

ORIGINAL

15-030

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

JUL 07 2015

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name: Grand Avenue Surgical Center		
Street Address: 17 West Grand Avenue		
City and Zip Code: Chicago, Illinois 60654		
County: Cook	Health Service Area: 6	Health Planning Area: 030

Applicant /Co-Applicant Identification

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

Exact Legal Name: Grand Avenue Surgical Center, LTD	
Address: 17 West Grand Avenue	
Name of Registered Agent: Sarah Jafari	
Name of Chief Executive Officer: Javad N. Jafari	
CEO Address: 17 West Grand Avenue, Chicago, IL 60654	
Telephone Number: 312-222-5610	

Type of Ownership of Applicant/Co-Applicant

☐ Non-profit Corporation	☐ Partnership	
☒ For-profit Corporation	☐ Governmental	
☐ Limited Liability Company	☐ Sole Proprietorship	☐ Other
- o Corporations and limited liability companies must provide an Illinois certificate of good standing. - o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.		

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

Primary Contact

[Person to receive ALL correspondence or inquiries]

Name: Charles Sheets
Title: Attorney
Company Name: Polsinelli PC
Address: 161 North Clark Street, Suite 4200, Chicago Illinois 60601
Telephone Number: 312-873-3605
E-mail Address: csheets@polsinelli.com
Fax Number:

Additional Contact

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

Name: Joe Jafari
Title: Administrator
Company Name: Grand Avenue Surgical Center, Ltd.
Address: 17 West Grand Avenue
Telephone Number: 312-222-5610
E-mail Address: joejafari@grandavenuesurgicalcenter.com
Fax Number:

Facility/Project Identification

Facility Name: Grand Avenue Surgical Center		
Street Address: 17 West Grand Avenue		
City and Zip Code: Chicago, Illinois 60654		
County: Cook	Health Service Area: 6	Health Planning Area: 030

Applicant /Co-Applicant Identification

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

Exact Legal Name: J and S, LLC		
Address: 17 West Grand Avenue		
Name of Registered Agent: Sarah Jafari		
Name of Chief Executive Officer: Javad N. Jafari		
CEO Address: 17 West Grand Avenue, Chicago, IL 60654		
Telephone Number: 312-222-5610		

Type of Ownership of Applicant/Co-Applicant

☐ Non-profit Corporation	☐ Partnership	
☐ For-profit Corporation	☐ Governmental	
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- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
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Additional Contact

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Name: Joe Jafari
Title: Administrator
Company Name: Grand Avenue Surgical Center, Ltd.
Address: 17 West Grand Avenue
Telephone Number: 312-222-5610
E-mail Address: joejafari@grandavenuesurgicalcenter.com
Fax Number:

Post Permit Contact

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

Name: Charles Sheets
Title: Attorney
Company Name: Polsinelli PC
Address: 161 North Clark Street, Suite 4200, Chicago Illinois 60601
Telephone Number: 312-873-3605
E-mail Address: csheets@polsinelli.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: 13-17 W. Grand, LLC
Address of Site Owner: 15 West Grand Avenue, Chicago, IL 60610
Street Address or Legal Description of Site: 17 West Grand Avenue, Chicago, IL 60654
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Grand Avenue Surgical Center, Ltd.	
Address: 17 West Grand Avenue, Chicago, Illinois 60654	
☐ Non-profit Corporation ☒ For-profit Corporation ☐ Limited Liability Company	☐ Partnership ☐ Governmental ☐ Sole Proprietorship
☐ Other	
- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. - Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

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

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

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

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

Part 1110 Classification:

- ☐ Substantive
- ☒ Non-substantive

2. Narrative Description

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

A transfer of ownership of Grand Avenue Surgical Center occurred on April 20, 2015 upon the death of Dr. Nercy Jafari. By operation of law, Dr. Jafari's 52% ownership of Grand Avenue Surgical Center passed to his children, Javad N. Jafari and Sarah Jafari. Javad Jafari and Sarah Jafari each own 50% of the shares of Grand Avenue Surgical Center through a newly formed limited liability company, J and S, LLC.

Project Costs and Sources of Funds NOT APPLICABLE

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			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

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

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

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

Estimated start-up costs and operating deficit cost is \$ _____ 0 _____.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.	
Indicate the stage of the project's architectural drawings:	
☒ None or not applicable	☐ Preliminary
☐ Schematics	☐ Final Working
Anticipated project completion date (refer to Part 1130.140): 10/06/2015	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
☐ Purchase orders, leases or contracts pertaining to the project have been executed.	
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies	
☒ Project obligation will occur after permit issuance.	
APPEND DOCUMENTATION AS <u>ATTACHMENT-8</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

State Agency Submittals

Are the following submittals up to date as applicable:
☐ Cancer Registry
☐ APORS
☐ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

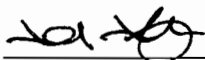
FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:					
		From:	to:		
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	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

CERTIFICATION

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

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

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



SIGNATURE

Javad N. Jafari

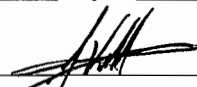
PRINTED NAME

President

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 30 day of June, 2015



Signature of Notary

Seal

OFFICIAL SEAL
JOSE VILLEGAS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 09/03/2017

*Insert EXACT legal name of the applicant

SIGNATURE

Sarah J. Jafari

PRINTED NAME

Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this ____ day of ____

Signature of Notary

Seal

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

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SIGNATURE

SIGNATURE

Javad N. Jafari

Sarah J. Jafari

PRINTED NAME

PRINTED NAME

President

Secretary

PRINTED TITLE

PRINTED TITLE

Notarization:

Subscribed and sworn to before me

this 14th day of 7 2015

Notarization:

Subscribed and sworn to before me

this _____ day of _____

Signature of Notary

Signature of Notary

Seal

Seal
MOSES GANTZ
Notary Public, State of New York
No. 01GA632088
Qualified in Kings County
Commission Expires March 10, 2019

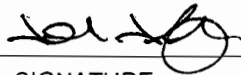
*Insert EXACT legal name of the applicant

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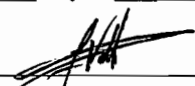
PRINTED NAME

Manager

PRINTED TITLE

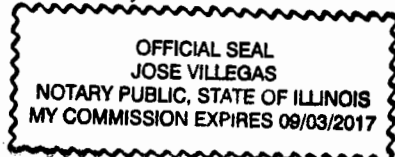
Notarization:

Subscribed and sworn to before me
this 30 day of June 2015



Signature of Notary

Seal



*Insert EXACT legal name of the applicant

SIGNATURE

Sarah J. Jafari

PRINTED NAME

Manager

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this ____ day of ____

Signature of Notary

Seal

CERTIFICATION

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SIGNATURE

SIGNATURE



Javad N. Jafari

Sarah J. Jafari

PRINTED NAME

PRINTED NAME

Manager

Manager

PRINTED TITLE

PRINTED TITLE

Notarization:

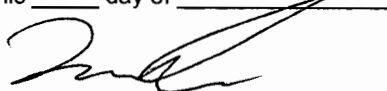
Subscribed and sworn to before me

this 1 day of 7 12 2015

Notarization:

Subscribed and sworn to before me

this ____ day of _____



Signature of Notary

Signature of Notary

Seal

MOSES SPARTZ
Notary Public, State of New York
No. 016432095
Commission Expires March 10, 2018

*Insert EXACT legal name of the applicant

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

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

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

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

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

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

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

SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP

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

NOTE: For all projects involving a change of ownership THE COMPLETE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

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

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

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

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

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

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

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

VIII. - 1120.120 - Availability of Funds - NOT APPLICABLE

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

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

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

IX. **1120.130 - Financial Viability**

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

Financial Viability Waiver

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

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

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

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	2011	2012	2013	2016
Current Ratio	2.4	8.5	13.7	10.1
Net Margin Percentage	28.9%	29.1%	33%	40%
Percent Debt to Total Capitalization	56%	26%	N/A	N/A
Projected Debt Service Coverage	1.50	1.89	20.20	27.86
Days Cash on Hand	6	35	61	38
Cushion Ratio	0.06	0.41	6.61	4.09

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

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

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

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

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

XI. Safety Net Impact Statement

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

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

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

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

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

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

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

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

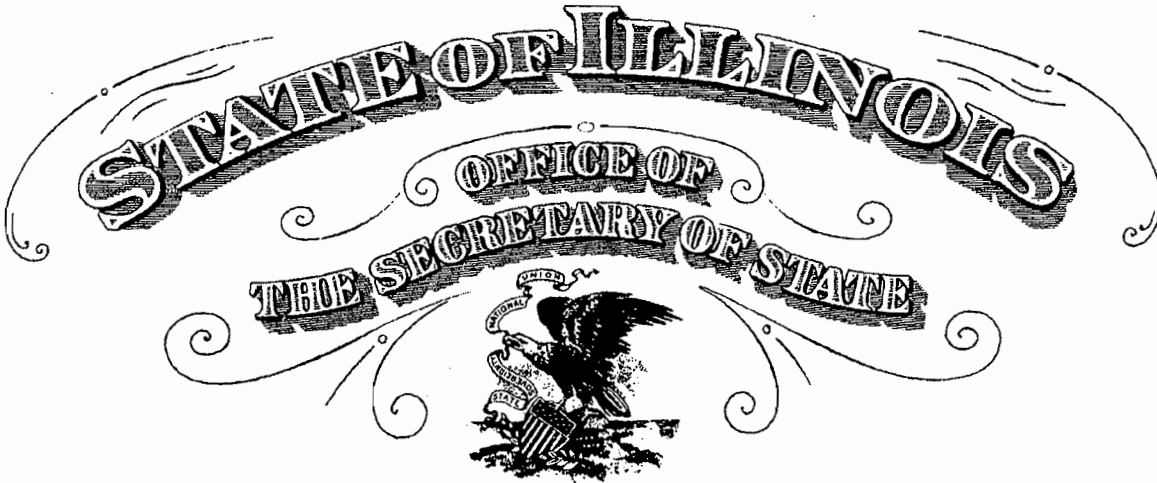
A table in the following format must be provided for all facilities as part of Attachment 44.

