

3075 Highland Parkway, Suite 600 | Downers Grove, Illinois 60515 | (630) 572-9393 | advocatehealth.com

December 15, 2016

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

RECEIVED

DEC 16 2016

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Project #13-026 Advocate Lutheran General Hospital (the "Project")

Final Project Report

Advocate Health and Hospitals Corporation, (dba Advocate Lutheran General Hospital),
and Advocate Health Care Network Modernization Project

Dear Ms. Avery:

This letter is intended to satisfy Section 1130.770 Project Completion, Final Realized Costs and Cost Overruns, by providing the required information on Project #13-026. The Project is for the Expansion of the Emergency Department and Surgery Department originally consisting of 59,635 sf (New) and 6,829 sf (Modernization) for a combined project total of 66,464 sf. The Review Board granted the permit for this Project August 13, 2013.

An Alteration was granted April 22, 2015 to increase the total GSF by 2,229 and increase the costs from \$39,642,456 to \$40,636,730.

The notice of project completion was submitted on September 19, 2016 indicating the project was completed September 19, 2016. The project was timely completed within the "Completion Date" of September 30, 2016, specified in the permit letter. This final report includes the following:

- Certification that the project costs, as itemized, represent all the costs required to complete the project and there are no additional or associated costs or capital expenditures related to the project.
- This also certifies compliance with all the terms of the permit to date, including the project cost, square footage and services.
- The final application and certification for payment is shown in the AIA G702 form.
- Because this is a project with a cost greater than three times the capital expenditure minimum in place at the time of the permit approval, an audited financial report that includes the itemization of costs and sources of funds is included as an enclosure.

Advocate Lutheran General Hospital
 Project #13-026
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- As the audit process was performed, some of the previously reported expenditures were reallocated to different cost categories. It was likewise discovered that previous incurred to date capital costs were over-reported in the recent annual report due to incorrect categorization of expense costs. Final capital costs are within the allowed permit amount.

Costs:

	Final Costs	Alteration Permit amount
Preplanning Costs	\$70,000	\$ 113,185
Site Survey and soil Investigation	\$ 67,856	\$ 150,000
Site Preparation	\$2,799,162	\$ 1,812,100
New Construction Contracts	\$ 24,164,283	\$ 22,329,764
Modernization Contracts	\$570,567	\$ 1,192,797
Contingencies		\$ 3,162,418
Architectural/Engineering Fees	\$ 2,875,646	\$ 2,248,749
Consulting and Other Fees	\$703,224	\$ 1,326,826
Movable or Other Equipment (not in construction contracts)	\$5,047,457	\$ 3,399,974
Bond Issuance Expense (project related)	\$147,628	\$ 368,353
Net Interest Expense During Construction (project related)	\$511,752	\$ 2,145,115
Other Costs To Be Capitalized	\$270,801	\$ 2,387,449
TOTAL USES OF FUNDS	\$37,228,377	\$ 40,636,730

Advocate Lutheran General Hospital
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Please contact me at (630) 929-5577 or Jim Kokaska at (847) 723-8898 if you have any questions about this report.

Sincerely,



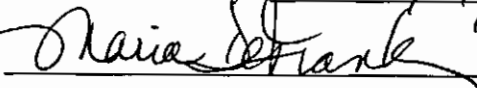
Scott Nelson, AIA
Vice President, Planning, Design and Construction
Advocate Health and Hospitals Corporation

CC: James Kokaska
Vytas Zemaitaitis
Sonja Reece

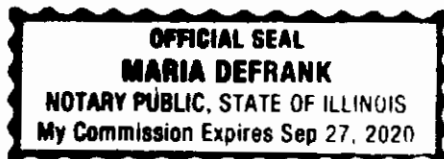
Subscribed before me on this day:

12/14/16

Notary Public



Seal:



Attachments:

AIA G702 Final Payment

Enclosure:

Financial Audit of Project

APPLICATION AND CERTIFICATE FOR PAYMENT

TO (OWNER):
Advocate Health & Hospital Corp
3075 Highland Parkway, Suite 800
Schaumburg, IL 60196

