

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

26-003

RECEIVED

JAN 14 2026

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

ILLINOIS
HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Northwestern Memorial Hospital – New Tower Site Demolition	
Street Address:	330 East Erie Street	
City and Zip Code:	Chicago, IL 60611	
County:	Cook	Health Service Area: 6
		Health Planning Area: A-01

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

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

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 N Fairbanks Court Suite 2700, Chicago, IL 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-0373

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

Name:	Amanda Pulse-Morton
Title:	Manager, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 N Fairbanks Court Suite 2700, Chicago, IL 60611
Telephone Number:	312-926-2846
E-mail Address:	amanda.pulse@nm.org
Fax Number:	312-926-0373

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Northwestern Medicine Hospital - New Tower Site Demolition	
Street Address:	330 East Erie Street	
City and Zip Code:	Chicago, IL 60611	
County:	Cook	Health Service Area: 6
		Health Planning Area: A-01

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

Exact Legal Name:	Northwestern Memorial HealthCare		
Street Address:	251 East Huron Street		
City and Zip Code:	Chicago, IL 60611		
Name of Registered Agent:	Julia K. Lynch		
Registered Agent Street Address:	211 East Ontario Street Suite 1800		
Registered Agent City and Zip Code:	Chicago, IL 60611		
Name of Chief Executive Officer:	Howard B. Chrisman, MD		
CEO Street Address:	251 East Huron Street		
CEO City and Zip Code:	Chicago, IL 60611		
CEO Telephone Number:	312-926-0016		

Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other
<ul style="list-style-type: none"> <input type="radio"/> Corporations and limited liability companies must provide an Illinois certificate of good standing. <input type="radio"/> Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner. 	

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 N Fairbanks Court Suite 2700, Chicago, IL 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-0373

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

Name:	Amanda Pulse Morton
Title:	Manager, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 N Fairbanks Court Suite 2700, Chicago, IL 60611
Telephone Number:	312-926-2846
E-mail Address:	amanda.pulse@nm.org
Fax Number:	312-926-0373

Post Permit Contact

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

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 N Fairbanks Court Suite 2700, Chicago, IL 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-0373

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Northwestern Memorial Hospital
Address of Site Owner:	251 E Huron Street, Chicago, IL 60611
Street Address or Legal Description of the Site:	
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.	
APPEND DOCUMENTATION AS <u>ATTACHMENT 2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name:	Northwestern Memorial Hospital
Address:	251 E Huron Street, Chicago, IL 60611
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other	
<ul style="list-style-type: none"> <input type="radio"/> Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. <input type="radio"/> 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. <input type="radio"/> Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 	
APPEND DOCUMENTATION AS <u>ATTACHMENT 3</u> , 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 <u>ATTACHMENT 4</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
--

Flood Plain Requirements

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

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

Part 1110 Classification :

 Substantive Non-substantive

2. Narrative Description

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

The proposed project is for the demolition of an existing underground structure on the site of 330 East Erie Street in Chicago. The underground structure is approximately 3 stories and 70,000 sf. The main demolition components will include:

- Installation of a site security fence and pedestrian canopy barricade to maintain pedestrian traffic around the site and to secure the site.
- Environmental remediation which will involve removal and disposal of all hazardous material.
- Termination of utility lines.
- Installation of earth retention system and simultaneous excavation of site/demolition of the underground structure and disposal of all debris. Excavation/demolition will occur simultaneously in a phased method as depth progresses. Temporary ramps will be constructed to facilitate removal of material given extensive depth required for removal of existing structure.

The site is planned to be used for a new patient care tower on the NMH campus. On September 25, 2025, NMH received HFSRB approval for design services (not construction) for the new patient care tower (CON #25-025).

NMH has engaged architects/engineers, construction management firms, and specialty consultants to plan and oversee the demolition work. Perkins & Will, based in Chicago, is the selected team providing architectural and engineering services for the project. Construction management services are being provided by Power/Ujamaa Construction, headquartered in Chicago. Additions or changes in consultants may occur over the duration of the project.

The project is classified as non-substantive pursuant to Section 1110.20(c). Total project cost for the demolition is \$51,283,483. The close-out date for the project is July 31, 2028.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			\$ 0
Site Survey and Soil Investigation			\$ 0
Site Preparation			\$ 49,491,100
Off Site Work			\$ 0
New Construction Contracts			\$ 0
Modernization Contracts			\$ 0
Contingencies			\$ 0
Architectural/Engineering Fees			\$ 69,300
Consulting and Other Fees			\$ 992,460
Movable or Other Equipment (not in construction contracts)			\$ 0
Bond Issuance Expense (project related)			\$ 0
Net Interest Expense During Construction (project related)			\$ 0
Fair Market Value of Leased Space or Equipment			\$ 0
Other Costs to Be Capitalized			\$ 730,623
Acquisition of Building or Other Property (excluding land)			\$ 0
TOTAL USES OF FUNDS			\$ 51,283,483
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			\$ 51,283,483
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			\$ 51,283,483
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

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

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

Yes No

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

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

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

None or not applicable Preliminary
 Schematics Final Working

Anticipated project completion date (refer to Part 1130.140): July 31, 2028

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

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

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

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?

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

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

Cost Space Requirements

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

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

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

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

Facility Bed Capacity and Utilization

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

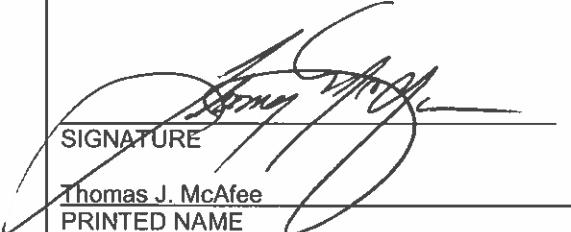
FACILITY NAME: Northwestern Memorial Hospital		CITY: Chicago			
REPORTING PERIOD DATES: CY24		From: 1/1/2024		to: 12/31/2024	
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	573	29,362	208,467	0	573
Obstetrics	116	12,122	34,660	0	116
Pediatrics	0	0	0	0	0
Intensive Care	139	5,521	38,140	0	139
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	29	780	9,035	0	29
Neonatal Intensive Care	86	278	2,434	0	86
General Long-Term Care	0	0	0	0	0
Specialized Long-Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other ((identify))	0	0	0	0	0
TOTALS:	943	48,063	292,736	0	943

CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors.
- o 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).
- o 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).
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

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


SIGNATURE

Thomas J. McAfee
PRINTED NAME

President

PRINTED TITLE


SIGNATURE

John A. Orsini
PRINTED NAME

Treasurer

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 10 day of January, 2024


Signature of Notary

Seal

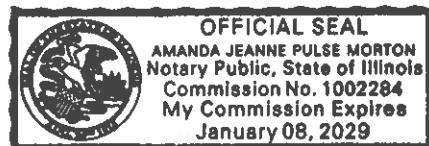
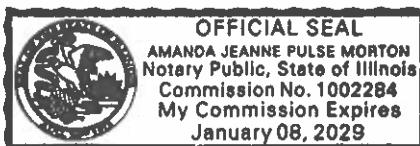
Notarization:

Subscribed and sworn to before me
this 10 day of January, 2024


Signature of Notary

Seal

*Insert the EXACT legal name of the applicant



CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors.
- o 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).
- o 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).
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

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



SIGNATURE

Howard B. Chrisman, MD
PRINTED NAMEPresident & CEO
PRINTED TITLE


SIGNATURE

John A. Orsini
PRINTED NAMETreasurer
PRINTED TITLE

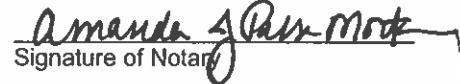
Notarization:
Subscribed and sworn to before me
this 10th day of January, 2024

Notarization:
Subscribed and sworn to before me
this 10th day of January, 2024



Signature of Notary

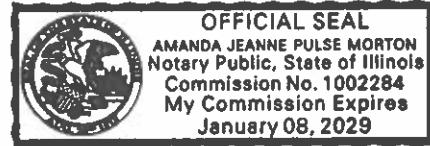
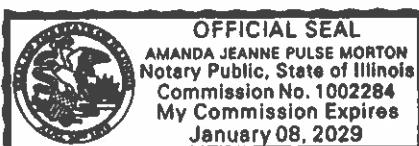
Seal



Signature of Notary

Seal

*Insert the EXACT legal name of the applicant



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

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

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

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

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

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

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

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

ALTERNATIVES

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

Alternative options must include:

- A) Proposing a project of greater or lesser scope and cost.
- B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes.
- C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- D) Provide the reasons why the chosen alternative was selected.

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

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

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

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

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

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

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

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

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

Provide the following information:

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

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

ASSURANCES:

Submit the following:

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

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

SECTION V. - MASTER DESIGN AND RELATED PROJECTS

This Section is applicable only to proposed master design and related projects.

Criterion 1110.235(a) - System Impact of Master Design

Read the criterion and provide documentation that addresses the following:

1. The availability of alternative health care facilities within the planning area and the impact that the proposed project and subsequent related projects will have on the utilization of such facilities.
2. How the services proposed in future projects will improve access to planning area residents.
3. What the potential impact upon planning area residents would be if the proposed services were not replaced or developed.
4. The anticipated role of the facility in the delivery system including anticipated patterns of patient referral, any contractual or referral agreements between the applicant and other providers that will result in the transfer of patients to the applicant's facility.

Criterion 1110.235(b)-Master Plan or Related Future Projects

Read the criterion and provide documentation regarding the need for all beds and services to be developed and document the improvement in access for each service proposed. Provide the following:

1. The anticipated completion date(s) for the future construction or modernization projects; and
2. Evidence that the proposed number of beds and services is consistent with the need assessment provisions of Part 1100; or documentation that the need for the proposed number of beds and services is justified due to such factors, but not limited to:
 - a. limitation on government funded or charity patients that are expected to continue.
 - b. restrictive admission policies of existing planning area health care facilities that are expected to continue.
 - c. the planning area population is projected to exhibit indicators of medical care problems such as average family income below poverty levels or projected high infant mortality.

