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APR 19 2013

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

April 17, 2013

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
Second Floor
525 West Jefferson
Springfield, IL 62702

Re: IHFSRB Project #11-106

Dear Ms. Avery:

St. Joseph's Hospital is seeking an alteration to the above referenced CON permit, which was granted on February 28, 2012, for the St. Joseph's Hospital Medical Office Building (MOB).

The permit was granted for \$14,803,282 for the construction of a three-story MOB in Highland that will be owned by Highland Healthcare Investors, LLC, a limited liability company that is unrelated to any health care facility. The MOB will be located contiguous with and connected to the replacement St. Joseph's Hospital building, which was granted a CON permit (#11-105) at the same meeting of the Illinois Health Facilities and Services Review Board.

The CON permit was granted to the following co-permit holders: St. Joseph's Hospital of the Third Order of St. Francis; Hospital Sisters Services, Inc.; and Hospital Sisters Health System. St. Joseph's Hospital is a co-permit holder for this project because (1) it will lease a portion of the MOB in which it will provide both clinical and non-clinical services and (2) it owns the site on which the MOB will be constructed. Hospital Sisters Services, Inc., is a co-permit holder because it is the sole corporate member of St. Joseph's Hospital. St. Joseph's Hospital is part of the HSSI obligated group. St. Joseph's portion of the project funding for this project is being paid through debt financing that has been issued on behalf of HSSI. Hospital Sisters Health System is a co-permit holder because it is the sole corporate member of HSSI.

This alteration seeks approval for the CON permit to be altered in the following manner.

1. St. Joseph's Hospital will increase the space that it is leasing in the St. Joseph's Hospital MOB by 3,539 rentable square feet (2,869 usable GSF), as a result of which the amount

of space for Leased Physicians' Offices will be reduced by the same amount.

The additional space being leased will be solely for a Clinical Service Area, and it will replace space that was approved as a Non-Clinical Service Area.

2. As a result of the increase in space being leased by St. Joseph's Hospital, the square footage of the Clinical Service Areas in the MOB will increase from 12,871 GSF to 15,470 GSF and the square footage in Non-Clinical Service Areas will decrease from 45,099 GSF to 42,230 GSF.

The total square footage of the St. Joseph's Hospital MOB will remain unchanged.

3. St. Joseph's Hospital will use the additional square footage to relocate its Wound Care Center from the existing hospital campus, where it is currently located in the medical arts building that is adjacent to the existing hospital, to the new St. Joseph's Hospital MOB, which is under construction adjacent to the replacement hospital. The replacement hospital is also currently under construction.

As discussed later in this request to alter the CON permit, the Wound Care Center is an outpatient program for patients with chronic or non-healing wounds caused by diabetes, circulatory problems, and other conditions. This comprehensive wound care program became operational in November, 2012.

4. This alteration proposes to change several line items, although the bottom line of Total Project Costs will remain unchanged from those approved for this CON permit.
5. As a result of this alteration, the Total Project Costs will remain unchanged at \$14,803,282, although the reallocation of costs among several line items will result in Clinical Project Costs increasing to \$5,714,543 from \$4,906,333 and the Non-Clinical Project Costs decreasing to \$9,088,739 from \$9,896,949.

As stated earlier in this request, this alteration is necessitated by St. Joseph's Hospital's need to increase the amount of space that it will lease in the St. Joseph's Hospital MOB in order to relocate the Wound Care Center from its current location in the existing hospital's medical arts building to the new MOB, while continuing to accommodate all of the Clinical Service Areas included in the CON permit for this project.

This alteration will not change any of the other Clinical Service Areas included in the project or result in any other changes that are not identified in this request for an Alteration to the CON permit.

The details of this alteration are as follows.

1. Changes in Gross Square Footage

- The space that St. Joseph's Hospital will lease in the St. Joseph's Hospital MOB will increase to accommodate a Wound Care Center with 2,869 usable GSF.

The CON permit as approved on February 28, 2012, does not include any space for the Wound Care Center.

In order to accommodate the Wound Care Center in the new MOB, St. Joseph's Hospital will increase the space it is leasing in the St. Joseph's Hospital MOB to 30,235 rentable square feet, an increase of 3,539 rentable square feet from the 26,696 rentable square feet approved for St. Joseph's Hospital's lease in the CON permit.

The 3,539 rentable square feet in the lease will accommodate the Wound Care Center with 2,869 usable GSF.

- As a result, the usable gross square footage for Leased Physicians Offices, which is Non-Clinical space, will decrease to 21,794 GSF from the 24,663 GSF approved in the CON permit, a reduction of 2,869 usable GSF.

These changes in square footage, which affect both Clinical and Non-Clinical Service Areas, are shown on the chart of Cost and Gross Square Feet by Department or Service (altered hand-numbered Page 26) and Attachment 9 (altered hand-numbered Page 54) of the CON application, both of which are attached as part of this Alteration request.

2. As stated earlier, the purpose of this alteration is to enable St. Joseph's Hospital to relocate its Wound Care Center from the existing hospital campus to the St. Joseph's Hospital MOB, which is currently under construction adjacent to the replacement of St. Joseph's Hospital. This MOB is the subject of CON Permit #11-106.

The Wound Care Center is an outpatient program for patients with chronic or non-healing wounds caused by diabetes, circulatory problems, and other conditions.

The Wound Care Center is an outpatient program that is a Clinical Service Area which is not a Category of Service. There are no State guidelines (77 Ill. Adm. Code 1110. APPENDIX B) for Wound Care Centers or Outpatient Services.

The Wound Care Center will be one of the Clinical Service Areas in the MOB whose primary purpose is to serve residents of Planning Area F-01, the planning area in which St. Joseph's Hospital is currently located and the planning area in which the replacement hospital and the MOB will be located.

The documentation provided in Attachments 12 (hand-stamped Pages 88-113), 13 (hand-stamped Pages 114-117), 15 (hand-stamped Pages 154-156 and 37 (hand-stamped Pages 157-166) of the CON application for the St. Joseph's Hospital MOB apply to the Wound Care Center as well as to the other Clinical Service Areas for which St. Joseph's Hospital received a CON permit to lease space in the MOB.

The projected treatments for the first two complete fiscal years of operation of the Wound Care Center in the St. Joseph's Hospital MOB appear below.

FY2015: 3,510 Treatments

FY2016: 4,305 Treatments

3. This alteration will result in the following changes in Project Costs by Line Item, although the bottom line of Total Project Costs will remain unchanged from those approved for this CON permit.
 - a. Pre-Planning Costs will increase from \$0 to \$5,400, all for Clinical Service Areas, which will be reflected in the same increase in Total Costs.
 - b. New Construction Contracts will increase from \$3,224,443 to \$4,037,623 for Clinical Service Areas and from \$10,390,146 to \$10,715,596 for Total Costs, while New Construction Contracts for Non-Clinical Service Areas will decrease from \$7,165,703 to \$6,677,973.
 - c. Contingencies will decrease for Clinical Service Areas, Non-Clinical Service Areas, and Total Costs.

Contingencies for Clinical Service Areas will decrease from \$174,390 to \$131,099, they will decrease for Non-Clinical Service Areas from \$451,579 to \$131,099, and the Contingencies for the Total Costs will decrease from \$625,969 to \$262,198.
 - d. Architectural/Engineering Fees will increase from \$83,655 to \$107,576 in Clinical Service Areas, which will be reflected in the same increase in Total Costs, increasing Total Costs from \$376,824 to \$400,745.
 - e. Consulting and Other Fees will increase from \$139,679 to \$148,679 in Clinical Service Areas, which will be reflected in the same increase in Total Costs, increasing Total Costs from \$629,183 to \$638,183.

These changes in project costs by line item are shown in Project Costs and Sources of Funds (altered hand-numbered Page 9), Cost and Gross Square Feet by Department or Service (altered hand-numbered Page 26), Attachment 7 (altered hand-numbered Page 49), and Attachment 9 (altered hand-numbered Page 54) of the CON application, all of which are attached as part of this Alteration request.

I am enclosing the following revised Attachments and pages of the application which address this alteration.

- Application Page 4 (Narrative Description) (hand-numbered Page 7)
- Application Page 5 (Project Costs and Sources of Funds) (hand-numbered Page 9)
- Application Page 45 (Key Rooms) (hand-numbered Page 22)
- Cost and Gross Square Feet By Department or Service (hand-numbered Page 26)
Attachment 7, 1st page (hand-numbered Page 49)
- Attachment 9 (hand-numbered Page 54)
- Attachment 14 (selected pages) (hand-numbered Pages 118-121 only, with additional pages provided as Page 121a and lease and lease amendment provided as Appendices A and B, replacing Pages 122 through 125)

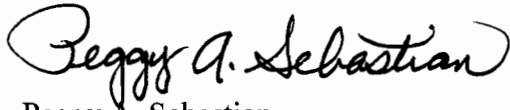
Also, please note a change in the Primary Contact and Post Permit Contact for this project since Dennis L. Hutchison, who is listed as the Primary Contact and Post Permit Contact for this project, is no longer associated with St. Joseph's Hospital or the other co-applicants.

The new Primary Contact and Post Permit Contact for all co-applicants is Ms. Peggy A. Sebastian, who is listed as an Additional Contact in the CON application and whose contact information is listed below. In addition, Andrea R. Rozran should remain as the additional contact throughout the post permit phase of this project.

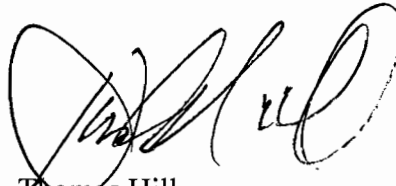
Peggy A. Sebastian
President and Chief Executive Officer
St. Joseph's Hospital
1515 Main Street
Highland, Illinois 62249-1698
Telephone: 618-651-2531
E-Mail Address: psebastian@hshs.org
Fax: 618-651-2533

I trust that this information will be adequate for you to review our alteration request. If you have any questions please call Andrea Rozran at Diversified Health Resources (312-266-0466).

Sincerely,



Peggy A. Sebastian
President & CEO
Board of Directors, Member

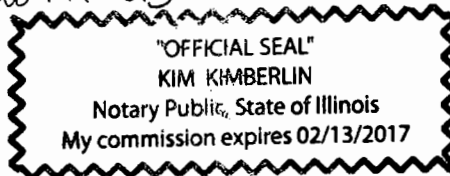


Thomas Hill
Chairman
Board of Directors

Enclosures

cc: Michael Constantino

SUBSCRIBED before me this date, April 17, 2013



ALTERED

2. Narrative Description

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

This project proposes the construction of a three-story Medical Office Building (MOB) in Highland that will be owned by Highland Healthcare Investors, LLC, a limited liability company (LLC) that is unrelated to any health care facility. The MOB, which will be named the St. Joseph's Hospital Medical Office Building, will be located contiguous with and connected to the replacement St. Joseph's Hospital building. In a separate CON application being submitted at the same time as this CON application, St. Joseph's Hospital is proposing to replace its existing hospital on a different site that is approximately 1.2 miles away from its current location in Highland. St. Joseph's Hospital has been designated as a Critical Access Hospital and a necessary provider of health services by the federal Centers for Medicare and Medicaid Services (CMS) and by the State of Illinois.

St. Joseph's Hospital is a co-applicant for this project because (1) it will lease a portion of the MOB in which it will provide both clinical and non-clinical services and (2) it owns the site on which the MOB will be constructed. Hospital Sisters Services, Inc., (HSSI) is a co-applicant because it is the sole corporate member of St. Joseph's Hospital. St. Joseph's Hospital is part of the HSSI obligated group. Debt financing for the project will be issued on behalf of HSSI. Hospital Sisters Health System is a co-applicant because it is the sole corporate member of HSSI.

Highland is located within Planning Area F-01 in the same planning area as St. Joseph's Hospital. Highland constitutes St. Joseph's Hospital's primary service area for both outpatient and inpatient care.

St. Joseph's Hospital will provide the following clinical services in the MOB.

- Wound Care Center for outpatients with chronic or non-healing wounds;
- Diagnostic Imaging (Ultrasound, Mammography, Bone Density Testing);
- Clinical Laboratories;
- Clinical Reference Laboratory Offices;
- Outpatient Rehabilitation (Physical Therapy, Occupational Therapy, Speech, Language Pathology);
- Audiology;
- Cardiac Rehabilitation;
- Geriatric Adult Day Psychiatric Program;
- Neuro-Diagnostics.

St. Joseph's Hospital will also provide the following non-clinical services in the MOB.

- Medical Records/Health Information Systems;
- Administration, Volunteer Services;
- Education/Conference Rooms;
- Information Systems.

Additional space in the MOB will be leased to physicians for the private practice of medicine.

The MOB is anticipated to become operational during the third quarter of CY2013 (during the hospital's FY2013-2014), which is when the replacement hospital is anticipated to become operational.

Since the site for the St. Joseph's Hospital Medical Office Building and the replacement St. Joseph's Hospital does not yet have an address, a site description is provided following this Narrative Description.

The MOB will not be a "healthcare facility," as defined in 20 ILCS 3960. Since an MOB does not have any beds, this project will not include any change in bed capacity.

This is a "non-substantive" Category B project in accordance with 77 Ill. Adm. Code 1110.40.b) because it is "solely and entirely limited in scope" to "outpatient clinical service areas" and non-clinical service areas.

ALTERED 7

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Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$5,400	\$0	\$5,400
Site Survey and Soil Investigation	\$7,770	\$27,230	\$35,000
Site Preparation	\$32,719	\$114,664	\$147,383
Off Site Work	\$147,859	\$518,172	\$666,031
New Construction Contracts	\$4,037,623	\$6,677,973	\$10,715,596
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$131,099	\$131,099	\$262,198
Architectural/Engineering Fees	\$107,576	\$293,169	\$400,745
Consulting and Other Fees	\$148,679	\$489,504	\$638,183
Movable or Other Equipment (not in construction contracts)	\$991,935	\$472,867	\$1,464,802
Bond Issuance Expense (project related)	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$74,944	\$262,642	\$337,586
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$28,939	\$101,419	\$130,358
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$5,714,543	\$9,088,739	\$14,803,282
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,587,190	\$1,081,792	\$2,668,982
Pledges	\$0	\$0	\$0
Gifts and Bequests	\$0	\$0	\$0
Bond Issues (project related)	\$4,127,353	\$0	\$4,127,353
Mortgages	\$0	\$8,006,947	\$8,006,947
Leases (fair market value)	0	\$0	\$0
Governmental Appropriations	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Other Funds and Sources	\$0	\$0	\$0
TOTAL SOURCES OF FUNDS	\$5,714,543	\$9,088,739	\$14,803,282

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
<input checked="" type="checkbox"/> Wound Care Center	3 Treatment Rooms	5 Treatment Rooms 2 Hyperbaric Chambers
<input checked="" type="checkbox"/> Diagnostic Imaging (this project only)	3 Units/Rooms: 1 Ultrasound 1 Mammography 1 Bone Density Testing	3 Units/Rooms: 1 Ultrasound 1 Mammography 1 Bone Density Testing
<input checked="" type="checkbox"/> Laboratory	Not Applicable	Not Applicable
<input checked="" type="checkbox"/> Clinical Reference Laboratory Offices	Not Applicable	Not Applicable
<input checked="" type="checkbox"/> Outpatient Occupational Therapy/ Physical Therapy	7 Treatment Areas + 1 Exercise Area + 1 Whirlpool Room	5 Treatment Areas + 1 Exercise Area
<input checked="" type="checkbox"/> Audiology	2: Hearing Testing & Audiology Booth	2: Hearing Testing & Audiology Booth
<input checked="" type="checkbox"/> Cardiac Rehabilitation	1 Exercise Area	1 Exercise Area
<input checked="" type="checkbox"/> Geriatric Adult Day Psychiatric Program	6 Rooms	2 Individual Therapy Rooms + 2 Group Therapy Rooms
<input checked="" type="checkbox"/> Neuro-Diagnostics	2 Testing Rooms	2 Testing Rooms

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

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities and/or
	(c)(2) -	Necessary Expansion PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment Or
	(c)(3)(B) -	Utilization - Service or Facility

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

ALTERED 22

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COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Foot		Gross Sq. Feet		Gross Sq. Feet		G New Const. \$	H Mod. \$	I Total Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Clinical Service Areas:									
Wound Care Center	\$283.44	\$0.00	2,869	N/A	0	N/A	\$813,180	\$0	\$813,180
Diagnostic Imaging	\$299.91	\$0.00	1,450	N/A	0	N/A	\$434,870	\$0	\$434,870
Clinical Laboratories	\$273.00	\$0.00	2,209	N/A	0	N/A	\$603,057	\$0	\$603,057
Clinical Reference Laboratory	\$270.00	\$0.00	379	N/A	0	N/A	\$102,330	\$0	\$102,330
Outpatient Rehabilitation (PT/OT/Speech/Lang. Path.)	\$247.25	\$0.00	4,162	N/A	0	N/A	\$1,029,055	\$0	\$1,029,055
Audiology	\$251.40	\$0.00	463	N/A	0	N/A	\$116,398	\$0	\$116,398
Cardiac Rehabilitation	\$257.59	\$0.00	1,128	N/A	0	N/A	\$290,562	\$0	\$290,562
Geriatric Adult Day Psychiatric Program	\$187.34	\$0.00	2,067	N/A	0	N/A	\$387,232	\$0	\$387,232
Neuro-Diagnostics	\$257.59	\$0.00	1,013	N/A	0	N/A	\$260,939	\$0	\$260,939
SUBTOTAL CLINICAL COMPONENTS	\$256.52	\$0.00	15,740	N/A	0	N/A	\$4,037,623	\$0	\$4,037,623
Contingency							\$131,099	\$0	\$131,099
TOTAL CLINICAL SERVICE AREAS	\$264.85	\$0.00	15,740	N/A	0	N/A	\$4,168,722	\$0	\$4,168,722
Non-Clinical Service Areas:									
Medical Records/Health Information Systems	\$165.00	\$0.00	1,032	N/A	0	N/A	\$170,280	\$0	\$170,280
Administration	\$165.00	\$0.00	4,800	N/A	0	N/A	\$792,000	\$0	\$792,000
Volunteer Services	\$165.00	\$0.00	304	N/A	0	N/A	\$50,160	\$0	\$50,160
Education/Conference Rooms	\$171.00	\$0.00	2,555	N/A	0	N/A	\$436,905	\$0	\$436,905
Information Systems	\$170.00	\$0.00	721	N/A	0	N/A	\$122,570	\$0	\$122,570
Environmental Services, including Housekeeping	\$106.48	\$0.00	142	N/A	0	N/A	\$15,120	\$0	\$15,120
Leased Physicians' Offices	\$170.00	\$0.00	21,794	N/A	0	N/A	\$3,704,980	\$0	\$3,704,980
Entrances, Lobbies & Public Space	\$140.00	\$0.00	3,672	N/A	0	N/A	\$514,080	\$0	\$514,080
Corridors	\$135.00	\$0.00	2,420	N/A	0	N/A	\$326,700	\$0	\$326,700
Connector Corridor to Hospital	\$140.00	\$0.00	1,296	N/A	0	N/A	\$181,440	\$0	\$181,440
Mechanical Space and Penthouse	\$102.00	\$0.00	1,032	N/A	0	N/A	\$105,264	\$0	\$105,264
Mechanical and Electrical Ducts and Shafts	\$102.00	\$0.00	401	N/A	0	N/A	\$40,902	\$0	\$40,902
Elevator Shafts	\$116.00	\$0.00	525	N/A	0	N/A	\$60,900	\$0	\$60,900
Stairwells	\$102.00	\$0.00	1,536	N/A	0	N/A	\$156,672	\$0	\$156,672
SUBTOTAL NON-CLINICAL COMPONENTS	\$158.13	\$0.00	42,230	N/A	0	N/A	\$6,677,973	\$0	\$6,677,973
Contingency							\$131,099	\$0	\$131,099
TOTAL NON-CLINICAL COMPONENTS	\$161.24	\$0.00	42,230	N/A	0	N/A	\$6,809,072	\$0	\$6,809,072
PROJECT TOTAL	\$259.95	\$0.00	42,230	N/A	0	N/A	10,977,794	\$0	10,977,794

ALTERED 26

ALTERED
St. Joseph's Hospital Medical Office Building Itemized Project Costs

USE OF FUNDS	Clinical Service Areas	Non-Clinical Service Areas	TOTAL
Pre-Planning Costs			
Architectural Programming	\$5,400	\$0	\$5,400
Total Pre-Planning Costs	\$5,400	\$0	\$5,400
Site Survey and Soil Investigation			
Geotechnical Investigation	\$1,665	\$5,835	\$7,500
Site Survey	\$1,665	\$5,835	\$7,500
Environmental Assessment/Appraisal	\$4,440	\$15,560	\$20,000
Total Site Survey and Soil Investigation	\$7,770	\$27,230	\$35,000
Site Preparation	\$32,719	\$114,664	\$147,383
Off-Site Work	\$147,859	\$518,172	\$666,031
New Construction Contracts	\$4,037,623	\$6,677,973	\$10,715,596
Contingencies	\$131,099	\$131,099	\$262,198
Architectural/Engineering Fees	\$107,576	\$293,169	\$400,745
Consulting and Other Fees:			
Architecture Reimbursables	\$26,760	\$62,240	\$89,000
Program Management	\$71,895	\$251,956	\$323,851
Legal Fees	\$15,540	\$54,460	\$70,000
CON Planning and Consultation	\$11,100	\$38,900	\$50,000
CON Application Processing Fee	\$11,100	\$38,900	\$50,000
Leasing & Recruiting Expense	\$12,284	\$43,048	\$55,332
Total Consulting and Other Fees	\$148,679	\$489,504	\$638,183
Movable or Other Equipment (not in Construction Contracts):			
Medical Equipment	\$716,804	\$0	\$716,804
Furniture/Furnishings	\$114,986	\$335,600	\$450,586
Telecom. Equipment	\$142,755	\$105,963	\$248,718
TVs	\$17,390	\$31,304	\$48,694
Total Movable or Other Equipment	\$991,935	\$472,867	\$1,464,802
Net Interest Expense During Construction	\$74,944	\$262,642	\$337,586
Other Costs to be Capitalized:			
Development Reimbursable Expense	\$14,430	\$50,570	\$65,000
Title Fees and Closing	\$14,509	\$50,849	\$65,358
Total Other Costs to be Capitalized	\$28,939	\$101,419	\$130,358

ALTERED 49

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I.

