ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

25-042

RECEIVED
OCT 23 2025
HEALTH FACILITIES &

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	University of Illinois Medical Center at Chicago (UIMC) Ambulatory Care Building				
Street Address:	1740 West Taylor Street				
City and Zip Code:	Chicago, IL 60612				
County:	Cook	Health Service Area:	VI	Health Planning Area:	A-02

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

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

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	348 Chicory Lane
Telephone Number:	Buffalo Grove, IL 60089
E-mail Address:	jacobmaxel@msn.com
Fax Number:	

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

Name:	Shawn Albritton
Title:	Director, Business Planning & Decision Support
Company Name:	University of Illinois Hospital & Clinics
Address:	1740 W. Taylor Street Chicago, IL 60612
Telephone Number:	312/996-2559
E-mail Address:	albritto@uic.edu
Fax Number:	

Post Permit Contact

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

Name:	Scott Jones
Title:	Chief Operating Officer
Company Name:	University of Illinois Hospital & Clinics
Address:	1740 W. Taylor Street Chicago, IL 60612
Telephone Number:	773/263-8331
E-mail Address:	sejones7@uic.edu
Fax Number:	

Name:	Shawn Albritton
Title:	Director, Business Planning & Decision Support
Company Name:	University of Illinois Hospital & Clinics
Address:	1740 W. Taylor Street Chicago, IL 60612
Telephone Number:	312/996-2559
E-mail Address:	albritto@uic.edu
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	The Board of Trustees of the University of Illinois a state body corporate and and politic of the State of Illinois
Address of Site Owner:	364 Henry Administration Building (MC364) 506 S. Wright St. Urbana, IL 60612

Street Address or Legal Description of the Site: see Facility/Project Identification on page1

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

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

Operating Identity/Licensee

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

Exact Legal Name: please see ATTACHMENT 3

Address:

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

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

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

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

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

X Non-substantive

2. Narrative Description

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

On May 7, 2020 the Illinois Health Facilities and Services Review Board ("IHFSRB") awarded Certificate of Need Permit 20-001 to The Board of Trustees of the University of Illinois, a body corporate and politic of the State of Illinois for the establishment of an outpatient building on the University of Illinois Medical Center at Chicago campus. That application was determined to be in compliance with all applicable review criteria; and all components of the project are complete, and patients are being seen and treated.

The outpatient building became operational in September, 2022, and a Notice of Project Completion was filed with the IHFSRB on December 21, 2023.

In early 2024, technical assistance discussions between the Permit Holder and IHFSRB staff, relating to the final project cost exceeding the approved project cost by more than the allowable 7%, (which has subsequently been increased to 10%). Those discussions resulted in an understanding between the IHFSRB staff and the Permit Holders' representatives that a revised CON application would be prepared and submitted for IHFSRB review; and this Certificate of Need application addresses that understanding.

There have been no programmatic changes to the project since the filing of the original application, nor have there been any changes to the project, with the exception of the project cost, which has been increased to reflect the actual cost incurred.

The primary functions within the building are distributed in the following fashion:

Penthouse
- Mechanicals

Sixth Floor
- Clinics
- Public Areas

Fifth Floor
- Clinics
- Public Areas

Fourth Floor
- Clinics
- Multi-Specialty Procedure Area
- Public Areas

Third Floor
- Perioperative Services
- Public Areas

Second Floor
- Clinics
- Anesthesia Preop. Evaluation
- Sterile Processing
- Public Areas

First Floor
- Lobby and Public Areas
- Imaging

Pharmacy
Materials Management

Basement

Materials Management
Department of Corrections

The project addressed in this application does not involve any inpatient beds or new categories of service, and as such, is classified as "non-substantive".

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	Total
Project Cost:			
Preplanning Costs	$ 426,707	$ 349,124	$ 775,831
Site Survey and Soil Investigation	$ 21,450	$ 17,550	$ 39,000
Site Preparation	$ 2,500,000	$ 4,985,643	$ 7,485,643
Off Site Work			
New Construction Contracts	$ 61,618,335	$ 50,149,534	$111,767,869
Modernization Contracts			
Contingencies	$ 2,072,724	$ 1,270,379	$ 3,343,103
Architectural/Engineering Fees	$ 4,450,000	$ 2,184,485	$ 6,634,485
Consulting and Other Fees	$ 13,647,390	$ 5,848,881	$ 19,496,271
Movable and Other Equipment (not in construction contracts)	$ 43,278,966	$ 3,763,388	$ 47,042,354
Net Interest Expense During Construction Period	$ 7,359,907	$ 4,510,910	$ 11,870,817
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized			
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	**$ 135,375,478**	**$ 73,079,895**	**$ 208,455,373**
Sources of Funds:			
Cash and Securities	$ 27,126,324	$ 14,535,283	$ 41,661,607
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$ 108,249,154	$ 58,544,612	$ 166,793,766
Mortgages			
Leases (fair market value)			
Fair Mkt Value of Relocated Equipment			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 135,375,478**	**$ 73,079,895**	**$ 208,455,373**

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 X No
Purchase Price: $_____
Fair Market Value: $_____

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

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

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

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

Project is completed

Anticipated project completion date (refer to Part 1130.140): ___30 days following receipt of CON Permit_____

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

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

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

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?
X Cancer Registry
X APORS
X All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
X All reports regarding outstanding permits
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: University of Illinois at Chicago Medical Center		**CITY: Chicago**			
REPORTING PERIOD DATES:		**From: January 1, 2024**	**to: December 31, 2024**		
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	249	10,938	73,215	None	249
Obstetrics	40	2,180	4,902	None	40
Pediatrics	20	419	1,886	None	20
Intensive Care	65	2,474	19,177	None	65
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	47	466	11,724	None	47
Neonatal Intensive Care	30	560	4,408	None	30
General Long-Term Care					
Specialized Long-Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	451	17,037	115,312	None	451

CERTIFICATION

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

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

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

SIGNATURE

Scott E. Jones

PRINTED NAME

Chief Operating Officer

PRINTED TITLE

Notarization
Subscribed and sworn to before me this 8 day of October 2025

Signature of Notary

Seal

Notary Public, State of Illinois
Official Seal
Maria A Lopez
Commission # 839796
My Commission Expires 7/11/2028

SIGNATURE

Lawrence S. Appel

PRINTED NAME

Chief Financial Officer

PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 21 day of October 2025

Signature of Notary

Seal

Notary Public, State of Illinois
Official Seal
Maria A Lopez
Commission # 839796
My Commission Expires 7/11/2028

*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:

not applicable, no shell space included in project

Provide the following information:

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

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

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

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

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

ASSURANCES:

not applicable, no shell space included in project

Submit the following:

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

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

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

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

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

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

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

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

please see ATTACHMENT 31 for table above

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**]:

not applicable

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.

not applicable

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

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

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

Variance

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

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

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements

not applicable

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

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

   A) A portion or all the cash and equivalents must be retained in the balance sheet asset accounts 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]:

not applicable, non-substantive project

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			
	2022	2023	2024
Net Patient Revenue	**$1,027,875,918**	**$1,141,917,018**	**$1,226,803,692**
Amount of Charity Care (charges)	$75,941,145	$66,204,255	$78,938,412
Cost of Charity Care	$25,483,606	$22,216,193	$26,489,400

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: The Board of Trustees of the University of Illinois a state body corporate and politic
2. of the State of Illinois 364 Henry Admin. Bldg. 506 S. Wrtight Street

(Name) (Address)

Urbana, IL	IL	61801	217/333-3070
(City)	(State)	(ZIP Code)	(Telephone Number)

3. Project Location: Intersection of Taylor Street and Wood Street Chicago, IL 60612

(Address) (City) (State)

Cook

(County) (Township) (Section)

4. 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

STATUS OF APPLICANT

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

UI Health UIC
Hospital Administration

University of Illinois Hospital & Clinics
1740 W Taylor Street
Suite 1400, M/C 693
Chicago, IL 60612-4325
Phone 312 996.3900
Fax 312-996-7049

August 28, 2025

Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

To Whom it May Concern:

I herby certify that the site of the proposed ambulatory care building addressed in this Certificate of Need application is owned by the Board of Trustees of the University of Illinois, a state body corporate and politic, which is the applicant for the proposed project.

Sincerely,

Scott E. Jones
Chief Operating Officer

Notarized: Maria A-Lopez 8/28/2025
Date

Notary Public, State of Illinois
Official Seal
Maria A Lopez
Commission # 839796
My Commission Expires 7/11/2028

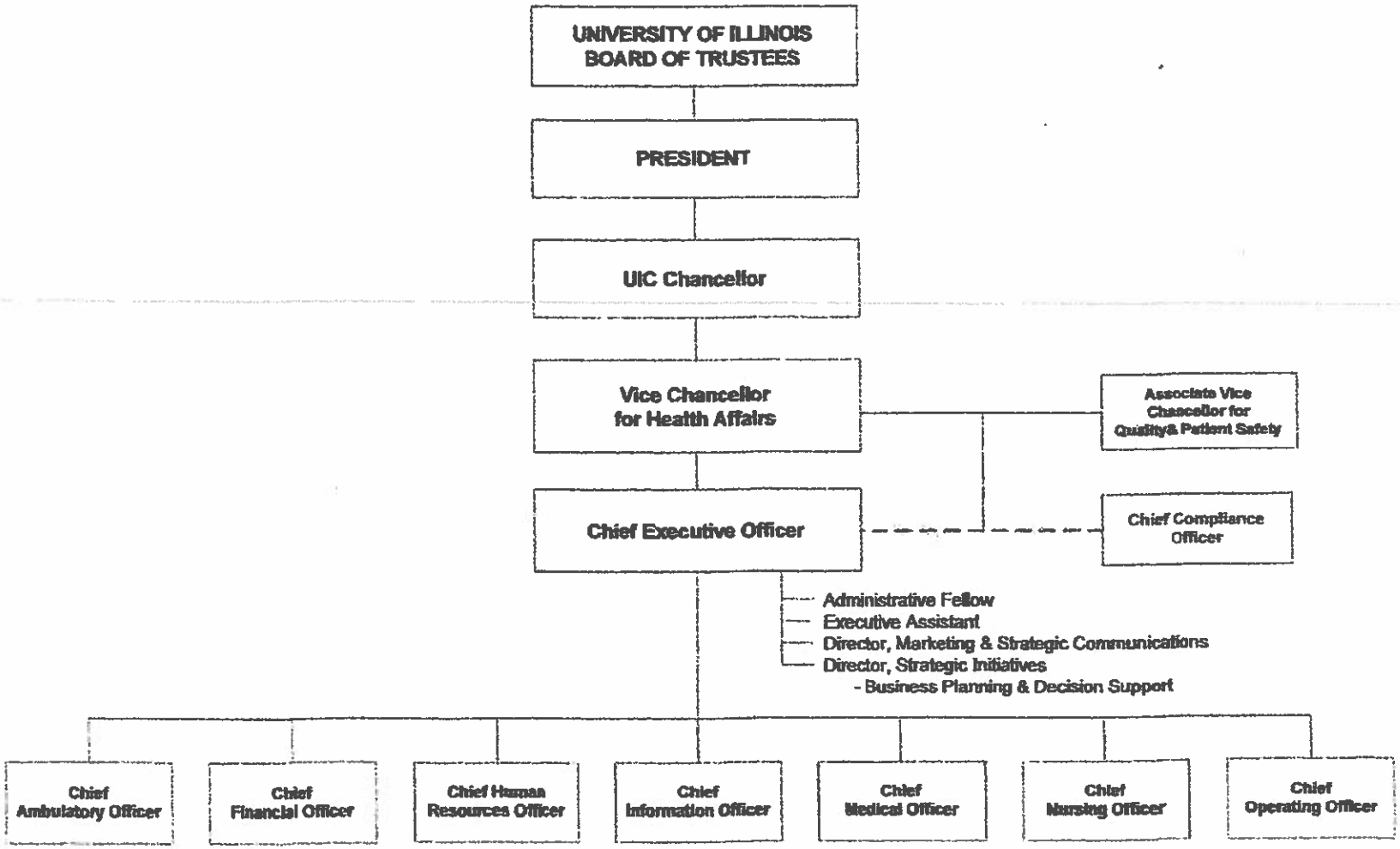
ATTACHMENT 2

NOTE ON OPERATING ENTITY/LICENSEE

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

ATTACHMENT 3

UNIVERSITY OF ILLINOIS HOSPITAL & CLINICS
TABLE OF ORGANIZATION



29

ATTACHMENT 4

UI Health UIC
Hospital Administration

University of Illinois Hospital & Clinics
1740 W Taylor Street
Suite 1400, M/C 693
Chicago, IL 60612-4325
Phone 312 996 3900
Fax 312-996-7049

August 28, 2025

Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

To Whom it May Concern:

I hereby certify that the project proposed in this Certificate of Need application, that being the construction of an ambulatory care building at the intersection of Taylor and Wood street in Chicago, complies with the requirements of Executive Order#2006-5. A map confirming such, and provided by FEMA, is attached.

