

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

26-005
RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION JAN 22 2026

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Northwestern Memorial Hospital – Surgical Services and Laboratory Expansion		
Street Address:	251 East Huron Street/710 North Fairbanks Court		
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 |
- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
 - Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	541 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

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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

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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/Northwestern University
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 ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name: Northwestern Memorial Hospital	
Address: 251 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"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 	
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

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

Part 1110 Classification :

☐ Substantive☒ Non-substantive

2. Narrative Description

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

Northwestern Memorial Hospital (NMH) proposes to expand surgical services on the downtown campus by adding 11 operating rooms and associated recovery space on the 7th floor of the Feinberg/Galter Pavilion. Surgical support services on the 5th and 6th floors of Feinberg/Galter are also included in the project such as central sterile supply, pathology lab, and staff support areas.

To make space for this expansion, laboratory departments on the 7th floor must be relocated to the Olson Pavilion on campus. Laboratory departments that currently exist in Olson must be relocated within Olson to make space for the departments that are moving over from Feinberg/Galter 7th floor. All laboratory departments that are being relocated to, and within, Olson Pavilion will be expanded in size to support the campus needs.

The anticipated project completion date is February 28, 2030.

Total project cost is \$264,935,160.

The project is classified as non-substantive because it does not establish a new category of service or facility and is not a discontinuation.

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	\$ 213,409	\$ 175,629	\$ 389,038
Site Survey and Soil Investigation	\$ 381,246	\$ 313,754	\$ 695,000
Site Preparation	\$ 1,442,749	\$ 1,187,335	\$ 2,630,084
Off Site Work			
New Construction Contracts			
Modernization Contracts	\$ 83,096,841	\$ 83,000,920	\$ 166,097,761
Contingencies	\$ 6,770,362	\$ 6,762,546	\$ 13,532,909
Architectural/Engineering Fees	\$ 4,928,073	\$ 4,055,645	\$ 8,983,718
Consulting and Other Fees	\$ 7,410,127	\$ 6,098,295	\$ 13,508,422
Movable or Other Equipment (not in construction contracts)	\$ 30,954,798	\$ 25,474,801	\$ 56,429,599
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs to Be Capitalized	\$ 1,463,893	\$ 1,204,736	\$ 2,668,629
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$ 136,661,498	\$ 128,273,662	\$ 264,935,160
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$ 136,661,498	\$ 128,273,662	\$ 264,935,160
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 136,661,498	\$ 128,273,662	\$ 264,935,160
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): February 28, 2030

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:

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

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

SIGNATURE

Thomas J. McAfee

PRINTED NAME

President

PRINTED TITLE

SIGNATURE

John A. Orsini

PRINTED NAME

Treasurer

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 16th day of January, 2020

Notarization:

Subscribed and sworn to before me
this 16th day of January, 2020

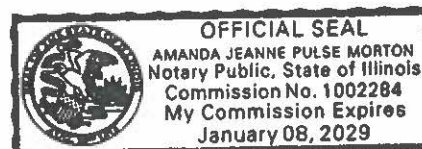
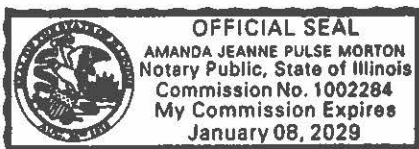
Signature of Notary

Seal

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant



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SIGNATURE

Howard B. Chrisman, MD

PRINTED NAME

President & CEO

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 6th day of January, 2024



Signature of Notary

Seal



SIGNATURE

John A. Orsini

PRINTED NAME

Treasurer

PRINTED TITLE

Notarization:

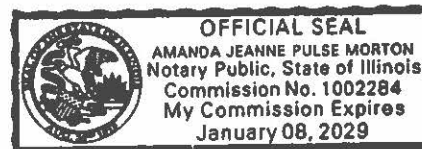
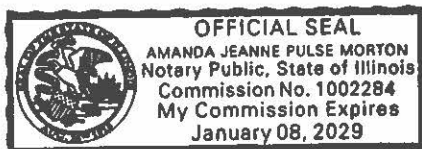
Subscribed and sworn to before me
this 6th day of January, 2024



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.

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

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

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

Service	# Existing Key Rooms	# Proposed Key Rooms
<input checked="" type="checkbox"/> Surgical Services	61	72
<input checked="" type="checkbox"/> Laboratory	N/A	N/A
<input type="checkbox"/>		

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 31</u> , 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>_____</p>	<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; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion.
<p>_____</p>	<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>_____</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>_____</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).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (List below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	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)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)	Year	Year	Year
Inpatient			

	Outpatient				
	Total				

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

SECTION X. CHARITY CARE INFORMATION

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

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

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

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

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



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

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

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

1. Applicant: Northwestern Memorial Hospital 251 East Huron Street
(Name) (Address)
Chicago IL 60611 312-926-3000
(City) (State) (ZIP Code) (Telephone Number)
2. Project Location: 251 East Huron Street/710 North Fairbanks Court Chicago, IL
(Address) (City) (State)
Cook 71 – 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:

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To all to whom these Presents Shall Come, Greeting:

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

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



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

Authentication #: 2503502246 verifiable until 02/04/2026

Authenticate at: <https://www.ilsos.gov>

Alexi Giannoulis

SECRETARY OF STATE

ATTACHMENT-1



To all to whom these Presents Shall Come, Greeting:

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

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



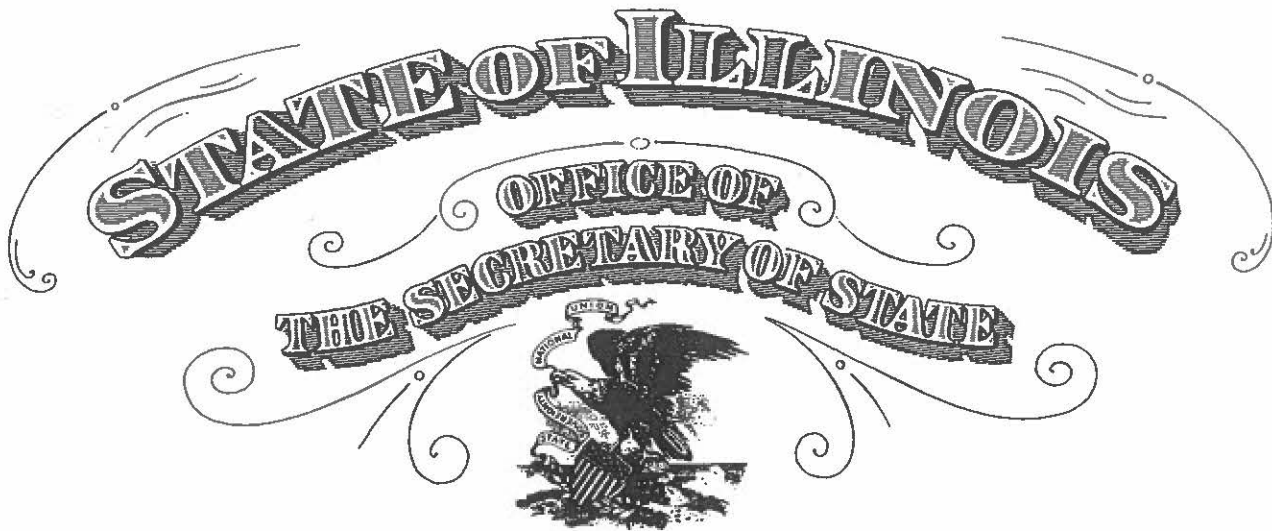
In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 4TH day of FEBRUARY A.D. 2025 .

Authentication #: 2503502246 verifiable until 02/04/2026

Authenticate at: <https://www.lisos.gov>

Alexi Giannoulis

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulis, 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 .

SECRETARY OF STATE

JOINT VENTURE AGREEMENT

NORTHWESTERN UNIVERSITY (the "University") and NORTHWESTERN MEMORIAL HOSPITAL (the "Hospital") agree as follows:

1. The parties hereto, by this Agreement, form a Joint Venture, to be called the Northwestern Health Sciences Joint Venture (the "Joint Venture") for limited purposes only to (i) construct, own (unless otherwise provided pursuant to paragraph 4 below), and operate a health facility to be known as the Health Sciences Building (the "Building") upon land to be leased from the University (which land is legally described in Exhibit "A" attached hereto), to be used for health science, health education, health research and patient care, and for no other use; (ii) borrow funds for the Building, including construction and related purposes, and/or such other projects as hereinafter stated, and to mortgage the same; and (iii) form any corporation necessary for establishing condominium ownership of the Building as the parties may agree in writing. It is anticipated that the construction of the Building will be completed within five years from the date of this Agreement and shall be operated continually thereafter for the purposes herein stated. It is understood and agreed that the Joint Venture shall continue until terminated by written agreement of the parties hereto.

2. The University, an Illinois corporation, as a not-for-profit educational institution, will occupy space in the Building for purposes of its health education, including health research programs. Such space initially will be used primarily for the Northwestern University Dental Clinics, to be located in the Building as indicated in Exhibit "B" attached hereto or as shall be otherwise agreed upon in writing by the parties.

3. The Hospital, an Illinois corporation, as a not-for-profit health care institution, will occupy space in the Building for purposes of its patient care, medical educational programs and related activities. Such space initially will be used primarily for its surgery, intensive care, emergency and radiology usage, to be located in the Building as indicated in Exhibit "B" attached hereto or as shall be otherwise agreed upon in writing by the parties.

4. The leasehold estate and the Building will be owned by the parties hereto, as Joint Venturers, unless the parties hereto jointly decide to take ownership in some other form, such as condominium ownership. Any reference herein to the "interest(s)" of the parties shall mean their respective ownership interests in the Joint Venture or other ownership form. The occupancy of space in the Building by the University and the Hospital together or individually will be as agreed upon between the parties.

5. All space occupied by either party to the exclusion of the other party is hereinafter called "direct space" and all other space is hereinafter referred to as "common space".

Direct space occupied by either party in the Building may be altered, renovated or otherwise modified by the party at its own expense as it determines, except that nothing may be done which would affect the direct space occupied by the other party, any part of the common space or the basic building structure or its utility system without the approval of the other party.

6. The parties hereto shall each own an interest in the Joint Venture or other ownership form determined on the basis of the final approved preliminary design which shall be established initially according to the following ratio: 42% for the University

and 58% for the Hospital, or at such other ratio from time to time as the parties hereto shall agree in writing, or pursuant to paragraph 4.

7. The project costs of the Building will be paid by the parties hereto according to their respective interests. The project costs shall include such things as the fees of the architects and consultants, the compensation of the construction supervisor, such attorneys' fees incurred in connection with the project as are mutually approved and construction costs including all fixed equipment and such movable equipment as will be used for common purposes (X-ray equipment is specifically excluded from project costs). All other movable equipment shall be the responsibility of the separate parties. The value of the site shall not be included in project costs and shall not be credited against the payments to be made by the University.

