25-030

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HEALTH FACILITIES & SERVICES REVIEW BOARD

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:	Northwestern Memorial Hospital – Galter 14 & 15 Beds
Street Address:	251 East Huron Street
City and Zip Code:	Chicago, Illinois 60611
County: Cook	Health Service Area: 6 Health Planning Area: A-01

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

Exact Legal Name:	Northwestern Memorial Hospital
Street Address:	251 East Huron Street
City and Zip Code:	Chicago, Illinois 60611
Name of Registered Agent:	Julia K. Lynch
Registered Agent Street Address:	211 East Ontario Street, Suite 1800
Registered Agent City and Zip Code:	Chicago, IL 60611
Name of Chief Executive Officer:	Thomas J. McAfee
CEO Street Address:	251 East Huron Street
CEO City and Zip Code:	Chicago, IL 60611
CEO Telephone Number:	312-926-5471

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 North Fairbanks Court, Suite 2700
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-0373

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

Name:	Amanda Pulse Morton
Title:	Manager, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 North Fairbanks Court, Suite 2700
Telephone Number:	312.926.2846
E-mail Address:	apulse@nm.org
Fax Number:	312.926.0373

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:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 North Fairbanks Court, Suite 2700
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-0373

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Northwestern Memorial Hospital

Address of Site Owner: 251 East Huron Street, Chicago, Illinois 60611

Street Address or Legal Description of the Site:

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.

APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Northwestern Memorial Hospital

Address: 251 East Huron Street, Chicago, Illinois 60611

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

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

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

Northwestern Memorial Hospital (NMH) seeks approval from the Illinois Health Facilities and Services Review Board to increase the ICU bed capacity in the Galter Pavilion in downtown Chicago. One 22-bed ICU unit is proposed for the Galter 14th floor, and one 20-bed ICU unit is proposed for the Galter 15th floor, for a total increase of 42 ICU beds. Included in this project is a 2-story connector from the Galter Pavilion to the Feinberg Pavilion on the 14th and 15th floors.

This project also encompasses additional clinical services, including eight inpatient dialysis bays and the relocation and expansion of bronchoscopy procedure rooms.

Because the floors in the Galter Pavilion were originally designed and constructed as business occupancy and had been used as physicians' offices, there is significant infrastructure work that must be performed to convert the proposed floors to institutional occupancy. For that reason, the Galter Pavilion 14th and 15th floor renovation should be considered "new construction".

The project will have the following impact on NMH's bed count:
Increase the number of ICU beds. Currently, there are 91 ICU beds in the Feinberg Pavilion and 48 ICU beds in the Galter Pavilion for a total of 139 ICU beds on campus. This project proposes adding 42 ICU beds in the Galter Pavilion for a total of 181 beds.

The project's total square footage will be 69,741 square feet of new construction (51,093 of clinical and 18,648 of non-clinical space). The cost of the project is $96,507,133 with an anticipated completion date of June 30, 2028.

This project is classified as substantive pursuant to Section 1110.20 as it increases the number of beds by more than 20 beds.

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	$ 305,279	$ 111,421	$ 416,700
Site Survey and Soil Investigation	$ 404,076	$ 147,480	$ 551,556
Site Preparation	$ 1,276,492	$ 602,394	$ 1,878,886
Off Site Work			
New Construction Contracts	$ 31,678,862	$ 19,991,683	$ 51,670,545
Modernization Contracts			
Contingencies	$ 3,167,886	$ 1,999,168	$ 5,167,055
Architectural/Engineering Fees	$ 1,869,145	$ 1,097,752	$ 2,966,897
Consulting and Other Fees	$ 4,499,012	$ 1,642,056	$ 6,141,068
Movable or Other Equipment (not in construction contracts)	$ 22,298,548	$ 2,673,672	$ 24,972,220
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	$ 2,008,969	$ 733,237	$ 2,742,206
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$ 67,508,269**	**$ 28,998,864**	**$ 96,507,133**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$ 67,508,269	$ 28,998,864	$ 96,507,133
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 67,508,269**	**$ 28,998,864**	**$ 96,507,133**

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

Related Project Costs

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

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

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

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

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

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

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

Anticipated project completion date (refer to Part 1130.140): . June 30, 2028

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: Northwestern Memorial Hospital	**CITY: Chicago**				
REPORTING PERIOD DATES: CY24	**From: 1/1/24**		**to: 12/31/24**		
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	573	29,362	202,089	0	573
Obstetrics	116	12,122	34,310	0	116
Pediatrics	0	0	0	0	0
Intensive Care	139	7,217	38,105	+42	181
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	29	780	9,035	0	29
Neonatal Intensive Care	86	278	2,434	0	86
General Long-Term Care	0	0	0	0	0
Specialized Long-Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other (identify)	0	0	0	0	0
TOTALS:	943	49,759	285,973	+42	985

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 Northwestern Memorial Hospital (NMH) * **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

Thomas J. McAfee
PRINTED NAME

President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of July, 2025

Signature of Notary

Seal

OFFICIAL SEAL
BRIDGET SUZANNE ORTH
NOTARY PUBLIC, STATE OF ILLINOIS
COMMISSION NO. 0996558
MY COMMISSION EXPIRES October 16, 2028

SIGNATURE

John A. Orsini
PRINTED NAME

Treasurer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of July, 2025

Signature of Notary

Seal

OFFICIAL SEAL
BRIDGET SUZANNE ORTH
NOTARY PUBLIC, STATE OF ILLINOIS
COMMISSION NO. 0996558
MY COMMISSION EXPIRES October 16, 2028

*Insert the EXACT legal name of the applicant

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

SIGNATURE

Howard B. Chrisman, MD
PRINTED NAME

President & CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 23rd day of July, 2025

Signature of Notary

Seal

OFFICIAL SEAL
BRIDGET SUZANNE ORTH
NOTARY PUBLIC, STATE OF ILLINOIS
COMMISSION NO. 0998558
MY COMMISSION EXPIRES October 16, 2028

SIGNATURE

John A. Orsini
PRINTED NAME

Treasurer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22nd day of July, 2025

Signature of Notary

Seal

OFFICIAL SEAL
BRIDGET SUZANNE ORTH
NOTARY PUBLIC, STATE OF ILLINOIS
COMMISSION NO. 0998558
MY COMMISSION EXPIRES October 16, 2028

*Insert the EXACT legal name of the applicant

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

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

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

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

    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted, or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction, and submit any police or court records regarding any matters disclosed.

    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

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

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

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

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

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

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

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

ALTERNATIVES

1) Identify **ALL** the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost.

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes.

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality, and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

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

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:

    a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.

    b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

    c. The project involves the conversion of existing space that results in excess square footage.

    d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

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

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

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

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.

SECTION VI. SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing the establishment, expansion, or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion, and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria, and provide the required information APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Criterion 1110.200 - Medical/Surgical, Obstetric, Pediatric and Intensive Care

1. Applicants proposing to establish, expand and/or modernize the Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:

2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☐ Medical/Surgical		
☐ Obstetric		
☐ Pediatric		
☒ Intensive Care	139	181

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

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.200(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (Formula calculation)	X		
1110.200(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.200(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.200(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.200(b)(5) - Planning Area Need - Service Accessibility	X		
1110.200(c)(1) - Unnecessary Duplication of Services	X		
1110.200(c)(2) - Maldistribution	X	X	
1110.200(c)(3) - Impact of Project on Other Area Providers	X		
1110. 200(d)(1), (2), and (3) - Deteriorated Facilities			X
1110.200(d)(4) - Occupancy			X

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.200(e) - Staffing Availability	X	X	
1110.200(f) - Performance Requirements	X	X	X
1110.200(g) - Assurances	X	X	

APPEND DOCUMENTATION AS ATTACHMENT 19, 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
☒ **Bronchoscopy Room**	**1**	**2**
☒ **Inpatient Dialysis**	**8**	**16**
☐		

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]:**

_____	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion.
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts.
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time, 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.
	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.

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: Northwestern Memorial Hospital (Name) 251 East Huron Street (Address)

   Chicago (City) Illinois (State) 60611 (ZIP Code) 312-926-3000 (Telephone Number)

2. Project Location: 676 North Saint Clair/251 East Huron Street (Address) Chicago, IL 60611 (City) (State)

   Cook County (County) 74 – North Chicago (Township) (Section)

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

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

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes___ No _X_

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN? No

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

FIRM Panel Number:_____ Effective Date:_____

Name of Official:_____ Title: _____

Business/Agency:_____ Address:_____

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

Signature:_____ Date: _____

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

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

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

INDEX OF ATTACHMENTS

File Number 5008-768-9

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, **Alexi Giannoulias,** *Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

NORTHWESTERN MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 01, 1972, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 4TH *day of* FEBRUARY ***A.D.*** 2025 .

Authentication #: 2503502246 verifiable until 02/04/2026
Authenticate at: https://www.ilsos.gov

Alexi Giannoulias
SECRETARY OF STATE

ATTACHMENT-1

File Number 5257-740-3

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, **Alexi Giannoulias,** *Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* NOVEMBER ***A.D.*** 2024 .

Authentication #: 2432402364 verifiable until 11/19/2025
Authenticate at: https://www.ilsos.gov

Alexi Giannoulias
SECRETARY OF STATE

ATTACHMENT-1

AFFILIATE LEASE

251 E Huron

Chicago, Illinois 60611

Between

NORTHWESTERN MEDICAL FACULTY FOUNDATION d/b/a NORTHWESTERN MEDICAL GROUP
an Illinois not-for-profit corporation
(Landlord)

and

NORTHWESTERN MEMORIAL HOSPITAL,
an Illinois not-for-profit corporation
(Tenant)

ATTACHMENT-2

AFFILIATE LEASE
TABLE OF CONTENTS

EXHIBITS

AFFILIATE LEASE

SECTION 1
DEFINITION AND TERMS

As used in this Affiliate Lease (the "**Lease**") the following terms shall have the following meanings:

Landlord: Northwestern Medical Faculty Foundation dba Northwestern Medical Group, an Illinois not-for-profit corporation.

Tenant: Northwestern Memorial Hospital, an Illinois not for profit corporation.

Effective Date : June 1, 2025.

Rent Commencement Date : December 1, 2025.

Expiration Date: November 30, 2037.

Term is defined in 0.

Building: The building sometimes referred to as the "Galter Pavilion" on the parcel of land identified on **Exhibit A** attached hereto and commonly identified as 251 E Huron, Chicago, Illinois 60611.

Premises: The entire 14th and 15th floors of the Building and is depicted on Exhibit B.

Common Areas means the common spaces, areas or improvements of the Building which (i) are accessible in common by tenants and invitees at the Building, including the hallways, lobbies, elevators, and bridges and sidewalks abutting the Building or (ii) serve or benefit the Building even though such spaces, areas or improvements are not accessible by tenants or invitees, such as stormwater management systems, utility easements, etc.

Rentable Square Feet of the Premises: Approximately 62,659 rentable square feet of space, subject to re-measurement by Landlord.

Permitted Use: Practice of medicine normally conducted in a medical office setting, subject to the terms and conditions of this Lease, including, without limitation, the restrictions set forth in Section 6 of this Lease, and for no other purpose.

Base Rent: Annual and Monthly Base Rent throughout the Term shall be as provided in Exhibit C, Base Rent Schedule. Base Rent shall be payable in equal monthly installments.

"**Lease Year**" shall mean (i) with respect to the first Lease Year, the period commencing on the Commencement Date and ending on November 30, 2026 and (ii) with respect to each Lease Year thereafter during the remainder of the Term, each succeeding twelve (12) month period thereafter.

"Tenant's Share of Taxes" is defined in 0.

The following Exhibits attached to this Lease are incorporated herein by this reference:

A. Floor Plan
B. Premises
C. Base Rent Schedule
D. Rules and Regulations

TERM

The term ("**Term**") of this Lease shall begin on the Commencement Date and end on the Expiration Date unless sooner terminated as provided herein.

Tenant shall surrender the Premises to Landlord immediately on expiration or termination of this Lease, subject to and in accordance with the terms and provisions of this Lease.

DELIVERY OF POSSESSION

Landlord has delivered possession of the Premises to Tenant and Tenant has accepted possession of the Premises from Landlord as of the Commencement Date.

RENT

For purposes of this Lease, "**Rent**" shall mean Base Rent, Rent Adjustment (as hereinafter defined) and any other sums, charges or amounts due from Tenant hereunder. All rental payments should be sent to Northwestern Medicine, 52456 Eagle Way, Chicago, IL 60678-1524 or such other address as designated from time to time by Landlord. Tenant shall pay the Base Rent to Landlord, in advance, on the first day of each month during the Term.

Base Rent shall be prorated for any partial Lease Years. Other than installments of Base Rent and Rent Adjustments due as provided herein, Tenant shall pay any amount due to the Landlord within 30 days after being billed therefor.

The requirement to pay Rent is an independent and separate covenant and obligation of Tenant and Tenant shall have no right of set off, deduction or abatement (except as expressly provided for in this Lease) against such Rent. Except as specifically provided in this Lease, Base Rent is a "full service" or "gross" rent that is inclusive of all operating costs and expenses incurred by Landlord in the ownership or operation of the Building, except Taxes.

RENT ADJUSTMENT

Rent Adjustment. In addition to Base Rent, Tenant shall pay to Landlord for each calendar year falling within the Term, Tenant's Share of Taxes for such calendar year (the "**Rent Adjustment**"), but only if the Premises is subject to Taxes, in which case "**Tenant's Share of Taxes**" shall be the following fraction,

expressed as a percent, the rentable area of the Premises as the numerator and the rentable area of the Building subject to Taxes as the denominator. If the Premises is exempt from Taxes, Tenant's Share of Taxes is 0% and there is no Rent Adjustment. Tenant agrees to take all necessary actions, otherwise consistent with the terms of this Lease to cooperate with Landlord to maintain such exemption.

"**Taxes**" shall mean real estate taxes, assessments, sewer rents, rates, and charges, transit taxes, taxes based upon the receipt of rent, and any other federal, state, or local governmental charge, general, special, ordinary, or extraordinary taxes which may now or hereafter be levied or assessed against the Building and the land of which the Building is situated. In the event any Taxes shall not be separately assessed or charged against the foregoing, such Taxes shall be allocated based upon the records of the assessor or other governmental agency imposing such charges, or in the event such records shall not exist, such allocation shall be made on a pro rata square footage basis. In case of special taxes or assessments which may be payable in installments, only the amount of each installment paid during a calendar year shall be included in Taxes for that year. Taxes shall also include any personal property taxes (attributable to the calendar year in which paid) imposed upon the furniture, fixtures, machinery, equipment, apparatus, systems, and appurtenances used in connection with the Premises or the operation thereof. Landlord may include in Taxes any fees for attorneys, consultants and experts, and other costs incurred in attempting to protest, appeal or otherwise seek to reduce or minimize Taxes, whether or not successful. For the purpose of determining Taxes for any given year, the amount to be included for such year shall either be Taxes which are assessed or become a lien during such year or Taxes which are due for payment or paid during such year as determined by Landlord in its sole discretion, but such determination shall be applied consistently throughout the Term.

Payment of Rent Adjustment. Tenant shall make payments ("**Progress Payments**") on account of Rent Adjustment as follows: Landlord may furnish to Tenant prior to any calendar year and from time to time during such calendar year a written notice (a "**Projection Notice**") setting forth (a) Landlord's reasonable estimates, forecasts or projections of Taxes for such calendar year, (b) Rent Adjustment owing for such calendar year based upon such projections, and (c) the monthly Progress Payments to be made by Tenant for such year based upon such projected Rent Adjustment. Until Landlord furnishes a Projection Notice for such calendar year, Tenant shall pay to Landlord, Progress Payments (at the time of and together with each monthly installment of Base Rent) equal to the greater of the latest monthly installment of Progress Payments or one-twelfth (1/12th) of the sum of the latest actual Rent Adjustment as determined by Landlord. On or before the first day of the month immediately following service of a Projection Notice, and on or before the first day of each following month until Tenant receives a further Projection Notice, Tenant shall pay to Landlord the monthly installment of Progress Payments shown in the current Projection Notice.

Readjustments. After the end of each calendar year and after Landlord shall have determined the actual amounts of Taxes to be used in determining the Rent Adjustment for such calendar year, Landlord shall furnish to Tenant a statement ("**Landlord's Statement**") of Taxes and Rent Adjustment for such calendar year. If the sum of Rent Adjustment owed for such calendar year exceeds the Progress Payments paid by Tenant to Landlord for such calendar year, then Tenant shall pay to Landlord for such calendar year the amount by which the Rent Adjustment exceeds the Progress Payments paid for such calendar year. If the sum of Rent Adjustment owed for such calendar year is less than Progress Payments paid by Tenant to Landlord for such calendar year, then Landlord shall credit such excess to Rent payable after the date of Landlord's Statement until such excess is exhausted. If this Lease shall expire or terminate prior to full application of such excess, Landlord shall pay to Tenant the unapplied balance that is not reasonably required for payment of Rent Adjustment for the calendar year in which the Lease expires or terminates.

No interest or penalties shall accrue on any amounts which Landlord is obligated to credit or pay to Tenant by reasons of this Section.

Proration and Survival. Base Rent and Rent Adjustment shall be prorated for any partial months or years within the Term. Other than installments of Base Rent and Rent Adjustment due on the first day of each month, except as otherwise provided in this Lease or invoices provided by Landlord to Tenant, Tenant shall pay any amount due to the Landlord within thirty (30) days after being billed therefor. Tenant's obligation to pay Rent Adjustment (and Landlord's obligation to credit or pay any overbilling of Rent Adjustment) for full Term of this Lease shall survive the expiration or termination of this Lease.

USE OF PREMISES

A. Tenant shall not use or permit the Premises, or any part of the Premises, to be used for any purposes other than those set forth in Section 1(K) of this Lease. Tenant agrees that the Premises shall in all instances be operated in keeping with standards typical for a first class "medical space" located in a Class A building in the Streeterville area of Chicago. Tenant shall not permit on the Premises any act, sale, nor storage that may be prohibited under standard forms of fire insurance policies, nor use the Premises for any such purpose. If by reason of the failure of Tenant to comply with the provisions of this paragraph, any insurance premiums payable by Landlord shall at any time be increased above what it otherwise would be, Tenant shall reimburse Landlord to the extent of all such increases in premium paid by Landlord. Tenant shall not use or operate the Premises in any manner that will cause the Building or any part thereof not to conform with Landlord's sustainability practices or the LEED (as hereinafter defined), Energy Star (as hereinafter defined) or similar certification, if any, for the Building.

No use shall be made or permitted to be made by Tenant that shall result in (1) waste on the Premises, (2) a public or private nuisance that may disturb the quiet enjoyment of other tenants in the Building, (3) improper, unlawful, or objectionable use, or (4) generating offensive odor, noises or vibrations which may disturb other tenants.

Tenant shall comply with all governmental regulations and statutes affecting the Premises either now or in the future. Tenant shall not make or permit any use of the Premises that is, directly or indirectly, forbidden by law, ordinance or governmental or municipal regulation or order, or which may be dangerous to life, limb or property. Tenant will comply with all laws, orders and regulations and with the directions of any public officer authorized by law with respect to the use and occupancy of the Premises.

Tenant shall faithfully observe and comply with (i) the rules and regulations and, after notice thereof, all modifications, amendments and additions thereto from time to time adopted by Landlord (the "**Rules and Regulations**", attached hereto as **Exhibit D**); (ii) the construction rules, regulations and requirements and, after notice thereof, all modifications, amendments and additions thereto from time to time adopted by Landlord (the "**Construction Requirements**"); (iii) the design criterion and requirements for any Tenant alterations and additions or other work on the Premises (the "**Tenant Design and Signage Criteria**"); and (iv) the handbook governing Tenant's use and operation of the Premises, and, after notice thereof, all modifications, amendments and additions thereto from time to time adopted by Landlord (the "**Tenant Handbook**") (the Rules and Regulations, the Tenant Handbook, the Tenant Design and Signage Criteria and the Construction Requirements, collectively, the "**Landlord Rules**"). Tenant hereby expressly acknowledges and agrees that Tenant has received a copy of, and has reviewed, each of the Landlord Rules. Notwithstanding anything set forth herein to the contrary, in the event of a conflict or inconsistency

between the terms of any or all of the Landlord Rules, on the one hand, and the Lease, on the other hand, the Lease shall control and govern to the extent of such conflict or inconsistency.

The Parties acknowledge that the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively, the "ADA") establish requirements under Title III of the ADA ("Title III") pertaining to business operations, accessibility and barrier removal. Notwithstanding anything to the contrary in this Lease, the Parties agree to allocate responsibility for Title III compliance as follows: (a) Tenant shall be responsible for all ADA requirements compliance and costs in connection with the Premises, including structural work, if any, and including any leasehold improvements or other work to be performed in the Premises under or in connection with this Lease, and (b) Landlord shall perform, and Tenant shall be responsible for the cost of, any so-called Title III "path of travel" requirements triggered by any construction activities or alterations in the Premises. Except as set forth above with respect to Landlord's Title III obligations, Tenant shall be solely responsible for all other requirements under the ADA relating to Tenant, operations of Tenant, or the Premises, including, without limitation, requirements under Title I of the ADA pertaining to Tenant's employees.

Telecommunications Services and Cable Design.

Tenant agrees that telecommunication services and information systems to be utilized within the Premises shall be consistent with and follow Landlord's structured cable design within the Building. Such structured cable design shall include all components, infrastructure and overall telecommunications and information systems design.

Tenant agrees to utilize Landlord's designated telecommunications services provider for all telecommunications services and equipment at the published rates. Notwithstanding the provisions of this section, Tenant may utilize its own telecommunications equipment within the Premises provided that such equipment is compatible with Landlord's designated telecommunications structured cable design and service, as determined by Landlord.

Tenant agrees that all telecommunications maintenance and service required within the Premises shall be provided by Landlord's designated telecommunications provider or coordinated by Landlord for all third party telecommunications services.

All costs, expenses and fees associated with the receipt of telecommunications services shall be the responsibility of the Tenant.

Any exceptions to the provisions of this Section 6(F) shall be at Landlord's sole discretion and shall be in a writing signed by both parties.

Landlord shall take reasonable measures to assist Tenant in determining compatibility requirements for Landlord's structured cable design and other telecommunication components.

The Building may receive LEED, Energy Star or similar certification. If requested by Landlord, Tenant shall use proven energy and carbon reduction measures, including energy efficient bulbs in task lighting; use of lighting controls; daylighting measures to avoid overlighting interior spaces; closing shades on the south side of the Building to avoid over heating the space; turning off lights and equipment at the end of the work day; and purchasing Energy Star® qualified equipment, including but not limited to lighting, office equipment, commercial and residential quality kitchen equipment, vending and ice machines.

Failure of Tenant or any other person who occupies the Premises to comply with the use restrictions specified in this Section 6 and the terms and conditions of this Lease shall constitute a default under this Lease.

Tenant's Cleaning Obligations. Tenant shall, at Tenant's sole expense:

Maintain the Premises in a clean and broom swept condition so as to maintain the appearance of a first class operation.

Maintain a sufficient number of vermin-proof garbage and/or refuse containers within the Premises so as to provide sufficient areas to deposit trash. Tenant shall contract for daily removal of trash, at Tenant's sole cost and expense, to receptacles designated by Landlord from time to time or, in the event Tenant fails to provide for such trash removal, at Landlord's election, Landlord may provide for such trash removal and Tenant shall reimburse Landlord for the cost of such trash removal promptly after receipt of invoice from same.