Cost Space Requirements

<u>Department</u>	<u>Gross Square Feet</u>		<u>Amount of Proposed Total GSF That Is:</u>				
	<u>Existing</u>	<u>Proposed</u>	<u>New Const.</u>	<u>Modernized</u>	<u>As Is</u>	<u>Vacated Space</u>	
<u>Clinical Service Areas:</u>							
Wound Care Center	\$980,882	1,217	2,869	2,869	0	0	1,217
Diagnostic Imaging (these modalities)	\$736,155	359	1,450	1,450	0	0	359
Clinical Laboratories	\$1,023,629	2,755*	2,209	2,209	0	0	2,755*
Clinical Reference Laboratory	\$129,672	219*	379	379	0	0	219*
Outpatient Rehabilitation (PT, OT, Speech, Language Path)	\$1,408,685	3,940	4,162	4,162	0	0	3,940
Audiology	\$147,579	391	463	463	0	0	391
Cardiac Rehabilitation	\$411,859	588	1,128	1,128	0	0	588
Geriatric Adult Day Psychiatric Program	\$481,115	2,509*	2,067	2,067	0	0	2,509*
Neuro-Diagnostics	<u>\$394,966</u>	<u>683*</u>	<u>1,013</u>	<u>1,013</u>	0	0	<u>683*</u>
Sub-Total: Clinical Service Areas	\$5,714,543	12,661	15,740	15,740	0	0	12,661
<u>Non-Clinical Service Areas:</u>							
Medical Records/Health Information Systems	\$260,615	1,968*	1,032	1,032	0	0	1,968*
Administration	\$1,136,567	6,280*	4,800	4,800	0	0	6,280*
Volunteer Services	\$67,372	484*	304	304	0	0	484*
Education/Conference Rooms	\$715,026	1,366*	2,555	2,555	0	0	1,366*
Information Systems	\$199,203	0	721	721	0	0	0
Environmental Services, including Housekeeping	\$19,963	56	142	142	0	0	56
Leased Physicians' Offices	\$4,851,218	8,982	21,794	21,794	0	0	8,982
Entrances, Lobbies, and Public Space	\$690,696	1,156	3,672	3,672	0	0	1,156
Corridors	\$429,320	1,116	2,420	2,420	0	0	1,116
Connector Corridor to Hospital	\$238,283	0	1,296	1,296	0	0	0
Mechanical Space and Penthouse	\$139,112	N/A	1,032	1,032	0	0	0
Mechanical and Electrical Ducts and Shafts	\$54,054	N/A	401	401	0	0	0
Elevator Shafts	\$80,259	228	525	525	0	0	228
Stairwells	\$207,050	<u>362</u>	<u>1,536</u>	<u>1,536</u>	0	0	<u>362</u>
Sub-Total: Non-Clinical Service Areas	\$9,088,739	21,770	42,230	42,230	0	0	21,770
TOTAL PROJECT	\$14,803,282	34,431	57,970	57,970	0	0	34,431

*This department is currently located in the hospital. It will be constructed in the MOB on the new campus.

ALTERED 54

IV.
Criterion 1110.234 - Project Scope, Utilization:
Size of Project

ALTERED (TEXT ONLY, SUPPORTING DOCUMENTATION UNCHANGED)

This project, which proposes to construct a Medical Office Building (MOB) contiguous with and connected to the replacement St. Joseph's Hospital, includes both Clinical and Non-Clinical Service Areas.

St. Joseph's Hospital will lease 30,235 rentable gross square feet in the MOB for a number of Clinical Service Areas for outpatient care and Non-Clinical Service Areas for hospital support services, as indicated in the lease and amendment to the lease which are appended to this Attachment as Appendices A and B. Some of the space being leased in the MOB will be used for departments required for hospital licensure, as specified in 77 Ill. Adm. Code 250.

The St. Joseph's Hospital Medical Office Building will include the following Clinical Service Areas that will be located in space that St. Joseph's Hospital will lease.

Wound Care Center for outpatients with chronic or non-healing wounds
Diagnostic Imaging (Ultrasound, Mammography, Bone Density Testing)
Clinical Laboratories
Clinical Reference Laboratory Offices
Outpatient Rehabilitation (Physical Therapy, Occupational Therapy,
Speech Therapy, Language Pathology)
Audiology
Cardiac Rehabilitation
Geriatric Adult Day Psychiatric Program
Neuro-Diagnostics

The St. Joseph's Hospital Medical Office Building will also include the following Non-Clinical Service Areas that will be leased by St. Joseph's Hospital, as indicated in the same Letter of Intent to lease space.

Medical Records/Health Information Systems
Administration
Volunteer Services
Education/Conference Rooms
Information Systems

The balance of the space in the St. Joseph's Hospital Medical Office Building will consist of Non-Clinical Service Areas leased to several physician groups for their medical offices, space leased to a coffee vendor, and support space for the building (i.e., Environmental Services, including Housekeeping; Entrances, Lobbies and Public Space; Interdepartmental Corridors and a Connector Corridor to St. Joseph's Hospital; Mechanical Space and Penthouse; Mechanical and Electrical Ducts and Shafts; Elevator Shafts; Stairwells).

The executed leases, amendment to St. Joseph's Hospital's lease, and Letters of Intent represent more than 96% of the total rentable space in this MOB (53,346 gross square

feet), as shown below, based upon the executed lease and amendment to the lease with St. Joseph's Hospital for 30,235 rentable square feet and the executed lease and letters of Intent with physician groups and a coffee vendor for a total of 23,111 additional rentable square feet.

Gross Square Footage of	
St. Joseph's Hospital Medical Office Building:	57,970
- Total Rentable Space:	- 2,638
Total Rentable Square Footage	55,332

Included in <u>executed leases, amendment to SJH lease, and letters of Intent to lease space:</u>	53,346	Gross Square Feet
Total Rentable Space:	55,332	Gross Square Feet
Percentage of Rentable Space Included in Letters of Intent to lease space:	96%	

1. The only Clinical Service Area included in this project for which the Illinois certificate of need (CON) Rules include State Guidelines (77 Ill. Adm. Code 1110.APPENDIX B) is Diagnostic Imaging, and there are State Guidelines for the Ultrasound and Mammography modalities, but not for Bone Density Testing.

There are no State guidelines (77 Ill. Adm. Code 1110.APPENDIX B) for the balance of the Clinical Service Areas that are included in this project. These Clinical Service Areas are listed below.

Wound Care Center (or Outpatient Services)
Clinical Laboratories
Clinical Reference Laboratory Offices
Outpatient Rehabilitation (Physical Therapy, Occupational Therapy,
Speech Therapy, Language Pathology)
Audiology
Cardiac Rehabilitation
Geriatric Adult Day Psychiatric Program
Neuro-Diagnostics

An analysis of the proposed gross square footage of the Diagnostic Imaging Clinical Service Area at the St. Joseph's Hospital Medical Office Building is found on the next page.

This analysis is based upon the following.

- Historic utilization for St. Joseph's Hospital during CY2010.
- Projected utilization for St. Joseph's Hospital for its first 2 full years of operation (FY2015, FY2016) for the Ultrasound and Mammography modalities of the Diagnostic Imaging Service for which the approvable number of imaging units is based upon utilization.

The projected utilization for these modalities and the rationale supporting these projections will be found in Attachment 15.

- Total proposed key rooms and total departmental gross square footage (DGSF) for these modalities in the proposed new MOB.

The chart that follows identifies the State Guidelines for each of the modalities in the Diagnostic Imaging Clinical Service Area for which State Guidelines exist.

<u>Service</u>	<u>State Guideline units/room</u>	<u>CY2010 Utilization</u>	<u>FY2016 Volume (2nd full year of operation)</u>	<u>Total Rooms Justified</u>	<u>Total Proposed Rooms</u>
Diagnostic Imaging					
Ultrasound	3,100 Visits/Unit	1,819 outpatient Exams/Visits	2,320 outpatient Exams/Visits	1	1
Mammography	5,000 Visits/Unit	1,725 Exams/Visits	1,884 Exams/Visits	1	1
Bone Density Testing	N/A	306 Exams/Visits	332 Exams/Visits	N/A	1
TOTAL Diagnostic Imaging					3

*N/A refers to there being no State Guideline for number of rooms. The State Guideline for approvable DGSF will be found in the next chart.

The proposed number of pieces of equipment for all Clinical Service Areas included in this project is within the State Guidelines (77 Ill. Adm. Code 1110.APPENDIX B) or not applicable.

The square footage proposed for Diagnostic Imaging, which is the only Clinical Service Area for which State Guidelines exist, is shown on the next page.

<u>Service</u>	<u>State Guideline DGSF/room or unit</u>	<u>Total DGSF Justified per program</u>	<u>Total Proposed DGSF</u>
Diagnostic Imaging			
Ultrasound	900 DGSF/Unit	900	
Mammography	900 DGSF/ Unit	900	
Bone Density Testing	N/A	N/A	N/A

<u>Service</u>	<u>State Guideline DGSF/room or unit</u>	<u>Total DGSF Justified per program</u>	<u>Total Proposed DGSF</u>
TOTAL Diagnostic Imaging		1,800 for 2 Units + 3 rd Unit not subject to Guideline	1,450 for 3 Units

The following published data and studies identify the scope of services, hospital licensing requirements, and contemporary standards of care that St. Joseph's Hospital addressed in developing the space needed for the departments that it will be leasing in the St. Joseph's Hospital Medical Office Building.

- Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250.2440);
- Standards for Accessible Design: ADA Accessibility Guidelines for Buildings and Facilities (28 Code of Federal Regulations, 36.406 ADAAG, Sections 4.1 through 4.35 and 6.1 through 6.4);
- The Facilities Guidelines Institute and The American Institute of Architects Academy of Architecture for Health with assistance from the U.S. Department of Health and Human Services, 2006 Guidelines for Design and Construction of Healthcare Facilities. 2006: American Institute of Architects.

2. The chart that follows indicates that the proposed square footage for the Diagnostic Imaging modalities included in this project that are subject to State Guidelines is within the State Guidelines found in 77 Ill. Adm. Code 1110. APPENDIX B.

<u>CLINICAL SERVICE AREA</u>	<u>PROPOSED DGSF</u>	<u>STATE GUIDELINE</u>	<u>DIFFERENCE</u>	<u>MET GUIDELINE?</u>
<u>Diagnostic Imaging</u>				
Ultrasound		900 for 1 Unit		
Mammography		900 for 1 Unit		
Bone Density Testing		N/A		
TOTAL Diagnostic Imaging	1,450 for 3 Units	1,800 for 2 Units + 3 rd Unit not subject to Guideline	under by 350 even considering all 3 Units	Yes

Appended to this Attachment is the following document that was used to determine the appropriate floor area for the departments that St. Joseph's Hospital will be leasing in the St. Joseph's Hospital Medical Office Building in addition to the Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250) and the ADA Accessibility Guidelines for Buildings and Facilities (28 Code of Federal Regulations, 36.406.ADAAG):

- The Facilities Guidelines Institute and The American Institute of Architects Academy of Architecture for Health with assistance from the U.S. Department of Health and Human Services, 2006 Guidelines for Design and Construction of Healthcare Facilities. 2006: American Institute of Architects.

APPENDIX A

LEASE BETWEEN ST. JOSEPH'S HOSPITAL AND
HIGHLAND HEALTHCARE INVESTORS, LLC

FOR SPACE IN
ST. JOSEPH'S HOSPITAL MEDICAL OFFICE BUILDING
HIGHLAND, ILLINOIS

OFFICE LEASE AGREEMENT

DATE: June 14, 2012

BETWEEN: **HIGHLAND HEALTHCARE INVESTORS, LLC**
c/o Frauenshuh HealthCare Real Estate Solutions, LLC
7101 West 78th Street, Suite 100
Minneapolis, MN 55439 ("Landlord")

AND: **ST. JOSEPH'S HOSPITAL OF THE HOSPITAL SISTERS**
OF THE THIRD ORDER OF ST. FRANCIS
(address) Attn: CEO
1515 Main Street
Highland, IL 62249 ("Tenant")

LOCATION: **HIGHLAND, ILLINOIS**

LANDLORD AND TENANT hereby covenant and agree as follows:

1. BASIC PROVISIONS.

- (a) **PREMISES:** The area located within the Building as generally indicated on Exhibit C. The Rentable Area of the Premises will be approximately 26,629 square feet, which is calculated based on the Usable Area within the Premises plus a proportionate area of the corridors, lobbies and other common areas and service areas of the Building. The final size and configuration of the Premises will be determined by Landlord in consultation with Tenant during the space planning process carried out under Exhibit D. As soon as practicable after the Delivery Date, Landlord will recalculate the Rentable Area of the Premises and Building based on final construction drawings, and Landlord and Tenant will execute a supplement to this Lease confirming the Rentable Area.
- (b) **DELIVERY DATE:** The date Landlord delivers the Premises to Tenant for Tenant to complete any work for which it is responsible to prepare the Premises for its occupancy. The Premises delivered to Tenant will be finished to the extent that Tenant can commence and carry out its work with reasonable efficiency. Tenant acknowledges that the Building may not be completed by the Delivery Date, and Landlord may perform additional work after the Delivery Date to prepare the Building for occupancy; provided, however, to the extent that any work being performed by Landlord delays any work to be performed by Tenant, and such delay prevents Tenant from completing the Premises Work in accordance with its construction schedule, then the Commencement Date shall be extended for a period of time equal to the delay period unless such delay is caused by or is principally attributable to Tenant in connection with its obligations under this Lease.
- (c) **COMMENCEMENT DATE:** shall mean the date that is the earlier of (i) six (6) months after the Delivery Date, or (ii) the date Tenant first occupies all or a

portion the Premises in accordance with terms of Section 10(a). Landlord and Tenant will execute a supplement to this Lease indicating the Commencement Date when so determined.

- (d) **EXPIRATION DATE:** shall mean the day before the ten (10) year anniversary of the Commencement Date, or the day before the five (5) year anniversary of any Renewal Option (to the extent applicable).
- (e) **TERM:** shall mean the period beginning on the Commencement Date and ending on the Expiration Date provided, however, that if the last day of such period is not the last day of the calendar month, the Term will extend to the last day of such calendar month.
- (f) **PERMITTED USE:** Subject to Article 14 of this Lease and any restrictions or conditions on the use of the Project that are contained in the Ground Lease and Declaration, any medical use permitted by the applicable zoning code having jurisdiction over the Project.
- (g) **BASE RENT:** \$12.60 per year for each square foot of Rentable Area of the Premises, increased on a cumulative basis by two percent (2%) per year on each anniversary of the Commencement Date.
- (h) **ADDITIONAL RENT:** Tenant's Share of Estimated Operating Cost and any Operating Cost Adjustment payable by Tenant under this Lease.
- (i) **SECURITY DEPOSIT:** An amount equal to two months' Base Rent. The obligation of Tenant to provide a Security Deposit is hereby waived unless and until there is a default in Tenant's payment of Rent twice in any 12-month period, in which event the Security Deposit will be made by Tenant upon demand.

2. EXHIBITS. The exhibits to this document are a part of this Lease and consist of:

Exhibit A	Description of Land
Exhibit B	Building Regulations
Exhibit C	Plan of Premises
Exhibit D	Construction Procedures
Exhibit E	Additional Provisions

3. DEFINITIONS. In this Lease:

- (a) **"Actual Operating Cost"** means all costs of Landlord attributable to the maintenance, operation and repair of the Project which costs shall be computed on an accrual basis and determined in accordance with generally accepted accounting principles consistently applied, calculated as though the Building were fully complete and fully occupied, including but not limited to (i) all taxes and installments of special assessments (and interest thereon), general and special, ordinary and extraordinary, assessed, levied, charged or imposed upon or against or in respect of all or any part of the Project and all taxes, excises, fees, charges, levies or assessments that are assessed, levied, charged or imposed on Landlord in lieu of, or as a supplement to, those taxes and assessments; (ii) any rent paid by Landlord under the Ground Lease and common expenses paid by Landlord that are assessed, levied, charged or

imposed upon or against or in respect of the Project under the Ground Lease, Declaration, or other arrangement for the provision of services to or for the benefit of the Project; (iii) premiums for casualty, public liability, rent loss and other insurance that Landlord maintains with respect to the Project; (iv) a management fee equal to 4% of the Base Rent, provided, however, that following such date that Landlord, together with any affiliate of Landlord, has leased at least 60,000 square feet of commercial medical office space to Tenant or any affiliate of Tenant in Illinois, in one or more buildings, the management fee shall be reduced to 3.5% of the Base Rent, together with the customary and reasonable expenses payable to the manager or incurred by Landlord for management including the reasonable rental value or office rent of any space furnished for use as the management office for the Project; (v) record keeping, accounting and auditing costs for budgeting and determination of Actual Operating Cost and any Operating Cost Adjustment; (vi) all other costs that may be expensed rather than capitalized incurred by Landlord in owning, maintaining or operating the Project; and (vii) capital expenditures, amortized over the useful life or estimated "pay-back" period (being the period over which the savings are intended to be achieved), whichever is shorter, as reasonably determined by Landlord using reasonable interest charges, for any repair, replacement or improvement to the Project, or purchase of equipment, that is incurred to improve the operating efficiency or reduce the cost of owning, maintaining or operating the Project or is required by any governmental authority or insurance carrier.

- (b) "Building" means the building now or hereafter located on the Land (including any expansions thereof), within which the Premises are located.
- (c) "Common Areas" means those areas and facilities in or serving the Project which from time to time are provided by Landlord for use in common by or for the benefit of the tenants and occupants of the Building and their employees, clients, customers, and invitees, whether or not such areas or facilities are accessible to the public. The Common Areas include any lobbies, corridors, stairways, elevators, toilet rooms, atriums, loading and delivery facilities, and any driveways, sidewalks, passenger drop-off areas or parking areas provided by Landlord for the Project.
- (d) "Competitor" means any Person that directly or indirectly owns, leases, operates or manages a hospital or hospital system, including, without limitation, a hospital or hospital system owned in whole or in part by physicians, other than the lessor under the Ground Lease or any affiliate of such lessor provided, however, the foregoing definition shall specifically exclude any Person that owns a hospital facility that is leased to others without management or operational involvement in the provision of healthcare services at the hospital facility or the right to receive profits or revenues from the operation or management of healthcare services at such hospital facility, such that the Person is a building owner only (e.g., a real estate investment trust that owns a hospital facility and leases it to a licensed hospital or healthcare provider that operates the hospital facility and provides patient care). For purposes of clarification, a "Competitor" shall include a Person that may not be in the business of owning, leasing, operating or managing a hospital, but that directly or indirectly owns, leases, operates or manages a hospital or healthcare system.

