18-024 [ORIGINAL]

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
AUG 9 2018
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Advocate NorthShore Pediatric Partners Medical Clinics Building		
Street Address:	3232 Lake Avenue		
City and Zip Code:	Wilmette, IL 60091		
County: Cook	Health Service Area: VII	Health Planning Area: A-08	

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

Exact Legal Name:	Advocate NorthShore Pediatric Partners, LLC
Street Address:	3075 Highland Parkway
City and Zip Code:	Downers Grove, IL 60515
Name of Registered Agent:	Michael E. Kerns
Registered Agent Street Address:	3075 Highland Parkway
Registered Agent City and Zip Code:	Downers Grove, IL 60515
Name of Chief Executive Officer:	Mike Farrell, Advocate Children's Hospital
CEO Street Address:	1675 Dempster Street
CEO City and Zip Code:	Park Ridge, IL 60068
CEO Telephone Number:	855/312-5437

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

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City and Zip Code:	Wilmette, IL 60091		
County: Cook	Health Service Area: VII	Health Planning Area: A-08	

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

Exact Legal Name:	Advocate Health and Hospitals Corporation d/b/a Advocate Children's Hospital, Advocate Christ Medical Center, and Advocate Lutheran General Hospital
Street Address:	3075 Highland Parkway
City and Zip Code:	Downers Grove, IL 60515
Name of Registered Agent:	Michael E. Kerns
Registered Agent Street Address:	3075 Highland Parkway
Registered Agent City and Zip Code:	Downers Grove, IL 60515
Name of Chief Executive Officer:	James Skogsbergh
CEO Street Address:	3075 Highland Parkway
CEO City and Zip Code:	Downers Grove, IL 60515
CEO Telephone Number:	630/572-9393

Type of Ownership of Applicants

X	Non-profit Corporation	Partnership	
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Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
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City and Zip Code:	Wilmette, IL 60091		
County: Cook	Health Service Area: VII	Health Planning Area: A-08	

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

Exact Legal Name:	NorthShore University HealthSystem
Street Address:	1301 Central Street
City and Zip Code:	Evanston, IL 60201
Name of Registered Agent:	Kristen Murtos
Registered Agent Street Address:	1301 Central Street
Registered Agent City and Zip Code:	Evanston, IL 60201
Name of Chief Executive Officer:	Gerald P. Gallagher
CEO Street Address:	1301 Central Street
CEO City and Zip Code:	Evanston, IL 60201
CEO Telephone Number:	847/657-5800

Type of Ownership of Applicants

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

Name:	none
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Fax Number:	

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City and Zip Code:	Wilmette, IL 60091
County: Cook	Health Service Area: VII Health Planning Area: A-08

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

Exact Legal Name:	Advocate Aurora Health, Inc.
Street Address:	750 W. Virginia
City and Zip Code:	Milwaukee, WI 53204
Name of Registered Agent:	The Corporation Trust Company
Registered Agent Street Address:	Corporation Trust Center 1209 Orange Street
Registered Agent City and Zip Code:	Wilmington, DE 19801
Name of Chief Executive Officer:	James Skogsbergh
CEO Street Address:	3075 Highland Parkway
CEO City and Zip Code:	Downers Grove, IL 60515
CEO Telephone Number:	630/572-9393
Name of Chief Executive Officer:	Nick Turkal, MD
CEO Street Address:	750 W. Virginia
CEO City and Zip Code:	Milwaukee, WI 53204
CEO Telephone Number:	414/299-1763

Type of Ownership of Applicants

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

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Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Post Permit Contact

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

Name:	Matthew Robbins
Title:	Chief Strategy Officer
Company Name:	Advocate Children's Hospital
Address:	1675 Dempster Street Park Ridge, IL 60068
Telephone Number:	847/723-7782
E-mail Address:	Matthew.robbins@advocatehealth.com
Fax Number:	847/723-2285

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Edens Plaza, LLC

Address of Site Owner: c/o Colliers International 200 S. Wacker Drive Ste. 700 Chicago, IL 60606

Street Address or Legal Description of the Site: 3232 Lake Avenue Wilmette, IL 60091

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

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

Operating Identity/Licensee

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

Exact Legal Name: Advocate NorthShore Pediatric Partners, LLC

Address: 3075 Highland Parkway Downers Grove, IL 60515

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

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

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

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

Part 1110 Classification:

☐ Substantive

X Non-substantive

2. Narrative Description

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

The applicants propose the establishment of a medical clinics building ("MCB") through the renovation of a two-story building, which formerly housed a home furnishings store, and is located at 3232 Lake Avenue in Wilmette, Illinois. The clinical emphasis of the MCB will be on the provision of services to pediatrics patients. Applicant Advocate NorthShore Pediatric Partners, LLC will have operational responsibility for the facility, with the governance of that newly-formed entity being equally divided between Advocate Health and Hospitals Corporation and NorthShore University HealthSystem, each of which are named as applicants.

The proposed project is classified as being non-substantive by virtue of its provision of outpatient services, exclusively, and not requiring IDPH licensure.

PROJECT COST AND SOURCES OF FUNDS

		Reviewable	Non-Reviewable		Total
Project Cost:					
Preplanning Costs		$ 50,000	$ 95,000		$ 145,000
Site Survey and Soil Investigation					
Site Preparation		$ 32,000	$ 48,000		$ 80,000
Off Site Work					
New Construction Contracts		$ 2,708,750	$ 5,074,250		$ 7,783,000
Modernization Contracts					
Contingencies		$ 181,500	$ 340,875		$ 522,375
Architectural/Engineering Fees		$ 260,000	$ 485,000		$ 745,000
Consulting and Other Fees		$ 506,250	$ 618,750		$ 1,125,000
Movable and Other Equipment (not in construction contracts)		$ 5,480,700	$ 1,320,700		$ 6,801,400
Net Interest Expense During Construction Period					
Fair Market Value of Leased Space or Equipment		$ 3,118,108	$ 5,855,778		$ 8,973,886
Other Costs to be Capitalized		$ 980,000	$ 1,470,000		$ 2,450,000
Acquisition of Building or Other Property					
TOTAL USES OF FUNDS		**$ 13,317,308**	**$ 15,308,353**		**$ 28,625,661**
Sources of Funds:					
Cash and Securities		$ 10,199,200	$ 9,452,575		$ 19,651,775
Pledges					
Gifts and Bequests					
Bond Issues (project related)					
Mortgages					
Leases (fair market value)		$ 3,118,108	$ 5,855,778		$ 8,973,886
Governmental Appropriations					
Grants					
Other Funds and Sources					
TOTAL SOURCES OF FUNDS		**$ 13,317,308**	**$ 15,308,353**		**$ 28,625,661**

Related Project Costs

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

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

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

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

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

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

X Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): __June 30, 2020

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
X Financial Commitment will occur after permit issuance.

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

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:

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

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

not applicable, project does not involve an inpatient facility

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

FACILITY NAME:			**CITY:**		
REPORTING PERIOD DATES:		**From:**		**to:**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

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

This Application is filed on the behalf of Advocate NorthShore Pediatric Partners, LLC* 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	SIGNATURE
PRINTED NAME	Sean T. O'Grady PRINTED NAME
PRINTED TITLE	Chief Clinical Operations Officer PRINTED TITLE
Notarization: Subscribed and sworn to before me this _____ day of _____	Notarization: Subscribed and sworn to before me this 26th day of July, 2018
Signature of Notary	Barbara M. Holland Signature of Notary
Seal	Seal OFFICIAL SEAL BARBARA M HOLLAND NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES:09/04/19

*Insert EXACT legal name of the applicant

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;
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SIGNATURE	SIGNATURE
Michael J. Farrell PRINTED NAME	PRINTED NAME
President PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 30 day of July 2018	Notarization: Subscribed and sworn to before me this _____ day of _____
Signature of Notary	Signature of Notary
Seal	Seal

"OFFICIAL SEAL"
Jody L Goodwin
Notary Public, State of Illinois
My Commission Expires 4/13/2019

*Insert the EXACT legal name of the applicant

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- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Advocate Health & Hospitals Corporation d/b/a Advocate Children's Hospital, Advocate Christ Medical Center, and Advocate Lutheran General Hospital 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 for permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

James H Skogsbergh
SIGNATURE

James H. Skogsbergh
PRINTED NAME

President and CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 1 day of August 2018

Cristin G Foster
Signature of Notary

Seal

OFFICIAL SEAL
CRISTIN G FOSTER
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Mar 4, 2019

SIGNATURE

William Santulli
PRINTED NAME

Chief Operating Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 1 day of August 2018

Cristin G. Foster
Signature of Notary

Seal

OFFICIAL SEAL
CRISTIN G FOSTER
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Mar 4, 2019

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This Application is filed on the behalf of _NorthShore University HealthSystem _____* 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

Gerald P. Gallagher
PRINTED NAME

President & CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 26th day of July, 2018

Barbara M. Holland
Signature of Notary

Seal

OFFICIAL SEAL
BARBARA M HOLLAND
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SIGNATURE

Sean T. O'Grady
PRINTED NAME

Chief Clinical Operations Officer
PRINTED TITLE

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Barbara M. Holland
Signature of Notary

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This Application for Permit is filed on the behalf of Advocate Aurora Health, Inc. in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit 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 permit application fee required for this application is sent herewith or will be paid upon request.

James H Skogsbergh	
SIGNATURE	SIGNATURE
James H. Skogsbergh	William Santulli
PRINTED NAME	PRINTED NAME
President and CEO	Chief Operating Officer
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 1 day of August 2018	Notarization: Subscribed and sworn to before me this 1 day of August 2018
Cristin G Foster	Cristin G Foster
Signature of Notary	Signature of Notary
Seal	Seal

*Insert EXACT legal name of the applicant

OFFICIAL SEAL
CRISTIN G FOSTER
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Mar 4, 2019

OFFICIAL SEAL
CRISTIN G FOSTER
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires Mar 4, 2019

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 certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. 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.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

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** of the alternatives to the proposed project:

Alternative options **must** include:

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

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

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

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

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

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

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

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

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

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

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

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

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

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

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

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

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

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

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

not applicable, no shell space included in project

Provide the following information:

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

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

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

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

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

ASSURANCES:

Submit the following:

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

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

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

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

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

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

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

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

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS ATTACHMENT 31, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VII. 1120.120 - AVAILABILITY OF FUNDS

not applicable

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable **[Indicate the dollar amount to be provided from the following sources]:**

_____	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.

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

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

SECTION VIII. 1120.130 - FINANCIAL VIABILITY

not applicable

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 of the projects 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

not applicable

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

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

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

   A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

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

B. Conditions of Debt Financing

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

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

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									
* Include the percentage (%) of space for circulation									

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

SECTION X. SAFETY NET IMPACT STATEMENT

not applicable

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

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 38.

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

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

SECTION XI. 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.

Evanston Hospital

CHARITY CARE			
	2015	2016	2017
Net Patient Revenue	**$493,138,242**	**$511,714,578**	**$511,985,214**
Amount of Charity Care (charges)	$28,044,009	$27,340,131	$27,759,618
Cost of Charity Care	$7,250,834	$6,938,078	$7,060,591

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

SECTION XI. 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.

Glenbrook Hospital

CHARITY CARE			
	2015	**2016**	**2017**
Net Patient Revenue	**$277,501,890**	**$292,266,712**	**$288,746,879**
Amount of Charity Care (charges)	**$12,799,664**	$14,365,092	$13,604,314
Cost of Charity Care	**$3,309,378**	$3,645,415	$3,460,217

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

SECTION XI. 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.

Highland Park Hospital

CHARITY CARE			
	2015	**2016**	**2017**
Net Patient Revenue	**$247,290,913**	**$251,613,592**	**$256,019,952**
Amount of Charity Care (charges)	$8,131,438	$9,789,737	$9,310,648
Cost of Charity Care	$2,102,399	$2,484,332	$2,368,136

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

SECTION XI. 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.

Skokie Hospital

CHARITY CARE			
	2015	**2016**	**2017**
Net Patient Revenue	**$202,487,834**	**$212,229,891**	**$213,731,078**
Amount of Charity Care (charges)	$10,194,689	$10,359,405	$12,102,094
Cost of Charity Care	$2,635,857	$2,628,896	$3,078,132

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

Advocate Health and Hospitals Corp. CHARITY CARE			
	2014	**2015**	**2016**
Net Patient Revenue	$ 2,876,964,651	$ 2,924,789,809	$ 3,035,753,563
Amount of Charity Care (charges)	$ 134,082,034	$ 145,008,371	$ 133,885,464
Cost of Charity Care	$ 35,156,739	$ 36,633,417	$ 33,377,694

Advocate Christ Medical Center CHARITY CARE			
	2014	**2015**	**2016**
Net Patient Revenue	$ 936,453,941	$ 961,099,001	$ 1,037,737,793
Amount of Charity Care (charges)	$ 30,788,180	$ 50,760,675	$ 40,861,273
Cost of Charity Care	$ 8,473,742	$ 13,521,648	$ 10,756,338

Advocate Lutheran General Hospital CHARITY CARE			
	2014	**2015**	**2016**
Net Patient Revenue	$ 741,764,588	$ 752,076,362	$ 785,250,612
Amount of Charity Care (charges)	$ 29,934,072	$ 39,077,144	$ 44,425,526
Cost of Charity Care	$ 8,154,047	$ 9,882,852	$ 10,904,508

File Number 0686544-5

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE NORTHSHORE PEDIATRIC PARTNERS, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JUNE 19, 2018, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* JULY *A.D.* 2018 .

Authentication #: 1820000602 verifiable until 07/19/2019
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 1

File Number 1004-695-5

To all to whom these Presents Shall Come, Greeting:

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

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 29TH *day of* NOVEMBER *A.D.* 2017 .

