

Murer Consultants, Inc.



19065 Hickory Creek Drive
Suite 115
Mokena, IL 60448
708-478-7030 Telephone
708-478-7094 Telefax

RECEIVED

MAR 24 2014

HEALTH FACILITIES &
SERVICES REVIEW BOARD

March 19, 2014

Michael Mills, Compliance Coordinator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

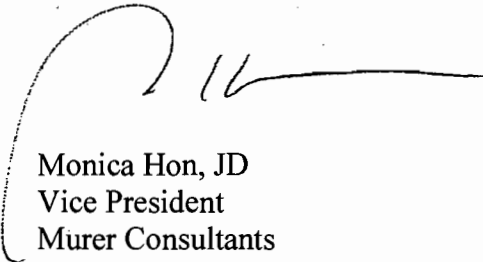
**Re: Final Cost Report. Section 1130.770
Project #11-095 Palos Hills Surgery Center, LLC**

Dear Mr. Mills,

Enclosed please find the final realized cost report submission for project 11-095, Palos Hills Surgery Center, LLC., along with a signed notarized cost report certification for the project and AIA Form G702 as required per 77 Ill. Adm. Code 1130.770.

If you have any questions, please contact me at 708-478-7030. Thank you for your attention to this matter.

Sincerely,



Monica Hon, JD
Vice President
Murer Consultants

Final Cost Report, Section 1130.770
Palos Hills Surgery Center, LLC

Project: #11-095

Permit Holder: Palos Hills Surgery Center, LLC

Permit Amount: \$2,581,158.40

This report summarizes the final costs of the above-mentioned project. The development is located at 10330 S. Roberts Road, Palos Hills, IL 60465. The initial approved amount was \$2,421,158.40, but an increase of \$160,000 was approved by the Board on August 13, 2013. The final permitted amount was \$2,581,158.40. The final realized costs were \$2,474,557.12.

Sources and Uses of Funds

In the initial application, the Palos Hills Surgery Center proposed to primarily fund the project through cash and securities, however Palos Hills also stated that it had worked with Standard Bank to secure a line of credit that could be drawn upon in financing the project. (Attachment 1 to this report and Attachment 39A to the Application). In addition, in its application, Palos Hills indicated that the costs may be funded via borrowing in the event it was less costly than liquidating existing investments to fund the project. (Attachment 2 to this report and Attachment 42 and 42A to the Application). In the Application, Palos Hills attested that the conditions of the financing were reasonable. (Attachment 3 to this report and Attachment 42B and 42C to the Application).

Ultimately, because it was less costly than liquidating assets, the project was primarily funded via the line of credit from Standard Bank. The line of credit was then rolled into a single loan upon the completion of the project. For that reason, the below realized costs include \$33,371.42 in interest expense that was not projected in the original Application and the Source of Funds includes the \$1,500,000 loan.

The right to occupy the premises is being secured through a leasing arrangement.

The costs have not exceeded the approved permit amounts.

There are no costs that have been or will be submitted for reimbursement under Titles XVIII and XIX of the Social Security Act.

The table of realized costs is on the following page:

Table of Realized Costs for Palos Hills Surgery Center, LLC Project: #11-095

Line Item	Per CON	Realized Cost
Preplanning Costs	N/A	N/A
Site Survey & Soil Investigation	N/A	N/A
Site Preparation	N/A	N/A
Off-site Work	N/A	N/A
New Construction Contracts	N/A	N/A
Modernization Contracts	\$1,250,000.00	\$1,250,000.00
Contingencies	\$63,000.00	\$2,648.00
Architectural/Engineering	\$90,000.00	\$84,307.11
Consulting and Other Fees	\$67,000.00	\$45,270.02
Movable & Other Equipment	\$291,408.40	\$239,210.57
Bond Issuance Expense	N/A	N/A
Net Interest Expense During Construction	See Narrative Above	\$33,371.42
FMV of Leased Space & Equipment	\$819,750.00	\$819,750.00
Other Costs to be Capitalized	N/A	N/A
Acquisition of Building or Other Property	N/A	N/A
Total Project Costs	\$2,581,158.40	\$2,474,557.12
Source of Funds	Per CON	Realized Cost
Cash and Securities	\$1,761,408.40	\$154,807.12
Pledges	N/A	N/A
Gifts & Bequests	N/A	N/A
Loan	See Narrative Above	\$1,500,000.00
Mortgages	N/A	N/A
Lease FMV	\$819,750.00	\$819,750.00
Government Appropriations	N/A	N/A
Grants	N/A	N/A
Other Funds and Sources	N/A	N/A
Total Funds	\$2,581,158.40	\$2,474,557.12

Attachment 1



A STANDARD BANCSHARES, INC. Bank

September 29, 2011

Dear Mr. Galassie:

Standard Bank and Trust Company ("Standard Bank") has enjoyed a long standing banking relationship with Dr. Fakhouri's affiliates for more than 17 years. Numerous loans have been extended to this physician's affiliates and have been handled in an excellent manner. Subject to the completion of requisite due diligence and attainment of appropriate credit approval, Standard Bank is prepared to extend to Palos Hills Surgery Center, LLC \$2,500,000 of credit exposure to finance the surgery center. The additional credit exposure would be available for Palos Hills Surgery Center, LLC to finance acquisition costs as well as operating expenses.