Contract or provide with Tenant's staff for interior janitorial services within the Premises in order to keep the Premises clean and in order that all garbage be removed. The standard of cleanliness shall be subject to the reasonable approval of Landlord, giving consideration to the requirements of a retail business operating in a hospital/health care environment.

Contract for the cleaning of all windows in the Premises in order to keep the windows clean. The standard of cleanliness shall be subject to the reasonable approval of Landlord, giving consideration to the requirements of a retail business operating in a hospital/health care environment. Notwithstanding the foregoing, Landlord, at Landlord's election, may clean such windows and Tenant shall reimburse Landlord for the cost thereof within thirty (30) days after receipt of written demand from Landlord.

SECTION 7
PARKING, COMMON AREAS AND OTHER AREAS

Parking. Subject to the terms and conditions of this Lease and Landlord Rules, Tenant (including permitted subtenants), its employees, staff, patients, visitors and invitees (collectively, "**Tenant Parkers**") can park their personal vehicles (passenger automobiles only) in the unreserved parking areas that are designated by Landlord during such hours established by Landlord. Tenant shall abide by, and to cause anyone using any parking area through Tenant to abide by, all Landlord Rules now or thereafter applicable to the parking of vehicles. Tenant further agrees that, without limiting any other right or remedy provided by this Lease or by applicable Law, its rights under this SECTION 7 may be revoked in the event of any Event of Default under this Lease. At no time shall the number of Tenant Parkers exceed the number of parking spaces allocated to the Premises under applicable Law.

Exclusive Control of Common Areas. Notwithstanding anything set out in this Lease to the contrary, it is agreed that:

all Common Areas shall be subject to the exclusive control and management of Landlord, and Landlord shall have the right at any time, once or more often, the change the size, area, level, location and

arrangement of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or other public parts of the Common Areas and to construct buildings and other improvements thereon;

Landlord shall have the right to close all or any portion of Common Areas in order to (A) make repairs, changes and additions thereto and (B) prevent a dedication thereof or the accrual of any prescriptive rights to any person or the public therein; and

Landlord shall have the right to do and perform such other acts in and to the Common Areas as Landlord shall determine to be advisable with a view to the improvement of the convenience and use thereof by users of the Building;

provided, however, Landlord shall, subject to the provisions of this Lease, maintain the Common Areas in good order and repair, reasonably free of snow, ice and debris and adequately lighted and as required by Law.

Storage Area. Subject to availability, Tenant can use one of Landlord's designated storage areas, provided Tenant enters into Landlord's standard storage space license at Landlord's then current terms and conditions.

Other Areas for Tenant's Use. If designated in this Lease, Tenant shall have the right to use the thusly designated loading dock area, trash receptacle area, all subject to the terms of this Lease, including the Landlord Rules. Unless a trash receptacle area is so identified, Tenant shall solely place or maintain any garbage, trash, rubbish or any other refuse in the areas designated by Landlord in the Premises for the placement of the same, and shall not place or maintain such garbage, trash, rubbish or other refuse anywhere else upon the Building or the Common Areas.

UTILITIES AND SERVICES

Landlord shall provide the following services during the Term without additional charge to Tenant except as expressly provided below:

Airconditioning and Heating. Air-conditioning and heating, daily from 6:00 A.M. to 7:00 P.M. (Saturdays to 3:00 P.M.), Sundays and holidays excepted, which in Landlord's reasonable judgment are necessary to provide temperature and humidity conditions required for comfortable occupancy for normal business operations. Landlord reserves the right to modify the foregoing hours to conform to any applicable LEED, Energy Star or similar certification and Landlord's sustainability practices. When airconditioning or heating is furnished at the request of the Tenant during hours other than those specified above (not less than 24 hours in advance), Tenant will pay the Landlord's standard charges for providing such service.

Electricity. All the electricity used in the Premises shall be supplied by such electricity company serving the Building as Landlord may select from time to time. Landlord shall not in any way be liable to Tenant for any loss or damage or expense Tenant may sustain or incur if either the amount or quality of electric service is changed or is no longer available or suitable for Tenant's requirements. If such service shall be discontinued, such discontinuance shall not in any way affect this Lease. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of the existing feeders to the Building or the risers or the wiring installed thereon when reviewed in conjunction with the electrical usage of the other tenants in the Building. Tenant covenants and agrees that it shall make no alterations or additions to the electric equipment and/or appliances without the prior written consent of Landlord in

each instance. Landlord shall maintain the light fixtures in the Premises and install any lamps, bulbs, ballasts or starters to be used by Tenant in the Premises and Tenant will pay Landlord's reasonable charges for same. Upon request, Tenant shall submit to Landlord electricity consumption data in a format consistent with any applicable LEED, Energy Star or similar certification and otherwise in a format reasonably acceptable to Landlord.

Water. Water for drinking, lavatory and toilet purposes from the regular Building supply at the prevailing temperature through fixtures installed by Landlord, or by Tenant with Landlord's written consent. Tenant shall pay Landlord's reasonable charge for water furnished for any other purposes.

Elevator Service. Landlord shall provide normal passenger elevator service in common with the Landlord and the other tenants, daily, during business hours, Sundays and holidays excepted. Tenant may request additional freight elevator service provided that such service shall be at Tenant's sole cost and expense. Freight elevator service shall at all times be subject to scheduling by the Landlord. Landlord shall provide limited passenger elevator service at all times (except in the case of an emergency) during which normal passenger elevator service is not furnished.

Additional Services. Landlord shall not be obligated to furnish any services other than those stated above. If Landlord elects to furnish services requested by Tenant in addition to those stated above (including services at times other than those stated above), Tenant shall pay standard charges for any such services. If Tenant shall fail to make any such payment, Landlord may, without notice to Tenant and in addition to all other remedies available to Landlord, discontinue any additional services. No discontinuance of any such service shall result in any liability of Landlord to Tenant or be considered as an eviction or a disturbance of Tenant's use of the Premises. In addition, if Tenant's concentration of personnel or equipment adversely affects the temperature or humidity in the Premises or the Building, Landlord may install supplementary air conditioning units in the Premises, and Tenant shall pay one hundred fifteen percent (115%) of the cost of installation, operation and maintenance thereof.

Interruption. No interruption in, or temporary shortage of, any of the aforesaid services caused by repairs, renewals, improvements, alterations, strikes, lockouts, labor controversies, accidents, inability to obtain fuel supplies or other causes beyond the reasonable control of Landlord shall be deemed an eviction or disturbance of Tenant's use and possession, or render Landlord liable for damages, by abatement of rent or otherwise, or relieve Tenant from any obligation herein set forth. Tenant hereby releases all claims against Landlord for damages from interruption or stoppage of any said services.

ALTERATIONS/MODIFICATIONS/REPAIRS

Tenant's taking possession shall be conclusive evidence against Tenant that the Premises were then in good safe, clean order and satisfactory condition. No promise of Landlord to alter, remodel, improve, repair, decorate or clean the Premises or any part thereof, and no representation respecting the condition of the Premises or the Building have been made to Tenant by Landlord.

Tenant, at Tenant's expense, shall keep the Premises in good, safe and clean, order, condition and repair (taking into account the specific health care nature of the Premises) and, subject to the provisions of this Lease, shall promptly and adequately repair all damages to the Premises and replace or repair all damaged or broken glass, fixtures and appurtenances, under the supervision and with the approval of Landlord. If Tenant does not do so, Landlord may, but need not, make such repairs and replacements, and Tenant

shall pay Landlord one hundred fifteen percent (115%) of the cost thereof. All maintenance and repairs made by Tenant must comply with Landlord's sustainability practices, including any third-party rating system concerning the environmental compliance of the Building or the Premises, as the same may change from time to time.

All alterations, improvements, and changes that Tenant may desire must have the prior written approval of Landlord and shall be done either by or under the direction of Landlord, but at the expense of Tenant. All such alterations, improvements and changes will be performed in accordance with Landlord's sustainability practices, including any third-party rating system concerning the environmental compliance of the Building or the Premises, as the same may change from time to time. Each alteration, whether temporary or permanent in character, made by Landlord or Tenant in or upon the Premises (excepting only Tenant's furniture, equipment and trade fixtures) shall become Landlord's property and shall remain upon the Premises at the expiration or termination of this Lease without compensation to Tenant; provided, however, that Landlord shall have the right to require Tenant to remove any such alterations at Tenant's sole cost and expense upon the expiration or earlier termination of this Lease. Tenant shall dispose of any equipment, furnishings, or materials no longer needed by Tenant in an environmentally sustainable manner and shall recycle or re-use in accordance with Landlord's sustainability practices. Tenant is responsible for reporting this activity to Landlord in a format determined by Landlord.

Repair of any damage or injury done to the Premises by Tenant or any person who may be in or on the Premises with the consent of Tenant, shall be paid for by Tenant.

Tenant shall, at the termination of this Agreement, surrender the Premises to Landlord in as good condition and repair as reasonable and proper use of the Premises will permit.

Landlord shall be responsible for making all routine repairs and for performing routine maintenance of the common areas of the Building and of the base building mechanical elements located within the Premises. Tenant shall permit Landlord and Landlord's agents to enter the Premises at all reasonable times to inspect them, clean windows, perform other janitorial services, maintain the Building and Premises, make repairs, alterations, or additions to the Premises, or any portion of the Building, including the erection of scaffolding, props, or other mechanical devices, to post notices of nonliability for alterations, additions, or repairs, without any rebate of rent to Tenant or damages for any loss of occupation or quiet enjoyment of the Premises.

Nothing contained in this Lease shall authorize Tenant to do any act which shall in any way encumber Landlord's title to the Premises or the Building nor in any way subject Landlord's title to any claims by way of lien or encumbrance whether claimed by operation of law or by virtue of any expressed or implied contract of Tenant. Tenant shall keep the Premises and Building free from any claim to a lien or encumbrance arising from any act or omission of Tenant, including but not limited to any mechanic's, materialman's or similar liens or other such encumbrances in connection with any work on or respecting the Premises under this Section 10. Tenant shall indemnify and hold Landlord and its affiliates, officers, directors, shareholders, employees, agents and contractors harmless from and against any claims, liabilities, judgments, or costs (including attorneys' fees) arising out of any such claim or encumbrance or in connection therewith.

Without limiting the foregoing, Tenant shall remove, within thirty (30) days after the filing thereof, any mechanic's, materialmen's or any other like lien on the Premises or the Building or any portion of either of them, arising by reason of any work or materials ordered or by any action taken, suffered or omitted

by Tenant. Tenant shall have the right to diligently contest the validity or enforceability of any such lien, instead of the obligation of removal, if Tenant shall either induce a title insurer acceptable to Landlord to insure Landlord against loss or damage as a result of such lien, or Tenant deposits with Landlord a sum reasonably sufficient to assure payment and release of such lien if such contest is unsuccessful after the entry of any adverse judgment by a court of original jurisdiction, regardless of rights of stay or appeal and so long as such contest precludes any risk of immediate forfeiture of Landlord's property, through enforcement of such lien or otherwise. In the event Tenant fails to remove or assure the removal of any such lien as aforesaid, with the time specified plus a period of ten (10) days after notice of such failure by Landlord, then Landlord may (but shall have no obligation to) take such action as it deems reasonably necessary to remove such lien, including payment in full in lieu of contest, which remedy shall be in addition to and in lieu of the Landlord's other rights and remedies. In such event Tenant shall pay Landlord all reasonable expenses incurred in attempting removal or effectuating removal of the lien.

Tenant shall not exceed the maximum load limitations for which the respective portions of the Building were designed or constructed.

INDEMNIFICATION; LIMITATION OF LIABILITY

Generally. To the maximum extent permitted by Law, each Party agrees to indemnify and defend and hold harmless the other Party and its affiliated and parent entities, and their members, parties, officers, directors, employees and agents from and against any and all claims, actions, damages, liabilities and expenses in connection with the loss of life, personal injury (including death) and property damage or destruction arising from any act, omission or negligence of such indemnifying Party or its agents, employees, contractors, sublessees, concessionaires, licensees or invitees. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities, (including attorneys' fees) incurred by the indemnified Party in connection with any claim or action or enforcing the provisions of this indemnity or any trial, appellate or bankruptcy proceedings relative thereto. If any such action or proceeding is instituted against an indemnified Party, the indemnifying Party upon written notice from the indemnified Party, shall defend such action or proceeding by counsel approved in writing by the indemnified Party, such approval not to be unreasonably withheld or delayed.

Insurance. Each Party may, but is not under an obligation to, obtain such property or liability insurance coverages that for insurable risks under this Lease, and in lieu thereof may self-insure in whole or in part.

Damage to Property. Tenant agrees that, except as provided for under applicable Law, Landlord and its employees and agents shall not be liable for any damages to the person and property of Tenant or any other person occupying or visiting the Premises or the Building sustained due to the Premises or the Building or any part thereof or any appurtenances thereof becoming out of repair (as example and not by way of limitation), due to damage caused by water, snow, ice, frost, steam, fire, sewerage, sewer gas or odors, heating, cooking and ventilating equipment, bursting pipes or leaking pipes, faucets and plumbing fixture, mechanical breakdown or failure, electrical failure, the misuse or non-operation of observation cameras or devices, master or central television equipment or due to the happening of any accident in or about the Building or due to any act or neglect of any other tenant or occupant of the Building or any other person.

Waiver of Subrogation. Tenant and Landlord each releases and relieves the other and waives its entire right of recovery against the other for loss or damage insured under valid and collectible insurance to the

extent of any recovery collectible under such insurance or subject to the limitation that this waiver shall apply only when it is either permitted or, by the use of such good faith efforts, could have been so permitted by commercially available insurance. Each Party shall obtain from its insurer or insurers provisions permitting waiver of any claim against the other Party for loss or damage within the scope of the above specified insurance.

RIGHTS RESERVED BY LANDLORD

Generally. Landlord reserves all rights not expressly provided for in this Lease, all of which are exercisable without notice and without liability to Tenant for damage or injury to property, person or business and without affecting an eviction or disturbance of Tenant's use or possession or giving rise to any claim for offset or abatement of Rent including:

To grant to anyone the exclusive right to conduct any business or render any service in the Building, provided such exclusive right shall not operate to exclude Tenant from the Permitted Use;

Subject to the terms of this Lease, to enter the Premise to make inspections, alterations or additions in the Premises or Building or to exhibit the Premises to prospective tenants, purchasers or others, at reasonable hours; and at any time in the event of an emergency, and to perform any acts related to the safety, protection, preservation, reletting, sale or improvement of the Premises or the Building; and

At any time or times, to decorate and to make, at its own expense, repairs, alterations, additions and improvements, structural or otherwise, in or to the Premises or the Building or any part thereof, and any adjacent building, land, street or alley, and during such operations to take into and through the Premises or any part of the Building all material required and to close or temporarily suspend operation of entrances, doors, corridors, elevators or other facilities.

DAMAGE/DESTRUCTION/CONDEMNATION

Damage, Destruction, Condemnation. If the Premises is damaged, destroyed or acquired or condemned by eminent domain or inversely condemned or sold in lieu of condemnation, for any public or quasi-public use or purpose, the Parties will mutually determine in good faith and sound business judgment whether to terminate this Lease or whether Landlord will restore such damage and the terms and conditions for such restoration. If or to the extent the Lease is not terminated, Rent shall abate proportionately to the extent such Premises are unfit for occupancy for the purposes permitted under this Lease and not occupied by Tenant as a result any such damage or destruction until Landlord has substantially completed all repairs to such areas required to be completed by Landlord.

ASSIGNMENT AND SUBLEASE

Mutual Consent Required. This Lease shall not be assignable in whole or in part, as to the interest of either Party, without the written consent of the other Party, nor shall Tenant sublet any portion of the Premises without Landlord's written consent. Notwithstanding the foregoing, if Landlord determines that any proposed sublease is likely to affect the Tax exemption of any part of the Building, there shall be no sublease.

DEFAULT/PRIVATE CLAIM RESOLUTION

Default. If a Party violates any material provision of this Lease and such failure is not cured within ten business days for violations of monetary obligations or 30 days (or longer in the case of Force Majeure) for violations of non-monetary obligations after written notice from the other Party, such Party shall be in default (a "**Default**"). Any Default not cured to the satisfaction of the non-defaulting Party is subject to resolution as provided in Section 0.

Private Dispute Resolution. Any dispute arising from or related to this Lease between the Parties shall be submitted in writing to the other and shall be subject to good faith negotiations between senior management of each Party for up to 30 days. If the dispute is not resolved within that 30 day period, the dispute shall be submitted to the CEO of Northwestern Memorial HealthCare (or such individual's designee) whose decision shall be final, non-appealable and binding on the Parties. The Parties agree that this dispute resolution procedure shall be the sole and exclusive procedure for resolving any dispute between the Parties arising from or related to this Lease.

HAZARDOUS MATERIALS

Generally. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about the Premises or the Building by Tenant, its agents, employees, contractors, or invitees, without the prior written consent of Landlord (which Landlord shall not unreasonably withhold as long as Tenant demonstrates to Landlord's reasonable satisfaction that (a) such Hazardous Material is necessary or useful to the Permitted Use and will at all times be used, kept, stored and disposed of in a manner that complies at all times with all Laws regulating any such Hazardous Material so brought upon or used or kept in or about the Premises or the Building and (b) such storage will not create an undue risk to other tenants or occupants of the Building (giving consideration to the nature of the Building).

Potentially Infectious Medical Waste. Tenant, shall be responsible, at Tenant's sole cost and expense, for the proper handling, storage and removal of potentially infectious medical waste generated in the Premises, and Tenant shall provide incineration or other proper disposal in compliance with Law.

FORCE MAJEURE

Force Majeure. Any event or circumstance that (i) prevents a Party from performing its obligations under this Lease; (ii) was not foreseeable by such Party; (iii) was not within the reasonable control of, or the result of the negligence of such Party; and (iv) such Party is unable to reasonably mitigate, avoid or cause to be avoided with the exercise of due diligence (each "**Force Majeure**") shall excuse the performance by such Party for a period equal to the period of any such prevention, delay or stoppage, except obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease. "Force Majeure" shall include failure or interruption of performance due to: an act of God, civil or military authority, war, civil disturbances, terrorist activities, fire, explosions, the elements, the external power delivery system (a/k/a the grid) being out of the required specifications or total failure (a/k/a brownout or blackout) or failure of equipment not utilized by or under the control of the Party claiming Force Majeure (or any affiliate or subcontractor of such Party). Force Majeure shall not include the lack of economic resources of a Party.

REGULATORY MATTERS

Healthcare Laws.

The Parties agree that this Lease is intended to comply with all Laws, including the Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) and its regulations and the Ethics in Patient Referrals Act (42 U.S.C. Section 1395nn) and its regulations (collectively, the "**Healthcare Laws**"). Notwithstanding any unanticipated effect of any of the provisions of this Lease, neither Party will intentionally conduct itself under the terms of this Lease in a manner that would constitute a violation of the Healthcare Laws.

Notwithstanding anything to the contrary in this Lease, none of the terms of this Lease shall be interpreted to prohibit any physician of Tenant from: (i) obtaining and/or maintaining membership on the medical staff of any hospital or health care provider; (ii) obtaining and/or maintaining clinical privileges at any hospital or health care provider; or (iii) referring patients to any hospital or health care provider, including, but not limited to, any surgical or physical therapy center or facility. To the Parties' knowledge: the Premises do not exceed that space which is reasonable and necessary for the legitimate business of Tenant; the Base Rent and other rental charges are set in advance, are consistent with fair market value, do not take into account the volume or value of any referrals or other business generated between the Parties (or their respective affiliates), nor do they include any additional charges attributable to the proximity or convenience of Landlord (or its affiliates) as a potential referral source; and would be commercially reasonable even if no referrals were made between Landlord and Tenant or their respective affiliates.

If either Party believes in good faith that any provision of this Lease shall cause a violation of the Healthcare Laws, the Parties shall work in good faith to amend this Lease to conform to the Healthcare Laws. If the Parties are unable to agree on any such amendment, or if it is not possible to amend the Lease to comply with the Healthcare Laws, then this Lease shall immediately terminate within ten business days after written notice from one Party to another.

HIPAA. Landlord acknowledges that Tenant is subject to the provisions of the Health Insurance Portability and Accountability Act of 1996 and related regulations ("**HIPAA**"), and that HIPAA requires Tenant to ensure the safety and confidentiality of patient medical records. Landlord further acknowledges that, in order for Tenant to comply with HIPAA, Tenant must restrict access to the portions of the Premises where patient medical records are kept or stored. Landlord agrees that, notwithstanding the rights granted to Landlord pursuant to this Section, except for an emergency entry into the Premises taken pursuant to this Lease or when accompanied by an authorized representative of Tenant, which accompaniment shall not be unreasonably withheld, conditioned or delayed, neither Landlord nor its employees, agents, representatives or contractors shall be permitted to enter those areas of the Premises designated by Tenant as locations where patient medical records are kept and/or stored. Tenant represents and warrants that Landlord, in its capacity under this Lease, is not Tenant's "Business Associate," as that term is defined in HIPAA regulations.

NOTICES

All notices to either Landlord or Tenant under this Lease shall be in writing, and shall be deemed served in any one of the following manners: (a) by in-hand delivery to Tenant or Landlord, as applicable, at the

addresses set forth below or (b) by nationally recognized overnight courier such as FedEx to Landlord or Tenant, as applicable, mailed to the addresses set forth below. Notices shall be deemed served: (i) if by in-hand delivery, on the date that such in-hand delivery is completed; or (ii) if by overnight courier, one (1) business day after proper deposit.

To Landlord:	[insert NM entity here] c/o Northwestern Memorial Healthcare Attn: Real Estate Northwestern Memorial Hospital 541 N. Fairbanks Court, Suite 2500 Chicago, Illinois 60611
Copy to:	Northwestern Memorial Healthcare Attn: Office of the General Counsel 211 E. Ontario, Suite 1800 Chicago, Illinois 60611
To Tenant:	[insert NM entity here] Attn: Real Estate c/o Northwestern Memorial Hospital 541 N. Fairbanks Court, Suite 2500 Chicago, Illinois 60611
Copy to:	Northwestern Memorial Healthcare Attn: Office of the General Counsel 211 E. Ontario, Suite 1800 Chicago, Illinois 60611

The address to which any notice, demand, or other writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

MISCELLANEOUS

Governing Law. The laws of the State of Illinois, without regard to conflicts of laws principles, shall govern the validity, performance, construction and enforcement of this Lease.

Severability. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by Law.

Entire Agreement. There are no oral agreements between Landlord and Tenant affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, agreements or understandings, if any, between Landlord and Tenant with respect to the subject matter of this Lease.

Counterparts; Electronic Signatures. This Lease may be executed in any number of counterparts which, taken together, shall constitute a single, binding agreement. For purposes of this Lease, a document (or signature page thereto) signed and transmitted by facsimile machine or other electronic means is to be treated as an original document. The signature of any Party on any such document, for purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of a Party, any facsimile or other electronic signature is to be re-executed in original form by the Party which executed the facsimile or other electronic signature.

Quiet Enjoyment. Landlord covenants that if, and as long as, Tenant keeps and performs each and every covenant, agreement, term, provision and condition herein contained on the part and on behalf of Tenant to be kept and performed, Tenant shall quietly enjoy the Premises without hindrance or molestation by Landlord, subject to the covenants, agreements, terms, provisions, and conditions of this Lease and to any mortgages, as and to the extent herein set forth.

Waiver. No waiver by Landlord of default of Tenant shall be implied, and no express waiver shall affect any default other than the default specified in such waiver and that only for the time and to the extent therein stated. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision.

