

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

RECEIVED

FEB 14 2020

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATIONHEALTH FACILITIES &
SERVICES REVIEW BOARD**This Section must be completed for all projects.****Facility/Project Identification**

Facility Name:	Northwestern Medicine Bloomingdale Medical Office Building		
Street Address:	235 South Gary Avenue		
City and Zip Code:	Bloomingdale, Illinois 60190		
County:	DuPage	Health Service Area:	7 Health Planning Area: A-05

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Central DuPage Hospital Association
Street Address:	25 North Winfield Road
City and Zip Code:	Winfield, Illinois 60190
Name of Registered Agent:	Danae Prousis
Registered Agent Street Address:	211 East Ontario Street Suite 1800
Registered Agent City and Zip Code:	Chicago, IL 60611
Name of Chief Executive Officer:	Dean M. Harrison
CEO Street Address:	251 East Huron Street
CEO City and Zip Code:	Chicago, Illinois 60611
CEO Telephone Number:	312-926-3007

Type of Ownership of Applicants

- | | | |
|--|--|--------------------------------|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership | |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental | |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street Suite 1750
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-0373

Additional Contact [Person who is also authorized to discuss the application for permit]

Name:	Rob Christie
Title:	SVP, External Affairs, NMHC
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street Suite 1750
Telephone Number:	312-926-7527
E-mail Address:	robert.christie@nm.org
Fax Number:	312-926-0373

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street Suite 1750
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-0373

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Central DuPage Hospital Association d/b/a NM Central DuPage Hospital
Address of Site Owner:	25 North Winfield Road, Winfield, Illinois 60190
Street Address or Legal Description of the Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name:	Central DuPage Hospital Association d/b/a NM Central DuPage Hospital		
Address:	25 North Winfield Road, Winfield, Illinois 60190		
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Partnership <input type="checkbox"/> Governmental <input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other	
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 			
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

☐

Substantive

☒

Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Northwestern Medicine Central DuPage Hospital (CDH) proposes to renovate an existing building located at 235 South Gary Avenue in Bloomingdale, IL. The project includes extensive interior and exterior renovations. Per IAC 1100.220, the project should be considered "new construction" because the building was originally built as retail space and is not an existing health care facility.

Approximately 75% of the space in the project will be used for physicians' practices with the remaining space for two CDH departments: diagnostic imaging and physical therapy.

The anticipated project completion date is June 30, 2022.

The total project cost is \$28,903,127 which includes the purchase price of the building.

The project is classified as non-substantive because it does not establish a new category of service or facility as defined in 20 ILCS 3690/3.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$ 23,559	\$ 126,441	\$ 150,000
Site Survey and Soil Investigation	\$ 15,706	\$ 84,294	\$ 100,000
Site Preparation	\$ 105,228	\$ 564,772	\$ 670,000
Off Site Work			
New Construction Contracts	\$ 2,199,075	\$ 11,802,650	\$ 14,001,725
Modernization Contracts			
Contingencies	\$ 219,908	\$ 1,180,265	\$ 1,400,173
Architectural/Engineering Fees	\$ 168,837	\$ 906,163	\$ 1,075,000
Consulting and Other Fees	\$ 109,940	\$ 590,060	\$ 700,000
Movable or Other Equipment (not in construction contracts)	\$ 3,504,837	\$ 2,655,163	\$ 6,160,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$ 168,444	\$ 904,056	\$ 1,072,500
Acquisition of Building or Other Property (excluding land)	\$ 833,592	\$ 2,740,137	\$ 3,573,729
TOTAL USES OF FUNDS	\$ 7,349,125	\$ 21,554,001	\$ 28,903,127
SOURCE OF FUNDS			
Cash and Securities	\$ 7,349,125	\$ 21,554,001	\$ 28,903,127
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 7,349,125	\$ 21,554,001	\$ 28,903,127
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
 Purchase Price: \$ N/A
 Fair Market Value: \$ N/A

The project involves the establishment of a new facility or a new category of service

☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ N/A.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2022

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

- ☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☐ Financial Commitment will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:

- ☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS **ATTACHMENT 9**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Central DuPage Hospital		CITY: Winfield			
REPORTING PERIOD DATES: CY18 From: 1/1/18 to: 12/31/18					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	233	12,425	61,129	0	233
Obstetrics	35	2,902	9,362	0	35
Pediatrics	22	1,096	4,637	0	22
Intensive Care	46	1,260	10,866	0	46
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	48	2,354	15,573	0	48
Neonatal Intensive Care	8	281	2,976	0	8
General Long Term Care	0	0	0	0	0
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	00	0	0	0
Other ((identify))	0	0	0	0	0
TOTALS:	392	20,318	104,543	0	392

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Central DuPage Hospital Association (CDH) *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

Kevin P. Poorten
SIGNATURE

Kevin P. Poorten
PRINTED NAME

SVP, NMHC & President, CDH
PRINTED TITLE

Matthew J. Flynn
SIGNATURE

Matthew J. Flynn
PRINTED NAME

VP & CFO, NM West Region
PRINTED TITLE

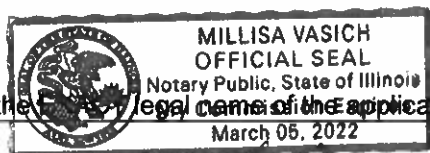
Notarization:
Subscribed and sworn to before me
this 12th day of FEBRUARY

Notarization:
Subscribed and sworn to before me
this 12th day of FEBRUARY

Millisa Vasich
Signature of Notary

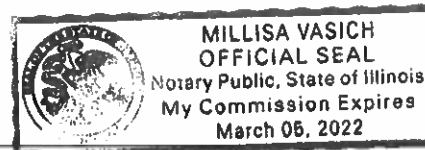
Millisa Vasich
Signature of Notary

Seal



*Insert the legal name of the applicant

Seal



Millisa Vasich
02/12/2020

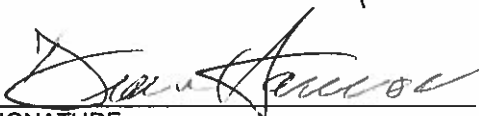
Millisa Vasich
02/12/2020

CERTIFICATION

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- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Northwestern Memorial HealthCare (NMHC) *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Dean M. Harrison
PRINTED NAME

President & CEO, NMHC
PRINTED TITLE

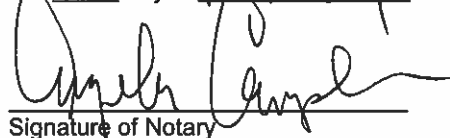

SIGNATURE

John A. Orsini
PRINTED NAME

SVP & CFO, NMHC
PRINTED TITLE

Notarization:

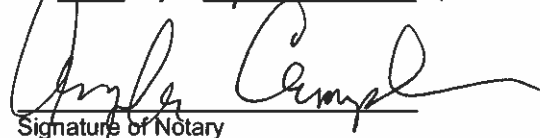
Subscribed and sworn to before me
this 11 day of February


Signature of Notary

Seal

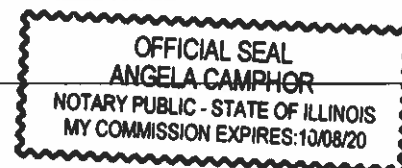
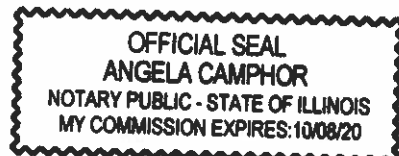
Notarization:

Subscribed and sworn to before me
this 11 day of February


Signature of Notary

Seal

*Insert the EXACT legal name of the applicant



SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
 - a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.
 - b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.
 - c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
 - d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
 - e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.110(b) & (d)**PURPOSE OF PROJECT**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:
 Alternative options **must** include:
 - A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
 - c. The project involves the conversion of existing space that results in excess square footage.
 - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:

2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
<input checked="" type="checkbox"/> Physical Therapy		
<input checked="" type="checkbox"/> Diagnostic Imaging		
<input type="checkbox"/>		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 30</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VI. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

<p>_____</p>	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
<p>_____</p>	<p>b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p>
<p>_____</p>	<p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
<p>_____</p>	<p>d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:</p> <ol style="list-style-type: none"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all

	<p>terms and conditions.</p> <p>e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;</p> <p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p> <p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT 33, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. 1120.130 - FINANCIAL VIABILITY

