



**HSHS**  
**St. John's**  
**Hospital**

**RECEIVED**

**JUL 29 2015**

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

July 29, 2015

Mr. Michael Constantino  
Supervisor – Project Review Section  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street – 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Re: Transmittal Letter Final Realized Cost Reports  
St. John's Hospital, Springfield, Illinois  
CON Permit 10-019 – Surgical Suite and Related  
CON Permit 10-042 – Medical / Surgical Bed Modernization

Dear Mr. Constantino,

As you are aware, our initial final cost submittal for CON Permit #10-042 was deemed non-compliant in that the information was based on what was considered by the State Board to be an internal audit. Subsequently, we renewed this specific permit to provide time to comply with the Review Board's external audit requirement. The required documentation is enclosed. The project completion date was renewed until May 31, 2015 allowing up to August 31, 2015 to submit final realized cost documentation.

Some costs on this project have increased since our original final realized cost submittal due to a negotiated settlement with our contractor and the inclusion of external audit costs. The total project costs are now \$48,091,559. As such, we are now \$3,096,755 or 6.0% below the permitted amount which is compliant with our original project cost of \$51,188,314, as approved on September 21, 2010.

St. John's Hospital, Springfield, IL  
Draft Transmittal Letter  
July 29, 2015  
Page 2 of 2

With respect to CON Permit #10-019, this project was renewed until April 13, 2015, allowing until July 30<sup>th</sup> to file final costs per the Review Board's February 25, 2015 notification. The final realized project cost documentation is enclosed. The project cost is \$121,045,775 or \$153,550 under the CON Permit Letter amount of \$121,199,325 as approved on July 27, 2010. It should be noted that the actual request in the Permit Application was \$121,799,325 or \$600,000 more than the Permit Letter. We discovered this typo during the required audit. The final realized project costs are compliant with the Review Board's criterion, regardless which amount is used.

Please contact me if you require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Olejniczak", written over a large, light-colored circular mark.

Dave Olejniczak  
Chief Operating Officer  
St. John's Hospital  
217-544-6464

CC: Ms. Courtney R. Avery, Administrator  
Ed Parkhurst, PRISM Healthcare Consulting

Attachments: Final Realized Cost Submittal for Project 10-019 (Attachment A)  
Final Realized Cost Submittal for Project 10-042 (Attachment B)

Attachment B  
Final Realized Cost Documentation  
CON Permit 10-042  
St. John's Hospital  
Patient Tower Renovation



**HSHS  
St. John's  
Hospital**

July 29, 2015

Mr. Michael Constantino  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street – 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Re: Project Completion  
St. John's Hospital  
Springfield, Illinois  
CON #10-042  
Patient Tower Renovation

Dear Mr. Constantino:

In accordance with 77 Ill. Administrative Code Section 1130.770, Project Completion, Final Cost Realized and Cost Overruns, St. John's Hospital is providing you with the following information regarding our Certificate of Need, Patient Tower Project, CON # 10-042. All data represented is final information for the project.

- 1) Itemization of all project costs; (per independent external audit, Attachment 4)

Description/Use of Funds	CON Allocation	Final Realized Cost	Variance
Preplanning Costs	\$506,291	\$522,177	\$15,886
Site Survey and Soil Investigation	\$0	\$0	\$0
Site Preparation	\$0	\$0	\$0
Off Site Work	\$0	\$0	\$0
New Construction Contracts	\$0	\$0	\$0
Modernization Contracts	\$28,186,285	\$30,392,937	2,206,652
Contingencies	\$2,963,111	\$2,934,732	-28,379
Architectural/Engineers Fees	\$1,745,164	\$1,749,293	\$4,129
Consulting and Other Fees	\$1,837,308	\$1,512,336	-324,972
Movable or Other Equipment	\$5,982,966	\$2,708,691	(\$3,274,275)
Bond Issuance Expense	\$525,344	\$226,881	(\$298,463)
Net Interest Expense	\$3,588,330	\$1,930,658	-1,657,672
Other Costs to be Capitalized	\$5,853,515	\$6,113,854	\$260,339
<b>TOTAL</b>	<b>\$51,188,314</b>	<b>\$48,091,559</b>	<b>(\$3,096,755)*</b>

\* Positive variance

*This project is completed and approved by IDPH the acceptance letter is attached. (Attachment 1)  
The project is 100% complete and the final project cost is \$3,096,755 or 6.0% below the total project cost as permitted.*

- 2) Itemization of those project costs that have been or will be submitted for reimbursement under Title XVIII and XIX;

*All the costs detailed in the table in item 1 of this letter will be submitted for reimbursement under Title XVIII and XIX.*

- 3) Certification that the final realized costs are the total costs required to complete the project and that there are no additional costs or capital expenditures related to the project that will be submitted for reimbursement under Title XVIII or XIX.