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

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

Section I, Identification, General Information, and Certification
Applicants

Certificates of Good Standing for the applicants are attached at Attachment – 1.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

GRAND AVENUE SURGICAL CENTER, LTD., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON FEBRUARY 17, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1501401672

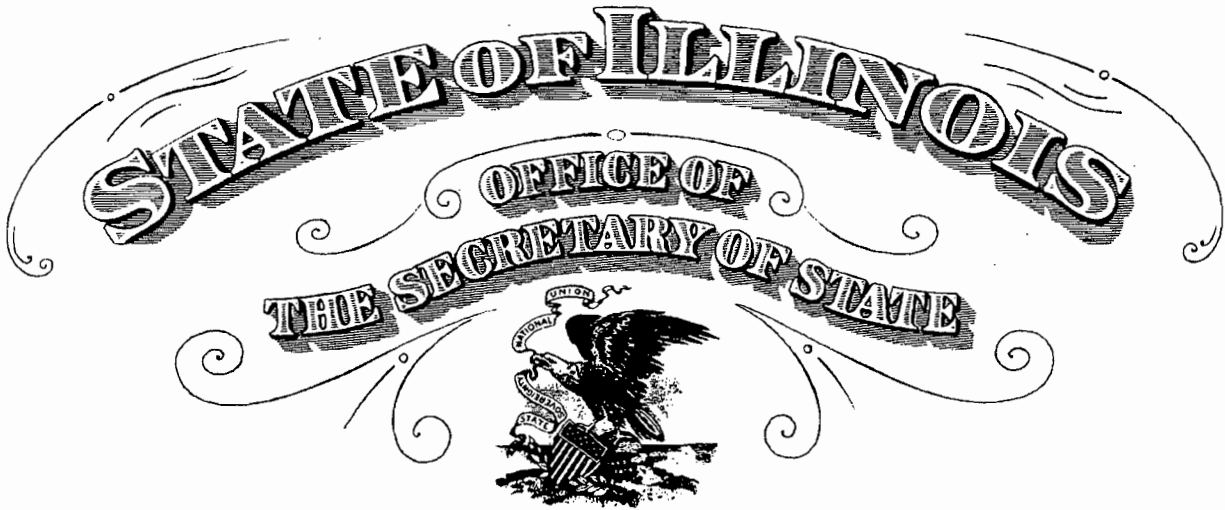
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 14TH day of JANUARY A.D. 2015 .

Jesse White

SECRETARY OF STATE

Attachment - 1



To all to whom these Presents Shall Come, Greeting:

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

J AND S, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON DECEMBER 26, 2014, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 30TH
day of JUNE A.D. 2015

Jesse White

SECRETARY OF STATE

Authentication #: 1518102532 verifiable until 06/30/2016

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

Section I, Identification, General Information, and Certification
Site Ownership

JNR Associates, Inc. leases the premises located at 13-17 West Grand Avenue, Chicago, Illinois 60654 (the "Premises") from the site owner, 13-17 W. Grand, LLC. JNR Associates, Inc. leases a portion of the Premises designated as Lower Level Surgical Center to Grand Avenue Surgical Center, Ltd. Copies of the lease agreement between 13-17 W. Grand, LLC and JNR Associates, Inc. for the Premises and the lease agreement between JNR Associates, Inc. and Grand Avenue Surgical Center, Ltd. for the Lower Level Surgical Center are attached at Attachment – 2A and Attachment – 2B.

AMENDED AND RESTATED LEASE

between

13-17 W. GRAND, LLC

as Landlord

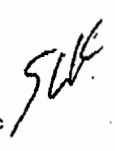
and

JNR ASSOCIATES INC.

as Tenant

13-17 West Grand Avenue
Chicago, Illinois

695902-8

695902_8.doc 

**AMENDMENT AND
RESTATEMENT OF LEASE**

THIS AMENDMENT AND RESTATEMENT OF LEASE is entered into as of the 1st day of September, 2009 but shall be effective as of September 20, 2005 by and between **13-17 W. GRAND, LLC**, an Illinois limited liability company ("**Landlord**") and **JNR ASSOCIATES, INC.**, an Illinois corporation ("**Tenant**").

RECTALS:

- A. Landlord and J.R. Associates, P.C. entered into that certain Lease dated September 20, 2005 with respect to a portion of the building commonly known as 13-17 W. Grand Avenue, Chicago, Illinois (the "2005 Lease").
- B. The 2005 Lease was amended by that certain Amendment of Lease dated June 5, 2006 (the "First Amendment") and that certain Second Amendment of Lease dated May 15, 2006 (the "Second Amendment"; the 2005 Lease as amended by the First Amendment and the Second Amendment being hereinafter collectively referred to as the "Original Lease").
- C. The Original Lease was incorrectly entered into by J.R. Associates, P.C., as tenant.
- D. The parties have agreed to amend and restate the Original Lease in its entirety (the amended and restated Original Lease being hereinafter referred to as the "Lease").

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree that the Original Lease shall be amended and restated in its entirety as follows:

**ARTICLE I
BASIC LEASE TERMS**

SECTION 1.1 BASIC LEASE PROVISIONS AND DEFINITIONS.

This Section contains the basic terms of the Lease agreed to between Landlord and Tenant and referred to elsewhere in this Lease. This Section also contains definitions which, in addition to other terms defined elsewhere in this Lease, shall have the meanings set forth in this Section, unless such meanings are expressly contradicted, limited or expanded elsewhere in this Lease.

- (a) **DATE OF LEASE:** September 20, 2005.
- (b) **LANDLORD:** 13-17 W. Grand, LLC.
- (c) **LANDLORD'S ADDRESS:** 15 West Grand Avenue, Chicago, Illinois 60610.
- (d) **LANDLORD'S AGENT:** Parliament Enterprises, Ltd..
- (e) **LANDLORD'S AGENT'S ADDRESS:** 15 W. Grand Avenue, Chicago, Illinois 60610.
- (f) **TENANT:** JNR Associates, Inc.
- (g) **TENANT'S MAILING ADDRESS:** 17 West Grand Avenue, Chicago, Illinois 60610.
- (h) **TENANT'S TRADE NAME:** Grand Avenue Surgical Center

SLK

(i) **PROPERTY:** The real estate and improvements commonly known as 13-17 West Grand Avenue, Chicago, Illinois.

(j) **BUILDING:** The two (2) story plus basement building located on the Property.

(k) **PREMISES:** The entire basement of the Building and a portion of the first floor of the Building as shown on Exhibit A.

(l) Intentionally Deleted.

(m) **COMMENCEMENT DATE:** May 14, 2008

(n) **INITIAL TERM:** 10 Lease Years (plus the partial Lease Year, if any, prior to the first Lease Year).

(o) **TERMINATION DATE:** May 31, 2018, subject to the Tenant's option to extend.

(p) **FIXED MINIMUM RENT:**

Lease Year	Annual Fixed Minimum Rent	Monthly Fixed Minimum Rent
1	\$42,000.00	\$3,500.00
2	\$42,000.00	\$3,500.00
3	\$91,888.08	\$7,657.74
4	\$93,725.88	\$7,810.49
5	\$95,600.40	\$7,966.70
6	\$97,512.36	\$8,126.03
7	\$99,462.60	\$8,288.55
8	\$101,451.84	\$8,454.32
9	\$103,480.92	\$8,623.41
10	\$105,550.56	\$8,795.88

(q) **SECURITY DEPOSIT:** \$7,000.00

(r) **PERMITTED USE:** Surgical center providing surgery services except for termination of pregnancy, and for no other use or purpose whatsoever.

(s) **BROKERS:**

(i) Landlord's Broker: None

(ii) Tenant's Broker: None

(t) **TENANT'S PROPORTIONATE SHARE:** Forty three (43%) percent.

SECTION 1.2 SIGNIFICANCE OF BASIC LEASE PROVISIONS.

Each reference in this Lease to any of the Basic Lease Provisions contained in Section 1.1 of this Article shall be deemed and construed to incorporate all of the terms provided under each such Basic Lease Provision.

SECTION 1.3 ENUMERATION OF EXHIBITS.

The exhibits and riders in this Section and attached to this Lease are incorporated in this Lease by this reference and are to be construed as a part of this Lease.

SLP

Exhibit "A"	First Floor Premises
Exhibit "B"	Approved Plans
Exhibit "C"	Guaranty of Lease

ARTICLE II PREMISES AND TERM

SECTION 2.1 PREMISES.