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. CHARITY CARE INFORMATION

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

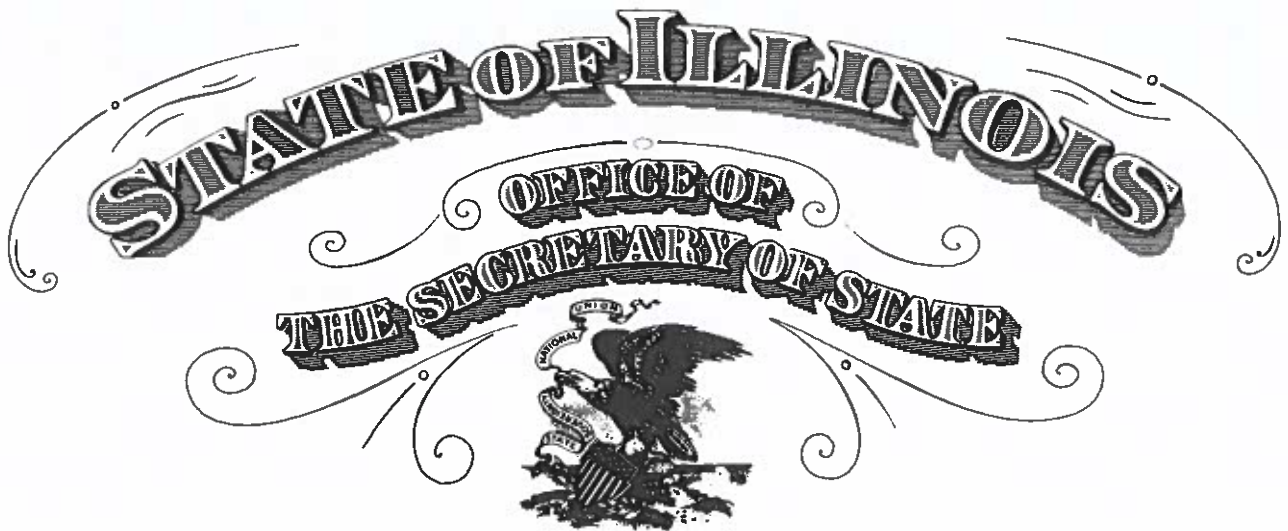
APPEND DOCUMENTATION AS **ATTACHMENT 38**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	23-24
2	Site Ownership	24-25
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	30
5	Flood Plain Requirements	31-32
6	Historic Preservation Act Requirements	33-34
7	Project and Sources of Funds Itemization	35-38
8	Financial Commitment Document if required	39
9	Cost Space Requirements	40
10	Discontinuation	
11	Background of the Applicant	41-42
12	Purpose of the Project	43-44
13	Alternatives to the Project	45-46
14	Size of the Project	47-50
15	Project Service Utilization	51-54
16	Unfinished or Shell Space	55
17	Assurances for Unfinished/Shell Space	
	Service Specific:	
18	Medical Surgical Pediatrics, Obstetrics, ICU	
19	Comprehensive Physical Rehabilitation	
20	Acute Mental Illness	
21	Open Heart Surgery	
22	Cardiac Catheterization	
23	In-Center Hemodialysis	
24	Non-Hospital Based Ambulatory Surgery	
25	Selected Organ Transplantation	
26	Kidney Transplantation	
27	Subacute Care Hospital Model	
28	Community-Based Residential Rehabilitation Center	
29	Long Term Acute Care Hospital	
30	Clinical Service Areas Other than Categories of Service	56-58
31	Freestanding Emergency Center Medical Services	
32	Birth Center	
	Financial and Economic Feasibility:	
33	Availability of Funds	59-71
34	Financial Waiver	59-71
35	Financial Viability	59-71
36	Economic Feasibility	60-71
37	Safety Net Impact Statement	72
38	Charity Care Information	73-74

File Number

3798-159-1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

CENTRAL DU PAGE HOSPITAL ASSOCIATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 05, 1958, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 5TH day of DECEMBER A.D. 2019 .

Jesse White

SECRETARY OF STATE

Authentication #: 1933903302 verifiable until 12/05/2020

Authenticate at: <http://www.cyberdriveillinois.com>

ATTACHMENT-1

File Number

5257-740-3



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

NORTHWESTERN MEMORIAL HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 30, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 5TH day of DECEMBER A.D. 2019 .

Jesse White

SECRETARY OF STATE

Authentication #: 1933903286 verifiable until 12/05/2020

Authenticate at: <http://www.cyberdriveillinois.com>

ATTACHMENT-1

SPECIAL WARRANTY DEED
Statutory (Illinois)

FRED BUCHOLZ, RECORDER
 DUPAGE COUNTY ILLINOIS
 03/22/2019 01:40 PM
 RHSP

Property Address:

DOCUMENT # R2019-020967

231-235 South Gary Avenue
 Bloomingdale, Illinois 60108

PIN: 02-20-204-007-0000

Above Space for Recorder's use only

SPECIAL WARRANTY DEED

CC#12803368LD 1st CATTAN

THIS INDENTURE is made as of March 18, 2019 (the "Effective Date"), by Stratford Medical Center, LLC, an Illinois limited liability company, having an address c/o Sanders Commercial Real Estate, Inc., 20 Danada Square West, Suite 274, Wheaton, Illinois 60189 ("Grantor"), in favor of Central DuPage Hospital Association, an Illinois not-for-profit corporation, having an address c/o Northwestern Memorial HealthCare, 211 East Ontario Street, Suite 1400, Chicago, Illinois 60611-3223 ("Grantee"). WITNESSETH, that Grantor, for and in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration in hand paid by Grantee, the receipt whereof is hereby acknowledged, by these presents does GRANT, BARGAIN AND SELL unto Grantee, and to its successors and assigns, FOREVER, all the following described Real Estate (the "Premises") situated in the County of DuPage, the State of Illinois, known and described as follows, to wit:

Legal Description attached as Exhibit A

together with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof (if any), and all the estate, right, title, interest, claim or demand whatsoever, of Grantor, either in law or equity, of, in and to the Premises, with the hereditaments and appurtenances: TO HAVE AND TO HOLD the Premises, with the appurtenances, unto Grantee, its successors and assigns forever.

And Grantor, for itself and its successors, does covenant, promise and agree to and with Grantee, its successors and assigns that it has not done or suffered to be done anything whereby the Premises hereby granted are, or may be, in any manner encumbered or charged, except as herein recited: and that it WILL WARRANT AND DEFEND the Premises against all persons lawfully claiming, or to claim the same, by, through or under it, subject to those matters set forth in Exhibit B attached hereto and made a part hereof.

Exempt under provisions of Paragraph B, Section 4, Real Estate Transfer Tax Act.

March 18, 2019



 Agent for Grantor and Grantee

[Signature page follows.]

ATTACHMENT-2

Grantor has caused its name to be signed to this Special Warranty Deed by its duly appointed manager effective as of the Effective Date.

Stratford Medical Center, LLC,
an Illinois limited liability company

By: Paul Chong
Name: Paul Chong
Title: Manager

STATE OF TEXAS)
) SS
COUNTY OF DALLAS)

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that Paul Chong, personally known to me to be a manager of Stratford Medical Center, LLC, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such manager he signed and delivered said instrument, pursuant to authority of said limited liability company, as his own free and voluntary act, and as the free and voluntary act and deed of said limited liability company, for the uses and purposes therein set forth.

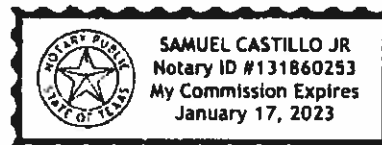
Given under my hand and official seal this 18 day of March, 2019.

My commission expires January 17, 2023 20 .

Samuel Castillo Jr.
NOTARY PUBLIC

THIS INSTRUMENT WAS PREPARED BY:

Mark S. Litner, Esq.
Jaffe & Berlin, LLC
111 West Washington Street
Suite 900
Chicago, Illinois 60602



AFTER RECORDING MAIL TO:

Northwestern Memorial HealthCare
211 E. Ontario Street Ste. 1400
Chicago, IL 60611-3223
Attn: Office of the General Counsel

SEND SUBSEQUENT TAX BILLS TO:

Northwestern Memorial HealthCare
211 East Ontario Street
Suite 1400
Chicago, Illinois 60611-3223
Attention: Office of the General Counsel

EXHIBIT A
Legal Description

PARCEL 1: LOT 1 IN DUPAGE HEALTH SERVICES, INC., RESUBDIVISION OF LOT 1 IN STRATFORD ASSESSMENT PLAT NUMBER 14, BEING A SUBDIVISION OF PART OF THE SOUTHEAST 1/4 OF SECTION 17 AND PART OF THE NORTHEAST 1/4 OF SECTION 20, ALL IN TOWNSHIP 40 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT OF SAID DUPAGE HEALTH SERVICES, INC., RESUBDIVISION RECORDED APRIL 27, 1993 AS DOCUMENT R93-081604, IN DU PAGE COUNTY, ILLINOIS.

PARCEL 2: NON-EXCLUSIVE EASEMENT FOR THE BENEFIT OF PARCEL 1, AS CREATED BY RECIPROCAL EASEMENT AGREEMENT RECORDED JANUARY 11, 1994, AS DOCUMENT NO. R94-10461, FOR PARKING AND PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS OVER, ACROSS, UPON, IN AND THROUGH THE COMMON AREA AS FURTHER DEFINED THEREIN.

PARCEL 3: NON-EXCLUSIVE EASEMENT FOR THE BENEFIT OF PARCEL 1, AS CREATED BY RECIPROCAL EASEMENT AGREEMENT RECORDED NOVEMBER 27, 1990 AS DOCUMENT NO. R90-160161, FOR VEHICLE AND PEDESTRIAN INGRESS, EGRESS, PASSAGE, AND DELIVERY OVER THE SOUTHERLY 15 FEET OF PARCEL 1 OF THE LAND DESCRIBED IN EXHIBIT A ATTACHED THERETO.

EXHIBIT B

1. Taxes and assessments which are a lien, but which are not yet billed, or are billed but are not yet delinquent.
2. Acts done or suffered by, through or under, or judgments against Grantee.

Existing unrecorded leases identified on the rent roll attached to the ALTA Statement dated MARCH 18, 2019 and executed by Stratford Medical Center, LLC, and all rights thereunder of the lessees and of any person or party claiming by, through or under the lessees.

The reciprocal and non-exclusive rights, easements, and privileges of use, ingress and egress, Parking, Utility and Other Purposes, together with all rights, powers, privileges and benefits as established by and contained in that certain easement and operating agreement dated October 22, 1979 and recorded November 5, 1979 as document R79-100343, and certificate of correction recorded March 11, 1981 as document R81-12075, executed by and between urban investment and development company, a Delaware Corporation, Marshall field and company, a Delaware Corporation, Carson, Pirie, Scott and company, a Delaware Corporation, Wieboldt Stores, Inc., An Illinois Corporation, and Montgomery Ward Development, a Delaware corporation.

