

September 24, 2019

VIA FEDERAL EXPRESS AND EMAIL

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
2nd Floor
Springfield, Illinois 62701-0001

Re: Final Realized Costs
Project 16-059
Palos Health Surgery Center

Dear Mr. Constantino:

Please accept this letter as conformance to Section 1130.770, Project Completion, for the above referenced project.

- 1) All project costs are itemized and attached as Exhibit A.
- 2) The final realized costs, as itemized, are the total costs required to complete the project and there are no additional or associated costs or capital expenditures related to the project.
- 3) I certify compliance with all terms of the permit to date.
- 4) The final Application and Certificate of Payment for the construction contract, as per AIA Form G702 is attached as Exhibit B.
- 5) An audited financial report is attached as Exhibit C.

Please feel free to contact me with any additional questions.

Thank you for your attention to this matter.

Sincerely,


Timothy J. Bresnan
Vice President of Planning and Community Relations

Mr. Constantino
Sept. 24, 2019
Page 2



Subscribed and Sworn Before me
this 24th day of September, 2019.

Mary Ellen Griffin
Notary Public

Exhibit A

Project 16-059

Final Realized Costs

Palos Health Surgery Center LLC

	Permit Approved Amount*	Final Costs
Construction (New, Modernization & Contingency)	\$4,838,990	\$5,229,181
Architectural/Engineering Fees	\$482,873	\$482,873
FMV Leased Space	\$4,431,370	\$0
Consulting and Other Fees	\$170,000	\$94,124
Movable or Other Equipment	\$2,325,812	\$2,968,453
Other Costs to be Capitalized	\$967,451	\$108,842
Total Project Cost	\$13,216,496	\$8,883,473

EXHIBIT B

APPLICATION AND CERTIFICATE FOR PAYMENT

AIA DOCUMENT G702

TO OWNER:	Palos Community Hospital 12251 S 80th Avenue Palos Heights, IL 60463	PROJECT:	Palos Community Hospital Summary of Campus Projects 15300 West Avenue Orland Park, IL 60462	APPLICATION #:	Dec 2018-FINAL
FROM	WALSH CONSTRUCTION COMPANY II, LLC 939 W. ADAMS STREET CHICAGO, ILLINOIS 60607			PERIOD FROM:	12/1/2018
CONTRACT FOR:	Summary of Campus Projects			PERIOD TO:	12/31/2018
				OWNER PROJECT #:	WCCI PROJECT #:
				Application Date:	12/20/18

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	\$82,913,381
2. Net Change by Change Orders	\$2,593,066
3. CONTRACT SUM TO DATE (Line 1 +/- 2)	\$ 85,506,447
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703)	\$85,506,447

5. RETAINAGE:	
a 10 % of Completed Work (Columns D + E on G703)	\$0
b 10 % of Stored Material (Column F on G703)	\$
Total Retainage (Line 5a + 5b or Total in Column I of G703)	\$

6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)	\$ 85,506,447
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7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$82,170,857
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8. CURRENT PAYMENT DUE	\$ 3,335,590
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9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)	\$
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CHANGE ORDER SUMMARY	ADDITIONS \$	DEDUCTIONS \$
Total changes approved in previous months by Owner	\$	0
Total approved this Month	\$	0
TOTALS	\$0	0
Subsequent Change Orders Number	Approved (DATE)	
NET CHANGES by Change Orders	\$	\$

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 CONSTRUCTION COMPANY II, LLC

By: [Signature] Date: 1/9/19

PROJECT MANAGER

State of ILLINOIS

County of COOK

Subscribed and sworn before me this 9th day of January, 2019

Notary Public: [Signature]My Commission Expires: 5/5/19

ARCHITECT'S CERTIFICATION 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 \$

(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: _____

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 of Contractor under this Contract



DANIEL BUDZISZ
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
May 05, 2019

Exhibit C

Audited Financial Report

Project 16-059

Palos Health Surgery Center



Palos Community Hospital

Schedule of Project Costs and Sources of Funds for
Project No. 16-059 – Palos Health Surgery Center
Period from March 14, 2017 (date of certificate of
need permit approval) to June 30, 2019



RSM US LLP

Independent Auditor's Report

Board of Directors
Palos Community Hospital

Report on the Schedule

We have audited the accompanying Schedule of Project Costs and Sources of Funds for Project No. 16-059 – Palos Health Surgery Center (the Schedule) of Palos Community Hospital (the Hospital) for the period from March 14, 2017 (date of certificate of need permit approval) to June 30, 2019, and the related notes to the Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code Part 1130.770, "Project Completion, Final Realized Costs and Cost Overruns," as described in Note 2; this includes determining the basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 Schedule.