Sincerely,

Scott E. Jones
Chief Operating Officer

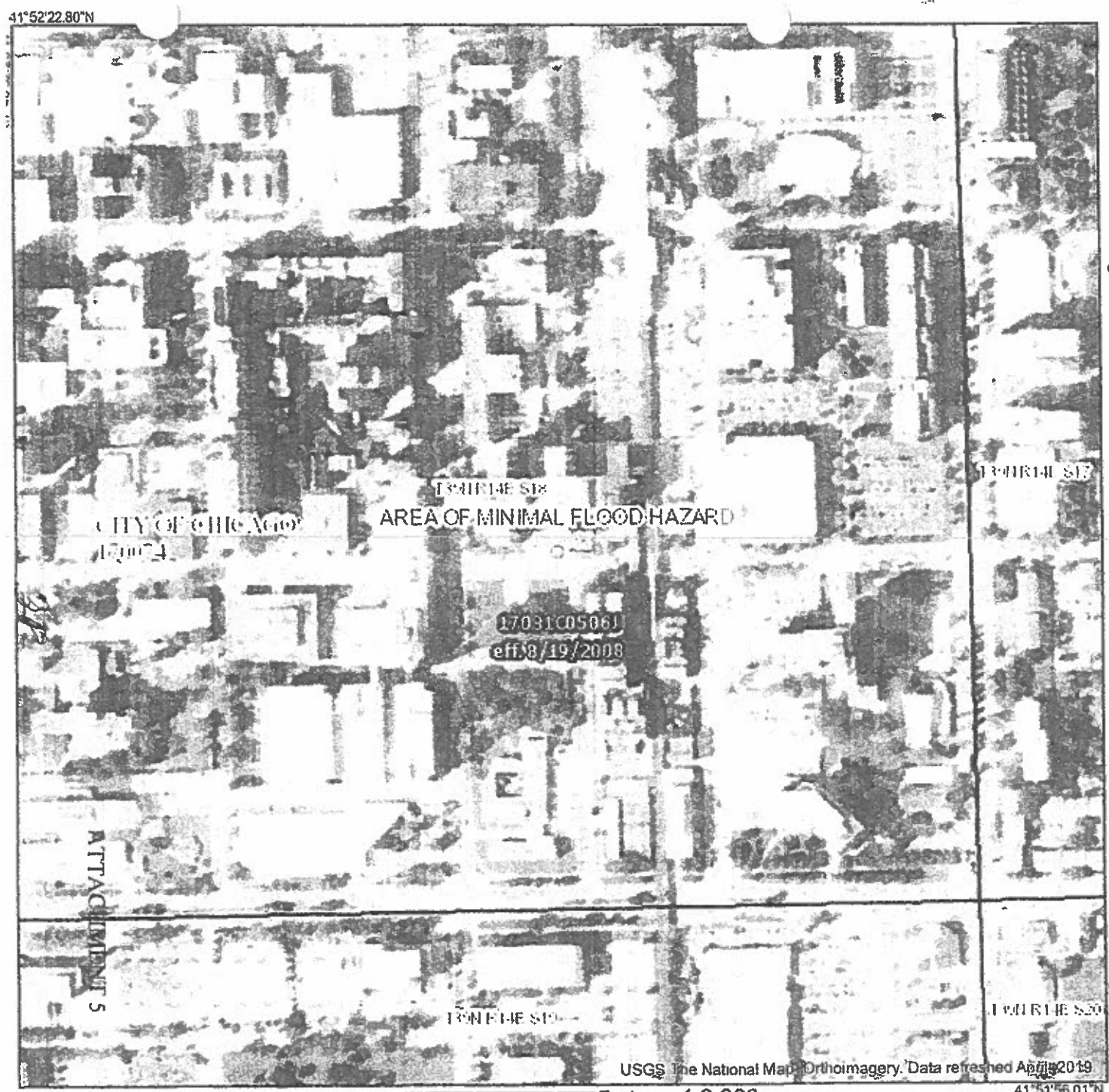
Notarized: Maria A Lopez 8/28/2025
Date

Notary Public, State of Illinois
Official Seal
Maria A Lopez
Commission # 839796
My Commission Expires 7/11/2028

ATTACHMENT 5

National Flood Hazard Layer FIRMette

FEMA



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDE OR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS
- Without Bas.. od Elevation (BFE) Zone A, V, ASP
- With BFE or Depth Zone AE, AO, AH, VE, AR
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Area: 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

GENERAL STRUCTURES
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES
- 20.2 / 17.5 Cross Sections with 1% Annual Chance / Water Surface Elevation
- Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS
- Digital Data Available
- No Digital Data Available
- Unmapped

N

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

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

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 10/30/2019 at 5:22:46 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.

ILLINOIS
DEPARTMENT OF
NATURAL
RESOURCES

Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov Mailing Address: 1 Old State Capitol Plaza, Springfield, IL 62701

JB Pritzker, Governor
Colleen Callahan, Director

FAX (217) 524-7525

Cook County
Chicago
New Construction of a 5-Story Outpatient Building, University of Illinois Medical Center at Chicago
SE Corner of Taylor St. and Woods St.
SHPO Log #007072519

September 13, 2019

Jacob Axel
Axel & Associates, Inc.
675 North Court, Suite 210
Palatine, IL 60067

Dear Mr. Axel:

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

O[illegible]view of the records indicates that no historic, architectural or archaeological sites exist within the project area.

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

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

Sincerely,

Robert F. Appleman
Deputy State Historic
Preservation Officer

ATTACHMENT 6

PROJECT COSTS				
Preplanning Costs				
	Evaluation of Alternatives	$ 256,024		
	Pre.-Arch. Functional Planning	$ 341,366		
	Financial Feasibility	$ 93,099		
	Misc./Other	$ 85,341		
				$ 775,831
Site Survey and Soil Investigation				
	Survey	$ 11,700		
	Soil Testing	$ 19,500		
	Misc./Other	$ 7,800		
				$ 39,000
Site Preparation				
	Roadways & Walkways	$ 3,443,396		
	Exterior Lighting & Signage	$ 1,721,698		
	Landscaping	$ 344,340		
	Traffic-Related	$ 254,512		
	Earthwork	$ 426,682		
	Utility-Related	$ 344,340		
	Drainage-Related	$ 261,998		
	Misc./Other	$ 688,679		
				$ 7,485,643
New Construction Contracts				
	Per ATTACHMENT 9			$ 111,767,869
Construction Contingency				
	Per ATTACHMENT 9			$ 3,343,103
Architectural & Engineering				
	Design	$ 6,118,726		
	Document Preparation	$ 111,517		
	Interface with Agencies	$ 99,517		
	Project Monitoring	$ 199,035		
	Misc./Other	$ 105,689		
				$ 6,634,485
Consulting & Other Fees				
	Environmental Assessment	$ 3,500		
	Archelogical Assessment	$ 2,500		
	Commissioning Agent	$ 1,250,000		
	CON-Related	$ 300,000		
	Zoning Approvals	$ 34,500		
	General legal	$ 86,000		
	Accounting & Audit	$ 11,500		
	Construction Monitor	$ 38,993		
	Appraisal	$ 11,500		
	Title Insurace	$ 116,978		
	Development Manager	$ 3,500,000		
	Excess Facilities Charges	$ 116,978		

		Utilities Connection	$ 19,496		
		Building Permit and Inspecting	$ 6,000		
		Driveway Permit	$ 29,000		
		Roadway Permit-Closings	$ 38,993		
		Signage Permit	$ 6,000		
		Letter of Credit	$ 17,000		
		Insurance	$ 2,400,000		
		Construction Escrow	$ 29,000		
		Developer-Related	$ 9,358,210		
		Pre-Construction Management	$ 383,000		
		Equipment Consulting	$ 19,496		
		Affirmative Action Consultant	$ 172,500		
		Operations/FM Consultant	$ 23,000		
		Site Tours	$ 11,500		
		Owner's Cleaning	$ 58,489		
		Mock-ups	$ 34,500		
		Misc./Other	$ 1,417,639		
			$ 1,417,639		$ 19,496,271
	Moveable and Other Equipment				
		Environmental Services	$ 139,654		
		Facilities & Biomedical	$ 82,567		
		Dept. of Corrections	$ 2,229		
		Sterile Processing	$ 1,599,440		
		Staff and Misc. Non-Clinical	$ 109,400		
		Lobby and Public Areas	$ 1,034,932		
		Outpatient Pharmacy	$ 799,720		
		Outpatient Imaging	$ 5,456,913		
		Materials Management	$ 73,600		
		Urology Clinic	$ 893,805		
		Anesthesia	$ 97,663		
		Transplant Clinic	$ 1,740,567		
		Outpatient Perioperative	$ 12,372,139		
		GI Center	$ 9,220,301		
		Opthalmology Clinic	$ 6,727,057		
		Otolaryngology Clinic	$ 3,245,922		
		Other	$ 3,446,445		
					$ 47,042,354
	Construction Period Interest				$ 11,870,817
	TOTAL PROJECT COST				$ 208,455,373
SOURCES OF FUNDS					
		Cash and Securities	$ 48,455,373		
		Bonds	$ 160,000,000		
	TOTAL SOURCES OF FUNDS				$ 208,455,373

Cost Space Requirements

Dept./Area	Cost	Gross Square Feet*		Amount of Proposed Total Square Feet			
				That is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Pharmacy	$ 4,264,997		4,702	4,702			
Imaging	$ 8,271,509		3,600	3,600			
Urology Clinic	$ 8,917,721		6,403	6,403			
Anesthesia	$ 2,584,847		2,360	2,360			
Multi-Spec. Procedures	$ 22,746,650		18,749	18,749			
Transplant Clinic	$ 3,877,270		3,718	3,718			
Outpatient Perioperative	$ 37,609,518		26,340	26,340			
Gastroenterology Clinic	$ 4,394,239		2,737	2,737			
Ophthalmology Clinic	$ 29,596,494		31,239	31,239			
Otolaryngology Clinic	$ 6,979,086		9,211	9,211			
	$ 129,242,331		109,059	109,059			
Contingency	$ 2,072,724						
	$ 131,315,055						
Non-Reviewable							
Environmental Services	$ 554,491		917	917			
Facilities Mgt. & Biomed.	$ 396,065		648	648			
Dept. of Corrections	$ 1,108,983		1,764	1,764			
Sterile Processing	$ 6,733,109		7,185	7,185			
Staff Areas	$ 2,851,670		3,385	3,385			
Mechanical	$ 20,212,940		22,872	22,872			
Medical Gasses	$ 79,213		176	176			
ConferenceMtg. Rms.	$ 1,584,261		2,538	2,538			
IT	$ 5,782,552		209	209			
Elevators & Stairs	$ 5,782,552		8,840	8,840			
Lobby	$ 3,960,652		5,927	5,927			
Materials Mgt	$ 1,584,261		2,460	2,460			
Public & Gen'l. Circ.	$ 13,070,152		21,398	21,398			
Bridge	$ 7,257,830		3,650	3,650			
DGSF>>BGSF	$ 4,911,209		11,375	11,375			
	$ 75,869,938		93,344	93,344			
Contingency	$ 1,270,379						
	$ 77,140,317						
PROJECT TOTAL	$ 208,455,373		202,403	202,403			

* consistent with original project, as completed

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ATTACHMENT 9

BACKGROUND OF APPLICANT

This Certificate of Need's sole applicant is the Board of Trustees of the University of Illinois, a state body corporate and politic of the State of Illinois. The University of Illinois Medical Center at Chicago ("UIMCC") is the sole health care facility operated by the applicant, per the HFSRB's definition of a health care facility. As discussed in ATTACHMENT 3, UIMCC does not hold an Illinois Department of Health-issued license.