3. Evidence that the proposed beds and services will meet or exceed the utilization targets established in Part 1100 within two years after completion of the future construction of modernization project(s), based upon:
 - a. historical service/beds utilization levels.
 - b. projected trends in utilization (include the rationale and projection assumptions used in such projections).
 - c. anticipated market factors such as referral patterns or changes in population characteristics (age, density, wellness) that would support utilization projections; and anticipated changes in delivery of the service due to changes in technology, care delivery techniques or physician availability that would support the projected utilization levels.

Criterion 1110.235(c) - Relationship to Previously Approved Master Design Projects

READ THE CRITERION which requires that projects submitted pursuant to a master design permit are consistent with the approved master design project. Provide the following documentation:

1. Schematic architectural plans for all construction or modification approved in the master design permit.
2. The estimated project cost for the proposed projects and also for the total construction/modification projects approved in the master design permit.
3. An item-by-item comparison of the construction elements (i.e., site, number of buildings, number of floors, etc.) in the proposed project to the approved master design project.
4. A comparison of proposed beds and services to those approved under the master design permit.

APPEND DOCUMENTATION AS ATTACHMENT 18, 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]:

	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none">1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion. <p>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.</p> <p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts.</p> <p>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:</p> <ol style="list-style-type: none">1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated.2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate.3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment.5) For any option to lease, a copy of the option, including all
--	---

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

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

SECTION VIII. 1120.130 - FINANCIAL VIABILITY

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

Variance

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

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

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

Department (List below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. SAFETY NET IMPACT STATEMENT

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

1. The project's material impact, if any, on essential safety net services in the community, *including the impact on racial and health care disparities in the community*, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in each community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

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

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

	Outpatient				
Total					

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

SECTION X. CHARITY CARE INFORMATION

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

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

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

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

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

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

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

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

1. Applicant: <u>Northwestern Memorial Hospital</u> (Name)	<u>251 East Huron Street</u> (Address)		
Chicago	IL	60611	312-926-3000
(City)	(State)	(ZIP Code)	(Telephone Number)
2. Project Location: <u>330 East Erie Street</u> (Address)		<u>Chicago, IL</u> (City) (State)	
Cook		74 – North Chicago	
(County)		(Township) (Section)	

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (<https://msc.fema.gov/portal/home>) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the **Go to NFHL Viewer** tab above the map. You can print a

copy of the floodplain map by selecting the  icon in the top corner of the page. Select the pin tool icon  and place a pin on your site. Print a FIRMETTE size image.

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

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes No X

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN?

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.

If the determination is being made by a local official, please complete the following:

FIRM Panel Number: _____ Effective Date: _____

Name of Official: _____ Title: _____

Business/Agency: _____ Address: _____

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

Signature: _____ Date: _____

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

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

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	28-29
2	Site Ownership	30-36
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	37
5	Flood Plain Requirements	38-39
6	Historic Preservation Act Requirements	40-41
7	Project and Sources of Funds Itemization	42
8	Financial Commitment Document if required	43
9	Cost Space Requirements	44
10	Discontinuation	
11	Background of the Applicant	45-46
12	Purpose of the Project	47-50
13	Alternatives to the Project	51-54
14	Size of the Project	55
15	Project Service Utilization	55
16	Unfinished or Shell Space	55
17	Assurances for Unfinished/Shell Space	55
Service Specific:		
18	Master Design and Related Projects	56
19	Medical Surgical Pediatrics, Obstetrics, ICU	
20	Comprehensive Physical Rehabilitation	
21	Acute Mental Illness	
22	Open Heart Surgery	
23	Cardiac Catheterization	
24	In-Center Hemodialysis	
25	Non-Hospital Based Ambulatory Surgery	
26	Selected Organ Transplantation	
27	Kidney Transplantation	
28	Subacute Care Hospital Model	
29	Community-Based Residential Rehabilitation Center	
30	Long Term Acute Care Hospital	
31	Clinical Service Areas Other than Categories of Service	
32	Freestanding Emergency Center Medical Services	
33	Birth Center	
Financial and Economic Feasibility:		
34	Availability of Funds	57-73
35	Financial Waiver	53-73
36	Financial Viability	53-73
37	Economic Feasibility	58-73
38	Safety Net Impact Statement	74
39	Charity Care Information	75-77
40	Flood Plain Information	26



To all to whom these Presents Shall Come, Greeting:

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

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



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



To all to whom these Presents Shall Come, Greeting:

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

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



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 20TH
day of NOVEMBER A.D. 2025 .***

QUIT CLAIM DEED

AFTER RECORDING, MAIL TO:

Theodore I. Yi, Esq.
Piper Rudnick LLP
203 N. LaSalle Street, Suite 1800
Chicago, Illinois 60601



Doc#: 0528635389 Fee: \$42.00
Eugene "Gene" Moore RHSP Fee:\$10.00
Cook County Recorder of Deeds
Date: 10/13/2005 01:40 PM Pg: 1 of 10

NAME AND ADDRESS OF PREPARER:

Kathryn Kovitz Arnold, Esq.
SHEFSKY & FROELICH LTD.
111 East Wacker Drive, Suite 2800
Chicago, Illinois 60601

RECODER'S STAMP

8262963 01 540K 1 of 1
The UNITED STATES OF AMERICA acting by and through the Secretary of Veterans Affairs of the DEPARTMENT OF VETERANS AFFAIRS ("Grantor"), under the authority of the provisions of Title 38 United States Code Section 8164, and the NORTHWESTERN MEMORIAL HOSPITAL ("Grantee") whose address is 251 East Huron Street, Chicago, Illinois 60611-2908.

The Grantor, for and in consideration of Twenty Two Million and No/100th Dollars (\$22,000,000.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, has conveyed, remised, released and forever quitclaimed to the Grantee, its successors and assigns, without warranty, express or implied, under and subject to the obligations, terms, reservations, restrictions, conditions, and covenants, all as hereinafter expressed and set out, all right, title, interest, claim, and demand which the Grantor has in and to that certain property situated, lying and being in the County of Cook, in the State of Illinois, containing approximately 3.7772 acres (hereinafter referred to as the "Property"), to wit:

See the legal descriptions contained in Exhibit A attached hereto.

Permanent Index Numbers: 17-10-202-021-0000, 17-10-202-022-0000,
17-10-202-023-0000, 17-10-202-050-0000,
17-10-205-006-0000, 17-10-205-007-0000

Property Address: 333 E. Huron Street and
400 E. Ontario Street, Chicago, Illinois

TO HAVE AND TO HOLD the Property granted herein to the Grantee and its successors and assigns, together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest, or claim whatsoever of the Grantor, either in

Box 400-CTCC

Not
RITS
10
8

ATTACHMENT-2

law or in equity and subject to the terms, reservations, restrictions, covenants, and conditions set forth in this Deed.

NOW THEREFORE, by the acceptance of this Deed or any rights hereunder, the Grantee, for itself, its successors and assigns, agrees that the transfer of all the Property transferred by this Deed is accepted subject to the terms, restrictions, reservations, covenants, and conditions set forth in this deed, which shall run with the land, provided that the Property, both real and personal, transferred hereby may be successively transferred only with the proviso that any such subsequent transferee assumes all of the obligations imposed upon the Grantee by the provisions of this Deed. Grantor acknowledges and agrees that the environmental covenants and obligations under this Deed shall run with the land and shall inure to the benefit of any such subsequent transferee of the Property.

SUBJECT TO all existing easements, including but not limited to rights-of-way for highways, pipelines, and public utilities, if any, whether of public record or not.

The terms, covenants, conditions, restrictions, and reservations set forth in this Deed are a binding servitude on the Property herein conveyed and shall be deemed to run with the land in perpetuity. The terms, reservations, restrictions, covenants, and conditions contained in this Deed shall be inserted by the Grantee in any deed or other legal instrument by which it divests itself of either the fee simple title or any other lesser estate in the Property or any portion thereof to bind the transferee for the benefit of Grantor.

AND IT IS FURTHER AGREED AND UNDERSTOOD by and between the parties hereto that the Grantee, by its acceptance of this Deed, agrees that, as part of the consideration for this Deed, the Grantee covenants and agrees for itself, its successors and assigns, forever, that this Deed is made and accepted upon each of the following conditions which conditions shall be binding upon and enforceable against the Grantee, its successors and assigns, in perpetuity, as follows:

NOTICES, USE RESTRICTIONS, AND RESTRICTIVE COVENANTS:

1. CERCLA COVENANTS

For the Property, as described and conveyed herein, the Grantor provides the following notice and covenant:

Pursuant to Section 120(h)(3) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. Section 9620(h)(3) ("CERCLA"), the Grantor hereby notifies the Grantee, its successors and assigns, of the storage, release and disposal of hazardous substances on the Property.

For the purpose of this Deed, "hazardous substances" shall have the same meaning as Section 101(14) of CERCLA, except as modified by Section 120(i) of CERCLA. Available information regarding the type, quantity, and location of such substances and the action taken is summarized in Exhibit B attached hereto.

The Grantor warrants that all remedial actions or corrective actions necessary to protect human health and the environment with respect to any hazardous substances on the Property herein conveyed has been taken prior to the date of this conveyance as described on Exhibit B hereto, or will be taken promptly thereafter to include Grantor's continuing remedial action described by the Notice of Continuing Remediation Action contained in Exhibit C hereto.

All remedial actions or corrective actions necessary to protect human health and the environment will be the responsibility of the Grantor, with respect to any hazardous substance remaining on the Property as a result of storage, release, or disposal prior to the date of conveyance.

