ORIGINAL

15-043

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
AUG 31 2015
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:	NorthShore University HealthSystem Lake Forest Medical Clinics Building
Street Address:	915 South Waukegan Road
City and Zip Code:	Lake Forest, IL 60045
County: Lake	Health Service Area VIII — Health Planning Area: A-09

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	NorthShore University HealthSystem
Address:	1301 Central Street Evanston, IL 60201
Name of Registered Agent:	Gerald P. Gallagher
Name of Chief Executive Officer:	Mark R. Neaman
CEO Address:	1301 Central Street Evanston, IL 60201
Telephone Number:	847/657-5800

Type of Ownership of Applicant/Co-Applicant

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

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

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:	

Post Permit Contact

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

Name:	Kajal Agarwal
Title:	Senior Director, Accounting, Finance
Company Name:	NorthShore University HealthSystem
Address:	1301 Central Street Evanston, IL 60201
Telephone Number:	847/570-5217
E-mail Address:	kagarwal@NorthShore.org
Fax Number:	847/570-5240

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: NorthShore University HealthSystem

Address of Site Owner: 1301 Central Street Evanston, IL 60201

Street Address or Legal Description of Site: 915 S. Waukegan Road Lake Forest, IL 60045

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, 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: NorthShore University HealthSystem

Address: 1301 Central Street Evanston, IL 60201

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

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

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

Organizational Relationships

Provide (for each co-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 #2005-5 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 #2005-5 **(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 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

X Non-substantive

2. Narrative Description

Provide in the space below, 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.

NorthShore University HealthSystem has acquired, and upon approval of this Certificate of Need application, intends to expand and renovate a former restaurant building to serve as a medical clinics building (MCB). The sole clinical service, per IHFSRB definitions, to be included in the MCB will be a specimen collection and laboratory area of 245 square feet.

This is a non-substantive application because it does not address the establishment or discontinuation of any IDPH-designated category of service, and the services to be provided in the MCB will be limited to outpatients.

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	Total
Project Cost:			
Preplanning Costs	$ 800	$ 46,700	$ 47,500
Site Survey and Soil Investigation	$ 500	$ 2,500	$ 3,000
Site Preparation	$ 2,000	$ 200,000	$ 202,000
Off Site Work	$ 4,850	$ 480,150	$ 485,000
New Construction Contracts		$ 918,000	$ 918,000
Modernization Contracts	$ 43,512	$ 2,810,735	$ 2,854,247
Contingencies	$ 2,450	$ 204,360	$ 206,810
Architectural/Engineering Fees	$ 6,800	$ 275,000	$ 281,800
Consulting and Other Fees	$ 7,831	$ 775,269	$ 783,100
Movable and Other Equipment (not in construction contracts)	$ 106,500	$ 2,056,600	$ 2,163,100
Replacement of Air Handling/Other Systems		$ 700,000	$ 700,000
Net Interest Expense During Construction Period			
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized			
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	**$ 175,243**	**$ 8,469,314**	**$ 8,644,557**
Sources of Funds:			
Cash and Securities	$ 175,243	$ 8,469,314	$ 8,644,557
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 175,243**	**$ 8,469,314**	**$ 8,644,557**

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 X Yes ☐ No
Purchase Price: $_5,000,000_____
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 (includir operating deficits) through the first full fiscal year when the project achieves or exceeds the targ 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, 2017_____

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
X Project obligation 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

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 department/area **DGSF** or the building/area **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, no hospital named as an applicant

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are 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 manger 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 for Permit 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 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.

SIGNATURE	SIGNATURE
Mark R. Neaman	Gerald P. Gallagher
PRINTED NAME	PRINTED NAME
President & CEO	Chief Operating Officer
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 26 day of August 2015	Notarization: Subscribed and sworn to before me this 26 day of August 2015
Signature of Notary	Signature of Notary
Seal	Seal

OFFICIAL SEAL
CATHERINE A LOWES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/25/17

OFFICIAL SEAL
CATHERINE A LOWES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/25/17

*Insert EXACT legal name of applicant

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

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

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

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 the information has been 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.

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, per the applicant's definition.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]

4. Cite the sources of the information provided as 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 age and condition and 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 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 1110.234 - 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.**

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;

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;

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

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:

Not applicable. Project does not involve services with utilization standards.

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	MET 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. Project does not involve unfinished or shell space.

Provide the following information:

1. Total gross square footage of the proposed shell space;

2. The anticipated use of the shell space, specifying the proposed GSF tot 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 are 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.

O. Criterion 1110.3030 - 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-34, 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)**

VIII. - 1120.120 - Availability of Funds

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:**

_$8,644,557_	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.
$8,644,557	**TOTAL FUNDS AVAILABLE**

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

1. **"A" Bond rating or better**
2. **All 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-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Not applicable. Applicant holds an "A" bond rating.

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.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (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.

2. 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 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

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

A. **Reasonableness of Financing Arrangements**

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

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

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

   A) A portion or all 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**

Not applicable. No debt is to be used.

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**

Not applicable due to nature of the project.

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**

Not applicable due to nature of the project.

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 -39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

Not applicable. Project is non-substantive and does not involve discontinuation.