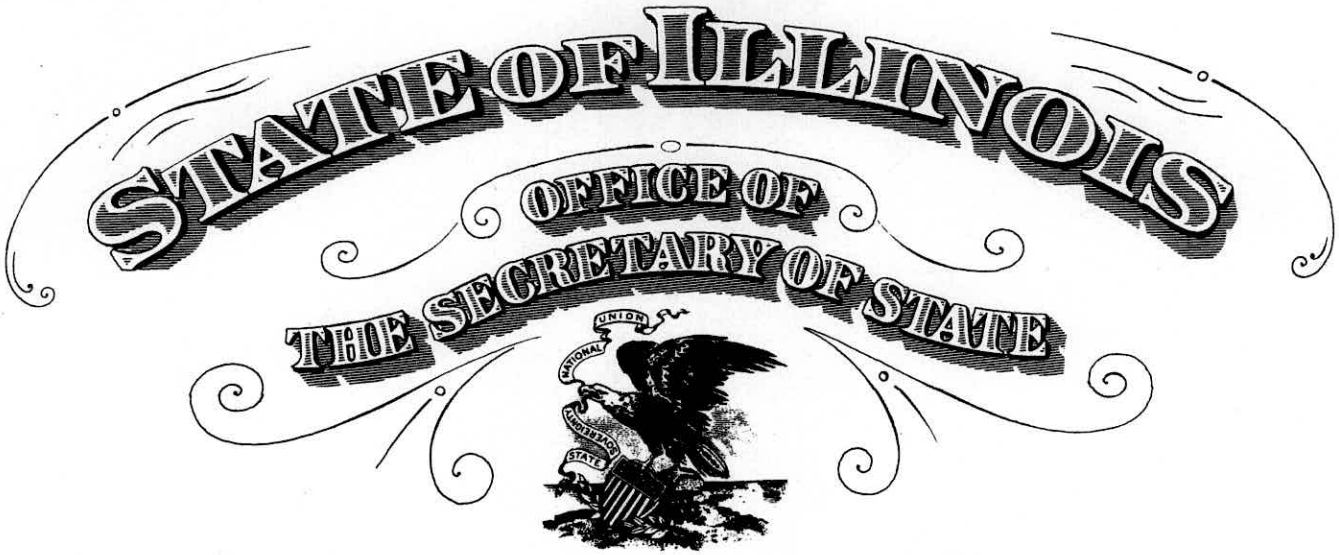
Authentication #: 1733301056 verifiable until 11/29/2018
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

File Number 0567-540-5



To all to whom these Presents Shall Come, Greeting:

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

NORTHSHORE UNIVERSITY HEALTHSYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 04, 1891, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* JULY *A.D.* 2018 .

Jesse White

SECRETARY OF STATE

Authentication #: 1820000516 verifiable until 07/19/2019

Authenticate at: http://www.cyberdriveillinois.com

ATTACHMENT 1

OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

APRIL 3, 2018 7155-851-7

CT CORPORATION SYSTEM
118 W EDWARDS #200
SPRINGFIELD IL 62704

RE ADVOCATE AURORA HEALTH, INC.

DEAR SIR OR MADAM:

ENCLOSED YOU WILL FIND THE AUTHORITY OF THE ABOVE NAMED CORPORATION TO CONDUCT AFFAIRS IN THIS STATE.

PAYMENT OF THE FILING FEE IS HEREBY ACKNOWLEDGED.

CERTAIN NOT FOR PROFIT CORPORATIONS ORGANIZED AS A CHARITABLE CORPORATION ARE REQUIRED TO REGISTER WITH THE OFFICE OF THE ATTORNEY GENERAL. UPON RECEIPT OF THE ENCLOSED AUTHORITY, YOU MUST CONTACT THE CHARITABLE TRUST DIVISION, OFFICE OF THE ATTORNEY GENERAL, 100 W. RANDOLPH, 3RD FLOOR, CHICAGO, ILLINOIS 60601, TELEPHONE (312) 814-2595.

SINCERELY,

JESSE WHITE
SECRETARY OF STATE
DEPARTMENT OF BUSINESS SERVICES
CORPORATION DIVISION
TELEPHONE (217) 782-6961

ATTACHMENT 1

State Of Delaware

Entity Details

7/31/2018 6:24:28PM

File Number: 6645600

Incorporation Date / Formation Date: 12/4/2017

Entity Name: ADVOCATE AURORA HEALTH, INC.

Entity Kind: Corporation

Entity Type: Exempt

Residency: Domestic

State: DELAWARE

Status: Good Standing

Status Date: 12/4/2017

Registered Agent Information

Name: THE CORPORATION TRUST COMPANY

Address: CORPORATION TRUST CENTER 1209 ORANGE ST

City: WILMINGTON

Country:

State: DE

Postal Code: 19801

Phone: 302-658-7581

ATTACHMENT 1

Michael Cummings
Principal

200 S. Wacker Drive
Suite 700
Chicago, Illinois 60606

MAIN +1 312 648 9150
FAX +1 312 612 5974
www.colliers.com

Colliers INTERNATIONAL

VIA EMAIL

May 18, 2018

Joyanne Fabsits
Director of Retail Leasing
11 East Partners LLC
11 East Madison Street, Suite L-100
Chicago, IL 60602

RE: NorthShore University HealthSystem

Dear Joyanne:

As you are aware, we have been asked to assist NorthShore University HealthSystem in the evaluation and negotiation of leasing opportunities and have identified Edens Plaza, 3232 Lake Avenue, Wilmette, Illinois as a suitable alternative.

As such, the following outlines the general terms and conditions under which NorthShore University HealthSystem would be prepared to enter lease negotiations.

Should you have any questions, please do not hesitate to call. Receipt of your written response would be appreciated no later than May 22nd, 2018.

Building:	Edens Plaza, 3232 Lake Avenue, Wilmette, Illinois
Tenant:	NorthShore University HealthSystem **Please provide financials for same**
Landlord:	Edens Plaza, LLC
Premises:	Approximately 34,826 rentable square feet ("RSF") located in the area commonly known as Suite 330 of the Building, per the attached site plan. The rentable area of the Premises shall be subject to verification by Tenant.
Use:	Medical office and associated uses as permitted by Village Zoning Codes. The lease will include a to be negotiated list of prohibited uses (e.g. abortion clinics).
Lease Term/ Commencement:	Ten (10) years commencing approximately first quarter, 2019. Tenant shall be provided possession of the Premises. Tenant shall have six (6) months prior to Lease Commencement for improving the Premises for Tenant's use. Specific dates shall identified in the lease document, however it is anticipated that the Premises shall be delivered to Tenant for the purposes of Tenant improving the Premises for its occupancy no later than September 1, 2018. Tenant acknowledges that Landlord's ability to recapture the premises is subject to the BonTon stores bankruptcy proceeding and the

728463533

ATTACHMENT 2

bankruptcy court dictates when possession of the premises may be returned to the Landlord. The lease will include a to be negotiated sunset deadline on Landlord obtaining the space free and clear of any interest of BonTon after which deadline either party shall have an ongoing right to terminate until such time as possession is actually obtained.

Rental Structure: $23.00 net per rentable square foot, escalating 2.5% per annum, commencing lease year two.

Security Deposit: None, subject to Landlord's review of financial statements.

CAM, Real Estate Taxes And Insurance Tenant shall be responsible for pro-rata share of CAM , Real Estate Taxes, and Insurance, estimated at $14.00/sf for 2019.

Tenant Improvement Allowance: Landlord shall provide Tenant an improvement allowance equal to $ 25.00 per rentable square foot to offset Tenant's costs associated with the improvement of the Premises.

Edens Expressway Sight Lines: Landlord acknowledges Tenant's concern for preserving sight lines and will work to agree on an exhibit as an attachment to the lease.

Landlord Work: Prior to the commencement of any Tenant construction, Landlord shall cause the Premises to be in a broom clean condition with all the prior tenant's furnishings removed. In addition, Landlord shall ensure and represent that all mechanical systems, elevators, etc. serving the Premises shall be in good working order and condition.

Renewal Terms: Tenant shall have the right to renew its lease for two consecutive periods of five (5) years each With 2.5% annual increases. Such option periods shall be exercised in writing no later than 365 days from the lease expiration.

Medical Exclusive: Tenant shall have an exclusive for medical office use, at Edens Plaza during the term of its lease and any extensions thereof. Exclusions shall apply and be identified in the lease document. Examples: optometrist/opthamologist, chiropractic, dentist/orthodontists/oral surgeon. The allowed exclusions shall preclude Landlord from leasing space to a list of to be agreed upon competitors of Tenant.

Tenant Electricity: The Premises shall be separately metered by Landlord, at its sole cost and expense.

HVAC: Please provide a detailed description of the mechanical systems serving the Premises.

Signage: Tenant shall be permitted to install its standard corporate signage on the building façade on both the West and East elevations of the Building, subject to reasonable Landlord and any required municipal approval. In addition, Tenant shall be entitled to directional signage at Edens Plaza.

Capital Improvements:	To be addressed at a later date.
Ownership:	Edens Plaza, LLC
Property Management:	11 East Partners, LLC
Parking:	Please provide a description of the parking at the Building. See attached site plan. Patients may be dropped off at the curb in the front of the premises, or at the loading area in the rear of the premises. The current parking ratio for the center is 3.95 parking spaces per 1000 sf, which exceeds the necessary parking required per code.
SNDA:	If the Premises is encumbered by a mortgage or ground lease, it shall be a condition to Tenant's obligations under the Lease that the Landlord provide Tenant with a mutually acceptable subordination, non-disturbance and attornment agreement
Brokerage Representation:	Tenant hereby acknowledges that Colliers is acting as agent to Tenant. If Tenant and Landlord execute a Lease as contemplated herein, Landlord shall be responsible for commission to Colliers under a separate agreement between Landlord and Colliers.

This letter sets forth our basic understanding of the principal terms and conditions Tenant proposes for this lease transaction. Nothing herein contained will create a legally binding obligation on the part of Tenant or Landlord, until the execution of a mutually acceptable lease agreement between Tenant and Landlord, and the approval of this letter by Tenant's Executive Management Team. This letter may be withdrawn without notice.

Sincerely,

COLLIERS INTERNATIONAL

Michael D. Cummings
Principal

Agreed and Accepted:

By: _____

Name: Paul Fitzpatrick

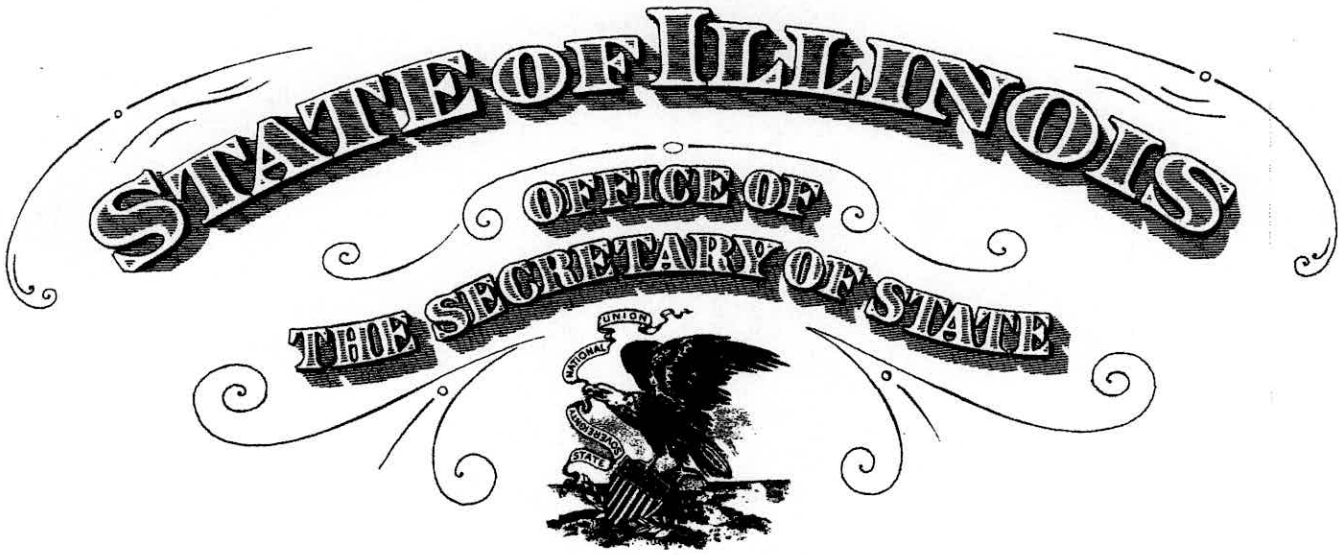
Its: PARTNER

Date: 5/28/18

728463533

ATTACHMENT 2

File Number 0686544-5



To all to whom these Presents Shall Come, Greeting:

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

ADVOCATE NORTHSHORE PEDIATRIC PARTNERS, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JUNE 19, 2018, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* JULY *A.D.* 2018 .