Landlord is the owner of a parcel of real estate commonly known as 13-17 W. Grand Avenue, Chicago, Illinois which has been improved with a 2-story building (the "Building"). The first floor of the Building has been leased by Landlord to Parliament Enterprises, Ltd. Landlord hereby leases and demises to Tenant, and Tenant hereby accepts from Landlord, subject to and with the benefit of the terms and provisions of this Lease, the premises located in the basement of the Building together with a portion of the first floor of the Building as outlined in blue on Exhibit "A" attached hereto and incorporated by reference (the "Premises"). Landlord specifically excepts and reserves to itself the use of the exterior portions of the Premises (except such portions of the exterior of the Premises where Tenant shall be allowed to install its sign, as approved by Landlord pursuant to Section 8.3 below), all rights to the land and improvements below the floor level of the Premises and to the air rights above the Premises, and such areas within the Premises required for installation of utility lines and other installations required to service other tenants of the Building; it being agreed that such utility lines and other installations shall not materially interfere with Tenant's general use and occupancy of the Premises without Tenant's specific consent. Landlord further reserves the right from time to time, at its discretion, to (i) make alterations or additions to the Building and (ii) change or modify any ingress or egress, parking, signs or other facilities other than the Premises, provided that there is no material interference with Tenant's access to and use and occupancy of the Premises for the Permitted Use.

SECTION 2.2 LEASE TERM.

The Initial Term shall commence on the Commencement Date set forth in Section 1.1(m) and shall end on the Termination Date set forth in Section 1.1(o), unless sooner terminated or extended as provided herein. The Initial Term as the same may be extended or sooner terminated in hereinafter referred to as the "Lease Term".

ARTICLE III DELIVERY OF PREMISES

SECTION 3.1 DELIVERY TO TENANT.

Tenant acknowledges that possession of the Premises was delivered to Tenant in the condition herein required on March 23, 2006 (the "Delivery Date") and that Tenant's acceptance of possession on such date is conclusive evidence that the Premises were delivered in the condition herein required. Tenant agrees that except as otherwise provided for in this Lease no representations respecting the condition of the Premises and no promises to decorate, alter, repair or improve the Premises has been made by Landlord to Tenant and Tenant has accepted the Premises in its then "AS IS" condition. Tenant further specifically acknowledges that Landlord has made no representations as to the presence of asbestos in the Building and that any asbestos remediation with respect to the Premises shall be performed by Tenant, at Tenant's sole cost and expense.

SECTION 3.2 CONSTRUCTION BY TENANT.

Tenant shall, at its sole cost and expense, diligently pursue and complete any and all work necessary to render the Premises suitable for its Permitted Use on or before the Commencement Date (herein referred to as "Tenant's Work"). All such Tenant's Work shall be performed in a good and workmanlike manner, free of all mechanic lien claims, by contractors approved by Landlord, in accordance with plans and specifications approved by Landlord and in accordance with all other requirements contained in this Lease. No Tenant's Work shall be performed until Tenant has received Landlord's approval, which approval shall not be unreasonably withheld, to its construction plans and specifications and Tenant has received all applicable building permits and other approvals required from the City of

Chicago. Landlord acknowledges that it has approved the plans identified on Exhibit "B" attached hereto and incorporated by reference (the "Approved Plans"). Tenant shall submit to Landlord for Landlord's approval any changes to the Approved Plans, which approval shall not be unreasonably withheld if consistent with preliminary drawings. If Landlord reasonably withholds its approval to any changes, then Landlord shall notify Tenant thereof specifying the reasons therefore within ten (10) days after Landlord's receipt of Tenant's plans and specifications. If Landlord so notifies Tenant, then Tenant shall revise the plans and specifications to take into account Landlord's comments and Tenant shall then resubmit the plans and specifications to Landlord for its approval. Landlord shall respond to Tenant within three (3) business days with its written approval or, if Landlord reasonably does not approve the changes made by Tenant, notifying Tenant with specificity the reasons therefore. This process shall continue until Landlord approves Tenant's changes to the Approved Plans. Upon completion of Tenant's Work, Tenant shall provide to Landlord copies of all contractor's sworn statements and waivers required under applicable Illinois law with respect to the performance of Tenant's Work. Landlord and Tenant acknowledge and agree that Tenant shall be solely responsible for the cost and expense of any and all Tenant's Work. As part of Tenant's Work, Tenant shall relocate Landlord's telephone interface and wiring and computer server and wiring to a location within Landlord's space on the first floor of the Building, all at Tenant's sole cost and expense, which location shall be determined by Landlord.

SECTION 3.3 OBLIGATIONS OF TENANT BEFORE LEASE TERM BEGINS.

Tenant shall observe and perform all of its obligations under this Lease (except its obligation to pay Fixed Minimum Rent), including, but not limited to, payment of all utilities furnished to or used in connection with the Premises, from the date upon which the Premises were delivered to Tenant. Except for Landlord's gross negligence or willful misconduct, Landlord shall have no liability whatsoever for loss or damage to Tenant's Work or to fixtures, equipment or other property of Tenant or Tenant's contractors. With respect to any Tenant's Work, Tenant shall furnish detailed evidence satisfactory to Landlord as to the cost of Tenant's Work, that Tenant's Work has been completed and paid for in full, and that any and all liens therefor that have been, or may be filed, have been released or satisfied of record.

ARTICLE IV RENT AND METHOD OF RENT PAYMENT

SECTION 4.1 RENT.

Tenant agrees to pay rent without notice, demand, setoff or deduction of any kind to Landlord's Agent at the address set forth in Subsection 1.1(e) hereof, or to such other person or at such other place as Landlord or Landlord's Agent may direct by notice in writing to Tenant, from time to time, at the following rates and times:

(a) **Fixed Minimum Rent.** Fixed Minimum Rent, payable in advance in successive monthly installments on the first day of each calendar month commencing on the Commencement Date of this Lease and continuing thereafter through the Lease Term. If the Lease Term begins or ends on other than the first or last day of a calendar month, the monthly Fixed Minimum Rent for the partial month shall be prorated on a daily basis, based on a thirty (30) day month; and

(b) **Additional Rent.** Such other charges as are herein set forth including, but not limited to, such charges designated as additional rent, shall be paid as provided for in this Lease.

SECTION 4.2 LEASE YEAR.

The term "Lease Year" means a period of twelve (12) consecutive calendar months. The first Lease Year shall begin on the Commencement Date if the Commencement Date shall occur on the first day of the calendar month; if not, then the first Lease Year shall commence on the first day of the calendar month next following the Commencement Date. Each succeeding Lease Year shall commence upon the anniversary date of the first Lease Year. The phrase "Lease Term" or "Term of this or the Lease" as used herein shall include all full Lease Years and any partial month at the commencement of the Lease Term. Any portion of the Lease Term ending prior to the expiration of a full Lease Year shall be deemed a "Partial Lease Year".

SECTION 4.3 ADDITIONAL RENT.

Commencing on the Commencement Date of this Lease, Tenant shall pay as additional rent the amounts to be paid pursuant to Sections 5.2, 6.2, 6.4, 7.2 and 7.4 and all other sums of money or charges to be paid by Tenant under this Lease, whether or not such sums are specifically designated as "additional rent". Fixed Minimum Rent, additional rent and all other amounts required to be paid by Tenant under this Lease are sometimes herein collectively referred to as "Rent".

SECTION 4.4 INTEREST AND LATE CHARGES.

If Tenant fails to pay within ten (10) days after its due date any Rent or other sums due under this Lease, the unpaid amount shall bear interest at the rate of three (3%) percent above the prime rate of interest as announced by Citibank, F.S.B. (Chicago, Illinois) from the date that any payment is due (said interest rate being sometimes herein referred to as the "Lease Interest Rate") until paid. In addition, Tenant shall pay to Landlord as additional rent a "late charge" equal to ten (10%) percent of the amount due if any payment of Rent is paid more than ten (10) days after its due date to compensate Landlord for its administrative and other overhead expenses, such late charge to be in addition to interest due on such late payment as hereinbefore provided. Acceptance of the late charge shall not constitute a waiver of Tenant's default with respect to such non-payment by Tenant or prevent Landlord from exercising any other rights and remedies available to Landlord under this Lease unless the past due Rent or other sums have been paid.

**ARTICLE V
REAL ESTATE TAXES****SECTION 5.1 TAXES AND ASSESSMENTS.**

"Taxes" shall mean all real estate taxes, assessments, including special taxes and special assessments, extraordinary as well as ordinary, foreseen or unforeseen, any license fee, business tax, rental or lease tax, excise tax, gross receipts tax, so-called value added taxes or levy or charge of any kind whatsoever assessed or imposed against the Property during the Lease Term by any governmental entity of any kind whatsoever having the direct or indirect power to tax the Property or any interest of Landlord in the Property or the right to rent or other income therefrom or the business of leasing within the Property. Taxes shall not include any income or franchise taxes or any transfer, estate, inheritance, gift or succession tax or any interest or penalties on Taxes not paid by Landlord when due. Taxes shall also include any reasonable cost or expense, expended by Landlord, with respect to any efforts on the part of Landlord or Landlord's representatives to minimize, reduce, protest, negotiate, or adjust any real estate tax bill, tax assessment, or assessed valuation with respect to the Property including the cost of appraisals, witness fees, and attorney's fees in the computation of Taxes hereunder, which cost or expense shall not exceed in the aggregate more than fifty (50%) percent of the savings realized. If at any time during the Lease Term the methods of taxation prevailing at the commencement of the Lease Term shall be changed or altered so that in lieu of, in addition to, or as a substitute for the whole or any part of the taxes now levied, assessed or imposed on real estate as such, there shall be levied, assessed or imposed (i) a tax on the rents received from such real estate and/or (ii) a license fee measured by the rents receivable by Landlord from the Property or any portion thereof, and/or (iii) a tax or license fee imposed upon Landlord which is otherwise measured by or based in whole or in part upon the Property or any portion thereof, then the same shall be included in the computation of Taxes hereunder.