Notwithstanding any provision herein to the contrary, any rental charges for the land will be apportioned between the parties in equal shares, with each party to be responsible for the payment of its own share of such charges.

8. (a) The Joint Venture may borrow money to pay (i) part or all of the project costs, and/or (ii) such other individual costs of either party, whether or not the same are costs related to the Building or the Joint Venture, if such borrowing is approved in writing by both parties. Any such borrowing may be either without security or upon the security of the Building and the leasehold estate as the parties jointly determine. If consented to by the Joint Venturers, the obligation under any note, mortgage and other financing documents, including the repayment of the indebtedness and interest, may be joint and several. However, as between the parties, such obligation for a borrowing under (i) above shall be divided according to their respective interests and any money so borrowed under (i) above shall be credited against the respective individual liabilities of the parties to pay the project costs according to their respective interests. As between the parties, such obligati-

for a borrowing under (ii) above shall be the responsibility of the party for whose benefit the borrowing is made.

(b) Notwithstanding paragraph 8(a), in addition each party may borrow funds to pay its own part of the project costs, whether with or without use of the security of its respective interest, subject to approval of the other party where any part of the property is to be used as security.

9. Each party may name or otherwise memorialize its direct space upon notice to the other party. The naming or memorializing of any common space, or of the Building, shall require the approval of both parties.

10. Any depreciation which may be allowed or charged with respect to the Building shall be in accordance with the percentage of cost as related to ownership and shall be divided between the parties according to their respective interests or as shall otherwise be agreed in writing by the parties.

11. An Operating Account will be established and maintained as follows, to the extent not duplicative of a similar requirement under any financing documents referred to in paragraph 8 hereof:

(a) The parties will add to the Account:

(1) a monthly amount equal to $1/12$ of the annual principal and interest payments and other payments, if any, on any indebtedness incurred pursuant to paragraph 8(a) hereof, or $1/12$ of the annual depreciation allowed or charged with respect to the Building in accordance with generally accepted accounting principles; whichever is greater. These amounts will be added by the parties according to their respective interests, will be determined on a calendar year basis, and will be pro-rated for any period of less than a full calendar year.

(2) any proceeds of insurance recovered by the Joint Venture as a result of any loss or damage to the Building.

(3) any rentals or other income attributable to common space.

(b) The parties will pay out of the Account:

(1) principal and interest payments and other payments, if any, on any indebtedness incurred pursuant to paragraph 8 (a) hereof.

(2) the replacement or repair of any loss or damage for which insurance is recovered and added to the Account.

(3) the cost of any alterations or repairs to any part of the Building other than direct space, as approved by the parties.

Any excess monies in the Account may be invested for the benefit of the Account, or distributed to the parties according to their respective interests as the parties agree from time to time.

12. (a) All expenses of maintenance and repair of direct space will be paid by the party occupying the space. All expenses of maintenance and repair of the Building, other than direct space, will be paid by the parties according to their respective interests.

(b) A Special Operating Account for replacement and repair of equipment and facilities in common areas shall be established to the extent not duplicative of a similar requirement under any financing documents referred to in paragraph 8 hereof or under the provisions of paragraph 11 hereof, by the contribution of the parties to be prorated between them in accordance with their interests as defined in paragraph 6 hereof; a minimum balance of One Hundred Thousand Dollars (\$100,000.00) or other such amount as shall be agreed upon between the parties shall remain in said Special Operating Account at all times.

13. In the event of any change in the direct space occupied by either party, the interest of the parties, as set forth in paragraph 6, shall be adjusted accordingly.

14. Any disagreement hereunder shall be submitted to arbitration under the rules of the American Arbitration Association.

15. In the event of any conflict between the provisions of this Agreement and the provisions of the ground lease between the University and the Joint Venture, substantially in the form of Exhibit "C" attached hereto, the provisions of the ground lease shall control.

16. Any joint decision of the parties hereto may be made by, and any joint action of the parties hereto may be taken by, a committee of two or more representatives, an equal number from each institution, who shall be designated by the respective institution's President.

17. This agreement may be amended, modified or supplemented by a subsequent written agreement entered into by both parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 29TH day of JANUARY, 1976.

NORTHWESTERN UNIVERSITY

BY Robert H. Sturtevant

ATTEST:

Marcia P. Kaniel
Assistant Secretary

NORTHWESTERN MEMORIAL HOSPITAL

By John F. Taylor

ATTEST:

Gregory J. Shuckey

BY David V. Kuehnelt

ATTACHMENT-2

EXHIBIT "A"

The East 292 feet of that part of Block 44 and the accretion thereof which lies West of and adjoining the West line of North Fairbanks Court in Kinzie's Addition to Chicago being a subdivision of the north fraction of Section 10 Township 39 North, Range 14 East of the Third Principal Meridian, being a part of Lot 3 in County Clerk's Division as per plat recorded in the Recorder's Office of Cook County, Illinois as Document Number 3078845; also

a part of Lot 8 and all of Lots 9 and 10 in Resubdivision of Lots 8 to 15 in the subdivision of Block 44 and accretion thereof in said Kinzie's Addition to Chicago; also

a part of Lot 15 and all of Lots 16 to 26 in the Subdivision of Lot A in Newberry Estate Subdivision together with Lot B in Block 44 and accretion thereof in said Kinzie's Addition to Chicago; also

part of the East and West private alley in Block 44 and accretion thereof in said Kinzie's Addition to Chicago in Cook County, Illinois.

excepting and reserving to Lessor for its use, with right of transfer or assignment and right of designation for use of such others as shall be determined by Lessor, reservations described as follows:

1. For access and such other use as Lessor may at any time hereafter require or deem advisable, its right of way and dominion 20 feet in width upon, over, under and through the surface and all of the subsurface and all of the airspace extending Northerly and Southerly along the total length of the Westerly 20 foot portion of the herein-described premises, exclusive of an easement upon the surface for non-exclusive access and an easement upon, through and under the surface for purposes of an edifice to be constructed subject to Lessor's approval and without injuriously affecting Lessor's rights and uses, which easements Lessor does hereby grant to Lessee.

2. For access and such other use as Lessor may at any time hereafter require or deem advisable, its right of way and dominion through and over all of the airspace extending along and over the total herein-described premises commencing 140 feet above the surface;

together with all improvements and appurtenances thereunto belonging.

FIRST AMENDMENT TO
JOINT VENTURE AGREEMENT

THIS AGREEMENT made this 17th day of August,
1976, between NORTHWESTERN UNIVERSITY (the "University")
and NORTHWESTERN MEMORIAL HOSPITAL (the "Hospital").

W I T N E S S E T H:

WHEREAS, the parties heretofore entered into a Joint
Venture Agreement dated January 29, 1976 (the "Joint
Venture Agreement"), and desire now to amend the Joint
Venture Agreement to the extent provided below;

NOW, THEREFORE, the University and the Hospital agree
as follows:

1. Paragraph 6 of the Joint Venture Agreement shall
be amended to read as follows:

"6. The parties hereto shall each own an
interest in the Joint Venture or other ownership
form determined on the basis of the final approved
preliminary design which shall be established
initially according to the following ratio: 50%
for the University and 50% for the Hospital, or at
such other ratio from time to time as the parties
hereto shall agree in writing, or pursuant to
Paragraph 4."

2. Paragraph 7 of the Joint Venture Agreement shall
be amended to read as follows:

"7. The project costs of the Building will
be paid by the parties hereto as follows:

(a) project costs of the Building
(except the costs in (b) below) shall be
shared in the following ratio: 56% for the
Hospital and 44% for the University; and

(b) the additional project costs of adding a cancer floor to the Building shall be the responsibility of the University, except that the Hospital shall bear the first \$1,000,000 of such costs.

The project costs shall include such things as the fees of the architects and consultants, the compensation of the construction supervisor, such attorneys' fees incurred in connection with the project as are mutually approved and construction costs including all fixed equipment and such movable equipment as will be used for common purposes (X-ray equipment is specifically excluded from project costs). All other movable equipment shall be the responsibility of the separate parties. The value of the site shall not be included in project costs and shall not be credited against the payments to be made by the University.

"Notwithstanding any provision herein to the contrary, any rental charges for the land will be apportioned between the parties in equal shares, with each party to be responsible for the payment of its own share of such charges."

3. The legal description in Exhibit A to the Joint Venture Agreement shall be changed to read as provided in Exhibit A attached hereto.

4. Except as amended above, the Joint Venture Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 15th day of JULY, 1976.

NORTHWESTERN UNIVERSITY

BY [Signature]

ATTEST:

[Signature]
Assistant Secretary

NORTHWESTERN MEMORIAL HOSPITAL

BY [Signature]

ATTEST:

EXHIBIT A

The East 292.00 feet of that part of Block 44 and the accretion thereof, which lies West of and adjoining the West line of North Fairbanks Court, in Kinzie's Addition to Chicago, being a subdivision of the North fraction of Section 10, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois,

Being a part of Lot 3 in County Clerk's Division according to the plat recorded in the Recorder's Office in Cook County, Illinois, as Document 3078845, a part of Lot 8 and all of Lots 9 and 10 in resubdivision of Lots 8 to 15, in the subdivision of Block 44 and accretion thereof in said Kinzie's Addition to Chicago, a part of Lot 15 and all of Lots 16 to 26 in the subdivision of Lot "A" in Newberry Estate subdivision, together with Lot "B" in Block 44 and accretion thereof in said Kinzie's Addition to Chicago, also part of the East and West private alley in Block 44 and accretion thereof in said Kinzie's Addition to Chicago, all in Cook County, Illinois;

excepting and reserving to Lessor for its use, with right of transfer or assignment and right of designation for use of such others as shall be determined by Lessor, reservations described as follows:

1. For exclusive access except for access by the Lessee and such other use as Lessor may at any time hereafter require or deem advisable, and without injuriously affecting Lessee's rights and uses, the right of way and dominion 20 feet in width upon, over, under and through the surface and all of the subsurface and all of the airspace 15 feet in height extending Northerly and Southerly along the total length of the Westerly 20 foot portion of the herein-described premises.