(Affects a northern portion of the Land and other property)

Easement agreement dated October 4, 1982 and recorded January 14, 1983 as document R83-02817, made by La Salle National Bank, as trustee under trust number 47030, Pearle Vision Center, Inc., A Texas Corporation, and the Talman Home Federal Savings and Loan Association of Illinois to Village of Bloomingdale, Illinois, a municipal corporation, granting an easement for public water service purposes, sanitary sewer purposes, storm sewer purposes, public high pressure water service purposes and an easement for force main purposes, said easements are granted to Village of bloomingdale to construct, operate, maintain, renew, relocate and remove, from time to time, its underground facilities and appurtenances used in connection with the provision, in, under, across and along the area of the subject parcels attached thereto as exhibit 1 and made a part of the above Document.

(Affects the western 30 feet of Parcel 1)

Building line 50 feet as shown on the Plat of Dupage Health Services, Inc., Resubdivision, aforesaid, as follows:

along the West, South and Southerly curved lines of Lot 1.

Easement provisions set forth on the Plat of Dupage Health Services, Inc. Resubdivision, aforesaid

Note set forth on the Plat of Dupage Health Services, Inc., Resubdivision, aforesaid, as follows:

Lots 1 and 2 shall not have direct access to Gary Avenue

Unrecorded easement for Northern Illinois gas system main facilities, located along the Westerly line of the Land, as disclosed by a utility letter dated December 17, 1993.

Reciprocal easement agreement, executed by and between Dupage Health Services, Inc. And First Chicago Trust Company of Illinois, trust No. 10-353, recorded January 11, 1994 as document R94-010461.

Joinder Agreement by CR-GARY, LLC and DuPage Health Services recorded December 15, 2006 as Document No. R2006-240620.

Party wall agreement, executed by and between Dupage Health Services, Inc., and First Chicago Trust Company of Illinois, Trust No. 10-353, relating to a party wall located on the Land in question and on adjoining Land, recorded January 11, 1994 as document R94-010460.

Common area maintenance agreement, executed by and between Dupage Health Services, Inc., and First Chicago Trust Company of Illinois, Trust No. 10-353, for the maintenance of the Land and other property, recorded January 11, 1994 as document R94-010459.

Easement agreement made by and between the Village of Bloomingdale and Urban Retail Properties, Inc. To install, construct, use, operate, maintain, alter, repair and replace Stratford Square Mall Shopping Center Identification Signage and Landscaping associated with said signage, with necessary appurtenances, on the Land, and provisions as contained therein recorded January 12, 1996 as document R96-006245.

Matters of survey as shown on survey made by V3 Companies, Ltd. dated February 5, 2019, and designated Project No. 18434, as follows:

- 1) Catch Basins and manholes;
- 2) Electric transformer and utility boxes in the West and South portions of the Land.

The survey created by V3 Companies, Ltd. dated February 18, 2019, and designated Project No. 1843, shows the following:

A) Encroachment of the building located on the Land over and onto the property northwest and adjacent by as much as approximately 1.10 feet.

B) Encroachment of the concrete walk located mainly on the property southwest and adjoining onto the Land, as shown V3 Companies, Ltd. dated February 5, 2019, and designated Project No. 18434.

Terms, provisions, and conditions relating to the easements described as Parcels 2 and 3 contained in the instrument creating said easements.

Rights of the adjoining owner or owners to the concurrent use of said easements.



Flood Plain Requirements

The location for the proposed project is 265 South Gary Avenue in Bloomingdale.

By their signatures on the Certification pages of this application, the Applicants attest that the project is not located in a flood plain and complies with the Flood Plain Rule under Illinois Executive Order #2006-5.

National Flood Hazard Layer FIRMette



41°56'51.98"N



88° 6'52.71"W

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS

Without Base Flood Elevation (BFE)
Zone A, V, AE, AH, AR
With BFE or Depth Zone AE, AO, AH, VE, AR
Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD

0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile
Future Conditions 1% Annual Chance Flood Hazard
Area with Reduced Flood Risk due to Levee. See Notes.
Area with Flood Risk due to Levee.

OTHER AREAS

Area of Minimal Flood Hazard
Effective LOMR
Area of Undetermined Flood Hazard

GENERAL STRUCTURES

Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall

OTHER FEATURES

Cross Sections with 1% Annual Chance Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature

MAP PANELS

Digital Data Available
No Digital Data Available
Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 8/24/2019 at 3:20:58 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

#20-013

Historic Resources Preservation Act Requirements

The location for the proposed project is 265 South Gary Avenue in Bloomingdale. The attached letter from the Illinois Historic Preservation Agency indicates that the project area is not considered a historic, architectural or archaeological site.



Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271

www.dnr.illinois.gov

Mailing Address: 1 Old State Capitol Plaza, Springfield, IL 62701

#20-013

JB Pritzker, Governor

Colleen Callahan, Director

FAX (217) 524-7525

DuPage County

Bloomington

CON - Rehabilitation, Bloomington Medical Office Building

235 S. Gary Ave.

SHPO Log #014080619

December 12, 2019

Bridget Orth

Northwestern Memorial HealthCare

211 E. Ontario St., Suite 1750

Chicago, IL 60611

Dear Ms. Orth:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please call 217/782-4836.

Sincerely,

Robert F. Appleman

Deputy State Historic

Preservation Officer

ATTACHMENT-6

Project Costs and Sources of Funds

The line item costs attributed to clinical components were calculated as a percentage of clinical square footage or clinical cost to the total project when actual break-outs were not available.

Itemization of each line item:

Line 1 – Preplanning Costs – (\$150,000) – this includes:

- Feasibility Study/Concept planning - \$95,000
- Testing/Balancing of existing system - \$35,000
- Existing Materials Testing - \$20,000

Of the total amount, \$23,559 is the clinical Preplanning Costs cost which is 0.4% of the clinical new Construction, Contingencies, and Moveable Capital Equipment costs.

Line 2 – Site Survey and Soil Investigation Fees – (\$100,000) – this includes:

- Soil borings - \$18,000
- Existing Structural Integrity Survey - \$52,000
- Site Mechanical Survey - \$30,000

Of the total amount, \$15,706 is the clinical Site Survey and Soil Investigation Fees cost.

Line 3 – Site Preparation – (\$670,000) – this includes:

- Excavation - \$400,000
- Underground utilities - \$145,000
- Soil stabilization - \$125,000

Of the total amount, \$105,228 is the clinical Site Preparation cost. Together with Site Survey and Soil Investigation Fees, this is 5.0% of the clinical new Construction and Contingencies costs.

Line 5 – New Construction Contracts – (\$14,001,725) – this includes:

- All construction contracts/costs to complete the project. Includes Group I fixed equipment and contractor's general conditions and overhead. Costs are escalated to the mid-point of construction.

The project includes extensive interior and exterior renovations. Per IAC 1100.220, the project should be considered "new construction" because the building was originally built as retail space and is not an existing health care facility.

Of the total amount, \$2,199,075 is the clinical New Construction cost.

Line 7 – Contingencies - (\$1,400,173) – this includes:

- Allowance for unforeseen New Construction costs

Of the total amount, \$219,908 is the clinical Contingency cost which is 10% of the clinical New Construction costs.

Line 8 – Architectural / Engineering Fees – (\$1,075,000) – this includes:

- Schematic Design:
 - Develop diagrammatic plans and documentation to describe the size and character of the space in a way that meets all programmatic and functional objectives, as well as accounting for all existing structure, shafts, stairs, and communications and electrical closets, and all other pre-existing design constraints.
 - Establish framework for building infrastructure to support new design.
- Design Development
 - Develop detailed drawings and documentation to describe the size and character of the space. Includes room layouts, structural, mechanical, electrical, and plumbing.
 - Coordinate FF&E specifications to include installation requirements that will be provided to the architect/engineer to ensure that spaces and building systems are planned to appropriately accommodate the equipment.
- Construction Documents:
 - Provide proposed reconciled statement of probable construction cost
 - Provide drawings and specifications
 - Prepare documentation for alternate bids
 - Assist in filing construction documents for approval by regulatory agencies
 - Signage and way finding solutions
- Bidding and Negotiation Phase Services:
 - Assist in review of contractor scope and proposals
 - Revise construction documents as necessary in accordance with reconciled statement of probable construction cost
- Construction Administration:
 - Conduct regular site visits to review unforeseen existing conditions and job progress
 - Review cost changes and pay applications
 - Assist in close-out process

Of the total amount, \$168,837 is the clinical Architectural / Engineering Fee. This amount is 6.98% of the clinical New Construction and Contingencies costs.

Line 9 – Consulting and Other Fees – (\$700,000) – this includes:

- Charges for the services of various types of consulting and professional experts including:
 - Testing and Inspection - \$70,000
 - Legal and Accounting Services - \$25,000

- Pre-Construction Services - \$30,000
- Equipment Planning Consultant - \$45,000
- Project Management Services - \$60,000
- Construction Management Services - \$470,000

Of the total amount, \$109,940 is the clinical Consultant and Other Fees cost.

Line 10 – Movable Capital Equipment – (\$6,160,000) – this includes:

- All furniture, furnishings, and equipment for the proposed project. Group I (fixed) equipment is included in the New Construction line item above. Group II and III medical equipment is included herein.

The aggregate equipment budget is based on input from consultants and NMHC personnel with experience on other medical office buildings within Northwestern Medicine.