The Grantor covenants that any additional remedial actions or corrective actions found to be necessary after the date of this conveyance with respect to any hazardous substances remaining on the Property herein conveyed shall be conducted by the United States, except as may otherwise be agreed upon in writing between Grantor and Grantee. This covenant shall not apply in any case in which the person or entity to whom the Property is transferred is a potentially responsible party ("PRP") under CERCLA with respect to hazardous substance activity on the Property, except that, for the purposes of this covenant, Grantee is not deemed a PRP due to the transfer/ownership of the Property pursuant to this Deed.

The Grantor covenants that when all remedial actions or corrective actions to protect human health and the environment with respect to hazardous substances, if any, remaining on the Property on the date of transfer have been taken, the Grantor shall execute and deliver to the Grantee an appropriate document containing a warranty that all such remedial actions or corrective actions have been taken. The making of the warranty shall be considered to satisfy the requirements of CERCLA 120(h)(3)(a)(ii)(I). This covenant shall not apply in any case in which the person or entity to whom the real property is transferred is a potentially responsible party under CERCLA with respect to hazardous substance activity on the Property, except that, for the purposes of this covenant, Grantee is not deemed a PRP due to the transfer/ownership of the Property pursuant to this Deed.

2. ACCESS FOR ENVIRONMENTAL ACTIVITIES

Consistent with Section 120(h)(3)(A)(iii) of the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) and to enable the Grantor to meet its environmental responsibilities under applicable laws and as provided for in this Deed, including the performance of remedial actions or corrective actions, the Grantor and its officers, agents, employees, contractors, and subcontractors shall have the right, upon reasonable advance notice to the Grantee, to access and enter upon the Property in any case in which an environmental remedial action or corrective action is found to be necessary after the date of transfer of the Property, or such access and entrance is necessary to carry out a remedial action or corrective action on adjoining property; including, without limitation, to perform any additional environmental investigation, monitoring, sampling, testing, remedial action, corrective action, or any other action necessary for the Grantor to meet its environmental responsibilities under applicable laws and as provided for in this Deed. This right of access shall be binding on the

Grantee, its successors and assigns, and shall run with the land. This right of access includes the right to access and to use utilities on the Property at reasonable cost to the United States.

In exercising this right of access, except in case of imminent endangerment to human health or the environment, the Grantor shall give the Grantee, or the then record owner, reasonable notice of actions to be taken on the Property. Grantor, its agents, employees and contractors, shall use reasonable means, without significant additional cost to the Grantor, to avoid and/or minimize interference with the use of the Property. The Grantor and Grantee shall cooperate, in good faith, to coordinate remedial actions or corrective actions and to avoid and/or minimize interference with the use of the Property. Grantor shall cause any contractor engaged by Grantor performing remedial actions or corrective actions on the Property to indemnify Grantee in connection with their access to the Property. The Grantor shall return the Property to a condition reasonably similar to its condition prior to the remedial actions or corrective actions, unless agreed otherwise by Grantee. This access agreement does not constitute a grant of permanent easement and access is granted to the Property for the period in which remedial actions or corrective actions are found to be necessary. Grantee assumes no obligation by granting this access to Grantor to perform, or cause to be performed, the remedial actions or corrective actions.

3. ASBESTOS

Notice of the Presence of Asbestos and Covenant

a. The Grantee is hereby informed and does acknowledge that non-friable asbestos or asbestos-containing materials ("ACM") has been found on the Property as described and depicted on the asbestos survey referenced in Item 8 of Exhibit B hereto.

b. The Grantee covenants and agrees that its use and occupancy of the Property will be in compliance with all applicable laws relating to asbestos; and that the Grantor assumes no liability for future remediation of asbestos or damages for personal injury, illness, disability, or death, to the Grantee, its occupants, successors or assigns, or to any other person, including members of the general public, arising from or incident to the transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the Property after the date of transfer, whether or not the Grantee, its occupants, successors or assigns have properly warned or failed to properly warn the individual(s) injured, but the foregoing shall not be applicable during and to the extent of Grantor's continued occupancy of the Property after the date of its transfer to the Grantee. The Grantee agrees to be responsible for any future remediation or abatement of asbestos found to be necessary in connection with the demolition of the improvements located on the Property. The Grantee acknowledges that it has inspected or has had the opportunity to inspect the property as to its asbestos content and condition and any hazardous or environmental conditions relating thereto. The Grantee shall be deemed to have relied solely on its own judgment in assessing the overall condition of all or any portion of the property, including, without limitation, any asbestos hazards or concerns.

c. No warranties, either express or implied, are given with regard to whether the asbestos is or is not safe for a particular purpose. The failure of the Grantee to inspect, or to be fully informed as to the condition of all or any portion of the Property offered, will not constitute grounds for any claim or demand against the United States.

d. The Grantee further agrees to indemnify and hold harmless the VA, its officers, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgments, costs and attorneys' fees arising out of, or in any manner predicated upon, exposure to asbestos on any portion of the Property after this transfer of the Property to the Grantee, or any future remediation or abatement of asbestos or the need therefore, but the foregoing shall not be applicable during and to the extent of Grantor's continued occupancy of the Property after the date of its transfer to the Grantee. The Grantee's obligation hereunder shall apply whenever the United States incurs costs or liabilities for actions giving rise to liability under this section.

4. RADIATION; PRESENCE OF

Low-level radioactive materials (such as luminous paint, lens coatings, calibration sources, and other sealed sources) were used in various buildings on the Property, as described in the environmental assessment. Results from radiation surveys indicate that the radiation on the Property is at background levels or below action levels and, therefore, does not pose a threat to human health or the environment. Nothing in this section shall limit the Grantor's response cost and remediation responsibility for radioactive material under applicable laws and regulations.

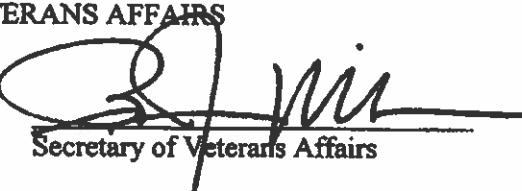
5. ANTI-DEFICIENCY ACT CLAUSE

The Grantor's obligation to pay or reimburse any monies under this Deed is subject to the availability of funds appropriated for this purpose to the Grantor, and nothing in this Deed shall be interpreted to require obligations or payments by the Grantor in violation of the Anti-Deficiency Act, 31 U.S.C. Sections 1341 and 1501, the regulations promulgated thereunder and any successors thereto.

Dated this 21 day of September, 2005

THE UNITED STATES DEPARTMENT OF
VETERANS AFFAIRS

By:


Secretary of Veterans Affairs

961030_4

DISTRICT OF COLUMBIA)
) ss.

I, the undersigned Notary Public in and for the District of Columbia, do hereby certify that JAMES NICHOLSON, personally known to me or satisfactorily proven to be the same person whose name is subscribed to the foregoing instrument, appeared before me and acknowledged that he signed said instrument as his free and voluntary act, for the uses and purposes contained therein.

Witness my hand and seal, this 21st day of September, 2005.


James L. Barnes
Notary Public

Commission Expires: 11-14-2007

This transaction is exempt under the provisions of Paragraph B, Section 4 of the Real Estate Transfer Tax Act.

Date: Sept 21, 2005

Hand signed

Exempt under provisions of par. B, Section 200.1-2B6 under provisions of par. B, Section 200.1-4B of the Chicago Transaction Tax Ordinance.

Date: Sept 21, 2005

Hand signed

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

THE EAST 45 FEET OF LOT 13 AND ALL OF LOT 14 IN CIRCUIT COURT PARTITION OF OGDEN ESTATE SUBDIVISION OF PARTS OF BLOCKS 20, 31 AND 32 IN KINZIE'S ADDITION TO CHICAGO IN THE NORTH 1/2 OF SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THE EAST 9 FEET OF LOT 27 AND ALL OF LOTS 28, 29, 30 AND 31 IN THE SUBDIVISION OF LOT "A" IN NEWBERRY'S ESTATE SUBDIVISION OF BLOCK 43 IN KINZIE'S ADDITION TO CHICAGO TOGETHER WITH LOT B IN BLOCK 44 AND ACCRETIONS THEREOF IN KINZIE'S ADDITION TO CHICAGO, IN THE NORTH 1/2 OF SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