*I hereby certify that the final realized costs are the total costs required to complete the project and that there are no additional costs or capital expenditures related to the project that will be submitted for reimbursement under Title XVIII or XIX.*

- 4) Certification of compliance with all terms of the permit to date, including project costs, square footage, services, etc.; certification attesting to compliance with the requirements of this Section must be in the form of a notarized statement signed by an authorized representative the permit holder;

*I hereby certify that these are the final total realized costs required to complete the project and there are no additional or associated costs or capital expenditures related to the project that will be submitted. The project was constructed in accordance with the requirement of the permit, square-footage and services.*

- 5) The final application and certificate for payment for the construction contract, as per the American Institute of Architects form G702 or equivalent; and

*See attachment Number 2 to this final G702 document. This project was finalized in a settlement that is reflected in the attached documentation. (Attachment 3)*

- 6) For permits with a project cost equal to or greater than three times the capital expenditure minimum in place at the time of permit approval, and audited financial report of all project costs and sources of funds.

*The audit of the project financials is attached to this report as Attachment 4. HSHS has approved the release of this audit information.*

Please contact me if you require additional information.

Sincerely,



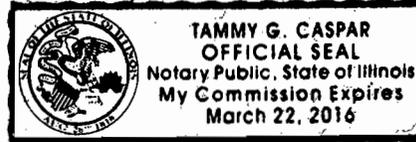
Dave Olejniczak  
Chief Operating Officer  
HSHS St. John's Hospital  
217-544-6464

Acknowledgement

State of Illinois  
County of Sangamon

This instrument was acknowledged before me on July 29, 2015 by  
Dave Olejniczak.

  
Notary Public



cc: Ms. Courtney Avery

- Attachments:
1. IDPH Permanent Occupancy Letter (Page 5)
  2. Architect certified revised G702 in the amount of \$38,816,389 and Waiver of Lien (Pages 7 – 8)
  3. Release between Walsh / Miron JV and St. John's Hospital (Pages 10 – 17)
  4. Independent External Audit Final Project Cost IHFSRB # 10-042 (Pages 19 – 24)

July 29, 2015  
Mike Constantino  
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Attachment 1  
IDPH Occupancy Letter  
CON Permit 10-042  
St. John's Hospital  
Patient Tower Renovation

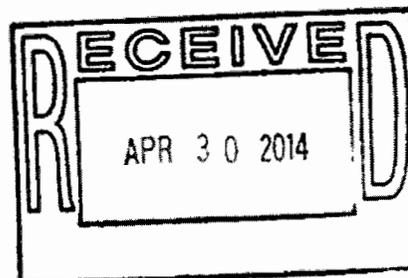


Pat Quinn, Governor

525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • www.idph.state.il.us

April 28, 2014

Mr. Charles Lucore, Administrator  
St. John's Hospital  
800 East Carpenter Street  
Springfield, IL 62769-



**Permanent Occupancy**

Re: St. John's Hospital  
Springfield  
Patient tower remodel  
IDPH No: 9201

Dear Mr. Lucore:

Based on the evaluation of the physical plant and life safety standards, the above project has been approved for occupancy on 04/28/2014.

If this project changes the bed count for which the facility is licensed for by adding or reducing beds, it will be necessary to contact the Illinois Health Facilities Services and Review Board. As required for the entire facility, this unit must be operated and maintained in accordance with the requirements of the Hospital Licensing Act (210 ILCS 8/1 et. seq.) and the Department's rules entitled Hospital Licensing Requirements (77 Ill. Adm. Code 250). For eligibility for Medicare reimbursement, the unit must be operated and maintained in accordance with the federal Conditions of Participation for hospitals (42 CFR 482.1 et. seq.).