Equipment and furnishing planning will be closely coordinated with architectural design. Furniture procurement will be managed by the hospital with support from outside consultants.

Product standards will facilitate detailed equipment planning and appropriate building design, maximize the effectiveness of competitive bidding, and minimize costs for training and long-term maintenance.

Equipment Type	Estimated Cost
Diagnostic Imaging MRI Mammography Unit DEXA Unit X-Ray Units	\$2,750,000
Physical Therapy Treadmills Moveable Equipment Modality Equipment Pulley Equipment Tables Misc. PT Equipment	\$265,000
Physician Offices Exam Tables Diagnostic Equipment Scales Defibrillators Appliances Lab Equipment Recliners Misc. Equipment	\$1,045,000

Furnishing	\$1,100,000
Technology	\$1,000,000

Of the total amount, \$3,504,837 is the clinical component of the Moveable Capital Equipment cost.

Line 14 – Other Costs To Be Capitalized – (\$1,072,500) – this includes:

- Permits and Fees
- Landscaping
- Relocation of trees
- Signage
- Surface parking lot

Of the total amount, \$168,444 is the clinical component of the Other Costs to be Capitalized.

Line 15 – Acquisition of Building or Other Property (excluding land) – (\$3,573,729):

The complete parcel was purchased in March 2019.

Project Status and Completion Schedules

Anticipated project construction start date: June 2020

Anticipated midpoint of construction date: March 2021

Anticipated project construction substantial completion date: September 2021

Anticipated project completion date: June 30, 2022

Project obligation is contingent upon permit issuance. CDH plans to sign the contract with the general construction contractor in March, 2020 that will be subject to CON approval. This contract will obligate the project. The CON Contingency section of the contract is below:

Certificate of Need. NMHC and the Contractor acknowledge and agree that in addition to permitting required by the Village of Bloomingdale and any other Governmental Authority, this Project and Agreement are subject to the issuance of an appropriate Certificate of Need ("CON") by the Illinois Health Facilities and Services Review Board (the "Board"). The Contractor shall cooperate with NMHC's application to the Board for the CON.

Cost Space Requirements

		Departmental Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Department	Cost	Existing GSF	Proposed GSF	New Const.	Modern- ized	As Is	Vacated Space
CLINICAL							
Diagnostic Imaging	\$ 1,079,925	750	3,927	3,927			
Physical Therapy	\$ 1,119,150	0	7,461	7,461			
Clinical Subtotal =	\$ 2,199,075	750	11,388	11,388			
NON-CLINICAL							
Physician Office Space	\$ 8,422,650	11,250	37,434	37,434			
MEP Systems	\$ 725,000						
Infrastructure/Shell & Core Upgrades	\$ 2,655,000						
Non-Clinical Subtotal =	\$ 11,802,650	11,250	37,434	37,434			
TOTAL =	\$ 14,001,725	12,000	48,822	48,822			
OTHER							
Preplanning Costs	\$ 150,000						
Site Survey & Soil Investigation	\$ 100,000						
Site Preparation	\$ 670,000						
Off-Site Work	\$ -						
Contingencies	\$ 1,400,173						
A/E Fees	\$ 1,075,000						
Consulting & Other Fees	\$ 700,000						
Movable or Other Equipment	\$ 6,160,000						
Bond Issuance Expense	\$ -						
Net Interest Expense During Construction	\$ -						
Other Costs To Be Capitalized	\$ 1,072,500						
Acquisition of Building (excluding Land)	\$ 3,573,729						
Other Subtotal =	\$ 14,901,402						
GRAND TOTAL =	\$ 28,903,127						

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS

Criterion 1110.110(a)

BACKGROUND OF APPLICANT

A listing of all health care facilities owned or operated by the applicants, including licensing, and certification if applicable.

Northwestern Memorial HealthCare:

	IDPH License No.	Joint Commission Organization No.
Northwestern Memorial Hospital	0003251	7267
Northwestern Lake Forest Hospital	0005660	3918
Central DuPage Hospital Association	0005744	7444
Delnor-Community Hospital	0005736	5291
Marianjoy Rehabilitation Hospital & Clinics	0003228	7445
Kishwaukee Community Hospital	0005470	7325
Valley West Community Hospital	0004690	382957
Grayslake Freestanding Emergency Center	22002	3918
Grayslake ASTC	7003156	3918
Grayslake Endoscopy ASTC	7003149	3918
Cadence Ambulatory Surgery Center	7003173	n/a
The Midland Surgical Center*	7003148	n/a
Illinois Proton Center	n/a	n/a
Northern Illinois Medical Center (McHenry)	0003889	7375
Northern Illinois Medical Center (Huntley)	0003890	7375
Memorial Medical Center (Woodstock)	0004606	7447

*denotes partial ownership in excess of 51%

A certified listing of any adverse action taken against any facility owned and/or operated by the applicants, directly or indirectly, during the three years prior to the filing of the application.

By their signatures on the Certification pages of this application, each of the Applicants attest that no adverse action has been taken against any facility owned and/or operated by Northwestern Memorial HealthCare during the three years prior to the filing of this application. For the purpose of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.140.

Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, by not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.

By their signatures on the Certification pages of this application, each of the Applicants authorize HFSRB and DPH to access any documentation which it finds necessary to verify any information submitted, including, but not limited to official records of DPH or other State agencies and/or the records of nationally recognized accreditation organizations.

Criterion 1110.110(b)**PURPOSE OF PROJECT**

1. The purpose of this project is to improve access to NM care by consolidating three medical office sites into one modernized location. Currently, NM physicians are located in three buildings that are within 5 miles of each other: 1) Stratford South (245 South Gary Avenue, Bloomingdale), 2) Mona Kea Medical Park (501 Thornhill Drive/515 Thornhill Drive, Carol Stream), and 3) Stratford North (proposed project site at 235 South Gary Avenue, Bloomingdale). The proposed project will serve NM patients by consolidating NM physicians and services into one location in Bloomingdale. This consolidation will improve efficiencies, accommodate projected demand in NM services in the primary service area, and allow for the co-location of specialty services.
2. The market area for the project is the primary service area for Central DuPage Hospital (CDH). CDH primarily serves central and western DuPage County which is defined by seven ZIP codes (60555, 60137, 60185, 60187, 60188, 60190, 60199) and accounts for 65.3% of inpatient admission at CDH.
3. Access to health services has a profound effect on every aspect of a person's health, yet almost one in four Americans does not have a primary care provider (PDP) or health center where he/she can receive regular medical services. Increasing access to medical care is vital for improving the health of a community. Access to health services affects a person's health and well-being. Regular and reliable access to health services can:
 - Prevent disease and disability
 - Detect and treat illnesses and other health conditions
 - Increase quality of life
 - Reduce the likelihood of premature death
 - Increase life expectancy
4. Sources of information include:
 - Hospital Records
 - Central DuPage Hospital 2018 Community Health Needs Assessment
 - Healthy People 2020
 - Advisory Board survey
5. The proposed project will improve efficiencies, accommodate projected demand in NM services in the primary service area, and allow for the co-location of specialty services. The co-location of services will increase collaboration among different providers and wider coordination with secondary care. At the same time, the co-location of services will drive cost efficiencies by reducing duplication of technology/equipment.

6. The goal of the proposed project is to increase accessibility to preventive services for all community residents. More accessible preventive services will prove beneficial in improving health status, increasing life spans, and elevating the quality of life, as well as lowering the costs associated with caring for late-stage diseases resulting from a lack of preventive care.

Criterion 1110.110(d)**ALTERNATIVES**

The proposed project addresses the need to improve access to NM care by consolidating three medical office sites into one modernized location. The medical office building will provide space for physician clinics as well as diagnostic imaging and physical therapy.

The following alternatives were considered for the project:

1. Build a new medical office building in the area
2. Renovate Stratford South building (245 South Gary Avenue, Bloomingdale)
3. Lease more space in Mona Kea Medical Park (501 Thornhill Drive/515 Thornhill Drive, Carol Stream)
4. Renovate Stratford North building (proposed project at 235 South Gary Avenue, Bloomingdale)

Alternative 1: Build a New Medical Office Building in the Area

The proposed project requires approximately 50,000 square feet to accommodate approximately 40 physicians, diagnostic imaging and physical therapy services. Developing/constructing a new building of this size in the Bloomingdale area would cost approximately 1.5 times more than the proposed project due to having to construct new core/shell. In addition, several of the available sites in the area have wetland/soils issues which would also add to the cost.

NM has an established presence at the proposed project site which provides continuity in location for existing patients in accessing their medical care.

This alternative was rejected because the project cost is more than the proposed project.

Alternative 2: Renovate Stratford South Building (245 South Gary Avenue, Bloomingdale)

NM also owns an office building at 245 South Gary Avenue (Stratford South) but it is not large enough to accommodate the number of physicians and services that are planned for the proposed project. Additionally, there are several 3rd party tenants with active, non-cancellable leases in the building.

There is also insufficient parking at the Stratford South location and expansion is not possible because the site is land-locked. Adjacent property owners declined to engage in discussions with NM regarding additional property leasing or acquisition of property to expand parking.

This alternative was rejected because it does not meet the program need for the project. Cost estimates were not developed for this option since it is not realistic for the project.

Alternative 3: Lease More Space in Mona Kea Medical Park (501 Thornhill Drive/515 Thornhill Drive, Carol Stream)

There are several NM physician practices in leased space in the Mona Kea Medical Park buildings. These buildings are in poor condition, have structural/code issues, and have sub-optimal infrastructure for medical uses. Renovating this property would be very costly and would yield a product that is inferior to the proposed project. Most importantly, the landlord did not have a capital improvement plan in place to facilitate the necessary improvements.