- (e) "Declaration" means the Declaration of Easements, Covenants and Restrictions made in conjunction with the Ground Lease that grants and reserves easements, rights and restrictions affecting the Project.
- (f) "Estimated Operating Cost" for any calendar year means Landlord's good faith estimate of the Actual Operating Cost for such year.
- (g) "Ground Lease" means the Ground Lease under which Landlord holds its leasehold interest in the Land or other portions of the Project, and any renewal, modification, replacement or extension of such Ground Lease.
- (h) "Hospital" means the acute care inpatient medical facility constructed or to be constructed on the medical campus of which the Project is a part.
- (i) "Land" means the property described in Exhibit A and any additional property that may be acquired or leased by Landlord for expansion of the Project.
- (j) "Lease" means this Lease, including all exhibits attached hereto and any amendments to this Lease that may be executed by Landlord and Tenant from time to time.
- (k) "Mortgage" means any mortgage, deed of trust, security deed, or other security agreement from time to time on all or any part of or interest in the Project and any ground lease or underlying lease (other than the Ground Lease) under which Landlord from time to time holds its interest in the Land or other portions of the Project, and the "holder" of any Mortgage will include the trustee and beneficiary under any such deed of trust or security deed and the lessor under any such ground lease or underlying lease and the "foreclosure" of any Mortgage will include conveyance in lieu of foreclosure of any such mortgage, deed of trust or security deed, termination of any such ground or underlying lease for default, or repossession in lieu of any such termination.
- (l) "Operating Cost Adjustment" means the difference between Tenant's Share of Estimated Operating Cost and Tenant's Share of Actual Operating Cost computed as set out in Article 7.
- (m) "Operating Cost Exclusions" means that Actual Operating Costs shall not include the following: (i) capital expenses for improvements or equipment, as determined in accordance with generally accepted accounting principles consistently applied, and costs incurred in the repair and maintenance of the structural elements of the Building including the roof to the extent such costs do not constitute expenses, as determined in accordance with generally accepted accounting principles consistently applied, except as otherwise permitted in the definition of Actual Operating Cost; (ii) costs incurred by Landlord for the repair of damage to the Project, to the extent that Landlord or a tenant(s) is reimbursed by insurance proceeds, other than the cost of any reasonable insurance deductible; (iii) costs, including permit, license and inspection costs, incurred with respect to the installation of tenant or other occupants' improvements in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building; (iv) marketing costs, including without limitation, leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent,

leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with a tenant or present or prospective tenants or other occupants of the Building; (v) expenses in connection with services or other benefits which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant of the Building; (vi) costs incurred by Landlord due to the violation by Landlord or any tenant of the terms and conditions of any lease of space in the Building; (vii) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis; (viii) interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Project; (ix) Landlord's general corporate overhead and general and administrative expenses, except to the extent such expenses are reasonably allocable to the Project or if Landlord shall pay or become obligated to pay such expenses by virtue of its status as owner of the Project; (x) electric power costs for which any tenant directly contracts with the local public service company or of which any tenant is separately metered or submetered and pays Landlord directly; provided, however, that if any tenant in the Building contracts directly for electric power service or is separately metered or submetered during any portion of the relevant period, the total electric power costs for the Building shall be "grossed up" to reflect what those costs would have been had each tenant in the Building used the Building-standard amount of electric power; (xi) costs for which Landlord has been compensated by a management fee, and any management fees in excess of those management fees which are normally and customarily charged by landlords of comparable Buildings; (xii) costs arising from the negligence or fault of other tenants or Landlord or its agents, or any vendors, contractors, or providers of materials or services selected, hired or engaged by Landlord or its agents including, without limitation, the selection of materials; (xiii) costs arising from defects in the base, shell or core of the Building or improvements installed by Landlord or repair thereof; (xiv) costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims litigation or arbitrations pertaining to Landlord and/or the Project, except to the extent such costs are reasonably allocable to the operation of Project or if Landlord shall pay or become obligated to pay such expenses by virtue of its status as owner of the Project; (xv) depreciation of the Building and other non-cash items; (xvi) any bad debt loss, rent loss or reserves for bad debts or rent loss; (xvii) any expenses for repairs or maintenance which are reimbursed by warranties and service contracts; (xviii) income taxes or franchise taxes payable by Landlord; and (xix) tax penalties incurred as a result of Landlord's failure to make payments and/or to file any tax or information returns when due.

- (n) "Own Patients" mean persons who specifically seek out and request the professional services of Qualified Physician Tenants because of the Qualified Physician Tenant's medical specialty (and not solely because the Qualified Physician Tenant provides Restricted Services), or who are referred for professional services because of Qualified Physician Tenant's medical specialty

(and not solely because the Qualified Physician Tenant provides such Restricted Services).

- (o) "Person" means an individual, partnership, limited liability company, limited liability partnership, firm, association, corporation, trust or any other form of business or government entity.
- (p) "Prohibited Use" means any use of space within the Building or the Project that would result in the Project being used or occupied (i) in violation of the Ethical and Religious Directives for Catholic Healthcare Services (the "ERDs") as promulgated and amended from time to time by the United States Conference of Catholic Bishops, (ii) by any Competitor, or (iii) by any physician that is not a Qualified Physician Tenant.
- (q) "Prohibited Service" means the performance of any of the following services: (i) magnetic resonance imaging (MRI); (ii) computerized tomography (CT), (iii) ultrasound, x-ray and radiology, (iv) invasive and/or intravascular procedures, (v) mammography, (vi) surgery, (vii) emergency or urgent care center, (viii) osteoporosis screening, (ix) digital radiology, (x) occupational therapy, (xi) ambulatory surgery center, (xii) physical therapy, (xiii) nuclear medicine, (xiv) any procedure requiring anesthesia, including conscious sedation, or (xv) a health and fitness center.
- (r) "Project" means the Land and Building, the Common Areas and other areas and improvements for which Landlord may from time to time have rights to or obligations under the Ground Lease or Declaration or any other easements and licenses affecting the Land or Building, and any equipment and personal property of Landlord exclusively used on-site in connection therewith.
- (s) "Qualified Physician Tenant" means a physician licensed in the State of Illinois and that is an active member, in good standing, of the medical staff of the Hospital.
- (t) "Rent" means the aggregate of the Base Rent, Additional Rent, and all other amounts payable by Tenant to Landlord under this Lease.
- (u) "Rentable Area" and "Usable Area" mean respectively the rentable area and usable area of the Premises and other portions of the Building determined as set out in the American National Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-1996.
- (v) "Restricted Service" means the performance services other than a Prohibitive Service that may from time to time be provided by Lessor in connection with the operation of the Hospital
- (w) "Tenant's Share" means that portion of the Estimated Operating Cost or Actual Operating Cost which the Rentable Area of the Premises bears to the Rentable Area of the Building, except that (i) to the extent a utility or service is provided by Landlord to tenants of the Building in their premises but is not provided by Landlord in the Premises under this Lease, the cost of such utility or service (except as it relates to Common Areas) will be excluded from the Estimated Operating Cost and Actual Operating Cost, and (ii) to the extent a utility or

service is provided by Landlord in the Premises but is not provided to another portion of the Building, the divisor for determining Tenant's Share of the cost of such utility or service under this Lease will be the Rentable Area of that portion of the Building in which the utility or service is provided, and (iii) if the Building contains any areas Landlord has designated for lease only as storage space or if the Premises or any other portion of the Project is exempt from any real estate or other tax or imposition, the storage areas or exempt portion of the Project will not be included in the Rentable Area for determining Tenant's Share of such tax or imposition under this Lease. If changes are made to the Rentable Area of the Premises or Project during any calendar year, Tenant's Share for such calendar year will be adjusted accordingly and the Additional Rent for such calendar year will take into account the different Tenant's Share for each portion of such year.

4. **GRANT OF LEASE.** Landlord hereby leases the Premises to Tenant and Tenant hereby accepts the Premises from Landlord to have and to hold during the Term, subject to the terms and conditions of this Lease. This lease of the Premises to Tenant includes the nonexclusive right to use the Common Areas of the Project for their intended and normal purposes in connection with Tenant's occupancy of the Premises.

5. **RENT PAYMENT.**

- (a) Tenant will pay the Rent in lawful money of the United States to Landlord at the address set out at the head of this Lease or at such other place as Landlord from time to time designates, without demand and without any reduction, abatement, counterclaim or setoff, as follows:
 - (i) Base Rent will be paid in advance and without notice on or before the first day of each month during the Term in monthly installments, each equal to one-twelfth of the annual Base Rent.
 - (ii) On or about the Commencement Date and prior to each calendar year thereafter, Landlord will compute and deliver to Tenant a statement of the Estimated Operating Cost for such calendar year and the monthly payments as would fully recover Tenant's Share of the Estimated Operating Cost in such calendar year. From time to time during the calendar year, Landlord may compute and deliver to Tenant an updated statement of the Estimated Operating Cost for such year and the monthly payments for the remainder of the calendar year as would fully recover Tenant's Share of Estimated Operating Cost as so revised. Tenant's Share of the Estimated Operating Cost will be paid in advance and without further notice on the first day of each month during the Term in monthly installments, each based on Landlord's most current statement.
 - (iii) If the Term begins on other than the first day of a month or ends on other than the last day of a month, the monthly installments of Base Rent and Tenant's Share of Estimated Operating Cost for that month will be prorated and paid in advance.
 - (iv) Other charges will be paid on or before the first day of the month following notice of the charge, unless a different time for payment is specified in this Lease.

- (b) All amounts payable by Tenant to Landlord under this Lease will be deemed Rent and Landlord will have all rights against Tenant for default in any payment as in the case of arrears of rent. The obligation to pay Rent survives the expiration or earlier termination of this Lease.
6. **SERVICE CHARGES.** Tenant will pay Landlord a late charge of five percent (5%) of any payment of Rent which is not made within five days after it becomes due, and One Hundred and 00/100 Dollars (\$100.00) for each check presented by Tenant which is returned unpaid due to insufficient funds or other reason. In addition, any Rent not paid within five (5) days after it becomes due will bear interest from the date due to the date paid at 4% per annum above the prime rate quoted in the Money Rates column of *The Wall Street Journal* as of the first business day of the month such amount became due, but in no event greater than the highest rate permitted by law. If *The Wall Street Journal* discontinues publication or quotation of the prime rate, Landlord will substitute an index or procedure which reasonably reflects and monitors commercial borrowing costs.
7. **OPERATING COST ADJUSTMENT; TENANT'S RIGHT TO AUDIT.**
- (a) If Tenant's Share of Actual Operating Cost for any calendar year during the Term exceeds Tenant's Share of Estimated Operating Cost paid by Tenant for such calendar year, Tenant will pay to Landlord a sum equal to the difference between Tenant's Share of Actual Operating Cost for the year and Tenant's Share of Estimated Operating Cost for the year. If Tenant's Share of Estimated Operating Cost paid by Tenant for any calendar year during the Term exceeds Tenant's Share of Actual Operating Cost for the calendar year, Landlord will pay to Tenant a sum equal to the difference between Tenant's Share of Estimated Operating Cost for the year and Tenant's Share of Actual Operating Cost for the year, as set forth in Section 7(b). If this Lease does not begin or end at the first day of a calendar year, the Operating Cost Adjustment for the year will be adjusted accordingly.
- (b) Within a reasonable period after the end of each calendar year, Landlord will give written notice to Tenant of any Operating Cost Adjustment. The notice will contain or be accompanied by a statement of the Actual Operating Cost for that calendar year and a computation of the Operating Cost Adjustment. In the event that the Operating Cost Adjustment indicates that the Actual Operating Cost exceeded the Estimated Operating Cost, then Tenant will pay to Landlord any amount due Landlord under this Article within thirty (30) days after delivery of the annual notice, but failure to so notify Tenant within a reasonable period after any calendar year for which additional rent is due will not release Tenant from paying nor diminish Tenant's obligation to pay such amount. In the event that the Operating Cost Adjustment indicates that the Actual Operating Cost were less than the Estimated Operating Cost, then Landlord will pay Tenant any amount due Tenant under this Article within thirty (30) days after delivery of the annual notice or credit such amount against the next Rent coming due under this Lease.
- (c) Landlord shall keep accurate records of all Actual Operating Cost in accordance with general practices of the commercial real estate industry with expenses determined in accordance with generally accepted accounting principles consistently applied. Upon request, Landlord shall make available to Tenant, during normal business hours and upon not less than forty-eight (48) hours prior

written notice, all records relating to Actual Operating Cost for the fiscal year that is the subject of the statement of Actual Operating Cost, and Tenant may perform a complete audit of such records. In order to make such request and perform such audit, Tenant must notify Landlord of its intent to audit in writing and within one hundred twenty (120) days of Landlord's delivery to Tenant of the applicable statement of Actual Operating Cost. All information acquired as a result of Tenant's examination will be kept confidential by Tenant and its accountant, and will not be disclosed to any other party, without the prior written consent of Landlord, except that Tenant may disclose such information to any Affiliate of Tenant (as such term is defined hereafter) or as required by law or subpoena. Tenant's accountant will execute an agreement confirming that it is bound by such nondisclosure requirement and acknowledging that it may not use the results of its examination in soliciting the business of other tenants in the Project.

- (d) If based on Tenant's audit of Landlord's books, Tenant raises any objection to the Actual Operating Cost or Operating Cost Adjustment, such objection will be made in writing and Tenant will provide Landlord with a full copy of the results of its examination and audit. If Landlord disputes Tenant's written objection, Landlord and Tenant will in good faith attempt to resolve the dispute. If not resolved within sixty (60) days of Landlord's receipt of the written objection, the dispute will be resolved by an independent certified public accountant firm approved by both Landlord and Tenant. If Landlord and Tenant are unable to agree on an accounting firm within ten days after the dispute arises, each party is to choose its own accounting firm and the two accounting firms so chosen are to choose a third accounting firm with offices in the metropolitan area where the Project is located. The third accounting firm so chosen is to make a final decision within 30 days after being so chosen, and such decision is binding upon both parties. Notwithstanding the foregoing, if the matter in dispute is also a matter in dispute between Landlord and any other tenant in the Building, the accounting firm or firms chosen by Landlord and such other tenant will be chosen to settle any such dispute under this Lease. The cost of the service of such accounting firm or firms will be shared equally between Landlord and Tenant. If following the process described above, it has been determined that Actual Operating Cost was overstated by Landlord by four percent (4%) or more, then (i) Landlord shall pay Tenant the reasonable out of pocket cost of Tenant's audit of Landlord's books together with interest on such amount at two percent (2%) above the prime rate quoted in the Money Rates column of *The Wall Street Journal* as of the first business day of the month such amount became due, and (ii) Tenant may, at the time it provides Landlord with the results of such audit, provide written notice to Landlord of its election to audit those components of the prior fiscal year's Actual Operating Cost that made up such overstatement in such current fiscal year's Actual Operating Cost. If *The Wall Street Journal* discontinues publication or quotation of the prime rate, Tenant will substitute an index or procedure which reasonably reflects and monitors commercial borrowing costs. In addition, within thirty (30) days after Tenant's written objection (or within thirty (30) days of settlement of any dispute arising therefrom, if later), Landlord will refund to Tenant or Tenant will pay to Landlord, as the case may be, the amount of any overstatement or understatement. Except as otherwise provided for herein, if Tenant fails to timely exercise such audit right or to timely provide a copy of such audit, then Tenant shall be deemed to have accepted all Actual Operating Costs as disclosed on the statement of Actual Operating Cost. The

parties performing such audit must be reasonably approved by Landlord and cannot be any party that is paid on a contingency fee basis. Tenant's sole remedy for any discrepancy in the Actual Operating Cost, shall be to perform such audit, and receive a refund and, if appropriate, receive payment of such audit fees.

8. **ADDITIONAL OCCUPANCY TAXES.** Tenant will pay to Landlord the amount of any taxes (other than income tax), excises, charges, levies, fees or assessments payable by Landlord upon or by reason of any Rent reserved to Landlord, the renting of any part of the Project to Tenant, Tenant's use or occupancy of any part of the Project, or any fixture or personal property in the Premises which does not belong to Landlord. If the taxing authority fails to render a separate tax bill for trade fixtures and personal property in the Premises, Landlord will reasonably allocate for payment by Tenant the portion of such taxes attributable to such trade fixtures and personal property. Notwithstanding the foregoing, Tenant shall have the right to contest or appeal any tax bills issued with respect to Tenant's fixtures and personal property.
9. **COMPLETION OF PREMISES.** Landlord and Tenant are entering into this Lease prior to the construction of the Building. Landlord and Tenant acknowledge and agree that the Premises will be completed in accordance with the Construction Procedures set out in Exhibit D, attached hereto and made a part hereof.
10. **OCCUPANCY OF PREMISES.**
 - (a) Upon the Delivery Date, Tenant will enter the Premises to complete any work for which Tenant is responsible under this Lease, install furniture and equipment, and otherwise prepare the Premises for occupancy. All provisions of this Lease apply during the period of Tenant's access prior to the Commencement Date, except that Tenant will have no obligation to pay Base Rent or Additional Rent. However, if Tenant begins to operate its business in all or a portion of the Premises prior to the Commencement Date, Base Rent and Additional Rent will be payable on that portion of the Premises beginning on the date that Tenant begins operating therein until the Commencement Date, calculated as though the date Tenant began to operate its business were the Commencement Date.
 - (b) If all or any part of the Premises is not available for Tenant's occupancy by the Commencement Date because of any construction work being performed by Landlord or any reason outside Landlord's control, this Lease will not be void or voidable nor will Landlord be liable to Tenant for any loss or damage resulting from the failure to deliver possession except as otherwise set forth in the Ground Lease. However, if Landlord is unable to deliver actual possession of the Premises within two (2) years after the date of this Lease, either Landlord or Tenant may by written notice to the other cancel this Lease, which cancellation will discharge both from all obligations under this Lease.
11. **CARE OF PREMISES.**
 - (a) At its expense, Tenant will keep the interior portions and entrance areas of the Premises in good order and condition, including but not limited to (i) maintaining the Premises in a clean and sanitary condition, (ii) maintaining and repairing all leasehold improvements within the Premises, and (iii) repainting and redecorating at reasonable intervals as needed. Tenant will also be responsible

at its expense for the maintenance and repair of all mechanical, electrical and plumbing systems, facilities and equipment that exclusively serve the Premises, whether located within or outside the Premises. However, where Landlord determines that maintenance and repair of such systems, facilities and equipment may require entry into space occupied by other tenants or occupants or may affect the integrity or operation of the Building systems, Landlord will coordinate such work and separately charge Tenant for the cost thereof.

- (b) If Tenant fails to perform any work set out in this Article within thirty (30) days after notice from Landlord, or such period of time longer than thirty (30) days if such longer period of time is reasonably required by Tenant, then Landlord may enter the Premises and perform the work. If Landlord performs the work, Tenant will pay to Landlord the cost of the work, plus fifteen percent (15%) for Landlord's overhead and coordination.

- 12. ALTERATIONS BY TENANT.** Tenant will not make or allow to be made any alteration, addition or improvement to the Premises without first providing a copy of the plans and specifications for such work to Landlord and obtaining Landlord's written consent, which will not be unreasonably withheld, conditioned or delayed. No consent will be required for work which costs \$10,000 or less in the aggregate, provided such alterations, additions or improvements do not affect the structural, mechanical, electrical, plumbing or life safety systems or facilities of the Building or the entry area of the Premises and so long as Landlord is given no less than fifteen (15) days' advance written notice specifying such work and the work is otherwise carried out in conformance with this Lease. All work will be performed at Tenant's expense in a first class skillful manner and in accordance with such plans and specifications by one or more licensed, bonded contractors approved by Landlord. Tenant and Tenant's contractors and subcontractors, and their respective trades and workers, will work in harmony with other labor working in the Project, and will not conflict with any union or other contracts or affiliations to which Landlord or Landlord's contractors or subcontractors, or their respective trades or workers, may be a party. Tenant will forthwith remove from the Project any contractor, subcontractor, trade or worker causing or creating any such conflict. Tenant will cause each contractor to carry workers' compensation insurance in accordance with statutory requirements, builder's risk insurance on the work being performed, and commercial public liability insurance, with Landlord (and other parties reasonably requested by Landlord) named as additional insured, in amounts at least equal to those set out in Article 20, and will submit evidence of the coverage to Landlord prior to commencement of the work. Tenant will be responsible for the payment of any direct expense incurred by Landlord in connection with any alteration, addition or improvement made to the Premises (including Landlord's direct cost of administration), plus ten percent (10%) of such direct expense as a coordination fee; provided, however, Tenant will not be responsible for any coordination fee in connection with the completion of the Premises Work. Tenant will also provide such security as Landlord may reasonably require to assure that the work will be performed in a reasonable period free and clear of all liens and encumbrances. Any alteration, addition or improvement made to the Premises (other than medical equipment (regardless of whether or not it is moveable or affixed to the Building), furniture and other trade fixtures owned or leased by Tenant or any other occupant) will at once become the property of Landlord and will be surrendered to Landlord upon expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises. Upon completion of any such work, Tenant will provide Landlord with a copy of "as-built" plans for such work.

13. CONSTRUCTION LIENS.

- (a) Tenant will not permit any liens to stand against the Premises or Tenant's leasehold interest therein, or the Project or Landlord's interest therein, for any labor, skill, material, machinery, tools or equipment furnished or claimed to be furnished to or on account of Tenant or any subtenant or other occupant in connection with any work in or about the Premises.
- (b) Notwithstanding anything in this Article to the contrary, so long as Tenant complies with the requirements imposed by any Mortgages on the Project or any requirements of the Ground Lease, if a lien is filed against the Project as a result of any labor, skill, material, machinery, tools or equipment furnished or claimed to be furnished to or on account of Tenant or any subtenant, then Tenant shall, within thirty (30) days of receiving notice of such a lien, give notice to Landlord of the filing of such lien and of Tenant's intent to either: (i) remove such lien or transfer such lien to a bond or such other security, as may be permitted by applicable law, or (ii) contest the lien using any legal or equitable remedies as may be reasonably necessary. The decision to either remove the lien, bond over the lien or contest the lien shall be at Tenant's discretion. If Tenant desires to contest the lien, it will furnish Landlord, within thirty (30) days from the filing of such lien, security reasonably satisfactory to Landlord of at least one hundred fifty percent (150%) of the amount of the lien, plus estimated costs and interest. If a final nonappealable judgment establishing the validity or existence of the lien for any amount is entered, Tenant will satisfy it at once. In the event Tenant fails to have such lien removed as required hereunder, Landlord shall have the right to pay such lien and Tenant shall indemnify Landlord against any loss or expenses incurred as a result of the assertion of any such lien, including the cost of Landlord's reasonable attorney fees, and Tenant covenants and agrees to reimburse Landlord for such sum as Additional Rent, plus an administrative fee of fifteen percent (15%) upon demand.
- (c) At least fifteen (15) days prior to any scheduled work in the Premises and reasonably in advance of any other work by Tenant (or any subtenant occupying space in the Premises under a sublease with Tenant), Tenant will notify Landlord of the proposed work and the names and addresses of the parties supplying labor and materials for the proposed work so Landlord can avail itself of protective rights available to it under any laws governing construction liens. Prior to and during the period of any such work in the Premises, Landlord may post in the Premises a notice of non-liability for such work and take any further action Landlord may deem proper for protection of Landlord's interest in the Premises.