2. For access and such other use as Lessor may at any time hereafter require or deem advisable and without injuriously affecting Lessee's rights and uses, the right of way and dominion through and over all of the airspace extending along and over the total herein-described premises commencing 140 feet above the surface;

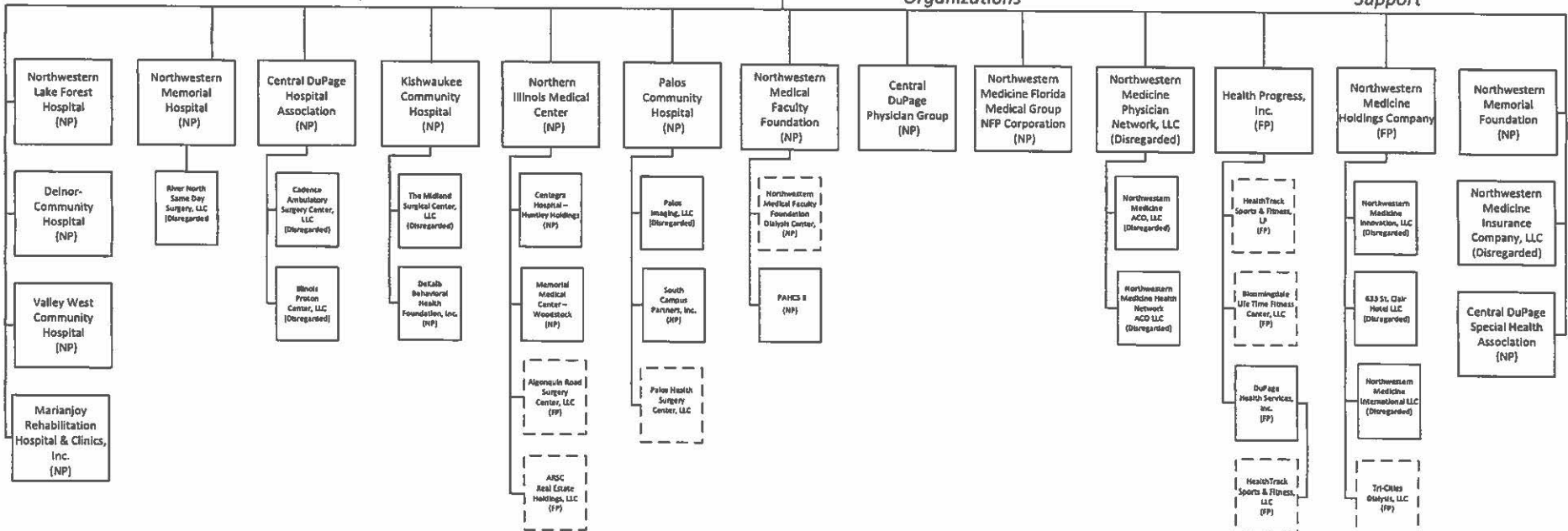
together with all improvements and appurtenances thereunto belonging, hereinafter called the "Property."

Northwestern Memorial HealthCare

Hospitals

Physician Organizations

Corporate Support



Subsidiary
NMHC is Sole
Member

Subsidiary
Wholly
owned

Joint
Venture
Other parties
Involved

Effective February 16, 2024

Flood Plain Requirements

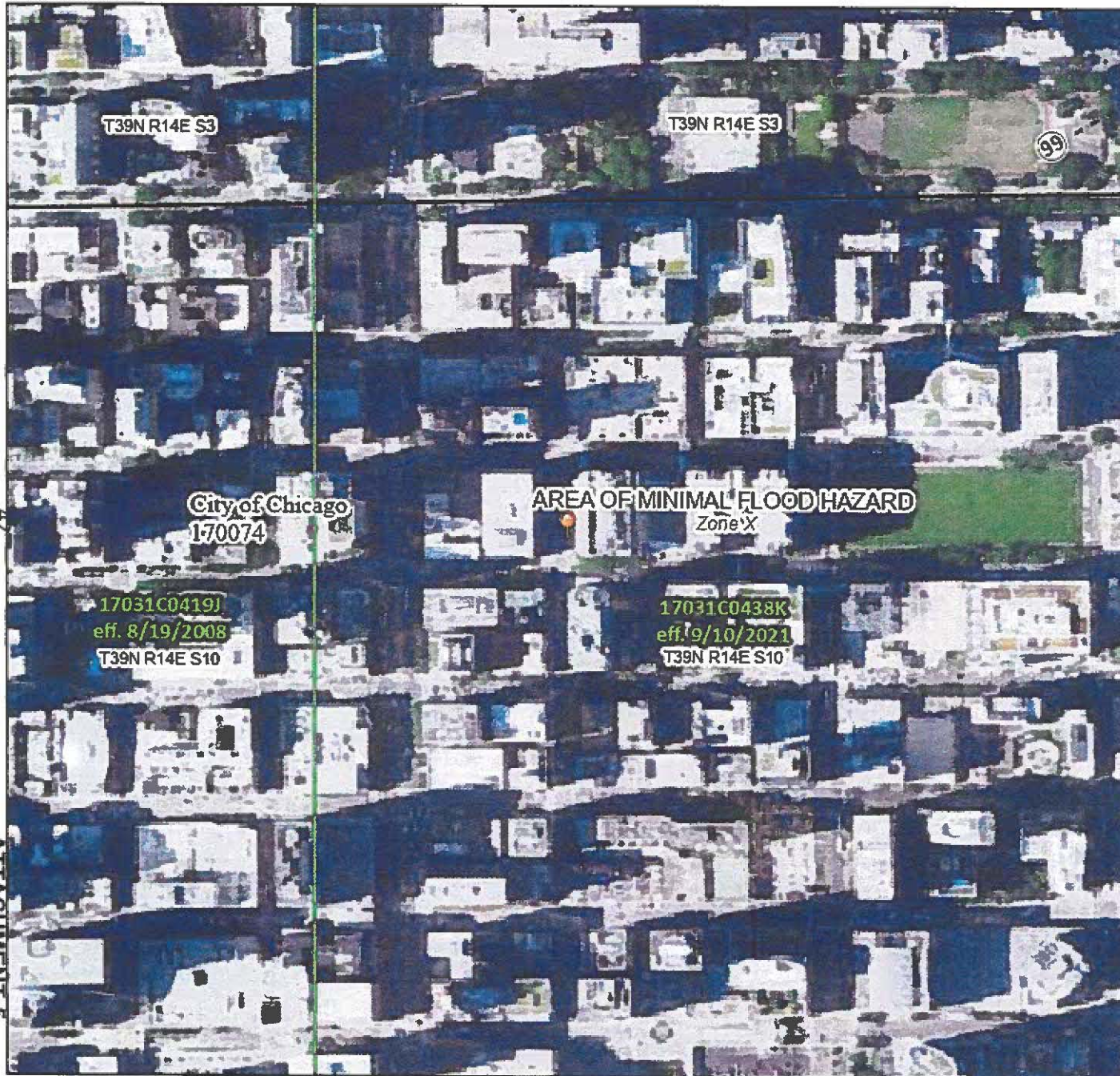
The location for the proposed project is 251 East Huron Street/675 North Saint Clair Street and 710 Fairbanks Court in Chicago, IL 60611.

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



87°37'40"W 41°53'53"N



ATTACHMENT-5

0 250 500 1,000 1,500 2,000 Feet 1:6,000

87°37'3"W 41°53'26"N

Basemap Imagery Source: USGS National Map 2023

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS		Without Base Flood Elevation (BFE) Zone A, V, A99
		With BFE or Depth Zone AE, AO, AH, VE, AR Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD		0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
		Future Conditions 1% Annual Chance Flood Hazard Zone X
		Area with Reduced Flood Risk due to Levee. See Notes. Zone X
OTHER AREAS		Area with Flood Risk due to Levee Zone D
		NO SCREEN Area of Minimal Flood Hazard Zone X
GENERAL STRUCTURES		Effective LOMRs
		Area of Undetermined Flood Hazard Zone D
OTHER FEATURES		Channel, Culvert, or Storm Sewer
		Levee, Dike, or Floodwall
MAP PANELS		Cross Sections with 1% Annual Chance Water Surface Elevation
		Coastal Transect
		Base Flood Elevation Line (BFE)
		Limit of Study
		Jurisdiction Boundary
		Coastal Transect Baseline
		Profile Baseline
		Hydrographic Feature
		Digital Data Available
		No Digital Data Available
		Unmapped

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

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

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 12/9/2024 at 6:33 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Historic Resources Preservation Act Requirements

The location for the proposed project is 251 East Huron Street/675 North Saint Clair Street and 710 North Fairbanks Court 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 Phelps Finkle, Director
One Natural Resources Way • Springfield, Illinois 62702-1271
www.dnr.illinois.gov

**Cook County
Chicago**

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

IHFSTRB, SHPO Log #025122024

December 23, 2024

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

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

Our review of the records indicates that no historic, architectural properties exist within the project area. Our office did not complete an archaeological review as no ground disturbing activity is included in the project description.

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

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

Sincerely,

Carey L. Mayer

**Carey L. Mayer, AIA
Deputy State Historic Preservation Officer**

Project Costs and Sources of Funds

Line 1 – Preplanning Costs – (\$389,038) – this includes:

- Testing/Balancing of existing system - \$200,000
- Pre-Construction Services - \$189,038

Of the total amount, \$213,409 is the clinical Preplanning Costs which is 0.18% of the clinical Modernization, Contingencies, and Moveable Capital Equipment costs.

Line 2 – Site Survey & Soil Investigation – (\$695,000) – this includes:

- BIM Coordination for infrastructure and mechanical trades - \$590,000
- Investigation / scanning of existing conditions - \$105,000

Of the total amount, \$381,246 is the clinical Site Survey & Soil Investigations cost.

Line 3 – Site Preparation – (\$2,630,084) – this includes:

- Interior Demolition - \$1,402,986
 - Includes demolition of the interiors for Feinberg 5, 6, and 7 and Olson 2, 4, 6, and 7 including removal of all existing flooring, drywall partitions, finished ceilings, fixtures, plumbing, and horizontal HVAC (excluding the main risers). The only areas remaining will be the elevator shafts, electrical closets, communication closets, and stairwells.
- Spray Fireproof Patching - \$149,224
 - Includes patching fireproofing on the building structure that is impacted by interior demolition to ensure all structural members maintain their required fireproofing coverage.
- Floor Preparation - \$574,590
 - Includes applying a floor preparation leveling compound to ensure the floor is level for the construction buildout on Galter 7 for the new operating rooms and Galter 6 to receive the new central sterile equipment.
- Controlled Environment / Ante Room Assemblies - \$503,284
 - Establishing containment to allow for appropriate environmental conditions to be maintained in the pathology frozen section lab for operations to continue during construction.

Of the total amount, \$1,442,749 is the clinical Site Preparation cost. Together with the clinical Site Survey & Soil Investigation cost, this is 2.03% of the clinical Modernization and Contingencies costs.

Line 6 – Modernization Contracts – (\$166,097,761) – this includes:

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

Of the total amount, \$83,096,841 is the clinical Modernization cost. The clinical Modernization cost per square foot is \$852.22.

Line 7 – Contingencies - (\$13,532,909) – this includes:

- Allowance for unforeseen Modernization costs

Of the total amount, \$6,770,362 is the clinical Contingency cost which is 8.15% of the clinical Modernization costs.

