ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	TARGET Health Cooperative Partnership Medical Clinics Building
Street Address:	5525 South Pulaski Road
City and Zip Code:	Chicago, IL 60629
County: Cook	Health Service Area: VI Health Planning Area: A-03

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

Exact Legal Name: The Board of Trustees of the University of Illinois, a state body corporate and politic of the State of Illinois	
Street Address:	364 Henry Administration Building (MC364) 506 S. Wright St.
City and Zip Code:	Urbana, IL 61801
Name of Registered Agent:	Dedra M. Williams, Secretary to the Board of Trustees
Registered Agent Street Address:	364 Henry Administration Building (MC364) 506 S. Wright Street
Registered Agent City and Zip Code:	Urbana, IL 61801
Name of Chief Executive Officer:	Timothy Killeen, President, University of Illinois
CEO Street Address:	364 Henry Administration Building (MC364) 506 S. Wright Street
CEO City and Zip Code:	Urbana, IL 61801
CEO Telephone Number:	217/333-3070

Type of Ownership of Applicants

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- X Governmental
- ☐ Sole Proprietorship
- ☐ 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:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court, Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7101

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

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:	Scott E. Jones
Title:	Chief Ambulatory Operations Officer
Company Name:	University of Illinois Hospital & Clinics
Address:	840 South Wood, Suite 113 CSB M/C 510 Chicago, IL 60612
Telephone Number:	312/996-7187
E-mail Address:	sejones7@uic.edu
Fax Number:	312/996-2545

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: The Board of Trustees of the University of Illinois, a state body corporate and politic of the State of Illinois

Address of Site Owner: 364 Henry Administration Building (MC364) 506 S. Wright Street Urbana 61801

Street Address or Legal Description of the Site: 5525 South Pulaski Road Chicago, IL 60629

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: please see ATTACHMENT 3

Address: NOTE: Medical Clinics Buildings are not licensed by IDPH

☐ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation X Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐
Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- 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.
- **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

X 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.

The proposed project is a cooperative effort between UI Health Physicians Group ("UIPG"), Alivio Medical Center ("Alivio"), Friend Family Health Center ("Friend"), and Mile Square Health Center ("Mile Square"), with the project being led by UIPG.

The applicant has acquired a building at the intersection of West 55th Street and South Pulaski Road, intending to operate the building as a medical clinics building ("MCB"). The building formerly housed outpatient services operate by Mercy Hospital & Medical Center, which were discontinued in 2021.

Funding for the project is being provided through a grant from the Illinois Department of Healthcare and Family Services ("DHFS") to the TARGET Health Cooperative ("Transforming the Gage Park/West Elsdon Community Through Partnership"), which is led by UI Health and includes as partners Alivio Medical Center, Friend Family Health Center, and UI Health's Mile Square Health Center, each of which is a FQHC operating in the area. Alivio will focus on obstetrics and gynecology services, Friend Family will focus on behavioral health services and will provide urgent care services, and Mile Square will provide dental care. UI Health Physician Group will provide specialty services. In addition, the UIC College of Applied Health Sciences will provide physical and occupational therapy services and nutrition services, and the UIC Office of Community Engagement and Neighborhood Health Partnerships will address social determinants of health.

The primary uses of space are summarized below:

- Lower Level:
  - imaging
  - community education
  - staff facilities
- First Floor:
  - FQHCs
  - Urgent care
- Second Floor:
  - UI Health specialty clinics (Ophthalmology, Women's Health, Medical Oncology, Gastroenterology, Hematology, Cardiology, Nephrology, Neurology, Pulmonary Medicine, and Specialty Pediatrics
- Third Floor:
  - physical and occupational therapy
  - stress testing
  - occupational medicine

A Certificate of Need ("CON") Permit is being sought because the purchase of the building, the required renovation of the building, and the associated "soft" costs together exceed the CON program's review threshold.

The project costs addressed in this CON application are being funded through a grant (please see description in ATTACHMENT 36), with a phased renovation program and the treatment of patients being initiated during the first quarter of 2022. As such, and with the signatures affixed to the Certification section of this CON application, the applicant attests to the commitment that the applicable review threshold in place at the time of this CON application's filing will not be exceeded until the CON Permit sought through this application has been awarded.

The individual services to be offered will be initiated in three phases:

Phase 1 (to be available by March 1, 2022):

- care coordination
- urgent care
- behavioral health
- cardiology
- pulmonary medicine
- nephrology
- oncology
- selected pediatric specialties
- general surgery (pre- and post-op care)
- community education

Phase 2 (to be available by August 31, 2022)

- ENT
- hematology
- physical therapy
- selected pediatric specialties
- endocrinology
- ophthalmology
- dental care
- gastroenterology

Phase 3 (to be available by October 1, 2022)

- imaging
- breast health/women's health
- neurology
- occupational medicine
- nutritional services
- orthopedics
- occupational therapy
- rheumatology

PROJECT COST AND SOURCES OF FUNDS

	Clinical	Non-Clinical	Total
Project Cost:			
Preplanning Costs	$ 120,000	$ 25,000	$ 145,000
Site Survey and Soil Investigation			
Site Preparation	$ 75,000	$ 50,000	$ 125,000
Off Site Work			
New Construction Contracts			
Modernization Contracts	$ 1,463,860	$ 965,585	$ 2,429,445
Contingencies	$ 167,250	$ 129,750	$ 297,000
Architectural/Engineering Fees	$ 146,800	$ 98,500	$ 245,300
Consulting and Other Fees	$ 360,672	$ 92,798	$ 453,470
Movable and Other Equipment (not in construction contracts)	$ 5,251,618	$ 456,662	$ 5,708,280
Net Interest Expense During Construction Period			
Fair Market Value of Leased Space			
Fair Market Value of Leased Equipment			
Other Costs to be Capitalized	$ 2,984,716	$ 891,538	$ 3,876,254
Acquisition of Building or Other Property	$ 5,071,977	$ 1,515,006	$ 6,586,983
TOTAL USES OF FUNDS	**$ 15,641,893**	**$ 4,224,839**	**$ 19,866,732**
Sources of Funds:			
Cash and Securities	$ 3,641,893	$ 1,224,839	$ 4,866,732
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants	$ 12,000,000	$ 3,000,000	$ 15,000,000
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 15,641,893**	**$ 4,224,839**	**$ 19,866,732**

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 INCLUDED IN PURCHASE PRICE OF BUILDING

Purchase Price: $_____
Fair Market Value: $_____

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

X Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): March 1, 2023

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

PLEASE SEE ATTACHMENT 36

☐ 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:

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

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.**

Not Reviewable Space [i.e. non-clinical]: *means an area for the benefit of the patients, visitors, staff or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving services from the health care facility. "Non-clinical service areas" include, but are not limited to, chapels; gift shops; newsstands; computer systems; tunnels, walkways, and elevators; telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices; modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers.* [20 ILCS 3960/3]

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**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: University of Illinois Hospital & Clinics		**CITY:** Chicago			
REPORTING PERIOD DATES:		**From:** January 1, 2020	**to:** December 31, 2020		
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	240	9,224	59,878	None	240
Obstetrics	45	2,032	4,690	None	45
Pediatrics	32	274	1,316	None	32
Intensive Care	65	2,870	23,448	None	65
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	50	832	11,664	None	50
Neonatal Intensive Care	30	440	5,926	None	30
General Long-Term Care					
Specialized Long-Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	462	15,672	106,922	None	462

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 _The Board of Trustees of the University of Illinois, a state body corporate and politic of the State of Illinois__* 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.