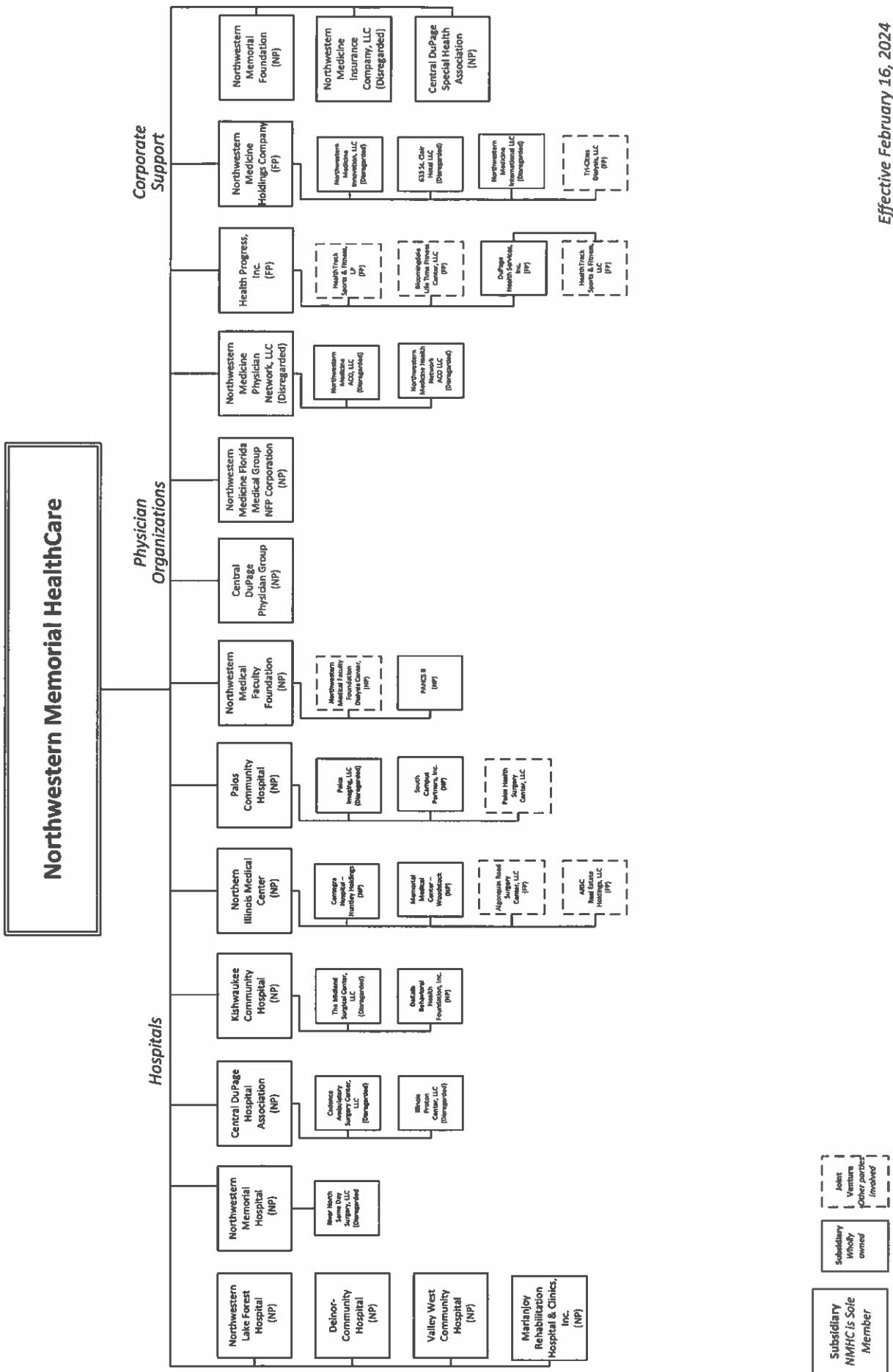
THAT PART OF LOT 5 LYING WEST OF WEST LINE OF MCCLURG COURT IN COUNTY CLERK'S DIVISION OF THE UNSUBDIVIDED ACCRETIONS LYING EAST AND ADJOINING THE SUBDIVIDED PARTS OF BLOCKS 43 AND 44 AND 54 INCLUDING LOT 19 IN THE SOUTH PART OF SAID BLOCK 54 AND LOT A IN THE NORTH PART OF SAID BLOCK 44 AND ACCRETIONS TO SUPERIOR AND HURON STREETS AND ALLEYS IN BLOCKS 43 AND 44 ALL IN KINZIE'S ADDITION TO CHICAGO IN NORTH 1/2 SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE WEST 633 FEET OF THAT PART OF LOT 6 LYING EAST OF THE EAST LINE OF FAIRBANKS COURT (AS PER PLAT OF SAID FAIRBANKS COURT RECORDED MAY 24, 1909 AS DOCUMENT 4379998) IN COUNTY CLERK'S DIVISION OF THE UNSUBDIVIDED ACCRETIONS LYING EAST OF AND ADJOINING THE SUBDIVIDED PARTS OF BLOCKS 43 AND 44 AND 54, LOT 19 IN SOUTH PART OF SAID BLOCK 54, LOT "A" IN THE NORTH PART OF SAID BLOCK 44 AND ACCRETIONS TO SUPERIOR AND HURON STREETS AND ALLEYS IN BLOCKS 43 AND 44, ALL IN KINZIE'S ADDITION TO CHICAGO IN NORTH 1/2 OF SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO PLAT OF SAID COUNTY CLERK'S DIVISION RECORDED MARCH 26, 1901 AS DOCUMENT 3078845, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 4:

ALL THAT PART OF THE VACATED ALLEY LYING BETWEEN PARCELS 2 AND 3 AFORESAID.



Flood Plain Requirements

The location for the proposed project is 330 East Erie Street in Chicago, IL 60611.

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

National Flood Hazard Layer FIRMette



Legend



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 NFHIL web services provided by FEMA. This map was exported on 11/20/2025 at 9:53 PM and does not reflect changes or amendments subsequent to this date and time. The NFHIL 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 unmodeled areas cannot be used for regulatory purposes.

Historic Resources Preservation Act Requirements

The location for the proposed project is 330 East Erie Street in Chicago. The attached letter from the Illinois Historic Preservation Agency indicates that the project area is not considered a historic, architectural or archaeological site.



Illinois
Department of
**Natural
Resources**

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

Cook County
Chicago
251 E. Huron St.
IHFSRB
CON - Northwestern Memorial Hospital New Care Tower

PLEASE REFER TO: SHPO LOG #004110625

November 25, 2025

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

The Illinois State Historic Preservation Office is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted, or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural, or archaeological resources will be affected within the proposed project area.

According to the information you have provided there is no federal involvement in your project. Be aware that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits (including non-reporting), use federal property, or involve assistance from a federal agency then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This approval remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

If further assistance is needed, please contact Jeff Kruchten, Principal Archaeologist, at 217/785-1279 or jeff.kruchten@illinois.gov.

Sincerely,

Carey L. Mayer, AIA
Deputy State Historic Preservation Officer

ATTACHMENT-6

Project Costs and Sources of Funds

Line 3 – Site Preparation – (\$49,491,100) – this includes:

- Demolition
 - Installation of site barriers for safety/security
 - Installation of earth retention system
 - Simultaneous excavation/demolition of soil and existing below-grade structure
 - Removal/disposal of soil and existing structure
 - Environmental remediation as applicable
 - Termination of existing utility lines
 - Utility Coordination

Line 8 – Architectural / Engineering Fees – (\$69,300) – this includes:

- Construction Administration Phase Services:
 - Advise and consult during Demolition Phase
 - Attend weekly job progress meetings
 - Provide on-site representation to review progress/quality of Work
 - Respond to unforeseen conditions that arise during Demolition
 - Review and analyze requests for Change Orders

Line 9 – Consulting and Other Fees – (\$992,460) – this includes:

- Charges for the services of various types of consulting and professional experts including:
 - Geotechnical services - \$62,040
 - Vibration and dust monitoring - \$292,600
 - Pre/Post Construction Surveys - \$379,320
 - Environmental testing and consulting - \$203,500
 - Safety consultant - \$55,000

Line 14 – Other Costs To Be Capitalized – (\$730,623) – this includes:

- Permits and Fees: CON, City Building and Street Closures - \$170,995
- Insurance - \$559,628

Project Status and Completion Schedules

Anticipated project construction start date: June 2026

Anticipated midpoint of construction date: February 2027

Anticipated project construction substantial completion date: October 2027

Anticipated project completion date: July 31, 2028

Project obligation is contingent upon permit issuance. NMHC plans to sign the contract with the general construction contractor in January 2026 that will obligate the project which is subject to CON approval. The CON Contingency section of the contract is below:

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

Northwestern Memorial HealthCare Open CON/COE Permits

CON #22-046: NM Bronzeville Medical Office Building

CON #22-047: Northwestern Medicine Lake Forest Hospital

CON #24-006: NM Cancer Center Warrenville

CON #24-027: NM Huntley Medical Office Building

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

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

CON #25-030: NMH Galter 14/15 Beds

CON #25-033: NM LFH Open Heart Surgery

CON #25-047: NM McHenry Cancer Center

Cost Space Requirements

Not Applicable – the proposed project is for the demolition of the existing, below-grade structure on the site of the future patient tower. Departmental square footages and costs are in the process of being developed and will be included in the CON application for the construction of the new tower.

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

Criterion 1110.110(a) – Background of the Applicant

BACKGROUND OF APPLICANT

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

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

*denotes partial ownership > 50%

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

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

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

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

Criterion 1110.110(b)

PURPOSE OF PROJECT

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

As stated in CON #25-025 for the Master Design of a new patient care tower on the NMH campus, the Northwestern Medicine (NM) mission is to put Patients first. For more than 50 years, NM has proudly served the many diverse communities of the Chicago area and beyond. NM's legacy of excellence is evident in the many awards/rankings achieved—Northwestern Memorial Hospital (NMH) is ranked as the No. 1 hospital in Illinois by *U.S. News and World Report* for 13 consecutive years, with 11 nationally ranked specialties, including cancer, neurology & neurosurgery, and cardiology, heart & vascular surgery. NMH is the hub of NM's integrated academic medical health system and as such is the top provider of high acuity cases in Illinois, including transplant, oncology, and heart and vascular and is the second highest provider for high acuity neuroscience. As an internationally renowned integrated academic health system, NM understands the unique opportunity, and responsibility, to expand NM's world-class care for a new era of medicine.

The approved Master Design Permit allows NMH to thoughtfully plan a new, world-class patient care tower to consolidate care for the Robert H. Lurie Comprehensive Cancer Center at NMH and allow for the consolidation of cardiology, neurology, and transplant services in pavilions across the campus. The new building will allow NMH to both meet growing patient need for high acuity services, while improving patient experience and creating a central hub for one of the world's best comprehensive cancer networks. The proposed project expedites the timeline of opening the proposed new patient care tower and reduces the overall project cost.

