

ORIGINAL

10-015

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT- July 2009 Edition  
ORIGINAL SIGNATURES  
REVISED March 18, 2010

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

MAR 18 2010

This Section must be completed for all projects.

Facility/Project Identification

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility Name: <b>WT Surgicenter d/b/a/ Water Tower Surgicenter</b>		
Street Address: <b>845 North Michigan Avenue, Suite 930 East</b>		
City and Zip Code: <b>Chicago 60611</b>		
County: <b>Cook</b>	Health Service Area: <b>VI</b>	Health Planning Area: <b>Cook</b>

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: <b>WT Surgicenter, LLC</b>
Address: <b>845N Michigan Avenue, Chicago, Illinois 60611</b>
Name of Registered Agent: <b>Paul C. Madison, MD</b>
Name of Chief Executive Officer: <b>Paul C. Madison, MD</b>
CEO Address: <b>845N Michigan Avenue, Chicago, Illinois 60611</b>
Telephone Number: <b>(312) 202-0700</b>

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

Type of Ownership

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

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

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name: <b>Charles H. Foley</b>
Title: <b>Health Care Consultant</b>
Company Name: <b>Charles H. Foley &amp; Associates, Inc.</b>
Address: <b>1638 South MacArthur Boulevard</b>
Telephone Number: <b>(217) 544-1551</b>
E-mail Address: <b>foley.associates@sbcglobal.net</b>
Fax Number: <b>(217) 544-3615</b>

Additional Contact

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

Name: <b>Mark J. Silberman</b>
Title: <b>Attorney at Law</b>
Company Name: <b>Duane Morris LLP</b>
Address: <b>190 South LaSalle Street, Suite 3700, Chicago, Illinois 60603-3433</b>
Telephone Number: <b>(312) 499-6713</b>
E-mail Address: <b>mjsilberman@DuaneMorris.com</b>
Fax Number: <b>(312) 499-6701</b>

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

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Facility/Project Identification**

Facility Name: <b>Gold Coast Surgicenter</b>		
Street Address: <b>845 North Michigan Avenue, Suite 985 West</b>		
City and Zip Code: <b>Chicago 60611</b>		
County: <b>Cook</b>	Health Service Area: <b>VI</b>	Health Planning Area: <b>Cook</b>

**Applicant Identification**

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: <b>WT Surgicenter, LLC</b>
Address: <b>845N Michigan Avenue, Chicago, Illinois 60611</b>
Name of Registered Agent: <b>Paul C. Madison, MD</b>
Name of Chief Executive Officer: <b>Paul C. Madison, MD</b>
CEO Address: <b>845N Michigan Avenue, Chicago, Illinois 60611</b>
Telephone Number: <b>(312) 202-0700</b>

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

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

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

**Primary Contact**

[Person to receive all correspondence or inquiries during the review period]

Name: <b>Charles H. Foley</b>
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Telephone Number: <b>(312) 499-6713</b>
E-mail Address: <b>mjsilberman@DuaneMorris.com</b>
Fax Number: <b>(312) 499-6701</b>

**Post Permit Contact**

[Person to receive all correspondence subsequent to permit issuance]

Name: <b>Roberto Diaz, MD</b>
Title:
Company Name: <b>Gold Coast Surgicenter, LLC</b>
Address: <b>5252 North Western Avenue, Chicago, Illinois 60625</b>
Telephone Number: <b>(773) 988-8111</b>
E-mail Address: <b>rdmd78@msn.com</b>
Fax Number:

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: <b>Gold Coast Surgicenter, LLC</b>
Address of Site Owner: <b>5252 North Western Avenue, Chicago, Illinois 60625</b>
Street Address or Legal Description of Site: <b>845 North Michigan Avenue, Suite 985 West</b>
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: <b>Gold Coast Surgicenter, LLC</b>
Address: <b>5252 North Western Avenue, Chicago, Illinois 60625</b>
<input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois certificate of good standing.</li> <li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> </ul>

**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person who is related (as defined in Part 1130.140). If the related person 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 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
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**Flood Plain Requirements**

[Refer to application instructions.]

<p>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 <a href="http://www.FEMA.gov">www.FEMA.gov</a> or <a href="http://www.illinoisfloodmaps.org">www.illinoisfloodmaps.org</a>. 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 (<a href="http://www.idph.state.il.us/about/hfpb.htm">http://www.idph.state.il.us/about/hfpb.htm</a>).</p>
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APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
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**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

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

**DESCRIPTION OF PROJECT**

**1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

<p><b>Part 1110 Classification:</b></p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p><b>Part 1120 Applicability or Classification:</b> [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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**2. Project Outline**

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					
Non-Hospital Based Ambulatory Surgery					4
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)					
• Diagnostic & Interventional Radiology/Imaging					
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

### 3. 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.

The Applicant, Gold Coast Surgicenter, LLC has entered into an agreement with W.T. Surgicenter, LLC to purchase the Ambulatory Surgical Treatment Center (ASTC), WT Surgicenter d/b/a/ Water Tower Surgicenter, subject to approval from the Illinois Health Facilities and Services Review Board. The proposed ASTC will be named Gold Coast Surgicenter and is referred to as such throughout the remainder of this application. The ASTC's administrative office was relocated within the existing ASTC to suite 985W which will be its corrected address from the address previously listed. This ASTC is only one tenant of many tenants with approximately 11,269 square feet of rented space on the ninth floor of this multi tenant, multi story commercial building. The Building owner, Water Tower, LLC, is not considered a co-Applicant but a landlord only as it has no input over the ASTC other than as dictated through the lease agreement. As WT Surgicenter, LLC holds the existing license, it is considered a co-Applicant. However, upon approval of this project, that entity ceases to have any further involvement in the Subject ASTC.

The ASTC has four operating rooms (2 ORs and 2 specialty procedure rooms) and twelve recovery stations (8-stage One and 4-stage Two) fully equipped to perform Gastroenterology, OB/Gynecology, Orthopedic, Pain Management, Plastic, and Podiatry procedures.

As this project is only for the change of ownership of the ASTC, this project is classified as non-substantive in accordance with the 77 Illinois Administrative Code, Section 1110.40.b). Furthermore, per this section, i.e., the 77 Illinois Administrative Code, Section 1110, 40.b), this application will address sections 1110.230), 1110.240, and Part 1120.

**Project Costs and Sources of Funds**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NON-CLINICAL</b>	<b>TOTAL</b>
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees	\$86,512	\$17,719	\$104,231
Movable or Other Equipment (not in construction contracts)	\$332,000	\$68,000	\$400,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	\$5,917,504	\$1,212,019	\$7,129,523
Other Costs To Be Capitalized	\$542,131	\$111,034	\$653,170
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>\$6,878,147</b>	<b>\$1,408,777</b>	<b>\$8,286,924</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NON-CLINICAL</b>	<b>TOTAL</b>
Cash and Securities	\$960,643	\$196,758	\$1,157,401
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	\$5,917,504	\$1,212,019	\$7,129,523
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$6,878,147</b>	<b>\$1,408,777</b>	<b>\$8,286,924</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

NOTE: Clinical cost equates to 83% of the total project cost and non-clinical cost equate to 17% of total project cost based on total project square footage.



### Cost Space Requirements

Provide in the following format, the department/area GSF and cost. 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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>CLINICAL</b>	<b>\$6,902,482</b>	<b>9,448</b>	<b>9,448</b>			<b>9,448</b>	
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
<b>Total Clinical</b>	<b>\$6,902,484</b>	<b>9,448</b>	<b>9,448</b>			<b>9,448</b>	
<b>NON CLINICAL</b>							
Administrative	\$1,384,442	1,895	1,895			1,895	
Parking							
Gift Shop							
<b>Total Non-Clinical</b>	<b>\$1,384,442</b>	<b>1,895</b>	<b>1,895</b>			<b>1,895</b>	
<b>Total Project</b>	<b>\$8,286,924</b>	<b>11,343</b>	<b>11,343</b>			<b>11,343</b>	





**Facility Bed Capacity and Utilization**

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

<b>FACILITY NAME: Gold Coast Surgicenter</b>		<b>CITY: Chicago</b>			
<b>REPORTING PERIOD DATES: From: January 1, 2009 to: December 31, 2009</b>					
<b>Category of Service</b>	<b>Authorized Beds/OR's</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed/OR Changes</b>	<b>Proposed Beds/OR's</b>
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					
Non-Hospital Based Ambulatory Surgery	4			0	4
<b>TOTALS:</b>	<b>4</b>			<b>0</b>	<b>4</b>

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT- July 2009 Edition

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of Gold Coast Surgicenter, 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 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  
ROBERTO DIAZ  
 PRINTED NAME  
PRESIDENT  
 PRINTED TITLE

[Signature]  
 SIGNATURE  
JOUL MADISON  
 PRINTED NAME  
Managing Member  
 PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 3<sup>rd</sup> day of February, 2010

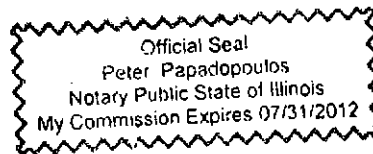
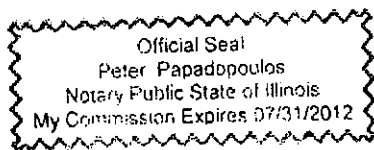
Notarization:  
Subscribed and sworn to before me  
this 3<sup>rd</sup> day of February, 2010

[Signature]  
Signature of Notary

[Signature]  
Signature of Notary

Seal

Seal





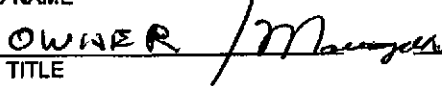
\*Insert EXACT legal name of the applicant

**CERTIFICATION**

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


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

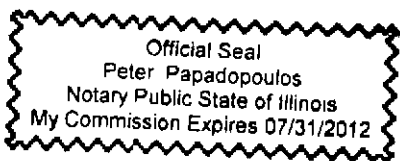
This Application for Permit is filed on the behalf of WT Surgicenter, LLC in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant 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
 _____ PRINTED NAME	_____ PRINTED NAME
 _____ PRINTED TITLE	_____ PRINTED TITLE

Notarization:  
 Subscribed and sworn to before me  
 this 17<sup>th</sup> day of March 2010

Notarization:  
 Subscribed and sworn to before me  
 this \_\_\_\_\_ day of \_\_\_\_\_

 _____ Signature of Notary	_____ Signature of Notary
Seal	Seal



\*insert EXACT legal name of the applicant

### SECTION III. - PROJECT PURPOSE, BACKGROUND 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 - Project Purpose, Background 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, certification and accreditation identification numbers, 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-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

##### 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.

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

NOTE: The description of the purpose of the Project shall not exceed one page in length. Information regarding the purpose of the Project will be included in the State Agency Report.

## ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options 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
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.
  - 3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.

**SECTION VI. MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP**

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

**A. Criterion 1110.240(b), Impact Statement**

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

**B. Criterion 1110.240(c), Access**

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

**N/A C. Criterion 1110.240(d), Health Care System**

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
  - a. the location (town and street address);
  - b. the number of beds;
  - c. a list of services; and
  - d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-18 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**T. Financial Feasibility**

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

**REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)**

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming applicant's debt obligations in case of default) have a bond rating of "A" or better?

Yes  No

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

- 1. Balance sheet
- 2. Income statement
- 3. Change in fund balance
- 4. Change in financial position

(Historical and projected financial statements are appended as ATTACHMENT-75A.)

**A. Criterion 1120.210(a), Financial Viability**

**1. Viability Ratios**

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	2006*	2007*	2008*	2012**
Enter Historical and/or Projected Years:				
Current Ratio	1.89	5.42	8.59	4.84
Net Margin Percentage	14.24%	(39.37%)	9.83%	55.20%
Percent Debt to Total Capitalization	81.26%	28.75%	21.43%	-0-%
Projected Debt Service Coverage	.60	(.49)	.59	54.02
Days Cash on Hand	6.45	172.46	6.12	1,324.91
Cushion Ratio	.05	1.38	.04	105.99

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. Insert the worksheets after this page.

**2. Variance**

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

\* Historical ratios reflect old owner, WT Surgicenter, LLC.

\*\* Projected ratios reflect new owner, Gold Coast Surgicenter, LLC. This entity has no history.

# T. Financial Feasibility Section A. 1.

	WT Surgicenter, LLC			Gold Coast Surgicenter, LLC
	2006	2007	2008	2012
<b>1 Current Ratio</b>				
Current Assets	4,929,584	14,589,700	19,218,329	7,294,845
Current Liabilities	2,612,737	2,689,552	2,236,083	1,507,178
Current Ratio (Current Assets / Current Liabilities)	1.89	5.42	8.59	4.84
<b>2 Net Margin Percentage</b>				
Net Income	501,680	(953,086)	328,836	2,571,362
Net Operating Revenue	3,297,454	2,420,773	3,346,814	4,657,989
Net Margin Percentage (Net Income / Net Operating Revenue)	15.21%	-39.37%	9.83%	55.20%
<b>3 Percent Debt to Total Capitalization</b>				
Long Term Debt	2,669,122	3,724,169	4,310,050	0
Unrestricted Fund Balance	615,563	9,234,992	15,803,332	8,372,829
Percent Debt to Total Capitalization (Long Term Debt / (Long Term Debt + Unrestricted Fund Balance))	81.26%	28.74%	21.43%	0.00%
<b>4 Debt Service Coverage Ratio</b>				
Net Income	501,680	(953,086)	328,836	2,571,362
Depreciation	(155,403)	87,919	22,826	261,597
Interest	277,281	310,531	385,540	53,428
Principal	770,288	812,459	869,777	0
Debt Service Coverage Ratio ((Net Income + Interest + Depreciation + Amortization) / (Principal + Interest))	0.60	(0.49)	0.59	54.02
<b>5 Days Cash on Hand</b>				
Cash	56,104	1,552,557	50,235	5,662,645
Investments / Board Designated Funds				
Operating Expense	2,795,773	3,373,859	3,017,979	1,821,602
Depreciation	(155,403)	87,919	22,826	261,597
Days Cash on Hand (Cash + Investments + Board Designated Funds) / ((Operating Expense - Depreciation) / 365)	6.94	172.46	6.12	1,324.91
<b>6 Cushion Ratio</b>				
Cash	56,104	1,552,557	50,235	5,662,645
Investments / Board Designated Funds				
Maximum Annual Debt Service (Interest + Principal)	1,047,569	1,122,990	1,255,317	53,428
Cushion Ratio (Cash + Investments + Board Designated Funds) / Maximum Annual Debt Service	0.05	1.38	0.04	105.99



**REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)**  
(continued)

**B. Criterion 1120.210(b), Availability of Funds**

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

\$1,157,401 **Cash & Securities**

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

\_\_\_\_\_ **Pledges**

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

\_\_\_\_\_ **Gifts and Bequests**

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

\$7,129,523 **Debt Financing (indicate type(s) Fair Market Value of Leased Space)**

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options. **SEE ATTACHMENT-75B**

\_\_\_\_\_ **Governmental Appropriations**

Provide 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, provide a resolution or other action of the governmental unit attesting to such future funding.

\_\_\_\_\_ **Grants**

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

\_\_\_\_\_ **Other Funds and Sources**

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

\$8,286,924 **TOTAL FUNDS AVAILABLE**

**C. Criterion 1120.210(c), Operating Start-up Costs**

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes  No . If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

ATTEND DOCUMENTATION AS ATTACHMENT TO FINANCIAL STATEMENT AFTER THE LAST PART OF THE APPLICATION

**U. Economic Feasibility**

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

**SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)**

**A. Criterion 1120.310(a), Reasonableness of Financing Arrangements**

Is the project classified as a Category B project? Yes  No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes  No . If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing?  Yes  No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. 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.

**N/A B. Criterion 1120.310(b), Conditions of Debt Financing**

**This project has not debt financing, therefore, this item is not germane.**

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

**C. Criterion 1120.310(c), Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

- N/A 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). **This item is not applicable as there is not new construction.**

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
<b>TOTALS</b>									

\* Include the percentage (%) of space for circulation

- N/A 2.** For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following: **This item is not applicable as there is no major medical equipment as part of this project.**

**REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)**  
(continued)

- a. that the lowest net cost available has been selected; or
  - b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40. **Refer to ATTACHMENT-76A**

**D. Criterion 1120.310(d), Projected Operating Costs**

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

	<u>2012</u>		
Salaries	\$871,611	Total Cases	1,920
Benefits	\$ 31,827	Hours per Case	2.05
Supplies	\$691,200	Projected Operating Cost/Hour	\$ 405
Total	\$1,594,638		

**E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs**

Is the project classified as a category B project? Yes  No . If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

**F. Criterion 1120.310(f), Non-patient Related Services**

Is the project classified as a category B project and involve non-patient related services? Yes  No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT-76 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant Identification	22
2	Site Ownership	23-24
3	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	25
4	Flood Plain Requirements	26
5	Historic Preservation Act Requirements	27
6	Description of Project	
7	Project and Sources of Funds Itemization	
8	Cost Space Requirements	
9	Discontinuation	
10	Background of the Applicant	28-31
11	Purpose of the Project	32-42
12	Alternatives to the Project	43-48
13	Size of the Project	
14	Project Service Utilization	
15	Unfinished or Shell Space	
16	Assurances for Unfinished/Shell Space	
17	Master Design Project	
18	Mergers, Consolidations and Acquisitions	49-68
	<b>Categories of Service:</b>	
19	Planning Area Need	
20	Service Demand – Establishment of Category of Service	
21	Service Demand – Expansion of Existing Category of Service	
22	Service Accessibility – Service Restrictions	
23	Unnecessary Duplication/Maldistribution	
24	Category of Service Modernization	
25	Staffing Availability	
26	Assurances	
	<b>Service Specific:</b>	
27	Comprehensive Physical Rehabilitation	
28	Neonatal Intensive Care	
29	Open Heart Surgery	
30	Cardiac Catheterization	
31	In-Center Hemodialysis	
32	Non-Hospital Based Ambulatory Surgery	
	<b>General Long Term Care:</b>	
33	Planning Area Need	
34	Service to Planning Area Residents	
35	Service Demand-Establishment of Category of Service	
36	Service Demand-Expansion of Existing Category of Service	
37	Service Accessibility	
38	Description of Continuum of Care	
39	Components	
40	Documentation	
41	Description of Defined Population to be Served	

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
42	Documentation of Need	
43	Documentation Related to Cited Problems	
44	Unnecessary Duplication of Service	
45	Maldistribution	
46	Impact of Project on Other Area Providers	
47	Deteriorated Facilities	
48	Documentation	
49	Utilization	
50	Staffing Availability	
51	Facility Size	
52	Community Related Functions	
53	Zoning	
54	Assurances	
	<b>Service Specific (continued...):</b>	
55	Specialized Long Term Care	
56	Selected Organ Transplantation	
57	Kidney Transplantation	
58	Subacute Care Hospital Model	
59	Post Surgical Recovery Care Center	
60	Children's Community-Based Health Care Center	
61	Community-Based Residential Rehabilitation Center	
	<b>Clinical Service Areas Other than Categories of Service:</b>	
62	Need Determination - Establishment	
63	Service Demand	
64	Referrals from Inpatient Base	
65	Physician Referrals	
66	Historical Referrals to Other Providers	
67	Population Incidence	
68	Impact of Project on Other Area Providers	
69	Utilization	
70	Deteriorated Facilities	
71	Necessary Expansion	
72	Utilization- Major Medical Equipment	
73	Utilization-Service or Facility	
	<b>FEC:</b>	
74	Freestanding Emergency Center Medical Services	
	<b>Financial and Economic Feasibility:</b>	
75	Financial Feasibility	68-136
76	Economic Feasibility	137
77	Safety Net Impact Statement	

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

### Applicant Identification

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.

The Applicant for the Water Tower Surgicenter is WT Surgicenter, LLC. Upon project approval, the Ambulatory Surgical Treatment Center (hereafter known as ASTC) will be Gold Coast Surgicenter with the Applicant (ownership and operating entity) of Gold Coast Surgicenter, LLC.

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION  
(Continued ii)**

**Site Ownership**

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.

The landlord of the ASTC is the same entity controlling the entire site and building known as Water Tower Place. This entity is Water Tower Joint Venture. This entity is not considered a co-Applicant as it has no "control" over the ASTC other than as set forth by the lease.

**Operating Identity/Licensee**

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.

The proposed owner/operator of Gold Coast Surgicenter is Gold Coast Surgicenter, LLC. The partners of this entity will have equal interest as specified in the "Definitive Agreement" enclosed herein. A Certificate of Good Standing is appended as **ATTACHMENT-2A**.



**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*

GOLD COAST SURGICENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON DECEMBER 07, 2009, 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 9TH  
day of FEBRUARY A.D. 2010*

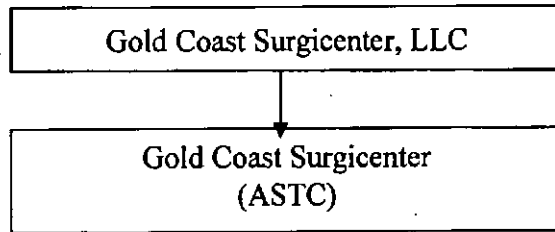
*Jesse White*



**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
**(Continued iii)**

**Organizational Relationships**

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



**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
**(Continued iv)**

Flood Plain Requirements

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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://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.idph.state.il.us/about/hfpb.htm>).

The Subject facility, Water Tower Surgicenter, to be known as Gold Coast Surgicenter, is an existing facility. As such, this project is neither for the establishment of a category of service nor for any construction. Therefore, this item is not application.

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
**(Continued v)**

**Historic Resources Preservation Act Requirements**

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

No new construction or renovations are to be performed as part of this project.

Therefore, this item is not germane.

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

**BACKGROUND OF APPLICANT**

1. A listing of all health care facilities owned or operated by the applicant, including licensing, certification and accreditation identification numbers, if applicable.

The Applicant, Gold Coast Surgicenter, LLC does not own or operate any licensed facility. Since the Applicant does not own or operating any licensed facility, this item is not applicable. As a convenience, a copy of the existing license is appended as **ATTACHMENT-10A**.

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.

Appended as **ATTACHMENT-10B** is a letter certifying that no adverse action has been taken against any facility owned and/or operated by this Applicant.

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.

Appended as **ATTACHMENT-10C** is a letter from the Applicant authorizing permission for the HFSRB and DPH access to any documents necessary to verify the information submitted herein.

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.

As this is the Applicant's first Certificate of Need Application, this item is not germane.

**ATTACHMENT-10**



**State of Illinois 1972574**  
**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 under rules and regulations, and is hereby authorized to engage in the activity as indicated below.

**DAMON T. ARNOLD, M.D.**  
 DIRECTOR

EXPIRATION DATE

03/05/11

CATEGORY

BGBD

EXPIRES

70031A2

**FULL LICENSE**

**AMBUL SURGICAL TREAT. CNTR.**

**EFFECTIVE: 03/06/10**

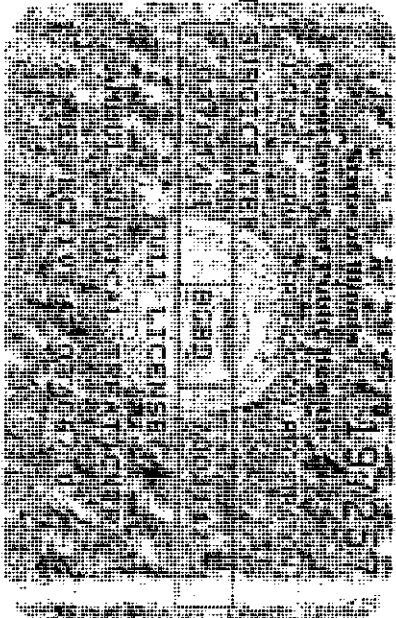
BU SINESS ADDRESS

WT SURGICENTER  
 D/B/A WATERFLOWER SURGICENTER  
 845 N MICHIGAN AVENUE  
 SUITE 930 E  
 CHICAGO IL 60611

This type of this license has a colored background printed by Authority of the State of Illinois, 5-4-07.

← DISPLAY THIS PART IN A  
 CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN  
 IDENTIFICATION →



03/06/10

WT SURGICENTER  
 845 N MICHIGAN AVENUE  
 SUITE 930 E  
 CHICAGO IL 60611

FEE RECEIPT NO.

45156

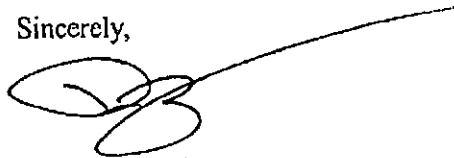
Date: February 2, 2010

Mr. Michael Constantino  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Dear Mr. Constantino:

Please be advised that no adverse action as defined under 1110.230.a).3)B has been taken against the Applicant or against any health care facility owned or operated by the Applicant, directly or indirectly, within three years preceding the filing of the Certificate of Need Application.

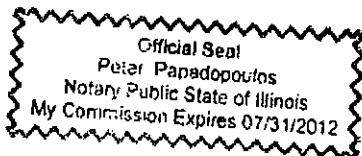
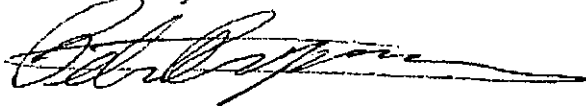
Sincerely,



Dr. Roberto Diaz

Subscribed and sworn to me  
this 3<sup>rd</sup> day of February, 2010

Notary Public



ATTACHMENT-10B

Date: February 2, 2010

Mr. Michael Constantino  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

Dear Mr. Constantino:

I hereby authorize the Health Facilities Planning Board and the Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. I further authorize the Illinois Department of Public Health to obtain any additional documentation or information that said agency deems necessary for the review of this Application as it pertains to 1110.230.a).3)C.

Sincerely,

A handwritten signature in black ink, appearing to read "Dr. Roberto Diaz", with a long horizontal flourish extending to the right.

Dr. Roberto Diaz

ATTACHMENT-10C

**SECTION III.- PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES-  
INFORMATION REQUIREMENTS (Continued ii)**

**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.

Through the change of ownership of this ASTC, the facility will remain open thus maintaining access to healthcare. The principal, Roberto Diaz, MD will consolidate his existing surgical practice located in the Chicago communities of Rogers Park and Pilsen into this central location. This site (ASTC) provides a greater state-of-the-art facility than the current facilities (physician's practice) thus assuring greater access to services.

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

As currently described, the facility's market area is Health Service Area VI, and Cook County. This will remain the same. Appended as **ATTACHMENT-11A**, is the patient origin data for the facility's 2009 residents. It should be noted that the majority of patients (54.2%) were derived from Cook County.

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.]

The issue associated with this project is an ASTC that is not operating at the optimal level; therefore, the continued operation of this facility is in peril.

4. Cite the sources of the information provided as documentation.

Please refer to the Part 1120 under the financial section of this application for documentation of the cash infusion and the projected change in operations.

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

The Applicant will provide a cash infusion and change in operations which results in increasing utilization and financial solvencies by the end of the second full year of operations. In addition, Dr. Diaz has brought in state-of-the-art equipment in the amount of \$400,000.

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

It is the Applicant's overall objective to increase utilization by performing additional surgical procedures to ensure optimal utilization after the second full year of operations.

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

This item is not applicable as the project does not involve modernization.

**ATTACHMENT-11**



CASES BY ZIP --- 2009

3/5/2010

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
11/25/09	49106	Berrien	8/21/2009	60165	Cook	05/12/09	60004	Cook
12/30/09	49106	Berrien	9/18/2009	60165	Cook	06/11/09	60004	Cook
10/31/2009	49117	Berrien	10/31/2009	60201	Cook	07/08/09	60004	Cook
09/03/09	49128	Berrien	11/28/09	60201	Cook	07/09/09	60004	Cook
03/14/09	49117	Berrien	10/29/2009	60409	Cook	07/10/09	60004	Cook
03/19/09	49117	Berrien	10/16/2009	60411	Cook	01/06/09	60005	Cook
03/19/09	49117	Berrien	11/05/09	60443	Cook	04/17/09	60005	Cook
04/02/09	49117	Berrien	12/16/09	60453	Cook	05/26/09	60005	Cook
04/04/09	49117	Berrien	12/24/09	60453	Cook	01/17/09	60007	Cook
06/18/09	62262	Bond	12/12/09	60457	Cook	02/06/09	60007	Cook
06/19/09	62262	Bond	12/17/09	60462	Cook	06/17/09	60007	Cook
06/20/09	62262	Bond	11/05/09	60467	Cook	05/13/09	60016	Cook
12/30/09	46077	Boone	9/18/2009	60471	Cook	06/09/09	60016	Cook
07/13/09	46077	Boone	10/08/09	60473	Cook	06/09/09	60016	Cook
03/05/09	36037	Butler	12/31/09	60477	Cook	08/04/09	60022	Cook
07/30/09	62293	Clinton	10/10/2009	60513	Cook	03/31/09	60025	Cook
07/31/09	62293	Clinton	10/24/2009	60513	Cook	04/14/09	60025	Cook
08/01/09	62293	Clinton	11/13/09	60513	Cook	04/23/09	60025	Cook
11/19/09	30144	Cobb	12/14/09	60605	Cook	04/24/09	60025	Cook
8/21/2009	60018	Cook	12/24/09	60606	Cook	04/25/09	60025	Cook
9/18/2009	60018	Cook	10/22/2009	60607	Cook	08/11/09	60025	Cook
11/07/09	60018	Cook	9/12/2009	60608	Cook	05/26/09	60026	Cook
12/03/09	60018	Cook	11/19/09	60608	Cook	04/30/09	60053	Cook
10/2/2009	60056	Cook	11/06/09	60609	Cook	01/12/09	60056	Cook
10/28/2009	60056	Cook	12/14/09	60609	Cook	05/23/09	60056	Cook
12/16/09	60068	Cook	11/13/09	60610	Cook	04/28/09	60062	Cook
12/31/09	60068	Cook	11/17/09	60610	Cook	10/08/09	60067	Cook
11/25/09	60090	Cook	11/19/09	60610	Cook	06/23/09	60068	Cook
9/18/2009	60103	Cook	11/20/09	60610	Cook	05/18/09	60074	Cook
12/19/09	60103	Cook	12/01/09	60610	Cook	08/10/09	60076	Cook
10/2/2009	60154	Cook	12/08/09	60610	Cook	07/15/09	60077	Cook
12/18/09	60154	Cook	10/22/2009	60611	Cook	07/21/09	60077	Cook

ATTACHMENT-11A

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
06/04/09	60164	Cook	11/07/09	60611	Cook	04/10/09	60090	Cook
11/21/09	60611	Cook	12/12/09	60626	Cook	08/17/09	60090	Cook
12/22/09	60611	Cook	12/31/09	60629	Cook	10/14/09	60090	Cook
12/30/09	60611	Cook	10/29/2009	60631	Cook	05/14/09	60091	Cook
11/24/09	60613	Cook	11/13/09	60631	Cook	04/03/09	60093	Cook
9/1/2009	60614	Cook	9/5/2009	60634	Cook	04/25/09	60093	Cook
11/19/09	60614	Cook	10/16/2009	60636	Cook	06/27/09	60103	Cook
11/21/09	60614	Cook	12/24/09	60636	Cook	07/16/09	60103	Cook
12/18/09	60614	Cook	10/16/2009	60638	Cook	09/03/09	60103	Cook
12/19/09	60614	Cook	12/24/09	60639	Cook	10/09/09	60103	Cook
12/29/09	60614	Cook	12/17/09	60640	Cook	06/01/09	60107	Cook
09/05/09	60615	Cook	12/17/09	60640	Cook	08/19/09	60130	Cook
9/10/2009	60615	Cook	12/17/09	60642	Cook	04/20/09	60133	Cook
9/25/2009	60615	Cook	12/22/09	60642	Cook	01/10/09	60154	Cook
11/21/09	60616	Cook	12/29/09	60642	Cook	03/07/09	60154	Cook
12/15/09	60616	Cook	9/30/2009	60643	Cook	07/02/09	60154	Cook
8/13/2009	60617	Cook	12/01/09	60643	Cook	06/27/09	60164	Cook
12/29/09	60617	Cook	12/17/09	60643	Cook	02/19/09	60171	Cook
09/18/09	60619	Cook	12/31/09	60645	Cook	04/16/09	60171	Cook
09/26/09	60619	Cook	12/29/09	60647	Cook	05/07/09	60171	Cook
10/10/2009	60619	Cook	10/29/2009	60649	Cook	05/08/09	60171	Cook
10/24/2009	60619	Cook	9/18/2009	60651	Cook	05/14/09	60171	Cook
11/11/09	60619	Cook	10/2/2009	60652	Cook	06/19/09	60171	Cook
11/18/09	60619	Cook	12/30/09	60654	Cook	03/31/09	60173	Cook
11/20/09	60619	Cook	11/25/09	60655	Cook	06/27/09	60176	Cook
12/03/09	60619	Cook	11/24/09	60656	Cook	06/09/09	60201	Cook
09/05/09	60620	Cook	12/28/09	60656	Cook	06/10/09	60201	Cook
09/19/09	60620	Cook	12/08/09	60657	Cook	07/17/09	60201	Cook
12/11/09	60620	Cook	12/18/09	60657	Cook	08/17/09	60203	Cook
12/11/09	60620	Cook	11/20/09	60659	Cook	02/12/09	60402	Cook
12/24/09	60620	Cook	12/03/09	60661	Cook	06/09/09	60402	Cook