Joanna Groden, PhD 2/1/22
SIGNATURE

Joanna Groden, PHD
PRINTED NAME

Vice Chancellor for Research
PRINTED TITLE

Paul N. Ellinger
SIGNATURE

Paul N. Ellinger
PRINTED NAME

Interim Comptroller
PRINTED TITLE

Kristen Scheurich 2/1/2022
Comptroller Delegate Date
Kristen Scheurich
Assistant Director, Proposals
Office of Sponsored Programs

*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 can 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** 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:

NO SHELL SPACE IS INCLUDED IN THE PROJECT

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:

NO SHELL SPACE IS INCLUDED IN THE PROJECT

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
☐ **general radiology**	**0**	**1**
☐ **mammography**	**0**	**1**
☐ **CT**	**0**	**1**

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
1APPEND DOCUMENTATION AS ATTACHMENT 31, 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)**

VII. 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]:**

$4,496,130	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 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;
	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts;
	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: 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 terms and conditions. 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;
_$15,000,000_	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$19,496,130	**TOTAL FUNDS AVAILABLE**

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

NOTE ON PROJECT CAPITAL COST

Since the grant providing funding for the project was issued, and due in major part to remediation work required by the facility that was not known to the applicants at the time the grant application was submitted and approved, the anticipated capital cost has increased from approximately $13.8M to approximately $19.5M. DHFS has been informed of the newly-identified costs; and if the grant is not increased to cover the incremental costs, the University of Illinois will assume direct responsibility for those costs. Examples of the recently-identified capital costs include the building's lack of a sprinkler system and the need to replace the HVAC system.

SECTION VIII. 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 the project's 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.

Proof of "A" bond rating provided

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 35, 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 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements

not applicable

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 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

not applicable

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	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. 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 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

not applicable

1. The project's material impact, if any, on essential safety net services in the community, ***including the impact on racial and health care disparities in the community,*** to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 37.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

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

SECTION X. CHARITY CARE INFORMATION

NOT APPLICABLE, APPLICANT IS NOT A LICENSED HEALTH CARE FACILITY

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			
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI -SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is located in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.

1. Applicant: The Board of Trustees of the University of Illinois a state body corporate and politic of the State of Illinois 364 Henry Administration Building (MC364) 506 S. Wright Street
(Address)
(City)Urbana (State) IL (ZIP Code) 61801 (Telephone Number) 217/333-3070

2. Project Location: 5525 South Pulaski Road
Chicago, IL (Address (City)
Cook
(County) (Township) (Section)

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (https://msc.fema.gov/portal/home) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the ***Go To NFHL Viewer*** tab above the map. You can print a copy of the floodplain map by selecting the  icon in the top corner of the page. Select the pin tool icon  and place a pin on your site. Print a FIRMETTE size image.

   If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA:
Yes____ No _X__
IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN?

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.
If the determination is being made by a local official, please complete the following:

FIRM Panel Number:_____ Effective Date:_____

Name of Official:_____ Title: _____

Business/Agency:_____ Address:

(City) (State) (ZIP Code) (Telephone Number)

Signature:_____ Date:

NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems.

If you need additional help, contact the Illinois Statewide Floodplain Program at 217/782-4428

STATUS OF APPLICANT

By law, the applicant is exempt from having to obtain a Certificate of Good Standing.

ATTACHMENT 1

CHICAGO TITLE & TRUST.

Chicago Title and Trust Company
10 South LaSalle Street, Suite 3100
Chicago, IL 60603
312-223-2173

Disbursement Statement

Settlement Date: October 18, 2021
Disbursement Date: October 18, 2021
Order Number: CCHI2101969LD
Escrow Officer: Laurel Arlis
Buyer: University of Illinois
Seller: MERCY HOSPITAL AND MEDICAL CENTER, AN ILLINOIS NOT FOR PROFIT CORPORATION
Property: 5525 South Pulaski Road
Chicago, IL 60629

	Buyer		Seller	
	Debit	Credit	Debit	Credit
Total Consideration				
Purchase Price	4,950,000.00			4,950,000.00
Personal Property and Equipment	35,000.00			35,000.00
Prorations/Adjustments				
Proration for 2021 Taxes Non-Exempt Parcels		9,373.24	9,373.24	
Proration for 2021 Taxes Leased Parcel		9,162.79	9,162.79	
Proration for Parking Lease Paid through October	1,983.48			1,983.48
Title/Escrow Charges $8,550.00				
Owner's Policy and Endorsements Coverage: $4,950,000.00 Version: ALTA Owner's Policy 2006			3,850.00	
Deed and Money Escrow	750.00		750.00	
Policy Update Fee	150.00			
New York Closing Fee (GAP Coverage)	250.00		250.00	
Commitment Update Fee			150.00	
Endorsement Package for Billing	1,975.00			
Estimated Recording Fees	250.00			
E Recording and Service Fees	25.00			
Overnight/Express Delivery Service Fee	75.00			
Schedule B Document Copies			75.00	
Miscellaneous Charges				
Chicago Water Certificates (2) Fees to MGR Title Services			300.00	
Real Estate Taxes 19-14-100-068 to MGR Title Services fbo Cook County Treasurer			1,803.69	
Real Estate Taxes 19-15-207-030 to MGR Title Services fbo Cook County Treasurer			1,364.65	

ATTACHMENT 2

	Buyer		Seller	
	Debit	Credit	Debit	Credit
Miscellaneous Charges (continued)				
Real Estate Taxes 19-15-207-031 to MGR Title Services fbo Cook County Treasurer			1,326.10	
Real Estate Taxes 19-15-207-032 to MGR Title Services fbo Cook County Treasurer			1,364.65	
Real Estate Taxes 19-14-100-074 to MGR Title Services fbo Cook County Treasurer			5,816.85	
Duplicate Tax Bill Fee to MGR Title Services fbo Cook County Treasurer			35.00	
RE Tax Payment Fee to MGR Title Services $51 per parcel			255.00	
ALTA/NSPS to Bock and Clark Corporation			3,000.00	
Commission to Transwestern Commercial Services			120,000.00	
Commission to Lynch Realty, Inc.			99,000.00	
Legal Counsel Fees to Barnes & Thornburg			26,680.07	
Subtotals	4,990,458.48	18,536.03	284,557.04	4,986,983.48
Balance Due FROM Buyer		**4,971,922.45**		
Balance Due TO Seller			**4,702,426.44**	
Totals	4,990,458.48	4,990,458.48	4,986,983.48	4,986,983.48

See signature page to follow

ATTACHMENT 2

BUYER:

The Board of Trustees of the University of Illinois,
a public body corporate and politic of the State of Illinois

By: Paul N. Ellinger

Name: Paul N. Ellinger

Title: Interim VP, CFO & Comptroller

Chicago Title Insurance Company
File No: NCS CCHI2101969LD

SIGNATURE PAGE TO MASTER STATEMENT

SELLER:

MERCY HOSPITAL AND MEDICAL CENTER,
an Illinois not-for-profit corporation

By: _____
Name: Jeffrey R. Mathis
Title: Secretary

BUYER

University of Illinois

By:_____
Name:_____
Its:_____

SELLER

MERCY HOSPITAL AND MEDICAL CENTER, AN ILLINOIS NOT FOR PROFIT CORPORATION

By:_____
Name:_____
Its:_____

Chicago Title and Trust Company

BY:_____
Chicago Title and Trust Company

ATTACHMENT 2

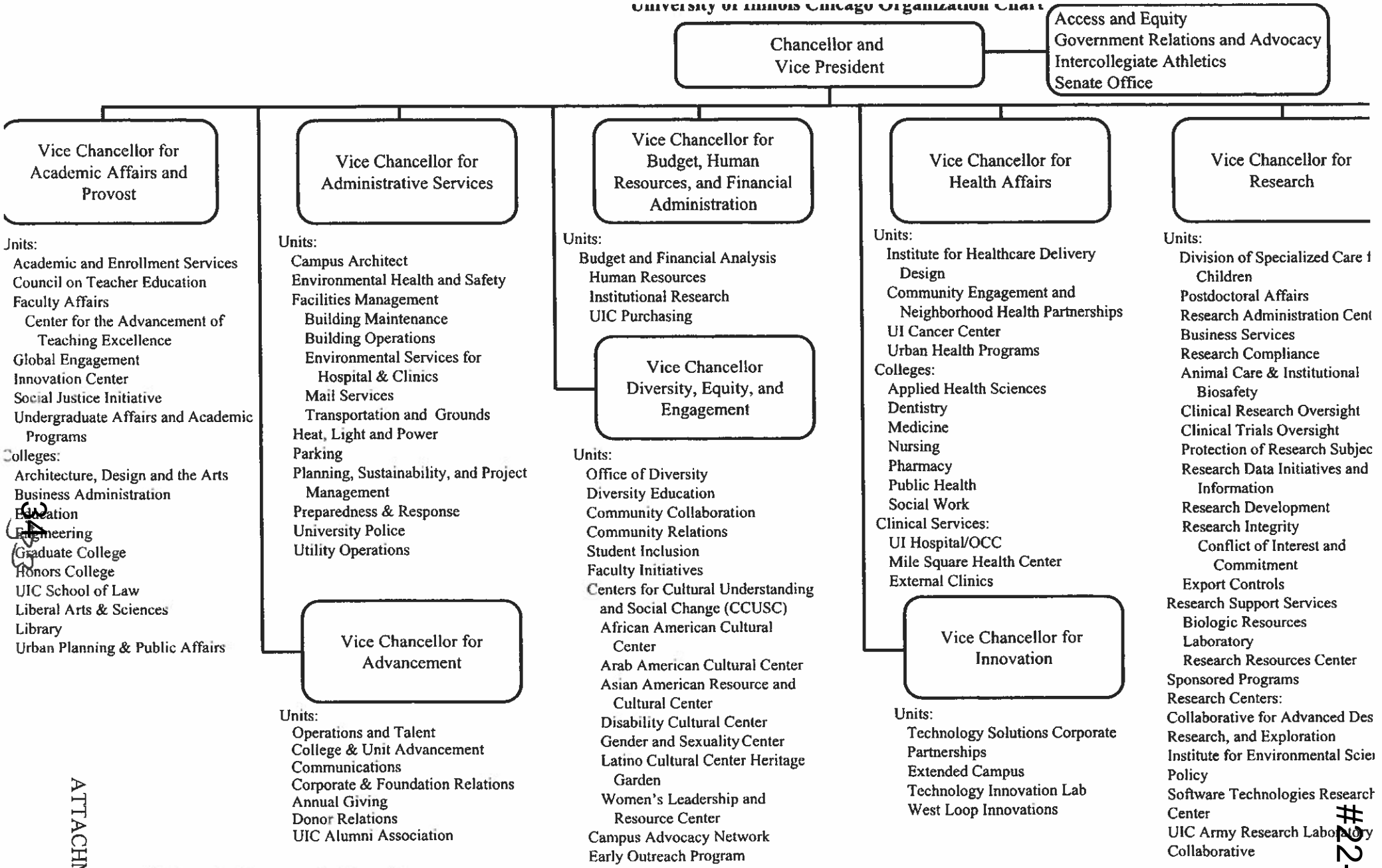
NOTE ON OPERATING ENTITY/LICENSEE

The Board of Trustees of the University of Illinois owns the University of Illinois Medical Center at Chicago and several other healthcare providers across the state. These providers, pursuant to 210 ILCS 85/3(A)(2), are not subject to the licensure requirements of the Illinois Hospital Licensure Act. The Hospital was established under the University of Illinois Hospital Act (110 ILCS 330).

The Illinois Department of Public Health does not license medical clinics buildings.

The day-to-day operations of the MCB will be directed by the TARGET Health Cooperative Partnership, which is led by UI Physician Group.

University of Illinois Chicago Organization Chart



Note: Organization chart updated November 2021.

ATTACHMENT 4

#22-007

Illinois Health Facilities and
Services review Board
Springfield, Illinois

To Whom It May Concern:

I hereby confirm that the project proposed in this Certificate of Need application, that being the establishment of a medical clinics building at 5525 South Pulaski Road in Chicago, complies with the requirements of Executive Order #2006-5. A map confirming such, and provided by FEMA, is attached.

Sincerely,

Scott E. Jones
Chief Ambulatory Operations Officer

Notarized:

GUADALUPE ALMANZA
OFFICIAL SEAL
Notary Public - State of Illinois
My Commission Expires
November 16, 2025

1-26-22

ATTACHMENT 5

FEMA (//www.fema.gov/)

FEMA Flood Map Service Center: Search By Address

Navigation

Search

Languages

MSC Home (/portal/)

MSC Search by Address (/portal/search)

MSC Search All Products (/portal/advanceSearch)

MSC Products and Tools (/portal/resources/produ

Hazus (/portal/resources/hazu

LOMC Batch Files (/portal/resources/lom

Product Availability (/portal/productAvailab

MSC Frequently Asked Questions (FAQs) (/portal/resources/faq)

MSC Email Subscriptions (/portal/subscriptionHome)