The University of Illinois Board of Trustees is constituted with the following individuals:

- J. Carolyn Blackwell
- Ramon Cepeda
- Tami Craig Schilling
- Joseph Gutman
- Suzet M. McKinney
- Wilber C. Milhouse III
- Sarah C. Phalen
- Jesse H. Ruiz
- Bryan S. Traubert
- Ariana A. Mizan
- Quinn S. Basta
- Joe Humphrey
- Governor J. B. Pritzker

With the signatures provided on the Certification Page of this application, the applicant acknowledges that no adverse action has been taken against the University of Illinois Medical Center at Chicago, directly of indirectly, within three (3) years prior to the filing of this Application. For the purposes of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130. In addition, with the signatures on the Certification page of this Application, the HFSRB and IDPH are hereby authorized to have access to any documents which it finds necessary to verify any information submitted, including, but not

limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

UI Health UIC
Hospital Administration

University of Illinois Hospital & Clinics
1740 W Taylor Street
Suite 1400, M/C 693
Chicago, IL 60612-4325
Phone 312 996 3900
Fax 312-996-7049

August 28, 2025

Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

To Whom it May Concern:

I hereby acknowledge that no adverse action has been taken against the University of Illinois Medical Center at Chicago, directly or indirectly, within three (3) years prior to the filing of this application. For the purposes of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.

I hereby authorize HFSRB and IDPH to access any documents which finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

Sincerely,

Scott E. Jones
Chief Operating Officer

Notarized: Maria A Lopez 8/28/2025
Date

Notary Public, State of Illinois
Official Seal
Maria A Lopez
Commission # 839786
My Commission Expires 7/11/2028

PURPOSE

The purpose of the project is to increase the ability of the applicant hospital to provide selected outpatient services in a more efficient manner than had been possible, given the hospital's space constraints. This goal has been accomplished through the construction of an addition to the hospital housing selected outpatient services, including but not limited to outpatient perioperative services and outpatient clinics. As a result, the health care and well being of the market area has been served and improved.

University of Illinois Medical Center at Chicago ("UIMCC"), because of both the broad scope of primary, secondary, and tertiary services it provides, and because of its unique role as a community provider of health care services, attracts patients from a wide area, while at the same time serving as a primary care site of care for residents of the neighborhoods and communities surrounding the hospital. As a result, a majority of the patients treated at the hospital reside in the hospital's geographic service area ("GSA"), which includes those ZIP Code areas within ten miles of the hospital. Per *Searchbug,* there are 108 ZIP Code areas in the GSA, and a listing of those ZIP Code areas is attached.

During FY 2025, the hospital provided care to 57,170 unique outpatients, and below is an identification of the outpatient utilization of UIMCC by residents of those ZIP Code areas accounting for a minimum of 0.5% of the total outpatients. Based on this analysis, a minimum of 65.85% of the FY 2025 outpatients utilizing the hospital resided in the GSA, with the total percentage of outpatients residing in the GSA certainly being higher, when those ZIP Code areas contributing less than 0.5% of the hospital's outpatients are added.

FY25 OP Unique Patient Summary by Zip Code

Zip Code	City	2025 OP Unique Pts	% of Total	% of Cumulative Total
60608	CHICAGO	8,421	5.03%	5.03%
60629	CHICAGO	6,454	3.85%	8.88%
60609	CHICAGO	6,341	3.79%	12.67%
60632	CHICAGO	6,325	3.78%	16.45%
60623	CHICAGO	6,106	3.65%	20.10%
60612	CHICAGO	4,757	2.84%	22.94%
60620	CHICAGO	4,712	2.81%	25.75%
60617	CHICAGO	3,889	2.32%	28.08%
60619	CHICAGO	3,773	2.25%	30.33%
60616	CHICAGO	3,665	2.19%	32.52%
60624	CHICAGO	3,609	2.16%	34.67%
60649	CHICAGO	3,439	2.05%	36.73%
60644	CHICAGO	3,334	1.99%	38.72%
60804	CICERO	3,200	1.91%	40.63%
60628	CHICAGO	3,032	1.81%	42.44%
60651	CHICAGO	3,015	1.80%	44.24%
60607	CHICAGO	2,832	1.69%	45.93%
60637	CHICAGO	2,656	1.59%	47.52%
60636	CHICAGO	2,605	1.56%	49.08%
60621	CHICAGO	2,495	1.49%	50.57%
60639	CHICAGO	2,488	1.49%	52.05%
60653	CHICAGO	2,164	1.29%	53.35%
60638	CHICAGO	2,016	1.20%	54.55%
60615	CHICAGO	1,975	1.18%	55.73%
60652	CHICAGO	1,829	1.09%	56.82%
60647	CHICAGO	1,752	1.05%	57.87%
60643	CHICAGO	1,678	1.00%	58.87%
60402	Berwyn	1,548	0.92%	59.80%
60622	CHICAGO	1,403	0.84%	60.63%
60618	CHICAGO	1,253	0.75%	61.38%
60411	CHICAGO HEIGHTS	1,162	0.69%	62.08%
60641	CHICAGO	1,131	0.68%	62.75%
60634	CHICAGO	1,127	0.67%	63.42%
60409	CALUMET CITY	1,062	0.63%	64.06%
60605	CHICAGO	1,054	0.63%	64.69%
60640	CHICAGO	978	0.58%	65.27%
60827	Riverdale	971	0.58%	65.85%
Zip Code area with <0.5%		**57,170**	**34.15%**	**100.00%**
TOTAL		**167,421**		

ATTACHMENT 12

Below is a listing of all ZIP Code areas located within UIMCC's geographic service area.

60612	CHICAGO
60622	CHICAGO
60674	CHICAGO
60624	CHICAGO
60607	CHICAGO
60642	CHICAGO
60661	CHICAGO
60608	CHICAGO
60701	CHICAGO
60606	CHICAGO
60654	CHICAGO
60623	CHICAGO
60664	CHICAGO
60668	CHICAGO
60669	CHICAGO
60670	CHICAGO
60673	CHICAGO
60675	CHICAGO
60677	CHICAGO
60678	CHICAGO
60680	CHICAGO
60681	CHICAGO
60684	CHICAGO
60685	CHICAGO
60686	CHICAGO
60687	CHICAGO
60688	CHICAGO
60690	CHICAGO
60691	CHICAGO
60693	CHICAGO
60694	CHICAGO
60696	CHICAGO
60697	CHICAGO
60699	CHICAGO
60695	CHICAGO
60647	CHICAGO
60610	CHICAGO
60689	CHICAGO
60602	CHICAGO
60603	CHICAGO
60651	CHICAGO
60604	CHICAGO
60639	CHICAGO
60618	CHICAGO
60804	CICERO
60632	CHICAGO
60609	CHICAGO
60303	OAK PARK
60613	CHICAGO
60304	OAK PARK
60302	OAK PARK
60641	CHICAGO
60301	OAK PARK
60653	CHICAGO
60640	CHICAGO
60625	CHICAGO
60402	BERWYN
60682	CHICAGO
60130	FOREST PARK
60305	RIVER FOREST
60707	ELMWOOD PARK
60615	CHICAGO
60636	CHICAGO
60630	CHICAGO
60659	CHICAGO
60629	CHICAGO
60621	CHICAGO
60141	HINES
60660	CHICAGO
60634	CHICAGO
60638	CHICAGO
60546	RIVERSIDE
60153	MAYWOOD
60637	CHICAGO
60534	LYONS
60171	RIVER GROVE
60706	HARWOOD HEIGHTS
60645	CHICAGO
60161	MELROSE PARK
60155	BROADVIEW
60646	CHICAGO
60626	CHICAGO
60712	LINCOLNWOOD
60513	BROOKFIELD

60601	CHICAGO
60614	CHICAGO
60605	CHICAGO
60644	CHICAGO
60611	CHICAGO
60616	CHICAGO
60657	CHICAGO
60499	BEDFORD PARK
60160	MELROSE PARK
60656	CHICAGO
60652	CHICAGO
60620	CHICAGO
60104	BELLWOOD
60165	STONE PARK

ATTACHMENT 12

ALTERNATIVES

Aside from the alternative of "doing nothing", two reasonable alternatives to improving the manner in which outpatient perioperative services and outpatient clinic services are provided were considered, with those being: 1) the de-centralizing of services, including the use of off-campus locations and 2) a project similar to that being proposed, but without the bridge connector to the hospital.

The alternative of using off-site locations, including the establishment of an ASTC, was dismissed because the physical areas to be developed serve as primary teaching sites for the medical, nursing, and allied health professional training programs based at the hospital. Because of the training programs' paramount importance to the role of UIMCC's purpose, this alternative was dismissed. Had this alternative been selected, patient access would likely have been similar to that of the proposed project, but staff and student access would have been compromised. The quality of care would be identical to that of the proposed project. Operating costs and capital costs were not evaluated, but would be dependent on the design of the alternative.

The alternative of building a structure similar or identical to that being proposed through this CON application, but without the bridge connector to the hospital's main building was considered, and subsequently deemed to be inferior to the proposed project. The bridge component of the proposed project will provide for a direct physical link for staff between UIMCC's existing surgical suite (which will provide all inpatient as well as selected outpatient surgery) and the outpatient surgical suite, that is a primary component of the proposed project; as well as a link between the medical center's other inpatient areas and the outpatient services to be provided in the proposed building. The ability for staff to migrate between the two surgical

suites without going outside and/or interfacing with the public is viewed as being valuable from the perspectives of staffing efficiency and patient care. Aside from the cost of the bridge (approximately $7M) and minimal duplicative staffing-associated costs, all aspects of this alternative are very similar to those of the proposed project.

SIZE OF PROJECT

The function-specific space allocation developed for this project is the culmination of a planning process that involved hospital representatives, the project architect, and other consultants; and the applicant is confident that the number of treatment sites is necessary, and the physical size of the project is not excessive.

As part of the proposed project, UIMC will be returning the Eye and Ear Infirmary building, which houses three clinics included in this project to the university.

The project involves three areas and eight functions having HFSRB-adopted space standards, those being the outpatient perinatal services (operating rooms, procedure rooms, and Phase 1 and Phase 2 recovery), and MRI (the HFSRB does not have standards for PET/CT), and the Multi-Specialty Procedure Area (procedure rooms, Phase 1 recovery and Phase 2 recovery). A comparison of the space allocation of the individual functions to the applicable HFSRB standards is provided on the following page.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Surgery				
Class C ORs (6)	16,400	16,500	(100)	YES
Class B ORs (2)	2,200	2,200	none	YES
Recovery				
Phase 1 (8)	1,400	1,400	(40)	YES
Phase 2 (16	6,340	63,400	(60)	YES
Imaging				
MRI (1)	1,600	1,800	(200)	YES
Multi-Specialty Procedures				
Class B ORs (8)	8,309	8,800	(491)	YES
Phase 1 recovery (8)	1,440	1,440	none	YES
Phase 2 Recovery (24)	9,000	9,600	(600)	YES

ATTACHMENT 14

UTILIZATION

The proposed project includes three clinical areas having HFSRB-adopted utilization standards: Class C surgical suites, Class B procedure rooms, and MRI. Additionally, the project includes the following clinical areas, which do not have IDPH-adopted utilization standards, and are therefore not addressed in this ATTACHMENT: PET/CT and specialty clinics for urology, organ transplantation, ophthalmology, otolaryngology, and gastroenterology (surgical procedures are not performed in these clinics).

As noted in this application's Narrative Description, the building became operational in September 2022; and for planning purposes 2020-2022 historical utilization data for the clinical services having HFSRB-adopted utilization standards was used to project utilization to the second year following the anticipated approval of this application, 2027.

Historically, the three clinical areas identified above as having HFSRB-adopted utilization standards have operated significantly in excess of the HFSRB's annual utilization standards (1,500 hours per OR or procedure room, and 2.500 MRI procedures), with 2020-2022 utilization increasing in the 15-20% range, annually. To lend conservatism to projected utilization of those services, projected growth rates in the 5-10% annual rate were used. This information is provided in the table at the end of this ATTACHMENT.