If you have any questions about this approval, please do not hesitate to call us at 217/785-4247. The Department's TTY number is 800/547-0466, for use by the hearing impaired.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry Kowalenko".

Henry Kowalenko, Division Chief  
Division of Life Safety and Construction

Cc: Mr. Daniel Dallich  
Berners-Schober Associates, Inc  
310 Pine Street  
Green Bay, WI 54301-

Toni Colón - Deputy Director - IDPH

***Improving public health, one community at a time***

*printed on recycled paper*

July 29, 2015  
Mike Constantino  
Page 6 of 31

Attachment 2  
Architect Certified G-702 and Waiver of Lien  
CON Permit 10-042  
St. John's Hospital  
Patient Tower Renovation

EXHIBIT "F"

**APPLICATION AND CERTIFICATION FOR PAYMENT**

ALA DOCUMENT G702

PAGE 1 OF 2

PAGES

TO OWNER:  
 St. John's Hospital  
 800 East Carpenter Street  
 Springfield, IL 62769

PROJECT:  
 St. John's Hospital Patient Tower Renovation  
 800 East Carpenter Street  
 Springfield, IL 62769

FROM CONTRACTOR:  
 Walsh Miron Joint Venture  
 929 West Adams  
 Chicago, IL 60607

VIA OWNER'S REPRESENTATIVE:  
 Adams Management  
 401 E. Broad St. Suite 100  
 Rome, GA 30161

CONTRACT FOR: Construction Manager

APPLICATION NO: 40  
 DATE: 3/9/15  
 PERIOD FROM: 5/1/14  
 PERIOD TO: FINAL

Distribution to:  
 Walsh Miron JV  
 St. John's Hospital  
 Adams Management  
 Odell Associates, Inc.  
 Berners-Schober Associates, Inc.

PROJECT NO: 210140  
 CONTRACT DATE: 02/14/11

**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 (Estimated Value GMP Not Signed) \$ 34,829,041
2. Net change by Change Orders \$ 3,987,348
3. CONTRACT SUM TO DATE (Line 1 ± 2) \$ 38,816,389
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ 38,816,389
5. RETAINAGE:
  - a. Retainage on Completed Work 0

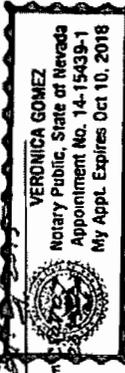
6. TOTAL EARNED LESS RETAINAGE \$ 0
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior certificate) \$ 37,176,389
8. CURRENT PAYMENT DUE \$ 1,640,000
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6) \$ 0

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$2,347,348	\$0.00
Total approved this Month	\$1,640,000.00	\$0.00
<b>TOTALS</b>	<b>\$3,987,348</b>	<b>\$0.00</b>
<b>NET CHANGES by Change Order</b>	<b>\$3,987,348</b>	

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 Miron JV

By: *[Signature]* Date: \_\_\_\_\_  
 State of: Nevada County of: Sagebrush  
 Subscribed and sworn to before me this 13 day of March  
 Notary Public: V. Gomez  
 My Commission expires: Oct 10 2018



**ARCHITECT'S CERTIFICATE FOR PAYMENT**

In accordance with the Contract Documents, based on on-site observations and the data comprising the 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 ..... \$ 1,640,000

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

By: *[Signature]* Date: 3/26/15

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.

THE AMERICAN INSTITUTE OF ARCHITECTS, 1735 NEW YORK AVE., N.W., WASHINGTON, DC 20006-5828

ALA DOCUMENT G702 - APPLICATION AND CERTIFICATION FOR PAYMENT - 1992 EDITION - AIA ©1992

Users may obtain validation of this document by requesting a completed AIA Document D401 - Certification of Document's Authenticity from the Licensee.

*Handwritten notes:*  
 TAF 3/26/15  
 DD 3/26/15  
 CL 3-26-15

**WAIVER OF LIEN TO DATE**

State of Illinois }  
 COUNTY OF Sangai } SS

Gty # \_\_\_\_\_  
 Loan # \_\_\_\_\_  
 Draw # 40

TO WHOM IT MAY CONCERN:

WHEREAS the undersigned has been employed by St. John's Hospital  
 to furnish General Construction Work  
 for the premises known as St. John's Hospital Patient Tower Renovation  
 of which St. John's Hospital is the owner.