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
12/04/09	60622	Cook	12/15/09	60661	Cook	03/05/09	60409	Cook
12/08/09	60622	Cook	12/19/09	60661	Cook	03/26/09	60409	Cook
12/18/09	60623	Cook	11/19/09	60707	Cook	03/27/09	60409	Cook
03/28/09	60409	Cook	04/21/09	60443	Cook	09/24/09	60607	Cook
04/09/09	60409	Cook	11/05/09	60443	Cook	01/09/09	60608	Cook
04/10/09	60409	Cook	05/13/09	60445	Cook	04/28/09	60608	Cook
04/11/09	60409	Cook	05/08/09	60453	Cook	07/25/09	60608	Cook
06/05/09	60409	Cook	09/08/09	60453	Cook	09/24/09	60608	Cook
07/14/09	60409	Cook	08/05/09	60457	Cook	01/06/09	60609	Cook
08/15/09	60409	Cook	03/13/09	60458	Cook	03/14/09	60609	Cook
09/25/09	60409	Cook	04/10/09	60458	Cook	07/31/09	60609	Cook
09/26/09	60409	Cook	08/08/09	60458	Cook	08/27/09	60609	Cook
02/03/09	60411	Cook	02/27/09	60459	Cook	11/06/09	60609	Cook
02/20/09	60411	Cook	11/03/09	60462	Cook	01/30/09	60610	Cook
02/26/09	60411	Cook	08/04/09	60465	Cook	03/24/09	60610	Cook
03/17/09	60411	Cook	04/14/09	60472	Cook	05/13/09	60610	Cook
04/09/09	60411	Cook	02/11/09	60477	Cook	08/15/09	60610	Cook
04/10/09	60411	Cook	10/21/09	60477	Cook	09/01/09	60610	Cook
04/11/09	60411	Cook	05/15/09	60525	Cook	09/17/09	60610	Cook
03/05/09	60419	Cook	05/22/09	60525	Cook	09/17/09	60610	Cook
07/07/09	60419	Cook	07/10/09	60525	Cook	10/21/09	60610	Cook
08/13/09	60419	Cook	04/13/09	60601	Cook	03/05/09	60611	Cook
06/05/09	60422	Cook	04/23/09	60601	Cook	03/30/09	60611	Cook
08/13/09	60425	Cook	05/28/09	60602	Cook	04/14/09	60611	Cook
04/16/09	60426	Cook	04/14/09	60605	Cook	04/16/09	60611	Cook
04/17/09	60426	Cook	04/22/09	60605	Cook	04/28/09	60611	Cook
04/18/09	60426	Cook	04/23/09	60605	Cook	05/15/09	60611	Cook
06/11/09	60426	Cook	04/28/09	60605	Cook	06/12/09	60611	Cook
10/22/09	60426	Cook	05/21/09	60606	Cook	07/02/09	60611	Cook
04/09/09	60438	Cook	02/09/09	60607	Cook	09/18/09	60611	Cook
04/10/09	60438	Cook	02/12/09	60607	Cook	09/29/09	60611	Cook
04/11/09	60438	Cook	03/03/09	60607	Cook	10/02/09	60611	Cook

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
08/06/09	60438	Cook	03/21/09	60607	Cook	03/25/09	60612	Cook
09/17/09	60438	Cook	04/01/09	60607	Cook	09/22/09	60612	Cook
07/30/09	60439	Cook	05/01/09	60607	Cook	04/03/09	60613	Cook
01/09/09	60443	Cook	05/15/09	60607	Cook	04/21/09	60613	Cook
06/12/09	60619	Cook	05/05/09	60613	Cook	02/07/09	60623	Cook
06/26/09	60619	Cook	07/02/09	60613	Cook	06/11/09	60623	Cook
07/09/09	60619	Cook	08/06/09	60613	Cook	06/10/09	60625	Cook
08/20/09	60619	Cook	08/28/09	60613	Cook	07/31/09	60625	Cook
08/21/09	60619	Cook	09/18/09	60613	Cook	08/04/09	60625	Cook
08/22/09	60619	Cook	10/20/09	60613	Cook	10/16/09	60625	Cook
10/08/09	60619	Cook	10/27/09	60613	Cook	01/08/09	60626	Cook
11/04/09	60619	Cook	01/08/09	60614	Cook	06/16/09	60626	Cook
02/12/09	60620	Cook	02/20/09	60614	Cook	09/26/09	60626	Cook
02/19/09	60620	Cook	05/28/09	60614	Cook	01/03/09	60628	Cook
03/05/09	60620	Cook	05/30/09	60614	Cook	03/06/09	60628	Cook
03/14/09	60620	Cook	06/16/09	60614	Cook	03/12/09	60628	Cook
03/27/09	60620	Cook	07/03/09	60614	Cook	03/13/09	60628	Cook
04/02/09	60620	Cook	07/07/09	60614	Cook	03/14/09	60628	Cook
04/03/09	60620	Cook	07/31/09	60614	Cook	07/31/09	60628	Cook
04/04/09	60620	Cook	12/19/09	60614	Cook	10/23/09	60628	Cook
06/05/09	60620	Cook	04/28/09	60615	Cook	01/09/09	60629	Cook
06/12/09	60620	Cook	06/26/09	60615	Cook	03/04/09	60629	Cook
06/19/09	60620	Cook	09/10/09	60615	Cook	05/14/09	60629	Cook
09/10/09	60620	Cook	02/20/09	60616	Cook	06/26/09	60629	Cook
01/08/09	60621	Cook	02/27/09	60616	Cook	05/14/09	60630	Cook
01/23/09	60621	Cook	04/10/09	60616	Cook	06/02/09	60630	Cook
01/24/09	60621	Cook	04/11/09	60616	Cook	06/27/09	60630	Cook
02/07/09	60621	Cook	04/14/09	60616	Cook	04/24/09	60631	Cook
06/26/09	60621	Cook	02/21/09	60617	Cook	05/06/09	60634	Cook
02/06/09	60622	Cook	04/18/09	60617	Cook	06/12/09	60634	Cook
03/12/09	60622	Cook	04/28/09	60617	Cook	07/09/09	60634	Cook

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
06/09/09	60622	Cook	05/01/09	60617	Cook	10/01/09	60634	Cook
09/10/09	60622	Cook	06/09/09	60617	Cook	10/16/09	60634	Cook
10/10/09	60622	Cook	07/22/09	60618	Cook	01/16/09	60636	Cook
10/29/09	60622	Cook	09/05/09	60618	Cook	02/06/09	60636	Cook
12/08/09	60622	Cook	04/28/09	60619	Cook	07/24/09	60636	Cook
01/29/09	60623	Cook	04/28/09	60619	Cook	07/07/09	60637	Cook
09/10/09	60637	Cook	10/17/09	60643	Cook	05/14/09	60649	Cook
10/16/09	60637	Cook	06/25/09	60644	Cook	05/15/09	60649	Cook
10/23/09	60637	Cook	06/26/09	60644	Cook	05/16/09	60649	Cook
01/08/09	60638	Cook	06/27/09	60644	Cook	06/11/09	60649	Cook
02/16/09	60638	Cook	01/29/09	60645	Cook	06/18/09	60649	Cook
07/10/09	60638	Cook	01/30/09	60645	Cook	06/26/09	60649	Cook
07/23/09	60638	Cook	01/31/09	60645	Cook	07/10/09	60649	Cook
08/07/09	60638	Cook	01/10/09	60646	Cook	07/17/09	60649	Cook
09/16/09	60638	Cook	02/07/09	60646	Cook	10/29/09	60649	Cook
03/14/09	60639	Cook	09/05/09	60646	Cook	03/21/09	60651	Cook
05/16/09	60639	Cook	10/15/09	60646	Cook	04/17/09	60651	Cook
06/03/09	60639	Cook	10/29/09	60646	Cook	06/05/09	60651	Cook
06/10/09	60639	Cook	01/22/09	60647	Cook	08/28/09	60651	Cook
07/01/09	60639	Cook	01/29/09	60647	Cook	03/27/09	60652	Cook
07/01/09	60639	Cook	01/30/09	60647	Cook	04/17/09	60652	Cook
07/17/09	60639	Cook	01/31/09	60647	Cook	04/24/09	60652	Cook
10/22/09	60639	Cook	02/07/09	60647	Cook	04/28/09	60652	Cook
02/05/09	60640	Cook	02/19/09	60647	Cook	05/22/09	60652	Cook
05/09/09	60640	Cook	02/28/09	60647	Cook	03/26/09	60653	Cook
08/13/09	60640	Cook	03/19/09	60647	Cook	03/27/09	60653	Cook
08/27/09	60640	Cook	03/26/09	60647	Cook	03/28/09	60653	Cook
01/06/09	60641	Cook	04/09/09	60647	Cook	05/14/09	60653	Cook
01/22/09	60641	Cook	04/25/09	60647	Cook	05/15/09	60653	Cook
02/17/09	60641	Cook	05/07/09	60647	Cook	05/16/09	60653	Cook
02/03/09	60642	Cook	05/14/09	60647	Cook	05/19/09	60654	Cook

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
02/05/09	60642	Cook	05/22/09	60647	Cook	08/08/09	60654	Cook
03/21/09	60643	Cook	05/28/09	60647	Cook	08/08/09	60654	Cook
04/04/09	60643	Cook	05/30/09	60647	Cook	04/10/09	60655	Cook
04/16/09	60643	Cook	06/17/09	60647	Cook	04/24/09	60655	Cook
06/05/09	60643	Cook	08/21/09	60647	Cook	04/24/09	60655	Cook
07/07/09	60643	Cook	02/03/09	60649	Cook	06/05/09	60655	Cook
07/10/09	60643	Cook	04/17/09	60649	Cook	07/24/09	60655	Cook
07/30/09	60643	Cook	04/30/09	60649	Cook	04/03/09	60656	Cook
07/16/09	60656	Cook	05/22/09	60148	DuPage	12/12/09	77080	Harris
02/18/09	60657	Cook	10/03/09	60148	DuPage	08/27/09	77056	Harris
02/27/09	60657	Cook	05/21/09	60181	DuPage	09/25/09	77056	Harris
03/24/09	60657	Cook	01/09/09	60185	DuPage	09/05/09	55414	Hennepin
03/24/09	60657	Cook	05/01/09	60185	DuPage	08/28/09	55459	Hennepin
03/25/09	60657	Cook	06/12/09	60185	DuPage	01/17/09	98277	Island
04/09/09	60657	Cook	05/30/09	60187	DuPage	09/29/09	80465	Jefferson
06/10/09	60657	Cook	06/04/09	60187	DuPage	12/22/09	52205	Jones
06/24/09	60657	Cook	06/06/09	60187	DuPage	10/2/2009	60110	Kane
07/07/09	60657	Cook	06/27/09	60187	DuPage	11/19/09	60136	Kane
08/18/09	60657	Cook	07/17/09	60187	DuPage	03/12/09	60110	Kane
08/31/09	60657	Cook	06/18/09	60188	DuPage	07/08/09	60110	Kane
09/01/09	60657	Cook	04/28/09	60517	DuPage	10/08/09	60118	Kane
09/03/09	60657	Cook	05/08/09	60517	DuPage	10/08/09	60123	Kane
09/10/09	60657	Cook	03/07/09	60521	DuPage	07/02/09	60136	Kane
10/21/09	60657	Cook	03/07/09	60521	DuPage	05/16/09	60140	Kane
08/07/09	60659	Cook	03/07/09	60521	DuPage	02/03/09	60177	Kane
04/14/09	60660	Cook	03/27/09	60521	DuPage	01/16/09	60510	Kane
04/18/09	60660	Cook	07/23/09	60523	DuPage	02/20/09	60510	Kane
04/10/09	60661	Cook	08/18/09	60527	DuPage	02/12/09	60914	Kankakee
05/26/09	60661	Cook	01/24/09	60540	DuPage	11/19/09	60543	Kendall
10/16/09	60661	Cook	01/29/09	60540	DuPage	02/06/09	53158	Kenosha
05/20/09	60706	Cook	08/06/09	3860559	DuPage	10/13/09	53158	Kenosha

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
01/08/09	60707	Cook	03/07/09	60565	DuPage	08/13/09	61410	Knox
03/04/09	60707	Cook	12/19/09	43206	Franklin	05/30/09	61341	La Salle
07/23/09	60707	Cook	10/22/09	43227	Franklin	05/30/09	61341	La Salle
03/18/09	60803	Cook	12/01/09	44021	Geauga	06/04/09	61341	La Salle
06/17/09	60803	Cook	12/04/09	60444	Grundy	06/04/09	61341	La Salle
02/05/09	60804	Cook	12/11/09	60444	Grundy	06/13/09	61341	La Salle
02/06/09	60804	Cook	09/17/09	60444	Grundy	09/17/09	46322	Lake
02/07/09	60804	Cook	06/13/09	60450	Grundy	11/12/09	46342	Lake
06/05/09	60805	Cook	06/27/09	60450	Grundy	10/3/2009	46410	Lake
05/15/09	60827	Cook	07/09/09	60450	Grundy	09/26/09	60010	Lake
12/10/09	60178	DeKalb	11/25/09	60020	Lake	05/29/09	60069	Lake
01/24/09	60112	DeKalb	12/19/09	60035	Lake	03/02/09	60085	Lake
02/05/09	60112	DeKalb	12/31/09	60045	Lake	11/14/09	60085	Lake
01/24/09	60178	DeKalb	12/19/09	60047	Lake	04/17/09	60087	Lake
01/31/09	60178	DeKalb	8/27/2009	60084	Lake	09/24/09	60089	Lake
03/14/09	60178	DeKalb	11/28/09	60085	Lake	10/29/09	60089	Lake
04/25/09	60178	DeKalb	01/16/09	46307	Lake	12/04/09	46350	LaPorte
05/13/09	60178	DeKalb	03/27/09	46312	Lake	10/2/2009	46360	LaPorte
06/24/09	60178	DeKalb	10/08/09	46320	Lake	10/29/2009	46360	LaPorte
06/24/09	60178	DeKalb	03/04/09	46323	Lake	10/31/2009	46360	LaPorte
07/02/09	60178	DeKalb	01/22/09	46342	Lake	11/13/09	46360	LaPorte
07/18/09	60178	DeKalb	04/04/09	46342	Lake	12/03/09	46360	LaPorte
07/25/09	60178	DeKalb	05/15/09	46342	Lake	12/30/09	46360	LaPorte
10/08/09	76262	Denton	05/22/09	46375	Lake	09/05/09	46391	LaPorte
04/07/09	80203	Denver	09/04/09	46375	Lake	03/12/09	46350	LaPorte
09/05/09	80210	Denver	02/21/09	46410	Lake	04/25/09	46350	LaPorte
12/15/09	20008	District of Columbia	03/12/09	46410	Lake	07/16/09	46350	LaPorte
11/14/09	20004	District of Columbia	05/16/09	46410	Lake	07/30/09	46350	LaPorte
06/22/09	52040	Dubuque	05/29/09	46410	Lake	01/10/09	46360	LaPorte
12/22/09	60101	DuPage	07/16/09	46410	Lake	01/24/09	46360	LaPorte
10/21/2009	60126	DuPage	07/17/09	46410	Lake	02/28/09	46360	LaPorte

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
11/11/09	60148	DuPage	10/03/09	46410	Lake	03/07/09	46360	LaPorte
12/01/09	60181	DuPage	01/23/09	60002	Lake	03/19/09	46360	LaPorte
12/11/09	60185	DuPage	05/23/09	60002	Lake	04/02/09	46360	LaPorte
12/28/09	60189	DuPage	05/05/09	60010	Lake	04/02/09	46360	LaPorte
11/06/09	60521	DuPage	09/10/09	60010	Lake	04/04/09	46360	LaPorte
12/29/09	60527	DuPage	03/19/09	60015	Lake	04/23/09	46360	LaPorte
03/06/09	60137	DuPage	08/13/09	60015	Lake	05/16/09	46360	LaPorte
06/23/09	60137	DuPage	07/31/09	60035	Lake	05/30/09	46360	LaPorte
01/30/09	60148	DuPage	09/23/09	60044	Lake	06/04/09	46360	LaPorte
02/03/09	60148	DuPage	04/04/09	60045	Lake	06/06/09	46360	LaPorte
02/14/09	60148	DuPage	05/30/09	60047	Lake	06/25/09	46360	LaPorte
03/21/09	60148	DuPage	10/13/09	60047	Lake	07/23/09	46360	LaPorte
07/30/09	46360	LaPorte	12/31/09	60098	McHenry	11/13/09	46385	Porter
08/08/09	46360	LaPorte	11/25/09	60102	McHenry	01/08/09	46304	Porter
09/03/09	46360	LaPorte	07/31/09	60013	McHenry	01/22/09	46304	Porter
09/12/09	46360	LaPorte	09/03/09	60014	McHenry	02/07/09	46304	Porter
01/22/09	46390	LaPorte	08/14/09	60051	McHenry	02/14/09	46304	Porter
03/12/09	46390	LaPorte	02/26/09	60102	McHenry	02/19/09	46304	Porter
06/06/09	46391	LaPorte	04/20/09	60142	McHenry	02/21/09	46304	Porter
06/20/09	46391	LaPorte	08/27/09	60156	McHenry	02/28/09	46304	Porter
08/11/09	62321	Macon	09/11/09	60156	McHenry	03/07/09	46304	Porter
07/30/09	62521	Macon	05/09/09	33176	Miami-Dade	04/18/09	46304	Porter
07/31/09	62521	Macon	06/18/09	33176	Miami-Dade	05/16/09	46304	Porter
08/01/09	62521	Macon	03/04/09	53207	Milwaukee	07/30/09	46304	Porter
06/18/09	62088	Macoupin	03/06/09	53213	Milwaukee	02/24/09	46341	Porter
06/19/09	62088	Macoupin	06/26/09	47408	Monroe	01/15/09	46368	Porter
06/20/09	62088	Macoupin	11/20/09	10017	New York	02/21/09	46368	Porter
06/18/09	62025	Madison	12/23/09	10028	New York	02/26/09	46368	Porter
06/19/09	62025	Madison	03/20/09	10025	New York	04/10/09	46368	Porter
06/20/09	62025	Madison	09/26/09	10036	New York	07/02/09	46368	Porter
07/30/09	62025	Madison	05/12/09	4048009	Oakland	07/30/09	46368	Porter



Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
07/31/09	62025	Madison	04/14/09	48302	Oakland	07/30/09	46368	Porter
08/01/09	62025	Madison	03/12/09	48306	Oakland	09/19/09	46368	Porter
07/30/09	62067	Madison	08/18/09	48307	Oakland	10/09/09	46368	Porter
07/31/09	62067	Madison	04/23/09	61020	Ogle	04/25/09	46385	Porter
08/01/09	62067	Madison	11/21/09	32828	Orange	08/08/09	46385	Porter
07/30/09	62249	Madison	12/17/09	34786	Orange	08/22/09	46385	Porter
07/31/09	62249	Madison	09/26/09	46304	Porter	10/09/09	46385	Porter
08/01/09	62249	Madison	11/07/09	46304	Porter	09/15/09	11104	Queens
10/15/09	46220	Marion	11/07/09	46304	Porter	05/28/09	62269	Saint Clair
09/03/09	60012	McHenry	11/11/09	46304	Porter	05/29/09	62269	Saint Clair
11/04/09	60014	McHenry	08/22/09	46368	Porter	05/30/09	62269	Saint Clair
11/04/09	60014	McHenry	11/12/09	46368	Porter	10/22/09	34951	Saint Lucie
12/29/09	60098	McHenry	12/30/09	46368	Porter	10/24/09	92111	San Diego
12/30/09	60098	McHenry	09/19/09	46383	Porter	09/29/09	95125	Santa Clara
09/19/09	46574	St Joseph	02/28/09	60435	Will	07/30/09	61073	Winnebago
09/26/09	46574	St Joseph	03/07/09	60435	Will	07/23/09	61101	Winnebago
10/03/09	46574	St Joseph	03/12/09	60435	Will	07/24/09	61101	Winnebago
10/29/2009	46574	St Joseph	03/14/09	60435	Will	07/25/09	61101	Winnebago
11/20/09	46574	St Joseph	03/21/09	60435	Will	01/08/09	61103	Winnebago
12/30/09	46574	St Joseph	03/26/09	60435	Will	01/09/09	61103	Winnebago
11/12/09	46614	St Joseph	03/28/09	60435	Will	01/10/09	61103	Winnebago
07/03/09	46530	St Joseph	04/02/09	60435	Will	06/18/09	61109	Winnebago
01/03/09	46574	St Joseph	04/09/09	60435	Will	06/19/09	61109	Winnebago
01/10/09	46574	St Joseph	04/11/09	60435	Will	06/20/09	61109	Winnebago
01/31/09	46574	St Joseph	04/18/09	60435	Will	10/12/09	61111	Winnebago
02/14/09	46574	St Joseph	04/23/09	60435	Will	05/01/09	17331	York
02/21/09	46574	St Joseph	06/13/09	60435	Will	01/24/09	FOREIGN	
02/21/09	46574	St Joseph	06/25/09	60435	Will	09/24/09	FOREIGN	
03/05/09	46574	St Joseph	07/09/09	60435	Will	12/02/09	FOREIGN	
03/19/09	46574	St Joseph	08/06/09	60435	Will	07/09/09	60433	Will
04/02/09	46574	St Joseph	01/31/09	60436	Will	01/31/09	60435	Will

Date	Zip	Origin	Date	Zip	Origin	Date	Zip	Origin
04/25/09	46574	St Joseph	02/14/09	60436	Will	02/07/09	60435	Will
04/25/09	46574	St Joseph	02/21/09	60436	Will	02/12/09	60435	Will
05/15/09	46574	St Joseph	08/08/09	60436	Will	02/14/09	60435	Will
05/22/09	46574	St Joseph	06/10/09	60440	Will	02/14/09	60435	Will
05/29/09	46574	St Joseph	10/23/09	60440	Will	02/21/09	60435	Will
04/16/09	46614	St Joseph	02/12/09	60441	Will	02/26/09	60435	Will
10/06/09	46628	St Joseph	02/28/09	60441	Will	10/31/2009	61108	Winnebago
04/30/09	61755	Tazewell	03/26/09	60441	Will	11/21/09	61109	Winnebago
09/11/09	78728	Travis	03/28/09	60441	Will	01/08/09	61016	Winnebago
01/31/09	10530	Westchester	05/16/09	60441	Will	01/09/09	61016	Winnebago
12/18/09	60404	Will	07/18/09	60441	Will	01/10/09	61016	Winnebago
12/12/09	60423	Will	09/05/09	60441	Will	01/15/09	61063	Winnebago
12/17/09	60423	Will	01/15/09	60448	Will	01/16/09	61063	Winnebago
11/24/09	60433	Will	01/29/09	60448	Will	01/17/09	61063	Winnebago
08/22/09	60436	Will	02/12/09	60448	Will	06/20/09	60433	Will
09/12/09	60436	Will	03/18/09	60448	Will	10/30/2009	61108	Winnebago
12/11/09	60440	Will	04/04/09	60448	Will	06/04/09	60433	Will
9/25/2009	60441	Will	07/11/09	60490	Will	10/29/2009	61108	Winnebago
10/24/2009	60441	Will	07/18/09	60490	Will	07/14/09	60423	Will
12/03/09	60441	Will	07/24/09	60490	Will	01/03/09	60431	Will
09/05/09	60586	Will	03/18/09	60564	Will	03/12/09	60431	Will
06/17/09	60404	Will	04/14/09	60564	Will	03/21/09	60431	Will
06/25/09	60404	Will	04/23/09	60564	Will	04/04/09	60431	Will
07/09/09	60404	Will	04/24/09	60564	Will	06/13/09	60431	Will
08/06/09	60404	Will	04/25/09	60564	Will	06/27/09	60431	Will
06/17/09	60410	Will	04/28/09	60564	Will	07/09/09	60431	Will
08/06/09	60417	Will	02/18/09	60586	Will	05/30/09	60586	Will
01/13/09	60423	Will	04/11/09	60586	Will	06/06/09	60586	Will
03/28/09	60423	Will	04/30/09	60586	Will	06/13/09	60586	Will
04/07/09	60423	Will	05/14/09	60586	Will	06/13/09	60586	Will
04/14/09	60423	Will	05/28/09	60586	Will	06/25/09	60586	Will
06/27/09	60586	Will	07/09/09	60586	Will			
06/27/09	60586	Will						

**SECTION III.- PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES-  
INFORMATION REQUIREMENTS (Continued iii)**

**ALTERNATIVES**

Document ALL of the alternatives to the proposed project:

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

As a change of ownership, the alternatives to this project are limited. The alternatives for the new Applicant are: 1) not to buy into the ASTC, i.e. maintain the status quo; or 2) propose the Establishment of a freestanding ASTC. 3) to buy into the ASTC resulting in the project as proposed;

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;

The Applicant is part of a joint venture or similar arrangement as cooperating with the Subject facility and only seeking 50% control of the facility. This arrangement is the project as being proposed, i.e., to buy into the existing ASTC.

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

It would appear that this project is utilizing other health care resources that are available, as to not increase the potential for duplication of existing services.

- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.

## **NOT TO BUY INTO THE ASTC, I.E., MAINTAIN THE STATUS QUO**

### COST

This alternative does not have a capital cost associated with it.

### PATIENT ACCESS

This alternative presents a unique situation. The proposed project is not for the establishment of a category of service but rather for a change of ownership. One of the reasons for the change of ownership which will bring in a new physician partner is to improve the operation of an existing underutilized facility. In being underutilized, the existing provider has limited access to care for potential patients through the lack of marketing the facility's availability of care. As such, this alternative does nothing to improve the situation.

### QUALITY

The Applicant does not have issue with the quality of care provided at the Subject facility. However, there is an issue of appearance of quality. Many equate quality with high utilization. Since this alternative does not bring in a new partner to the management of the facility, improved quality of any kind is unknown.

### FINANCIAL BENEFITS

The Subject facility has historically been underutilized. As such, this alternative does not bring in a new partner to the management of the facility which in turn has no effect on the future financial feasibility of the facility.

## **TO BUY INTO THE ASTC RESULTING IN THE PROJECT AS PROPOSED**

### COST

As this alternative represents the project as being proposed, there is a cost to this alternative of \$1,157,401, which is the total project cost (not including the fair market value of the lease).

## PATIENT ACCESS

One of the reasons for the change of ownership is to bring in a new physician partner to improve the operation of an existing underutilized facility. As the Subject facility has been historically underutilized, the Applicant is proposing this change of ownership precisely to increase the marketing of the facility to area physicians and patients, thereby, improving accessibility to the facility.

## QUALITY

The Applicant does not have an issue with the quality of care provided at the Subject facility. However, with an existing historically underutilized facility, there is an issue of appearance of poor quality. It is the Applicant's intent to improve accessibility to the facility and therefore improve utilization. Gold Coast maintains an identified commitment to charity care and ensuring access to quality health care for low income and minority individuals.

A part and parcel of the commitment to providing quality care to lower income and minority residents is already reflected in the established practices of Dr. Roberto Diaz. Many of the patients who already utilize Dr. Diaz's practice are individuals who have been injured at work or in accidents and require rehabilitative and restorative care. Long ago, Dr. Diaz realized that these individuals were being precluded access to quality health care due to the fact that they did not have insurance.

Dr. Diaz concluded that it was more important to provide health care first and worry about reimbursement second. There are often times Dr. Diaz receives a fraction of his expenses in payment due to the fact that many of his patients ability to pay is dependent upon the settlement of litigation. Nevertheless, Dr. Diaz provides them care. In cases where there is no settlement, oftentimes Dr. Diaz receives no payment at all. Nevertheless, Dr. Diaz provides them care. **Never** has Dr. Diaz sent one of these patients to collection due to their inability to pay, nor has Dr. Diaz ever denied care based upon a lack of insurance or an inability to pay. This mindset and approach will be appropriately applied to the operation of Gold Coast.

Actions speak louder than words. Dr. Diaz realized that many of his working patients could not obtain care due to the constraints provided by public transportation and their work schedules. To remedy this, Dr. Diaz obtained a fleet of vans and drivers who pick up patients at home or at work, take them to their physician, and return them to work or home. This service is provided free of cost to his patients and this same service will be provided at the Gold Coast. This is especially important because the patient populations coming from areas like Pilsen and Rogers Park would be hard pressed to utilize public transportation to get to the Water Tower and the cost of parking could make driving prohibitive. Dr. Diaz's actions show his commitment to providing quality care to lower-income and indigent patients.

Gold Coast will commit to providing a minimum of 1% of its annual revenues in charity care. The intention is that appropriate individuals and opportunities will be identified in conjunction with charitable organizations and this charity care will be provided in the form of direct patient care. However, in the event that the amount of actual care provided does not reach or exceed 1%, Gold Coast will coordinate with local charitable organizations providing health care and ensure the appropriate services are offered and/or donations are made.

Furthermore, Gold Coast will seek certification from the Centers for Medicare and Medicaid Services within the first 12 months of its licensure. This certification will enable the facility to continue its commitment of providing quality care to the medically indigent population and ensuring quality access to care for those most in need. These steps will help convert an already existing underutilized ASTC into a better managed, better utilized facility with an identified and established commitment to providing quality access to health care for low income and minority individuals. Improved utilization will allow the Applicant to become more efficient and maintain the high quality markers/indicators. This alternative allows for new facility management to oversee the facility's quality of care.

## FINANCIAL BENEFITS

This alternative proposes to increase the financial feasibility of the Subject ASTC through the improved management and marketing of the facility. The addition of this Applicant to this existing facility is to realize increase utilization by the second full year of operation based on its historical caseload. This is documented in the proforma financial statements that are part of this application.

## **THE ESTABLISHMENT OF A FREESTANDING ASTC**

### COST

It is estimated that the cost of establishing a new ASTC could be in excess of \$5 million. The project costs are derived from the State's standards for a new ASTC category of service. Refer to the chart below for the specific cost estimate.

Basic Project Cost Breakout for an Establishment of a 4-OR ASTC		
Description	State Standard	Result
Gross square footage	2,750sf/OR (4-ORs)	11000
	180sf/Recovery Station	2880
	(16 recovery stations)	13880
Construction Cost	\$200.58*/sf	\$3,741,530.93
Contingency	10% of Construction	\$ 374,153.09
Movable Equipment (ME)	\$361,743*/OR	\$ 486,152
Preplanning	1.8% of Construction, Contingency, ME	\$ 82,833.05
Architectural/Eng.	4.3% of Construction and Contingency	\$ 176,974.41
Site Survey/Site Prep	5% of Construction and Contingency	\$ 205,784.20
<b>Total</b>		<b>\$5,067,428.04</b>

\* These State Standards must be inflated from base year 2000 through present day.

## PATIENT ACCESS

This alternative does nothing to improve access of the Subject facility through its increased utilization. However, it creates another ASTC that will supply additional capacity to improve access to the same services of the Subject facility thus creating a greater duplication of existing services.

## QUALITY

Quality of the Subject ASTC is not in question. Yet, this alternative proposes the establishment of a new facility which would also provide a high quality care and service. However, this alternative does not address the issue of maintaining quality or quality oversight of the existing Subject facility.

## FINANCIAL BENEFITS

This Applicant projects that with its infusion of procedures, capital and facility management the subject facility can reach and maintain optimal utilization by the second full year of operation from project approval. It also expects that this would hold true for this alternative. However, this alternative does not address the financial feasibility of the Subject facility.

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

This project is for the change of ownership of an existing facility and in no way implies quality of care is an issue at the Subject facility. The issue facing the Subject facility is one of ability to manage and market the Subject facility. Therefore, this item appears to be not germane.



## SECTION VI. MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP

### A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.

The Subject facility currently has four operating rooms with sixteen recovery stations fully equipped to perform Gastroenterology, OB/Gynecology, Orthopedic, Pain Management, Plastic, and Podiatry procedures. Should this project be approved, all operating rooms, recovery stations, and specialties offered will remain.

2. Who the operating entity will be.

The proposed operator will be Gold Coast Surgicenter, LLC.

3. The reason for the transaction.

The reason for Gold Coast Surgicenter, LLC to become the new owner/operator of the Subject Facility, Water Tower Surgicenter to be known as Gold Coast Surgicenter, is to bring in a new partner who can improve management and provide a capital infusion into the project.

4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.

The ongoing facility operation is appropriately staffed for the utilization level being maintained. However, it is the Applicant's intent to improve utilization to the State's optimal level of 80%. Therefore, as required by minimum standards and to ensure quality care, the staffing level of this facility will be increasing as appropriate and then it will be maintained along with the utilization. The existing and proposed staffing patterns are provided in the following chart.

**FULL TIME EMPLOYEES CHART**  
(40-Hours per Week)

<b>Personnel</b>	<b>Existing FTE's</b>	<b>Proposed FTE's</b>
Administrator	1	1
Registered Nurses	2	3
Certified Aids	2	2
Other Non-Health Care Professionals	7	7
<b>Total</b>	<b>12</b>	<b>13</b>

5. A cost-benefit analysis for the proposed transaction.

The immediate costs and benefits of this project are: the total project cost, i.e., actual dollars expended by this new Applicant to gain 50% interest in the Subject ASTC; and the benefits are the proposed increase in facility utilization which in turn optimizes facility efficiencies and care. However, a distinction can be made between project costs, project benefits and the following life-cycle costs and benefits. Specifically, this project provides an infusion of capital to a struggling existing valuable health care resource in the State overall Health Care System.

The Health Care Delivery System in Illinois has a facility hierarchy that starts with hospitals providing the most acute care and physicians' offices and clinics meeting the basic and everyday health care needs of the general population. Complicating this hierarchy of care is the fact that hospitals are a safety net provider that cannot turn away patients for care. As such, as it relates to a hospital's surgery department, outpatient surgical patients are integrated with more acute care and more complex surgical cases. This environment has the potential to expose healthy and less healthy patients which results in increased risk for spreading infections and less consistent use of staff per specialty. Additionally, the U.S. General Accounting Office (GAO) has recently concluded that the cost of performing a procedure in an ASTC is lower than the cost of providing the same procedure in a hospital outpatient department and, thus, lower payments are appropriate (GAO report: GAO-07-96. Washington DC: Government Accountability Office). Thus, the life-cycle or ongoing costs and benefits of proceeding

with this alternative, i.e., revitalization of an existing ASTC, are the cost savings for patients, third party payers, and ultimately the reduced Government reimbursements with the benefit of not having to spend capital on the development of a new ASTC nor the closure of the existing resource that could result in addition burden on area hospitals. Furthermore, according to MedPAC, ambulatory surgical treatment centers many times offer more convenient locations, shorter waiting times, and easier scheduling for patients than hospitals. Therefore, the benefits of this project far outweigh the cost or relative alternatives to this project.