Brokers. Tenant represents and warrants that it has had no dealing with any broker or leasing agent in connection with the negotiation or execution of this Lease other than Landlord's representative, if any. In the event any broker or leasing agent other than Landlord's broker, if any, shall make a claim for a commission or fee in connection with the negotiation or execution of this Lease, Tenant shall be responsible for the payment thereof, and Tenant agrees to hold Landlord harmless from and indemnify Landlord against any such claim or liability for a commission or fee.

Holding Over. If Tenant retains possession of the Premises after the expiration or termination of the Term or Tenant's right to possession of the Premises, Tenant shall pay Rent during such holding over at the higher of (i) double the rate in effect immediately preceding such holding over or (ii) the fair market value of the Rent, as reasonably determined by Landlord, computed on a monthly basis for each month or partial month that Tenant remains in possession. Tenant shall also pay, indemnify and defend Landlord from and against all claims and damages, consequential as well as direct, sustained by reason of Tenant's holding over. The provisions of this section do not waive Landlord's right of reentry or right to regain possession by actions at law or in equity or any other rights hereunder, and any receipt of payment by Landlord shall not be deemed a consent by Landlord to Tenant's remaining in possession or be construed as creating or renewing any Lease or right of tenancy between Landlord and Tenant.

Time of Essence. It is specifically declared and agreed that time is of the essence with regard to this Lease.

[SIGNATURES ON NEXT PAGE]

LANDLORD:

NORTHWESTERN MEDICAL FACULTY FOUNDATION dba NORTHWESTERN MEDICAL GROUP

DocuSigned by:
By: Angela Soya
82F73B8422B8498...
Name: Angela Soya
Title: Director, Real Estate

TENANT:

NORTHWESTERN MEMORIAL HOSPITAL

DocuSigned by:
By: Jill Gewargis
Name: Jill Gewargis
Title: Vice President, Real Estate

EXHIBIT A

251 E Huron St, Chicago IL 60611

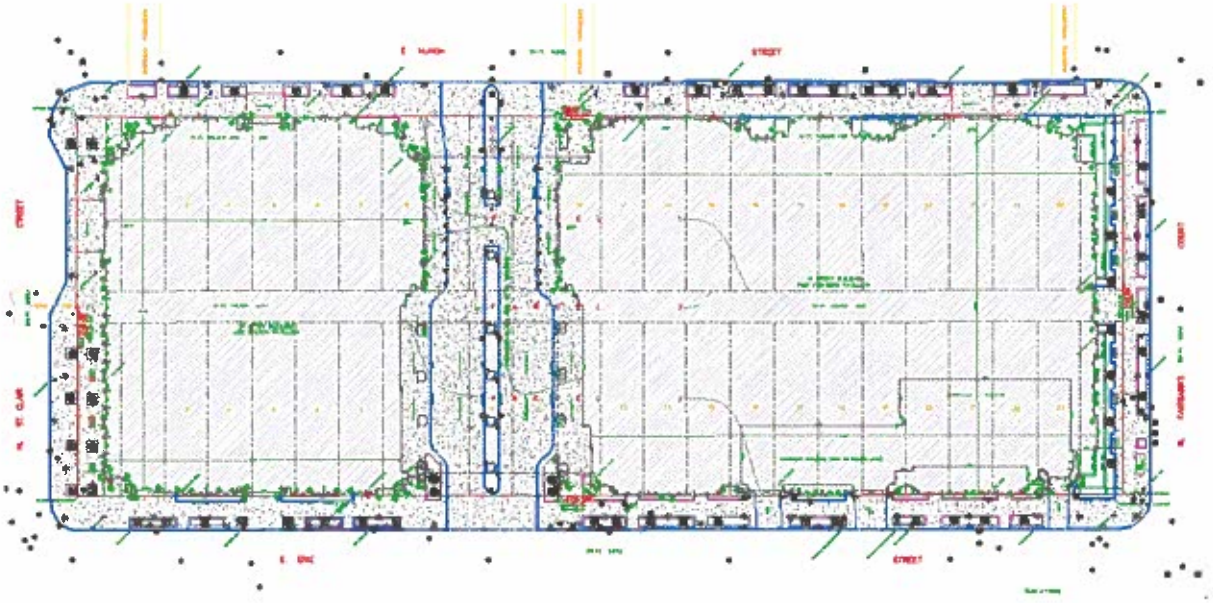
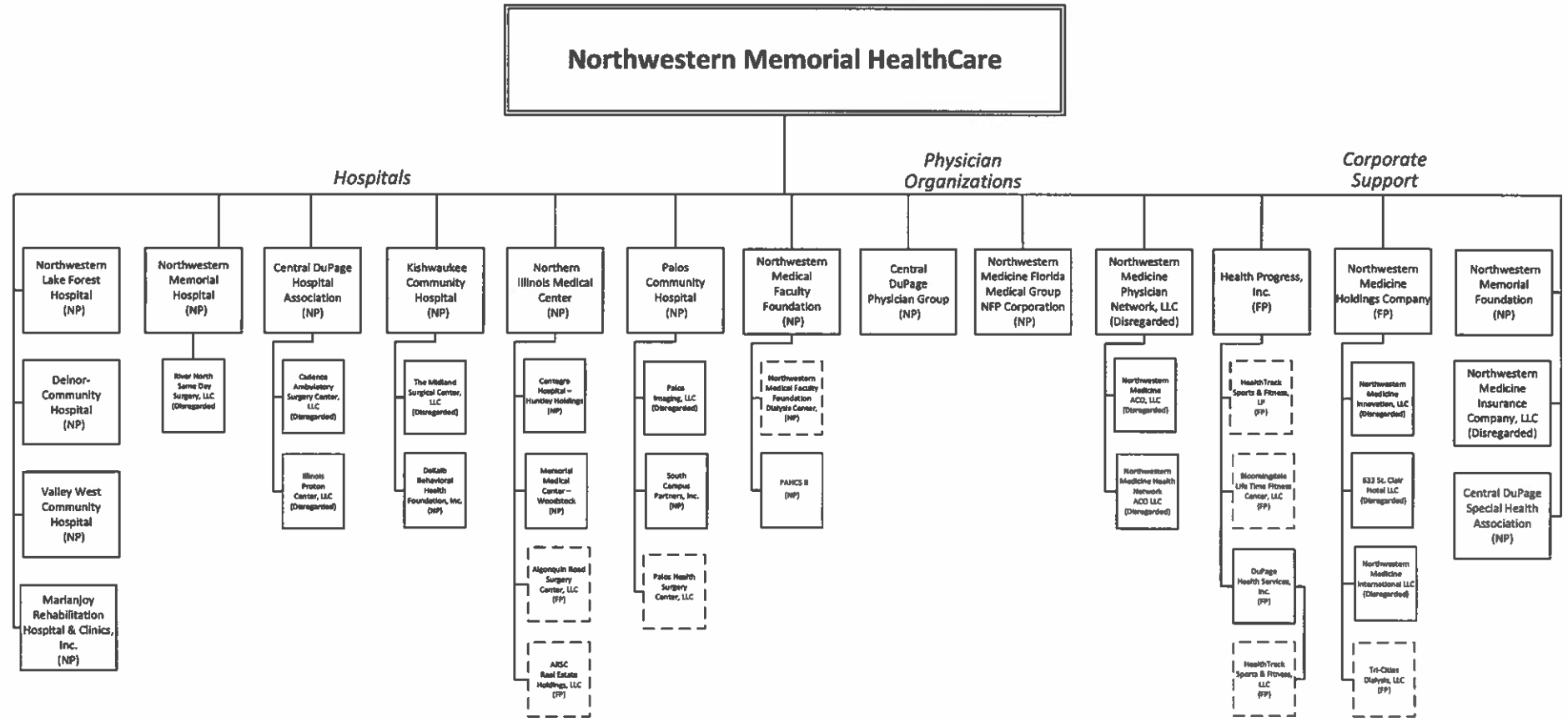


EXHIBIT B

LEASED PREMISES

14th and 15th Floors

ATTACHMENT-4



Effective February 16, 2024

Flood Plain Requirements

The location for the proposed project is 251 East Huron Street/675 North Saint Clair Street in Chicago, IL 60611.

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

National Flood Hazard Layer FIRMette

FEMA

87°37'32"W 41°53'54"N

87°36'55"W 41°53'28"N

0 250 500 1,000 1,500 2,000 Feet

1:6,000

Basemap Imagery Source: USGS National Map 2023

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
- 513 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 2/4/2025 at 6:11 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.

ATTACHMENT-5

Historic Resources Preservation Act Requirements

The location for the proposed project is 251 East Huron Street/675 North Saint Clair Street in Chicago. The attached letter from the Illinois Historic Preservation Agency indicates that the project area is not considered a historic, architectural or archaeological site.

ATTACHMENT-6

Illinois Department of Natural Resources
JB Pritzker, Governor • Natalie Phelps Finnie, Director
One Natural Resources Way • Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Cook County
Chicago
CON - Conversion of Floors 14 and 15 of Galter Pavilion from Physicians Offices to Inpatient Bed Units & 1 Operating Room
251 E. Huron St./675 N. St. Clair Street

IHFSRB, SHPO Log #025122024

December 23, 2024

Amanda Pulse Morton
Northwestern Memorial HealthCare
251 E. Huron St.
Chicago, IL 60611-2908

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 properties exist within the project area. Our office did not complete an archaeological review as no ground disturbing activity is included in the project description.

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 Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact Steve Dasovich, Cultural Resources Manager, at 217/782-7441 or at Steve.Dasovich@illinois.gov.

Sincerely,

Carey L. Mayer

Carey L. Mayer, AIA
Deputy State Historic Preservation Officer

ATTACHMENT-6

Project Costs and Sources of Funds

Line 1 – Preplanning Costs – ($416,700) – this includes:

- Feasibility Studies - $100,000
- Testing/Balancing of existing system - $100,000
- Pre-Construction Services - $216,700

Of the total amount, $305,279 is the clinical Preplanning Costs cost which is 0.53% of the clinical new Construction, Contingencies, and Moveable Capital Equipment costs.

Line 2 – Site Survey & Soil Investigations Costs – ($551,556) – this includes:

- Construction Layout and Surveying - $185,000
- BIM Coordination for infrastructure and mechanical trades - $200,000
- Investigation / scanning of existing conditions - $166,556

Of the total amount, $404,076 is the clinical Site Survey & Soil Investigations cost.

Line 3 – Site Preparation – ($1,878,886) – this includes:

- Interior Demolition - $1,878,886
    - Includes demolition of the interiors for Galter 14 and 15 including removal of all existing flooring, drywall partitions, finished ceilings, fixtures, plumbing, and horizontal HVAC (excluding the main risers). The only areas remaining will be the elevator shafts, electrical closets, communication closets, and stairwells.

Of the total amount, $1,276,492 is the clinical Site Preparation cost. Together with the clinical Site Survey & Soil Investigations cost, this is 4.82% of the clinical new Construction and Contingencies costs.

Line 5 – New Construction Contracts – ($51,670,545) – this includes:

- All construction contracts/costs to complete the project, includes contractor's markups, overhead, and profit. Costs are escalated to the mid-point of construction.

The Galter Pavilion was designed as a business occupancy building in the late 1990's. As such, it was designed with lower design parameters than an inpatient occupancy as defined by NFPA 101 – the life safety code. To accommodate the new building occupancy classification, the project will be upgrading fire ratings and upgrading HVAC systems including supply, return, and exhaust ductwork to support new inpatient functions. In addition, existing electrical and communications risers must be moved and closets reconfigured to hold distribution panels to serve the floor. New plumbing systems must be provided to support toilet rooms for the ICU beds.

Additionally, the project includes two floors of connectors – including the demolition of existing precast, development of new structural supports and reinforcing existing columns and beams, creating a new building enclosure for the connector, and installing

lighting, HVAC, and exterior drainage to facilitate movement of patients and materials between the Feinberg and Galter Pavilions on the 14th and 15th floors.

The project will also include new communications devices including new nurse call and telemetry monitoring that was not required in the business occupancy.

In conclusion, the floors of the projected project were not built as a "health care facility" and this project is a substantial change in the bed count and therefore is not considered a modernization per IAC1100.220.

Of the total amount, $31,678,862 is the clinical New Construction cost. The clinical New Construction cost per square foot is $620.02.

Line 7 – Contingencies - ($5,167,055) – this includes:

- Allowance for unforeseen New Construction and Modernization costs

Of the total amount, $3,167,886 is the clinical Contingency cost which is 10.0% of the clinical New Construction and Modernization costs.

Line 8 – Architectural / Engineering Fees – ($2,966,897) – this includes:

- Schematic Design:
  - Develop diagrammatic plans and documentation to describe the size and character of the space in a way that meets all programmatic and functional objectives, as well as accounting for all existing structure, shafts, elevators and stairs, communications and electrical closets, and all other pre-existing design constraints.
  - Evaluate the capacity of all building systems (such as electrical, mechanical, plumbing, fire protection, and pneumatic tube and vertical transportation) as well as support functions (such as food service, pharmacy, materials management) to determine modifications necessary for the new uses proposed on the floors.
- Design Development:
  - Develop detailed drawings and documentation to describe the size and character of the space. Includes room layouts, structural, mechanical, electrical, and plumbing.
  - The equipment and furniture consultants will prepare room-by-room FF&E requirement list. The requirements list identify room name, item description, product specification, and total quantity required. The product specifications include installation requirements that will be provided to the architect/engineer to ensure that spaces and building systems are planned to appropriately accommodate the equipment.
- Construction Documents:
  - Provide proposed Reconciled Statement of Probable Construction Cost
  - Provide drawings and specifications
  - Prepare documentation for alternate bids

    - Assist in filing Construction Documents for approval by City and State agencies
    - Signage and Way Finding expertise
- Bidding and Negotiation Phase Services:
    - Revise Construction Documents as necessary in accordance with Reconciled Statement of Probable Construction Cost
- Construction Administration Phase Services:
    - Advise and consult during Construction Phase
    - Attend weekly job progress meetings
    - Provide on-site representation to review progress/quality of Work
    - Prepare written interpretations of Contract Documents including Bulletins and information requests
    - Correct Errors or Omissions in the drawings, specifications and other documents
    - Review and approve Contractor's submittals
    - Submit notifications for work which does not conform to Contract Documents
    - Review and analyze requests for Change Orders
    - Assist Construction Manager with punchlist completion
    - Assist Construction Manager with Final Completion including system testing and commissioning
    - Inspect Project after correction of Work period for deficiencies and update Construction Manager

Of the total amount, $1,869,145 is the clinical Architectural / Engineering Fee. This amount is 5.36% of the clinical New Construction, Modernization, and Contingencies costs.

Line 9 – Consulting and Other Fees – ($6,141,068) – this includes:

- Charges for the services of various types of consulting and professional experts including:
    - Technology Planning Services (IT/AV/Security) - $318,864
    - Equipment Planning Consultant - $913,147
    - Life Safety Consulting - $60,580
    - Permit Expediting Services - $11,050
    - Signage/Wayfinding Services - $126,100
    - Parking / Traffic Consultant - $116,532
    - Commissioning - $100,167
    - Building Envelope Commissioning - $50,700
    - Material Testing - $51,772
    - Vibration Monitoring - $32,500
    - Pneumatic Tube Consulting - $23,436
    - Construction Management Services - $2,701,367
    - Design Peer Review - $550,000
    - Project Management Services - $1,084,83

Of the total amount, $4,499,012 is the clinical Consultant and Other Fees cost.

Line 10 – Movable Capital Equipment – ($24,972,220) – this includes:

- All furniture, furnishings, and equipment for the proposed project.

At this stage, the itemized list of equipment to be purchased is not complete. The aggregate equipment budget, however, is considered appropriate, as it is based on a similar approach that worked for the Feinberg/Galter Pavilion, the new Prentice Women's Hospital, and the Galter 9, 10, 11, 12, 13 Floors project.

The Architect will be retained to provide specific expertise during equipment planning and specification, and to assist the hospital in ensuring effective use of available funding. Equipment planning will be closely coordinated with architectural design.

FFE procurement will be managed by the hospital with support from outside consultants. Total acquisition costs will be evaluated during market assessment and contract award, including purchase, installation, training, and maintenance. The approval process during contract award will be consistent with existing hospital financial procedures.

Warehousing, training, acceptance testing and other logistical issues will be defined and scheduled.

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

Clinical and/or financial analysis of new technology will be done to determine that it is a prudent investment. New technology selected for use will support the hospital's primary mission, via criteria such as clinical outcomes, turnaround, or productivity.

Freight and installation costs are also included in the estimate.

Equipment Type		Estimated Cost
Medical Equipment		$ 24,972,220
Monitoring Physiological Telemetry	$4,072,942	
Bronchoscopy Booms/Lights Scopes Video Integration	$2,675,596	
Imaging Mobile X-ray Ultrasounds	$1,723,910	

Bladder Scanners Vein Illuminators Beds, Patient $1,700,729 ICU (37) ICU Bariatric (5) Pumps, IV $1,542,125 Respiratory $1,457,697 Ventilators BiPaps Humidifiers Drug Dispensing $1,266,030 Omnicell Locked Boxes Patient Lifts, Ceiling $1,054,294 Headwalls $945,772 ICU (42) Dialysis Bays (8) Bronch Prep/Rec (8) Cardiac Equipment $818,644 Defibrillators ECGs VAD Balloon Pumps R/O Water System $341,610 Dialysis Bays Stretchers $274,508 Misc. Support $2,262,643 Anesthesia, Surgical Tables, Warming Cabinets, Cryo, Ice Makers, Bed Storage	
Furnishings Waiting Room Furniture Sofa Sleepers Patient Recliners Side chairs Nightstands Monitor Arms Office Furniture	$1,936,928
Technology Computers Monitors Printers Televisions Device Integration Phones	$2,616,250

ATTACHMENT-7

iPad Translation Wireless Network Distributed Antenna System	
Other Artwork Interior Signage Keying	$282,542

Of the total amount, $22,298,548 is the clinical component of the Moveable Capital Equipment cost.

Line 14 – Other Costs To Be Capitalized – ($2,742,206) – this includes:

- Permits and Fees – IDPH, CON, City Building and Street Closures - $425,000
- NM care enhancements during construction (for patients on the existing inpatient units on Galter 13th floor and Feinberg 14th and 15th floor) - $640,000
- Insurance - $1,677,206

Of the total amount, $2,008,969 is the clinical component of the Other Costs to be Capitalized.

Project Status and Completion Schedules

Anticipated project construction start date: March 2026

Anticipated midpoint of construction date: December 2026

Anticipated project construction substantial completion date: September 2027

Anticipated project completion date: June 30, 2028

Project obligation is contingent upon permit issuance. NMH plans to sign the contract with Power Construction Company in January 2026 that will obligate the project which is subject to CON approval. The CON Contingency section of the contract is below:

S-1. Certificate of Need. NMHC and Contractor acknowledge and agree that in addition to permitting required by the City of Chicago, Illinois Department of Public Health ("IDPH") and any other Governmental Authority, this Project and Agreement are subject to the issuance of an appropriate Certificate of Need ("CON") by the Illinois Health Facilities and Services Review Board (the "Board"). The Contractor shall cooperate with NMHC's application to the Board for the CON.

Northwestern Memorial HealthCare Open CON/COE Permits

CON #21-008: NM Old Irving Park Medical Office Building

CON #22-046: NM Bronzeville Medical Office Building

CON #22-047: Northwestern Medicine Lake Forest Hospital

CON #24-006: NM Cancer Center Warrenville

CON #24-027: NM Huntley Medical Office Building

CON #24-039: Midland Surgical Center – Addition of GI

CON #25-025: NMH New Tower Master Design Permit

Cost Space Requirements

Department	Cost	Departmental Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing GSF	Proposed GSF	New Const.	Modern-ized	As Is	Vacated Space
CLINICAL							
ICU	$ 26,609,275	0	42,667	42,667	0	0	0
Inpatient Dialysis	$ 2,742,893	0	4,591	4,591	0	0	0
Bronchoscopy	$ 2,326,695	0	3,835	3,835	0	0	0
Clinical Subtotal =	**$ 31,678,862**	**0**	**51,093**	**51,093**	**0**	**0**	**0**
NON-CLINICAL							
Connectors	$ 8,973,565	0	3,134	3,134	0	0	0
Administration	$ 2,354,775	0	5,258	5,258	0	0	0
Staff Support	$ 978,104	0	2,184	2,184	0	0	0
Classrooms/Conference Rooms	$ 956,518	0	2,484	2,484	0	0	0
Environmental Services	$ 567,980	0	1,396	1,396	0	0	0
MEP Systems/Infrastructure Upgrades	$ 6,160,741	0	4,192	4,192	0	0	0
Non-Clinical Subtotal =	**$ 19,991,683**	**0**	**18,648**	**18,648**	**0**	**0**	**0**
TOTAL =	**$ 51,670,545**	**0**	**69,741**	**69,741**	**0**	**0**	**0**
OTHER							
Preplanning Costs	$ 416,700						
Site Survey & Soil Investigation	$ 551,556						
Site Preparation	$ 1,878,886						
Off-Site Work	$ -						
Contingencies	$ 5,167,055						
A/E Fees	$ 2,966,897						
Consulting & Other Fees	$ 6,141,068						
Movable or Other Equipment	$ 24,972,220						
Bond Issuance Expense	$ -						
Net Interest Expense During Construction	$ -						
Fair Market Value of Leased Space or Equipment	$ -						
Other Costs To Be Capitalized	$ 2,742,206						
Acquisition of Building (excluding Land)	$ -						
Other Subtotal =	**$ 44,836,588**						
GRAND TOTAL =	**$ 96,507,133**						

ATTACHMENT-9

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

Criterion 1110.110(a)

BACKGROUND OF APPLICANT

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

Northwestern Memorial HealthCare Facilities	IDPH License #	Joint Commission Organization #
Northwestern Memorial Hospital	0003251	7267
Northwestern Lake Forest Hospital d/b/a Northwestern Medicine Lake Forest Hospital	0005660	3918
Central DuPage Hospital Association d/b/a Northwestern Medicine Central DuPage Hospital	0005744	7444
Delnor-Community Hospital d/b/a Northwestern Medicine Delnor Hospital	0005736	5291
Marianjoy Rehabilitation Hospital & Clinics, Inc. d/b/a Northwestern Medicine Marianjoy Rehabilitation Hospital	0003228	7445
Kishwaukee Community Hospital d/b/a Northwestern Medicine Kishwaukee Hospital	0005470	7325
Valley West Community Hospital d/b/a Northwestern Medicine Valley West Hospital	0004690	382957
Northern Illinois Medical Center d/b/a Northwestern Medicine McHenry Hospital	0003889	7375
Northern Illinois Medical Center d/b/a Northwestern Medicine Huntley Hospital	0003889 Site #0003890	7375
Memorial Medical Center d/b/a Northwestern Medicine Woodstock Hospital	0003889 Site #0004606	7447
Palos Community Hospital d/b/a Northwestern Medicine Palos Hospital	0003210	7306
Northwestern Medicine Emergency Center Grayslake	22002	3918
Northwestern Grayslake Ambulatory Surgery Center	7003156	n/a
Northwestern Grayslake Endoscopy Center	7003149	n/a
Cadence Ambulatory Surgery Center, LLC d/b/a Northwestern Medicine Surgery Center Warrenville	7003173	n/a
The Midland Surgical Center, LLC d/b/a Northwestern Medicine Surgery Center Sycamore	7003148	n/a
River North Same Day Surgery, LLC d/b/a Northwestern Medicine Surgery Center River North	7002090	n/a
Palos Health Surgery Center, LLC*	7003224	n/a

*denotes partial ownership > 50%

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

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

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

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

Criterion 1110.110(b)

PURPOSE OF PROJECT

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

   The Northwestern Medicine (NM) mission is to put Patients first. For more than 50 years, NM has proudly served the many diverse communities of the Chicago area and beyond. NM's legacy of excellence is evident in the many awards/rankings achieved—Northwestern Memorial Hospital (NMH) is ranked as the No. 1 hospital in Illinois by *U.S. News and World Report* for 13 consecutive years, with 11 nationally ranked specialties, including cancer, neurology & neurosurgery, and cardiology, heart & vascular surgery. NMH is the hub of NM's integrated academic medical health system and as such is the top provider of high acuity cases in Illinois, including transplant, oncology, and heart and vascular and is the second highest provider for high acuity neuroscience. As an internationally renowned integrated academic health system, NM understands the unique opportunity, and responsibility, to expand NM's world-class care for a new era of medicine.