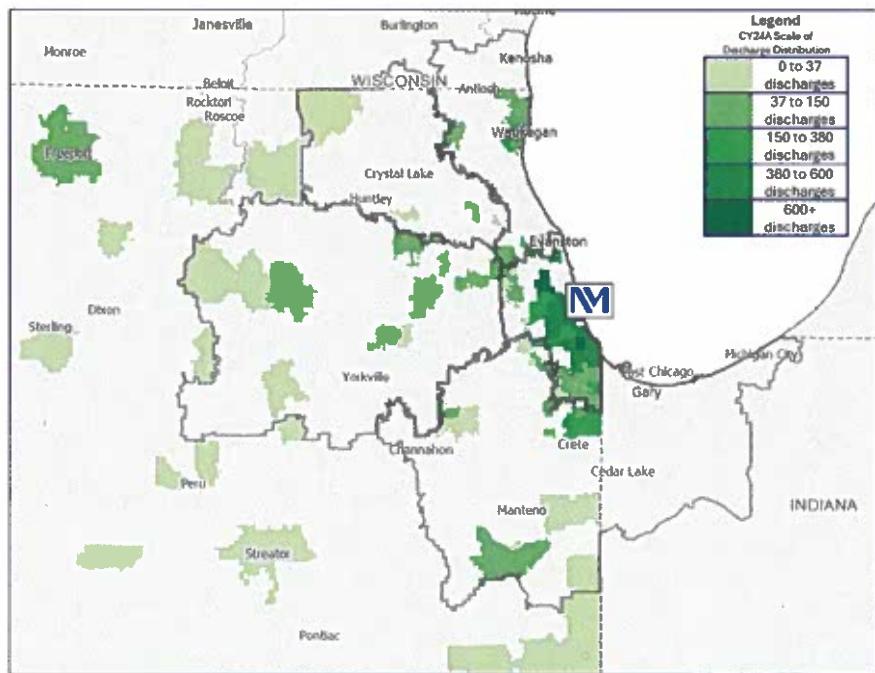
- 2. Define the planning area or market area, or other relevant area, per the applicant's definition.*

As stated in CON #25-025, as an academic medical center (AMC), NMH has very specialized expertise and serves as a major referral center for high acuity care, providing care to those patients who are unable to receive necessary care elsewhere and therefore has a patient population that is often more complex, sicker, and more vulnerable than the general patient population.

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



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



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

There is significant site preparation work that needs to occur on the site of the future patient care tower before construction could occur. The former VA Lakeside Hospital was acquired NMH in 2008 and demolition of the above-grade structure occurred in 2009, leaving the 3-level basement intact below grade. The old caissons from the VA hospital are below the basement. NMH needs to know the exact location of these caissons to inform the structural design of the new building so that new caisson locations do not conflict with the existing caissons (and other below-grade conflicts). Additionally, demolition/excavation for this site will take 6-9 months longer than a typical site which will increase cost and the time to open the new tower.

4. *Sources of information include:*

- Hospital Records
- *U.S. News and World Report*

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

By beginning the below-grade excavation/demolition during the planning stage, potential risks can be identified early enough to plan/account for them, including:

- Identify if any substantial shift of the existing remaining structure has occurred that is significant enough to necessitate a secondary or supplemental retention system to facilitate excavation.
- Uncover actual soil conditions that may differ from soil borings that impact the performance of the underground earth retention system.
- The buried debris and structure have been subjected to 16+ years of ground water infiltration. It is necessary to locate where water may be collecting to validate the de-watering strategy.
- While extensive records research and GPR locating have occurred on-site, there is still the possibility of uncovering existing utilities that may remain underground in or around the site.

Beginning the demolition early also saves time and money:

- The sooner capital can begin being spent on scope that is known (demolition/excavation), the less escalation will have to be accounted for in the overall budget because the project will be completed sooner. 2-4% on a project of this size equates to significant cost savings.
- Performing the demolition/excavation work concurrent with the planning phase optimizes the schedule by taking advantage of the summer/fall weather for work that is highly weather dependent.

Opening the new tower sooner will alleviate the capacity constrained conditions that NMH has been experiencing for several years, increasing access to the complex, highly specialized care that NMH provides.

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

The goal of the proposed demolition/excavation project is to reduce the time and cost needed to open a new patient care tower at NMH.

Criterion 1110.110(d)

ALTERNATIVES

Proposed Project

Northwestern Memorial Hospital (NMH) proposes to begin demolition/excavation work on the site of the planned new patient care tower (MDP CON #25-025), in advance of the construction CON application being submitted to the HFSRB in Fall 2026.

The demolition of the existing 3-story below-grade structure is a critical prerequisite for any potential development on the site (a diagram of the existing structure is included at the end of this attachment). This step is essential to ensure that the area can be effectively utilized by NMH. By addressing this necessary action now, NMH can lay the groundwork for maximizing the efficiency of the overall project and completing the same amount of work at a lower cost, further supporting NM's strategic objectives. The City of Chicago's permitting process, procurement and installation of earth retention systems, and the demolition/excavation efforts can take substantial time - upwards of 19 months. Starting the demolition activities in advance of the Construction CON approval would provide several key advantages:

Informing Structural Design & Excavation

- The old caissons from the VA Lakeside Hospital are below the basement. NMH needs to know the exact location of these caissons to inform the structural design of the new building so that the new caisson locations do not conflict with the existing caissons (and other below-grade conflicts).
- By beginning the below-grade excavation/demolition early, potential risks can be identified early enough to plan/account for, including:
 - Identify if any substantial shift of the existing remaining structure has occurred that is significant enough to necessitate a secondary or supplemental retention system to facilitate excavation.
 - Uncover actual soil conditions that may differ from soil borings that impact the performance of the underground earth retention system.
 - The buried debris and structure have been subjected to 16+ years of ground water infiltration. It is necessary to locate where water may be collecting to validate the de-watering strategy.
 - While extensive records research and GPR locating have occurred on-site, there is the possibility of uncovering existing utilities that may remain underground in or around the site.

Avoiding / Decreased Cost Escalation

- The earlier NMH can begin work on scope that would need to be completed for any use of the site results in less escalation that will have to be accounted for in the overall budget because the project will be completed earlier. 2-4% on a project of this size equates to significant cost avoidance.

Optimizing Project Schedule

- On a typical project, excavation would take 3-6 months. The demolition of the existing 3-story basement adds significant complexity to this task. There is 9-12 months of just excavation/underground demolition.
- Weather and jurisdictional reviews will have a significant impact on the project schedule and since the demolition and excavation are largely disconnected from building design, NMH would like to use the time responsibly in a way that helps mitigate potential cost increases and schedule delays.

All of these items will allow NMH to more accurately inform the budget of the building construction for the final CON application. Early demolition not only optimizes the overall project timeline but also lays a solid foundation for subsequent construction phases, ensuring a smoother transition once the necessary materials are in place.

The following alternative to the project was considered:

1. Defer demolition/excavation until the construction CON is approved

Alternative 1: Defer demolition until the Construction CON is approved

Description

In this alternative, demolition/excavation work would be included in the Construction CON that will be submitted in Fall 2026. This alternative would result in demolition/excavation activities beginning 4-5 months after the Construction CON approval due to increasing lead times on the required materials for earth retention and the City of Chicago permitting process for demolition.

Advantages

- Lower financial risk to NMH in the event the Construction CON is not approved.

Disadvantages

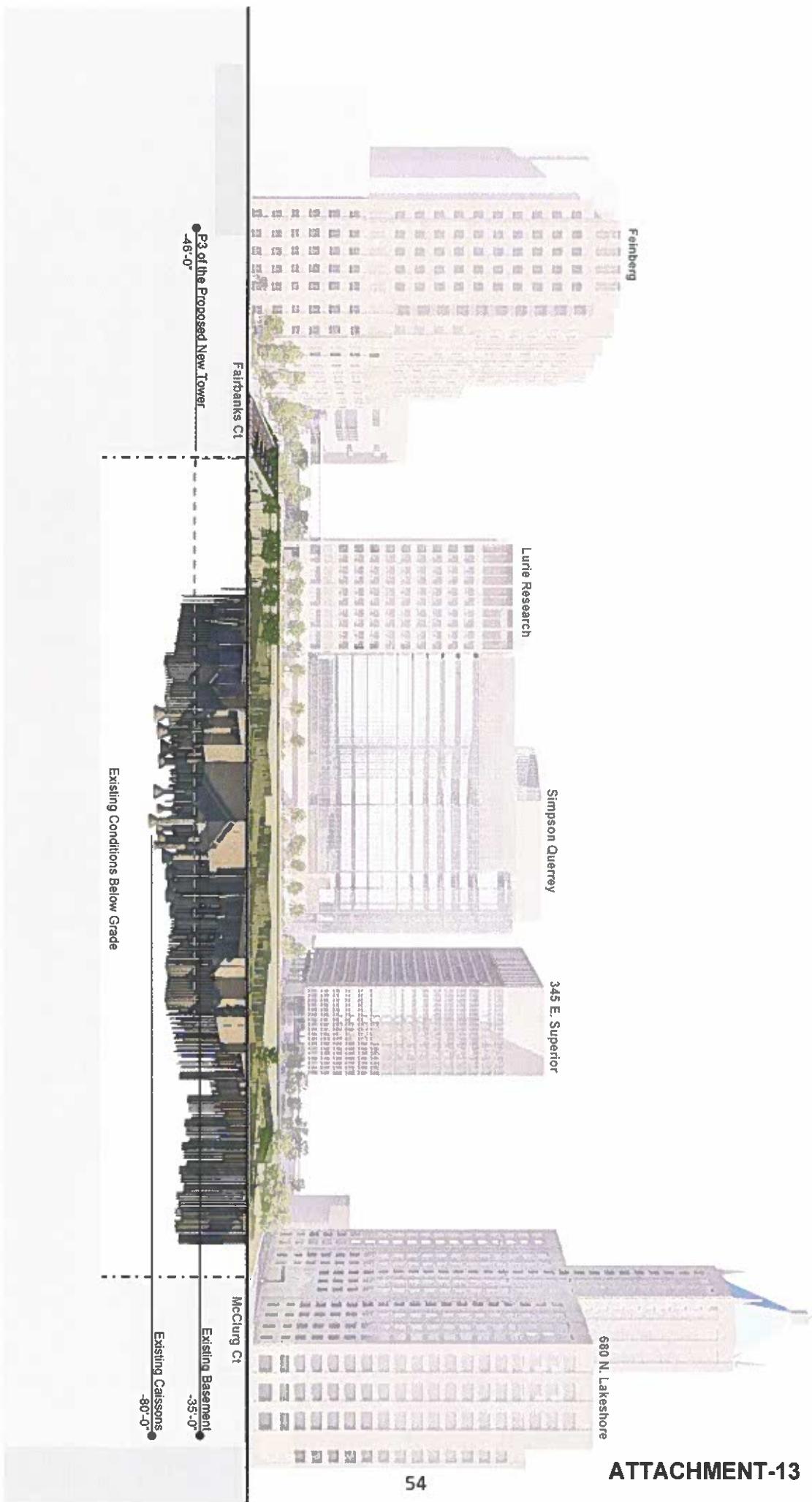
- Impact to structural design due to inability to identify exact locations of the caissons that are currently below the existing structure.
- Increase in cost escalation in both labor and materials (2-4% for every year the work is not completed).
- Existing conditions would not be confirmed until demolition/excavation are underway, hindering NMH's ability to identify potential risks early enough to plan and account for them, including:
 - Identifying if any substantial shift of the existing remaining structure has occurred that is significant enough to necessitate a secondary or supplemental retention system to facilitate excavation.
 - Uncovering actual soil conditions that may differ from soil borings that impact the performance of the underground earth retention system.