Jesse White

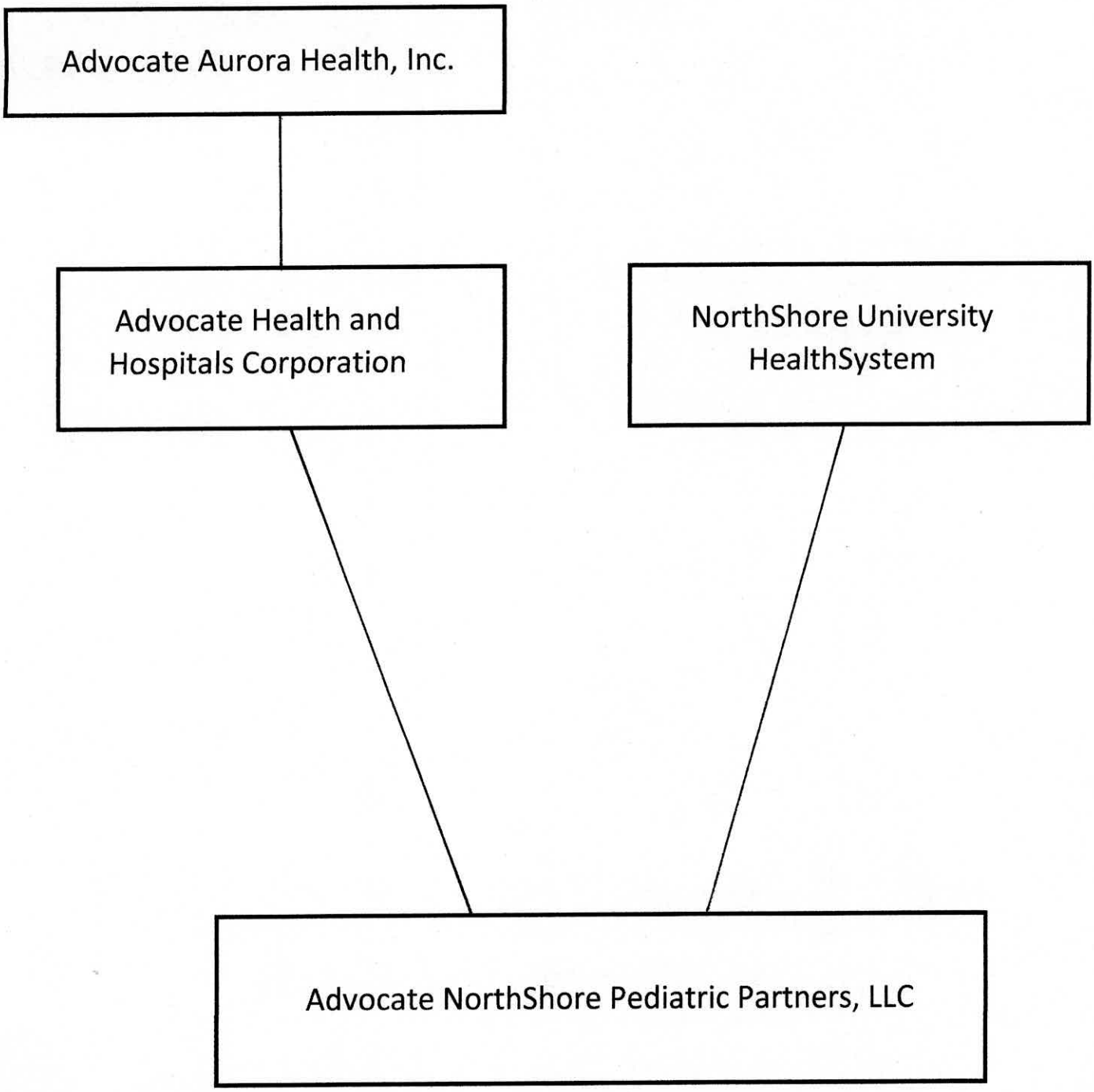
SECRETARY OF STATE

Authentication #: 1820000602 verifiable until 07/19/2019

Authenticate at: http://www.cyberdriveillinois.com

ATTACHMENT 3

ORGANIZATION



ATTACHMENT 4

FLOODPLAIN REQUIREMENTS

With the signatures on the Certification pages of this Certificate of Need application, the applicants attest that the proposed project's site is not located in a FEMA-identified floodplain area, and that the proposed project complies with the requirements of Illinois Executive Order #2006-5.

ATTACHMENT 5

National Flood Hazard Layer FIRMette

FEMA

42°4'59.64"N

87°45'40.45"W

87°45'2.95"W

42°4'32.94"N

Feet

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

1:6,000

Legend

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

SPECIAL FLOOD HAZARD AREAS
- Without Base Flood Elevation (BFE) *Zone A, V, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zone D*

OTHER AREAS
- NO SCREEN Area of Minimal Flood Hazard *Zone X*
- Effective LOMRs
- Area of Undetermined Flood Hazard *Zone I*

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

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

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

N

The pin displayed on the map is an approximate point selected by the user and does not represen 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 8/3/2018 at 9:43:38 AM 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.

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

July 20, 2018

Illinois Dept. of Natural Resources
Illinois State Historic Preservation Office
ATTN: Review and Compliance/Old State Capitol
1 Natural Resources Way
Springfield, IL 62702-1271

RE: Proposed Medical Clinics Building
3200 Lake Street
Wilmette, IL

To Whom It May Concern:

I am in the process of developing a Certificate of Need application, to be filed with the Illinois Health Facilities Services and Review Board, and I am in need of a determination of applicability from your agency.

The project proposes the re-purposing of a 2-story store through interior demolition and. The store and surrounding buildings appear to be 1970's-1980's construction.

I have enclosed maps of the site and photographs for your review. The photographs are of the following:

- Photo #1: west face of building to be renovated
- Photo #2: view to the north
- Photo #3: view to west (Interstate 94)
- Photo #4: view to the east (residential)
- Photo #5: view to south (retail)

A letter from your office, confirming that the Preservation Act is not applicable to this project would be greatly appreciated.

Should you have any questions, I may be reached at the phone number below.

Sincerely,

Jacob M. Axel
President

ATTACHMENT 6

675 North Court, Suite 210
Palatine, Illinois 60067

Phone (847) 776-7101
Fax (847) 776-7004

PROJECT COSTS SOURCES OF FUNDS

SOURCES OF FUNDS				
Cash and Securities	$	19,651,775		
Fair Mkt. Value of Leased Space	$	8,973,886		
TOTAL SOURCES OF FUNDS			$	**28,625,661**

Conceptual Equipment Estimate
8/1/2018

	Unit Cost	QTY	Subtotal
Misc. Equipment			
Keys, Locks, & Special Hardware	$ 17,500.00	1	$ 17,500.00
Artwork			
In Room Art	$ 400.00	90	$ 36,000.00
Corridor Art	$ 650.00	30	$ 19,500.00
Pediatric Elements	$ 100,000.00	1	$ 100,000.00
Plantings	$ 18,000.00	1	$ 18,000.00
Furniture			
Staff Lounge/ Conference- Table	$ 1,200.00	6	$ 7,200.00
Staff Lounge/Conference- Chairs	$ 400.00	24	$ 9,600.00
Keyboard Trays	$ 250.00	180	$ 45,000.00
CPU Holder	$ 250.00	110	$ 27,500.00
Monitor Mount	$ 250.00	180	$ 45,000.00
Task Chairs	$ 700.00	120	$ 84,000.00
Ped Files	$ 250.00	40	$ 10,000.00
Patient Side Chair	$ 650.00	100	$ 65,000.00
Office Set-up	$ 4,500.00	6	$ 27,000.00
Family Waiting Area Seating	$ 750.00	70	$ 52,500.00
Coffee Tables	$ 700.00	27	$ 18,900.00
Overhead Bin/Task Surface/ Light	$ 700.00	70	$ 49,000.00
Radiology Equipment			
General X-ray	$ 550,000.00	1	$ 550,000.00
Ultrasound	$ 165,000.00	1	$ 165,000.00
MRI	$ 1,500,000.00	1	$ 1,500,000.00
Medical Equipment			
Infusion Stretcher	$ 6,500.00	4	$ 26,000.00
Radiology Holding Stretcher	$ 6,500.00	2	$ 13,000.00
Audiology Booth	$ 60,000.00	2	$ 120,000.00
MRI Safe Anesthesia Machine	$ 80,000.00	1	$ 80,000.00
Anesthesia Patient Monitor	$ 60,000.00	1	$ 60,000.00
Patient Monitor	$ 15,000.00	2	$ 30,000.00
Blanket Warmer	$ 7,500.00	1	$ 7,500.00
ENT Chair, Treatment Cabinet, Storage Cabinet, Stool	$ 22,000.00	6	$ 132,000.00
ENT Video Cart	$ 25,000.00	6	$ 150,000.00
ENT Scope Allowance	$ 200,000.00	1	$ 200,000.00
ENT Microscope	$ 30,000.00	6	$ 180,000.00
PFT Booth	$ 60,000.00	1	$ 60,000.00
ENT Sterilizer	$ 38,000.00	2	$ 76,000.00
Derm Exam Table	$ 8,500.00	4	$ 34,000.00
Derm Exam Light	$ 2,500.00	4	$ 10,000.00
Derm Electrocautery	$ 1,800.00	4	$ 7,200.00
Derm Smoke Evac	$ 4,500.00	2	$ 9,000.00
Derm Laser #1	$ 110,000.00	1	$ 110,000.00
Derm Laser #2	$ 170,000.00	1	$ 170,000.00
Derm Photo Therapy (Body)	$ 30,000.00	1	$ 30,000.00
Derm Photo Therapy (Extremities)	$ 11,000.00	1	$ 11,000.00
Derm Autoclave	$ 5,000.00	1	$ 5,000.00
OPL Draw Chair	$ 3,000.00	2	$ 6,000.00
OPL Draw Recliner	$ 6,000.00	1	$ 6,000.00
OPL Stool	$ 4,000.00	3	$ 12,000.00

Integrated Facilities Solutions, INC
5270 Lincoln Avenue
Skokie IL, 60077

ATTACHMENT 7
8/1/2018

Conceptual Equipment Estimate
8/1/2018

	Unit Cost	QTY	Subtotal
OPL Specimen Refrigerator	$ 4,500.00	1	$ 4,500.00
OPL Refrigerator	$ 1,200.00	1	$ 1,200.00
OPL Centrifuge	$ 1,200.00	1	$ 1,200.00
Cardiology- Treadmill	$ 30,000.00	1	$ 30,000.00
Cardiology- EKG	$ 14,000.00	5	$ 70,000.00
Cardiology- Ultrasound	$ 165,000.00	5	$ 825,000.00
Ortho Casting Cutter	$ 2,500.00	1	$ 2,500.00
Ortho Casting Kanban Storage	$ 1,500.00	10	$ 15,000.00
Exam Table	$ 2,000.00	26	$ 52,000.00
Powered Exam table	$ 7,500.00	20	$ 150,000.00
Patient Vitals Monitor	$ 3,500.00	3	$ 10,500.00
Otoscope Integrated Wall System	$ 1,500.00	46	$ 69,000.00
Procedure Light	$ 6,500.00	4	$ 26,000.00
Exam Light	$ 1,000.00	16	$ 16,000.00
ADA Scale	$ 3,000.00	2	$ 6,000.00
Exam Scale	$ 350.00	46	$ 16,100.00
PT BTE Equipment	$ 65,000.00	1	$ 65,000.00
PT Treatment Tables	$ 6,000.00	4	$ 24,000.00
PT Treadmill	$ 11,500.00	1	$ 11,500.00
PT Suspension System	$ 17,500.00	1	$ 17,500.00
PT Bikes	$ 3,000.00	1	$ 3,000.00
PT Video Strobe & VISI Pitch	$ 55,000.00	1	$ 55,000.00
PT Parallel Bars	$ 10,000.00	1	$ 10,000.00
Misc. PT Equipment	$ 40,000.00	1	$ 40,000.00
Misc. Equipment	$ 100,000.00	2	$ 200,000.00
Equipment			
Upright Refrig Freezer	$ 1,000.00	3	$ 3,000.00
Microwave	$ 1,000.00	3	$ 3,000.00
Coffee Maker/ System	$ 1,000.00	3	$ 3,000.00
Ice Maker	$ 7,500.00	0	$ -
Clean Supply Storage	$ 15,000.00	0	$ -
PDI Television	$ 7,500.00	6	$ 45,000.00
Kan Ban Supply Room Carts (per Room)	$ 10,000.00	4	$ 40,000.00
Misc. Equipment	$ 2,500.00	0	$ -
Paper towel	$ 15.00	200	$ 3,000.00
Soap	$ 15.00	200	$ 3,000.00
Communication/ IS			
Phones	$ 350.00	180	$ 63,000.00
Computer	$ 1,500.00	10	$ 15,000.00
PAX 1-c	$ 2,200.00	5	$ 11,000.00
PAX	$ 13,000.00	1	$ 13,000.00
Weiss	$ 1,250.00	80	$ 100,000.00
Printer	$ 1,500.00	30	$ 45,000.00
Printer/fax	$ 4,500.00	6	$ 27,000.00
Video Conferencing System	$ 50,000.00	1	$ 50,000.00
Allowance- Supplemental Large Format monitors	$ 50,000.00	1	$ 50,000.00
Innerwireless	$ 2.00	35000	$ 70,000.00
Security Systems	$ 2.00	35000	$ 70,000.00
Data Closet	$ 75,000.00	1	$ 75,000.00
Project Total			**$ 6,801,400.00**

Integrated Facilities Solutions, INC
5270 Lincoln Avenue
Skokie IL, 60077

ATTACHMENT 7
8/1/2018

Cost Space Requirements

				Amount of Proposed Total Square Feet			
		Gross Square Feet			That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Imaging	$ 6,259,135		3,420	3,420			
Infusion Therapy	$ 799,038		940	940			
Immediate Care	$ 2,130,769		1,835	1,835			
Outpatient Rehab.	$ 3,329,327		5,225	5,225			
Specimen Collection/Lab	$ 799,038		680	680			
Total	$ 13,317,308		12,100	12,100			
Non-Reviewable							
Physicians' Offices	$ 11,022,014		15,860	15,860			
Community Spaces	$ 306,167		455	455			
Public & Waiting	$ 3,520,921		5,860	5,860			
Administrative Offices	$ 459,251		550	550			
Total	$ 15,308,353		22,725	22,725			
Project Total	$ 28,625,661		34,825	34,825			

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HF114200

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
11/4/2018		0005165

General Hospital

Effective: 11/05/2017

Advocate Northside Health Network
dba Illinois Masonic Medical Center Campus
836 West Wellington Avenue

Chicago, IL 60657

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

ATTACHMENT 11

HF114201

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID. NUMBER
11/30/2018		0005579

General Hospital

Effective: 12/01/2017

Advocate Condell Medical Center
801 South Milwaukee Avenue
Libertyville, IL 60048

The face of this license has a colored background. Printed by Authority of the State of Illinois • PO. #48240 5M 5/16

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 11/30/2018

Lic Number 0005579

Date Printed 9/25/2017

Advocate Condell Medical Center

801 South Milwaukee Avenue
Libertyville, IL 60048

FEE RECEIPT NO.

