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: Advocate Outpatient Center – Chicago Webster
Street Address: 1435-1471 W. Webster Avenue
City and Zip Code: Chicago, IL 60614
County: Cook Health Service Area: HSA-06 Health Planning Area: A-01

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

Exact Legal Name: Advocate Health and Hospitals Corporation d/b/a Advocate Medical Group
Street Address: 3075 Highland Parkway
City and Zip Code: Downers Grove, IL 60515
Name of Registered Agent: Michael Kerns
Registered Agent Street Address: 3075 Highland Parkway
Registered Agent City and Zip Code: Downers Grove, IL 60515
Name of President: James H. Skogsbergh
President Street Address: 3075 Highland Parkway
President City and Zip Code: Downers Grove, IL 60515
President Telephone Number: (630) 572-9393

Type of Ownership of Applicants

☒ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☐ 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 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: Brian Walesa
Title: Executive Director Practice Management
Company Name: Advocate Aurora Health, Inc
Address:
Telephone Number: (708) 684-5443
E-mail Address: brian.walesa@aah.org
Fax Number:

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

Name: Myndee Balkan
Title: Health Facility Planning, Director
Company Name: Advocate Aurora Health, Inc
Address:
Telephone Number (847) 721-0376
E-mail Address: myndee.balkan@aah.org
Fax Number:

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

Name: Emily Jakacki
Title: VP Ops Ambulatory/Svc Lines • Administration: Central Chicagoland Region
Company Name: Advocate Aurora Health, Inc
Address:
Telephone Number: (773) 296-7484
E-mail Address: emily.jakacki@aah.org
Fax Number:

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

Exact Legal Name: Advocate Aurora Health Inc.
Street Address: 3075 Highland Parkway, Suite 600
City and Zip Code: Downers Grove, IL 60515
Name of Registered Agent: The Corporation Trust
Registered Agent Street Address: Corporation Trust Center 1209 Orange Street
Registered Agent City and Zip Code: Wilmington, DE 19801
Name of Chief Executive Officer: James H. Skogsbergh
CEO Street Address: 3075 Highland Parkway, Suite 600
CEO City and Zip Code: Downers Grove, IL 60515
CEO Telephone Number: (630) 572-9393

Type of Ownership of Applicants

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County: Cook Health Service Area: HSA-06 Health Planning Area: A-01

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

Exact Legal Name: Advocate Health Inc.
Street Address: 3075 Highland Parkway
City and Zip Code: Downers Grove, IL 60515
Name of Registered Agent: CT Corporation System
Registered Agent Street Address: 208 S. LaSalle Street, Suite 814
Registered Agent City and Zip Code: Chicago, IL 60604
Name of Co-Chief Executive Officer: James H. Skogsbergh
Co-CEO Street Address: 3075 Highland Parkway, Suite 600
Co-CEO City and Zip Code: Downers Grove, IL 60515
Co-CEO Telephone Number: (630) 572-9393

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Company Name: Advocate Aurora Health, Inc
Address:
Telephone Number: (773) 296-7484
E-mail Address: emily.jakacki@aah.org
Fax Number:

Post Permit Contact

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

Name: Scott Nelson
Title: Vice President, Planning, Design & Construction
Company Name: Advocate Aurora Health, Inc
Address: 3075 Highland Parkway, Suite 400, Downers Grove, IL 60515
Telephone Number: (630) 929-5575
E-mail Address: scott.nelson@aah.org
Fax Number: (630) 990-4798

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Novak Webster Place, LLC
Address of Site Owner: Novak Webster Place, LLC c/o Novak Development Company, LLC Attn: Jake Paschen 3423 North Drake Avenue, Chicago, IL 60618
Street Address or Legal Description of the Site: 1435-1471 W. Webster Avenue, Chicago, IL 60614 **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: Advocate Health and Hospitals Corporation d/b/a Advocate Medical Group
Address: 3075 Highland Parkway, Suite 600, Downers Grove, IL 60515
☒ Non-profit Corporation ☐ Partnership ☐ For-profit Corporation ☐ Governmental ☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.
APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (**http://www.hfsrb.illinois.gov**). **NOTE:** A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

Part 1110 Classification :

☐ Substantive

☒ Non-substantive

2. Narrative Description

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

Advocate Health and Hospitals Corporation (AHHC) doing business as Advocate Medical Group (AMG) and Advocate Health, Inc. (together, the "applicants"), propose to build out a component of an existing building to develop outpatient medical office space for the operation of an AMG clinic in Chicago. The building is located at the intersections of Webster and Clybourn Avenues. AHHC will lease 41,739 square feet of first floor space within a larger, existing retail center.

The space to be occupied by AMG will house primary care and specialty care clinician (physician and advance practice clinicians) offices and non-hospital-based outpatient services including immediate care, physical therapy, lab, and imaging.

The total cost of the project is $42,106,158, with an anticipated completion date of April 30, 2025.

The project is classified as non-substantive because it does not establish a new category of service nor facility as defined in 20 IL CS 3690/3.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs to Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

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

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

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

Estimated start-up costs and operating deficit cost is $ _____.

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

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

Anticipated project completion date (refer to Part 1130.140): April 30, 2025.

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

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

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

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet** (**BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the departments 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:		**CITY:**			
REPORTING PERIOD DATES:		**From:**		**to:**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long-Term Care					
Specialized Long-Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					

NOT APPLICABLE

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 *Advocate Health and Hospital Corporation**

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 andinformation provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

James H. Skogsbergh

PRINTED NAME

President

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of November 2022

Michael E. Kerns

Signature of Notary

Seal

"OFFICIAL SEAL"
MICHAEL E. KERNS
Notary Public, State Of Illinois
My Commission Expires 05/26/2026
Commission No. 286069

SIGNATURE

Dominic Nakis

PRINTED NAME

Treasurer

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of November 2022

Michael E. Kerns

Signature of Notary

Seal

"OFFICIAL SEAL"
MICHAEL E. KERNS
Notary Public, State Of Illinois
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*Insert the EXACT legal name of the applicant

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- 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 *Advocate Aurora Health, Inc**

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

SIGNATURE

James H. Skogsbergh

PRINTED NAME

CEO

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of November 2022

Michael E. Kerns

Signature of Notary

Seal

"OFFICIAL SEAL"
MICHAEL E. KERNS
Notary Public, State Of Illinois
My Commission Expires 05/26/2026
Commission No. 286069

SIGNATURE

Dominic Nakis

PRINTED NAME

Treasurer

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of November 2022

Michael E. Kerns

Signature of Notary

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

SIGNATURE

James H. Skogsbergh

PRINTED NAME

Co-CEO

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of November 2022

Signature of Notary

Seal

"OFFICIAL SEAL"
MICHAEL E. KERNS
Notary Public, State Of Illinois
My Commission Expires 05/26/2026

Commission No. 286069

SIGNATURE

Michael Grebe

PRINTED NAME

Secretary

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of November 2022

Signature of Notary

Seal

"OFFICIAL SEAL"
MICHAEL E. KERNS
Notary Public, State Of Illinois
My Commission Expires 05/26/2026

Commission No. 286069

*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 <u>ATTACHMENT 11</u>, 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:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.

2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area, or function.

3. Evidence that the shell space is being constructed due to:
    a. Requirements of governmental or certification agencies; or
    b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
    a. Historical utilization for the area for the latest five-year period for which data is available; and
    b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

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

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

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

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

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

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

Service	# Existing Key Rooms	# Proposed Key Rooms
☐		
☐		
☐		

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 those 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]:**

$41,834,992	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.
$271,166	d)	Debt − a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, 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.
_____	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.
$42,106,158	**TOTAL FUNDS AVAILABLE**

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

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.

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

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 to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

   B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

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

1) That the selected form of debt financing for the project will be at the lowest net cost available.

2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors.

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (List below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	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]:

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 each community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all 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.

Not applicable – Non-substantive project

SECTION X. CHARITY CARE INFORMATION

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

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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

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

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

APPEND DOCUMENTATION AS ATTACHMENT 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 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: Advocate Health and Hospitals Corporation - d/b/a Advocate Medical Group
   (Name)

3075 Highland Parkway	Downers Grove	IL	60515	(847) 723-8446
(Address)	(City)	(State)	(ZIP Code)	(Telephone Number)

2. Project Location: 1435-1471 W. Webster Avenue, Chicago, IL

(Address)	(City)	(State)	
Cook		North Chicago Township	
(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 ___?

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 r 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

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

INDEX OF ATTACHMENTS

Type of Ownership of Applicants

☒	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	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 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.

Provided for Attachment #1:

Advocate Health and Hospitals Corporation
IL Certificate of Good Standing
Advocate Aurora Health, Inc.
IL Certificate of Good Standing
DE Certificate of Good Standing
Advocate Health, Inc.
IL Certificate of Good Standing
DE Certificate of Good Standing

File Number 1004-695-5

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE HEALTH AND HOSPITALS CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 12, 1906, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 2230702658 verifiable until 11/03/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* NOVEMBER *A.D.* 2022 .

Jesse White

SECRETARY OF STATE

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ADVOCATE AURORA HEALTH, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF NOVEMBER, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION IS AN EXEMPT CORPORATION.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ADVOCATE AURORA HEALTH, INC." WAS INCORPORATED ON THE FOURTH DAY OF DECEMBER, A.D. 2017.

Jeffrey W. Bullock, Secretary of State

6645600 8300C
SR# 20223973842
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 204813506
Date: 11-09-22

File Number 7155-851-7

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE AURORA HEALTH, INC., INCORPORATED IN DELAWARE AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON APRIL 03, 2018, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

Authentication #: 2230702624 verifiable until 11/03/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* NOVEMBER *A.D.* 2022 .

Jesse White
SECRETARY OF STATE

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ADVOCATE HEALTH, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF NOVEMBER, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION IS AN EXEMPT CORPORATION.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ADVOCATE HEALTH, INC." WAS INCORPORATED ON THE NINTH DAY OF MAY, A.D. 2022.

Jeffrey W. Bullock, Secretary of State

6784998 8300C
SR# 20223974042
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 204813661
Date: 11-09-22

File Number 7376-313-4

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE HEALTH, INC., INCORPORATED IN DELAWARE AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 28, 2022, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

Authentication #: 2231201844 verifiable until 11/08/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* NOVEMBER *A.D.* 2022 .

Jesse White
SECRETARY OF STATE

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Novak Webster Place, LLC
Address of Site Owner: Novak Webster Place, LLC c/o Novak Development Company, LLC Attn: Jake Paschen 3423 North Drake Avenue, Chicago, IL 60618
Street Address or Legal Description of the Site: 1435-1471 W. Webster Avenue, Chicago, IL 60614 **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.

Lease provided in Appendix.

Operating Identity/Licensee

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

Exact Legal Name: Advocate Health and Hospital Corporation d/b/a Advocate Medical Group
Address: 3075 Highland Parkway, Downers Grove, IL 60615
☒ Non-profit Corporation ☐ Partnership ☐ For-profit Corporation ☐ Governmental ☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

Certificates of Good Standing for the applicants are provided as Attachment #3

Provided for Attachment #3:

Advocate Health and Hospitals Corporation
IL Certificate of Good Standing
Advocate Aurora Health, Inc.
IL Certificate of Good Standing
DE Certificate of Good Standing
Advocate Health, Inc.
IL Certificate of Good Standing
DE Certificate of Good Standing

File Number 1004-695-5

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE HEALTH AND HOSPITALS CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 12, 1906, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 2230702658 verifiable until 11/03/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* NOVEMBER *A.D.* 2022 .

Jesse White

SECRETARY OF STATE

File Number 7155-851-7

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ADVOCATE AURORA HEALTH, INC., INCORPORATED IN DELAWARE AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON APRIL 03, 2018, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

Authentication #: 2230702624 verifiable until 11/03/2023
Authenticate at: https://www.ilsos.gov

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Jesse White

SECRETARY OF STATE

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ADVOCATE AURORA HEALTH, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF NOVEMBER, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION IS AN EXEMPT CORPORATION.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ADVOCATE AURORA HEALTH, INC." WAS INCORPORATED ON THE FOURTH DAY OF DECEMBER, A.D. 2017.

6645600 8300C
SR# 20223973842
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 204813506
Date: 11-09-22

File Number 7376-313-4

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE HEALTH, INC., INCORPORATED IN DELAWARE AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 28, 2022, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

Authentication #: 2231201844 verifiable until 11/08/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* NOVEMBER *A.D.* 2022 .

Jesse White
SECRETARY OF STATE

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ADVOCATE HEALTH, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF NOVEMBER, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION IS AN EXEMPT CORPORATION.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ADVOCATE HEALTH, INC." WAS INCORPORATED ON THE NINTH DAY OF MAY, A.D. 2022.

6784998 8300C
SR# 20223974042
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 204813661
Date: 11-09-22

File Number 7376-313-4

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE HEALTH, INC., INCORPORATED IN DELAWARE AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 28, 2022, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

Authentication #: 2231201844 verifiable until 11/08/2023
Authenticate at: https://www.ilsos.gov

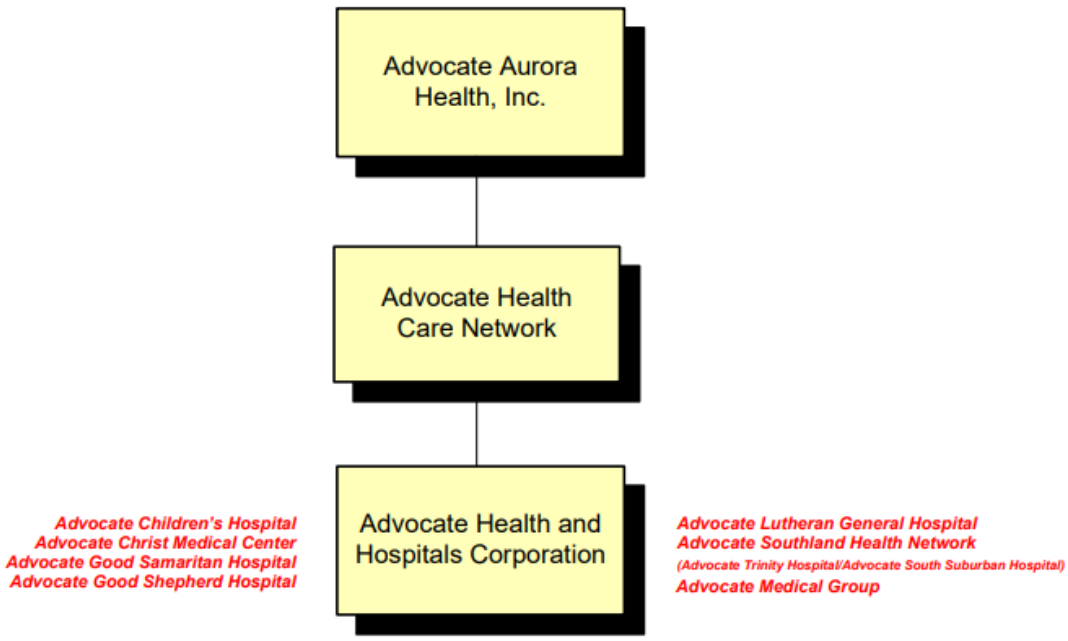
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* NOVEMBER *A.D.* 2022 .

Jesse White
SECRETARY OF STATE

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.

See Attachment #4, Exhibit 1.



= Not for Profit

Red = Operating Divisions

100% Ownership Unless Otherwise Noted.

