

June 12, 2017

BY FEDEX OVERNIGHT MAIL

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

**RECEIVED**

JUN 13 2017

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

**Re: Notice of Project Completion, Annual Report and Final Realized Cost Report**

**Project: #10-090 Centegra Hospital - Huntley**  
**Permit Holders: Centegra Health System, Centegra Hospital – Huntley, Centegra Hospital-McHenry**  
**Permit Amount: \$233,160,352**

Dear Ms. Avery:

This letter serves as a notice that the above-referenced project has been brought to a conclusion, as required by 77 Ill. Adm. Code 1130.770 and Section 5 of the Health Facilities Planning Act.

This project was granted a CON permit on July 24, 2012, to establish a new facility, Centegra Hospital-Huntley. The final Project Completion Date was March 31, 2017.

The project was brought to a conclusion by the Project Completion Date and we certify that the project was in compliance with all terms of the final approved altered permit, including the project costs and source of funds, square footage and services approved by the Illinois Health Facilities and Services Review Board.

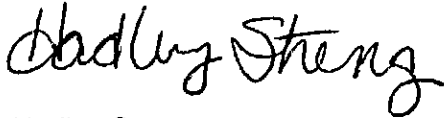
The table below shows the detailed itemization of all project costs and source of funds for the project.

|  | <u>Total project costs and sources of funds</u> |                                  |                             |                            |
|--|---|----------------------------------|-----------------------------|----------------------------|
|  | <u>CON permit</u>                               | <u>Final approved alteration</u> | <u>Actual project costs</u> | <u>Over (under) budget</u> |
| <b>Use of funds:</b>                     |   |                                  |                             |                            |
| Preplanning costs                        | \$ 2,935,000                                    | 2,935,000                        | 2,932,066                   | (2,934)                    |
| Site survey                              | 85,000  | 85,000                           | 84,489                      | (511)                      |
| Site preparation                         | 2,090,000                                       | 2,090,000                        | 2,088,332                   | (1,668)                    |
| Off-site work                            | 10,880,000                                      | 10,880,000                       | 10,205,571                  | (674,429)                  |
| New construction contracts               | 126,732,813                                     | 126,732,813                      | 124,741,602                 | (1,991,211)                |
| Contingencies                            | 12,039,617                                      | 12,039,617                       | 7,422,569                   | (4,617,048)                |
| Architect/engineering                    | 7,446,160                                       | 7,446,160                        | 6,895,722                   | (550,438)                  |
| Consulting and other                     | 7,724,729                                       | 12,224,729                       | 11,516,099                  | (708,630)                  |
| Movable or other equipment               | 30,234,966                                      | 35,684,966                       | 34,885,635                  | (799,331)                  |
| Fair market value of leased equipment    | 2,150,000                                       | 2,150,000                        | 1,310,998                   | (839,002)                  |
| Bond issuance                            | 3,000,000                                       | 1,500,000                        | 1,468,574                   | (31,426)                   |
| Net interest expense during construction | 27,450,000                                      | 19,000,000                       | 14,951,681                  | (4,048,319)                |
| Other costs to be capitalized            | 392,067   | 392,067                          | 392,067                     | —                          |
| Total uses of funds                      | <u>\$ 233,160,352</u>                           | <u>233,160,352</u>               | <u>218,895,405</u>          | <u>(14,264,947)</u>        |
| <b>Source of funds:</b>                  |   |                                  |                             |                            |
| Cash and securities                      | \$ 48,010,352                                   | 48,010,352                       | 34,584,407                  | (13,425,945)               |
| Leases (fair market value)               | 2,150,000                                       | 2,150,000                        | 1,310,998                   | (839,002)                  |
| Bond issues (project related)            | 183,000,000                                     | 183,000,000                      | 183,000,000                 | —                          |
| Total sources of funds                   | <u>\$ 233,160,352</u>                           | <u>233,160,352</u>               | <u>218,895,405</u>          | <u>(14,264,947)</u>        |

We certify that the final realized costs, as itemized above, are the total costs required to complete the project and that 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. The final Application and Certification for Payment, and the audited financial report of all project costs and sources of funds are attached.

If you have any questions, please feel free to contact me at 815-788-5858.