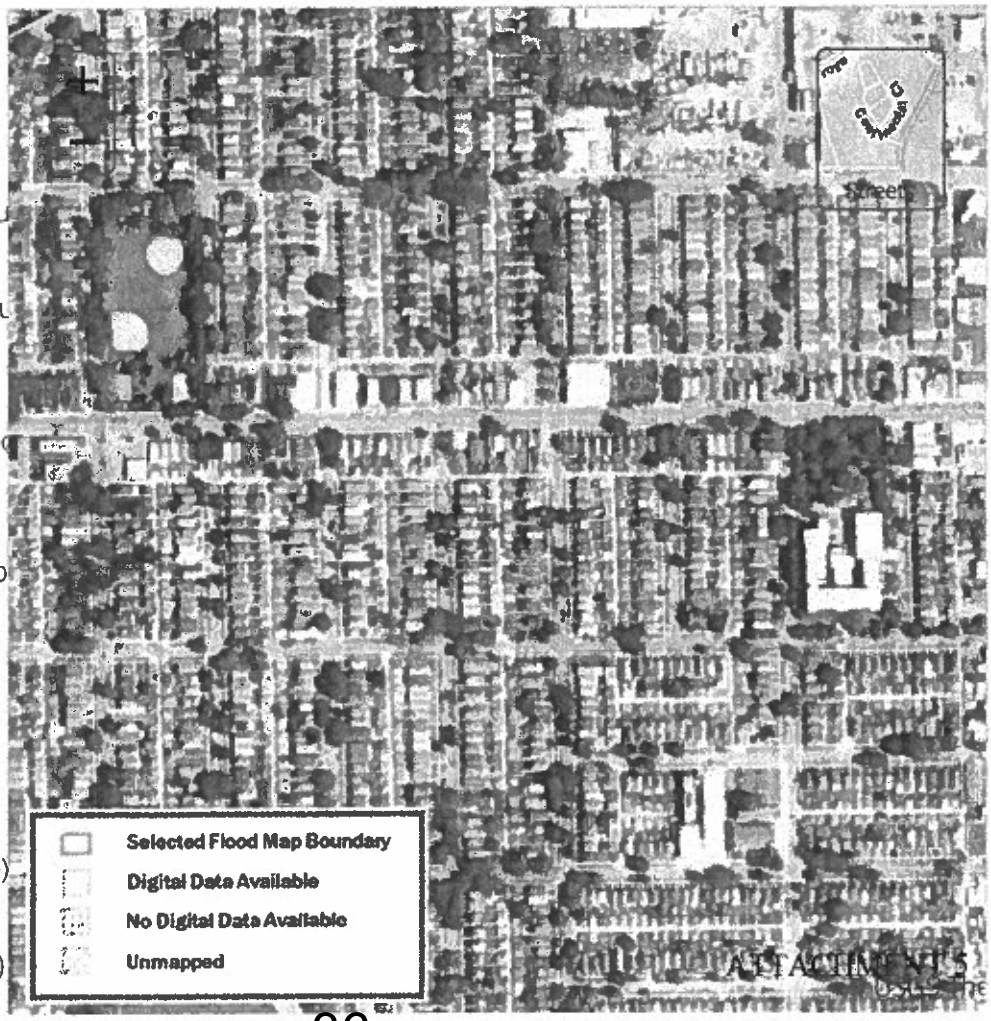
Contact MSC Help (/portal/resources/contact)

Enter an address, place, or coordinates:

5525 South Pulaski Road Chicago, IL 6062 Search

Whether you are in a high risk zone or not, you may need flood insurance (https://www.fema.gov/national-flood-insurance-program) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 30 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than $400 per year. Call your insurance agent today and protect what you've built.

Learn more about steps you can take (https://www.fema.gov/what-mitigation) to reduce flood risk damage.



ATTACHMENTS

#22-007

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

January 12, 2022

Illinois Dept. of Natural Resources
Illinois State Historic Preservation Office
ATTN: Review and Compliance/Old State Capitol
1 Old State Capitol Plaza
Springfield, IL 62701

RE: Proposed Renovation to Medical Office Building
5525 South Pulaski Road
Chicago

To Whom It May Concern:

I am in the process of developing a Certificate of Need application, to be filed with the Illinois Health Facilities Services and Review Board, and I am in need of a determination of applicability from your agency.

The project involves the renovation of approximately 30,000 square feet of the above-identified medical office building ("MOB"). The building is approximately 45 years old. There do not appear to be any structures of historical significance near the site, the exterior of the buildings will not be altered in any significant way, and the project will have no impact on surrounding buildings.

I have enclosed a map of the site and pictures of the hospital and the MOB, as well as surrounding buildings. The area is generally a mix of retail and office buildings, with portions of the area currently under development.

A letter from your office, confirming that the Preservation Act is not applicable to this project would be greatly appreciated.

Should you have any questions, I may be reached at the phone number below.

Sincerely,

Jacob M. Axel
President

enclosures

ATTACHMENT 6

675 North Court, Suite 210
Palatine, Illinois 60067

Phone (847) 776-7101
Fax (847) 776-7004

PROJECT COSTS AND SOURCES OF FUNDS

Project Costs			
Preplanning Costs			
building evaluation	$	130,000	
environmental eval.	$	7,500	
other, misc.	$	20,000	
			$ 157,500
Site Preparations			
parking resurfaciing	$	100,400	
exterior lighting	$	50,000	
exterior signage	$	38,000	
other, misc.	$	15,800	
			$ 204,200
Modernization Contracts			
please see ATT. 36	$	2,048,820	
			$ 2,048,820
Contingencies			
please see ATT. 36	$	297,000	
			$ 297,000
Architectural & Engineering			
phase 2 design	$	108,948	
phase 1 design	$	91,858	
other, misc.	$	12,817	
			$ 213,623
Consulting and Other Fees			
project management	$	314,470	
legal	$	50,000	
bldg. commissioning	$	20,000	
printing	$	10,000	
other, misc.	$	9,000	
			$ 403,470
Movable Equipment			
imaging	$	2,716,674	
dental	$	263,398	
2nd fl clinics	$	187,000	
echo, etc.	$	269,400	
ophthalmology	$	784,869	
otolaryngology	$	101,939	
ultrasound	$	130,000	
PT/OT	$	125,000	
IT	$	500,000	
phones/comm. systems	$	250,000	
PACS workstations	$	280,000	
other, misc.	$	100,000	
			$ 5,708,280

ATTACHMENT 7

PROJECT COSTS
and SOURCES OF FUNDS

Project Costs				
Preplanning Costs				
building evaluation	$	115,000		
environmental eval.	$	10,000		
other, misc.	$	20,000		
			$	145,000
Site Preparations				
parking resurfacilng	$	80,000		
exterior lighting	$	15,000		
exterior signage	$	15,000		
other, misc.	$	15,000		
			$	125,000
Modernization Contracts				
please see ATT. 36	$	2,429,445		
			$	2,429,445
Contingencies				
please see ATT. 36	$	297,000		
			$	297,000
Architectural & Engineering				
phase 2 design	$	175,300		
phase 1 design	$	50,000		
other, misc.	$	20,000		
			$	245,300
Consulting and Other Fees				
project management	$	273,470		
equipment planning	$	50,000		
legal	$	50,000		
bldg. commissioning	$	20,000		
printing	$	10,000		
other, misc.	$	50,000		
			$	453,470

ATTACHMENT 7

PROJECT COSTS
and SOURCES OF FUNDS

Movable Equipment			
imaging	$	2,716,674	
dental	$	263,398	
2nd fl clinics	$	187,000	
echo, etc.	$	269,400	
ophthalmology	$	784,869	
otolaryngology	$	101,939	
ultrasound	$	130,000	
PT/OT	$	125,000	
IT	$	500,000	
phones/comm. systems	$	250,000	
PACS workstations	$	280,000	
other, misc.	$	100,000	
			$ 5,708,280
Other Costs to be Capitalized			
HVAC replacemnt	$	2,745,214	
sprinkler system	$	700,000	
plumbing systems	$	431,040	
			$ 3,876,254
Acqiusition of Building	$	6,386,983	
Acquisition of Parking Lot	$	200,000	
			$ 6,586,983
Total			**$ 19,866,732**
Sources of Funds			
Grant			$ 15,000,000
Cash from U of I or Related Entity			$ 4,866,732
Total			**$ 19,866,732**