SECTION 5.2 PAYMENT OF TAXES.

Tenant shall pay to Landlord, as additional rent, Tenant's Proportionate Share (as set forth in Section 1.1(t)) of the amount of Taxes (the "Tax Payment") payable during the Lease Term as follows: commencing on the Commencement Date, Tenant will pay to Landlord, an amount equal to one-twelfth (1/12th) of the Landlord's estimate of the Tax Payment payable by Tenant during the calendar year 2008 for Taxes payable in the calendar year 2008, which amount shall be paid on the first day of each calendar month for the remainder of the Lease Term. Said payment may increase or decrease from time to time based on Landlord's reasonable estimate of Taxes. Landlord shall pay all Taxes when due. Within thirty (30) days prior to the actual payment of the tax bills, Landlord shall notify Tenant of the actual amount due from Tenant and provide Tenant with a copy of the real estate tax bill. Any amount paid by Tenant which

exceeds the aforesaid amount due shall be credited against the next succeeding payments due pursuant to this Section 5.2. Tenant has paid less than the amount due, Tenant shall pay the difference within ten (10) days of receipt of notice and a copy of the tax bill from Landlord. Taxes for the first calendar year in which the Term falls and the last calendar year in which the Term falls (if the Lease Term ends on a date other than December 31) shall be prorated based upon the number of days in the Term falling within the calendar year in question. The covenants of Tenant set forth in this Section 5.2 shall survive the expiration or other termination of this Lease.

ARTICLE VI INSURANCE AND INDEMNITY

SECTION 6.1 LANDLORD'S INSURANCE.

Landlord agrees to maintain insurance for the Property including, without limitation, liability, property damage, fire, extended coverage, malicious mischief, vandalism, sprinkler leakage, rent loss, wind storm, worker's compensation, employer's liability, contractual liability insurance and such other casualty and public liability insurance in such form, amounts and companies as required under Landlord's mortgage from time to time, or if none, as Landlord shall carry (the "Property Insurance"). Tenant hereby waives any rights in said policies maintained by Landlord and agrees that Tenant shall not be entitled to be named an insured thereunder.

SECTION 6.2 PAYMENT OF PROPERTY INSURANCE.

Tenant shall pay to Landlord within ten (10) days of demand, as additional rent, Tenant's Proportionate Share (as set forth in Subsection 1.1(b)) of the amounts payable by Landlord for Landlord's Property Insurance during any calendar year of the Lease Term (the "Insurance Payment"). In the event the Property Insurance provided by Landlord contains a deductible or self-insurance retention program, the reasonable amounts of any loss paid in connection with such self-insurance retention or deductible shall be deemed a part of the cost of the Property Insurance charges. Landlord's obligation to carry insurance as provided for in this Article VI may be satisfied by a blanket policy covering the Property and other properties owned by Landlord or its affiliates and in such event, the statement of the insurer shall be conclusive as to the portion of the insurance premium attributable to the Property. The covenants of Tenant set forth in this Section 6.2 shall survive the expiration or other termination of this Lease.

SECTION 6.3 INDEMNITY.

(a) Tenant's Indemnity. Tenant shall indemnify and hold Landlord, Landlord's mortgagee and Landlord's beneficiaries and their respective agents and employees (collectively "Landlord Indemnitees") harmless from and against any and all third party claims asserted against the Landlord Indemnitees arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work or other things done, permitted or suffered by the Tenant in or about the Premises, and shall further indemnify and hold harmless the Landlord Indemnitees against and from any and all claims arising from any breach or default in the performance of any obligations on Tenant's part to be performed under the terms of this Lease, arising from any act or negligence of Tenant, or any officer, agent, employee, guest or invitee of Tenant, and from all costs, attorney's fees and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. In case any action or proceeding be brought against the Landlord Indemnitees by reason of such claim, Tenant, upon notice from the Landlord Indemnitees, shall defend the same at Tenant's expense by counsel reasonably satisfactory to the Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause other than Landlord's gross negligence or wilful misconduct. The covenants in this Section 6.3(a) shall survive the expiration or earlier termination of this Lease.

(b) Landlord's Indemnity. Landlord shall indemnify and hold harmless Tenant, its officers, directors, members, agents and employees (collectively "Tenant Indemnitees") from and against any and all third party claims against the Tenant Indemnitees arising from Landlord's use of the real estate including the Building, other than the Premises, or from any activity, work, or other things done, permitted or suffered by the Landlord in or about the real estate, and shall further indemnify and hold harmless the Tenant Indemnitees against and from any and all third party claims arising against the Tenant Indemnitees from any breach or default in the performance of any obligations on Landlord's part to be performed under the terms of this Lease, arising from any act or negligence of Landlord or its

principal, or any officer, agent, employee or contractor of either, and from all costs, attorney's fees and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. In case any action or proceeding be brought against the Tenant Indemnitees by reason of such claim, Landlord, upon notice from Tenant, shall defend the same at Landlord's expense by counsel reasonably satisfactory to Tenant. The covenants in this Section 6.3(b) shall survive the expiration or earlier termination of this Lease.

SECTION 6.4 TENANT'S PUBLIC LIABILITY AND CASUALTY INSURANCE.

(a) Public Liability Insurance. Tenant agrees that at all times during the Lease Term or at such prior time as Tenant occupies or is in possession of the Premises, at its sole cost and expense, Tenant will carry and maintain, for the benefit of Landlord, Landlord's agents and Tenant, a Commercial General Liability Policy (and Umbrella Liability Policy, if necessary) with a Two Million and No/100 (\$2,000,000.00) Dollar limit of liability per occurrence (combined single limit) for bodily injury, personal injury, property damage and listing the Landlord as an additional named insured. Coverages provided under said policy (or policies) shall include all of the standard coverages provided under the commercial general liability ISO form (or any such comparable form), including but not limited to products/completed operations, blanket contractual liability and broad form property damage coverage. In the event the Premises are owned by a trust, Tenant shall maintain all insurance required pursuant to this Lease in the name of said trust, as well as the agents and beneficiaries thereof, as their respective interests may appear. At Landlord's request, Tenant shall cause any lender of Landlord secured in whole or in part to be an additional named insured under any policy of insurance required to be maintained by Tenant under this Lease. Landlord shall have the right to direct Tenant to reasonably increase said amounts whenever it reasonably considers them inadequate. Tenant shall also maintain insurance covering Tenant's contractual liability under the hold harmless provisions set forth in Section 6.3 hereof. The limits of insurance as set forth herein shall not limit the liability of Tenant under this Lease.

(b) Casualty and Additional Insurance. Tenant shall carry coverage against loss or damage by boilers, compressors and machinery, if any, on a full replacement cost basis (no deduction for depreciation) covering all plate glass on the Premises; an All Risk fire insurance policy with extended coverage endorsement including, but not limited to, vandalism and malicious mischief covering all of the improvements, structures, stock in trade, fixtures, furnishing, furniture, equipment, personal property, and contents on the Premises, business interruption insurance in an amount not less than the applicable annual Rent obligations under this Lease, workmen's compensation insurance and products liability insurance, if applicable.

(c) Form of Insurance. All insurance required to be carried hereunder shall be carried with responsible companies authorized to do business in the State of Illinois reasonably acceptable to Landlord and shall provide that such insurance will not be subject to cancellation, termination or change except after at least thirty (30) days prior written notice to Landlord. Copies of policies or certificates thereof (which shall evidence the insurer's waiver of subrogation) with loss payable clauses satisfactory to Landlord together with satisfactory evidence of the payment of the premium, shall be deposited with Landlord prior to Tenant's possession or occupancy of the Premises, whichever shall first occur, and upon renewals of such policies, not less than thirty (30) days prior to expiration of the term of such coverage. If Tenant fails to comply with such requirements, Landlord may upon notice to Tenant obtain such insurance and keep the same in effect, and Tenant shall pay Landlord the premium cost thereof upon demand plus interest at the Lease Interest Rate from the date of payment by Landlord until repaid by Tenant. Each such payment shall constitute additional rent payable by Tenant under this Lease, and Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of insurance premium or premiums not paid or incurred by Tenant and which would have been payable upon such insurance, but Landlord, in addition to any and all other rights and remedies provided Landlord under the terms of this Lease, shall also be entitled to recover as damages for such breach the uninsured amounts of any loss, to the extent of any deficiency in the insurance required by the provisions of this Lease. Each policy evidencing the insurance to be carried by Tenant under this Lease shall be written as a primary policy not contributing with and not in excess of any coverage carried by Landlord.

SECTION 6.5 WAIVER OF SUBROGATION.