B. Criterion 1110.240(c), Access

1. The current admission policies for the facilities involved in the proposed transaction.

Appended as **ATTACHMENT-18A**, is the admission (Scope of Care) policy for the existing Water Tower Surgicenter.

2. The proposed admission policies for the facilities.

Appended as **ATTACHMENT-18B**, is the admission (Scope of Care) policy for the proposed Gold Coast Surgicenter.

3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

Appended as **ATTACHMENT-18C** are two letters from both the existing facility and the proposed entity each stating that the admission policies of the Subject facility will not become more restrictive.

**C. Criterion 1110.240(d), Health Care System**

The rules associated with 1110.240(d) are as follows:

- “1) The applicant must document that:
- A) the applicant's care system will not restrict the use of other area care providers; or
  - B) the project improves access to services previously unavailable in the community because of the structure of the applicant's care system. “

It should be noted that this project is proposing the Change of Ownership that will result in 50% control changing hands of a ASTC. The ASTC is not part of any Health Care System. Under item 1110.240(c) above, the Applicant has documented that admissions policy and transfer agreements will not become more restrictive. The purpose of this project is to increase the utilization of the ASTC through the affiliation with Dr. Roberto Diaz through Gold Coast Surgicenter, LLC. This facility and its proposed Applicant has no input on the use of other area care providers. Therefore, item “A” above is not applicable. Item “B” above is not germane as this is an existing ongoing service and, again, the Applicant and the Subject ASTC is not part of a “Care System”.

**ATTACHMENT-18**

## WT SURGICENTER SCOPE OF CARE

Patients who are in good health and free of or at least have controlled systemic disease may be scheduled for surgery by one of our credentialed surgeons.

The surgeon or their office must provide a "Surgery Scheduling Request Form" to the scheduling staff. A call to the patient is used to confirm the data from this form including the procedure, date of surgery, and insurance/payment information.

The working day before the surgery (Friday when scheduled on a Monday) the patient is called by the scheduling staff. Confirmation of arrangement for transportation, how significant others will be helping, payment amount and terms, times to arrive and expected time of departure are discussed with the patient or the guardian. This patient information then becomes a part of records that are used to inform our transportation service, create a day of surgery schedule, and a patient chart record. A list of patients with each of their specific pre-op tests is also created to plan efficient movement of each patient through the pre-op process.

Each patient has forms typed, or computer-generated patient labels attached, with their information such as name, surgeon, procedure, date of service, to insure that the Pre-Op Checklist, Intra-Operative Record, Recovery Room Record, Anesthesia record, etc has all the patient's data.

The recovery room / pre-op staff will place a second call to the patient to do the pre-op teaching and instruction if they were unavailable at the time of the first call.

The day of surgery, the patient arrives at the Clinic about two hours before the surgery in order to have enough time to obtain all tests that have been ordered by the surgeon or anesthesiologist. When the medical record chart forms and test are all ready the recovery room / pre-op staff are notified and bring the patient to the pre-op changing area.

When the patient is changed he is moved to the pre-op area chair or to a recovery room cart to await surgery. Anesthesia or an RN will start an IV.

When the operating room, anesthesia and surgeon are ready, the patient walks to or is moved on a cart into the operating room. It is the practice of WT Surgicenter LLC operating room staff to ask for a "Time Out" so that the patient can identify himself and his surgery to everyone in the room. The Intra-Operative and Anesthesia records are used to document the patient care for this area.

At the completion of the surgery the anesthesia staff and operating staff moves the patient onto a cart and out to the recovery area. The recovery room and pre-op staff record the recovery process and document the discharge notes. The medical record of each patient may be audited each day by an RN.

The patient will be called by the recovery room/pre-op staff in the days after his procedure in order to ascertain how well the patient is doing.

ATTACHMENT-18A

## TRANSFER AGREEMENT

This Transfer Agreement ("Agreement") is entered into as of February 18, 2010 ("Effective Date") by and between Northwestern Memorial Hospital, an Illinois corporation ("Receiving Hospital") and Water Tower Surgicenter ("Transferring Facility"). The Receiving Hospital and Transferring Hospital may be referred to individually as a "Party" and collectively the "Parties".

### RECITALS

**WHEREAS**, Transferring Facility owns and operates a general acute care hospital;

**WHEREAS**, Transferring Facility receives, from time to time, patients with medical complications and injuries who are in need of treatment that may not be available at Transferring Facility, but are available at Receiving Hospital; and

**WHEREAS**, the Parties desire to establish a transfer arrangement to promote continuity of care and treatment appropriate to the needs of patients with general injuries.

**NOW, THEREFORE**, for and in consideration of the terms, conditions, covenants, agreements and obligations contained herein:

### SECTION 1 PATIENT TRANSFERS

- 1.1 **Acceptance of Patients.** Upon recommendation of an attending physician, and pursuant to the provisions of this Agreement, Receiving Hospital agrees to accept the transfer of patients with general injuries from Transferring Facility *provided that* customary admission requirements, applicable State and Federal laws and regulations are met, and Receiving Hospital has the capacity and ability to treat the patient, as determined in its sole discretion. A request for a patient transfer shall be made by Transferring Facility as soon as possible once the need for a transfer has been identified. After receiving a transfer request, Receiving Hospital shall exercise its reasonable best efforts to promptly communicate whether it has the capacity to accept the transfer. Receiving Hospital further agrees to exercise its reasonable best efforts to provide for the prompt admission of transferred patients.
- 1.2 **Appropriate Transfer.** It shall be Transferring Facility's responsibility, at no cost to Receiving Facility, to arrange for appropriate and safe transportation and care of the patient during such transport. The Transferring Facility shall assure that the transfer is an "appropriate transfer" as defined in the Emergency Medical Treatment and Active Labor Act ("EMTALA") and related regulations, and is carried out in accordance with any other applicable laws and regulations. The Transferring Facility shall provide all available information regarding the patient when requesting a transfer, and shall comply with

Section 2 below regarding the transmission of the patient's medical record to Receiving Hospital. Direct communication between the patient's attending physician from the Transferring Facility and an attending physician at the Receiving Hospital is required before Receiving Hospital will agree to accept the requested transfer.

- 1.3 **Standard of Performance.** Each Party shall, in performing its obligations under this Agreement, provide patient care services in accordance with the same standards as services provided under similar circumstances to all other patients of such Party, and as may be required by federal and state laws and Medicare/Medicaid certification standards. Each Party shall maintain all legally required certifications and licenses from all applicable governmental and accrediting bodies, and shall maintain full eligibility for participation in Medicare and Medicaid.
- 1.4 **Billing and Collections.** Each Party shall be entitled to bill patients and any third parties responsible for paying a patient's bill, for services rendered to patients by such Party and its employees, agents and representatives, and neither Party will have any liability to the other Party for such charges. Each Party shall be solely responsible for all matters pertaining to its billing and collection of such charges, including all forms, documentation, and insurance verification. The Parties shall reasonably cooperate with each other in the preparation and completion of all forms and documentation necessary for billing.

## SECTION 2 MEDICAL RECORDS

Subject to applicable confidentiality requirements, the Parties shall exchange all information which may be necessary or useful in the care and treatment of a transferred patient, or which may be relevant in determining whether such patient can be adequately cared for by the Receiving Hospital. All such information shall be provided by the Transferring Facility in advance, where possible, and in any event, no later than at the time of the transfer. The Transferring Facility shall send a copy of all patient medical records that are available at the time of transfer to the Receiving Hospital, including documentation pertaining to the transfer. Any other patient records shall be sent as soon as practicable after the transfer. Each Party shall and shall cause its employees and agents to protect the confidentiality of all patient health information, and comply with all applicable state and federal laws and regulations protecting the confidentiality of patients' records, including the privacy and security regulations related to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

## SECTION 3 TERMS AND TERMINATION

- 3.1 **Term.** This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated as provided herein.
- 3.2 **Termination.** This Agreement may be terminated as follows:

- (a) **Termination by Mutual Consent.** The Parties may terminate this Agreement at any time by mutual written consent, and such termination shall be effective upon the date stated in the consent.
- (b) **Termination without Cause.** Either Party may terminate this Agreement, without cause, upon thirty (30) days prior written notice to the other Party.
- (c) **Termination for Cause.** A party shall have the right to immediately terminate this Agreement for cause upon the happening of any of the following:
  - (i) If such Party determines that the continuation of this Agreement would endanger patient care.
  - (ii) Violation by the other Party of any material provision of this Agreement, which violation continues for a period of fifteen (15) days after receipt of written notice by the other Party specifying the violation and failure by the other Party to cure.
  - (iii) Exclusion of the other Party from participation in the Medicare or Medicaid programs or conviction of the other Party of a felony related to the provision of health care services.
  - (iv) Except with respect to a change from one accrediting organization to another, the other Party's loss or suspension of any certification, license, accreditation (including Health Facilities Accreditation Program ("HFAP") or Joint Commission on Accreditation of Healthcare Organizations ("Joint Commission") or other applicable accreditation), or other approval necessary to render acute patient care services.

#### SECTION 4 NON-EXCLUSIVE RELATIONSHIP

This Agreement shall be non-exclusive. Either Party shall be free to enter into similar arrangements at any time with other hospitals, or health care entities on either a limited or general basis while this Agreement is in effect. Neither Party shall use the other Party's name or marks in any promotional or advertising material without first obtaining the written consent of the other Party.

#### SECTION 5 LICENSURE AND INSURANCE

- 5.1 **Licenses, Permits and Certification.** Each party represents to the Other Party that it and all of its employees, agents and representatives possess and shall maintain all required licenses, permits and certifications enabling such Party to provide the services referenced in this Agreement.



- 5.2 **Notification of Claims.** Each Party shall notify the other Party in writing of any action or suit filed, and shall give prompt notice of any claim made, against the Party by any person or entity that may result in litigation related to the subject of this Agreement.

## SECTION 6 COMPLIANCE

- 6.1 **Compliance.** At all times, both Parties shall comply with all federal, state and local laws, rules and regulations now in effect or later adopted relating to the services to be provided hereunder. Each Party shall promptly notify the other Party if it receives notice of any actual or alleged infraction or violation of the same, or notice of any suit or action filed or claim made against a Party related to this Agreement.
- 6.2 **Mutual Representations and Warranties.** As of the date hereof and throughout the term of this Agreement, each Party represents and warrants to the other Party that it: (a) is licensed to operate a general acute care hospital in Illinois; (b) is participating provider in all federally funded health care programs, including Medicare and Medicaid; and (c) is accredited by the HFAP or Joint Commission. A Party shall promptly notify the other Party if it is no longer able to support any of the above representations and warranties.

## SECTION 7 MISCELLANEOUS

- 7.1 **Non-Referral of Patients.** Neither Party is under any obligation to refer or transfer patients to the other Party. Neither Party will receive any payment for any patients referred or transferred to the other Party. A Party may refer or transfer patients to any facility based on the professional judgment of the treating physician(s) and the individual needs and wishes of the patient.
- 7.2 **Relationship of the Parties.** The Parties expressly acknowledge that, in performing their respective obligations under this Agreement, each is acting independently. The Parties are not, and shall not be considered to be, joint venturers or partners, and nothing herein shall be construed to authorize either Party to act as an agent for the other. Neither Party, by virtue of this Agreement, assumes any liability for any debts or obligations of either a financial or legal nature incurred by the other Party.
- 7.3 **Notices.** Any notice required to be given under this Agreement shall be in writing and shall be deemed given when personally delivered or sent by prepaid United States certified mail, return receipt requested, or by trackable one or two-day courier services or

To Receiving Hospital:      Northwestern Memorial Hospital  
251 E. Huron  
Chicago, IL 60611  
Attention: Chief Executive Officer

With a copy to:

Northwestern Memorial Hospital  
240 E. Ontario Street, Suite 500  
Chicago, IL 60611  
Attention: Office of General Counsel

To Transferring Facility:

Water Tower Surgicenter  
845 N. Michigan Avenue  
Chicago, IL 60611  
Attention: Paul Madison

or to such other address of which the receiving Party has given notice pursuant to this Section. All notices shall be considered given and received on the date actually received if given by personal delivery, or traceable courier service, or on the date shown as received on a fax confirmation sheet (unless such date is not a business day, in which case the notice shall be deemed given on the next business day) if given by facsimile.

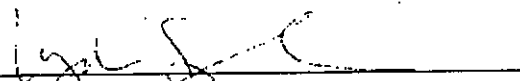
- 7.4 **Assignment**. Neither Party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other, except that either Party may assign all or part of its rights and delegate all or part of its obligations under this Agreement to any entity controlled by or under common control with such Party, or a successor in interest to substantially all of the assets of such Party.
- 7.5 **Entire Agreement; Amendment**. This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof and may not be amended or modified except in a writing signed by both Parties. All continuing covenants, duties, and obligations contained herein shall survive the expiration or termination of this Agreement.
- 7.6 **Governing Law**. This Agreement shall be governed by and construed according to the laws of the State of Illinois without regard to the conflict of laws provisions thereunder.
- 7.7 **Headings**. The headings of sections contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.
- 7.8 **Non-discrimination**. Neither Party shall discriminate against any individuals on the basis of race, color, sex, age, religion, national origin, or disability while acting pursuant to this Agreement.
- 7.9 **Severability**. If any provision of this Agreement, or the application thereof to any person or circumstance, shall be held to be invalid, illegal or unenforceable in any respect by any court or other entity having the authority to do so, the remainder of this Agreement, or the application of such affected provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall be in no way affected, prejudiced or disturbed, and each provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

- 7.10 **Successors and Assigns.** This Agreement shall be binding upon, and shall inure to the benefit of the Parties hereto, their respective successors and permitted assigns.
- 7.11 **Waiver.** No failure by a Party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, agreement, term or condition. Any Party may waive compliance by the other Party with any of the provisions of this Agreement if done so in writing. No waiver of any provision shall be construed as a waiver of any other provision or any subsequent waiver of the same provision.
- 7.12 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

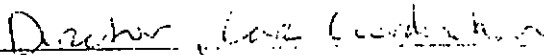
**IN WITNESS WHEREOF**, the Parties have executed this Agreement through their respective authorized officers, effective as of the day and year first written above.

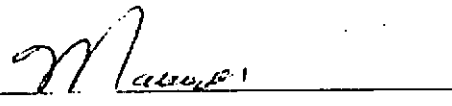
**Northwestern Memorial Hospital**

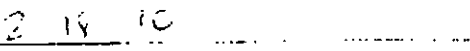
**Water Tower Surgicenter**

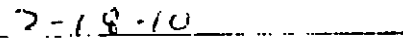
  
Signature

  
Signature

  
Title

  
Title

  
Date

  
Date

## GOLD COAST SURGICAL CENTER SCOPE OF CARE

Patients who are in good health and free of or at least have controlled systemic disease may be scheduled for surgery by one of our credentialed surgeons.

The surgeon or their office must provide a "Surgery Scheduling Request Form" to the scheduling staff. A call to the patient is used to confirm the data from this form including the procedure, date of surgery, and insurance/payment information.

The working day before the surgery (Friday when scheduled on a Monday) the patient is called by the scheduling staff. Confirmation of arrangement for transportation, how significant others will be helping, payment amount and terms, times to arrive and expected time of departure are discussed with the patient or the guardian. This patient information then becomes a part of records that are used to inform our transportation service, create a day of surgery schedule, and a patient chart record. A list of patients with each of their specific pre-op tests is also created to plan efficient movement of each patient through the pre-op process.

Each patient has forms typed, or computer-generated patient labels attached, with their information such as name, surgeon, procedure, date of service, to insure that the Pre-Op Checklist, Intra-Operative Record, Recovery Room Record, Anesthesia record, etc has all the patient's data.

The recovery room / pre-op staff will place a second call to the patient to do the pre-op teaching and instruction if they were unavailable at the time of the first call.

The day of surgery, the patient arrives at the Clinic about two hours before the surgery in order to have enough time to obtain all tests that have been ordered by the surgeon or anesthesiologist. When the medical record chart forms and test are all ready the recovery room / pre-op staff are notified and bring the patient to the pre-op changing area.

When the patient is changed he is moved to the pre-op area chair or to a recovery room cart to await surgery. Anesthesia or an RN will start an IV.

When the operating room, anesthesia and surgeon are ready, the patient walks to or is moved on a cart into the operating room. It is the practice of operating room staff to ask for a "Time Out" so that the patient can identify himself and his surgery to everyone in the room. The Intra-Operative and Anesthesia records are used to document the patient care for this area.

At the completion of the surgery the anesthesia staff and operating staff moves the patient onto a cart and out to the recovery area. The recovery room and pre-op staff record the recovery process and document the discharge notes. An RN may audit the medical record of each patient each day.

The recovery room/pre-op staff will call the patient in the days after his procedure in order to ascertain how well the patient is doing.

## TRANSFER AGREEMENT

This Transfer Agreement ("Agreement") is entered into as of February 18, 2010 ("Effective Date") by and between Northwestern Memorial Hospital, an Illinois corporation ("Receiving Hospital") and Gold Coast Surgicenter ("Transferring Facility"). The Receiving Hospital and Transferring Hospital may be referred to individually as a "Party" and collectively the "Parties".

### RECITALS

**WHEREAS**, Transferring Facility owns and operates a general acute care hospital;

**WHEREAS**, Transferring Facility receives, from time to time, patients with general injuries who are in need of treatment that may not be available at Transferring Facility, but are available at Receiving Hospital; and

**WHEREAS**, the Parties desire to establish a transfer arrangement to promote continuity of care and treatment appropriate to the needs of patients with general injuries.

**NOW, THEREFORE**, for and in consideration of the terms, conditions, covenants, agreements and obligations contained herein:

### SECTION 1 PATIENT TRANSFERS

- 1.1 **Acceptance of Patients.** Upon recommendation of an attending physician, and pursuant to the provisions of this Agreement, Receiving Hospital agrees to accept the transfer of patients with general injuries from Transferring Facility *provided that* customary admission requirements, applicable State and Federal laws and regulations are met, and Receiving Hospital has the capacity and ability to treat the patient, as determined in its sole discretion. A request for a patient transfer shall be made by Transferring Facility as soon as possible once the need for a transfer has been identified. After receiving a transfer request, Receiving Hospital shall exercise its reasonable best efforts to promptly communicate whether it has the capacity to accept the transfer. Receiving Hospital further agrees to exercise its reasonable best efforts to provide for the prompt admission of transferred patients.
- 1.2 **Appropriate Transfer.** It shall be Transferring Facility's responsibility, at no cost to Receiving Facility, to arrange for appropriate and safe transportation and care of the patient during such transport. The Transferring Facility shall assure that the transfer is an "appropriate transfer" as defined in the Emergency Medical Treatment and Active Labor Act ("EMTALA") and related regulations, and is carried out in accordance with any other applicable laws and regulations. The Transferring Facility shall provide all available information regarding the patient when requesting a transfer, and shall comply with

Section 2 below regarding the transmission of the patient's medical record to Receiving Hospital. Direct communication between the patient's attending physician from the Transferring Facility and an attending physician at the Receiving Hospital is required before Receiving Hospital will agree to accept the requested transfer.

- 1.3 **Standard of Performance.** Each Party shall, in performing its obligations under this Agreement, provide patient care services in accordance with the same standards as services provided under similar circumstances to all other patients of such Party, and as may be required by federal and state laws and Medicare/Medicaid certification standards. Each Party shall maintain all legally required certifications and licenses from all applicable governmental and accrediting bodies, and shall maintain full eligibility for participation in Medicare and Medicaid.
- 1.4 **Billing and Collections.** Each Party shall be entitled to bill patients and any third parties responsible for paying a patient's bill, for services rendered to patients by such Party and its employees, agents and representatives, and neither Party will have any liability to the other Party for such charges. Each Party shall be solely responsible for all matters pertaining to its billing and collection of such charges, including all forms, documentation, and insurance verification. The Parties shall reasonably cooperate with each other in the preparation and completion of all forms and documentation necessary for billing.

## SECTION 2 MEDICAL RECORDS

Subject to applicable confidentiality requirements, the Parties shall exchange all information which may be necessary or useful in the care and treatment of a transferred patient, or which may be relevant in determining whether such patient can be adequately cared for by the Receiving Hospital. All such information shall be provided by the Transferring Facility in advance, where possible, and in any event, no later than at the time of the transfer. The Transferring Facility shall send a copy of all patient medical records that are available at the time of transfer to the Receiving Hospital, including documentation pertaining to the transfer. Any other patient records shall be sent as soon as practicable after the transfer. Each Party shall and shall cause its employees and agents to protect the confidentiality of all patient health information, and comply with all applicable state and federal laws and regulations protecting the confidentiality of patients' records, including the privacy and security regulations related to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

## SECTION 3 TERMS AND TERMINATION

- 3.1 **Term.** This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated as provided herein.
- 3.2 **Termination.** This Agreement may be terminated as follows:

- (a) **Termination by Mutual Consent.** The Parties may terminate this Agreement at any time by mutual written consent, and such termination shall be effective upon the date stated in the consent.
- (b) **Termination without Cause.** Either Party may terminate this Agreement, without cause, upon thirty (30) days prior written notice to the other Party.
- (c) **Termination for Cause.** A party shall have the right to immediately terminate this Agreement for cause upon the happening of any of the following:
  - (i) If such Party determines that the continuation of this Agreement would endanger patient care.
  - (ii) Violation by the other Party of any material provision of this Agreement, which violation continues for a period of fifteen (15) days after receipt of written notice by the other Party specifying the violation and failure by the other Party to cure.
  - (iii) Exclusion of the other Party from participation in the Medicare or Medicaid programs or conviction of the other Party of a felony related to the provision of health care services.
  - (iv) Except with respect to a change from one accrediting organization to another, the other Party's loss or suspension of any certification, license, accreditation (including Health Facilities Accreditation Program ("HIFAP") or Joint Commission on Accreditation of Healthcare Organizations ("Joint Commission") or other applicable accreditation), or other approval necessary to render acute patient care services.

#### SECTION 4 NON-EXCLUSIVE RELATIONSHIP

This Agreement shall be non-exclusive. Either Party shall be free to enter into similar arrangements at any time with other hospitals, or health care entities on either a limited or general basis while this Agreement is in effect. Neither Party shall use the other Party's name or marks in any promotional or advertising material without first obtaining the written consent of the other Party.

#### SECTION 5 LICENSURE AND INSURANCE

- 5.1 **Licenses, Permits and Certification.** each party represents to the Other Party that it and all of its employees, agents and representatives possess and shall maintain all required licenses, permits and certifications enabling such Party to provide the services referenced in this Agreement.

- 5.2 **Notification of Claims.** Each Party shall notify the other Party in writing of any action or suit filed, and shall give prompt notice of any claim made, against the Party by any person or entity that may result in litigation related to the subject of this Agreement.

## SECTION 6 COMPLIANCE

- 6.1 **Compliance.** At all times, both Parties shall comply with all federal, state and local laws, rules and regulations now in effect or later adopted relating to the services to be provided hereunder. Each Party shall promptly notify the other Party if it receives notice of any actual or alleged infraction or violation of the same, or notice of any suit or action filed or claim made against a Party related to this Agreement.
- 6.2 **Mutual Representations and Warranties.** As of the date hereof and throughout the term of this Agreement, each Party represents and warrants to the other Party that it: (a) is licensed to operate a general acute care hospital in Illinois; (b) is participating provider in all federally funded health care programs, including Medicare and Medicaid; and (c) is accredited by the HFAP or Joint Commission. A Party shall promptly notify the other Party if it is no longer able to support any of the above representations and warranties.

## SECTION 7 MISCELLANEOUS

- 7.1 **Non-Referral of Patients.** Neither Party is under any obligation to refer or transfer patients to the other Party. Neither Party will receive any payment for any patients referred or transferred to the other Party. A Party may refer or transfer patients to any facility based on the professional judgment of the treating physician(s) and the individual needs and wishes of the patient.
- 7.2 **Relationship of the Parties.** The Parties expressly acknowledge that, in performing their respective obligations under this Agreement, each is acting independently. The Parties are not, and shall not be considered to be, joint venturers or partners, and nothing herein shall be construed to authorize either Party to act as an agent for the other. Neither Party, by virtue of this Agreement, assumes any liability for any debts or obligations of either a financial or legal nature incurred by the other Party.
- 7.3 **Notices.** Any notice required to be given under this Agreement shall be in writing and shall be deemed given when personally delivered or sent by prepaid United States certified mail, return receipt requested, or by traceable one or two-day courier services or confirmed facsimile to each Party as follows:

To Receiving Hospital:                      Northwestern Memorial Hospital  
251 E. Huron  
Chicago, IL 60611  
Attention: Chief Executive Officer



With a copy to: Northwestern Memorial Hospital  
240 E. Ontario Street, Suite 500  
Chicago, IL 60611  
Attention: Office of General Counsel

To Transferring Facility: Gold Coast Surgicenter  
845 N. Michigan Avenue  
Chicago, IL 60611  
Attention: Roberto Diaz

or to such other address of which the receiving Party has given notice pursuant to this Section. All notices shall be considered given and received on the date actually received if given by personal delivery, or traceable courier service, or on the date shown as received on a fax confirmation sheet (unless such date is not a business day, in which case the notice shall be deemed given on the next business day) if given by facsimile.

- 7.4 **Assignment.** Neither Party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other, except that either Party may assign all or part of its rights and delegate all or part of its obligations under this Agreement to any entity controlled by or under common control with such Party, or a successor in interest to substantially all of the assets of such Party.
- 7.5 **Entire Agreement; Amendment.** This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof and may not be amended or modified except in a writing signed by both Parties. All continuing covenants, duties, and obligations contained herein shall survive the expiration or termination of this Agreement.
- 7.6 **Governing Law.** This Agreement shall be governed by and construed according to the laws of the State of Illinois without regard to the conflict of laws provisions thereunder.
- 7.7 **Headings.** The headings of sections contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.
- 7.8 **Non-discrimination.** Neither Party shall discriminate against any individuals on the basis of race, color, sex, age, religion, national origin, or disability while acting pursuant to this Agreement.
- 7.9 **Severability.** If any provision of this Agreement, or the application thereof to any person or circumstance, shall be held to be invalid, illegal or unenforceable in any respect by any court or other entity having the authority to do so, the remainder of this Agreement, or the application of such affected provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall be in no way affected, prejudiced or disturbed, and each provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

7.10 **Successors and Assigns.** This Agreement shall be binding upon, and shall inure to the benefit of the Parties hereto, their respective successors and permitted assigns.

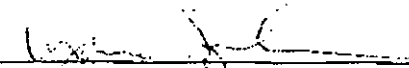
7.11 **Waiver.** No failure by a Party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, agreement, term or condition. Any Party may waive compliance by the other Party with any of the provisions of this Agreement if done so in writing. No waiver of any provision shall be construed as a waiver of any other provision or any subsequent waiver of the same provision.

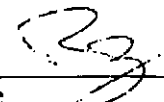
7.12 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement through their respective authorized officers, effective as of the day and year first written above.

**Northwestern Memorial Hospital**

**Gold Coast Surgicenter**

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

Director - Case Management  
\_\_\_\_\_  
Title

President + CEO  
\_\_\_\_\_  
Title

2/18/10  
\_\_\_\_\_  
Date

2/17/10  
\_\_\_\_\_  
Date

**Water Tower Surgicenter**  
845 N. Michigan Ave  
Suite 985W  
Chicago, IL 60611

February 16, 2010

Re; Admissions Policy

To whom it may concern,

Please note that the Admissions policies of the Water Tower Surgicenter will not become more restrictive in the future. Our Admissions policy will remain the same.

Sincerely,



Paul C. Madison M.D.  
President / CEO  
Water Tower Surgicenter

ATTACHMENT-18C

**Gold Coast Surgicenter**  
845 N. Michigan Ave  
Suite 985W  
Chicago, IL 60611


February 16, 2010

Re: Admissions Policy

To whom it may concern,

Please note that the Admissions policies of the Water Tower Surgicenter will not become more restrictive in the future. Our Admissions policy will remain the same.

Sincerely,



Roberto Diaz M.D.  
President / CEO  
Gold Coast Surgicenter

Section T. Financial Feasibility

W.T.Surgicenter, LLC.  
Balance Sheet  
December 31, 2006

ASSETS

Current Assets			
Petty Cash	\$	550.00	
Cash Operating-Bridgeview Bank		10,531.08	] 10
Cash Operating-Delaware Place		15,982.88	
Cash Payroll-Delaware Place Ba		(4,231.06)	
Money Market-Delaware Place Ba		628.18	
Bank of America -M.M.		50,701.42	
Cash -Bank -Anesthesia		(20,067.55)	
Bank of America -Anesth.		2,008.83	
Accts Receivable-Patients		16,348,813.15	
Alow.for Bad/Debts -Reg.		(4,414,179.55)	
Prepaid Insurance		67,309.34	
Prepaid Maintenance Agreements		2,425.23	
Prepaid Expenses Others		99,939.26	
Employees Advances		5,466.57	
Other Receivables-Non Patients		320,443.32	
Security Deposits		8,425.00	
<b>Total Current Assets</b>			<b>-12,494,746.10 4,929,583.56  </b>
Property and Equipment			
Medical Equipments		1,477,197.60	
Furnitures & Fixtures		88,619.96	
E.D.P. Equipments		109,045.33	
Limo		243,569.38	
System Software		71,176.35	
Accum.Depre.-Medical Equipment		(1,425,953.67)	
Accum.Dcpre.-Furnitures & Fixt		(84,692.00)	
Accum.Dpre-E.D.P. Equipments		(94,619.62)	
Accum.Depre.-Limo		(122,117.00)	
Accum.Dcpre-System Software		(71,176.35)	
Leasehold Improvements		275,383.82	
Accum.Amortz.Leasehold Improve		(234,878.00)	
Construction In- Progress		526,482.20	
<b>Total Property and Equipment</b>			<b>758,038.00</b>
Other Assets			
Inter-Co Account-Dental		86,547.47	
Organizational Start-Up Cost		2,417,023.54	
Accum.Amortz.-Organizational		(2,293,770.54)	
<b>Total Other Assets</b>			<b>209,800.47</b>
<b>Total Assets</b>	\$		<b><u><u>5,897,422.03</u></u></b>

LIABILITIES AND CAPITAL

Current Liabilities		
Accts Payables-Dental Center	\$	1,303.84
Accounts Payables- WTS		1,556,810.55
Account Payable -Others-Bank 1		9,000.00
Due To / From.- Anesthesia		57,306.58
Due To/From Anesthesia-Others		8,389.56
Accrued Management Fees		20,000.00
Accrued Salaries		30,361.69
State Income Tax Payable		(276.27)
Fed.Income Tax Payable		144,045.26

ATTACHMENT-75A

W.T.Surgicenter, LLC.  
Balance Sheet  
December 31, 2006

F.I.C.A.-Employee's Tax Payabl	87,909.57		
F.I.C.A.-Employer's Tax Payabl	41,617.74		
Accrued State Unemployment Tax	24,323.21		
Accrued Fed. Unemployment Tax	3,785.54		
Due To/From Dr. P.Madison	116,692.71		
Due To/From AFLAC	(53.60)		
AFLAC-Taxable	13.71		
Accrued Expenses	456,015.04		
Accrued Vacation	53,238.25		
Accrued Interest Payable	2,253.17		
	<hr/>		
Total Current Liabilities		2,612,736.55	2
Long-Term Liabilities			
Note Payable -Central Lea	25,155.03		
Note Payable-Citi Corp Finance	2,167,264.38		
Notes Payable Bank One	25,428.68		
Cap-Leased-Minolta	2,614.79		
Leases - RPS Imaging System	27,091.34		
Leases - Rcf.Equip- Huntington	327,541.06		
DUE TO/FROM CONTRIBUTORS	25,000.00		
Other Liabilities	69,026.74		
	<hr/>		
Total Long-Term Liabilities		2,669,122.02	5/9
Total Liabilities		5,281,858.57	
Capital			
Members Equity	478,202.74		
Paid-In Capital	56,680.28		
Earning Distribution	(200,000.00)		
Treasury Stock	(221,000.00)		
Net Income	501,680.41	8,066,842.98	
		<hr/>	
Total Capital		-8,180,726.00	615,563.46 6
Total Liabilities & Capital		<u>\$ 13,462,584.57</u>	5,897,422.03