Line 8 – Architectural / Engineering Fees – (\$8,983,718) – this includes:

- Schematic Design:
 - Develop diagrammatic plans and documentation to describe the size and character of the space in a way that meets all programmatic and functional objectives, as well as accounting for all existing structures, shafts, elevators and stairs, communications and electrical closets, and all other pre-existing design constraints.
 - Evaluate the capacity of all building systems (such as electrical, mechanical, plumbing, fire protection, and pneumatic tube and vertical transportation) as well as support functions (such as food service, pharmacy, materials management) to determine modifications necessary for the new uses proposed on the floors.
- Design Development:
 - Develop detailed drawings and documentation to describe the size and character of the space. Includes room layouts, structural, mechanical, electrical, and plumbing.
 - The equipment and furniture consultants will prepare room-by-room FF&E requirement list. The requirements list identifies room name, item description, product specification, and total quantity required. The product specifications include installation requirements that will be provided to the architect/engineer to ensure that spaces and building systems are planned to appropriately accommodate the equipment.
- Construction Documents:
 - Provide drawings and specifications
 - Prepare documentation for alternate bids
 - Prepare documentation for zoning minor change filing with the City
 - Assist in filing Construction Documents for approval by City and State agencies
 - Signage and Way Finding expertise
- Bidding and Negotiation Phase Services:
 - Revise Construction Documents as necessary in accordance with Reconciled Statement of Probable Construction Cost.
- Construction Administration Phase Services:
 - Advise and consult during Construction Phase
 - Attend weekly job progress meetings
 - Provide on-site representation to review progress/quality of Work
 - Prepare written interpretations of Contract Documents including Bulletins and information requests
 - Correct Errors or Omissions in the drawings, specifications and other documents

- Review and approve Contractor's submittals
- Submit notifications for work which does not conform to Contract Documents
- Review and analyze requests for Change Orders
- Assist Construction Manager with punchlist completion
- Assist Construction Manager with Final Completion including system testing and commissioning
- Inspect Project after correction of Work period for deficiencies and update Construction Manager

Of the total amount, \$4,928,073 is the clinical Architectural / Engineering Fee. This amount is 5.48% of the clinical Modernization and Contingencies costs.

Line 9 – Consulting and Other Fees – (\$13,508,422) – this includes:

- Charges for the services of various types of consulting and professional experts including:
 - Acoustical Design - \$174,550
 - Technology Planning Services (IT/AV/Security) - \$261,250
 - Equipment Planning Consultant - \$1,668,875
 - Life Safety Consulting - \$10,000
 - Central Sterile Design Consultant - \$144,190
 - Permit Expediting Services - \$55,000
 - Crane Inspector - \$13,352
 - Signage/Wayfinding Services - \$174,600
 - Commissioning - \$149,600
 - Vibration Monitoring - \$65,000
 - Project Management Services - \$5,157,412
 - Elevator Consultant and Operator - \$1,239,274
 - Construction Management Services - \$4,395,319

Of the total amount, \$7,410,127 is the clinical Consultant and Other Fees cost.

Line 10 – Movable Capital Equipment – (\$56,429,599) – this includes:

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

At this stage, the itemized list of equipment to be purchased is not complete. The aggregate equipment budget, however, is considered appropriate, as it is based on a similar approach that worked for other NM projects.

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

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

approval process during contract award will be consistent with existing hospital financial procedures.

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

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

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

Freight and installation costs are also included in the estimate.

Equipment Type	Estimated Cost
Medical Equipment	\$38,596,930
Blood Bank \$508,755	
Blood Irradiator	
Cell Washer	
Lab Centrifuge	
Lab Incubator	
Refrigerators	
Lab Plasma Thawer	
Central Sterile \$1,648,560	
Ultrasonic Cleaners	
Steam Sterilizer	
Cart Washer	
Cabinets – Drying & Storage	
Pathology \$2,046,911	
Digital Imaging System	
Grossing Stations	
Lab Cryostat	
Pumping Station, Formalin	
Pharmacy \$160,159	
Hoods, Laminar	
Refrigerators	
Prep/Recovery \$2,291,465	
Beds, Bariatric	
Ultrasound Scanner	
Physiological Monitors	

IV Pumps Stretchers Surgery \$23,461,964 Anesthesia Machine Booms, Anesthesia, Equipment Video Endoscopy System Drug Dispensing Unit Physiological Monitors Video Monitors Slush Machine Perfusion System, ECMO Integration, OR, Controller Ultrasound Scanners Heart Lung Machine Surgical Tables Laboratories \$8,479,116 Mass Spectrometer Chemistry Automation Line HemoCELL Automation Line Analyzer, Hematology WASP Automation Line Biosafety Cabinets Fume Hoods Freezers Refrigerators	
Furnishings Waiting Room Furniture Patient Recliners Side chairs Monitor Arms Office Furniture Furniture Partitions Lab Casework	\$11,117,684
Technology Computers Monitors Printers Televisions Device Integration Phones iPad Translation Wireless Network	\$6,333,700

Distributed Antenna System	
Other Artwork Interior Signage Keying	\$381,285

Of the total amount, \$30,954,798 is the clinical component of the Moveable Capital Equipment cost.

Line 14 – Other Costs To Be Capitalized – (\$2,668,629) – this includes:

- Permits and Fees – IDPH, CON, City Building and Street Closures - \$578,858
- Insurance - \$2,089,771

Of the total amount, \$1,463,893 is the clinical component of the Other Costs to be Capitalized.

Project Status and Completion Schedules

Anticipated project construction start date: May 2026

Anticipated midpoint of construction date: October 2027

Anticipated project construction substantial completion date: February 2029

Anticipated project completion date: February 28, 2030

Financial Commitment will occur after permit issuance. NMHC plans to sign the contract with Walsh Construction and Skender in May 2026 that will obligate the project. The contract includes the following CON Contingency section:

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

CON #26-003: NMH New Tower Site Demolition

Cost Space Requirements

		Departmental Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Department	Cost	Existing GSF	Proposed GSF	New Const.	Modern- ized	As Is	Vacated Space
CLINICAL							
Surgical Services	\$ 36,718,730	16,333	55,290	0	41,257	14,033	0
Blood Bank	\$ 2,475,108	5,083	3,141	0	3,141	0	0
Pharmacy	\$ 555,015	558	681	0	681	0	0
Pathology Lab	\$ 2,836,779	2,802	4,371	0	4,371	0	0
Laboratory	\$ 40,511,209	32,965	48,056	0	48,056	0	0
Clinical Subtotal =	\$ 83,096,841	57,741	111,539	0	97,506	14,033	0
NON-REVIEWABLE							
Central Sterile Supply	\$ 9,993,071	16,643	17,501	0	17,501	0	0
Staff Support	\$ 10,545,204	10,121	24,754	0	24,754	0	0
Administration	\$ 8,769,560	14,567	16,180	0	16,180	0	0
Reception/Waiting/Public Space	\$ 6,767,721	2,504	11,915	0	11,915	0	0
Staff/Back of House Corridors	\$ 236,076	7,558	309	0	309	0	0
MEP/Infrastructure	\$ 46,689,288	4,956	21,134	8,743	12,391	0	0
Non-Clinical Subtotal =	\$ 83,000,920	56,349	91,793	8,743	83,050	0	0
TOTAL =	\$ 166,097,761	114,090	203,332	8,743	180,556	14,033	0
OTHER							
Preplanning Costs	\$ 389,038						
Site Survey & Soil Investigation	\$ 695,000						
Site Preparation	\$ 2,630,084						
Off-Site Work	\$ -						
Contingencies	\$ 13,532,909						
A/E Fees	\$ 8,983,718						
Consulting & Other Fees	\$ 13,508,422						
Movable or Other Equipment	\$ 56,429,599						
Bond Issuance Expense	\$ -						
Net Interest Expense During Construction	\$ -						
Fair Market Value of Leased Space or Equipment	\$ -						
Other Costs To Be Capitalized	\$ 2,668,629						
Acquisition of Building (excluding Land)	\$ -						
Other Subtotal =	\$ 98,837,399						
GRAND TOTAL =	\$ 264,935,160						

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

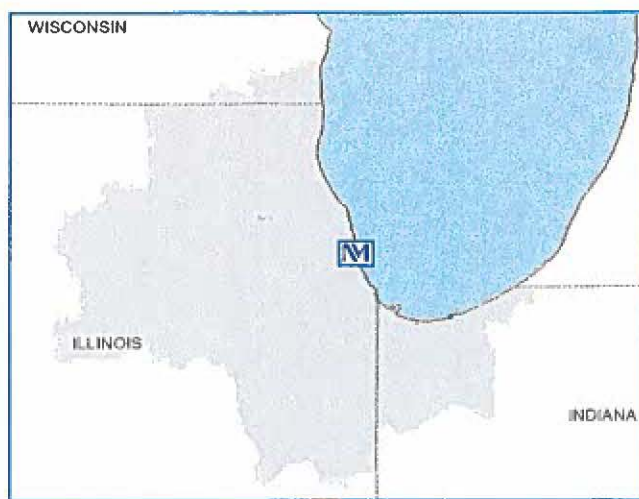
1. *Document that the project will provide health services that improve the health care or well-being of the market area population to be served.*

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.

NMH offers comprehensive surgical services across numerous specialties, including cardiac, oncology, orthopedic, plastic/reconstructive, vascular, and general surgery, often utilizing advanced techniques like minimally invasive and robotic surgery for faster recovery. The proposed project will increase access to NMH's surgical services for residents of Chicagoland and beyond.

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

As an academic medical center (AMC), NMH has very specialized expertise and serves as a major referral center for high acuity care, providing care to those patients who are unable to receive necessary care elsewhere and therefore has a patient population that is often more complex, sicker, and more vulnerable than the general patient population. NMH is the largest provider of tertiary and quaternary care in the Chicagoland area. 94% of patients admitted to NMH and 91% of NMH surgical cases come from areas highlighted on the following map:



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

Since the opening of the Feinberg/Galter pavilion in 1999, NMH's surgery volume has experienced tremendous growth with the number of surgical cases almost doubling. Over the last decade, from CY14 – CY24, total surgical hours have increased by over 20%. Average utilization of the 61 operating rooms on campus has consistently been well above the state's utilization standard; in CY24, the average utilization exceeded the state standard by over 35%.

Overutilization of operating rooms poses several challenges that can significantly impact healthcare efficiency, patient safety, and overall quality of care. Some of the key challenges include:

- Impact to patient care: high demand can create scheduling bottlenecks, making it challenging to allocate time for surgeries. This may lead to delays in care and increase wait times for patients, which can exacerbate conditions that require timely intervention.
- Resource strain: high utilization can put strain on resources, including surgical staff, equipment, and facilities.
- Burnout among providers: surgeons and medical staff may experience burnout as they try to perform more procedures within the same timeframe, which can negatively impact both their well-being and the quality of patient care.
- Impact to innovation and training: as an AMC, NMH needs time for training and innovation in surgical techniques which can be difficult with such high volumes.