Whenever (a) any loss, cost, damage or expense resulting from fire, explosion, or any other casualty or occurrence is incurred by either of the parties to this Lease in connection with the Premises and (b) such party is then

508

covered or is required by this Lease to be covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage, or expense but only to the extent of any amount recovered or recoverable by reason of such insurance and each party waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release of liability and waiver of the right of subrogation shall not be operative in any case where the effect thereof is to invalidate such insurance coverage or increase the cost thereof.

SECTION 6.6 WAIVER OF LIABILITY.

Tenant agrees that neither Landlord, Landlord's mortgagees, Landlord's beneficiaries (if applicable) and their respective partners, officers, agents and employees shall be liable for, and to the extent permissible by state law, Tenant waives all claims for damage to person or property sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises, the Building or the Property including, but not limited to, claims for damage resulting from: (a) any equipment or appurtenances becoming out of repair; (b) Landlord's failure to keep the Property, the Building or the Premises in repair; (c) injury done or occasioned by wind, water or other natural elements; (d) any defect in or failure of plumbing, heating or air conditioning equipment, electric wiring or installation thereof, gas, water, and steam pipes, stairs, railings, elevators, escalators or walks; (e) broken glass; (f) the backing up of any sewer pipe or downspout; (g) the discharge from any automatic sprinkler system; (h) the bursting, leaking or running of any tank, tub washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Building; (i) the escape of steam or hot water; (j) water, snow or ice being upon or coming through the Building or otherwise; (k) the falling of any fixture, plaster or stucco; (l) any act, omission or negligence of any other tenant, licensee or invitee or of any other persons or of other occupants of the Building or of adjoining or contiguous buildings or of owners of adjacent or contiguous property; and (m) any interruption of utility or heat or air conditioning services; provided, however, that Landlord shall use commercially reasonable efforts to restore such services as soon as possible.

ARTICLE VII UTILITY SERVICES

SECTION 7.1 SERVICES.

The Landlord shall furnish to Tenant cold water in common with other tenants for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, or by Tenant with Landlord's prior written consent. Tenant shall not waste or permit the waste of water. Landlord shall permit 24 hours a day access to the Premises every day during the Term.

SECTION 7.2 UTILITIES.

Tenant agrees that throughout the Lease Term or for such period prior to the Lease Term that Tenant has the right of possession of the Premises, it will provide and when due, pay at Tenant's sole cost and expense, all utility charges consumed or used in connection with the Premises, including, but not limited to, electric and telephone, including all deposits, meter fees, installation, hook-up and connection fees and including all utility charges used in the operation of Tenant's air conditioning system and Tenant's exterior signs. Tenant shall duly and promptly pay to the supplier thereof all bills for utilities consumed in the Premises measured by a separate meter for the Premises, to be installed by Tenant at Tenant's sole cost and expense. Tenant agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities and that if any equipment installed by Tenant shall require additional utility facilities, the same shall be installed at Tenant's sole cost and expense in accordance with all laws, regulations and ordinances and in accordance with plans and specifications to be approved in advance by Landlord in writing. Landlord shall not be liable to Tenant for damages or otherwise if any one or more of said services is interrupted or terminated because of necessary repairs, installations, improvements or any cause beyond the control of Landlord. Landlord shall provide Tenant with reasonable advance notice if Landlord intends to interrupt any of said services and Landlord shall use its commercially reasonable efforts to restore such services as soon as possible.

SECTION 7.3 HEATING AND COOLING.

Tenant, at its own cost and expense, shall (a) heat and air condition the Premises to meet its requirements; (b) keep the heat and air conditioning systems in good order, repair and condition; and (c) replace any unit in the system or any parts which may require replacement with a unit or parts of equal or superior quality to those now in use in the systems.

SECTION 7.4 LANDLORD'S EXCESS ELECTRICAL COSTS.

Notwithstanding anything to the contrary contained in Section 7.1 and 7.2 above, Tenant acknowledges that it has installed in the Premises an all electric heating and air conditioning system to service the Premises. As a result thereof, the electrical consumption for the Premises will exceed the normal electrical consumption that would otherwise be used by Tenant if it were relying on gas heating and air conditioning. The parties further acknowledge that in lieu of installing a separate electric meter or submeter with respect to the Premises, Tenant agrees to pay Landlord during the Term of this Lease an amount equal to Landlord's Excess Electrical Costs (as hereinafter defined). For purposes of this Section 7.4, "Landlord's Excess Electrical Costs" shall be the amount by which the monthly billing from Commonwealth Edison (or any successor or alternative service provider) for the Building for the applicable billing cycle exceeds the Base Monthly Amount (as hereinafter defined). For the period commencing on the Commencement Date and ending upon the expiration of the first Lease Year the base monthly amount (the "Base Monthly Amount") shall be \$1,250.00. By way of example, if Landlord's billing cycle is the period from the 6th day of the month to the 5th day of the following month and Landlord receives a bill for the period of July 6 through August 5, 2008 in the amount of \$2,000.00, Tenant shall pay Landlord the sum of \$750.00 for such period (\$2,000.00 minus the Base Monthly Amount of \$1,250.00). For the 2nd Lease Year and each Lease Year thereafter the Base Monthly Amount shall be increased by the percentage increase in the Consumer Price Index (as hereinafter defined) between the month of June and the next succeeding June. By way of example, if the Consumer Price Index for June, 2008 is 214 and the Consumer Price Index for June, 2009 is 227, the Base Monthly Amount for the 2nd Lease Year would be \$1,325.00 ($227/214 \times \$1,250.00$). Otherwise, if the Consumer Price Index for June, 2010 is 238 the Base Monthly Amount for the 3rd Lease Year would be \$1,391.25 ($238/227 \times \$1,325.00$). Landlord shall, on a monthly basis, remit to Tenant an invoice reflecting Landlord's Excess Electrical Costs for the applicable billing cycle together with a copy of the billing to Landlord and Landlord's calculation of Landlord's Excess Electrical Costs. Within ten (10) days after receipt of Landlord's billing Tenant shall pay Landlord, as additional rent, the amount of Landlord's Excess Electrical Costs. The term "Consumer Price Index" when used herein means the Consumer Price Index - Chicago - Gary - Kenosha - for all Urban Consumers (CPI-U) All Items (1982-1984 = 100), of the United States Bureau of Labor Statistics. If the Consumer Price Index shall be substantially revised (including but not limited to a change from using the 1982-1984 averages as the Base Index of 100) or become unavailable to the public, Landlord will substitute therefor, a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by any other governmental agency or, if no such index shall be available, then a comparable index published by a major bank or other financial institution or by a university or a recognized financial publication. Notwithstanding the foregoing Landlord agrees that Tenant's obligation to pay Landlord's Excess Electrical Costs as provided for herein shall be abated for the period commencing on the Commencement Date through October 31, 2008 and Tenant's obligation to pay Landlord's Excess Electrical Costs shall commence with the November electrical billing, notwithstanding that said billing may cover charges prior to October 31, 2008.

**ARTICLE VIII
REPAIRS AND ALTERATIONS**

SECTION 8.1 REPAIRS BY LANDLORD.

Landlord covenants at its expense to keep the foundations, the structural portion of the concrete floor and the exterior walls (excluding glass, plate glass, doors, door closure devices, window and door frames, molding, locks and hardware and painting or other treatment of interior surfaces of exterior walls) and the plumbing systems located outside of the Premises in good order, repair and condition, unless any necessary work is required because of damage caused by any negligent act or omission of Tenant, or any of its employees, agents, invitees, licensees or contractors. Landlord shall not be required to complete any such repair until a reasonable time after written notice from Tenant that the same is necessary or Landlord becomes aware of the need for such repair. Unless otherwise specifically provided for in this

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Lease, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs in or to any portion of the Premises or the Building provided, however, that Landlord shall use its commercially reasonable efforts to minimize interference with Tenant's operations. The provisions of this Section 8.1 shall not apply in the case of damage or destruction by fire or other casualty or a taking under the power of eminent domain, in which events the obligations of Landlord shall be controlled by Articles XIII and XIV. Except as provided in this Section 8.1, Landlord shall not be obligated to make repairs, replacements or improvements of any kind upon the Premises, or any equipment, facilities or fixtures contained therein, which shall be the responsibility of Tenant.

SECTION 8.2 ENTRY TO PREMISES.

Tenant agrees that Landlord, its agents and employees or any person authorized by Landlord may enter the Premises as reasonably necessary during normal business hours (except that such entry shall be permitted at any time when an emergency situation is deemed to exist which warrants entry) to inspect the condition of the Premises and to make such repairs to the Premises or the Building as Landlord may be required to make. Such entry, inspection and repairs, additions, improvements, changes or alterations shall not constitute eviction of Tenant in whole or in part and the Rent reserved shall in no way abate while such work is being done by reason of loss or interruption of Tenant's business or otherwise. If Tenant or Tenant's employees shall not be present to permit entry into the Premises, when entry therein shall be necessary, Landlord shall have the right to gain access to the Premises in any manner it may choose without liability therefor and without in any manner affecting the obligations, covenants, terms or conditions of this Lease. Landlord shall give reasonable advance notice of such entry (except in the case of an emergency) and shall use its commercially reasonable efforts to minimize interference with Tenant's operations.

SECTION 8.3 MAINTENANCE OF PREMISES.