This alternative was rejected because it does not meet the program need for the project. Cost estimates were not developed for this option since it is not realistic for the project.

Alternative 4: Renovate Stratford North Building (Proposed Project at 235 South Gary Avenue, Bloomingdale)

The proposed project property is located less than 7 miles from CDH. It is estimated that the existing building was built in the mid-1980's as a retail property. Since 2006, NM has leased approximately 12,000 square feet of the 50,000 square foot building for an Immediate Care Center. While significant upgrades are needed to convert the entire property from retail to medical use, the building has an adequate amount of square footage to accommodate the proposed project. The property also has ample parking, a desirable location, and easy access to main roads. It is located on a mall campus which provides roadway infrastructure advantages such as a signaled entry to the property.

In March, 2019, NM purchased the property because the landlord had been unwilling to invest in the infrastructure of the property. It would have been a risky financial investment for NM to make the extensive improvements as a tenant. As the owner of the building, there are many financial and operational benefits such as rent savings and full control over property decisions.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.120****SIZE OF PROJECT**

In determining the size of the project, NM's planning team members, architects and consultants utilized existing functional standards and incorporated experience from other developments during the past two decades.

Clinical Components**Diagnostic Imaging**

The proposed project includes space for diagnostic imaging services. The following types of diagnostic imaging will be included:

- 1 MRI
- 1 Mammography unit
- 1 Dual-energy X-Ray Absorptiometry (DEXA) unit
- 2 X-Ray units

The imaging area of the project will also include the following components:

- 1 reading room
- MRI control and equipment room
- Patient changing rooms
- Staff and patient toilets
- Registration area
- Waiting room

Comparison of Space to Standard

The proposed square footage for Diagnostic Imaging is 3,927 DGSF.

Components and Space Standards used are as follows:

Diagnostic Imaging, as designed	3,927 DGSF
1 MRI	
1 Mammography unit	
1 Dexa unit	
2 X-Ray unit	
State Standard for Diagnostic Imaging	6,200 DGSF
MRI: 1,800 dgsf/Unit x 1 = 1,800	
Mammography: 900 dgsf/Unit x 1 = 900	
DEXA: 900 dgsf/Unit x 1 = 900	
General Radiology: 1,300 dgsf/Unit x 2 = 2,600	
Amount of difference	(2,273)

The proposed Diagnostic Imaging space is below the State Guidelines for Square Footage.

Physical Therapy

The proposed project also includes space for physical therapy services.

The physical therapy space is comprised of:

- 11 exam rooms
- 2 therapy gyms
- 1 speech therapy room
- 1 splint room
- Staff and patient toilets
- Staff workroom
- Registration area
- Waiting room

Comparison of Space to Standard

The proposed square footage for Physical Therapy is 7,461 DGSF.

There is no State Guideline for Square Footage for Physical Therapy.

SIZE OF PROJECT				
DEPARTMENT	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Diagnostic Imaging	3,927	6,200	(2,273)	Yes
Physical Therapy	7,461	N/A	N/A	Yes

Non-Clinical Components

There are no State Guidelines for the non-clinical components of this project.

Physician Office Space

The Northwestern Medicine Regional Medical Group (RMG) has over 300 primary care physicians and specialists. In FY19, RMG had 489 physician and advanced practice provider (APP) full-time equivalents, up from 379 in FY17 (29% increase).

The practices that will be relocated to this site include:

- RMG Primary Care from Mona Kea Medical Park and Stratford South
- RMG Physical Therapy from Mona Kea Medical Park and Stratford South
- RMG Orthopedics from Mona Kea Medical Park
- RMG Endocrinology from Mona Kea Medical Park
- RMG Cardiology
- RMG Gastrointestinal

Based on leasing trends in other NM buildings throughout the system, the space assumption for the physician office space was 1,000 – 1,500 DGSF per physician.

The proposed project included physician office space totaling 37,434 DGSF. This amount will provide space for 25 – 37 physicians.

MEP Systems

The proposed project includes the following MEP Systems work:

- Mechanical
 - Removal of existing HVAC equipment.
 - New packaged VAV, gas/DX, RTUs to serve renovated spaces.
 - Single duct VAV terminal units with electric reheat to serve the interior spaces.
 - Parallel fan powered boxes with electric reheat to serve the perimeter spaces.
 - Ceiling mounted precision air conditioners with remote condensing units for IDF and MRI rooms.
 - New MRI process chiller, quench vent, and purge fan.
 - New roof mounted general exhaust fans.
 - New building automation system.
- Plumbing
 - Removal of all existing plumbing fixtures, domestic water, sanitary, and vent piping back to existing mains.
 - New domestic water distribution to new fixtures.
 - New gas fired tank type water heaters and recirculation pumps.

- New underground sanitary and vent piping to each fixture.
- Fire Protection
 - New wet sprinkler heads and branch piping to accommodate new layout.
 - Double interlock pre-action systems that will serve the MRI and IDF rooms.
- Electrical
 - Demolition of all existing electrical devices, fire alarm devices and data devices and wiring.
 - New 277/480 volt electrical services.
 - New electrical, lighting, data, paging, sound masking and fire alarm systems.

Infrastructure/Shell & Core Upgrades

The project will include new exterior windows, stone and metal cladding, new façade, and a new roof system.

PROJECT SERVICES UTILIZATION

Diagnostic Imaging

The proposed project includes the following types of diagnostic imaging:

- 1 MRI
- 1 Mammography unit
- 1 Dual-energy X-Ray Absorptiometry (DEXA) unit
- 2 X-Ray units

MRI

The 6 MRIs at CDH are highly utilized and are operating at above the State's target utilization. From CY16 – CY18, CDH's MRI volumes increased by 12% (average annual increase of 6%).

	Actual			Projected					
MRI	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Procedures	17,067	18,783	19,072	19,587	20,116	20,659	21,217	21,790	22,378
# of MRIs	6	6	6	6	6	6	6	6	6
State Standard	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
# of MRIs Justified	6.8	7.5	7.6	7.8	8.0	8.3	8.5	8.7	9.0

Note: Conservative projections are based on half of CDH's historical growth or an average annual growth rate of 3%.

To help accommodate the demand for MRIs at CDH, 1 MRI machine will be added to the proposed project. It is expected that between 10 – 15% of CDH's MRI volume will be shifted to this location.

MRI	CY23	CY24
CDH Procedures	21,790	22,378
12.5% of CDH Procedures	2,724	2,797
State Standard	2,500	2,500
# of MRIs Justified - Project	1	1

The State standard for MRI is 2,500 procedures per MRI. Using this standard, CDH can currently justify 8 MRIs. The new MRI in this project will help accommodate the excess demand at CDH.

Mammography

There is currently 1 mammography machine at Stratford North. Since CY16, mammography volume at this location has increased by 9.3% (average annual increase of 4.6%).

	Actual			Projected					
MAMMOGRAPHY	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Visits	2,200	2,302	2,516	2,571	2,628	2,686	2,745	2,805	2,867
# of Mammography units	1	1	1	1	1	1	1	1	1
State Standard	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
# of Mammography justified	1	1	1	1	1	1	1	1	1

Note: Conservative projections are based on half of the historical growth or an average annual growth rate of 2.3%.

The State standard for mammography is 5,000 procedures per mammography machine. Using this standard, the project can justify 1 mammography machine.

DEXA

Dual-energy X-Ray Absorptiometry is a means of measuring bone mineral density using spectral imaging. There is currently 1 DEXA machine at Stratford North. Since CY16, DEXA volume at this location has increased by 13.1% (average annual increase of 6.6%).

	Actual			Projected					
DEXA	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Visits	739	719	836	861	887	914	941	969	998
# of DEXA machines	1	1	1	1	1	1	1	1	1
State Standard	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
# of DEXA justified	1	1	1	1	1	1	1	1	1

Note: Conservative projections are based on half of the historical growth or an average annual growth rate of 3.3%.

There is no State standard for utilization of DEXA equipment. There is 1 DEXA machine in the proposed project.

General X-Ray

Currently, there is 1 x-ray machine located at the Stratford North location and 1 located at the Mona Kea Medical Park location that will be relocated to the Stratford North location for a total of 2 x-ray machines in the proposed project. Since CY16, x-ray volume at these locations has increased by 18% (average annual increase of 9%).

	Actual			Projected					
GENERAL X-RAY	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Procedures	6,573	6,897	7,756	8,074	8,405	8,750	9,108	9,482	9,871
# of X-Ray Machines	2	2	2	2	2	2	2	2	2
State Standard	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
# of X-Rays justified	1	1	1	2	2	2	2	2	2

Note: Conservative projections are based on half of the historical growth or an average annual growth rate of 4.5%.

The State standard for general radiography is 8,000 procedures per x-ray machine. Using this standard, the project can justify 2 x-ray machines.

Physical Therapy

The Rehabilitation/PT/OT services that are currently provided at the Stratford South location and the Mona Kea Medical Park location will be combined in the new physical therapy space of the proposed project. Volumes are projected to increase by approximately 10% by CY24 with the addition of staff.

	Actual			Projected					
PHYSICAL THERAPY	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Hours	18,262	17,271	17,803	17,981	18,161	18,343	18,526	19,175	19,600

There is no State standard for utilization for physical therapy services.