FROM (CONTRACTOR):
Tanner Construction Company (Chicago)
38 East Monroe Street, Suite 100
Chicago, IL 60603

PROJECT:
Advocate Lutheran General Hospital
1773 W. Dempster St.
Park Ridge, IL 60068

VA (ARCHITECT):
Smith Group JJR
36 East Wacker Drive
Chicago, IL 60601

APPLICATION NO: 34
PERIOD TO (MONTH):
ARCHITECT'S PROJECT NO:

ALL DOCUMENTS: G702
PREVIOUSLY IN (REVERSE SIDE)

DATE OF: _____

CONTRACTOR'S APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY

Change Orders approved in previous months by Owner	ADDITIONS	DEDUCTIONS
TOTAL	43,348,847.42	20,814,177.80
Approved this Month		
Member	Date Approved	
TOTALS	43,348,847.42	20,814,177.80
Net Change by Change Orders	27,734,698.52	

The Undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the work covered by the Application for Payment has been performed or completed in accordance with the Contract Documents, that the Contractor has paid or will pay subcontractors amounts due in accordance with the subcontract terms and conditions for work for which previous Applications for Payment were issued and payments received from the Owner, and that the current payment shown herein is now due.

CONTRACTOR

Date: 11/30/2016

By _____

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data concerning 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.

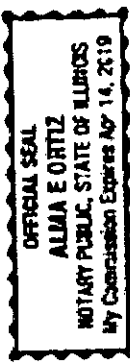
Notwithstanding to whom payment is made, the Contractor shall remain responsible to the Owner for the completion of the Work and the discharge of all obligations under the Contract.

Application is made for Payment, as shown below, in connection with the Contract. Consideration Sheet, All Document G703, is attached.

1. ORIGINAL CONTRACT SUM _____ \$ 70,800.00
2. Net change by Change Orders _____ \$ 27,734,698.52
3. CONTRACT SUM TO DATE (LINE 1+2) _____ \$ 27,804,498.52
4. TOTAL COMPLETED & STORED TO DATE _____ \$ 27,804,498.52
5. RETAINAGE
a. _____ % of Contract Work (Column D-E on G703)
b. _____ % of Stored Material (Column F on G703)
Total Retainage (Line 5a x 5b or Total in Column G of G703) _____ \$ 0.00
6. TOTAL EARNED LESS RETAINAGE _____ \$ 27,804,498.52
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 8 from prior applications) _____ \$ 27,831,308.77
8. CURRENT PAYMENT DUE _____ \$ 173,813.25
9. BALANCE TO FINISH, PLUS RETAINAGE _____ \$ 0.00
(Line 9 less Line 8)

Sum of (Line 9) _____ \$ _____
Subscribed and sworn to before me this 30th day of November 2016.
Notary Public: *Alma E. Ortiz*
My Commission Expires: 11/14/2019

AMOUNT CERTIFIED _____ \$
Amount represents amount certified other than the amount applied for.)
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 the Contract.



Odell Hicks & Company LLC
Certified Public Accountants

Advocate Health Care Network and
Advocate Health and Hospitals Corporation
d/b/a/ Advocate Lutheran General Hospital

Illinois Health Facilities and Services Review Board
Emergency Department/
Operating Room Renovation and Expansion
IHFSRB Project #13-026
Project Costs Report

For the Period August 13, 2013 to September 30, 2016
(With Independent Auditors' Report Thereon)



Odell Hicks & Company LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Advocate Health and Hospitals Corporation and
to the Illinois Health Facilities and Services Review Board:

We have audited the Project Costs Report of Advocate Health Care Network and Advocate Health and Hospitals Corporation d/b/a/ Advocate Lutheran General Hospital for the period from August 13, 2013 through September 30, 2016 (Report). This Report is the responsibility of Advocate Health and Hospitals Corporation's management. Our responsibility is to express an opinion on the Report based on our audit.

