NorthShore
University HealthSystem

Office of Finance

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September 23, 2019

#13-025

Ms. Kathy Olson
Illinois Health Facilities and Services Review Board
525 West Jefferson Street-2nd Floor
Springfield, IL 62761

Permit: #13-075 –Highland Park Hospital (Completion & Final Cost Report)
Project: Highland Park Hospital Major Modernization
Permit Holder: NorthShore University HealthSystem, 1301 Central, Evanston, Illinois 60201

Dear Ms. Avery:

This is a report on project completion and final realized cost for the above referenced project. This project was approved by the State Board on April 23, 2014 and involves a major modernization project at Northshore University Health System – Highland Park Hospital. Included with this letter is the detailed itemization of expenditures by project cost component and certification of the expenditures and sources of funds. The approved permit amount was $ 73,494,721.00. The final realized cost of this project is $ 69,689,771.63 which is $ 3,804,949.37 or 5.2% below the approved permit amount. These costs have been audited by external audit firm Baker Tilly and a letter of audit has been attached.

Pursuant to sections 1130.770 of the Illinois Administrative Code, this letter certifies that the final realized cost referenced above is the total cost 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.

Pursuant to section I 130.770(d)(4), this letter certifies that the project referenced above is in compliance and changes in cost and square footage were approved by the Illinois Health Facilities and Services Review Board under Permit # 13-075.

If we can provide you any further information at this time, please contact me via email at jaaron@northshore.org or 847-492-6904.

Sincerely,

John Aaron
Senior Director, Finance
NorthShore University HealthSystem

State of Illinois
County of Cook
This instrument was acknowledged before me on September 23, 2019 by John Aaron.
Barbara M. Holland, Notary

OFFICIAL SEAL
BARBARA M HOLLAND
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:09/04/23

Integrated Facilities Solutions, Inc.

Project Number: 13-075
Project Title: 13-075 Highland Park Hospital Major Modernization Project
Subject: Annual C.O.N. Progress Report
Permit Holder: NorthShore University HealthSystem
Date: July 15 2019

	Projected	Total Costs Incurred as 09/10/2019	Available Balance as of 09/10/2019	Estimated Costs to Completion	Variance From Approved
Preplanning Costs	$ 735,000.00	$ 688,594.31	$ 46,405.69	$ -	$ 46,405.69
Site Survey & Soil Investigation	$ 50,000.00	$ 47,243.25	$ 2,756.75	$ -	$ 2,756.75
Site Preparation	$ 937,900.00	$ 1,043,657.68	$ (105,757.68)	$ -	$ (105,757.68)
Off-site Work	$ 955,000.00	$ 273,789.21	$ 681,210.79	$ -	$ 681,210.79
New Construction Contracts	$ 19,101,930.00	$ 23,353,105.21	$ (4,251,175.21)	$ -	$ (4,251,175.21)
Modernization Contracts	$ 20,189,345.00	$ 19,165,737.00	$ 1,023,608.00	$ -	$ 1,023,608.00
Contingencies	$ 1,729,890.00		$ 1,729,890.00	$ -	$ 1,729,890.00
Architectural/Engineering Fees	$ 3,577,761.00	$ 3,620,044.80	$ (42,283.80)	$ -	$ (42,283.80)
Consulting and Other Fees	$ 4,184,000.00	$ 5,142,666.46	$ (958,666.46)	$ -	$ (958,666.46)
Movable or Other Equipment	$ 21,508,895.00	$ 15,793,965.71	$ 5,714,929.29	$ -	$ 5,714,929.29
Other Costs to be Capitalized	$ 525,000.00	$ 560,968.00	$ (35,968.00)	$ -	$ (35,968.00)
Total	$ 73,494,721.00	**$ 69,689,771.63**	$ 3,804,949.37	$ -	$ 3,804,949.37

Cash and Securities	$ 73,494,721.00
Pledges	
Gifts and Bequests	
Bond Issues (project related)	
Mortgages	
Leases (fair market value)	
Governmental Appropriations	
Grants	
Other Funds and Sources	
TOTAL FUNDS	$ 73,494,721.00

bakertilly
Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

September 18, 2019

Ms. Kathy Olson
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – 2nd Floor
Springfield, IL 62761

Project:

Permit: #13-075 – Highland Park Hospital
Project: Highland Park Hospital Major Modernization
Permit Holder: Highland Park Hospital

Audit Objectives and Scope:

Baker Tilly Virchow Krause, LLP (Baker Tilly) was engaged by Northshore University Health System to perform an independent certificate of need cost audit on the Highland Park Hospital Major Modernization project (CON #13-075). This project was approved by the State Board on April 23, 2014, and involves a major modernization project at Highland Park Hospital. Included with this letter is the detailed schedule of expenditures by project cost component and certification of the expenditures and sources of funds. The approved permit amount was $73,494,721. The final realized cost of this project is $69,689,771.63, which is $3,804,949.37 or 5.2% below the approved permit amount.