Comparison of Utilization to Standard

UTILIZATION				
DEPARTMENT	HISTORICAL UTILIZATION CY17 CY18	PROJECTED UTILIZATION CY23 CY24	STATE STANDARD	MEET STANDARD?
MRI	N/A N/A	2,724 2,797	2,500	Yes
Mammography	2,302 2,516	2,805 2,867	5,000	Yes
DEXA	719 836	969 998	N/A	Yes
General X-Ray	6,897 7,756	9,482 9,871	8,000	Yes
Physical Therapy	17,271 17,803	19,175 19,600	N/A	Yes

UNFINISHED OR SHELL SPACE

Not Applicable – there is no unfinished or shell space planned in the project.

M. Criterion 1110.270 – Clinical Service Areas Other than Categories of Service

Service	# of Existing Key Rooms	# of Proposed Key Rooms
Diagnostic Imaging		
MRI	0	1
Mammography	1	1
DEXA	1	1
X-Ray	2	2
Physical Therapy	N/A	N/A

SERVICE MODERNIZATION

The proposed project will consolidate NM care provided at three medical office sites into one modernized location. The project will improve efficiencies, accommodate demand for NM services in CDH's primary service area and allow for co-location of specialty services.

Diagnostic Imaging

The proposed project includes the following types of diagnostic imaging:

MRI

The 6 MRIs at CDH are highly utilized and are operating at above the State's target utilization. From CY16 – CY18, CDH's MRI volumes increased by 12% (average annual increase of 6%).

	Actual			Projected					
MRI	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Procedures	17,067	18,783	19,072	19,587	20,116	20,659	21,217	21,790	22,378
# of MRIs	6	6	6	6	6	6	6	6	6
State Standard	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
# of MRIs Justified	6.8	7.5	7.6	7.8	8.0	8.3	8.5	8.7	9.0

Note: Conservative projections are based on half of CDH's historical growth or an average annual growth rate of 3%.

To help accommodate the demand for MRIs at CDH, 1 MRI machine will be added to the proposed project. It is expected that between 10 – 15% of CDH's MRI volume will be shifted to this location.

MRI	CY23	CY24
CDH Procedures	21,790	22,378
12.5% of CDH Procedures	2,724	2,797
State Standard	2,500	2,500
# of MRIs Justified - Project	1	1

The State standard for MRI is 2,500 procedures per MRI. Using this standard, CDH can currently justify 8 MRIs. The new MRI in this project will help accommodate the excess demand at CDH.

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There is currently 1 mammography machine at Stratford North. Since CY16, mammography volume at this location has increased by 9.3% (average annual increase of 4.6%).

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MAMMOGRAPHY	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Visits	2,200	2,302	2,516	2,571	2,628	2,686	2,745	2,805	2,867
# of Mammography units	1	1	1	1	1	1	1	1	1
State Standard	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
# of Mammography justified	1	1	1	1	1	1	1	1	1

Note: Conservative projections are based on half of the historical growth or an average annual growth rate of 2.3%.

The State standard for mammography is 5,000 procedures per mammography machine. Using this standard, the project can justify 1 mammography machine.

DEXA

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	Actual			Projected					
DEXA	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Visits	739	719	836	861	887	914	941	969	998
# of DEXA machines	1	1	1	1	1	1	1	1	1
State Standard	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
# of DEXA justified	1	1	1	1	1	1	1	1	1

Note: Conservative projections are based on half of the historical growth or an average annual growth rate of 3.3%.

There is no State standard for utilization of DEXA equipment. There is 1 DEXA machine in the proposed project.

General X-Ray

Currently, there is 1 x-ray machine located at the Stratford North location and 1 located at the Mona Kea Medical Park location that will be relocated to the Stratford North location for a total of 2 x-ray machines in the proposed project. Since CY16, x-ray volume at these locations has increased by 18% (average annual increase of 9%).

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GENERAL X-RAY	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
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# of X-Ray Machines	2	2	2	2	2	2	2	2	2
State Standard	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
# of X-Rays justified	1	1	1	2	2	2	2	2	2

Note: Conservative projections are based on half of the historical growth or an average annual growth rate of 4.5%.

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Physical Therapy

The Rehabilitation/PT/OT services that are currently provided at the Stratford South location and the Mona Kea Medical Park location will be combined in the new physical therapy space of the proposed project. Volumes are projected to increase by approximately 10% by CY24 with the addition of staff.

	Actual			Projected					
PHYSICAL THERAPY	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Hours	18,262	17,271	17,803	17,981	18,161	18,343	18,526	19,175	19,600

There is no State standard for utilization for physical therapy services.

SECTION VI. 1120.120 – AVAILABILITY OF FUNDS

Not Applicable – see bond rating documents

SECTION VII. 1120.130 – FINANCIAL VIABILITY

Not Applicable – see bond rating documents

SECTION VIII. 1120.140 – ECONOMIC FEASIBILITY**A. Reasonableness of Financing Arrangements**

Not Applicable – see bond rating documents

B. Conditions of Debt Financing

Not Applicable – the proposed project will be funded by cash and securities

C. Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT									
Department	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	GSF New	Circ.*	GSF Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
CLINICAL									
Diagnostic Imaging	\$ 275.00		3,927	21.0%			\$ 1,079,925		\$ 1,079,925
Physical Therapy	\$ 150.00		7,461	16.3%			\$ 1,119,150		\$ 1,119,150
Clinical Subtotal	\$ 193.10		11,388				\$ 2,199,075		\$ 2,199,075
Clinical Contingency	\$ 19.31		11,388				\$ 219,908		\$ 219,908
Clinical Total	\$ 212.42		11,388				\$ 2,418,983		\$ 2,418,983
NON-CLINICAL									
Physician Office Space	\$ 225		37,434	15.5%			\$ 8,422,650		\$ 8,422,650
MEP Systems							\$ 725,000		\$ 725,000
Infrastructure / Shell & Core Upgrades							\$ 2,655,000		\$ 2,655,000
Non-Clinical Subtotal	\$ 225.00		37,434				\$11,802,650		\$11,802,650
Non-Clinical Contingency	\$ 31.53		37,434				\$ 1,180,265		\$ 1,180,265
Non-Clinical Total	\$ 346.82		37,434				\$12,982,915		\$12,982,915
TOTALS	\$ 315.47		48,822				\$15,401,898		\$15,401,898

D. Projected Operating Costs**Project Direct Operating Expenses – FY24**

Diagnostic Imaging & Physical Therapy	
Total Direct Operating Costs	\$ 2,552,753
Units of Service	36,133
Direct Cost per Unit of Service	\$ 70.65

E. Total Effect of the Project on Capital Costs**Projected Capital Costs – FY24**

Equivalent Adult Patient Days (All CDH)	251,582
Total Project Cost	\$ 28,903,127
Useful Life	45
Total Annual Depreciation	\$ 642,292
Depreciation Cost per Equivalent Patient Day	\$ 2.55

RatingsDirect®

Summary:

Illinois Finance Authority Northwestern Memorial HealthCare; CP; System

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Table Of Contents

Rationale

Outlook

Credit Snapshot

Summary:

Illinois Finance Authority

Northwestern Memorial HealthCare; CP; System

Credit Profile

Illinois Finance Authority, Illinois

Northwestern Mem HlthCare, Illinois

Illinois Finance Authority (Northwestern Memorial HealthCare) (Direct Issue Taxable Commercial Paper)

<i>Short Term Rating</i>	A-1+	Affirmed
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Series 2008A-1 & A-2

<i>Long Term Rating</i>	AA+/A-1+/Stable	Affirmed
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Rationale

S&P Global Ratings affirmed its 'AA+/A-1+' rating on Illinois Finance Authority's outstanding 2008A-1 and 2008A-2 bonds, issued for Northwestern Memorial HealthCare (NMHC). The bonds are being remarketed from variable-rate demand bonds supported by standby bond purchase agreements into self-liquidity. The 'A-1+' rating now reflects self-liquidity rather than the standby bond purchase agreements provided by the banks.

In addition, S&P Global Ratings affirmed its 'A-1+' short-term rating on the authority's taxable commercial paper (CP) notes, issued on behalf of NMHC. NMHC is increasing the taxable CP program limit to \$200 million from \$100 million.

The long-term ratings are based on our 'AA+' long-term rating on NMHC's debt.

We base the 'A-1+' short-term ratings on NMHC's ability to fund from its own liquidity. In addition, the 'A-1+' rating on the CP is based on NMHC's ability to fund from its own liquidity any CP not successfully remarketed. The taxable CP program has increased the limit to \$200 million from the \$100 million limit.

Northwestern Memorial HealthCare has identified approximately \$1.39 billion in assets (market value) as of June 30, 2019, to cover the \$200 million authorized CP program and \$69.3 million of series 2008A-1 and series 2008A-2 weekly variable-rate demand obligations. Northwestern Memorial HealthCare's liquidity assessment is based on its identification of several sources of cash, fixed income, and domestic equities. Northwestern Memorial HealthCare has procedures in place to meet its liquidity demands on a timely basis. S&P Global Ratings monitors the liquidity and sufficiency of Northwestern Memorial HealthCare's assets committed to self-liquidity on a monthly basis.

The ratings reflect our view of NMHC's sustained solid operational performance and balance sheet metrics in a period of significant growth. As a system, NMHC has successfully integrated new members into the organization, and it has reaped the benefits of operating more as a system than a federation of hospitals. NMHC recently successfully completed its Project One IT implementation, which has resulted in the same health IT platform across its acute care hospitals with the exception of Centegra, which NMHC expects to integrate in fiscal 2019 and fiscal 2020. Finally,

NMHC's management team is maintaining financial discipline as it executes the system's growth strategy. We expect NMHC will remain an important provider in the very competitive Chicagoland market. In addition, we believe management will continue to focus on integration as well as aligning services in ambulatory facilities as a growth strategy.