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

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Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the project costs and sources of funds for Project No. 16-059 – Palos Health Surgery Center of Palos Community Hospital for the period from March 14, 2017 (date of certificate of need permit approval) to June 30, 2019, in accordance with terms of the basis of accounting described in Note 2.

Basis of Presentation

We draw attention to Note 2 to the Schedule, which describes that the Schedule was prepared for the purpose of complying with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code Part 1130.770, "Project Completion, Final Realized Costs and Cost Overruns," which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

RSM VS LLP

Chicago, Illinois
September 25, 2019

Palos Community Hospital

Schedule of Project Costs and Sources of Funds for Project No. 16-059 – Palos Health Surgery Center

Period from March 14, 2017 (date of certificate of need permit approval) to June 30, 2019

Description of Costs	Approved Permit Amount	Actual	Variance
Construction (New, Modernization and Contingency)	\$ 4,838,990	\$ 5,229,181	\$ (390,191)
Architectural/Engineering Fees	482,873	482,873	-
Fair Market Value of Leased Space	4,431,370	-	4,431,370
Consulting and Other Fees	170,000	94,124	75,876
Movable or Other Equipment	2,325,812	2,968,453	(642,641)
Other Costs to be Capitalized	967,451	108,842	858,609
Total Project Costs	\$ 13,216,496	\$ 8,883,473	\$ 4,333,023
Cash and Securities	\$ 8,785,126	\$ 8,883,473	\$ (98,347)
Leases (fair market value)	4,431,370	-	4,431,370
Total Sources of Funds	\$ 13,216,496	\$ 8,883,473	\$ 4,333,023

See notes to Schedule of Project Costs and Sources of Funds for Project No. 16-059 – Palos Health Surgery Center.

Palos Community Hospital

Notes to Schedule of Project Costs and Sources of Funds for Project No. 16-059 – Palos Health Surgery Center

Period from March 14, 2017 (date of certificate of need permit approval) to June 30, 2019

Note 1. Description of Project

Palos Community Hospital (the Hospital), an Illinois not-for-profit corporation, is a licensed 425-bed acute care facility located in Palos Heights, Illinois, providing inpatient, outpatient, and emergency care services primarily to residents of the southwest suburbs of Chicago.

The Illinois Health Facilities and Services Review Board (HFSRB) approved Project No. 16-059 – Palos Health Surgery Center (the Project) on March 14, 2017, and issued a permit in the amount of \$13,216,496 to the Hospital with an anticipated completion date of June 30, 2019. In addition to the Hospital, The St. George Corporation, Palos Health Surgery Center, LLC, and South Campus Partners were co-applicants in the permit. The Project was completed on June 30, 2019.

The Project consists of the construction of a multi-specialty ambulatory surgery treatment center with four operating rooms and sixteen recovery stations to be located at the Palos Community Hospital South Campus in Orland Park, Illinois. The Project provides for improved access to ambulatory surgical care to better serve the Southwest Suburban community of metropolitan Chicago.

Note 2. Basis of Presentation

The Schedule was prepared for the purpose of complying with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code Part 1130.770 "Project Completion, Final Realized Costs and Cost Overruns," and is not intended to be a complete presentation of the Hospital's sources and uses of funds, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the Schedule is not intended to be a complete presentation of the Hospital's sources and uses of funds in conformity with accounting principles generally accepted in the United States of America.

The Schedule is presented on the accrual basis of accounting. The amounts presented in the Schedule only relate to Project No. 16-059.

Note 3. Leased Space

As described in the original application for permit for Project No. 16-059, the \$4,431,370 reported as Fair Market Value of Leased Space represents the estimated core and shell costs related to the ambulatory surgery treatment center portion of the medical office building (MOB) that was the subject of Project No. 16-001 – Palos Community Hospital South Campus MOB. The actual core and shell costs related to the ambulatory surgery treatment center have been included as project costs in the Schedule of Project Costs and Sources of Funds for Project No. 16-001 – Palos Community Hospital South Campus MOB. Accordingly, such costs are not included in the accompanying Schedule.

Note 4. Subsequent Events

Management of the Hospital has evaluated subsequent events through September 25, 2019, which is the date the Schedule was available to be issued, for possible measurement and/or disclosure effects on the Schedule.