I trust that this letter is sufficient for your needs. Should you have any questions or comments, please do not hesitate to contact me directly at (708) 499-2000, extension 2167.

Sincerely,

STANDARD BANK AND TRUST CO.

A handwritten signature in black ink, appearing to read 'Mohammed Abunada'.

Mohammed Abunada
Assistant Vice President

Attachment 2

Section X – Economic Feasibility

Reasonableness of Financing Arrangements – Criterion 1120.140(a)

A letter from Gary Kronen, M.D. and Anton Fakhouri, M.D., authorized representatives of Palos Hills Surgery Center, LLC, attesting as to the reasonableness of financing arrangements is attached at Attachment 42A.



Anton J. Fakhouri, MD, FACS, FICS
 Gary A. Kronen, MD
 Paul E. Papierski, MD
 Taruna Madhav Crawford, MD
 Marcus G. Talerico, MD
 Jeremy T. Bell, PA-C
 Thomas M. Hunt, OPA-C, MBA

September 27, 2011

Mr. Dale Galassie
 Acting Chair
 Illinois Health Facilities and Services Review Board
 525 West Jefferson St., 2nd Floor
 Springfield, IL 62761

Dear Mr. Galassie:

I hereby certify under penalty of perjury, as provided in 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin. Code § 1120.140(a), that the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation. This amount will include internal resources. Should the cash and cash equivalents be insufficient to fund the project, I hereby certify that the total estimated project costs and related costs will be funded in total or in part by borrowing because borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

Sincerely,

Gary Kronen, M.D.
 Member and Manager
 Palos Hills Surgery Center, LLC

Sincerely,

Anton Fakhouri, M.D.
 Member and Manager
 Palos Hills Surgery Center, LLC

Subscribed and sworn to me
 This 30th day of October, 2011

Notary Public



Subscribed and sworn to me
 This 30th day of October, 2011

Notary Public



PALOS HILLS 10330 South Roberts Road, Palos Hills, IL 60465
LOCKPORT 16610 West 159th Street, Suite 103, Lockport, IL 60441
OAKBROOK TERRACE 1 TransAm Plaza Drive, Suite 460, Oakbrook Terrace, IL 60181
SCHAUMBURG 1990 East Algonquin Road, Suite 200, Schaumburg, IL 60173
LIBERTYVILLE 755 South Milwaukee Avenue, Suite 250, Libertyville, IL 60048

HandToShoulderClinic.com
 phone 708-237-7200 fax 708-237-7201

Attachment 3

Section X – Economic Feasibility

Conditions of Debt Financing – Criterion 1120.140(b)

Although it is anticipated that this project will be funded in total with cash and cash equivalents and internal resources, should the same prove insufficient to fund the project, the applicant anticipates obtaining a loan from Standard Bank to cover any additional cost. A letter from Gary Kronen, MD and Anton Fakhouri, MD attesting that the conditions of debt financing are reasonable because the selected form of debt financing will be at the lowest net cost available should the project require a loan is attached at Attachment 42C.



Anton J. Fakhouri, MD, FACS, FICS
 Gary A. Kronen, MD
 Paul E. Papierski, MD
 Taruna Madhav Crawford, MD
 Marcus G. Talerico, MD
 Jeremy T. Bell, PA-C
 Thomas M. Hunt, OPA-C, MBA

September 27, 2011

Mr. Dale Galassie
 Acting Chair
 Illinois Health Facilities and Services Review Board
 525 West Jefferson St., 2nd Floor
 Springfield, IL 62761

Dear Mr. Galassie:

I hereby certify under penalty of perjury, as provided in 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin. Code §1120.140(b), that the conditions of debt financing are reasonable because the selected form of debt financing will be at the lowest net cost available.

Sincerely,

Gary Kronen, M.D.
 Member and Manager
 Palos Hills Surgery Center, LLC

Sincerely,

Anton Fakhouri, M.D.
 Member and Manager
 Palos Hills Surgery Center, LLC

Subscribed and sworn to me
 This 3rd day of October, 2011

Notary Public



Subscribed and sworn to me
 This 3rd day of October, 2011

Notary Public



PALOS HILLS 10330 South Roberts Road, Palos Hills, IL 60465
LOCKPORT 16610 West 159th Street, Suite 103, Lockport, IL 60441
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HandToShoulderClinic.com
 phone 708-237-7200 fax 708-237-7201

Certification of Final Realized Cost Report
Palos Hills Surgery Center, LLC
Project #11-095

Palos Hills Surgery Center, LLC certifies, pursuant to 7711. Adm. 1130.770, that the final realized costs of Palos Hills Surgery Center, project #11-095, 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 which will be submitted for reimbursement under Title XVIII or XIX.