November 9, 2022

Flood Plain Requirements

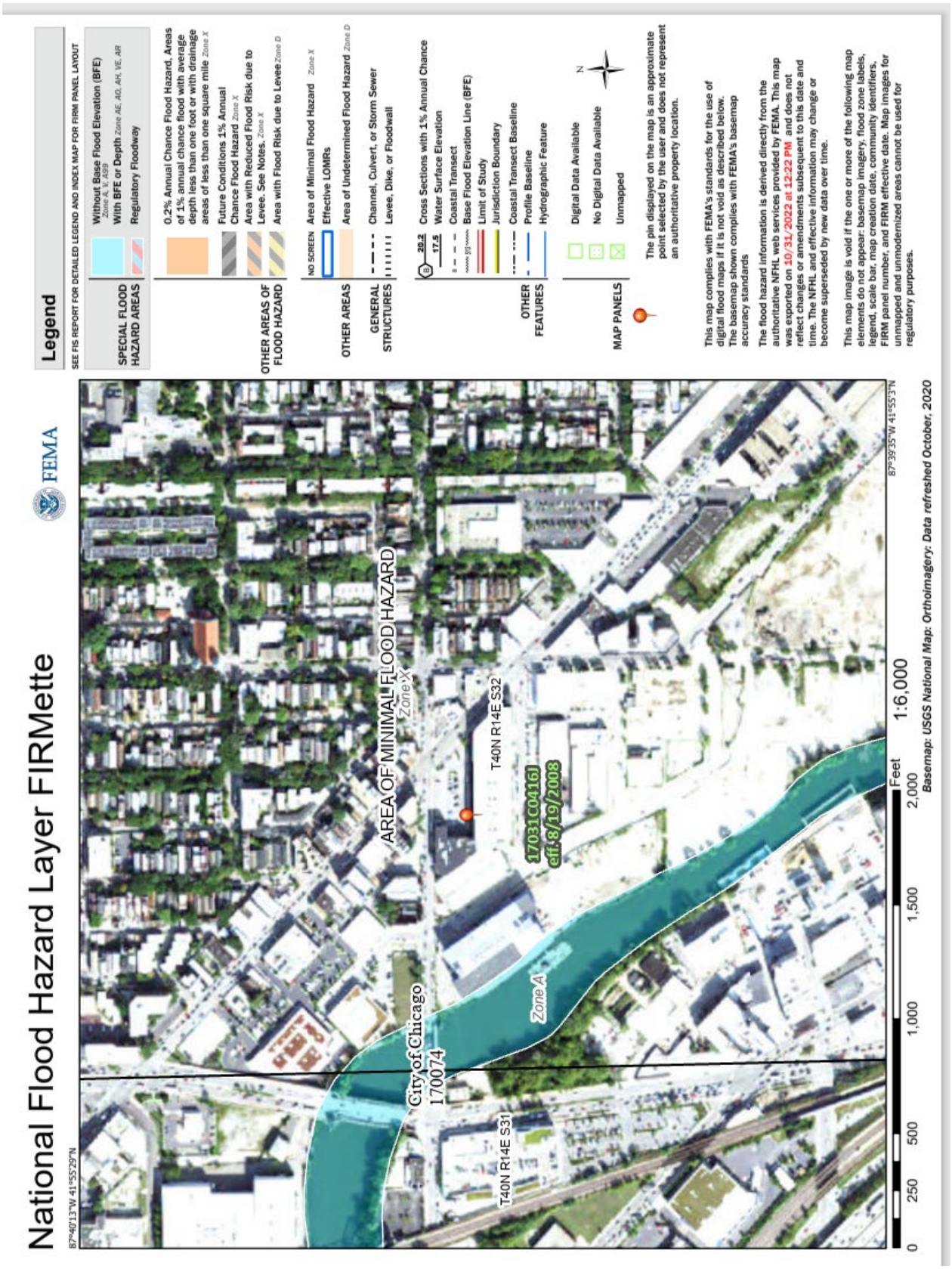
[Refer to application instructions.]

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**). **NOTE:** A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

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

By their signatures on the certifications, the Applicants certify that the site for the proposed project is located in an area of minimal flood hazard, as shown in the interactive map for Panel 17031C0729J from the FEMA Flood Map Service Center.

See Attachment #5, Exhibit 1


National Flood Hazard Layer FIRMette
FEMA
Legend
SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE) Zone A, V, A99
With BFE or Depth Zone AE, AO, AH, VE, AR
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
Future Conditions 1% Annual Chance Flood Hazard Zone X
Area with Reduced Flood Risk due to Levee. See Notes. Zone X
Area with Flood Risk due to Levee Zone D
OTHER AREAS
NO SCREEN Area of Minimal Flood Hazard Zone X
Effective LOMRs
Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
OTHER FEATURES
20.2
17.5
Cross Sections with 1% Annual Chance
Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature
MAP PANELS
Digital Data Available
No Digital Data Available
Unmapped
N
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 10/31/2022 at 12:22 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.
87°40'13"W 41°55'29"N
87°39'35"W 41°55'3"N
AREA OF MINIMAL FLOOD HAZARD
Zone X
T40N R14E S32
17031C0416J
eff. 8/19/2008
Zone A
City of Chicago
170074
T40N R14E S31
0 250 500 1,000 1,500 2,000 Feet
1:6,000
Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

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.

The location of the project is 1435-1471 W Webster Avenue, Chicago, IL. The attached letter from the Illinois Historic Preservation Agency is provided.

See Attachment #6, Exhibit 1.

ILLINOIS DEPARTMENT OF NATURAL RESOURCES
Illinois Department of
Natural Resources
One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov
JB Pritzker, Governor
Colleen Callahan, Director

Cook County
Chicago
Rehabilitation to Establish a Medical Office Building, Advocate Aurora Health
1435-1471 W. Webster Ave.
SHPO Log #008102622

November 3, 2022

Anne Cooper
Polsinelli
150 N. Riverside Plaza, Suite 3000
Chicago, IL 60606-1599

Dear Ms. Cooper:

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

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

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

If you have any further questions, please contact Rita Baker, Cultural Resources Manager, at 217/785-4998 or at Rita.E.Baker@illinois.gov.

Sincerely,

Carey L. Mayer

Carey L. Mayer , AIA
Deputy State Historic
Preservation Officer

Project Costs and Sources of Funds – Attachment # 7

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$ 88,875	$236,125	$325,000
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts	$ 6,700,072	$13,170,003	$19,870,075
Modernization Contracts			
Contingencies	$492,230	$1,307,770	$1,800,000
Architectural/Engineering Fees	$440,500	$1,170,333	$1,610,833
Consulting and Other Fees	$249,862	$663,838	$913,700
Movable or Other Equipment (not in construction contracts)	$4,738,888	$1,519,793	6,258,681
Bond Issuance Expense (project related)	$74,153	$197,013	$271,166
Net Interest Expense During Construction (project related)	$227,784	$605,182	$832,966
Fair Market Value of Leased Space or Equipment	$2,004,803	$5,326,411	$7,331,214
Other Costs to Be Capitalized	$790,993	$2,101,530	$2,892,523
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$15,808,161	$26,297,997	$42,106,158
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$15,734,007	$26,100,985	$41,834,992
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$74,153	$197,013	$271,166
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$15,808,161**	**$26,297,997**	**$42,106,158**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Itemization of Project Costs

Items	
Preplanning Costs	**$325,000**
Concept and Programming	$205,000
Pre-Construction Services	$120,000
New Construction Contracts	**$19,870,075**
Contingencies	**$1,800,000**
Architectural/Engineering Fees	**$1,610,833**
Consulting and Other Fees	**$913,700**
CON Application & Fees	$100,000
Commissioning	$40,000
Permits / Testing	$297,700
Shielding Consultant and Photo documentation	$36,000
Project Management	$150,000
Medical equip, furniture, structural consultant	$290,000
Movable and Other Equipment: (not in construction contracts)	**$6,258,681**
Major Medical	$3,508,797
Minor Medical	$1,159,235
IS / Telecommunications	$1,590,649
Fair Market Value Lease Space:	**$7,331,214**
Bond Issuance Expense	**$271,166**
Net Interest Expense During Construction	**$832,966**
Other Costs to be Capitalized	**$2,892,523**
Furnishings	$1,642,489
Signage	$259,603
Owner Project Contingency	$300,000
Security System and Real Time location system	$690,431
TOTAL	**$42,106,158**

Chicago Webster OP Clinic Equipment	
	Quantity
Alcove - Corridor - Lab	**1**
Refrigerator	1
Alcove - Emergency Equipment - Imaging	**3**
Cart, Procedure	1
Defibrillator	1
Pump, Suction/Aspirator	1
Alcove - Equipment - Pod A - PCP	**16**
Cart, Cylinder	2
Cart, Equipment	1
Colposcope	1
Electrocardiograph (ECG)	2
Monitor, Physiologic	7
Scale, Clinical	1
Sphygmomanometer	2
Alcove - Equipment - Pod B - OB/PCP/Rehab	**14**
Cart, Cylinder	2
Cart, Equipment	1
Electrocardiograph (ECG)	1
Monitor, Physiologic	7
Scale, Clinical	1
Sphygmomanometer	2
Alcove - Equipment - Pod C - GI/PCP	**14**
Cart, Cylinder	2
Cart, Equipment	1
Electrocardiograph (ECG)	1
Monitor, Physiologic	7
Scale, Clinical	1
Sphygmomanometer	2
Alcove - Equipment - Pod D - Ortho/ICC/Specialty	**14**
Cart, Cylinder	2
Cart, Equipment	1
Electrocardiograph (ECG)	1
Monitor, Physiologic	7
Scale, Clinical	1
Sphygmomanometer	2
Alcove - Equipment w. Passthrough - Pod B - OB/PCP/Rehab	**2**
Dispenser	1
Dispenser, Glove	1

Alcove - Equipment w/ Passthrough - Pod A - PCP	**2**
Dispenser	1
Dispenser, Glove	1
Alcove - Equipment w/ Passthrough - Pod C - GI/PCP	**4**
Dispenser	2
Dispenser, Glove	2
Alcove - Equipment w/ Passthrough - Pod D - Ortho/ICC/Specialty	**4**
Dispenser	2
Dispenser, Glove	2
Alcove - Wheelchair Scale - Imaging	**2**
Scale, Clinical	1
Stadiometer	1
Alcove - Wheelchair Scale - Pod A - PCP	**2**
Scale, Clinical	1
Stadiometer	1
Alcove - Wheelchair Scale - Pod C - GI/PCP	**4**
Scale, Clinical	2
Stadiometer	2
Blood Draw - Open Bay - Lab	**24**
Cart, Procedure	2
Chair, Clinical	2
Dispenser	8
Dispenser, Glove	2
Disposal, Sharps	2
Rack	2
Stool	2
Waste Can	4
Blood Draw - Private Bay - Lab	**13**
Cart, Procedure	1
Chair, Clinical	2
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Rack	1
Stool	1
Waste Can	2
Central Supply - Public & Shared Services - AOC	**20**
Cart, Supply	12
Cart, Utility	2
Dispenser	2
Stool	2
Waste Can	2

Clean/Soiled Processing - Public & Shared Services - AOC	**17**
Cart, Supply	3
Dispenser	6
Dispenser, Glove	2
Disposal, Sharps	1
Incubator, Lab	1
Sterilizer	1
Waste Can	3
Conference - Public & Shared Services - AOC	**3**
Dispenser	1
Waste Can	2
Consult - Public & Shared Services - AOC	**2**
Dispenser	1
Waste Can	1
DME - Pod D - Ortho/ICC/Specialty	**14**
Cart, Supply	4
Rack	2
Shelving	4
Stool	2
Waste Can	2
EVS - Public & Shared Services - AOC	**4**
Dispenser	2
Rack	1
Waste Can	1
Exam GI - Manual Table - Pod C - GI/PCP	**55**
Dispenser	25
Disposal, Sharps	5
Oto/Ophthalmoscope Set	5
Scale, Clinical	5
Stool	5
Table, Exam/Treatment	5
Waste Can	5
Exam GI - Powered Table - Pod C - GI/PCP	**11**
Dispenser	5
Disposal, Sharps	1
Oto/Ophthalmoscope Set	1
Scale, Clinical	1
Stool	1
Table, Exam/Treatment	1
Waste Can	1

Exam ICC - Pod D - Ortho/ICC/Specialty	**36**
Dispenser	15
Dispenser, Glove	3
Disposal, Sharps	3
Oto/Ophthalmoscope Set	3
Scale, Clinical	3
Stool	3
Table, Exam/Treatment	3
Waste Can	3
Exam OB - Pod B - OB/PCP/Rehab	**55**
Dispenser	20
Disposal, Sharps	5
Light, Exam/Procedure	5
Oto/Ophthalmoscope Set	5
Scale, Clinical	5
Stool	5
Table, Exam/Treatment	5
Waste Can	5
Exam Ortho - Pod D - Ortho/ICC/Specialty	**80**
Dispenser	32
Disposal, Sharps	8
Scale, Clinical	8
Stool	16
Table, Exam/Treatment	8
Waste Can	8
Exam PCP - Manual Table - Pod A - PCP	**132**
Dispenser	55
Disposal, Sharps	11
Oto/Ophthalmoscope Set	11
Scale, Clinical	11
Stand, Mayo	11
Stool	11
Table, Exam/Treatment	11
Waste Can	11
Exam PCP - Manual Table - Pod B - OB/PCP/Rehab	**48**
Dispenser	20
Disposal, Sharps	4
Oto/Ophthalmoscope Set	4
Scale, Clinical	4
Stand, Mayo	4
Stool	4
Table, Exam/Treatment	4
Waste Can	4

Exam PCP - Manual Table - Pod C - GI/PCP	**48**
Dispenser	20
Disposal, Sharps	4
Oto/Ophthalmoscope Set	4
Scale, Clinical	4
Stand, Mayo	4
Stool	4
Table, Exam/Treatment	4
Waste Can	4
Exam PCP - Power Table - Pod B - OB/PCP/Rehab	**24**
Dispenser	10
Disposal, Sharps	2
Oto/Ophthalmoscope Set	2
Scale, Clinical	2
Stand, Mayo	2
Stool	2
Table, Exam/Treatment	2
Waste Can	2
Exam PCP - Power Table - Pod C - GI/PCP	**24**
Dispenser	10
Disposal, Sharps	2
Oto/Ophthalmoscope Set	2
Scale, Clinical	2
Stand, Mayo	2
Stool	2
Table, Exam/Treatment	2
Waste Can	2
Exam PCP - PowerTable - Pod A - PCP	**24**
Dispenser	10
Disposal, Sharps	2
Oto/Ophthalmoscope Set	2
Scale, Clinical	2
Stand, Mayo	2
Stool	2
Table, Exam/Treatment	2
Waste Can	2
Exam Rehab - Pod B - OB/PCP/Rehab	**14**
Dispenser	8
Stool	2
Table, Exam/Treatment	2
Waste Can	2

Exam Specialty - Pod D - Ortho/ICC/Specialty	**24**
Dispenser	10
Dispenser, Glove	2
Disposal, Sharps	2
Oto/Ophthalmoscope Set	2
Scale, Clinical	2
Stool	2
Table, Exam/Treatment	2
Waste Can	2
Gen Rad - Procedure Room - Imaging	**22**
Apron	5
Dispenser	5
Dispenser, Glove	1
Hamper	1
Immobilizer	1
Positioning Device	1
Rack	1
Shield	1
Stool	3
Waste Can	1
X-Ray Unit	2
Gowning - Mammo - Imaging	**3**
Dispenser	1
Hamper	1
Waste Can	1
Gowning - MRI - Imaging	**6**
Dispenser	2
Hamper	2
Waste Can	2
Gowning - Rad - Imaging	**6**
Dispenser	2
Hamper	2
Waste Can	2
Gowning - Ultrasound - Imaging	**3**
Dispenser	1
Hamper	1
Waste Can	1
Lab Processing - Lab	**11**
Centrifuge	2
Dispenser	3
Dispenser, Glove	1
Disposal, Sharps	2

Refrigerator	1
Waste Can	2
Lounge - Public & Shared Services - AOC	**11**
Coffee Maker	1
Dispenser	3
Dispenser, Water	1
Oven	2
Refrigerator	2
Waste Can	2
Mammo - Imaging	**10**
Apron	1
Dispenser	3
Dispenser, Glove	1
Hamper	1
Rack	2
Waste Can	1
X-Ray Unit, Mammography	1
Med Gas Bottles - Public & Shared Services - AOC	**1**
Cart, Cylinder	1
Med Gas Storage - Public & Shared Services - AOC	**3**
Cart, Cylinder	1
Rack	2
Meds - Pod A - PCP	**11**
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Freezer	1
Mat, Floor	1
Refrigerator	2
Waste Can	1
Meds - Pod B - OB/PCP/Rehab	**11**
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Freezer	1
Mat, Floor	1
Refrigerator	2
Waste Can	1
Meds - Pod C - GI/PCP	**11**
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1

Freezer	1
Mat, Floor	1
Refrigerator	2
Waste Can	1
Meds - Pod D - Ortho/ICC/Specialty	**11**
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Freezer	1
Mat, Floor	1
Refrigerator	2
Waste Can	1
MRI - Control Room - Imaging	**1**
Monitor, Central Station	1
MRI - Procedure Room - Imaging	**15**
Allowance	1
Dispenser	3
Dispenser, Glove	1
Disposal, Sharps	1
Injector, Contrast Media	1
Monitor, Physiologic	1
MRI Unit	1
Positioning Device	2
Stand, Mayo	1
Stool	1
Waste Can	1
Wheelchair	1
MRI - Vestibule - Imaging	**3**
Board	1
Bracket	1
Stretcher	1
MRI Screening - Imaging	**1**
Detector	1
NST - Pod B - OB/PCP/Rehab	**17**
Dispenser	6
Dispenser, Glove	1
Hamper	1
Monitor, O.B.	2
Monitor, Physiologic	2
Stand, Equipment	2
Stool	1
Warmer	1

Waste Can	1
Office - Imaging Supervisor - Public & Shared Services - AOC	**3**
Dispenser	1
Waste Can	2
Office - Manager - Public & Shared Services - AOC	**3**
Dispenser	1
Waste Can	2
Office - Shared - Public & Shared Services - AOC	**9**
Dispenser	3
Waste Can	6
Phone Room - Public & Shared Services - AOC	**4**
Dispenser	2
Waste Can	2
POC - Pod A - PCP	**17**
Analyzer, Lab	5
Centrifuge	1
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Freezer	1
Microscope	1
Refrigerator	1
Waste Can	2
POC - Pod B - OB/PCP/Rehab	**17**
Analyzer, Lab	5
Centrifuge	1
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Freezer	1
Microscope	1
Refrigerator	1
Waste Can	2
POC - Pod C - GI/PCP	**17**
Analyzer, Lab	5
Centrifuge	1
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Freezer	1
Microscope	1
Refrigerator	1