4. *Sources of information include:*

- Hospital Records
- IDPH Hospital Profiles
- *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.*

The proposed expansion of NMH's surgical services platform will significantly alleviate some of the challenges associated with the experienced high surgical utilization and improve various aspects of healthcare delivery including:

- Reduced wait times: increasing the number of operating rooms will decrease patient wait times for elective and necessary surgeries, allowing for more timely interventions and improved patient outcomes.
- Decreased strain on resources: additional operating rooms and increased staff support space will alleviate the pressure on the existing operating rooms and staff, leading to a better working environment. This will reduce staff burnout and turnover, resulting in a more motivated and satisfied workforce.
- Increased surgical volume: expanding surgical capacity will allow NMH to continue to accommodate the high demand for surgeries.

- Facilitated innovation and training: more operating rooms will provide opportunities for NMH's surgical teams to engage in training and education without compromising patient care, ultimately fostering innovation in surgical techniques and practices.
- Ability to handle emergencies: as one of the only Level 1 trauma centers in the City of Chicago, additional operating rooms will help NMH better manage emergency cases, ensuring that urgent surgeries are not delayed due to scheduling conflicts with elective procedures.
- Improved patient satisfaction: faster access to surgery, better quality care, and reduced wait times contribute to higher patient satisfaction levels.

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

The goal of the proposed project is to increase access to surgical procedures and laboratory testing at NMH. Key impacts of the project include:

- Decreased scheduling conflicts/delays for surgical cases
- Optimization of the central laboratory

Criterion 1110.110(d)

ALTERNATIVES

Preferred Alternative – Proposed Project

The proposed project expands surgical services on the 7th floor of the Feinberg/Galter Pavilion, increasing the total number of operating rooms on campus from 61 to 72. This project leverages existing infrastructure and support spaces, facilitating an optimal integration of the additional operating rooms. The expansion aims to enhance access and timeliness of surgical services for high acuity patients and enables prompt responses to emergent cases. Expanding surgical services in its current location ensures physician coverage will not be an issue and will continue to promote comprehensive care for NMH's most critically ill patients. Almost one-third of NMH's surgical cases require an inpatient stay.

The proposed project also accommodates the necessary expansion of central sterile supply and staff support spaces in space that is close to the operating rooms (Feinberg/Galter Pavilion 5th and 6th floors).

To enable the surgical services expansion, the core laboratory must be relocated from Feinberg/Galter 7th floor to the Olson Pavilion. The Olson Pavilion is the only building on campus with capacity to accommodate the lab's functions and is conveniently connected to the Feinberg/Galter Pavilions via bridge and tunnel, with P-tube capabilities for efficient result processing. By maintaining the lab on campus in a connected building, NMH can ensure that processing times will not increase, thereby preserving the quality of patient care. Additionally, this relocation will not significantly disrupt clinical care teams and will maintain operational efficiencies.

One of the most significant advantages to this project is the convenient access to Central Sterile Supply, emergency support/response, and ancillary service supports (IT, pneumatic tube system, medical gases).

NMH has evaluated alternatives to respond to growing demand for surgical care and laboratory services. However, the proposed project is the most practical in both the short- and long-term and is therefore the preferred alternative.

Alternatives considered:

1. Maintain Status Quo / Do Nothing;
2. Invest in offsite Ambulatory Surgery Treatment Center;
3. Outsource Laboratory Services

Alternative 1: Maintain Status Quo / Do Nothing

Description

NMH's operating room utilization has exceeded state standards since 2001. The average utilization of the 61 operating rooms on campus in CY24 was over 2,000 hours per operating room. The state standard for operating rooms is 1,500 hours per operating room. Using the state standard of 1,500 hours per operating room, NMH justified an additional 22 operating rooms in CY24. There is a critical need to enhance timely access to care by increasing surgical capacity at NMH. Opting to "do nothing" would significantly hinder NMH's ability to provide access to surgical care and effectively address the diverse needs of the community.

Advantages

- No capital cost to implement.
- Does not require relocation of the core lab

Disadvantages

- Does not meet programmatic requirements. Operating room capacity constraints would remain and worsen, severely impacting timeliness of patient care.

Alternative 2: Invest in an Offsite Ambulatory Surgery Center

Description

To improve access to high-quality, cost-efficient ambulatory surgical services, NMH considered investing in an offsite ambulatory surgery treatment center near its Streeterville location. Currently, there are no available ASTCs that meet NMH's requirements. This strategy was previously implemented with the change of ownership of the River North Surgical Center (COE permit #E-039-23). Ownership of an ASTC close to campus has allowed NMH to offload select outpatient surgical cases, thereby increasing capacity at NMH. However, the rate of increase in demand exceeded the increased capacity provided by the ASTC. Additionally, many of NMH's outpatient procedures need to remain in the hospital due to the type of procedure, patient's condition, and/or co-morbidities. There would also be an increase in operating costs with operating multiple ASTCs due to staff, support services, equipment and supplies being duplicated. Costs for this alternative were not developed because no ASTCs were available at this time.

This alternative was rejected because it does not meet the program need for surgical services.

Alternative 3: Outsource Laboratory Services

Description

There is no alternative space available on NMH's campus outside of the Olson Pavilion to relocate the existing the core laboratory, therefore the only alternative for relocating this function would be to outsource to a third-party. Outsourcing this function could compromise patient care and operational efficiency. One primary concern is the potential for delays in test results, which can arise due to the distance between NMH and the outsourced laboratory. Timely access to diagnostic information is crucial for effective treatment; any lag in reporting can hinder clinical decision-making which could impact patient outcomes. Additionally, outsourcing may reduce the level of oversight that NMH has over laboratory processes, possibly leading to inconsistencies in quality control and standards.

While outsourcing the core lab function may offer capital cost savings while enabling NMH to increase the number of operating rooms, the potential negative impacts to patient care, quality, operating expenses, and efficiency are significant factors that ultimately led to this alternative being rejected.

This alternative was rejected because it would have a negative impact to patient care.

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

Location/Alternative	Meets functional program?	Total Capital Cost	Availability
Increase OR Capacity and Relocate Core Lab (preferred option)	Yes	\$264.9 million	2029
Maintain Status Quo / Do Nothing	No	\$0	N/A
Invest in off-site Ambulatory Surgery Treatment Center	No	N/A	N/A
Outsource Lab functions	Yes	\$0 but significant operating expense	N/A

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

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

SIZE OF PROJECT

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

Feinberg/Galter Floors 5 – 7

Floors 5 – 7 of the Feinberg/Galter Pavilion span the entire length of both pavilions and house the main surgical platform for the AMC campus.

In the proposed project, the 5th floor will have a relocated and expanded breakroom/canteen with warm food server for surgical staff meals. Additionally, the pathology space on the 5th floor will be expanded to support the additional operating rooms. The space will expand to have 8 additional grossing stations and associated specimen storage/processing space.

The 6th floor will have expanded space for both staff support and central sterile supply. Staff locker rooms will be expanded to right size current need as well as accommodate the additional staff needs associated with the additional operating rooms. Approximately 500 additional lockers will be provided across a newly constructed men's locker room space and an expanded women's locker room space. Additionally, a gender-neutral shower, toilet, and locker space will be included.

Central sterile will be right-sized and expanded to support the surgical growth. Key improvements include the addition of a new cart washer, 2 new dumbwaiters that will traverse from floors 5 to 7, 4 additional decontamination sinks, and 5 additional ultrasonic cleaners. Appropriate storage space for surgical instruments and vendor deliveries will also be included.

A new surgical resident library will also be included on the 6th floor.

The 7th floor will have 11 additional operating rooms and 30 additional universal prep/recovery bays and associated nurse station support. The floor will also include staff support space including anesthesia ready room, on-call rooms, and education rooms. Surgery administration will also relocate to this floor in a new administrative suite. Patient registration and waiting areas on this floor will be expanded.

Olson Floors 2, 4, 6, 7

To make space for the surgical expansion, laboratory departments on the 7th floor of Feinberg/Galter must be relocated to the Olson Pavilion on campus. Laboratory departments that currently exist in Olson must be relocated within Olson to make space for the departments that are moving over from Feinberg/Galter 7th floor. All laboratory

departments that are being relocated to, and within, Olson Pavilion will be expanded in size to support the campus needs.

The 10-story Olson/McGaw Pavilion is located adjacent to the Feinberg Pavilion connected by a pedestrian bridge connection on the 2nd floor accessible by patients, visitors and staff, and a tunnel connection in the lower concourse that is utilized only by staff. The building is jointly owned by NMH and Northwestern University (NU), with each party having 50% ownership.

NM occupies half of Olson, approximately 150,000 sf; of that amount 16,861 sf is leased to Fresenius Kidney Care. The remaining space is occupied by the following departments and clinics: laboratory functions including AFB, autopsy, cytogenetics, immunology, microbiology, molecular, mycology, pathology, referred testing, and special chemistry, Developmental Therapeutics Institute, physician practices, and non-clinical support spaces such as administrative offices and storage. The other half is owned and occupied by NU for research and other programs.

Improvements will be made across four floors of the Olson Pavilion: the 2nd floor will accommodate the flow cytometry laboratory relocation from Feinberg/Galter 7, relocation of cytogenetics from Olson 7, and expansion of departments that exist on the floor, Molecular and Microbiology. The 4th floor will provide mechanical improvements and staff breakroom/locker rooms for the laboratory departments. The 6th floor will accommodate the relocation of the core lab from Feinberg/Galter 7, and relocation of referred testing and immunology departments from Olson 2, finally, the 7th floor will accommodate relocation of the histology and cytology laboratory departments from Feinberg/Galter 7 and pathology administration offices from Feinberg/Galter 7.

Clinical Components of the Project

The following clinical programs are included in the proposed project:

Surgical Services

There will be 11 new operating rooms on the 7th floor of the Feinberg/Galter Pavilion in the proposed project. Each operating room will feature a scrub sink alcove immediately outside of the room in the sterile core.

The surgery suite on the 7th floor will also have 30 universal recovery bays for both stage 1 and stage 2 prep/recovery including 2 isolation prep/recovery bays that feature ante-room access to maintain pressurized space and allow for donning and doffing of personal protective equipment.

The proposed square footage for the Surgical Services expansion 41,257 DGSF.

