



RECEIVED

JUL 11 2024

HEALTH FACILITIES &
SERVICES REVIEW BOARD
Northwestern Memorial Healthcare
251 East Huron Street
Chicago, Illinois 60611-2908
312.926.2033
nm.org

June 25, 2024

Mr. John Kniery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

**Re: Project Completion
Project #22-011
Northwestern Medicine Oak Brook Medical Office Building**

Dear Mr. Kniery:

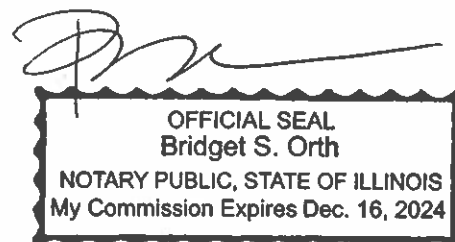
This letter certifies that Project #22-011 has been completed and is in compliance with all terms of the permit, including total project cost, square footage, and services. The final realized cost is \$83,152,562 which is less than the approved permit amount of \$83,342,001. This is the total amount required to complete the project.

A detailed itemization of expenditures and sources of funds is attached. There are no additional or associated costs or capital expenditures related to the project. Also attached please find the final Application and Certification for Payment for the construction contract, as per the American Institute of Architects form G702 and an audited financial report completed by Mitchell & Titus, LLP.

This letter is intended to complete the project close-out process for this permit. If further information or action is needed, please contact Bridget Orth at borth@nm.org.

Sincerely,


John A. Orsini
Senior Vice President & Chief Financial Officer



6/25/24

cc: Bridget Orth, Director, Regulatory Planning

Attachments

**Northwestern Medicine Oak Brook Medical Office Building
Project # 22-011**

**ANNUAL COST REPORT
to the
Illinois Health Facilities and Services Review Board
Northwestern Memorial Hospital Permit Project Expenditures
Final Report: June 30, 2024**

<u>Category</u>		CON Approved Budget	Project to Date through 06/30/2024
<u>USE OF FUNDS</u>			
1	PREPLANNING COSTS	\$ 129,245	\$ 135,450
2	SITE SURVEY AND SOIL INVESTIGATION	\$ -	\$ -
3	SITE PREPARATION	\$ -	\$ -
4	OFF SITE WORK	\$ -	\$ -
5	NEW CONSTRUCTION CONTRACTS	\$ 17,829,980	\$ 21,867,878
6	MODERNIZATION CONTRACTS	\$ -	\$ -
7	CONTINGENCIES	\$ 1,782,998	\$ 1,782,998
8	ARCHITECTURAL/ENGINEERING FEES	\$ 1,535,000	\$ 910,026
9	CONSULTING & OTHER FEES	\$ 250,000	\$ 274,950
10	MOVABLE CAPITAL EQUIPMENT (not in construction contracts)	\$ 16,000,000	\$ 12,572,703
11	BOND ISSUANCE EXPENSE (project related)	\$ -	\$ -
12	NET INTEREST EXPENSE DURING CONSTRUCTION (project rela	\$ -	\$ -
13	FAIR MARKET VALUE OF LEASED SPACE OR EQUIPMENT	\$ 45,542,000	\$ 45,412,396
14	OTHER COSTS WHICH ARE TO BE CAPITALIZED	\$ 272,778	\$ 196,160
GRAND TOTAL		\$ 83,342,001	\$ 83,152,562
<u>SOURCE OF FUNDS</u>			
16	CASH & SECURITIES	\$ 83,342,001	\$ 83,152,562
18	GIFTS & BEQUESTS	\$ -	\$ -
19	BOND ISSUES (project related)	\$ -	\$ -
25	TOTAL FUNDS	\$ 83,342,001	\$ 83,152,562
CON PERMIT AMOUNT		\$ 83,342,001	\$ 83,152,562
% COMPLETE		100.0%	

AIA[®] Document G702[™] - 1992

Application and Certificate for Payment

TO OWNER:

Northwestern Memorial Healthcare
12251 S 80th Ave
Palos Heights, Illinois 60422
FROM CONTRACTOR:
Walsh Construction Company II LLC
928 W Adams
Chicago, Illinois 60607

PROJECT:

NMHC Oak Brook Commons MOS
1001 Commercial Drive
Oak Brook, Illinois 60523
VIA ARCHITECT:
Gender
2020 K Street NW
Washington, District of Columbia 20006

APPLICATION NO: 14

PERIOD TO: 05/31/24
CONTRACT FOR: 222125 - General Construction
CONTRACT DATE: 01/16/23
PROJECT NOS: 02-222125

Distribution to:

☐ OWNER
☐ ARCHITECT
☐ CONTRACTOR
☐ FIELD
☐ OTHER

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 \$ 21,087,918.00
2. Net Change by Change Orders \$ 2,256,704.00
3. CONTRACT SUM TO DATE (Line 1+2) \$ 23,343,750.00
4. TOTAL COMPLETED AND STORED TO DATE (Column G on G703) \$ 23,343,750.00
5. RETAINAGE:
 - a. 0.0% of Completed Work (Column D + E on G703) \$ 0.00
 - b. 0.0% of Stored Material (Column F on G703) \$ 0.00