We conducted our audit of the Report 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts on the Report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Report's presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Report was prepared for the purpose of complying with the terms of the Illinois Health Facilities and Services Review Board Act and is not intended to be a complete presentation of Advocate Health Care Network and Advocate Health and Hospitals Corporation d/b/a/ Advocate Lutheran General Hospital financial position in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Report referred to above presents fairly, in all material respects and in accordance with the aforementioned guidelines, the project costs of Advocate Health Care Network and Advocate Health and Hospitals Corporation d/b/a/ Advocate Lutheran General Hospital as of September 30, 2016 and the period from August 13, 2013 through September 30, 2016.

Odell Hicks & Company LLC

December 13, 2016

ADVOCATE HEALTH CARE NETWORK AND
ADVOCATE HEALTH AND HOSPITAL CORPORATION
d/b/a ADVOCATE LUTHERAN GENERAL HOSPITAL
Illinois Health Facilities and Services Review Board
Emergency Department/Operating Room Renovation and Expansion
IHFSRB Project #13-026
Project Costs Report

Period from August 13, 2013 - September 30, 2016

	CON Permit Original	CON Permit Final	Final Funds Expended	Difference
Costs				
Preplanning Costs	\$ 113,185	\$ 113,185	\$ 70,000	\$ 43,185
Site Survey and Soil Investigation	150,000	150,000	67,856	82,144
Site Preparation	1,753,000	1,812,100	2,799,162	(987,062)
New Construction Contracts	22,329,764	22,329,764	24,164,284	(1,834,520)
Modernization Contracts	556,076	1,192,797	570,567	622,230
Contingencies	3,118,746	3,162,418	-	3,162,418
Architectural/Engineering Fees	2,204,550	2,248,749	2,875,646	(626,897)
Consulting and Other Fees	1,270,226	1,326,826	703,224	623,602
Movable Capital Equipment	3,399,974	3,399,974	5,047,457	(1,647,483)
Other Costs to be Capitalized	2,387,449	2,387,449	270,801	2,116,648
Total Construction Related	<u>\$ 37,282,970</u>	<u>\$ 38,123,262</u>	<u>\$ 36,568,997</u>	<u>\$ 1,554,265</u>
Net Interest Expense During Construction	1,999,711	2,145,115	511,752	1,633,363
Bond Issuance Costs	359,775	368,353	147,628	220,725
Total Finance Related	<u>2,359,486</u>	<u>2,513,468</u>	<u>659,380</u>	<u>1,854,088</u>
Total Project Costs	<u>\$ 39,642,456</u>	<u>\$ 40,636,730</u>	<u>\$ 37,228,377</u>	<u>\$ 3,408,353</u>
Source of Funds				
Cash and Securities	\$ 10,860,460	\$ 11,151,661	\$ 26,031,708	\$ (14,880,047)
Bond Issues	28,781,996	29,485,069	11,196,669	18,288,400
	<u>\$ 39,642,456</u>	<u>\$ 40,636,730</u>	<u>\$ 37,228,377</u>	<u>\$ 3,408,353</u>

ADVOCATE HEALTH CARE NETWORK AND
ADVOCATE HEALTH AND HOSPITAL CORPORATION
d/b/a ADVOCATE LUTHERAN GENERAL HOSPITAL
Illinois Health Facilities and Services Review Board
Emergency Department/Operating Room Renovation and Expansion
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Project Costs Report

Period from August 13, 2013 – September 30, 2016

Advocate Health Care Network and Advocate Health and Hospitals Corporation d/b/a Advocate Lutheran General Hospital was issued a permit to modernize the existing emergency department with new construction and expansion of services. The project includes the addition of operating rooms to meet the need of increasing surgical volumes as well as expansion and modernization of the emergency department. Work on the project was started on August 13, 2013 with the execution of a contract for construction of the Emergency Department/Operating Room Renovation and Expansion. The project was originally budgeted for \$39,642,456. The cost was revised to \$40,636,730. However the actual cost of the project was \$37,228,377, \$3,408,353 less than the revised budget.