Waste Can	2
POC - Pod D - Ortho/ICC/Specialty	**17**
Analyzer, Lab	5
Centrifuge	1
Dispenser	4
Dispenser, Glove	1
Disposal, Sharps	1
Freezer	1
Microscope	1
Refrigerator	1
Waste Can	2
Procedure - Ortho/ICC - Pod D - Ortho/ICC/Specialty	**20**
Cart, Procedure	1
Cutter	1
Dispenser	4
Disposal, Sharps	1
Hamper	1
Light, Exam/Procedure	1
Monitor, Physiologic	1
Pan	1
Scale, Clinical	1
Stand, IV	1
Stand, Mayo	1
Stool	2
Table, Exam/Treatment	1
Traction Unit	1
Waste Can	2
Procedure - Pod A - PCP	**34**
Cart, Procedure	2
Dispenser	10
Dispenser, Glove	2
Disposal, Sharps	2
Electrosurgical Unit	2
Monitor, Physiologic	2
Oto/Ophthalmoscope Set	2
Scale, Clinical	2
Stand, Mayo	2
Stool	2
Table, Exam/Treatment	2
Waste Can	4
Reading Room - Imaging	**3**
Dispenser	1
Waste Can	2

Reception - Public & Shared Services - AOC	**2**
Waste Can	2
Respite - Public & Shared Services - AOC	**5**
Dispenser	4
Waste Can	1
Soiled - Public & Shared Services - AOC	**14**
Cart / Truck	4
Dispenser	4
Dispenser, Glove	2
Waste Can	4
Team Work - Pod A - PCP	**28**
Bin	2
Box	1
Cabinet, Storage, Clinical	1
Defibrillator	1
Dispenser	3
Waste Can	20
Team Work - Pod B - OB/PCP/Rehab	**28**
Bin	2
Box	1
Cabinet, Storage, Clinical	1
Defibrillator	1
Dispenser	3
Waste Can	20
Team Work - Pod C - GI/PCP	**28**
Bin	2
Box	1
Cabinet, Storage, Clinical	1
Defibrillator	1
Dispenser	3
Waste Can	20
Team Work - Pod D - Ortho/ICC/Specialty	**28**
Bin	2
Box	1
Cabinet, Storage, Clinical	1
Defibrillator	1
Dispenser	3
Waste Can	20
Tech Work Room - Imaging	**4**
Bin	1
Dispenser	1
Waste Can	2

Toilet - Family - Public & Shared Services - AOC	**5**
Dispenser	4
Waste Can	1
Toilet - Patient - Lab	**5**
Dispenser	4
Waste Can	1
Toilet - Patient - Pod A - PCP	**10**
Dispenser	8
Waste Can	2
Toilet - Patient - Pod B - OB/PCP/Rehab	**10**
Dispenser	8
Waste Can	2
Toilet - Patient - Pod C - GI/PCP	**10**
Dispenser	8
Waste Can	2
Toilet - Patient - Pod D - Ortho/ICC/Specialty	**10**
Dispenser	8
Waste Can	2
Toilet - Public - Public & Shared Services - AOC	**20**
Dispenser	16
Waste Can	4
Toilet - Staff - Public & Shared Services - AOC	**20**
Dispenser	16
Waste Can	4
Toilet - Ultrasound - Imaging	**5**
Dispenser	4
Waste Can	1
Touchdown - Pod A - PCP	**3**
Dispenser	1
Waste Can	2
Touchdown - Pod B - OB/PCP/Rehab	**3**
Dispenser	1
Waste Can	2
Touchdown - Pod C - GI/PCP	**3**
Dispenser	1
Waste Can	2
Touchdown - Pod D - Ortho/ICC/Specialty	**3**
Dispenser	1
Waste Can	2
Ultrasound - General - Imaging	**13**
Cabinet, Storage, Clinical	1
Chair, Clinical	1

Dispenser	4
Dispenser, Glove	1
Hamper	1
Stool	1
Table, Imaging	1
Ultrasound, Imaging	1
Warmer	1
Washer/Disinfector	1
Ultrasound/Procedure - Pod B - OB/PCP/Rehab	**27**
Bracket	1
Cabinet, Storage, Clinical	1
Cart, Procedure	1
Colposcope	1
Dispenser	5
Dispenser, Glove	1
Disposal, Sharps	1
Doppler	1
Electrosurgical Unit	1
Light, Exam/Procedure	2
Monitor, Physiologic	1
Monitor, Video	1
Oto/Ophthalmoscope Set	1
Scale, Clinical	1
Stand, Mayo	1
Stool	1
Table, Exam/Treatment	1
Ultrasound, Imaging	1
Warmer	1
Washer/Disinfector	1
Waste Can	2
Waiting - Public & Shared Services - AOC	**2**
Dispenser	1
Waste Can	1
Grand Total	**1,341**

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.
Indicate the stage of the project's architectural drawings: ☐ None or not applicable ☐ Preliminary ☒ Schematics ☐ Final Working
Anticipated project completion date (refer to Part 1130.140): April 30, 2025.
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140): ☒ Purchase orders, leases or contracts pertaining to the project have been executed. ☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies ☐ Financial Commitment will occur after permit issuance.
APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following CON/COE applications have received permits from the HFSRB and are in process of development. These projects are expected to be completed on time and within budget without any changes in scope.

Advocate Christ Medical Center	**#14-057**
Advocate Condell Medical Center	**#20-004**
Advocate Lutheran General Hospital	**#21-003**
Advocate Illinois Masonic Medical Center	**#22-009**
Advocate South Suburban Hospital	**#22-028**
Advocate Christ Medical Center	**#E-051-22**

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.**

		Department Gross Square Feet		Proposed Total Department Gross Square Feet			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL Reviewable							
General Radiology (1 Room)	$1,225,109		939	939			
Mammography (1 Room)	$766,632		280	280			
Ultrasound (1 Room)	$596,107		362	362			
MRI (1 Room)	$4,139,710		1,685	1,685			
Total Clinical - Reviewable	**$6,727,558**		**3,266**	**3,266**			
CLINICAL Non-Reviewable							
Physician Exam Procedure Rooms (51 Rooms)	$7,346,228		6,638	6,638			
NST (1 Room)	$248,944		191	191			
ICC Exam Procedure Rooms (4 Rooms)	$677,864		584	584			
Well Lab (1 room, 2 bays)	$807,566		735	735			
Total Clinical – Non-Reviewable	**$9,080,602**		**8,148**	**8,148**			
NON-CLINICAL Non-Reviewable							
Public, Circulation, Staff Support, Building Support	$24,136,187		27,262	27,262			
Shell	$2,161,810		3,063	3.063			
Total Non-Clinical Non-Reviewable	$26,297,997		30,325	30,325			
TOTAL	**$42,106,158**		**41,739**	**41,739**			

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

There is no vacated space in the project.

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.

See Attachment #11.

1. **For the following questions, please a listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.**

   Attachment 11, Exhibit 1, is the listing of all Illinois licensed health care facilities owned by the applicants.

2. **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.**

   By the signatures on the Certification pages of this application, the applicants attest there has been no "adverse action" (as that term is defined in Section 1130.140 of the Illinois Health Facilities and Services Review Board (HFSRB) rules) against any Illinois health care facility owned and/or operated by the applicants, during the three-year period immediately prior to the filing of this application.

3. **Authorization permitting HFSRB and DPH access to any documents necessary.**

   The applicants hereby authorize the HFSRB and the Illinois Department of Public Health to access information that may be required in order to verify any documentation or information submitted in response to the requirements of this subsection, or to obtain any documentation or information which the HFSRB or Illinois Department of Public Health find pertinent to this subsection.

4. **If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data**

   All licensure and accreditation information required with this Attachment 11 is attached and the applicants are not relying on a previously filed application.

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

Illinois Hospitals owned and operated by the applicants.			
Facility	**Location**	**License No.**	**DNV Accreditation No.**
Advocate Christ Medical Center	4440 West 95th St Oak Lawn, IL 60453	315	PRJC-435588-2012-MSL-USA
Advocate Condell Medical Center	801 South Milwaukee Ave Libertyville, IL 60048	5579	PRJC-492361-2013- AST-USA
Advocate Good Samaritan Hospital	3815 Highland Ave Downers Grove, IL 60515	3384	PRJC-369029-2012-MSL-USA
Advocate Good Shepherd Hospital	450 West Highway 22 Barrington, IL 60010	3475	PRJC-369027-2012-MSL-USA
Advocate Illinois Masonic Medical Center	836 West Wellington Ave Chicago, IL 60657	5165	PRJC-529782-2015-AST-USA
Advocate Lutheran General Hospital	1775 Dempster St Park Ridge, IL 60068	4796	PRJC-369033-2012-MSL-USA
Advocate Sherman Hospital	1425 North Randall Rd Elgin, IL 60123	5884	PRJC-496379-2013-MSL-USA
Advocate South Suburban Hospital	17800 South Kedzie Ave Hazel Crest, IL 60429	4697	PRJC-409982-2012-MSL-USA
Advocate Trinity Hospital	2320 East 93rd Street Chicago, IL 60617	4176	PRJC-408213-2012-MSL-USA

Additionally, AHHC has ownership interest of 50% or more in the following licensed health care facilities			
Facility	**Location**	**License No.**	**Joint Commission Accreditation No/ Accreditation Association for Ambulatory Health Care, Inc.**
Dreyer Ambulatory Surgery Center	1220 N. Highland Ave, Aurora, IL	7001779	AAAHC

File Number 1004-695-5

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE HEALTH AND HOSPITALS CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 12, 1906, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 2230702658 verifiable until 11/03/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* NOVEMBER *A.D.* 2022 .

Jesse White

SECRETARY OF STATE

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ADVOCATE AURORA HEALTH, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF NOVEMBER, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION IS AN EXEMPT CORPORATION.

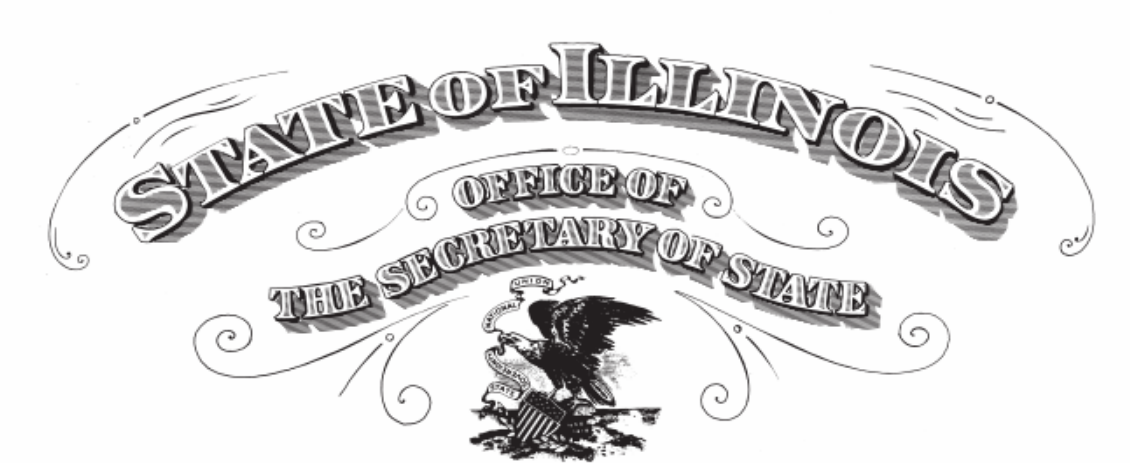
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ADVOCATE AURORA HEALTH, INC." WAS INCORPORATED ON THE FOURTH DAY OF DECEMBER, A.D. 2017.

6645600 8300C
SR# 20223973842
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 204813506
Date: 11-09-22

File Number 7155-851-7



To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE AURORA HEALTH, INC., INCORPORATED IN DELAWARE AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON APRIL 03, 2018, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

Authentication #: 2230702624 verifiable until 11/03/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* NOVEMBER *A.D.* 2022 .

Jesse White

SECRETARY OF STATE

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ADVOCATE HEALTH, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF NOVEMBER, A.D. 2022.

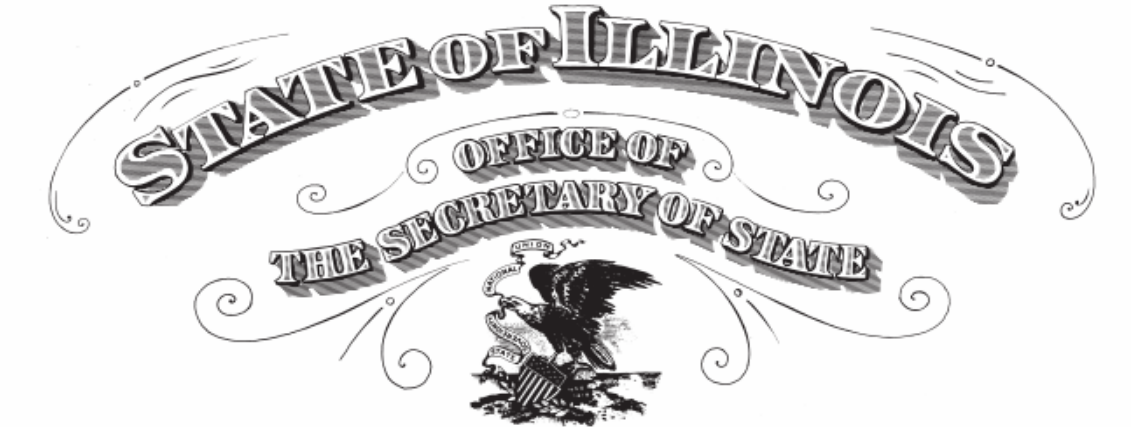
AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION IS AN EXEMPT CORPORATION.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "ADVOCATE HEALTH, INC." WAS INCORPORATED ON THE NINTH DAY OF MAY, A.D. 2022.

6784998 8300C
SR# 20223974042
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 204813661
Date: 11-09-22

File Number 7376-313-4



To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE HEALTH, INC., INCORPORATED IN DELAWARE AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 28, 2022, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS IN THE STATE OF ILLINOIS.

Authentication #: 2231201844 verifiable until 11/08/2023
Authenticate at: https://www.ilsos.gov

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 8TH *day of* NOVEMBER *A.D.* 2022 .

Jesse White

SECRETARY OF STATE

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

4. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
5. Define the planning area or market area, or other relevant area, per the applicant's definition.
6. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
7. Cite the sources of the documentation.
8. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
9. 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.

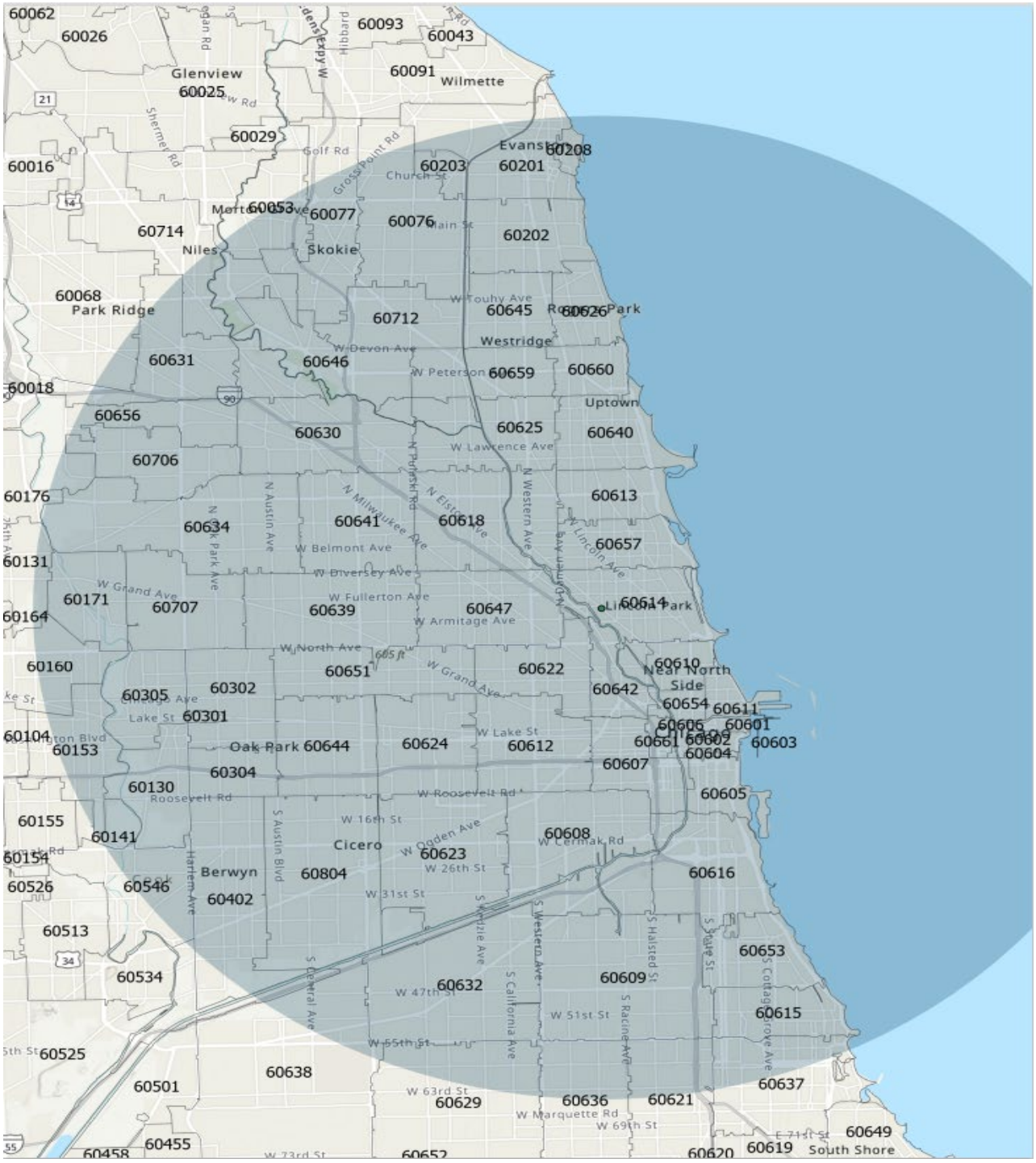
1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

This project will provide improved access for patients to core services such as primary care and urgent care that will address both chronic disease management and acute illnesses that can be managed in an outpatient clinic environment. Clinicians specializing in women's health, gastrointestinal disorders/diseases, and musculoskeletal conditions will also see patients in their offices in this building. The co-location of services at this site will allow the organization to expedite the time between evaluation, diagnosis, and therapeutics for patients suffering from a wide variety of illnesses and pathologies all accomplished under one-roof in the ambulatory setting. Additionally, this co-location of services will allow for multi-disciplinary care decisions and plans to be developed that improve the management of chronic and acute conditions. This will improve care coordination and allow patients to see multiple specialists and have a variety of tests performed in a single day.