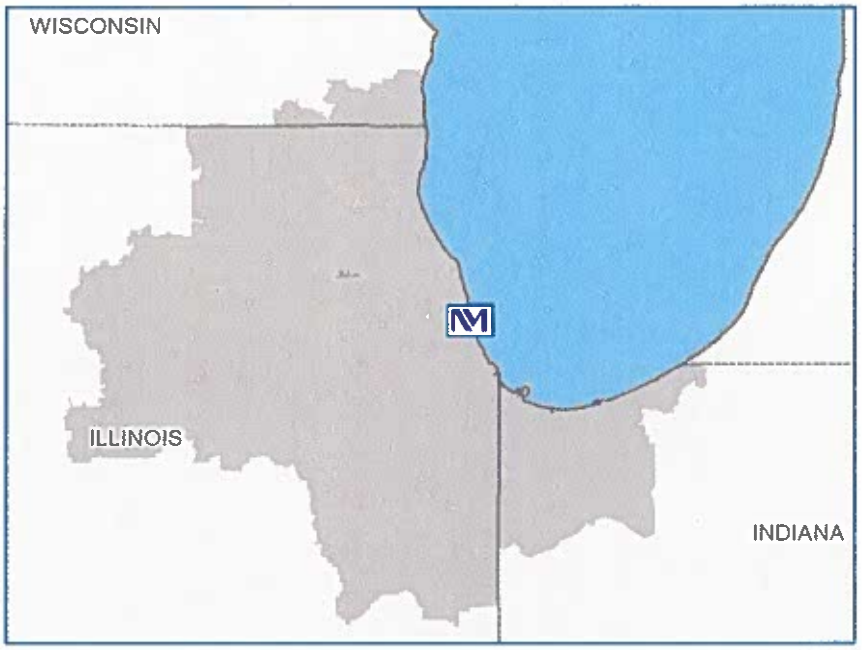
   As stated in NMH's CON application for the planning of a new tower on the downtown campus (CON #25-025), NM has a bold vision for the future of healthcare in Chicago at NMH: to be a globally recognized destination for expert care and world-class talent. Achieving this vision and realizing its benefit for the patients and communities that NMH serves requires substantial investments in a new facility and enhanced programs.

   While the new tower will allow NMH to meet growing patient need for high acuity services, this project is critical to bridge the gap between 2027 and 2031, when a new tower could open. Given the ongoing high ICU occupancy rates and future projections for ICU utilization, the proposed project serves to accommodate a portion of the additional ICU beds needed at NMH. This investment not only addresses current capacity constraints but also takes a proactive approach to anticipate future high acuity needs, reinforcing NMH's commitment to excellence in healthcare delivery.

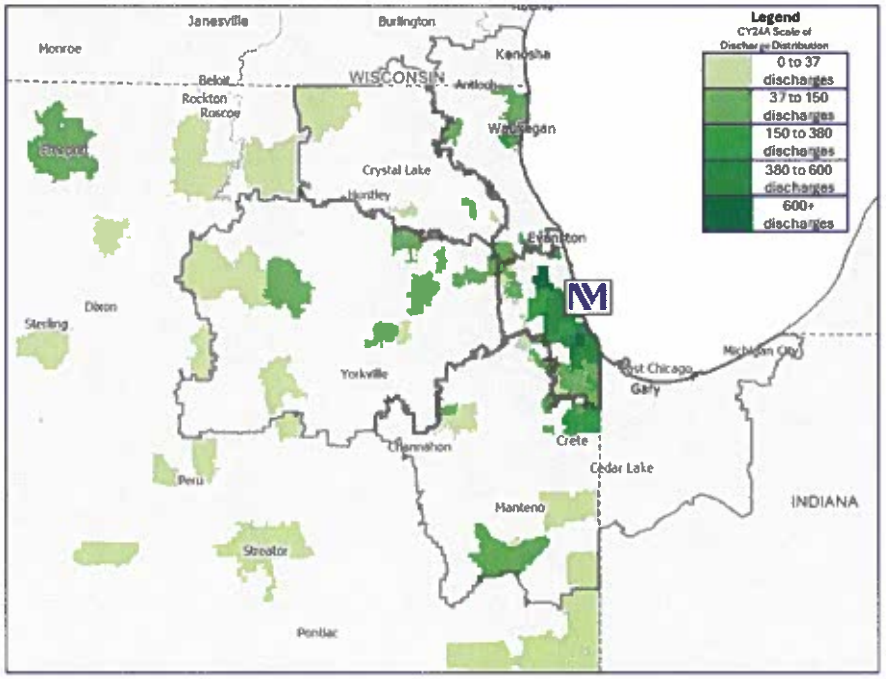
2. *Define the planning area or market area, or other relevant area, per the applicant's definition.*

   As an academic medical center (AMC), NMH has very specialized expertise and serves as a major referral center for high acuity care, providing care to those patients who are unable to receive necessary care elsewhere and therefore has a patient population that is often more complex, sicker, and more vulnerable than the general patient population.

NMH is the largest provider of tertiary and quaternary care in the Chicagoland area. 94% of patients admitted to NMH come from areas highlighted on the following map:



In CY24, 32% of NMH inpatients came from under-resourced zip codes in Illinois, an increase of 8.5% since CY19.



ATTACHMENT-12

3. *Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.*

   Current capacity at NMH is constrained and operational improvements alone will not sufficiently address current and future demand. AMC-level quaternary and tertiary admissions are projected to grow more than any other level of inpatient care, creating capacity challenges for AMCs nationally. Additionally, in NMH's service area, the population aged 65 and older is projected to grow almost 12% in the next decade. This significant increase in the senior population means a higher incidence of chronic conditions such as cardiovascular disease, neurological disorders, and cancer, among others. As a result of this, NMH anticipates the continued increase in demand for services at NMH over the next ten plus years.

   Current capacity constraints, specifically for inpatient beds, have already hindered NMH's ability to accommodate patient demand. NMH has experienced an almost 30% increase in ICU patient days from CY14–CY24 and has exceeded the state occupancy standard in every year of the same period. In the past several years, lack of ICU bed availability has caused significant backups in the Emergency Department which have led to excessive ED wait times, approximately 10,000 patients per year leaving the ED without being seen, and beds not being available to receive patients from other hospitals needing transfer to NMH for specialty services. In light of these considerations, the addition of ICU beds is crucial to effectively meet the needs of NMH's service area.

4. *Sources of information include:*
   - Hospital Records
   - *U.S. News and World Report*
   - Sg2

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

   The proposed project will improve access to the complex, specialty care provided by NMH. Access to ICU services is crucial for several reasons:
   1. Critical Patient Care: ICU beds are equipped with advanced medical technology and staffed by specialized healthcare professionals. They provide comprehensive monitoring and treatment for patients with severe or life-threatening conditions.
   2. Resource Allocation: During health crises, such as the COVID-19 pandemic, the availability of ICU beds can determine the efficacy of the response. Adequate bed availability helps ensure that all patients receive the level of care they need.
   3. Improved Outcomes: Timely access to ICU care can significantly improve patient outcomes. Conditions requiring intensive monitoring and specialized interventions, such as severe infections, respiratory failure, or following major surgeries, often necessitate immediate access to these resources.

4. Reduced Mortality Rates: Many critically ill patients benefit from the intensive monitoring and intervention available in an ICU. Access to care can lead to lower mortality rates for conditions that require prompt and specialized attention.
5. Healthcare System Resilience: Sufficient ICU capacity contributes to the overall resilience of the healthcare system. It helps ensure that hospitals can manage surges in patient volumes without becoming overwhelmed.

6. *Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.*

   The goal of the proposed project is to reduce NMH's ICU occupancy to closer to the state standard of 60%. ICU bed availability will also improve capacity constraints in NMH's Emergency Department.

Criterion 1110.110(d)

ALTERNATIVES

Preferred Alternative – Proposed Project

The Galter Pavilion is the west tower of the Feinberg/Galter building, which opened in 1999. The Feinberg Pavilion was built to Institutional occupancy codes and houses NMH's inpatient medical/surgical and ICU beds as well as many diagnostic and treatment services (D&Ts). The Galter Pavilion was originally built to Institutional occupancy on the 4th – 8th floors where outpatient services are located and Business occupancy on the 9th – 21st floors where NMH leased space for physicians' offices. In 2010, the 9th, 10th, and 13th floors of the Galter Pavilion were converted from physicians' offices to inpatient beds units (CON #09-039). In 2020, the 11th and 12th floors were also converted from physicians' offices to inpatient beds (CON #20-011). Each floor in the Galter tower is approximately 38,000 square feet. Like the 9th – 13th floors, the 14th and 15th floors must be upgraded to meet Institutional occupancy requirements to house inpatient functions, as in the proposed project.

The proposed project adds 42 ICU beds for a total of 181 ICU beds: one 22-bed ICU unit is proposed for the 14th floor of Galter and one 20-bed ICU unit is proposed for the 15th floor. Included in this proposed project is a 2-story building connector from the Feinberg Pavilion to the Galter Pavilion on the 14th and 15th floors.

The project also includes 2 bronchoscopy procedure rooms on the 14th floor and 8 inpatient dialysis bays on the 15th floor.

One of the most significant advantages to this project is the adjacency of the Galter Pavilion to the 24 hour/7 day per week Feinberg Pavilion. Its location in Galter provides convenient access to D&T services and support for inpatients, with dietary and ancillary service support also available (IT, pneumatic tube system, medical gases). Emergency support/response is also adjacent in the Feinberg Pavilion. In this location, physician coverage will not be an issue.

As with the past projects that have added beds to the NMH campus (CON #05-062, #09-039, and #20-011), this project will help accommodate the continued growth in inpatient services and will help alleviate the extremely high occupancies until a longer-term and more comprehensive solution is adequately planned, attains regulatory approvals, and constructed (CON #25-025).

The proposed additional beds will improve outcomes by creating capacity to help to keep pace with increasing inpatient demand at NMH. ICU occupancy has exceeded the State standard for over a decade. In the past several years, lack of ICU bed availability has caused significant backups in the Emergency Department which have led to excessive ED wait times, approximately 10,000 patients per year leaving the ED without being seen, and beds not being available to receive patients from other hospitals needing transfer to NMH for specialty services.

NMH has evaluated several alternatives to respond to growing demand for care. The proposed project is the least expensive of the realistic options for providing the clinical elements of the project. It is also the most practical in both the short- and long-term and is therefore the preferred alternative.

Alternatives considered:

1. Maintain Status Quo/Do Nothing;

2. Vertical expansion of the existing Feinberg Pavilion;

3. Construct a new tower on the VA-Lakeside site

Below is a map of the campus showing all current buildings discussed as alternative locations.

Alternative 1: Maintain Status Quo / Do Nothing

Description
This option considered maintaining the current inpatient bed capacity on campus and leveraging operational improvements to address capacity challenges. This alternative would have no capital costs to implement.

There are a number of operational initiatives that are being utilized to improve throughput and inpatient capacity constraints, including:

- Decreasing length of stay for complex patients and surgery patients by creating enhanced interdisciplinary workflows, implementing social work consults pre-surgery, improving discharge planning checklists and establishing communication protocols for patients' families and caregivers.
- Implementing a super track to lower the ED's Left Without Being Seen rates and improve patient satisfaction by offering more efficient care.
- Expanding Oncology Triage Clinic hours for low-risk oncology patients in lieu of them being seen in the ED and admitted as inpatients.
- Evaluating a Hospital at Home program for NMH patients, allowing eligible patients to receive inpatient care in their homes instead of at the hospital.
- Launching an ICU transfer program between NMH and NM Central DuPage Hospitals in 2024, this process facilitates requests for transfers to the NMH Medical ICU and evaluates them for potential routing to NM Central DuPage Hospital through a detailed review process and collaboration with teams at both facilities, optimizing on the integrated academic health system to provide timely access to high-quality ICU care.

Even with the operational improvements and efficiencies, maintaining status quo does not adequately address the critical capacity challenges and projected future demands for NMH's inpatient services. NMH has experienced an almost 30% increase in ICU patient days from CY14–CY24 and has exceeded the state occupancy standard in every year of the same period. In light of these considerations, the addition of ICU beds is crucial to effectively meet the needs of NMH's service area.

This alternative was rejected because it does not provide a solution to NMH's high occupancy issue.

Alternative 2: Vertical expansion of existing Feinberg Pavilion

Description
Several years ago, when NMH began experiencing capacity constraints after the opening of the Feinberg/Galter Pavilion, adding floors to the top (17th) floor of the Feinberg Pavilion was considered as an option for expanding bed capacity on campus. However, this option was not pursued because it was considerably more costly than other options being considered and would be extremely disruptive to existing services.

Advantages

- The Feinberg floor plate is an efficient layout for inpatient services.
- Locating the ICU beds in Feinberg would take advantage of the technology, systems, and clinical and non-clinical support services already in the building.

Disadvantages

- The cost of the project would be approximately $235 million for the proposed number of inpatient beds, making this option the most expensive alternative for adding inpatient bed capacity in an existing building
- Longer schedule to complete this project, the inpatient beds would not be ready for patients until 2029.
- Disruption to existing hospital operations in the building would be significant. Several elevators would have to be taken out of service for construction; the medical/surgical units on the 16th floor would have to be closed for periods of time due to noise and extension of mechanical/electrical systems in the ceiling; and mechanical systems on 17th floor would have to be replaced with temporary systems to maintain building services.
- Disruption outside the building would also be significant and include sidewalk closures on the perimeter. Temporary use of streets for erecting hoists and other work would reduce traffic lanes.

Cost
Total Cost: approximately $235 million.

Timetable
Beds open for occupancy in December 2029.

This alternative was rejected because of its high cost, disruptive nature to hospital operations, and its extended time to completion beyond the proposed project.

Alternative 3: Construct a New Tower on the VA-Lakeside site

Description
NMH purchased the Chicago VA Lakeside Hospital property from the federal government in November 2004. The purchase included two properties on the Northwestern campus: the VA hospital site on the east side of Fairbanks Court immediately across the street from NMH's Feinberg Pavilion (VA-A), and a small 2-story research building located at the northeast corner of McClurg and Ontario (VA-B). The VA-B building was demolished in late 2007 and demolition of the hospital building on the VA-A site was completed in August 2009.

NMH is actively planning a new tower on the VA-A site and has submitted a Master Design Permit application (CON #25-025). Given the density of the NMH campus, this site provides valuable adjacent space for growth in response to NMH's long-term demand for high acuity services however, planning and construction of a new building

will take approximately 6 years. The proposed is project will be a critical bridge to address the high ICU occupancy before a new tower can be opened.

This alternative is being pursued in a separate CON application. The proposed project in this application serves as a crucial bridge that will address immediate operational challenges for the years before a new building could be available in 2031.

The following table provides a summary cost benefit analysis of the preferred project and the 3 alternatives:

Location/Alternative	Meets functional program?	Total Cost	Availability
Galter Pavilion, Floors 14 and 15 (preferred option)	**Yes**	**$96.5 million**	**2028**
Maintain Status Quo / Do Nothing	No	$0	N/A
Vertical Expansion of Feinberg Pavilion	Yes	$235 million	2029
New facility on the VA-Lakeside site	Yes	N/A	2031

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 – Project Scope, Utilization, and Unfinished/Shell Space

SIZE OF PROJECT

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive.

The Galter Pavilion at Northwestern Memorial Hospital was designed as a business occupancy building in the late 1990's. As such, it was designed with lower design parameters than an inpatient occupancy as defined by NFPA 101 – the life safety code. To accommodate the new building occupancy classification, the project requires upgraded fire ratings and upgraded HVAC systems including supply, return, and exhaust ductwork to support the proposed inpatient functions. In addition, existing electrical and communications risers must be relocated, and closets must be reconfigured to hold distribution panels to serve the floor. The project will also be providing new plumbing systems to support toilet rooms for the ICU beds.

The project also includes the construction of two floors of connectors – including the demolition of existing interior, finished space, precast, development of new structural supports and reinforcing existing columns and beams, creating a new building enclosure for the connector, and installing lighting, HVAC, and exterior roofing and drainage to facilitate movement of patients and materials between the Feinberg and Galter Pavilions on the 14th and 15th floors. In addition to building connectors, a new connecting stair between the floors is also required to support life safety/egress requirements.

The project will also include new communications systems including new nurse call and telemetry monitoring that was not required in the business occupancy. In summary, the construction is so transformative that it should be classified as new construction rather than modification.

As with CON project #s 09-039 & 20-011, the building floor size and structural grid set dimensions and restrictions on how the physical space can be arranged. The existing stairs, elevator shafts and mechanical shaft locations have dictated the number, size and configuration of patient rooms that can be organized on each floor.

Because the 9th – 21st floors were originally constructed as business occupancy to accommodate physicians' offices, the existing stairs, elevators and mechanical shafts were located to accommodate business functions rather than clinical functions, and as a result they are spread out around the perimeter or dispersed to serve multiple tenants rather than being located centrally on the floor and inboard from the perimeter (as it would have been designed for clinical occupancy).

The existing stairs are all located on the perimeter and the shaft locations have resulted in jogs in the perimeter corridor at the corners of the floor to maintain the required

corridor width clearances. In a typical healthcare design, the perimeter of the floor would be reserved for patient rooms to maximize the number of rooms available to place on the floor because of the requirement to have a window in each patient room. The mechanical shafts would be located more centrally along with the vertical circulation in the core spaces so as not to conflict with the primary patient care space layout or circulation.

The existing structural grid spacing was also designed for business occupancy and does not fully coincide with how an inpatient unit would be laid out. Ideally, the first line of columns inboard from the perimeter would fall on the patient room side of the corridor to allow for more flexibility in the core, corridor, and patient rooms. In that case, the patient room depth could be set to the desired dimension and an unobstructed corridor could then be run outside the rooms and column line. The existing grid is located such that it falls on the core side of the perimeter corridor, which means that the minimum required corridor width falls between the grid and perimeter wall and limits the maximum depth of the patient room.

The overall width of the existing floor plate, combined with the structural grid and shaft locations, has resulted in a central service core that is three times wider than the central service core in the Feinberg Pavilion, which would be a more typical core width for inpatient units. This in turn has increased the intra-departmental corridor square footage dramatically and led to program redundancy due to travel distances.

Because the floor plate in the Galter Pavilion is substantially larger than that in the Feinberg Pavilion inpatient floors (approximately 23,000 square feet in Feinberg vs. 38,000 square feet in Galter), measures were taken to provide an optimal patient care delivery setting. The greater travel distances among the patient rooms due to the larger floor plate and the patient rooms being located along the perimeter have been mitigated with the placement of intermediate corridors, bisecting the unit and creating efficient routes among rooms and support spaces.

Longer travel distances to support spaces have necessitated that more supplies and equipment be distributed in closer proximity to the patient rooms. While supporting fewer beds than in the Feinberg Pavilion, each supply, equipment and nourishment room will be stocked with duplicate materials to ensure that staff only makes one trip to the nearest room to retrieve supplies and equipment.

The longer linear perimeter of the Galter unit has created challenges to providing visual observation from staffed work areas. The design solution involves additional decentralized nursing stations that will support staff being in close proximity to all patient rooms.

The proposed layouts are based on the design of the units in CON #s 09-039 & 20-011. When determined for those projects, functional programmers/space planners translated volume projections, utilization standards, and operating input from User Groups to define the programs and uses to be located on each floor. In determining square

footage and layouts, the User Groups and architects used AIA and State and City codes and standards, which were adapted based on practices observed during site visits to other leading programs in the U.S. and on "lessons learned" from operations in both the Prentice Women's Hospital and the Feinberg/Galter Pavilions.

As with the previously approved CON project, the maximum number of beds was placed on each floor of the proposed project.

Clinical Components of the Project

The following clinical programs are included in the proposed project:

ICU Beds

The proposed ICU beds will be on the 14th and 15th floors of Galter. The 14th floor will consist of 22 private ICU patient rooms along all sides of the perimeter floor plate. The 15th floor will consist of 20 private ICU patient rooms along the East, South, and West sides of the perimeter floor plate. On each floor, there will be 5 nurse stations, each responsible for a specific group of rooms in their immediate area. All ICU rooms will be equipped with patient toilet rooms with showers because of the projected length of stay and continuity of care, 2 of the rooms on each floor will be Isolation rooms that have ADA compliant toilet rooms, and lift capacities for bariatric patients; the three isolation rooms will be negative pressure rooms with ante-rooms for donning and doffing personal protective equipment.

The ICUs will have their own support spaces such as clean utility rooms, clean work/medicine rooms, nourishments rooms, equipment storage, housekeeping closets, a staff lounge and dedicated waiting space. Because of the broad nature of the floorplate, there are multiple support spaces to support the 5 nurse stations to minimize travel distances for nursing and tech support staff.

The north side of the floorplate contains the elevator cores for visitor transport and "high-rise" elevator core which passes through these floors to the upper floors of the Galter Pavilion. Family support spaces have been organized along the north perimeter of the floor.

2. Comparison of Space to Standards in Section 1110.Appendix B.

ICU Beds

The proposed square footage for the ICU units on the 14th and 15th floors is 42,667 DGSF.

Components and Space Standards used are as follows:

ICU Units, as designed 42 ICU Beds	**42,667 DGSF**
State Standard for ICU Beds ICU Beds: 685 dgsf/bed x 42 = 28,770	**28,770 DGSF**
Amount of difference	13,897 DGSF

Explanation of difference, by component

1. All Private Bathrooms

Because of the duration of the patient stay (in many cases patients will remain on the unit for weeks due to the severity of their condition), it is necessary for patients to be able to use the toilet and shower more than the typical ICU patient. By Illinois licensure, an ICU unit often has one patient shower for every twelve patients. For this patient population, this ratio is not sufficient. The patients need to be up and moving even though they are in critical condition to keep them as active as possible prior to and after surgery.

38 x (36 nsf/room difference) x 1.55 n-g conversion factor = 2,120

2. Design Impact of Existing Floorplate

Due to the travel distances generated by the large floorplate configuration, it is necessary to create redundancies in several program areas. For example, five nurse sub-stations were designed for the staff to be in closer proximity to the patient. The main nursing station is positioned to allow anyone entering the unit from the public elevators to be immediately greeted by staff. This allows the unit staff better control over access to the unit, and visibility of the family/visitor to ensure they conduct proper handwashing and gowning techniques. However, the location of the public elevators and unit entries are too remote from the patient rooms and requiring the staff to use only one centralized station does not allow optimal patient care. Therefore, providing a nursing sub-station for every 4-5 beds enables staff to be closer to the patients, giving them better visibility, proximity for quicker response to patient calls, and immediate access to supplies and equipment.

2 Additional Nursing sub-stations/floor to reduce distance to patients
400 nsf x 2 stations x 2 floors x 1.55 n-g conversion factor = 2,480

Inter-department circulation: The width of the existing floor plate and location of the existing staff elevators is such that a single internal corridor for inter-department use (EVS, FNS, supply, etc.) is not possible. A typical inpatient bed floor would be 96' wide (center line of exterior columns) with patient corridors flanking a central support core accessed from the patient corridors. The Galter Pavilion is 178'-8" wide (center line to center line) which requires a series of cross

corridors to access the central support spaces. These additional corridors are required to maintain the separation between patient/public corridors and staff only corridors.