W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2006

	Current Month		Year to Date	
Revenues				
Income	\$ 0.00	0.00	\$ 0.00	0.00
Revenue-Facilities	11,050,841.95	99.46	11,050,841.95	99.46
Revenue-Anesthesia	41,206.13	0.37	41,206.13	0.37
Revenuc--LAB/X RAY	0.00	0.00	0.00	0.00
Revenue- Prof.Fees	15,085.00	0.14	15,085.00	0.14
Revenue-Sclero	0.00	0.00	0.00	0.00
Surgeon's-Portion	0.00	0.00	0.00	0.00
Contractual Allowances	0.00	0.00	0.00	0.00
Bad Debts-Surgeon	0.00	0.00	0.00	0.00
Bad Debts-Sclero	0.00	0.00	0.00	0.00
Finance Charge Income	0.00	0.00	0.00	0.00
Shipping Charges Reimbursed	0.00	0.00	0.00	0.00
Other Income - A/P Adjustments	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00
Medical Records Fee	1,256.32	0.01	1,256.32	0.01
Int. Inc./LossMutual Fund	0.00	0.00	0.00	0.00
Interest income	2,314.35	0.02	2,314.35	0.02
Inc./Loss-Fund Value	0.00	0.00	0.00	0.00
Telephone Commission	0.00	0.00	0.00	0.00
Purchased Discount	0.00	0.00	0.00	0.00
None Patient Services	0.00	0.00	0.00	0.00
Bad Debts Recoveries	0.00	0.00	0.00	0.00
Rental Income	0.00	0.00	0.00	0.00
Gain on Sale of Assets	0.00	0.00	0.00	0.00
	<hr/>		<hr/>	
Total Revenues	11,110,703.75	100.00	11,110,703.75	100.00
	<hr/>		<hr/>	
Cost of Sales				
Salaries-Physician	538.40	0.00	538.40	0.00
Salaries-Nursing	501,954.52	4.52	501,954.52	4.52
Salaries-Clinic	88,022.44	0.79	88,022.44	0.79
Salaries-Dental	0.00	0.00	0.00	0.00
Salaries-Laboratories	71,533.50	0.64	71,533.50	0.64
Salaries-Patient Services	293,331.90	2.64	293,331.90	2.64
Salaries-Housekeeping	51,300.34	0.46	51,300.34	0.46
Salaries - Marketing	54,052.88	0.49	54,052.88	0.49
Salaries-Physician Recruiters	34,615.32	0.31	34,615.32	0.31
Salaries- Transportation	157,606.54	1.42	157,606.54	1.42
Payroll Taxes-Heading	0.00	0.00	0.00	0.00
State Unemployment tax	45,196.40	0.41	45,196.40	0.41
Federal Unemployment Tax	2,908.88	0.03	2,908.88	0.03
F.I.C.A.- Taxes	114,738.92	1.03	114,738.92	1.03
Fringe Benefits	0.00	0.00	0.00	0.00
Vacation Benefits	0.00	0.00	0.00	0.00
Outside Service - Anesthesia	0.00	0.00	0.00	0.00
Medical Supplies-Heading	0.00	0.00	0.00	0.00
Medical and Surgical Supplies	585,262.84	5.27	585,262.84	5.27
Anesthesia Supplies/Drugs	45,356.19	0.41	45,356.19	0.41
Drugs	39,293.78	0.35	39,293.78	0.35
Oxygen Supplies	16,030.40	0.14	16,030.40	0.14
Laboratories Supplies	10,187.56	0.09	10,187.56	0.09
Radiology Supplies	4,428.82	0.04	4,428.82	0.04
Linens/Uniforms	20,573.12	0.19	20,573.12	0.19
Medical Disposal	6,374.33	0.06	6,374.33	0.06
Outside Services-Medical	19,007.54	0.17	19,007.54	0.17
Consulting Fees	92,084.15	0.83	92,084.15	0.83
Physician Fees	118,715.39	1.07	118,715.39	1.07
Purchased Service-Nursing	825.00	0.01	825.00	0.01

For Management Purposes Only

Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2006

	Current Month		Year to Date	
Purchased Service Laboratoiri	4,918.95	0.04	4,918.95	0.04
Purchased Service Radiologist	0.00	0.00	0.00	0.00
Purchased Service-Others	0.00	0.00	0.00	0.00
MUA Assistant	0.00	0.00	0.00	0.00
<b>Total Cost of Sales</b>	<b>2,378,858.11</b>	<b>21.41</b>	<b>2,378,858.11</b>	<b>21.41</b>
<b>Gross Profit</b>	<b>8,731,845.64</b>	<b>78.59</b>	<b>8,731,845.64</b>	<b>78.59</b>
<b>Expenses</b>				
Estimated Bad-Debts-Facilities	(2,355,849.46)	(21.20)	(2,355,849.46)	(21.20)
Estimated Bad Debts-Anesthesia	0.00	0.00	0.00	0.00
Bad Debts-LAB/ XRAY	0.00	0.00	0.00	0.00
Bad Debts - Others	225,079.00	2.03	225,079.00	2.03
Expenses	0.00	0.00	0.00	0.00
Salaries-Administration	193,407.34	1.74	193,407.34	1.74
Salaries-Finance	67,750.00	0.61	67,750.00	0.61
Other Employee Expenses	45,833.32	0.41	45,833.32	0.41
FICA TAXES - ADMINISTRATION	0.00	0.00	0.00	0.00
Adm. Gen. Expense-Heading	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Janitorial Supplies	369.11	0.00	369.11	0.00
Repair and Maint. -Facilities	19,874.88	0.18	19,874.88	0.18
Repair and Maint.-Equipments	10,131.19	0.09	10,131.19	0.09
Repair and Maint.-Limo	18,579.67	0.17	18,579.67	0.17
License Limo	0.00	0.00	0.00	0.00
Gas and Toll Limo	31,604.56	0.28	31,604.56	0.28
Travel-Local	805.36	0.01	805.36	0.01
Travel-Out of Town	0.00	0.00	0.00	0.00
Travel Air-Fare	0.00	0.00	0.00	0.00
Parking-Employees	94,265.60	0.85	94,265.60	0.85
Parking-Physician	0.00	0.00	0.00	0.00
Parking-Patients	0.00	0.00	0.00	0.00
Patient Transportation	3,383.99	0.03	3,383.99	0.03
Electricity	0.00	0.00	0.00	0.00
Space Rental	1,087,497.33	9.79	1,087,497.33	9.79
Equipment Rental	(24,294.50)	(0.22)	(24,294.50)	(0.22)
Limo Rental	1,589.24	0.01	1,589.24	0.01
License and Pennitt	9,037.92	0.08	9,037.92	0.08
Office Expenses	15,660.56	0.14	15,660.56	0.14
Office Supplies	20,382.27	0.18	20,382.27	0.18
Miscellaneous Expenses	0.00	0.00	0.00	0.00
Small Tools	516.85	0.00	516.85	0.00
Printing	0.00	0.00	0.00	0.00
Software System Tech.Support S	13,749.06	0.12	13,749.06	0.12
Computer Hardware Support Serv	24,666.58	0.22	24,666.58	0.22
Telephone	27,278.40	0.25	27,278.40	0.25
Management Fee	98,000.00	0.88	98,000.00	0.88
Delivery and Messenger	5,216.70	0.05	5,216.70	0.05
Postage	10,413.15	0.09	10,413.15	0.09
Duplicating	0.00	0.00	0.00	0.00
Dues and Subscription	792.00	0.01	792.00	0.01
Seminars and Convention	145.00	0.00	145.00	0.00
Physician Recruitment	0.00	0.00	0.00	0.00
Employee Recruitment	389.00	0.00	389.00	0.00
Purchased Service Administrati	6,595.87	0.06	6,595.87	0.06
Temporary Service	3,344.00	0.03	3,344.00	0.03
Outside Services-Non Medical	24,498.58	0.22	24,498.58	0.22
Answering Service	544.94	0.00	544.94	0.00
Board Fee	0.00	0.00	0.00	0.00

For Management Purposes Only



W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2006

	Current Month		Year to Date	
Committee Fee	0.00	0.00	0.00	0.00
Board and Comm. Meeting Exp.	0.00	0.00	0.00	0.00
Business Entertainments	0.00	0.00	0.00	0.00
Organization Start -Up Cost	0.00	0.00	0.00	0.00
Outside Services-Billing/Coll.	13,796.91	0.12	13,796.91	0.12
Collection Agency Fee	1,938.49	0.02	1,938.49	0.02
Legal Administrative Fee	0.00	0.00	0.00	0.00
Legal Fee	77,220.43	0.70	77,220.43	0.70
Dividend Expense	3,583.37	0.03	3,583.37	0.03
WTS Buy Out Interest	0.00	0.00	0.00	0.00
Charitable- Donation	5,295.23	0.05	5,295.23	0.05
Contribution - Political	0.00	0.00	0.00	0.00
Sales Taxes	26,778.74	0.24	26,778.74	0.24
Misc. Taxes	417.73	0.00	417.73	0.00
Penalty and Late Charges	40,270.83	0.36	40,270.83	0.36
Freight Charges	0.00	0.00	0.00	0.00
Special Events Expenses	9,914.84	0.09	9,914.84	0.09
Bank Charges	13,801.19	0.12	13,801.19	0.12
Adm.Fee-Anesthesia	0.00	0.00	0.00	0.00
Other Operating Expenses	23,665.25	0.21	23,665.25	0.21
Medical Director Fee	10,000.00	0.09	10,000.00	0.09
Accountant's Fees	11,325.00	0.10	11,325.00	0.10
Advertising-Heading	0.00	0.00	0.00	0.00
Advertising Print	48,437.46	0.44	48,437.46	0.44
Advertising Radio	82,404.00	0.74	82,404.00	0.74
Advertising-TV	0.00	0.00	0.00	0.00
Advertising Subscription	2,100.00	0.02	2,100.00	0.02
Advertising Others	8,112.32	0.07	8,112.32	0.07
Marketing-Heading	0.00	0.00	0.00	0.00
Marketing Fees	8,901.28	0.08	8,901.28	0.08
Marketing Commission	0.00	0.00	0.00	0.00
Marketing Expenses	6,610.08	0.06	6,610.08	0.06
Marketing Conference	400.00	0.00	400.00	0.00
Marketing Promotion	30,908.65	0.28	30,908.65	0.28
Marketing-Dr's Meetings	0.00	0.00	0.00	0.00
Insurance-Adm. Fees	533.00	0.00	533.00	0.00
Insurance-Group Life/Health In	138,206.22	1.24	138,206.22	1.24
HEALTH INS.DEDUCTIBLES-REF.	25,644.52	0.23	25,644.52	0.23
Insurance-Workman Compensatio	16,618.68	0.15	16,618.68	0.15
Insurance-Prof.Liability-B/D	10,862.00	0.10	10,862.00	0.10
Insurance-Limo	14,458.33	0.13	14,458.33	0.13
Insurance-Bldg.and Gen.Liabilit	17,148.00	0.15	17,148.00	0.15
Insurance-Mal-Practice	121,469.46	1.09	121,469.46	1.09
Insurance - Life Officers	91,045.40	0.82	91,045.40	0.82
Finance Charges-Heading	0.00	0.00	0.00	0.00
Fin Charges-Loan-CITI CORP.FIN	201,511.02	1.81	201,511.02	1.81
Finance Charge-Capital Leased	18,615.17	0.17	18,615.17	0.17
Finance Charge - LaSalle	0.00	0.00	0.00	0.00
Fin.Charges- Loan - HUNTINGTON	57,154.32	0.51	57,154.32	0.51
Finance Charges	0.00	0.00	0.00	0.00
Finance Charges - Novo Lease	0.00	0.00	0.00	0.00
Finance Charges-A/R	0.00	0.00	0.00	0.00
Depreciation & Amortz. - Head	0.00	0.00	0.00	0.00
Depreciation Medical Equipment	(23,619.26)	(0.21)	(23,619.26)	(0.21)
Depreciation Furniture/Fixture	1,269.70	0.01	1,269.70	0.01
Depreciation E.D.P.	1,836.00	0.02	1,836.00	0.02
Depreciation Limo	14,602.92	0.13	14,602.92	0.13
Amortz.-Lease Hold Improv.	39,816.00	0.36	39,816.00	0.36
Amortization Goodwill	0.00	0.00	0.00	0.00
Amortization Org. Start-Up Cos	(155,735.34)	(1.40)	(155,735.34)	(1.40)

For Management Purposes Only

W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2006

	Current Month		Year to Date	
Depreciation System Software	(33,572.79)	(0.30)	(33,572.79)	(0.30)
Utilities	0.00	0.00	0.00	0.00
Wages Expense	0.00	0.00	0.00	0.00
Other Expenses-Heading	0.00	0.00	0.00	0.00
Interest Expenses - Others	0.00	0.00	0.00	0.00
Loan Fees	0.00	0.00	0.00	0.00
Loss on Sale of Assets	0.00	0.00	0.00	0.00
State Income Taxes	0.00	0.00	0.00	0.00
Federal Income Taxes	0.00	0.00	0.00	0.00
	<hr/>		<hr/>	
Total Expenses	665,002.66	5.99	665,002.66	5.99
	<hr/>		<hr/>	
Net Income	\$ 8,066,842.98	72.60	\$ 8,066,842.98	72.60
	<hr/>		<hr/>	
Additional Allowance for Doubtful Accounts			(7,565,162.54)	4/11
			<hr/>	
			501,680.44	
			<hr/>	

Section T. Financial Feasibility

W T.Surgicenter, I.L.C.  
Balance Sheet  
December 31, 2007

ASSETS

Current Assets			
Petty Cash	\$	550.00	
Cash Operating-Bridgeview Bank		14,186.33	10
La Salle Bank -O/P		17,962.44	
Amer.Chartered Bank		1,508,849.73	
Bank of America -M.M.		2,752.27	
Bank of America -Anesth.		8,255.78	
Accts Receivable-Patients		23,231,483.44	
Accts.Receivables-Anesthesia		2,111,630.10	
Allow.for Bad/Debts -Reg.		<del>(6,272,500.41)</del>	(12,512,005.07)
Prepaid Expenses Others		30,277.53	
Employees Advances		3,673.07	
Security Deposits		172,084.80	
		<hr/>	
Total Current Assets			<del>20,829,205.08</del> 14,589,700.42
Property and Equipment			
Medical Equipments		1,491,338.56	
Furnitures & Fixtures		88,619.96	
E.D.P. Equipments		125,795.54	
Limo		243,569.38	
System Software		71,176.35	
Accum.Depr.-Medical Equipment		(1,455,100.59)	
Accum.Depr.-Furnitures & Fixt		(85,609.25)	
Accum.Dpre-E.D.P. Equipments		(96,455.62)	
Accum.Depr.-Limo		(136,719.92)	
Accum.Depr-System Software		(71,176.35)	
Leasehold Improvements		275,383.82	
Accum.Amortz.Leasehold Improve		(274,694.00)	
Construction In- Progress		761,231.70	
		<hr/>	
Total Property and Equipment			937,359.58
Other Assets			
Organizational Start-Up Cost		2,417,023.54	
Accum.Amortz.-Organizational		(2,295,370.54)	
		<hr/>	
Total Other Assets			121,653.00
		<hr/>	
Total Assets	\$		<del>21,888,217.66</del> 15,648,713.00

LIABILITIES AND CAPITAL

Current Liabilities	
Accounts Payables- WTS	\$ 1,344,106.09
Insurance Payable	13,464.95
Due To / From.- Anesthesia	148,251.12
Accrued Salaries	32,867.22
State Income Tax Payable	11,862.61
Fed.Income Tax Payable	235,342.92
F.I.C.A.-Employee's Tax Payabl	110,885.59
F.I.C.A.-Employer's Tax Payabl	110,885.59
Accrued State Unemployment Tax	7,722.63
Accrued Fed. Unemployment Tax	6,699.76
Interest & Penalties Payable	64,025.65
Due To/From Dr. P.Madison	603,111.37
Due To/From AFLAC	326.62
	<hr/>

W.T.Surgicenter, LLC.  
Balance Sheet  
December 31, 2007

Total Current Liabilities		2,689,552.12	2
Long-Term Liabilities			
Note Payable -Central Lea	18,549.26		
Note Payable-Citi Corp Finance	1,415,640.30		
Note Payable-Citi Corp-Equip	212,312.39		
Leases - RPS Imaging System	16,787.56		
Leases - Ref.Equip- Huntington	368,251.31		
Lease - Nova Leasing 4C	478,955.84		
Lease - Nova Leasing 2C	591,087.42		
Lease - Nova Leasing 3C	585,150.25		
Other Liabilities	37,434.75		
Total Long-Term Liabilities		3,724,169.08	5
Total Liabilities		6,413,721.20	
Capital			
Capital Contributed	8,259,498.57		
Members Equity	1,041,183.00		
Prior Year Adjustments	887,395.76		
Net Income	(953,085.53)	5,286,419.13	
Total Capital		15,474,496.46	9,234,991.80
			6
Total Liabilities & Capital		\$ 21,888,217.66	15,648,713.00

W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2007

	Current Month		Year to Date	
Revenues				
Income	\$ 0.00	0.00	\$ 0.00	0.00
Revenue-Facilities	13,007,089.33	80.68	13,007,089.33	80.68
Revenue-Anesthesia	1,954,977.50	12.13	1,954,977.50	12.13
Revenue-LAB/X RAY	0.00	0.00	0.00	0.00
Revenue- Prof.Fees	713,832.50	4.43	713,832.50	4.43
Revenue-Sclero	0.00	0.00	0.00	0.00
Surgeon's-Portion	0.00	0.00	0.00	0.00
Contractual Allowances	0.00	0.00	0.00	0.00
Bad Debts-Surgeon	0.00	0.00	0.00	0.00
Bad Debts-Sclero	0.00	0.00	0.00	0.00
Finance Charge Income	0.00	0.00	0.00	0.00
Shipping Charges Reimbursed	0.00	0.00	0.00	0.00
Other Income - A/P Adjustments	419,279.93	2.60	419,279.93	2.60
Other Income	12,512.75	0.08	12,512.75	0.08
Medical Records Fee	1,920.97	0.01	1,920.97	0.01
Int. Inc./LossMutual Fund	0.00	0.00	0.00	0.00
Interest income	12,670.40	0.08	12,670.40	0.08
Inc./Loss-Fund Value	0.00	0.00	0.00	0.00
Telephone Commission	0.00	0.00	0.00	0.00
Purchased Discount	0.00	0.00	0.00	0.00
None Patient Services	0.00	0.00	0.00	0.00
Bad Debts Recoveries	0.00	0.00	0.00	0.00
Rental Income	0.00	0.00	0.00	0.00
Gain on Sale of Assets	0.00	0.00	0.00	0.00
	<hr/>		<hr/>	
Total Revenues	16,122,283.38	100.00	16,122,283.38	100.00
Cost of Sales				
Salaries-Physician	0.00	0.00	0.00	0.00
Salaries-Nursing	525,449.93	3.26	525,449.93	3.26
Salaries-Clinic	145,305.79	0.90	145,305.79	0.90
Salaries-Dental	0.00	0.00	0.00	0.00
Salaries-Laboratories	71,873.55	0.45	71,873.55	0.45
Salaries-Patient Services	220,843.00	1.37	220,843.00	1.37
Salaries-Housekeeping	66,038.94	0.41	66,038.94	0.41
Salaries - Marketing	112,680.08	0.70	112,680.08	0.70
Salaries-Physician Recruiters	65,942.29	0.41	65,942.29	0.41
Salaries- Transportation	178,553.06	1.11	178,553.06	1.11
Payroll Taxes-Heading	0.00	0.00	0.00	0.00
State Unemployment tax	48,014.86	0.30	48,014.86	0.30
Federal Unemployment Tax	3,385.92	0.02	3,385.92	0.02
F.I.C.A.- Taxes	125,890.75	0.78	125,890.75	0.78
Fringe Benefits	0.00	0.00	0.00	0.00
Vacation Benefits	0.00	0.00	0.00	0.00
Outside Service - Anesthesia	681,826.14	4.23	681,826.14	4.23
Medical Supplies-Heading	0.00	0.00	0.00	0.00
Medical and Surgical Supplies	612,002.12	3.80	612,002.12	3.80
Anesthesia Supplies/Drugs	19,013.00	0.12	19,013.00	0.12
Drugs	42,744.21	0.27	42,744.21	0.27
Oxygen Supplies	15,945.16	0.10	15,945.16	0.10
Laboratories Supplies	19,524.34	0.12	19,524.34	0.12
Radiology Supplies	1,191.40	0.01	1,191.40	0.01
Linens/Uniforms	49,334.21	0.31	49,334.21	0.31
Medical Disposal	5,726.64	0.04	5,726.64	0.04
Outside Services-Medical	0.00	0.00	0.00	0.00
Consulting Fees	253,604.34	1.57	253,604.34	1.57
Physician Fees	201,440.00	1.25	201,440.00	1.25
Purchased Service-Nursing	6,694.25	0.04	6,694.25	0.04

For Management Purposes Only

W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2007

	Current Month		Year to Date	
Purchased Service Laboratoiri	3,393.60	0.02	3,393.60	0.02
Purchased Service Radiologist	0.00	0.00	0.00	0.00
Purchased Service-Others	4,200.00	0.03	4,200.00	0.03
MUA Assistant	0.00	0.00	0.00	0.00
<b>Total Cost of Sales</b>	<b>3,480,617.58</b>	<b>21.59</b>	<b>3,480,617.58</b>	<b>21.59</b>
<b>Gross Profit</b>	<b>12,641,665.80</b>	<b>78.41</b>	<b>12,641,665.80</b>	<b>78.41</b>
<b>Expenses</b>				
Estimated Bad-Debts-Facilities	3,896,171.92	24.17	3,896,171.92	24.17
Estimated Bad Debts-Anesthesia	0.00	0.00	0.00	0.00
Bad Debts-LAB/ XRAY	0.00	0.00	0.00	0.00
Bad Debts - Others	85,216.13	0.53	85,216.13	0.53
Expenses	0.00	0.00	0.00	0.00
Salaries-Administration	162,148.70	1.01	162,148.70	1.01
Salaries-Finance	79,950.00	0.50	79,950.00	0.50
Other Employee Expenses	0.00	0.00	0.00	0.00
FICA TAXES - ADMINISTRATION	0.00	0.00	0.00	0.00
Adm. Gen. Expense-Heading	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Janitorial Supplies	992.35	0.01	992.35	0.01
Repair and Maint. -Facilities	10,331.42	0.06	10,331.42	0.06
Repair and Maint.-Equipments	6,009.47	0.04	6,009.47	0.04
Repair and Maint.-Limo	19,047.59	0.12	19,047.59	0.12
License Limo	0.00	0.00	0.00	0.00
Gas and Toll Limo	36,770.65	0.23	36,770.65	0.23
Travel-Local	486.71	0.00	486.71	0.00
Travel-Out of Town	0.00	0.00	0.00	0.00
Travel Air-Fare	0.00	0.00	0.00	0.00
Parking-Employees	100,713.75	0.62	100,713.75	0.62
Parking-Physician	0.00	0.00	0.00	0.00
Parking-Patients	0.00	0.00	0.00	0.00
Patient Transportation	17,797.35	0.11	17,797.35	0.11
Electricity	0.00	0.00	0.00	0.00
Space Rental	1,020,451.85	6.33	1,020,451.85	6.33
Equipment Rental	2,966.64	0.02	2,966.64	0.02
Limo Rental	6,256.84	0.04	6,256.84	0.04
License and Permitt	8,834.75	0.05	8,834.75	0.05
Office Expenses	16,652.94	0.10	16,652.94	0.10
Office Supplies	33,543.50	0.21	33,543.50	0.21
Miscellaneous Expenscs	732.92	0.00	732.92	0.00
Small Tools	1,742.00	0.01	1,742.00	0.01
Printing	0.00	0.00	0.00	0.00
Software System Tech.Support S	9,933.56	0.06	9,933.56	0.06
Computer Hardware Support Serv	22,939.43	0.14	22,939.43	0.14
Telephone	39,061.70	0.24	39,061.70	0.24
Management Fee	238,000.00	1.48	238,000.00	1.48
Delivery and Messenger	25,735.41	0.16	25,735.41	0.16
Postage	9,155.88	0.06	9,155.88	0.06
Duplicating	0.00	0.00	0.00	0.00
Dues and Subscription	94.99	0.00	94.99	0.00
Seminars and Convention	1,441.94	0.01	1,441.94	0.01
Physician Recruitment	1,950.00	0.01	1,950.00	0.01
Employee Recruitment	1,520.00	0.01	1,520.00	0.01
Purchased Service Administrati	6,628.92	0.04	6,628.92	0.04
Temporary Service	2,493.12	0.02	2,493.12	0.02
Outside Services-Non Medical	21,850.07	0.14	21,850.07	0.14
Answering Service	745.00	0.00	745.00	0.00
Board Fee	0.00	0.00	0.00	0.00

For Management Purposes Only

W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2007

	Current Month		Year to Date	
Committee Fee	0.00	0.00	0.00	0.00
Board and Comm. Meeting Exp.	0.00	0.00	0.00	0.00
Business Entertainments	0.00	0.00	0.00	0.00
Organization Start -Up Cost	0.00	0.00	0.00	0.00
Outside Services-Billing/Coll.	12,885.00	0.08	12,885.00	0.08
Collection Agency Fee	0.00	0.00	0.00	0.00
Legal Administrative Fee	0.00	0.00	0.00	0.00
Legal Fee	40,135.37	0.25	40,135.37	0.25
Dividend Expense	0.00	0.00	0.00	0.00
WTS Buy Out Interest	0.00	0.00	0.00	0.00
Charitable- Donation	100.00	0.00	100.00	0.00
Contribution - Political	0.00	0.00	0.00	0.00
Sales Taxes	20,610.84	0.13	20,610.84	0.13
Misc. Taxes	0.00	0.00	0.00	0.00
Penalty and Late Charges	36,393.03	0.23	36,393.03	0.23
Freight Charges	1,579.15	0.01	1,579.15	0.01
Special Events Expenses	24,200.00	0.15	24,200.00	0.15
Bank Charges	23,495.79	0.15	23,495.79	0.15
Adm.Fee-Anesthesia	0.00	0.00	0.00	0.00
Other Operating Expenses	0.00	0.00	0.00	0.00
Medical Director Fee	11,000.00	0.07	11,000.00	0.07
Accountant's Fees	28,384.00	0.18	28,384.00	0.18
Advertising-Heading	0.00	0.00	0.00	0.00
Advertising Print	15,759.31	0.10	15,759.31	0.10
Advertising Radio	12,219.36	0.08	12,219.36	0.08
Advertising-TV	53,354.25	0.33	53,354.25	0.33
Advertising Subscription	1,400.00	0.01	1,400.00	0.01
Advertising Others	7,793.62	0.05	7,793.62	0.05
Marketing-Heading	0.00	0.00	0.00	0.00
Marketing Fees	4,500.00	0.03	4,500.00	0.03
Marketing Commission	2,000.00	0.01	2,000.00	0.01
Marketing Expenses	47,714.46	0.30	47,714.46	0.30
Marketing Conference	0.00	0.00	0.00	0.00
Marketing Promotion	15,259.53	0.09	15,259.53	0.09
Marketing-Dr's Meetings	0.00	0.00	0.00	0.00
Insurance-Adm. Fees	0.00	0.00	0.00	0.00
Insurance-Group Life/Health In	138,486.36	0.86	138,486.36	0.86
HEALTH INS.DEDUCTIBLES-REF.	13,888.89	0.09	13,888.89	0.09
Insurance-Workman Compensatio	13,005.72	0.08	13,005.72	0.08
Insurance-Prof.Liability-B/D	5,631.00	0.03	5,631.00	0.03
Insurance-Limo	24,009.89	0.15	24,009.89	0.15
Insurance-Bldg.and Gen.Liabilit	16,664.97	0.10	16,664.97	0.10
Insurance-Mal-Practice	121,365.26	0.75	121,365.26	0.75
Insurance - Life Officers	322,221.76	2.00	322,221.76	2.00
Finance Charges-Heading	0.00	0.00	0.00	0.00
Fin Charges-Loan-CITI CORP.FIN	151,700.40	0.94	151,700.40	0.94
Finance Charge-Capital Leased	25,177.60	0.16	25,177.60	0.16
Finance Charge - LaSalle	0.00	0.00	0.00	0.00
Fin.Charges- Loan - HUNTINGTON	89,592.01	0.56	89,592.01	0.56
Finance Charges	3,999.92	0.02	3,999.92	0.02
Finance Charges - Novo Lease	40,061.20	0.25	40,061.20	0.25
Finance Charges-A/R	0.00	0.00	0.00	0.00
Depreciation & Amortz. - Head	0.00	0.00	0.00	0.00
Depreciation Medical Equipment	29,146.92	0.18	29,146.92	0.18
Depreciation Furniture/Fixture	917.25	0.01	917.25	0.01
Depreciation E.D.P.	1,836.00	0.01	1,836.00	0.01
Depreciation Limo	14,602.92	0.09	14,602.92	0.09
Amortz.-Lease Hold Improv.	39,816.00	0.25	39,816.00	0.25
Amortization Goodwill	0.00	0.00	0.00	0.00
Amortization Org. Start-Up Cos	1,600.00	0.01	1,600.00	0.01

For Management Purposes Only





Section T. Financial Feasibility

W.T.Surgicenter, LLC.  
Balance Sheet  
December 31, 2008

ASSETS

Current Assets			
Petty Cash	\$	550.00	10
Cash Operating-Bridgeview Bank		8,382.99	
La Salle Bank -O/P		(16,915.27)	
Amer.Chartered Bank		1,206.86	
Amer.Chartered-Bank/O/P		56,824.31	
MB FINANANCIAL -O/P		(4,140.00)	
MB FINANCIAL- PYR.		1,076.30	
MB-FINANCIAL-ADMINISTRATION		(3,577.29)	
MB-FINANCIAL-BUILDING OPERATI		9.82	
New Buffalo-Savings Bank- WTS		77.66	
Bank of America -Anesth.		6,740.07	
Accts Receivable-Patients		29,940,261.90	
Accts.Receivables-Anesthesia		2,639,754.44	
Allow.for Bad/Debts -Reg.		<del>(9,467,457.67)</del> (13,643,546.08)	
Prepaid Expenses Others		59,538.28	
Security Deposits		172,084.80	
		<hr/>	
Total Current Assets			23,694,417.20 19,218,328.79
Property and Equipment			
Medical Equipments		1,502,073.56	
Furnitures & Fixtures		88,619.96	
E.D.P. Equipments		128,280.33	
Limo		216,587.00	
System Software		71,176.35	
Accum.Dcpre.-Medical Equipment		(1,464,945.59)	
Accum.Dcpre.-Furnitures & Fixt		(87,402.25)	
Accum.Dpre-E.D.P. Equipments		(96,455.62)	
Accum.Dpre.-Limo		(126,235.92)	
Accum.Dpre-System Software		(71,176.35)	
Leasehold Improvements		275,383.82	
Accum.Amortz.Leasehold Improve		(274,694.00)	
Construction In- Progress		2,847,509.77	
		<hr/>	
Total Property and Equipment			3,008,721.06
Other Assets			
Due To/From WT Clinic		62,806.17	
Due To/From WT Lab		40,049.01	
Due To/From Anesthesia		(100,892.88)	
Organizational Start-Up Cost		2,417,023.54	
Accum.Amortz.-Organizational		(2,296,570.54)	
		<hr/>	
Total Other Assets			122,415.30
			<hr/>
Total Assets	\$		<u>26,825,553.56</u> 22,349,465.15

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payables- WTS	\$	1,145,953.84
Insurance Payable		94,569.00
Due To / From.- Anesthesia		105,476.54
Accrued Rent Payable		362,224.00
Accrued Salaries		36,611.48
State Income.Tax Payable		41,799.93
Fed.Income Tax Payable		244,633.69

Unaudited - For Management Purposes Only



W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2008

	Current Month		Year to Date	
Revenues				
Income	\$	0.00	0.00	\$ 0.00
Revenue-Facilities	11,772,443.15	83.48	11,772,443.15	83.48
Revenue-Anesthesia	1,135,625.29	8.05	1,135,625.29	8.05
Revenue--LAB/X RAY	0.00	0.00	0.00	0.00
Revenue- Prof.Fees	614,901.76	4.36	614,901.76	4.36
Revenue-Sclero	0.00	0.00	0.00	0.00
Surgeon's-Portion	0.00	0.00	0.00	0.00
Contractual Allowances	0.00	0.00	0.00	0.00
Bad Debts-Surgeon	0.00	0.00	0.00	0.00
Bad Debts-Sclero	0.00	0.00	0.00	0.00
Finance Charge Income	0.00	0.00	0.00	0.00
Shipping Charges Reimbursed	0.00	0.00	0.00	0.00
Other Income - A/P Adjustments	0.00	0.00	0.00	0.00
Other Income	17.20	0.00	17.20	0.00
Medical Records Fee	1,379.44	0.01	1,379.44	0.01
Int. Inc./LossMutual Fund	0.00	0.00	0.00	0.00
Interest income	26,164.42	0.19	26,164.42	0.19
Inc./Loss-Fund Value	0.00	0.00	0.00	0.00
Telephone Commission	0.00	0.00	0.00	0.00
Purchased Discount	0.00	0.00	0.00	0.00
None Patient Services	0.00	0.00	0.00	0.00
Bad Debts Recoveries	551,085.08	3.91	551,085.08	3.91
Rental Income	0.00	0.00	0.00	0.00
Gain on Sale of Assets	0.00	0.00	0.00	0.00
	<hr/>		<hr/>	
Total Revenues	14,101,616.34	100.00	14,101,616.34	100.00
	<hr/>		<hr/>	
Cost of Sales				
Salaries-Physician	0.00	0.00	0.00	0.00
Salaries-Nursing	470,512.68	3.34	470,512.68	3.34
Salaries-Clinic	118,246.38	0.84	118,246.38	0.84
Salaries-Dental	0.00	0.00	0.00	0.00
Salaries-Laboratories	65,241.42	0.46	65,241.42	0.46
Salaries-Patient Services	179,425.79	1.27	179,425.79	1.27
Salaries-Housekeeping	40,893.16	0.29	40,893.16	0.29
Salaries - Marketing	88,573.47	0.63	88,573.47	0.63
Salaries-Physician Recruiters	93,095.34	0.66	93,095.34	0.66
Salaries- Transportation	130,061.83	0.92	130,061.83	0.92
Payroll Taxes-Heading	0.00	0.00	0.00	0.00
State Unemployment tax	38,711.87	0.27	38,711.87	0.27
Federal Unemployment Tax	2,652.64	0.02	2,652.64	0.02
F.I.C.A.- Taxes	107,640.95	0.76	107,640.95	0.76
Fringe Benefits	0.00	0.00	0.00	0.00
Vacation Benefits	0.00	0.00	0.00	0.00
Outside Service - Anesthesia	408,718.91	2.90	408,718.91	2.90
Medical Supplies-Heading	0.00	0.00	0.00	0.00
Medical and Surgical Supplies	292,373.50	2.07	292,373.50	2.07
Anesthesia Supplies/Drugs	7,862.48	0.06	7,862.48	0.06
Drugs	22,782.07	0.16	22,782.07	0.16
Oxygen Supplies	13,354.61	0.09	13,354.61	0.09
Laboratories Supplies	11,467.48	0.08	11,467.48	0.08
Radiology Supplies	999.80	0.01	999.80	0.01
Linens/Uniforms	20,490.90	0.15	20,490.90	0.15
Medical Disposal	8,688.48	0.06	8,688.48	0.06
Outside Services-Medical	0.00	0.00	0.00	0.00
Consulting Fees	299,112.36	2.12	299,112.36	2.12
Physician Fees	121,005.69	0.86	121,005.69	0.86
Purchased Service-Nursing	113.00	0.00	113.00	0.00