6. TOTAL EARNED LESS RETAINAGE \$ 23,343,750.00
(Line 4 Less Line 5 Total)

7. LESS PREVIOUS CERTIFICATES FOR PAYMENT \$ 21,275,832.00
(Line 6 from prior Certificate)

8. CURRENT PAYMENT DUE \$ 2,068,918.00

9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 8) \$ 0.00

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$1,953,202.00	\$ (596,602.00)
Total approved this Month	\$810,104.00	\$0.00
TOTALS	\$2,763,306.00	\$ (596,602.00)
NET CHANGES by Change Order		\$ 2,256,704.00

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: Walsh Construction Company II LLC

Date: 05/31/2024

By: *[Signature]*

State of: Illinois County of: Cook

Subscribed and sworn to before me this 31st day of May

Notary Public: Cynthia A. Randonis

My Commission expires: 06/24/2025

OFFICIAL SEAL

CYNTHIA A. RANDONIS

NOTARY PUBLIC, STATE OF ILLINOIS

MY COMMISSION EXPIRES 06/24/2025

ARCHITECT'S CERTIFICATE FOR PAYMENT

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

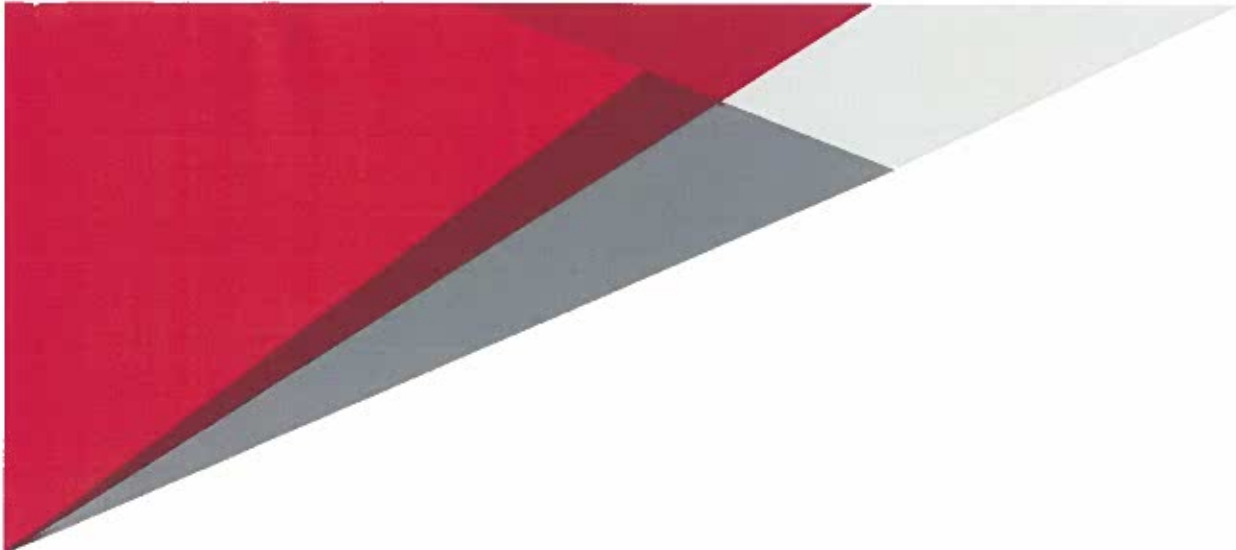
AMOUNT CERTIFIED \$ 2,068,918.00
(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT: Granger

By: Nimrod Gutman

Date: 06.03.2024

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.



NORTHWESTERN MEMORIAL HEALTHCARE
(An Illinois Not-for-Profit Corporation)

HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)
NORTHWESTERN MEDICINE OAK BROOK MEDICAL OFFICE
BUILDING PROJECT
HFSRB PROJECT #22-011

Schedule of Project Costs and Sources of Funds
For the Period from June 3, 2022 to June 28, 2024
With Independent Auditor's Report



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

NORTHWESTERN MEMORIAL HEALTHCARE
(An Illinois Not-for-Profit Corporation)

Health Facilities and Services Review Board (HFSRB)
Northwestern Medicine Oak Brook Medical
Office Building Project
HFSRB Project #22-011

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1–3
Schedule of Project Costs and Sources of Funds	4
Notes to Schedule of Project Costs and Sources of Funds	5–6



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northwestern Memorial HealthCare and
State of Illinois Health Facilities and Services Review Board

Report on the Audit of the Schedule

Opinion

We have audited the Schedule of Project Costs and Sources of Funds of Northwestern Memorial HealthCare related to the Health Facilities and Services Review Board (HFSRB) Project #22-011 for the period from June 3, 2022 to June 28, 2024 (the Schedule) and the related notes to the Schedule.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the project costs and sources of funds of Northwestern Memorial HealthCare related to the HFSRB Project #22-011 for the period from June 3, 2022 to June 28, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of Northwestern Memorial HealthCare and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — Basis of Accounting