14. USE OF PREMISES; COMPLIANCE WITH LAWS; BUILDING RULES.

- (a) Tenant will not occupy or use the Premises or permit them to be occupied or used for any purpose other than the Permitted Use set out in Article 1, or in a manner which is unlawful, disreputable or creates any nuisance or fire hazard or which would invalidate or increase the rate for insurance coverage on the Project or any portions thereof or contents therein or which would interfere with or disturb any tenant or occupant of the Project in the use of its premises, or the Landlord or other operator or manager of the Project.

- (b) Tenant represents that all physicians using and occupying the Premises are Qualified Physician Tenants and agrees that during the Term of this Lease that all physicians using and occupying the Premises must at all times remain Qualified Physician Tenants.
- (c) Tenant will not occupy or use the Premises or permit them to be occupied or used for any Prohibited Use, Prohibited Service or Restricted Service without the prior written approval of the lessor under the Ground Lease provided, however, Qualified Physician Tenants may provide such Restricted Services that are not Prohibited Services to their Own Patients in their own offices. In any event Tenant shall not market or promote the provision of Restricted Services in the Building to any person. Tenant acknowledges that the restrictions pertaining to Prohibited Uses, Prohibited Services and Restricted Services are requirements of the Ground Lease and are imposed on tenants of the Project explicitly for the benefit of the lessor under the Ground Lease as a third party beneficiary. Tenant agrees that Landlord and the lessor under the Ground Lease will each have the right to enforce directly against Tenant and any subtenant or other occupant or user of the Premises the restrictions pertaining to Prohibited Uses, Prohibited Services, Restricted Services and other requirements of the Ground Lease related to their use and occupancy of the Project and the Premises and will each have the right to terminate this Lease or any sublease or other occupancy or use agreement, seek preliminary, temporary and permanent injunctive relief, and/or pursue other legal and equitable remedies as a result of any breach of these restrictions by Tenant or any subtenant or other occupant or user of the Premises.
- (d) Tenant will comply with all laws, ordinances, orders, rules, regulations and restrictions of any governmental authority or contained in the Ground Lease or Declaration or contained in any agreement relating to the use, condition or occupancy of the Premises. Tenant will be responsible for all costs and liabilities which may arise out of failure to construct and operate the Premises (including any restroom facilities exclusively accessible to Tenant) in compliance with the provisions of the Americans with Disabilities Act and other laws relating to accessibility within the Premises. Notwithstanding the foregoing, Tenant may, with Landlord's written consent, which consent shall not be unreasonably withheld, conditioned or delayed, contest and appeal any such laws, ordinances, orders, rules, regulations and restrictions of any governmental authority relating to the use, condition or occupancy of the Premises provided that the same is done with all reasonable promptness and provided such appeal shall not subject Landlord to prosecution for a criminal offense or constitute a default under any lease, the Ground Lease or any Mortgage under which Landlord may be obligated, or cause the Premises or any part thereof to be condemned or vacated. Landlord shall, at its own cost and expenses, comply with all other laws, rules, orders, regulations and requirements which require structural repairs to or structural alteration of the Building, Premises and Project, unless such repairs or alterations are necessitated by the specific use of the Premises by Tenant for other than a Permitted Use, but Landlord may contest, appeal, and defer compliance with the same, provided that the same does not interfere with Tenant's use or occupancy of the Premises and Tenant is not subject to prosecution for a criminal offense by reason of such non-compliance by Landlord.

- (e) Tenant will comply with rules and regulations adopted by Landlord from time to time in good faith for the safety, care and cleanliness and preservation of good order in the Premises and the Project, including but not limited to those set out in Exhibit B; provided, however, no rules and regulations adopted by Landlord from time to time shall increase Tenant's monetary obligations or materially reduce Tenant's rights under this Lease, nor shall Tenant be required to comply with any rules and regulations which prevent Tenant from using the Premises in furtherance of its Permitted Use. Further, Landlord agrees that it shall not enforce its rules and regulations more stringently against Tenant than against any other tenant of the Building.
- (f) Tenant will not cause or permit the storage, use, generation, or disposal of any explosives, radioactive materials, asbestos, urea formaldehyde, polychlorinated biphenyl, petroleum products, or other dangerous, toxic or hazardous substances (collectively, "Hazardous Materials") in or about the Premises except for Hazardous Materials as may be reasonably required for the normal operation of Tenant's business permitted in the Premises and only so long as the storage and use of such Hazardous Materials is in full compliance with all laws and regulations. Tenant will indemnify, hold harmless and defend Landlord from and against any claims, costs and liabilities arising out of Tenant's breach of the foregoing obligations or any removal or cleanup of any such hazardous materials brought onto or produced in the Premises by Tenant or other occupants of the Premises and any restoration work required thereby.
- (g) Landlord shall not cause or permit the storage, use, generation, or disposition of any Hazardous Materials in or about the Premises, other than incidental amounts of such Hazardous Materials as may be reasonably required for the business of Landlord. Landlord shall indemnify, hold harmless and defend Tenant from and against any claims, costs and liabilities arising out of Landlord's breach of the foregoing obligations or any removal or clean-up of any such Hazardous Materials and medical wastes brought onto or produced in the Premises by Landlord and any restoration work required thereby. In addition, Landlord shall indemnify, defend and hold Tenant harmless from and against any claims, costs and liabilities incurred by Tenant as a result of a claim brought by third parties and that relates to any such Hazardous Materials that exist as of the Delivery Date on or under the Premises.
- (h) Medical waste will be handled, stored, and disposed of in full compliance with all laws, regulations and licenses and in accordance with practices that are customary for first class medical office projects of similar size and type. No medical waste will be disposed of in the refuse collection and disposal system for the Building, and Tenant will be responsible at Tenant's cost for the collection, storage, removal and disposal of medical waste generated from the Premises. However, if a common collection and disposal system for medical waste is provided for the Building, Tenant shall have the option of utilizing the system, provided that such use is in full compliance with the rules and regulations as may be from time to time be adopted by Landlord therefor and Tenant agrees to assume the costs of such common collection and disposal system which will be included in the Additional Rent payable by Tenant under this Lease. Tenant will indemnify, hold harmless and defend Landlord from and against any claims,

costs and liabilities arising out of Tenant's failure to handle, store or dispose of medical waste as required by this Lease.

- (i) Tenant will obtain and keep in force all licenses, permits, and governmental approvals required in connection with a Permitted Use of the Premises, and will comply with all laws and regulations pertaining thereto. Notwithstanding the foregoing, Tenant may, with Landlord's written consent, which consent shall not be unreasonably withheld, condition or delayed, contest and appeal any such licensing, permitting, or governmental approval requirement imposed on Tenant in connection with a Permitted Use of the Premises, provided that the same is done with all reasonable promptness and provided such appeal shall not subject Landlord to prosecution for a criminal offense or constitute a default under any lease or mortgage under which Landlord may be obligated, or cause under any lease or mortgage under which Landlord may be obligated, or cause the Premises or any part thereof to be condemned or vacated.

15. SIGNS AND GRAPHICS. No sign, advertisement, design or other graphic will be displayed by Tenant or other occupant of the Premises on the windows or doors or on the outside of the perimeter walls of the Premises other than the uniform pattern of identification signs for tenants installed at the entry doors as prescribed by Landlord and otherwise in accordance with the terms of the Ground Lease. No sign, advertisement, design or other graphic will be displayed within the Premises in a manner which is visible from outside the Premises except with Landlord's approval, which approval will not be unreasonably withheld, delayed or conditioned. Any signage not reasonably approved or otherwise permitted by Landlord may be removed by Landlord without liability to Tenant for any loss or damage Tenant may incur after Landlord has notified Tenant of such signage and Tenant has not removed the same (or obtained Landlord's consent to the same) within thirty (30) days after such notice or such earlier time as may be required by any governmental agency having authority. If so removed, Tenant will pay to Landlord the actual and reasonable cost of removal and restoration.

16. TRADE FIXTURES. All medical equipment (regardless of whether or not it is moveable or permanently affixed to the Building), fixtures, furniture, personal property and other trade fixtures owned by Tenant and installed or otherwise used in the Premises will remain Tenant's property. Any such property may be removed by Tenant in the ordinary course of its business and will be removed at the expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises. Tenant will promptly repair at its expense any damage to the Premises or any other part of the Project caused by the removal of the property.

17. ASSIGNMENT OR SUBLEASE BY TENANT.

- (a) Tenant will not assign or otherwise transfer this Lease or any interest in this Lease, nor sublet all or any part of the Premises, or permit occupancy of the Premises by anyone other than Tenant, except with Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Landlord hereby consents to Tenant's (i) assignment and/or subletting of portions of the Premises to any entity that is directly or indirectly owned or controlled by Tenant or Hospital Sisters Health System ("HSHS"), or is under the common ownership or control of Tenant or HSHS (hereinafter "Affiliate"), or (ii) subletting of portions of the Premises to any

Affiliate or physician or physician practice group approved by Tenant under a time-sharing arrangement and regardless of whether or not the subtenant is an Affiliate ("Time-Share Subtenant"), provided that any Affiliate or Time-Share Subtenant, as the case may be, uses the Premises for a Permitted Use. Tenant will also have the right to sublet all or any part of the Premises to healthcare providers, practicing physicians or physician practice groups, as the case may be, who are not Affiliates of Tenant at any time occupancy levels in the Building are 95% or higher if, in Landlord's reasonable judgment, such subtenants are of a character and provide uses and services consistent with the character of the Project and its other occupants and whose uses and services in Landlord's reasonable judgment do not compete with the uses and services provided by other occupants in the Project. If Tenant is a corporation, limited liability company, partnership or other form of business entity, transfer of effective control of the Tenant constitutes an assignment under this Article. In determining whether to give consent, Landlord may consider all relevant factors, including but not limited to covenants made by Landlord in the Ground Lease or any other lease, financing agreement, or master agreement and the financial background and status and business history of the proposed assignee, transferee, sublessee or occupant. In no event will this Lease be assigned or otherwise transferred or the Premises sublet or otherwise occupied by any party prohibited under the Ground Lease or the Declaration. Consent by Landlord to any assignment or other transfer of this Lease or any subletting or other occupancy of the Premises will not operate as a waiver of Landlord's rights under this Article. No assignment or other transfer or subletting or other occupancy will release Tenant of any of its obligations or waive any of Landlord's rights under this Lease. The acceptance of rent from someone other than Tenant will not be deemed to be a waiver of any of the provisions of this Lease or consent to any assignment or other transfer of this Lease or subletting or other occupancy of the Premises.

- (b) Neither Tenant's rights nor Tenant's interest in this Lease will pass to any trustee or receiver in bankruptcy or assignee for the benefit of creditors, or by operation of law, and this Lease will terminate automatically upon the happening of any of those events.
- (c) Tenant will reimburse Landlord for any costs and legal fees reasonably incurred by Landlord in connection with any proposed assignment or other transfer, or sublease or other occupancy, where Landlord's consent is required. Tenant will also pay over to Landlord upon receipt any consideration received by Tenant in connection with any assignment or other transfer of this Lease (after first deducting any reasonable out-of-pocket costs incurred by Tenant in effecting such assignment or other transfer) and any rent or other consideration received by Tenant in connection with any sublease or other occupancy of the Premises which (after first deducting any reasonable alteration costs, commissions and legal fees incurred by Tenant in effecting the sublease or other occupancy) is in excess of the Rent for the comparable period (or, if the sublease or other occupancy is for less than all of the Premises, in excess of the pro rata portion of the Rent for the comparable period) unless doing so would, in the written opinion of Tenant's legal counsel, cause Tenant and the assignee or sublessee, as applicable, to violate any Health Care Laws.

- (d) Except as otherwise provided in this Article, no assignment or other transfer of this Lease will be effective unless it is in compliance with this Article and the assignee or other transferee has agreed with Landlord in writing to perform and comply with all of Tenant's obligations under this Lease. Except as otherwise provided in this Article, no subletting or other occupancy of all or any part of the Premises will be effective unless it is in compliance with this Article and the subtenant or other occupant has agreed with Landlord in writing to attorn to Landlord at Landlord's written request upon any termination of this Lease prior to the expiration of the sublease.

18. SUBORDINATION.

- (a) This Lease is subject and subordinate to the Ground Lease, whether the Ground Lease is in effect as of the date of this Lease or is entered into after the date of this Lease, provided, however, any such subordination will not be effective unless the lessor under the Ground Lease has delivered to Tenant a written agreement, in form and substance reasonably acceptable to Tenant, providing that (i) Tenant's right to quiet enjoyment under this Lease, and (ii) Tenant's right to continue to occupy the Premises and to conduct its business thereon in accordance with the terms of this Lease, will not be disturbed by such lessor so long as Tenant is not in default of this Lease beyond any applicable notice and cure periods. Tenant agrees to comply with any rules and regulations promulgated by the lessor under the Ground Lease and any restrictions or conditions on the use of the Project that are contained in the Ground Lease.
- (b) This Lease is subject and subordinate to all Mortgages now or hereafter placed on all or any part of the Project or any interest in the Project, and any renewal, modification, consolidation, replacement or extension of any such Mortgages. However, any such subordination will not be effective unless the holder of such mortgage or encumbrance has delivered to Tenant a written agreement, in form and substance reasonably acceptable to Tenant, providing that (i) Tenant's right to quiet enjoyment under this Lease, and (ii) Tenant's right to continue to occupy the Premises and to conduct its business thereon in accordance with the terms of this Lease, will not be disturbed by such holder so long as Tenant is not in default of this Lease beyond any applicable notice and cure periods. Moreover, if the holder under any Mortgage so elects (with the consent of the holders of any prior Mortgages), this Lease will in whole or in part be deemed prior in lien to such Mortgage regardless of the date of recording. Tenant will within twenty (20) days after Landlord's request execute and deliver without further consideration any instruments desired by Landlord evidencing the priority or subordination of this Lease to such Mortgage; provided, however, such subordination shall be subject to the limitation that Tenant's use and occupancy of the Premises shall not be disturbed so long as there is no default (subject to applicable cure periods) hereunder.
- (c) Tenant will upon the request of the successor in interest of Landlord following termination of the Ground Lease or repossession in lieu of termination, or foreclosure of any Mortgage or conveyance in lieu of foreclosure, whether voluntary or by operation of law, attorn to and become the tenant of the successor in interest, but the successor in interest will not be liable for any act or omission of any prior Landlord, or subject to any offsets or defenses Tenant may

have against any prior Landlord, or subject to any offsets or defenses Tenant may have against any prior Landlord, or subject to repayment of any Security Deposit made to any prior Landlord except to the extent such Security Deposit is transferred to such successor in interest, or bound by any prepayment of Rent more than one month in advance or by any amendment or modification of this Lease made without the consent of the lessor under the Ground Lease or holder under such Mortgage.

19. **ACKNOWLEDGMENT.** Within twenty (20) days after Landlord's request, Tenant will execute, acknowledge and deliver a statement addressed to Landlord, the lessor or prospective lessor under the Ground Lease, the holder or any prospective holder under any Mortgage, or other assignee, transferee or others designated by Landlord certifying that this Lease is in full force and effect and has not been modified or amended except as set out in the statement, the date of commencement and expiration of the Term, the date to which Rent has been paid, that there are no current defaults by Landlord or Tenant except as set out in the statement, and as to any other matters pertaining to this Lease as may be reasonably requested. Any party to whom such statement is addressed will be entitled to rely thereon.

20. **INSURANCE.**

- (a) Tenant will procure and maintain, at its own cost and expense, the following insurance, which insurance shall be primary and non-contributory, with reputable commercial insurance or acceptable self-insurance programs: (i) comprehensive general liability insurance with contractual liability coverage insuring Tenant, Landlord and the lessor under the Ground Lease (and any other parties reasonably requested by Landlord) from all claims, demands or actions for personal injury or death or property damage in or about the Premises in amounts which are from time to time reasonably required by Landlord, but not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate on a combined single limit basis for bodily injury and property damage, (ii) workers' compensation insurance within statutory limits and employer's Liability with limits of \$500,000 each employee and \$500,000 annual aggregate covering Tenant's employees in the Premises, (iii) property insurance with so-called "all-risk" and water damage coverage on a replacement cost basis to cover all improvements in or about the Premises installed by or on behalf of Tenant and all personal property and equipment in the Premises not owned by Landlord, and (iv) professional liability insurance in amounts that are from time to time reasonably required by Landlord, but not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate. Tenant will furnish certificates or policies of insurance evidencing the coverages required by this Lease. Tenant will promptly notify Landlord in writing of any material modification or cancellation in such insurance. If a claims-made policy, a reporting endorsement is required upon termination or cancellation of the policy to cover activities occurring during the Term of this Lease. The insurance will be in a form and with an insurer reasonably acceptable to Landlord and will not be subject to cancellation or material change except after at least thirty (30) days' written notice to Landlord. Each policy or a duly executed certificate, together with satisfactory evidence of the payment of premiums, will be deposited with Landlord before the Commencement Date or such earlier date as Tenant enters the Premises to

complete any work, and at least thirty (30) days before expiration of each such policy.

- (b) Notwithstanding anything to the contrary herein, so long as Tenant (or its parent or an affiliate corporation) has a tangible net worth (after deducting the value of patents, copyrights, franchises, trademarks and goodwill) in excess of \$25 million with at least \$10 million of liquidity and such program contains procedures governing the investigation, litigation, processing, funding of reserves, and payment of insurance claims consistent with those of independent insurers, the insurance requirements of Tenant set out in this Article may be self-retained through participation in Hospital Sisters Health System self-insurance programs. If Tenant elects to employ a self-retention insurance program, Tenant will give Landlord not less than 30 days' prior written notice of such election and will furnish a certificate of such self-retention outlining which insurance required herein falls within the self-retention program and which within a traditional insurance program. If Tenant elects to employ a self-retention insurance program, all other provisions of this Lease relating to matters covered by insurance will apply as if Tenant had in fact maintained policies of insurance in lieu of such program.
- (c) Throughout the Term, Landlord will maintain, as an Actual Operating Cost, (i) commercial comprehensive general liability insurance with contractual liability coverage in an amount not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate on a combined single limit basis, insuring Landlord's indemnity obligations set forth in Section 32(b) below for bodily injury and property damage, and (ii) property insurance with so-called "all-risk" and water damage coverage in amounts sufficient to effectively protect itself against loss of the Building and its property as a result of fire or any other casualty, for the full replacement cost of the Building.

21. SURRENDER OF PREMISES. Upon the expiration or earlier termination of this Lease, or of Tenant's right to possession of the Premises, Tenant at its expense will immediately (i) remove all communications cabling, any specialized improvements, (ii) remove any equipment (regardless of whether or not it is moveable or permanently affixed to the Building), fixtures, furniture, personal property and other trade fixtures owned by Tenant and installed or otherwise used in the Premises, (iii) remove any goods and effects of Tenant and any persons claiming under Tenant, and (iv) surrender the Premises to Landlord peaceably and quietly in as good order and condition as they were in on the Commencement Date or were thereafter placed by Landlord, reasonable wear and tear, casualty and condemnation excepted. If Landlord so requests, Tenant at its cost will remove any alterations, additions, or improvements which were made to the Premises without Landlord's written approval and restore the Premises to the same condition as the Premises were in prior to the unapproved alteration, addition or improvement. Tenant at its cost will repair any damage to the Premises or the Project resulting from removal of any property of Tenant or persons claiming under Tenant. Any such property left in or about the Premises after expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises will be deemed abandoned and may at Tenant's expense be disposed of by Landlord as Landlord deems expedient in compliance with applicable law.

22. QUIET ENJOYMENT. Tenant, on paying the rent and performing its obligations under this Lease, will peacefully have, hold and enjoy the Premises subject to the terms of this Lease.

23. BUILDING OPERATION; BUILDING SERVICES; UTILITIES.

- (a) Landlord will provide during Tenant's occupancy of the Premises the following services in accordance with standards for first-class buildings of similar age and use in the community:
- (i) standard janitorial service in the Premises Monday through Friday exclusive of holidays generally observed by physician offices in the metropolitan area in which the Project is located,
 - (ii) heating, cooling, and ventilation for normal use and occupancy of the Premises during normal building hours and with reasonable advance notice during other hours requested by Tenant,
 - (iii) electric power in the Premises for normal office lighting and for standard office equipment not in excess of Tenant's pro rata share of the Building electrical capacity and service,
 - (iv) replacement of Building standard fluorescent tubes, light bulbs and ballasts in the Premises,
 - (v) access to and egress from the Premises 24 hours per day, seven days per week, including elevator service in common with other tenants if the Premises is located above street level, subject to reasonable security measures as may from time to time be imposed by Landlord,
 - (vi) domestic running water and necessary supplies in common washrooms for general use by occupants of the Building, and
 - (vii) maintenance, repair and replacement of the Common Areas, the foundations, exterior walls and windows, floor slabs, roof and other structural elements of the Building, and the facilities and equipment for the Building which are necessary to provide the other services set out in this Section.