THE undersigned, for and in consideration of One Million Six Hundred Forty Thousand  
\$1,640,000 Dollars, and other good and valuable considerations, the receipt whereof is hereby acknowledged, do(es)  
 hereby waive and release any and all lien or claim of, or right to, lien, under the statutes of the State of Illinois, relating to mechanics' liens, with respect to  
 and on said above-described premises, and the improvements thereon, and on the material, fixtures, apparatus or machinery furnished, and on the  
 moneys, funds or other considerations due or to become due from the owner, on account of all labor, services, material, fixtures, apparatus or machinery,  
 heretofore paid to date.

DATE 3/9/2015 COMPANY NAME Walsh/Miron Joint Venture  
 ADDRESS 929 W. Adams St. Chicago, IL 60607

SIGNATURE AND TITLE \_\_\_\_\_

**CONTRACTOR'S AFFIDAVIT**

State of Illinois }  
 COUNTY OF Cook } SS

TO WHOM IT MAY CONCERN:

THE UNDERSIGNED, (NAME) John Frye BEING DULY SWORN, DEPOSES  
 AND SAYS THAT HE OR SHE IS (POSITION) Project Director OF  
 (COMPANY NAME) Walsh/Miron Joint Venture WHO IS THE  
 CONTRACTOR FURNISHING General Construction Work WORK ON THE BUILDING  
 LOCATED AT St. John's Hospital, Springfield, IL 62701  
 OWNED BY St. John's Hospital

That the total amount of the contract is \$38,816,389 on which he or she has received payment of  
\$37,176,389 prior to this payment. That all waivers are true, correct and genuine and delivered unconditionally and that  
 there is no claim either legal or equitable to defeat the validity of said waivers. That the following are the names and addresses of all parties  
 who have furnished material or labor, or both, for said work and all parties having contracts or sub contracts for specific portions of said work  
 or for material entering into the construction thereof and the amount due or to become due to each, and that the items mentioned include all  
 labor and material required to complete said work according to plans and specifications:

NAMES & ADDRESSES	WHAT FOR	CONTRACT PRICE INCLDG EXTRAS*	AMOUNT PAID	THIS PAYMENT	BALANCE DUE
See attached G703	General Construction	\$ 38,816,389	\$ 37,176,389	\$ 1,640,000	\$ 0
<b>TOTAL LABOR AND MATERIAL TO COMPLETE</b>		\$ 38,816,389	\$ 37,176,389	\$ 3,185,362	\$ 0

That there are no other contracts for said work outstanding, and that there is nothing due or to become due to any person for material, labor  
 or other work of any kind done or to be done upon or in connection with said work other than above stated.

DATE 3/9/2015 SIGNATURE: \_\_\_\_\_  
 SUBSCRIBED AND SWORN TO ME THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2014

\_\_\_\_\_  
 NOTARY PUBLIC

July 29, 2015  
Mike Constantino  
Page 9 of 25

Attachment 3  
Contractor Agreement and Release  
CON Permit 10-042  
St. John's Hospital  
Patient Tower Renovation

**AGREEMENT AND RELEASE**

**(St. John's Phase I – Patient Tower Renovations Project)**

This Agreement and Release is entered into effective as of March 9, 2015, (the "Agreement Effective Date") by and between St. John's Hospital and Hospital Sisters Health System of the Third Order of St. Francis ("St. John's") and Walsh/Miron Joint Venture ("Walsh/Miron"). St. John's and Walsh/Miron may hereinafter be collectively referred to as the "Parties".

\*\*\*

WHEREAS, St. John's entered into a Construction Contract Agreement with Walsh/Miron identified as "AIA Document A102 – 2007, Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price", which was modified by the parties and dated January 20, 2011; and

WHEREAS, under the terms of the construction agreement, Walsh/Miron, as the Contractor, was to construct the "Phase I – Patient Tower Renovations" Project for the St. John's campus; and,

WHEREAS, the work on the Project by Walsh/Miron was substantially completed in April 2014; and,

WHEREAS, Walsh/Miron believes it should be awarded additional time to the contract scheduled completion date and paid additional money for alleged additional costs incurred in performing its work on the Project, all of which St. John's denies; and,

WHEREAS, St. John's believes Walsh/Miron failed to timely complete the Patient Tower Renovations Project by the completion date required by the Construction Contract Agreement, and that St. John's is to be credited certain billed items associated with the work on the Project, all of which Walsh/Miron denies; and,

WHEREAS, the Parties hereto have now agreed to resolve and settle any claims that have been or could be made against one another relating the schedule and payment for services provided to the Project in order to avoid the uncertainties and expenses of litigation, and further desire to compromise and settle such claims, disputes, and controversies by and between them, under the terms and conditions set forth herein.