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 43.

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-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

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 44.

CHARITY CARE			
	2012	**2013**	**2014**
Net Patient Revenue	**$1,137,162,660**	**$1,160,184,180**	**$1,246,634,301**
Amount of Charity Care (charges)	$78,509,515	$77,829,670	$81,646,509
Cost of Charity Care	$24,089,330	$24,314,576	$21,460,287

APPEND DOCUMENTATION AS ATTACHMENT-41, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Note: information provided above reflects the combined amounts for the four NorthShore University HealthSystem hospitals per technical assistance discussion with IHFSRB staff

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

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.

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APPEND DOCUMENTATION AS ATTACHMENT-41, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Note: information provided above reflects the combined amounts for the four NorthShore University HealthSystem hospitals per technical assistance discussion with IHFSRB staff

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

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.

Authentication #: 1428301484

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 10TH *day of* OCTOBER *A.D.* 2014 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

CHI:2872068.2

NorthShore
University HealthSystem

J. P. Gallagher, FACHE
Chief Operating Officer

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

(847) 570-5151
(847) 570-5179 Fax
jgallagher@northshore.org

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

Please be advised that the building located at 915 South Waukegan Road, Lake Forest Illinois, and the site on which that building is located, are owned by NorthShore University HealthSystem.

Sincerely,

Gerald P. Gallagher
Chief Operating officer

Date: 8-26-15

State of Illinois
County of Cook

This instrument was acknowledged before me on August 26, 2015 by Gerald P. Gallagher.

Catherine A. Lowes
Notary

OFFICIAL SEAL
CATHERINE A LOWES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/25/17

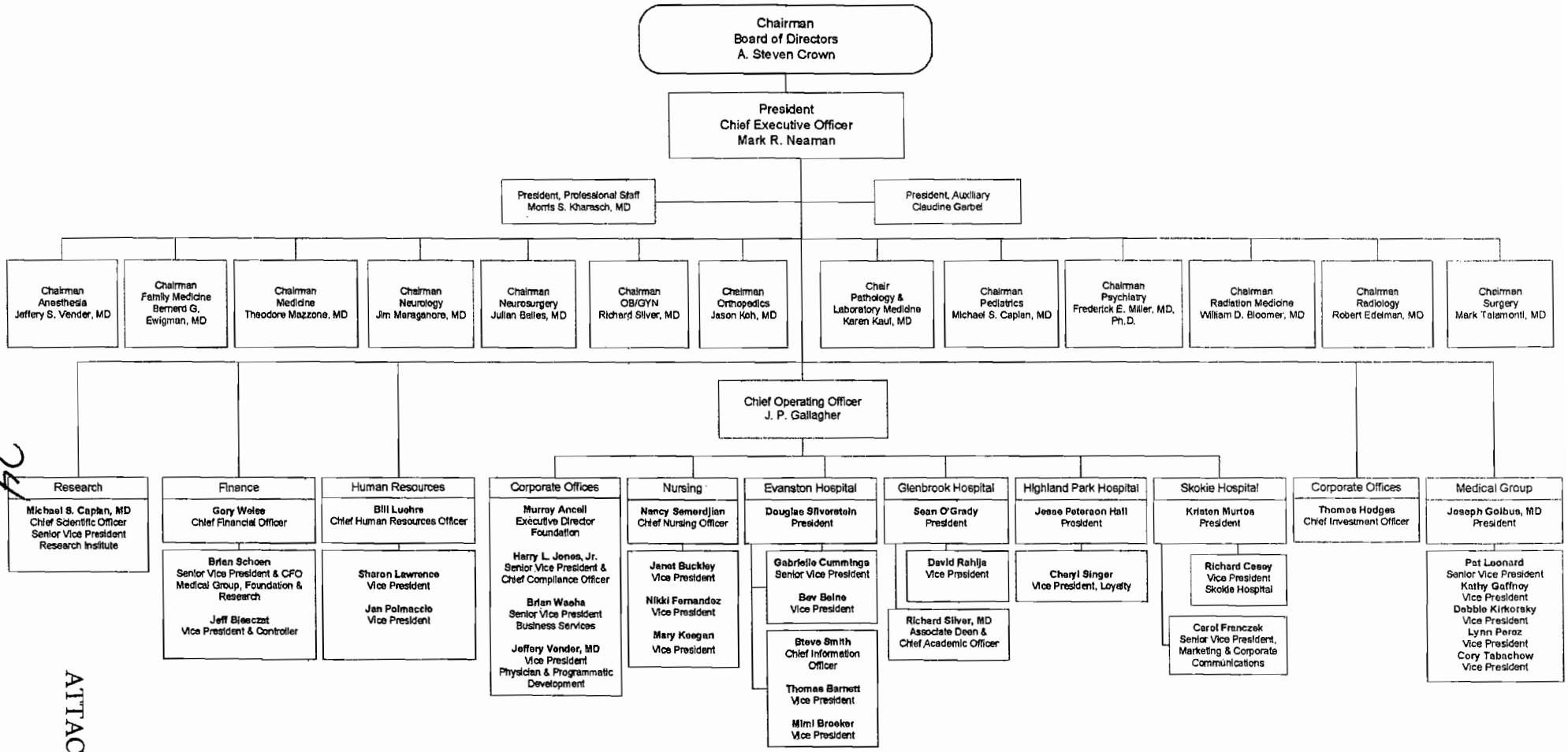
ATTACHMENT 2

A Teaching Affiliate of
the University of Chicago
Pritzker School of Medicine

Hospitals · Medical Group · Research Institute · Foundation

NorthShore University HealthSystem
Organization Chart

2014 – 2015



24

ATTACHMENT 4

Illinois Historic
Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX (217) 524-7525
www.illinoishistory.gov