ATTACHMENT 7

Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Square Feet			
					That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Mammography	$ 594,392		588		588		
Gen'l Radiology	$ 1,251,351		847		847		
CT	$ 2,189,865		1,675		1,675		
Lab	$ 797,737		530		530		
Echocardiography	$ 922,872		610		610		
U of I Clinics	$ 4,692,568		4,889		4,889		
Stress Testing	$ 813,378		647		647		
PT/OT/Occ. Health	$ 4,379,730		6,939		6,939		
	$ 15,641,893		16,725		16,725		
Non-Reviewable							
Central Supply	$ 342,212		659		659		
Comm. Education	$ 464,732		1,645		1,645		
Staff Areas	$ 333,762		1,038		1,038		
Mechanical Areas	$ 164,769		754		754		
Administrative	$ 464,732		1,454		1,454		
Lobby	$ 173,218		335		335		
Security	$ 12,675		42		42		
Leased Space	$ 2,268,739		7,048		7,048		
	$ 4,224,839		12,975		12,975		
PROJECT TOTAL	$ 19,866,732		29,700		29,700		

BACKGROUND

With the signatures provided on the Certification page of this Certificate of Need ("CON") application, the applicant attests that, to the best of its knowledge, no adverse action has been taken against any health care facility owned and/or operated by it, during the three years prior to the filing of this CON application. Further, with the signatures provided on the Certification page of this Certificate of Need ("CON") application, the applicant authorizes the Health Facilities and Services Review Board and the Illinois Department of Public Health access to any documents which it finds necessary to verify any information submitted, including, but not limited to official records of IDPH or other State agencies, and records of nationally recognized accreditation organizations.

PURPOSE OF PROJECT

The primary purpose of the proposed project is to improve access to health care services for a largely financially disadvantaged Latino population residing on the southwest side of Chicago. Access was significantly compromised with the recent closing of a large hospital-operated outpatient center that occupied the building addressed in this application. As such, the health care and well-being of the market area population to be served by the project will be improved.

It is anticipated that the primary service area ("PSA") population will consist of the residents (children and adults) residing in the ZIP Code areas located within four miles of the project's site. There are eleven residential ZIP Code areas (and one commercial ZIP Code area), with a population of 516,653 in the PSA, per SearchBug. Those ZIP Code areas are identified below:

60629	Chicago
60499	Bedford Park*
60652	Chicago
60636	Chicago
60632	Chicago
60456	Hometown
60638	Chicago
60459	Burbank
60805	Evergreen Park
60621	Chicago
60620	Chicago
60609	Chicago

*commercial with no population

Historically, though located seven miles to the northeast of the site, and due in part to its liberal charity care policies and lack of medical care alternatives in the area, UI Health (excluding

Mile Square outpatient center) has served as a primary provider of health care services to area residents, providing 293,336 patient encounters during CY 2011-19.

The goal of the proposed project is to have all clinical services operational by the project completion date.

ALTERNATIVES

With the understanding that the purpose of the proposed project is to improve accessibility to high-quality medical care for the residents of a largely lower income and Latino population residing on the southwest side of Chicago, two alternatives were considered.

The first alternative considered was the construction of a new building in the general vicinity of the proposed project. Aside from the recognition that the construction cost would exceed the renovation cost estimated for the proposed project, and because the size of a newly-constructed building is unknown, the alternative's capital cost is unknown, but assumed to be greater than the proposed project's building purchase and renovation costs. Had this alternative been selected, the associated operating costs, accessibility for area residents, and quality of care would be very similar to that of the proposed project.

The second alternative considered would be the locating of the proposed project on or in very close proximity to the UI Medical Center campus. This alternative was immediately dismissed because it would not provide the level of accessibility sought for residents of the proposed site. The capital/construction cost associated with this alternative, if a suitable location were identified, was not sought. Had this alternative been selected, accessibility for the target patient population would have been significantly diminished, while the operating costs and the quality of care would be very similar to that of the proposed project.

SIZE OF PROJECT

The proposed project involves space allocated for the provision of four clinical services having HFSRB-adopted space standards, as documented in Section 1110, APPENDIX B; and the amount of space proposed to be assigned to each of those services is consistent with the above-referenced standards. (Ultrasound services will also be provided in the MCB, however, those services will be provided with portable units, having no space assigned to the units.)

The amount of space allocated to the project's individual services/functions is viewed by the applicant as being necessary and not excessive, based upon anticipated utilization and, in some cases, equipment spatial requirements.

The table below compares the space allocated to the individual services to the HFSRB-adopted standards.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Gen'l Radiology (1)	847	1,300	(453)	YES
Mammography (1)	588	900	(312)	YES
CT (1)	1,675	1,800	(125)	YES
Clinics/Exam Rooms (15)	5,361	12,000	(6,639)	YES

PROJECT SERVICES UTILIZATION

The proposed project does not involve any HFSRB-identified "Categories of Service", but does include three fixed-site imaging modalities (general radiology, CT and mammography) having HFSRB-adopted utilization standards, as identified in Section 1110, APPENDIX B. However, and consistent with HFSRB practices, because only one unit will be provided for each of the above-identified modalities, the minimal utilization standards are not applicable.

The table below identifies the projected utilization of each of the above-referenced imaging modalities for each of the first two years following the project's completion.

	Year 1	Year 2
general radiology	3,450	4,224
CT	2,300	2,829
Mammography	3,220	3,961

In addition to the modality-specific utilizations provided above, 38,737 patient visits are projected to be provided through the second floor UI Physician Group exam rooms, with 48,613 patient visits projected for the following year.

CLINICAL SERVICE AREAS OTHER THAN
CATEGORIES OF SERVICE

As identified in ATTACHMENT 15, the proposed project does not involve any HFSRB-identified "Categories of Service", but does include three fixed-site imaging modalities (general radiology, CT and mammography) having HFSRB-adopted utilization standards, as identified in Section 1110, APPENDIX B. However, and consistent with HFSRB practices, because only one unit will be provided for each of the above-identified modalities, the minimal utilization standards are not applicable.

The proposed project is located in Planning Area A-3, and as noted in ATTACHMENT 12, the primary service area ("PSA") population is identified as the residents of the ZIP Code areas located within four miles of the site; with much of that area being located in HFSRB Planning Area A-3. As such, the proposed project, as planned, is consistent with Section 1110.270.b.A)i. This is an area that has, in the past, had relatively reasonable access to some of the services proposed to be provided in the medical clinics building ("MCB") through a recently discontinued hospital-operated outpatient facility. That facility's physical plant will house the proposed MCB.

In 2021 the firm of Bailey Edwards conducted an evaluation of the building's physical plant, and among the deficiencies identified through the evaluation, and to be addressed in the proposed project are the following:

- rooftop HVAC units in need of replacement
- numerous toilet rooms not being ADA-compliant
- the lack of a sprinkler system
- parking lots in need of resurfacing
- numerous cracks in the floors

- holes in the walls surrounding pipes
- disrepair of brick interior walls
- roof joints in need of replacement
- 1st floor windows in need of replacement
- numerous exterior doors in need of replacement
- ceiling tiles in need of replacement on the lower level and 1st floor
- carpeting needing replacement

With the above-referenced recent discontinuation of the formerly hospital-operated outpatient center, it is not anticipated that the services proposed to be provided in the MCB will have a substantial adverse impact on other area providers. Rather, residents of the PSA will realize significantly improved accessibility to those services.