Sincerely,

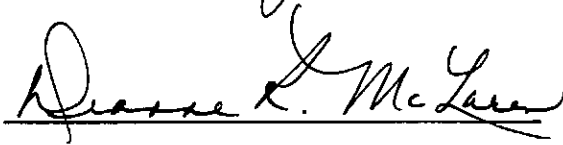


Hadley Streng  
SVP, Strategy and Development  
Centegra Health System



David Tomlinson  
CFO  
Centegra Health System

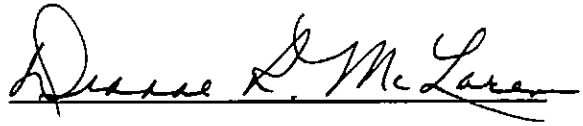
SUBSCRIBED and SWORN to before me  
this 1<sup>st</sup> day of June 2017.



Notary Public



SUBSCRIBED and SWORN to before me  
this 1<sup>st</sup> day of June 2017.



Notary Public



# APPLICATION AND CERTIFICATE FOR PAYMENT

TO : Centegra Health System

PROJECT : Centegra Hospital Huntley

APPLICATION NO.: 34

PERIOD TO : FEB 28, 2017

FROM: Power Construction Company, LLC

ARCHITECT : Kahler Slater

PROJECT NO.: 52145

CONTRACT DATE : FEB 20, 2013

## CONTRACTOR'S APPLICATION FOR PAYMENT

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

| CHANGE ORDER SUMMARY                              | Additions | Deductions |
|---|-----------|------------|
| Change Order approved in previous months by Owner |           |            |
| TOTAL   | 8,069,621 | 0          |
| APPROVED THIS MONTH                               | 0         | 1,083,109  |
| Total Job To Date                                 | 8,069,621 | 1,083,109  |

|  |                |
|--|----------------|
| 1. ORIGINAL CONTRACT SUM .....   | \$ 133,635,236 |
| 2. NET CHANGE BY CHANGE ORDERS.....  | \$ 6,986,512   |
| 3. CONTRACT SUM TO DATE.....   | \$ 140,621,748 |
| 4. TOTAL COMPLETED & STORED TO DATE.....                                       | \$ 140,621,748 |
| 5. RETAINAGE.....  | \$ 0           |
| 6. TOTAL EARNED LESS RETAINAGE .....   | \$ 140,621,748 |
| 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (line 6 from prior Certificate)..... | \$ 137,791,341 |
| 8. CURRENT PAYMENT DUE .....   | \$ 2,830,407   |
| 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: Neidi Gonzalez Date: MAR 08, 2017

State of : Illinois County of: Cook

Subscribed and sworn to before me

This 08th day of March, 2017

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.....\$ \_\_\_\_\_

ARCHITECT :

By : \_\_\_\_\_ Date : \_\_\_\_\_

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.



## **CENTEGRA HEALTH SYSTEM**

Illinois Health Facilities Planning Board  
IHFPB Project #10-090

Project Costs and Sources of Funds Report

Period from September 16, 2010 through March 31, 2017

(With Independent Auditors' Report Thereon)



KPMG LLP  
Aon Center  
Suite 5500  
200 East Randolph Drive  
Chicago, IL 60601-6436

## Independent Auditors' Report

The Board of Governors  
Centegra Health System:

### Report on the Financial Statements

We have audited the accompanying Project Costs and Sources of Funds Report (the Report) of Centegra Health System for the period September 16, 2010 through March 31, 2017.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the Report in accordance with the 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, pursuant with the 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."

#### *Opinion*

In our opinion, the Report referred to above presents fairly, in all material respects, the Project Costs and Sources of funds of Centegra Health System for the period September 16, 2010 through March 31, 2017, in accordance with the 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."



*Restriction on Use*

This report is intended solely for the information and use of the Board of Governors and management of the Centegra Health System 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  
May 15, 2017

**CENTEGRA HEALTH SYSTEM**

Illinois Health Facilities Planning Board  
IHFSRB Project #10-090

Project Costs and Sources of Funds Report

Period from September 16, 2010 to March 31, 2017

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See accompanying independent auditors' report.

**CENTEGRA HEALTH SYSTEM**

Illinois Health Facilities Planning Board  
IHFPB Project #10-090

Notes to Project Costs and Sources of Funds Report  
Period from September 16, 2010 through March 31, 2017

**(1) Project Costs and Sources of Funds Report**

Centegra Health System was issued a permit to construct an acute-care hospital in Huntley. The total project was budgeted for \$233,160,352 of which the entirety relates to the acute care facility. Actual total facility project costs were \$218,895,405 which was \$14,264,947 under budget.

See accompanying independent auditors' report.