Lake County
Lake Forest
CON - Rehabilitation for Medical Office Building
915 S. Waukegan Road
IHPA Log #012073015

August 12, 2015

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

Dear Mr. Axel:

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

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

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

If you have any further questions, please contact me at 217/785-5031.

Sincerely,

Rachel Leibowitz, Ph.D.
Deputy State Historic
Preservation Officer

ATTACHMENT 6

PROJECT COSTS AND SOURCES OF FUNDS

The information provided below reflects the costs associated with the entire medical clinics development project. It should be noted, and as identified in ATTACHMENT 39C, approximately 2% of the project's size (laboratory/specimen collection area) is associated with "reviewable" services, per the IHFSRB's definition of reviewable services. The costs identified below reflect those of the entire project, the vast majority of which are associated with non-reviewable services and areas.

PROJECT COSTS		
Pre-Planning Costs		$47,500
Market analyses	$30,000	
Site selection	$7,500	
Misc./other	$10,000	
Site Survey and Soil Investigation		$3,000
Site survey	$750	
Soil investigation	$2,250	
Site Preparation		$202,000
Landscaping	$100,000	
Exterior signage	$20,000	
Exterior lighting	$62,000	
Misc./other	$20,000	
Off Site Work		$485,000
Parking lot	$185,000	
Utilities re-location	$300,000	
New Construction		$831,600
Addition to building	$831,600	
Modernization (including demolition)		$2,854,247
Renovation-lab/specimen collection	$43,512	
Renovation-non-reviewable areas	$2,677,355	
Contingencies		$206,810
Construction @ $10/sf	$21,600	
Renovation @ $10/sf	$185,210	

ATTACHMENT 7

Architectural Fees		$281,800
Design	$240,800	
Regulatory agency interaction	$6,000	
Project monitoring	$15,000	
Misc./other	$20,000	
Consulting and Other Fees		$783,000
Legal	$150,000	
Zoning-related transaction payment	$38,000	
CON-related	$40,000	
Regulatory approvals, other	$30,000	
Project management	$300,000	
Interior design	$40,000	
Insurance	$20,000	
Traffic studies	$60,000	
Equipment planning	$30,000	
Misc./other	$75,000	
Moveable and other equipment		$2,163,100
Attached inventory	$2,031,100	
Misc. @ 5%	$101,500	
Delivery @ 1.5%	$30,500	
Replacement of Air Handling &Other Systems		$700,000
Air Handling	$500,000	
Other Mechanical Systems	$200,000	
SOURCES OF FUNDS		
Cash		$8,644,557