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
9 December 2021

Rate this Research

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

University of Illinois, IL

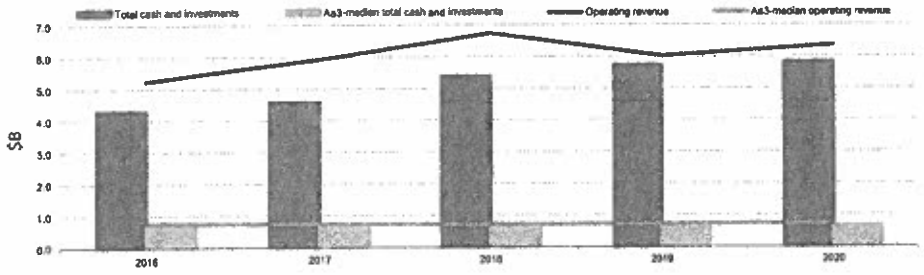
Update to credit analysis

Summary

University of Illinois' ("U of I," Aa3/stable) strong credit quality is supported by its substantial scale and status as a Big Ten public research university, sizable wealth, and excellent liquidity. Fiscal 2020 operating revenue was nearly $6.4 billion (Moody's adjusted) and is relatively diverse. Wealth and liquidity are strong with over $5.8 billion in total cash and investments (including investments held at its foundation) and over $3 billion in available monthly liquidity, providing significant operating flexibility. Overall debt is manageable relative to the university's financial resources, and its debt structure is fairly conservative. U of I's credit quality is constrained by its operating exposure to State of Illinois' (Baa2/stable), which includes direct operating support and on-behalf payments. Other credit factors considered include solid student demand, expected positive operating performance, but potential longer-term pension and OPEB exposure.

On December 8, 2021, the university's issuer rating was upgraded to Aa3 from A1 and various debt instrument ratings were also upgraded.

Exhibit 1
Substantial cash and investments and size provide a strong cushion to potential future state funding volatility



Source: Moody's Investors Service

This report was republished on December 9, 2021 with a corrected Health System revenue pledge amount of $76 million in the legal security section.

Credit strengths

» Substantial scale and strong reputation as a flagship, land grant large Big Ten public research university

» Excellent liquid reserves, with over $3 billion of available monthly liquidity at the end of fiscal 2020

» Notable fundraising with three-year average gift revenue of over $200 million supporting sizable total cash and investments of over $5.8 billion (including investments at the foundation)

» Overall low direct debt leverage with strong financial coverage of debt and sound debt to cash flow

Credit challenges

» Relatively high exposure to the State of Illinois' long-term fiscal challenges, as funding from the state, including on behalf payments, is nearly 30% of overall revenue

» Sizable nonresident student base, including international students, exposes the university to national and international student market competition

» Ownership and operation of the University of Illinois Health Services Facilities System ("HSFS," A3/stable) exposes the university to the highly competitive healthcare industry

» Continued capital investments required to remain competitive, reflected in a slightly elevated age of plant of 18 years

Rating outlook

The stable outlook reflects Moody's expectations of continued steady operating performance with continued reduced risk of state funding delays or reductions, or a transition of pension payment responsibilities. It also reflects Moody's expectations of continued sound debt service coverage for each of the individual revenue pledges.

Factors that could lead to an upgrade

» Material improvement in the state's credit quality with consistent and regular funding over multiple years

» Substantial growth in balance sheet reserves mitigating the university's exposure to state credit deterioration

» For South Campus Bonds, significant strengthening of TIF revenue

» For the HSFS Bonds, sustained improvement of the hospitals stand alone brand and strategic position in the competitive health care market, with an increase in liquid reserve and improved operating performance

Factors that could lead to a downgrade

» Deterioration of the State of Illinois' credit quality, or a substantial reduction or significant delay in state funding

» Sustained weakening in federal funding for research or healthcare reimbursement

» Significant deterioration of pledged revenue coverage of the AFS, South Campus, or HSFS bonds over multiple years

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Key indicators

Exhibit 2
UNIVERSITY OF ILLINOIS, IL

	2016	2017	2018	2019	2020	Median: Aa Rated Public Universities
Total FTE Enrollment	81,722	83,680	85,743	88,784	89,412	30,559
Operating Revenue ($000)	5,267,753	5,947,567	6,764,238	6,039,310	6,375,381	1,315,195
Annual Change in Operating Revenue (%)	-7.2	12.9	13.7	-10.7	5.6	1.3
Total Cash & Investments ($000)	4,285,977	4,571,542	5,376,893	5,720,710	5,821,981	1,601,876
Total Debt ($000)	1,619,452	1,523,135	1,425,310	1,476,849	1,457,531	714,472
Spendable Cash & Investments to Total Debt (x)	2.0	2.3	2.9	2.9	3.0	1.5
Spendable Cash & Investments to Operating Expenses (x)	0.6	0.6	0.7	0.7	0.7	0.8
Monthly Days Cash on Hand (x)	159	149	171	196	187	166
EBIDA Margin (%)	1.9	6.3	14.9	8.7	7.7	10.5
Total Debt to EBIDA (x)	16.3	4.1	1.4	2.8	3.0	4.7
Annual Debt Service Coverage (x)	0.7	2.4	6.2	3.1	3.1	2.9

Note: the table does not include debt that was issued post-fiscal 2020 audit. Pro forma debt is $1.7 billion.
Source: Moody's Investors Service

Profile

University of Illinois benefits from a national market position as the flagship and Land Grant institution in the State of Illinois and membership in the Big Ten Academic Alliance. One of the nation's largest comprehensive universities, total revenue total nearly $6.4 billion in fiscal 2020. U of I reports nearly 95,000 full-time equivalent students for fall 2021 at its Urbana-Champaign, Chicago, and Springfield campuses. It also has an extensive healthcare operation that includes an academic medical center and multiple health clinics in the City of Chicago.

Detailed credit considerations

Market profile: Big Ten flagship university with strong student demand, sizable research enterprise and healthcare system; credit quality is constrained by state funding exposures

University of Illinois derives significant market strength from its domestic and international reputation as a large research university with particularly strong science and engineering programs. This contributes to the university's demonstrated ability to grow tuition, auxiliary, philanthropic and research revenue streams despite a weaker operating environment driven by state challenges. U of I is a member of the Big Ten Academic Alliance and one of the largest universities in the nation. Despite continued pandemic-related uncertainty, U of I reports record enrollment of nearly 95,000 students for fall 2021. Management reports a rebound in both nonresident and international students, favorable for future net tuition revenue.

With about $1 billion in research expenditures, U of I is one of the nation's leading research universities. Research sponsors are diverse, with Health and Human Services (HHS) and National Science Foundation (NSF) the largest sponsoring agencies. U of I has contingency plans and operational flexibility to cope with some reductions in federal research funding and any further potential impact of responding to the current pandemic.