9,921

TOTAL AMOUNT JUSTIFIED 14,521

The square footage justifications exceed the difference from the State standard by 624 sf.

Inpatient Dialysis

The proposed inpatient dialysis unit will be located on the 15th floor, on the north side of the floor core. The inpatient dialysis unit will consist of 8 dialysis rooms. One (1) of the eight (8) dialysis rooms will be an isolation room and will be a negative pressure room with ante-room for donning and doffing personal protective equipment. The inpatient dialysis unit will feature a nurse station centrally located to support all 8 dialysis bays. The inpatient dialysis unit will feature a private patient toilet and dedicated equipment room. The inpatient dialysis unit will share clean and soiled utilities and EVS with the ICU inpatient unit.

2. Comparison of Space to Standards in Section 1110.Appendix B.

The proposed square footage for the inpatient dialysis unit is 4,591 DGSF.

There is no size standard for inpatient dialysis.

Bronchoscopy Procedural Suite

Currently, there is one (1) bronchoscopy procedure room on the 4th floor of the Galter Pavilion, co-located with G.I. procedure rooms. The proposed project relocates the existing procedure room and adds a second procedure room on the 14th floor of Galter, on the north side of the floor core. The bronchoscopy procedural suite will support both inpatients and outpatients. Having a bronchoscopy room adjacent to an inpatient unit, particularly in an ICU, offers several advantages for critically ill patients. It allows for safe and efficient procedures without the need to transport unstable patients, enabling timely diagnosis and treatment of respiratory issues.

In addition to the two (2) procedure rooms, the bronchoscopy procedural suite will have an associated control room that will also function as an ante room access into the procedure room. The suite will include 8 prep/recovery bays, a nourishment/medicine station, clean storage, and equipment storage.

The existing bronchoscopy procedure room on Galter 4 will be used for G.I. procedures.

2. Comparison of Space to Standards in Section 1110.Appendix B.

The proposed square footage for the Bronchoscopy procedural suite is 3,835 DGSF.

Components and Space Standards used are as follows:

Bronchoscopy Procedural Suite, as designed 2 Surgical Procedure Rooms 8 Post-Anesthesia Recovery Phase I/Phase II Stations	**3,835 DGSF**
State Standard for Procedural Suite Surgical Procedure Suite (Class B): 1,100 dgsf/unit x 2 = 2,200 Post-Anesthesia Recovery Phase II: 400 dgsf/unit x 8 = 3,200	**5,400 DGSF**
Amount of difference	(1,565) DGSF

The Bronchoscopy Procedural Suite is below the State standard by 1,565 sf.

SIZE OF PROJECT				
DEPARTMENT	**PROPOSED DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
ICU	42,667	28,770	13,897	No*
Inpatient Dialysis	4,591	No Standard	N/A	Yes
Bronchoscopy Suite	3,835	5,400	(1,565)	Yes

*See justification of difference above

Non-Clinical Components of the Project

The following non-clinical programs are also included in the proposed project:

Building Connectors

Horizontal connectors on the 14th and 15th floors between the Galter and Feinberg Pavilions are included in the proposed project. The connectors are needed to safely transport critically deteriorating patients by reducing the number of elevator trips and allowing better clinical connectivity between the Feinberg and Galter inpatient units. There is no potential to add elevators to the Galter Pavilion so in addition to better patient unit connectivity, the connectors allow for better logistical movement of supplies, medications, equipment, and food between the two buildings.

The building connectors between the Galter Pavilion and the Feinberg Pavilion on the 14th and 15th floors total 3,134 DGSF.

Administration

The proposed administration space will provide administrative and managerial space for supervision of all nursing functions, patient care areas, and programs for the new beds.

The Administration area of the proposed project totals 5,258 DGSF.

Staff Support

Space has been provided for the inpatient programs to support the academic, clinical, research, and administrative functions of its physicians in a manner consistent with the Feinberg and Prentice Pavilions. Graduate Medical Education (GME) functions will also use this space.

The Staff Support spaces include clinical conference spaces for physicians and students to use during their rounds, touch-down spaces which will serve as work space for clinicians not based on the units, on-call rooms and reporting/treatment planning spaces.

The space allocated for Staff Lockers will be shared by all staff located on each floor. Each full-time employee will be assigned their own locker with enough space to hang a coat and store other personal belongings. In most cases, locker rooms will be unisex. Adjacent to the locker rooms will be separate male and female bathrooms with showers.

The Staff Support space of the proposed project totals 2,184 DGSF.

Classrooms/Conference Rooms

Classrooms and conference rooms to support the many clinical teams associated with providing comprehensive medical services to the proposed patient populations are required. In concert with the Northwestern University Feinberg School of Medicine, the needs for proper teaching, lecturing, and teleconferencing facilities are required.

The Classrooms/Conference rooms of the proposed project total 2,484 DGSF.

Environmental Services

Trash and Soil Hold will be located on each floor. It is preferable to separate the trash and red bag waste going into the waste stream from soiled linen and instruments that need to be sent out for processing.

The Environment Services areas on the two floors of the proposed project total 1,396 DGSF.

MEP Sytems/Infrastructure Upgrades

Mechanical
The existing HVAC distribution on each floor does not support inpatient occupancy. The air exchange rates, the zoning and control sequences will be updated to support the new space programs and fire/ smoke compartment zoning.

New isolation exhaust systems are required for the bronchoscopy procedure rooms and patient infectious isolation rooms.

Additionally, medical gas and vacuum system distribution piping will also need to be extended throughout the floor to support the patient spaces.

Plumbing
The existing plumbing system distribution systems serving each floor do not currently support inpatient occupancy. New horizontal and vertical piping systems will be added throughout the floors to support the patient rooms and clinical support spaces.

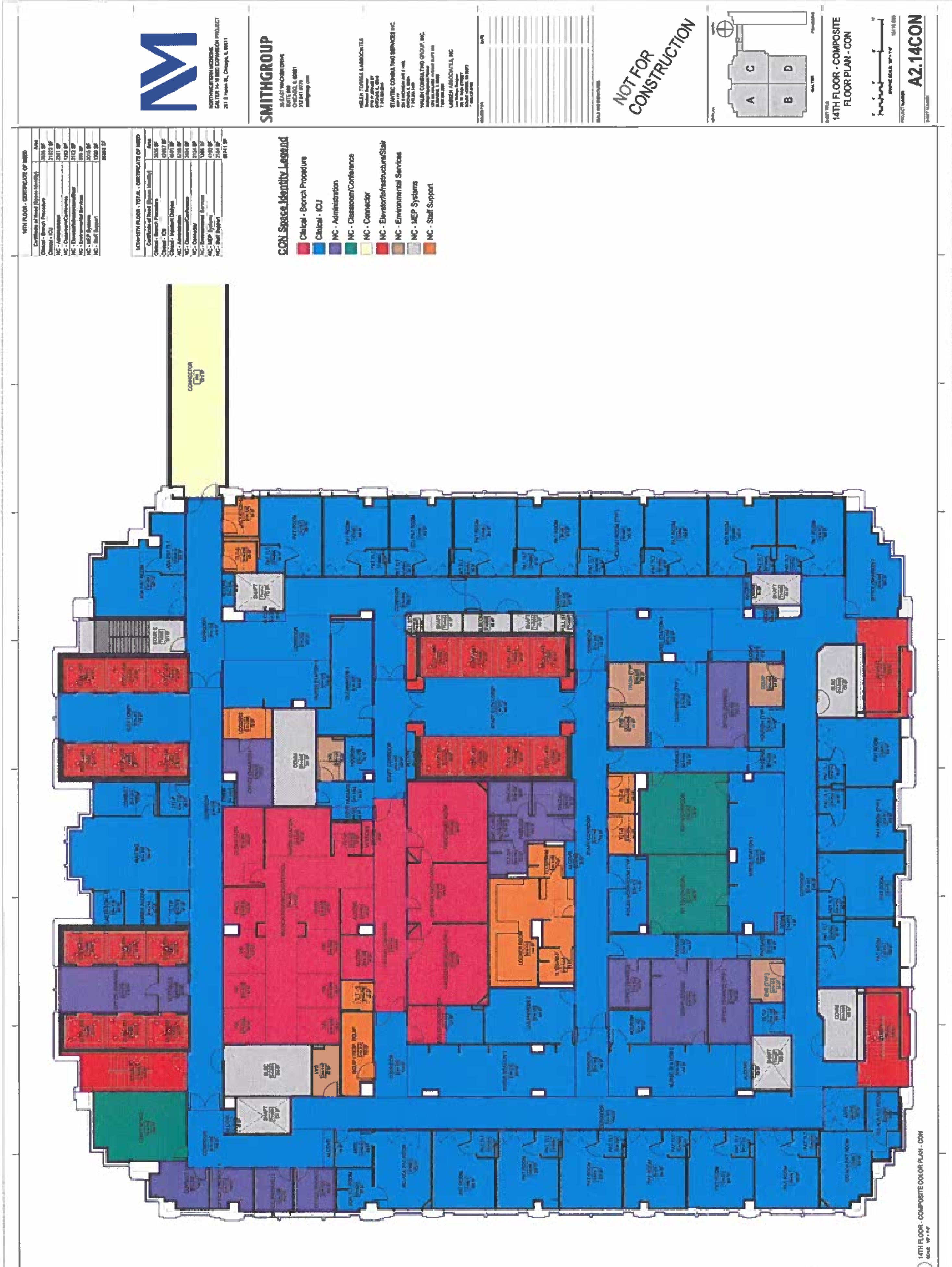
A new deionized water treatment system will be added to the 15th floor to support the dialysis unit.

Electrical
The existing electrical infrastructure does not support inpatient occupancy. New electrical distribution from the facility main switchgear will be extended to each floor for both the normal and essential power systems. The new power systems will be distributed to 2 new electrical closets on each floor for use in the patient rooms and clinical support spaces.

Firewall Protection
The change in occupancy from business to institutional on the 9th through 13th floors requires that each floor be separated into at least 2 fire/smoke compartments. The 14th and 15th floors were not previously divided to meet this requirement since they were not part of CON #09-039 or #20-011. A new 2-hour fire/smoke separation is required for the 14th and 15th floors to meet this code requirement. In addition to the new fire/smoke separations that will compartmentalize the floors, the underside of the 16th floor will need to have additional spray-on fireproofing to increase the rating to 3-hour as required by high-rise institutional occupancy.

The sprinkler system will be redesigned to follow the separation and create two sprinkler zones, the fire alarm will follow suit also. In addition, there will be changes necessary to the HVAC systems to comply.

The MEP/Infrastructure area of the proposed project totals 4,192 DGSF.



ATTACHMENT-14

1 15TH FLOOR - COMPOSITE COLOR PLAN - CON
SCALE: 1/8" = 1'-0"

15TH FLOOR - CERTIFICATE OF NEED

Certificate of Need (Space Identity)	Area
Clinical - ICU	20743 SF
Clinical - Inpatient Dialysis	4681 SF
NC - Administration	2887 SF
NC - Classroom/Conference	1333 SF
NC - Elevator/Infrastructure/Stair	3111 SF
NC - Environmental Services	811 SF
NC - MEP Systems	2177 SF
NC - Staff Support	884 SF
	36437 SF

14TH+15TH FLOOR - TOTAL - CERTIFICATE OF NEED

Certificate of Need (Space Identity)	Area
Clinical - Branch Procedure	3636 SF
Clinical - ICU	42887 SF
Clinical - Inpatient Dialysis	4681 SF
NC - Administration	5256 SF
NC - Classroom/Conference	2484 SF
NC - Connector	5134 SF
NC - Environmental Services	1366 SF
NC - MEP Systems	4192 SF
NC - Staff Support	2184 SF
	69741 SF

CON Space Identity Legend

- Clinical - ICU
- Clinical - Inpatient Dialysis
- NC - Administration
- NC - Classroom/Conference
- NC - Connector
- NC - Elevator/Infrastructure/Stair
- NC - Environmental Services
- NC - MEP Systems
- NC - Staff Support

NORTHWESTERN MEDICINE
GALTER 14-16-68D EXPANSION PROJECT
201 E Huron St., Chicago, IL 60611

SMITHGROUP
35 EAST WACKER DRIVE
SUITE 500
CHICAGO, IL 60601
312.641.8778

NIELSEN TORRES & ASSOCIATES

STANTEC CONSULTING SERVICES INC

WALSH CONSULTING GROUP, INC.

LASSEN ASSOCIATES, INC.

ISSUED FOR | DATE

NOT FOR CONSTRUCTION

KEYPLAN | NORTH

A | C
B | D

GALTER | FEINBERG

SHEET TITLE
15TH FLOOR - COMPOSITE FLOOR PLAN - CON

GRAPHIC SCALE: 1/8" = 1'-0"

PROJECT NUMBER 1516.000

SHEET NUMBER A2.15CON

Plot Date: 7/8/2025 10:07:23 AM

PROJECT SERVICES UTILIZATION

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.

All services will meet or exceed the state's utilization standards by the second year of operation. Detailed projection rationale is provided in ATTACHMENT-18 for ICU beds and ATTACHMENT-31 for the Bronchoscopy procedure rooms and Inpatient Dialysis.

Utilization

Department	Historical Utilization CY23	Historical Utilization CY24	Projected Utilization CY28	Projected Utilization CY29	State Standard	Met Standard?
ICU Beds (patient days/ occupancy)	36,086 / 71.1%	38,105 / 74.9%	42,028 / 63.4%	43,070 / 65.2%	39,748 / 60%	Yes
Bronchoscopy Procedure Room (hours)	1,565	1,836	2,708	2,984	>1500 hrs	Yes
Inpatient Dialysis (units of service)	8,471	8,866	11,731	12,581	N/A	N/A

UNFINISHED OR SHELL SPACE / ASSURANCES

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

ATTACHMENT-16, 17

SECTION V. SERVICE SPECIFIC REVIEW CRITERIA

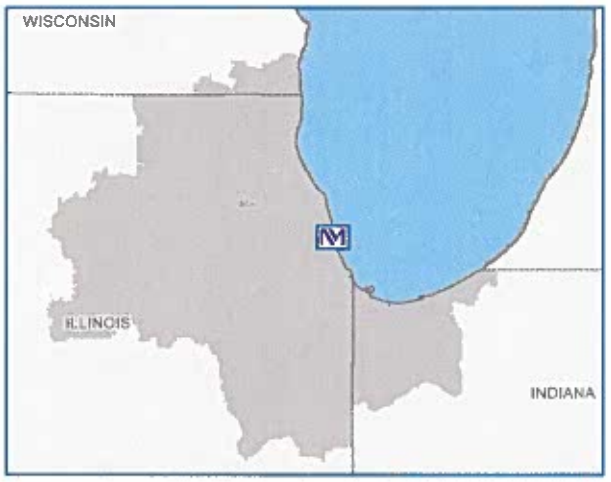
A. Criterion 1110.200 – Medical/Surgical, Obstetric, Pediatric and Intensive Care

Category of Service	# Existing Beds	# Proposed Beds
ICU	139	181

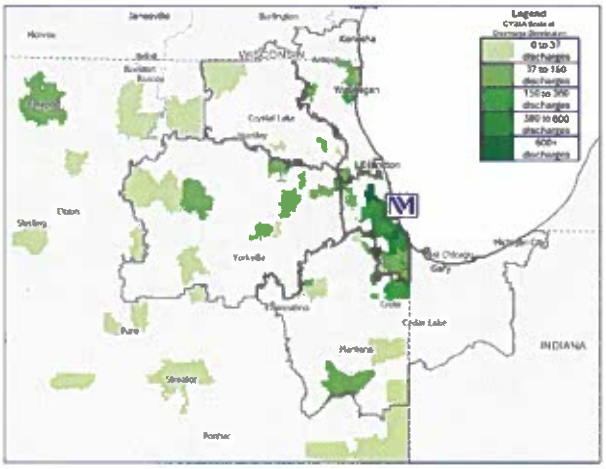
1110.200(b)(2) – Planning Area Need – Service to Planning Area Residents

The table below provides ICU patient origin data by zip code for CY24. The proposed beds will provide increased access to Northwestern Medicine care for residents of the A-01 planning area, City of Chicago, Cook County, and beyond.

NMH is the largest provider of tertiary and quaternary care in the Chicagoland area. 94% of patients admitted to NMH come from area highlighted on the following map:



In CY24, 32% of NMH inpatients came from under-resourced zip codes in Illinois, an increase of 8.5% since CY19.



NMH CY24 ICU Patient Origin Data by Zip Code

Zip Code	ICU Cases
01095	1
01262	1
01748	1
02382	1
04746	1
06850	1
07450	1
07866	1
08536	1
09316	1
10005	1
10017	1
10980	1
11030	1
12037	1
13027	1
15243	1
16648	1
16828	1
18822	1
20148	1
20817	2
20854	1
20910	1
21122	1
21163	1
21206	1
21224	1
21713	1
22042	1
22192	1
22222	20
23224	1
23601	1
27376	1
28031	1
28546	1
28801	1
29536	1
29577	1

Zip Code	ICU Cases
30022	2
30031	2
30033	1
30329	1
31771	1
32118	1
32137	2
32311	1
32601	1
33040	1
33069	1
33071	1
33109	1
33129	1
33410	1
33609	1
33701	2
33704	1
33837	1
33904	1
33908	1
33913	1
33916	2
33928	1
34102	1
34105	1
34109	1
34110	3
34114	1
34202	2
34223	2
34237	1
34292	1
34606	1
34638	1
34683	1
34698	1
34759	2
34761	1
34953	1

Zip Code	ICU Cases
35243	1
37066	1
37128	1
37217	1
37774	1
38053	1
38468	3
38501	1
38761	1
40241	0
40299	1
41005	1
42066	1
43016	1
43110	1
43209	1
43221	1
43227	1
44406	1
45011	1
45044	1
45458	1
45662	1
46041	1
46105	1
46216	1
46219	1
46234	1
46301	1
46303	7
46304	22
46307	36
46308	1
46310	2
46311	11
46312	4
46319	7
46320	3
46321	9
46322	11

Zip Code	ICU Cases
46323	1
46324	4
46327	3
46341	3
46342	9
46347	1
46350	11
46356	10
46360	29
46368	16
46373	14
46375	15
46383	17
46385	20
46391	5
46392	4
46394	7
46402	2
46403	2
46404	1
46405	2
46406	2
46407	4
46408	6
46409	3
46410	17
46501	1
46507	2
46511	1
46514	2
46516	1
46528	2
46530	6
46544	3
46545	4
46550	1
46554	2
46561	1
46563	3
46567	1

Zip Code	ICU Cases
46574	1
46614	3
46615	1
46617	3
46619	2
46628	1
46637	4
46714	1
46733	1
46748	1
46765	1
46795	1
46798	1
46835	1
46947	1
46968	2
46970	1
47122	1
47161	1
47203	2
47421	1
47460	1
47904	1
47906	2
47943	1
47960	2
47978	1
47987	1
48067	1
48103	1
48104	1
48105	1
48152	1
48221	1
48224	1
48239	1
48306	1
48310	1
48382	2
48433	1

Zip Code	ICU Cases
48864	4
49010	2
49013	1
49022	2
49024	1
49031	3
49047	1
49056	1
49057	1
49085	2
49101	1
49111	1
49113	1
49116	1
49117	6
49120	6
49125	1
49127	1
49129	2
49130	2
49221	2
49319	1
49423	1
49426	1
49431	1
49437	1
49464	1
49525	1
49913	1
50701	1
51012	1
51245	1
51445	1
51501	1
51503	2
52349	1
52501	1
52753	1
52761	2
52802	1

ATTACHMENT-19

Zip Code	ICU Cases
52804	2
52806	1
52807	4
52808	1
53018	1
53040	1
53045	1
53048	2
53058	1
53089	1
53104	1
53105	1
53125	2
53128	1
53129	1
53132	4
53142	5
53143	3
53144	3
53146	1
53147	4
53150	2
53151	1
53158	1
53168	1
53170	1
53179	2
53188	1
53210	1
53211	2
53212	1
53217	1
53221	1
53406	1
53511	1
53531	1
53532	1
53546	1
53562	1
53576	1

Zip Code	ICU Cases
53590	1
53597	1
53705	1
53717	1
54112	1
54115	2
54171	1
54204	1
54220	2
54424	1
54455	3
54481	1
54558	1
54914	1
54937	1
55025	1
55104	1
55378	1
55419	1
55444	1
56071	1
59011	1
59715	3
60002	26
60004	23
60005	9
60007	10
60008	7
60010	19
60012	9
60013	15
60014	28
60015	24
60016	22
60018	9
60020	12
60021	2
60022	6
60025	23
60026	10

Zip Code	ICU Cases
60030	26
60031	28
60033	4
60034	1
60035	25
60040	2
60041	6
60042	4
60043	1
60044	11
60045	25
60046	17
60047	20
60048	19
60050	32
60051	19
60053	9
60056	8
60060	20
60061	17
60062	33
60064	15
60067	18
60068	18
60069	8
60070	4
60072	1
60073	30
60074	10
60076	20
60077	8
60081	4
60083	3
60084	5
60085	56
60087	9
60088	1
60089	14
60090	12
60091	22

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Zip Code	ICU Cases
60093	12
60096	1
60097	5
60098	31
60099	10
60101	12
60102	12
60103	12
60104	9
60106	6
60107	8
60108	12
60110	9
60112	7
60113	1
60115	26
60118	7
60119	2
60120	11
60123	12
60124	11
60126	20
60130	8
60131	11
60133	9
60134	12
60135	2
60136	5
60137	12
60139	8
60140	6
60142	26
60143	3
60145	1
60148	19
60151	3
60152	12
60153	8
60154	3
60155	2

Zip Code	ICU Cases
60156	19
60157	2
60160	4
60162	4
60163	2
60164	4
60169	9
60171	2
60172	9
60173	2
60174	11
60175	21
60176	3
60177	10
60178	17
60180	1
60181	11
60184	1
60185	19
60187	16
60188	21
60189	11
60190	5
60191	6
60192	9
60193	8
60194	7
60201	18
60202	22
60203	2
60301	1
60302	25
60304	7
60305	7
60323	1
60401	6
60402	25
60403	5
60404	7
60406	11

Zip Code	ICU Cases
60409	23
60410	3
60411	29
60415	8
60416	2
60417	14
60418	7
60419	17
60420	1
60422	11
60423	14
60424	1
60425	11
60426	12
60428	5
60429	10
60430	11
60431	12
60432	6
60433	1
60434	1
60435	11
60436	5
60438	20
60439	9
60440	14
60441	8
60442	5
60443	12
60445	5
60446	9
60447	8
60448	13
60449	5
60450	11
60451	11
60452	16
60453	25
60455	3
60456	1

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Zip Code	ICU Cases
60457	7
60458	6
60459	14
60461	2
60462	34
60463	12
60464	9
60465	8
60466	11
60467	12
60468	2
60469	2
60471	4
60472	3
60473	18
60475	5
60476	2
60477	24
60478	4
60479	1
60480	8
60481	2
60482	10
60484	6
60487	11
60490	6
60491	13
60501	1
60502	8
60503	2
60504	9
60505	8
60506	7
60510	16
60513	4
60514	7
60515	8
60516	6
60517	6
60518	4