ATTACHMENT 7

Conceptual Equipment Estimate
8/24/2015

				Total
Signage				
ADA/ Traffic Signs	$	6,500.00	1	$ 6,500.00
Facility Identification	$	25,000.00	1	$ 25,000.00
Interior Signs	$	40,000.00	1	$ 40,000.00
Misc Equipment				
Keys, Locks, & Special Hardware	$	15,000.00	1	$ 15,000.00
Video Conferencing System	$	85,000.00	1	$ 85,000.00
Artwork				
In Room Art	$	400.00	35	$ 14,000.00
Corridor Art	$	650.00	25	$ 16,250.00
Memorabilia Exhibit	$	20,000.00	1	$ 20,000.00
Plantings	$	5,000.00	1	$ 5,000.00
Furniture				
Staff Lounge/ Conference- Table	$	1,800.00	8	$ 14,400.00
Staff Lounge/ Conference- Small	$	1,200.00	3	$ 3,600.00
Monitor Mounts	$	250.00	100	$ 25,000.00
CPU Mounts	$	250.00	100	$ 25,000.00
Keyboard Trays	$	250.00	100	$ 25,000.00
Task Chairs	$	700.00	35	$ 24,500.00
Ped Files	$	250.00	35	$ 8,750.00
Patient Side Chair	$	650.00	48	$ 31,200.00
Patient Recliner	$	3,500.00	1	$ 3,500.00
Sit/Stand Md Desks	$	2,500.00	13	$ 32,500.00
Work Station	$	2,500.00	4	$ 10,000.00
Family Waiting Area Seating	$	1,500.00	48	$ 72,000.00
Conference Seating	$	500.00	60	$ 30,000.00
Coffee Tables	$	1,000.00	17	$ 17,000.00
Medical Equipment				
Power Exam Table	$	7,500.00	10	$ 75,000.00
Exam Table	$	2,000.00	15	$ 30,000.00
Steris	$	40,000.00	1	$ 40,000.00
Scope Cabinet	$	5,000.00	1	$ 5,000.00
Otoscope Integrated Wall Systm	$	1,500.00	25	$ 37,500.00
Procedure light	$	6,500.00	4	$ 26,000.00
Exam Light	$	1,000.00	21	$ 21,000.00
Exam Stool	$	450.00	25	$ 11,250.00
Patient Monitor	$	2,500.00	4	$ 10,000.00
Blood Draw Chairs	$	2,500.00	2	$ 5,000.00
ADA Scale	$	3,000.00	3	$ 9,000.00
Exam Scale	$	350.00	24	$ 8,400.00
Misc. lab Equipment	$	100,000.00	1	$ 100,000.00
Obstetrical US	$	100,000.00	3	$ 300,000.00
X-Ray Viewer	$	500.00	2	$ 1,000.00
Pac's Station	$	20,000.00	2	$ 40,000.00
Installation Owner Furnished Items	$	80,000.00	1	$ 80,000.00
Equipment				
Upright Refrig Freezer	$	1,000.00	2	$ 2,000.00
Medication Refridgerator	$	4,500.00	2	$ 9,000.00
U/C Refridgerator	$	2,800.00	2	$ 5,600.00
Microwave	$	1,000.00	2	$ 2,000.00
Coffee Maker	$	750.00	3	$ 2,250.00
Sound System	$	10,000.00	1	$ 10,000.00
Televisions	$	1,800.00	2	$ 3,600.00
Supply Shelving	$	15,000.00	1	$ 15,000.00
Misc Equipment	$	15,000.00	1	$ 15,000.00
Trash Cans & Soiled Hampers	$	50.00	100	$ 5,000.00
Paper towel	$	15.00	40	$ 600.00
Soap	$	15.00	40	$ 600.00
Gel	$	15.00	40	$ 600.00
Cubical Curtain	$	1,800.00	25	$ 45,000.00
Innerwireless	$	3.50	18000	$ 63,000.00
Security Systems	$	3.50	18000	$ 63,000.00
Blinds & Window Treatments	$	1,000.00	60	$ 60,000.00
Communication/ IS				
Phones	$	600.00	100	$ 60,000.00
Computers	$	1,500.00	100	$ 150,000.00
Printer/fax	$	4,500.00	4	$ 18,000.00
Data Closet	$	75,000.00	1	$ 75,000.00
Lodgenet	$	2,500.00	1	$ 2,500.00
Install Communications & IT Equipment	$	75,000.00	1	$ 75,000.00
Project Total				**$ 2,031,100.00**

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							
Lab/Specimen Collection	$ 175,245		245		245		
Total	$ 175,245		245		245		
Non-Reviewable							
Physicians' Offices	$ 4,995,667		7,491	2,160	5,331		
Public Areas/Waiting	$ 1,033,319		2,349		2,349		
Stairways	$ 62,155		1,662		1,662		
Staff Support Areas	$ 225,310		675		675		
Meeting Rooms	$ 505,005		1,142		1,142		
Mechanical	$ 1,500,239		3,010		3,010		
Private Office Suite	$ 132,078		2,968		2,968		
Attic & LL storage	$ 15,539		1,139		1,139		
Total	$ 8,469,312		20,436	2,160	18,276		
PROJECT TOTAL	**$ 8,644,557**		**20,681**	**2,160**	**18,276**		

NorthShore
University HealthSystem

J. P. Gallagher, FACHE
Chief Operating Officer

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

(847) 570-5151
(847) 570-5179 Fax
jgallagher@northshore.org

June 19, 2015

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 does not have 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
Chief Operating Officer

ATTACHMENT 11

HF107144

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.

LaMar Hasbrouck, MD, MPH
Acting Director

12/31/2015		0005066

General Hospital

Effective: 01/01/2015

Highland Park Hospital
777 Park Avenue West
Highland Park, IL 60035

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012000 10/13/12

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2015

Lic Number 0005066

Date Printed 11/25/2014

Highland Park Hospital

777 Park Avenue West
Highland Park, IL 60035

FEE RECEIPT NO.

ATTACHMENT 11

HF107146

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.

LaMar Hasbrouck, MD, MPH
Acting Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2015		0005587

General Hospital

Effective: 01/01/2015

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

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2015

Lic Number 0005587

Date Printed 11/25/2014

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

FEE RECEIPT NO.

ATTACHMENT 11

Illinois Department of PUBLIC HEALTH

HF107131

DISPLAY THIS PART IN A CONSPICUOUS PLACE

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.

LaMar Hasbrouck, MD, MPH
Acting Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2015		0003483

General Hospital

Effective: 01/01/2015

Glenbrook Hospital
2100 Pfingsten Road
Glenview, IL 60025

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #401[illegible]320 10M 3/12

Exp. Date 12/31/2015

Lic Number 0003483

Date Printed 11/25/2014

Glenbrook Hospital

2100 Pfingsten Road
Glenview, IL 60025

FEE RECEIPT NO

ATTACHMENT 11

HF107087

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.