\* \* \* \* \*

NOW, THEREFORE, in consideration of the premises and the undertakings of the Parties hereto, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated into and form a part of this Agreement and Release.
2. Agreed Terms of Settlement.
  - a. Walsh/Miron will complete the remediation of all remaining punch list items for the Project to St. John's satisfaction. Upon completion of all of the punch list items for the Project to St. John's satisfaction, final completion will be certified.
  - b. In consideration of the release granted below, St. John's shall pay Walsh/Miron the total sum of \$1,640,000.00 (the "Settlement Payment"). Payment of this Settlement Payment will occur within 30 days of final completion being reached

and after a G-702 document is submitted by Walsh/Miron (identifying the Settlement Payment amount) being certified by St. John's and the Architect.

- c. The Parties agree that there are no outstanding change orders for the Project.
  - d. Once payment is made, no further money will be due to Walsh/Miron on the Project for any reason, including but not limited to: change order(s), construction change directives, PCI's (approved or unapproved), requests for additional time, requests for added general conditions, or any liquidated damages.
  - e. Walsh/Miron will execute and provide to St. John's all lien waivers and releases required under the Contact Agreement for the Project.
    - i. Walsh/Miron will ensure any lien placed on the Project and/or Project property will be released as required pursuant to the Construction Contract Agreement. This requirement shall remain in full force and effect into the future.
  - f. All other requirements and covenants in the Construction Contract Agreement will remain in full force and effect, including, but not specifically limited to, any defective work or warranty work for the Project, which if arises will be resolved by Walsh/Miron according to the Construction Contract Agreement.
3. Payments to Subcontractors. Upon receipt of the payments identified in Section 2 above, Walsh/Miron will promptly pay all of its subcontractors, suppliers, vendors, and any other persons who provided labor, material, or equipment to the Project for Walsh/Miron.
4. Release of Claims by Walsh/Miron. For and in consideration of the execution of this Agreement and Release, the making of the Settlement Payment, and other good and

valuable consideration, the sufficiency of which are hereby acknowledged, Walsh/Miron and its partners, predecessors, successors, assigns, parents, holding entities, subsidiaries, and affiliates release, acquit, and forever discharge St. John's and Hospital Sisters Health System of the Third Order of St. Francis and their respective agents, servants, affiliates, employees, board members, officers, and directors from any and all claims, actions, causes of action, suits, damages, demands of debts, sums of money, or accounts, or breaches of covenants, contracts or agreements which Walsh/Miron has or may have against St. John's or Hospital Sisters Health System relating to or arising out of the **St. John's Phase I – Patient Tower Renovations Project**.

5. Limited Release of Certain Claims by St. John's. For and in consideration of the execution of this Agreement and Release and other good and valuable consideration, the sufficiency of which are hereby acknowledged, St. John's and its predecessors, successors, assigns, parents, holding entities, subsidiaries, and affiliates release, acquit, and forever discharge Walsh/Miron and their respective agents, servants, affiliates, employees, board members, officers, and directors from any and all claims, actions, causes of action, suits, damages, demands of debts, sums of money, or accounts, or breaches of covenants, contracts or agreements which St. John's has or may have against Walsh/Miron only relating to payment, for Project work or liquidated damages associated with completion deadlines, arising out of the **St. John's Phase I – Patient Tower Renovations Project**. All other obligations and covenants required pursuant to the Project Construction Contract Agreement, including, but not specifically limited to, defective work and warranties, shall remain in full force and effect.