Zip Code	ICU Cases
60520	4
60521	9
60523	8
60525	14
60526	4
60527	15
60531	2
60532	5
60534	3
60538	5
60540	22
60542	7
60543	12
60544	7
60545	4
60546	6
60548	8
60551	8
60552	1
60554	5
60555	10
60556	1
60558	3
60559	6
60560	5
60561	8
60563	11
60564	20
60565	13
60585	2
60586	18
60598	1
60601	52
60602	7
60603	10
60604	6
60605	103
60606	16
60607	36
60608	38

Zip Code	ICU Cases
60609	49
60610	318
60611	288
60612	38
60613	60
60614	146
60615	45
60616	101
60617	62
60618	85
60619	89
60620	40
60621	28
60622	48
60623	49
60624	37
60625	49
60626	28
60628	75
60629	61
60630	42
60631	16
60632	38
60633	8
60634	48
60636	38
60637	42
60638	25
60639	64
60640	145
60641	69
60642	36
60643	54
60644	42
60645	34
60646	17
60647	51
60649	63
60651	74
60652	17

Zip Code	ICU Cases
60653	63
60654	61
60655	17
60656	15
60657	86
60659	32
60660	88
60661	10
60690	1
60706	14
60707	24
60712	7
60714	13
60803	9
60804	20
60805	12
60827	14
60901	16
60913	1
60914	13
60915	1
60927	1
60929	1
60936	1
60938	1
60940	1
60941	2
60942	1
60946	2
60950	5
60952	1
60953	1
60954	1
60955	1
60957	5
60963	3
60964	1
60970	5
60973	1
61008	7

Zip Code	ICU Cases
61011	1
61021	11
61032	6
61054	3
61064	2
61065	2
61068	4
61071	1
61072	2
61073	2
61080	1
61081	5
61101	6
61102	1
61103	6
61104	3
61107	6
61108	4
61109	5
61111	3
61114	2
61115	4
61201	5
61240	2
61244	2
61254	1
61265	1
61270	3
61284	1
61301	3
61322	1
61330	2
61336	1
61341	4
61342	4
61346	1
61348	2
61350	10
61354	7
61356	5

Zip Code	ICU Cases
61360	4
61362	4
61364	3
61368	3
61370	1
61373	1
61376	2
61401	3
61443	3
61451	1
61455	2
61462	2
61474	1
61488	1
61517	1
61520	8
61523	1
61525	1
61528	1
61542	2
61548	3
61550	7
61554	8
61561	1
61563	1
61564	1
61565	1
61570	1
61571	3
61604	4
61606	1
61610	1
61611	4
61614	3
61615	4
61616	1
61701	11
61704	18
61705	6
61720	1

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Zip Code	ICU Cases
61721	1
61727	1
61729	1
61733	1
61736	1
61740	1
61745	1
61748	4
61753	2
61755	1
61761	5
61764	5
61776	1
61801	10
61802	4
61817	2
61820	3
61821	12
61822	8
61832	3
61839	2
61843	1
61853	5
61856	3
61858	2
61859	2
61864	1
61866	3
61874	1
61882	1
61883	1
61910	3
61920	1
61924	2
61929	1
61937	1
61938	3
61956	1
62002	1
62305	2

Zip Code	ICU Cases
62378	1
62438	1
62448	1
62481	1
62521	2
62522	2
62526	4
62563	3
62613	1
62626	1
62629	1
62681	1
62702	2
62703	2
62704	3
62711	2
62712	1
62835	1
62863	3
62869	1
62959	3
62966	1
63021	1
63301	2
63664	1
64112	1
65738	1
65756	1
65810	2
66211	1
66216	1
66218	1
67214	1
68154	6
70811	1
71913	1
72205	1
72543	1
74344	1
75126	1

Zip Code	ICU Cases
75287	1
76009	1
76063	1
77058	1
77357	2
78255	1
78580	1
79912	2
80012	2
80134	1
80211	1
80305	1
80401	1
80525	1
80918	1
81416	1
81620	1
81623	1
83001	2
83002	1
83404	2
84020	2
85118	1
85140	1
85253	1
85255	1
85257	1
85365	1
85375	1
85614	1
85719	1
85747	1
86314	1
87505	2
87544	1
89052	1
89061	1
89117	1
89123	1
89130	1

Zip Code	ICU Cases
89511	1
90049	2
91001	1
92024	1
92544	1
92604	1
92677	1
93035	1
93065	1
93313	1
93422	1
94115	1
94134	1
94401	1
94904	1
95032	1
95330	1
95348	1
95695	1
96741	1
97201	1
97221	1
97304	1
97850	1
98074	1
98178	1
98368	1
98685	1
99027	1
unknown	14

1110.200(b)(4) – Planning Area Need – Service Demand – Expansion of an Existing Category of Service

As the top provider of high acuity cases in Illinois, including transplant, oncology, and heart and vascular and second highest provider for high acuity neuroscience, NMH provides crucial health services to the residents of Illinois. As the only AMC in the A-01 planning area, the proposed project will expand access to the tertiary and quaternary services provided by NMH.

NMH provides highly specialized care that cannot be provided at other non-AMC hospitals. While overall demand for inpatient services at NMH has increased over the last five years, oncology, heart & vascular, neurology, and transplant have experienced the largest increases in admissions. Together with the proposed new tower that is in development, this project will provide additional bed capacity to accommodate current and future demand in these key service areas.

As a result of NMH's role as the preferred high acuity and specialty provider in the region, NMH has experienced a significant increase in medical/surgical and ICU patient days over the last decade. As similarly experienced by other AMCs throughout the country, patient volumes have increased due to several factors:

- AMCs provide specialized, cutting-edge care and advanced treatment options that attract patients seeking expertise in complex medical conditions.
- Their affiliation with research institutions fosters innovation in clinical practices and access to clinical trials, providing patients with the latest therapies.
- AMCs offer comprehensive services across multiple disciplines, making them a one-stop destination for complex care needs. The growing recognition of the importance of specialized care, along with an increasing incidence of chronic diseases, has led to more patients seeking the advanced resources and multidisciplinary approaches that AMCs are uniquely positioned to provide.

As presented in CON #25-025 for the Master Design Permit for a new tower, the main driver of this project is the need for additional ICU beds. Since the opening of the Feinberg/Galter pavilions over 25 years ago, there have been four (4) approved CON projects to add inpatient bed capacity in order to keep up with demand for services at NMH:

1. Addition of 13 medical/surgical beds as part of the new Prentice Women's Hospital in 2007 (CON #02-073)
2. Addition of 72 medical/surgical beds on new Prentice's 15th and 16th floors (originally planned as physicians' offices) in 2007 (CON #05-062)
3. Conversion of Galter 9th and 10th floors from physicians' offices to inpatient bed units in 2012, adding 24 medical/surgical beds, 23 ICU beds and 12 observation beds (CON #09-039)
4. Conversion of Galter 11th and 12th floors from physicians' offices to inpatient bed units in 2020, adding 25 medical/surgical beds, 24 ICU beds and 12 observation beds (CON #20-011)

NMH understands that the solution to accommodating increased demand for services lies not only in building more space. Operational improvements for capacity management continue to increase the efficient use of our facilities and include:

- Decreasing length of stay for complex patients and surgery patients by creating enhanced interdisciplinary workflows, implementing social work consults pre-surgery, improving discharge planning checklists and establishing communication protocols for patients' families and caregivers.
- Implementing a super track to lower the ED's Left Without Being Seen rates and improve patient satisfaction by offering more efficient care.
- Referring eligible patients requiring rapid diagnostics to outpatient locations to receive workups in less than half the time of equivalent ED visits.
- Expanding Oncology Triage Clinic hours for low-risk oncology patients in lieu of them being seen in the ED.
- Evaluating a Hospital at Home program for NMH patients, allowing eligible patients to receive inpatient care in their homes instead of a hospital.
- Launching an ICU transfer program between NMH and Central DuPage Hospitals in 2024, this process facilitates requests for transfers to the NMH Medical Intensive Care Unit and evaluates them for potential routing to Central DuPage Hospital through a detailed review process and collaboration with teams at both facilities, optimizing on the integrated academic health system to provide timely access to high-quality ICU care.

However, without additional inpatient beds, capacity-constrained conditions will continue. As in other years of high demand, lack of bed availability has caused significant backups in the Emergency Department which has led to excessive ED wait times, approximately 10,000 patients per year leaving the ED without being seen, and beds not being available to receive patients from other hospitals needing transfer to NMH for specialty services.

NMH's projections for additional ICU beds are based on three supporting justifications:

1. Projected population growth for residents aged 65+
2. Increase in patient acuity levels
3. Historic average annual occupancy above the State Standard/projected continued growth in patient days

1. *Projected Population Growth for Residents Aged 65+*

   Older adults use far more health care services than younger age groups. Although older adults vary greatly in terms of health status, the majority have at least one chronic condition that requires care. Projections indicate that the demand for services for older adults will rise substantially in the coming decades, which will put increasing pressure on the capacity of healthcare facilities.

   Over the coming decades, the total number of Americans ages 65 and older will increase sharply. As a result, an increasing number of older Americans will be living with illness and disability, and more care resources will be required to meet their needs for health care services.

Older adults have much higher rates of health services utilization than do non-elderly persons. Although they represent about 12-15% of the U.S. population, adults ages 65 and older account for approximately 30-35% of all hospital stays (source: www.nih.gov).

According to an analysis by SG2, while the overall population of the NM service area is projected to remain about the same from 2025 to 2030, there will be an 11.7% increase in the number of residents aged 65+.

	NM Service Area Population 2025	Projected % Population Change 2025-2030
0-17	1,981,698	-6.0%
18-44	3,455,281	-3.1%
45-64	2,384,416	-1.5%
65+	1,660,001	+11.7%
Total	**9,481,396**	**-0.7%**

NMH has already seen an increase in the percentage of patients aged 65+: in CY14, 36% of NMH's medical/surgical patients were aged 65+, and in CY24, the percentage had increased to 45%. Because almost half of NMH's medical/surgical patients are aged 65+, based on these population projections for the NM service area, inpatient volumes at NMH will likely increase at a higher average annual growth rate than the historical growth rate.

2. *Increase in Patient Acuity Levels*

An increase in a hospital's Case Mix Index (CMI) reflects a higher acuity level of patients being treated and a greater complexity of medical cases. Since CY19, NMH's CMI has increased by 16%.

NMH	CY19	CY20	CY21	CY22	CY23	CY24
CMI	1.87	1.93	2.00	2.04	2.11	2.17

When CMI increases, patient days increase for several reasons:

- Longer hospital stays: patients with more complex conditions typically require longer hospitalizations due to the need for intensive monitoring, treatment, and recovery. This results in an increase in the total number of patient days, as patients may stay in the hospital longer than those with less severe conditions.
- Increased use of resources: higher acuity patients typically require additional diagnostic tests, specialized treatments, and consultations with various specialists. This increased resource use can lead to extended stays, contributing to a higher number of patient days.
- Higher readmission rates: complex cases can lead to higher rates of readmission, which increases patient days as patients return for treatment related to their ongoing health issues.

3. *Historic Average Annual Occupancy above the State Standard/Projected Continued Growth in Patient Days*

Category of Service	State Standard	CY23	CY24
ICU	60%	71.1%	74.9%

Occupancy of NMH's ICU beds has been over 60% (State occupancy standard) every year for the past decade. Average annual occupancy has ranged from 68% - 78.8%. In order to be at the State occupancy standard in CY24, NMH would have needed 35 more beds.

Historic Utilization

ICU	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Admissions	7,064	7,605	7,766	7,888	7,375	7,248	8,133	6,859	6,754	7,222	7,217
Inpatient Days	29,901	29,923	30,786	31,430	29,429	30,813	33,159	36,683	34,525	36,086	38,105
ADC	81.9	82.0	84.1	86.1	80.6	84.4	90.6	100.5	94.6	98.9	104.1
Beds	115	115	115	115	115	115	115	139	139	139	139
Occupancy	71.2%	71.3%	73.1%	74.9%	70.1%	73.4%	78.8%	72.3%	68.0%	71.1%	74.9%

ICU patient days have increased by 27.4% from CY14 – CY24, with an average annual growth rate of 2.74%.

Projected Continued Growth

Using the same growth rate to project future ICU patient days, NMH can justify an additional 78 beds by CY33, two years after a new tower could be completed. 42 of the projected beds needed are part of this project and the remaining 36 beds are included in the planning for the new tower.

ICU	CY25	CY26	CY27	CY28	CY29	CY30	CY31	CY32	CY33
Admissions	7,368	7,551	7,738	7,930	8,126	8,328	8,535	8,746	8,963
Inpatient Days	39,050	40,018	41,011	42,028	43,070	44,138	45,233	46,355	47,503
ADC	107.0	109.6	112.4	114.8	118.0	120.9	123.9	126.7	130.1
Beds	139	139	139	181	181	181	181	217	217
Occupancy	77.0%	78.9%	80.8%	63.4%	65.2%	66.8%	68.5%	58.4%	60.0%

1110.200(e) – Staffing Availability

The Division of Patient Care at NMH is responsible for ensuring a safe patient care environment. NMH's framework for Nursing Practice and Guiding Principles for Care Delivery are based on the Northwestern Medicine Interprofessional Relationship Based Care Model.

All inpatient nursing units maintain a staffing plan that enables the nurse in charge (usually a Clinical Coordinator or charge nurse) to identify the complement of registered nurses needed to care for the patients on the unit. Patient assignments are

commensurate with the qualifications of each staff member and meet the identified nursing needs of the patient and the prescribed medical regimen. A Registered Nurse (RN) is accountable and responsible for assessing, planning, supervising, and evaluating the nursing care of every patient.

Each patient care area has specific staffing standards that address:

- Patient Census
- Patient Acuity
- Staff skill mix
- Staff competency
- Unit geography

NMH requires patient care staffing assignments to:

- Minimize the risk of transfer of infection and accidental contamination
- Allow for appropriate supervision of patient care staff
- Take into consideration the patient's individual needs for nursing care and patient activities, including admission, discharge and transfers to tests and procedures
- Take into consideration the patient's need for on-going nursing assessments and interventions, as well as the present medical plan of care
- Reflect the knowledge of technology, skills, competence, needed to provide patient care
- Provide for coverage for attendance at educational programs, professional development activities and involvement in quality improvement activities.
- Define responsibility for completion of unit specific tasks and activities including care of used equipment, cleaning of unit areas, and quality control checks/monitors of equipment.

NMH is successful at recruiting and retaining nurses, technicians, and other essential employees. In FY24, there were 2,866 total registered nurses at NMH up from approximately 2,578 in FY14. NMH hired 768 RNs in FY23 and 733 in FY24.

98% of NMH nurses hold a baccalaureate degree or higher which compares to the national average of 71.7% (source: U.S. Bureau of Labor Statistics 2022).

The nurse vacancy rate decreased from 11.8% in FY23 to 8.5% in FY24 and is at 5.2% year to date through June 2025, which compares favorably to the national benchmark of 9.6% for hospitals (source: NSI Nursing Solutions 2025 National Health Care Retention and RN Staffing Report). Vacant positions are covered using an overtime/supplemental time program. NMH is confident it can continue to fully staff its clinical inpatient and outpatient services.

NMH has numerous initiatives to create a healthy work environment for nurses and to improve nurse retention:

- The NMH RN Residency Transition into Practice Program is a twelve-month nurse residency program for new graduate nurses. Established in 2013, this program has been twice accredited by the ANCC Commission on Accreditation in Practice Transition Program (PTAP).
- Opportunities for career growth and advancement for nurses at NMH, including leadership roles such as charge nurse, clinical coordinator, manager, etc.; educational paths such as Education Coordinator, breastfeeding counselor, etc.; involvement in professional organizations, professional certification review course opportunities, advanced education or community volunteerism; and participation in quality, safety, or research initiatives.
- Offering Nursing Academic Scholarships to provide financial support to eligible employees in select nursing degree programs who have demonstrated excellence in patient care and a commitment to professional contribution.
- The Northwestern Office of Well-Being launched the Peer-to-Peer Network in 2020 to support clinicians, including nurses, in navigating challenges related to adverse events or medical issues that can lead to significant stress and burnout. Trained volunteer peer supporters offer confidential one-on-one support to colleagues in their job family after an adverse event.
- Production of the *Better, RN* podcast, hosted by two nurses at NM, providing nurses and other clinical staff with the latest tips and strategies to live better. Started in April 2023, episodes span numerous health and wellness topics, including social, spiritual, psychological, and financial health.
- The Northwestern Medicine *Connections to Well-Being* is a comprehensive workforce initiative. *Connections to Well-Being* highlights resources, rewards, and ways of receiving care that optimize the ongoing commitment to the physical, emotional, and financial well-being of every NMH employee. Enhanced benefits include: 1) annual $250 reimbursable well-being fund; 2) student loan repayment services; 3) paid parental leave benefit; and 4) workforce physician referral service.

NMH is proud to have achieved Magnet® recognition, the gold standard for nursing excellence and quality care awarded by the American Nurses Credentialing Center in 2006, 2010, 2015, and 2020. This designation recognizes NMH's ongoing commitment to provide the best for our patients. NMH is currently working towards its fifth re-designation.

1110.200(f) – Performance Requirements

The minimum unit size for an intensive care unit is 4 beds. The proposed ICU unit on the 14th floor will have 22 beds and the proposed unit on the 15th floor will have 20 beds. The total number of NMH ICU beds will be 181.

1110.200(g) – Assurances

See letter on the next page of this ATTACHMENT.

Northwestern Medicine®

July 17, 2025

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

RE: 1110.200(g) – Assurances
Northwestern Memorial Hospital
Galter 14 & 15 Beds Project

Dear Mr. Kniery:

I hereby attest that it is my understanding that Northwestern Memorial Hospital in Chicago, Illinois, will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the ICU category of service by the second year of operation after project completion.

Sincerely,

Thomas J. McAfee
President, Northwestern Memorial Hospital
Senior Vice President, Northwestern Memorial HealthCare

Notarization:
Subscribed and sworn to before me
This 22nd day of July, 2025.

Notary Public

OFFICIAL SEAL
BRIDGET SUZANNE ORTH
NOTARY PUBLIC, STATE OF ILLINOIS
COMMISSION NO. 0998558
MY COMMISSION EXPIRES October 16, 2028

ATTACHMENT-19

R. Criterion 1110.3030 – Clinical Service Areas Other than Categories of Service

Indicate changes by Service:

Service	# of Existing Key Rooms	# of Proposed Key Rooms
Bronchoscopy	1	2
Inpatient Dialysis	8	16

Service Modernization

c) 2) Necessary Expansion and c) 3) B) Utilization – Service

Bronchoscopy

Currently, there is one bronchoscopy procedure room at NMH. The proposed project will relocate the existing procedure room and add an additional room on the 14th floor of Galter Pavilion.

Bronchoscopy cases and hours have increased by approximately 50% since CY20, which is an average annual growth rate of 12.5%. In CY24, NMH could justify a second bronchoscopy room based on the state target utilization of 1,500 hours per procedure room.

Bronchoscopy	CY20	CY21	CY22	CY23	CY24
Cases	1,013	1,089	1,017	1,298	1,534
Hours	1,224	1,340	1,233	1,565	1,836
Rooms Justified	0.8	0.9	0.8	1.0	1.2

Assuming the same average annual growth rate, NMH can justify 2 bronchoscopy rooms in CY29, two years after the project opens.

Bronchoscopy	CY25	CY26	CY27	CY28	CY29
Cases	1,672	1,843	2,031	2,238	2,466
Hours	2,023	2,230	2,457	2,708	2,984
Rooms Justified	1.3	1.5	1.6	1.8	2.0

Inpatient Dialysis

While NMH has increased beds over the last decade, the number of inpatient dialysis bays has remained the same, making it difficult to meet existing demand and causing discharge delays. Currently, there are 8 inpatient dialysis bays, which are consistently operating above 100% utilization. The proposed project adds 8 inpatient dialysis bays on the 15th floor of the Galter Pavilion which will accommodate current demand as well as future demand associated with the planned AMC expansion for a growing patient population requiring inpatient dialysis.

IP Dialysis volume have increased by 42% from FY19 – FY24, an average annual growth rate of 8.4%.

IP Dialysis	FY19	FY20	FY21	FY22	FY23	FY24
Units of Service	6,242	6,860	8,470	7,964	8,471	8,866
Utilization	83%	92%	113%	106%	113%	118%
# of Bays	8	8	8	8	8	8
Bays Justified	8.3	9.2	11.3	10.6	11.3	11.8

There is no state standard for IP Dialysis. Target utilization of 80% is based on 3 shifts/day x 6 days/week per bay. Assuming the same average annual growth rate, IP Dialysis will be operating above 80% utilization by FY29, two years after the project opens.

IP Dialysis	FY25	FY26	FY27	FY28	FY29
Units of Service	9,509	10,198	10,938	11,731	12,581
Utilization	127%	136%	146%	78%	84%
# of Bays	8	8	8	16	16
Bays Justified	12.7	13.6	14.6	15.7	16.8

SECTION VII. 1120.120 – AVAILABILITY OF FUNDS

Not Applicable – NMHC has a long-term bond rating of AA+ from S&P Global and Aa2 from Moody's Investors Service.

SECTION VIII. 1120.130 – FINANCIAL VIABILITY

Not Applicable – NMHC has a long-term bond rating of AA+ from S&P Global and Aa2 from Moody's Investors Service.

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CREDIT OPINION
8 August 2024

Send Your Feedback

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

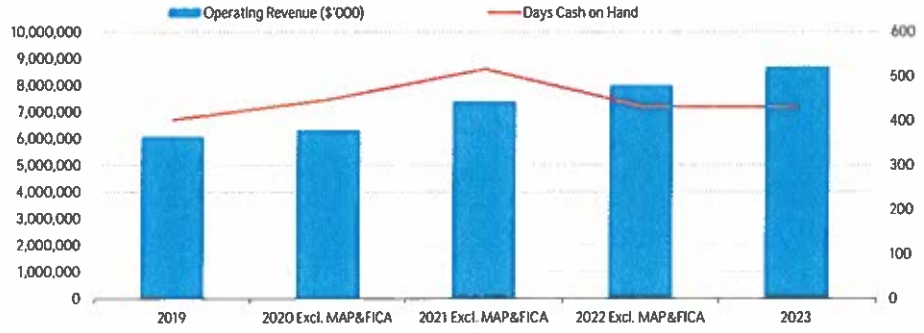
Northwestern Memorial HealthCare, IL

Update to credit analysis

Summary

Northwestern Memorial HealthCare's (NMHC) (Aa2, stable) growing market position, single operating model, and financial discipline will allow it to effectively execute strategies, while maintaining a strong financial position despite industry pressures. A deep analytic approach to management and a well-defined culture will allow NMHC to manage operating and strategic risks. A leading brand and affiliation with Northwestern University's Feinberg School of Medicine (FSM) will underpin further growth, particularly in high acuity services. The system's locations will provide growth opportunities and contribute to a comparatively favorable payer mix. Manageable near-term capital plans will help maintain a very strong investment position. Leverage will remain moderate, particularly since the system has a fully funded pension plan and modest operating lease obligations. Operating performance will be solid, but below historical levels because of investments in the workforce to accommodate growing volumes. Market-related risks include competition from several large healthcare systems and academic medical centers and a dominant insurer.

Exhibit 1
Strong liquidity will help fund continuation of high growth



Source: Moody's Ratings

Credit strengths

» Growing market position with strong brand, favorable locations, large physician network, and affiliation with FSM

» Single, fully integrated operating model and financial discipline support effective execution of strategies

» Very strong liquidity with over 400 days cash on hand

» Solid performance of 8-9% operating cash flow margins driving high 11% 3-year revenue CAGR

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» Modest leverage with over 500% cash-to-debt and under two times debt-to-cashflow

Credit challenges

» Labor costs keep margins below historical levels with significant workforce investments to accommodate growing volumes

» Competition from several large systems and academic medical centers and dominance of a major commercial insurer

» High allocation to alternative investments will drive comparatively low monthly liquidity

Rating outlook

The stable outlook reflects solid operating cashflow margins of 8-9% and maintenance of very favorable cash and debt metrics since near-term capital spending will be funded with cash flow.

