr. Charles Lucore, President/CEO

1-13-15

Date

1/9/15

Date

1/12/15

Date

Tim Ferguson, Director of Facilities Management

David Olejniczak, COO

#### COPIES

- Mary Stammann-Harrison, HSHS President and CEO
- Larry Schumacher, HSHS COO
- Mike Cottrell, HSHS CFO
- E.J. Kulper, CID President & CEO
- Jim Ferlozzi, CFO Interim
- Robin Barber, Accounting Manager

#### AUDITORS

- Andrei De Vore, Consulting Senior Manager
- Darren Johnson, Audit Manager

This project was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. This report and the information contained herein (the "Report") is intended solely for the use of the authorized employees of the client named herein for the purposes set forth herein. The Report is strictly confidential and shall under no circumstances be disclosed to any other party without the prior written consent of CHAN Healthcare. Except for the permitted use of the Report by the authorized employees of the client named herein, CHAN Healthcare hereby disclaims any and all responsibility and liability for the Report and the use thereof. No third party may rely on the Report or the information contained therein for any purpose and CHAN Healthcare makes no representation to any third party as to the accuracy, sufficiency or propriety of the information contained in the Report. Further, CHAN Healthcare generally disclaims any obligation to update the Report.