6. **Indemnification.** To the fullest extent permitted by law, Walsh/Miron shall indemnify and hold harmless St. John's and Hospital Sisters Health System of the Third Order of St. Francis from and against claims, damages, losses, and expenses, including but not limited to attorneys' fees, court costs, and investigative costs, arising out of or resulting from any claim by a subcontractor, supplier, or vendor of Walsh/Miron or any other person who provided labor, material, or equipment to the Project for or on behalf of Walsh/Miron, including but not limited to claims pertaining to mechanics' or materialmen's lien claims, breach of contract, unjust enrichment or quantum meruit, tort, or any other type of claim asserted against St. John's and/or Hospital Sisters Health System of the Third Order of St. Francis.
  
7. **Effective Date of Release/Indemnification.** The releases and indemnification set forth in Paragraphs 4, 5, and 6 of this Agreement and Release shall become effective upon the making payment of the final contract payment and the Settlement Payment, for **St. John's Phase I – Patient Tower Renovations Project**, all as set forth in Paragraph 2 of this Agreement and Release.
  
8. **Good Faith.** The Parties enter into this Agreement and Release in acceptance of a good faith settlement of all claims described herein.
  
9. **Modification of this Agreement and Release.** No waiver, modification, or amendment of any term, condition, or provision of this Agreement and Release shall be valid or have any force or effect unless made in writing and signed by the Parties. The waiver by any one of the Parties of a breach or violation of any provision of this Agreement and Release

shall not operate as, constitute, or be construed to be a waiver of any subsequent breach or violation hereof.

10. No Admission of Liability. The execution of this Agreement and Release is not an admission on the part of any of the Parties of any liability, fault, or obligation whatsoever. This Agreement and Release is a compromise of disputed liability covering all the claims asserted, or which could have been asserted, in any action, litigation, arbitration, complaint, or regulatory or administrative proceeding.
11. Understanding of the Parties. The Parties hereby represent that each has read and understands all of the terms and provisions of this Agreement and Release and is executing this Agreement and Release voluntarily and following the opportunity for independent legal advice, and that this Agreement and Release should not be construed against any of the Parties as the drafter of the same.
12. Capacity. The signatories to this Agreement and Release hereby represent and warrant that each has the authority and capacity to bind the respective principals by the execution of this Agreement and Release.
13. Counterparts. This Agreement and Release may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.
14. Entire Agreement. This Agreement and Release reflects the entire agreement between the Parties with respect to the settlement of claims hereinabove described. Those

statements, promises, or inducements made by or on behalf of the Parties that are not contained herein shall not be binding.

15. Governing Law. This Agreement and Release shall be governed by the laws of the State of Illinois. The Parties hereby consent to and submit themselves to the exclusive jurisdiction and venue of the state courts situated in Sangamon County, Illinois, to interpret the terms of this Agreement and Release, to enforce this Agreement and Release, and to resolve any and all disputes that may arise from this Agreement and Release.
16. Binding Effect. This Agreement and Release shall inure to the benefit of and be binding, as applicable, upon the Parties' respective agents, servants, predecessors, successors, assigns, parent companies, partners, subsidiaries, affiliates, employees, representatives, subcontractors, suppliers, vendors, board members, officers, directors, members, and partners.
17. Construction. Whenever in this Agreement and Release a singular word is used, it shall also include the plural whenever required by the context, and vice-versa.
18. Captions. Captions and heading in this Agreement and Release are for reference only and shall not affect the interpretation of this Agreement and Release.
19. Severability. To the extent any provision of this Agreement and Release is found to be invalid or legally unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement and Release shall not be affected and shall be given full force and effect.

Agreed to and Executed by:

**St. John's Hospital and Hospital Sisters Health System of the Third Order of St. Francis**



By: Larry P. Schumacher  
Its: Chief Operating Officer of Hospital Sisters Health System  
Date: 3/16/15

**Walsh/Miron Joint Venture**

By:   
Its: James J. Reichart  
Healthcare Director  
Date: MAR 26 2015

#1717356

July 29, 2015  
Mike Constantino  
Page 18 of 25

Attachment 4  
Independent Auditors Report  
CON Permit 10-042  
St. John's Hospital  
Patient Tower Renovation

**St. John's Hospital of the Hospital Sisters  
of the Third Order of St. Francis**

Project 10-042 Patient Tower  
Independent Auditor's Report and Schedule  
May 31, 2015

**St. John's Hospital of the Hospital Sisters  
of the Third Order of St. Francis  
Project 10-042 Patient Tower  
May 31, 2015**