U of I has exposure to healthcare enterprise risks because of its ownership and operation of University of Illinois Hospital, a major medical center in Chicago with over $1 billion of operating revenue. The hospital is a tertiary clinical service provider in the highly competitive and fragmented Chicago market. The most immediate risk is the continued impact of COVID, which significantly reduced revenue from nonessential services in early fiscal 2021. Management favorably reports a solid operating surplus in Q1 of fiscal 2022 and is budgeting for an annual surplus with a goal of enhancing its balance sheet. Like other healthcare providers, U of I Hospital faces continued uncertainty stemming from the pandemic, as well as risks associated with in-flight capital projects and a multiyear hospital expansion plan, which could pressure liquidity and operating performance.

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U of I's credit quality is constrained by its reliance on funding from the State of Illinois (Baa2 stable) and its component unit status. The university receives nearly 30% of its revenue from the state, including on-behalf payments. The fiscal 2022 budget held funding flat for the university. Favorably, management reports accounts receivable from the state at the end of fiscal 2021 were under $1 million. Recent federal support to states have improved the state's short-term fiscal outlook, which could potentially improve fiscal 2022 funding, but longer-term challenges remain.

Operating performance: significant operating scale and revenue diversity provides flexibility

University of Illinois has significant operating scale and revenue diversity, with nearly $6.4 billion of revenue in fiscal 2021 and a highest single source revenue exposure of 29%, supporting strong operating flexibility. Still, its reliance on state funding for operations and on-behalf payments produce potential for future operating volatility because of the state's longer-term fiscal pressures.

Significant federal support, combined with steady enrollment and flat state appropriations produced improved operating performance in fiscal 2021 despite challenges stemming from the COVID-19 pandemic with management estimating a solid operating surplus. U of I's prior year operating performance was slightly weaker than peers, with an EBIDA margin of 7.7%. Given strong enrollment, steady state support, and improved operations at U I Health, we expect continued margin improvement in fiscal 2022.

Wealth and liquidity: robust wealth and reserves partly mitigate potential long-term state funding pressures

Balance sheet reserves will grow with continued strong philanthropy and provide independent financial strength from the state. Total reserves at the end of fiscal 2020 were $5.8 billion, up over $100 million from fiscal 2019. Preliminary estimates for fiscal 2021 indicate strong growth in reserves through fundraising and an endowment return of 34%. Continued strong fundraising, including a current $3.1 billion comprehensive campaign that is scheduled to run through 2022, will further bolster the university's balance sheet. Management reports that the campaign surpassed its $3.1 billion goal and has raised $3.26 billion to date.

Liquidity

Liquidity is a key credit factor and strength of the university. U of I reports over $3.3 billion of unrestricted operating funds for fiscal year-end June 30, 2021, up from $3 billion at the end of fiscal 2020. A strong and seasoned treasury and finance team supports the university's strong financial policy and strategy.

Leverage: manageable leverage continues; current special funding arrangement with state for unfunded pension liabilities keeps total adjusted debt low

Leverage will remain relatively low and debt service coverage solid despite thinner operating performance compared with peers. Total cash and investments in fiscal 2020 buffer total adusted debt a strong 3.2x and strong growth in assets will further enhance this buffer in fiscal 2021 despite new debt issued during the year. Annual debt service coverage in fiscal 2020 was a solid 3.1x.

U of I does not currently recognize a pension liability in its financial statement, given its special funding situation with the State of Illinois. Because of that arrangement, the university's total adjusted debt to revenue is favorable compared with peers. If legislative changes occurred shifting the liability to the university's balance sheet, this ratio would worsen significantly. (Fiscal 2020 financial statements report that the university's share of the state's net pension liability was nearly $13 billion in fiscal 2019.)

Legal security

U of I has numerous debt obligations outstanding with different revenue pledges.

The Auxiliary Facilities System (AFS) bonds are payable from net revenue of the AFS system, which is a closed system not accessible to fund general operating expenses, and student tuition and fees. There is an additional bonds test and a rate covenant that require net system revenue and student tuition and fees to be at least 2.0x maximum annual net debt service. Fiscal 2020 pledged revenue were $1.3 billion compared with MADS of $104 million.

The Academic Facilities Lease Revenue Bonds are secured by lease payments paid by University of Illinois directly to the bond trustee to fund debt service. U of I's lease can be terminated in the event of non appropriation in the budget and absence of other legally available non-appropriated funds. The base rent is not subject to diminution, abatement, suspension or other reductions. The payments are from legally available non-appropriated funds, similar to the COPs. There is no debt service reserve fund. The trustee has a mortgage lien on PG-UIUC's interest from the leases on the two facilities. If the university fails to pay the lease payments when due, PG-UIUC can

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accelerate U of I's lease payments to fully redeem the outstanding bonds. PG-UIUC has irrevocably appointed U of I as attorney in fact in the event of default and the university can assume full control.

The Certificates of Participation (COPS) are payable from legally available non-appropriated funds on a subordinate basis from revenue pledged to other bonds. U of I covenants to include the required debt service in its annual budget requests. The purchase contract and the university's obligation to make installment payments can be terminated in the event of both non-appropriation by the state and the absence of other legally available funds to pay debt service.

The South Campus Bonds are payable from the UIC South Campus Development Project, consisting of incremental taxes received by the City of Chicago (Ba1 negative); student tuition and fees, subject to prior pledges; and funds on deposit in the Bond and Interest Sinking Fund Account, including deposits from legally available non-appropriated funds. Net proceeds from completed land sales related to the project are also pledged to the 2003 Bonds. There is a 1.10x rate covenant, including student tuition and fees after providing for any student tuition and fees subject to a prior pledge of other outstanding bonds. The real estate tax base of the project area was frozen when designated as a TIF district and incremental tax revenue received from the newly developed or redeveloped properties is pledged to the university through 2023. For fiscal 2020, coverage on the $8.2 million maximum annual debt service (payable in fiscal 2022) with total available revenue of over $1 billion ($5.6 million from TIF revenue).

The Health Services Facilities System (HSFS) bonds are secured by (1) net revenue of the system; (2) Medical Service Plan (MSP) revenue (faculty practice plan), net of bad debt expense; and (3) College of Medicine net tuition revenue (subordinated to the pledge of tuition and fees to the AFS Bonds). Although the health system revenue of $16 million provide the first source of security, the pledges from MSP and the College of Medicine provide enhancement. The pledge of MSP revenue and medical school tuition is up to maximum annual debt service. Total fiscal 2020 pledged revenue totaled $305 million compared to MADS of $9.2 million (payable in fiscal 2027).

In addition, the University of Illinois has outstanding capital lease obligations associated with Provident Group — UIC Surgery Center LLC — University of Illinois totaling nearly $150 million. The bonds are legally payable by lease payments made by University of Illinois Health System under a triple net lease agreement. Lease payments are payable from the surplus revenue of HSFS, which consists of the HSFS revenue remaining after all required payments for HSFS revenue bonds are paid. Fiscal 2020 MADS coverage is well over 2.0x for the outstanding bonds.

Debt structure

U of I's debt structure risk remains manageable, with regular amortization and only a small portion of debt in variable rate mode. In recent years, however, the university has added some additional risk through use of public/private partnerships at both the university and hospital levels.