The objectives of our engagement were to:
- To determine if charges to be reported to the Illinois Health Facilities and Services Review Board are substantiated by appropriate supporting documentation;
- To determine if expenses were properly recorded for the project and CON account category;
- To determine if expenses were properly approved;
- To determine the mathematical accuracy and consistency of invoices;
- To determine that applicable construction progress payments included accurate application for payment documents (i.e., previous payment calculations), were properly notarized, and lien waivers.

Management's Responsibility:

Management was responsible for the preparation and fair presentation of the attached cost schedule. In addition, Management certifies the following:

- Pursuant to sections 1130.770 of the Illinois Administrative Code, the final realized cost referenced above is the total cost 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.

- Pursuant to section I 130.770(d)(4), the project referenced above is in compliance and changes in cost and square footage were approved by the Illinois Health Facilities and Services Review Board under Permit # 13-075.

Auditor's Responsibility:

Our responsibility is to express an opinion on the attached schedule based on our audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, based on our review of $58,023,393.93 (83.3%) in payments made for the Highland Park Hospital Major Modernization project, we confirm that the $69,689,771.63 in CON charges to be reported to the Illinois Health Facilities Services Review Board by the September 28, 2019 required submission date, were substantiated by comprehensive and appropriate supporting documentation. Our Audit did not identify any material inconsistencies in expenses incurred, paid or recorded.

Sincerely,

Baker Tilly Virchow Krause

Baker Tilly Virchow Krause, LLP

Project Number: 13-075
Project Title: Highland Park Hospital Major Modernization
Subject: Final Cost Report
Permit Holder: Highland Park Hospital
Date: September 18, 2019

	Projected	Total Costs Incurred as 9/10/2019	Available Balance as of 9/10/2019	Estimated Costs to Completion	Variance From Approved
Preplanning Costs	$ 735,000.00	$ 688,594.31	$ 46,405.69	$ -	$ 46,405.69
Site Survey & Soil Investigation	$ 50,000.00	$ 47,243.25	$ 2,756.75	$ -	$ 2,756.75
Site Preparation	$ 937,900.00	$ 1,043,657.68	$ (105,757.68)	$ -	$ (105,757.68)
Off Site Work	$ 955,000.00	$ 273,789.21	$ 681,210.79	$ -	$ 681,210.79
New Construction Contracts	$ 19,101,930.00	$ 23,353,105.21	$ (4,251,175.21)	$ -	$ (4,251,175.21)
Modernization Contracts	$ 20,189,345.00	$ 19,165,737.00	$ 1,023,608.00	$ -	$ 1,023,608.00
Contingencies	$ 1,729,890.00	$ -	$ 1,729,890.00	$ -	$ 1,729,890.00
Architectural/Engineering Fees	$ 3,577,761.00	$ 3,620,044.80	$ (42,283.80)	$ -	$ (42,283.80)
Consulting and Other Fees	$ 4,184,000.00	$ 5,142,666.46	$ (958,666.46	$ -	$ (958,666.46
Movable or Other Equipment	$ 21,508,895.00	$ 15,793,965.71	$ 5,714,929.29	$ -	$ 5,714,929.29
Other Costs to be Capitalized	$ 525,000.00	$ 560,968.00	$ (35,968.00)	$ -	$ (35,968.00)
Total	$ 73,494,721.00	$ 69,689,771.63	$ 3,804,949.37	$ -	$ 3,804,949.37

Cash and Securities	$ 73,494,721
Pledges	
Gifts and Bequests	
Mortgages/Bonds	
Leases (fair market value)	
Governmental Appropriations	
Grants	
Other Funds and Sources	
Total Funds	**$ 73,494,721**

APPLICATION AND CERTIFICATE FOR PAYMENT

TO OWNER: NorthShore University HealthSystem
2650 Ridge Avenue
Evanston, IL
60201

PROJECT: Highland Park Hospital Surgery Pavilion
2650 Ridge Avenue
Evanston, IL
60201-0000 US

FROM CONTRACTOR: Pepper Construction Company
411 Lake Zurich Road
Barrington, IL, 60010-3141

ARCHITECT:

CONTRACT FOR: Highland Park Hospital Surgery Pavilion

APPLICATION NO.:51
PERIOD TO:31-JUL-19
PROJECT NOS.:1401610
INVOICE NO.1401610051

CONTRACT DATE:06-AUG-14

Distribution to:
☐ OWNER
☐ ARCHITECT
☐ CONTRACTOR
☐
☐

CONTRACTOR'S APPLICATION FOR PAYMENT

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

1. ORIGINAL CONTRACT SUM	$	27,677,288.00
2. Net change by change orders	$	5,058,621.00
3. CONTRACT SUM TO DATE (Line1 +/- 2)	$	32,735,909.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	$	32,735,909.00
5. RETAINAGE: Total retainage Column I of G703)	$	0.00
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	$	32,735,909.00
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	$	32,045,978.78
8. CURRENT PAYMENT DUE	$	689,930.22
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)	$	0.00