As primary components of the project, the hospital's number of Class C operating rooms increased from 21 to 29 (with the additional ORs being designated for outpatient procedures), the number of Class B procedure rooms increased from eight to ten, and the number of MRI units increased from five to six. The specialty clinics will provide a total of 152 examination rooms.

Service	2020 Utilization	2022 Utilization	Historical Annual Increase (%)	HFSRB Standard	Projected Annual Increase %	Projected 2027 Utilization
Class C Operating Rooms	37,992	49,588	15.30%	42,000+	5%	67,452
Class B Procedure Rooms	6,398	9,062	20.8%	13,500+	10%	14,994
MRI	13,199	18,898	21.6%	12500+	10%	27,669

4 of 7

ATTACHMENT 15

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

The proposed project is necessary to provide additional capacity for the provision of the clinical services identified in the table below, and to address the demand for those services.

Please refer to ATTACHMENT 15 for discussions relating to historical utilization, demand, and projected utilization of the individual clinical services.

Service	# Existing Key Rooms	# Proposed Key Rooms
Operating Rooms	21	29
Procedure Rooms	8	10
MRI	5	6
Clinic Exam Rooms	97	152

UI Health UIC
Hospital Administration

University of Illinois Hospital & Clinics
1740 W Taylor Street
Suite 1400, M/C 693
Chicago, IL 60612-4325
Phone 312 996 3900
Fax 312-996-7049

REASONABLENESS OF FINANCING ARRANGEMENTS

and

CONDITIONS OF DEBT FINANCING

In the opinion of the applicant, the conditions of debt proposed to finance the project addressed through this Certificate of Need application are reasonable, and the selected form of debt represents the lowest net cost available for the financing of the proposed project.

As discussed during a June 13, 2019 "Technical Assistance" conference with HFSRB staff, and in a June 18, 2019, letter from Jacob M. Axel to Mike Constantino, this project will be developed as a public-private partnership, which will involve a newly formed (501(C)(3) entity ("Newco") that will enter into a ground lease agreement with the Board of Trustees of the University of Illinois, a state body corporate and politic ("Board"). Newco, under the ground lease, will, among other functions, secure the financing for the facility, which will be tax-exempt bond financing issued by the Illinois Financing Authority. The Board will sublease the facility from Newco, and the sublease payments made by the Board to Newco will be used by Newco to pay the bond debt.

Newco will have no involvement in the operations of the hospital, including the use of space or equipment, or the provision of service; and will have no interest in the facility at the conclusion of the ground lease.

Scott E. Jones
Chief Operating Officer

Notarized: Maria A. Lopez 8/28/2025
Date

Notary Public, State of Illinois
Official Seal
Maria A Lopez
Commission # 839796
My Commission Expires 7/11/2026

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

Univerity of Illinois at Chicago Medical Center

YEAR 2 OPERATING COST per CASE

Adjusted Patient Days: 93,398

Salaries and Benefits	$680,381,891
Medical Supplies	$659,313,848
	$1,339,695,739
per adj. pt. day	$ 14,343.94

YEAR 2 CAPITAL COST per CASE

Adjusted Patient Days: 93,398

Interest Expense, Depreciation & Amort.	$ 46,583,093
per adj. pt. day	$ 498.76

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

Univerity of Illinois at Chicago Medical Center
FY 24 Operating Cost per Adjusted Patient Days

Adjusted Patient Days: 93,398

Salaries and Benefits	$680,381,891
Medical Supplies	$659,313,848
	$1,339,695,739
per adj. pt. day	$ 14,343.94

YEAR 2 CAPITAL COST per CASE

Adjusted Patient Days: 93,398

Interest Expense, Depreciation & Amort.	$ 46,583,093
per adj. pt. day	$ 498.76

ATTACHMENT 37

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF		New Const. $	Modernization $	Total Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Pharmacy	$ 565.00		4,702				$ 2,656,630		$ 2,656,630
Imaging	$ 565.00		3,600				$ 2,034,000		$ 2,034,000
Urology Clinic	$ 565.00		6,403				$ 3,617,695		$ 3,617,695
Anesthesia	$ 565.00		2,360				$ 1,333,400		$ 1,333,400
Transplant Clinic	$ 565.00		3,718				$ 2,100,670		$ 2,100,670
Outpatient Perioperative	$ 565.00		26,340				$ 14,882,100		$ 14,882,100
Multi-Spec. Procedures	$ 565.00		18,749				$ 10,593,185		$ 10,593,185
Ophthalmology Clinic	$ 565.00		31,239				$ 17,650,035		$ 17,650,035
Gastroenterology Clinic	$ 565.00		2,737				$ 1,546,405		$ 1,546,405
Otolaryngology Clinic	$ 565.00		9,211				$ 5,204,215		$ 5,204,215
	$ 565.00		109,059				$ 61,618,335		$ 61,618,335
Non-Reviewable									
Environmental Services	$ 525.00		917				$ 481,425		$ 481,425
Facilities Mgt. & Biomed.	$ 525.00		648				$ 340,200		$ 340,200
Dept. of Corrections	$ 525.00		1,764				$ 926,100		$ 926,100
Sterile Processing	$ 525.00		7,185				$ 3,772,125		$ 3,772,125
Staff Areas	$ 525.00		3,385				$ 1,777,125		$ 1,777,125
Mechanical	$ 475.00		22,872				$ 10,864,200		$ 10,864,200
Medical Gasses	$ 525.00		176				$ 92,400		$ 92,400
ConferenceMtg. Rms.	$ 576.43		2,538				$ 1,468,059		$ 1,468,059
IT	$ 525.00		209				$ 109,725		$ 109,725
Elevators & Stairs	$ 525.00		8,840				$ 4,641,000		$ 4,641,000
Lobby	$ 525.00		5,927				$ 3,111,675		$ 3,111,675
Materials Mgt.	$ 525.00		2,460				$ 1,291,500		$ 1,291,500
Public & Gen'l. Circ.	$ 500.00		21,398				$ 10,699,000		$ 10,699,000
Bridge	$ 1,900.00		3,650				$ 6,935,000		$ 6,935,000
DGSF>>BGSF	$ 320.00		11,375				$ 3,640,000		$ 3,640,000
	$ 537.26		93,344				$ 50,149,534		$ 50,149,534
PROJECT TOTAL	$ 552.20		202,403				$ 111,767,869		$ 111,767,869

note: DGSF and PROJECT TOTAL COST are consistent with the final cost report of the original project

UNIVERSITY OF ILLINOIS
HEALTH SERVICES FACILITIES SYSTEM

Annual Financial Report

June 30, 2024

(With Independent Auditor's Report Thereon)

THE BOARD OF TRUSTEES

EX OFFICIO MEMBER
The Governor of Illinois

Honorable J.B. Pritzker	Springfield

MEMBERS

J. Carolyn Blackwell	Champaign
Ramón Cepeda	Darien
Donald J. Edwards	Chicago
Joseph D. Gutman	Highland Park
Patricia Brown Holmes	Chicago
Wilbur C. Milhouse III	Chicago
Sarah Phalen	Springfield
Jesse H. Ruiz	Chicago
Tami Craig Schilling	Okawville

STUDENT TRUSTEES

Sanchita Teeka	University of Illinois – Urbana – Champaign
Mohammed Haq	University of Illinois – Chicago
Kyle Ingram	University of Illinois – Springfield

BOARD OFFICERS

Donald J. Edwards	Chair
Lester H. McKeever, Jr.	Treasurer
Paul N. Ellinger	Vice President, Chief Financial Officer, and Comptroller
Scott E. Rice	University Counsel
Jeffrey A. Stein	Secretary

ADMINISTRATIVE OFFICERS

University System

Timothy L. Killeen	President
Paul N. Ellinger	Vice President, Chief Financial Officer, and Comptroller

University of Illinois – Chicago

Marie Lynn Miranda	Chancellor and Vice President
Robert A. Barish, MD	Vice Chancellor for Health Affairs
Mark I. Rosenblatt, MD	Interim Chief Executive Officer, University of Illinois Hospital & Clinics
Laurence S. Appel	Chief Financial Officer, University of Illinois Hospital & Clinics

UNIVERSITY OF ILLINOIS
HEALTH SERVICES FACILITIES SYSTEM

Annual Financial Report

June 30, 2024

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UNIVERSITY OF ILLINOIS SYSTEM

Office of the Vice President, Chief Financial Officer and Comptroller

January 14, 2025

Holders of University of Illinois
Health Services Facilities System Revenue Bonds
and The Board of Trustees of the University of Illinois:

I am pleased to present the Annual Financial Report of the University of Illinois Health Services Facilities System for the fiscal year ending June 30, 2024. This report serves as a supplement to the Annual Financial Report of the University of Illinois.

Despite facing national and local challenges, including rising labor costs, staffing shortages, medical supply and pharmaceutical inflation, and limited reimbursement increases, the Health Services Facilities System achieved strong financial results in the fiscal year 2024. Higher patient volumes, enhanced revenue cycle performance, and prudent resource management enabled the System to grow while advancing its mission of improving health for all through outstanding clinical care, education, research, and social responsibility.

The leadership, medical professionals, and staff of the System remain steadfast in their commitment to providing excellent care to the residents of our community and the State of Illinois.

The 2024 financial statements and accompanying notes, found on pages 5 through 37, have been audited by RSM US LLP, Independent Certified Public Accountants serving as special assistants to the State of Illinois Auditor General. Their report on the financial statements is included on pages 2 through 4.

Respectfully,

SIGNED ORIGINAL ON FILE

Paul N. Ellinger
Vice President, Chief Financial Officer, and Comptroller

349 Henry Administration Building • 506 South Wright Street • Urbana, Illinois 61801
Office (217) 333-1560 • cfo-CFO@ad.uillinois.edu

RSM

RSM US LLP

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
University of Illinois

Report on the Audit of the Financial Statements

Opinion
As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the University of Illinois Health Services Facilities System (System), a segment of the University of Illinois, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities for the System, a segment of the University of Illinois, as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University of Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 1, the financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the University of Illinois that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the University of Illinois, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Schedule of University of Illinois Health Services Facilities System Proportionate Share of the Net Pension Liability and the Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements are not affected by this missing information.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the University Officials page and Transmittal Letter but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering System's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
January 14, 2025

UNIVERSITY OF ILLINOIS
HEALTH SERVICES FACILITIES SYSTEM

Statement of Net Position

June 30, 2024

Assets	
Current assets:	
Claim on cash and on pooled investments	$ 442,336,298
Restricted claim on cash and on pooled investments	839,757
Restricted cash and cash equivalents	42,643
Accrued investment income	1,823,607
Patient accounts receivable, net	186,304,403
Other receivables, net	15,359,112
Inventories	13,857,658
Prepaid expenses, deposits, and other assets	9,356,792
Total current assets	669,920,270
Noncurrent assets:	
Restricted claim on cash and on pooled investments	22,448,851
Capital assets, nondepreciable	24,048,692
Depreciable and amortizable capital assets, net	468,092,031
Total noncurrent assets	514,589,574
Total assets	$ 1,184,509,844
Liabilities, Deferred Inflow of Resources, and Net Position	
Current liabilities:	
Accounts payable	$ 96,096,682
Accrued payroll	33,944,406
Accrued interest payable	1,016,472
Estimated third-party settlements	84,561,901
Current maturities of finance purchases payable	2,227,996
Current maturities of leases and subscriptions payable	5,964,709
Current portion of accrued compensated absences	4,452,031
Total current liabilities	228,264,197
Noncurrent liabilities:	
Bonds payable	71,497,207
Finance purchases payable, net of current maturities	145,786,417
Leases and subscriptions payable, net of current maturities	8,731,563
Accrued compensated absences, net of current portion	33,074,620
Total noncurrent liabilities	259,089,807
Deferred inflow of resources	304,259
Total liabilities and deferred inflow of resources	487,658,263
Net investment in capital assets	249,468,654
Restricted:	
Expendable for capital projects and equipment	22,148,608
Expendable for debt service	300,425
Unrestricted	424,933,894
Total net position	696,851,581
Total liabilities, deferred inflow of resources, and net position	$ 1,184,509,844

See accompanying notes to financial statements.