By: Anton J. Elchouza,
Name
President
Title

[Signature]
Signature

Subscribed and Sworn to
Before me this 19th day of March, 2014

Notary Public: Lisa Marie Janosek



My Commission Expires: December 8, 2015

REF: PHSC CS 130901
DATE: 09/01/2013

STATE OF ILLINOIS)
COUNTY OF COOK) SS.
The affiant, Dima Budron

being first duly sworn, on oath deposes and says with Allied Design Build, Inc. (ADB), that has a contract with Palos Hills Surgery Center, LLC (OWNER) for the buildout/improvements of the Project on the following described Premises in said County, to wit: 3rd floor, West end, at 10330 S. Roberts Rd., Palos Hills, Illinois. That, for the purposes of said contract, the following persons have been contracted with, and have furnished or are furnishing and preparing materials for, and have done or are doing labor on said improvement. That there is due and to become due them, respectively, the amounts set opposite their names for materials or labor as stated. That this statement a full, true and complete statement of all such persons, the amounts paid and the amounts due or to become due to each.

ORDER NO.:
3rd Floor, West End,
10330 S. Roberts Rd
Palos Hills, IL

SWORN STATEMENT OF CONTRACTOR AND SUBCONTRACTOR
TO OWNER AND CHICAGO TITLE INSURANCE COMPANY

CRCT NO.	CONTRACTOR	KIND OF WORK	ORIGINAL CONTRACT SUM	CHANGE ORDERS	CONTRACT SUM	TOTAL COMP & STORED TO DATE	RETENTION	EARNED LESS		LESS PREV CERTIFICATE FOR PAYMENT	PAYMENTS TO DATE	THIS PAYMENT	BALANCE REMAINING AFTER PAYMENT
								4-5	4-5				
2.2	ELEVEN DEVELOPMENT CO	DEMOLITION	47,750.00		47,750.00	47,750.00	0.00	47,750.00	47,750.00	47,750.00	47,750.00	0.00	0.00
	8864 HEATHER DR. BURR DIDGE, IL 60527						0.00						
6.3A	ELEVEN DEVELOPMENT CO	FRAMING	68,963.00		68,963.00	68,963.00	0.00	68,963.00	68,963.00	68,963.00	68,963.00	0.00	0.00
	8864 HEATHER DR. BURR DIDGE, IL 60527						0.00						
6.3B	ELEVEN DEVELOPMENT CO	INSULATION	5,200.00		5,200.00	5,200.00	0.00	5,200.00	5,200.00	5,200.00	5,200.00	0.00	0.00
	8864 HEATHER DR. BURR DIDGE, IL 60527						0.00						
6.3C	ELEVEN DEVELOPMENT CO	DRYWALL	21,150.00		21,150.00	21,150.00	0.00	21,150.00	21,150.00	21,150.00	21,150.00	0.00	0.00
	8864 HEATHER DR. BURR DIDGE, IL 60527						0.00						
6.4	MOBILA	CABINETRY, WOODWORK	31,820.00		31,820.00	31,820.00	0.00	31,820.00	31,820.00	31,820.00	31,820.00	0.00	0.00
	1515 S. 55TH CT, CICERO, IL 60804						0.00						
8.1A	Preferred Window and Door	DOORS & HARDWARE	94,969.00		94,969.00	94,969.00	54,969.00	30,000.00	30,000.00	30,000.00	30,000.00	0.00	64,969.00
	19716 Burnham Ave., Lynwood, IL 60411						0.00						
9.2	ELEVEN DEVELOPMENT CO	FLOORING	46,542.00		46,542.00	46,542.00	0.00	46,542.00	41,800.00	41,800.00	41,800.00	4,742.00	0.00
	8864 HEATHER DR. BURR DIDGE, IL 60527						0.00						
9.2A	ELEVEN DEVELOPMENT CO	ACOUSTICAL CEILING	36,208.00		36,208.00	36,208.00	0.00	36,208.00	36,208.00	36,208.00	36,208.00	0.00	0.00
	8864 HEATHER DR. BURR DIDGE, IL 60527						0.00						
9.4	ELEVEN DEVELOPMENT CO	PAINTING & WALL COVERING	32,700.00		32,700.00	32,700.00	0.00	32,700.00	32,700.00	32,700.00	32,700.00	0.00	0.00
	8864 HEATHER DR. BURR DIDGE, IL 60527						0.00						
15.1	TEMPERATURE SERVICES, SYSTEM	MECHANICAL & MED GAS	415,000.00		415,000.00	415,000.00	41,500.00	373,500.00	373,500.00	373,500.00	373,500.00	0.00	41,500.00
	350 BONNIE LANE, ELK GROVE VILLAGE, IL 60007						0.00						
15.2	ALLIED DESIGN-BUILD, INC.	PLUMBING	41,500.00		41,500.00	41,500.00	0.00	41,500.00	41,500.00	41,500.00	41,500.00	0.00	0.00
	P.O. BOX 13, HINSDALE, IL 60632						0.00						
16.1	FORDYCE ELECTRIC	ELECTRICAL	250,000.00		250,000.00	250,000.00	25,000.00	225,000.00	225,000.00	185,483.00	185,483.00	39,517.00	25,000.00
	4229 N HONORE ST., SUITE 304, CHICAGO, IL 60613						0.00						
99.5	ALLIED DESIGN-BUILD, INC.	GC SUPERVISOR & OH	39,934.00		39,934.00	39,934.00	0.00	39,934.00	39,934.00	36,000.00	36,000.00	3,934.00	0.00
	P.O. BOX 13, HINSDALE, IL 60632						0.00						
99.6	ALLIED DESIGN-BUILD, INC.	PRECONSTRUCTION RETAINER	118,267.00		118,267.00	118,267.00	0.00	118,267.00	118,267.00	118,267.00	118,267.00	0.00	0.00
	P.O. BOX 13, HINSDALE, IL 60632						0.00						
		TOTAL GC COST	1,250,000.00		1,250,000.00	1,250,000.00	131,469.00	1,118,531.00	1,070,341.00	1,070,341.00	1,070,341.00	48,190.00	131,469.00