ATTACHMENT 11

HF115875

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
6/30/2019		0004176

General Hospital

Effective: 07/01/2018

Advocate Trinity Hospital
2320 East 93rd Street
Chicago, IL 60617

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 6/30/2019

Lic Number 0004176

Date Printed 5/15/2018

Advocate Trinity Hospital

2320 East 93rd Street
Chicago, IL 60617

FEE RECEIPT NO.

ATTACHMENT 11

HF114792

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
1/5/2019		0005645

General Hospital

Effective: 01/06/2018

Advocate Health and Hospitals Corporation
dba Advocate Bromenn Medical Center
1304 Franklin Avenue

Normal, IL 61761

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 1/5/2019

Lic Number 0005645

Date Printed 12/22/2017

Advocate Health and Hospitals Corpor
dba Advocate Bromenn Medical Cente

FEE RECEIPT NO.

54

ATTACHMENT 11

HF114782

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
1/5/2019		0005652

Critical Access Hospital

Effective: 01/06/2018

Advocate Health and Hospitals Corporation
dba Advocate Eureka Hospital
101 South Major Street

Eureka, IL 61530

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ATTACHMENT 11

Illinois Department of PUBLIC HEALTH

HF114592

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	LICENSE NUMBER
12/31/2018		0004796

General Hospital

Effective: 01/01/2018

Lutheran General Hospital - Advocate
1775 Dempster Street
Park Ridge, IL 60068

COPY

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2018
Lic Number 0004796
Date Printed 11/21/2017
Validation Num

Lutheran General Hospital - Advocate

1775 Dempster Street
Park Ridge, IL 60068

FEE RECEIPT NO.

ATTACHMENT 11

Illinois Department of PUBLIC HEALTH

HF114542

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2018		0000315

General Hospital

Effective: 01/01/2018

Advocate Christ Hospital & Medical Center
4440 W. 95th Street
Oak Lawn, IL 60453

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2018

Lic Number 0000315

Date Printed 11/21/2017

Advocate Christ Hospital & Medical Ce

4440 W. 95th Street
Oak Lawn, IL 60453

FEE RECEIPT NO.

ATTACHMENT 11

HF114591

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2018		0004697

General Hospital

Effective: 01/01/2018

Advocate South Suburban Hospital
17800 S. Kedzie Avenue
Hazel Crest, IL 60429

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2018

Lic Number 0004697

Date Printed 11/21/2017

Advocate South Suburban Hospital

17800 S. Kedzie Avenue
Hazel Crest, IL 60429

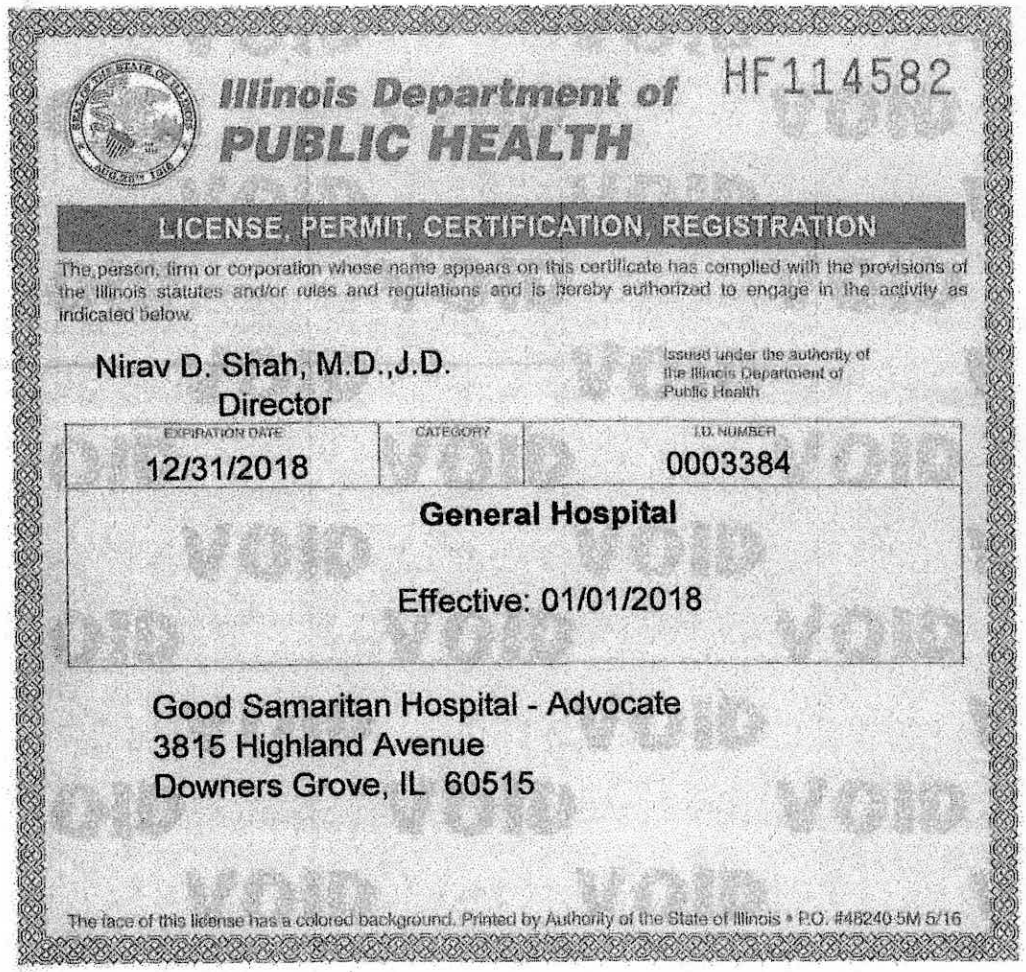
FEE RECEIPT NO.

ATTACHMENT 11

Advocate
Good Samaritan Hospital

2018 Hospital License

Contact: Anna Zaborowski
630.275.1121 | 31.1121



Illinois Department of PUBLIC HEALTH

HF114582

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2018		0003384

General Hospital

Effective: 01/01/2018

Good Samaritan Hospital - Advocate
3815 Highland Avenue
Downers Grove, IL 60515

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ATTACHMENT 11

HF114586

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2018		0003475

General Hospital

Effective: 01/01/2018

Advocate Health and Hospitals Corporation
dba Good Shepherd Hospital
450 West Highway 22

Barrington, IL 60010

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Exp. Date 12/31/2018

Lic Number 0003475

Date Printed 11/21/2017

Advocate Health and Hospitals Corpor
dba Good Shepherd Hospital
450 West Highway 22
Barrington, IL 60010

FEE RECEIPT NO.

ATTACHMENT 11

HF115617

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	LIC NUMBER
5/31/2019		0005884

General Hospital

Effective: 06/01/2018

Advocate Sherman Hospital
1425 North Randall Road
Elgin, IL 60123

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Exp. Date 5/31/2019

Lic Number 0005884

Date Printed 4/16/2018

Advocate Sherman Hospital

1425 North Randall Road
Elgin, IL 60123

FEE RECEIPT NO.

ATTACHMENT 11

Illinois Department of PUBLIC HEALTH

HF115217

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2018		0000646

General Hospital

Effective: 01/01/2018

NorthShore University HealthSystem
dba NorthShore Univ. HealthSystem Evanston Hospital
2650 Ridge Avenue

Evanston, IL 60201

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Exp. Date 12/31/2018

Lic Number 0000646

Date Printed 2/15/2018

Validation Num

NorthShore University HealthSystem
dba NorthShore Univ. HealthSystem E
2650 Ridge Avenue
Evanston, IL 60201

FEE RECEIPT NO.

HF115220

Illinois Department of
PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
12/31/2018		0005587

General Hospital

Effective: 01/01/2018

NorthShore University HealthSystem
dba NorthShore University HealthSystem Skokie Hospital
9600 Gross Point Road

Skokie, IL 60076

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Exp. Date 12/31/2018

Lic Number 0005587

Date Printed 2/15/2018

Validation Num

NorthShore University HealthSystem
dba NorthShore University HealthSyst
9600 Gross Point Road
Skokie, IL 60076

FEE RECEIPT NO.

ATTACHMENT 11

HF115348

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
12/31/2018		0005066

General Hospital

Effective: 01/01/2018

NorthShore University HealthSystem
dba NorthShore Univ. HealthSystem Highland Park Hosp
777 Park Avenue West

Highland Park, IL 60035

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2018

Lic Number 0005066

Date Printed 3/7/2018

Validation Num

NorthShore University HealthSystem
dba NorthShore Univ. HealthSystem Hi
777 Park Avenue West
Highland Park, IL 60035

FEE RECEIPT NO.

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ATTACHMENT 11

HF115218

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	LD NUMBER
12/31/2018		0003483

General Hospital

Effective: 01/01/2018

NorthShore University HealthSystem
dba NorthShore Univ. HealthSystem Glenbrook Hospital
2100 Pfingsten Road

Glenview, IL 60025

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2018

Lic Number 0003483

Date Printed 2/15/2018

Validation Num

NorthShore University HealthSystem
dba NorthShore Univ. HealthSystem G
2100 Pfingsten Road
Glenview, IL 60025

FEE RECEIPT NO.

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ATTACHMENT 11

NorthShore
University HealthSystem

Gerald P. Gallagher, FACHE
President and Chief Executive Officer

1301 Central Street
Evanston, IL 60201
www.northshore.org

(847) 570-5151
(847) 570-5179 Fax

jgallagher@northshore.org

Ms. Courtney Avery
Illinois Health Facilities
And Services Review Board
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. NorthShore University HealthSystem has not had any adverse actions against any facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. NorthShore University HealthSystem authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,

Gerald P. Gallagher
President and Chief Executive Officer

Date: July 26, 2018

Notarized: State of Illinois
County of Cook

This instrument was acknowledged before me on July 26, 2018 by Gerald P. Gallagher, President and Chief Executive Officer, NorthShore University HealthSystem.

OFFICIAL SEAL
BARBARA M HOLLAND
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:09/04/19

Barbara M. Holland
Notary

ATTACHMENT 11

BACKGROUND

By the signatures on the Certification pages, the applicants attest there have been no adverse actions against any facility owned and/or operated by Advocate Health Care Network or Advocate Health and Hospitals Corporation, as demonstrated by compliance with the CMS Conditions of Participation with Medicare and Medicaid, during the three years prior to the filing of this application.

PURPOSE OF PROJECT

The proposed project is limited to the establishment of a medical clinics building ("MCB"), focusing on the care of children, and to be located in Wilmette, Illinois. The MCB will provide office space for physicians, using those offices on a full-time basis, as well as physicians, primarily pediatric subspecialists, occupying the offices on a part-time basis. The complement of pediatric subspecialists to be officed in the building include: pediatric cardiologists, pediatric gastroenterologists, pediatric pulmonologists, pediatric orthopedic surgeons, pediatric allergists, and others. As a result of this project's locating a wide complement of primary care and subspecialist pediatricians in a single location, the health care and well-being of area residents of the area will be improved. This area generally includes the communities bordered by Lake Michigan on the east and Waukegan Road on the west, extending from the Chicago city line on the south to southeastern Lake County on the North.

It is anticipated that the vast majority of patients using the proposed MCB will be residents of one of the thirteen ZIP Code areas identified below. Because of the specialty nature of the proposed MCB, it is anticipated that the physicians officed in the MCB will attract patients from a wider geographic area than is the case with most MCBs.

60091	Wilmette
60022	Glencoe
60062	Northbrook
60065	Northbrook
60093	Winnetka
60201	Evanston
60202	Evanston
60025	Glenview
60053	Morton Grove
60076	Skokie
60077	Skokie

ATTACHMENT 12

60035	Highland Park
60015	Deerfield

The goal of the proposed project is to provide contemporary and easily accessible office space for pediatricians, that is easily accessible to the residents of the area described above. Upon the opening of the MCB, that goal will be met.

ALTERNATIVES

Due to the limited nature of the proposed project and the applicant's desire to improve access to primary care pediatricians and pediatric subspecialists for residents of the service area described in ATTACHMENT 12, aside from the selection of an alternative site, other alternatives were not considered. Had a different site in the area been selected, the capital cost associated with the alternative project would likely be either higher or lower than that of the proposed project, the quality of care provided would be identical to that of the proposed project, and access and associated operating costs would have been similar to those associated with the proposed project.

SIZE

The proposed medical clinics building will be developed through renovation of an existing structure. In general, the clinical areas, including the immediate care center, will be located on the first floor, and the physicians' offices will be located on the second floor.

The only area in the MCB having an HFSRB-identified space standard is the imaging area, which will provide one general x-ray unit, one MRI and one ultrasound unit. Much of the support space for the three modalities will be shared, with the space allocated among the modalities as displayed in the table below.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
MRI (1)	1,695	1,800	(105)	YES
General Radiology (1)	1,050	1,300	(250)	YES
Ultrasound (1)	675	900	(225)	YES

In general, and while deemed by the applicants to be appropriately-sized, the individual areas within the MCB will be somewhat larger than typically found in such a setting. This is because the entire facility is being programmed for the provision of care to pediatric patients, many of which are accompanied by parents/guardians or other family members while undergoing treatment or a diagnostic procedure. This need for additional space to accommodate others than the patient and caregivers is most evident in areas such as the immediate care center (6 stations) and infusion therapy area (4 stations), and to a lesser extent in the other clinical areas, physicians' offices and public areas.