UNIVERSITY OF ILLINOIS
HEALTH SERVICES FACILITIES SYSTEM

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2024

Operating revenues:	
Net patient service revenue	$ 1,226,803,692
Other revenues	82,941,425
Total operating revenues	1,309,745,117
Operating expenses:	
Salaries, wages and benefits	525,771,387
On-behalf for fringe benefits	75,022,319
Special funding situation for fringe benefits	79,588,185
Supplies and general expenses	659,313,848
Administrative services	24,368,828
Depreciation and amortization	46,583,093
Total operating expenses	1,410,647,660
Operating loss	(100,902,543)
Nonoperating revenues (expenses):	
On-behalf for fringe benefits	75,022,319
Special funding situation for fringe benefits	79,588,185
State appropriations and University allocations	41,473,602
Transfer to the University of Illinois Hospital Services Fund	(39,500,000)
Net increase in fair value of investments	5,149,378
Interest on capital asset related debt	(11,548,193)
Investment income (net of related expenses)	8,420,617
Loss on disposal of capital assets	(1,092,519)
Other nonoperating revenues, net	273,118
Net nonoperating revenues	157,786,507
Increase in net position	56,883,964
Net position, beginning of year	639,967,617
Net position, end of year	$ 696,851,581

See accompanying notes to financial statements.

UNIVERSITY OF ILLINOIS
HEALTH SERVICES FACILITIES SYSTEM

Statement of Cash Flows

Year ended June 30, 2024

Cash flows from operating activities:		
Patient services	$	1,233,603,424
Payments to suppliers		(649,108,905)
Payments for administrative services		(24,368,828)
Payments to employees and for benefits		(494,920,482)
Other receipts		38,672,303
Net cash provided by operating activities		103,877,512
Cash flows from noncapital financing activities:		
State appropriations and University allocations		1,973,602
Other receipts		50,261
Net cash provided by noncapital financing activities		2,023,863
Cash flows from capital and related financing activities:		
Purchases of capital assets		(41,754,633)
Proceeds from issuance of bonds		71,608,722
Payments on issuance of bonds		(520,912)
Principal paid on bonds, financed purchases, leases, and subscriptions		(100,309,816)
Interest paid on bonds, financed purchases, leases, and subscriptions		(11,727,790)
Net cash used in capital and related financing activities		(82,704,429)
Cash flows from investing activities:		
Interest and other earnings on investments		7,930,416
Pooled cash allocated from University related to unrealized gains		5,149,378
Net cash provided by investing activities		13,079,794
Net increase in cash and cash equivalents		36,276,740
Cash and cash equivalents, beginning of year		429,390,809
Cash and cash equivalents, end of year	$	465,667,549

(Continued)

UNIVERSITY OF ILLINOIS
HEALTH SERVICES FACILITIES SYSTEM

Statement of Cash Flows

Year ended June 30, 2024

Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(100,902,543)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization		46,583,093
Provision for uncollectible accounts		5,668,937
On-behalf for fringe benefits		75,022,319
Special funding situation for fringe benefits		79,588,185
Changes in assets, liabilities, and deferred inflow of resources:		
Patient accounts receivable		(28,030,164)
Other receivables		(2,814,246)
Inventories		(2,604,046)
Prepaid expenses, deposits, and other assets		(4,249,271)
Accounts payable and accrued expenses		4,144,935
Estimated third-party settlements		29,160,959
Accrued compensated absences		2,350,768
Deferred inflow of resources - leases portion		(41,414)
Net cash provided by operating activities	$	103,877,512
Noncash investing, capital, and financing activities:		
On-behalf for fringe benefits	$	75,022,319
Special funding situation for fringe benefits		79,588,185
State appropriations		39,500,000
Transfer to University of Illinois Hospital Services Fund		(39,500,000)
Other increases in capital assets		743,964
Increase of capital asset obligations in accounts payable		1,882,271
Capital assets acquired through financed purchase, lease, or subscription		5,144,113
Loss on disposal of capital assets		(1,092,519)

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organizational Background and Basis of Presentation

The University of Illinois Health Services Facilities System (System) comprises the University of Illinois Hospital (Hospital) and Hospital-based clinics providing patient care at the University of Illinois Chicago (UIC). The Hospital is a tertiary care facility located in Chicago, Illinois offering a full range of clinical services. Management of the System is the responsibility of the University of Illinois (University).

The System was established by a Bond Resolution (Resolution) of the Board of Trustees of the University of Illinois (Board) adopted on January 22, 1997. These separate financial statements of the System have been prepared to satisfy the requirements of the Series 1997B, 2008, 2013, and 2023 bond indentures. The financial balances and activities of the System are also included in the University's financial statements. The financial statements of the System are prepared in accordance with United States (U.S.) generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The System is not a separate legal entity and has not presented management's discussion and analysis.

Significant Accounting Policies

(a) Financial Statement Presentation and Basis of Accounting

The System prepared its financial statements as a business type activity, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, using the economic resources measurement focus and the accrual basis of accounting. Business type activities are those financed in whole or in part by fees charged to external parties for goods and services.

Under the accrual basis, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

(b) Cash and Cash Equivalents

The Statement of Cash Flows details the change in the cash and cash equivalents balances for the fiscal year. Cash and all liquid investments with original maturities of ninety days or less are defined as cash and cash equivalents.

(c) Investments

Investments are reported at fair value in accordance with guidelines defined by GASB Statement No. 72, *Fair Value Measurement and Application.* Fair value is determined for the System's investments based upon a framework described in Note 2(f). Bank deposits and money market funds are recorded at cost.

Changes in fair value during the reporting period are reported as a net increase (decrease) in the fair value of investments. Net investment income includes interest, dividends, and realized gains and losses.

(d) Inventories

Inventories of pharmaceutical and other supplies are stated at the lower of cost or market with cost determined using the first-in, first-out method.

(Continued)

(e) Capital Assets

Capital assets, which are or will be owned by the University, are recorded at cost or, if donated, at acquisition value at the date of the gift. Intangible right-of-use lease and subscription assets are recorded at cost based on the present value of expected payments over the term of the respective lease or arrangement plus any payments made to the lessor or provider at or before the commencement of the lease or arrangement term and certain direct costs that are ancillary charges necessary to place the lease or subscription asset into service. Depreciation and amortization of capital assets is calculated on a straight-line basis over the estimated useful lives (see below) of the assets, or over the shorter of the estimated useful lives or the lease or arrangement term for intangible right-of-use lease or subscription assets. The System's policy requires the capitalization of land and collection purchases regardless of cost, equipment and intangible right-of-use lease assets at or over $5,000, right-of-use subscription assets at or over $25,000, purchased or internally developed software, easements, buildings and improvements at or over $250,000 and purchased or internally developed infrastructure at or over $1,000,000. The System does not capitalize collections, such as works of art or historical treasures, which are held for public exhibition, education, or research in furtherance of public service rather than capital gain, unless they were previously capitalized as of June 30, 1999. Proceeds from the sale, exchange or other disposal of any item belonging to a collection must be applied to the acquisition of additional items for the same collection.

Estimated useful lives for capital assets are as follows:

	Useful life (in years)		Useful life (in years)
Buildings:		Improvements other than buildings:	
Shell	50	Site improvements	20
Service systems	25	Infrastructure	25
Fixed equipment	15		
Remodeling	25		
Intangibles:		Moveable equipment:	
Software	5 – 10	Equipment	3 – 20
Right-of-use	Shorter of the estimated useful lives or the lease or arrangement term		

(f) Deferred Inflow of Resources

Gains on refundings of the System's bonds of $241,804 are reported as deferred inflow of resources on the accompanying Statement of Net Position. The gains on refundings are amortized over the life of the debt using the straight-line method.

Deferred inflow of resources of $62,455 related to leases in which the System is lessor is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is recognized as revenue over the term of the lease.

(g) Compensated Absences

Accrued compensated absences for System personnel are charged as an operating expense, using the vested method, based on earned and unused vacation and sick leave days including the System's share of Medicare taxes.

(Continued)

(h) Premiums

Premiums for the System's bonds are reported within long-term debt and amortized over the life of the debt issue using the effective interest method.

(i) Net Position

The System's resources are classified into net position categories and reported in the Statement of Net Position. These categories are defined as (a) Net investment in capital assets – capital assets net of accumulated depreciation and amortization and related outstanding debt balances attributable to the acquisition, construction, or improvement of those assets, (b) Restricted – net position subject to externally imposed restrictions that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time, and (c) Unrestricted – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board. The System first applies resources included in restricted net position when an expense or outlay is incurred for purposes for which resources in both restricted and unrestricted net positions are available.

(j) Classification of Revenues

The Statement of Revenues, Expenses and Changes in Net Position classifies the System's fiscal year activity as operating and nonoperating. Operating revenues generally result from exchange transactions such as payments received for providing goods and services.

Certain revenue sources that the System relies on for operations including on-behalf for fringe benefits, special funding situation for fringe benefits and investment income are defined by GASB Statement No. 35 as nonoperating. In addition, transactions related to capital and financing activities are components of net nonoperating revenues.

Other operating revenues of the System include capitation payments from Health Maintenance Organizations (HMO) and Preferred Provider Organizations (PPO) to provide medical services to subscribers, revenues from laboratory services provided to external organizations, cafeteria/gift shop sales and other sources.

In fiscal year 2024, the System specified $39,500,000 of its State appropriation for transfer to the University of Illinois Hospital Services Fund, which is a special fund established in the State Treasury pursuant to the State Finance Act, 30 ILCS 105/6z-30. This fund is owned and operated by the Illinois Department of Healthcare and Family Services for the purpose of making payments to the System for services rendered to Medicaid recipients. It is not part of or a related organization of the University.

(k) Patient Service Revenue

The System has agreements with third-party payors that provide payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, some of which are subject to audit by administrating agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods. See Note 8 for the impact of such changes in estimate for fiscal year 2024.

The System provides allowances for uncollectible accounts receivable based upon management's best estimate of uncollectible accounts, considering type, age, collection history, and other appropriate factors.

(l) Charity Care

The policy of the System is to treat patients in immediate need of medical services without regard to their ability to pay for such services. The System provides care without charge or at amounts less than its established rates to patients who meet the criteria of its charity care policy. This policy defines charity care and provides guidelines for assessing a patient's ability to pay. Eligibility is based on patient qualification, financial resources and service criteria. Because the System does not pursue collection of amounts determined to be charity care, they are not reported as revenue.

The System maintains records to identify and monitor the level of charity care provided. These records include the amount of estimated costs for services rendered and supplies furnished under its charity care policy. The estimated cost of charity care using the System's cost-to-charge ratio was $26,489,400 for fiscal year 2024. The ratio of costs to charges is calculated based on the System's total operating expenses. Unreimbursed costs of providing care to Medicare and Medicaid patients are not included as charity care.

(m) Classification of Expenses

The majority of the System's expenses are exchange transactions which GASB defines as operating expenses for financial statement presentation. Nonoperating expenses include transfers to the University of Illinois Hospital Services Fund and capital financing costs.

(n) On-Behalf for Fringe Benefits

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the System has reported outside sources of financial assistance provided by other entities on behalf of the System during the year ended June 30, 2024, as described below.

Substantially all active employees participate in group health insurance plans provided by the State and administered by the Illinois Department of Central Management Services (CMS). The State contributed, on-behalf of the System, an estimated $75,022,319, which is reflected as both nonoperating revenues and operating expenses within the Statement of Revenues, Expenses and Changes in Net Position.

(o) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS fiduciary net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the University, including the System) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The System recognizes its proportionate share of the State's pension expense relative to the System's employees as nonoperating revenue and special funding situation for fringe benefits operating expense.

(Continued)

(p) Other Postemployment Benefits (OPEB)

The State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375) authorizes the State Employees Group Insurance Program (SEGIP), which includes activity for both active employees and retirees, as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and state public universities' unit employees become eligible for these OPEB plan benefits when they become annuitants of one of the State sponsored pension plans. CMS administers these benefits for the annuitants with the assistance of the public retirement systems sponsored by the State - General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees Retirement System (SERS), Teachers' Retirement System (TRS), and SURS.