The accompanying Schedule was prepared to present the project costs and sources of funds for HFSRB Project #22-011 for the purpose of complying with the terms of the HFSRB permit as described in Note 1 and is not intended to be a complete presentation of Northwestern Memorial HealthCare's financial position in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

141 West Jackson Blvd
Chicago, IL 60604
T: +1 312 332 4964
F: +1 312 332 0181
mitchelltitus.com



Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America and 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 Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit 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 Northwestern Memorial HealthCare's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwestern Memorial HealthCare's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors, management of Northwestern Memorial HealthCare and the State of Illinois, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mitchell Titus, LLP

July 9, 2024

NORTHWESTERN MEMORIAL HEALTHCARE
(An Illinois Not-for-Profit Corporation)
Schedule of Project Costs and Sources of Funds
to the Illinois Health Facilities and Services Review Board

Northwestern Memorial Hospital Permit Project Expenditures

Final realized cost: June 28, 2024

<u>Use of Funds</u>	<u>Category</u>	<u>CON* Approved Budget</u>	<u>Project to Date Through 6/28/2024</u>
1	Pre-planning costs	\$ 129,245	\$ 135,450
2	Site survey and soil investigation	-	-
3	Site preparation	-	-
4	Off-site work	-	-
5	New construction contracts	17,829,980	21,867,878
6	Modernization contracts	-	-
7	Contingencies	1,782,998	1,782,998
8	Architectural/engineering fees	1,535,000	910,026
9	Consulting and other fees	250,000	274,950
10	Movable capital equipment (not in construction contracts)	16,000,000	12,572,704
11	Bond issuance expense (project related)	-	-
12	Net interest expense during construction (project related)	-	-
13	Fair market value of leased space or equipment	45,542,000	45,412,396
14	Other costs which are to be capitalized	272,778	196,160
	Grand total	\$ 83,342,001	\$ 83,152,562
<u>Source of Funds</u>			
16	Cash and securities	\$ 83,342,001	\$ 83,152,562
18	Gifts and bequests	-	-
19	Bond issues (project related)	-	-
25	Total funds	\$ 83,342,001	\$ 83,152,562
	CON permit amount	\$ 83,342,001	\$ 83,152,562

*CON denotes certificate of need.

NORTHWESTERN MEMORIAL HEALTHCARE
(An Illinois Not-for-Profit Corporation)

NORTHWESTERN MEDICINE OAK BROOK MEDICAL

Office Building Project

HFSRB Project #22-011

Notes to the Schedule of Project Costs and Sources of Funds

For the Period from June 3, 2022 to June 28, 2024

NOTE 1 DESCRIPTION OF PROJECT

Northwestern Memorial Healthcare was issued a permit to construct the outpatient medical office space in a speculative building developed and owned by MedProperties located in Oak Brook, Illinois. The project included physicians' offices for the Northwestern Medicine Regional Medical Group (RMG) and non-hospital-based ambulatory care: infusion services, diagnostic imaging, physical therapy, and well-patient laboratory.

The work on the project began on June 3, 2022 and ended on June 28, 2024. The project was approved by the Health Facilities and Services Review Board (HFSRB) on June 3, 2022, with an estimated cost of \$83,342,001. The total project cost includes \$37,800,001 of the direct costs of Northwestern Medicine and \$45,542,000 of developer's cost for the construction of the core/shell and parking. The Schedule of Project Costs and Sources of Funds (the Schedule) of Northwestern Medicine Oak Brook Medical Office Building related to the HFSRB Project # 22-011 for the period of June 3, 2022 through June 28, 2024, has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and is not intended to be a complete presentation of the applicant's financial position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting.

Use of Estimates

The preparation of the Schedule in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures over the period covered by the Schedule. Accordingly, actual results could differ from those estimates.

Project Costs

Costs incurred to construct the outpatient medical office space for the Northwestern Medicine Oak Brook Medical Office Building under the HFSRB Project #22-011 are stated as costs within the Schedule.

NORTHWESTERN MEMORIAL HEALTHCARE
(An Illinois Not-for-Profit Corporation)

NORTHWESTERN MEDICINE OAK BROOK MEDICAL

Office Building Project

HFSRB Project #22-011

Notes to the Schedule of Project Costs and Sources of Funds

For the Period from June 3, 2022 to June 28, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Sources of Funds

The sources of funds related to the project have been obtained from Northwestern Memorial HealthCare's cash and securities and a lease agreement with MedProperties to provide an as-built site.

NOTE 3 LEASE

Northwestern Memorial Healthcare and MedProperties entered into a lease agreement that for the use of the as-built property located at 1001 Commerce Drive Oak Brook, Illinois. The lease identified a maximum cost of \$45,542,000, which has since been reduced to \$45,412,396 with an approved amendment. Northwestern Memorial HealthCare will agree to an initial rent amount based on the final build cost. Currently, Northwestern Memorial HealthCare is performing a detailed review of MedProperties' build cost information. As of June 26, 2024, there is \$824,100 of costs being reviewed to finalize the agreement.

NOTE 4 SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 9, 2024, the date the Schedule was available to be issued, and determined that there were no additional subsequent events to be recognized or disclosed in the Schedule.