Neither the immediate care center nor the infusion therapy area have applicable HFSRB-adopted space standards, nor are there adopted standards for the other clinical areas included in the project, all of which are identified in ATTACHMENT 37C.

PROJECT SERVICES UTILIZATION

The proposed project includes three imaging modalities having HFSRB-adopted utilization standards, with none of the other clinical services included in the project having such standards. The three imaging modalities are general radiology, MRI, and ultrasound; with one unit of each modality to be provided.

Consistent with HFSRB practices, and because only one unit of each modality is to be provided, utilization standards do not apply to these modalities. The utilization projections provided in the table below are estimates, based on the applicant's experience in similar settings. All three imaging modalities are believed by the applicants to be reasonable for provision in the MCB, based on the services to be provided and practices of the physicians to be officed in the building. However, and because the utilization standards generally are applied to hospital settings, it is not anticipated that the standards (which are not applicable to this project) will be met.

	Historical Utilization (TREATMENTS)	PROJECTED UTILIZATION (examinations) YEAR 1	YEAR 2	STATE STANDARD	MET STANDARD?
Gen'l Radiology	N/A	4,000	5,000	8,000	N/A
MRI	N/A	1,000	1,250	2,500	N/A
Ultrasound	N/A	1,700	2,100	3,100	N/A

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

The proposed medical clinics building ("MCB") will include seven clinical services, none of which are HFSRB-designated "categories of service". Those clinical services are identified in the table below.

Service	# Existing Key Rooms	# Proposed Key Rooms
Gen'l Radiology	0	1
MRI	0	1
Ultrasound	0	1
Immediate Care	0	6
Infusion Therapy	0	4
PT/OT/Speech Ther.	n/a	n/a
Specimen Coll./Lab	n/a	n/a

The primary purpose of the project, as discussed in ATTACHMENT 12, is to serve residents of the communities surrounding the Wilmette, Illinois site.

Utilization projections for the services identified above have been developed based on the applicant's experience with established MCBs, as well as an understanding of the number and specialty mix of physicians to have offices in the MCB.

Consistent with past HFSRB practices, and based on the types of clinical services to be provided, physician referral letters, such as those required in support of a category of service are not provided.

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Below are identified the projected second year utilization levels for each of the clinical services to be provided:

general radiology	5,000 patients
MRI	1,250 patients
ultrasound	2,100 patients
immediate care	7,500 patients
infusion therapy	1,600 hours
specimen collection/lab	18,000 specimens
PT/OT/Speech Therapy	4,000 sessions

The HFSRB maintains utilization standards for only the three imaging modalities. However, because only one unit of each modality is to be provided, and consistent with HFSRB practices, utilization standards do not apply to this project. As a result, the proposed project is not held to any utilization standards.

The primary hospital providers of pediatric services in the area are Advocate Childeen's Hospital/Advocate Lutheran General Hospital, and Evanston Hospital and Highland Park Hospital, both of which are owned by NorthShore University HealthSystem. As a result, it is not anticipated that the proposed project will have any significant impact on any hospital other than those of the applicants.

S&P Global
Ratings

RatingsDirect®

Illinois Finance Authority
Advocate Health Care Network; System

Primary Credit Analyst:
Suzie R Desai, Chicago (1) 312-233-7046; suzie.desai@spglobal.com

Secondary Contact:
Allison Bretz, Chicago (1) 303-721-4119; allison.bretz@spglobal.com

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Rationale

Outlook

Enterprise Profile: Very Strong

Financial Profile: Extremely Strong

Credit Snapshot

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Illinois Finance Authority
Advocate Health Care Network; System

Credit Profile		
US$21.975 mil rev bnds (rmktd 7/25/2017) (Advocate Hlth Care) ser 2008C-3B dtd 07/25/2017 due 11/01/2038		
Short Term Rating	A-1+	New
Illinois Finance Authority, Illinois		
Advocate Hlth Care, Illinois		
series 2011B windows		
Long Term Rating	AA+/A-1+/Negative	Outlook Revised
Series 2008C-1, 2008C-2B		
Long Term Rating	AA+/A-1/Negative	Outlook Revised
Series 2008C-3A		
Long Term Rating	AA+/A-1+/Negative	Outlook Revised

Rationale

S&P Global Ratings revised its outlook to negative from stable and affirmed its 'AA+' long-term rating on the Illinois Finance Authority's various series of fixed-rate tax-exempt bonds, issued for Advocate Health Care Network (AHCN). At the same time, S&P Global Ratings affirmed its long-term component of its dual ratings ('AA+/A-1+' and 'AA+/A-1'), where applicable, on the authority's various series of variable-rate demand bonds (VRDBs).

In addition, S&P Global Ratings assigned its 'A-1+' short-term rating to the authority's series 2008C-3B (remarketed last July with a one year tender), which reflects AHCN's own self-liquidity. All bonds are issued for AHCN.

The negative outlook reflects our assessment of the AHCN's pending consolidation with Aurora Health Care (in Wisconsin). In December 2017, AHCN and Aurora Health Care (Aurora) signed a definitive agreement to consolidate into one system (Advocate Aurora Health, or AAH). In our opinion, the post-consolidation financial profile would be a combination of both accretive and dilutive elements, while the enterprise profile would be stronger if the consolidation went smoothly. We don't rate Aurora, but we have reviewed publicly available information and high-level information provided by AHCN management. Combined operating income would likely improve post-merger, as Aurora's recent operating margins are stronger than those of AHCN, which has experienced slight declines in recent years. However, overall maximum annual debt service (MADS) coverage, which would remain very strong, in our opinion, could drop from current extremely strong levels as Aurora has a higher debt burden compared with that of AHCN. Similarly, the combined balance sheet, while still very strong, in our view, would be meaningfully weaker than current metrics shown by AHCN.

While management has provided a high-level overview of opportunities and benefits for the combined organization (AAH) and the consolidation plan, we expect to meet with management over the next year to discuss more specifics as

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it relates to those plans. In our view, the success on any merger depends on the cultural fit between the two organizations and we would expect to have a stronger understanding of the success of the new organization as it moves forward.

In our view, one potential challenge is the co-CEO model with an evenly divided board structure for the first four years of the merger. We believe it could result in a long-term rating risk, as we believe clearly defined roles and accountability are important for the long-term success of any organization.

The two organizations have received their final approvals and ACHN anticipates closing the transaction on April 1. Together, AAH will have considerable size and scale with more than $10 billion in revenues and more than $16 billion in assets (approximately double Advocate's operating revenues and 1.5x its assets). There will be one management team (recently announced) and one board (with equal representation from the two entities, for at least the first four years). We expect to view Aurora and AHCN as both core to the overall system, as each will contribute approximately equal revenues to AAH.

The 'AA+' rating reflects our expectation that AHCN will continue to build on its already solid enterprise profile and leading market position in the broad Chicagoland area, with what we believe could be a much stronger enterprise profile as Aurora provides diversification across Wisconsin due to its large revenue and patient base and a more favorable payor mix. In addition, we believe AAH can benefit from both systems' individual strengths, including AHCN's national reputation for developing a strong clinically integrated physician network model that has allowed it to manage increasing value-based reimbursement. We expect AHCN's financial operating profile and MADS coverage to remain healthy due to the organization's significant cost restructuring and expense management over the past year, and that AHCN's balance sheet will remain sound. Aurora's operations are likely to be accretive to AAH, in our view, although we understand Aurora's debt levels are higher and unrestricted reserves are lower in comparison to what we consider Advocate's extremely robust balance sheet.

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

- Position as Chicagoland's and Illinois' largest and most successfully integrated health care delivery system, which has developed Advocate Physician Partners (APP) as the clinically integrated network to help provide cost effective care, and a system that is able to manage risk for the communities it serves;
- Healthy balance-sheet measures, as demonstrated by light leverage of 19%, solid unrestricted reserves of 354 days' cash on hand (and more than 400 when including self-insurance reserves) and unrestricted reserves to long-term debt of 349% (and just over 390% when including self-insurance reserves) as of Dec. 31, 2017;
- Leading and incrementally increasing market share through 2016 of 18% in a competitive market that should further benefit from Aurora's solid market position; and
- Consistently strong MADS coverage (smoothed) generally more than 7x for the past couple of years.

Partially offsetting these strengths, in our view, are AHCN's:

- Strong competition in the greater Chicago market--from other systems and large academic medical centers--coupled with broader volume pressures related to both the health care industry and the economy;

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- Lighter operating margins over the past few years, but that are generally consistent with industry trends and fiscal 2017 incorporated one-time expenses of $42.75 million; and
- Slightly high government-oriented payor mix with approximately 45% of net patient revenue coming from Medicaid and Medicare, and some increased exposure to provider-fee funds in recent years.

We believe the larger system's strategic benefits, sustained operating performance, and healthy coverage support the 'AA+' rating on the combined AAH organization. However, we recognize there are certain risks to executing the strategies and we will continue to monitor how plans unfold.

The 'A-1+' short-term component of the rating on the series 2008C-3B mandatory tender bonds and 2011B windows bonds reflects our view of the credit strength inherent in the 'AA+' long-term rating on AHCN's debt and the sufficiency of AHCN's unrestricted reserves to provide liquidity support for the bonds. Our Fund Ratings and Evaluations Group assesses the liquidity of AHCN's unrestricted investment portfolio to determine the adequacy and availability of these funds to guarantee the timely purchase of the bonds tendered in the event of a failed remarketing. We monitor the liquidity and sufficiency of AHCN's investment portfolio monthly.

The 'A-1+' short-term component of the rating on the issuer's series 2008C-2A and 2008C-3A bonds, and the 'A-1' short-term component of the rating on the series 2008C-1 and 2008C-2B bonds reflect our view of the standby bond purchase agreements (SBPAs) in effect from various financial institutions. They further reflect our view of the likelihood of payment of tenders, and our view of liquidity facilities that cover all of the bond series. (For more information, see the Financial Profile section.)

Outlook

The negative outlook reflects our view that there is a one-in-three chance in the next two years that our long-term rating on AHCN could decline one notch to 'AA' due primarily to meaningful balance-sheet dilution, including higher debt levels, related to the affiliation with Aurora. While we do view significant opportunities and strengths related to the affiliation, there could be some stress to the rating if we don't see that that the combined entity can achieve meaningful benefits--both strategic and operational--in the next couple years.

Downside scenario

We could lower the rating if we believe that the operating synergies of the combined organization will take longer than expected; performance and coverage levels dip below 3% and 5x, respectively; or we don't believe the balance sheet will show enough incremental improvement in the next couple of years.

Upside scenario

We could return the outlook to stable if management demonstrates the benefits of the larger organization, including benefits from possible refunding and debt restructuring, and continues to sustain operating performance consistent with recent trends in order to compensate for the lighter combined balance sheet.

Given the high rating and overall industry risks, we don't expect to raise the rating over the outlook period.

Enterprise Profile: Very Strong

AHCN's very strong enterprise profile reflects our view of its leading market share in a competitive service area and across a diverse number of settings and access points, but with less favorable demographics and economics as well as a higher governmental payor mix. In addition, the enterprise profile reflects our assessment of AHCN's pioneering efforts as a clinically integrated network, its very capable management team that has a history of consistent strategies and solid execution. We believe that the combined entity could benefit from Aurora as it contributes a large revenue base, provides diversification across multiple markets in Wisconsin, and has a more favorable payor mix than that of AHCN. In addition, we understand that Aurora maintains competitive positions in most of the markets it serves with good physician integration through employment.

Strong market position a result of clinically integrated network and expansive access points

AHCN continues to have a solid position in the market place and has a full complement of tertiary and community services across the Chicagoland region. Advocate remains a market and national leader in establishing a clinically integrated network (APP) for its employed (Advocate Medical Group) and independent physicians and accepts full and partial risk on certain commercial and Medicare advantage contracts as well as the exchange's narrow network product, BlueCare Direct powered by Advocate. Membership declined for the BlueCare product in 2018, but that was partially planned as AHNC increased premiums and offered only a silver plan on the exchange. AHCN has also managed risk through shared savings programs, including the Medicare accountable care organization demonstration project. APP was fully consolidated in fiscal 2017 (from a 50/50 joint venture), which had minimal operating impact. In our view, AHCN maintains strength in its physician integration activities, including aligning its physician base on both quality and clinical metrics that are key to certain aspects of reimbursement as well as to managing overall patient care through limited-risk contracts. We anticipate AHCN will continue to expand its patient base under risk contracts (although incrementally) while further positioning AHCN and its network with clinical and value-based strengths.

In addition, the geographic reach of both AHCN's acute-care and non-acute-care services help support its strong business position in the very competitive Chicagoland market. Outside the Chicago metropolitan statistical area (MSA), AHCN has established a limited presence in the Central Illinois market. We believe that overall competition in the Chicago MSA is increasing due partially to recent consolidations. Key competitors include AMITA Health (a joint venture between Adventist Midwest Health, part of Adventist Health System in Florida and Alexian Brothers Health System, a subsidiary of Ascension Health, which recently acquired Presence Health), Northwestern Medicine, Rush University Medical Center, the University of Chicago Medical Center, and other providers in the service area.

AHCN continued to experience some inpatient volume growth due to slight market-share increases and some capacity coming on line in recent years, as well as a focus on key service lines and the continued growth of Advocate Medical Group (AMG). While AMG will continue to grow, management plans to focus on optimizing and running the group more efficiently. Outpatient volume was mixed in fiscal 2017, but has historically shown growth in recent years. Management aims to modestly increase inpatient volume (including observation visits) and outpatient volume over the next couple years. AHCN continues to expand its ambulatory network, but market and industry dynamics lead us to believe that growth will likely depend on AHCN's ability to capture additional market share and lives under risk-based contracts, including Medicare Advantage--although certainly AAH may provide new opportunities.