2. Define the planning area or market area

The project is planned to serve the residents of the north-east section of Chicago and is in the Lakeview area. The primary market area is defined by a ten-mile radius of the Medical Office Building location as shown in the map below.

Projections for this site anticipate that the majority of patients using the providers and services at this location will live within this ten-mile radius service area. Approximately 75% of the nearby affiliated hospital, Illinois Masonic Medical Center's (IMMC's) inpatient, observation and hospital outpatient activity originate from the zip codes within this ten-mile radius.



The zipcodes in the service area with their population is provided below.

Zipcode	Town	2021 Population	2026 Population
60053	Morton Grove	22,437	22,065
60076	Skokie	32,464	31,815
60077	Skokie	26,791	26,751
60130	Forest Park	14,023	13,766
60141	Hines	217	214
60153	Maywood	22,850	22,386
60160	Melrose Park	25,395	25,041
60171	River Grove	10,320	10,173
60201	Evanston	42,472	42,682
60202	Evanston	30,915	30,510
60203	Evanston	3,895	3,785
60208	Evanston	3,122	3,119
60301	Oak Park	3,330	3,512
60302	Oak Park	30,773	30,118
60304	Oak Park	16,807	16,527
60305	River Forest	10,610	10,389
60402	Berwyn	63,177	62,221
60546	Riverside	14,993	14,685
60601	Chicago	13,825	16,073
60602	Chicago	1,910	1,974
60603	Chicago	1,027	1,150
60604	Chicago	1,081	1,195
60605	Chicago	32,120	34,956
60606	Chicago	2,393	2,618
60607	Chicago	27,635	30,136
60608	Chicago	75,780	76,384
60609	Chicago	65,567	65,071
60610	Chicago	42,960	44,944
60611	Chicago	34,471	36,644
60612	Chicago	34,409	34,248
60613	Chicago	49,220	48,732
60614	Chicago	65,725	65,993
60615	Chicago	41,913	41,908
60616	Chicago	53,999	54,164
60618	Chicago	92,618	91,591
60621	Chicago	32,586	31,701
60622	Chicago	53,517	53,503
60623	Chicago	98,783	97,065
60624	Chicago	37,236	36,714

60625	Chicago	75,409	74,178
60626	Chicago	50,148	49,309
60629	Chicago	114,322	112,701
60630	Chicago	54,519	53,710
60631	Chicago	27,898	27,333
60632	Chicago	91,750	90,965
60634	Chicago	73,079	71,934
60636	Chicago	36,588	35,115
60637	Chicago	51,153	51,152
60638	Chicago	54,956	54,207
60639	Chicago	90,154	89,321
60640	Chicago	67,321	67,451
60641	Chicago	70,685	69,648
60642	Chicago	21,683	22,125
60644	Chicago	46,976	46,088
60645	Chicago	44,510	43,973
60646	Chicago	25,268	24,747
60647	Chicago	90,875	91,805
60651	Chicago	62,633	61,475
60653	Chicago	31,196	31,126
60654	Chicago	21,861	24,307
60656	Chicago	26,844	26,307
60657	Chicago	68,492	68,467
60659	Chicago	37,658	37,077
60660	Chicago	41,463	41,293
60661	Chicago	12,120	13,221
60706	Harwood Heights	22,655	22,283
60707	Elmwood Park	42,484	41,840
60712	Lincolnwood	12,907	12,759
60714	Niles	28,772	28,203
60804	Cicero	84,569	83,610
	TOTAL	**2,814,314**	**2,804,253**

The population is projected to grow due to a large increase in economic growth due to the expansive Lincoln Yards development that Sterling Bay is undertaking in this area of Chicago. In addition to the expected increases in commerce, commercial real estate, employers and jobs, the surrounding area is projecting related residential real estate development plans in the Lincoln Yards project including a 359-unit building in the nearby area.

Although the total population in the service area is anticipated to be consistent over the next 5 years, the growth in the 65+ population is projected to increase by 10% from 375,701 to 413,260.

Age Group		2021	2026
0-19		678,666	647,245
20-44		1,145,219	1,132,112
45-64		614,728	611,636
65+		375,701	413,260
TOTAL		**2,814,314**	**2,804,253**

The race and ethnicity for this community is projected to continue to change over the next 5 years. The Hispanic population is 34% of this service area and is expected to grow by 3%. The physicians and outpatient have a strong pattern of providing care to the Hispanic population with multilingual staff in many areas.

Advocate Health Care has continued to adapt to the changing health care needs and provide the continuum of health care services to families that live in the service areas.

3. Identify the existing problems or issues that need to be addressed

Using Advocate Illinois Masonic's 2019 Community Health Needs Assessment (CHNA) as a guide, the proposed project will address a number of health needs for the project's planning area. This along with community input showed that access to health care and affordability were top priorities. The primary health issues included obesity, heart disease, respiratory disease, cancer, and senior health.

This project offers convenient, lower cost ambulatory options in a market that has historically focused on hospital-only care allowing AAH to improve access to and affordability of healthcare across populations. Cook County falls in the lowest quartile for screening rates by county, and screening rates are particularly low among racial and ethnic minorities. This project aims to reduce delays in or cost-barriers to accessing high-quality care.

This project will improve access to primary care and the specialty physicians. Assess for these providers is challenging with long wait times for a first appointment. Imaging services in the same location allows continuity of care and improved preventive care, as these can be provided as part of the patients' clinic visit.

To address the expanding population and older adult cohort growth, additional Primary Care physicians will be added in the market to help serve the needs of patients in the surrounding community. These physicians will be board certified Family or Internal Medicine physicians and will provide full primary care services for patients of all ages. This building will increase access to urgent care in the community with additional providers staffing an immediate care clinic. Additional physician specialists will be added to this service area including Orthopedics, Obstetrics/Gynecology, Gastroenterology, Infectious Disease, Pediatric Plastic Surgery and Sports Medicine.

In addition, the surrounding area is known to have a large number of LGBTQ individuals in need of culturally and clinical affirming care. Expanded LGBTQ affirming care is provided by AAH physicians and staff as part of the history of Health Equality Index. The project will expand LGBTQ affirming care most prominently in Primary Care and, Digestive Health.

Access to health services affects a person's health and well-being. Regular and reliable access to health services can:

- Prevent disease and disability
- Detect and treat illnesses and other health conditions
- Increase quality of life
- Reduce the likelihood of premature death
- Increase life expectancy

Healthy Lifestyles is one of three priorities developed from the IMMC Community Needs Assessment and includes chronic disease prevention and management, physical activity, nutrition, and obesity prevention.

4. Cite the sources of documentation

Information was gathered from the following sources:

- Advocate Illinois Masonic Health Needs Assessment Study 2019
- IHA Compdata
- Sg2
- Esri Demographics
- Internal data
- 3d Health study of geography
- https://khn.org/news/article/primary-care-physician-for-every-american-national-academies-recommendation-empanelment/

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being

The new facility will include:

- Full service Primary Care including wellness visits, chronic disease management, acute care appointments, post-hospitalization follow ups, same day appointments, vaccines, and nursing visits.
- Full-service OB/Gyne care including physician appointments for both obstetrics and gynecological issues, fetal nonstress testing, and ultrasounds.
- Outpatient imaging services consisting of X-ray, mammography, MRI, and ultrasound.
- Immediate care services offering a full complement of urgent care diagnosis, testing, and co-location with radiology services.
- Laboratory testing services to complement all specialties supported onsite as well as comprehensive offerings for walk-ins.
- Physical Therapy to support the rehabilitation of patients seeking care for an acute injury, chronic condition, or surgical recovery. Co-location with orthopedics and sports medicine will improve efficiencies related to diagnosis/treatment and improve the patient experience.
- Full-service outpatient specialties for Gastroenterology and Orthopedics to support clinic visits, evaluations, and specialty treatment such as casting etc.

This Outpatient Center will include expansion and relocation of providers and services from an Advocate clinic location at Halsted and Blackhawk in Chicago. This new facility will improve access for these specialties. Access has been challenging with our existing primary care physicians at this location with over one month wait for a new patient appointment.

The proposed project will improve efficiencies, accommodate projected demand in Advocate services in the primary service area, and allow for the co-location of specialty services. The co-location of services will increase collaboration among different providers and wider coordination with secondary care. At the same time, the co-location of services will drive cost efficiencies by providing care at the right time and in the right place.

6. Provide goals for the proposed project

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

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.

Alternatives

The proposed Medical Office Building project in the northeast area of Chicago will increase access to Advocate (AAH) services by providing clinician care and ancillary services for this geography. The project will provide relocation of an existing clinic and enhanced space for additional physician, specialty clinics and non-hospital-based outpatient services such as imaging, physical therapy, lab, and immediate care.

AAH considered a number of alternatives to develop an appropriately sized ambulatory building to provide improved access and growth in the right location to support the needs of this community.

The following alternatives were evaluated that looked at a complement of services that would co-locate the clinical providers and ancillary services to increase collaboration and continuum of care for the residents of this service area.

Alternative #1: Maintain current services at the Advocate Blackhawk and Halsted site (Cost: $0)

This option would continue to provide physician offices and ancillary services at the current Advocate Blackhawk Halsted location. It was determined that additional primary care physicians and specialists were needed for the patients that use this clinic. The evaluation of the clinic's patient origin showed that many patients live in an area west of the current clinic and the new location chosen would increase access for these residents.

This alternative was rejected as services such as lab and imaging that are part of a clinic visit could not be added at this location due to space constraints. Patients would continue to need to locate and schedule these on another date and location.

Alternative #2: Lease additional space in the current Advocate Blackhawk and Halsted site (Cost: $14,000,000)

This option would be to remain at the current location and lease additional space for the needed providers and additional services. This location has limited capacity and does not have the necessary space to expand at this current building.

This alternative was rejected because it does not enhance access to needed additional providers or services to care for those residents living in the project's geography.

Alternative #3: Develop a Project of lesser scope and cost (Cost: $32,000,000)

This option to construct a medical office building that would include only primary care and specialty care physician offices without the ancillary services was an option. This would require that patients would not have access to the complementary services such as imaging and lab that are part of the physician visit and would need to locate these services and schedule time on another day to receive care. This would increase time to diagnosis and treatment and increase non-compliance of needed services. The scope of this project was planned based on the increasing needs in this community.

This would not address the need for increased access for the identified preventative services and better continuity of care for patients living in this geography.

Alternative #4: Develop a Project of greater scope and cost (Cost: $78,000,000)

This option to construct a building that would include the physician offices with additional specialists and ancillary services was an option. The scope of services identified in the project were those that met the critical need of this community and the projected growth.

As good financial stewards of AAH, the plan to build beyond the scope of this project at this time was determined to be a significant undertaking and planned for current needs.

Alternative #5: Develop a similar outpatient medical office building at a different location Cost: Unable to Determine Cost)

Advocate Medical Group evaluated a number of locations in this geography including other developments and alternative sites in this Lincoln Yards development.

These other locations were not selected as the site selected due to limitations by the developers of the medical site offerings and the location adjacent to train tracks and expressways. The site selected allows for the services planned and for better access for patients and providers.

It also ensures that space selected conforms to the high standards that our clinicians and patients expect when they enter an AAH space to be seen for their health care needs. Advocate's real estate team canvased the area and did not find leased space in the area that was appropriate for these needs.

This alternative was rejected due to the service limitations and access issues of these other developments.

Alternative #6: Build the Medical Clinic with Primary and Specialty physicians and the Ancillary Services (Cost: $42,106,158) - Project selected

This option was selected as it provides the primary care and specialty physicians that have been identified to be needed in this community and will serve the residents by offering immediate care services, and required outpatient services all in one building, providing the continuum of service needed. In addition to the synergies created, this location is closer to home for many patients, aligning with the community and easily accessible to patients and physicians.

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?**

The services in the proposed project will be provided by Advocate Aurora Medical Group and will not be hospital-based services.

The Clinical services included in the project are provided in the table below. The proposed square footage is included and compared where there are state standards.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Imaging – General Radiology (1 Room)	939	1,300 dgft/unit	361	Yes
Imaging – Mammography (1 Room)	280	900 dgft/unit	604	Yes
Imaging – Ultrasound (1 Room)	362	900 dgft/unit	544	Yes
Imaging – MRI	1,685	1800 dgsf/unit	181	Yes
Physician Procedure Exam Rooms – primary, specialty (51 Rooms)	6,638	NA	-	NA
NST (1 Room)	191	NA	-	NA

ICC Procedure Exam Rooms (4 Rooms)	584	NA	-	NA
Lab (1 room, 3 bays)	735	NA	-	NA
TOTAL CLINICAL	11,414			
Non-Clinical/ Non-Reviewable				
Public, Circulation, Staff Support, Building Support	27,262	NA	-	NA
Shell Space	3,063	NA	-	NA
TOTAL NON-CLINICAL	30,325			

Clinical Components

Diagnostic Imaging

The proposed project includes diagnostic imaging services that will be available to clinic patients and those receiving care at the Immediate Care service.

The Imaging Center will include the following types of diagnostic imaging equipment:

- 1 General Radiology
- 1 Mammography unit
- 1 Ultrasound Unit
- 1 MRI

The proposed square footage of 939 DGSF for General Radiology, 280 DGSF for Mammography, 362 DGSF for Ultrasound and 1,685 DGSF for MRI are below the State guidelines for imaging equipment and the necessary support space for these services.

Physician Office Space and Immediate Care

The proposed project includes physician office for Advocate Medical Group (AMG) physicians.

It is anticipated that physicians in the following specialties will be included in the proposed project: Primary care (27 rms), Orthopedic (8 rms), Obstetrics/Gynecology (6 rms), rotating specialties (2 rms), Rehab (2 rms) and Gastroenterology (6 rms). This office space is being developed to include new providers and relocate many of the primary care and OB physicians from current offices located close to this project.

There will be a total of 51 exam/procedure clinic rooms for these physician specialties. This space will include non-stress testing (NST) services to patients as part of their examination. The space was developed based on AAH guidelines for primary and specialty provider offices to include 6,638 DGSF for the exam rooms and 191 DGSF for the NST room.

The project includes an Immediate Care (ICC) for patients that do not have a primary care provider or would prefer walk in or after hour scheduling. This will be staffed and billed by AMG clinicians. Immediate Care will include 4 exam procedure rooms totaling 584 DGSF.

There are no State Guidelines for square footage of the examination rooms for these type of clinic rooms.

Well-Patient Laboratory (Blood Draw)

The Lab will include 1 room and 3 bays for well-patient blood draw with 735 DGSF.

There are no State Guidelines for square footage for Laboratory Blood Draw.

Non-Clinical Components

The Non-clinical components of the project total 30,325 DGSF of space.

This includes physician offices, staff support space, shell, storage, public waiting, circulation, building support, lobby, and basement.

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

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.

The clinical services in the proposed project will be provided by Advocate Medical Group (AMG) and will not be hospital-based services.