LaMar Hasbrouck, MD, MPH
Acting Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
12/31/2015		0000646

General Hospital

Effective: 01/01/2015

Evanston Hospital
2650 Ridge Avenue
Evanston, IL 60201

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2015

Lic Number 0000646

Date Printed 11/25/2014

Evanston Hospital

2650 Ridge Avenue
Evanston, IL 60201

FEE RECEIPT NO.

ATTACHMENT 11

The Joint Commission

January 28, 2015

Re: # 7343
CCN: #140010
Program: Hospital
Accreditation Expiration Date: November 08, 2017

Mark R. Neaman
CEO
NorthShore University HealthSystem
1301 Central Street, Suite 300
Evanston, Illinois 60201

Dear Mr. Neaman:

This letter confirms that your November 03, 2014 - November 07, 2014 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on January 08, 2015 and January 20, 2015, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of November 08, 2014.

The Joint Commission is also recommending your organization for continued Medicare certification effective November 08, 2014. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

Boffa Surgical Group - NorthShore Medical Group
2222 West Division Ave, Suite 335, Chicago, IL, 60610

Boffa Surgical Group - NorthShore Medical Group
7447 West Talcott, Suite 221, Chicago, IL, 60631

Cardiovascular Institute (CVI)
9650 Gross Point Road, Suite 4900, Skokie, IL, 60076

Deerfield Medical Group Offices
49 South Waukegan Road, Deerfield, Deerfield, IL, 60015

Dermatology - Old Orchard

9933 Woods Drive, Skokie, IL, 60077

Des Plaines Internal Medicine
9301 Golf Road, Suite 302, Des Plaines, IL, 60016

Evanston Medical Office Building
1000 Central Street, Evanston, IL, 60201

Evanston Township High School Clinic
1600 Dodge Ave, Evanston, IL, 60201

Glenbrook Hospital Ambulatory Care Center
2180 Pfingsten Road, Glenview, IL, 60026

Glenbrook Medical East
1007 Church St., Suite 100, Evanston, IL, 60201

Glenbrook Medical West
211 Waukegan Road Suite 200, Northfield, IL, 60093

Glenbrook Professional Building
d/b/a NorthShore Medical Group
2050-2100 Pfingsten Rd., Glenview, IL, 60025

Gurnee Ambulatory Care Center
7900 Rollins Road, Gurnee, IL, 60031

Gurnee Pediatrics
6475 Washington St. Suite 103, Gurnee, IL, 60031

Lake Bluff North
101 Waukegan Road, Suite 1200, Lake Bluff, IL, 60044

Lake Forest Internal Medicine
810 Waukegan Rd, Lake Forest, IL, 60045

Medical Imaging
1182 Northbrook Court, Northbrook, IL, 60062

Medical Offices Bannockburn
2151 Waukegan Road Suite 160, Bannockburn, IL, 60015

Morton Grove Cardiology
9000 Waukegan Road, Morton Grove, Morton Grove, IL, 60053

Mount Prospect Primary Care
1329 Wolf Road, Mount Prospect, IL, 60056

North Shore Medical Group - Ravinia
1777 Green Bay Road, Suite 201, Highland Park, IL, 60035

NorthShore Medical Group - Family Practice
1162 Maple Ave, Mundelein, IL, 60060

NorthShore Medical Group - Lake Bluff
71 Waukegan Road, Lake Bluff, IL, 60044

NorthShore Orthopedics Institue
2501 Compass Drive, Suite 125, Glenview, Glenview, IL, 60026

NorthShore Orthopedics Institute
680 Lake Shore Drive, Chicago, IL, 60611

NorthShore University HealthSystem Glenbrook Hospital
2100 Pfingsten Road, Glenview, IL, 60025

NorthShore University HealthSystem Highland Park Hospital
777 Park Avenue West, Highland Park, IL, 60035

NorthShore University HealthSystem Evanston Hospital
2650 Ridge Avenue, Evanston, IL, 60201

NorthShore University HealthSystem Skokie Hospital
9600 Gross Point Road, Skokie, IL, 60076

NS - Lincolnwood Primary Care
6810 N. McCormick, Lincolnwood, IL, 60712

NS - Medical Group
767 Park Avenue West, Highland Park, IL, 60035

NS - Medical Group - Skokie Cardiology
9669 Kenton Avenue, Skokie, IL, 60076

NS - Vernon Hills
830 West End Court, Vernon Hills, IL, 60061

NS at Nordstrom
77 Old Orchard Shoppping Center, Skokie, IL, 60077

NS Dermatology
1160 Park Ave West, Highland Park, Highland Park, IL, 60035

NS Highland Park Primary Care
757 Park Avenue West, Highland Park, IL, 60035

NS Highland Park Specialty Care Center
757 Park Avenue West, Highland Park, IL, 60035

NS Medical Group
650 Lake Cook Road, Buffalo Grove, IL, 60089

NS Medical Group - Deerpath Physician Group
731 S. IL Route 21, Suite 130, Gurnee, IL, 60031

NS Medical Group - Glenview
1435 Waukegan Road, Glenview, IL, 60025

NS Medical Group Plastics/ENT
501 Skokie Blvd, Northbrook, IL, 60062

NS Medical Group-Eye & Vision Center
1000 Central Street, Suite 610, Evanston, IL, 60201