- Validation of de-watering strategy as the buried debris and structure have been subjected to 16+ years of ground water infiltration.
- While extensive records research and GPR locating have occurred on-site, there is the possibility of uncovering existing utilities that may remain underground in or around the site.
- Inefficient use of time: the demolition/excavation scope is defined and performing demolition/excavation work concurrently with the design work will save 9-12 months in the total project schedule.

This alternative was rejected due to the higher cost and impact to schedule.

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

Location/Alternative	Meets functional program?	Total Cost	Availability of the New Tower
Separate Demolition Permit (preferred option)	Yes	\$51.3 million	2031
Include Demolition/Excavation in the Construction CON	Yes	~ \$55 million for demo/excavation + an additional \$50-100 million to new tower project cost due to escalation	+ 12 months



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

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

SIZE OF PROJECT:

Not Applicable – the proposed project is for the demolition of an existing, below-grade structure.

PROJECT SERVICES UTILIZATION:

Not Applicable – the proposed project is for the demolition of an existing, below-grade structure and does not include any services, functions, or equipment for which HFSRB has established utilization standards or occupancy targets.

UNFINISHED OR SHELL SPACE/ASSURANCES:

Not Applicable – the proposed project is for the demolition of an existing, below-grade structure.

SECTION V. MASTER DESIGN AND RELATED PROJECTS

Criterion 1110.235(a) – System Impact of Master Design

Not Applicable – the proposed project is not a Master Design Project

Criterion 1110.235(b) – Master Plan or Related Future Projects

Construction of the proposed new tower project is anticipated to be completed in CY31, pending all necessary regulatory approvals.

Criterion 1110.235(c) – Relationship to Previously Approved Master Design Projects

The Master Design Project CON for a new patient tower on the NMH campus was approved by the HFSRB on September 25, 2025. The proposed project is for the demolition of an existing, below-grade structure on the site of the new patient tower. A construction CON application will be submitted at a later date.

SECTION VII. 1120.120 – AVAILABILITY OF FUNDS

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

SECTION VIII. 1120.130 – FINANCIAL VIABILITY

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

SECTION IX. 1120.140 – ECONOMIC FEASIBILITY

A. Reasonableness of Financing Arrangements

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

B. Conditions of Debt Financing

Not Applicable – the proposed project does not involve debt financing.

C. Reasonableness of Project and Related Costs

Not Applicable – there are no state standards for demolition.

D. Projected Operating Costs

Not Applicable – there are no services in the proposed project.

E. Total Effect of the Project on Capital Costs

Not Applicable – the proposed project is for demolition.

Northwestern Memorial HealthCare, Illinois

August 15, 2025

This report does not constitute a rating action.

Credit Highlights

- S&P Global Ratings' long-term rating on [Northwestern Memorial HealthCare](#) (NMHC's), Ill.'s debt outstanding is 'AA+' and its short-term rating on NMHC's commercial paper (CP) notes is 'A-1+'.
- S&P Global Ratings' dual ratings on NMHC's bonds are 'AA+/A-1+' and 'AA+/A-1'. The long-term component of the ratings reflects the credit quality of NMHC, the obligor. The short-term component of the ratings reflects the standby bond purchase agreements provided by the various banks.
- The outlook, where applicable, is stable.
- We base the 'A-1+' short-term rating on the CP on NMHC's ability to fund from its own liquidity any CP not successfully remarketed. The taxable CP program has a \$200 million limit; currently \$55 million is drawn. NMHC has internally set maturity restrictions of a maximum of \$60 million during a period of five business days.

Rationale

Security

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

Credit overview

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

In addition, NMHC has sustained solid operational performance, although lower than historical levels, and exceptional balance-sheet metrics despite continued industry pressures, including

Primary Contact

Anne E Cosgrove
New York
1-212-438-8202
anne.cosgrove
@spglobal.com

Secondary Contact

Suzie R Desai
Chicago
1-312-233-7046
suzie.desai
@spglobal.com

ongoing elevated labor costs and inflation. Management has maintained financial discipline while also continuing to execute on the system's growth strategy. The team has a track record of integrating new entities into the system and improving operations within a short time. This has allowed NMHC to reap the benefits of operating more as a system than a federation of hospitals. We expect the team will embark on a new patient tower project that will likely include new money debt. We believe there is some capacity for new money debt; however, we will assess the amount when there is more clarity on the impact on the overall credit profile.

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

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

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

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

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

Environmental, social, and governance

We view environmental and social risks as neutral. However, similar to industry peers, NMHC has had to contend with elevated labor costs and inflation that will continue to weigh on operations in the outlook period. We view governance positively given management's focus on clinical innovation, as well as strategic growth, amid an evolving health care market. The team has also been proactive in cost containment and realizing strategic priorities notwithstanding industry headwinds.

Outlook

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

systems. Our outlook also reflects our view of the system having some capacity for additional debt for a new patient tower given the healthy financial profile.

Downside scenario

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

Upside scenario

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

Credit Opinion

Enterprise Profile: Very Strong

Enterprise profile benefits from healthy organic and strategic growth

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

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

As of May 31, 2025, NMHC had a total of 2,522 licensed beds (2,539 staffed). NMHC also includes Northwestern Medicine Insurance Co. LLC.

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

Organic growth as well as growth through strategic acquisitions

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

NMHC's most recent acquisitions were Palos and Centegra, which provided the system with a new market segment with an attractive payer mix. Other entities that were acquired include the Lake Forest Hospital, Central DuPage Hospital (CDH), Delnor Hospital, Kishwaukee Hospital, Valley West Hospital, and Marianjoy Rehabilitation Hospital and Clinic Inc. All of these entities have added to the overall footprint and, in our opinion, the acquisitions have made strategic sense. We expect management will continue evaluating growth opportunities, and we note that

Northwestern Memorial HealthCare, Illinois

the current growth strategy remains focused on the region, including building out the ambulatory-care footprint.

Utilization remains solid and continues to grow

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

NMHC has a 18.2% market share as of fiscal 2024 in its primary service area (a 17-county area), which has increased slightly over the past few years. The market will remain competitive as consolidation occurs.

Management remains proactive and has a track record of execution

NMHC has a strong leadership team that produces solid operations and balance-sheet measures while investing in its facilities. To date, it has had no major missteps in aligning the facilities that it has acquired over the years. NMHC uses an integration team that assesses an acquired entity. The team then prepares a plan to help NMHC and the new entity integrate with little to no disruption.

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

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

Northwestern Memorial HealthCare, Illinois--enterprise statistics

	Nine months ended May 31	--Fiscal year ended Aug. 31--		
		2025	2024	2023
PSA population	N.A.	9,481,396	9,496,475	9,595,444
PSA market share (%)	N.A.	18.2	17.4	16.7
Inpatient admissions	102,617	137,706	129,836	125,297
Equivalent inpatient admissions	287,656	372,526	349,533	316,411
Emergency visits	353,250	459,665	440,998	420,268
Inpatient surgeries	26,369	34,933	33,602	32,499
Outpatient surgeries	59,223	77,959	72,176	72,176
Medicare case mix index	2.0528	2.0084	2.2455	1.9480
FTE employees	35,195	33,513	31,596	30,219
Active physicians	5,746	5,677	5,493	5,499
Based on net/gross revenues	Net	Net	Net	Net
Medicare (%)	30.4	30.5	30.3	30.1
Medicaid (%)	9.2	10.2	10.8	10.0
Commercial/Blues (%)	59.5	58.4	58.4	59.0

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

Financial Profile: Extremely Strong

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

In fiscal 2024, NMHC's financial performance was solid but lower relative to historical results, in our view, despite industry challenges with higher labor and inflationary pressures. The system was able to post a solid margin of 1.63% for fiscal 2024 and 2.95% for the nine months ended May 31, 2025. It also benefited from continued healthy volumes, in addition to cost containment, given the industry headwinds. Management has continued to focus on its efficiency plans to offset some slight payer mix degradation, which is indicated by some increased reliance on supplemental payments from the state compared with several years ago. As the state transitions more Medicaid recipients to managed Medicaid, NMHC is exploring how to best manage this population as related to the payers in the market.