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Change Order approved in previous months by Owner		5,046,436.00	-101,849.00
APPROVED THIS MONTH			
Number	Date Approved		
0008032	15-JUL-2019	112,034.00	
CURRENT TOTAL		112,034.00	0.00
Net Change by Change Orders			5,058,621.00

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 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 : Pepper Construction Company

By: [signature] Date: 7/24/19

State of: Illinois

County of: Lake

Subscribed and sworn to before me this 24th day of July 2019

Notary Public: [signature]

My Commission expires: 2/19

OFFICIAL SEAL 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........................$ 689,930.22

(Attach explanation if amount certified differs from the amount applied for. Initial figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT:

By: [signature] Date: 7/26/2019

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.

APPLICATION AND CERTIFICATE FOR PAYMENT

TO OWNER: Northshore University HealthSystem
2650 Ridge Avenue
Evanston, IL
60201

PROJECT: NUH - Highland Park Hospital Radiology Renovation
2650 Ridge Avenue
Evanston, IL
60201-0000 US

APPLICATION NO.:20
PERIOD TO :30-NOV-17
PROJECT NOS.:1401888
INVOICE NO.1401888020
CONTRACT DATE :10-FEB-15

Distribution to:
- [ ] OWNER
- [ ] ARCHITECT
- [ ] CONTRACTOR
- [ ]
- [ ]

FROM CONTRACTOR: Pepper Construction Company
411 Lake Zurich Road
Barrington, IL , 60010-3141

ARCHITECT:

CONTRACT FOR: NUH - Highland Park Hospital Radiology Re

CONTRACTOR'S APPLICATION FOR PAYMENT

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

1. ORIGINAL CONTRACT SUM	$	3,794,396.00
2. Net change by change orders	$	349,040.00
3. CONTRACT SUM TO DATE (Line1 +/- 2)	$	4,143,436.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	$	4,143,436.00
5. RETAINAGE: Total retainage Column I of G703)	$	0.00
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	$	4,143,436.00
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	$	3,765,635.25
8. CURRENT PAYMENT DUE	$	377,800.75
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)	$	0.00

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Change Order approved in previous months by Owner		260,640.00	0.00
APPROVED THIS MONTH			
Number	Date Approved		
0000003	19-OCT-2017	88,400.00	
CURRENT TOTAL		88,400.00	0.00
Net Change by Change Orders			349,040.00

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 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 : Pepper Construction Company

By: [signature] Date : 11-21-17

State of : IL

County of : Cook

Subscribed and sworn to before me this 21 day of November

Notary Public: [signature]

My Commission expires: 1/31/21

OFFICIAL SEAL
JANICE ALVARADO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 1/31/2021

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...$ 377,800.75

(Attach explanation if amount certified differs from the amount applied for. Initial figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT

By: [signature] Date : 11/22/2017

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.

APPLICATION AND CERTIFICATE FOR PAYMENT

TO OWNER: Northshore University HealthSystem
2650 Ridge Avenue
Evanston, IL
60201-0000

PROJECT: Highland Park Hospital West Addition & OR Building
2650 Ridge Avenue
Evanston, IL
60201-0000 US

APPLICATION NO.:17
PERIOD TO :30-JUN-16
PROJECT NOS.:1108874
INVOICE NO.1108874017
CONTRACT DATE :09-JUL-14

Distribution to:
☐ OWNER
☐ ARCHITECT
☐ CONTRACTOR
☐
☐

FROM CONTRACTOR: Pepper Construction Company
411 Lake Zurich Road
Barrington, IL, 60010-3141

ARCHITECT:

CONTRACT FOR: Highland Park Hospital West Addition & OR.

CONTRACTOR'S APPLICATION FOR PAYMENT

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

1. ORIGINAL CONTRACT SUM	$	7,646,955.00
2. Net change by change orders	$	235,030.00
3. CONTRACT SUM TO DATE (Line1 +/- 2)	$	7,881,985.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	$	7,881,985.00
5. RETAINAGE: Total retainage Column I of G703)	$	0.00
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	$	7,881,985.00
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	$	7,495,580.78
8. CURRENT PAYMENT DUE	$	386,404.22
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)	$	0.00

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Change Order approved in previous months by Owner		454,225.00	0.00
APPROVED THIS MONTH			
Number	Date Approved		
0000003	05-MAY-2016	0.00	219,195.00
CURRENT TOTAL		0.00	219,195.00
Net Change by Change Orders			235,030.00

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 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 : Pepper Construction Company

By: Date : 6-23-16

State of : Illinois

County of : Cook

Subscribed and sworn to before me this 23 day of June

Notary Public:

My Commission expires: 7-27-2019

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...$ 386,404.22

(Attach explanation if amount certified differs from the amount applied for. Initial figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT:

By: Date : 6/24/2016

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.