In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, the Act (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund, including the University's State Appropriations Funds. Pursuant to State Statute, the State covers the contributions for employees who are compensated from the System's operating funds. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

The University has two separate components of OPEB administered within SEGIP. The (1) State of Illinois and its public universities are under a special funding situation for employees who are not paid from gift, grant, and other similar funds, while (2) the University is responsible for OPEB employer contributions when University employees are paid from gift, grant, and other similar funds. The System is under a special funding situation since its employees are not paid from gift, grant, and other similar funds.

A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (the University, including the System) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan. The System recognizes the proportionate share of the State's OPEB expense relative to the System's employees as nonoperating revenue and special funding situation for fringe benefits operating expense.

(q) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(r) New Accounting Pronouncements

The System adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, which was effective for periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances

(Continued)

of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Implementation of this pronouncement did not materially impact the System's financial statements.

(2) Cash, Cash Equivalents and Investments

The System has cash and certain investments that are pooled with other University funds for the purpose of securing a greater return on investment and providing an equitable distribution of investment return. Income is distributed based upon average quarterly balances invested in the investment pool.

Nearly all the University's investments are managed by external professional investment managers, who have full discretion to manage their portfolios subject to investment policy and manager guidelines established by the University, and in the case of mutual funds and other commingled vehicles, in accordance with the applicable prospectus or limited partnership agreement.

The Board follows the State of Illinois Uniform Prudent Management of Institutional Funds Act, 760 ILCS 51/1-11, when managing the University's investments. The Board fulfills its fiduciary responsibility for the management of investments, including endowment farm real estate, by adopting policies to maximize investment return with a prudent level of risk.

The following details the carrying value of the System's cash, cash equivalents, and investments as of June 30, 2024:

Money market funds	$	42,643
Claim on cash and on pooled investments		465,624,906
Total cash, cash equivalents and investments	$	465,667,549

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the University employs multiple investment managers, of which each has specific maturity assignments related to the operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested using the Bloomberg three-month T-Bills index and ICE Bank of America 1-year Treasury Index as performance benchmarks. Core operating funds are invested in longer maturity investments. Core operating funds investment managers' performance benchmarks are the Bloomberg one-year to three-year U.S. Government Bond Index, the Bloomberg one year to three year U.S. Government Credit Bond Index, the Bloomberg Intermediate U.S. Government Credit Bond Index and the Bloomberg Intermediate U.S. Aggregate Bond Index.

The System's non-pooled investments of $42,643, reported as cash equivalents, as of June 30, 2024, were invested in money market funds with maturities of less than one year.

Claim on cash and on pooled investments represents the System's share of participation in the University's operating internal investment pool. At June 30, 2024, the University's operating internal investment portfolio had an effective duration for its interest-bearing securities of 1.6 years.

(Continued)

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy requires that the University's short-term operating funds be invested in fixed income securities and other short-term fixed income instruments (e.g., money markets). Fixed income securities shall be rated investment grade or better by one or more nationally recognized statistical rating organizations. Securities not covered by the investment grade standard are allowed if, in the manager's judgment, those instruments are of comparable credit quality. Securities that fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion.

The University reports the credit ratings of fixed income securities and short-term instruments using Standard and Poor's and Moody's ratings. Securities with split ratings or with a different rating assignment are disclosed using the rating indicative of the greatest degree of risk. At June 30, 2024, the University's operating internal investment pool primarily consisted of securities with credit ratings of A or better. The System's non-pooled money market funds have a credit rating of AAA.

(c) Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk relates to investment securities that are held by someone other than the University and are not registered in the University's name. The University's investment policy does not limit the value of investments that may be held by an outside party. At June 30, 2024, the System's investments and deposits had no custodial credit risk exposure.

(d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's investment policy provides that the total operating funds portfolio will be broadly diversified across securities in a manner that is consistent with fiduciary standards of diversification. Issuer concentrations are limited to 5% per issuer of the total market value of the portfolio at the time of purchase, or in the case of securitized securities, an individual issuance trust. These concentration limits do not apply to investments in money market funds, tri-party repurchase agreements or obligations of, or issues guaranteed by, the U.S. Treasury, U.S. agencies or U.S. government sponsored enterprises.

As of June 30, 2024, not more than 5% of the University's total investments were invested in securities of any one issuer, excluding money market funds, tri-party repurchase agreements or obligations of, or issues guaranteed by, the U.S. Treasury, U.S. agencies or U.S. government sponsored enterprises.

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University does not have an overarching policy related to foreign currency risk; however, under each investment manager's respective fund agreement, the portfolio's foreign currency exposure may be unhedged or hedged back into U.S. dollars. The University's operating fund investments generally are not exposed to foreign currency risk.

The University invests in non-U.S. developed and emerging markets through commingled funds invested in non-U.S. equities, fixed income, private equity and absolute return strategies.

As these funds are reported in U.S. dollars, both price changes of the underlying securities in local markets and changes to the value of local currencies relative to the U.S. dollar are embedded in investment returns.

(f) Investments and Fair Value Measurements

GASB standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value hierarchy is as follows:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the System has the ability to access as of the measurement date. Level 1 inputs would also include investments valued at prices in active markets that the System has access to where transactions occur with sufficient frequency and volume to provide reliable pricing information.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about what market participants would use in pricing an asset or liability.

The System's non-pooled investments of $42,643 as of June 30, 2024 are invested in money market funds that are reported at cost.

(3) Patient Accounts Receivable

Patient accounts receivable as of June 30, 2024, reported as current assets, consisted of the following amounts:

Patient accounts receivable, net of contractual allowances and charity care:	
Medicaid managed care	$ 96,724,516
Blue Cross	57,643,640
Medicare managed care	42,738,441
HMO/PPO	38,639,914
Medicaid	27,334,416
Medicare	19,986,720
Commercial insurance	7,151,198
Self-pay and other	15,266,083
Total	305,484,928
Less allowance for uncollectible accounts	(119,180,525)
Total patient accounts receivable, net	$ 186,304,403

(Continued)

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at June 30, 2024 was as follows:

Medicaid managed care	31.7 %
Blue Cross	18.9
Medicare managed care	14.0
HMO/PPO	12.6
Medicaid	8.9
Medicare	6.5
Self-pay and other	5.1
Commercial insurance	2.3
	100.0 %

(4) Capital Assets

The capital assets of the System are not pledged to secure outstanding indebtedness of the Board. The System records right-of-use lease and subscription assets based on the present value of expected payments over the term of the respective leases and arrangements. The expected payments are discounted using the interest rate charged on the lease or arrangement, if available, and are otherwise discounted using the System's incremental borrowing rate. The System does not have any leases subject to a residual value guarantee.

Capital asset activity for the year ended June 30, 2024, is summarized as follows:

(Continued)

Capital Assets

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable capital assets:					
Land	$ 770,917	$	$	$	$ 770,917
Construction in process	25,184,648	21,526,300		(23,433,173)	23,277,775
Total nondepreciable capital assets	25,955,565	21,526,300	—	(23,433,173)	24,048,692
Depreciable capital assets:					
Buildings	484,050,964			19,323,816	503,374,780
Leasehold improvements	2,320,152				2,320,152
Equipment	190,118,112	22,666,149	(9,782,840)		203,001,421
Software	146,464,532	157,666	(173,604)	4,109,357	150,557,951
Total depreciable capital assets	822,953,760	22,823,815	(9,956,444)	23,433,173	859,254,304
Less accumulated depreciation:					
Buildings	177,900,319	15,701,710			193,602,029
Leasehold improvements	2,320,150				2,320,150
Equipment	127,956,003	11,352,546	(8,690,321)		130,618,228
Software	71,154,714	10,827,234	(173,604)		81,808,344
Total accumulated depreciation	379,331,186	37,881,490	(8,863,925)	—	408,348,751
Total depreciable capital assets, net	443,622,574	(15,057,675)	(1,092,519)	23,433,173	450,905,553
Amortizable capital assets:					
Right-of-use buildings	3,655,109				3,655,109
Right-of-use equipment	9,449,371	962,671	(132,588)		10,279,454
Right-of-use subscription	16,688,437	4,212,195	(2,054,228)		18,846,404
Total amortizable capital assets	29,792,917	5,174,866	(2,186,816)	—	32,780,967
Less accumulated amortization:					
Right-of-use buildings	473,539	451,682			925,221
Right-of-use equipment	4,073,932	2,220,571	(132,588)		6,161,915
Right-of-use subscription	4,532,231	6,029,350	(2,054,228)		8,507,353
Total accumulated amortization	9,079,702	8,701,603	(2,186,816)	—	15,594,489
Total amortizable capital assets, net	20,713,215	(3,526,737)	—	—	17,186,478
Total depreciable and amortizable capital assets, net	$ 464,335,789	$ (18,584,412)	$ (1,092,519)	$ 23,433,173	$ 468,092,031

(5) Bonds Payable

During fiscal year 1997, the University issued $25,000,000 of Health Services Facilities System Revenue Bonds Series 1997B. The bonds were variable rate bonds which bore interest at a rate determined weekly. The remaining outstanding balance on the bonds was paid via an early redemption option executed in May 2024.

During fiscal year 2008, the University issued $41,215,000 Variable Rate Demand Health Services Facilities System Revenue Refunding Bonds, Series 2008. The bonds were variable rate bonds which bore interest at a rate determined weekly. The remaining outstanding balance on the bonds was paid via an early redemption option executed in May 2024.

(Continued)

During fiscal year 2014, the University issued $70,785,000 Health Services Facilities System Revenue Bonds, Series 2013. The bonds were fixed rate bonds in which proceeds were used to finance the costs of certain construction, renovation and equipment purchases for the System and to pay costs incidental to the issuance of the Series 2013 Bonds. The original bond premium, $591,216, was deferred and was to be amortized over the remaining life of the issue. The bonds were refunded in September 2023.

During fiscal year 2024, the University issued $68,325,000 Health Services Facilities System Revenue Bonds, Series 2023. Proceeds of these bonds were used to currently refund the Health Services Facilities System Revenue Bonds, Series 2013 and to pay certain interest and costs of issuing the Series 2023 Bonds. The refunding of Series 2013 resulted in savings of $12,435,569 over the remaining life of the issue at a present value of $8,319,558. The difference between the reacquisition price and the net carrying amount of the old debt, gain on refunding, was $251,149. This gain on refunding is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Bonds payable activity for the year ended June 30, 2024 was as follows:

			Bonds Payable				
Series	Rate on June 30 outstanding debt	Fiscal year maturity dates	Beginning balance	Additions	Deductions	Ending balance	Current portion
Bonds payable							
1997B	N/A	2024	$ 5,500,000	$	$ (5,500,000)	$ —	$
2008	N/A	2024	12,955,000		(12,955,000)	—	
2013	N/A	2024	70,785,000		(70,785,000)	—	
2023	5% to 5.50%	2028 – 2043		68,325,000		68,325,000	
			89,240,000	68,325,000	(89,240,000)	68,325,000	—
Unamortized premium			536,920	3,283,722	(648,435)	3,172,207	
Total bonds payable			$ 89,776,920	$ 71,608,722	$ (89,888,435)	$ 71,497,207	$ -

The bonds do not constitute obligations of the State. Bond principal and interest payments are funded from revenues pledged from (a) System net revenues, principally consisting of all charges, income and revenues received from the continued use and operation of the System remaining after providing sufficient funds for the reasonable and necessary cost of currently maintaining, repairing, insuring and operating the System, (b) Medical Service Plan (MSP) revenues net of bad debt expense and contractual allowances and (c) UI College of Medicine tuition revenue.