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Combined AAH could show additional market and operating strengths

We believe that while there is likely weakening around the combined balance sheet profile, Advocate and Aurora's merger could yield strengths for the enterprise profile as well as financial operations. Key factors supporting AHCN's decision to merge with Aurora include:

- Diversification benefits from Aurora, including a better payor mix, broad revenue base, and market diversification within Wisconsin;
- Ability to capitalize on individual system strengths to broaden the enterprise profile (including AHCN's ability to manage risk and Aurora's favorable physician employment model); and
- Potential growth opportunities in two broad markets that remain competitive.

The combined organization would cover a contiguous market from Green Bay south through the Chicagoland market (and into Central Illinois), with Aurora contributing 15 hospitals, 150 clinics, and a large physician and patient base to the system. In addition, Aurora has a joint venture health plan with Anthem that could be something AAH can expand. From public disclosure, we understand that Aurora has meaningful market share across much of the eastern part of Wisconsin, including in key markets such as Green Bay and Milwaukee among other regions, and it has historically maintained solid operations, albeit with a leveraged balance sheet, and lighter MADS coverage and operational liquidity. While each organization will initially continue to maintain separate headquarters in their respective states and maintain their individual brand, there could be opportunities to develop AAH branded initiatives where appropriate, although these are still being reviewed and analyzed. AHCN management also believes that as a larger organization, AAH would also have the opportunity to invest in pilot projects and strategies that could yield benefits as the industry experiences entry from non-traditional, and often much larger participants.

AHCN maintains stable management with operating and strategic focus

We believe AHCN has a very strong, capable, and stable management team with considerable bench strength throughout the organization. We view favorably AHCN's ability to operate its entities from a position of strength particularly in a challenging state and payor environment, and the organization maintains excellent disclosure and transparency of information. CEO Jim Skogsbergh has been with the organization 14 years, and many of the other key senior management positions have had limited turnover. One key management change has been Dr. Barbara Byrne, chief information officer, who joined Advocate from Edward-Elmhurst in fall 2017, and has experience with the Epic information technology system and will be leading Advocate's Epic implementation.

We believe management is forward-looking as relates to physician employment and integration through both employed AMG physicians and AHCN's relationship with its independent physicians. Many of these independent physicians, along with AMG physicians, are part of APP. We further believe AHCN's participation in both capitated contracts and some risk-sharing programs with certain payers will likely position AHCN well, given a continued focus by payers on reducing health care costs. Along with providing care in a high quality and cost effective manner through APP, AHCN management team will focus on becoming much more consumer oriented. Management is analyzing key strategies and we believe that the larger AAH organization may help AHCN to try various pilot projects.

In addition, we believe management and AHCN's board will engage and focus on the changing health care landscape. The affiliation with Aurora is one example of how management has considered the increasingly competitive

environment as well as how the combined organization could be in a better position to develop key strategies and initiatives around consumer initiatives while focusing on strong quality and cost metrics.

We view favorably that many AHCN management team members were appointed to the new AAH management team. Outside of the two Co-CEOs, there is generally one member of the team for each role. While health care organizations have had co-CEOs, we believe that can be a challenging leadership structure as it could hinder decision-making and execution.

Advocate Health Care Network And Subsidiaries, IL

	--Fiscal year ended Dec. 31--			
	2017	**2016**	**2015**	**2014**
Enterprise profile				
PSA population, six-county Chicagoland area	N.A.	8,426,488	N.A.	N.A.
PSA market share %	N.A.	18.0	N.A.	N.A.
Inpatient admissions	165,540	162,558	161,962	159,640
Equivalent inpatient admissions	290,391	300,995	296,210	290,729
Emergency visits	393,294	403,408	399,372	393,984
Inpatient surgeries	41,277	42,130	40,596	40,458
Outpatient surgeries	73,852	74,958	73,237	71,010
Medicare case mix index	1.8021	1.7814	1.7259	1.6979
FTE employees	31,400	31,500	29,600	28,700
Active physicians	N.A.	6,300	6,300	6,400
Based on net/gross revenues	Net	Net	Net	Net
Medicare %	30.0	29.0	30.0	24.0
Medicaid %	15.0	14.0	14.0	11.0
Commercial/Blues %	47.0	50.0	49.0	57.0

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

Advocate Health's extremely strong financial profile, in our view, reflects a healthy balance sheet, very solid MADS coverage and adequate operations. We expect that post-merger, the combined organization's operating profile could actually improve slightly (compared to that of AHCN), but debt and liquidity related ratios will likely decline as Aurora has limited unrestricted reserves and higher debt levels (and debt burden) than AHCN.

Healthy cash flow and coverage supported by robust investment income and adequate operations

Like many providers, AHCN's operating margin softened in fiscal 2017 to just under 3% (just under operating budget targets) compared with a slightly stronger margin in fiscal 2016 and much stronger margins in fiscal years 2014 and 2015. The decline from 2016 was partially due to some one-time expenses. Despite lighter operating margins, cash flow was still healthy and aided by solid investment income returns with MADS (smoothed) coverage continuing to be healthy at more than 7x and lease adjusted coverage at 5x. In fiscal 2017, AHCN experienced certain one-time

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expenses ($42.75 million) related to restructuring as well as the write-off of its information technology (IT) system, as it begins to implement Epic. However, AHCN also improved certain areas including better performance on its payor contracts (including its exchange product that was weaker in fiscal 2016) as well as maintaining more care within the Advocate Health Care system and APP. (We adjust AHCN operating income to exclude joint venture income, investment income on self-insurance trust assets, and unrestricted contributions--all of which we include in non-operating income.)

Management expects AHCN's fiscal year 2018 operating margins to be less than 3%, which we view as consistent with AHCN's recent history but adequate for the rating level. We understand that last year's restructuring efforts (along with some volume increases) will offer support to income as the system continues to experience reimbursement stresses (including increasing governmental payors), increased expenses related to the Epic implementation, and manages other expense pressures related to the industry (for example, labor, pharmaceuticals, physician investment). We believe AHCN's focus on increasing the number of covered lives through its managed care and risk-based contracts, managing expenses, and backfilling volumes that may be lost due to lower utilization (which are in turn linked to both better care management and fewer readmissions) will remain important to maintaining healthy cash flow and coverage.

From public disclosure, the incorporation of Aurora's operating profile would likely be accretive as the organization has experienced solid operating results, albeit with a slightly declining trend in recent years. Aurora's MADS coverage is lighter than that of AHCN and estimated at between 3x and 5x on an annual basis, given the higher debt burden and less investment income supporting cash flow. Management indicates there are significant operating synergies that it could collect in the next five years and likely more details around those plans and timing will be provided after the transaction closes.

Very healthy liquidity and debt related ratios likely to be diluted by potential merger

Despite increased capital expenditures in recent years, AHCN's unrestricted reserves remain quite healthy, in our view, and have increased to $5.6 billion, or about 360 days' cash on hand, at Dec. 31, 2017 or almost 3.5x unrestricted reserves to long-term debt. AHCN's unrestricted reserves excludes self-insurance reserves and, including those amounts, days' cash on hand would improve to just above 400 (and 4x unrestricted reserves to long-term debt). AHCN forecasts cash on hand to exceed 300 days for the next few years, despite ongoing increased capital spending through fiscal years 2018 and 2019 (although we note this excludes Aurora). Management continues to evaluate projects through its normal capital planning process and we will continue to monitor how any new projects may affect balance-sheet ratios. We note that the pro-forma AAH balance sheet will likely be weaker than Advocate's current profile, as a review of publicly available information indicates Aurora maintains higher debt levels and less unrestricted reserves. However, on a combined basis, we believe that the pro-forma balance sheet would remain healthy, but we have not received additional details regarding Aurora's full capital spending plans and projections. We believe more information will likely be forthcoming after the transaction closes. Estimates of pro-forma days' cash on hand would be around 270 days' (296 including the self-insurance reserves) and unrestricted reserves to long-term debt would be between 230%-260% depending on debt assumptions.

Given recent capital spending, average age of plant remains around 10.2 years for AHCN. We expect AHCN's capital spending to remain at higher levels as it embarks on a large systemwide Epic implementation (approximately 2x

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annual depreciation expense over the next couple of years) and some ongoing spending at Advocate Illinois Masonic Medical Center. Recently completed projects include Advocate Good Shepherd's and Advocate Good Samaritan's renovations (2016 and 2017), and Advocate Christ's patient tower (2016). Management indicates AHCN will fund most capital spending through cash flow.

AHCN's target investment portfolio is reasonable, in our opinion, given AHCN's healthy unrestricted reserves, with an allocation of about 29% equities, 45% of hedge funds, real assets, and private equity, and 22% fixed income. AHCN had unfunded commitments of about $877 million for its private equity and real estate partnership investments as of Dec. 31, 2017 (over the next seven years), which we view as manageable given its more than $5 billion in unrestricted reserves. In addition, we expect that this allocation could also aid investment returns for the combined entity's portfolio.

AHCN's debt levels remain quite modest, in our view, with leverage at 19% and a low debt burden of 1.6% at Dec. 31, 2017 with no plans (by Advocate) for any new debt over the next two years. AHCN advance refunded a portion of its series 2010 bonds with a $115 million direct purchase taxable loan in fall 2017. The fixed rate debt is held by Bank of America and has a maturity in 2024 (with a $69.9 million maturity in 2024) and we view it as contingent debt. Key rating and financial covenants are maintenance of a credit rating at 'BBB' or higher and coverage of 1.10 or higher.

We believe AHCN's debt structure is reasonable, given its solid unrestricted reserves and investment allocation of its unrestricted reserves. We anticipate that when the AAH transaction is finalized, the overall system will increase its overall debt levels, but with the mix of contingent and variable rate at similar levels. We anticipate pro-forma system leverage for AAH will increase to around 25%, with a slightly higher pro-forma debt burden of over 2%.

About 60% of AHCN's debt is fixed, with the remainder in some type of variable-rate mode. The split of the variable-rate debt is:

- $22 million in long-term interest rate mode with a mandatory tender within one year (2008C-3B);
- $120.3 million in long-term interest rate mode with mandatory tenders within two years (2008A-1, 2008A-2, and 2008A-3);
- $70 million in windows mode that provides seven months' notice before a mandatory tender would occur (2011B);
- $100 million in direct placement bonds (2011C, 2011D); and
- $321.3 million in weekly variable-rate demand mode backed by various liquidity facilities (see below).

Specifically, the providers of the liquidity facilities of the $321.3 million of other VRDBs are:

- JPMorgan Chase Bank (series 2008C-1; 'A-1'), Aug 31, 2020;
- Wells Fargo Bank N.A. (series 2008C-2A: 'A-1+'), Aug. 1, 2019;
- JPMorgan Chase Bank (series 2008C-2B; 'A-1'), Aug 15, 2021; and
- Northern Trust (series 2008C-3A; 'A-1+'), Aug 15, 2021.

AHCN provides liquidity support for the series 2011B windows mode variable-rate debt and the series 2008C-3B

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variable-rate debt that has a tender within a year. Based on AHCN's liquidity analysis provided to our funds group, the system can amply cover its total $92 million of its self-liquidity-backed VRDBs, in our view. (As of February 2018, AHCN had unrestricted reserves of $1.3 billion based on the funds group analysis and $854 billion based on discounted analysis.) In addition, management maintains $325 million of available lines of credit for added flexibility, on which there were no draws as of Dec. 31, 2017.

AHCN maintains three floating- to fixed-rate swaps with a total notional amount of $326.3 million as of Dec. 31, 2017. The counterparties are Wells Fargo Bank and PNC Bank N.A. As of Dec 31, 2017, the liability on the swaps was lower than in previous years at $74 million with no collateral posting required.

AHCN also maintains two defined benefit pension plans, one an ERISA plan that is frozen and the other is active and has been granted church plan status. Together they were more than 100% funded at Dec. 31, 2017. We understand Aurora also maintains a defined benefit plan that is fairly well funded (per Aurora's 2016 audit).

Advocate Health Care Network And Subsidiaries, IL--Financial Statistics

	--Fiscal year ended Dec. 31--			--Medians reported for 'AA+' rated healthcare systems--
	2017	**2016**	**2015**	**2016**
Financial profile				
Net patient revenue ($000s)	5,833,068	5,280,667	5,075,946	3,705,900
Total operating revenue ($000s)	6,173,858	5,537,628	5,328,330	MNR
Total operating expenses ($000s)	6,013,714	5,323,816	5,062,027	MNR
Operating income ($000s)*	160,144	213,812	266,303	MNR
Operating margin (%)	2.6	3.9	5.0	4.0
Net nonoperating income ($000s)	313,342	229,950	53,713	MNR
Excess income ($000s)	473,486	443,762	320,016	MNR
Excess margin (%)	7.3	7.7	6.0	6.5
Operating EBIDA margin (%)	8.3	9.7	10.7	11.6
EBIDA margin (%)	12.7	13.3	11.6	13.3
Net available for debt service ($000s)	826,666	767,329	622,190	661,416
Maximum annual debt service ($000s)	106,596	106,596	106,596	MNR
Maximum annual debt service coverage (x)	7.8	7.2	5.8	6.4
Operating lease-adjusted coverage (x)	5.0	4.7	3.9	5.0
Liquidity and financial flexibility				
Unrestricted reserves ($000s)	5,649,845	5,019,803	4,661,452	4,510,478
Unrestricted days' cash on hand	360.6	362.5	354.1	398.8
Unrestricted reserves/total long-term debt (%)	349.0	305.2	279.9	314.2
Unrestricted reserves/contingent liabilities (%)	702.9	757.1	698.2	856.7
Average age of plant (years)	10.2	10.3	9.9	8.3
Capital expenditures/depreciation and amortization (%)	116.8	149.5	196.5	110.3
Debt and liabilities				
Total long-term debt ($000s)	1,618,991	1,644,894	1,665,417	MNR
Long-term debt/capitalization (%)	19.1	21.6	23.7	21.9

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Advocate Health Care Network And Subsidiaries, IL--Financial Statistics (cont.)