Although most of the support to Northwestern University is included in operating expenses on the audited statements, we also move additional grants and academic support provided in nonoperating income into operating expenses; these amounts were \$130.0 million and \$94.4 million in fiscal years 2024 and 2023, respectively, and \$62.4 million for the interim period ended May 31, 2025.

We believe that NMHC should be able to achieve its fiscal 2025 budget, based on solid results through the nine months ended May 31, 2025, and historical performance, as well as management's ability to adjust and respond to changes in the market and the system's operations. We also believe overall margins will be lower compared with historical margins, given industry headwinds and continued investments in workforce planned for fiscal 2025.

With strong operations and investment income, NMHC continues to post what we consider strong maximum annual debt service (MADS) coverage; for fiscal 2024, it reported MADS coverage of 9.76x and lease-adjusted MADS coverage of 7.22x.

Balance sheet remains a key credit strength with robust unrestricted reserves

As of fiscal 2024, NMHC's liquidity was solid, with 425.8 days' cash on hand, which is down from historical levels but is expected to rebound. In our view, the capital plans are manageable, and we understand they will be funded with operating cash flow and potential new money debt. As of May 31, 2025, NMHC's capital expenditures were \$535 million.

Overall unrestricted reserves to long-term debt remains very healthy, at 579.2% in fiscal 2024. The overall asset allocation has a high percentage of alternative investments, at 52%, but liquidity is still good, with the remainder in cash and equivalents (5%), fixed income (16%), equities (26%), and other (1%).

Debt levels remain low, but contingent liabilities are moderate

NMHC has low leverage and debt to capitalization was 11.6% for the interim period ended May 31, 2025. There is about 35.3% contingent debt, due to variable-rate demand debt and private placements; however, unrestricted reserves more than cover any potential acceleration risk. The 2017 bonds were refunded with a direct placement with JPMorgan Bank in December 2022, and we have classified this as contingent given that the covenants differ from those in the master trust indenture. There is currently \$55 million of CP paper drawn that we have included as long-

Northwestern Memorial HealthCare, Illinois

term debt, given that this had been rolled and refinanced existing term debt. We view this as longer term and also included this in contingent liabilities.

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

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

Northwestern Memorial HealthCare, Illinois--financial statistics

	Nine months ended May 31	--Fiscal year ended Aug. 31--			Medians for 'AA+' rated health care systems
	2025	2024	2023	2022	2024
Financial performance					
Net patient revenue (\$000s)	7,297,798	8,883,682	8,095,920	7,399,123	6,111,508
Total operating revenue (\$000s)	7,849,316	9,504,739	8,623,797	7,951,046	6,456,632
Total operating expenses (\$000s)	7,617,446	9,350,048	8,398,116	7,724,773	6,106,691
Operating income (\$000s)	231,870	154,691	225,681	226,273	288,779
Operating margin (%)	2.95	1.63	2.62	2.85	4.70
Net nonoperating income (\$000s)	624,267	486,201	261,321	493,346	305,092
Excess income (\$000s)	856,137	640,892	487,002	719,619	589,952
Excess margin (%)	10.10	6.41	5.48	8.52	9.40
Operating EBITDA margin (%)	7.42	6.45	8.16	9.00	9.40
EBIDA margin (%)	14.24	11.00	10.86	14.32	14.90
Net available for debt service (\$000s)	1,206,832	1,099,128	964,690	1,209,003	1,004,521
Maximum annual debt service (\$000s)	112,590	112,590	112,590	112,590	120,583
Maximum annual debt service coverage (x)	14.29	9.76	8.57	10.74	8.90
Operating lease-adjusted coverage (x)	10.49	7.22	6.28	7.90	6.70
Liquidity and financial flexibility					
Unrestricted reserves (\$000s)	10,730,926	10,433,403	9,469,509	8,645,073	8,560,615
Unrestricted days' cash on hand	402.3	425.7	433.5	433.1	459.4
Unrestricted reserves/total long-term debt (%)	580.0	579.2	502.2	434.7	506.9
Unrestricted reserves/contingent liabilities (%)	1,642.3	1,589.8	1,435.8	1,495.5	1,939.6
Average age of plant (years)	10.6	10.3	9.1	8.0	9.4
Capital expenditures/depreciation and amortization (%)	170.0	169.0	142.2	126.6	163.3
Debt and liabilities					
Total long-term debt (\$000s)	1,850,007	1,801,194	1,885,668	1,988,780	1,802,999
Long-term debt/capitalization (%)	11.6	12.0	13.9	15.9	14.4
Contingent liabilities (\$000s)	653,405	656,290	659,530	578,057	468,593
Contingent liabilities/total long-term debt (%)	35.3	36.4	35.0	29.1	25.9
Debt burden (%)	1.00	1.13	1.27	1.33	1.30

Northwestern Memorial HealthCare, Illinois

Northwestern Memorial HealthCare, Illinois--financial statistics

	Nine months ended May 31	--Fiscal year ended Aug. 31--				Medians for 'AA+' rated health care systems
		2025	2024	2023	2022	
Defined-benefit plan funded status (%)	N.A.	139.03	144.73	137.11	98.10	
Miscellaneous						
Medicare advance payments (\$000s)*	0	0	0	972	MNR	
Short-term borrowings (\$000s)*	2,763	1,865	4,741	4,741	MNR	
COVID-19 stimulus recognized (\$000s)	0	0	0	55,305	MNR	
Risk based capital ratio (%)	N/A	N/A	N/A	N/A	MNR	
Total net special funding (\$000s)	53,372	112,363	146,403	138,043	MNR	

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

Credit Snapshot

- Security pledge: The revenue bonds and CP are an unsecured general obligation of the NMHC obligated group, which consists of NMHC; NMH; Northwestern Lake Forest Hospital (NLFH); Central DuPage Hospital (CDH); Delnor-Community Hospital (Delnor); Cadence Physician Group d/b/a Northwestern Medicine Regional Medical Group; Northwestern Memorial Foundation; Northwestern Medical Faculty Foundation d/b/a Northwestern Medical Group; Kishwaukee Community Hospital; Valley West Community Hospital; Marianjoy Rehabilitation Hospital & Clinic Inc.; Northern Illinois Medical Center; Memorial Medical Center--Woodstock; and Centegra Hospital--Huntley Holdings; Palos Community Hospital, Northwestern Medicine Florida Medical Group NFP Corp., with Computershare Trust Co. N.A., as successor to Wells Fargo Bank N.A., as master trustee.
- Organization description: NMHC operates hospitals in the northern, southern, and western suburbs of Chicago, as well as NMH, its downtown flagship. NMH is a major academic medical center and is the primary teaching hospital for Northwestern University's Feinberg School of Medicine, providing a range of services.
- Swaps: The organization has four swap agreements outstanding with a total notional amount of about \$311 million. It had no collateral posted as of May 2025, and a negative mark-to-market of \$35.9 million as of fiscal 2024.

Ratings List

Current Ratings

Healthcare

Northwestern Mem HlthCare, IL Health Care System General Obligation	AA+/Stable
Northwestern Mem HlthCare, IL Health Care System General Obligation	A-1+

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

CREDIT OPINION

25 August 2025



Send Your Feedback

Contacts

Lisa Martin	+1.212.553.1423
<i>Senior Vice President</i>	
lisa.martin@moodys.com	
Rita Strauss	+1.212.553.3908
<i>VP-Senior Analyst</i>	
rita.sverdlik@moodys.com	
Daniel Steingart, CFA	+1.415.203.7714
<i>Associate Managing Director</i>	
daniel.steingart@moodys.com	

CLIENT SERVICES

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

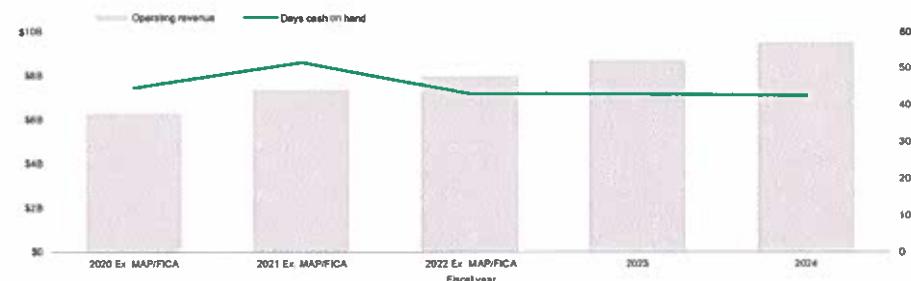
Northwestern Memorial HealthCare, IL

Update to credit analysis

Summary

Northwestern Memorial HealthCare (NMHC) (Aa2, stable) benefits from a strong brand and market position and its affiliation with Northwestern University's Feinberg School of Medicine (FSM), supporting growth in high acuity services. Its locations offer expansion opportunities and contribute to a favorable payer mix. Financial discipline, highly developed analytics, and integrated operations will allow the system to manage operating risks. Robust liquidity and modest debt, along with growing fundraising, will provide ample resources for rising capital spending that will likely require debt financing. Despite high revenue growth, lower-than-expected operating performance lags peers due to transfers to FSM and industry pressures. NMHC also faces risks from competition and a dominant insurer in the market.

Exhibit 1 Strong liquidity will help fund continuation of high revenue growth



Source: Moody's Ratings

Credit strengths

- » Growing market position with strong brand, favorable locations, large physician network, and affiliation with FSM
- » Single, fully integrated operating model and financial discipline support effective execution of strategies
- » Very strong liquidity with over 400 days cash on hand
- » High 9% 3-year revenue CAGR, despite relatively stagnant population trends
- » Manageable leverage with over 500% cash-to-debt and under 2x debt-to-cashflow

Credit challenges

- » Modest operating performance of 6%-7% operating cashflow (OCF) margin, below peer median
- » Rising capital spending for patient tower likely to require debt financing
- » Competition from several large systems and academic medical centers; dominance of a major commercial insurer
- » Comparatively low monthly liquidity due to high allocation to alternative investments

Rating outlook

The stable outlook reflects maintenance of OCF margins of at least 6%-7% over the next year with further improvement thereafter and maintenance of very favorable cash and debt metrics.