The proposed Project includes the following Departments/Services for which the Illinois Health Facilities and Services Review Board has established standards:

Diagnostic Imaging

- 1 General Radiology unit
- 1 Ultrasound unit
- 1 Mammography unit
- 1 MRI unit

Diagnostic imaging projections are based on the historic utilization at current AMG Outpatient centers within service area, as well as AAMG Outpatient centers outside of the service area with similar physician compliment and patient populations. Based on historical utilization and forecasted growth in the service area, it is estimated 26% of physician office and immediate care visits will generate a diagnostic imaging visit. The utilization at the site is projected to grow as it provides accessible diagnostic services to residents in the area.

DEPT./SERVICE	PROJECTED UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.		STATE STANDARD	MEET STANDARD?
	2024	2025		
General Radiology (1 unit)	4,500 procedures	5,200 procedures	8,000/unit	Yes
Ultrasound (1 unit)	1,000 procedures	1,200 procedures	5,000/unit	Yes
Mammography (1 unit)	3,600 procedures	4,200 procedures	3,100/unit	Yes
MRI (1 unit)	2,400 procedures	2,700 procedures	2,500/unit	Yes

Based on the projected utilization in year 2, the standards have been met for all of the Imaging modalities as these are represent the clinical reviewable services in the project.

There are other clinical services which will be provided at the site that do have a state utilization standard. Provided below are the projected utilization based on the number of providers in the building and the need in the service area.

	UTILIZATION	
DEPT./SERVICE	PROJECTED UTILIZATION	
	2024	2025
Physician Office visits -PCP	21,001 visits	27,043 visits
Physician Office visits - Specialty	16,077 visits	18,489 visits
NST	192 visits	211 visits
Immediate care visits	5,718 visits	6,780 visits
Well-Patient Lab	22,000 visits	23,500 visits
PT visits	993 visits	1,179 visits

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.

2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area, or function.

3. Evidence that the shell space is being constructed due to:
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
   c. Historical utilization for the area for the latest five-year period for which data is available; and
   d. 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.

1. The planned 41,739 sg ft building includes 3,063 departmental gross square feet of unfinished/shell space.

2. The anticipated use of the shell space has not been finalized at this time. The services and providers that will occupy this space in the future will be determined based on the utilization of the services in the building and the needs of the service area. Possible uses include additional clinics to expand to other specialties or growth for the existing specialties. Additional ancillary services that support these specialties will be evaluated.

3. The shelled space is included in this project as Advocate Medical Clinics have experienced that they planned too conservatively and quickly outgrew their space. The shelled space will allow the anticipated growth to be developed as the clinics and services fill to target capacity. The projections for this service area show the need for additional specialties and services and this will allow development of those services to be included in this comprehensive Outpatient medical building. The anticipated future use will be based on an assessment of patient visits for these providers and services in the first two years of occupancy and a determination of what will be needed for this service area.

4. As a newly developed location, historical utilization is not available. The utilization of this building's services and patient experiences will assist in the development of the new services and providers to be developed in the shell space of this building.

   As outlined in Attachment 17, Advocate Aurora Health will submit a Certificate of Need application with the utilization plans for additional proposed services to occupy the unfinished/shell space in this building for approval by the HFSRB Board.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

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

Attachment #17, Exhibit 1 provides the letter of Assurances.

AdvocateAuroraHealth

November 9, 2022

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

Re: Advocate Health and Hospitals Corporation d/b/a Advocate Medical Group

Dear Mr. Kniery:

This letter is to attest to the fact that the selected form of debt financing for the purpose of the Advocate Outpatient Center – Chicago Webster will be the lowest net cost available, or if a more costly form of financing is selected, that form is more advantageous due to such terns as prepayment privileges, no required mortgages, access to additional debt, term financing costs and other factors.

Respectfully,

Jon Kluge
Chief Operating Officer
Senior Vice President
Advocate Aurora Medical Group

Subscribed and sworn to me
This 9 day of November, 2022

Jody Heiden
Notary Public

JODY HEIDEN
Notary Public
State of Wisconsin

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
☐ **Imaging – General Radiology**	**0**	**1**
☐ **Imaging - Ultrasound**	**0**	**1**
☐ **Imaging - Mammography**	**0**	**1**
☐ **Imaging - MRI**	**0**	**1**
☐ **Physician Examination/Clinic Rooms - PCP and Specialty MDs**	**0**	**52**
☐ **NST**	**0**	**1**
☐ **Immediate Care**	**0**	**4**
☐ **Well-Patient Lab**	**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
APPEND DOCUMENTATION AS ATTACHMENT 31, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The services in the proposed project will be provided by Advocate Medical Group (AMG) and will not be hospital-based services. The Proposed project includes services that allow patients to receive are closer to home with ancillaries' services provided. The project will support residents that live within a 10-mile radius.

Outpatient Imaging

c) Service Modernization
The applicant shall document that the proposed Project meets one of the following:

2) - Necessary Expansion
Within the proposed project, onsite diagnostic imaging services will include General Radiology, MRI, Ultrasound, and Mammography. Onsite services assist in promoting convenient coordinated patient care for those requiring imaging for an accurate diagnosis. In addition to improved patient compliance with studies and satisfaction, the addition of these services will increase access to the residents of the service area. Within the service area, Sg2 is forecasting a 3-year growth in the following services: 5% in General Radiology, 6% in MRI, 12% in Ultrasound, and 9% in Mammography. With current AAH services in the area nearing capacity, additional sites of service will be required to ensure timely access to care.

3)(B) - Utilization – Service or Facility
The imaging volume is provided below. The projected volume was determined based on ratios of clinicians practicing at the site and AAH historical ratios of those sites.

Imaging Projected Utilization		
	2024	2025
X-ray - general	4,500	5,200
Ultrasound	1,000	1,200
Mammography	3,600	4,200
MRI	2,400	2,700

Physician Offices/Clinics

c) Service Modernization
The applicant shall document that the proposed Project meets one of the following:

2) - Necessary Expansion
This new building will provide a location for the existing providers relocated from the Advocate Blackhawk and Halsted clinic and allow for additional specialties and the ancillary services that will be included as part of the patient's clinic visit. This will benefit patients to have one location to allow for collaboration and referrals between providers and have all testing completed at one location.

3)(B) - Utilization – Service or Facility

The Clinic volume and ancillary services provided in the office visit are outlined below. The patients will be able to receive many of their primary care and specialty services in one building. The projected volume was determined based on AMG historical growth of clinicians entering new geographies and the need for these ancillary services as part of their visit. There are no state standards for these clinical services.

Projected Utilization		
	2024	**2025**
Primary Care visits	21,001 visits	27,043 visits
Specialty Clinicians visits	16,077 visits	18,489 visits
NST	192 visits	211 visits
Well-patient Lab	22,000 visits	23,500 visits
PT visits	993 visits	1,179 visits

Immediate Care

c) Service Modernization

The applicant shall document that the proposed Project meets one of the following:

2) - Necessary Expansion

Immediate care services will offer convenient access to care without needing an appointment. This will provide primary care and immediate care services to families in this area that do not have a primary physician or prefer walk in or after hour scheduling. They will have access to the same ancillary services in one building as part of their visit.

3)(B) - Utilization – Service or Facility

The Immediate care volume is provided below. The projected volume was determined based on the historical growth of other AAMG Immediate care locations. There are no state standards for these clinical services.

Projected Utilization		
	2024	**2025**
Immediate Care visits	5,718 visits	6,780 visits

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 those 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]:**

$41,834,992	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.
$271,166	d)	Debt − a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, 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.
_____	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.
$42,106,158		**TOTAL FUNDS AVAILABLE**

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

The criterion is not applicable. Advocate Aurora Health, Inc has a AA long-term bond rating from Fitch and Standard & Poors. Advocate Aurora Health, Inc has an Aa3 long-term bond rating from Moody's. See Attachment 34.

N/A, Advocate Aurora Health, Inc has a AA long-term bond rating from Fitch and Standard & Poors. Advocate Aurora Health, Inc has an Aa3 long-term bond rating from Moody's.

FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Advocate Aurora Health's (IL) IDR at 'AA'; Outlook Stable

Mon 02 Aug, 2021 - 11:49 AM ET

Fitch Ratings - Chicago - 02 Aug 2021: Fitch Ratings has affirmed Advocate Aurora Health's (AAH) Issuer Default Rating (IDR) at 'AA'. Fitch has also affirmed the outstanding revenue bonds issued by the Wisconsin Health and Educational Facilities Authority, Illinois Finance Authority, and Illinois Health Facilities Authority on behalf of AAH as well as taxable fixed-rate bonds issued directly by AAH at 'AA'. Finally, AAH's 'F1+' Short-Term Rating on variable rate debt and CP debt supported by AAH's self-liquidity has been affirmed.

The Rating Outlook is Stable.

SECURITY

Bonds are unsecured joint and several obligations of the obligated group, which consists of the vast majority of AAH hospitals, the AAH parent, and the Advocate Health Care Network and AAH physician practices.

ANALYTICAL CONCLUSION

AAH's 'AA' IDR rating is driven by the system's very strong financial profile assessment, leading market position over a broad and diversified service area covering the population centers of two states, and expectations for a return to strong operating margins over time, as Fitch believes the system's fundamental operating platform remains strong.

The 'F1+' Short-Term Rating is based on AAH maintaining a Long-Term Rating of at least 'AA-' as well as adequate internal liquidity and written procedures consistent with Fitch's criteria. AAH has "eligible" discounted cash, U.S. Treasuries, municipal bonds, and corporate bonds in excess of 125% of its maximum self-liquidity funding exposure for assignment of the 'F1+' rating.

KEY RATING DRIVERS

Revenue Defensibility: 'bbb'

Largest Health System in Two States; Competition Present in Key Markets

AAH is the largest health system in both Illinois and Wisconsin with a broad market reach operating in multiple markets across the major population centers of both states. The system benefits from a generally favorable payor mix.

Operating Risk: 'a'

Track-Record of Strong Operating Results; Margins Expected to Continue to Rebound

AAH's operating risk profile remains strong. The system has a track-record of generating an operating EBITDA margin in the 10% range. Fitch expects long-term margins should be consistent with a strong assessment, despite financial pressure presented over the last year by the coronavirus pandemic. Capital spending plans are elevated but manageable.

Financial Profile: 'aa'

Strong Capital-Related Ratios

AAH's financial profile is strong. Capital-related ratios should remain strong in Fitch's forward-looking scenario analysis, even in a stress case.

ASYMMETRIC ADDITIONAL RISK CONSIDERATIONS

There are no asymmetric risk factors identified with AAH's rating.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Sustained improvement in operating EBITDA margin consistently above 10%;

--Considerable growth in unrestricted cash levels leading to superlative cash-to-adjusted debt.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Unexpectedly prolonged compression in operating margins, such that the operating EBITDA margin is expected to remain at 7% or lower for a sustained period beyond what Fitch currently expects, which would lead to an operating

risk profile more consistent with a midrange assessment;

--Weaker balance sheet metrics, leading to thinner capital-related ratios in the long term, more consistent with an 'a' assessment, particularly if compounded with an above-mentioned sustained weakening of operating EBITDA margin.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

CREDIT PROFILE

AAH is the result of the April 2018 merger between Advocate Health Care (IL) (Advocate) and Aurora Health Care (WI) (Aurora). The system includes 24 acute care hospitals and one behavioral health hospital (totaling more than 5,100 staffed beds), approximately 3,600 employed physicians, and operates roughly 500 outpatient locations and 100 retail clinics in contiguous markets stretching from the Chicago metro area north through Milwaukee, to Marinette, WI in the north. AAH is the largest healthcare provider in both Illinois and Wisconsin. Combined, AAH recorded more than $13 billion in operating revenue in audited fiscal 2020 (Dec. 31 year-end).

A system of AAH's size and scope of operations is constantly evaluating its portfolio of assets. Most recently, in 2020 the system sold two central Illinois hospitals (the former Advocate BroMenn Medical Center in Normal, IL and Advocate Eureka) to the Carle Foundation (AA-).

REVENUE DEFENSIBILITY

AAH's payor mix is well under the 25% threshold for a midrange assessment. Combined Medicaid and self-pay consistently account for approximately 17% of gross revenue (including 17.5% in fiscal 2020). Illinois expanded Medicaid under the Affordable Care Act (ACA), while Wisconsin did not expand Medicaid under the ACA guidelines, the state did expand eligibility in prior years.

AAH operates in multiple markets covering a contiguous service area stretching from northeastern Illinois (Chicago area) through Milwaukee to northeastern Wisconsin. AAH is the market share leader in both states. Despite the leading position, the system operates in many competitive service areas, notably Chicago (where AAH is the market leader in a crowded market) and Milwaukee, the population hubs of the combined service area. AAH's largest competitor is Ascension Health (AA+), which also operates multiple facilities in both the Milwaukee and Chicago markets. AAH also has one of the largest and most sophisticated physician integration models in the industry with broad population health management capabilities, including employing approximately 3,600 physicians, and nearly three million unique lives.

AAH operates in varying service area demographic profiles, as expected from a large and geographically diverse health system. AAH's service area characteristics are generally stable supporting a midrange assessment. Much of suburban Chicago (e.g., Lake County), suburban Milwaukee, and other markets such as Brown County, WI (Green Bay) demonstrate generally favorable characteristics such as median household income levels in-line with or better than the national average and low poverty rates. Fitch does not expect AAH's payor mix to change materially in the near term.

OPERATING RISK

AAH has a track-record of strong operating margins, with the operating EBITDA margin averaging 10.1% between fiscals 2016 and 2019. The margin compressed to 7.3% in fiscal 2020, as the system contended with the coronavirus pandemic. These results do not include nonrecurring operating expenses in recent years (e.g., early retirement incentive plans, one-time Epic EMR upgrade/installation costs, and one-time merger costs, etc.).

Management estimates that the pandemic cost AAH approximately $900 million in fiscal 2020 in terms of revenue loss and increased PPE costs, not to mention added labor costs and other disruptions. These pressures were balanced in part by the receipt of $847 million of CARES Act and related stimulus funding grants (which AAH recorded in 2020).

Despite the considerable challenges presented by the coronavirus pandemic, Fitch expects that long term the system maintains a robust operating platform and margins will return to a level consistent with a strong operating risk profile, with an operating EBITDA margin in the 9% range. Management has budgeted an operating margin of approximately 2.2% in fiscal 2021, which would translate to an operating EBITDA margin in the 7.5% range. In fiscal Q12021, AAH recorded an operating margin of 2.0% and operating EBITDA margin of 7.1% (excluding nonrecurring expenses of approximately $13 million).

Fitch expects AAH's capital spending will continue at a measured pace. The system has nearly $1.3 billion in capex budgeted for fiscal 2021, which translates to a capital spending ratio of more than 2x. Beyond that, management expects to maintain a capital spending ratio of around 1.5x. Fitch expects, however, that under a strained economic or operating environment AAH would defer or cut capex, as the system did during the early months of the pandemic and related economic recession in 2020.

Key projects are aligned with AAH's Transformation 2025 strategy, and include continued expansion of AAH's ambulatory network with a focus on consumer-driven access, as well as upgrades in certain markets. AAH has maintained a healthy pace of capex in recent years, as the capital spending ratio averaged approximately 1.3x over the last five years, and the average age of plant measured a comfortable 9.2 years at FYE 2020.

While AAH does not have formal new money debt plans in the near term, Fitch expects a system of AAH's size and scale to access the capital markets from time-to-time. Also, in September 2020 the system increased the authorization of its CP program to a maximum amount of $1 billion, although only $50 million was outstanding as of March 31, 2021.

FINANCIAL PROFILE

AAH's financial profile is strong in the context of the system's midrange revenue defensibility and strong operating risk profile assessments. Capital-related ratios should remain strong in Fitch's forward-looking analysis, even in a stress case.

AAH has nearly $3.9 billion of debt outstanding, inclusive of operating leases (which are now captured on the balance sheet). Unrestricted cash and investments measured almost $10.5 billion at FYE 2020.

AAH's debt equivalents are manageable. AAH has two frozen defined benefit (DB) pension plans. The plans combined were approximately $200 million underfunded compared to a projected benefit obligation (PBO) of roughly $2.6 billion at FYE 2020, translating to a funded ratio of 92%. Because the pension plan is more than 80% funded, Fitch does not include the underfunded status in calculating adjusted debt, and as a result AAH's adjusted debt is equal to its direct debt. AAH's net adjusted debt (adjusted debt minus unrestricted cash and investments) is favorably negative, measuring -$6.6 billion at FYE 2020. Fitch expects net adjusted debt to remain favorably negative in the coming years, even in the stress case of Fitch's scenario analysis.

Per Fitch's forward-looking scenario analysis, AAH's capital-related ratios should be consistent with the broad 'AA' category, even in a stress case. Based on fiscal 2020 results, AAH's net adjusted debt-to-adjusted EBITDA was favorably negative at better than negative 4x and cash-to-adjusted debt was about 270% at FYE 2020. Looking forward, net adjusted debt-to-adjusted EBITDA is negative in every year of the scenario analysis, including the stress case, and cash-to-adjusted debt never drops below 270% in the base case or 230% in the stress case.