In connection with the services to be provided by Landlord as set forth above, Landlord agrees (i) to respond in a timely manner to all request for services issued by Tenant and will keep Tenant informed of all Building related issues, (ii) to meet with Tenant's representatives not less than annually to review the operations of the Building and to otherwise be available for periodic telephone conferences with Tenant's representatives in connection with the same, (iii) to ensure that all Building equipment will be maintained in a first class manner and when appropriate will maintain service contracts on critical equipment serving the Building, (iv) to competitively bid, and rebid if necessary, in connection with the procurement of service contracts in an effort to provide a cost effective operation of the Building, (v) to use reasonable efforts to not interfere with Tenant's operations when completing maintenance and repairs except in the case of emergencies, (vi) to maintain a twenty-four (24) hour seven (7) days a week

emergency telephone service to respond to emergencies, and (vii) to hire or cause to hire all persons necessary to properly maintain and operate the Building.

Subject to the limitations and exclusions on Actual Operating Cost, the cost of such services will be included in the Additional Rent payable by Tenant.

- (b) If Landlord from time to time reasonably determines that the use of any utility or service provided by Landlord in the Premises is disproportionate to the use of other occupants, Landlord may separately charge Tenant for the excess cost attributable to such disproportionate use. Tenant will be responsible for the cost of any submeters which may be installed by Landlord to measure such disproportionate use.
- (c) Tenant will not install in the Premises without Landlord's prior written consent any equipment which generates sufficient heat to affect the temperature otherwise maintained in the Premises. If the equipment requires additional air conditioning capacity above that provided by the Building system, the additional installation and operating cost will be the obligation of Tenant.
- (d) Heating, cooling and ventilation after normal building hours and any other service requested by Tenant in amounts in excess of Building standard will be provided by Landlord to the extent Landlord is reasonably able to provide such services from existing equipment or otherwise agrees to provide such services. Tenant will pay Landlord's cost of providing such additional services (including a reasonable charge based on Landlord's cost of administration) in the same manner as payment of Additional Rent.
- (e) Landlord will not be liable in damages or otherwise if any service to be provided by Landlord or other supplier is interrupted or terminated because of necessary repairs, installations or improvements or any cause beyond the control of Landlord, nor will any such event be construed as an eviction of Tenant, work an abatement of rent, or relieve Tenant from fulfilling any obligation of this Lease. Under no circumstances will Landlord be liable for consequential damages arising from the failure to provide any service or the interruption or termination of any service. If any of the equipment or machinery used by Landlord in supplying the services breaks down or for any cause ceases to function properly, Landlord will use its commercially reasonable good faith efforts to make the necessary repair or replacement. Notwithstanding the foregoing, in the event that water, sewer, electricity or any other utility service being provided to the Building is interrupted as a result of an event within Landlord's reasonable control and such interruption prevents Tenant from providing services in the Premises for a period of three (3) consecutive calendar days, then, provided that Tenant has given Landlord notice of such interruption of services, Base Rent and Additional Rent will abate three (3) calendar days after said notice, and continuing thereafter, until Tenant is reasonably capable of providing medical services within the Premises. In all events, Landlord shall use commercially reasonable efforts to restore any such interrupted utilities or services.

- (f) Landlord will be entitled to cooperate voluntarily in any reasonable manner with the efforts of any governmental agency or utility supplier in reducing energy or other resource consumption or in coordinating other services.
- (g) Tenant may, at its option and expense, provide all or any portion of the janitorial service to all or any portion of the interior of the Premises. In such event, Landlord's cost of such janitorial services will not be included in Actual Operating Cost except to the extent such janitorial service is provided in the Common Areas or to portions of the Premises which are not provided for by Tenant. If Tenant elects to provide such janitorial service for the Premises, Tenant will give Landlord not less than 90 days' prior written notice of such election together with a description of the portion of the Premises for which it intends to provide such janitorial services. In addition, Landlord acknowledges that Tenant shall have the opportunity to provide the janitorial service for the entire Building, including for all of the Common Areas and the suites occupied by other tenants, so long as (i) the Tenant's cost for such services is equal to or less than, and (ii) the services proposed to be provided meet and/or exceed, the cost and/or services otherwise available to Landlord for such janitorial service. In such event, Landlord and Tenant agree to enter into a mutually satisfactory agreement documenting the terms and conditions under which Tenant will provide such services for the Building.

24. RIGHTS RESERVED TO LANDLORD.

- (a) Landlord, its agents, representatives or designees, may enter the Premises at all reasonable hours to inspect the Premises, to make repairs, alterations or additions to the Premises, the Building or other improvements, to show the Premises to the lessor or any prospective lessor under the Ground Lease, the holder or any prospective holder under any Mortgage, any prospective purchaser of the Project, any prospective tenant of the Premises, or for other reasonable purposes as Landlord deems necessary or desirable; provided, however, at any time that Landlord enters the Premises (except in the event of an emergency), Landlord or its agent or employees shall be escorted by Tenant through the Premises in an effort to protect patient privacy and any protected health information that may be present within the Premises. Except in an emergency or for routine services such as janitorial services, Landlord will whenever reasonably possible consult with or give reasonable notice to Tenant at the Premises prior to such entry. Entry for showing the Premises to prospective tenants may only be made when Tenant is in default or during the last twelve (12) months of the Term.
- (b) Landlord may install, use, maintain, repair, and replace above the finished ceiling surface, below the finished floor surface, and in the walls and mechanical shafts within the Premises any pipes, ducts, conduits, wires, and other equipment for service to other parts of the Building or other improvements, provided that (i) Landlord provides written notice to Tenant at least thirty (30) days prior to using such space within the Building, and (ii) Landlord consults with Tenant before making any alterations to such areas in order to ensure that any proposed use will not interfere with Tenant's use and enjoyment of the Premises.

- (c) Landlord may make changes in or additions to any part of the Building or other improvements outside the Premises and may alter or relocate any Common Areas, provided that the size and relative location of the Building and associated Common Areas necessary for parking and ingress and egress to the Premises, including the general sight line or view of the Premises (including any exterior signage) from major thoroughfares around the Building is not materially altered or diminished.
- (d) When entering the Premises or carrying out any work under this Article, Landlord, its agents, contractors and employees will use its best efforts to minimize any interference with Tenant's use of the Premises and operation of its business any more than is reasonably necessary under the circumstances and will repair any damage to the Premises caused by the work. Landlord will not be liable in damages or otherwise for interference with Tenant's use of the Premises or operation of its business, nor will the entry or work be construed as an eviction of Tenant, work an abatement of rent, or relieve Tenant from fulfilling any obligation under this Lease, unless Landlord's work or inspections prevent Tenant from providing services in the Premises for a period of five (5) consecutive calendar days, in which event Base Rent and Additional Rent will be abated upon the sixth (6th) consecutive calendar day that Tenant is unable to provide services in the Premises until the Premises are able to again be used.

25. ASSIGNMENT BY LANDLORD. Landlord may sell, convey, transfer or assign, in whole or in part, its rights and obligations under this Lease and in the Project subject to the rights of Tenant under this Lease, and Tenant will attorn to the transferee. The assigning Landlord will have no further liability for matters arising or accruing after such assignment, provided that its successor or the assignee agrees to assume liability for matters.

26. CONDEMNATION. If the entire Premises are taken by condemnation or eminent domain for any public purpose (or purchased under threat of taking) this Lease will terminate as of the date of taking or purchase. If part of the Project is so taken or purchased and Landlord determines that substantial alteration, reconstruction or demolition of all or a substantial part of the Building or of that portion of the Building in which the Premises is located is necessary or desirable, whether or not the Premises are affected thereby, or that sufficient proceeds from the condemnation award are not available for Landlord to restore the remainder of the Premises, Landlord may terminate this Lease as of the date of taking or purchase upon giving notice to Tenant within sixty (60) days after the date of taking or purchase. If a portion of the Premises is affected by such taking or purchase and this Lease is not so terminated, Landlord will promptly restore the remainder of the Premises to as near the condition that existed prior to the taking or purchase as reasonably possible, the Base Rent and Additional Rent will be appropriately reduced for the period following the date of taking or purchase to reflect the reduction in Rentable Area. Landlord will not be responsible for any loss or damage to trade fixtures or personal property in or about the Premises as a result of such taking or purchase, and Tenant will promptly repair and replace those items to as near the condition that existed prior to the taking or purchase as reasonably possible. Subject to the rights of the lessor under the Ground Lease and the holders under any Mortgages, the entire award or other compensation for any taking or purchase of the fee or leasehold or both will belong to Landlord; provided, however, Tenant shall have the right to recover from such taking authority, but not from Landlord, such separate

compensation as may be awarded to Tenant on account of moving and relocation expenses and depreciation to and removal of Tenant's fixtures, trade fixtures, equipment and other property together with the value of the Premises Work that was constructed by Tenant, at its expense, within the Premises.

27. DAMAGE TO BUILDING. If that portion of the Building in which the Premises is located is damaged or destroyed by fire or other casualty and Landlord is unable to obtain the necessary approvals, consents and permits which would enable Landlord using normal construction procedures to repair and restore the Premises within ten (10) months after the damage or destruction, either Landlord or Tenant may terminate this Lease by giving written notice to the other within ninety (90) days after the damage or destruction. If the Building or any part thereof is damaged or destroyed (whether or not the Premises are affected thereby) and Landlord determines that substantial alteration, reconstruction or demolition of all or a substantial part of the Building is necessary or desirable or that sufficient insurance proceeds are not available for Landlord to repair any such damage or destruction, Landlord may terminate this Lease by giving written notice to Tenant within ninety (90) days after the damage or destruction. If a portion of the Premises is damaged by fire or other casualty and this Lease is not so terminated, Landlord will promptly restore the Premises to as near the condition that existed prior to such damage or destruction as reasonably possible, and the Base Rent and Additional Rent will be reduced during the time the Premises are untenable, in the proportion that the untenable portion of the Premises bears to the entire Premises, unless the remaining portion of the Premises that is tenable is not reasonably sufficient for Tenant's use and occupancy, in which event Base Rent and Additional Rent shall be completely abated until all or a portion of the Premises is suitable for Tenant's occupancy. Landlord will not be responsible to Tenant for damages to or destruction of trade fixtures and personal property in or about the Premises regardless of the cause of damage or destruction, and Tenant will promptly repair and replace those items to as near the condition that existed prior to the damage or destruction as reasonably possible. Landlord will have exclusive right to all insurance proceeds relating to any improvements (other than Tenant's trade fixtures and personal property) installed by or on behalf of Tenant.

28. HOLDING OVER.

- (a) If Tenant holds over after expiration or earlier termination of this Lease without written consent of Landlord, Tenant will become a tenant at sufferance only at a rental rate equal to 150% of the Base Rent in effect for the month immediately preceding the expiration or termination (or the market rate, if greater), plus all other Rent which would be payable had the Term remained in effect and otherwise subject to the terms of this Lease. No unauthorized holding over will operate to extend the Term and Tenant will indemnify Landlord against all claims for damages of any kind resulting from the holdover.
- (b) Any holding over with the consent of Landlord in writing will be deemed an occupancy of the Premises as a tenant from month to month, at a monthly rental equal to the installment of Base Rent in effect for the month preceding the expiration or termination plus all other Rent which would be payable had the Term remained in effect, or such other amount as is set out in the consent, and subject to all other terms and conditions of this Lease to the extent they are

applicable to a month to month lease terminable by either party on not less than 30 days' written notice to the other.

29. COSTS AND CLAIMS; GOVERNING LAW. If either Landlord or Tenant places the enforcement of this Lease, the collection of any amount due or to become due or the recovery of possession of the Premises in the hands of an attorney or files suit upon the other, the prevailing party will be entitled to reimbursement of its reasonable attorney fees and court costs to the extent allowed under applicable law. This Lease shall be governed by and construed in accordance with the laws of the State of Illinois. Landlord and Tenant hereby waive the right to trial by jury in any action, proceeding or other claim brought against the other party arising under or otherwise connected with this Lease or the use and occupancy of the Premises or any actions or omissions of the other party in connection therewith.

30. DEFAULT BY TENANT.

- (a) Tenant will be in default of this Lease if (i) Tenant fails to pay any sum owing by it under this Lease within five (5) days after the due date, or (ii) Tenant fails to comply with the assignment and subletting provisions under Article 17, or (iii) Tenant uses or intentionally permits use of the Premises for any unlawful drug-related or other felonious criminal activity, or (iv) the Premises or any part thereof are used for any Prohibited Use, Prohibited Service, Restrictive Service or in contravention of the requirements set out in the Ground Lease or in Section 14(c) hereof, or (v) Tenant fails to observe or perform any other provision of this Lease within thirty (30) days after written notice and demand therefor is served upon Tenant by Landlord, or such period of time longer than thirty (30) days if such longer period of time is reasonably required by Tenant; provided Tenant promptly commences and diligently prosecutes to completion the curing of any such failure, or (vi) Tenant abandons the Premises or fails to take possession of the Premises when available for occupancy, or (vii) the interest of Tenant under this Lease is levied on under execution or other legal process, or any petition filed by or against Tenant to declare Tenant a bankrupt or to delay, reduce or modify Tenant's debts or obligations, or any petition is filed or other action taken to reorganize or modify Tenant's capital structure (if Tenant is a corporation or other entity) or Tenant is declared insolvent according to law, or any assignment of Tenant's property is made for the benefit of creditors, or a receiver or trustee is appointed for Tenant or its property (provided that no levy, execution, legal process or petition filed against Tenant constitutes a breach of this Lease if Tenant vigorously contests by appropriate proceedings and it is removed or vacated within 60 days from the date of its creation, service or filing).
- (b) If Tenant is in default of this Lease, Landlord may (i) terminate this Lease and recover forthwith as damages the amounts provided in this Article, or (ii) terminate Tenant's right of possession and repossess the Premises without terminating this Lease, remove all persons or property from the Premises with only such demand or notice to Tenant as may be required under applicable law, and recover forthwith as damages the amounts provided in this Article, or (iii) whether or not this Lease is terminated or Landlord repossesses the Premises for default by Tenant, exercise any other rights or remedies provided at law or in equity. If this Lease is terminated or Landlord repossesses the Premises for default by Tenant, Landlord will make commercially reasonably

efforts to mitigate its damages and relet the Premises in one or more transactions for the account of Tenant for the rent and upon the other terms reasonably available in the market and in doing so Landlord may make changes, additions, improvements, redecorations, and repairs to the Premises as Landlord deems advisable, all without affecting Tenant's liability under this Lease.

- (c) If this Lease is terminated or Landlord repossesses the Premises for default by Tenant, Tenant will pay to Landlord on demand the sum of (i) the unpaid Rent owing at the time of termination or repossession, as the case may be, and (ii) all reasonable expenses incurred by Landlord in terminating, repossessing, and reletting including but not limited to costs of changes, additions, improvements, redecorations and repairs, removal and storage of trade fixtures and personal property, brokerage and legal fees, and the collection of rent, and (iii) any deficiency between the Rent for the remainder of the Term and the payments, if any, received by Landlord from any reletting of the Premises or, if elected by Landlord as liquidated and final damages for lost rent, in addition to the monthly deficiencies accruing through the date of such election, a lump sum equal to the present value (calculated by discounting at 1% per annum over the prime rate quoted in the Money Rates column of *The Wall Street Journal*) as of the date of such election of the amount by which (A) the Rent for the remainder of the Term exceeds (B) the then rental value of the Premises over the remainder of the Term as reasonably determined by Landlord, and (iv) any other sums, interest, or damages owed by Tenant to Landlord. In determining the Rent for the remainder of the Term, Tenant's Share of Actual Operating Cost and similar charges will be assumed to be the same as for the calendar year immediately preceding the date of such election or such shorter period as may have elapsed since the Building was first occupied by tenants. If *The Wall Street Journal* discontinues publication or quotation of the prime rate, Landlord will substitute an index or procedure which reasonably reflects and monitors commercial borrowing costs. Tenant's obligations for such damages will survive the expiration or earlier termination of this Lease.
- (d) Failure of Landlord to declare a default immediately upon occurrence or any delay in taking any action in connection with the default will not waive the default, and Landlord may declare the default at any time thereafter.
- (e) If Tenant defaults in the observance or performance of any obligations under this Lease, Landlord may (but without obligation and without limiting any other remedies which it may have by reason of the default) cure the default, and Tenant shall pay the costs of curing the default to Landlord upon demand.

31. LANDLORD DEFAULT.

- (a) Landlord shall be in default under this Lease if Landlord fails to perform any of its covenants under this Lease and such failure is not cured within thirty (30) days after written notice listing the reasons for Landlord's default and demand therefor is served upon Landlord by Tenant, or such period of time longer than thirty (30) days if such longer period of time is reasonably required by Landlord, provided Landlord promptly commences and diligently prosecutes to completion the curing of any such failure. In the event that Tenant has been provided written notice that a mortgage lender or that a ground lessor has an interest in the Premises, then

Tenant shall also provide a copy of any notice of default to the lessor under the Ground Lease or to the holder of any such Mortgage, as the case may be, and any mortgage lender or ground lessor that must be notified will also have the same rights to cure such alleged default as Landlord so long as either party cures the default within the same time frame afforded to Landlord. If an event of default by Landlord occurs, and such default is not cured by Landlord, the lessor under the Ground Lease or the holder of any Mortgage as permitted above, and such default adversely affects the operation of Tenant's business in the Premises in any material manner, then (i) Tenant shall be entitled on not less than five (5) days' prior written notice to Landlord to cure the default, at Tenant's option, including the payment of monies directly to the party to whom the obligation is owed, and (ii) Tenant shall have the right to pursue any other rights or remedies permitted or available to Tenant under this Lease, at law or in equity.

- (b) If Tenant elects to cure any default by Landlord, Tenant will use commercially reasonable efforts to avoid the operations of other tenants in the Building. Tenant will have the right to recover from Landlord any out-of-pocket costs reasonably expended or incurred by Tenant in curing such default (such amount together with interest on such amount at two percent (2%) above the prime rate quoted in the Money Rates column of *The Wall Street Journal* as of the first business day of the month such amount became due, but in no event greater than the highest rate permitted by law, being "Tenant's Cure Cost"). If *The Wall Street Journal* discontinues publication or quotation of the prime rate, Tenant will substitute an index or procedure which reasonably reflects and monitors commercial borrowing costs. Any sum paid by Landlord in reimbursement of Tenant's Cure Cost ("Landlord's Reimbursement") will be considered as an Actual Operating Cost to the extent it would have qualified as an Actual Operating Cost if the work performed or amount paid had been performed or paid by Landlord, provided that Landlord's Reimbursement included in the Actual Operating Cost will not exceed the cost Landlord would have incurred had Landlord performed the work or paid the amount on a timely basis.

32. INDEMNITY.

- (a) Landlord and Landlord's asset or property manager, the lessor under the Ground Lease, and their respective agents, officers and employees will not be liable to Tenant or any party claiming by or through Tenant for any damage to the property of Tenant or its subtenants or other occupants of the Premises or their respective agents, officers, employees, customers or invitees for any injury, loss or damage to person or property occurring in the Premises or to the extent caused by any act, omission or neglect of Tenant, its agents, officers, employees, customers and invitees. Tenant will indemnify, defend and hold harmless Landlord and Landlord's asset or property manager, the lessor under the Ground Lease, and their respective agents, officers and employees from all claims, costs and liabilities arising out of any such injury, loss, or damage.
- (b) Except as provided in Section 32(a), Landlord will indemnify, defend and hold harmless Tenant and Tenant's agents, officers and employees from all claims, costs and liabilities arising out of any injury or damage, to person or property occurring within the Common Areas or to the extent caused by any act, omission or negligence of Landlord, its agents, officers or employees.

- (c) The indemnifications contained in this Article shall include all reasonable legal fees, expenses and damages incurred in connection with any such claim, action or proceeding brought thereon and will survive the expiration or earlier termination of this Lease.
33. **WAIVER OF SUBROGATION.** Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each waive any right of recovery, claim, action or cause of action against the other and against the lessor under the Ground Lease, and their respective agents, officers and employees, for any loss or damage that may occur to the Premises or any improvements or property of Tenant in or about the Premises or to the Building or any improvements or property of Landlord in or about the Building by reason of fire or other cause which would be insured under the terms of standard fire and extended coverage insurance policies, regardless of cause or origin, including negligence of the other party, the lessor under the Ground Lease, and their respective agents, officers and employees, and agrees that no insurer will hold any right of subrogation against the other party or the lessor under the Ground Lease. Each party will cause each insurance policy obtained by it to provide that the insurer waives all right of recovery by way of subrogation against the other party or the lessor under the Ground Lease in connection with any damage covered by the policy.
34. **SEVERABILITY.** If any term or provision of this Lease or the application of it to any person or circumstance is invalid or unenforceable, the remainder of this Lease or the application of provision to other persons or circumstances will not be affected, and each provision of this Lease will be valid and enforceable to the extent permitted by law.
35. **MEMORANDUM OF LEASE.** Tenant shall be entitled to record a short form memorandum of this Lease in the Madison County, Illinois Clerk's Office, at Tenant's expense, setting forth (a) the parties to the Lease, (b) the description of the Premises, (c) the Term of the Lease, (d) the Permitted Uses, and (e) such other information as may be necessary for the recording of a short form lease. The short form memorandum of this Lease shall not set forth the amount of Rent to be paid by Tenant to Landlord. At such time as this Lease terminates or expires for any reason, at the request of Landlord, Tenant agrees to execute such instruments as necessary to release any short form lease of record.
36. **WAIVER OF COVENANTS.** Failure of Landlord or Tenant to insist in any one or more instances upon strict performance of any obligation of the other party under this Lease or to exercise any right available to it under this Lease will not be construed as a waiver or a relinquishment for the future of the obligation or right and the obligation or right will continue and remain in full force and effect. The receipt by Landlord of rent with knowledge of a breach in any obligation of Tenant under this Lease will not be deemed a waiver of the breach. Landlord or Tenant will not be deemed to have waived any provision of this Lease until expressed in writing and signed by the party waiving such right.
37. **NOTICES.** All notices, demands, consents and approvals given under this Lease will be in writing and will be deemed to have been fully given to Tenant when personally delivered to Tenant or Tenant's agent (including but not limited to delivery by messenger or courier with evidence of receipt) or when deposited in the United States mail, certified or registered, return receipt requested, postage prepaid, and addressed to Tenant at the at the address of Tenant set out at the head of this Lease, or to Landlord when

deposited in the United States mail, certified or registered, return receipt requested, postage prepaid, and addressed to Landlord at the address of Landlord set out at the head of this Lease. Either party may designate a different address or addresses on at least fifteen (15) days' notice to the other.