NS Northbrook Family Medicine
1885 Shermer Road, Northbrook, IL, 60062

NS Primary Care
15 Tower Court, Gurnee, IL, 60031

NS Rehabilitation Service
1000 Central Street, Evanston, IL, 60201

NS Rehabilitation Services, Evanston Athletic Club
1729 Benson Ave, Evanston, IL, 60201

NS Rehabilitation Services, Highland Park Hospital Fitness
1501 Busch Pkwy, Buffalo Grove, IL, 60089

NS Rehabilitation Services, Old Orchard
9977 Woods Drive, Skokie, IL, 60077

NS Rehabilitation Services, Park Center
2400 Chestnut, Glenview, IL, 60026

The Joint Commission

NS Rehabilitation Services, Pediatric Therapy Clinic
9811 Woods Drive, Skokie, IL, 60077

Park Center Specialty Suite
2400 Chestnut Ave Suite A, Glenview, IL, 60026

Prairie Glen Primary Care
2550 Compass Drive, Glenview, IL, 60026

Professional Building
d/b/a ENH Medical Group/Psychiatry
909 Davis Street, Evanston, IL, 60201

Professional Building
9977 Woods Dr., Skokie, IL, 60077

Psychiatry- Glenview
2300 Lehigh, Suite 215, Glenview, IL, 60025

Skokie Ambulatory Care Center
9650 Gross Point Road, Skokie, IL, 60076

Vernon Hills Specialty Care Center
225 N Milwaukee Ave, Vernon Hills, IL, 60061

Wilmette Primary Care
1515 Sheridan Road, Suite 31A, Wilmette, IL, 60091

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Sincerely,

Mark Pelletier

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 5 /Survey and Certification Staff

www.jointcommission.org

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice

ATTACHMENT 11

PURPOSE OF PROJECT

The proposed project is limited to the establishment of a Medical Clinics Building (MCB) in Lake Forest, Illinois. The MCB will provide office space, when fully staffed, for 16-20 primary care physicians, using those offices on a full-time basis. In addition, other specialists will use the offices on a more limited basis. As a result of this project's locating physicians in Lake Forest, the health care and well-being of area residents will be improved.

It is anticipated that the majority of patients using the proposed MCB will reside in the area bounded on the north by highway 137, on the west by I-94, on the south by highway 22, and on the east by Lake Michigan. That area generally includes the following ZIP Codes: 60088, 60044, 60045, 60069, and 60037.

The goal of the proposed project is to provide contemporary and easily accessible office space for NorthShore Medical Group physicians. Upon the opening of the MCB, that goal, as it relates to the market area identified above, will be met.

ATTACHMENT 12

ALTERNATIVES

Due to the limited nature of the proposed project and the applicant's need to provide additional physician office space, 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 project does not include any areas having IHFSRB-adopted space standards. The facility planning of the MCB was completed by a team having experience with the design of MCBs, and the space to be provided is necessary and not excessive.

The building, as currently configured, contains approximately 18,700 square feet. The building consists of a lower level, with three floors above. The first and second floors are currently designed for use as a restaurant, and will be re-designed as physicians' offices and support space. The lower level is configured as storage space for the restaurant and as mechanical spaces. The lower level will, upon completion of the project, be consumed largely by mechanical spaces, staff support space, and meeting rooms. The third floor is currently configured as a private office suite, and renovation to that floor will be limited to the "neutralizing" of that space. Consistent with an agreement with the City of Lake Forest, physicians' offices and patient care services will be provided only on the first (street level) and second floors. In addition, the first and second floors will be expanded (new construction) to provide additional physicians' office space on those levels.

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

The proposed project involves only one clinical area, per the IHFSRB definition of clinical areas. A small clinical laboratory/specimen collection area will be located on the first floor. Based on NorthShore's experience with MCB's having offices of a physician complement similar to that of the proposed MCB, it is anticipated that approximately 13,000 patients will utilize this area during the first year following the project's completion, increasing to approximately 15,000 patients using the area during the following year.

MOODY'S
INVESTORS SERVICE

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

Global Credit Research - 07 Oct 2014

Action affects $300M of debt

ILLINOIS FINANCE AUTHORITY
Hospitals & Health Service Providers
IL

Opinion

NEW YORK, October 07, 2014 --Moody's Investors Service has affirmed the Aa2 and Aa2/VMIG 1 bond ratings on NorthShore University HealthSystem's (NorthShore) outstanding bonds as listed in the RATED DEBT section. The rating outlook is stable.

SUMMARY RATINGS RATIONALE

The Aa2 long-term rating is based on NorthShore University HealthSystem's good geographic coverage with four hospitals in attractive service areas and a close integration with a large physician group, very advanced IT strategy, strong investment position that supports a moderate debt load, and recent rebound in operating margins. Challenges include the presence of competition and heightened consolidation activities in the broader service area, and a comparatively less liquid asset allocation. The VMIG 1 short-term rating is based on the provision of standby bond purchase agreements with several banks to support unremarketed tenders of variable rate bonds, as listed below.