Except as provided for in Section 7.3 or Section 8.1, Tenant shall, at Tenant's sole cost and expense, keep the entire Premises (including the non-structural elements of the stairway) in good repair, maintaining the Premises at all times in a first class manner, including, but not limited to, the fire protection system, pipes, plumbing, conduit, all glass, electric wiring, air conditioning equipment, boilers, motors, engines, tanks, machinery, equipment, fixtures, appliances, furniture, floor coverings, displays, walls, wall coverings, ceilings, decor, partitions, doors (including the door to the stairway located on the first floor), locks, entrance-ways, bathrooms, and appurtenances belonging thereto installed for the use or used in connection with the Premises and Tenant shall, at Tenant's sole cost and expense, by contractors or mechanics approved by Landlord, make as and when needed all repairs in or about the Premises and in and to all such equipment, fixtures, appliances and appurtenances necessary to keep the same in good order and condition. All repairs made by Tenant shall be of new first class material and workmanship or at least equal to the original work. It is understood and agreed that the Landlord shall be under no obligation to make any repairs, alterations, renewals, replacements or improvements to and upon the Premises or the mechanical equipment exclusively serving the Premises at any time except as in this Lease expressly otherwise provided. Tenant further agrees, at Tenant's sole cost and expense, to maintain and keep in good condition and repair the Tenant courtyard area, as identified on Exhibit A.

SECTION 8.4 TENANT'S FAILURE TO MAINTAIN.

In the event Tenant fails, refuses or neglects to maintain or make repairs to the Premises in accordance with the terms and provisions of this Lease the same shall constitute a material breach of this Lease, and Landlord shall have the right, at its option and without prejudice to any remedies it may have hereunder or otherwise, by ten (10) days written notice to Tenant to enter the Premises and perform such maintenance or repairs without liability to Tenant for any loss or damage that may accrue to Tenant's merchandise, fixtures or property or to Tenant's business by reason thereof. Any amount so expended by Landlord shall be paid by Tenant promptly on demand, as additional rent, with interest at the Lease Interest Rate from the date of such work. If entry to the Premises becomes necessary as provided herein, Landlord shall use its best efforts to minimize interference with Tenant's operations.

SECTION 8.5 ALTERATIONS AND ADDITIONS.

(a) Alterations and Additions. Tenant shall not, without Landlord's prior written consent, make, or permit to be made any alterations, additions or improvements to the Premises in an amount in excess of Fifty Thousand and

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No/100 Dollars (\$50,000.00). Before commencing any alterations, additions, improvements or other work or construction in or to the Premises in excess of Fifty Thousand and No/100 Dollars (\$50,000.00), Tenant shall provide Landlord with copies of the plans for such work and construction contracts which Tenant proposes to enter into with respect to such work, all of which shall first be approved by Landlord, which approval shall not be unreasonably withheld. Tenant shall not commence any such work until Landlord has been provided with insurance certificates evidencing that the contractors and subcontractors performing such work have in full force and effect adequate workmen's compensation insurance as required by the laws of the State of Illinois and with public liability and builder's risk insurance in such amounts and with such companies as are reasonably satisfactory to Landlord. Prior to commencing any work in or to the Premises, Landlord may also require Tenant to provide evidence that Tenant has received all applicable building permits and approvals from the City of Chicago.

(b) Tenant's Construction. All work performed in the Premises shall be performed in a good and workmanlike manner, employing materials of good quality and in compliance with all governmental requirements. Tenant shall indemnify, defend and save Landlord and Landlord's beneficiaries and their respective agents harmless from all liability, injury, loss, cost, damage and expense (including reasonable attorney's fees and expenses) with respect to any injury to, or death of, any person, or damage to, or loss or destruction of, any property occasioned by or growing out of any such work. Landlord shall have no liability whatsoever for loss or damage to any such work performed by Tenant or to fixtures, equipment or other property of Tenant or Tenant's contractors and the interest of the Landlord in and to the Premises, the Building and the Property shall not be subject to liens for improvements made in or to the Premises by Tenant or by Tenant's employees, contractors or agents.

ARTICLE IX TENANT'S OPERATING COVENANTS

SECTION 9.1 AFFIRMATIVE COVENANTS.

Tenant covenants, at its expense, at all times during the Lease Term and such further time as Tenant occupies the Premises or any part thereof as follows:

(a) Permitted Use/Operation. Tenant shall use the Premises only for the Permitted Use and to continuously during the Term conduct its business at all times in a high grade and reputable manner. Notwithstanding anything to the contrary contained in this Lease, Landlord agrees that Tenant shall have the right to change its trade name from the name set forth in Section 1.1(h) above without Landlord's consent; provided, however, Tenant agrees to notify Landlord in the event of any such change in trade name.

(b) Licenses and Permits. Tenant shall apply for, secure, maintain and comply with all licenses or permits which may be required for the conduct by Tenant of the business herein permitted to be conducted in the Premises and to pay, if, as and when due, all license and permit fees and charges of a similar nature in connection therewith.

(c) Refuse. Tenant shall keep all drains inside the Premises clean and receive and deliver goods and merchandise only at such times and in such areas as may be designated by Landlord. Tenant shall store all trash and garbage in a trash container which Tenant shall install and keep in repair at its sole expense and attend to the daily disposal thereof. Tenant shall not burn any trash or garbage at any time in or about the Property. Landlord agrees that Tenant shall have the right to dispose of its non-medical trash in Landlord's dumpster and Tenant shall pay Landlord Tenant's Proportionate Share of the cost of such dumpster within ten (10) days after being billed therefor.

(d) Extermination. Tenant shall, at Tenant's expense, cause the Premises to be exterminated from time to time to the reasonable satisfaction of Landlord employing such exterminators and such exterminating company or companies as shall be approved by Landlord.

(e) Notice of Casualty. Tenant shall give Landlord prompt written notice of any accident, casualty, damage or other similar occurrence in or to the Premises or any part of the Property of which Tenant has knowledge.

(f) Compliance with Rules and Regulations. Tenant shall promptly comply with: (i) all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state, municipal and local governmental, departments, commissions, boards and officers; (ii) all orders, rules and regulations of the National Board of Fire Underwriters, Illinois Inspection and Rating Bureau, the local Board of Fire Underwriters, or any other body or bodies exercising similar functions, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to Tenant's use and occupancy of the Premises or any improvements made by Tenant; and (iii) all insurance policies and the recommendations of all insurance inspections and insurance carriers with respect thereto at any time in force with respect to the Premises, the Building, the Property or any part thereof.

(g) Labor Relations. Tenant shall conduct its labor relations and its relations with its employees and agents in such a manner as to avoid all strikes, picketing and boycotts of, on or about the Property. Tenant further agrees that if any of its employees or agents strike, or if picket lines or boycotts or other visible activities objectionable to Landlord, are established or conducted or carried out against Tenant or its employees or agents, or any of them, on or about the Property, Tenant shall as quickly as reasonably possible settle any dispute giving rise to such visible activities which are objectionable to Landlord.

SECTION 9.2 NEGATIVE COVENANTS.

Tenant covenants at all times during the Lease Term and such further time as Tenant occupies the Premises or any part thereof that Tenant shall not injure, overload, deface or otherwise harm the Premises or commit any nuisance or unreasonably annoy any occupant of the first or second floor of the Building or use the Premises for any hazardous purpose or in any manner that will suspend, void or make inoperative any policy or policies of insurance at any time carried on the Property or in any manner which will increase the cost of any of the Property Insurance. Tenant shall not (i) sell, display, distribute or give away any alcoholic liquors or beverages, except for such display or distribution during occasional parties and celebrations; provided, however, that Tenant shall first provide Landlord with evidence of Dram Shop insurance which names the Landlord as an additional insured and loss payee and Tenant further agrees to hold Landlord harmless from and against any and all liability, loss damage, cost and expense which the Landlord may or shall incur under or in connection with such display or distribution during occasional parties and celebrations; or (ii) sell, distribute or give away any product which is improper, offensive or contrary to any law or ordinance or any regulation of any governmental authority or use any advertising medium such as hand bills, flashing lights, searchlights, loud speakers, phonographs, sound amplifiers or radio or television receiving equipment in a manner to be seen or heard outside the Premises. If Tenant does any act or uses the Premises in such a manner as will increase the cost of the Property Insurance, then, without prejudice to any other remedy of Landlord for such breach, Landlord shall have the right to require Tenant to pay as additional rent hereunder the amount by which Landlord's insurance premiums are increased as a result of such use, which payment shall be in addition to the payment of Tenant's Proportionate Share of the amount paid by Landlord for insurance as provided in Article VI hereof.

SECTION 9.3 SIGNS.

Tenant shall have the right to (i) affix a sign to the exterior of the Premises or the Building and (ii) install a sign in the Tenant courtyard area, which signs shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld. In addition, all such signs shall comply with the requirements of all applicable governmental agencies.

SECTION 9.4 PAYMENT FOR VIOLATIONS.

Tenant shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of or be imposed because of the failure of Tenant to comply with the provisions of this Article IX, and in any event Tenant agrees to indemnify and hold harmless the Landlord, Landlord's mortgagee, beneficiaries and their respective agents and employees, against all liability, damages, costs and expenses including reasonable attorneys' fees arising therefrom. Tenant shall promptly give notice to Landlord of any notice of violation received by Tenant.