- 38. FRAUD AND ABUSE.** The parties agree that this Lease is intended to comply with all state and federal laws, regulations, and policies including, but not limited to the Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) and the regulations promulgated thereunder, and the Ethics in Patient Referrals Act (42 U.S.C. Section 1395nn) (also known as "Stark") and the regulations promulgated thereunder (collectively, the "Health Care Laws"). If any provision of this Lease is believed by either party in good faith to be materially in violation of the Health Care Laws, the parties shall attempt in good faith to amend this Lease, if possible, to conform to the Health Care Laws. If the parties are unable to agree on any such amendment, or if it is not possible to amend the Lease to comply with the Health Care Laws, then either party may terminate this Lease.
- 39. SECURITY DEPOSIT.** Any Security Deposit made by Tenant under this Lease will be held by Landlord or its lender without liability for interest to secure the faithful performance by Tenant of its obligations under this Lease. Landlord may apply or retain the Security Deposit to cure any default or reimburse Landlord for any sum expended for the default, and Tenant will upon demand restore the security to the original sum deposited. The Security Deposit will not be mortgaged, assigned, transferred or encumbered by Tenant without Landlord's prior written consent. If Tenant faithfully performs its obligations under this Lease the Security Deposit will be returned to the then holder of Tenant's interest under this Lease at the expiration of the Term, except that Landlord may retain one-half of the Security Deposit until the final amount due for any Operating Cost Adjustment has been determined and paid in full.
- 40. AUTHORITY.**
- (a) Landlord and Tenant each represents and warrants to the other that it has the full right, power and authority to enter into and perform all its obligations under this Lease, without the consent or approval of any other entity or person, and to make these representations knowing that the other party will rely thereon.
 - (b) The respective signatory on behalf of Landlord and Tenant further represent and warrant that they have full right, power and authority to act for and on behalf of Landlord and Tenant, respectively, in entering into this Lease.
 - (c) Landlord and Tenant each represents and warrants to the other that it is duly formed and in good standing, and has full corporate power and authority to enter into this Lease and has taken all corporate action necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms.
- 41. REPRESENTATIONS AND WARRANTIES.** Landlord hereby represents and warrants to Tenant that the following statements are true and correct:
- (a) As of the date of this Lease, Landlord has an enforceable leasehold interest in the Land upon which the Project is located, and to Landlord's knowledge, there is no other person or entity who has or claims to have any possessory rights in the Project.

- (b) As of the date of this Lease, Landlord is the owner of and has not made any contract to sell all or any part of the Project to any person.
- (c) No other option to purchase the Project or right of first offer or right of first refusal to purchase the Project exists or otherwise affects the Project except as set forth in the Ground Lease.
- (d) As of the date of this Lease, no other person or entity has a right to use or otherwise occupy space in the Premises except in accordance with the terms of this Lease.
- (e) Landlord has full authority to enter into this Lease and has obtained all necessary consents, approvals and authorizations to do so.
- (f) As of the Delivery Date, water, telephone, gas, electricity and storm and sanitary sewer utility services will be available to serve the Premises.

42. PATRIOT ACT/EXECUTIVE ORDER COMPLIANCE.

- (a) Tenant represents to Landlord that, (i) neither Tenant nor any person or entity that directly or indirectly owns an equity interest in Tenant nor any of their respective officers, directors, members or partners is a person or entity (each, a "Prohibited Person") with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under Executive Order 13224 (as amended from time to time, the "Executive Order") signed on September 24, 2001, and entitled "Blocking Party and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism"), or other governmental action, (ii) that Tenant's activities do not violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders promulgated thereunder (as amended from time to time, the "Money Laundering Act"), and (iii) that throughout the Term, Tenant will comply with the Executive Order and with the Money Laundering Act.
- (b) If any of the representations made by Tenant in this Article become untrue or Tenant breaches any of the covenants set forth in this Article, the same will constitute a default under this Lease. In addition to any other remedies to which Landlord may be entitled resulting from such default, Landlord may immediately terminate this Lease and refuse to pay any allowance, concession or other disbursements due to Tenant under this Lease.

43. TAX-EXEMPT BOND COMPLIANCE. Landlord acknowledges and agrees that Tenant will be financing the Premises Work with tax-exempt bond proceeds, and notwithstanding anything to the contrary set forth herein, such improvements made to the Premises by Tenant as part of the Premises Work will be owned by Tenant during the Term of this Lease but will at once become the property of Landlord and will be surrendered to Landlord upon expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises. If any provision of this Lease is believed by Tenant's legal counsel to result in private business use or private ownership, as defined in the Internal Revenue Code of 1986, as amended, Landlord agrees to work with Tenant, in good faith, to make commercially reasonable modifications to the terms

of this Lease.

44. MISCELLANEOUS.

- (a) This Lease is binding upon and inures to the benefit of Landlord, its successors and assigns, and is binding upon and inures to the benefit of Tenant, its successors and assigns. The obligations of this Lease run with the Land, except that the Landlord and each successor in interest of Landlord will be liable for obligations accruing only during its period of ownership.
- (b) The rights and remedies of Landlord and Tenant under this Lease are cumulative and none will exclude any other rights or remedies allowed by law or equity.
- (c) Time is of the essence of each obligation of this Lease in which time is a factor.
- (d) The captions in this Lease are for convenience only and are not part of this Lease.
- (e) This Lease may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.
- (f) If more than one party executes this Lease as Tenant, each of them is jointly and severally liable to observe and perform all of the obligations of Tenant under this Lease.
- (g) The submission of this document for examination and negotiation does not constitute an offer to lease or a reservation of or option for the Premises. This document becomes effective and binding only upon the execution and delivery of it by Landlord and Tenant.
- (h) All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated in this Lease and may be modified or altered only by agreement in writing between Landlord and Tenant. The provisions of this Lease will be construed as a whole according to their common meaning and not strictly for or against Landlord or Tenant, even if such party drafted the provision in question. No act or omission of any employee or agent of Landlord or of Landlord's broker will alter, change or modify any of the provisions of this Lease.
- (i) Landlord, its partners, beneficiaries of trust, members, officers, agents and employees and any estate, heirs, personal representatives, successors or assigns of any of them will have no personal liability as to any of the obligations of Landlord under this Lease. If Landlord defaults or breaches any of its obligations under this Lease, Tenant will look solely to the estate and property of Landlord in the Project for the collection of any judgment (or any other judicial procedure requiring the payment of money by Landlord) and no other property or asset will be subject to levy, execution or other procedure for satisfaction of Tenant's remedies.
- (j) Landlord and Tenant represents and warrant to each other that they have not consulted or negotiated with any broker or finder with regard to the Premises or this Lease. Landlord and Tenant each agree to indemnify the other against any

loss, liability, and expense (including attorneys' fees and court costs) arising out of claims for fees or commissions from anyone with whom the other has dealt with regard to the Premises or this Lease.

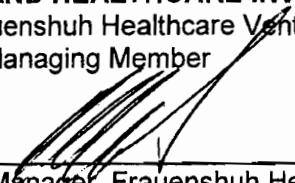
- (k) Landlord and Tenant disclaim any intention to create a joint venture, partnership or agency relationship.
- (l) The indemnities and other obligations of Tenant under this Lease relating to Tenant's use, care, occupancy and improvement of the Premises and any injury or damage on or about the Premises will run to the benefit of and be enforceable by Landlord and the lessor under the Ground Lease, and their successors and assigns and will survive the expiration or earlier termination of this Lease. The indemnities and other obligations of Landlord under this Lease will run to the benefit of and be enforceable by Tenant, its successors and assigns and will survive the expiration or earlier termination of this Lease.

LANDLORD SIGNATURE PAGE
TO OFFICE LEASE AGREEMENT

IN WITNESS OF THIS LEASE, Landlord and Tenant have properly executed it as of the date set out at its head.

LANDLORD:

HIGHLAND HEALTHCARE INVESTORS, LLC
By: Frauenshuh Healthcare Venture Properties, LLC,
Its Managing Member

By: 
Title: Manager, Frauenshuh HealthCare
Development, LLC

TENANT SIGNATURE PAGE
TO OFFICE LEASE AGREEMENT

IN WITNESS OF THIS LEASE, Landlord and Tenant have properly executed it as of the date set out at its head.

TENANT:

ST. JOSEPH'S HOSPITAL OF THE HOSPITAL SISTERS
OF THE THIRD ORDER OF ST. FRANCIS

By Peggy Sebastian
Its President & CEO

1218851v9

EXHIBIT A

DESCRIPTION OF LAND

A TRACT OF LAND BEING PART OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 33, TOWNSHIP 4 NORTH, RANGE 5 WEST OF THE THIRD PRINCIPAL MERIDIAN, COUNTY OF MADISON, STATE OF ILLINOIS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT AN ALUMINUM DISC AT THE NORTHWEST CORNER OF SAID SECTION 33; THENCE SOUTH 01 DEGREE 22 MINUTES 40 SECONDS EAST, ON THE WEST LINE OF SAID SECTION 33, A DISTANCE OF 1,330.34 FEET TO THE SOUTH LINE OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 33; THENCE NORTH 89 DEGREES 11 MINUTES 01 SECOND EAST, ON SAID SOUTH LINE OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 33, A DISTANCE OF 1,024.83 FEET; THENCE NORTH 00 DEGREES 48 MINUTES 59 SECONDS WEST, 393.47 FEET TO THE POINT OF BEGINNING.

FROM SAID POINT OF BEGINNING; THENCE NORTH 00 DEGREES 48 MINUTES 59 SECONDS WEST, 73.33 FEET; THENCE NORTH 89 DEGREES 11 MINUTES 01 SECOND EAST, 9.67 FEET; THENCE NORTH 00 DEGREES 48 MINUTES 59 SECONDS WEST, 40.00 FEET; THENCE NORTH 89 DEGREES 11 MINUTES 01 SECOND EAST, 153.57 FEET; THENCE 58.00 FEET ON A CURVE TO THE RIGHT HAVING A RADIUS OF 88.61 FEET, THE CHORD OF SAID CURVE BEARS SOUTH 80 DEGREES 27 MINUTES 17 SECONDS EAST, 56.97 FEET; THENCE SOUTH 61 DEGREES 42 MINUTES 18 SECONDS EAST, 17.96 FEET; THENCE SOUTH 28 DEGREES 54 MINUTES 49 SECONDS WEST, 15.07 FEET; THENCE SOUTH 00 DEGREES 48 MINUTES 59 SECONDS EAST, 64.66 FEET; THENCE SOUTH 89 DEGREES 11 MINUTES 01 SECOND WEST, 88.62 FEET; THENCE NORTH 00 DEGREES 48 MINUTES 59 SECONDS WEST, 3.00 FEET; THENCE SOUTH 89 DEGREES 11 MINUTES 01 SECOND WEST, 9.71 FEET; THENCE SOUTH 00 DEGREES 48 MINUTES 59 SECONDS EAST, 14.60 FEET; THENCE SOUTH 89 DEGREES 11 MINUTES 01 SECONDS WEST, 0.69 FEET; THENCE SOUTH 00 DEGREES 48 MINUTES 59 SECONDS EAST, 5.00 FEET; THENCE SOUTH 89 DEGREES 11 MINUTES 01 SECONDS WEST, 128.48 FEET TO THE POINT OF BEGINNING.

Together with appurtenant easements and rights and subject to easements, rights, reservations and restrictions burdening said land.

EXHIBIT B

BUILDING REGULATIONS

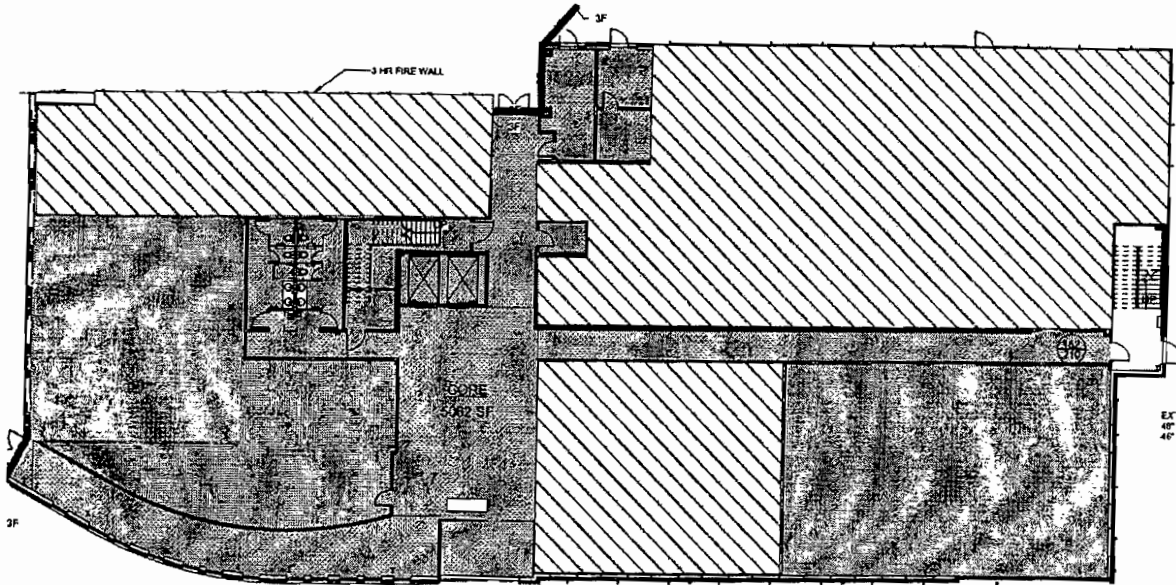
1. **ACCESS.** Landlord may from time to time establish security regulations for the purpose of regulating access to the Building. Tenant will abide by all security regulations so established. During other than normal building hours access to the Building or to the halls, corridors, elevators and stairways in the Building may be restricted so long as reasonable access to the Premises is available at all times.
2. **COMMON AREAS.** Tenant will not place or store anything in or obstruct in any way any sidewalk, entrance, exit, loading or shipping area, hall, corridor, elevator, stairway or other Common Areas. The Common Areas are not for the use of the general public and Landlord will in all cases retain the right to control and prevent access to them by all persons whose presence in the judgment of Landlord will be prejudicial to the safety or security of the Building or its occupants.
3. **VEHICULAR AREAS.** Use of any driveway, passenger drop-off area, parking area or other vehicular areas available for use by Tenant will be subject to such rules as may be promulgated from time to time. Any such areas are made available only as a convenience to the tenants and their employees, clients, customers and invitees, and Landlord will not be liable for any theft of or loss or damage to any vehicle using such areas or the accessories to or contents of any such vehicle. Tenant will not use or permit use of such areas for the overnight storage of automobiles or other vehicles without the prior written consent of Landlord.
4. **DIRECTORIES.** The directory or directories of the Building will be provided by Landlord for displaying the name and location of each tenant of the Building. In addition to Tenant's name being placed on the building directory or directories, Landlord will place the name of each department or service provider operating within the Premises. Any additional names requested by Tenant to be displayed in the directories must be approved by Landlord in writing, and if space is available and Landlord approves the use of such space by Tenant the additional names will be provided at the sole expense of the Tenant. Any changes in the name of Tenant or its physicians and any changes or deletions to the additional names will be at the sole expense of Tenant.
5. **SIGNS.** Except as otherwise permitted under the Lease, no sign, advertisement or other visual aid will be painted, affixed or otherwise exposed on the windows, doors or any part of the exterior of the Building, on the Land or in the parking area or other Common Areas, without the prior written approval of the Landlord. All interior identification signs will be in accordance with the Building standards and submitted to Landlord for written approval. An individual suite plaque of standard size and color will be provided by Landlord for displaying the name and suite number of each tenant of the Building. Any changes in the name of the Tenant will be at the sole expense of the Tenant.
6. **LARGE & HEAVY ARTICLES.** Tenant will be solely responsible for furniture, freight and other large or heavy articles brought into the Building. Such articles may be brought into or removed from the Premises only at times and in the manner designated by Landlord, using service doors and freight elevators designated for such purpose. All damage done by moving such articles will be repaired at the expense of Tenant. Tenant will not overload any floor while moving or maintaining any heavy articles. Landlord may

direct the location of heavy articles and, if considered necessary by Landlord, require supplementary supports at the expense of Tenant to properly distribute the weight.

7. **APPEARANCE.** Articles will not be placed in the Premises near the glass of any door, wall or window which may be unsightly from outside the Premises. No articles will be placed on any window ledge. No awnings or similar devices will be placed on the outside windows in the Premises. No blinds, shades, draperies or other forms of inside window covering other than those approved by Landlord may be installed in the Premises. Tenant will not paint or decorate the Premises or install any floor coverings without in each instance obtaining the prior written consent of Landlord. No nails, screws or other fasteners will be driven into exterior walls or other vapor barrier.
8. **PROTECTING PREMISES.** Before leaving the Premises unattended, Tenant will close and securely lock all windows, doors or other means of entry to the Premises and shut off all utilities, lights and equipment in the Premises. Tenant will be responsible for keeping the Premises secure and protecting the Premises and all property and persons in the Premises from theft, robbery, pilferage and other crimes.
9. **LOCKS.** No additional or replacement locks will be placed on any of the doors or windows without the prior written consent of Landlord. No keys for the Premises will be made other than those provided by Landlord. Upon termination of this Lease or of Tenant's possession, Tenant will surrender all keys to the Premises and all keys for offices, rooms or toilet rooms which have been furnished to Tenant.
10. **UTILITIES.** Tenant will not waste or overuse any utilities furnished to the Premises, and will cooperate fully with Landlord to assure the most effective and energy efficient operation of the Building. Tenant will not install or change any signal, communication, alarm or other utility or similar service connections without the prior written approval of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant will not install in the Premises any equipment (including computer or data processing equipment) which requires a substantial amount of electrical current without the advance written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant will ascertain from Landlord the maximum amount of electrical load which can safely be permitted in the Premises, and will not connect a greater load than such safe capacity. Tenant will keep corridor doors closed and will not open any windows. Toilets, urinals, wash bowls and the other toilet room apparatus will not be used for any purpose other than that for which they were constructed, and no foreign substance will be thrown therein.
11. **OUTSIDE SERVICES.** Tenant will assure that all vendors providing ice, food, beverage, towel or other similar services on the Premises will abide by regulations fixed by Landlord. No vending machines of any description will be installed, maintained or operated in the Premises or in the Building without the prior written consent of Landlord.
12. **INTOXICATION.** Landlord reserves the right to exclude or expel from the Building any person who, in the reasonable judgment of Landlord, is intoxicated or under the influence of liquor or other drugs (with the exception of pharmaceutical products that are being prescribed by a physician), or who will in any manner do any act in violation of any of the rules and regulations of the Building.

13. **FIXTURE MOVEMENT.** Any and all furniture, fixtures and goods will be moved by Tenant and at Tenant's expense whenever such moving is necessitated for the purpose of Building repair or maintenance to be performed by Landlord.
14. **TOBACCO USE.** Tenant will not use or permit use by its agents, employees or contractors of tobacco products within the Premises or Common Areas within the Building or any areas outside the Building in conformance with the tobacco-free campus policy of the lessor under the Ground Lease.
15. **PROHIBITIONS.** Tenant will not (a) conduct itself in a manner inconsistent with the comfort or convenience of other tenants and the character of the Building, (b) install or operate any machinery or space heater in or about the Premises, (c) permit preparation, warming, or dispensing of food or beverages in the Premises except in any kitchenette in the Premises approved by Landlord and in accordance with other reasonable arrangements approved by Landlord, (d) use the Premises for housing, lodging or sleeping purposes, (e) place any radio or television antennas on the roof or on or in any part of the inside or outside of the Building other than the inside of the Premises, (f) operate any radio, television, or other sound producing instrument or device inside or outside the Premises which may be heard outside the Premises, (g) use any illumination or power for the operation of any equipment other than electricity, (h) operate any electrical device from which may emanate electrical waves which may interfere with or impair computer equipment or radio or television broadcasting or reception from or in the Building or elsewhere, (i) bring or permit to be in the Building any bicycle or other vehicle, or any animal or bird (except specially trained assistance animals for persons with handicaps or disabilities), (j) permit any objectionable noise or odor to emanate from the Premises, (k) disturb, solicit or canvass other tenants or occupants of the Building, (l) do anything in or about the Premises tending to create or maintain a nuisance or do any act tending to injure the reputation of the Building, (m) use the name or picture of the Building in any letterheads, envelopes, or advertisements except with Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, or (n) throw or drop any article from any window or other opening in the Building.
16. **MANAGEMENT OFFICE.** Service requirements of Tenant will be attended to only upon application at the management office for the Building.
17. **APPLICATION.** Tenant will ensure that its agents and subtenants and the employees, agents, subtenants, licensees, invitees and contractors of it and its agents and subtenants comply with these regulations. These regulations may be added to or amended by Landlord for the benefit of all tenants of the Project, and such amendments will become effective immediately upon notification.