Factors that could lead to an upgrade

» Further geographic diversification of cash flow

» Significant increase in market share

» Material and sustained improvement in operating margins

Factors that could lead to a downgrade

» Sizable increase in leverage that results in over three times debt-to-cashflow or under 300% cash-to-debt

» Sustained decline in OCF margins to under 7%

» Meaningful dilution from acquisition or merger

Key indicators

Exhibit 2

Northwestern Memorial HealthCare, IL

	2019	2020 Excl. MAP&FICA	2021 Excl. MAP&FICA	2022 Excl. MAP&FICA	2023
Operating Revenue ($'000)	6,052,028	6,288,427	7,359,368	7,985,456	8,681,522
3 Year Operating Revenue CAGR (%)	11.6	9.2	12.1	9.7	11.3
Operating Cash Flow Margin (%)	11.1	10.2	12.1	9.4	8.1
PM: Medicare (%)	39.6	39.5	40.6	41.7	42.6
PM: Medicaid (%)	10.4	10.8	11.2	11.3	12.0
Days Cash on Hand	402	447	516	432	431
Unrestricted Cash and Investments to Total Debt (%)	342.1	402.7	465.0	423.2	488.2
Total Debt to Cash Flow (x)	1.7	1.7	1.4	1.7	1.6

Based on financial statements for Northwestern Memorial HealthCare & Subsidiaries, fiscal year ended August 31
Adjustments: Grants and academic support provided (representing transfers to the school of medicine) reallocated to operating expenses from nonoperating gains (losses)
Investment returns normalized at 5%
Source: Moody's Ratings

Profile

NMHC includes eleven hospitals, diagnostic and ambulatory sites across Chicago, Illinois, and its surrounding Counties, and over three thousand employed physicians. The flagship, Northwestern Memorial Hospital (NMH), is a major academic medical center located in the Streeterville neighborhood of Chicago and is the primary teaching hospital for Northwestern University's Feinberg School of Medicine (FSM).

Detailed credit considerations

Market position

Strategies to optimize operations and increase access through ambulatory investments will extend very strong growth trends with an over 40% increase in revenue since 2019. Between 2021 and 2023, admissions and observations increased 12% and outpatient surgeries were up 14% in a market that is largely stagnant. NMHC's centralized model supports a high degree of clinical integration across the system, allowing efficient allocation of resources and supporting growth initiatives in local markets. The alignment with FSM supports a leading brand with a large $1 billion research program fueling clinical advances in high acuity services. Significant growth in and tight integration with over five thousand physicians, over half of which are employed, underpins the system's competitive advantages.

Despite consolidation, the market is still relatively fragmented with competition from academic medical centers, large systems, and a sizable private equity backed medical group. Based on management provided data for 2023, NMHC held the second position with 17.4% share, behind Advocate Health with 18.7%, but ahead of Endeavor Health (13.5%) and Ascension (10.6%). In addition, there are several AMCs located in the Chicago market, including the University of Chicago Medicine and Rush University Medical Center. Favorably, the state's strict Certificate of Need regulations moderate competitive threats.

Operating performance and liquidity

While below the historical average, operating performance will remain solid with 8-9% operating cash flow margins driven by strong revenue growth (11% 3-year CAGR) and cost management. Centralized management and long-standing deep analytical capabilities support a standardized approach to containing costs across the system, including corporate services. Nevertheless, labor costs will keep margins below historical levels for some time because of material investments in salaries and benefits to accommodate high demand without reducing services. Also, while NMHC's dependency on governmental payers is below average, the ongoing shift in Medicare patients to Medicare Advantage will constrain revenue.

Liquidity

Cash will remain strong at over 400 days as near-term capital spending will be funded with operating cashflow and a low average age of plant of nine years allows the system to pull back if necessary. While volume growth may necessitate higher spending over the next several years, NMHC has ample resources to fund capital including cashflow, cash, fundraising, asset monetizations, and debt capacity. Liquidity will be comparatively lower than peers, with fiscal 2023 monthly liquidity at 50%, due to high asset allocations to hedge funds and private equity.

Leverage

NMHC will continue to enjoy moderately low leverage assuming steady operating performance and liquidity with under two times debt-to-cashflow and an exceptionally strong 400%-500% cash-to-debt.

NMHC will have ample headroom to covenants given its strong financial position and the alignment of MTI and bank covenants. If debt service coverage is under 1.0 times, no consultant is required if the breach is due to a force majeure event. An event of default would occur if coverage is under 1.0 times for two consecutive years and days cash is under 175 days at the end of the second year and the funded indebtedness ratio exceeds 65%.

Legal security

Bonds and commercial paper are unsecured general obligations of the Obligated Group, which includes virtually all of NMHC's assets and revenues. The MTI allows substitution of notes without bondholder approval if certain conditions are met and has no additional indebtedness tests.

Debt structure
Debt structure risks are low with limited exposure to bank-related debt (direct placements and SBPAs are under 20%), diversified counterparties, and staggered mandatory tenders. Self-liquidity obligations are supported with strong liquidity sufficiency and debt and treasury management. At June 30, 2024, coverage of $126 million of VRDBs was over nine times. No commercial paper was outstanding. Although not restricted in the Issuing and Paying Agent Agreement, NMHC limits CP maturities to $60 million within five business days.

Debt-related derivatives
There are minimal risks with manageable swaps ($313 million notional) and strong liquidity for any collateral requirements.

Pensions and OPEB
NMHC's pension plan is over funded.

ESG considerations

Northwestern Memorial HealthCare, IL's ESG credit impact score is CIS-2

Exhibit 3
ESG credit impact score

CIS-2

ESG considerations do not have a material impact on the current rating.

Source: Moody's Ratings

Northwestern Memorial HealthCare's neutral **CIS-2** reflects low exposure to environmental risks, strong financial strategy and risk management, and average social risks. The latter reflects a strong and growing brand as well as lower than average exposure to governmental payers.

Exhibit 4
ESG issuer profile scores

ENVIRONMENTAL
E-2

SOCIAL
S-3

GOVERNANCE
G-2

Source: Moody's Ratings

Environmental
NMHC does not have significant environmental risks given its locations in the city of Chicago and surrounding counties.

Social
Social risks are moderate and in line with or better than the industry. Better than average customer relations reflects a strong brand, affiliation with FSM and strong growth. Partly offsetting this is competition from large healthcare systems and academic medical

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centers and typical challenges with other types of customers, such as insurance companies. Risks related to demographic and societal trends are modest because NMHC's reliance on governmental payers, both Medicare and Medicaid, is lower than average.

Governance

The positive assessment of Financial Strategy and Risk Management reflects NMHC's single operating model, centralized business functions, and uniform IT platforms (EMR and ERP) which support ongoing efforts around efficiency, integrations, and growth. The system has a long history of demonstrated discipline and analytic approaches to evaluating strategic alternatives and capital commitments. These capabilities have driven consistent operating and balance sheet strength, including through periods of rapid growth, integration and industry stress. Workforce development and strong succession planning will continue to provide a pipeline of leaders and ensure smooth transitions.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

REPORT NUMBER 1417601

CLIENT SERVICES

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

S&P Global
Ratings

RatingsDirect®

Northwestern Memorial HealthCare, Illinois
Illinois Finance Authority; CP; System

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Table Of Contents

Northwestern Memorial HealthCare, Illinois
Illinois Finance Authority; CP; System

Credit Profile

Illinois Finance Authority, Illinois
Northwestern Memorial HealthCare, Illinois
Illinois Fin Auth (Northwestern Mem HlthCare) SYS

Long Term Rating	AA+/Stable	Current

Credit Highlights

- S&P Global Ratings' long-term rating on Northwestern Memorial HealthCare's (NMHC) debt outstanding is 'AA+' and its short-term rating on NMHC's commercial paper (CP) notes is 'A-1+'.
- S&P Global Ratings' dual ratings on NMHC's bonds are 'AA+/A-1+' and 'AA+/A-1'. The long-term component of the ratings reflects the credit quality of NMHC, the obligor. The short-term component of the ratings reflects the standby bond purchase agreements provided by the various banks.
- The outlook, where applicable, is stable.
- We base the 'A-1+' short-term rating on the CP on NMHC's ability to fund from its own liquidity any CP not successfully remarketed. The taxable CP program has a $200 million limit, and currently has nothing drawn. NMHC has internally set maturity restrictions of a maximum of $60 million during a period of five business days.

Security

The revenue bonds and CP are an unsecured general obligation of the NMHC obligated group.

Credit overview

The ratings reflect our view of NMHC's healthy market position as an important provider in the very competitive Chicagoland market, and we believe management will continue to focus on efficiency and improving access to care as well as aligning services in ambulatory facilities as a growth strategy. NMHC has a prominent position in a competitive market, with a management team that is focused on strategic growth and pioneering efforts that include telehealth and artificial intelligence. The organization also has numerous benefits realized through Northwestern University-related entities, including the Feinberg School of Medicine.

In addition, NMHC has sustained solid operational performance, though lower than historically, and exceptional balance-sheet metrics despite continued industry pressures, including elevated labor costs and inflation. Management has maintained financial discipline while also continuing to execute on the system's growth strategy. The team has a track record of integrating new entities into the system and improving operations within a short time. As a system, this has allowed NMHC to reap the benefits of operating more as a system than a federation of hospitals. Its most recent acquisition was Palos Community Hospital in January 2021, a 425-bed hospital in Palos Heights, which is a strategic growth area for NMHC.

The 'AA+' rating reflects our view of NMHC's:

- Robust liquidity position that we expect will be stable, given manageable capital needs;
- Solid financial performance despite industry pressures, aided by management's continued focus on cost containment and execution as well as a favorable payer mix;
- Low debt levels and light debt burden, that along with solid cash flow, support good debt service coverage;
- Outstanding governance and management, including the numerous benefits realized through affiliations with Northwestern University-related entities, such as the Feinberg School of Medicine; and
- Very strong brand name recognition and expanding business position through its acquisition strategy.

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

- Increasingly competitive service area, as provider consolidation continues in the greater Chicago area;
- Less regional and business diversification, along with location in a service area that has only adequate demographic trends, including declining population growth and an increasing governmental payer mix; and
- Industry pressures including elevated staffing and supply costs along with revenue and reimbursement pressures tied to an aging population and Medicare sequestration.

The analysis and financial figures in this report pertain to the consolidated financials.

Environmental, social, and governance

We view environmental, social, and governance risks as neutral in our credit rating analysis. However, similar to industry peers, NMHC has had to contend with elevated labor costs and inflation that will continue to weigh on operations in the outlook period. We view positively management's focus on clinical innovation, as well as strategic growth, amid an evolving health care market.

Outlook

The stable outlook reflects our expectation that the system will maintain its healthy financial profile, as well as its prominent position in the Chicago market. We expect management will continue to execute on the strategy of ambulatory growth and maintaining stable market share, despite a highly competitive market with other academic medical centers and large health systems. Our outlook also reflects our view of the system having some capacity for additional debt given the healthy financial profile.

Downside scenario

Although we do not expect this to occur, if operations attenuate further for a sustained period or unrestricted reserves decline notably, we could revise the outlook to negative or lower the rating. We could also do so if there is a material increase in leverage, a dilutive acquisition, or a sustained decline in NMHC's market position.

Upside scenario

We are unlikely to raise the rating within the outlook period, given S&P Global Ratings' general view of risk in the health care sector and the highly competitive environment, in addition to industry challenges and a continued weakening in the overall payer mix over time.

Credit Opinion

Enterprise Profile: Very Strong

Enterprise profile benefits from healthy organic and strategic growth

NMHC operates more than 200 diagnostic and ambulatory sites and 11 hospitals across Chicagoland, including its flagship, Northwestern Memorial Hospital (NMH). NMH is a major academic medical center and is the primary teaching hospital for Northwestern University's Feinberg School of Medicine, providing a range of services.

The system operates in favorable service areas and has created multiple hubs in the region for service delivery and coordination of clinical care.

As of May 31, 2024, NMHC had a total of 2,624 licensed beds (2,653 staffed). NMHC also includes Northwestern Medicine Insurance Co. LLC.

Northwestern University is a separate corporation and is not obligated to repay debt service associated with the bonds, but we believe the university's Feinberg School of Medicine is integrally linked with NMHC through a shared strategic plan.

Organic growth as well as growth through strategic acquisitions

NMHC has taken a disciplined approach to growth, having more than doubled in size over the past several years through both organic growth and strategic acquisitions. It has also continued to integrate its physician practice, which has been instrumental in the implementation of the system's strategic plan. The team's growth strategy is focused on the region and continuing to grow in contiguous markets and servicing its patients.

Before acquiring Palos, NMHC's most recent acquisition was Centegra, which provided the system with a new market segment with an attractive payer mix. Other entities that were acquired include the Lake Forest Hospital, Central DuPage Hospital, Delnor Hospital, Kishwaukee Hospital, Valley West Hospital, and Marianjoy Rehabilitation Hospital and Clinic Inc. All of these entities have added to the overall footprint and, in our opinion, the acquisitions have made strategic sense. We expect management will continue evaluating growth opportunities, and we note that the current growth strategy remains focused on the region, including building out the ambulatory-care footprint.

Utilization remains solid and continues to grow

NMHC management reports that overall volumes are healthy and have continued to grow. Management has also noted that there is service-line growth across the system, including in adult services, particularly those that are aligned with strategic growth. Also, because the NMHC-aligned physicians' patients tend to remain within the system, and NMHC can take advantage of the favorable geographic relationship of the hospitals and health care sites in the system, it has been able to maintain its business position.

NMHC has a 17.4% market share in its primary service area (a 17-county area), which has increased slightly over the past few years. The market will remain competitive as consolidation occurs.

Management remains proactive and has a track record of execution

NMHC has a strong leadership team that produces solid operations and balance-sheet measures while investing in its facilities. To date, it has had no major missteps in aligning the facilities that it has acquired over the years, including Lake Forest Hospital, Central DuPage Hospital, Delnor Hospital, Kishwaukee Hospital, Valley West Hospital, Marianjoy, Centegra, and Palos Hospital. NMHC uses an integration team that assesses an acquired entity. The team then prepares a plan to help NMHC and the new entity integrate with little to no disruption.

NMHC remains focused on system integration, as it has grown rapidly over the years.

We note that the board is very engaged and continues to collaborate with the senior management team.

Table 1

Northwestern Memorial HealthCare & Subsidiaries, Illinois--Enterprise statistics

	--Nine months ended May 31--	--Fiscal year ended Aug. 31--		
	2024	2023	2022	2021
PSA population	N.A.	9,496,475	9,595,444	9,628,018
PSA market share (%)	N.A.	17.4	16.7	16.4
Inpatient admissions	102,290	129,836	125,297	113,887
Equivalent inpatient admissions	276,453	349,533	316,411	283,806
Emergency visits	345,977	440,998	420,268	364,050
Inpatient surgeries	26,128	33,602	32,499	30,887
Outpatient surgeries	58,843	72,176	72,176	66,871
Medicare case mix index	2.0192	2.2455	1.9480	1.6900
FTE employees	33,407	31,596	30,219	29,549
Active physicians	5,533	5,493	5,499	5,498
Top 10 physicians admissions (%)	N/A	N/A	N/A	N/A
Based on net/gross revenues	Net	Net	Net	Net
Medicare (%)	30.3	30.3	30.1	28.9
Medicaid (%)	10.2	10.8	10.0	9.6
Commercial/Blues (%)	58.7	58.4	59.0	61.5

Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions. PSA--Primary service area. FTE--Full-time equivalent. N.A.--Not available.

Financial Profile: Very Strong

Operations remain solid, although they have dipped from historical levels due to industry headwinds

In fiscal 2023, NMHC's financial performance was healthy, in our view, despite industry challenges with higher labor and inflationary pressures. The system was able to post a solid margin of 2.44% for fiscal 2023 and 3.23% for the nine months ended May 31, 2024. It also benefited from continued healthy volumes, in addition to cost containment, given the industry headwinds. Management has continued to focus on its efficiency plans to offset some slight payer mix degradation, which is exhibited by some increased reliance on supplemental payments from the state compared with several years ago. As the state transitions more Medicaid recipients to managed Medicaid, NMHC is exploring how to best manage this population as related to the payers in the market.

Although most of the support to Northwestern University is included in operating expenses on the audited statements, we also move additional grants and academic support provided in nonoperating income into operating expenses; these amounts were $94.4 million and $69.3 million in fiscal years 2023 and 2022, respectively, and $62.2 million for the interim period ended May 31, 2024.

We believe that NMHC should be able to achieve its fiscal 2024 budget, based on solid results through the nine months ended May 31, 2024, and historical performance, as well as management's ability to adjust and respond to changes in the market and the system's operations. We also believe overall margins will be lower compared with historical margins, given industry headwinds and a large investment in workforce planned for fiscal 2024.

With strong operations and investment income, NMHC continues to post what we consider strong maximum annual debt service (MADS) coverage; for fiscal 2023, it reported MADS coverage of 8.9x and lease-adjusted MADS coverage of 6.5x.

Balance sheet remains a key credit strength with robust unrestricted reserves

As of fiscal 2023, NMHC's liquidity was solid, with 430 days' cash on hand, which is down from historical levels but is expected to rebound. In our view, the capital plans are manageable, and we understand they will be funded with operating cash flow. As of May 31, 2024, NMHC's capital expenditures were $508.7 million.

Overall unrestricted reserves to long-term debt remains very healthy, at 502.4% in fiscal 2023. The overall asset allocation has a high percentage of alternative investments, at 51%, but liquidity is still good, with the remainder in cash and equivalents (9%), fixed income (15%), equities (24%), and other (1%).

Debt levels remain low, but contingent liabilities are moderate

NMHC has low leverage and debt to capitalization was 12.3% for the interim period ended May 31, 2024. There is about 36% contingent debt, due to variable-rate demand debt and private placements; however, unrestricted reserves more than cover any potential acceleration risk. The 2017 bonds were refunded with a direct placement with JPMorgan Bank in December 2022, and we have classified this as contingent given that the covenants differ from those in the master trust indenture. There is currently no CP drawn. In prior periods, we have included drawn amounts as long-term debt, given that this had been rolled and refinanced existing term debt. We viewed this as longer term and also had included this in contingent liabilities.

NMHC's debt includes taxable CP authorized up to $200 million. The internally set restrictions are not legally binding. In the event of a failed rollover, the assets identified in the portfolio would provide sufficient liquidity. The eligible assets include cash, fixed-income instruments, and domestic equities. NMHC has provided us with the operational procedures that, upon a failed remarketing, it would follow to liquidate assets to provide for timely payment of a CP maturity. NMHC provides monthly self-liquidity.

NMHC historically had a fully funded pension plan and has a moderate amount of operating leases.

Table 2

Northwestern Memorial HealthCare & Subsidiaries, Illinois--Financial statistics

	--Nine months ended May 31--	--Fiscal year ended Aug. 31--			Medians for 'AA+' rated health care systems
	2024	2023	2022	2021	2023
Financial performance					
Net patient revenue ($000s)	6,618,345	8,095,920	7,399,123	6,810,600	6,807,592
Total operating revenue ($000s)	7,103,894	8,677,548	7,951,046	7,352,896	7,212,048
Total operating expenses ($000s)	6,874,167	8,465,657	7,724,773	6,932,490	7,021,309
Operating income ($000s)	229,727	211,891	226,273	420,406	146,816
Operating margin (%)	3.23	2.44	2.85	5.72	1.70
Net nonoperating income ($000s)	260,206	316,168	493,346	397,321	265,807
Excess income ($000s)	489,933	528,059	719,619	817,727	424,419
Excess margin (%)	6.65	5.87	8.52	10.55	4.60
Operating EBIDA margin (%)	8.00	8.03	9.00	12.02	6.80
EBIDA margin (%)	11.25	11.27	14.32	16.53	9.50
Net available for debt service ($000s)	828,297	1,013,365	1,209,003	1,280,922	787,454
Maximum annual debt service ($000s)	114,237	114,237	114,237	114,237	121,384
Maximum annual debt service coverage (x)	9.67	8.87	10.58	11.21	6.50
Operating lease-adjusted coverage (x)	7.28	6.51	7.82	8.52	4.70
Liquidity and financial flexibility					
Unrestricted reserves ($000s)	10,158,126	9,474,250	8,649,814	9,312,844	8,880,922
Unrestricted days' cash on hand	422.9	430.5	433.3	521.0	389.2
Unrestricted reserves/total long-term debt (%)	556.8	502.4	434.9	461.9	403.8
Unrestricted reserves/contingent liabilities (%)	1,547.8	1,436.5	1,496.4	1,602.3	1,726.5
Average age of plant (years)	10.4	9.0	8.0	7.8	9.5
Capital expenditures/depreciation and amortization (%)	170.5	141.4	126.6	120.5	141.8
Debt and liabilities					
Total long-term debt ($000s)	1,824,284	1,885,668	1,988,780	2,016,222	1,957,927
Long-term debt/capitalization (%)	12.3	13.9	15.9	15.2	18.3
Contingent liabilities ($000s)	656,290	659,530	578,057	581,212	606,675
Contingent liabilities/total long-term debt (%)	36.0	35.0	29.1	28.8	26.4
Debt burden (%)	1.16	1.27	1.35	1.47	1.50
Defined-benefit plan funded status (%)	N.A.	144.73	137.11	130.85	95.90
Miscellaneous					
Medicare advance payments ($000s)*	0	0	972	314,509	MNR
Short-term borrowings ($000s)*	0	0	0	0	MNR
COVID-19 stimulus recognized ($000s)	0	0	55,305	93,034	MNR
Risk based capital ratio (%)	N/A	N/A	N/A	N/A	MNR

Table 2

Northwestern Memorial HealthCare & Subsidiaries, Illinois--Financial statistics (cont.)

	--Nine months ended May 31--	--Fiscal year ended Aug. 31--			Medians for 'AA+' rated health care systems
	2024	2023	2022	2021	2023
Total net special funding ($000s)	55,079	146,403	138,043	93,675	MNR

*Excluded from unrestricted reserves, long-term debt, and contingent liabilities. N/A--Not applicable. N.A.--Not available. MNR--Median not reported.

Credit Snapshot

- Security pledge: The revenue bonds and CP are an unsecured general obligation of the NMHC obligated group, which consists of NMHC; NMH; NLFH; Central DuPage Hospital (CDH); Delnor-Community Hospital (Delnor); Cadence Physician Group (CPG) d/b/a Northwestern Medicine Regional Medical Group (NMRMG); Northwestern Memorial Foundation; Northwestern Medical Faculty Foundation d/b/a Northwestern Medical Group (NMG); Kishwaukee Community Hospital; Valley West Community Hospital; Marianjoy Rehabilitation Hospital & Clinic Inc.; Northern Illinois Medical Center; Memorial Medical Center--Woodstock; and Centegra Hospital--Huntley Holdings; Palos Community Hospital, with Computershare Trust Co. N.A., as successor to Wells Fargo Bank N.A., as master trustee.
- Organization description: NMHC operates hospitals in the northern, southern, and western suburbs of Chicago, as well as NMH, its downtown flagship. NMH is a major academic medical center and is the primary teaching hospital for Northwestern University's Feinberg School of Medicine, providing a range of services.
- Swaps: The organization has four swap agreements outstanding with a total notional amount of about $313.5 million. It had no collateral posted as of May 2024 and a negative mark-to-market of $30.4 million as of fiscal 2023.

Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors

Ratings Detail (As Of August 22, 2024)

Northwestern Mem HlthCare taxable rev bnds ser 2021 dtd 08/11/2021 due 07/15/2051

Long Term Rating	AA+/Stable	Current

Illinois Finance Authority, Illinois

Northwestern Memorial HealthCare, Illinois

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

Short Term Rating	A-1+	Current

Illinois Finance Authority (Northwestern Mem HlthCare) var rt demand rev rfdg bnds

Long Term Rating	AA+/A-1+/Stable	Current

Illinois Finance Authority (Northwestern Mem HlthCare) var rt demand rev rfdg bnds

Long Term Rating	AA+/A-1/Stable	Current

Ratings Detail (As Of August 22, 2024) (cont.)		
Illinois Finance Authority (Northwestern Mem HlthCare) var rt demand rev rfdg bnds		
Long Term Rating	AA+/A-1+/Stable	Current
Illinois Finance Authority (Northwestern Mem HlthCare) var rt demand rev rfdg bnds (Northwestern Mem HlthCare) ser 2021E dtd 08/14/2021 due 07/15/2054		
Long Term Rating	AA+/A-1+/Stable	Current

SECTION VIII. 1120.140 – ECONOMIC FEASIBILITY

A. Reasonableness of Financing Arrangements

Not Applicable – NMHC has a long-term bond rating of AA+ from S&P Global and Aa2 from Moody's Investors Service.

B. Conditions of Debt Financing

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

C. Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT									
Department	A	B	C	D	E	F	G	H	
	Cost/Square Foot		GSF		GSF		Const. $	Mod. $	Total Cost
	New	Mod.	New	Circ.*	Mod.	Circ.*	(A x C)	(B x E)	(G + H)
CLINICAL									
ICU	$ 623.65		42,667	30.7%			$ 26,609,275		$ 26,609,275
Inpatient Dialysis	$ 597.45		4,591	33.5%			$ 2,742,893		$ 2,742,893
Bronchoscopy	$ 606.70		3,835	11.9%			$ 2,326,695		$ 2,326,695
Clinical Subtotal	**$ 620.02**		**51,093**				**$ 31,678,862**		**$ 31,678,862**
NON-CLINICAL									
Connectors	$2,863.29		3,134	100.0%			$ 8,973,565		$ 8,973,565
Administration	$ 447.85		5,258	30.7%			$ 2,354,775		$ 2,354,775
Staff Support	$ 447.85		2,184	30.7%			$ 978,104		$ 978,104
Classrooms/Conference Rooms	$ 385.07		2,484	30.7%			$ 956,518		$ 956,518
Environmental Services	$ 406.86		1,396	30.7%			$ 567,980		$ 567,980
MEP Systems/Infrastructure Upgrades	$1,469.64		4,192	30.7%			$ 6,160,741		$ 6,160,741
Non-Clinical Total	**$ 1,072.06**		**18,648**				**$ 19,991,683**		**$ 19,991,683**
TOTALS	**$ 740.89**		**69,741**				**$ 51,670,545**		**$ 51,670,545**

D. Projected Operating Costs

Project Direct Operating Expenses – FY28

	42 ICU Beds
Total Direct Operating Costs	$20,627,531
Patient Days	9,736
Direct Cost per Patient Day	$ 2,119

E. Total Effect of the Project on Capital Costs

Projected Capital Costs – FY28

Equivalent Adult Patient Days (All NMH)	625,650
Total Project Cost	$ 96,507,133
Useful Life	12
Total Annual Depreciation	$ 8,042,261
Depreciation Cost per Equivalent Patient Day	$ 12.85

SECTION X. SAFETY NET IMPACT STATEMENT

NMH is a 943-bed, adult acute-care, nationally ranked, academic medical center (AMC) in downtown Chicago that provides a complete range of adult inpatient and outpatient services in an educational and research environment. For the 14th consecutive year, NMH has been named to the Best Hospitals Honor Roll by *U.S. News & World Report*, 2025 – 2026. For more than 150 years, NMH and its predecessor institutions have served all residents of Chicago. The commitment to provide health care, regardless of patients' ability to pay, reaches back to the founding principles of our predecessors, and continues to be integral to our mission to put patients first. NMH serves a large, complex and diverse area, with patients coming from the City of Chicago and surrounding counties.

NMH is among the limited number of hospitals in the United States to be designated as a major teaching hospital by the Association of American Medical Colleges (AAMC). The AAMC has found that while major teaching hospitals comprise a small percentage of the acute-care, general-service hospitals in the United States, in aggregate, they provide a disproportionate amount of charity care and Medicaid inpatient services.

As an AMC, NMH serves as a major referral center and has very specialized expertise. NMH provides care to those patients who are unable to receive necessary care elsewhere and therefore has a patient population that is often more complex, sicker and more vulnerable than the general patient population.

To achieve health equity for those we serve, NMH continually works to overcome structural inequities and bias, and improve coordination and connection to community resources. To best address the diverse needs of our patients, NMH routinely works with trusted health and social service partners in the Chicagoland area to advance key community-based initiatives. For many years, NMH has worked with multiple federally qualified health centers (FQHCs) and free clinics to address access to care concerns and other community health initiatives.

Access to Care

NMH has longstanding relationships with major FQHCs and a free health clinic within the City of Chicago: Erie Family Health Centers (Erie), Near North Health Services Corporation (Near North), IMAN Community Health Center, and CommunityHealth. NMHC provides grant funding, care coordination and specialty and diagnostic care to each of these organizations to support expanded access to health services for underserved patients in Chicago and the surrounding areas.

Through these relationships, NMHC delivers health education, screening, and care to community members and also supports excellence and quality at the FQHCs and free clinics. As a result, these FQHCs and free clinics provided primary care services for more than 300,000 patients at their sites in FY24. On top of existing commitments, NMHC also provided more than $5.5 million to support community clinical providers in FY24.

Notably, NMHC provided grants to Erie Family Health Centers (Erie) totaling nearly $2 million to support patient transportation, facility improvements, equipment, supplies, and staffing at Erie for patients who are medically underserved and at high risk for poor health. This support facilitated the opening of urgent care spaces at Erie's East Division Street Health Center, centered in the heart of Chicago's West Town and Humboldt Park communities. The addition of these urgent care spaces will help meet patient's needs, reduce unnecessary emergency department visits, and decrease wait times for patients to receive the care they need for urgent matters.

Funding is just one way NMHC supports community organizations. NMHC and Mount Sinai Hospital (Sinai), an acute-care safety-net hospital serving patients on Chicago's southwest side, have long collaborated on community-based programs. In FY24, NMHC supported Sinai by donating a large variety of medical equipment and furniture. This donation included mammography equipment, which enabled Sinai to begin providing 3D mammography, the standard of care for breast imaging. NMHC also donated anesthesia machines, ultrasounds, electrocardiogram (EKG) machines, bladder scanners, patient beds, lifts, infant warmers, patient monitors and various office equipment. These donations help provide direct access to life-saving tools and have the additional benefit of driving sustainability efforts by decreasing waste.

Additionally, through support from NMHC, Erie, Near North and CommunityHealth can enhance their efforts to provide quality care in a community, culturally competent setting. This includes expanded access to clinical care, improved care coordination, and Education-Centered Medical Home (ECMH) student clinics.

The ECMH program integrates medical students into community-based primary care clinics, enabling them to manage complex patient cases while enhancing clinic capacity and providing hands-on education in team-based medicine. Launched in 2011 with 56 students at four sites, the program has expanded to encompass all Feinberg medical students and Physician Assistant students, now operating across 40 locations in Chicago, particularly in primary care shortage areas. These ECMH sites are strategically located throughout downtown and the city's diverse neighborhoods, including Austin, Pilsen, and Oakland.

Furthermore, NMHC is partnering with the IMAN Network to implement a Behavioral Health Collaborative Care Model within their health center in 2025. NM has had a behavioral health collaborative care model integrated within its primary care office for over 10 years and the providers and staff involved in the initial pilot of this model are part of the team that is helping IMAN achieve their implementation. This strategic initiative enhances access to behavioral health care services in the communities we serve.

Community Partnerships and Outreach

NMH collaborates with numerous community-based organizations in Chicago in an effort to address the underlying social drivers of health (SDOH) to improve the health and wellness of NMH patients and the community at large. SDOH are the economic and social conditions that affect health outcomes and are the underlying, contributing factors to health inequities.

By building trusting relationships, identifying and addressing barriers, providing patient-centered comprehensive care, and connecting with community resources, NMH sustains partnerships with patients across the healthcare continuum.

NMH, in collaboration with its community partners, is proactively addressing the needs of our patients by utilizing diverse expertise and resources to develop comprehensive health programs tailored to specific community needs. These initiatives ensure that vital health information reaches underserved or hard-to-reach populations, resulting in more effective interventions, greater access to care, and healthier communities.

Moreover, NMH is targeting the root causes of health issues, improving quality of care, reducing costs, and ensuring that patients are receiving the care and support they need in the most appropriate setting.

Below are highlights of community partnerships and outreach that NMH facilitated in recent years:

1. In response to a pressing need for housing among patients experiencing homelessness, NM has developed important relationships with community partners such as Thresholds and The Boulevards. Through these partnerships, patients and community members have access to safe, reliable housing while recovering from illness or injury. Additionally, a team of social workers at the NMH Emergency Department developed an innovative housing assessment program in partnership with All Chicago. This initiative integrated housing assessments directly into the ED workflow, allowing social workers to assist patients more efficiently and effectively. In its first year, the program provided comprehensive housing assessments to 195 patients, resulting in 16 individuals being matched with permanent housing.

   The early success of this program suggests that by supporting patients in the housing process can not only address immediate housing needs but can lead to a reduction in return ED visits. With evidence that stable housing significantly improves health outcomes and continuity of care, this initiative demonstrates a sustainable approach to addressing homelessness. By focusing on the intersection of housing and health, the program exemplifies how targeted interventions can lead to meaningful improvements in both individual lives and community well-being.

2. NMH hosted 18 Naloxone educational training sessions, providing Narcan to 1,140 people. Additionally, NMH added a no-cost Naloxone vending machine in the lobby of the hospital that has provided medication to over 320 people. This Narcan is available to anyone and everyone at no cost, no questions asked. The availability of Narcan has been linked to decreased opioid-related mortality rates. By providing Narcan to individuals, first responders, and healthcare providers, communities can save lives during overdoses. Training community members in its use empowers them, including friends and family of opioid users, to act effectively in emergencies.

3. Health education promotes knowledge of health-related topics to encourage healthy behaviors, prevent diseases, and improve community well-being. NMH had a concerted outreach effort in the Bronzeville neighborhood, providing general health education programs to over 700 people. These programs range from heart health to nutrition education. Included in this was a partnership with Near North Komed Holman Health Center called *Ladies Thriving After 50*. The specialized curriculum was created by Northwestern Medicine physicians specifically for African American women over 50 years old to explore health topics, share experiences, and foster a supportive community. Over 6 monthly sessions, this outreach effort provided education for over 60 women.

4. NMH partnered with Mission Our Lady of the Angels, Oakwood Shores, Timothy Community Center, the South Side YMCA, New Hope Missionary Baptist Church, and the Chinatown Health Fair to conduct blood pressure and A1C diabetes screenings for 450 people in our under-resourced communities. 53% of these individuals screened as high risk and were connected to local resources. Early screenings can lead to timely treatment and significantly reduce the likelihood of severe health complications and death.

5. NMH provided 179 car seats to local families and an additional 83 car seats to new mothers at Prentice Women's Hospital who are unable to purchase on their own. Additionally, NMH has conducted 24 community car seat inspection events across Chicago checking the safe installation of car seats. The use of car seats in transportation significantly reduces the risk of fatal injuries and serious harm to young passengers compared to seat belts alone.

6. Annually, Northwestern Medicine provides no cost flu vaccines to communities with higher rates of emergency department visits due to influenza to improve health and wellness in our under-resourced communities. In FY25, NMH conducted 9 community flu clinics for over 150 participants, including 30 seniors who received the recommended high dose vaccination.

Employment and Youth Development

NMH is dedicated to reducing health disparities by assessing SDOH and responding to the unique needs of our diverse and complex patient population. The feedback gathered during the last Community Health Needs Assessment in 2022 identified

employment and youth development as a significant health need. By investing in these opportunities, we aim to contribute to economic stability within the communities we serve. At NM and NMH, the employment and youth development initiatives are multi-faceted and include: workforce recruitment and development, community recruitment efforts, youth programs, and summer internships.

NM's commitment to cultivate relationships with community organizations extends to our commitment to recruit, hire and train a workforce from the communities we serve. Our trusted collaborators on these efforts expanded in FY24 and now include Bright Star Community Outreach, Cara Collective, Chicago Cook Workforce Partnership, Community Assistance Programs, Focus Forward, HOPE Chicago, IMAN, Skills for Chicagoland's Future, St. Sabina Employee Resource Center, Teamwork Englewood and others. In collaboration with our community partners, NM staff help prepare community members for employment by offering career counseling workshops and mapping out futures in health care. In FY24, NM hosted or participated in 57 recruitment and community hiring events in communities that have historically lacked economic opportunities. To better support these efforts, in FY24, NMHC hired an additional full-time staff member fully dedicated to community workforce recruitment. Through these dedicated efforts, more than 370 formal referrals were made in FY24.

The NM GCM Grosvenor Scholars Program offers high-achieving high school students the opportunity to explore and prepare for a future in life sciences as physicians and biomedical scientists. Through a variety of activities, selected students learn about career options from leading NM physicians and accomplished scientists at Feinberg. The program serves students from George Westinghouse College Prep High School in East Garfield Park, and has recently expanded to include students from both Daniel Hale Williams Prep and Bronzeville Scholastic Institute on the DuSable campus in Bronzeville. All three participating schools primarily serve Chicago students from families with low incomes. The expansion of the NM Scholars Program represents a long-term investment by NM to address educational inequity and a commitment to build a talent pipeline for future physicians, scientists, and healthcare workers.

The NM Discovery Program's mission is to create a pathway for the next generation of healthcare leaders by drawing on the incredible team of NM healthcare professionals to provide career exploration opportunities for students who might not otherwise have access to such opportunities. Through the program, students are exposed to a broad range of healthcare careers through hands-on and interactive opportunities as well as character and professional development, and community service opportunities. In FY24, 198 students participated in the program. Select students from the program also participate in a summer internship program. NM actively coordinates with community partners to recruit students from communities experiencing disinvestment to apply for the program. Since the program began, many participants have pursued careers in nursing and other healthcare fields. Three former Discovery Program participants are currently employed by NM, serving roles in Critical Care, Patient Transport, and Inpatient Care.

Access to job training, education, and mentorship can lead to decreased rates of substance abuse, violence, and mental health issues, reducing the need for safety net services. NMH's commitment to employment and youth development is crucial for fostering healthier communities, enhancing access to care, empowering young people, and ultimately improving public health outcomes.

Violence and Community Safety
NMH's Trauma Division and Community Services Department has implemented a hospital-based violence intervention program in its Emergency Department to enhance access to essential services for community members affected by violence. This initiative, supported by a coalition of community organizations such as Acclivus Inc., the Inner-City Muslim Action Network, and Bright Star Community Outreach, aims to provide comprehensive support for survivors and their families. In FY24, the program served 142 unique patients, offering violence prevention and victim services that aid their physical, emotional, and psychosocial healing. Notably, data provided by Acclivus indicates that 112 NMH patients received referrals to community resources, demonstrating the program's reach and effectiveness in connecting individuals to critical support networks, with the goal of reduction in lost lives and re-injuries.

The role of the Community Health Coordinator is pivotal in this initiative, guiding individuals from hospital response to follow-up care. This coordinator actively builds partnerships with community organizations focused on preventing violence and conducting interventions, ensuring that patients receive tailored assistance that fosters healing. By collecting and analyzing data on service usage, injury recidivism, and health outcomes, the coordinator continually refines referral practices, making it easier for patients to access necessary support.

Alongside traditional services, the program offers gun safety education and transportation vouchers for medical appointments, breaking down barriers to care. Additionally, NMH has recognized the importance of holistic approaches by including tattoo removal services for individuals at high risk of intentional interpersonal violence, offering ten free laser sessions for eligible clients. As the program evolves, it continues to develop new resources, including food vouchers and partnerships for housing and childcare, reinforcing NMH's commitment to addressing the diverse needs of the community while aiming to break cycles of violence. The integration of supportive programs, along with a focus on long-term health and wellness, positions NMH's initiative as a cornerstone for community healing and resilience.

Additionally, NMH participates in the HEAL Initiative. Launched in 2018 by Senator Durbin and 10 of the largest hospitals serving Chicago, the HEAL Initiative is a collaboration to address the root causes of gun violence through economic, health, and community projects in 18 of Chicago's neighborhoods with the highest rates of violence, poverty, and health disparities. The HEAL hospitals have sustained impressive efforts to collaborate around four main topics: local hiring; school/community programs; trauma/violence recovery programs; and data sharing. HEAL hospitals report their statistics across these four main topics and HEAL tracks growth in each of the

categories. For example, in 2023 the HEAL hospitals:

- Hired 4,402 new employees from the 18 focus neighborhoods (50% increase compared to the launch of HEAL in 2018).
- Provided 4,403 local students with summer employment, pipeline, or apprenticeship programs (31% increase from last year).
- Partnered with 253 Chicago Public Schools (20% increase from last year), including operating 16 school-based health clinics/mobile health units that served 7,599 students.
- Provided 2,614 victims of violence with ongoing trauma-informed case management and recovery programs (43% increase since 2018).

The 10 hospitals initially involved in Chicago HEAL are among the largest serving Chicago: Advocate Health; Ascension Saints Mary and Elizabeth Medical Centers; Ann & Robert H. Lurie Children's Hospital of Chicago; Cook County Health and Hospital System; Loyola University Medical Center; Northwestern Memorial Hospital; Rush University Medical Center; Sinai Health System; University of Chicago Medical Center; and University of Illinois Hospital and Health Sciences Systems.

1. Impact of the Project on Essential Safety Net Services, Racial and Health Disparities in the Community

NMH underwrites the cost of, and provides expertise and leadership to, many critically important/safety net healthcare services in the community. From being the only adult Level I trauma center in downtown Chicago with 24/7 service, to providing an inpatient psychiatry unit, NMH provides safety net services that would otherwise fall to local government, public institutions, or other healthcare organizations to provide. By forging lasting relationships with private and public health organizations, NMH works to ensure that a full spectrum of high-quality, well-coordinated healthcare services is available to the community.

The proposed project will improve access to the safety net services that NMH provides by creating capacity to help keep pace with the increasing inpatient demand at NMH. In the past several years, lack of ICU bed availability has caused significant backups in the Emergency Department which has led to excessive ED wait times, approximately 10,000 patients per year leaving the ED without being seen, and beds not being available to receive patients from other hospitals needing transfer to NMH for specialty services.

2. Impact of the Project on Safety Net Services at Other Hospitals

Other area hospitals in NMH's service area provide emergency services as well as other services considered to be safety net services. The proposed addition of beds is in response to the demand for services at NMH and is expected to decrease the wait times in the Emergency Department due to lack of bed availability. Experience high occupancy also restricts NMH's ability to receive inpatient transfers from other

hospitals. In FY24, NMH received 235 inpatient transfers from safety net providers. The proposed project will increase capacity at NMH to accommodate additional inpatient transfer requests from other providers.

3. Impact of discontinuation of a facility or service on remaining safety net providers

Not Applicable – the project does not include a discontinuation of a facility or service.

NMH Charity Care and Medicaid

NMH is the 7th leading charity care provider and the 3rd largest provider of care to beneficiaries of Medicaid in Illinois. NMH's commitment to patients with Medicaid has continued to increase: Over a six-year period, the volume of Medicaid inpatient days at NMH has increased by 55.9%; the number of Medicaid admissions has risen by 22.5%; and the volume of Medicaid outpatient care is up by 153%. Along with some of the area's safety-net hospitals, NMH has been among the top providers of care under the Medicaid program in Illinois for more than 15 years.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**FY22**	**FY23**	**FY24**
Inpatient	823	582	734
Outpatient	12,509	9,509	11,320
Total	**13,332**	**10,091**	**12,054**
Charity (cost in dollars)			
Inpatient	$9,479,539	$8,363,385	$11,590,364
Outpatient	$13,087,232	$10,290,277	$20,858,440
Total	**$22,556,771**	**$18,653,662**	**$32,448,804**
MEDICAID			
Medicaid (# of patients)	**FY22**	**FY23**	**FY24**
Inpatient	7,247	7,802	8,218
Outpatient	106,161	104,004	102,096
Total	**113,408**	**111,806**	**110,314**
Medicaid (revenue)			
Inpatient	$195,290,733	$227,830,939	$238,830,449
Outpatient	$82,424,950	$96,705,918	$96,173,424
Total	**$277,715,683**	**$324,536,857**	**$335,003,873**

Source: IDPH Annual Hospital Questionnaires

NMHC Community Benefit

During FY24, NMHC contributed $1.58 billion in community benefits. NMHC is committed to this work as part of its mission to make people better by making medicine better. In fact, NM has added community partnerships as a pillar in its new NM2035 Strategic Plan. This is driven by the belief that strong collaboration with communities and community-based organizations can help drive stronger, healthier communities and individuals. The major components of the $1.58 billion in community benefits include:

- $1.19 billion government sponsored indigent healthcare (unreimbursed cost of Medicaid and Medicare).
- $85.7 million charity care, at cost.
- $97.4 million education, at cost. This includes the unreimbursed education costs of NMHC's medical residency, fellowship, and internship programs.
- $52.4 million bad debt, at cost. An important part of NMHC's commitment to providing quality and accessible healthcare is covering the expense of payments that were expected but not received.
- $70.0 million research, at cost. NMHC provides support to advance medical and scientific research and academic pursuits.
- $51.9 million subsidized health services, at cost. This includes the uncompensated cost of providing behavioral health service, health education, and information and programs to positively impact the wellness of the community.
- $6.1 million of other community benefits. NMHC provides community benefits through donations to charitable and community organizations, volunteer efforts, language assistance and translation services for patients and their families, and more.

SECTION X. CHARITY CARE INFORMATION

With a mission-driven commitment to providing quality medical care for all, regardless of their ability to pay, NMHC and NMH maintain their dedication to improving the health of the most medically underserved members of the community.

Northwestern Memorial Hospital

	FY22	FY23	FY24
Net Patient Revenue	$2,345,327,470	$2,539,910,545	$2,760,549,566
Amount of Charity Care (charges)	$ 131,577,275	$ 104,857,959	$ 183,378,970
Cost of Charity Care	$ 22,566,771	$ 18,653,662	$ 32,448,804

Northwestern Memorial HealthCare

	FY22	FY23	FY24
Net Patient Revenue	$7,399,122,793	$8,095,919,536	$8,883,681,780
Amount of Charity Care (charges)	$ 469,227,416	$ 360,059,649	$ 496,751,787
Cost of Charity Care	$ 90,752,502	$ 67,545,943	$ 85,721,775

Northwestern Memorial HealthCare saw an increase in financial assistance volume in FY24 driven by multiple factors:

- Internal enhancements, including improvements to NM's electronic medical record (EMR) system financial assistance module, increased availability of applications at check-in, and proactive outreach streamlined the financial assistance process.
- NMHC increased collaboration and outreach with community clinical providers.
- Illinois' paused enrollment for the HBIA and HBIS programs and the Illinois Medicaid redetermination process drove more patients to apply for financial assistance.