The 'F1+' short-term rating is based on AAH maintaining a long-term rating of at least 'AA-'. AAH maintains sufficient discounted internal liquid resources (composed of cash, U.S. Treasuries, municipal bonds, and corporate bonds) and has implemented written procedures to fund any un-remarketed put on the $1.2 billion of theoretical maximum potential debt supported by self-liquidity. AAH's self-liquidity supported demand debt is comprised of its puttable VRDO bonds not supported by standby bond purchase agreements (SBPAs) as well as the $1 billion maximum authorized under the taxable CP program (increased from a maximum of $500 million in September 2020, although only $50 million was outstanding as of March 31, 2021). AAH had "eligible" cash, U.S. Treasuries, municipal bonds and corporate bonds in excess of the 125% threshold of its maximum self-liquidity funding exposure for assignment of the 'F1+' rating.

ASYMMETRIC ADDITIONAL RISK CONSIDERATIONS

There are no asymmetric risk factors associated with AAH's rating.

The senior management team is deep and is comprised of members of both the legacy Advocate and Aurora systems. AAH added a new Chief Strategy Officer in spring 2021, and the former CSO is now the President of the system's AAH Enterprises. The system also appointed a new Chief Government Relations Officer in 2020. No significant senior management retirements are planned in the near term, although the board is engaged on succession planning.

AAH has nearly $3.9 billion of debt outstanding (including operating leases). The system has a CP program in place and other variable rate debt supported by internal liquidity. Most VRDO bonds are supported by SBPAs, which expire between January 2024 and September 2025. Maximum annual debt service (MADS) is approximately $227 million, based on smoothing debt service (actual MADS is just over $820 million, based on a bullet payment in 2050). MADS coverage based on fiscal 2020 results is strong at approximately 6x and does not pose an asymmetric risk. The MTI includes a minimum historical debt service coverage covenant of 1.10x.

AAH had just over 310 days cash on hand at FYE 2020 and just over 315 days at unaudited March 31, 2021 (excluding Medicare advance payment funds and deferred employer FICA tax), and therefore days cash does not pose an asymmetric risk.

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Advocate Aurora Health, Inc. (WI)	LT IDR	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
• Advocate Aurora Health, Inc. (WI) /General Revenues/1 LT	LT	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
• Advocate Health Care Network (IL)	LT	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

U.S. Not-For-Profit Hospitals and Health Systems Rating Criteria (pub. 18 Nov 2020) (including rating assumption sensitivity)

Public Sector, Revenue-Supported Entities Rating Criteria (pub. 23 Feb 2021) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v1.3.2 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Advocate Health and Hospitals Corporation	EU Endorsed, UK Endorsed

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S&P Global
Ratings

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Table Of Contents

Advocate Aurora Health, Illinois; CP; System

Credit Profile		
Illinois Finance Authority, Illinois		
Advocate Aurora Health, Illinois		
Illinois Fin Auth (Advocate Aurora Health Credit Group) sys		
Long Term Rating	AA/Stable	Current

Rationale

S&P Global Ratings' long-term rating on Advocate Health and Hospitals Corp. (AHHC), Ill.'s various series of taxable debt and its long-term ratings on the Illinois Finance Authority's (IFA) and the Wisconsin Health and Education Facilities Authority's various series of fixed-rate, tax-exempt revenue bonds is 'AA'. S&P Global Ratings' long-term component of its dual ratings ('AA/A-1+' and 'AA/A-1'), where applicable, on the IFA's various series of variable-rate demand bonds (VRDBs) is also 'AA'. Finally, S&P Global Ratings' short-term rating on AHHC's commercial paper (CP) program (authorized to $1 billion from $500 million with $50 million outstanding) is 'A-1+'. All bonds were issued for AHHC and the related obligated group (known as Advocate Aurora Health credit group, or AAH). The outlook, where applicable, is stable. Our analysis of AAH reflects the consolidated system.

The 'A-1+' short-term component of the rating on the issuer's series 2008C-3A bonds and the 'A-1' short-term component of the rating on the series 2008C-1 and 2008C-2B bonds reflect our view of the standby bond purchase agreements (SBPAs) in effect from various financial institutions. They further reflect our view of the likelihood of payment of tenders, and our view of liquidity facilities that cover all of the bond series. The 'A-1+' short-term component of the rating on the issuer's CP and series 2011B bonds reflects our view of the credit strength inherent in the 'AA' long-term rating on AAH's debt and the sufficiency of AAH's unrestricted reserves to provide liquidity support for the bonds.

Credit overview

Specifically, the 'AA' rating reflects AAH's excellent enterprise profile and solid market position in the broad Chicagoland and eastern Wisconsin markets as well as its solid financial profile, including sound performance, healthy coverage, low debt, and favorable unrestricted reserves and operational liquidity. Increasingly, nonoperating income, primarily investment income, has helped support cash flow as operating cash flow has weakened slightly even before the pandemic. Key enterprise strengths include considerable size and scale with more than $13 billion in annual operating revenue, servicing of a large population base (albeit with some mixed economics and demographics in certain service areas, particularly Illinois), the expansive footprint of the care continuum (including inpatient and outpatient services), and physician integration models that should support value-based reimbursement as that transition continues. While operating in Illinois (compared with Wisconsin) presents some ongoing challenges given the state and payer environment, the diversity of facilities and the broad geographic region help offset some of that risk.

While operating margins are rebounding after a challenging fiscal 2020 related to COVID-19, they have lightened over

the past few years from highs in the 4% area. In the past year and a half margin declines have largely been due to COVID-19, but since the merger in 2018 AAH has absorbed operating investments for the new system and various operating pressures related to industry transitions. Management expects operating margins to be stable for the remainder of 2021 and continues to focus on identifying further areas of improvement over time , which will help support credit stability.

AAH took advantage of the Medicare Advance and Accelerated Payment program and received approximately $773 million from that program and $787 million of CARES Act funds in fiscal 2020. No additional support was received in fiscal 2021, and management has recognized all of the CARES Act funds that it received in 2020. AAH shored up additional liquidity during 2020, including establishing a $1.2 billion line (nothing outstanding at the end of 2020 or in fiscal 2021), and increased its authorized CP amount to $1 billion but with no plans to use additional CP.

AAH continues to implement its strategic plan to support financial health, growth, and delivery of quality integrated care, while positioning for the out-years with a focus on wellness and value-based payments. To that end, AAH invested in Quartz for a Medicare Advantage plan and fully acquired Senior Helpers on April 1, 2021 (a franchise-based home health entity), helping diversify revenue and positioning itself for value-based payments and patients' increasingly choosing care outside the hospital. AAH continues to have a healthy capital appetite, including both information technology and capital building projects using primarily operating cash flow and potentially some modest debt.

The 'AA' long-term rating reflects our view of AAH's:

- Broad and diverse position across two states, including the broad Chicago metro and eastern Wisconsin markets, coupled with enterprise strengths around clinical integration, employed physician models, and sound accountable care organization (ACO) and risk-based payer strategies;
- Leading and stable position in the market as a whole although AAH operates in competitive markets;
- Healthy balance sheet measures with light debt, including leverage of 20%, unrestricted reserves to long-term debt of more than 3x, and unrestricted reserves of 320 days' cash on hand; and
- Sound maximum annual debt service coverage (smoothed) returning to more than 6x in interim fiscal 2021 (after dipping in fiscal 2020) as a result of improving operating margins, very good investment returns, and a low debt burden.

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

- Operating margins that, while improving in 2021, are still at lower-than-historical levels;
- Strong competition in almost all of the markets in which it operates--from other systems and large academic medical centers--coupled with broader volume pressures related to both the health care industry and the economy; and
- Continued exposure to Illinois Medicaid (through legacy Advocate Health Care).

The stable outlook reflects our view of AAH's healthy business position in core markets coupled with a sound balance sheet flexibility and improving margins. The stable outlook also reflects expectations of minimal new money debt over

the next couple of years and a disciplined management team that, while generating lower-than-historical operating margins, continues to balance cash flow with execution of strategic and capital spending plans while managing expenses and looking to diversify revenue and grow.

Environmental, social, and governance factors

We view AAH's governance risks as in line with the sector and note that AAH has successfully brought two large enterprises together with minimal operating challenges; we attribute the latter to good management and governance. Additionally, the board will return to a self-perpetuating board in the next year. (Following the merger, legacy health system members populated the board evenly for four years.) We view environmental risk as line with the industry as a whole given the dispersion of facilities in a broad service area covering northern Illinois and eastern and northeastern Wisconsin with limited environmental challenges. The team is focused on reducing its environmental footprint, which we believe could benefit the organization if future regulations come into play. Social risks also remain in line with the sector, but we monitor COVID-19 and the recent variant that could cause operating pressures in case of sustained challenges in caring for these patients as a result of increased costs from supplies, labor, and or equipment or reduced revenue stemming from patients' forgoing care for safety reasons. In addition, AAH's exposure to Illinois Medicaid payer mix presents increased social risk given AAH's slightly higher Medicaid levels (relative to peers), although its diversified footprint helps offset this risk.

Stable Outlook

Downside scenario

We could revise the outlook to negative or lower the rating in case AAH records operating margins of less than 3% for a sustained period, particularly if the balance sheet weakens. Any significant issuance of debt could also result in rating pressure, as the strong balance sheet is a key credit strength.

Upside scenario

We are not likely to raise the rating over the next two years given the increased capital spending and lower-than-historical lighter margins. Over time, we could raise the rating if AAH executes on system strategies and demonstrates meaningful multiyear improvement to its financial profile with financial ratios commensurate with a higher rating.

Credit Opinion

Enterprise Profile: Very Strong

AAH maintains expanded market position with focus on changes for its future state

AAH maintains a strong presence in its various markets, but has outlined goals it believes it needs to meet over the next five years as part of its 2025 strategic plan to maintain that strength. Key supporting areas of the credit include a large revenue base supported by a broad service area across two states (with a service area population of more than 11 million) and healthy business position in its core markets. Most of its entities operate well, but Trinity remains a

challenge given a challenging payer mix. As expected, AAH divested BroMenn and Eureka hospitals in central Illinois. AAH has a full complement of inpatient and outpatient services (including tertiary and quaternary care), a wide geographic network of clinics and outpatient centers, a large employed physician and advanced practitioner base, and other post-acute-care services across the service area. AAH also has a small joint venture insurance plan in Wisconsin that is small and is in conjunction with Anthem. We also view the diversification from payers (including different Medicaid programs) and from the demographics and economies of two states (and multiple markets) as a positive for the credit, particularly given the state pressures in Illinois.

AAH's strategies over the next several years are aimed at improving its overall position in its markets by broadening its patient base through improvement of access, quality and costs of care, and the customer experience. In the markets in which it operates, AAH maintains very solid and often leading market shares, though the markets remain competitive with a host of competitors. We believe that, overall, competition in the Chicago metropolitan statistical area is increasing partly as a result of recent consolidations. While competition in the Chicagoland market is much tighter, trends are evolving in Wisconsin, as Ascension appears to be downsizing some of its facilities in the northern region.

AAH has a number of physician integration models and continues to expand those across the system and push the organization toward value-based care models. We believe that the mix of physician and payer models, including various pilot projects such as those that incorporate Medicare Advantage, allows AAH to experiment and learn what works best with which markets and populations. These strategies should help achieve the goals in AAH's 2025 strategic plan, assuming that the projects are undertaken and evaluated in a disciplined manner. More specifically, in the Illinois market AAH benefits from a clinically integrated network (Advocate Physician Partner, or APP) with both its employed (Advocate Medical Group) and independent physicians. In the Wisconsin market, AAH has a stronger physician employment model. AAH has also had success in its various Medicare ACO models, so we expect it to continue to build on that. Additionally, legacy AHCN has accepted full and partial risk (capitation) on certain commercial and Medicare advantage contracts directly and through APP. Legacy AHC has had a history of working directly with employers.

While volume recovery continues in fiscal 2021, inpatient volumes prior to the pandemic were flat to slightly down given shifts to outpatient as well as the competitive market and stable population. Outpatient volumes have historically increased with a focus on access and physician growth. AAH continues to expand its ambulatory network, but market and industry dynamics (including the impact from COVID-19) lead us to believe that growth will likely depend on AAH's ability to capture additional market share and lives under risk-based contracts, including Medicare Advantage.

While continuing to recover, AAH continues to implement initiatives for the 2025 strategic plan

We believe AAH has a very strong and capable management team with considerable bench strength throughout the organization and a history of financial discipline and strategic focus that we believe will serve the organization well as it enters a period of increased challenges both related to industry pressures as well as COVID-19 recovery. We also view favorably AAH's ability to operate from a position of strength, particularly in a challenging state and payer environment for the facilities in Illinois.

One board oversees AAH, evenly populated with legacy AHC and AHCN board members. While we view self-perpetuating boards as best practice, we also recognize that AAH will transition to a self-perpetuating board in the

next year.

Management is moving forward on its strategic plan. While core strategies focus on financial health, customer service, and safety and quality, the far years of the 2025 strategic plan begin to pivot the organization toward managing under different reimbursement models including a focus on health and wellness as demonstrated by its recent investments mentioned above. Efforts around clinical integration and decreased variability in care across the organization will continue to play a role as the organization targets its 2025 goals.

Table 1

Advocate Health Care Network and Subsidiaries Utilization

	--Three months ended March 31--	--Fiscal year ended Dec. 31--		
	2021*	2020	2019	2018
Inpatient admissions§	56,025	236,526	258,468	260,516
Equivalent inpatient admissions	155,859	630,121	707,393	551,304
Emergency visits	182,284	812,533	806,276	794,037
Inpatient surgeries	14,738	55,382	67,790	68,666
Outpatient surgeries	38,204	134,882	162,245	157,212
Medicare case mix index	N.A.	1.9617	1.8959	1.8213
FTE employees	64,000	64,000	63,000	61,000
Active physicians	9,400	9,500	9,800	8,900
Medicare (%)†	29	31	32	30
Medicaid (%)†	12	12	11	11
Commercial/Blues (%)†	57	54	54	56

*Giving recent release of second-quarter 2021 financial results, enterprise statistics reflect first-quarter 2021. §Excludes normal newborn, psychiatric, rehabilitation, and long-term care facility admissions. †Based on net revenue. FTE--Full-time equivalent. N.A.--Not available.

Financial Profile: Very Strong

Recovery in fiscal 2021 with nonoperating revenue providing healthy support to cash flow

AAH generated steady improvement to operating margins through the first six months of fiscal 2021 following a weaker fiscal 2020. That said margins remain lighter than historical highs of around 3.5% to 4.0%. Fiscal 2020 result, while positive, were of course affected by COVID-19 and reduced volumes. In addition, AAH didn't reduce the number of full-time equivalent employees or furlough any employees to support care givers, and was further affected by higher agency costs in late 2020 and early 2021, as were many providers. Interim results through the second quarter are showing recovery and are beating budget as a result of good revenue yield, volume recovery, and ongoing expense management. While management expects no significant changes in the near term related to its payer contracts, the team is focused on trying to find solutions in value-based care in partnership with its payers over the medium term. AAH maintains some risk through capitated revenue and shared savings programs, among other modest initiatives. The team remains committed to managing expenses as well as identifying opportunities to further improve the cost structure. While all of AAH's markets are fairly competitive, we believe that Illinois is more challenging and believe that some of the growth, payer, and market trends in Wisconsin will continue to benefit AAH's operating performance. Growth and revenue diversification will remain focus, as the aforementioned acquisitions and investments indicate.

Healthy nonoperating income, particularly investment income, has helped support cash flow considerably in recent years as operating cash flow has lightened a bit. Nonoperating income, along with good cash flow, contributed to good maximum annual debt service coverage on a smoothed basis through interim 2021. The actual debt service schedule is slightly more uneven and includes a number of bullets.

The team is focused on targeting closer-to-historical operating margins over time with steady improvement over the next couple of years, but industry trends--including a muted payer environment, increased labor expense pressures, and the lingering impact of COVID-19--could challenge this.

Healthy liquidity support capital spending and strategic priorities

Unrestricted reserves have recovered since our previous review given the taxable debt issuance, healthy investment returns, and the sale of AAH's central Illinois assets in mid-2020. (AAH excludes some self-insurance reserves from its unrestricted reserve calculation, so we believe that overall cash on hand could be slightly stronger but not materially different.) Through the first half of 2021, despite good investment returns, reserve growth slowed to about 4% given ongoing capital expenditures and the acquisition of Senior Helpers.

AAH's investment allocation mix has a reduced equities exposure of only 30% but a fair amount of exposure to alternatives at about 50%, meaning that AAH has given up some liquidity with the goal of solid returns with less volatility. That said, we view overall liquidity as healthy given AAH's $781 million of cash and cash equivalents, which includes MAAP (Medicare Accelerated and Advance Payment) funds of around $700 million, a $1.2 billion syndicated line of credit, and an authorized $1.0 billion of its commercial paper program. Within its investments, AAH maintains good liquidity with about $5.3 billion (excluding MAAP funds) available in 30 days.