EXHIBIT C
PLAN OF PREMISES
FLOOR 1



HOSPITAL LEASE
FLOOR 2

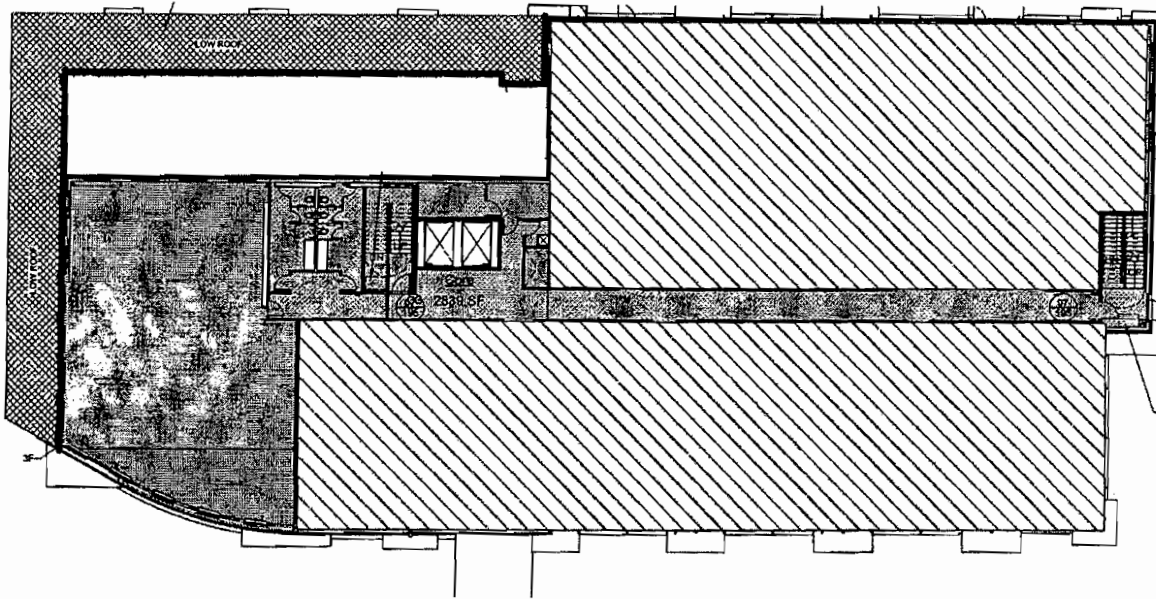


EXHIBIT D

CONSTRUCTION PROCEDURES (Tenant Coordinated)

1. **CONSTRUCTION DEFINITIONS.** In this Exhibit D and the Lease:
 - (a) "Lease" means the Lease of which this Exhibit is a part.
 - (b) "Building Standard" means the quantity and quality of materials, equipment, finishing, artisanship and other elements specified by Landlord for the Building.
 - (c) "Premises Architect" means the professional architect(s) or engineer(s) licensed in the state where the Project is located that are engaged by Tenant at its expense and approved by Landlord for preparation of the Construction Documents.
 - (d) "Construction Documents" means the plans and specifications (including structural, architectural, mechanical, and electrical working drawings) prepared and certified by the Premises Architect at Tenant's expense for the supply, installation, and finishing of leasehold improvements in the Premises such as partitions, doors and hardware, ceilings, floor covering, window coverings, wall coverings, and built-ins, wiring, lights and switches, heating, ventilation and cooling equipment and controls, telephone, data and electrical outlets, plumbing and fixtures, fire protection, fire warning and security systems, and other mechanical and electrical equipment and facilities which are attached to and form part of the Building.
 - (e) "Base Building Work" means the items supplied, installed and finished by Building Contractor at no cost to Tenant, listed in Article 3.
 - (f) "Outline Drawings" means the drawings to be provided by Landlord to Tenant under Article 4, containing basic information about the Premises.
 - (g) "Premises Work" means the items supplied, installed and finished by or on behalf of Tenant at no cost to Landlord under Article 6.
 - (h) "Building Contractor" means the contractor appointed from time to time by Landlord to carry out construction work in the Premises or the Building.
2. **CONSTRUCTION OF PROJECT.** Landlord will be responsible at its cost for the design and construction of the Base Building Work and shall cause all sidewalks, driveways, passenger drop-off areas and other exterior improvements in the Project to be completed.
3. **BASE BUILDING WORK.**
 - (a) Landlord will supply, install and finish the following in or serving the Premises at no cost to Tenant (except as otherwise provided herein), all in accordance with the Building Standard:

- (i) Building Shell. Building shell, including finished public entry and corridors, ventilation shafts, mechanical room, electrical equipment room, and janitor and communications closets. Building shell will include elevators and stairways, with finished elevator lobby and public corridors on multi-tenant floors.
- (ii) Floors. Concrete floor with troweled finish.
- (iii) Doors. Finished doors complete with frame, trim and hardware, installed on base Building toilet rooms, mechanical rooms, stairwells, electrical equipment rooms, and janitor and communications closets.
- (iv) Toilet Rooms. One men's and one women's handicapped-accessible toilet room on multi-tenant floors as may be required to satisfy code requirements for Building occupancy, with finished floors, walls and ceilings, plumbing fixtures, lights, accessories, and connection to mechanical services.
- (v) Power. Panel for distribution of 120/208 volt electric power located on each floor at such location or locations as Landlord may determine, with the number of circuit breaker slots designated for the Premises and other spaces being prorated on the basis of the Usable Areas of such spaces. Any additional panel capacity as may be required for Tenant's electrical connections will be at Tenant's expense.
- (vi) Heating, Cooling and Ventilation. Heating, cooling and ventilation system for the Building, with air distribution ductwork stubbed onto each floor at such location or locations as Landlord may determine. Primary air distribution ductwork may be installed by Landlord to serve certain floors or portions thereof for an open, unfinished floor plan. If such primary air distribution ductwork serves the Premises, the cost of such ductwork will be allocated among the spaces served by such ductwork on the basis of the Usable Area of such spaces. The cost of the primary air distribution ductwork allocated to the Premises will be at Tenant's expense. If primary air distribution ductwork is not installed by Landlord to serve the Premises or any portion thereof, Tenant will be responsible for the installation of such primary air distribution ductwork as part of the Premises Work. The heating, cooling, air distribution, ventilation and exhaust systems installed as part of the Base Building Work will be designed for normal medical office use and equipment. Any additional capacity as may be required for Tenant's specialized use or equipment will be at Tenant's expense.
- (vii) Fire Protection. Fire detection and fire warning systems installed within the Premises for an open, unfinished floor plan, and fire extinguisher with cabinet located on each floor at such location or locations as Landlord may determine.
- (viii) Sprinklers. Code-approved sprinkler system, with upright brass pendant sprinkler heads installed within the Premises for an open, unfinished floor plan.

- (ix) Water and Drainage. Domestic cold water, drainage and vent systems on each floor at such location or locations as Landlord may determine.
 - (x) Window Coverings. Venetian blinds with attachment hardware for all exterior windows, stockpiled on the floor for installation by Tenant at Tenant's expense.
- (b) In order to accommodate the installation of the Premises Work in the Premises, the Base Building Work in the ceiling area will be installed by Building Contractor in accordance with the Construction Documents if the Construction Documents have been approved prior to the time such work is installed. If the Construction Documents have not been approved, such work will be installed for an open, unfinished floor plan. Any cost incurred by Landlord for such work that exceeds the cost which would have applied had the work in the ceiling been installed on the basis of an open, unfinished floor plan will be at Tenant's expense.
- (c) Notwithstanding the provisions of Section 3(a) of this Exhibit, Tenant will be responsible for payment to the Landlord for the amount of certain hospital required building premiums in an amount equal to \$ \$207,814. (the "Tenant Enhancement Cost"). These costs include, but are not limited to, structural steel and architectural enhancements, additional HVAC equipment, emergency power panels and the pro-rata share of Landlord's carrying costs allocated to hospital required building premiums. The Tenant Enhancement Cost shall be paid by Tenant within ten (10) days of completion of all or any part of such work and delivery of an invoice therefor, which invoice may be made periodically by Landlord as the work proceeds.

4. PREPARATION OF CONSTRUCTION DOCUMENTS.

- (a) The design, layout, finishes and equipment for the leasehold improvements in the Premises will be compatible with the character and capacity of the Building, will be determined by Tenant in accordance with this Exhibit (subject to Landlord's approval), and will be set out in the Construction Documents.
- (b) As soon as practicable, Landlord will deliver the Outline Drawings to Tenant. The Outline Drawings will contain the following information:
- (i) dimensioned outline floor plan and reflected ceiling plan or plans showing the Building module,
 - (ii) dimensioned structural drawings showing the size and layout of the framing for the floor and the floor immediately above,
 - (iii) mechanical drawings showing the general location of the air distribution stub-in and any primary air distribution ductwork installed by Landlord for an open floor plan, sprinkler system for an open floor plan, water supply and drainage systems and access for tenant connections, and life safety systems, and

- (iv) electrical drawings showing the general location of fire detection and fire warning systems, electrical panels, empty conduit and junction boxes (if any), and communications back-board panels and sleeving.
- (c) The Premises Architect is responsible to become familiar with the Outline Drawings, Building Standard, working drawings, design criteria, and construction procedures adopted by Landlord to permit completion of proper and adequate structural, architectural, mechanical and electrical working drawings as part of the Construction Documents. Tenant will impose and enforce all terms of this Exhibit on the Premises Architect.
- (d) The drawings included in the Construction Documents will be blackline drawings and will include floor plans, interior elevations, structural, architectural, mechanical and electrical working drawings, and details of any special installations which will affect the Building or perimeter walls of the Premises. The specifications included in the Construction Documents will include all materials and finishes to be used and performance characteristics for fixtures and equipment. All materials, equipment, finishes and other elements will conform with and be of a quality at least equal to Building Standard. Where applicable, the Construction Documents will include section and elevations for Tenant entries, details of entry signage (which will conform to Landlord's sign criteria), reflected ceiling plans, mechanical work in the ceiling area, and changes in sprinkler head locations. Unless otherwise agreed by Landlord, all drawings provided by Tenant will be of uniform size not exceeding 24" x 36" and to a minimum scale of 1/8" = 1'0". In addition, drawings and specifications included in the Construction Documents will be provided to Landlord on optical disc or other acceptable storage device in portable document format (PDF) and in a computer aided design format that is AutoCAD compatible with layering to match specifications to be supplied by Landlord.

5. APPROVAL OF CONSTRUCTION DOCUMENTS.

- (a) Not more than 30 days after receipt of the Outline Drawings, Tenant will deliver to Landlord three copies of the complete Construction Documents (including a set delivered by electronic PDF format), together with a materials board and any other information reasonably requested by Landlord.
- (b) Not more than 20 days after receiving the Construction Documents, Landlord will notify Tenant either of its approval of the Construction Documents or of the changes required. If Landlord notifies Tenant that changes are required, Tenant will within 20 days of that notification submit to Landlord for its approval the Construction Documents amended in accordance with the changes so required. Tenant will deliver to Landlord four blackline copies and an electronic copy of the approved Construction Documents in each of the formats set out in Section 4(d).
- (c) Not more than 10 days after receipt of invoice, Tenant will reimburse Landlord for the fees (if any) payable by Landlord to Landlord's architect, engineers and other consultants for examination of the Construction Documents and any amendments thereto.

- (d) The times provided in this Article for preparation, delivery and approval of the Construction Documents may be extended upon written approval of both Landlord and Tenant.
- (e) After approval of the Construction Documents, Tenant may amend the Construction Documents and deliver the amendments to Landlord and Landlord will review those amendments, all in accordance with the procedures previously set out in this Article. No work will be performed pursuant to the amended Construction Documents until approved by Landlord. The entire cost to Landlord resulting from any amendment by Tenant to the Construction Documents (including the cost of redesign and revising construction) will be paid in full by Tenant to Landlord within ten days of delivery of an invoice for that cost.
- (f) It is understood that any undue delay by Tenant in delivering the Construction Documents or amending the Construction Documents under this Article may result in additional cost to Landlord and loss of revenue to Landlord under the Lease. Tenant will indemnify Landlord against such additional cost and pay to Landlord on demand the amount of any loss of revenue, except to the extent such delay is caused by the negligence or misconduct of Landlord, its employees or agents.

6. PREMISES WORK.

- (a) Tenant will be responsible at its cost for all work (other than Base Building Work) involved in completion of the Premises for occupancy. The Premises Work will include the following:
 - (i) Walls. Supply and installation of metal stud framing with gypsum board on Tenant's side of any demising wall separating the Premises from adjoining leasable areas unless such demising wall has been constructed for the adjoining leasable area; supply and installation of gypsum board and sound insulation for Tenant's side of any demising wall separating the Premises from adjoining leasable areas or from public corridors if the metal stud framing and gypsum board on the opposite side of such walls has been constructed by others; supply and installation of gypsum board for perimeter and core walls and columns in the Premises; supply and installation of metal stud framing and gypsum board for all interior walls and partitions in the Premises with sound installation as specified; and decoration and finishing of all surfaces within the Premises. All demising walls will be installed floor to deck, with appropriate grills above the ceiling for air distribution and ventilation systems.
 - (ii) Floors. Supply and installation of floor coverings and base.
 - (iii) Ceilings. Supply and installation of ceiling grid, ceiling tile, and special ceiling treatments; installation of sprinkler drops and connections; and supply and installation of sprinkler caps.
 - (iv) Doors. Supply, installation and finishing of entry, exit and interior doors for the Premises, complete with frame, trim and hardware.

- (v) Toilet Rooms. Supply and installation of toilet rooms in the Premises as may be required by code for occupancy of the Premises and supply and installation of such toilet rooms as Tenant may otherwise desire in the Premises, all complete with finished floors, walls and ceilings, plumbing fixtures, lights, accessories, and connection to mechanical services.
- (vi) Lights and Power. Supply and installation of light fixtures, electric outlets and electrical connections and all light switching and wiring to power supply; supply and installation of electrical conduit to the electrical control panel, circuit breakers within the panel, and all wiring to and within the panel as may be required for Tenant's electrical connections; and supply and installation of any feeds, services and disconnects required for Tenant's electrical connections and for any medical or other equipment installed by Tenant.
- (vii) Heating, Cooling and Ventilation. Supply and installation of primary air distribution ductwork unless such ductwork has been constructed by Landlord as part of the Base Building Work; supply and installation of variable air volume boxes required for the Premises (with connection to primary air distribution ductwork); supply and installation of perimeter and interior secondary air distribution ductwork and diffusers within the Premises; supply and installation of any special ventilation, cooling and exhaust requirements; and supply and mounting of heating, cooling and ventilation controls and thermostats compatible with the Building system.
- (viii) Water and Drainage. Supply and installation of any plumbing services to and in the Premises from the point of access in the Building.
- (ix) Window Coverings. Installation of window coverings and attachment hardware supplied by Landlord and supply and installation of any specialty window treatments approved by Landlord.
- (x) Communications. Supply and installation of telephone, television, computer network, and other communication and data systems and equipment to and within the Premises.
- (xi) Special Services. Supply and installation of any natural gas, compressed air, auxiliary exhaust or other special services approved by Landlord.
- (xii) Submeters. Supply and installation of submeters to measure utility usage in those portions of the Premises where any medical or other specialized equipment or other facilities require utility services in excess of those required for normal medical office space.
- (xiii) Base Building Modifications. Any modifications to the structural, heating, cooling, air distribution, ventilation and exhaust, plumbing, electrical, sprinkler, and life safety systems installed as part of the Base Building Work as may be necessary or desirable to accommodate the Premises Work and Tenant's use of the Premises.
- (xiv) Mechanical Balancing. Final testing and balancing of mechanical systems after the Premises Work is complete.

- (b) All work performed by Tenant or its contractors or workers will be (i) of a quality at least equal to Building Standard, (ii) completed in accordance with the approved Construction Documents, (iii) carried out without interfering with the work of the Building Contractor and other tenants or occupants, (iv) performed in compliance with Articles 12 and 13 of the Lease, and (v) carried out with all due diligence (subject to delays and circumstances over which Tenant has no control) so that it is substantially completed on or before the Commencement Date of the Lease. Notwithstanding the foregoing, to the extent that Tenant's work is not substantially complete on the Commencement Date as a result delays and circumstances beyond Tenant's control, this Lease will not be void or voidable nor will Tenant be liable to Landlord for any loss or damage resulting from the failure to complete its work provided, however, in any event, Tenant shall be required to pay Base Rent and Additional Rent as of such Commencement Date. Building Contractor and its subcontractors will have the right to bid the Premises Work.
- (c) From and after the Delivery Date, and subject to the terms of the Lease and this Article, Tenant and the contractors and workers employed by it will have access to and non-exclusive use of the Premises to perform the Premises Work. It is understood that certain portions of the Base Building Work can only be undertaken at the same time as or subsequent to the Premises Work, and Landlord and Building Contractor will have access to the Premises for performance of such work.
- (d) To assure that work proceeds efficiently on the Building, Landlord or Building Contractor may from time to time make rules for coordination of construction work. Tenant will ensure that all contractors and workers employed by it are informed of and observe such rules.
- (e) Prior to commencement of the Premises Work, Tenant and the contractors and workers employed by it will make appropriate arrangements with Landlord or Building Contractor for performance of the Premises Work, including arrangements for material handling and hoisting, material and equipment storage, time and place of deliveries, access routes for worker access and delivery of materials, hours of work, power, heating, washroom facilities, scheduling, security and clean-up.
- (f) Tenant will at all times keep the Premises and adjacent areas free from accumulations of waste material or rubbish caused by its suppliers, contractors or workers. If any parts of the Building are occupied, such waste material and rubbish will in any event be removed at least daily to the extent practicable. At the completion of the Premises Work, Tenant will forthwith remove all waste material and rubbish and all tools, equipment and surplus materials from the Premises and adjacent areas and will leave them clean to Landlord's satisfaction. This final clean-up will include the light fixtures, windows, heating, cooling and ventilation units, entries and public spaces affected by the Premises Work.
- (g) Landlord will have no responsibility or liability with respect to the Premises Work or attendant tools, equipment and materials left or installed in the Building. Landlord may require that neat screens or hoardings as designed or prescribed by Landlord be erected at Tenant's expense around the Premises Work, and that

all work be conducted and all tools, equipment and materials be kept behind such screens or hoardings.

- (h) Any damage to the work of Landlord or Building Contractor or to the property of Landlord or others which may be caused by Tenant, any contractor or worker employed by Tenant, or any other party engaged in the Premises Work will be forthwith repaired by Tenant at Tenant's expense to the reasonable satisfaction of Landlord.
- (i) Unless otherwise agreed by Landlord in writing, the following portions of the Premises Work will be performed by the Building Contractor at Tenant's expense in order to protect the integrity of the Building structure and Building systems installed as part of the Base Building Work and any construction and equipment warranties pertaining thereto:
 - (i) all approved additions and modifications to the base Building structural, heating, cooling, ventilation, mechanical, electrical, and life safety systems,
 - (ii) any additional electrical, heating, cooling and ventilation work required for Tenant's electrical connections and any medical and other specialized equipment installed by Tenant,
 - (iii) all patching of Building fireproofing,
 - (iv) all drilling, cutting, coring or patching for conduit, pipe sleeves, chases, duct equipment, or openings in any floor, wall, vapor barrier, column or roof of the Building which is approved by Landlord,
 - (v) all approved modifications to the Building sprinkler system,
 - (vi) the fire alarm system for the Premises,
 - (vii) all control systems and final testing of the heating, cooling and ventilation systems in the Premises, and
 - (viii) all connections to base Building systems other than low pressure ductwork connections.

Tenant will reimburse Landlord within 30 days after receipt of invoice for any such costs set forth above.

- (j) Tenant will reimburse Landlord within 30 days after receipt of invoice for any additional costs and expenses of Landlord caused by Tenant's failure to carry out the Premises Work in the manner required under this Article or resulting directly or indirectly from any delays caused to Landlord or Building Contractor by any such failure.
- (k) Upon completion of the Premises Work, Tenant at its cost will prepare and provide to Landlord a copy of as-built blackline drawings and an electronic copy

of the Construction Documents in each of the formats set out in Section 4(d), marked to show changes made during construction.