Components and Space Standards used are as follows:

Surgical Suite, as designed	41,257 DGSF
11 Operating Rooms	
30 Universal Post-Anesthesia Recovery Phase II Stations	
State Standard for Surgical Suite	42,250 DGSF
Surgical Operating Suite (Class C): $2,750 \text{ dgsf/Unit} \times 11 = 30,250$	
Post-Anesthesia Recovery Phase II: $400 \text{ dgsf/Unit} \times 30 = 12,000$	
Amount of difference	(993) DGSF

The proposed Surgical Services department is under the State size standard.

Blood Bank

The Blood Bank will be relocated and expanded from its current location on the 7th Floor of Feinberg/Galter to a more central location on the 7th Floor of Feinberg/Galter to support the needs of the existing and new operating rooms.

The Blood Bank in the proposed project is 3,141 DGSF.

There is no size standard for blood bank.

Pharmacy

The pharmacy will be relocated on the 7th floor to be centrally located between the existing and new operating rooms. This pharmacy currently serves the Level 7 surgery suite and prep/recovery areas and will be relocated and expanded to continue to support all surgery and prep/recovery needs on the 7th floor.

The Pharmacy in the proposed project is 681 DGSF.

There is no size standard for pharmacy.

Pathology Lab

The Pathology Lab will be expanding in place in its current location on the 5th Floor of Feinberg/Galter. This pathology lab consists of grossing stations to support frozen section processes for surgical procedures in Feinberg/Galter.

The Pathology Lab in the proposed project is 4,371 DGSF.

There is no size standard for laboratory.

Laboratory

Lab departments located on the 7th floor of Feinberg will be relocated and expanded in the Olson Pavilion: Flow Cytometry will relocate and expand on Olson 2; Core Lab will

relocate and expand on Olson 6; Histology and Cytology will relocate and expand on Olson 7.

Lab departments that are currently in the Olson Pavilion will adjust as follows: Immunology, Special Chemistry and Referred Testing will relocate from Olson 2 and expand on Olson 6; Microbiology, Molecular, AFB and Mcycology will reconfigure and expand in place on Olson 2; Cytogenetics will relocate from Olson 7 to Olson 2; Autopsy will remain in place.

The Laboratory areas of the proposed project total 48,056 DGSF.

There is no size standard for laboratory.

SIZE OF PROJECT				
DEPARTMENT	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Surgical Services	41,257	42,250	(993)	Yes
Blood Bank	3,141	No Standard	N/A	Yes
Pharmacy	681	No Standard	N/A	Yes
Pathology Lab	4,371	No Standard	N/A	Yes
Laboratory	48,056	No Standard	N/A	Yes

Non-Clinical Components of the Project

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

Central Sterile Supply

The Central Sterile Supply department will be expanding in place in its current location on the Feinberg/Galter 6th floor immediately below the operating rooms to provide direct access for outgoing sterile instruments and supplies and for incoming soiled instruments. An existing internal clean elevator connects the sterile storage/case cart picking area in Central Sterile Supply to the central sterile core above. Post-procedure dirty case carts have waste off-loaded in the Soiled Holding room that is located at the edge of the semi-restricted surgical suite and then will have instruments delivered to the Central Sterile Processing decontamination area via the dedicated dirty elevator. All deliveries, both ways, will be discreet and off-stage.

The Central Sterile Supply services the operating rooms from its central, off-stage location. All instrument deliveries will be made off-stage through a dedicated staff/patient/materials transport corridor and elevator network.

The Central Sterile Supply area of the proposed project totals 17,501 DGSF.

Staff Support

Space has been provided to support the academic, clinical, research, and administrative functions of physicians and other clinicians in a manner consistent with the other NMH buildings. Graduate Medical Education (GME) functions are also included in this space.

The staff support spaces include a canteen for staff dining, locker rooms for changing and showering, on-call/ready rooms for surgeons and anesthesiologists, a surgeons' lounge, and an education room. Specific for GME requirements, a Resident on-call room is provided on the 6th floor of Feinberg/Galter 6th floor and a Resident Library on the 7th floor of Feinberg/Galter.

Staff support space on Olson 2 will have hydration stations and EVS storage. Staff support space on Olson 6 will have a hydration station, toilet rooms, EVS storage and general storage. Staff support space on Olson 7 will have a hydration station and EVS.

The Staff Support spaces of the proposed project total 24,754 DGSF.

Administration

The proposed administration space on Feinberg 7 will provide administrative and managerial space for surgery leadership. The space will include offices, conference rooms, reception/receiving and touchdown space.

Olson 2 will provide administrative space, referred to as dry lab, which is workspace for lab staff outside of the processing areas on the floor. Additional office and a workroom for coordinators will be provided.

Olson 6 will have pathology offices and shared offices for coordinators.

The proposed administrative space on Olson 7 will provide offices and workrooms for pathologists and fellows. There is also additional office space and huddle rooms in the cytology area.

The Administration areas of the proposed project total 16,180 DGSF.

Reception/Waiting/Public Space

Waiting and registration for patients and visitors will be expanded on Feinberg/Galter 7. The space will also feature a space for private conversations between medical staff and families.

Public space corridors on Olson 2, 6, and 7 will be reconfigured to support circulation from the building egress points, public elevators, and lab departments on each floor.

The Reception/Waiting/Public areas of the proposed project total 11,915 DGSF.

Staff/Back of House Corridors

This corridor is provided on Feinberg/Galter 5 to support staff-only circulation between the public and staff support spaces. The scope of work in this corridor is limited to providing new interior finishes including flooring and painting.

The Staff/Back of House Corridors area of the proposed project is 309 DGSF.

MEP/Infrastructure

Feinberg/Galter

Mechanical

The existing HVAC distribution on each floor will support the new functions of the Blood Bank, Central Sterile, and most ancillary spaces. However, the existing HVAC distribution on each floor does not support the new functions of Pathology, Operating Rooms, and Locker Room areas. For the second group of rooms, the air exchange rates, zoning, and control sequences will be modified and updated as required to support the new space programs and fire/smoke compartment zoning. New Pathology exhaust fan systems will also be specified to achieve the design air exchange rates for the expanded Pathology Lab renovation. New steam injection humidifiers will be specified for the Operating Room suites. In addition, a new formalin distribution system will be specified for the Pathology Lab grossing stations.

Medical gas system distribution piping will be extended throughout the 7th floor to support the new Operating Room suite. A new Medical Vacuum pump will be provided to support the new 7th floor Operating Room suite. The existing carbon dioxide system will be replaced with a new larger liquid container system and will be extended to the 5th floor ORs as well as the new 7th floor ORs. The existing Nitrogen, Nitrous Oxide, and Medical Air risers will be replaced with larger piping or provided new from the 5th floor to the 7th floor to support the Operating Room suite at multiple riser locations in the A and B zones of the building. New medical air and oxygen take-offs will need to be provided at the B risers on the 7th floor to support the Operating Room suite. SmartTap technology will be used to reduce down-time and back feeding will be utilized as required to maintain hospital functionality during new work. Nitrous Oxide, Nitrogen, Oxygen, Medical Air and Medical Vacuum systems will be extended within the 7th floor to support the Operating Room suite and Recovery Bays. The existing Lab Air system will be expanded to support the renovated Central Sterile Supply and Blood Bank areas.

Plumbing

The existing plumbing system distribution systems are adequate to support the new functions of the project scope. All existing plumbing systems will be demolished back to the source riser and rerouted with new piping to accommodate the new program requirements.

An existing Reverse Osmosis/De-Ionized (RO/DI) water treatment system located on the 6th floor will be upgraded to support the new 6th Floor Central Sterile and 5th floor satellite CSS (Decontamination Room 5-515). A new point-of-use RO/DI system will be installed in the 5th floor Pathology Lab and 6th floor Blood Bank.

Electrical

The existing electrical infrastructure does not support the new program. A new Essential Equipment Power distribution system fed from existing service switchboards located on the 6th floor will be required to serve the 5th, 6th, and 7th floors. All existing electrical infrastructure serving the scope areas will be demolished and replaced with new.

The new power systems will be distributed to the existing to remain electrical rooms serving the 5th and 6th floor scope areas. The new power systems will also be distributed to (2) new electrical rooms within Area A1 and A2, as well as three (3) existing electrical rooms in Areas B1 and B2 on the 7th floor, providing capacity for the new Operating suite and other program areas.

Fire Alarm

The existing fire alarm and voice communication system will be modified and extended to accommodate the new space program. All new fire alarm notification appliances, initiating devices, NAC power supplies, and equipment will be provided in compliance with Chicago Building Code and NFPA 72. The 7th floor fire alarm detection and voice communication circuits will be modified and zoned to match and accommodate the

changes to the fire/smoke compartments and align with fire protection and mechanical modifications.

Firewall Protection

The existing occupancy within the scope of work on floors 5, 6, and 7 is Chicago Building Code (CBC) 2019 Group I-2 (Institutional) and NFPA 101 (2012) Healthcare. The existing occupancy is to remain the same within the renovation scope. Floors 5, 6, and 7 are each divided into a minimum of two smoke compartments. Existing smoke barrier walls are 2-hour rated; any new smoke barriers installed as part of the renovation work shall also be 2-hour rated to match the existing construction. The existing construction type is CBC 2019 Type IA and NFPA 101 (2012) Type I (332). There is no change to the construction type in renovation work.

The sprinkler system density will remain at ordinary hazard coverage but will be reworked as necessary for the new program and fire/smoke compartment updates. The existing 7th floor A1, A2, B1 and B2 sprinkler systems will be replaced with new to accommodate the fire/smoke zone changes. HVAC system changes will also be required to accommodate the fire/smoke compartment changes.

Technology

The existing technology, security, and nurse call system will need to be replaced with new to accommodate the new program. Existing to remain IDF rooms will be extensively reworked (floors 5, 6 ,7) to serve existing to remain and renovated areas. One new IDF room on the 7th floor will serve the new Operating Room suite.

New fiber connections to the MDF on both the Galter and Feinberg sides will be required along with new fiber interconnects between the new IDF room and existing rooms. Existing cable tray to be reworked as required to support new cabling pathways, additional new cable tray to new IDF as required based on cable pathways.

Olson

Mechanical

The existing HVAC distribution on floors 2, 6, and 7 do not support the air exchange rates and cooling loads required by the laboratory spaces planned on each floor. Two new Air Handling Units (AHUs) will be dedicated to the new laboratory spaces on floors 6 and 7. One new AHU will be provided to supplement the existing AHU currently serving the 2nd floor laboratory spaces. New zoning and control sequences will be provided to support the laboratory programs and fire barrier/smoke compartment zoning on each floor. All new and existing AHUs supporting new laboratory spaces will be located on the 4th floor.

