CARLE FOUNDATION HOSPITAL
611 W. Park Street | Urbana, Illinois 61801

Carle

RECEIVED
AUG 18 2014
HEALTH FACILITIES &
SERVICES REVIEW BOARD

August 14, 2014

BY FEDERAL EXPRESS

Ms. Courtney Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Carle Foundation Hospital, Project # 08-013 Final Report

Dear Ms. Avery:

Carle Foundation Hospital's CON permit for project 08-013 was approved on August 12, 2008. On December 14, 2010 the Illinois Health Facilities and Services Review Board approved an alteration request for the project, which resulted in the following:

1. A decrease in the permit amount from $235,896,765 to $218,632,421.
2. A decrease in the gross square footage ("GSF") of the clinical portion of the project from 163,328 GSF to 154,828 GSF.
3. A change to the ninth floor of the bed tower to shell space.
4. A change in funding sources of the project.

On September 19, 2012 the Board approved a permit renewal which extended the project completion date to June 30, 2014.

Project Completion

On May 15, 2014, formal notification was submitted indicating that Project 08-013 was completed on February 28, 2014.

Cost Report and Supporting Documentation

In compliance with Section 1130.770 of the Board rules, this letter and its enclosures contain the supporting documentation relating to completion of Project 08-013 and the related costs and sources of funds.

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Itemization of Project Costs and Sources of Funds

Total project costs for Project 08-013 were $186,733,552. The Project Costs table below provides an itemized listing showing the Approved Permit Amount and the Final Realized Costs.

PROJECT COSTS	Approved Permit Amount	Final Realized Costs
Preplanning Costs	$2,771,658	$2,771,658
Site Survey and Soil Investigation	$50,000	$37,778
Site Preparation	$6,960,679	$6,598,982
Off Site Work	$5,750,000	$4,301,500
New Construction Contracts	$105,592,973	$107,391,959
Modernization Contracts	$10,441,425	$10,369,783
Contingencies	$11,603,440	$268,924
Architectural/Engineering Fees	$11,792,767	$11,870,157
Consulting and Other Fees	$1,000,000	$790,598
Movable or Other Equipment (not in construction contracts)	$27,328,232	$27,990,970
Bond Issuance Expense (project related)	$3,560,000	$2,119,554
Net Interest Expense During Construction (project related)	$26,600,000	$6,790,679
Fair Market Value of Leased Space or Equipment	$4,787,919	$5,431,010
Other Costs To be Capitalized	$393,328	$0
TOTAL PROJECT COSTS	$218,632,421	$186,733,552

The Project Sources of Funds table below provides a listing of the sources of funding of the project.

PROJECT SOURCES OF FUNDS	Original Amount	Actual Expenditures
Cash and Securities	$18,634,502	$17,549,689
Pledges	$0	$0
Gifts and Bequests	$3,210,000	$617,539
Bond Issues (project related)	$192,000,000	$163,135,470
Mortgages	$0	$0
Leases (fair market value)	$0	$0
Governmental Appropriations	$0	$0
Grants	$0	$0
Other Funds and Sources (FMV of existing equipment)	$4,787,919	$5,431,010
TOTAL FUNDS	$218,632,421	$186,733,709

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Please note that the internal cash management policies of the permit holder are such that cash outlays are sometimes made for this project, which are subsequently submitted for reimbursement from bond funds. When that occurs, the line items on the project are adjusted accordingly. Therefore, there may be differences in the figures above when compared to prior annual report data.

Titles XVIII and XIX

This letter certifies that the reported final realized costs 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 that will be submitted for reimbursement under Titles XVIII or XIX.

Certification of Compliance

This letter certifies that the project is in compliance with all of the terms of the associated permit.

Application and Certification for Payment

The final AIA Applications and Certifications for Payment for the construction contracts of the project (Form G702) are attached. Please note that this Project was managed under two separate construction contracts, one for the Heart and Vascular Institute bed tower and the other for the Digestive Health Center modernization which is why there are two final pay applications.

Audited Financial Report

An audited financial report of the project's final realized costs and sources of funds completed by the independent firm of KPMG, LLP is attached.

If you have any questions or concerns about this project, please feel free to contact Collin Anderson at 217-383-8364.