NorthShore and Advocate Health Care (Aa2 stable) announced their intention to merge, which is credit positive for both organizations as they combine to form Advocate NorthShore Health Partners. The systems' aligned strategies, proven management, and strong financial resources will position the new organization to meet the challenges of a rapidly changing industry. The combination, expected to close the beginning of CY 2015, will create the largest health system in Illinois and one of the largest among Moody's-rated health systems nationally with almost $7 billion in total revenue. Because the transaction has not yet closed, it is not incorporated into the current credit assessment.

STRENGTHS

*NorthShore maintains a strong balance sheet position with 289 days of cash on hand and 363% cash-to-debt as of June 30, 2014.

*The system has a leading market share of 22% in an attractive service area with a large commercial patient base. The system's strong market position and patient demand is supported by a centralized and integrated patient care model, a large consolidated employed multi-specialty and primary care medical group, and very advanced information technology capabilities.

*The debt position is low, resulting in strong adjusted debt measures including a favorably low 20% debt-to-operating revenue and 1.2 times debt-to-cashflow and very strong 12.9 times peak debt service coverage based on 9-month annualized fiscal year 2014 results. There are no plans for additional debt.

*The system quickly implemented initiatives to improve operating performance through nine months of fiscal year 2014 to a solid 11.4% operating cashflow margin.

*NorthShore has manageable debt structure risks with almost 500% cash-to-demand debt and diversification of banks and facility expiration dates, which mitigates a relatively high 66% variable rate debt exposure (as of fiscal year end 2013).

CHALLENGES

ATTACHMENT 37

*Cash and investments are comparatively less liquid with 59% available monthly, driven by a 30% allocation to alternative investments (as of fiscal year end 2013)

*The system faces competition from several hospitals in the broader service area and there has been an increase in the pace of consolidation across the region.

DETAILED CREDIT DISCUSSION

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

INTEREST RATE DERIVATIVES: None

RECENT DEVELOPMENTS/RESULTS

NorthShore maintains a solid market position and good geographic coverage in an attractive service area, despite competition and increasing hospital consolidation in the secondary service area. NorthShore maintains a leading and generally stable market share of approximately 22% in a 50-zip code area centered around Evanston, IL and the area north and west of Evanston.

The system benefits from its tightly integrated model comprised of four hospitals, a large 900-physician employed medical group, and an independent practice association (IPA) which includes the medical group and 500 affiliated physicians. The system continues to advance key strategic initiatives, including physician alignment, ambulatory growth, and information technology. NorthShore's employed and aligned physician model has been a consistent strategy for many years, enabling the development of a highly integrated and consolidated physician staff and platform to integrate new physicians into the organization quickly and efficiently.

NorthShore's very advanced information technology strategies and investments have supported the system's strategies related to physician alignment, quality of patient care and clinical outcomes, and building a distinct brand based on a uniform customer experience. Additionally, these capabilities position the system to meet the goals of healthcare reform, providing higher quality at a lower cost, and position the system for population management. NorthShore fully implemented electronic medical records ten years ago, which allows standardized clinical protocols, centralized scheduling, electronic scheduling, among other benefits that aim to improve quality of care and patient satisfaction. Among the leading health systems in the country, NorthShore is now on the forefront of developing data analytics capabilities, including the ability to do predictive modeling of patient populations.

Fiscal year 2013 ended as expected with a 8.6% operating cashflow margin, based on nine-month performance that was the basis for the last report. The decline from 2012 was driven by inpatient volume declines, higher costs related to physician practice acquisition, and higher insurance expenses.

The system responded to lower margins quickly and effectively, as reflected in significant operating improvement through nine months of fiscal year 2014. Through nine months, admissions declined by 2.5%; including observation cases, total inpatient volume was up 0.4%, which is generally better than the trend in the broader market. Excluding investment income (which the system includes as support for operations as part of a spending rate policy), operating income was $70 million (4.9%) through the nine months ended June 30, 2014, compared with $20 million (1.5%) for nine months ended June 30, 2013. Operating cashflow was $162 million (11.4%), compared with $114 million (8.5%) in the prior year period.

NorthShore has implemented sizable cost reductions of approximately $60 million including initiatives related to early retirement and a workforce reduction, as well as supply and other costs. Effective December 31, 2013 the defined benefit pension plan was frozen to all employees, reducing pension expense next year.

NorthShore's strong balance sheet is likely to be maintained. Capital spending is expected to increase to approximately $200 million annually, higher than recent history but under operating cashflow expected in fiscal year 2014. The largest projects relate to finishing investments in the Skokie campus, including a surgical pavilion, ambulatory care center and infrastructure investments, as well as modernization projects at Highland Park. No new debt is anticipated.

OUTLOOK

The stable rating outlook reflects our expectations that NorthShore will sustain recent improvement in operating margins and maintain balance sheet strength.

WHAT COULD CHANGE THE RATING UP

Given the system's high rating category and location in a single region, there is a low likelihood of a rating upgrade in the short-term. Longer-term, a rating upgrade may be considered with significant and sustained improvement in operating margins and absolute cash flow generation, growth in market share to provide a distinct leading position, and significant diversification of cash flow among multiple markets.