New general laboratory exhaust and hood exhaust fan systems, with new zoning and control sequences, will be provided to support the laboratory programs and fire barrier/smoke compartment zoning on 6th and 7th floors. The existing hood exhaust fan system on the 2nd floor does support the new laboratory spaces. However, a new general laboratory exhaust fan system, with new zoning and control sequences, will be

provided to supplement the existing fan system on the 2nd floor. In addition, a dedicated laboratory exhaust fan system with new zoning and control sequences will be provided to support "BSL-3" laboratory spaces on the 2nd floor. All new and existing laboratory fan systems will be located on the penthouse roof.

The existing HVAC distribution on 4th and 7th floors does support the non-laboratory spaces (offices, breakroom, lockers, toilet rooms) programmed on these floors. A new supplemental cooling system and unit heaters will be provided within the new exterior mechanical room on the 4th floor.

A dedicated, gas-fired condensing boiler system will be provided to offset the added heating loads of three new Air Handling Units. The boiler system will be located on the 4th floor.

New laboratory vacuum pump system, laboratory air compressor system and piped CO2 liquid container system will be provided to support the new laboratory spaces on 2nd, 6th and 7th floors. The source equipment will be installed on the lower level, 4th floor and 6th floor of the building. Distribution piping from each system will be extended to serve the labs on Olson 2, 6, and 7.

Plumbing

The existing plumbing system distribution systems serving each floor do not currently support laboratory spaces. New horizontal and vertical domestic water, waste and acid waste piping systems will be added throughout the building with new distribution on each floor to support the laboratory and non-laboratory space programs.

A new Reverse Osmosis/De-Ionized (RO/DI) water treatment system will be provided to support the new laboratory spaces. The system will be located on the 4th floor with distribution piping to new laboratory floors. Additionally, point of use water purification systems will also be provided within select laboratory spaces.

Electrical

The existing electrical infrastructure does not support the new laboratory and non-laboratory spaces on floors 2, 4, 6, and 7. New electrical distribution, for both normal and critical power systems, will be extended to new laboratory and non-laboratory spaces from the existing facility switchgear. New distribution equipment will be located within new and existing Electrical rooms on floors 2, 4, 6, and 7. Distribution panels will also be installed in or near the new laboratory spaces and new mechanical systems supporting the labs.

A new UPS and associated distribution, installed on the 4th floor, will be provided to serve laboratory spaces on floors 2, 6, and 7. The existing generator switchboards will be replaced to accommodate new lab critical loads.

Fire Alarm

The existing fire alarm and voice communication system will be modified and extended to accommodate the new space program. All new fire alarm notification appliances, initiating devices, NAC power supplies, and equipment will be provided in compliance with Chicago Building Code and NFPA 72. The 2nd, 4th, 6th and 7th floor fire alarm detection and voice communication circuits will be modified and zoned to match and accommodate the changes to the fire/smoke compartments and align with fire protection and mechanical modifications.

Firewall Protection

The Olson pavilion is Type 1A construction (332) and there are no changes to construction type, all floor and structural member ratings will be maintained with the project.

Olson 2: The existing floor is separated mixed occupancy with both Institutional (I-2) and Business (B) and those occupancy separations will remain in place. New fire barriers are being added to separate control areas for chemical storage/use within the lab.

Olson 4: The existing floor is Business (B) occupancy and will remain as such. As it is below an I-2 space, smoke barriers are required and they will be reconfigured to accommodate planned changes. Also, a new smoke/fire barrier will be provided to separate the new mechanical room from the existing adjacent space, and another fire barrier will be added to separate the new locker room.

Olson 6: The existing floor is entirely Institutional (I-2) space. A fire barrier/occupancy separation will be added to create separated mixed occupancy which will have both existing Institutional (I-2) and new Business (B) in the future configuration. Additional fire barriers will be added to separate control areas for chemical storage/use within the lab, and to separate the new mechanical room from the existing adjacent space.

Olson 7: The existing floor is Business (B) occupancy and will remain as such. A new fire barrier will separate lab space from adjacent non-lab areas, and additional fire barriers will be used to create control areas for chemical storage/use within the lab.

The sprinkler system density and spacing will be modified on the following basis:

- Floor 2 – Ordinary hazard coverage within Laboratory spaces
- Floor 4 – Combination of light hazard (within staff support areas) and ordinary hazard (within Mechanical rooms)
- Floor 6 – Ordinary hazard coverage within Laboratory spaces
- Floor 7 – Combination of light hazard (within office areas) and ordinary hazard (within Laboratory spaces) coverage
- Exterior mechanical room – Ordinary hazard coverage

The existing sprinkler systems will be replaced with new to accommodate the fire/smoke zone changes and space programming modifications as required.

Technology

The existing technology and security systems on floors 2, 4, 6, and 7 will be replaced with new to accommodate the new laboratory spaces. A total of four new IDF rooms will be provided on the following basis: one on the 2nd floor, two on 6th floor, and one on 7th floor. In addition, one existing to remain IDF room on 2nd floor will also be reworked to support the new laboratory spaces. Two existing IDF rooms on 4th and 7th floors will be reworked to support the non-laboratory spaces on these floors.

New fiber connections from the existing MDF in the lower level to new and existing IDFs on floors 2, 4, 6, and 7 will be provided. New fiber interconnects between the IDF rooms on same floor will also be provided. Existing cable trays will be removed and replaced with new to support new cabling pathways to laboratory spaces.

Structural

Select areas of existing building structure on floors 2, 6, and 7 will be provided with Fiber Reinforced Polymer (FRP) concrete reinforcement to support new equipment loads within laboratory spaces. New steel platforms will be provided within new 4th floor Mechanical room and Penthouse roof to support new Mechanical equipment serving laboratory spaces. Steel framing will be provided to support concrete joist structures at new floor openings for Mechanical duct and pipe routing to laboratory spaces.

New Steel framing, consisting of Hollow Structural Section (HSS) columns, beams and vertical braces will be at exterior Mechanical shafts.

The new exterior building addition will consist of two stories and a roof framed with structural steel and composite metal deck. The exterior façade will comprise of steel plates backed by cold-formed steel studs.

The modernized MEP/Infrastructure areas of the proposed project total 12,391 DGSF. The new construction MEP/Infrastructure area of the proposed project is 8,743 DGSF.

Feinberg/Galter:

The project will be a renovation located on 3 floors within an existing inpatient building. The 5th and 7th floors have a floor-to-floor height of 16'-0" while the 6th floor has a 21'-0" floor to floor height.

Olson:

The project includes both interior alterations and an exterior building addition within an existing mixed occupancy building. Floor to floor heights in the building vary from 16'-0" to 19'-0". There will be a 2-story addition on the northwest corner for a new mechanical room which will span from the 4th floor to 6th floor (note: there is no 5th floor in this building). The addition will be enclosed with an insulated metal panel wall assembly and new roof similar to the existing building construction.

PROJECT SERVICES UTILIZATION:

The proposed project will increase surgical services and laboratory capacity at NMH.

Surgical Services

Demand for surgical services has experienced tremendous growth since the opening of the Feinberg/Galter Pavilion in 1999. Additional operating rooms were added to the new Prentice Women's Hospital in 2007 and to the Lavin Outpatient Care Pavilion in 2014 to accommodate volume.

Currently, NMH has a total of 61 operating rooms in three locations on campus.

Location	# of Operating Rooms
Feinberg/Galter Pavilion	35
Prentice Women's Hospital	10
Outpatient Care Pavilion	16
TOTAL	61

The proposed project will add 11 operating rooms on the 7th floor of the Feinberg/Galter Pavilion for a total of 72 operating rooms on campus.

Location	# of Operating Rooms
Feinberg/Galter Pavilion	46
Prentice Women's Hospital	10
Lavin Outpatient Care Pavilion	16
TOTAL	72

There are an additional 5 operating rooms being planned for the new tower.

As presented in the Master Design Permit application a new NMH tower (CON #25-025) earlier this year, from CY14 – CY24, the number of surgical cases at NMH increased by 26.7% and total surgical hours increased by 20.1%.

	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
IP Cases	12,535	11,759	11,829	11,792	12,497	12,607	10,464	11,690	11,640	12,631	13,093
OP Cases	21,627	22,130	22,697	23,790	23,593	25,219	22,282	28,205	29,061	29,652	30,182
Total Cases	34,162	33,889	34,526	35,582	36,090	37,826	32,746	39,895	40,701	42,283	43,275
IP Hours	56,843	52,637	52,980	54,601	54,713	53,895	45,767	52,362	53,262	58,325	60,065
OP Hours	46,350	48,236	49,435	48,111	48,261	49,080	42,692	51,844	60,247	61,655	63,916
Total Hours	103,193	100,873	102,415	102,712	102,974	102,975	88,458	104,206	113,509	119,980	123,981
# of ORs	62	62	70	70	60	60	60	60	61	61	61
Hours/OR	1,664	1,627	1,463	1,467	1,716	1,716	1,474	1,737	1,861	1,967	2,032
ORs justified	68.8	67.2	68.3	68.5	68.6	68.7	59.0	69.5	75.7	80.0	82.7

The average utilization of the 61 operating rooms on campus in CY24 was over 2,000 hours per operating room. The state standard for operating rooms is 1,500 hours per operating room. Using the state standard of 1,500 hours per operating room, **based on CY24 data, NMH can justify an additional 22 operating rooms** beyond the current 61.

Assuming the same average annual growth rate for surgical hours (2.0%) as experienced from CY14 – CY24, **NMH can justify 98 operating rooms by CY33**.

	CY25	CY26	CY27	CY28	CY29	CY30	CY31	CY32	CY33
IP Cases	13,340	13,588	13,841	14,098	14,361	14,628	14,900	15,177	15,459
OP Cases	31,127	31,706	32,296	32,896	33,508	34,132	34,766	35,413	36,072
Total Cases	44,467	45,294	46,137	46,995	47,869	48,759	49,666	50,590	51,531
IP Hours	60,618	61,745	62,894	64,064	65,255	66,469	67,705	68,965	70,247
OP Hours	65,669	66,891	68,135	69,402	70,693	72,008	73,347	74,712	76,101
Total Hours	126,287	128,636	131,029	133,466	135,948	138,477	141,053	143,676	146,348
# of ORs	61	61	61	72	72	72	72	77	77
Hours/OR	2,070	2,109	2,148	1,854	1,888	1,923	1,959	1,866	1,901
ORs justified	84.2	85.8	87.4	89.0	90.6	92.3	94.0	95.8	97.6

Blood Bank

The proposed project includes a relocated and expanded blood bank. There is no State standard for utilization for blood bank.

Pharmacy

The proposed project includes a relocated and expanded pharmacy. There is no State standard for utilization for pharmacy.

Pathology Lab

The proposed project includes an expanded pathology lab that supports frozen section processes for surgical procedures in Feinberg/Galter. There is no State standard for utilization for pathology lab.

Laboratory

The proposed project includes relocated and expanded laboratory areas. There is no State standard for utilization for laboratory.