These revenues for the year ended June 30, 2024 were as follows:

System net revenues	$ 114,785,792
Adjusted MSP revenues	338,450,961
UI College of Medicine student tuition	56,518,620
Total	$ 509,755,373

(Continued)

The table below shows the amount of revenues pledged for future principal and interest payments on the bonds:

		Pledged revenues			
Bond issue(s)	Purpose	Source of revenue pledged	Future revenues pledged[1]	Term of commitment	Debt service to pledged revenues (current year)
Series 2023	Refunding	System net revenues, MSP revenues net of bad debt and contractual allowances, College of Medicine tuition	$ 111,530,200	2043	4.39%

[1] Total estimated future principal and interest payments on bonds

The resolutions authorizing the bonds provide for the establishment of separate funds as follows: Revenue Fund, Project Fund, Repair and Replacement Reserve, Equipment Reserve, Bond and Interest Sinking Fund and Development Reserve. All income and revenues received from the continued use and operation of the System, as provided for by the Bond Resolution, are to be deposited in the Revenue Fund and used to pay necessary operation and maintenance expenses of the System. In the event of default, the bond owners may sue to command performance. The Bond Resolution also requires transfers to funds as follows:

Project Fund – at the discretion of the University Comptroller, amounts not needed to complete construction and renovation projects specified in the Bond Resolution are required to be transferred either to the Repair and Replacement Reserve or to the Bond and Interest Sinking Fund.

Repair and Replacement Reserve – an amount calculated as specified in the Bond Resolution to provide for the cost of unusual maintenance and repairs.

Equipment Reserve – an amount approved by the Board for the acquisition of movable equipment to be installed in the facilities constituting the System. The reserve may not exceed 20% of the book value of the movable equipment of the System.

Bond and Interest Sinking Fund – amounts transferred into the Bond and Interest Sinking Fund sufficient to pay principal and interest as it becomes due on the outstanding bonds.

Development Reserve – an amount approved by the Board for System development. No transfers were authorized by the Board during the year ended June 30, 2024, and there was not a balance in the reserve at June 30, 2024.

The System made all required transfers for the year ended June 30, 2024.

After fulfillment of the provisions described above, the surplus, if any, remaining in the Revenue Fund may be used at the Board's option (a) to redeem bonds of the System which are subject to early redemption, (b) to improve or add facilities to the System, or (c) for any other lawful purpose.

(Continued)

Assets restricted by Bond Resolution were held for the following purposes at June 30, 2024:

Restricted assets:	
Cash equivalents and claim on cash and pooled investments	$ 23,331,251
Purpose:	
Repair and replacement reserve	$ 22,148,608
Bond and interest sinking fund	1,182,643
Total assets limited as to use	23,331,251
Less amounts required for current liabilities	(882,400)
Total for long-term use	$ 22,448,851

(a) Debt Service Requirements

Future estimated debt service requirements for the Series 2023 Bonds at June 30, 2024 were as follows:

	Principal	Interest
2025	$ —	$ 3,529,600
2026	—	3,529,600
2027	—	3,529,600
2028	2,825,000	3,458,975
2029	2,980,000	3,313,850
2030 - 2034	17,400,000	14,108,750
2035 - 2039	22,450,000	9,154,500
2040 - 2043	22,670,000	2,580,325
Total debt service	68,325,000	$ 43,205,200
Unamortized premium	3,172,207	
Total bonds payable	$ 71,497,207	

(6) Finance Purchases, Leases and Software Subscriptions

(a) Finance Purchase Arrangements

The System has finance purchase arrangements with external parties related to hospital space and equipment with remaining lease terms ranging from three years to thirty-two years. The renewal and termination options are not included in the assets or liability balance until they are reasonably certain of exercise. The term does not include periods of a finance purchase that include a mutual termination option. Variable payments that are not fixed in nature and non-rent charges are not included in the finance purchase payable. The System did not have any finance purchases with variable lease payments as of June 30, 2024.

One of these finance purchase arrangements is a private-public partnership. The University entered into several agreements with private enterprises to construct the UI Health Specialty Care Building (SCB), which includes an outpatient surgery center and five specialty clinics. The University has partnered with Provident Group-UIC Surgery Center LLC (Provident) and a developer, UIH ASC Development, LLC (Developer). Through agreements among the parties, Provident was responsible for the design, development, and construction of the SCB. The Illinois Finance Authority (IFA) issued $149,845,000 of tax-exempt bonds with fixed interest rates of 4.00% and 5.00% in August 2020 and loaned the proceeds to Provident to fund a portion of the SCB project cost. The University leased the land on which the SCB was built

to Provident over a period of 40 years and has entered a sublease with Provident to lease the SCB facility from Provident. Upon the termination or expiration of the land lease, the SCB, any improvements, fixtures, equipment, and all personal property attached to or within the SCB shall be owned by the University.

Finance purchase payable activity for the year ended June 30, 2024 was as follows:

	Finance Purchase Payable				
	Beginning balance	Additions	Deductions	Ending balance	Current portion
Finance purchase payable	$ 150,139,105		$ (2,124,692)	$ 148,014,413	$ 2,227,996

As of June 30, 2024, the scheduled fiscal year maturities of finance purchase liabilities and related interest are as follows:

	Principal	Interest
2025	$ 2,227,996	$ 6,205,360
2026	2,336,417	6,092,814
2027	2,350,000	5,974,650
2028	2,465,000	5,854,275
2029	2,590,000	5,727,900
2030-2034	15,020,000	26,511,250
2035-2039	19,055,000	22,438,125
2040-2044	23,305,000	18,136,900
2045-2049	28,355,000	12,986,500
2050-2054	34,500,000	6,720,000
2055-2058	15,810,000	638,600
	$ 148,014,413	$ 117,286,374

(b) Lessee Arrangements

The System leases warehouse space and equipment from external parties with remaining lease terms ranging from less than one year to nine years. The renewal and termination options are not included in the right-of-use assets or lease liability balance until they are reasonably certain of exercise. The lease term does not include periods of a lease that include a mutual termination option. Variable payments that are not fixed in nature and non-rent charges are not included in leases payable. The System did not have any leases with variable lease payments as of June 30, 2024.

Leases payable activity for the year ended June 30, 2024 was as follows:

	Leases Payable				
	Beginning balance	Additions	Deductions	Ending balance	Current portion
Leases payable	$ 8,701,708	$ 962,672	$ (2,574,007)	$ 7,090,373	$ 2,575,934

(Continued)

As of June 30, 2024, the scheduled fiscal year maturities of lease liabilities and related interest are as follows:

	Principal	Interest
2025	$ 2,575,934	$ 161,318
2026	1,454,882	98,894
2027	1,063,564	67,913
2028	468,212	47,395
2029	429,924	36,451
2030-2033	1,097,857	43,959
	$ 7,090,373	$ 455,930

(c) Lessor Arrangements

The System leases space within and attached to its buildings to external parties. These arrangements have terms of less than one year. In accordance with GASB 87, the System records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease. During the fiscal year ended June 30, 2024, the System recognized revenues related to these lease agreements totaling $114,393, including interest and other related revenues. Of these amounts recognized during the fiscal year ended June 30, 2024, the System recognized no revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

(d) Subscription-Based Information Technology Arrangements

The System has many subscription-based information technology agreements (SBITAs) with remaining terms ranging from less than one year to seven years. The renewal and termination options are not included in the subscription asset or subscription liability balance until they are reasonably certain of exercise. The SBITA term does not include periods that include a mutual termination option.

Certain System SBITAs contain both fixed and variable subscription payments. These exist primarily within the agreements based on the consumer price index (fixed in substance) or other maintenance costs, which are paid based on actual costs incurred by the vendor (not fixed). The remaining SBITAs do not contain variable lease payments. Variable payments that are not fixed in nature and non-subscription charges are not included in the subscription liability. The total expenditures for variable payments not previously included in the measurement of the subscription liability during the fiscal year ended June 30, 2024, were $754,814.

Additionally, the System recognized termination penalties related to SBITAs for the year ended June 30, 2024. These amounts were not included in the measurement of the subscription liability and were minimal. There were no commitments for SBITAs that have not yet commenced.

Subscription payable activity for the year ended June 30, 2024 was as follows:

	Subscription Payable				
	Beginning balance	Additions	Deductions	Ending balance	Current portion
Subscriptions payable	$ 9,795,379	$ 4,181,636	$ (6,371,116)	$ 7,605,899	$ 3,388,775

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(Continued)

As of June 30, 2024, the scheduled fiscal year maturities of subscription liabilities and related interest are as follows:

	Principal	Interest
2025	$ 3,388,775	$ 215,380
2026	1,894,235	120,336
2027	1,079,061	66,889
2028	613,791	35,185
2029	521,542	18,077
2030-2031	108,495	2,732
	$ 7,605,899	$ 458,599

(7) Accrued Compensated Absences

Accrued compensated absences includes earned and unused vacation and sick leave, including the System's share of Medicare taxes, valued at the current rate of pay.

Section 14a of the State Finance Act (30 ILCS 105/14a) provides that employees eligible to participate in the State Universities Retirement System or the Federal Retirement System are eligible for compensation at time of resignation, retirement, death or other termination of System employment for one-half (1/2) of the unused sick leave earned between January 1, 1984 and December 31, 1997. Any sick leave days that were earned before or after this period of time are noncompensable.

Changes in Compensated Absences Balance

Balance, beginning of year	$ 35,175,883
Additions	5,878,592
Deductions	(3,527,824)
Balance, end of year	37,526,651
Less current portion	(4,452,031)
Balance, end of year – noncurrent portion	$ 33,074,620

(8) Net Patient Service Revenue

Approximately 92% of the System's net patient service revenue was derived from Medicare, Medicaid and managed care programs for the year ended June 30, 2024. Reimbursement under these programs provided payments to the System at amounts different from its established rates, based on a specific amount per case, or a contracted price, for rendering services to program beneficiaries. The System records contractual allowances in the current period representing the difference between charges for services rendered and the expected payments under these programs and adjusts them in future periods as final settlements through cost reports or other means as determined.

(Continued)

Net patient service revenue for the year ended June 30, 2024 was derived from the following payers:

Medicaid managed care	$	1,358,826,932
Medicare managed care		599,153,798
Medicare		569,583,877
HMO/PPO		912,929,864
Self-pay and other		255,565,688
Medicaid		220,311,780
Commercial insurance		58,040,698
Total gross revenue		3,974,412,637
Contractual allowances		(2,741,940,008)
Provision for uncollectible accounts		(5,668,937)
Net patient service revenue	$	1,226,803,692

A summary of the payment arrangements with major third-party payers follows:

Medicare and Medicare Managed Care: Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient services are paid at prospectively determined rates that are based on the patients' diagnosis. Outpatient payments to the Hospital are based on a predetermined package rate based on services provided to patients. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The System's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2018.

Medicaid and Medicaid Managed Care: Services are reimbursed at prospectively determined rates. Medicaid payment methodologies and rates for services rendered are subject to change and the amount of funding available to the University of Illinois Hospital Services Fund. Such changes could have a significant effect on the System's revenues.

HMO/PPO: The System has payment agreements with certain HMOs and PPOs. The basis for payment under these agreements includes prospectively determined rates-per-discharge, discounts from established charges, prospectively determined daily rates and capitated per-member per-month rates.

For the fiscal year ended June 30, 2024, changes in estimates have been recognized as an increase in net patient service revenue of approximately $3,859,000 as a result of settled cost reports and changes in estimates related to services rendered in previous years.

(Continued)

(9) Retirement and Postemployment Benefits

(a) Defined Benefit Pension Plan

General Information about the Defined Benefit Pension Plan

Plan Description: The University contributes to the SURS, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, and provides retirement annuities and other benefits for staff members and employees of State universities, and community colleges, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 (effective January 1, 1998) established an alternative defined benefit program known as the portable benefit package. Tier 1 of the traditional and portable plan refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2023 can be found in the Financial Section of SURS ACFR.

Contributions: The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2023 and fiscal year 2024, respectively, was 12.83% and 12.53% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155 (j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

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Pension Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pensions

Net Pension Liability: The net pension liability (NPL) was measured as of June 30, 2023. At June 30, 2023, SURS defined benefit plan reported a NPL of $29,444,538,098.

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the NPL to be recognized for the System is $0. The proportionate share of the State's NPL associated with the System is $2,763,386,352. This amount is not recognized in the System's financial statements. The NPL and total pension liability as of June 30, 2023 was determined based on the June 30, 2022 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2022.

Defined Benefit Pension Expense: At June 30, 2023, SURS defined benefit plan reported a collective net pension expense of $1,884,388,521.

Employer Proportionate Share of Defined Benefit Pension Expense: The employer proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (special funding situation for fringe benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to the SURS defined benefit plan during fiscal year 2022. As a result, the University recognized revenue and defined benefit pension expense of $868,478,169 from this special funding situation during the year ended June 30, 2024, of which $176,850,881 was related to the System.

Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pensions: Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 62,591,844	$ 12,277,871
Changes in assumption	70,957,694	420,880,693
Net difference between projected and actual earnings on pension plan investments	187,992,691	
Total	$ 321,542,229	$ 433,158,564

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows and Inflows of Resources
2024	$ (428,264,966)
2025	(171,164,633)
2026	465,174,033
2027	22,639,231
2028	
Thereafter	
Total	$ (111,616,335)

(Continued)

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary.

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	36.0%	7.97%
Stabilized Growth		
Core Real Assets	8.0%	4.68%
Public Credit Fixed Income	6.5%	4.52%
Private Credit	2.5%	7.36%
Non-Traditional Growth		
Private Equity	11.0%	11.32%
Non-Core Real Assets	4.0%	8.67%
Inflation Sensitive		
U.S. TIPS	5.0%	2.09%
Principal Protection		
Core Fixed Income	10.0%	1.13%
Crisis Risk Offset		
Systematic Trend Following	10.0%	3.18%
Alternative Risk Premia	3.0%	3.27%
Long Duration	2.0%	3.02%
Long Volatility/Tail Risk	2.0%	-1.14%
Total	**100.0%**	**5.98%**
Inflation		**2.60%**
Expected Arithmetic Return		**8.58%**

(Continued)

Discount Rate: A single discount rate of 6.37% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.86% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2023). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the SURS Net Pension Liability to Changes in the Discount Rate: Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.37%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.37%	Current Single Discount Rate Assumption 6.37%	1% Increase 7.37%
$35,695,434,682	$29,444,538,098	$24,236,489,318

Additional information regarding SURS basic financial statements, including the plan's net position, can be found in SURS Annual Comprehensive Financial Report by accessing the website at www.SURS.org.

(b) Defined Contribution Pension Plan

General Information about the Defined Contribution Pension Plan

Plan Description: The University contributes to the Retirement Savings Plan (RSP) administered by SURS, a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State makes substantially all required contributions on behalf of the participating employers. SURS was established July 21, 1941 and provides retirement annuities and other benefits for staff members and employees of State universities and community colleges, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5. Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided: A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2023, can be found in SURS Annual Comprehensive Financial Report – Notes to the Financial Statements.

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Contributions: All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Forfeitures: Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense: For the year ended June 30, 2023, the State's contributions to the RSP on behalf of individual employers totaled $90,330,044. Of this amount, $81,991,471 was funded via an appropriation from the State and $8,338,573 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense: The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (special funding situation for fringe benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2023. The University's share of pensionable contributions was 57.9894%. As a result, the University recognized revenue and defined contribution pension expense of $52,381,891 from this special funding situation during the year ended June 30, 2024, of which $10,666,710 was related to the System. The amount that constituted forfeitures for the University was $4,835,492.

(c) Other Postemployment Benefits

Plan description: The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the SEGIP to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the University's full-time employees are members of SEGIP. Members receiving monthly benefits from the GARS, JRS, SERS, TRS, and SURS are eligible for these other post-employment benefits ("OPEB"). The eligibility provisions for the SURS members were defined within Note 9(a).

The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan, which does not issue a stand-alone financial report.

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Benefits provided: The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the State universities' employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

Funding policy and annual other postemployment benefit cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of CMS shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the State's General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2024, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $13,410 ($7,211 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and $16,622 ($6,423 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Special funding situation of OPEB: The proportionate share of the State's OPEB expense relative to the System's former employees or retirees was estimated to be ($107,929,406) during the year ended June 30, 2024. The amount of the total proportionate share of the total OPEB liability to be recognized by the System related to the special funding situation is $0.

Actuarial Methods and Assumptions: The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2022, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2022.

(Continued)

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.75%
Healthcare Cost Trend Rate:	
Medical & Rx (Pre-Medicare - QCHP**)	Trend rates start at 8.00% in 2025, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in year 2040.
Post-Medicare - MAPD***	Trend rates are 0.00% in years 2025 to 2028, 19.42% from 2029 to 2033, then 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2023 and 2024 are based on actual premiums. Premiums after 2024 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:

Healthcare Cost Trend Rate:	
Medical & Rx (Pre-Medicare & Post-Medicare)	1.80 % grading up 6.20% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Medical & Rx (Post-Medicare)	-7.56% grading up 15.56% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038.
Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.

*Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.
**Quality Care Health Plan
***Medicare Advantage Prescription Drug

(Continued)

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2022 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study^	Mortality^^
GARS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional mortality improvement scales
JRS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional mortality improvement scales
SERS	July 2018 - June 2021	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
TRS	July 2017 - June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
SURS	July 2017 - June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General Employees table was used for Non-Academic members

^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

^^ Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Discount Rate: Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.69% at June 30, 2022, and 3.86% at June 30, 2023, was used to measure the total OPEB liability.

(10) Related-Party Transactions

The University charged the System for administrative and other services totaling $24,368,828 in fiscal year 2024. These charges represent a portion of the estimated administrative and other service costs incurred by the University in support of the System. An additional $41,413,462 was paid by the University on behalf of the System for salaries and other costs for the year ended June 30, 2024, in exchange for System services and facilities provided, and are recognized as operating expenses (salaries and general) and operating revenues.

The System provides funds to the UI College of Medicine to support programmatic initiatives that benefit the System's strategic goals and to pay for salaries of physicians and staff in the College of Medicine who serve as medical directors and physician leaders of the System under various agreements. During fiscal year 2024, approximately $66.5 million was recognized in salaries and wages and supplies and general expenses by the System under these agreements.

(Continued)

The System provides funds to the University of Illinois College of Pharmacy under various arrangements to pay for salaries of clinical pharmacists, faculty and residents and to support programs that benefit the System's clinical operations. During fiscal year 2024, approximately $16.9 million was recognized in salaries and wages and supplies and general expenses under these arrangements.

The System contracts with the UI College of Pharmacy to provide certain pharmacy services related to the Federal drug discount program under Section 340b of the Public Health Service Act, under which the System is a covered entity and purchases drugs for dispensing to eligible outpatients. During fiscal year 2024, the System paid approximately $18.8 million to the UI College of Pharmacy for these services.

The UI College of Pharmacy also provides various community benefit programs to patients and constituents of the System. During fiscal year 2024, the System paid approximately $7.7 million to the UI College of Pharmacy to support these programs.

Most healthcare services rendered by physicians at the University are charged, billed and collected through the MSP. For Hospital-based ambulatory care services, there is a charge for both professional and technical components. Based on the underlying agreements between the MSP and the System, the System remits certain net technical revenue to the MSP. Total MSP remittances from the System for the year ended June 30, 2024 relating to the delivery of ambulatory care were approximately $16.6 million.

During 2024, various departments within the UI College of Medicine agreed to reimburse the System for a portion of the expenses related to the resident and fellowship training program. This reimbursement, which totaled $3.6 million, has been reflected in the financial statements as a reduction of the related expenses.

(11) Commitments and Contingencies

(a) Commitments

At June 30, 2024, the System had commitments on various construction projects and contracts for repairs and renovation of health services facilities of $19,557,743, commitments on software projects of $3,044,230, and commitments on equipment of $2,533,393.

(b) Contingencies

The University (including the System) is involved in regulatory audits arising in the normal course of business.

In 2024, the System received notices from Medicare and other payers requiring that it provide documentation for certain claims as part of audit programs. The System has responded to these requests. Review of claims through these Medicare and other payer audit programs may result in a liability to Medicare and other payers which could have a material impact on the System's net patient service revenue.

The University (including the System) is a defendant in a number of legal actions primarily related to medical malpractice. These legal actions have been considered in estimating the University's accrued self-insurance liability, which covers hospital and medical professional/general liability, estimated general and contractual liability, and workers' compensation liability. At June 30, 2024, the University's total accrued self-insurance liability was $289,126,211.

The University's accrued self-insurance liability includes $236,329,796 at June 30, 2024, for the most probable and reasonably estimable ultimate cost of medical malpractice liabilities. Ultimate cost consists of amounts estimated by the University's risk management division and actuaries for asserted claims, unasserted claims arising from reported incidents, expected litigation expenses and amounts determined by actuaries using relevant industry data and System specific data to cover projected losses for claims incurred but not yet reported. The System contributes to the University's self-insurance reserve through annual assessments (approximately $11.3 million in fiscal year 2024 reported as general expenses). Therefore, no liability related to medical malpractice claims is included in the System's financial statements, but the entire self-insurance liability is reflected in the University's financial statements.

The System utilizes classes of medical devices and x-ray machines that have legally imposed costs associated with their eventual disposal. The System does not have sufficient information available to reasonably estimate the timing and/or cost related to these future retirement obligations.

UNIVERSITY OF ILLINOIS
HEALTH SERVICES FACILITIES SYSTEM

Required Supplementary Information
Year Ended June 30, 2024

Schedule of University of Illinois Health Services Facilities System Proportionate Share of the Net Pension Liability

Measurement Date	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
(a)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(c)	$2,763,386,352	$2,722,736,087	$2,627,941,908	$2,685,929,039	$2,445,838,023	$2,325,669,476	$2,068,800,122	$2,016,718,081	$1,770,601,518	$1,546,893,194
Total (b) + (c)	$2,763,386,352	$2,722,736,087	$2,627,941,908	$2,685,929,039	$2,445,838,023	$2,325,669,476	$2,068,800,122	$2,016,718,081	$1,770,601,518	$1,546,893,194
(d)	$381,130,718	$360,104,021	$332,786,958	$320,699,826	$300,473,375	$288,314,036	$274,251,179	$265,271,833	$253,062,776	$260,376,968
(e)	725.05%	756.10%	789.68%	837.52%	813.99%	806.64%	754.35%	760.25%	699.67%	594.10%
(f)	44.06%	43.65%	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%

(a) Proportion Percentage of the Collective Net Pension Liability
(b) Proportion Amount of the Collective Net Pension Liability
(c) Portion of Nonemployer Contributing Entitites' Total Proportion of Collective Net Pension Liability associated with the System
(d) Employer defined benefit Covered Payroll*
(e) Proportion of Collective Net Pension Liability associated with the System as a percentage of defined benefit covered payroll
(f) SURS Plan Net Position as a Percentage of Total Pension Liability

* GASB Statement #82 amended GASB Statements #67 & #68 to require the presentation of covered payroll, defined as payroll on which contributions to a pension plan are based, and ratios that use that measure. For the SURS plans, the covered payroll are those employees within the defined benefit plan

(Continued)

Notes to Required Supplementary Information
June 30, 2024

The pension schedules above are presented to illustrate the requirements of the Governmental Accounting Standards Board's Statement No. 68 to show information for 10 years.

Changes of benefit terms. Public Act 103-0080, effective June 9, 2023, created a disability benefit for police officers injured in the line of duty on or after January 1, 2022. This benefit was first reflected in the Total Pension Liability as of June 30, 2023.

Changes of assumptions. In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017, to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below. Only the disability rates assumption changed for the June 30, 2023, actuarial valuation.

- Salary increase. The overall assumed rates of salary increase range from 3.00 percent to 12.75 percent based on years of service, with an underlying wage inflation rate of 2.25 percent.
- Investment return. The investment return is assumed to be 6.50 percent. This reflects an assumed real rate of return to 4.25 percent and assumed price inflation of 2.25 percent.
- Effective rate of interest. The long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Separate rates are assumed for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Early retirement rates. Separate rates are assumed for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Turnover rates. Assumed rates maintain the pattern of decreasing termination rates as years of service increase.
- Mortality rates. Use of Pub-2010 mortality tables reflects its high applicability to public pensions. The projection scale utilized is the MP-2020 scale.
- Disability rates. Separate rates are assumed for members in academic positions and non-academic positions, as well as for males and females. New for the June 30, 2023 valuation, 50% of police officer disability incidence is assumed to be line-of-duty related.
- Plan election. For non-academic members, assumed plan election rates are 75 percent for Tier 2 and 25 percent for Retirement Savings Plan. For academic members, assumed plan election rates are 55 percent for Tier 2 and 45 percent for Retirement Savings Plan.

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

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