	--Fiscal year ended Dec. 31--			--Medians reported for 'AA+' rated healthcare systems--
	2017	**2016**	**2015**	**2016**
Contingent liabilities ($000s)	803,758	662,990	667,670	MNR
Contingent liabilities/total long-term debt (%)	49.6	40.3	40.1	36.7
Debt burden (%)	1.6	1.9	2.0	1.7
Defined benefit plan funded status (%)	104.8	98.0	96.9	89.3

*Fiscal year 2017 includes $42.75 million of non-recurring operating losses. MNR--Median not reported.

Credit Snapshot

- Security: ACHN's rated bonds are the general, unsecured joint, and several obligations of the obligated group, which consists of the parent, AHCN; Advocate Health and Hospitals Corp., which includes most of AHCN's acute-care facilities, Advocate North Side Health Network, which includes Advocate Illinois Masonic Center, Advocate Condell Medical Center, and Advocate Sherman.
- Group rating methodology status: The rating reflects our view of AHCN's group credit profile (GCP) and the obligated group's core status in that the obligated group accounts for the vast majority of total operating income and assets. Accordingly, we rate the AHCN obligated group at the level of the GCP and we used AHCN's consolidated financial results.
- Credit overview: AHCN has 11 acute-care hospitals (including an integrated children's hospital operating mainly on two campuses) mostly in the greater Chicagoland market, 1,350 employed full-time equivalent physicians as of Dec. 31, 2017 through its two wholly owned medical groups, Advocate Medical Group (AMG) and Dreyer Medical Group (with a total of 6,500 active physicians, of which about 5,000 are part of APP); six home health offices, pharmacies, clinic, and outpatient sites; and several joint venture operations. AHCN also has long-term teaching affiliations with the University of Illinois at Chicago Health Sciences Center, Rosalind Franklin University, and Midwestern University. As part of these affiliations, AHCN trains about 600 residents in 31 AHCN residency programs.

Ratings Detail (As Of March 28, 2018)

Illinois Finance Authority, Illinois

Advocate Hlth Care, Illinois

Illinois Finance Authority (Advocate Hlth Care) rev bnds (rmktd 7/25/2017) (Advocate Hlth Care) ser 2008C-3B dtd 07/25/2017 due 11/01/2038

Short Term Rating	A-1+	Affirmed
series 2008A-1/A-2/A-3		
Long Term Rating	AA+/Negative	Outlook Revised
ser 2008C-2A		
Long Term Rating	AA+/A-1/Negative	Outlook Revised
Series 2008D, 2010A-D, 2011A, 2012, and 2013A		
Long Term Rating	AA+/Negative	Outlook Revised

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Ratings Detail (As Of March 28, 2018) (cont.)		
Illinois Hlth Fac Auth, Illinois		
Advocate Hlth Care, Illinois		
Illinois Hlth Fac Auth (Advocate Hlth Care Network) sys		
Long Term Rating	AA+/Negative	Outlook Revised
Illinois Hlth Fac Auth (Advocate Hlth Care Network) sys		
Long Term Rating	AA+/Negative	Outlook Revised

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CREDIT OPINION
27 September 2017

Update

Rate this Research

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Advocate Health Care Network, IL

Update - Moody's affirms Advocate Health Care Network's (IL) Aa2, Aa2/VMIG 1 & Aa2/P-1; Outlook stable

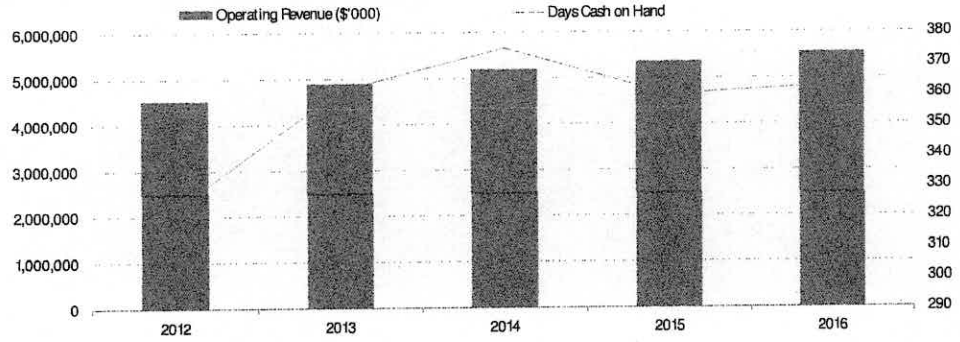
Summary Rating Rationale

Moody's Investors Service affirms Advocate Health Care Network's (Advocate) Aa2, Aa2/VMIG 1 and Aa2/P-1 ratings, affecting approximately $1.5 billion of debt. The outlook is stable.

Affirmation of Aa2 long-term rating is based on Advocate's status as the largest health system in the greater Chicago area as well as statewide with good geographic diversity and well positioned individual hospitals, very strong liquidity that allows absorption of delays in state Medicaid payments, moderate leverage and very good debt metrics even during lower performance, fully funded pension plan, and manageable capital. The system's margins, as reflected year-to-date 2017, are likely to be lower than the historical average given growing competition, pricing pressure from governmental and commercial payers, and shifts of business to lower revenue settings. However, the strengths above along with a history of quickly and effectively responding to challenges provide credit strength to mitigate challenges.

The VMIG 1 rating reflects the availability of bank standby bond purchase agreements or internal liquidity for unremarketed tenders of variable rate bonds. The P-1 rating for bonds in the Windows mode reflects the system's ample liquidity and notice to pay unremarketed tenders.

Exhibit 1
Strong liquidity maintained during growth



Source: Moody's Investors Service

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Credit Strengths

» Leading market position in greater Chicagoland

» Moderate leverage with favorably low total debt-to-cashflow of 2.0 times and strong 8 times maximum annual debt service, even with lower operating performance

» Very strong liquidity of 338 days cash on hand, providing cushion to absorb delays in state Medicaid payments

» Fully funded pension plan

» Consistent investment in facilities and manageable near-term capital plans

» Strong management evidenced by historical ability to absorb operating challenges and adjust mid-year; commitment to very good disclosure practices

Credit Challenges

» Lower margins in year-to-date 2017 likely to persist given growing pricing pressure and unfavorable payer mix shift in the region

» Increasing competition and major consolidation among long-standing hospitals, new market entrants, and competition to recruit physicians

» Investment allocation drives comparatively low 49% of investments liquid on a monthly basis

Rating Outlook

The stable outlook is based on expectations that the system will maintain strong liquidity given manageable near-term capital needs, moderate leverage and good metrics, and stabilize operating margins even if at currently lower levels. The system has already executed numerous strategies to cut costs and grow revenue to compensate for operating headwinds. Further decline in margins or worsening of payer or competitive pressures could drive a negative outlook.

Factors that Could Lead to an Upgrade

» Greater geographic and cash flow diversity and material enterprise growth

» Sustained significant improvement in operating margins

Factors that Could Lead to a Downgrade

» Further decline in operating margins from current levels

» Material reduction in liquidity

» Increase in leverage resulting in significant weakening of debt metrics

» Notably dilutive acquisition or merger

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

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Key Indicators

Exhibit 2
Advocate Health Care Network, IL

	2012	2013	2014	2015	2016
Operating Revenue ($'000)	4,520,826	4,889,729	5,184,505	5,350,795	5,547,601
3 Year Operating Revenue CAGR (%)	5.1	4.9	5.8	5.8	4.3
Operating Cash Flow Margin (%)	10.1	10.6	11.2	11.0	9.9
PM: Medicare (%)	37.0	37.0	37.0	37.0	37.0
PM: Medicaid (%)	16.0	15.0	17.0	19.0	19.0
Days Cash on Hand	322	361	375	360	362
Unrestricted Cash and Investments to Total Debt (%)	270.0	272.8	297.4	280.9	300.5
Total Debt to Cash Flow (x)	1.9	1.9	1.8	2.0	2.0

Based on audits for Advocate Health Care Network and Subsidiaries, fiscal years ended December 31
Investment returns normalized at 6% prior to FY 2015 and 5% in FY 2015 and beyond
Investment income excluded from other operating revenue all years.
Source: Moody's Investors Service

Recent Developments

Recent developments are included in Detailed Rating Considerations.

Detailed Rating Considerations

Market Position: Leading market position, but region increasingly competitive

Advocate has pursued an effective strategy to develop an integrated and full service system that has resulted in the system achieving broad geographic coverage and the leading market position in the greater Chicago area. Advocate controls 11 inpatient acute care hospitals, an integrated children's hospital, a large home health care operation, and is clinically aligned with more than 5,000 physicians. Advocate is the largest health system in the greater Chicago area as well as the state. However, rapid consolidation continues in the state and several large academic medical systems maintain prominent positions, including Northwestern Medicine, Rush University Medical Center and The University of Chicago Health System. Competition for physicians is intensifying, including from a large independent medical group with private investors. Most recently, Presence Health announced plans to divest Chicago-area hospitals to AMITA, which is a joint operating company formed by Ascension Health and Adventist Health System Sunbelt, Inc. which would make the combined system the second largest in the region.

Advocate partners with payers under value-based strategies, increasingly shifting to risk-based models of care from fee-for-service models. Medicare shared savings and commercial risk arrangements represent approximately one million members. The system reports receiving sizable incentive payments under these arrangements. The system continues to invest in ambulatory capabilities to increase patient access, including adding 56 Walgreens clinics to its service capabilities.

Operating Performance, Balance Sheet and Capital Plans: Strong liquidity & manageable capital plans mitigate margin pressure

Following a long and consistent trend of 10-11% operating cashflow margins, Advocate's margin declined to 8.2% year-to-date June 2017. The system was affected by volume softness, shifts from higher to lower paying commercial business, higher bad debt in part from more high deductible insurance plans, pharmaceutical cost increases, and a loss under a public exchange product. Advocate participates in a narrow network exchange product, which required a large risk transfer payment in FY 2016; premium increases are expected to notably improve performance under this product in FY 2017. The margin was also suppressed by the assumption of 100% (previously 50%) control of Advocate Physician Partners.

While the system is still developing a FY 2018 budget, competitive and payer pressures suggest margins may remain at lower FY 2017 levels. Volumes will be challenged from declining use rates and population declines. Growing pricing pressures include those mentioned above related to bad debt and shifts in commercial business and minimal increases in governmental rates. While the state

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passed a budget and no Medicaid cuts were included, state fiscal pressures are likely to stress Medicaid funding. Additionally, the state's migration of about half of Medicaid patients into managed care plans increases the risk of claim denials and payment delays from administrative complexities. Advocate has approximately $200 million in revenue enhancements and cost reductions targeted in FY 2017 to offset revenue pressures.

Advocate completed several large projects in 2016 and capital spending will decline to manageable levels relative to expected operating cashflow. The system recently completed construction of an inpatient tower at Advocate Christ Medical Center, modernization projects at Advocate Good Shepherd Hospital and Good Samaritan Hospital, and various ambulatory projects. Given lower operating performance, the system is reducing capital spending to about 1.2-1.3 times depreciation, which is well below expected operating cashflow. Advocate is evaluating IT needs including clinical and revenue cycle systems; the system currently has two platforms.

LIQUIDITY

Advocate has maintained very strong liquidity with 338 days cash on hand at June 30, 2017, providing cushion to absorb delays in state Medicaid payments. Advocate's accounts receivable increased to 56 days at June 30, 2017 from 47 days at FYE 2015, largely due to Medicaid receivables. Advocate's investment allocation has resulted in less overall liquidity with a comparatively low 49% of investments that can be liquidated monthly. Based on management data, at FYE 2016 24% was allocated to cash and fixed income, 22% to equities, and 50% to hedge funds and private equity.

Debt Structure and Legal Covenants: Moderate leverage drives good metrics

Advocate's moderate leverage drives favorable debt metrics, even based on lower operating performance, providing financial flexibility during a period of margin pressures. Based on FY 2016 results, total debt-to-cashflow is favorably low at 2.0 times, maximum annual debt service coverage is high at 8.8 times and total debt-to-revenue is 30%. Based on annualized six months year-to-date FY 2017 total debt-to-cashflow is 2.1 times and MADs coverage is over 8 times. There are no plans for material incremental leverage in the near term.

DEBT STRUCTURE

Debt structure risks are manageable with diversified bank counterparties and staggered demand risk. Approximately 38% of debt is in demand debt, including VRDOs supported by SBPAs, annual put debt and Windows bonds supported by self-liquidity, and variable rate private placement debt.

DEBT-RELATED DERIVATIVES

Advocate's derivative program has minimal credit risk. Advocate has three floating-to-fixed rate swaps with a notional amount $326 million associated with the Series 2008C bonds. The system pays a fixed rate of 3.6% and receives 61.7% of LIBOR plus 26 basis points. The swaps mature in 2038 and the counterparties are Wells Fargo and PNC. Based on management data, as of June 30, 2017, the net termination value of the swaps was a negative $81 million to Advocate and no collateral was posted.

PENSIONS AND OPEB

The system has a cash balance defined benefit pension plan, which has been almost fully funded or overfunded for many consecutive years. One of Advocate's plans is a church plan and has been subject to litigation regarding its status. Given Advocate's funding position and liquidity, we don't view this issue as a credit risk.

Management and Governance

Advocate has demonstrated strong management capabilities evidenced by the system's historical ability to absorb operating challenges, make mid-year adjustments, and typically meet or exceed operating budgets. These capabilities in part support the stable outlook as Advocate faces growing competitive and reimbursement challenges. The system consistently invested in capital, which allows the flexibility to scale back on spending if operations weaken. The system has very good disclosure practices.