Sincerely,

John Snyder
Executive Vice President and COO

Cc: Mr. Michael Constantino, Mr. Michael Mills, Ms. Kara Friedman

OFFICIAL SEAL
AMANDA IRENE PRUITT
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 1/08/2018

Amanda Irene Pruitt
8/14/14

THE CARLE FOUNDATION

Schedule of Project Cost and Sources of Funds for Project No. 08-013

April 30, 2014

(With Independent Auditors' Report Thereon)

THE CARLE FOUNDATION

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KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Trustees
The Carle Foundation:

Report on the Schedule

We have audited the Schedule of Project Cost and Sources of Funds for project No. 08-013 (the Schedule) of The Carle Foundation (the Company) as of April 30, 2014.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' 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 auditors' 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, pursuant with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770 (c)(6) "Project Completion, Final Realized Cost Overruns".

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. 08-013 of The Carle Foundation as of April 30, 2014, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Restricted Use

The report is intended solely for the information and use of the Board of Trustees and management of The Carle Foundation and the Illinois Health Facilities Planning Board and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

August 13, 2014

The Carle Foundation

Schedule of Project Cost and Sources of Funds for Project No. 08-013

April 30, 2014

Project Costs		Approved Project Costs/Sources	Actual Project Costs/Sources	Difference
Preplanning costs	$	2,771,658	2,771,658	—
Site survey and soil investigation		50,000	37,778	(12,222)
Site preparation		6,960,679	6,598,982	(361,697)
Off-site work		5,750,000	4,301,500	(1,448,500)
New construction contracts		105,592,973	107,391,959	1,798,986
Modernization contracts		10,441,425	10,369,783	(71,642)
Contingencies		11,603,440	268,924	(11,334,516)
Architectural/engineering fees		11,792,767	11,870,157	77,390
Consulting and other fees		1,000,000	790,598	(209,402)
Movable or other equipment		27,328,232	27,990,970	662,738
Bond issuance expense		3,560,000	2,119,554	(1,440,446)
Net interest expense during construction		26,600,000	6,790,679	(19,809,321)
Fair market value of leases		4,787,919	5,431,010	643,091
Other costs to be capitalized		393,328	—	(393,328)
Total project costs	$	218,632,421	186,733,552	(31,898,869)
Description of sources:				
Cash and securities	$	18,634,502	17,549,533	(1,084,969)
Gifts and bequests		3,210,000	617,539	(2,592,461)
Bond issues (project related)		192,000,000	163,135,470	(28,864,530)
Other funds and sources		4,787,919	5,431,010	643,091
Total sources of funds	$	218,632,421	186,733,552	(31,898,869)

See accompanying notes to Schedule.

THE CARLE FOUNDATION

Notes to Schedule

April 30, 2014

(1) Purpose of the Audit

The accompanying schedule (the Schedule) has been prepared in accordance with the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(c)(b) "Project Completion, Final Realized Cost Overruns." This presentation was prepared for the purpose of complying with the reporting requirements of The Carle Foundation and The Carle Foundation Hospital for project No. 08-013 to the Illinois Health Facilities and Services Review Board (IHFSRB) and to the Board of The Carle Foundation upon the project's completion and is presented in conformity with U.S. generally accepted accounting principles.

(2) Summary of Significant Accounting Policies

The Schedule has been prepared and compiled in a manner consistent with an accrual basis such that, whereas necessary, management has made estimates for final payment as of the date of this report. The "Approved Project Costs/Sources" represent the respective amounts approved by the IHFSRB and the "Actual Project Costs/Sources" represent the actual project costs incurred and actual sources used to fund project No. 08-013.

(3) Project Description

The project represented by these expenditures was for the establishment of an eight-floor patient tower and modernizing of existing facilities (Digestive Health Center) located at 611 W. Park Street, Urbana, Illinois. The application was filed with the IHFSRB, received on February 29, 2008, deemed substantially complete as of March 5, 2008, and a public hearing was held on August 12, 2008, at which time the project was approved.