For Management Purposes Only

J.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2008

	Current Month		Year to Date	
Purchased Service Laboratoiri	3,271.50	0.02	3,271.50	0.02
Purchased Service Radiologist	1,280.00	0.01	1,280.00	0.01
Purchased Service-Others	0.00	0.00	0.00	0.00
MUA Assistant	8,000.00	0.06	8,000.00	0.06
	<u>2,554,576.31</u>	18.12	<u>2,554,576.31</u>	18.12
Total Cost of Sales				
Gross Profit	<u>11,547,040.03</u>	81.88	<u>11,547,040.03</u>	81.88
Expenses				
Estimated Bad-Debts-Facilities	3,417,645.04	24.24	3,417,645.04	24.24
Estimated Bad Debts-Anesthesia	302,819.15	2.15	302,819.15	2.15
Bad Debts-I,AB/ XRAY	0.00	0.00	0.00	0.00
Bad Debts - Others	3,673.07	0.03	3,673.07	0.03
Expenses	0.00	0.00	0.00	0.00
Salaries-Administration	128,826.19	0.91	128,826.19	0.91
Salaries-Finance	124,106.92	0.88	124,106.92	0.88
Other Employee Expenses	0.00	0.00	0.00	0.00
FICA TAXES - ADMINISTRATION	0.00	0.00	0.00	0.00
Adm. Gen. Expense-Heading	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Janitorial Supplies	907.20	0.01	907.20	0.01
Repair and Maint. -Facilities	11,833.91	0.08	11,833.91	0.08
Repair and Maint.-Equipments	15,603.96	0.11	15,603.96	0.11
Repair and Maint.-Limo	14,644.53	0.10	14,644.53	0.10
License Limo	0.00	0.00	0.00	0.00
Gas and Toll Limo	36,883.92	0.26	36,883.92	0.26
Travel-Local	400.09	0.00	400.09	0.00
Travel-Out of Town	0.00	0.00	0.00	0.00
Travel Air-Fare	0.00	0.00	0.00	0.00
Parking-Employees	76,575.75	0.54	76,575.75	0.54
Parking-Physician	0.00	0.00	0.00	0.00
Parking-Patients	0.00	0.00	0.00	0.00
Patient Transportation	24,129.36	0.17	24,129.36	0.17
Electricity	1,435.37	0.01	1,435.37	0.01
Space Rental	1,029,271.90	7.30	1,029,271.90	7.30
Equipment Rental	4,740.36	0.03	4,740.36	0.03
Limo Rental	6,354.41	0.05	6,354.41	0.05
License and Permitt	6,515.96	0.05	6,515.96	0.05
Office Expenses	590.86	0.00	590.86	0.00
Office Supplies	16,717.00	0.12	16,717.00	0.12
Miscellaneous Expenses	0.00	0.00	0.00	0.00
Small Tools	0.00	0.00	0.00	0.00
Printing	0.00	0.00	0.00	0.00
Software System Tech.Support S	17,744.93	0.13	17,744.93	0.13
Computer Hardware Support Serv	60,399.83	0.43	60,399.83	0.43
Telephone	40,873.67	0.29	40,873.67	0.29
Management Fee	172,000.00	1.22	172,000.00	1.22
Delivery and Messenger	12,398.69	0.09	12,398.69	0.09
Postage	9,537.25	0.07	9,537.25	0.07
Duplicating	0.00	0.00	0.00	0.00
Dues and Subscription	105.00	0.00	105.00	0.00
Seminars and Convention	500.00	0.00	500.00	0.00
Physician Recruitment	0.00	0.00	0.00	0.00
Employee Recruitment	1,540.00	0.01	1,540.00	0.01
Purchased Service Administrati	29,630.00	0.21	29,630.00	0.21
Temporary Service	3,077.25	0.02	3,077.25	0.02
Outside Services-Non Medical	21,919.21	0.16	21,919.21	0.16
Answering Service	0.00	0.00	0.00	0.00
Board Fee	0.00	0.00	0.00	0.00

For Management Purposes Only

W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2008

	Current Month		Year to Date	
Committee Fec	0.00	0.00	0.00	0.00
Board and Comm. Meeting Exp.	0.00	0.00	0.00	0.00
Business Entertainments	0.00	0.00	0.00	0.00
Organization Start -Up Cost	0.00	0.00	0.00	0.00
Outside Services-Billing/Coll.	21,607.19	0.15	21,607.19	0.15
Collection Agency Fee	0.00	0.00	0.00	0.00
Legal Administrative Fee	0.00	0.00	0.00	0.00
Legal Fee	25,232.80	0.18	25,232.80	0.18
Dividend Expense	4,000.00	0.03	4,000.00	0.03
WTS Buy Out Interest	0.00	0.00	0.00	0.00
Charitable- Donation	0.00	0.00	0.00	0.00
Contribution - Political	0.00	0.00	0.00	0.00
Sales Taxes	8,906.23	0.06	8,906.23	0.06
Misc. Taxes	627.00	0.00	627.00	0.00
Penalty and Late Charges	12,598.84	0.09	12,598.84	0.09
Freight Charges	50.00	0.00	50.00	0.00
Special Events Expenses	0.00	0.00	0.00	0.00
Bank Charges	49,415.33	0.35	49,415.33	0.35
Adm.Fec-Anesthesia	10,248.12	0.07	10,248.12	0.07
Other Operating Expenses	0.00	0.00	0.00	0.00
Medical Director Fee	6,600.00	0.05	6,600.00	0.05
Accountant's Fees	53,255.68	0.38	53,255.68	0.38
Advertising-Heading	0.00	0.00	0.00	0.00
Advertising Print	1,878.67	0.01	1,878.67	0.01
Advertising Radio	0.00	0.00	0.00	0.00
Advertising-TV	0.00	0.00	0.00	0.00
Advertising Subscription	0.00	0.00	0.00	0.00
Advertising Others	10,602.16	0.08	10,602.16	0.08
Marketing-Heading	0.00	0.00	0.00	0.00
Marketing Fees	3,000.00	0.02	3,000.00	0.02
Marketing Commission	0.00	0.00	0.00	0.00
Marketing Expenses	25,053.07	0.18	25,053.07	0.18
Marketing Conference	0.00	0.00	0.00	0.00
Marketing Promotion	(1,110.00)	(0.01)	(1,110.00)	(0.01)
Marketing-Dr's Meetings	0.00	0.00	0.00	0.00
Insurance-Adm. Fees	0.00	0.00	0.00	0.00
Insurance-Group Life/Health In	78,597.48	0.56	78,597.48	0.56
HEALTH INS.DEDUCTIBLES-REF.	0.00	0.00	0.00	0.00
Insurance-Worksmen Compensatio	14,805.43	0.10	14,805.43	0.10
Insurance-Prof.Liability-B/D	0.00	0.00	0.00	0.00
Insurance-Limo	26,327.05	0.19	26,327.05	0.19
Insurance-Bldg.and Gen.Liabilit	6,219.79	0.04	6,219.79	0.04
Insurance-Mal-Practice	90,287.65	0.64	90,287.65	0.64
Insurance - Life Officers	284,269.00	2.02	284,269.00	2.02
Finance Charges-Heading	0.00	0.00	0.00	0.00
Fin Charges-Loan-CITI CORP.FIN	91,214.52	0.65	91,214.52	0.65
Finance Charge-Capital Leased	2,960.31	0.02	2,960.31	0.02
Finance Charge - LaSalle	31,453.00	0.22	31,453.00	0.22
Fin.Charges- Loan - HUNTINGTON	9,756.95	0.07	9,756.95	0.07
Finance Charges	10,215.21	0.07	10,215.21	0.07
Finance Charges - Novo Lease	225,173.61	1.60	225,173.61	1.60
Finance Charges-A/R	14,766.67	0.10	14,766.67	0.10
Depreciation & Amortz. - Head	0.00	0.00	0.00	0.00
Depreciation Medical Equipment	9,845.00	0.07	9,845.00	0.07
Depreciation Furniture/Fixture	1,793.00	0.01	1,793.00	0.01
Depreciation E.D.P.	0.00	0.00	0.00	0.00
Depreciation Limo	9,988.00	0.07	9,988.00	0.07
Amortz.-Lease Hold Improv.	0.00	0.00	0.00	0.00
Amortization Goodwill	0.00	0.00	0.00	0.00
Amortization Org. Start-Up Cos	1,200.00	0.01	1,200.00	0.01

For Management Purposes Only

W.T.Surgicenter, LLC.  
Income Statement  
For the Twelve Months Ending December 31, 2008

	Current Month		Year to Date	
Depreciation System Software	0.00	0.00	0.00	0.00
Utilities	1,913.08	0.01	1,913.08	0.01
Wages Expense	0.00	0.00	0.00	0.00
Other Expenses-Heading	0.00	0.00	0.00	0.00
Interest Expenses - Others	2,277.32	0.02	2,277.32	0.02
Loan Fees	0.00	0.00	0.00	0.00
Loss on Sale of Assets	2,496.44	0.02	2,496.44	0.02
State Income Taxes	187.34	0.00	187.34	0.00
Federal Income Taxes	1,003.26	0.01	1,003.26	0.01
	<u>6,742,115.98</u>	<u>47.81</u>	<u>6,742,115.98</u>	<u>47.81</u>
Total Expenses				
Net Income	\$ <u>4,804,924.05</u>	34.07	\$ <u>4,804,924.05</u>	34.07
Additional Allowance for Doubtful Accounts			<u>(4,476,088.41)</u> 4/11	
			<u>328,835.64</u>	

For Management Purposes Only

## Gold Coast Surgicenter, LLC

## Projected Balance Sheet

December 31,

Unaudited

	2010	2011	2012
<b><u>Current assets</u></b>			
Cash	\$ 1,144,406	\$ 2,945,832	\$ 5,662,645
Accounts receivable, net of allowance for doubtful accounts	1,166,400	1,360,800	1,555,200
Prepaid insurance	77,000	77,000	77,000
Total current assets	<u>2,387,806</u>	<u>4,383,632</u>	<u>7,294,845</u>
<b><u>Fixed assets</u></b>			
Equipment and furniture	500,000	500,000	500,000
Transportation equipment	10,000	10,000	10,000
Leasehold improvements	2,859,953	2,859,953	2,859,953
	<u>3,369,953</u>	<u>3,369,953</u>	<u>3,369,953</u>
Accumulated depreciation	(261,597)	(523,194)	(784,792)
Total fixed assets	<u>3,108,356</u>	<u>2,846,759</u>	<u>2,585,162</u>
	<u>5,496,162</u>	<u>7,230,391</u>	<u>9,880,007</u>
<b><u>Current Liabilities</u></b>			
Accounts payable	186,295	213,741	240,687
Insurance payable	77,000	77,000	77,000
Due to member	1,089,170	1,138,183	1,189,491
Total current liabilities	<u>1,352,465</u>	<u>1,428,924</u>	<u>1,507,178</u>
<b><u>Other Equity</u></b>			
Excess of net book value over assigned capital	<u>2,369,953</u>	<u>2,369,953</u>	<u>2,369,953</u>
<b><u>Member equity</u></b>			
Contributed capital Dr. Paul Madison	600,000	600,000	600,000
Contributed capital Dr. Roberto Diaz	1,000	1,000	1,000
Member equity	<u>1,172,744</u>	<u>2,830,514</u>	<u>5,401,876</u>
Total member equity	<u>1,773,744</u>	<u>3,431,514</u>	<u>6,002,876</u>
	<u>\$ 5,496,162</u>	<u>\$ 7,230,391</u>	<u>\$ 9,880,007</u>

**Gold Coast Surgicenter, LLC**  
**Projected Statement Of Income**  
 For the twelve months ended December 31,

	Unaudited 2010	Unaudited 2011	Unaudited 2012
Sales - Private Pay / Third Party	\$ 5,999,400	\$ 6,846,400	\$ 8,290,000
AVERAGE PER CASE	4,535	4,570	4,618
# OF CASES	1,323	1,498	1,795
INCREMENTAL INCREASE	-	175	297
% INCREASE	-	13%	20%
Sales - Medicare / Medicaid	\$ 75,600	\$ 173,600	\$ 350,000
AVERAGE PER CASE	2,800	2,800	2,800
# OF CASES	27	62	125
INCREMENTAL INCREASE	-	35	63
% INCREASE	-	130%	102%
<b>Cost of sales</b>	<b>715,611</b>	<b>798,807</b>	<b>871,611</b>
Salaries and payroll tax expense	486,000	561,600	691,200
Medical and surgical expense	1,201,611	1,360,407	1,562,811
Total cost of sales	4,873,389	5,659,593	7,077,189
Gross profit	80%	81%	82%
<b>GROSS PROFIT %</b>			
<b>Cost of Operations</b>			
Advertising expense	64,800	66,744	68,746
Transportation expense	48,000	48,000	48,000
Office expense	43,400	44,702	46,043
Employee health insurance	30,000	30,900	31,827
Rent expense	1,058,059	1,058,059	1,058,059
Repair and maintenance expense	40,800	42,024	43,265
Utilities	33,600	34,608	35,646
Computer expense	16,800	17,304	17,823
Collection fees expense	120,285	138,996	171,072
Sales tax expense	4,000	4,400	4,800
Professional fees	160,000	164,800	169,744
Insurance expense	119,292	122,871	126,557
Total operating expense	1,739,036	1,773,408	1,821,602
Income from operations before taxes, depreciation and interest expense	3,134,353	3,886,185	5,255,587
IBTDA %	52%	57%	63%
<b>Other income and (expense)</b>			
Interest expense	(49,013)	(51,218)	(53,428)
Depreciation and amortization	(261,597)	(261,597)	(261,597)
Bad debt expense	(1,701,000)	(1,965,600)	(2,419,200)
Other income	50,000	50,000	50,000
Total income and (expense)	(1,961,610)	(2,228,415)	(2,684,225)
Net income	\$ 1,172,744	\$ 1,657,770	\$ 2,571,362
Net Income %	20%	24%	31%

**EXPLANATIONS AND ASSUMPTIONS**

INCREASE CASE LOAD DUE TO DR. DIAZ INCORPORATING HIS RANDOLPH STREET PRACTICE, PHYSICIAN RECRUITMENT, MARKETING

ADMINISTRATIVE PERSONNEL: 4 REMAINS THE SAME THROUGH THREE YEARS, OPERATING ROOM: 5 IN 2010, WITH ONE INCREASE PER YEAR 8% OF GROSS BILLING. CONSIST OF MEDICAL SUPPLIES, DRUGS, LINENS

\$5,400 PER MONTH INCLUDES PROMOTIONAL ACTIVITIES AND PRINT MEDIA \$4,000 PER MONTH. STAYS THE SAME DUE TO UNDER CAPACITY PERMITS AND LICENSING. OFFICE SUPPLIES, OUTSIDE VENDORS

GROSS RENT IS \$88,171.55 PER MONTH FACILITIES AND EQUIPMENT MAINTENANCE TELEPHONE AND FACILITIES SOFTWARE, LICENSING RENEWAL, IT CONSULTING 2.75% OF NET COLLECTED 1% SALES TRANSFER TAX ON PURCHASES OUTSIDE HOME RULE LEGAL, ACCOUNTING AND CONTRACT PROFESSIONALS O R LIABILITY, GENERAL LIABILITY, WORKERS COMP, PROPERTY CONTENTS

LOAN FROM MEMBER @ 4.50%  
 28% STANDARD WRITEOFF OF GROSS SALES  
 SUBLEASE RENTALS



<u>Long term assets contributed</u>	<u>Amount</u>
Medical equipment	95,000
Furniture and equipment	5,000
Autos	10,000
leasehold Improvements	<u>2,859,953</u>
NEV of long term assets	2,969,953
Less: assigned equity per agreement	<u>(600,000)</u>
Excess of net book value over assigned capital	<u><u>2,369,953</u></u>
 <u>Current assets contributed</u>	
A/R	685,914
Cash	<u>31,200</u>
	<u><u>717,114</u></u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2012</u>
<b>1 Current Assets</b>	<u>4,929,584</u>	<u>14,589,700</u>	<u>19,218,329</u>	<u>7,301,022</u>
<b>2 Current Liabilities</b>	<u>2,612,737</u>	<u>2,689,552</u>	<u>2,236,083</u>	<u>1,507,178</u>
<b>3 Net Income</b>	<u>501,680</u>	<u>(953,086)</u>	<u>328,836</u>	<u>2,573,421</u>
<b>4 Net Operating Revenue</b>				
Gross Profit	8,731,846	12,641,666	11,547,040	7,077,189
Estimated Bad Debts — Facilities	(5,209,313)	(10,135,677)	(7,893,734)	0
Estimated Bad Debts — Anesthesia	0	0	(302,819)	0
Bad Debts — Other	<u>(225,079)</u>	<u>(85,216)</u>	<u>(3,673)</u>	<u>(2,419,200)</u>
<b>Total Net Operating Revenue</b>	<u>3,297,454</u>	<u>2,420,773</u>	<u>3,346,814</u>	<u>4,657,989</u>
<b>5 Long Term Debt</b>	<u>2,669,122</u>	<u>3,724,169</u>	<u>4,310,050</u>	
<b>6 Unrestricted Fund Balance</b>	<u>615,563</u>	<u>9,234,992</u>	<u>15,803,332</u>	<u>8,379,006</u>
<b>7 Depreciation</b>				<u>261,597</u>
Depreciation Medical Equipment	(23,619)	29,147	9,845	
Depreciation Furniture / Fixture	1,269	917	1,793	
Depreciation E.D.P.	1,836	1,836	0	
Depreciation Limo	14,603	14,603	9,988	
Amortz. — Lease Hold Improv.	39,816	39,816	0	
Amortization Org. Start-Up Cost	(155,735)	1,600	1,200	
Depreciation System Software	<u>(33,573)</u>	<u>0</u>	<u>0</u>	
<b>Total Depreciation</b>	<u>(155,403)</u>	<u>87,919</u>	<u>22,826</u>	

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2012</u>
<b>8 Interest</b>				<u>53,428</u>
Fin Charges — Loan-CITI CORP.FIN	201,511	151,700	91,214	
Finance Charge — Capital Leased	18,615	25,178	2,960	
Fin. Charges — Loan — HUNTINGTON	57,155	89,592	9,757	
Finance Charges	0	4,000	10,215	
Finance Charges — Novo Lease	0	40,061	225,174	
Finance Charge — LaSalle	0	0	31,453	
Finance Charge — A/R	0	0	14,767	
<b>Total Interest</b>	<u>277,281</u>	<u>310,531</u>	<u>385,540</u>	
<b>9 Principal</b>				
Long Term Debt from 2006 Income Tax Return	3,439,410			
Long Term Liabilities	(2,669,122)			
Long Term Liabilities from Prior Year	0	2,669,122	3,512,858	
Note Payable — Central Lea	0	(18,549)	0	
Note Payable — Citi Corp Finance	0	(1,415,640)	(936,818)	
Note Payable — Citi Corp — Equip.	0	0	(148,286)	
Leases — RPS Imaging System	0	(16,788)	(6,994)	
Leases — Ref. Equip — Huntington	0	(368,251)	(213,280)	
Lease — Nova Leasing 4C	0	0	(378,771)	
Lease — Nova Leasing 2C	0	0	(467,447)	
Lease — Nova Leasing 3C	0	0	(462,752)	
Other Liabilities	0	(37,435)	(28,733)	
<b>Total Principal</b>	<u>770,288</u>	<u>812,459</u>	<u>869,777</u>	

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2012</u>
<b>10 Cash</b>				<u><u>5,668,822</u></u>
Petty Cash	550	550	550	
Cash Operating — Bridgeview Bank	10,531	14,186	8,383	
Cash Operating — Delaware Place	15,983	0	0	
Cash Payroll — Delaware Place Bank	(4,231)	0	0	
Money Market — Delaware Place Bank	628	0	0	
Bank of America — M.M.	50,702	2,752	0	
Cash — Bank — Anesthesia	(20,068)	0	0	
Bank Of America — Anesthesia	2,009	8,256	6,740	
La Salle Bank — O/P	0	17,963	(16,915)	
Amer.Chartered Bank	0	1,508,850	1,207	
Amer.Chartered Bank / O/P	0	0	56,824	
MB Financial — O/P	0	0	(4,140)	
MB Financial — PYR.	0	0	1,076	
MB Financial — ADMINISTRATION	0	0	(3,577)	
MB Financial — BUILDING OPERATIONS	0	0	10	
New Buffalo — Savings Bank — WTS	0	0	77	
<b>Total Cash</b>	<u><u>56,104</u></u>	<u><u>1,552,557</u></u>	<u><u>50,235</u></u>	

### 11 Operating Expenses

<b>Total Expenses</b>	<b>8,230,165</b>	<b>13,594,752</b>	<b>11,218,204</b>	<b>1,819,543</b>
Estimated Bad Debts — Facilities	(5,209,313)	(10,135,677)	(7,893,733)	0
Estimated Bad Debts — Anesthesia	0	0	(302,819)	0
Bad Debts — Other	(225,079)	(85,216)	(3,673)	0
Interest Expense	0	0	0	53,428
Depreciation And Amortization	0	0	0	261,597
<b>Total Operating Expenses</b>	<u><u>2,795,773</u></u>	<u><u>3,373,859</u></u>	<u><u>3,017,979</u></u>	<u><u>2,134,568</u></u>

## DEFINITIVE AGREEMENT

This Agreement is made and entered into to constitute and comprise the final agreement of the parties contemplated by that certain Letter of Intent (the "Letter of Intent") dated and executed November 10, 2009 by Roberto Diaz, M.D. ("Diaz") and Paul Madison, M.D. ("Madison").

For and in consideration of the mutual covenants and undertakings of the parties hereto (and all parties executing this Agreement shall be deemed to be Parties), the Parties do hereby covenant, undertake and bind themselves as follows:

1. This Agreement shall be deemed in all respects and under all circumstances to supersede and replace the Letter of Intent, and it shall be the Definitive Agreement with respect to the relationship between the Parties. The exhibits attached to this Agreement are hereby made a part of this Agreement as matters of substance and not merely of form.

2. Upon execution of this Agreement and fulfillment of the provisions of this Agreement, Diaz who is the owner and holder of one hundred percent (100%) of the membership interests in Gold Coast Surgicenter, LLC ("Gold Coast") and Madison shall take or shall have taken all steps necessary to do the following:

- a. Madison shall (i) cause the Joint Venture Agreement between WT Surgicenter, L.L.C. and Invicta to be terminated, or (ii) obtain a waiver of all claims of Invicta to the assets and receivables which Madison is to acquire and transfer to Gold Coast as set forth in this Agreement as his capital contribution to Gold Coast;
- b. Madison shall obtain title to, free and clear of all claims and liens, all of the operating room equipment (four operating suites) and other furniture,

ATTACHMENT-75B

trade fixtures, equipment and supplies presently used by WT Surgicenter, L.L.C. ("WT Surgicenter") at the surgery center at Water Tower Place in Chicago, Illinois ("Surgery Center") and transfer the same together with the post July 1, 2009<sup>September</sup> receivables of WT Surgicenter, free of all claims and encumbrances, to Gold Coast as a capital contribution for a 50% membership interest in Gold Coast.

- c. Diaz shall transfer 50% of the membership interests in Gold Coast to Madison; and
- d. Diaz and Madison shall adopt an Operating Agreement for Gold Coast in the form attached hereto as Exhibit A, appointing Diaz as Manager of Gold Coast;

3. Upon execution of this Agreement, Madison, who represents and warrants that he is the owner of one hundred percent (100%) of the membership interests in WT Surgicenter, and represents and warrants that WT Surgicenter is a manager managed limited liability company of which he is the Manager, shall transfer 49.9% of the membership interests in WT Surgicenter to Diaz and they shall together adopt an Operating Agreement for WT Surgicenter in the form set forth in Exhibit B, appointing Madison as Manager, and appointing Diaz as financial consultant to Manager.

4. Subject to paragraph 6, below, all parties shall use their best efforts to effect an assignment of the leases for space at Water Tower Place in Chicago, Illinois currently leased by WT Surgicenter to Gold Coast with consent of the Landlord, and renegotiate the terms thereof with the Landlord with the goal of achieving terms no less favorable than those set forth in the letter dated November 11, 2009 from the Landlord's attorneys Swanson, Martin & Bell, Ltd. to

Dr. Roberto Diaz, M.D. c/o Paul Sorkin. Gold Coast shall have the right to lead all negotiations with the Landlord. If the Landlord is unwilling to consent to a full assignment to Gold Coast, the parties shall move to make Gold Coast a master sub-lessee of the spaces covered by the Leases (ergo Gold Coast will be the sub-lessee of all of such spaces from WT Surgicenter and Gold Coast will be sub-lessor to all other existing and future subtenants). The terms of any such sublease between WT Surgicenter and Gold Coast shall be those reasonably acceptable to Gold Coast. Without limiting the generality of the foregoing statement, any such master sublease shall include the right in favor of Gold Coast to make payments directly to the Landlord and to deal directly with the Landlord; it shall include the right to collect the rents from all other existing and future subtenants and to deal directly with them; it shall impose no obligations on Gold Coast greater than WT Surgicenter's obligations to the Landlord; but, it shall include the obligation to protect WT Surgicenter against subsequent monetary and non-monetary defaults under the Leases with the Landlord. WT Surgicenter and Madison understand and agree that WT Surgicenter (and Madison if he is a guarantor) shall remain obligated to the Landlord under the Lease and they consent to continue to be so obligated if Landlord refuses to release WT Surgicenter or Madison from any existing obligations.

5. WT Surgicenter shall protect, indemnify and hold Gold Coast harmless from and against all claims and demands related in any way to its operation of the Surgery Center prior to the date of the execution of this Agreement, and up to the date an assignment or master sub-lease is made effective as contemplated in paragraph 4, above. Madison shall indemnify Diaz and Gold Coast against any and all claims made by any third party to the furniture, equipment, supplies and receivables which are to be his capital contribution to Gold Coast. Gold Coast shall protect, indemnify and hold WT Surgicenter harmless from and against all claims and demands

related to its operation of the Surgery Center from and after the assignment (or sublet) contemplated in Paragraph 4, above.

6. The parties agree to cooperate in applying for a Certificate of Need from the Illinois Health Facilities and Services Review Board ("HFSRB" formerly the Health Facilities Planning Board) and notwithstanding anything to the contrary contained in this Agreement, it shall in all events and circumstances of any and every nature whatsoever be an express condition of the assignment of leases (or sublet) referred to in Paragraph 4, above, and Gold Coast taking control of the Surgery Center and/or Diaz assuming a 49.9% interest in WT Surgicenter or controlling the operations of WT Surgicenter that the HFSRB first grant its permission, approval and/or consent to the transaction contemplated herein and/or issue an exemption from the requirement of obtaining a Certificate of Need, or that it grant and/or issue said Certificate of Need pursuant to 77 ILL. Admin. Code §§ 1130.110 et. seq. There shall be no transfer of control as that term is understood and defined by HFSRB regulations until approval is granted. In the event that HFSRB fails or refuses to grant either an exemption from the Certificate of Need or a Certificate of Need, any actions taken by the Parties hereto pursuant to this Agreement, except Paragraphs 3 and 5 which shall survive, shall immediately and forthwith be reversed, and thereafter, except for Paragraph 3 and the parties' indemnities in Paragraph 5, this Agreement and all of the Parties respective duties, obligations, promises, covenants, agreements, representations, warranties, rights, remedies, and privileges under this Agreement shall be null, void, nonbinding, invalid, unenforceable and of no force and/or effect and neither Party hereto shall thereafter have any further liability of any nature whatsoever to the other Party hereto; provided, however, that Diaz shall and may remain a minority membership interest holder and owner (not more than 49.9%) in WT Surgicenter and shall be repaid <sup>\$1000 of Advances</sup> ~~all advances~~ theretofore made (as referred to



below in Paragraph 11). This Agreement is also contingent upon the receipt of an appropriate license from the Illinois Department of Public Health and necessary license or approval from any other state or local government agencies.

7. Upon issuance of a Certificate of Need or exemption as contemplated by Paragraph 6, above, Diaz shall be given (without additional consideration) an additional .01% of the membership interests in WT Surgicenter to bring his membership interests up to 50%.

8. Within a reasonable time after the issuance of a Certificate of Need or exemption as contemplated in Paragraph 6, above, and assignment of the Lease (or sublet) to Gold Coast as contemplated in Paragraph 4, above, Diaz agrees to contribute additional capital to Gold Coast and cause Gold Coast to outfit one of the empty operating suites in the surgery center at Water Tower Place with state of the art equipment to expand the operating capacity of the Surgery Center.

9. Should it become necessary pursuant to Paragraph 6, above, to terminate this transaction, WT Surgicenter shall refund and reimburse (as set forth more fully in Paragraph 11, below) all funds contributed or paid by Diaz and/or organizations affiliated with him for the maintenance of WT Surgicenter in anticipation of receiving the Certificate of Need referred to in Paragraph 6.

10. Diaz and Madison for themselves and the entities owned or controlled by them agree to use their best efforts to refer more cases to the surgery center at Water Tower Place and to try to induce physicians and physician groups with which they are affiliated to refer more cases to the facility as well. In addition, Diaz will also attempt to refer more cases to Madison and entities owned and controlled by him in instances where Madison and his entities render services which Diaz and his affiliated groups do not, and Madison agrees to attempt to refer

more cases to Diaz and entities owned and controlled by Diaz in instances where entities owned and controlled by Madison do not offer services which Diaz and entities owned or controlled by Diaz do.

11. It is acknowledged that in anticipation of this Agreement, Diaz has expended sums including payment of \$300,000.00 to the Landlord and has committed additional funds up to \$50,000.00 for current expenses for WT Surgicenter for each of November and December of 2009 and January and February of 2010. Should this Agreement be required to be terminated pursuant to Paragraph 6, above (or for any other reason), all of said sums shall be forthwith and immediately reimbursed and refunded to Diaz or as directed by Diaz. It is also acknowledged that Madison and WT Surgicenter have committed the post <sup>September</sup> ~~July 1, 2009~~ receivables of WT Surgicenter to the venture described herein and the same have been deposited from time to time and disbursed from account number WT Surgicenter, LLC 1223002146 at North Community Bank. Diaz shall have the right to draw down on that account to the full extent of funds therein to satisfy in full or in part the reimbursement obligations of WT Surgicenter pursuant to this Paragraph, and he is hereby granted said account as a pledge and is hereby granted a security interest in all furniture, equipment and supplies presently located in the Surgery Center as security for the repayment and reimbursement provisions set forth herein. The pledge shall be evidenced by and be subject to the Pledge Agreement attached hereto as Exhibit C and the security interest in equipment granted herein shall be evidenced by and be subject to the terms of the Security Agreement attached hereto as Exhibit D. Otherwise, to the extent that this Agreement is not terminated, funds heretofore paid by Diaz and his entities for the benefit of WT Surgicenter and hereafter paid shall be deemed to be loans made by Diaz to Gold Coast and re-

lent by Gold Coast to WT Surgicenter. They shall be repaid by Gold Coast to Diaz as loans, and not as capital.

IN WITNESS WHEREOF, the following persons have executed this Agreement as of the Effective Date.

[Signature] 1/09/10  
Roberto Diaz, M.D.

[Signature] 1/09/10  
Paul Madison, M.D.

WT Surgicenter, L.L.C., an Illinois limited liability company

By: [Signature]  
Name: Paul Madison  
Its: Manager

Gold Coast Surgicenter, LLC, an Illinois limited liability company

By: [Signature]  
Name: Roberto Diaz  
Its: (MANAGER) PARTNER

**General Growth Properties, Inc.**

March 2, 2010

**RE: Water Tower Place**

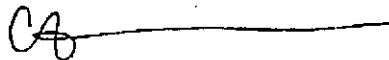
Roberto Diaz, M.D.  
Paul Madison, M.D.  
Watertower Surgicenter  
845 N. Michigan Avenue  
Suite 948E  
Chicago, IL 60611

Dear Dr. Diaz and Dr. Madison,

Pursuant to the terms and conditions provided for in section 25 of the Lease dated July 31<sup>st</sup>, 2006 it is the intent of the Landlord to approve an assignment of Lease to Gold Coast Surgicenter upon Gold Coast Surgicenter approval for the CON by the IDPH. At this time, the Landlord is not in receipt of any assignment documents from the tenant Watertower Surgicenter.

In addition, the attached statement reflects the current square footage occupied by the tenant and the monthly obligation for rents and charges totaling \$88,171.55 per month.