The 'AA+' rating continues to reflect our view of NMHC's:

- Strong liquidity position that we expect will be stable given manageable capital needs;
- Solid financial performance despite a period of significant growth, aided by management's continued focus on cost containment;
- Outstanding governance and management, including the numerous benefits realized through affiliations with Northwestern University-related entities, including the Feinberg School of Medicine; and
- Expanding business position through its acquisition strategy.

Partly offsetting the above strengths, in our view, are NMHC's:

- Expectation for dilutive results in fiscal 2019 given the recent Centegra acquisition, and
- Increasingly competitive service area, with provider consolidation continuing in the greater Chicago area.

The analysis and financial figures in this report pertain to the activities of NMHC, the sole corporate member of Northwestern Memorial Hospital (NMH), Northwestern Medicine Lake Forest Hospital, Northwestern Medical Faculty Foundation (doing business as Northwestern Medical Group), Northwestern Memorial Foundation, Northwestern Medicine Central DuPage Hospital, Northwestern Medicine Delnor Hospital, Cadence Physician Group (doing business as Northwestern Medicine Regional Medical Group), KishHealth System, Marianjoy Rehabilitation Hospital & Clinic Inc., Rehabilitation Medicine Clinic Inc., and Centegra Health System.

For more information on the group, see the report published Feb. 4, 2019, on RatingsDirect.

Outlook

The stable outlook reflects our expectation that the system will maintain strong operations as NMHC's leadership implements its overall strategy and as the market consolidates. We expect the dilution from the Centegra acquisition will be manageable and expect operating losses will be diminished during the ongoing integration.

Downside scenario

While we do not expect this, if operations begin to trend negatively for a sustained period and liquidity declines notably, we could revise the outlook to negative or lower the rating. In addition, we could lower the rating if there is a material increase in leverage, a dilutive acquisition, or a sustained decline in NMHC's market position.

Upside scenario

A higher rating is unlikely within the outlook period given the already high rating and S&P Global Ratings' general view of risk in the health care sector and highly competitive environment.

Credit Snapshot

- **Security pledge:** The revenue bonds and commercial paper are an unsecured general obligation of the NMHC obligated group, which consists of Northwestern Memorial HealthCare, Northwestern Memorial Hospital, Northwestern Lake Forest Hospital, Northwestern Memorial Foundation, Lake Forest Health and Fitness Institute, Northwestern Medical Faculty Foundation d/b/a Northwestern Medical Group, Central DuPage Hospital Association, Central DuPage Physician Group d/b/a Northwestern Medicine Regional Medical Group, Delnor-Community Hospital, KishHealth System, Kishwaukee Community Hospital, Valley West Community Hospital, Marianjoy Rehabilitation Hospital & Clinics, Inc., Rehabilitation Medicine Clinic, Inc., Centegra Health System, Northern Illinois Medical Center (d/b/a Northwestern Medicine McHenry Hospital, d/b/a Northwestern Medicine Huntley Hospital, and d/b/a Northwestern Medicine Woodstock Hospital), Memorial Medical Center--Woodstock, NIMED Corp. and Centegra Hospital-- Huntley Holdings.
- **Organization description:** NMHC operates hospitals in the northern and western suburbs of Chicago as well as its flagship NMH. NMH is a major academic medical center and is the primary teaching hospital for Northwestern University's Feinberg School of Medicine. It provides a range of services.
- **Swaps:** The organization has four swap agreements outstanding with a total notional amount of about \$325.6 million. It has no collateral posted and a negative mark-to-market of \$73.4 million as of fiscal 2018.

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INVESTORS SERVICE

CREDIT OPINION

24 July 2019

✓ Rate this Research

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Northwestern Memorial HealthCare, IL

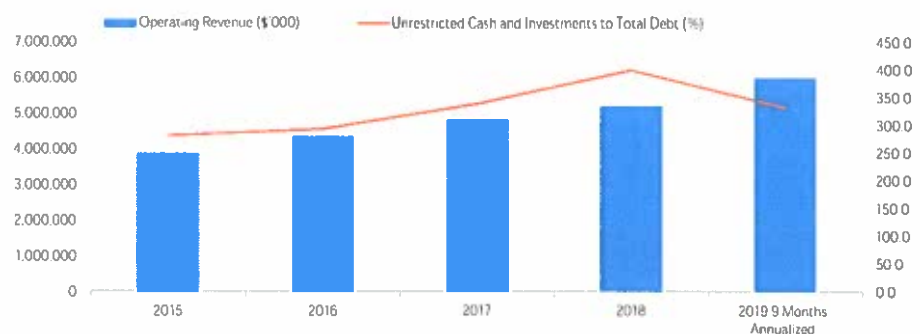
Update to credit analysis

Summary

Northwestern Memorial HealthCare (NMHC) (Aa2, stable) will grow its prominent market position in the broader Chicago region because of its strong brand, favorable locations and affiliation with Northwestern University's Feinberg School of Medicine. The system's consolidated operating model and comprehensive IT systems will allow it to effectively execute growth strategies, while maintaining very good margins, which it has recently demonstrated during a rapid growth period. While the acquisition of Centegra Health System (Centegra) will dilute financial metrics in fiscal 2019, demonstrated management discipline will drive improvement at that location as reflected in year-to-date results. Manageable capital plans will help maintain a strong investment position. Leverage will remain moderate, particularly since the system has a fully funded pension plan and modest operating lease obligations. However, competition will continue to increase as the market further consolidates.

Exhibit 1

Strong balance sheet will be maintained during rapid expansion



Source: Moody's Investors Service

Credit strengths

- » Market position will continue to grow as strong brand, favorable locations and affiliation with Northwestern University's Feinberg School of Medicine will drive demand
- » Consolidated and comprehensive operating model and IT systems will allow efficient execution of growth strategies
- » Strong investment position will be maintained with cash flow supporting manageable capital needs

- » Very good cash flow margins will be sustained, supported by a disciplined management approach to quickly addressing challenges
- » Anticipate operating and balance sheet leverage to remain moderate
- » Relatively low Medicare and Medicaid dependency will limit risk of cuts and delays
- » Fully funded pension plan and modest operating lease obligations

Credit challenges

- » Competition will increase as area providers continue to consolidate into larger systems with financial resources
- » Recent merger with Centegra will dilute fiscal 2019 operating and balance sheet metrics; favorably, Centegra's year-to-date losses are down
- » High allocation to alternative investments will drive comparatively low monthly liquidity

Rating outlook

The stable outlook is based on our expectation that NMHC will maintain strong operating cash flow margins by managing growth strategies with little disruption to operations. We expect the dilution from Centegra will be manageable and operating losses at that location will be materially reduced in the next year as integration progresses. The outlook also reflects our view that NMHC will maintain liquidity and debt metrics since capital spending will be funded with cash flow.

Factors that could lead to an upgrade

- » Geographic diversification of cash flow
- » Significant increase in market share
- » Material and sustained improvement in operating margins, along with reduction in leverage
- » Stronger liquidity

Factors that could lead to a downgrade

- » Large increase in leverage with weakening of debt metrics
- » Material decline in margins or investment position
- » Meaningful dilution from acquisition or merger

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit Z

Northwestern Memorial HealthCare, IL

	2015	2016	2017	2018	2019 9 Months Annualized
Operating Revenue (\$'000)	3,885,630	4,359,873	4,830,996	5,226,663	6,016,695
3 Year Operating Revenue CAGR (%)	31.7	36.6	25.8	10.4	11.4
Operating Cash Flow Margin (%)	13.2	12.4	12.7	11.3	11.9
PM: Medicare (%)	34.6	35.8	37.3	37.9	N/A
PM: Medicaid (%)	10.6	10.6	10.7	10.8	N/A
Days Cash on Hand	435	413	422	437	401
Unrestricted Cash and Investments to Total Debt (%)	282.0	293.7	340.0	400.4	332.6
Total Debt to Cash Flow (x)	1.9	1.9	1.6	1.6	1.7

Based on financial statements for Northwestern Memorial HealthCare & Subsidiaries, fiscal year ended August 31

Adjustments: Grants and academic support provided (representing transfers to the school of medicine) reallocated to operating expenses from nonoperating gains (losses)

Investment returns normalized at 6% prior to FY 2015 and 5% in FY 2015 and beyond

Source: Moody's Investors Service

Profile

NMHC operates sizable hospitals in the northern and western suburbs of Chicago as well as the flagship Northwestern Memorial Hospital (NMH). NMH is a major academic medical center located in the Streeterville neighborhood of Chicago, providing a complete range of adult inpatient and outpatient services. NMH is the primary teaching hospital for Northwestern University's Feinberg School of Medicine (FSM).

Detailed credit considerations

Market position: growing market position in competitive market

NMHC will remain a key prominent player in a highly competitive market. The hospital system will continue to grow, having already more than doubled its size since fiscal year end 2014 to a \$6 billion regional system (annualized nine months fiscal 2019). NMHC's acquisition last year of Centegra Health System will further expand its footprint as the system integrates and makes investments in this northern market. The system's completion of a replacement hospital for Northwestern Medicine Lake Forest Hospital will provide opportunity to grow volumes in that region. With significant expansion in the north and west completed, NMHC's strategies will mostly focus on further investments in ambulatory capabilities. Additionally, following the centralization of most business functions, NMHC will continue to integrate and coordinate clinical protocols across the system to improve patient outcomes and experience.