Comparison of Utilization to Standard

UTILIZATION				
DEPARTMENT	HISTORICAL UTILIZATION CY23 CY24	PROJECTED UTILIZATION CY29 CY30	STATE STANDARD	MEET STANDARD?
Surgical Services	1,967 hrs/OR 2,032 hrs/OR	1,888 hrs/OR 1,923 hrs/OR	1,500 hrs/OR	Yes
Blood Bank	N/A	N/A	N/A	Yes
Pharmacy	N/A	N/A	N/A	Yes
Pathology Lab	N/A	N/A	N/A	Yes
Laboratory	N/A	N/A	N/A	Yes

UNFINISHED OR SHELL SPACE / ASSURANCES

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

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

Service	# of Existing Key Rooms	# of Proposed Key Rooms
Surgical Services	61	72

Service Modernization

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

Surgical Services

As stated in the Project Services Utilization section (ATTACHMENT-15), demand for surgical services has experienced tremendous growth since the opening of the Feinberg/Galter Pavilion in 1999. Additional operating rooms were added to the new Prentice Women's Hospital in 2007 and to the Lavin Outpatient Care Pavilion in 2014 to accommodate volume.

Currently, NMH has a total of 61 operating rooms in three locations on campus.

Location	# of Operating Rooms
Feinberg/Galter Pavilion	35
Prentice Women's Hospital	10
Outpatient Care Pavilion	16
TOTAL	61

The proposed project will add 11 operating rooms on the 7th floor of the Feinberg/Galter Pavilion for a total of 72 operating rooms on campus.

Location	# of Operating Rooms
Feinberg/Galter Pavilion	46
Prentice Women's Hospital	10
Lavin Outpatient Care Pavilion	16
TOTAL	72

There are an additional 5 operating rooms being planned for the new tower.

As presented in the Master Design Permit application a new NMH tower (CON #25-025) earlier this year, from CY14 – CY24, the number of surgical cases at NMH increased by 26.7% and total surgical hours increased by 20.1%.

	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
IP Cases	12,535	11,759	11,829	11,792	12,497	12,607	10,464	11,690	11,640	12,631	13,093
OP Cases	21,627	22,130	22,697	23,790	23,593	25,219	22,282	28,205	29,061	29,652	30,182
Total Cases	34,162	33,889	34,526	35,582	36,090	37,826	32,746	39,895	40,701	42,283	43,275
IP Hours	56,843	52,637	52,980	54,601	54,713	53,895	45,767	52,362	53,262	58,325	60,065
OP Hours	46,350	48,236	49,435	48,111	48,261	49,080	42,692	51,844	60,247	61,655	63,916
Total Hours	103,193	100,873	102,415	102,712	102,974	102,975	88,458	104,206	113,509	119,980	123,981
# of ORs	62	62	70	70	60	60	60	60	61	61	61
Hours/OR	1,664	1,627	1,463	1,467	1,716	1,716	1,474	1,737	1,861	1,967	2,032
ORs justified	68.8	67.2	68.3	68.5	68.6	68.7	59.0	69.5	75.7	80.0	82.7

The average utilization of the 61 operating rooms on campus in CY24 was over 2,000 hours per operating room. The state standard for operating rooms is 1,500 hours per operating room. Using the state standard of 1,500 hours per operating room, **based on CY24 data, NMH can justify an additional 22 operating rooms** beyond the current 61.

Assuming the same average annual growth rate for surgical hours (2.0%) as experienced from CY14 – CY24, **NMH can justify 98 operating rooms by CY33**.

	CY25	CY26	CY27	CY28	CY29	CY30	CY31	CY32	CY33
IP Cases	13,340	13,588	13,841	14,098	14,361	14,628	14,900	15,177	15,459
OP Cases	31,127	31,706	32,296	32,896	33,508	34,132	34,766	35,413	36,072
Total Cases	44,467	45,294	46,137	46,995	47,869	48,759	49,666	50,590	51,531
IP Hours	60,618	61,745	62,894	64,064	65,255	66,469	67,705	68,965	70,247
OP Hours	65,669	66,891	68,135	69,402	70,693	72,008	73,347	74,712	76,101
Total Hours	126,287	128,636	131,029	133,466	135,948	138,477	141,053	143,676	146,348
# of ORs	61	61	61	72	72	72	72	77	77
Hours/OR	2,070	2,109	2,148	1,854	1,888	1,923	1,959	1,866	1,901
ORs justified	84.2	85.8	87.4	89.0	90.6	92.3	94.0	95.8	97.6

Blood Bank

There is no State standard for utilization for blood bank.

Pharmacy

There is no State standard for utilization for pharmacy.

Pathology Lab

There is no State standard for utilization for pathology lab.

Laboratory

There is no State standard for utilization for laboratory.

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 VIII. 1120.140 – ECONOMIC FEASIBILITY

A. Reasonableness of Financing Arrangements

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

B. Conditions of Debt Financing

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

C. Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT									
Department	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot		GSF		GSF		Const. \$	Mod. \$	
	New	Mod.	New	Circ.*	Mod.	Circ.*	(A x C)	(B x E)	
CLINICAL									
Surgical Services		\$ 890			41,257	31.8%		\$ 36,718,730	\$ 36,718,730
Blood Bank		\$ 788			3,141	12.9%		\$ 2,475,108	\$ 2,475,108
Pharmacy		\$ 815			681	0.0%		\$ 555,015	\$ 555,015
Pathology Lab		\$ 649			4,371	5.5%		\$ 2,836,779	\$ 2,836,779
Laboratory		\$ 843			48,056	0.0%		\$ 40,511,209	\$ 40,511,209
Clinical Subtotal		\$ 852.22			97,506			\$ 83,096,841	\$ 83,096,841
Clinical Contingency		\$ 69.46						\$ 6,770,362	\$ 6,770,362
Clinical Total		\$ 921.68			97,506			\$ 89,867,203	\$ 89,867,203
NON-REVIEWABLE									
Central Sterile Supply		\$ 571			17,501	0.0%		\$ 9,993,071	\$ 9,993,071
Staff Support		\$ 426			24,754	13.7%		\$ 10,545,204	\$ 10,545,204
Administration		\$ 542			16,180	28.0%		\$ 8,769,560	\$ 8,769,560
Reception/Waiting/Public Space		\$ 568			11,915	31.0%		\$ 6,767,721	\$ 6,767,721
Staff/Back of House Corridors		\$ 764			309	0.0%		\$ 236,076	\$ 236,076
MEP/Infrastructure		\$ 2,209	8,743	0.0%	12,391	0.0%		\$ 46,689,288	\$ 46,689,288
Non-Clinical Subtotal		\$ 904.22	8,743		83,050			\$ 83,000,920	\$ 83,000,920
Non-Clinical Contingency		\$ 73.69						\$ 6,762,546	\$ 6,762,546
Non-Clinical Total		\$ 977.91	8,743		83,050			\$ 89,763,466	\$ 89,763,466
TOTALS		\$ 1,899.59	8,743		180,556			\$179,630,669	\$179,630,669

D. Projected Operating Costs

Project Direct Operating Expenses – FY30 (New 11 Operating Rooms)

Total Direct Operating Costs	\$ 56,657,100
Units of Service (cases)	7,449
Direct Cost per Unit of Service	\$ 7,606

E. Total Effect of the Project on Capital Costs

Projected Capital Costs – FY30

Equivalent Adult Patient Days (NMH)	109,368
Total Project Cost	\$ 264,935,160
Useful Life	30
Total Annual Depreciation	\$ 8,831,172
Depreciation Cost per Equivalent Patient Day	\$ 80.75

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.

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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

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	2022
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 EBIDA 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	8.80
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--financial statistics

	Nine months ended May 31	--Fiscal year ended Aug. 31--			Medians for 'AA+' rated health care systems
	2025	2024	2023	2022	2024
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.

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CREDIT OPINION

25 August 2025



Send Your Feedback

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Northwestern Memorial HealthCare, IL

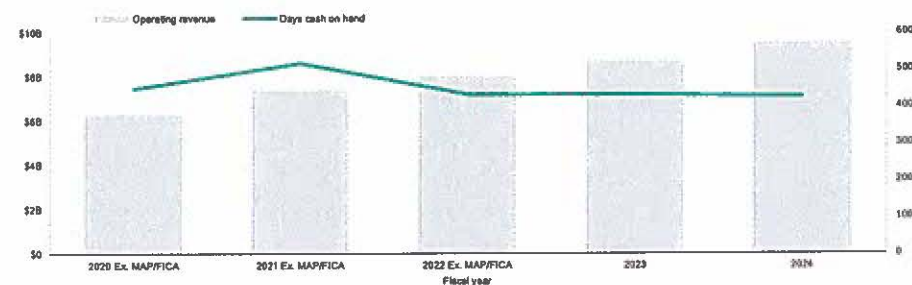
Update to credit analysis

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

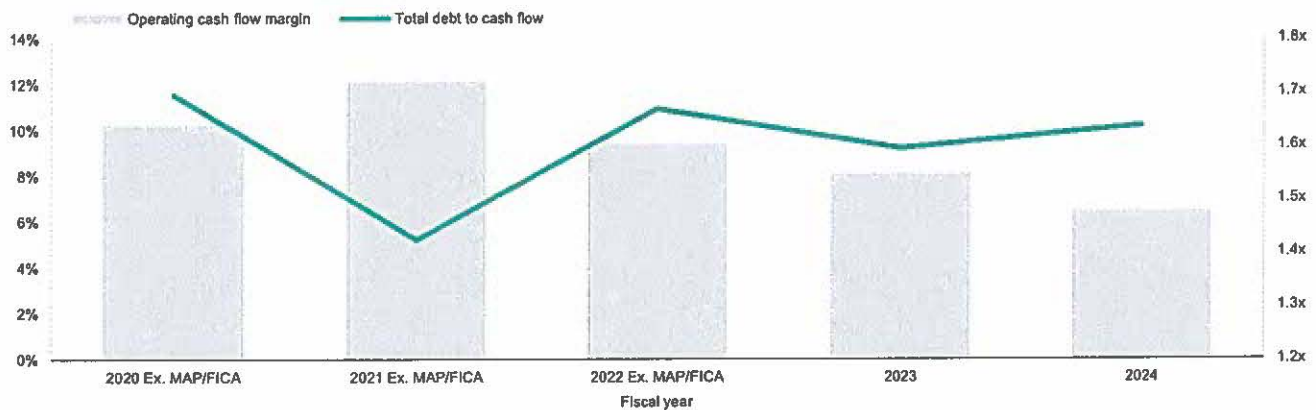
Cash will remain strong at around 400 days as near-term capital spending will be funded with operating cashflow. While a new tower will increase spending over the next five years, NMHC has ample resources to finance the project including cashflow, cash, fundraising, asset monetizations, and debt capacity. 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 Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

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

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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.