Sincerely,  
**GENERAL GROWTH PROPERTIES**



Caryn N. Torres  
Associate General Manager  
Water Tower Place



Water Tower Place  
845 N. Michigan Avenue  
Suite 987W  
Chicago, IL 60611  
312-440-5500  
fax 312-440-1259  
[www.generalgrowth.com](http://www.generalgrowth.com)

Water Tower Place  
WT SURGI CENTER, LLC

STATEMENT

	January-10 Space# 825	Original Monthly Charge	Original Sq. Ft.	Current Sq. Ft.	Annual Rate/Sq. Ft.	Monthly Reduction 3000 Sq. Ft.	New Monthly Charge
Minimum Rent	\$ 50,076.67	14,480	11,480	\$ 41.50	\$ 10,375.00	\$ 39,701.67	
CAM	\$ 955.13	14,480	11,480	\$ 0.79	\$ 197.50	\$ 757.63	
Real Estate Tax	\$ 1,863.74	14,480	11,480	\$ 1.54	\$ 385.00	\$ 1,478.74	
						<u>\$ 41,838.04</u>	
Minimum Rent	\$ 34,583.33	10,000	10,000	\$ 41.50		\$ 34,583.33	
CAM	\$ 659.62	10,000	10,000	\$ 0.79		\$ 659.62	
HVAC	\$ 2,298.92	10,000	10,000	\$ 2.78		\$ 2,298.92	
Real Estate Tax	\$ 1,287.11	10,000	10,000	\$ 1.54		\$ 1,287.11	
						<u>\$ 38,829.98</u>	
Minimum Rent	\$ 7,037.33	2,912	2,912	\$ 28.00		\$ 7,037.33	
CAM	\$ 118.65	2,912	2,912	\$ 0.49		\$ 118.65	
Real Estate Tax	\$ 248.55	2,912	2,912	\$ 1.03		\$ 248.55	
						<u>\$ 7,404.53</u>	
Total monthly Due						<u>\$ 88,171.56</u>	

(8/7/06)

FULL-SERVICE OFFICE LEASE

LANDLORD  
COPY

WATER TOWER PLACE

THIS LEASE is made and entered into as of *August 21, 2006* by and between WATER TOWER LLC, a Delaware limited liability company ("Landlord") by ROUSE PROPERTY MANAGEMENT, INC., Authorized Agent and WATER TOWER CLINIC ASSOCIATES, LTD., an Illinois limited partnership ("Tenant").

In consideration of the rents hereinafter reserved and the agreements hereinafter set forth, Landlord and Tenant mutually agree as follows:

1. SUMMARY OF TERMS.

The following is a summary of the principal terms of the Lease. Any capitalized term set forth below shall, for the purposes of this Lease, have the meaning ascribed to it in this Section 1.

A. Description of Premises

(1) Building: The building known as Water Tower Place located on the east side of North Michigan Avenue between East Pearson Street and East Chestnut Street in the City of Chicago, Illinois.

(2) Office Section: That portion of the Building consisting of the eighth and ninth floors (excluding the cores for hotel and apartment elevators and stairways) designed and intended to be leased as commercial office space. Landlord reserves the right to change the configuration of the Office Section, in which event the definition of Office Section as used in this Lease shall be revised to reflect such change. Any such change in configuration shall become effective on January 1 of the calendar year immediately following the year such change was made.

(3) Premises: Approximately fourteen thousand four hundred eighty (14,480) square feet of Rental Area on the ninth floor of the Building, as shown on Schedule A attached hereto.

B. Rent

(1) Annual Basic Rent:

<u>Period</u>	<u>PSF Basic Rent</u>	<u>Annual Basic Rent</u>	<u>Monthly Instalment</u>
06/01/2006 – 05/31/2007	\$40.00	\$579,200.00	\$48,266.67
06/01/2007 – 05/31/2008	\$40.50	\$586,440.00	\$48,870.00
06/01/2008 – 05/31/2009	\$41.00	\$593,680.00	\$49,473.33
06/01/2009 – 05/31/2010	\$41.50	\$600,920.00	\$50,076.67
06/01/2010 – 05/31/2011	\$42.00	\$608,160.00	\$50,680.00
06/01/2011 – 05/31/2012	\$42.50	\$615,400.00	\$51,283.33
06/01/2012 – 05/31/2013	\$43.00	\$622,640.00	\$51,886.67
06/01/2013 – 05/31/2014	\$43.50	\$629,880.00	\$52,490.00
06/01/2014 – 05/31/2015	\$44.00	\$637,120.00	\$53,093.33
06/01/2015 – 05/31/2021	\$45.75	\$662,460.00	\$55,205.00

(8/7/06)

(2) Advance Rent: Intentionally omitted

(3) Security: Intentionally omitted

C. Adjustments.

(1) Base Operating Costs: The Base Operating Costs for the Premises shall be the Operating Costs attributable to the Office Section for the Operating Year commences January 1, 2006 and ends December 31, 2006, multiplied by Tenant's Fractional Share.

(2) Adjustment Period Consumer Price Index. Intentionally Omitted.

D. Term

(1) Term: Fifteen (15) years, subject to Section 4.

(2) Lease Commencement Date: June 1, 2006, subject to Section 4.

(3) Termination Date: May 31, 2021, subject to Section 4.

E. Notice and Payment

(1) Tenant Notice Address:  
To the Premises

with a copy to:  
Water Tower Clinic Associates, Ltd.  
2928 Oriole Trail  
Michigan City, IN 43630

(2) Landlord Notice Address:  
Rouse Property Management, Inc.  
c/o General Growth Properties, Inc.  
10275 Little Patuxent Parkway  
Columbia, Maryland 21044

with a copy to:  
General Growth Properties, Inc.  
110 North Wacker Drive  
Chicago, Illinois 60606  
Attention: General Counsel

(3) Landlord Payment Address:  
Rouse Property Management, Inc.  
P.O. Box 62027  
Baltimore, Maryland 21264-2027

F. Broker: None

(8/7/06)

2. DEFINITIONS.

For purposes of this Lease, the Schedules attached and made a part hereof and all agreements supplemental to this Lease, the following terms shall have the respective meanings as set forth in the following Section, subsection, paragraph and Schedule referencs:

	Reference
Additional Rent.....	6.3
Advance Rent.....	1.B.
Alterations.....	15.1
Annual Basic Rent.....	1.B
Bankruptcy Code.....	19.1
Base Operating Cost.....	1.B.(1)
Building.....	1.A
Casualty.....	17.1
Common Area.....	10.1
Default Rate.....	6.5
Excess Taxes.....	7.3
Event of Default.....	20.1
Event of Tenant's Bankruptcy.....	19.1
Fractional Share.....	7.1
Insolvency Laws.....	19.1
Landlord Notice Address.....	1.E
Landlord Payment Address.....	1.E
Lease Commencement Date.....	1.D
Mortgage.....	27
Mortgagee.....	27
Office Section.....	1.A.(2)
Operating Costs.....	7.1
Operating Costs Statement.....	7.2
Operating Year.....	7.1
Premises.....	1.A
Property.....	7.1
Public Areas.....	Schedule C
Rental Area.....	3
Rental Year.....	6.1
Rules and Regulations.....	9
Tenant Improvements.....	5.1
Tenant Notice Address.....	1.E
Tenant's Share of Increased Operating Costs.....	7.2
Tenant's Personal Property.....	15.3
Term.....	4.1
Termination Date.....	1.D
Transfer.....	25

3. LEASED PREMISES; MEASUREMENT.

3.1. Leased Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises as shown on the plan attached hereto as Schedule A, together with the right to use, in common with others, the Common Area. The rental area of the Premises ("Rental Area") has been computed by measuring to



(8/7/06)

the inside finish of exterior glass panels and includes all areas within such glass panels, excluding public stairs, elevator shafts, flues, stacks, pipe shafts and vertical ducts with their enclosing walls, except for any of the foregoing which exclusively serves Tenant, and shall include the Premises' proportionate share of toilets, corridors, elevator lobbies, air conditioning rooms, fan rooms, janitor closets and electrical and telephone closets within the Office Section. There is excluded from the area demised by this Lease (but no deduction from Rental Area shall be made on account thereof) those portions of the Premises occupied by structural columns and their enclosures, and all utility lines and other installations required to service other occupants of the Building.

3.2. Measurement. Within sixty (60) days following completion of the Tenant Improvements, either Landlord or Tenant shall have the right to remeasure the Premises in accordance with the above formula and if such measurement shall disclose that the Rental Area of the Premises is different from that set forth in Section 1.A. hereof, the Annual Basic Rent and the Tenant's Fractional Share shall be adjusted accordingly. If neither party elects to remeasure the Premises during such sixty (60) day period, then the Rental Area set forth in Section 1.A. shall be conclusively deemed the Rental Area of the Premises.

#### 4. TERM AND COMMENCEMENT OF TERM.

4.1. Term. The term of this Lease (the "Term") shall commence on the Lease Commencement Date.

4.2. Option to Renew. Provided Tenant is in possession of the Premises and is not in default of any term, covenant or condition of this Lease, Tenant shall have the option to renew the Term of this Lease for one (1) additional period of five (5) years ("Renewal Term") to commence immediately upon the expiration of the initial Term.

Said Renewal Term shall be upon the same terms, covenants and conditions as contained in this Lease, except that (i) the Annual Basic Rent during said Renewal Term shall be at the "Prevailing Market Rate", (ii) there shall be no further option to renew except as specifically provided herein, (iii) there shall be no abatement of rent, and (iv) Landlord shall not be obligated to construct, pay for or grant an allowance with respect to tenant improvements unless otherwise specifically provided for in this Lease. "Prevailing Market Rate" shall mean the current market rental rate for the Premises as determined by Landlord but shall not be more than the rate at which Landlord would offer such space or space of approximately the same size and location to a third party. In no event, however, shall the Annual Basic Rent during the Renewal Term be less than the Annual Basic Rent reserved under this Lease for the Rental Year immediately preceding the Renewal Term for which the determination is being made.

In order to exercise the option granted herein, Tenant shall notify Landlord, in writing, later than twelve (12) months prior to the expiration of the initial Term that it is considering exercising its option to renew the Term. On receipt of such notice, Landlord will, in writing, not later than thirty (30) days after receipt of the notice from Tenant, quote to Tenant what the new Annual Basic Rent will be for the ensuing Renewal Term. Tenant shall then notify Landlord, in writing, not later than fifteen (15) days after notice received of such Annual Basic Rent, as to whether or not it will exercise the option herein granted and if no such notice of exercise of the option is received, the option shall be deemed waived. In the event Tenant exercises the option, Landlord and Tenant shall execute a modification to this Lease acknowledging such renewal and setting forth the new Annual Basic Rent.

The option shall be void if, at the time of exercise of such option, Tenant is not in possession of the Premises or if there is an Event of Default under this Lease or if Tenant fails to deliver the requisite notice thereof within the time period specified above. The option granted herein shall not be severed from this Lease, separately sold, assigned or transferred.

4.4 Right to Reduce Size of Premises. Provided Tenant is in possession of the Premises and is not in

(8/7/06)

default of any term, covenant or condition of this Lease, Tenant shall have the option to decrease the size of the Premises by an area consisting of 3,500 square feet of Rental Area ("Surrendered Premises") as shown hatched on the Schedule A-1 attached hereto and made a part hereof; provided, however, that Tenant shall not decrease the size of the Premises by more than 2,000 square feet of Rental Area during 2006 and the remaining portion of the Surrendered Premises shall be reduced during 2007. In the event Tenant exercises the option to reduce the size of the Premises, Landlord and Tenant shall execute a modification to the Lease establishing the date(s) on which the size of the Premises are reduced ("Reduction Date") acknowledging such reduction and setting forth the new Annual Basic Rent.

On or prior to the Reduction Date, Tenant shall deliver to Landlord possession of the Surrendered Premises broom clean and in as good condition as when received, normal wear and tear excepted. From and after the Reduction Date, Tenant shall have no further rights or obligations with respect to the Surrendered Premises, except with respect to those matters described in Sections 8.3 and 22 which shall survive as though the Lease had terminated with respect to the Surrendered Premises.

#### 5. CONTINGENCY AND ACCEPTANCE OF PREMISES.

5.1. Contingency. This Lease shall be contingent upon the execution and delivery to Landlord of Lease Termination Agreements by between Landlord and WT Surgicenter LLC and between Landlord and Louis W. Weiss Memorial Hospital for the immediate surrender of certain portions of the Premises. WT Surgicenter LLC and Louis W. Weiss Memorial Hospital shall hereinafter collectively be referred to as the "Existing Tenants".

If Landlord, despite its reasonable, good-faith efforts, is unable to enter into such agreement with Existing Tenants on or before May 31, 2006, the agreement between Landlord and Tenant to lease the Premises shall be null and void without the need for the execution of any other instrument and neither party shall have any claim against the other in connection with this Lease. Landlord's good-faith effort shall not, under any circumstances, require Landlord to institute any legal proceedings against nor make any payments to Existing Tenants or any other third party in order to secure said Lease Termination Agreement.

5.2. Acceptance of Premises. Tenant agrees to accept, the Premises in its "as-is" condition. By commencing construction of the Tenant Improvements (as defined in Section 5.2 below), Tenant shall be deemed to have (a) accepted the Premises in its present condition, (b) acknowledged that the Premises is suitable for Tenant's intended use, and (c) agreed that Landlord shall not be required to make any repairs or improvements to the Premises.

#### 6. RENT.

6.1. Annual Basic Rent. Tenant shall pay to Landlord during each Rental Year of the Term fixed rent equal to the Annual Basic Rent as set forth in subsection 1.B.(1). Annual Basic Rent shall be payable in advance on the first day of each month of the Term in equal monthly installments, without notice, demand, abatement (except as otherwise specifically provided in this Lease), deduction or set-off. If the Term of this Lease shall commence on a day other than the first day of a month, the first payment shall include any prorated Annual Basic Rent for the period from the Lease Commencement Date to the first day of the first full calendar month of the Term.

"Rental Year" shall mean each successive twelve (12) calendar month period occurring during the Term of this Lease, or portion of such a period, with the first Rental Year commencing as of the Lease Commencement Date and ending on the last day of the twelfth full calendar month thereafter and the last Rental Year ending on the Termination Date. For any Rental Year of less or more than twelve full months,

(8/7/06)

Annual Basic Rent shall be adjusted accordingly. All Annual Basic Rent and Additional Rent shall be paid to Landlord at the Landlord Payment Address.

6.2. Intentionally Omitted.

6.3. Additional Rent. Tenant shall pay to Landlord as additional rent ("Additional Rent") all other sums of money which shall become due and payable hereunder. Unless a date for payment is otherwise specified herein, all Additional Rent shall be due and payable within thirty (30) days of invoicing by Landlord.

6.4. Advance Rent; Security. Intentionally omitted

6.5. Late Charge. If Tenant fails to make any payment of Annual Basic Rent, Additional Rent, or other sums required to be paid hereunder on or before the date when payment is due, Tenant shall pay to Landlord, as Additional Rent, a late charge to cover extra administrative costs and loss of use of funds equal to (a) six percent (6%) of the amount due for the first month or portion thereof that such amount is past due plus (b) interest on the amount remaining unpaid thereafter at the rate of twenty-four percent (24%) per annum; provided, however, that should such late charge at any time violate any applicable law, the late charge shall be reduced to the highest rate permitted by law (the foregoing rate being herein referred to as the "Default Rate"). Landlord's acceptance of any rent after it has become due and payable shall not excuse any delays with respect to future rental payments or constitute a waiver of any of Landlord's rights under this Lease.

Notwithstanding the above, the late charge set forth above shall be waived up to three (3) times in any twelve (12) month period, provided that Tenant pays the above described sums within five (5) days after the date due.

7. OPERATING COST ESCALATIONS.

7.1. Definitions. For purposes of this Lease, the following definitions shall apply:

a. "Operating Year" means each respective calendar year or part thereof during the Term of this Lease or any renewal thereof, or at the option of Landlord, any other twelve-month period or part thereof designated by Landlord during the Term of this Lease or any renewal thereof.

b. "Property" means the Building, the land upon which the Building is situated, the Common Area, and such additional facilities in subsequent years as may be determined by Landlord to be reasonably necessary or desirable for the management, maintenance or operation of the Building.

c. "Operating Costs" means all expenses and costs (but not specific costs which are allocated or separately billed to and paid by specific tenants) of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with owning, operating, managing, painting, repairing, insuring and cleaning the Office Section, including, but not limited to, the following:

(i) cost of all supplies and materials used, and labor charges incurred, in the operation, maintenance, decoration, repairing and cleaning of the Office Section, including janitorial service for all rental area leased to tenants;

(ii) cost of all equipment purchased or rented which is utilized in the performance of Landlord's obligations hereunder, and the cost of maintenance and operation of any such equipment;

(iii) cost of all maintenance and service agreements for the Office Section and the equipment therein, including, without limitation, alarm service, security service, window cleaning, and elevator maintenance;

(8/7/06)

(iv) the Office Section's allocable share (as reasonably determined by Landlord) of those Operating Costs incurred in connection with owning, managing, maintaining and operating the Building and the Property which cannot be attributed to one single portion of the Building, including without limitation; (1) accounting costs, including the cost of audits by certified public accountants; (2) outside legal and engineering fees and expenses incurred in connection with the operation and management of the Property; (3) wages, salaries and related expenses including the costs of all on-site and off-site agents or employees engaged in the operation, maintenance, security and management of the Property; provided, however, the wages, salaries and related expenses of any agents or employees not exclusively engaged in the operation, maintenance, security and management of the Property shall be apportioned as deemed appropriate by Landlord; (4) cost of removal of trash, rubbish, garbage and other refuse from the Property, all charges (except as specifically paid for by individual tenants) for electricity, gas, water, sewerage service, heating, ventilation and air-conditioning and other utilities furnished to the Property (including legal, architectural and engineering fees incurred in connection therewith); and (5) costs and expenses incurred in order to comply with covenants and conditions in liens, encumbrances and other matters of public record affecting the Property;

(v) amortization of capital improvements made to the Office Section, or those portions of the Building which service the Office Section, after the year of substantial completion of the Building, which improvements were undertaken by Landlord with the reasonable expectation that the same would result in more efficient operation of the Office Section or are made by Landlord pursuant to any governmental law, regulation or action not applicable to the Building at commencement of construction thereof; provided that the cost of each such capital improvement, together with any financing charges incurred in connection therewith, shall be amortized over the useful life thereof and only that portion attributable to each Operating Year shall be included herein for such Operating Year;

(vi) a management fee for the operation and management of the Office Section;

(vii) cost of all insurance coverage for the Office Section maintained by Landlord, including but not limited to the costs of premiums for insurance with respect to personal injury, bodily injury, including death, property damage, business interruption, workmen's compensation insurance covering personnel and such other insurance as Landlord shall deem necessary, which insurance Landlord may maintain under policies covering other properties owned by Landlord in which event the premium shall be reasonably allocated; and

(viii) all real estate taxes, assessments (special or otherwise), levies, ad valorem charges, benefit charges, water and sewer rents, rates and charges, privilege permits and any other governmental liens, impositions or charges of a similar or dissimilar nature, and any payments in lieu of such charges, regardless of whether any such items shall be extraordinary or ordinary, general or special, foreseen or unforeseen, levied, assessed, or imposed on or with respect to all or any part of the Property or upon the rent due and payable hereunder by any governmental authority (all of the aforesaid being hereinafter referred to as "Taxes"): provided, however, that if at any time during the Term or any extension thereof the method of taxation prevailing at the commencement of the Term shall be altered or eliminated so as to cause the whole or any part of the above items which would otherwise be included in Taxes to be replaced by a levy, assessment or imposition, which is (A) a tax assessment, levy, imposition or charge based on the rents received from the Property whether or not wholly or partially a capital levy or otherwise, or (B) a tax, assessment, levy, imposition or charge measured by or based in whole or in part upon all or any portion of the Property and imposed on Landlord, or (C) a license fee measured by the rent payable by Tenant to Landlord, or (D) any other tax, levy, imposition, charge or license fee, however described or imposed, then such levy, assessment or imposition shall be included in Taxes; provided, however, in no event shall Tenant be required to pay any inheritance, estate, succession, income, profits or franchise taxes unless they are in lieu of or in substitution for any of the above items which would otherwise be included in Taxes.

(8/7/06)

Any of the foregoing costs which under generally accepted accounting principles would be considered capital expenditures shall be amortized in accordance with generally accepted accounting principles.

Notwithstanding the above, Operating Costs shall not include (a) payments of principal and interest on any mortgages, deeds of trust or other financing instruments relating to the financing of the Property, (b) leasing commissions or brokerage fees, and (c) costs associated with preparing, improving or altering for space for any leasing or releasing of any space within the Office Section.

For any Operating Year during which less than ninety-five percent (95%) of the Rental Area of the Office Section is occupied, the calculation of that portion of Operating Costs which vary with occupancy shall be adjusted to equal the Operating Costs which Landlord projects would have been incurred had the Office Section been ninety-five percent occupied during such Operating Year.

d. "Fractional Share" shall mean a fraction, the numerator of which is the Rental Area of the Premises and the denominator of which is the total Rental Area of Office Section.

Notwithstanding the foregoing, in the event Tenant is responsible for providing heating, ventilation, air conditioning, cleaning or janitorial services to the Premises as provided in Section 11 below, then the cost of cleaning and janitorial services shall be excluded from the amount of any increased Operating Costs as provided in Section 7.2 below.

**7.2. Payment of Operating Cost Escalation.** For each Operating Year, commencing January 1, 2007, Tenant shall pay to Landlord, in the manner provided herein, Tenant's share of increased Operating Costs which shall be computed by multiplying the Operating Costs for the Operating Year by Tenant's Fractional Share and subtracting the Base Operating Costs from the result obtained ("Tenant's Share of Increased Operating Costs") but in no event less than the Base Operating Costs; provided, however, that for the Operating Years during which the Term begins and ends, Tenant's Share of Increased Operating Costs shall be prorated based upon the actual number of days Tenant occupied, or could have occupied, the Premises during each such Operating Year.

Tenant's Share of Increased Operating Costs shall be paid, in advance, without notice, demand, abatement (except as otherwise specifically provided in this Lease), deduction or set-off, on the first day of each calendar month during the Term, said monthly amounts to be determined on the basis of estimates prepared by Landlord on an annual basis and delivered to Tenant prior to the commencement of each Operating Year. If, however, Landlord fails to furnish any such estimate prior to the commencement of an Operating Year, then (a) until the first day of the month following the month in which such estimate is furnished to Tenant, Tenant shall pay to Landlord on the first day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this subsection 7.2 in respect of the last month of the preceding Operating Year; (b) promptly after such estimate is furnished to Tenant, Landlord shall give notice to Tenant whether the installments of Tenant's Share of Increased Operating Costs paid by Tenant for the current Operating Year have resulted in a deficiency or overpayment compared to payments which would have been paid under such estimate, and Tenant, within ten (10) days after receipt of such estimate, shall pay any deficiency to Landlord and any overpayment shall be credited against future payments required by Tenant under such estimate; and (c) on the first day of the month following the month in which such estimate is furnished to Tenant and monthly thereafter throughout the remainder of the Operating Year, Tenant shall pay to Landlord the monthly payment shown on such estimate. Landlord may at any time or from time to time furnish to Tenant a revised estimate of Tenant's Share of Increased Operating Costs for such Operating Year, and in such case, Tenant's monthly payments shall be adjusted and paid or credited, as the case may be, substantially in the same manner as provided in the preceding sentence.

After the end of each Operating Year, Landlord shall determine actual Operating Costs for such Operating Year and shall provide to Tenant an "Operating Costs Statement" setting forth the actual Tenant's

(8/7/06)

Share of Increased Operating Costs for such Operating Year. Within thirty (30) days after delivery of the Operating Costs Statement, Tenant shall pay Landlord any deficiency between the amount shown as Tenant's Share of Increased Operating Costs in the Operating Costs Statement and the total of the estimated payments made by Tenant during the Operating Year. In the event of overpayment, such amount shall be credited against future payments required on account of Tenant's Share of Increased Operating Costs, or if the Term has expired, Landlord shall refund to Tenant the amount of any overpayment.

Each Operating Costs Statement provided by Landlord shall be conclusive and binding upon Tenant unless within thirty (30) days after receipt thereof, Tenant notifies Landlord that it disputes the correctness thereof, specifying those respects in which it claims the Operating Costs Statement to be incorrect. Unless resolved by the parties, such dispute shall be determined by arbitration in accordance with the then prevailing rules of the American Arbitration Association. If the arbitration proceedings result in a determination that the Operating Costs Statement contained an aggregate discrepancy of less than five percent (5%), Tenant shall bear all costs in connection with such arbitration. If the arbitration proceedings result in a determination that the Operating Costs Statement contained an aggregate discrepancy of greater than five percent (5%), Landlord shall bear all costs in connection with such arbitration.

Pending determination of the dispute, Tenant shall pay any amounts due from Tenant in accordance with the Operating Costs Statement, but such payment shall be without prejudice to Tenant's claims. Tenant, for a period of thirty (30) days after delivery of the Operating Costs Statement in each Operating Year and upon at least ten (10) days written notice to Landlord, shall have reasonable access during normal business hours to the books and records of Landlord relating to Operating Costs for the purpose of verifying the Operating Costs Statement, Tenant to bear all costs relating to such inspection. Tenant shall reimburse Landlord for any cost for photocopying that it desires.

7.3. Adjustment In the event the Rental Area of the Office Section is changed, the amount of Operating Costs and Taxes included in the calculation of Base Operating Costs shall be equitably adjusted.

## 8. USE, CARE AND REPAIR OF PREMISES BY TENANT.

8.1. Permitted Uses. Tenant shall use and occupy the Premises solely for general office purposes associated with the adjoining outpatient surgical facility in accordance with applicable zoning regulations and for no other purpose. Tenant shall not do anything or permit anything to be done in or on the Premises which is contrary to the laws of the United States of America or of the State of Illinois, or which is contrary to the ordinances of the City of Chicago, or bring or keep anything therein which will, in any way, obstruct, injure, annoy or interfere with the rights of Landlord or other tenants, or subject Landlord to any liability for injury to persons or damage to property, or interfere with the good order of the Building, or conflict with the laws, rules or regulations of any Federal, state, city or local authority.

8.2. Care of Premises. Tenant shall, at its sole expense, keep the Premises and the improvements and appurtenances therein in good order and condition consistent with the operation of a first-class office building, and at the expiration of the Term, or at the sooner termination of this Lease as herein provided, deliver up the same broom clean and in as good order and condition as at the beginning of the Term, ordinary wear and tear and damage by fire or other casualty excepted. Tenant, at its sole expense, shall promptly replace damaged or broken doors and glass in and about the interior of the Premises and shall be responsible for the repair and maintenance of all special or custom Tenant Improvements and Alterations, including, without limitation, the repair and replacement of appliances and equipment installed specifically for Tenant such as refrigerators, disposals, computer room air conditioning, sinks and special plumbing, special light fixtures and bulbs for those fixtures, non-standard outlets and plug-in strips, and special cabinetry. Consistent with the provisions of Section 22, Tenant shall pay for all property damage sustained by other tenants or occupants of the Building, due to any waste, misuse or neglect by Tenant of the Premises and any fixtures and appurtenances related thereto or due to any breach of this Lease by Tenant, its employees, agents, representatives or invitees.

(8/7/06)

**8.3. Hazardous Materials.**

- (a) "Hazardous Material(s)" means any substance that, by itself or in combination with other materials, is either (i) potentially injurious to public health, safety, or the environment; or (ii) now or in the future regulated by any federal, state, or local governmental authority as potentially injurious to public health, safety, or the environment.
- (b) With the exception of minor amounts of Hazardous Materials customarily and lawfully used in conjunction with the Permitted Use, Tenant, its employees, contractors, agents, and any party acting on behalf of Tenant, shall not store, use, treat, generate, or dispose of Hazardous Materials at the Property.
- (c) Tenant, its employees, contractors, agents, and any party acting on behalf of Tenant shall comply, and shall keep the Premises in compliance, with all laws and regulations relating to Hazardous Materials ("Environmental Laws"); and in addition Tenant shall:
- (i) Promptly provide Landlord with copies of any document, correspondence, report or communication, written or oral, relating to Hazardous Materials at or affecting the Property (x) to or from any regulatory body, or (y) stating a basis for any potential liability or responsibility of Tenant, Landlord, or the Property; including all such documents, correspondence, reports or communications prepared by or on behalf of Tenant. In addition to the above, at Landlord's request, Tenant shall provide copies of any and all records and communications whatsoever relating to Hazardous Materials at or affecting the Property.
  - (ii) Immediately notify Landlord in the event of a suspected or confirmed release of a Hazardous Material or violation of Environmental Laws at or affecting the Property and caused by or related to the operations of Tenant, its employees, contractors, agents, or any party acting on behalf of Tenant and, at Landlord's sole option, either promptly remediate or correct such release or violation to Landlord's satisfaction or reimburse Landlord's cost of remediation (including reasonable attorneys' and consultants' fees); and compensate Landlord and/or third parties for all resultant damage.
  - (iii) Permit Landlord reasonable access to the Premises for the purpose of conducting an environmental audit or testing, the cost of which shall be borne by Landlord unless the results indicate activity prohibited by Environmental Laws or hereunder.
  - (iv) Upon expiration or other termination of this Lease, remove all Hazardous Materials from the Premises, and at Landlord's option cause to be performed and provided to Landlord an environmental audit of the Premises, using a consultant reasonably acceptable to Landlord, and correct, at its expense, any deficiencies noted by the audit.
- (d) Landlord shall comply with all Environmental Laws regarding its storage, use, treatment, generation, and disposal of Hazardous Materials, and, if required by law, shall promptly remediate any release of Hazardous Materials or correct any violation of Environmental Laws at or affecting the Property and resulting from such storage, use, treatment, generation or release.
- (e) This Section 8.3 shall survive the expiration or other termination of this Lease.

(8/7/06)

8.4. Compliance with Laws. Tenant, at its sole cost and expense, shall conform to and comply with and shall cause the Premises to conform to and comply with all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, and ordinances applicable to Tenant or resulting from Tenant's use or occupancy of the Premises or the Property or any part thereof.

#### 9. RULES AND REGULATIONS.

Tenant and its agents and invitees shall abide by and observe the rules and regulations attached hereto as Schedule C for the operation and maintenance of the Office Section or any new rules and regulations which may from time to time be issued by Landlord ("Rules and Regulations"), provided that any new rules or regulations are not inconsistent with the provisions of this Lease. Nothing in this Lease shall be interpreted to impose upon Landlord any duty or obligation to enforce any such rules and regulations against any other tenant in the Office Section, and Landlord shall not be liable to Tenant for any violation of these rules and regulations by any other tenant or its agents or invitees.

#### 10. COMMON AREA.

10.1. Definition of Common Area. As used herein, "Common Area" means those areas and facilities which may be furnished by Landlord on or near the Property, as designated by Landlord from time to time, intended for the general common use and benefit of all tenants of the Office Section and their agents, representatives, licensees, employees and invitees, including, without limitation, any and all stairs, landings, roofs, utility and mechanical rooms and equipment, service closets, corridors, elevators, lobbies, lavatories and other public areas of the Building and all parking areas, access roads, pedestrian walkways, plazas and landscaped areas.

10.2. Use of Common Area. Tenant shall have the non-exclusive right to use the Common Area in common with Landlord, other tenants in the Office Section, and others entitled to the use thereof, subject to such reasonable rules and regulations governing the use of the Common Area as Landlord may from time to time prescribe and subject to such easements therein as Landlord may from time to time grant to others. Tenant shall not obstruct in any way any portion of the Common Area or in any way interfere with the rights of other persons entitled to use the Common Area and shall not, without the prior written consent of Landlord, use the Common Area in any manner, directly or indirectly, for the location or display of any merchandise or property belonging to Tenant or for the location of signs relating to Tenant's operations in the Premises. The Common Area shall at all times be subject to the exclusive control and management of Landlord.

10.3. Alterations to the Common Area. Landlord reserves the right at any time and from time to time (i) to change or alter the location, layout, nature or arrangement of the Common Area or any portion thereof, including but not limited to the arrangement and/or location of entrances, passageways, doors, corridors, stairs, lavatories, elevators, parking areas, and other public areas of the building, and (ii) to construct additional improvements on the Property and make alterations thereof or additions thereto and build additional stories on or in any such buildings or build adjoining same; provided, however, that no such change or alteration shall deprive Tenant of access to the Premises or reduce the Rental Area of the Premises, unless such reduction is required by Federal, State or local laws or regulations, in which event, a reduction in the Premises shall be permitted with a commensurate reduction in rent. Landlord shall have the right to close temporarily all or any portion of the Common Area to such extent as may, in the reasonable opinion of Landlord, be necessary to prevent a dedication thereof to the public, provided that Tenant is not thereby denied access to the Premises, or for repairs, replacements or maintenance to the Common Area, provided such repairs, replacements or maintenance are performed expeditiously and in such a manner as not to deprive Tenant of access to the Premises.



(8/7/06)

10.4. Maintenance. Landlord covenants to keep, maintain, manage and operate the Common Area in a manner consistent with the operation of a first class office building and to keep the sidewalks and driveways, if any, constituting a portion of the Common Area clean and reasonably clear of snow and ice. Landlord reserves the right of access to the Common Area through the Premises for the purposes of operation, decoration, cleaning, maintenance, safety, security, alterations and repairs.

#### 11. SERVICES AND UTILITIES.

So long as Tenant is not in an Event of Default under this Lease, Landlord shall provide the following facilities and services to Tenant, the cost of such facilities and services to be included in Landlord's Operating Costs (except as otherwise provided herein):

a. At least one self-operating elevator (if the building contains an elevator) subject to call at all times, including Sundays and holidays.

b. During "normal business hours" as hereinafter defined, central heating and air conditioning during the seasons of the year when these services are normally and usually furnished, and within the temperature ranges and in such amounts normally or usually furnished in comparable office buildings in the immediate vicinity. For the purposes of this paragraph b, the term "normal business hours" shall mean the periods from 8:00 a.m. until 6:00 p.m. on business days and from 8:00 a.m. until 12:00 p.m. on Saturdays. Landlord shall provide the aforesaid services at other times, at Tenant's expense, provided Tenant gives Landlord notice by 1:00 p.m. on weekdays for after-hour service on the next weekday, by 1:00 p.m. the day before a holiday for service on a holiday, and by 1:00 p.m. on Friday for after-hour service on Saturday or service on Sunday. Such after-hour, holiday or special weekend service shall be charged to Tenant at rates to be calculated by Landlord based on Landlord's costs, which rates shall be given to Tenant on request. Landlord reserves the right to adjust, from time to time, the rate at which such services shall be provided corresponding to adjustments in Landlord's costs. Tenant shall pay for such service, as Additional Rent, promptly upon receipt of an invoice with respect thereto.

c. Reasonable amounts of electric current for lighting and normal and customary items of office equipment (subject to the provisions of Section 12 below).

d. Cleaning in and about the Premises (excepting Saturdays, Sundays and holidays) comparable to standard cleaning service furnished by first-class Chicago buildings for professional or office uses. (No persons shall be employed by Tenant to do cleaning or janitorial work in the Premises and no persons other than Landlord's employees or contractors shall clean the Premises unless Landlord shall give its prior written consent thereto. Any person employed by Tenant with Landlord's consent to do cleaning or janitorial work shall, while in the Building or Premises, be subject to the direction of Landlord's manager (but not as agent or servant of said manager or of Landlord).

e. Intentionally omitted.

f. Rest room facilities and necessary lavatory supplies, including hot and cold running water at the points of supply, as provided for general use of all tenants in the Office Section and routine maintenance, painting, and electric lighting service for all public areas of the Building in such manner as Landlord deems reasonable.