Variable rate debt outstanding total $45 million as of fiscal 2020, a modest amount considering the university's size and scope. All three series are supported by bank letters of credit and the university's ample liquidity further minimizes any potential remarketing risks.

U of I has multiple lease and PPP related obligations. Provident UIUC Properties LLC Series 2020A and 2020B and Provident Group — UIC Surgery Center LLC — University of Illinois are triple net lease back bonds. The university also has an outstanding PPP agreement on the Chicago Campus (CHF — Chicago, LLC Baa3/negative). The facility, which opened in fiscal 2019, is mixed use, including residents halls, academic space, and commercial space. In fiscal 2020, the university recognized a capital lease associated with the academic portion of the building.

Debt-related derivatives

University of Illinois has three interest rate swaps and HSFS is counterparty to one with a combined $35 million notional and no collateral posting is required. At June 30, 2020, the total mark-to-market value of the three swaps was a modest $3.1 million liability

Pensions and OPEB

U of I currently benefits from the State of Illinois' assumption of most of the funding and liability related to the state pension and retirement benefits. These are recognized in revenue and expenses as "on behalf" payments and "special funding situation." These costs and associated state payments rose every year, lowering the funding available for direct operating appropriations.

ATTACHMENT 35

As mentioned previously, the university faces exposure to the state's severe and growing pressures associated with funding the retiree benefits with growing unfunded liabilities, exacerbated by investment market volatility and economic shocks because of the pandemic. U of I participates in the State Universities Retirement System (SURS), a multi-employer defined benefit pension plan administered and primarily funded by the state. SURS has a $28.7 billion reported unfunded liability as of June 30, 2019. The proportionate share of the state's net pension liability associated with the university totaled $12.7 billion.

Since the state is responsible for the majority of SURS contributions, its Moody's Adjusted Net Pension Liability (ANPL) net of state on-behalf support is minimal. Any move to shift the pension expense to the public universities will result in pressured operating cash flow. The impact would be particularly stronger if there is a short transition period or if the state fails to provide offset funding.

The state is also paying the university's OPEB costs for most of its employees. Although not obligated to contribute for most of the expense, U of I is reporting its proportionate share of the state's collective OPEB liability in its financial statements. For June 30, 2019 the university reported a $1.3 billion liability on its consolidated financial statements. Though U of I reports the liability, there is no near-term anticipated reform for other benefits or a shift in OPEB costs. Any action by the state to shift more of the OPEB costs to the university would be credit negative.

ESG considerations

Environmental

According to Moody's affiliate Four Twenty Seven, U of I's primary campus location in Urbana-Champaign produces some exposure to future climate risks. Specifically, heat stress and extreme rainfall, which pose the highest risk factors, indicating increased frequency and duration of hot days and heavy rainfall or flooding events.

The university is taking action to bolster its sustainability efforts. It has adopted a Climate Action Plan, with a goal of developing a comprehensive approach to campus sustainability. The goal is to reach carbon neutrality by 2050 and leadership is currently laying out steps to accomplish this goal.

Social

A key social credit consideration is the university's location in the State of Illinois, a state with challenged demographics and significant fiscal challenges. Nearly 80% of undergraduate students are from Illinois, a state with a declining number of high school students and broader population loss. Favorably, the university retains its status as a "first choice" university among Illinois residents and has a strong national brand supported by its Big 10 affiliation. U of I does enroll a material number of international and nonresident student enrollment, exposing the university to the competitive national and international student markets.

Governance

U of I's credit quality is constrained by its status as a component unit of the State of Illinois. The state has significant long-term fiscal challenges, which could eventually lead to a decline in state operating support to the university, including a potential erosion of on behalf payments, or a shifting of the pension liability to the university. Favorably, the university displays strong fiscal and operational oversight, demonstrated by its ability to manage state funding disruptions and the recent impacts related to the pandemic. Senior leadership has developed strong working relationships with officials from the State of Illinois, further boosted by its recent partnership with the state to implement coronavirus testing

ATTACHMENT 35

Rating methodology and scorecard factors

The Higher Education rating methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial strategy on a qualitative basis, as described in the methodology.

Exhibit 3

University of Illinois

Scorecard Factors and Sub-factors		Value	Score
Factor 1:	**Scale (15%)**		
	Adjusted Operating Revenue (USD Million)	6,375	Aaa
Factor 2:	**Market Profile (20%)**		
	Brand and Strategic Positioning	Aa	Aa
	Operating Environment	A	A
Factor 3:	**Operating Performance (10%)**		
	EBIDA Margin	8%	Baa
Factor 4:	**Financial Resources and Liquidity (25%)**		
	Total Cash and Investments (USD Million)	5,822	Aaa
	Total Cash and Investments to Operating Expenses	0.9	Aa
Factor 5:	**Leverage and coverage (20%)**		
	Total Cash and Investment to Total Adjusted Debt	3.2	Aaa
	Annual Debt Service Coverage	3.1	Aa
Factor 6:	**Financial Policy and Strategy (10%)**		
	Financial Policy and Strategy	Aa	Aa
	Scorecard-Indicated Outcome		Aa2
	Assigned Rating		Aa3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody's Investors Service

ATTACHMENT 35

REPORT NUMBER 1311295

ATTACHMENT 35

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF			
	New	Mod.	New	Circ.	Mod.	Circ.	New Const. $	Modernization $
Reviewable								
Mammography	$ 90.00				588			$ 52,920
Gen'l Radiology	$ 95.00				847			$ 80,465
CT	$ 100.00				1,675			$ 167,500
Lab	$ 90.00				530			$ 47,700
Echocardiography	$ 90.00				610			$ 54,900
U of I Clinics	$ 85.00				4,889			$ 415,565
Stress Testing	$ 85.00				647			$ 54,995
PT/OT/Occ. Health	$ 85.00				6,939			$ 589,815
contingency	$ 10.00							$ 167,250
					16,725			$ 1,631,110
Non-Reviewable								
Central Supply	$ 75.00				659			$ 49,425
Comm. Education	$ 75.00				1,645			$ 123,375
Staff Areas	$ 75.00				1,038			$ 77,850
Mechanical Areas	$ 65.00				754			$ 49,010
Administrative	$ 75.00				1,454			$ 109,050
Lobby	$ 75.00				335			$ 25,125
Security	$ 75.00				42			$ 3,150
Leased Space	$ 75.00				7,048			$ 528,600
contingency	$ 10.00							$ 129,750
					12,975			$ 1,095,335
PROJECT TOTAL	$ 91.80				29,700			$ 2,726,445

ATTACHMENT 36C

#22-007

PROJECTED OPERATING COSTS
and
TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS

Proposed Medical Clinics Building

Projected Year 2 Patient Encounters*: 59,647

Year 2 Operating Cost per Patient Encounter**

Salaries and Benefits:	$	2,161,000
Medical Supplies:	$	205,000
	$	2,366,000
per Patient Encounter:	$	39.67

Year 2 Capital Cost per Patient Encounter

Interest, Depreciation, and Amortization:	none
per Patient Encounter:	$0,00

*second floor exam rooms plus imaging modalities
**second floor exam rooms/specialty clinics

Note:depreciation and amortization are addressed through the grant

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

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