Capital spending was lower than expected in fiscal 2020 as projects slowed in the spring 2020 but picked up in late summer and early fall. Key projects that continued include legacy AHCN's large Epic implementation whose completion was slightly delayed but was completed in early 2021, a new enterprise resource planning system that is to be completed in fall 2022, ongoing spending at Illinois Masonic Medical Center (IMMC), a replacement facility in Sheboygan, and construction of an AAH inpatient facility and two ambulatory facilities in the Racine/Kenosha market. Management will use the 2020A proceeds to help support those projects as well as cash flow. Capital spending was around $700 million in fiscal 2020 compared with a budgeted $1 billion-plus and around $650 million in 2019. Through June 30, 2021, capital spending is slightly less than prior-year levels, excluding the acquisition of Senior Helpers and likely to be well below the $1.2 billion full year capital budget as a result of timing of projects and payments.

AAH had increased unfunded commitments on its investment portfolio of about $14 billion for its private equity and real estate partnership investments as of Dec. 31, 2020 (to be funded over the next seven years), which we view as manageable given its more than $10 billion in unrestricted reserves. Management reports that it should have no sizable calls in the next year but will monitor that.

Low debt with diversified structure supports rating but some risks in remarketing and bullets

AAH's long-term debt remains low with modest debt service relative to revenue, thus providing some ongoing flexibility. However, we note several bullets and tenders over the 34-year schedule that will have to be refinanced or paid along with some remarketing and renewal risks.

Other than the bullets and a small amount of contingent debt, we believe AAH's debt structure is reasonable, given its balance sheet profile and investment allocation. More specifically, about 80% of AAH's debt is fixed, excluding swaps, and the remainder is in some type of variable-rate mode (such as index rate bonds, floating-rate notes, VRDBs, and CP).

AAH's long-term operating lease liability is about $243 million with a commensurate operating lease right-of-use assets on June 30, 2021. We have historically incorporated lease risk into lease-adjusted debt service coverage, and we believe this continues to capture risk associated with lease exposure. Including the operating lease liability in our calculation of leverage brings debt as a percentage of capitalization to about 22%.

Based on AAH's liquidity analysis provided to our funds group, the system can amply cover its total $120 million self-liquidity-backed VRDBs and CP ($50 million outstanding).

While we don't view the bank debt as a significant risk given AAH's healthy financial profile, key rating and financial covenants related to the bank-held debt are maintenance of a credit rating of 'BBB' or higher and coverage of 1.1x or higher. Total contingent debt (as calculated by S&P Global Ratings and including other VRDBs) is about 30% of debt outstanding.

AAH maintained five floating- to fixed-rate swaps with a total notional amount of $351.6 million as of June 30, 2021 (including two that are not tied to any specific debt). Counterparties vary, and as of that date the liability on the swaps was $98.5 million with no collateral posting required in recent years.

We view AAH's defined benefit plans as being of minimal risk given the good funding and legacy AHCN's active plan's status a church plan. Legacy AHCN also has an Employee Retirement Income Security Act of 1974 plan that is frozen. Legacy AHC also maintains a defined benefit plan that is well funded (more than 90%) and frozen to new benefits and entrants (as of 2012). Together, the plans have been well funded at more than 90% for the past several years. Management is also considering investment strategies that could limit the need for future funding.

Table 2

Advocate Health Care Network and Subsidiaries Financial Summary

	--Six months ended March 31--	--Fiscal year ended Dec. 31--			'AA' rated health care system medians
	2021	2020	2019	2018*	2019
Financial performance					
Net patient revenue ($000s)	6,239,207	11,337,814	11,925,131	8,569,463	4,050,320
Total operating revenue ($000s)	6,717,433	13,068,012	12,743,703	9,186,580	4,887,899
Total operating expenses ($000s)	6,522,452	12,969,315	12,385,102	8,888,922	MNR
Operating income ($000s)	194,981	98,697	358,601	297,658	MNR
Operating margin (%)	2.90	0.76	2.81	3.24	4.40
Net nonoperating income ($000s)	158,269	(25,506)	205,956	243,543	MNR
Excess income ($000s)	353,250	73,191	564,557	541,201	MNR
Excess margin (%)	5.14	0.56	4.36	5.74	6.60
Operating EBIDA margin (%)	7.91	5.90	8.12	8.60	9.80
EBIDA margin (%)	10.03	5.72	9.58	10.96	12.70

Table 2

Advocate Health Care Network and Subsidiaries Financial Summary (cont.)

	--Six months ended March 31--	--Fiscal year ended Dec. 31--			'AA' rated health care system medians
	2021	2020	2019	2018*	2019
Net available for debt service ($000s)	689,769	745,532	1,240,827	1,033,376	603,513
MADS ($000s)	223,783	223,783	223,783	223,783	MNR
MADS coverage (x)	6.16	3.33	5.54	6.16	7.60
Operating-lease-adjusted coverage (x)	4.58	2.45	3.92	3.87	4.90
Liquidity and financial flexibility					
Unrestricted reserves ($000s)	10,946,323	10,497,642	8,812,556	7,544,843	4,057,238
Unrestricted days' cash on hand	320.1	308.8	272.2	243.6	335.5
Unrestricted reserves/total long-term debt (%)	315.6	301.7	292.9	255.0	283.1
Unrestricted reserves/contingent liabilities (%)	1,108.4	1,063.0	849.5	773.7	863.5
Average age of plant (years)	9.6	9.2	8.7	9.5	10.5
Capital expenditures/depreciation and amortization (%)	92.3	125.6	114.6	134.6	153.8
Debt and liabilities					
Total long-term debt ($000s)	3,468,185	3,480,061	3,008,901	2,958,931	MNR
Long-term debt/capitalization (%)	20.7	22.2	20.8	22.8	20.8
Contingent liabilities ($000s)	987,592	987,592	1,037,353	975,171	MNR
Contingent liabilities/total long-term debt (%)	28.5	28.4	34.5	33.0	43.2
Debt burden (%)	1.63	1.72	1.73	1.78	1.80
Defined benefit plan funded status (%)	N.A.	92.29	91.14	96.59	85.60
Miscellaneous					
Medicare accelerated and advance payments ($000s)§	703,000	773,000	N/A	N/A	MNR
Short-term borrowings ($000s)§	0	0	0	0	MNR
CARES Act ($000s)	-	786,655	N/A	N/A	MNR
Other stimulus funds	-	37,000	N/A	N/A	MNR
Total net special funding ($000s)	N.A.	232,533	199,859	156,061	MNR

*Only nine months of data. §Excluded from unrestricted reserves, long-term debt, and contingent liabilities. MADS--Maximum annual debt service. MNR--Median not reported. N/A--Not applicable. N.A.--Not available.

Credit Snapshot

- Security: The rated bonds are the general, unsecured joint and several obligations of the obligated group.
- Group rating methodology status: The rating reflects our view of AAH's group credit profile and the obligated group's core status. Accordingly, we rate the obligated group at the level of the AAH group credit profile.
- Credit overview: AAH operates across northern Illinois and eastern Wisconsin with more than 25 acute care hospitals, more than 3,600 employed physicians, and numerous clinics and outpatient settings. The system also includes two ACOs, Advocate Physician Partners (a clinically integrated network), and a joint venture insurance company in Wisconsin with Anthem. AAH also includes long-term teaching affiliations with the University of Illinois at Chicago Health Sciences Center, Rosalind Franklin University, and Midwestern University. As part of these affiliations, AAH trains about 600 residents in 31 residency programs.
- Self-liquidity rating: The 'A-1+' short-term component of the rating on the $70 million series 2011B windows bonds and $50 million CP program reflects our view of the credit strength inherent in the 'AA' long-term rating on AAH's debt and the sufficiency of AAH's unrestricted reserves to provide liquidity support for the bonds. Our Fund Ratings and Evaluations Group assesses the liquidity of AAH's unrestricted investment portfolio to determine the adequacy and availability of these funds to guarantee the timely purchase of the bonds tendered in the event of a failed remarketing. We monitor the liquidity and sufficiency of AAH's investment portfolio monthly. AAH identified approximately $800 million of discounted assets as of June 30, 2021, to provide self-liquidity. The assets are invested in highly rated money market funds, Treasuries, agencies, investment-grade debt, speculative-grade debt, and domestic equities, providing sufficient coverage in the event of a failed remarketing. Management has established clear and detailed procedures to ensure the maintenance of sufficient asset coverage and to meet liquidity demands on a timely basis. We will monitor the liquidity and sufficiency of assets pledged by AAH on a monthly basis. In addition, and as relates to the CP program, management has a restriction of only $50 million coming due within a seven-day period, but this may change depending on what management ends up using in that program.

Related Research

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Ratings Detail (As Of September 1, 2021)

Advocate Aurora Health taxable bnds		
Long Term Rating	AA/Stable	Current
Advocate Aurora Health taxable comm pap nts ser 2019 dtd 02/25/2019 due 08/01/2019		
Short Term Rating	A-1+	Current
Illinois Finance Authority, Illinois		
Advocate Aurora Health, Illinois		
Illinois Finance Authority (Advocate Aurora Health) rev bnds rmktd 02/12/2020 (Advocate Hlth Care Network)		
Long Term Rating	AA/Stable	Current
Illinois Finance Authority (Advocate Aurora Health) rev bnds rmktd 1/15/2020 (Advocate Hlth Care Network) ser 2008A-1 dtd 04/23/2008 due 11/01/2030		

Ratings Detail (As Of September 1, 2021) (cont.)		
Long Term Rating	AA/Stable	Current
Illinois Fin Auth (Advocate Aurora Health Credit Group) sys		
Long Term Rating	AA/Stable	Current
Illinois Fin Auth (Advocate Aurora Health Credit Group) VRDO sys		
Long Term Rating	AA/A-1+/Stable	Current
Illinois Fin Auth (Advocate Aurora Health Credit Group) VRDO sys		
Long Term Rating	AA/A-1/Stable	Current
Illinois Fin Auth (Advocate Aurora Health Credit Group) VRDO sys		
Long Term Rating	AA/A-1+/Stable	Current
Illinois Hlth Fac Auth, Illinois		
Advocate Aurora Health, Illinois		
Illinois Hlth Fac Auth (Advocate Aurora Health Credit Group) sys		
Long Term Rating	AA/Stable	Current
Illinois Hlth Fac Auth (Advocate Aurora Health Credit Group) sys		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth, Wisconsin		
Advocate Aurora Health, Illinois		
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health Credit Group) rev bnds		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health Credit Group) rev bnds		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health Credit Group) rev bnds		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health Credit Group) (AGM)		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health Credit Group) (MBIA) (National)		
Long Term Rating	NR	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health) rev bnds rmkted 4/8/2021 (Advocate Aurora Health) ser 2018C-1 dtd 08/16/2018 due 08/15/2054		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health) rev bnds (Advocate Hlth Care) ser 2018C-2		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health) rev bnds (Advocate Hlth Care) ser 2018C-3		
Long Term Rating	AA/Stable	Current
Wisconsin Hlth & Ed Fac Auth (Advocate Aurora Health) rev bnds (Advocate Hlth Care) ser 2018C-4		
Long Term Rating	AA/Stable	Current

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms Advocate Aurora Health's Aa3; outlook positive

13 Aug 2021

New York, August 13, 2021 -- Moody's Investors Service has affirmed the Aa3, Aa3/VMIG 1, and Aa3/P-1 ratings assigned to Advocate Aurora Health's (AAH) outstanding debt, which includes the obligations of legacy borrower Aurora Health Care, Inc., WI. The outlook is positive. AAH has approximately $3.55 billion of debt outstanding.

RATINGS RATIONALE

Affirmation of the Aa3 reflects AAH's leading market positions across two regions, business line breadth and strong financial discipline. After achieving lower but still solid operating cash flow (OCF) margins in fiscal 2020 and YTD 2021 amid pandemic related volume disruptions, AAH will likely return to and sustain OCF margins at pre-pandemic expectations of 9% to 10%. This would be supported by ongoing recovery in volume and strategic growth but will likely take longer than anticipated when the positive outlook was first assigned due to COVID related volume disruptions and staffing challenges. Operating and balance sheet leverage will remain moderate with management expecting to maintain current levels of debt and well-funded frozen and highly hedged pension plans. A return to pre-pandemic levels of operating cash flow and ongoing improvement in cash levels, however, would help contribute to cash to total debt, total debt to cash flow and days cash metrics that would be more in line with a higher rating. In addition to intensifying wage issues, offsets include strong competition in rapidly consolidating markets and ongoing payer pressures.

The affirmation of the short-term P-1 rating is supported by Moody's market access cash flow approach to longer-term variable rate instruments and our estimation of AAH's ability to pay the purchase price of a mandatory tender when due at the end of the mandatory tender "window" as well as AAH's strong liquidity. Moody's expects that AAH will be able to access the market given its strong revenue bond rating and the system's frequency of market participation. Affirmation of the VMIG 1 reflects the presence of standby bond purchase agreements and the creditworthiness of AAH.

RATING OUTLOOK

The positive outlook reflects Moody's view that AAH will likely be able to return to and sustain OCF margins at levels expected pre-pandemic while increasing absolute cash levels (excluding Medicare Advances and FICA deferrals). This would allow AAH to achieve or exceed stronger days cash, cash to debt and debt to cash flow metrics as forecasted.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Able to recover to pre-pandemic OCF levels in the 9% to 10% range and demonstrate durability

- Evidence that operating leverage as measured by debt to cash flow will be sustained at or below 2.0 times

- Ability to show ongoing improvement in cash to debt and days cash

- Unenhanced ST rating: Not applicable

- Enhanced ST rating: Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained decline in solid operating cash flow margins

- Meaningful decline in days cash or cash to debt metrics

- Additional debt resulting in less favorable leverage metrics

- Unenhanced ST rating: downgrade by Moody's of AAH's long-term rating below A2 or material adverse changes to AAH's access to the capital markets

- Enhanced ST ratings: downgrade by Moody's of the short-term Counterparty Risk Assessment of the banks that provide the SBPAs or the long-term rating of AAH

LEGAL SECURITY

Under an Amended and Restated Master Trust Indenture, issued in 2018, security is a general, unsecured obligation of the obligated group. There are no additional indebtedness tests. The members of the obligated group under the Master Indenture are: Advocate Aurora Health, Inc., Advocate Health Care Network, Advocate Health and Hospitals Corporation, Advocate Sherman Hospital, Advocate North Side Health Network, Advocate Condell Medical Center, Aurora Health Care, Inc., Aurora Health Care Metro, Inc., Aurora Health Care Southern Lakes, Inc., Aurora Health Care Central, Inc. d/b/a Aurora Sheboygan Memorial Medical Center, Aurora Medical Center of Washington County, Inc., Aurora Health Care North, Inc. d/b/a Aurora Medical Center Manitowoc County, Aurora Medical Center of Oshkosh, Inc., Aurora Medical Group, Inc., Aurora Medical Center Grafton LLC. The Amended and Restated MTI contains a substitution of notes provision.

PROFILE

Advocate Aurora Health, Inc. (AAH; $13.1 billion revenue in FY 2020), provides a continuum of care through its 24 acute care hospitals, an integrated children's hospital and a psychiatric hospital, which in total have 6,475 licensed beds, primary and specialty physician services with approximately 3,600 employed physicians, outpatient centers, physician office buildings, pharmacies, behavioral health care, rehabilitation, home health and hospice care in northern Illinois, eastern Wisconsin and the upper peninsula of Michigan.

METHODOLOGY

The principal methodology used in the long-term ratings was Not-For-Profit Healthcare published in December 2018 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1154632 . The principal methodology used in the short-term underlying rating was Short-term Debt of US States, Municipalities and Nonprofits Methodology published in July 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1210749 . The principal methodology used in the short-term enhanced ratings was Variable Rate Instruments Supported by Conditional Liquidity Facilities published in March 2017 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1057134 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

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MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

N/A, Advocate Aurora Health, Inc has a AA long-term bond rating from Fitch and Standard & Poors. Advocate Aurora Health, Inc has an Aa3 long-term bond rating from Moody's.

SECTION VII. 1120.130 - FINANCIAL VIABILITY

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

Financial Viability Waiver

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

5. "A" Bond rating or better
6. All the project's capital expenditures are completely funded through internal sources
7. 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
8. The applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 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

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 to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

   B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

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

1) That the selected form of debt financing for the project will be at the lowest net cost available.

2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors.

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (List below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	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.

F. 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.

See Attachment #37, Exhibit 1, 2 and 3.

The AGC (Association of General Construction's 2022 Construction Inflation Report is provided in the Appendix.

AdvocateAuroraHealth

November 9, 2022

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

Re: Advocate Health and Hospitals Corporation d/b/a Advocate Medical Group

Dear Mr. Kniery:

This letter is to attest to the fact that the selected form of debt financing for the purpose of the Advocate Outpatient Center – Chicago Webster will be the lowest net cost available, or if a more costly form of financing is selected, that form is more advantageous due to such terns as prepayment privileges, no required mortgages, access to additional debt, term financing costs and other factors.