Any failure by Landlord to furnish the foregoing services, resulting from circumstances beyond Landlord's reasonable control or from interruption of such services due to repairs or maintenance, shall not render Landlord liable in any respect for damages to either person or property, nor be construed as an eviction of Tenant, nor cause an abatement of rent hereunder, nor relieve Tenant from any of its obligations hereunder. If any public utility or governmental body shall require Landlord or Tenant to restrict the consumption of any

(8/7/06)

utility or reduce any service for the Premises or the Office Section, Landlord and Tenant shall comply with such requirements, whether or not the utilities and services referred to in this Section 11 are thereby reduced or otherwise affected, without any liability on the part of Landlord to Tenant or any other person or any reduction or adjustment in rent payable hereunder. Landlord and its agents shall be permitted reasonable access to the Premises for the purpose of installing and servicing systems within the Premises deemed necessary by Landlord to provide the services and utilities referred to in this Section 11 to Tenant and other tenants in the Office Section.

Landlord reserves the right to charge Tenant the reasonable cost, based on usage, of the removal of all trash and the reasonable cost of water/sewerage or electric service to the extent Tenant's trash disposal, water/sewerage and/or electrical usage exceeds, in Landlord's reasonable opinion, normal usage for an office tenant.

#### 12. ELECTRIC CURRENT.

Landlord shall furnish electrical energy to the Premises (not to exceed 320 hours per month) without charge to Tenant (except in accordance to Section 7 hereof), provided:

- (i) the connected electrical load of all the incidental use equipment does not exceed an average of 1 watt per square foot of the Premises;
- (ii) the electricity so furnished for incidental uses will be at nominal 120 volts, and no electrical circuit for the supply of such incidental uses will have a current capacity exceeding 15 amperes;
- (iii) such incidental electricity will be used only for equipment and accessories normal to professional or office usage; and,
- (iv) such incidental electricity consumption does not exceed five percent (5%) of Tenant's electricity consumption for lighting fixtures.

In the event Tenant's incidental electricity consumption exceeds the above standards, Landlord reserves the right to require Tenant to procure electricity for all such incidental use requirements, at Tenant's expense, by arrangement with Commonwealth Edison Company or other approved local utility without any right of offset or deduction against any sums due under this Lease.

Tenant shall not install or use on the Premises any electrical equipment, appliance or machine which shall require amounts of electrical energy exceeding the above standards, unless the installation and use of such additional electrical equipment, appliance, or machine has been approved by Landlord pursuant to terms and conditions set forth in a separate agreement, which approval may be conditioned upon the payment by Tenant, as Additional Rent, of the cost of the additional electrical energy and modifications to that portion of the Building's electrical system which services the Premises required for the operation of such electrical equipment, appliance, or machine.

#### 13. LOSS, DAMAGE AND INJURY.

To the maximum extent permitted by law, Tenant shall occupy and use the Premises, the Building and the Common Area at Tenant's own risk. Consistent with the provisions of subsection 16.4, Tenant's Personal Property and personal items of those claiming by, through or under Tenant, located in or on the Premises or the Office Section shall be and remain at the sole risk of Tenant or such other person.

No representation, guaranty, assurance, or warranty is made or given by Landlord that the communications or security systems, devices or procedures used, if any, will be effective to prevent injury to

(8/7/06)

Tenant or any other person or damage to, or loss (by theft or otherwise) of any of Tenant's Personal Property or of the property of any other person, and Landlord reserves the right to discontinue or modify at any time such communications or security systems, devices, or procedures without liability to Tenant.

#### 14. REPAIRS BY LANDLORD.

Landlord shall keep the Premises and the Building and all machinery, equipment, fixtures and systems of every kind attached to, or used in connection with the operation of, the Office Section, including all electrical, heating, mechanical, sanitary, sprinkler, utility, power, plumbing, cleaning, refrigeration, ventilating, air conditioning and elevator systems and equipment (excluding, however, lines, improvements, systems and machinery for water, gas, steam and electricity owned and maintained by any public utility company or governmental agency or body) in good order and repair consistent with the operation of the Office Section as a first-class office building. Landlord, at its expense (subject to reimbursement by Tenant pursuant to Section 7), shall make all repairs and replacements necessary to comply with its obligations set forth in the immediately preceding sentence, except for (a) repairs required to be made by Tenant pursuant to Section 8 and (b) repairs caused by the willful misconduct of Tenant, its agents, employees, invitees and guests, which repairs shall be made by Landlord at the cost of Tenant, and for which Tenant shall pay promptly, as Additional Rent, upon receipt of an invoice setting forth the cost of such repairs. There shall be no abatement in rents due and payable hereunder and no liability on the part of Landlord by reason of any inconvenience or annoyance arising from Landlord's making repairs, additions or improvements to the Office Section in accordance with its obligations hereunder.

#### 15. ALTERATIONS, TITLE AND PERSONAL PROPERTY.

15.1. Alterations. Tenant shall in no event make or permit to be made any alteration, modification, substitution or other change of any nature to the mechanical, electrical, plumbing, HVAC, and sprinkler systems within or serving the Premises. After completion of Tenant's Improvements within the Premises, Tenant shall not make or permit any other improvements, alterations, fixed decorations, substitutions or modifications, structural or otherwise, to the Premises or the Building ("Alterations") without the prior written approval of Landlord. Landlord's approval shall include the conditions under which acceptable Alterations may be made. Alterations shall include, but not be limited to, the installation or modification of carpeting, walls, partitions, counters, doors, shelves, lighting fixtures, hardware, locks, ceiling, window and wall coverings; but shall not include the initial Tenant's Improvements placed within the Premises pursuant to subsection 5.1. All Alterations shall be based on complete plans and specifications prepared and submitted by Tenant to Landlord for approval, except in the instance of cosmetic changes, such as painting and carpeting, in which case Tenant shall provide Landlord with samples showing colors, styles, etc. All Alterations shall be made by Landlord at Tenant's sole cost, payable by Tenant, as Additional Rent, within thirty (30) days after receipt of an invoice for same from Landlord, which cost shall include Landlord's standard construction management fee.

Tenant shall be responsible for the cost of any additional improvements within the Premises or the Common Area required by The Americans with Disabilities Act of 1990 as a result of Tenant's Alterations.

If Tenant makes any Alterations without the prior consent of Landlord, then, in addition to Landlord's other remedies, Landlord may correct or remove such Alterations and Tenant shall pay the cost thereof, as Additional Rent, on demand.

15.2. Title. The Tenant Improvements, all Alterations and all equipment, machinery, furniture, furnishings, and other property or improvements installed or located in the Premises by or on behalf of Landlord or Tenant, other than Tenant's Personal Property, (a) shall immediately become the property of Landlord and (b) shall remain upon and be surrendered to Landlord with the Premises as a part thereof at the end of the Term. Notwithstanding the foregoing, Landlord may, upon notice to Tenant at the time Alterations are made, elect that any Alterations be removed at the end of the Term, and thereupon, Landlord shall at

(8/7/06)

Tenant's sole expense, cause such Alterations to be removed and restore the Premises to its condition prior to the making of such Alterations, reasonable wear and tear excepted. Tenant shall promptly reimburse Landlord, as Additional Rent, for the cost of such work, which reimbursement obligation shall survive termination of the Lease.

15.3. Tenant's Personal Property. "Tenant's Personal Property" means all equipment, machinery, furniture, furnishings and/or other property now or hereafter installed or placed in or on the Premises by and at the sole expense of Tenant with respect to which Tenant has not been granted any credit or allowance by Landlord and which (a) is not used, or was not procured for use, in connection with the operation, maintenance or protection of the Premises or the Office Section; (b) is removable without damage to the Premises or the Office Section; and (c) is not a replacement of any property of Landlord, whether such replacement is made at Tenant's expense or otherwise. Notwithstanding any other provision of this Lease, Tenant's Personal Property shall not include any Alterations or any improvements or other property installed or placed in or on the Premises as part of Tenant's Improvements, whether or not installed at Tenant's expense. Tenant shall promptly pay all personal property taxes on Tenant's Personal Property, as applicable. Provided that Tenant is not then in default of any of its obligations under this Lease, Tenant may remove all Tenant's Personal Property from the Premises at the termination of this Lease. Any property belonging to Tenant or any other person which is left in the Premises after the date the Lease is terminated for any reason shall be deemed to have been abandoned. In such event, Landlord shall have the right to declare itself the owner of such property and to dispose of it in whatever manner Landlord considers appropriate without waiving its right to claim from Tenant all expenses and damages caused by Tenant's failure to remove such property, and Tenant shall not have any right to compensation or claim against Landlord as a result.

## 16. INSURANCE.

16.1. Tenant's Insurance. Tenant, at its expense, shall obtain and maintain in effect as long as this Lease remains in effect and during such other time as Tenant occupies the Premises or any part thereof insurance policies in accordance with the following provisions.

### A. Coverage.

(i) commercial general liability insurance policy, including insurance against assumed or contractual liability under this Lease, with respect to the Property, to afford protection with limits, per occurrence, of not less than Two Million Dollars (\$2,000,000), combined single limit, with respect to personal injury, bodily injury, including death, and property damage and Four Million Dollars (\$4,000,000) aggregate (occurrence form), such insurance to provide for no deductible;

(ii) all-risk property insurance policy, including theft, written at replacement cost value and with replacement cost endorsement, covering all of Tenant's Personal Property in the Premises, and covering loss of income resulting from casualty, such insurance to provide for no deductible greater than Five Thousand Dollars (\$5,000).

(iii) worker's compensation or similar insurance policy offering statutory coverage and containing statutory limits, which policy shall also provide Employer's Liability Coverage of not less than Five Hundred Thousand Dollars (\$500,000) per occurrence.

(iv) Tenant shall require any contractor retained by it to perform work on the Premises to carry and maintain, at no expense to Landlord, during such times as contractor is working in the Premises, a non-deductible (a) commercial general liability insurance policy, including, but not limited to, contractor's liability coverage, contractual liability coverage, completed operations coverage, broad form property damage endorsement and contractor's protective liability coverage, to afford protection with limits per person and for each occurrence, of not less than Two Million Dollars (\$2,000,000), combined single limit, and with respect to

(8/7/06)

personal injury and death and property damage, Four Million Dollars (\$4,000,000) aggregate (occurrence form) and Two Million Dollars (\$2,000,000) aggregate completed operations; (b) automobile liability insurance in the amount of One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage; (c) worker's compensation insurance or similar insurance in form and amounts as required by law; and (d) any other insurance reasonably required of Tenant by Landlord or any Mortgagee.

(v) Notwithstanding anything set forth above in this subsection 16.1 to the contrary, all dollar limits specified herein shall be increased from time to time as reasonably necessary to effect economically equivalent insurance coverage, or coverage deemed adequate in light of then existing circumstances.

#### B. Policies.

Such policies shall be maintained with companies licensed to do business in the State where the Premises are located and in form reasonably acceptable to Landlord and will be written as primary policy coverage and not contributing with, or in excess of, any coverage which Landlord shall carry. Such policies shall be provided on an occurrence form basis unless otherwise approved by Landlord and shall include Landlord and its managing agent as additional insured as to coverage under paragraphs 16.1.A.(i) and 16.1.A.(iv). Such policies shall also contain a waiver of subrogation provision and a provision stating that such policy or policies shall not be canceled, non-renewed, reduced in coverage or materially altered except after thirty (30) day's written notice, said notice to be given in the manner required by this Lease to Landlord. All such policies of insurance shall be effective as of the date Tenant occupies the Premises and shall be maintained in force at all times during the Term of this Lease and all other times during which Tenant shall occupy the Premises. Tenant shall deposit the policy or policies of such required insurance or certificates thereof with Landlord prior to the Lease Commencement Date.

16.2. Tenant's Failure to Insure. If Tenant shall fail to obtain insurance as required under this Section 16, Landlord may, but shall not be obligated to, obtain such insurance, and in such event, Tenant shall pay, as Additional Rent, the premium for such insurance upon demand by Landlord.

16.3. Compliance with Policies. Tenant shall not do or allow to be done, or keep, or allow to be kept, anything in, upon or about the Premises which will contravene Landlord's policies insuring against loss or damage by fire, other casualty, or any other cause, including without limitation, public liability, or which will prevent Landlord from procuring such policies in companies acceptable to Landlord. If any act or failure to act by Tenant in and about the Building and the Premises shall cause the rates with respect to Landlord's insurance policies to be increased beyond those rates that would normally be applicable for such limits of coverage, Tenant shall pay, as Additional Rent, the amount of any such increases upon demand by Landlord.

16.4. Waiver of Right of Recovery. Except as provided in Section 8.3, neither party, including Landlord's managing agent, shall be liable to the other party, including Landlord's managing agent, or to any insurance company (by way of subrogation or otherwise) insuring the other party, for any loss or damage to any building, structure or other tangible property, or loss of income resulting therefrom, or losses under worker's compensation laws and benefits even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees. The provisions of this Section 16.4 shall not limit the indemnification for liability to third parties pursuant to Section 22.

16.5. Landlord's Insurance. Landlord shall carry commercial general liability insurance with regard to the Property and all-risk property insurance on the Property, including Tenant Improvements and Alterations but excluding Tenant's Personal Property.

Landlord shall not be obligated to repair any damage to Tenant's Personal Property or replace the same.

#### 17. DAMAGE AND DESTRUCTION.

(8/7/06)

17.1. Landlord's Obligation to Repair and Reconstruct. If, as the result of fire, the elements, accident or other casualty (any of such causes being referred to herein as a "Casualty"), the Premises shall be rendered wholly or partially untenantable (damaged to such an extent as to preclude Tenant's use of the Premises for the purposes originally intended), then, subject to the provisions of subsection 17.2, Landlord shall cause such damage to be repaired, including Tenant Improvements and Alterations, and the Annual Basic Rent and Additional Rent (but not any Additional Rent due Landlord either by reason of Tenant's failure to perform any of its obligations hereunder or by reason of Landlord's having provided Tenant with additional services hereunder) shall be abated proportionately as to the portion of the Premises rendered untenantable during the period of such untenantability. All such repairs shall be made at the expense of Landlord, subject to the availability of insurance proceeds and Tenant's responsibilities set forth herein. Landlord shall not be liable for interruption to Tenant's business or for damage to or replacement or repair of Tenant's Personal Property, all of which replacement or repair shall be undertaken and completed by Tenant, at Tenant's expense.

If the Premises shall be damaged by Casualty, but the Premises shall not be thereby rendered wholly or partially untenantable, Landlord shall promptly cause such damage to be repaired and there shall be no abatement of rent reserved hereunder.

17.2. Termination of Lease. (A) If the Premises are (1) rendered wholly untenantable, or (2) damaged as a result of any cause which is not covered by Landlord's insurance, or (B) if the Office Section is damaged to the extent of fifty percent (50%) or more of the gross leasable area thereof, or (C) if, for reasons beyond Landlord's control or by virtue of the terms of any financing of the Office Section, sufficient insurance proceeds are not available for the reconstruction or restoration of the Office Section or Premises, then, in any of such events, Landlord may elect to terminate this Lease by giving to Tenant notice of such election within ninety (90) days after the occurrence of such event, or after the insufficiency of such proceeds becomes known to Landlord, whichever is applicable. If such notice is given, the rights and obligations of the parties shall cease as of the date set forth in such notice, and the Annual Basic Rent and Additional Rent (but not any Additional Rent due Landlord either by reason of Tenant's failure to perform any of its obligations hereunder or by reason of Landlord's having provided Tenant with additional services hereunder) shall be adjusted as of the date set forth in such notice, or, if the Premises were rendered untenantable, as of the date of the Casualty.

Within ninety (90) days following a Casualty, Landlord shall notify Tenant in writing of the date on which Landlord, in its best professional judgment, estimates restoration will be substantially completed. If restoration is expected one hundred eighty (180) days from the date of Landlord's notice, then Tenant shall have the right to terminate this Lease on written notice to Landlord within fifteen (15) days after receipt of Landlord's notice.

17.3. Demolition of the Building. If the Office Section, or those portions of the Building which service the Office Section, shall be so substantially damaged that it is reasonably necessary, in Landlord's judgment, to demolish the Office Section for the purpose of reconstruction, Landlord may demolish the same, in which event the Annual Basic Rent and Additional Rent (but not any Additional Rent due Landlord either by reason of Tenant's failure to perform any of its obligations hereunder or by reason of Landlord's having provided Tenant with additional services hereunder) shall be abated to the same extent as if the Premises were rendered wholly untenantable by a Casualty.

17.4. Insurance Proceeds. If the Lease is not terminated pursuant to subsection 17.2, Landlord shall, subject to the terms of any Mortgage, disburse and apply any insurance proceeds received by Landlord to the restoration and rebuilding of the Office Section in accordance with subsection 17.1 hereof. All insurance proceeds payable with respect to the Premises and the Building shall belong to and shall be payable to Landlord. Notwithstanding anything to the contrary, Tenant shall be entitled to receive all proceeds payable with respect to Tenant's Personal Property.

(8/7/06)

## 18. CONDEMNATION.

18.1. Termination. If either the entire Premises or the Office Section shall be acquired or condemned by any governmental authority under its power of eminent domain for any public or quasi-public use or purpose, this Lease shall terminate as of the date of vesting or acquisition of title in the condemning authority and the rents hereunder shall be abated on that date. If less than the whole but more than fifty percent (50%) of the Rental Area of the Premises or more than fifty percent (50%) of the total area of the Office Section (even if the Premises are unaffected) or such portion of the Common Area as shall render the Premises or the Office Section untenable should be so acquired or condemned, Landlord and Tenant shall each have the option to terminate this Lease by notice given to the other within ninety (90) days of such taking. In the event that such a notice of termination is given, this Lease shall terminate as of the date of vesting or acquisition of title in the condemning authority and the Annual Basic Rent and Additional Rent (but not any Additional Rent due Landlord either by reason of Tenant's failure to perform any of its obligations hereunder, or by reason of Landlord's having provided Tenant with additional services hereunder) shall be adjusted as of such date.

If (a) neither Landlord nor Tenant shall exercise their respective options to terminate this Lease, as hereinabove set forth, or (b) some lesser portion of the Premises or the Office Section or Common Area, which does not give rise to a right to terminate pursuant to this subsection 18.1, is taken by the condemning authority, this Lease shall continue in force and effect, but from and after the date of the vesting of title in the condemning authority, the Annual Basic Rent payable hereunder during the unexpired portion of the Term shall be reduced in proportion to the reduction in the total Rental Area of the Premises, and any Additional Rent (but not any Additional Rent due Landlord either by reason of Tenant's failure to perform any of its obligations hereunder, or by reason of Landlord's having provided Tenant with additional services hereunder) payable pursuant to the terms hereof shall be adjusted to reflect the diminution of the Premises and/or the Office Section, as the case may be.

18.2. Rights to Award. Tenant shall have no claim against Landlord arising out of the taking or condemnation, or arising out of the cancellation of this Lease as a result of any such taking or condemnation, or for any portion of the amount that may be awarded as damages as a result of any taking or condemnation, or for the value of any unexpired portion of the Term, or for any property lost through condemnation, and Tenant hereby assigns to Landlord all its right, title and interest in and to any such award with regard to the Premises; provided, however, that, in the event of a total taking, Tenant may assert any claim it may have against the condemning authority for compensation for Tenant's Personal Property lost thereby, loss of income, and for any relocation expenses compensable by statute and receive such awards therefor as may be allowed in the condemnation proceedings provided that such awards shall be made in addition to, and stated separately from, the award made for the Office Section, the underlying land and the Premises. Landlord shall have no obligation to contest any taking or condemnation.

## 19. BANKRUPTCY.

19.1. Event of Bankruptcy. For purposes of this Lease, each of the following shall be deemed an "Event of Tenant's Bankruptcy":

- (a) if Tenant becomes insolvent, as defined in the Bankruptcy Code, or under the Insolvency Laws;
- (b) the commencement of any action or proceeding for the dissolution or liquidation of Tenant or for the appointment of a receiver or trustee of the property of Tenant, whether instituted by or against Tenant, if not bonded or discharged within thirty (30) days of the date of the commencement of such proceeding or action;
- (c) if Tenant files a voluntary petition under the Bankruptcy Code or Insolvency Laws;

(8/7/06)

- (d) if there is filed an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency laws, which is not dismissed within sixty (60) days of filing, or results in issuance of an order for relief against the debtor, and
- (e) if Tenant makes or consents to an assignment of its assets, in whole or in part, for the benefit of creditors, or to a common law composition of creditors.

As used herein, (i) "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. Section 101 et. seq. as amended or any successor statute and (ii) Insolvency Laws means the insolvency laws of any state or territory of the United States.

19.2. Assumption by Trustee. If Tenant becomes the subject debtor in a case pending under the Bankruptcy Code, Landlord's right to terminate this Lease under Section 20 hereof shall be subject to the applicable rights (if any) of the Trustee in Bankruptcy to assume or assign this Lease as then provided for in the Bankruptcy Code. However, the Trustee in Bankruptcy must give to Landlord and Landlord must receive proper written notice of the Trustee's assumption or rejection of this Lease, within sixty (60) days (or such other applicable period as is provided for in the Bankruptcy Code) after the date of the Trustee's appointment. The failure of the Trustee to give notice of the assumption within the period shall conclusively and irrevocably constitute the Trustee's rejection of this Lease and waiver of any rights of the Trustee to assume or assign this Lease. The Trustee shall not have the right to assume or assign this Lease unless the Trustee (i) promptly and fully cures all defaults under this Lease, (ii) promptly and fully compensates Landlord for all monetary damages incurred as a result of such default, and (iii) provides to Landlord adequate assurance of future performance. In the event Tenant is unable to: (i) cure its defaults, (ii) reimburse Landlord for its monetary damages, or (iii) pay the Rent due under this Lease on time, then Tenant hereby agrees in advance that it has not met its burden to provide adequate assurance of future performance, and this Lease may be terminated by Landlord in accordance with Section 20.

19.3. Tenant's Guarantor's Bankruptcy. Notwithstanding any of the other provisions of this Lease, in the event Tenant's obligations under this Lease are guaranteed by a guarantor, and said guarantor shall voluntarily or involuntarily come under the jurisdiction of the Bankruptcy Code, and thereafter said guarantor or its trustee in bankruptcy, under the authority of and pursuant to applicable provisions thereof, shall determine to assign the guarantee obligations of said guarantor hereunder, Tenant and its said guarantor agree that (a) said guarantor or its trustee will provide Landlord sufficient information enabling it to independently determine whether Landlord will incur actual and substantial detriment by reason of such assignment, and (b) "adequate assurance of future performance" in regard to such guarantee obligations of said guarantor, as that term is generally defined under the Bankruptcy Code, will be provided to Landlord by said guarantor or its trustee and its assignee as a condition of said assignment.

## 20. DEFAULT PROVISIONS AND REMEDIES.

20.1. Events of Default. Each of the following shall be deemed an Event of Default by Tenant under this Lease:

a. failure of Tenant to pay Annual Basic Rent, Additional Rent, or any other sum required to be paid under the terms of this Lease, including late charges, within ten (10) days after notice from Landlord of non-payment hereunder.

b. failure by Tenant to perform or observe any other term, covenant, agreement or condition of this Lease, on the part of Tenant to be performed (other than those obligations of Tenant set forth in subsection 16.2 for which Tenant shall be entitled to receive no prior notice, and other than the conditions set forth in paragraphs 20.1.a, c, d, e, f and g, which shall be governed solely by the provisions set forth herein), within ten (10) days after notice thereof from the Landlord, unless such performance shall reasonably require a



(8/7/06)

longer period, in which case Tenant shall not be deemed in default if Tenant commences the required performance promptly and thereafter pursues and completes such action diligently and expeditiously and in any event within not more than thirty (30) days;

c. the filing of a tax or mechanic's lien suit or claim against any property of Tenant which is not bonded or discharged and/or dismissed within thirty (30) days of the date such lien is filed;

d. abandonment of the Premises by Tenant;

e. an Event of Tenant's Bankruptcy or the rejection of this Lease in a Bankruptcy or similar proceeding by Tenant or by operation of law;

f. the sale of Tenant's interest in the Premises under attachment, execution or similar legal process

g. the failure of Tenant to vacate the Premises upon the expiration of the Term, or the earlier termination thereof pursuant to the other provisions hereof.

Notwithstanding the foregoing, Tenant shall be excused for the period of any delay in the performance of any of its obligations when the delay is due to acts of God, labor disputes, civil unrest, war, adverse weather condition, fire or other casualty, inability to obtain any material, services, or financing unless otherwise provided for in this Lease.

20.2. Remedies. Upon the occurrence of an Event of Default, Landlord, without notice to Tenant in any instance (except where expressly provided for below or by applicable law) may do any one or more of the following:

- (a) Sell at public or private sale all or any part of the goods, chattels, fixtures and other Tenant's Personal Property which are or may be put into the Premises during the Term, whether exempt or not from sale under execution or attachment (it being agreed that said property shall at all times be bound within a lien in favor of Landlord and shall be chargeable for all Rent and for the fulfillment of the other covenants and agreements herein contained) and apply the proceeds of such sale, first, to the payment of all costs and expenses of conducting the sale or caring for or storing said property (including all attorneys' fees), second, toward the payment of any indebtedness, including (without limitation) indebtedness for Annual Basic Rent, which may be or may become due from Tenant to Landlord, and third, to pay Tenant, on demand in writing, any surplus remaining after all indebtedness of Tenant to Landlord has been fully paid;
- (b) perform, on behalf and at the expense of Tenant, any obligation of Tenant under this Lease which Tenant has failed to perform and of which Landlord shall have given Tenant notice, the cost of which performance by Landlord, together with interest thereon at the Default Rate from the date of such expenditure, shall be payable by Tenant to Landlord, as Additional Rent, upon demand. Notwithstanding the provisions of this clause (b) and regardless of whether an Event of Default shall have occurred, Landlord may exercise the remedy described in clause (b) without any notice to Tenant if Landlord, in its good faith judgment, believes it would be materially injured by failure to take rapid action or if the unperformed obligation of Tenant constitutes an emergency;
- (c) elect to terminate this Lease and the tenancy created hereby by giving notice of such election to Tenant, and reenter the Premises, by summary proceedings or otherwise, and remove Tenant and all other persons and property from the Premises, and store such property in a

(8/7/06)

public warehouse or elsewhere at the cost of and for the account of Tenant without resort to legal process and without Landlord being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby;

- (d) declare any option which Tenant may have to renew the Term or expand the Premises to be null and void and of no further force and effect; or
- (e) exercise any other legal or equitable right or remedy which it may have.

Any costs and expenses incurred by Landlord (including, without limitation, reasonable attorneys' fees) in enforcing any of its rights or remedies under this Lease shall be paid to Landlord by Tenant, as Additional Rent, upon demand.

20.3. Damages. If this Lease is terminated by Landlord pursuant to subsection 20.2.(c), Tenant nevertheless shall remain liable for (a) any Annual Basic Rent, Additional Rent, and damages which may be due or sustained prior to such termination, and (b) all reasonable costs, fees and expenses including, but not limited to, attorneys' fees, costs and expenses incurred by Landlord in pursuit of its remedies hereunder or in renting the Premises to others from time to time. In addition, Landlord may recover from Tenant additional damages to compensate Landlord for loss of rent resulting from termination of the Lease, which, at the election of Landlord, shall be either:

- (i) An amount equal to the rent which, but for termination of this Lease, would have become due during the remainder of the Term, less the amount of rent, if any, which Landlord shall receive during such period from others to whom the Premises may be rented (other than any Additional Rent received by Landlord as a result of any failure of such other person to perform any of its obligations to Landlord), in which case such damages shall be computed and payable in monthly installments, in advance, on the first day of each calendar month following termination of the Lease and continuing until the date on which the Term would have expired but for such termination; any suit or action brought to collect any such damages for any month shall not in any manner prejudice the right of Landlord to collect any damages for any subsequent month by a similar proceeding; or
- (ii) an amount equal to the present worth (as of the date of such termination) of rent which, but for termination of this Lease, would have become due during the remainder of the Term, in which case such damages shall be payable to Landlord in one lump sum on demand and shall bear interest at the Default Rate until paid. For purposes of this clause (ii), "present worth" shall be computed by discounting such amount to present worth at a discount rate equal to one percentage point above the discount rate then in effect at the Federal Reserve Bank nearest to the location of the Property.

Damages shall be due and payable immediately upon demand by Landlord following any termination of this Lease pursuant to subsection 20.2.

If this Lease is terminated pursuant to subsection 20.2., Landlord may re-lease the Premises or any part thereof, alone or together with other premises, for such term(s) (which may be greater or less than the period which otherwise would have constituted the balance of the Term) and on such terms and conditions (which may include concessions or free rent and alterations of the Premises) as Landlord, in its sole discretion, may determine. The failure or refusal of Landlord to re-lease the Premises or any part or parts thereof shall not release or affect Tenant's liability for damages.

Notwithstanding the above, in the event of the termination of this Lease by reason of Tenant's bankruptcy or insolvency, Landlord shall have the right to prove and/or obtain as damages an amount equal to

(8/7/06)

the greater of the maximum allowed under the Lease or any statute or rule of law in effect at the time. The failure or refusal of Landlord to relet the Premises or any part or parts thereof shall not release or affect Tenant's liability for damages under such circumstances.

Notwithstanding anything to the contrary in this Section 20.3, Landlord shall use reasonable efforts to re-lease the Premises, provided that Landlord shall not be required to (i) use methods or procedures other than its usual methods and procedures for finding tenants for comparable space in the Building; (ii) lease the Premises in preference to any other space in the Building available for lease, regardless of when such other space became available for lease; (iii) lease the Premises at rents lower than the rate at which Landlord would otherwise offer such space to a third party; (iv) to make improvements to the Premises at Landlord's expense; and (v) lease the Premises for any purpose or use other than that specifically permitted by this Lease. Landlord shall not be liable to Tenant for Landlord's failure to re-lease the Premises despite the exercise of reasonable efforts pursuant to this paragraph, and no such re-leasing shall relieve Tenant of its obligations under the terms of this Lease, including, without limitation, the payment of rent as set forth herein.

20.4. No Waiver. No act or omission by Landlord shall be deemed to be an acceptance of a surrender of the Premises or a termination of Tenant's liabilities hereunder, unless Landlord shall execute a written release of Tenant. Tenant's liability hereunder shall not be terminated by the execution by Landlord of any new lease for all or any portion of the Premises or the acceptance of rent from any assignee or subtenant.

20.5. Remedies Not Exclusive. All rights and remedies of Landlord set forth in this Lease shall be cumulative, and none shall exclude any other right or remedy, now or hereafter allowed by or available under any statute, ordinance, rule of court, or the common law, either at law or in equity, or both. For the purposes of any suit brought or based hereon, this Lease shall be construed to be a divisible contract, to the end that successive actions may be maintained on this Lease as successive periodic sums shall mature hereunder. The failure of Landlord to insist, in any one or more instances, upon a strict performance of any of the covenants, terms and conditions of this Lease or to exercise any right or option herein contained shall not be construed as a waiver or a relinquishment for the future, of such covenant, term, condition, right or option, but the same shall continue and remain in full force and effect unless the contrary is expressed by Landlord in writing. The receipt by Landlord of rents hereunder, with knowledge of the breach of any covenant hereof or the receipt by Landlord of less than the full rent due hereunder, shall not be deemed a waiver of such breach or of Landlord's right to receive the full rents hereunder, and no waiver by Landlord of any provision hereof shall be deemed to have been made unless expressed in writing and signed by Landlord.

20.6. Persistent Failure to Pay Rent. In addition to any other remedies available to Landlord pursuant to this Lease or by law, Landlord may, at any time throughout the Term of this Lease, terminate this Lease upon Tenant's default on three (3) separate occasions during any twelve (12) month period under subsection 20.1.a, regardless of whether or not such prior defaults have been cured. Termination, pursuant to this subsection 20.6, shall be effective upon Landlord's delivery to Tenant of a notice of termination.

## 21. LANDLORD'S LIEN.

21.1. Tenant hereby grants to Landlord a lien and security interest on all property of Tenant now or hereafter placed in or upon the Premises, and such property shall be and remain subject to such lien and security interest of Landlord for payment of all Rent and other sums agreed to be paid by Tenant herein. It is provided, however, the Landlord shall not have a lien which would be superior to a lien from a lending institution, supplier or leasing company, if such lending institution, supplier or leasing company has a security interest in the equipment, furniture or other tangible personal property and which security interest has its origin in a transaction whereby Tenant originally acquired such equipment, furniture or other tangible personal property.

(8/7/06)

21.2. The provisions of this paragraph relating to such lien and security interest shall constitute a security agreement under and subject to the Uniform Commercial Code of the state where the Premises are located so that Landlord shall have and may enforce a security interest on all property of Tenant now or hereafter placed in or on the Premises, in addition to and cumulative of the Landlord's liens and rights provided by law or by the other terms and provisions of this Lease.