WHAT COULD CHANGE THE RATING DOWN

A rating downgrade will be considered if the system's margins decline from FY 2014 interim levels or investments decline notably; while not expected, a significant increase in debt without cashflow growth could cause a downgrade.

KEY INDICATORS

Assumptions & Adjustments:

-Based on financial statements for NorthShore University HealthSystem

-First number reflects audit year ended September 30, 2013

-Second number reflects unaudited nine-month results through June 30, 2014, annualized

-Investment returns normalized at 6% unless otherwise noted

-Comprehensive debt includes direct debt, operating leases, and pension obligation, if applicable

-Monthly liquidity to demand debt ratio is not included if demand debt is de minimis

-Non-recurring items: No adjustments

*Inpatient admissions: 43,110; 41,941

*Observation stays: 17,711; 18,968

*Medicare % of gross revenues: 40%; N/A

*Medicaid % of gross revenues: 7%; N/A

*Total operating revenues ($): $1.8 billion; $1.9 billion

*Revenue growth rate (%) (3 yr CAGR): 5.4%; N/A

*Operating margin (%):1.5 %; 4.9%

*Operating cash flow margin (%): 8.6%; 11.4%

*Debt to cash flow (x): 1.6 times; 1.2 times

*Days cash on hand (excluding self-insurance funds): 270 days; 289 days

*Maximum annual debt service (MADS) ($): $24 million; $24 million

*MADS coverage with reported investment income (x): 11 times; 15 times

*Moody's-adjusted MADS Coverage with normalized investment income (x): 10.0 times; 12.9 times

*Direct debt ($): $376 million; $369 million

*Cash to direct debt (%): 323%; 363%

*Comprehensive debt: $577 million; N/A

*Cash to comprehensive debt (%): 210%; N/A

*Monthly liquidity to demand debt (%): 402%; N/A

RATED DEBT (as of June 30, 2014)

-Series 1995 ($45 million) variable rate bonds supported by standby bond purchase agreements from Wells Fargo Bank, NA, expiring September 22, 2016: Aa2/VMIG 1

-Series 2001C ($39 million) variable rate bonds supported by standby bond purchase agreements from Wells Fargo Bank, NA,, expiring November 15, 2016: Aa2/VMIG 1

-Series 1996 ($46 million), and Series 2001B ($39 million), variable rate bonds supported by standby bond purchase agreements from JPMorgan Chase Bank, expiring September 22, 2015 and November 15, 2017, respectively: Aa2/VMIG 1

-Series 2010 fixed rate bond ($123 million): Aa2

-Series 1990A, 1992, 1998 variable rate bonds (no debt publicly outstanding; bonds held by NorthShore): Aa2 long-term rating

The principal methodology used in this rating was Not-for-Profit Healthcare Rating Methodology published in March 2012. An additional methodology used was Variable Rate Instruments Supported by Conditional Liquidity Facilities published in May 2013. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

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ATTACHMENT 37

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INVESTORS SERVICE

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COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total
	Cost/Sq. Ft.		DGSF		DGSF		New Const. $	Modernization $	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Lab/Specimen Collection		$ 177.60			245			$ 43,512	$ 43,512
contingency		$ 10.00						$ 2,450	$ 2,450
Total								$ 45,962	$ 45,962
Non-Reviewable									
Physicians' Offices	$ 425.00	$ 275.00	2,160		5,331		$ 918,000	$ 1,466,025	$ 2,384,025
Public Areas/Waiting		$ 210.00			2,349			$ 493,290	$ 493,290
Stairways		$ 25.00			1,662			$ 41,550	$ 41,550
Staff Support Areas		$ 160.00			675			$ 108,000	$ 108,000
Meeting Rooms		$ 210.00			1,142			$ 239,820	$ 239,820
Mechanical		$ 130.00			3,010			$ 391,300	$ 391,300
Private Office Suite		$ 20.00			2,968			$ 59,360	$ 59,360
Attic & LL storage		$ 10.00			1,139			$ 11,390	$ 11,390
			2,160		18,276		$ 918,000	$ 2,810,735	$ 3,728,735
contingency	$ 10.00	$ 10.00					$ 21,600	$ 182,760	$ 204,360
Total							$ 939,600	$ 2,993,495	$ 3,933,095
PROJECT TOTAL			2,160		18,521		$ 939,600	$ 3,039,457	$ 3,979,057

ATTACHMENT 39C

NorthShore
University HealthSystem

J. P. Gallagher, FACHE
Chief Operating Officer

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

(847) 570-5151
(847) 570-5179 Fax
jgallagher@northshore.org

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

I hereby attest that the total estimated project costs associated with the development of a medical clinics building to be located at 915 South Waukegan Road in Lake Forest, Illinois, and to be addressed by the Illinois Health Facilities and Services Review Board will be funded through the use of cash and other liquid assets.

Sincerely,

Gerald P. Gallagher
Chief Operating Officer

Date: 8-26-15

State of Illinois
County of Cook

This instrument was acknowledged before me on August 26, 2015 by Gerald P. Gallagher.

Catherine A. Lowes
Notary

OFFICIAL SEAL
CATHERINE A LOWES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/25/17

ATTACHMENT 39A