NMHC will continue to integrate and align strategies with Northwestern University's Feinberg School of Medicine (FSM) to further the Northwestern Medicine brand and build clinical capabilities. An ongoing joint planning process and governance oversight structure will help coordinate activities for the school, Northwestern Medical Group and hospitals.

The Chicago market will become more competitive as the pace of consolidation among hospitals increases and larger systems with deeper financial resources develop. Over the last two years, Presence Health merged with AMITA, a joint operating company formed by Ascension Health and Adventist Health System Sunbelt, Inc. Advocate Health Network and Aurora Health (Wisconsin based) merged to create a two-state system. Competition for physicians will also continue, including that from a large independent medical group with private investors. On a positive note, the state's strict Certificate of Need process will continue to reduce the presence of for-profit hospital companies.

Operating performance, balance sheet and capital plans: strong margins and investment position will be maintained

We expect NMHC will continue to enjoy good operating margins, despite the dilutive impact of Centegra in fiscal 2019. This is supported by the system's ability to generate generally stable operating cash flow margins, averaging about 12% over three years, while rapidly expanding, opening a replacement hospital, and undertaking a major IT installation.

Based on management's budget, NMHC expects its operating cash flow margin in fiscal 2019 to decline slightly versus fiscal 2018 but remain within the recent 11%-12% range. Specifically in fiscal 2018, strong management discipline was evident as margins were maintained while absorbing costs related to the opening of the replacement Lake Forest Hospital as well as the installation of a system wide electronic medical record. In addition, NMHC saw lower supplemental Medicaid payments in 2018. Also helping to support margins, as was seen in fiscal 2018, good volume trends will continue to drive strong same-facility revenue growth in the coming year.

NMHC's most significant challenge in fiscal 2019 will be reducing material operating losses at Centegra. The system's centralized business model will allow quick integration of support functions to achieve savings. Centegra will be rolled onto IT platforms, which will drive revenue cycle improvements. Through nine months of fiscal 2019, Centegra's losses declined, evidencing positive progress on these initiatives. Like other systems in the region, NMHC will also face growing denials as traditional Medicaid shifts to managed care plans. Despite absorbing Centegra, NMHC's operating cashflow margin through nine months of fiscal 2019 was a strong 11.9%, ahead of prior year.

Margins will be aided by the system's annual efficiency expectations across the organization including corporate services and IT capabilities. With the exception of Centegra, all acute inpatient and outpatient facilities are on one electronic medical record platform, including the revenue cycle component, and one ERP system.

LIQUIDITY

Over the coming year, NMHC will maintain a strong investment position, with 437 days cash on hand at fiscal year end 2018. Growth was due to operating performance and investment returns. Days cash on hand declined to a still strong 401 days at May 31, 2019 due to the effect of Centegra. Liquidity will be comparatively lower than peers due to its asset allocation. Fiscal year end 2018 monthly liquidity was comparatively low at 47%, reflecting a heavy allocation to alternative investments. NMHC will have minimal liquidity needs associated with swaps (limited collateral postings) and its pension, which is fully funded.

We expect capital spending will be manageable and funded with operating cash flow. NMHC will plan to spend about \$389 million in fiscal 2019, which is lower than the last several years following the completion of the new Lake Forest Hospital and the IT installation.

Debt structure and legal covenants: leverage and debt structure risks will be manageable

With revenue and cash flow growth, NMHC will continue to de-leverage, as the system has done over the last several years. Balance sheet and operating leverage is modest. Based on May 31, 2019, cash-to-debt was very strong at 333%. Debt-to-cash flow was favorably low at 1.7 times. We do not anticipate incremental leverage in the next couple years, outside of merger-related debt.

DEBT STRUCTURE

NMHC's debt structure risks will be manageable given good bank diversification and strong liquidity. Following the proposed plan of finance, NMHC will have approximately 30% bank-related debt, including bonds supported by bank standby bond purchase agreements and private bank placements. The bank counterparties are diversified and expiration dates are staggered. NMHC's bank agreements have consistent covenants and reporting requirements.

Following the plan of finance, NMHC's self-liquidity obligations will increase, but will be manageable relative to strong liquidity. Conversion of the Series 2008A-1 and 2008A-2 to self-liquidity will add \$69 million of weekly variable rate demand obligations. The authorized amount of the commercial paper program will increase to \$200 million from \$100 million and the system expects to have \$78 million of CP issued within the next six months. Although not legally restricted in the Issuing and Paying Agent Agreement, NMHC intends to limit maturities to \$60 million within any five business-day period. On a proforma basis and based on liquidity at June 30, 2019, NMHC will have over six times coverage of self-liquidity obligations (2.6 times excluding the largest money market fund).

LEGAL SECURITY

Bonds and commercial paper are unsecured general obligations of the Obligated Group, which includes virtually all of NMHC's assets and revenues. Effective September 1, 2018 Centegra and its affiliates joined the NMHC Obligated Group. A Supplemental Master Trust

Indenture (MTI) was executed to issue obligations pursuant to the NMHC MTI in order to secure all debt that was previously secured by obligations issued pursuant to the Centegra MTI prior to the release of the Centegra MTI. The MTI allows substitution of notes without bondholder approval and has no additional indebtedness tests.

DEBT-RELATED DERIVATIVES

NMHC's debt-related derivatives will pose minimal credit risk, given modest collateral posting requirements and NMHC's strong liquidity. At fiscal year end 2018, NMHC had interest rate swaps with a total notional amount of \$326 million and no collateral was posted.

PENSIONS AND OPEB

NMHC's pension plan is fully funded.

Management and governance

NMHC's extensive and comprehensive creation of a standard operating model, consolidated and centralized business functions, and single IT platforms (EMR and ERP) will allow it to efficiently achieve further clinical integration and execute growth strategies. We expect the management team will continue to demonstrate a disciplined and detailed approach to evaluating strategic alternatives and capital commitments. These capabilities have allowed the system to integrate new hospitals during a rapid growth period while maintaining operating and balance sheet strength.

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REPORT NUMBER 1186650

SECTION IX. SAFETY NET IMPACT STATEMENT

Not Applicable – the proposed project is NON-SUBSTANTIVE and does not involve discontinuation.

SECTION X. CHARITY CARE INFORMATION

With a mission-driven commitment to providing quality medical care regardless of the patient's ability to pay, NMHC/CDH is dedicated to improving the health of the most medically underserved members of our community. NMHC's financial assistance programs and outreach services continue to expand so that we are able to serve the most vulnerable in our communities. Through our financial assistance programs and Presumptive Eligibility policy, NMHC continues to provide medically necessary health care for those in need.

In addition to charity care, CDH is the largest Medicaid provider in DuPage County.

Northwestern Medicine Central DuPage Hospital

	FY16	FY17	FY18
Net Patient Revenue	\$ 944,444,582	\$1,035,941,422	\$1,061,914,728
Amount of Charity Care (charges)	\$ 76,395,165	\$ 76,471,373	\$ 66,695,042
Cost of Charity Care	\$ 13,263,598	\$ 13,433,053	\$ 11,617,560

Access to care for low-income and uninsured patients continues to be an issue in DuPage and Kane counties. CDH and the other NM hospitals in those counties work with multiple local, community-based organizations to address this issue. The DuPage Health Coalition led the development and implementation of the DuPage County Access to Health Services Action Plan. The coalition is a collaborative effort by thousands of individuals and hundreds of organizations in DuPage County to provide access to medical services to the county's low-income, uninsured residents. In addition to funding provided by NMHC, leaders from NMHC serve on the coalition providing guidance and leadership on how to best combat access issues.

A unique initiative of the coalition is Silver Access DuPage, which provides financial help to lower-income families purchasing health insurance on the ACA Marketplace and Women's Health Navigation Services. Silver Access DuPage members receive assistance in covering the cost of their health insurance, which can then be used at any service provider within their network. NMHC provides subsidies to the Silver Access DuPage program to help ensure low-income county residents can afford and receive necessary health care, regardless of where they receive that care.

Northwestern Memorial HealthCare

	FY16	FY17	FY18
Net Patient Revenue	\$4,081,581,000	\$4,547,371,208	\$4,877,615,420
Amount of Charity Care (charges)	\$ 386,070,000	\$ 308,814,605	\$ 321,715,102
Cost of Charity Care	\$ 80,459,000	\$ 65,761,106	\$ 65,929,276

Note: numbers do not reflect the impact on acquisitions/affiliations for periods prior to the acquisition/affiliation.

NMHC is proud to demonstrate our commitment to making the communities we serve healthier by caring for the sickest among us, regardless of the patient's ability to pay;

advancing research; training the next generation of healthcare leaders; expanding access to leading-edge health care throughout our service area; providing health and wellness programs and outreach activities to address identified community needs; and strengthening community partnerships.

During FY18, Northwestern Memorial HealthCare contributed more than \$846.5 million in community benefits programs including charity care, other unreimbursed care, research, education, language assistance, and other community benefits.



251 East Huron Street
Chicago, Illinois 60611-2908
312.926.2000
northwesternmedicine.org

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

February 13, 2020

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

**RE: *Application submittals
Northwestern Medicine Central DuPage Hospital
Bloomingdale Medical Office Building project***

Dear Ms. Avery:

Enclosed are the following materials supporting NM Central DuPage Hospital's Certificate of Need application for the Bloomingdale Medical Office Building project:

- CON Permit Application (2 unbound copies, including original)
- CON Permit Application Fee - in the amount \$2,500

If you have any questions/comments, please feel to contact me at (312) 926-8650.

Sincerely,

A handwritten signature in black ink, appearing to be 'Bridget S. Orth', with a long horizontal flourish extending to the right.

Bridget S. Orth
Director, Regulatory Planning

enclosures