## 22. INDEMNITY.

To the maximum extent permitted by law, Tenant shall indemnify, hold harmless and (at Landlord's option) defend Landlord, its agents, servants and employees from and against all claims, actions, losses, costs and expenses (including attorneys' and other professional fees), judgments, settlement payments, and, whether or not reduced to final judgment, all liabilities, damages, or fines paid, incurred or suffered by any third parties to the extent arising directly or indirectly from (a) any default by Tenant under the terms of this Lease, (b) the use or occupancy of the Property by Tenant or any person claiming through or under Tenant, and/or (c) any acts or omissions of Tenant or any contractor, agent, employee, invitee or licensee of Tenant in or about the Property. The foregoing indemnity is in addition to, and not in substitution for, any indemnity given by Tenant to Landlord under subsection 8.3.

To the maximum extent permitted by law, Landlord shall indemnify, hold harmless and defend Tenant, its agents, servants and employees from and against all claims, actions, losses, costs and expenses (including attorneys' and other professional fees), judgments, settlement payments, and, whether or not reduced to final judgment, all liabilities, damages, or fines paid, incurred or suffered by any third party, including Landlord's employees, to the extent arising directly or indirectly from (a) any default by Landlord under the terms of this Lease, (b) the use or occupancy of the Common Area by Landlord or its contractors, agents, or employees, and/or (c) any acts or omissions of Landlord or any contractor, agent, or employee of Landlord in or about the Common Area.

## 23. LIMITATION ON LANDLORD LIABILITY.

The term "Landlord" as used in this Lease shall mean only the owner or the Mortgagee or its trustees, as the case may be, then in possession of the Property so that in the event of any transfer by Landlord of its interest in the Property, the Landlord in possession immediately prior to such transfer shall be, and hereby is, entirely released and discharged from all covenants, obligations and liabilities of Landlord under this Lease accruing after such transfer, provided that the Landlord in possession after such transfer shall assume, in writing, all continuing obligations under this Lease of the Landlord in possession immediately prior to such transfer. In consideration of the benefits accruing hereunder, Tenant, for itself, its successors and assigns, covenants and agrees that, in the event of any actual or alleged failure, breach or default hereunder by the Landlord, and notwithstanding anything to the contrary contained elsewhere in this Lease, the remedies of Tenant under this Lease shall be solely and exclusively limited to Landlord's interest in the Property.

## 24. LANDLORD OBLIGATIONS.

Landlord agrees to perform all of its obligations under this Lease in a first class manner consistent with the standards applicable to similar buildings in the vicinity of the Office Section. Landlord shall be excused for the period of any delay in the performance of any of its obligations when the delay is due to any cause or causes beyond Landlord's control which include, without limitation, acts of God, all labor disputes, governmental regulations or controls, civil unrest, war, adverse weather condition, fire or other casualty, inability to obtain any material, services, or financing unless otherwise provided for in this Lease. Except where specifically set forth in this Lease, there shall be no abatement, set-off or deduction of Annual Basic Rent or Additional Rent due under this Lease.

## 25. ASSIGNMENT AND SUBLETTING.

(8/7/06)

**25.1. Prohibited Without Landlord's Consent.** Tenant agrees for itself and its permitted successors and assigns in interest hereunder that it will not (a) assign or otherwise transfer, mortgage or otherwise encumber this Lease or any of its rights hereunder; (b) sublet the Premises or any part thereof or permit the occupancy or use of the Premises or any part thereof by any person other than Tenant; and/or (c) permit the assignment or other transfer of this Lease or any of Tenant's rights hereunder by operation of law (each of the events referred to in the foregoing clauses (a), (b) and (c) being hereinafter referred to as a "Transfer"), without the prior written consent of Landlord in each instance first obtained, which consent may be given or withheld in Landlord's sole and absolute subjective discretion, and any consent given shall not constitute a consent to any subsequent Transfer. Any attempted Transfer without Landlord's consent shall be null and void and shall not confer any rights upon any purported transferee, assignee, mortgagee, sublessee, or occupant. No Transfer, regardless of whether Landlord's consent has been granted or withheld, shall be deemed to release Tenant from any of its obligations hereunder or to alter, impair or release the obligations of any person guaranteeing the obligations of Tenant hereunder. Tenant hereby indemnifies Landlord against liability resulting from any claim made against Landlord by any assignee or subtenant or by any broker claiming a commission in connection with the proposed Transfer. In the event Landlord shall consent to a Transfer of this Lease, any option which Tenant may have to renew the Term shall be null and void.

Notwithstanding the foregoing, Landlord shall not unreasonably withhold its consent to any subletting of a portion of the Premises for any use permitted by the provisions of this Lease provided that (a) the Premises continue to be Tenant's primary place of business, (b) Landlord elects not to recapture the sublet portion as provided below, and (c) Tenant complies with the provisions of this Section requiring the submission of the proposed sublease and financial information as to any proposed subtenant. Landlord shall have the right to recapture from this Lease any portion of the Premises which Tenant proposes to sublet by notifying Tenant in writing of its election within thirty (30) days following submission to Landlord of the proposed sublease and financial information required by this Section 25. If Landlord elects to recapture, Landlord and Tenant shall execute an amendment to this Lease effecting a reduction in the Rental Area of the Premises and a corresponding reduction of the Annual Basic Rent and other charges computed on the Rental Area of the Premises. Thereafter, Tenant shall have no rights whatsoever to the area of the Premises recaptured by Landlord and Landlord shall be entitled to relet such area free from any claim by Tenant.

**25.2. Stock Transfer.**

If Tenant or Guarantor is a privately-held corporation or a partnership, then any event which results in a change in control of Tenant or Guarantor, or any change in the ownership or structure of Tenant or Guarantor which results in a change in management of Tenant or Guarantor, shall be deemed a prohibited Transfer under this Section 25.

Notwithstanding the foregoing, Landlord shall not unreasonably withhold its consent to a transfer or change of ownership of the voting corporate stock of Tenant which results in a change in control of Tenant, provided that (a) the net assets of the Tenant are not substantially decreased by the change in the corporate stock ownership; (b) Tenant, on demand from Landlord, properly documents any changes in the net assets of Tenant caused by the change in control of Tenant, so that Landlord can make an accurate judgment as to (a) hereof; and (c) Tenant, after the change in control, continues to use the Premises for uses permitted under this Lease and operates its business in a manner which is consistent with the standards of operation for this Building. The foregoing does not constitute a waiver of the right of Landlord to consent to any subletting or any assignment.

**25.3. Rents from Transfer.**

In the event Landlord shall consent to a Transfer of this Lease and the amount of the rents (or other compensation) to be paid to Tenant by any such transferee is greater than the rents required to be paid by

(8/7/06)

Tenant to Landlord pursuant to this Lease or a premium is to be paid to Tenant for an assignment of this Lease, Tenant shall pay to Landlord any such excess or any such premium, as the case may be, upon receipt thereof by Tenant from such transferee.

#### 25.4. Procedure for Obtaining Landlord's Consent.

A. In the event that, at any time or from time to time prior to or during the Term, Tenant desires to Transfer this Lease in whole or in part, whether by operation of law or otherwise, Tenant shall submit to Landlord for its consideration (a) in writing, the name and address of the proposed subtenant or assignee, a reasonably detailed statement of the proposed subtenant's or assignee's business and reasonably detailed financial references and information concerning the financial condition of the proposed subtenant or assignee, (b) a disclosure of the rents to be paid by any subtenant in excess of the rents reserved hereunder or the premium to be paid for the assignment, and (c) if a subletting, a description of the area of the Premises to be sublet. Tenant agrees to pay Landlord, as Additional Rent, all costs incurred by Landlord in connection with any actual or proposed Transfer, including, without limitation, the costs of making investigations as to the acceptability of a proposed subtenant or assignee and legal costs incurred in connection with any requested consent.

B. Landlord's consent to an assignment of this Lease shall be effective upon the execution by Tenant, the assignee, and Landlord of an assignment document prepared by Landlord in which the assignee shall agree to assume, observe, perform, and be bound by, all of Tenant's obligations under this Lease and Tenant shall agree to remain primarily liable for such obligations.

Any consent by Landlord to a subletting of all or a portion of the Premises shall be deemed to have been given only upon the delivery by Landlord to Tenant of a consent document prepared and executed by Landlord expressly consenting to such subletting.

#### 25.5. Additional Provisions Respecting Transfers.

Without limiting Landlord's right to withhold its consent to any Transfer by Tenant, and regardless of whether Landlord shall have consented to any such Transfer, neither Tenant nor any other person having an interest in the possession, use or occupancy of the Premises or any part thereof shall enter into any lease, sublease, license, concession, assignment or other Transfer or agreement for possession, use or occupancy of all or any portion of the Premises which provides for rental or other payment for such use, occupancy or utilization based, in whole or in part, on the net income or profits derived by any person or entity from the space so leased, used or occupied, and any such purported lease, sublease, license, concession, assignment or other Transfer or agreement shall be absolutely void and ineffective as a conveyance of any right or interest in the possession, use or occupancy of all or any part of the Premises. There shall be no deduction from the rental payable under any sublease or other Transfer nor from the amount thereof passed on to any person or entity, for any expenses or costs related in any way to the subleasing or Transfer of such space.

If Tenant shall make or suffer any such Transfer without first obtaining any consent of Landlord required by subsection 25.1, any and all amounts received as a result of such Transfer shall be the property of Landlord to the extent the same (determined on a square foot basis) is greater than the Annual Basic Rental (on a square foot basis) payable under this Lease, it being the parties' intent that any profit resulting from such Transfer shall belong to Landlord, but the same shall not be deemed to be a consent by Landlord to any such Transfer or a waiver of any right or remedy of Landlord hereunder.

#### 26. HOLDING OVER.

Tenant agrees to vacate the Premises at the end of the Term, or earlier termination thereof, and Landlord shall be entitled to the benefit of all summary proceedings to recover possession of the Premises at

(8/7/06)

the end of the Term. If Tenant remains in possession of the Premises after the expiration of the Term, such action shall not renew this Lease by operation of law and nothing herein shall be deemed as a consent by Landlord to Tenant's remaining in the Premises. If Tenant fails to vacate the Premises as required, Landlord may consider Tenant as either (a) a "Tenant-at-Will" (i.e. month-to-month tenant) liable for the payment of rent at the then market rate as determined by Landlord or (b) as a "Tenant-Holding Over" liable for an amount equal to the actual damages incurred by Landlord as a result of Tenant's holding over, including, without limitation, all incidental, prospective and consequential damages and attorney's fees, but in no event shall such amount be less than an amount equal to one hundred and fifty percent (150%) of the Annual Basic Rent applicable as of the Termination Date, and Additional Rent, reserved hereunder applicable to the period of the holdover. In either event, all other covenants of this Lease shall remain in full force and effect.

#### 27. SUBORDINATION AND ATTORNMENT.

This Lease is subject and subordinate to the liens of all mortgages, deeds of trust and other security instruments now or hereafter placed upon the Building or the Property or any portion thereof and all ground and other underlying leases from which Landlord's interest is derived (said mortgages, deeds of trust, other security instruments, and ground leases being hereinafter referred to as "Mortgages" and the mortgagees, beneficiaries, secured parties, and ground lessors thereunder from time to time being hereinafter called "Mortgagees"), and to any and all renewals, extensions, modifications, or refinancings thereof, without any further act of the Tenant. If requested by Landlord, however, Tenant shall promptly execute any certificate or other document confirming such subordination. Tenant agrees that, if any proceedings are brought for the foreclosure of any of the Mortgages, Tenant, if requested to do so by the purchaser at the foreclosure sale, shall attorn to the purchaser, recognize the purchaser as the landlord under this Lease, and make all payments required hereunder to such new landlord without any deduction or set-off of any kind whatsoever. Tenant waives the provisions of any law or regulation, now or hereafter in effect, which may give, or purport to give, Tenant any right to terminate this Lease or to alter the obligations of Tenant hereunder in the event that any such foreclosure or termination or other proceeding is prosecuted or completed.

Notwithstanding anything contained herein to the contrary, any Mortgagee may at any time subordinate the lien of its Mortgages to the operation and effect of this Lease without obtaining the Tenant's consent thereto, by giving the Tenant written notice thereof, in which event this Lease shall be deemed to be senior to such Mortgages without regard to the respective dates of execution and/or recordation of such Mortgages and this Lease and thereafter such Mortgagee shall have the same rights as to this Lease as it would have had were this Lease executed and delivered before the execution of such Mortgages.

If, in connection with obtaining financing for the Office Section, a Mortgagee shall request reasonable modifications in this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not materially adversely increase the obligations of Tenant hereunder, or materially adversely affect the leasehold interest hereby created or Tenant's use and enjoyment of the Premises, or increase the amount of Annual Basic Rent and Additional Rent payable hereunder.

#### 28. ESTOPPEL CERTIFICATES.

Tenant shall, without charge, at any time and from time-to-time, within fifteen (15) days after receipt of request therefor by Landlord, execute, acknowledge and deliver to Landlord a written estoppel certificate, in such form as may be determined by Landlord, certifying to Landlord, Landlord's Mortgagee, any purchaser of Landlord's interest in the Building, or any other person designated by Landlord, as of the date of such estoppel certificate, the following, without limitation: (a) whether Tenant is in possession of the Premises; (b) whether this Lease is in full force and effect; (c) whether there have been any amendments to this Lease, and if so, specifying such amendments; (d) whether there are then existing any set-offs or defenses against the enforcement of any rights hereunder, and if so, specifying such matters in detail; (e) the dates, if any, to which

(8/7/06)

any rent or other charges have been paid in advance and the amount of any Security Deposit held by Landlord; (f) that Tenant has no knowledge of any then existing defaults of Landlord under this Lease, or if there are such defaults, specifying them in detail; (g) that Tenant has no knowledge of any event having occurred that authorizes the termination of this Lease by Tenant, or if such event has occurred, specifying it in detail; and (h) the address to which notices to Tenant under this Lease should be sent. Any such certificate may be relied upon by the person or entity to whom it is directed or by any other person or entity who could reasonably be expected to rely on it in the normal course of business. The failure of Tenant to execute, acknowledge and deliver such a certificate in accordance with this Section 28 within fifteen (15) days after a request therefor by Landlord shall constitute an acknowledgment by Tenant, which may be relied on by any person who would be entitled to rely upon any such certificate, that such certificate as submitted by Landlord to Tenant is true and correct.

#### 29. PEACEFUL AND QUIET POSSESSION.

Tenant, if and so long as it pays all rents due hereunder and performs and observes the other terms and covenants to be performed and kept by it as provided in this Lease, shall have the peaceable and quiet possession of the Premises during the Term free of any claims of Landlord or anyone lawfully claiming by, through or under Landlord, subject, however, to the terms of this Lease and to matters of public record existing as of the date of this Lease.

#### 30. LANDLORD'S ACCESS TO PREMISES.

Landlord and its agents may at any reasonable time and without incurring any liability to Tenant, other than liability arising under Section 22, enter the Premises to inspect them or to make alterations or repairs or for any purpose which Landlord considers necessary for the repair, operation, or maintenance of the Office Section; provided, however, that in the case of an emergency, Landlord may enter the Premises at any time. Tenant shall allow the Premises to be exhibited by Landlord (a) at any time to any representative of a lender or to any prospective purchaser of the Building or Landlord's interest therein or (b) within twelve (12) months of the end of the Term to any persons who may be interested in leasing the Premises.

Notwithstanding the foregoing, Landlord shall use reasonable efforts to telephone Tenant twenty-four (24) hours prior to any inspection except in cases of emergencies. Emergencies for the purpose of this Section shall be deemed to mean anyone or anything in the Premises, Building and/or Common Area requiring immediate response. In any event, Tenant agrees to cooperate when access to the Premises is requested by Landlord.

#### 31. INTENTIONALLY OMITTED.

#### 32. BROKERS' COMMISSIONS, ETC.

Landlord and Tenant acknowledge, represent and warrant each to the other that, except as listed in Section 1.F., no broker or real estate agent brought about or was involved in the making of this Lease and that no brokerage fee or commission is due to any other party as a result of the execution of this Lease. Each of the parties hereto agrees to indemnify and hold harmless the other against any claim by any broker, agent or finder based upon the execution of this Lease and predicated upon a breach of the above representation and warranty.

#### 33. RECORDATION.

Neither Landlord nor Tenant shall record this Lease, any amendment to this Lease or any other memorandum of this Lease without the prior written consent of the other party, which consent may be withheld in the sole discretion of either party and, in the event such consent is given, the party requesting such consent and recording shall pay all transfer taxes, recording fees and other charges in connection with such recording.



(8/7/06)

Notwithstanding the above, Tenant covenants that if at any time any mortgagee or ground lessor relating to the financing of the Property shall require the recordation of this Lease, or if the recordation of this Lease shall be required by any valid governmental order, or if any governmental authority having jurisdiction in the matter shall assess and be entitled to collect transfer taxes, documentary stamp taxes, or both, on this Lease, Tenant, upon the request of Landlord, shall execute such instruments, including a Memorandum of this Lease, as may be necessary to record this Lease, and shall pay all recording fees, transfer taxes and documentary stamp taxes, payable on, or in connection with, this Lease or such recordation, provided, however, if Landlord's Mortgagee requires such recordation, Landlord shall pay all such recording fees, transfer taxes and documentary stamp taxes.

#### 34. MISCELLANEOUS.

34.1. Severability. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

34.2. Applicable Law. This Lease shall be given effect and construed by application of the laws of the state where the Property is located, and any action or proceeding arising hereunder shall be brought in the courts of the State where the Premises are located.

34.3. Authority. If Tenant is a corporation or partnership, the person executing this Lease on behalf of Tenant represents and warrants that Tenant is duly organized and validly existing; that this Lease has been authorized by all necessary parties, is validly executed by an authorized officer or agent of Tenant and is binding upon and enforceable against Tenant in accordance with its terms.

The undersigned agent of Landlord represents and warrants that it is authorized and empowered to enter into this Lease Agreement on behalf of the Landlord.

34.4. No Discrimination. It is Landlord's policy to comply with all applicable state and federal laws prohibiting discrimination in employment based on race, age, color, sex, national origin, disability, religion, or other protected classification. It is further intended that the Building shall be operated so that all prospective tenants thereof, and all customers, employees, licensees and invitees of all tenants shall have equal opportunity to obtain all the goods, services, accommodations, advantages, facilities and privileges of the Building without discrimination because of race, age, color, sex, national origin, disability, or religion. To that end, Tenant shall not discriminate in the conduct and operation of its business in the Premises against any person or group of persons because of the race, age, color, sex, religion, national origin or other protected classification of such person or group of persons.

34.5. Integration of Agreements. This writing is intended by the parties as a final expression of their agreement and is a complete and exclusive statement of its terms, and all negotiations, considerations and representations between the parties hereto are incorporated herein. No course of prior dealings between the parties or their agents shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease. Acceptance of, or acquiescence to, a course of performance rendered under this Lease or any prior agreement between the parties or their agents shall not be relevant or admissible to determine the meaning of any of the terms or covenants of this Lease. Other than as specifically set forth in this Lease, no representations, understandings or agreements have been made or relied upon in the making of this Lease. This Lease can only be modified by a writing signed by each of the parties hereto.

(8/7/06)

34.6. Third Party Beneficiary. Except as expressly provided elsewhere in this Lease, nothing contained in this Lease shall be construed so as to confer upon any other party the rights of a third party beneficiary.

34.7. Captions; Gender. The captions used in this Lease are for convenience only and do not in any way limit or amplify the terms and provisions hereof. As used in this Lease and where the context so requires, the singular shall be deemed to include the plural and the masculine shall be deemed to include the feminine and neuter, and vice versa.

34.8. Successors and Assigns. Subject to the express provisions of this Lease to the contrary (e.g., Section 25), the terms, provisions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

34.9. Waiver of Jury Trial. Landlord and Tenant hereby expressly waive trial by jury in any action or proceeding or counterclaim brought by either party hereto against the other party on any and every matter, directly or indirectly arising out of or with respect to this Lease, including, without limitation, the relationship of Landlord and Tenant, the use and occupancy by Tenant of the Premises, any statutory remedy and/or claim of injury or damage regarding this Lease.

34.10. Joint and Several Liability. In the event that two (2) or more persons (i.e., natural persons, corporations, partnerships, associations and other legal entities) shall sign this Lease as Tenant, the liability of each such party to pay all rents due hereunder and perform all the other covenants of this Lease shall be joint and several. In the event Tenant is a general partnership or a limited partnership with two or more general partners, the liability of each partner, or general partner, under this Lease shall be joint and several.

34.11. Notices. All notices, demands and requests required under this Lease shall be in writing. All such notices, demands and requests shall be deemed to have been properly given if sent by United States certified mail, return receipt requested, postage prepaid, or hand delivered, or overnight delivery, addressed to Landlord or Tenant, at the Landlord Notice Address and Tenant Notice Address, respectively. Either party may designate a change of address by written notice to the other party, in the manner set forth above. Notice, demand and requests which shall be served by certified mail in the manner aforesaid, shall be deemed to have been given three (3) days after mailing. Notices sent by overnight delivery shall be deemed to have been given the day after sending. Without intending to limit the generality of the foregoing requirement that all notices, demands and requests be in writing, there are certain provisions in this Lease where, for emphasis alone, such requirement is reiterated.

34.12. Effective Date of this Lease. Unless otherwise expressly provided, all terms, conditions and covenants by Tenant contained in this Lease shall be effective as of the date first above written.

34.13. Mechanics' Liens. In the event that any mechanics' or materialmen's lien, suit or claim shall at any time be filed against the Premises purporting to be for work, labor, services or materials performed or furnished to Tenant or anyone holding the Premises through or under Tenant, Tenant shall cause the same to be dismissed and/or discharged of record or bonded within thirty (30) days after the filing thereof. If Tenant shall fail to cause such lien to be discharged and/or dismissed or bonded within thirty (30) days after the filing thereof, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same by paying the amount claimed to be due; and the amount so paid by Landlord, and all costs and expenses, including reasonable attorneys' fees incurred by Landlord in procuring the discharge of such lien, shall be due and payable by Tenant to Landlord, as Additional Rent, on the first day of the next succeeding month. Notice is hereby given that Landlord shall not be liable for any labor or materials furnished to Tenant upon credit and that no mechanics', materialmen's or other liens for any such labor or materials shall

(8/7/06)

attach to or affect the estate or interest of Landlord in and to the land and improvements of which the Premises are a part.

34.14. Waiver of Right of Redemption. Tenant hereby expressly waives (to the extent legally permissible) for itself and all persons claiming by, through or under it, any right of redemption or right to restore the operation of this Lease under any present or future law in the event Tenant is dispossessed for any proper cause, or in the event Landlord shall obtain possession of the Premises pursuant to the terms of this Lease. Tenant understands that the Premises are leased exclusively for business, commercial and mercantile purposes and therefore shall not be redeemable under any provision of law.

34.15. Mortgagee's Performance. If requested by any Mortgagee, Tenant shall give such Mortgagee written notice of any default by Landlord under this Lease and a reasonable opportunity to cure such default. Tenant shall accept performance of any of Landlord's obligations hereunder by any ground lessor or mortgagee relating to the financing of the Property.

34.16. Mortgagee's Liability. No mortgagee or ground lessor relating to the financing of the Property, not in possession of the Premises or the Building, shall have any liability whatsoever hereunder.

34.17. Schedules. Each writing or plat referred to herein as being attached hereto as a schedule or exhibit is hereby made a part hereof, with the same full force and effect as if such writing or plat were set forth in the body of this Lease.

34.18. Time of Essence. Time shall be of the essence of this Lease with respect to the performance by Tenant of its obligations hereunder.

34.19. Amendment. This Lease may be amended by and only by an instrument executed and delivered by each party hereto. No amendments of this Lease entered into by Landlord and Tenant, as aforesaid, shall impair or otherwise affect the obligations of any guarantor of Tenant's obligations hereunder, all of which obligations shall remain in full force and effect and pertain equally to any such amendments, with the same full force and effect as if the substance of such amendments was set forth in the body of this Lease.

(8/7/06)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

~~ATTEST:~~

~~Assistant Secretary~~

ATTEST:

James A. Koch  
Secretary of Corporation

LANDLORD:  
WATER TOWER LLC

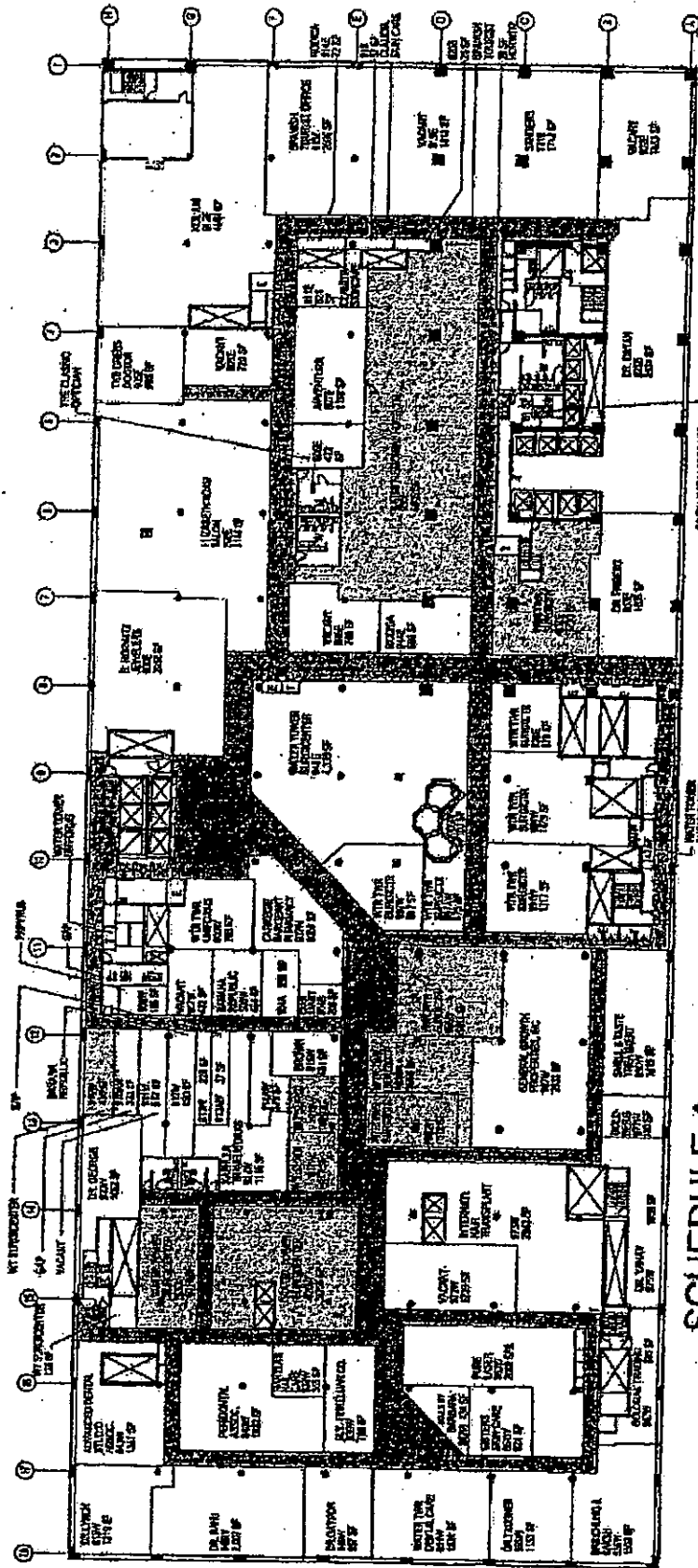
By: ROUSE PROPERTY MANAGEMENT,  
INC., Its Authorized Agent

By: [Signature]

TENANT:  
WATER TOWER CLINIC ASSOCIATES,  
LTD.

By: [Signature]  
President

[Signature]  
APPROVAL



SCHEDULE A

WATER TOWER CLINIC ASSOCIATES, LTD.

NINTH FLOOR PLAN

WATER TOWER PLACE  
 GENERAL GROWTH PROPERTIES, INC.  
 445 N. MICHIGAN AVENUE  
 CHICAGO, ILLINOIS

SPRING 2005

(8/7/06)

SCHEDULE C

RULES AND REGULATIONS

1. Tenant shall not obstruct the Common Area, and the sidewalks, driveways, and other public portions of the Property (herein "Public Areas") and such Public Areas shall not be used for any purpose other than ingress and egress to and from its Premises. Fire exits and stairways are for emergency use only, and they shall not be used for any other purpose.

2. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens shall be attached to, hung in, or used in connection with any window or door of the Premises.

3. Except as otherwise provided in the Lease, no sign, insignia, advertisement, lettering, notice or other object shall be exhibited, inscribed, painted or affixed by Tenant on any part of the exterior or interior of the Premises or the Building.

4. No bicycles, vehicles, animals (except seeing eye dogs), fish or birds of any kind shall be brought into or kept in or about the Premises.

5. Nothing shall be done which would impair or interfere with any of the HVAC, plumbing, electrical, structural components of the Building. No flammable, combustible or explosive fluid, chemical or substance may be kept on the Premises.

6. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in locks or the mechanism thereof. Tenant shall, upon the termination of the Lease, turn over to Landlord all keys to stores, offices and restrooms. In the event of the loss of any keys furnished by Landlord, Tenant shall pay to Landlord the cost of replacement locks and Tenant hereby agrees to pay said cost to Landlord, as Additional Rent, promptly upon demand.

7. No delivery or moving of any safes, freight, furniture, packages, boxes, crates or any other such object shall take place between 8:30 a.m. and 5:30 p.m., Monday through Friday.

No hand trucks shall be used for such moving activities except for those equipped with rubber tires and side guards.

8. Tenant shall not use or occupy its Premises, or permit any portion thereof to be used or occupied for any use which constitutes a nuisance, or is hazardous, or, in Landlord's opinion, likely to injure the reputation of a first-class building.

9. Tenant shall turn off all lights, copying machines and other electrical equipment when the Premises are vacant. All entrance doors in Tenant's Premises shall be kept locked when not in use. Entrance doors shall not be left open at any time.

10. If Tenant shall request Landlord to perform any work on the Premises or Property, Tenant shall make such request at the management office for the Building. Tenant shall not request employees of Landlord to perform any work or do anything outside of their regular duties, unless under special instructions from Landlord.

(8/7/06)

11. Canvassing, soliciting and peddling in the Building are prohibited and Tenant shall cooperate to prevent the same.

12. Tenant shall not cause or permit any odors of cooking or other processes, or any unusual or objectionable odors, to emanate from its Premises which would annoy other tenants or create a public or private nuisance. No cooking shall be done in Tenant's Premises, except for a household microwave oven or as is expressly permitted in the Lease.

13. No contract of any kind involving the care and maintenance of the Premises shall be entered into by Tenant without the prior written consent of Landlord. Further, no vending machine of any kind shall be installed in the Building or on or about the Property without the prior written consent of Landlord.

Landlord shall not be responsible to Tenant for any loss of property from its Premises however occurring, or for any damage done to the effects of Tenant by Landlord's janitors or any of its employees, or by any other person or any other cause.

14. All electrical work must be in accordance with code and is subject to Landlord's review and approval.

15. Landlord hereby reserves to itself any and all rights not granted to Tenant hereunder, including, but not limited to, the following rights which are reserved to Landlord for its purposes in operating the Building:

(a) the exclusive right to use of the name of the Building for all purposes, except that Tenant may use the name as its business address and for no other purpose;

(b) the right to change the name or address of the Building, without incurring any liability to Tenant for so doing;

(c) the right to install and maintain a sign or signs on the exterior of the Building;

(d) the exclusive right to use the roof of the Building;

(e) the right to limit the space on the directory of the Building to be allotted to Tenant; and

(f) the right to grant anyone the right to conduct any particular business or undertaking in the Building.

16. Tenant and its employees shall park their cars only in those portions of the parking area designated by Landlord.

17. Tenant shall not permit undue accumulations of garbage, trash, rubbish or any other refuse, and will keep such refuse in proper containers in the interior of the Tenant's Premises or other places designated by the Landlord.

18. Tenant shall not conduct or permit any bankruptcy sales, unless directed by order of a court of competent jurisdiction, or any fictitious fire or going out of business sale.

19. Landlord shall have the right to close and securely lock the Building during generally accepted holidays and during such other times as Landlord may, in its sole discretion, deem advisable for the security of the Building and its tenants. Landlord shall give Tenant twenty-four (24) hours notice before so closing and securely locking the Building except in an emergency.

(8/7/06)

20. Landlord reserves the right to rescind, alter, waive or add any rule or regulation at any time prescribed for the Building when Landlord deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Building, the preservation of good order therein, the operation or maintenance of the Building or the equipment thereof, or the comfort of tenants or others in the Building. No rescission, alteration, waiver or addition of any rule or regulation with respect to one tenant shall operate as a rescission, alteration or waiver in respect of any other tenant.



**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
 CERTIFICATE OF NEED PERMIT APPLICATION  
 PROJECT COSTS AND SOURCES OF FUNDS (PAGE 5)**

**USE OF FUNDS**

**CONSULTING AND OTHER FEES**

Legal Fees	50,000
CON Preparation Fees And Accounting Fees	36,000
CON Application Fee	18,231
	<u>104,231</u>

**MOVABLE OR OTHER EQUIPMENT (not in construction contracts)**

400,000

**FAIR MARKET VALUE OF LEASED SPACE OR EQUIPMENT**

Monthly Lease \$88,171.55; 135 months remaining on lease; 10% discount rate	7,129,523
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**OTHER COSTS TO BE CAPITALIZED**

Equipment	11,000
Instruments	6,153
Office Supplies	1,018
Pharmaceuticals	2,910
Payroll	20,000
Back Rent	604,381
Supplies	7,708
	<u>653,170</u>

**TOTAL USES OF FUNDS**

8,286,924

**SOURCE OF FUNDS**

**CASH AND SECURITIES**

1,157,401

**LEASES (fair market value)**

Monthly Lease \$88,171.55; 135 months remaining on lease; 10% discount rate	<u>7,129,523</u>
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**TOTAL SOURCES OF FUNDS**