Respectfully,

Jon Kluge
Chief Operating Officer
Senior Vice President
Advocate Aurora Medical Group

Subscribed and sworn to me
This 9 day of November 2022

Jody Heiden
Notary Public

JODY HEIDEN
Notary Public
State of Wisconsin

Cost & Gross Square Feet by Department									
Dept. / Area	A	B	C	D	E	F	G	H	
	Cost / Sq. Ft.		Gross Sq. Ft.		Gross Sq. Ft.		Const. $	Mod. $	Total Cost (G+H)
	New	Mod.	New	Circ.*	Mod.	Circ.*	AxC	BxE	(G+H)
Clinical									
Gen. Radiology (1 room)	$609		939	6%			$571,851		$571,851
Mammography (1 room)	$582		280	0%			$162,960		$162,960
Ultrasound (1 room)	$569		362	0%			$205,978		$205,978
MRI (1 room)	$716		1685	10%			$1,206,460		$1,206,460
Physician Exam Procedure rooms (51 rms)	$547		6,638	0%			$3,630,986		$3,630,986
NST (1 Room)	$571		191	0%			$109,061		$109,061
ICC Exam Procedure Rooms (4 Rooms)	$608		584	0%			$355,072		$355,072
Well Lab (1 room, 2 bays)	$621		735	16%			$456,435		$456,435
Total Clinical			11,414						$6,698,803
Clinical Contingency									$492,230
Total Clinical Reviewable + Contingency									$7,191,033
Non-Clinical									
Public, Circulation, Staff Support, Building Support	$447		27,262	49%			$12,186,114		$12,186,114
Shell	$323		3,063	0%			$989,349		$989,349
Total Non-Clinical			30,325						$13,175,463
Non-Clinical Contingency									$1,307,770
Total Non-Clinical + Contingency									$14,483,233
Total									$19,874,266
Contingency									$1,800,000
Total + Contingency									$21,674,266

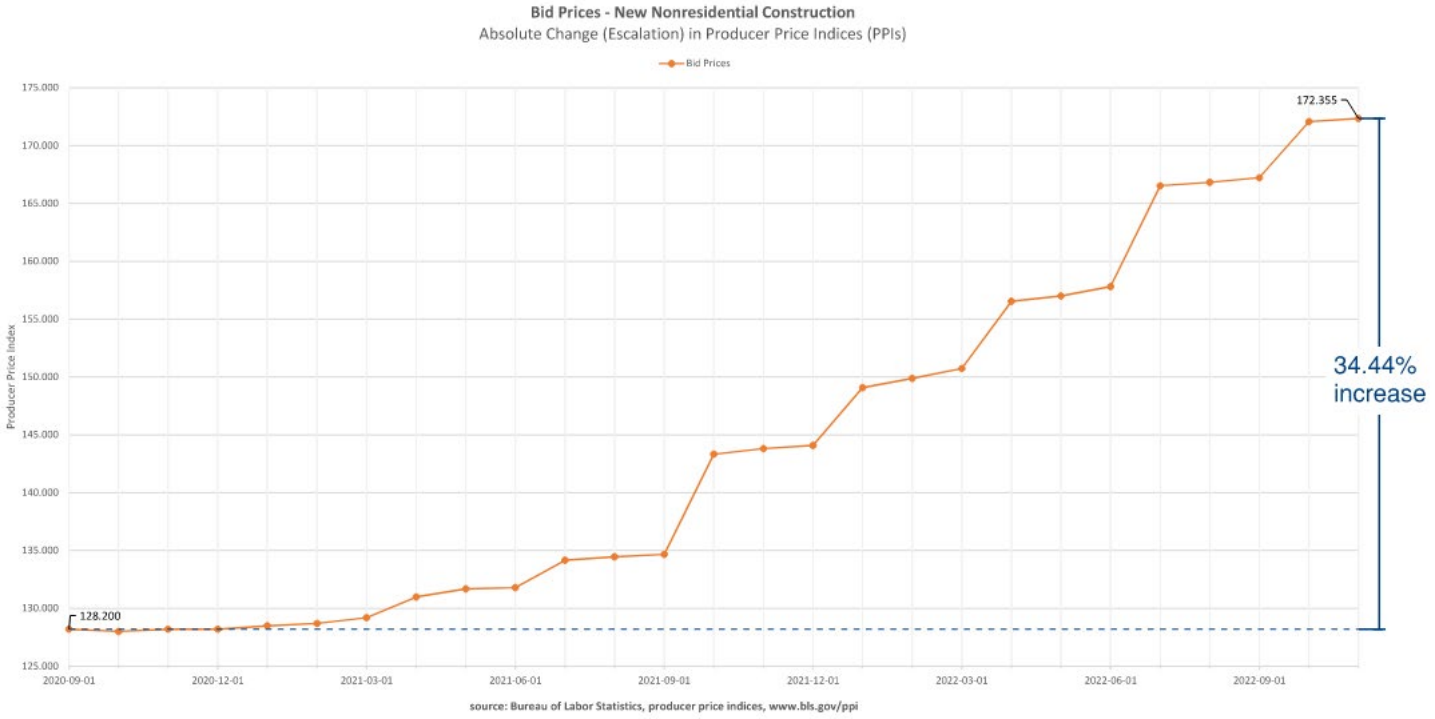
The Chicago Webster Outpatient Center's cost includes premiums that are above the typical clinic building.
In looking at the Clinical Reviewable costs, the higher $/SF is attributed to the following factors:

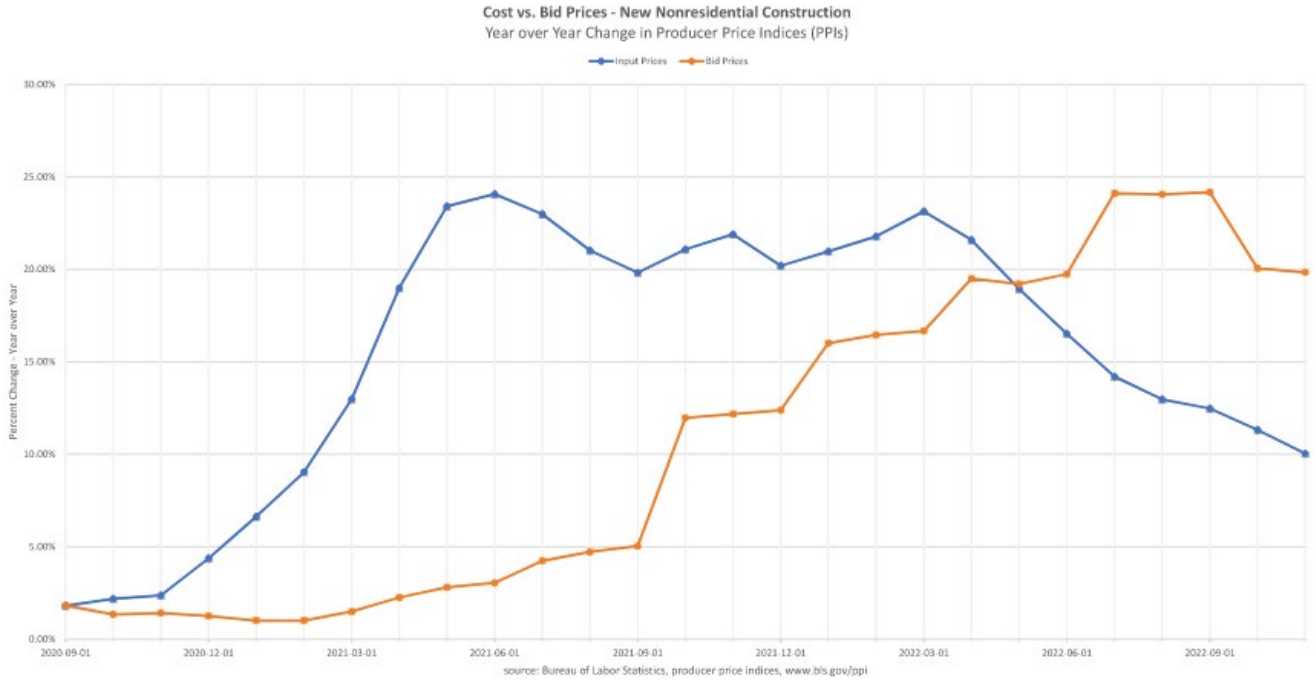
1. Clinical Reviewable costs consist of only imaging rooms. The Chicago Webster Chicago Webster Outpatient Center will have MRI, X-Ray, Ultrasound, and Mammography diagnostic services.
   Each of these clinical imaging services have rooms whose square footages are well below State of Illinois Standards, so that the spaces are as efficient as possible.
   This results in a higher $/SF from consolidated support spaces.

2. Imaging Rooms have special construction required to make the surrounding rooms safe from radiation and metals in an MRI. Higher $/SF is attributed to lead shielding, structural support, infrastructure requirements (i.e., Humidifiers, quench vents), and other imaging-specific equipment requirements.

3. This clinic is located in the City of Chicago in the Lincoln Park neighborhood which is very dense. Costs for building in the city has increased costs related to logistics set up, permit expeditors, and other general conditions with costs typically not seen in non-urban location.

4. Construction escalation is at an all-time high. Current contractor pricing indicates that bid price escalation is approximately 34% averaged across the various trades. For Year 2022 alone, this is almost 30% above the typical 3% yearly forecast. The current pricing reflects an Output-based/ bid price indices whereas, it is our understanding that RS Means indexing accounts for Cost Inputs of labor and material. As outlined in the graphs below, there is a gap between Output-based and Cost Input based costs.


Bid Prices - New Nonresidential Construction
Absolute Change (Escalation) in Producer Price Indices (PPIs)
Bid Prices
Producer Price Index
175.000
170.000
165.000
160.000
155.000
150.000
145.000
140.000
135.000
130.000
125.000
172.355
128.200
34.44% increase
2020-09-01
2020-12-01
2021-03-01
2021-06-01
2021-09-01
2021-12-01
2022-03-01
2022-06-01
2022-09-01
source: Bureau of Labor Statistics, producer price indices, www.bls.gov/ppi


Cost vs. Bid Prices - New Nonresidential Construction
Year over Year Change in Producer Price Indices (PPIs)
Input Prices
Bid Prices
Percent Change - Year over Year
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
2020-09-01
2020-12-01
2021-03-01
2021-06-01
2021-09-01
2021-12-01
2022-03-01
2022-06-01
2022-09-01
source: Bureau of Labor Statistics, producer price indices, www.bls.gov/ppi

D. Projected Operating Cost per Equivalent Pt Day in Year 1

E. Impact of Project on Capital Costs in Year of Completion Year 1

Projected Operating Costs		
	Cost Per Visit Year 1	**Cost Per Visit Year 2**
Operating Costs	$ 493.81	$ 447.92

Impact of Project on Capital Costs		
	Cost Per Visit Year 1	**Cost Per Visit Year 2**
Capital Costs	$ 571.83	$ 453.71

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]:

1. The project's material impact, if any, on essential safety net services 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.

Not applicable - not required for Non-substantive projects

SECTION X. CHARITY CARE INFORMATION

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

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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

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

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

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

See Attachment #39, Exhibit 1.

ADVOCATE AURORA HEALTH CHARITY CARE			
	2019	2020	2021
Net Patient Revenue	$ 4,526,518,372	$ 4,328,346,158	$ 4,891,752,006
Amount of Charity Care (charges)	$ 416,789,717	$ 190,768,385	$ 342,625,287
Cost of Charity Care	$ 99,758,960	$ 50,107,969	$ 76,109,520

Source: Advocate Aurora Hospital records

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 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.

4. Applicant: Advocate Health and Hospitals Corporation d/b/a Advocate Aurora Medical Group
(Name)
3075 Highland Parkway | Downers Grove | IL | 60515 | (847) 723-8446
(Address) | (City) | (State) | (Zip code) | (Telephone Number)

5. Project Location: 1435-1471 W. Webster Avenue | Chicago | IL
(Address) | (City) | (State)
Cook | North Chicago Township
(County) | (Township) (Section)

6. 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:_____

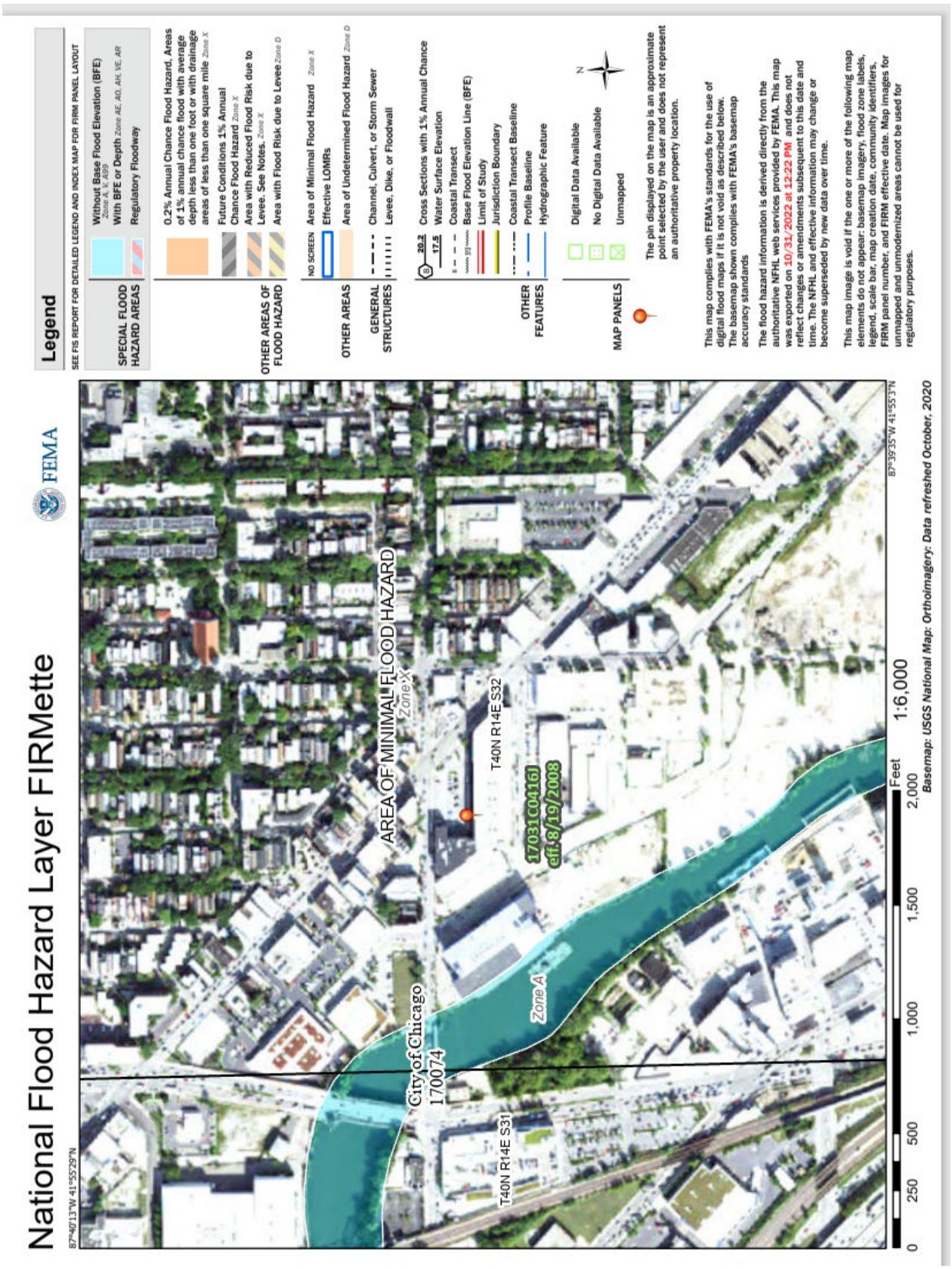
Name of Official:_____ Title:_____

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.


National Flood Hazard Layer FIRMette
FEMA
Legend
SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE) Zone A, V, A99
With BFE or Depth Zone AE, AO, AH, VE, AR
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
Future Conditions 1% Annual Chance Flood Hazard Zone X
Area with Reduced Flood Risk due to Levee. See Notes. Zone X
Area with Flood Risk due to Levee Zone D
OTHER AREAS
NO SCREEN Area of Minimal Flood Hazard Zone X
Effective LOMRs
Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
OTHER FEATURES
Cross Sections with 1% Annual Chance
Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature
MAP PANELS
Digital Data Available
No Digital Data Available
Unmapped
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 10/31/2022 at 12:22 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.
AREA OF MINIMAL FLOOD HAZARD
Zone X
Zone A
City of Chicago
170074
17031C0416J
eff. 8/19/2008
T40N R14E S32
T40N R14E S31
87°40'13"W 41°55'29"N
87°39'35"W 41°55'3"N
0 250 500 1,000 1,500 2,000 Feet
1:6,000
Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

APPENDIX

101. Appendix -
Lease - Webster Place

102. Appendix - Att
38 - 2021 AAH audite

103. Appendix -
Construction Inflation