Legal Security

The obligated group includes the Advocate Health Care Network (system parent), Advocate Health and Hospitals Corporation (operates most of the system's hospitals), Advocate North Side Health Network, and Advocate Condell Medical Center. Security is a general, unsecured obligation of the obligated group. No additional indebtedness tests.

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Use of Proceeds

Not applicable.

Obligor Profile

Advocate is an integrated health system with 11 acute care hospitals, 10 of which are in the Chicago metro area (the 11th hospital is in Bloomington-Normal, IL). The system is integrated with more than 5,000 physicians. Advocate is the largest health system in Illinois and is the market share leader in the Chicago area.

Methodology

The principal methodology used in this rating was Not-For-Profit Healthcare Rating Methodology published in November 2015. An additional methodology used in the VMIG 1 ratings supported by bank SBPAs was Variable Rate Instruments Supported by Conditional Liquidity Facilities published in March 2017. Additional methodology used in the P-1 rating and VMIG 1 ratings supported by self-liquidity was Rating Methodology for Municipal Bonds and Commercial Paper Supported by a Borrower's Self-Liquidity published in January 2012. Please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

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FITCH AFFIRMS ADVOCATE HEALTH CARE'S (IL) REV BONDS AT 'AA'; OUTLOOK STABLE

Fitch Ratings-Austin-02 October 2017: Fitch Ratings affirms the 'AA' rating on approximately $1.4 billion of rated revenue bonds issued by the Illinois Health Facilities Authority and the Illinois Finance Authority on behalf of Advocate Health Care (Advocate).

Fitch also affirms the 'F1+' short-term ratings on the applicable Illinois Health Facilities Authority and Illinois Finance Authority bonds based upon self-liquidity provided by Advocate.

The Rating Outlook is Stable.

SECURITY
The bonds are unsecured obligations of the obligated group.

KEY RATING DRIVERS
AMPLE LIQUIDITY: Advocate's robust operating cash flow continues to bolster its substantial balance sheet strength and support any necessary capital investments. At fiscal 2016, Advocate's unrestricted cash and investments totaled $5 billion, equal to a very strong 361 days cash on hand (DCOH). In addition, Advocate's strong unrestricted reserves are equal to almost 3x long-term debt. Both key metrics exceed Fitch's respective 'AA' category medians of 254 DCOH and 2x cash to debt.

LIGHT DEBT BURDEN: The affirmation of Advocate's 'AA' rating is partly based on Advocate's relatively low debt burden. Advocate's maximum annual debt service (MADS) of $97.3 million equates to a light 1.7% of fiscal 2016 (audited results through Dec. 31, 2016) revenues which, when combined with solid cash flow, generated strong coverage of 7.9x for the same time period.

SOLID MARKET POSITION: Advocate maintains a leading position within its six-county Chicago metropolitan service area that is nearly double its nearest competitors, and remains the largest provider in the state. Fitch continues to note the service area is highly competitive, and the operating environment in Illinois remains challenging.

STRONG CLINICAL INTEGRATION: The 'AA' rating also reflects Advocate's high level of integration with its clinicians, which has produced better care coordination, operating efficiencies, effective contracting, physician engagement, and should continue to position it well to navigate an ongoing shift toward value-based reimbursement.

RATING SENSITIVITIES
CREDIT STABILITY: Given Advocate's strong market position, advanced stance on population health management, sound liquidity position and very good debt service coverage metrics, Fitch does not see any downward rating pressure on Advocate over the outlook period. Similarly, with slightly softer operating margins in 2016, and the high degree of uncertainty in the sector as a whole, Fitch is also of the opinion that upward rating movement is limited over the outlook period.

CREDIT PROFILE
Advocate is an integrated health care system serving the Chicago metropolitan area and central Illinois. The system includes 12 acute care hospitals and an integrated children's hospital (totaling approximately 3,600 licensed beds), a large physician group offering primary and extensive specialty physician services, home health, hospice care, and outpatient centers serving the Chicago

metropolitan area and central Illinois. Total revenues in fiscal 2016 (Dec. 31 fiscal year end) were $5.6 billion.

Advocate and NorthShore University Health System dropped their merger plans after a March 2017 court ruling in favor of the FTC blocking the merger.

Fitch's analysis is based on the consolidated system. The obligated group consists of Advocate Health Care Network Corp, Advocate Health and Hospitals, Advocate North Side Health Network, Advocate Condell Medical Center, and Advocate Sherman Hospital. As of Dec. 31, 2016, the obligated group represented approximately 87% of consolidated assets and 90% of total operating revenues of the consolidated system.

VERY STRONG UNRESTRICED RESERVES: As previously mentioned, Advocate's solid operating cash flow continues to support unrestricted reserve growth and Advocate's capital needs. At fiscal 2016, Advocate's unrestricted cash and investments totaled $5 billion, equal to a very strong 361 DCOH, and almost 3x long-term debt.

This has continued through the second quarter of fiscal 2017 (unaudited six month figures through June 30, 2017) with unrestricted reserves increasing to $5.2 billion, equal to 337 DCOH, and over 3x long-term debt. In addition, Advocate has a very light leverage position, with a debt to capitalization ratio of under 22%.

Advocate has a defined pension plan, which is now (as of fiscal 2017 year to date, fully funded. Fitch views Advocate's investment asset allocation as slightly aggressive, with 22% in equities, 20% in fixed income, and 38% in hedge funds and real estate. Advocate has $326 million in swaps, currently with a negative mark to market of $81 million, however no collateral is posted. Based on discussions with management, Advocate's future capital expenditures appear routine in nature, and there are no new money debt issuances expected at this time, or factored into this rating affirmation.

SOFTER OPERATIONS: As of fiscal 2016, Advocate produced an operating income of $264 million, equal to a 4.7% operating margin, comparing slightly less favorably to fiscal 2015's $331 million operating income, or a 6.1% operating margin. The differential between fiscal 2016 and 2015 is largely due to some minor deterioration of operating revenues (e.g., decreased Medicaid expansion funds, increase in net bad debt and charity) and some slight increases in the expense base, including pharma costs, and increased depreciation and interest expense. However, it remains Fitch's opinion that Advocate will be able to produce consistent positive operating returns over the long term, albeit at perhaps lower levels than historical. It is this ability to continually demonstrate positive margins that remains a hallmark of Advocate's operational strength.

SERVICE AREA: Advocate maintains a leading position (approximately 18% market share) within its six-county Chicago metropolitan service area, nearly double its nearest competitor, but the service area continues to be competitive with sizeable and well respected competitors such as Northwestern Medicine, Presence Health, and Amita Health System.

SELF-LIQUIDITY RATING

The 'F1+' rating reflects Advocate's availability of highly liquid resources to cover the mandatory tender on $212 million of debt that is subject to unremarketed puts. At June 30, 2017, Advocate's eligible cash and investment position available for same-day settlement would cover the maximum mandatory tender on any given date well in excess of Fitch's criteria of 1.25x.

Advocate provided Fitch with an internal procedures letter outlining the procedures to meet any unremarketed puts. In addition, Advocate provides monthly liquidity reports to Fitch to monitor the sufficiency of Advocate's cash and investment position relative to its mandatory put exposure.

DEBT PROFILE
Advocate has approximately $1.6 billion in long-term debt outstanding. Approximately $921 million is fixed rate, $321 million is variable rate demand debt supported by standby bond purchase agreements with three different banks (Wells Fargo, JPMorgan and Northern Trust), $142 million is multi-annual tender bonds with long term interest rates (tender dates are staggered in 2018, 2019 and 2020), $100 million is variable rate direct placement debt, and $70 million is variable rate bonds in windows mode.

Advocate is party to $326 million notional in swap agreements, which had an aggregate negative $81 million mark-to-market as of June 30, 2017. No collateral was required to be posted as of the same time period.

DISCLOSURE
Advocate's disclosure includes annual audited financial statements as well as quarterly unaudited balance sheet, income statement, cash flow statement, an extensive MD&A, and utilization statistics. The information is posted to the Municipal Securities Rulemaking Board's EMMA system. In addition, management holds routine calls with rating agencies and with investors. Fitch considers Advocate's disclosure standards to be best practice.

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Additional information is available on www.fitchratings.com

Applicable Criteria
Rating Criteria for Public Sector Revenue-Supported Debt (pub. 05 Jun 2017)
https://www.fitchratings.com/site/re/898969
U.S. Nonprofit Hospitals and Health Systems Rating Criteria (pub. 09 Jun 2015)
https://www.fitchratings.com/site/re/866807

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S&P Global
Ratings

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NorthShore University HealthSystem, IL Revenue Refunding Bond Rating Outlook Revised To Stable From Positive

01-Aug-2017 19:17 EDT

View Analyst Contact Information

CHICAGO (S&P Global Ratings) Aug. 1, 2017--S&P Global Ratings revised its outlook to stable from positive and affirmed its 'AA' long-term rating on the Illinois Finance Authority's series 2010 revenue refunding bonds, issued for NorthShore University HealthSystem (NorthShore).

At the same time, S&P Global Ratings affirmed its 'AA/A-1+' rating on the authority's series 1995 and 2001C bonds and its 'AA/A-1' rating on the authority's series 1996 and 2001B bonds, also issued for NorthShore. The short-term components of the ratings on the variable-rate demand bonds are based on standby bond purchase agreements from JPMorgan Chase Bank N.A. expiring on Nov. 15, 2017 (series 2001B) and Jan. 6, 2018 (series 1996) and from Wells Fargo Bank N.A. expiring on Jan. 15, 2018 (series 1995 and 2001C).

The rating also reflects $75 million of unrated commercial paper that is supported by a letter of credit from Northern Trust expiring on Nov. 30, 2019.

"The outlook revision reflects our view of NorthShore as it faces systematic challenge in the face of the changing health care landscape," said S&P Global Ratings credit analyst Brian Williamson.

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MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms NorthShore University HealthSystem's (IL) Aa2 & Aa2/VMIG 1; stable outlook

07 Sep 2017

New York, September 07, 2017 -- Summary Rating Rationale

Moody's Investors Service affirms the Aa2 and Aa2/VMIG 1 ratings for NorthShore University HealthSystem (NorthShore), IL, affecting $271 million of outstanding debt. The outlook is stable. The Aa2 is based on NorthShore's good geographic coverage in an attractive service area, strong investment position that supports low debt, and manageable capital needs. Very strong debt metrics compensate for weakening margins, while the system addresses pricing pressures. The system is facing revenue challenges from both governmental and commercial payers and increasing competition and consolidation. The VMIG 1 is based on the provision of standby bond purchase agreements with several banks to support unremarketed tenders of variable rate bonds.

Rating Outlook

The stable rating outlook reflects expectations that NorthShore will effectively execute cost reduction strategies to offset revenue pressures and stabilize operating cashflow margins. Despite lower margins, we expect debt and balance sheet metrics to remain strong given manageable capital plans and no plans for incremental leverage. Further decline in margins or worsening of payer or competitive pressures could drive a negative outlook.

Factors that Could Lead to an Upgrade

Material enterprise growth and diversification in multiple markets

Growth in market share to provide distinct leading position

Significant and sustained improvement in operating cashflow margin and absolute cashflow

Factors that Could Lead to a Downgrade

Further decline in margins

Large decline in liquidity or meaningful increase in leverage

Dilutive acquisition or merger

Worsening of payer or competitive pressures

Legal Security

The bonds are unsecured obligations of the Corporation, which includes Evanston Hospital, Glenbrook Hospital, Highland Park Hospital, and Skokie Hospital.

Use of Proceeds

Not applicable.

Obligor Profile

NorthShore University HealthSystem operates four acute care facilities, including Evanston Hospital, Highland Park Hospital, Glenbrook Hospital, and Skokie Hospital. The service area is the greater Chicago "North Shore" and northern Illinois communities. NorthShore has over 2,100 affiliated physicians, of which over 900 are multi-specialty physicians within the Medical Group.

Methodology

The principal methodology used in this rating was Not-For-Profit Healthcare Rating Methodology published in November 2015. The additional methodology used for the short-term ratings was Variable Rate Instruments Supported by Conditional Liquidity Facilities published March 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF		New Const. $	Modernization $	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Imaging	$ 310.00		3,420				$ 1,060,200		$ 1,060,200
Infusion Therapy	$ 195.00		940				$ 183,300		$ 183,300
Immediate Care	$ 210.00		1,835				$ 385,350		$ 385,350
Outpatient Rehab.	$ 180.00		5,225				$ 940,500		$ 940,500
Specimen Collection/Lab	$ 205.00		680				$ 139,400		$ 139,400
Contingency	$ 15.00						$ 181,500		$ 181,500
	$ 238.86		12,100				$ 2,890,250		$ 2,890,250
Non-Reviewable									
Physicians' Offices	$ 225.00		15,860				$ 3,568,500		$ 3,568,500
Community Spaces	$ 210.00		455				$ 95,550		$ 95,550
Public & Waiting	$ 220.00		5,860				$ 1,289,200		$ 1,289,200
Administrative Offices	$ 220.00		550				$ 121,000		$ 121,000
Contingency	$ 15.00						$ 340,875		$ 340,875
	$ 238.29		22,725				$ 5,415,125		$ 5,415,125
Project Total	$ 238.49		34,825				$ 8,305,375		$ 8,305,375

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ATTACHMENT 37C

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

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Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

by FedEX

August 6, 2018

Ms. Courtney Avery
Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery:

Enclosed please find two copies of a Certificate of Need ("CON") application addressing the establishment of a medical clinics building in Wilmette, Illinois. The application is being filed on behalf of Advocate NorthShore Pediatric Partners, LLC, Advocate Health and Hospitals Corporation, NorthShore University HealthSystem, and Advocate Aurora Health, Inc.

The application is accompanied with a check, in the amount of $2,500.00, as a filing fee.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,

Jacob M. Axel
President

enclosures

675 North Court, Suite 210
Palatine, Illinois 60067

Phone (847) 776-7101
Fax (847) 776-7004