7. PUNCH LIST.

- (a) Prior to commencement of construction of the Premises Work, Tenant will conduct a walk-through inspection of the Premises with Landlord to confirm the completion of construction of the Base Building Work. Other than the items specified in the punch-list and "latent defects" (as defined below), by entry into the Premises to commence construction Tenant will be deemed to have accepted the Premises in its condition on the date of such entry and to have acknowledged that Landlord has completed construction of the Base Building Work as required by this Lease and that there are no items needing additional work or repair. The punch-list will not include any damage to the Premises or the Building caused by Tenant's construction or move-in. Damage caused by Tenant will be repaired or corrected by Landlord at Tenant's expense. If Tenant fails to submit a punch-list to Landlord within 30 days after commencing construction of the Premises Work, it will be deemed that there are no items needing additional work or repair other than latent defects, if any. Building Contractor will complete all reasonable punch-list items as soon as practicable after such walk-through.
- (b) A "latent defect" is a defect in the condition of the Premises caused by Landlord's failure to construct the Base Building Work in a good and skillful manner, which defect would not ordinarily be observed during a walk-through inspection. If Tenant notifies Landlord of a latent defect within one year following the Commencement Date, then Landlord at its expense will repair such latent defect as soon as practicable. Except as set forth in this Section, Landlord will have no obligation or liability to Tenant for latent defects.

- 8. LIEN WAIVERS; PROOF OF PAYMENT.** Tenant will submit to Landlord upon completion of the Premises Work a sworn statement executed by Tenant or an officer of Tenant that Tenant's designers, contractors, subcontractors, workers and suppliers have been paid in full for all work performed and materials and equipment supplied by them on the Premises, supporting lien waivers executed by such designers, contractors, subcontractors, workers and suppliers, copies of all invoices received by Tenant for such work, and such other information as Landlord may reasonably request to evidence payment for such work. In addition, Tenant shall provide Landlord with blackline and electronic copies of the "as-built" Construction Documents. In addition, Tenant will be responsible at its cost for the procurement, delivery and installation of any medical or other specialized equipment, any telephone, television, computer network, and other communication and data systems and equipment, and any other movable furniture, fixtures or equipment desired by Tenant in the Premises, and the cost of such systems and equipment will be paid by Tenant.

EXHIBIT E

ADDITIONAL PROVISIONS

1. MARKET RATE.

- (a) As used in this Lease, "Market Rate" means the annual rent per square foot of Rentable Area of the space in question as of the commencement of the term in question that a willing tenant would pay, and a willing landlord would accept, in arms-length bona fide negotiations if the space in question were leased for a period equal to the term in question on the terms and conditions of this Lease.
- (b) Whenever Market Rate is to be determined under this Lease, Landlord will give Tenant notice ("Landlord's Rate Notice") of Landlord's determination of the Market Rate and the basis on which Landlord has made its determination. If Tenant does not agree with Landlord's determination of the Market Rate, Tenant will give Landlord written notice of that disagreement within 15 days of receipt of Landlord's Rate Notice, stating the amount which Tenant believes Market Rate should be and the basis for such belief. If Tenant fails to timely give such notice of disagreement, the Market Rate will be the amount set out in Landlord's Rate Notice. If Tenant gives Landlord such notice of disagreement, Landlord and Tenant will endeavor in good faith to agree on the Market Rate.
- (c) If Landlord and Tenant have not agreed as to the Market Rate within 30 days of Tenant's notice of disagreement, the Market Rate will be determined by a panel of experts using the following procedures:
 - (i) Landlord will appoint an expert by written notice to the Tenant. Within 15 days after receipt of notice of appointment of an expert, Tenant will by notice to Landlord appoint a second expert. Within 15 days after appointment of the second expert, the two experts will appoint a third expert.
 - (ii) If the second expert is not duly appointed within the specified period, the report of the first expert will be conclusive upon Landlord and Tenant. If the third expert is not duly appointed within the specified period, either Landlord or Tenant may apply to the presiding judge of the judicial district within which the Project is located (or, if such does not then exist, the then-existing court of comparable jurisdiction) and that judge or a person selected by that judge will appoint the third expert.
 - (iii) All experts appointed under this provision will be appraisers, brokers, or attorneys with more than ten years experience in commercial real estate in the metropolitan area in which the Project is located and with no direct or indirect financial or other business interest in or in common with Landlord or Tenant or any affiliate of either. Landlord and Tenant will each pay the fees charged by the expert appointed by it and will each pay one-half the fee charged by the third expert.
 - (iv) As expeditiously as possible after appointment of the third expert, the panel of experts will execute in duplicate a report stating the Market Rate. The report of the experts or, if the experts cannot agree, the report of the

majority of the experts will be deemed to be the Market Rate. If the determinations of all three experts differ in amount, the Market Rate will be deemed to be:

- (A) the average of the three determinations if neither the highest nor the lowest differs from the middle determination by more than 10%;
- (B) the average of the middle determination and the determination nearest in amount to the middle determination if either the highest or the lowest determination, but not both, differs from the middle determination by more than 10%; and
- (C) determined by a new panel of experts appointed and functioning in the same manner if both the highest and lowest determinations differ from the middle determination by more than 10%.

2. RENEWAL OPTION.

- (a) Tenant will have four successive options (each, a "Renewal Option") to renew the Lease with respect to all (but not less than all) of the Premises for an additional term (the "Renewal Term") of five years each, commencing immediately after the expiration of the preceding Term, subject to the following terms and conditions:
 - (i) Tenant gives Landlord not less than one year's prior written notice of its election to exercise the Renewal Option; and
 - (ii) Tenant is not in default under this Lease either on the date Tenant exercises the Renewal Option or on the commencement of such Renewal Term, unless waived in writing by Landlord.
- (b) If Tenant exercises a Renewal Option, all terms and conditions of the Lease will be applicable to the Renewal Term, except that
 - (i) the Base Rent during the Renewal Term will be the Market Rate, but in no event less than the Base Rent last payable by Tenant during the preceding Term;
 - (ii) the Additional Rent and all other Rent during the Renewal Term will be determined as provided in this Lease;
 - (iii) Tenant agrees to accept the Premises in an "as-is" condition on the commencement date of the Renewal Term, and Tenant will not be entitled to any credit or allowance from Landlord for the improvement thereof;
 - (iv) Tenant will not be entitled to any rental concessions such as "free rent" or other inducements for such Renewal Option; and
 - (v) Tenant will have no further options to renew the Term of this Lease beyond the Renewal Options hereby granted.

- (c) If Tenant exercises a Renewal Option, Landlord and Tenant will execute and deliver an amendment to this Lease reflecting the lease of the Premises by Landlord to Tenant for the Renewal Term on the terms provided above.
- (d) The Renewal Options hereby granted will automatically terminate and become null and void upon the earliest to occur of (i) the expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises, (ii) any assignment of this Lease or sublease of all or part of the Premises by Tenant, and (iii) any failure of Tenant to timely or properly exercise such Renewal Option.

3. ROOF RIGHTS.

- (a) During the Term of this Lease, Tenant may, at Tenant's sole cost and expense and with Landlord's prior written consent, which consent Landlord shall not unreasonably withhold, condition or delay, install on the roof of the Building communications, HVAC and other mechanical equipment used solely for Tenant's business in the Premises (collectively, "Roof Equipment"). The Roof Equipment will also include any wiring, ductwork, piping and controls connecting such equipment to Tenant's mechanical, electrical and communications systems for the Premises and such enclosures, screens or other installations as may be reasonably required by Landlord to hide the equipment from view. The Roof Equipment will be installed at such exterior locations and in such risers, conduits and other locations in the interior of the Building as may be reasonably determined by Landlord taking into account space limitations and Landlord's requirements for such areas. In addition, all Roof Equipment approved by Landlord that is installed on the roof of the Building shall be screened from public view using materials and colors approved by Landlord that are consistent with the Building facade. Tenant will not be obligated to pay any rent, charges or fees for the use of such locations for the Roof Equipment, except for any applicable taxes, assessments or fees imposed by any governmental authorities on or arising out of the Roof Equipment or the use and operation thereof.
- (b) In addition, any Roof Equipment being installed as part of Tenant's initial occupancy of the Premises will be installed at Tenant's sole cost and expense. In such event, Tenant will determine the capacity and specifications for any Roof Equipment being installed as part of Tenant's initial occupancy of the Premises, select the Roof Equipment to be installed, and provide Landlord with installation drawings, electrical and other utility connection requirements and other design information therefor. All such information will be provided on a timely basis to assure that installation of the Roof Equipment will not delay or otherwise affect Landlord's completion of construction and occupancy of the Building. Landlord will advise Tenant of the dates when such selections, information and deliveries are required to avoid such delays or adverse effects. Any modifications to the Building Work required to accommodate the Roof Equipment that exceeds the cost that would have applied had no modifications been made will be paid in full by Tenant to Landlord within ten (10) days of delivery of an invoice for that cost. If such selection, provision of such drawings and other information, or delivery of such equipment is not made on a timely basis, Landlord may construct the Building Work in a manner that permits construction and occupancy of the Building to proceed without delay and the cost for any modification or reconstruction of the Building and construction of other improvements that are

necessary or desirable to accommodate the Roof Equipment will be paid in full by Tenant to Landlord within ten (10) days of delivery of an invoice for that cost

- (c) Tenant will be responsible at its cost for the maintenance, operation, repair and replacement of the Roof Equipment. Tenant will also be responsible for any damage to the roof or other parts of the Building caused by the Roof Equipment or the operation, maintenance, repair or replacement thereof. Tenant and its authorized service personnel will have controlled access at all reasonable times for the purpose of maintaining, repairing and replacing the Roof Equipment. The Roof Equipment will be kept and maintained by Tenant in good and safe order and condition, in compliance with all governmental authorities and the requirements of any insurers of the Project, and in such manner as to not materially interfere with the operation or maintenance of Landlord's building equipment or the electronic communications equipment of Landlord or any tenant or occupant of the Building. Tenant will contract with maintenance and service contractors reasonably approved by Landlord to provide full maintenance and service for the Roof Equipment throughout the Term. If Tenant fails to properly keep and maintain the Roof Equipment, Landlord will have the same rights and remedies as it would have for failure of Tenant to maintain the Premises under this Lease.
- (d) If the location of any Roof Equipment interferes with the future use or expansion of the Building, Tenant shall upon reasonable notice and at its sole cost and expense relocate the Roof Equipment to other locations as specified by Landlord and repair any damage to the Building resulting therefrom. If the Roof Equipment needs to be moved in order to maintain, repair or replace the roof or other improvements, Tenant shall upon reasonable notice and at its sole cost and expense move the Roof Equipment to such temporary location as specified by Landlord and repair any damage to the Building resulting therefrom.
- (e) Tenant will be responsible for all injury, loss or damage to persons or property arising out of or related to the maintenance, repair and operation of the Roof Equipment to the extent caused by any reason other than the negligence or other wrongful act or omission of Landlord, its agents, officers or employees, and will indemnify, defend and hold harmless Landlord against any claims, costs and liabilities resulting therefrom. Tenant will insure the Roof Equipment in the same manner as other property insured by Tenant under this Lease, and Landlord will not be liable to Tenant for any damages by reason of fire or other casualty or other cause which would be covered by such insurance.
- (f) The Roof Equipment may be removed by Tenant, at its cost, in the ordinary course of its business and, if requested by Landlord, will be removed by Tenant, at Tenant's cost, at the expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises. Tenant will promptly repair at its expense any damage to the Premises or any other part of the Project caused by such removal.

4. **ADDITIONAL USE OF COMMON AREAS.** Tenant, at its sole cost and expense, shall be permitted to install, use, maintain, repair, and replace above the finished ceiling surface, below the finished floor surface, and in the walls and mechanical shafts within the Common Areas any pipes, ducts, conduits, wires, and other equipment ("Tenant

Common Area Equipment") for service to other parts of the Premises within the Building, provided that (i) Tenant provides written notice to Landlord at least thirty (30) days prior to using such space within the Building, (ii) Tenant receives written consent from Landlord before making any alterations to such areas, which consent shall not be unreasonably withheld by Landlord, (iii) any such alterations are completed in accordance with the provisions of Articles 12 and 13 of this Lease and in a manner as will not adversely interfere with the provision of utilities or services to other tenants in the Building or otherwise adversely affect the use and occupancy of the Building or conduct of business therein by such other tenants, (iv) at Landlord's option, such alterations will be performed by a contractor approved by Landlord in order to protect the integrity of the Building structure and Building systems and any construction and equipment warranties pertaining thereto, (v) Tenant will be responsible for any damage to the Common Areas or other parts of the Building caused by any work performed under this Section or the operation, maintenance, repair or replacement of the Tenant Common Area Equipment, and (v) upon the expiration or earlier termination of this Lease, or of Tenant's right to possession of the Premises, Tenant at its expense removes all pipes, ducts, conduits, wires, and other equipment from such area.

APPENDIX B

AMENDMENT TO LEASE
BETWEEN ST. JOSEPH'S HOSPITAL AND
HIGHLAND HEALTHCARE INVESTORS, LLC

FOR SPACE IN
ST. JOSEPH'S HOSPITAL MEDICAL OFFICE BUILDING
HIGHLAND, ILLINOIS

**FIRST AMENDMENT TO
OFFICE LEASE AGREEMENT**

DATE:

April 3, 2013

BETWEEN:

HIGHLAND HEALTHCARE INVESTORS, LLC
c/o Frauenshuh HealthCare Real Estate Solutions, LLC
7101 West 78th Street, Suite 100
Minneapolis, MN 55439

("Landlord")

AND:

(address)

**ST. JOSEPH'S HOSPITAL OF THE HOSPITAL SISTERS
OF THE THIRD ORDER OF ST. FRANCIS**
Attn: CEO
1515 Main Street
Highland, IL 62249

("Tenant")

FOR VALUABLE CONSIDERATION, Landlord and Tenant agree as follows:

1. This First Amendment to Office Lease Agreement ("Amendment") amends the Office Lease Agreement dated June 14, 2012, between Landlord and Tenant (the "Lease"). Any terms not otherwise defined in this Amendment will have the meanings ascribed to them in the Lease.
2. Section 1(a) of the Lease is hereby amended to provide that the Premises is the area of approximately 30,235 square feet of Rentable Area as generally indicated on Exhibit C attached to this Amendment.
3. Exhibit C attached to this Amendment is hereby substituted for Exhibit C to the Lease.
4. Except as otherwise set out in this Amendment, the Lease is ratified and confirmed and continues in full force and effect.
5. This Amendment is binding on and inures to the benefit of Landlord and Tenant and their respective successors and assigns.
6. This Amendment is contingent upon Tenant's receipt of approval for an alteration to CON Permit #11-106.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date set out at its head.

LANDLORD:

HIGHLAND HEALTHCARE INVESTORS, LLC

By: Frauenshuh Healthcare Venture Properties LLC,
Its Managing Member

By: _____
Title: Manager, Frauenshuh HealthCare Development, LLC

TENANT SIGNATURE PAGE TO
FIRST AMENDMENT TO
OFFICE LEASE AGREEMENT

TENANT:

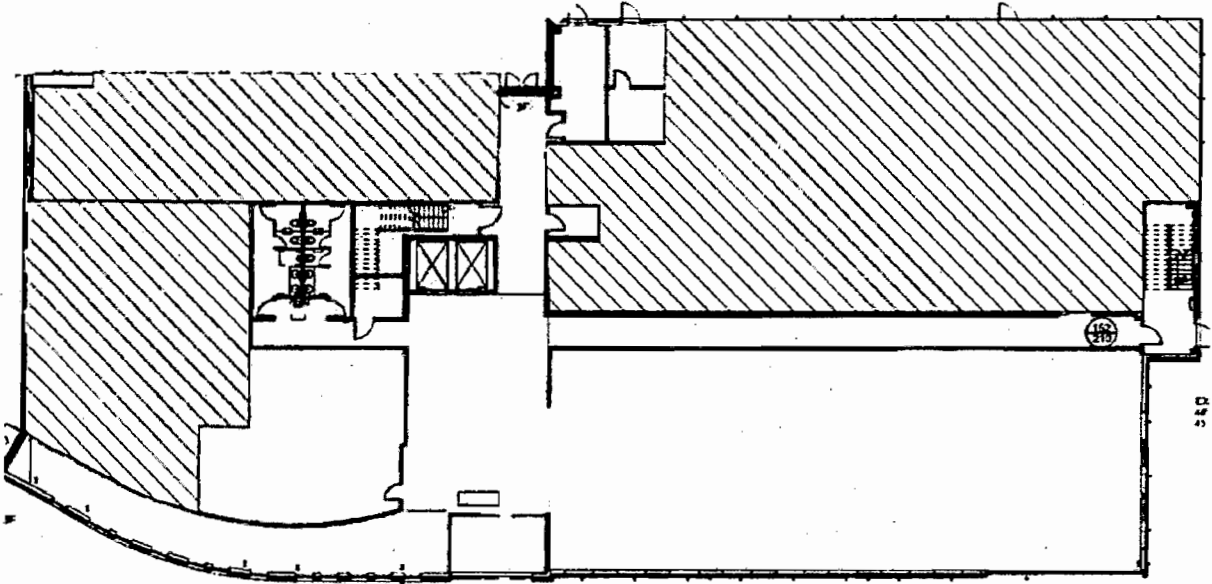
ST. JOSEPH'S HOSPITAL OF THE HOSPITAL SISTERS
OF THE THIRD ORDER OF ST. FRANCIS

By Peggy A. Sebastian
Its President & CEO

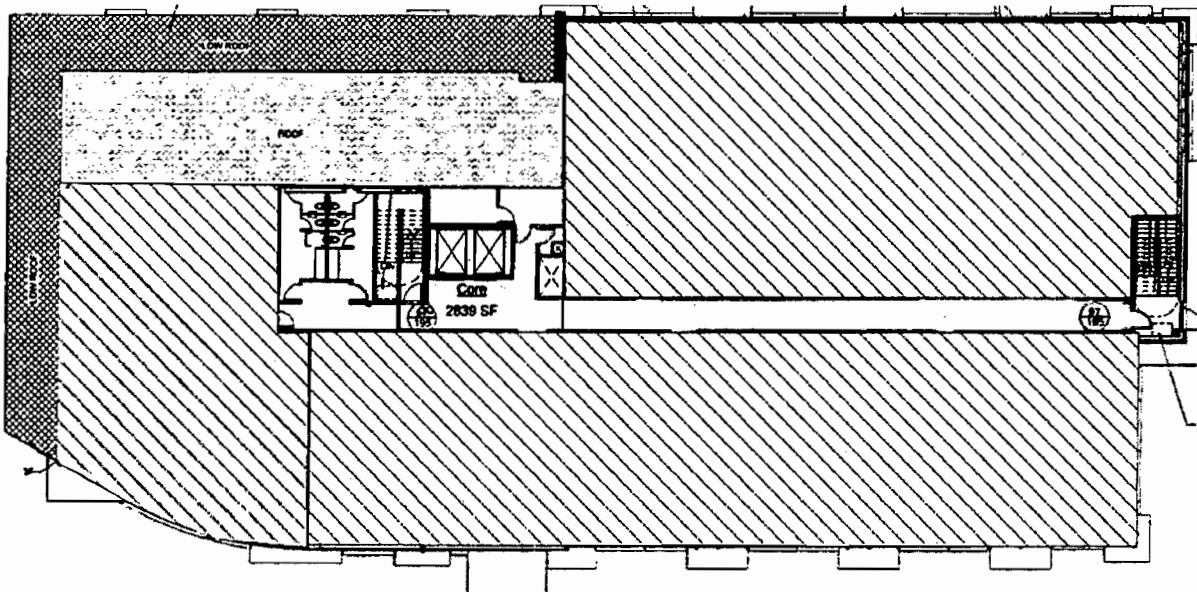
EXHIBIT C

PLAN OF PREMISES

Floor 1



Floor 2



St. Joseph's Hospital
 1515 Main Street
 Highland, IL 62249-1698

DATE
 04/16/13
 SJHC

CHECK NO.
 202355
 6470

DATE	INVOICE/CREDIT MEMO	TYPE	DESCRIPTION	GROSS	DISCOUNT	NET
041613	IHF SRB FEE IHF SRB FEE FOR ALTERATION			100000		100000
THE ATTACHED CHECK IS IN PAYMENT FOR THE ITEMS DESCRIBED ABOVE				TOTAL	100000	100000

TO VERIFY AUTHENTICITY, SEE REVERSE SIDE FOR DESCRIPTION OF THE 11 SECURITY FEATURES



St. Joseph's
 HOSPITAL
 HIGHLAND, ILLINOIS

AN AFFILIATE OF HOSPITAL SISTERS HEALTH SYSTEM

GENERAL FUND

Harris Central N.A.
 Roselle, Illinois

70-1558
 713

CHECK NUMBER

202355

DATE
 04/16/13

AMOUNT
 *****1,000.00

PAY ONE THOUSAND DOLLARS AND NO CENTS

TO THE ORDER OF

ILLINOIS DEPT OF PUBLIC HEALTH
 535 W JEFFERSON ST
 SPRINGFIELD IL 62761-0001

VOID AFTER 6 MONTHS

Peggy A. Sebastian

Authorized Signature

11-106

⑈000202355⑈ ⑆071915580⑆ 04⑈399⑈749⑈1⑈

ACCOUNTS PAYABLE

St. Joseph's Hospital
 1515 Main Street
 Highland, IL 62249-1698

RETURN SERVICES REQUESTED

ILLINOIS DEPT OF PUBLIC HEALTH
 535 W JEFFERSON ST
 SPRINGFIELD IL 62761-0001