**Contents**

**Independent Auditor's Report..... 1**

**Schedule**

Schedule of Project Costs and Sources of Funds for Project No. 10-042 ..... 2  
Notes to Schedule of Project Costs and Sources of Funds for Project No. 10-042 ..... 3



## Independent Auditor's Report

Board of Directors  
St. John's Hospital of the Hospital Sisters  
of the Third Order of St. Francis  
Springfield, Illinois

We have audited the accompanying Schedule of Project Costs and Sources of Funds for Project 10-042 – Patient Tower (the "Schedule") for St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis as of May 31, 2015, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that are 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, pursuant with the provisions and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(d)(5) "Project Completion, Final Realized Costs and Cost Overruns."

### *Opinion*

In our opinion, the Schedule referred to above presents fairly, in all material respects, the project cost and sources of funds for Project 10-042 – Patient Tower, for St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis as of May 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

July 29, 2015  
Mike Constantino  
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Board of Directors  
St. John's Hospital of the Hospital Sisters  
of the Third Order of St. Francis  
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***Restriction on Use***

Our report is intended solely for the information and use of the Board of Directors, management and the State of Illinois Health and Facilities and Services Review Board and is not intended to be, and should not be, used by anyone other than these specified parties.

**BKD, LLP**

St. Louis, Missouri  
July 28, 2015

**St. John's Hospital of the Hospital Sisters  
of the Third Order of St. Francis**  
**Schedule of Project Costs and Sources of Funds for Project No. 10-042**  
**May 31, 2015**

Description of Costs	Approved Permit Amount	Actual	Variance Favorable/ (Unfavorable)
Preplanning costs	\$ 506,291	\$ 522,177	\$ (15,886)
Modernization contracts	28,186,285	30,392,937	(2,206,652)
Contingencies	2,963,111	2,934,732	28,379
Architectural/engineering fees	1,745,164	1,749,293	(4,129)
Consulting and other fees	1,837,308	1,512,336	324,972
Movable or other equipment	5,982,966	2,708,691	3,274,275
Bond issuance expense	525,344	226,881	298,463
Net interest expense during construction	3,588,330	1,930,658	1,657,672
Other costs to be capitalized	5,853,515	6,113,854	(260,339)
Total project costs	<u>\$ 51,188,314</u>	<u>\$ 48,091,559</u>	<u>\$ 3,096,755</u>

Description of Sources	Approved Permit Amount	Actual	Variance Favorable/ (Unfavorable)
Cash and securities	\$ 21,293,074	\$ 22,960,895	\$ (1,667,821)
Bond issues	29,895,240	25,130,664	4,764,576
Total sources of funds	<u>\$ 51,188,314</u>	<u>\$ 48,091,559</u>	<u>\$ 3,096,755</u>

**St. John's Hospital of the Hospital Sisters  
of the Third Order of St. Francis**  
**Notes to Schedule of Project Costs and Sources of Funds for Project 10-042**  
**May 31, 2015**

**Note 1: Purpose of Audit and Basis of Accounting**

The Schedule of Project Costs and Sources of Funds for Project No. 10-042 – Patient Tower (“Schedule”) is presented on the accrual basis of accounting. The amounts presented in the Schedule strictly relate to Project No. 10-042 (“Project”) and do not include any other sources of funds or costs of St. John’s Hospital of the Hospital Sisters of the Third Order of St. Francis (“Hospital”).

The Schedule is prepared in accordance with the financial reporting provisions and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(d)(5) “Project Completion, Final Realized Costs and Cost Overruns,” to comply with the requirements of the State of Illinois Health and Facilities and Services Review Board (IHFSRB).

**Note 2: Project Description**

The Project represented by these expenditures was for the modernization of four floors of the Hospital’s existing medical/surgical nursing units. The Project modernized the sixth through ninth floors of two contiguous buildings that were constructed in 1939 and 1970 and are connected to each other, functioning as a single tower. The Project involved replacement of surgical suites, recovery units and multiple clinical areas supporting surgery. The Project also replaced or expanded equipment, administrative space supporting surgery and nursing, entrances and public space and building and mechanical space and equipment. The application, filed with the IHFSRB, was approved on September 21, 2010, and the Project was completed as of May 31, 2015.

**Note 3: Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditor’s Report, which is the date the Schedule was available to be issued.