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ARTICLE X LIENS

SECTION 10.1. LIEN CLAIMS.

Tenant agrees that it shall not permit any mechanics', laborers' or materialmen's liens to be filed against the Premises or the Property or any interest therein by reason of any work, labor, services performed at, or materials furnished to, or claimed to have been performed at, or furnished to, the Premises, by, or at the direction or sufferance of, Tenant, or anyone holding the Premises through or under the Tenant; provided, however, that if any such lien shall, at any time, be filed or claimed, Tenant shall have the right to contest, in good faith and with reasonable diligence, any and all such liens, provided security satisfactory to Landlord is deposited with Landlord to insure payment thereof and to prevent any sale, foreclosure or forfeiture of the Premises, or the Property by reason of nonpayment thereof. On final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with all proper costs and charges, and shall have the lien released of record and any judgment satisfied. If Tenant shall fail to contest the same with due diligence (having first secured Landlord's approval as herein provided) or shall fail to cause such lien to be discharged within thirty (30) days after being notified of the filing thereof and in any case, before judgment of sale, foreclosure or forfeiture thereunder, then, in addition to any other right or remedy of Landlord, Landlord may, at its option, discharge the same by paying the amount claimed to be due or by bonding or other proceeding deemed appropriate by Landlord, and the amount so paid by Landlord and/or all costs and expenses, including reasonable attorneys' fees, expenses and court costs, incurred by Landlord in procuring the discharge of such lien or judgment shall be deemed to be additional rent and, together with interest thereon at the Lease Interest Rate shall be due and payable by Tenant to Landlord on the first day of the next following month. Nothing in this Lease contained shall be construed as a consent on the part of the Landlord to subject Landlord's estate in the Premises to any lien or liability under the Mechanic's Lien Law of the State of Illinois. The provisions of this Section 10.1 shall survive the expiration or early termination of this Lease.

ARTICLE XI ENVIRONMENTAL MATTERS

SECTION 11.1 DEFINITION.

For purposes of this Article XI, "hazardous or toxic materials" shall be defined to include, without limitation, (a) medical waste, (b) asbestos or any material composed of or containing asbestos in any form and in any type, (c) polychlorinated biphenyl compounds ("PCB") or any material composed of or containing PCB, or (d) any hazardous, toxic or dangerous waste, substance, material, smoke, gas or particulate matter, as from time to time defined by or for purposes of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, and any law commonly referred to, as of the date hereof, as "Superfund" or "Superlien", or any successor to such laws, or any other federal, state or local environmental, health or safety statute, ordinance, code, rule, regulation, order or decree now or hereafter in force regulating, relating to or imposing liability or standards concerning or in connection with hazardous, toxic or dangerous wastes, substances, material, smoke, gas or particulate matters (collectively, the "Environmental Laws"), or any common law theory based on nuisance or strict liability.

SECTION 11.2 CONDUCT OF TENANT.

Except for Tenant's generation of medical waste, Tenant shall not conduct or authorize the generation, transportation, storage, installation, treatment or disposal at the Premises, of any hazardous or toxic materials without the prior written authorization of Landlord, and any such action by Tenant without such authorization shall constitute an event of default under this Lease. Any consent by the Landlord to Tenant's generation, transportation, storage, installation, treatment or disposal of hazardous or toxic materials may be conditioned, at Landlord's sole discretion, upon Tenant providing Landlord with environmental insurance policies in such form and amount as may be acceptable to Landlord, protecting Landlord and the Property from any liability which may arise out of the use of any such hazardous or toxic materials. Tenant shall keep the Premises free of any lien imposed pursuant to any Environmental Laws relating to items or substances generated or stored on the Premises during the Term of this Lease and Tenant shall pay immediately when due any and all costs of removal of any hazardous or toxic material generated or stored on the

564

Premises during the Term of this Lease. If Tenant, with the prior written authorization of Landlord, generates, transports, stores, treats or disposes of any hazardous or toxic material:

(a) Tenant shall, at its own cost and expense, comply with all Environmental Laws relating to hazardous or toxic materials;

(b) Tenant shall (i) not dispose of any hazardous or toxic material in dumpsters or trash containers, if any, provided by Landlord; (ii) not discharge any hazardous or toxic material into the Building drains or sewers; (iii) not cause or allow the release of any hazardous or toxic material on, to or from the Building; and (iv) at Tenant's own cost and expense arrange for the lawful transportation and off-site disposal of all hazardous or toxic material generated by Tenant;

(c) Tenant shall promptly provide Landlord with copies of all communications, permits or agreements with any governmental authority or agency (federal, state or local) or any private entity relating in any way to the presence, release, threat of release, placement on or in the Premises, or the generation, transportation, storage, treatment or disposal at the Premises, of any hazardous or toxic material;

(d) Landlord and Landlord's agents and employees shall have the right at reasonable times and upon reasonable advance notice to Tenant to enter the Premises and/or conduct appropriate tests for the purpose of ascertaining that Tenant complies with all applicable laws, rules or permits relating in any way to the presence of hazardous or toxic materials on the Premises; and

(e) Upon the reasonable request of Landlord, which request shall be in writing, Tenant shall provide Landlord the results of appropriate tests of air, water and soil to demonstrate that Tenant is in compliance with all applicable laws, rules or permits relating in any way to the presence of any hazardous or toxic material on the Premises.

If the presence, release, threat of release, placement on or in the Premises during the Term of this Lease, or the generation, transportation, storage, treatment, or disposal at the Premises during the Term of this Lease of any hazardous or toxic material: (i) gives rise to liability (including, but not limited to, a response action, remedial action, or removal action) under any Environmental Laws or any common law theory based on nuisance or strict liability; (b) causes a significant public health effect; or (c) pollutes or threatens to pollute the environment, Tenant shall promptly take any and all remedial and removal action necessary to clean up the Premises or such other areas of the Property containing such hazardous or toxic material and mitigate exposure to liability arising from the hazardous or toxic material, whether or not required by law.

SECTION 11.3 TENANT'S ENVIRONMENTAL INDEMNIFICATION.

Tenant agrees to indemnify, defend and hold harmless Landlord, and its respective agents, partners, officers, directors and employees and the successors and assigns of all of the foregoing (collectively, the "Landlord Indemnitees") from and against any and all debts, liens, claims, causes of action, administrative orders or notices, costs, personal injuries, losses, actual damages, liabilities, demands, interest, fines, penalties or expenses, including attorneys' fees and expenses, consultants' fees and expenses, court costs and all other out-of-pocket expenses, suffered or incurred by the Landlord Indemnitees, or any of them, resulting, directly or indirectly, from the presence in, upon or under the surface of the Premises or in any surface waters or ground waters on or off the Premises or any migration of hazardous or toxic material off the Premises if such materials were generated or stored by or through Tenant during the Term of this Lease. Tenant agrees to indemnify, defend and hold harmless the Landlord Indemnitees from and against any and all actual damages, costs, losses, expenses (including, but not limited to, actual attorneys' fees and engineering fees) arising from or attributable to any breach by Tenant of any of its warranties, representations or covenants in this Article XI. Tenant's obligations hereunder shall survive the expiration or termination of this Lease.

ARTICLE XII ASSIGNMENT AND SUBLETTING

SECTION 12.1 ASSIGNMENT AND SUBLETTING.

Tenant shall not, without Landlord's prior written consent, which consent shall not be unreasonably withheld: (i) assign, transfer, hypothecate, mortgage, encumber, or convey or subject to or permit to exist upon or be subjected to any lien or charge this Lease or any interest under it; (ii) allow any transfer of, or any lien upon, Tenant's interest in this Lease by operation of law; (iii) sublet the Premises in whole or in part; or (iv) allow the use or occupancy of any portion of the Premises for a use other than the Permitted Use or by anyone other than Tenant or Tenant's employees. If this Lease is assigned or if the Premises or any part thereof in excess of two thousand (2,000) square feet are sublet with the consent of Landlord as herein provided, Landlord may collect Rent from the assignee or subtenant and apply the net amount collected to the Rent herein reserved, but no such assignment, subletting or collection shall be deemed a waiver of the covenants contained herein, or the acceptance of the assignee or subtenant as a tenant, or a release of Tenant from further performance by Tenant of the covenants on the part of the Tenant herein contained. Tenant shall pay, as additional rent, to Landlord all of Landlord's costs which are incurred in reviewing Tenant's request for such consent, including, but not limited to, Landlord's attorney's fees and expenses, not to exceed Five Hundred and No/100 Dollars (\$500.00) and if Landlord grants its consent Tenant shall pay a transfer fee in the amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) to Landlord. All consideration paid to Tenant for an assignment, sublease or other right to use the Premises which is in excess of the amount required to be paid over to Landlord for the use of the Premises (or a pro rata portion of the amount required to be paid to Landlord in the case of a sublease of a portion of the Premises) shall be paid to Landlord by Tenant upon receipt. If Tenant requests Landlord's consent to an assignment of this Lease or to a sublease of all or substantially all of the Premises, Landlord may, in lieu of granting such consent or withholding the same, terminate this Lease, effective on the proposed effective date of said assignment or on the proposed commencement date specified in the sublease, as the case may be, to which Landlord's consent was requested. The consent by Landlord to an assignment or subletting shall not in any way be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or subletting, or relieve Tenant from primary liability under the terms of this Lease. Tenant shall remain fully obligated under this Lease notwithstanding any assignment or sublease or any indulgence granted by Landlord. Notwithstanding anything to the contrary contained in this Section 12.1, Tenant shall have the right to assign this Lease without Landlord's consent to any entity wholly owned by Dr. Nercy Jafari or any of his immediate family members. In addition, Tenant shall have the right in the ordinary course of business, without the consent of Landlord, to enter into agreements with third party physicians allowing the use of space within the Premises.