Factors that could lead to an upgrade

- » Further geographic diversification of cash flow
- » Significant increase in market share
- » Material and sustained improvement in operating margins

Factors that could lead to a downgrade

- » Sizable increase in leverage that results in over 3x debt-to-cashflow or under 300% cash-to-debt
- » Meaningful dilution from acquisition or merger

Key indicators

Exhibit 2

Northwestern Memorial Healthcare, IL

	FY21 Excl. MAP&FICA	FY22 Excl. MAP&FICA	2023	2024	2025 Annualized 9 Months
Operating Revenue (\$'000)	7,359,368	7,985,456	8,681,522	9,503,123	10,464,144
3 Year Operating Revenue CAGR (%)	12.1	9.7	11.3	8.9	9.4
Operating Cash Flow Margin (%)	12.1	9.4	8.1	6.4	7.0
PM: Medicare (%)	40.6	41.7	42.6	43.0	43.5
PM: Medicaid (%)	11.2	11.3	12.0	11.5	11.3
Days Cash on Hand	516	432	431	426	400
Unrestricted Cash and Investments to Total Debt (%)	465.0	423.2	488.2	540.3	540.8
Total Debt to Cash Flow (x)	1.4	1.7	1.6	1.6	1.5

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

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

Investment returns normalized at 5%

Source: Moody's Ratings

Profile

NMHC includes eleven hospitals, diagnostic and ambulatory sites across Chicago, Illinois, and its surrounding Counties, and over 3,000 employed physicians. The flagship, Northwestern Memorial Hospital (NMH), is a major academic medical center located in the

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

Streeterville neighborhood of Chicago and is the primary teaching hospital for Northwestern University's Feinberg School of Medicine (FSM).

Detailed credit considerations

Market position

Strategies focused on optimizing operations and increasing access through ambulatory investments have resulted in over a 60% increase in revenue since 2020. Patient volumes continue to grow in a market that remains largely stagnant. NMHC's centralized model facilitates clinical integration across the system, enabling efficient resource allocation and supporting expansion efforts in local markets. The partnership with FSM and its large research program supports clinical developments in high acuity services. Growth and alignment with more than five thousand physicians, including a majority who are employed, contribute to NMHC's competitive advantage.

Market consolidation has occurred, but competition persists among academic medical centers, large health systems, and private equity-backed medical groups. According to management-provided data, NMHC's market share for adult discharges has increased and it currently holds a leading position compared to Advocate Health, Endeavor Health, and several prominent academic medical centers. The state's Certificate of Need regulations moderate competitive pressures.

Operating performance and liquidity

Operating performance is projected to be below historical averages and peers. The OCF margin is expected to be 6%-7%, compared to the previous range of 8%-9% and the Aa2 median of 8.7%. Margin pressures result from increased staff investments to support growth, rising professional liability costs within the state, drug cost inflation, and higher levels of charity care. In addition, transfers to FSM are increasing, reflecting their linkage to NMHC's revenue and cash flow growth. These factors are balanced by volume and strong revenue growth (9% three-year CAGR), less dependence on governmental payers than average, and ongoing multi-year cost reductions facilitated by an integrated model.

Liquidity

Cash will remain strong at around 400 days as near-term capital spending will be funded with operating cashflow. While a new tower will increase spending over the next five years, NMHC has ample resources to finance the project including cashflow, cash, fundraising, asset monetizations, and debt capacity. Liquidity will be comparatively lower than peers, with fiscal 2024 monthly liquidity at 46%, due to high asset allocations to hedge funds and private equity.

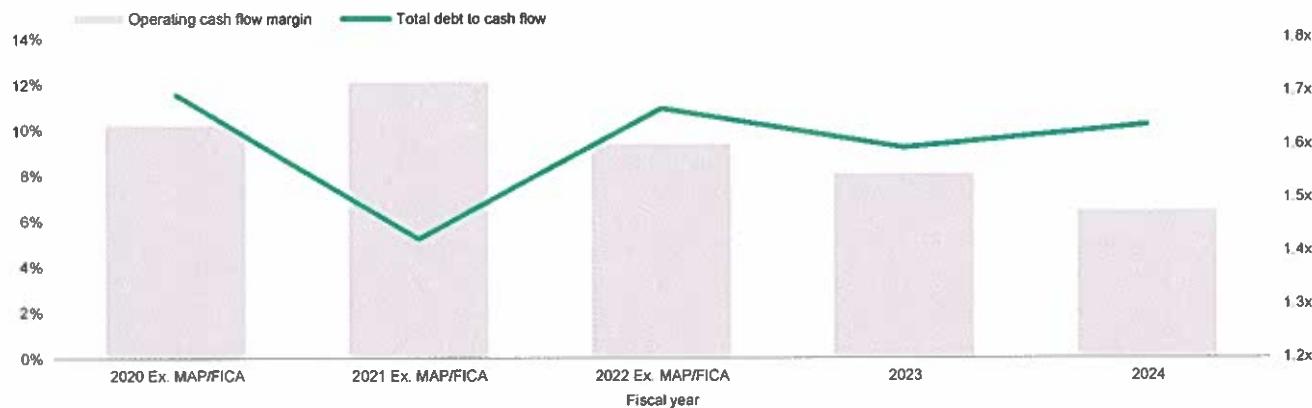
Leverage

NMHC will continue to enjoy moderately low leverage assuming steady cashflow and liquidity with under 2 times debt-to-cashflow and an exceptionally strong 400%-500% cash-to-debt. This provides some cushion to absorb a potential debt issuance for the tower. Adjusted leverage is also low with modest leases and an overfunded pension plan that will be terminated next year.

NMHC will have ample headroom to covenants given its strong financial position, multi-pronged tests, and the alignment of MTI and bank covenants. An event of default would occur if coverage is under 1.0 times for two consecutive years and days cash is under 175 days at the end of the second year and the funded indebtedness ratio exceeds 65%.

Exhibit 3

Manageable debt drives low operating leverage despite softer margins



Source: Moody's Ratings

Debt structure

Debt structure risks are low with limited exposure to bank-related debt (direct placements and SBPAs are under 20%), diversified counterparties, and staggered mandatory tenders. Self-liquidity obligations are supported with strong liquidity sufficiency and debt and treasury management. At July 31, 2025, coverage of \$126 million of VRDBs and \$55 million of CP was over eleven times. Although not restricted in the Issuing and Paying Agent Agreement, NMHC limits CP maturities to \$60 million within five business days.

Debt-related derivatives

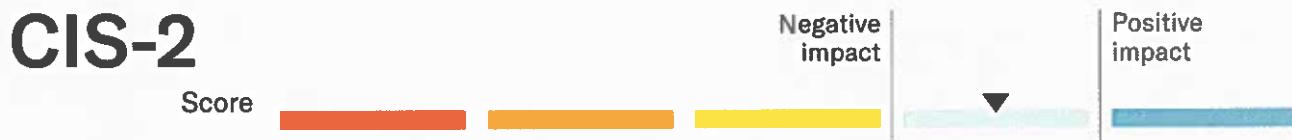
There are minimal risks with manageable notional amount and strong liquidity for any collateral requirements.

ESG considerations

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

Exhibit 4

ESG credit impact score



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

Source: Moody's Ratings

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

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

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

Social

Social risks are moderate and in line with or better than the industry. Better than average customer relations reflects a strong brand, affiliation with FSM and strong growth. Partly offsetting this is competition from large healthcare systems and academic medical centers and typical challenges with other types of customers, such as insurance companies. Risks related to demographic and societal trends are modest because NMHC's reliance on governmental payers, both Medicare and Medicaid, is lower than average.

Governance

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

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The principal methodology used in this rating was the Not-for-profit Healthcare methodology, published in October 2024. The Not-for-profit Healthcare rating methodology includes a scorecard that summarizes the factors that are generally most important to healthcare credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess market landscape and financial management and reinvestment on a qualitative basis, as described in the methodology.

Exhibit 6

Northwestern Memorial HealthCare, IL

Rating Factors	Input	Weight	Score
Market Position (45%)			
Scope of Operations (Operating Revenue (\$000))	\$9,503,123	25%	Aa1
Market Demand (Three-year Operating Revenue CAGR (%))	8.9	10%	Aa3
Market Landscape	A	10%	A
Operating Performance and Liquidity (35%)			
Operating Performance (Operating Cash Flow Margin (%))	6.4	10%	Baa2
Payor concentration (% of Gross Revenues from combined Medicare and Medicaid)	54.5	10%	A2
Financial Reserves (Days Cash on Hand)	426	10%	Aaa
Financial Management and Reinvestment	Aa	5%	Aa
Leverage (20%)			
Financial Leverage (Unrestricted Cash & Investments to Total Debt (%))	540.3	10%	Aaa
Debt Affordability (Total Debt to Cash Flow (x))	1.6	10%	Aa2
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa2

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

Source: Moody's Ratings

© 2025 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT.

SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR.

MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at ir.moody's.com under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Clasificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V, I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement, and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

SECTION X. SAFETY NET IMPACT STATEMENT

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

SECTION X. CHARITY CARE INFORMATION

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

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

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

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

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

Northwestern Memorial Hospital

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

Northwestern Memorial HealthCare

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

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

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

NMHC Community Benefit

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

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

- \$6.1 million of other community benefits. NMHC provides community benefits through donations to charitable and community organizations, volunteer efforts, language assistance and translation services for patients and their families, and more.