It is understood that the total amount paid to date plus the amount requested in this application shall not exceed _____% of the cost of work completed to date.
I agree to furnish vouchers of lien for all materials under my contract when demanded.

DIMA BUDRON, President
Allied Design-Build, Inc.
Subscribed and sworn to before me this 11th day of September, 2013
NOTARY PUBLIC



APPLICATION AND CERTIFICATION FOR PAYMENT

ALA DOCUMENT G702

O OWNER: Palos Hills Surgery Center, LLC
 0330 S. ROBERTS RD
 ALOS HILLS, IL
FROM CONTRACTOR: ALLIED DESIGN-BUILD, INC.
 O. BOX 13
 INNSDALE, IL 60522

PROJECT: Palos Hills Surgery Center
 Palos Hills, IL 60465

ARCHITECT: Anderson Mikos Architects
 One Parkview Plaza, 17W110 22nd Street, Suite 7,
 Oak Brook Terrace, Illinois 60181

DISTRIBUTION TO:
 OWNER
 ARCHITECT
 CONTRACTOR

APPLICATION NO: _____
PERIOD TO: 09/01/2013
PROJECT NOS: 12701
CONTRACT (P.O.) DATE: 12/03/2013


CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract Continuation Sheet, ALA Document G703, is attached.

ORIGINAL CONTRACT SUM	\$ 1,250,000.00
Net change by Change Orders	\$ 0.00
CONTRACT SUM TO DATE (Line 1 ± 2)	\$ 1,250,000.00
TOTAL COMPLETED & STORED TO DATE (Column G on G703)	\$ 1,250,000.00
RETAINAGE:	
a. 10 % of Completed Work (Column D + E on G703)	\$ 131,469.00
b. % of Stored Material (Column F on G703)	\$
Total Retainage (Lines 5a + 5b or Total in Column I of G703)	\$ 131,469.00
5. TOTAL EARNED LESS RETAINAGE (Line 4 Less Line 5 Total)	\$ 1,118,531.00
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$ 1,070,341.00
8. CURRENT PAYMENT DUE (Line 3 less Line 6)	\$ 48,190.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE	\$ 131,469.00

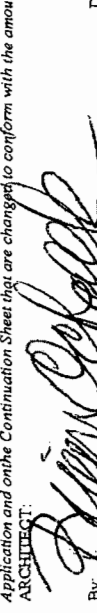
CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous Orders by Owner		\$0.00
Total approved this:		
TOTALS		\$0.00
NET CHANGES by Change Order	\$0.00	

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 to 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: 
 DIMA BUDRON, PRESIDENT
 ALLIED DESIGN-BUILD, INC.
By: _____
 State of: Illinois
 Subscribed and sworn to before me this 11th day of September, 2013.
 Notary Public: Judith R. Smolin
 My Commission Expires: 12/25/15

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: \$ 48,190.00

ARCHITECT: 
 By: _____
 Date: 9-18-13

"OFFICIAL SEAL"
JUDITH R. SMOLIN
 Notary Public, State of Illinois
 My Commission Expires Oct. 25, 2015
 Commission No. 385872

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