AIA® Document G702™ – 1992

Application and Certificate for Payment

TO OWNER:	Carle Foundation Hospital 611 W. Park Street Urbana, IL 61801 Attn: Scott Harding	PROJECT:	Carle Heart & Vascular Institute 611 W. Park Street Urbana, IL 61801 20800	APPLICATION NO: 36 (Thirty Six) PERIOD TO: January 31, 2014 CONTRACT FOR: General Construction CONTRACT DATE: PROJECT NOS: / /	Distribution to: OWNER: ARCHITECT: CONTRACTOR: FIELD: OTHER:
FROM CONTRACTOR:	Pepper Construction Company 18505 West Creek Drive Tinley Park, IL 60477	VIA ARCHITECT:	Shepley Bulfinch Richardson & 2 Seaport Lane Boston, MA 02210		

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 ..... $ 117,524,899.00
2. NET CHANGE BY CHANGE ORDERS ..... $ 1,080,552.00
3. CONTRACT SUM TO DATE (Line 1 ± 2) ..... $ 118,605,451.00
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) ..... $ 118,605,451.00
5. RETAINAGE:
   a. 0 % of Completed Work (Column D + E on G703) $ 0.00
   b. 0 % of Stored Material (Column F on G703) $ 0.00
   Total Retainage (Lines 5a + 5b or Total in Column I of G703) ..... $ 0.00
6. TOTAL EARNED LESS RETAINAGE ..... $ 118,605,451.00 (Line 4 Less Line 5 Total)
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT ..... $ 115,979,448.00 (Line 6 from prior Certificate)
8. CURRENT PAYMENT DUE ..... $ 2,626,003.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6) $ 0.00

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	$ 2,864,406.00	$ 1,194,861.00
Total approved this Month	$ 110,978.00	$ 699,971.00
TOTALS	$ 2,975,384.00	$ 1,894,832.00
NET CHANGES by Change Order	$	1,080,552.00

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:
By: [signature] Date: May 14, 2014
State of: Illinois
County of: Cook
Subscribed and sworn to before me this 14th day of May 2014
Notary Public: Steven M. Hertz
My Commission expires: 03/02/15

"OFFICIAL SEAL"
STEVEN M. HERTZ
Notary Public, State of Illinois
My Commission Expires 03/02/15

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 ..... $ 2,626,003.00

(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:
By: David D Pacey Date: 5/19/14

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.

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User Notes: (896291961)

APPLICATION AND CERTIFICATE FOR PAYMENT

AIA DOCUMENT G702 (Instructions on reverse side)

TO OWNER:
Carle Foundation Hospital
Urbana, IL 61801

PROJECT: Urbana, IL

APPLICATION NO: 14

PERIOD TO: Final

PROJECT NOS.: 567720

CONTRACT DATE: 11/11/08

Distribution To:
☐ OWNER
☐ ARCHITECT
☐ CONTRACTOR
☐
☐

FROM CONTRACTOR: Erdman Company

VIA ARCHITECT:

CONTRACT FOR: Digestive Health Center

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** $7,000,000
2. **Net change by Change Orders** $34,990
3. **CONTRACT SUM TO DATE** (Line 1 ± 2) $7,034,990
4. **TOTAL COMPLETED & STORED TO DATE** (Column H on G703) $7,034,990
5. **RETAINAGE:**
   a. 5 % of Completed Work (Columns D + E on G703) $0
   b. 5 % of Stored Material (Column F on G703) $0
   Total Retainage (Line 5a + 5b or Total in Column I of G703) $0
6. **TOTAL EARNED LESS RETAINAGE** (Line 4 less Line 5 Total) $7,034,990
7. **LESS PREVIOUS CERTIFICATES FOR PAYMENT** (Line 6 from prior Certificate) ($6,644,792)
8. **CURRENT PAYMENT DUE** $390,198
9. **BALANCE TO FINISH, INCLUDING RETAINAGE** (Line 3 less Line 6) $0

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	$163,036	($140,853)
Total approved this Month	$12,807	$0
TOTALS	$175,843	($140,853)
NET CHANGES by Change Order		$34,990

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: Erdman Company

By: [signature] Date: 12/16/08

State of: Wisconsin
County of: Dane
Subscribed and sworn to before me this 16th day of December

Notary Public: Karen M. Miller
My Commission expires: 09/08/13

KAREN M. MILLER NOTARY PUBLIC STATE OF WISCONSIN

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 $

(Attach explanation if amount certified differs from the amount applied for. Initial all 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 or Contractor under this Contract.