ARTICLE XIII CASUALTY

SECTION 13.1 FIRE, EXPLOSION OR OTHER CASUALTY.

In the event the Premises are damaged by fire, explosion, any other casualty or cause to an extent which is less than fifty (50%) percent of the cost of replacement of the Premises, the damage shall, except as provided for in the next sentence, be repaired by Landlord at Landlord's expense within a reasonable time after the casualty, provided that Landlord shall not be obligated to expend for such repair an amount in excess of the insurance proceeds recovered as a result of such damage plus any deductible and that in no event shall Landlord be required to repair or replace Tenant's stock in trade, lighting, trade or other fixtures, furniture, furnishings, wall and floor coverings, ceiling, equipment and any personal property of Tenant. In the event of any such damage and (a) Landlord is not required to repair as hereinabove provided, or (b) the Premises shall be damaged to the extent of fifty (50%) percent or more of the cost of replacement, or (c) the Building is damaged to the extent of twenty-five (25%) percent or more of the cost of replacement, or (d) the damage occurs during the last two (2) years of the Term of this Lease or any extension thereof, or (e) the damage occurs from a casualty not covered by Landlord's Property Insurance, Landlord may elect either to repair or rebuild the Premises or to terminate this Lease upon giving notice of such election in writing to Tenant within ninety (90) days after the occurrence of the event causing the damage. If Landlord does not so elect to repair within said 90-day period or if the Premises shall be damaged to the extent of fifty (50%) percent of the cost of replacement and the damage occurs during the last two (2) years of the Term, Tenant may terminate this Lease upon giving notice of such termination in writing to Landlord within thirty (30) days after the occurrence of the event causing the damage. Landlord's obligation to repair or

rebuild the Premises shall be limited to restoring the Premises to substantially the condition in which the same existed prior to the casualty and Tenant agrees that promptly after substantial completion of such work by Landlord it will proceed with reasonable diligence, and at its sole cost and expense, to substantially complete Tenant's Work and to repair or replace its fixtures, furniture, furnishings, floor and wall coverings, ceiling and equipment, and if Tenant has closed, Tenant shall promptly reopen for business. Notwithstanding anything to the contrary contained herein, Landlord shall have no obligation pursuant to this Section 13.1 to rebuild, repair or restore any alterations in or to the Premises made by Tenant. If the casualty, repairing, or rebuilding shall render the Premises untenantable, in whole or in part, and the damage shall not have been due to the default or neglect of Tenant, a proportionate abatement of the Fixed Minimum Rent shall be allowed from the date when the damage occurred until the date Landlord completes its work; said proportion to be computed on the basis of the relation which the gross square foot area of the space rendered untenantable bears to the floor space of the Premises.

ARTICLE XIV CONDEMNATION

SECTION 14.1 TAKING OF WHOLE.

If the whole of the Premises shall be taken by any public authority by the exercise, or under the threat of the exercise of the power of eminent domain, the Lease Term shall cease as of the day the right to possession shall be taken by such public authority, and Tenant shall pay Rent up to that date with an appropriate refund by Landlord of such Rent as may have been paid in advance for any period subsequent to the date the right to possession is taken.

SECTION 14.2 PARTIAL TAKING.

If less than all of the floor area of the Premises shall be so taken, the Lease Term shall cease only on the parts so taken as of the day the right to possession shall be taken by such public authority, and Tenant shall pay Rent up to that day with appropriate refund by Landlord of such Rent as may have been paid in advance for any period subsequent to the date the right to possession is taken and thereafter the Annual Fixed Minimum Rent, and any and all other charges due hereunder for the remainder of the Lease Term shall be equitably adjusted, based upon the square footage of the Premises remaining. Landlord shall, at its expense, make all necessary repairs or alterations to the basic building and exterior work so as to constitute the remaining Premises a complete architectural unit, provided that Landlord shall not be obligated to undertake any such repairs and alterations if the cost thereof exceeds the award received by Landlord. If the floor area of the Premises so taken leaves space no longer suitable for the Permitted Use, then the Lease Term shall cease and Tenant shall pay Rent up to the day the right to possession is taken, with an appropriate refund by Landlord of such Rent as may have been paid in advance for any period subsequent to the date of the taking of the right to possession. If more than twenty-five (25%) percent of the floor area of the Building shall be taken by the exercise or under the threat of the exercise of the power of eminent domain, Landlord, by notice in writing to Tenant, delivered on or before the date of surrendering the right of possession to the public authority, terminate this Lease and Rent shall be paid or refunded as of the date of termination.

SECTION 14.3 AWARD.

All compensation awarded for any taking under the power of eminent domain, whether for the whole or a part of the Premises, shall be the property of Landlord, whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the Premises or otherwise and Tenant hereby assigns to Landlord all of the Tenant's right, title and interest in and to any and all such compensation; provided, however, that Landlord shall not be entitled to any separate award specifically made to Tenant for the taking of Tenant's trade fixtures, furniture or leasehold improvements and moving expenses. Tenant agrees to execute such instruments of assignment which may be required by Landlord, to join with Landlord in any petition for the recovery of damages, if requested by Landlord, and to turn over to Landlord any such damages that may be recovered in any such proceeding.

ARTICLE XV SURRENDER

SECTION 15.1 SURRENDER.

Upon the termination of this Lease, whether by forfeiture, lapse of time or otherwise, or upon termination of Tenant's right to possession of the Premises, Tenant will at once surrender and deliver up the Premises, together with all improvements thereon, to Landlord, in clean and good order, repair and condition, damage by fire or other casualty and reasonable wear and tear excepted. Said improvements shall include all plumbing, lighting, electrical, heating, cooling and ventilating fixtures and equipment, and floor coverings and all alterations and additions to the Premises. All alterations, temporary or permanent, made in or upon the Premises by Tenant shall become Landlord's property and shall remain upon the Premises on any such termination without compensation, allowance or credit to Tenant; provided, however, that Landlord shall have the right to require Tenant to remove any alterations, except those alterations previously approved by Landlord, and to restore the Premises to their condition prior to the making of such alterations, repairing any damage caused by such removal and restoration. Said right shall be exercised by Landlord's written notice to Tenant on or before fifteen (15) days after such termination. If Landlord requires removal of any alterations and Tenant does not cause such removal in accordance with this Section 15.1, Landlord may remove the same (and repair any damage caused thereby) and dispose of such alterations or, at Landlord's election, deliver the same to any other place of business of Tenant or warehouse the same. Tenant shall pay the cost of such removal, repair, delivery and warehousing to Landlord on demand.

SECTION 15.2 REMOVAL OF TENANT'S PROPERTY.

Upon the termination of this Lease or upon termination of Tenant's right to possession of the Premises, Tenant shall remove Tenant's personal property incident to Tenant's business; provided, however, that Tenant shall repair any injury or damage to the Premises which results from such removal and Tenant shall restore the Premises to the same condition as prior to the installation thereof, excluding those alterations previously approved by Landlord. If Tenant does not remove Tenant's personal property from the Premises prior to the expiration or earlier termination of this Lease, Landlord, may at its option, remove the same (and repair any damage caused thereby) and dispose of such personal property or deliver the same to any other place of business of Tenant or warehouse the same, and Tenant shall pay the cost of such removal, repair, delivery and warehousing to Landlord on demand, or Landlord may treat such personal property as having been conveyed to Landlord with this Lease as a Bill of Sale, without further payment or credit by Landlord to Tenant.

SECTION 15.3 HOLD OVER BY TENANT.

Tenant shall have no right to occupy the Premises or any portion thereof after the expiration of the Lease Term or after termination of this Lease or of Tenant's right to possession pursuant to Section 16.2 hereof. In the event Tenant or any party claiming by, through or under Tenant holds over, Landlord may exercise any and all remedies available to it at law or in equity to recover possession of the Premises, and for damages for each and every month or partial month that Tenant or any party claiming by, through or under Tenant remains in occupancy of all or part of the Premises. After the expiration of the Lease Term or after termination of this Lease or Tenant's right to possession, Tenant shall pay, as minimum damages and not as a penalty a monthly rental equal to one hundred fifty (150%) percent of the Fixed Minimum Rent, calculated for the month immediately prior to the expiration of this Lease or Tenant's right of possession and any other charges payable by Tenant hereunder immediately prior to the expiration or other termination of this Lease or of Tenant's right to possession, and in addition thereto, Tenant shall pay the Landlord all damages, consequential as well as direct, sustained by reason of Tenant's retention of possession. If the hold over occurs at the expiration of the Lease Term, Landlord may, as an alternative, elect that such holding over shall constitute a renewal of this Lease for one (1) year at a monthly rent equal to one hundred fifty percent (150%) of the Fixed Minimum Rent, calculated for the month immediately prior to the expiration of the Lease Term. In all events, Tenant shall remain liable for all other charges payable hereunder and for all other covenants and agreements contained in this Lease. Nothing contained in this Section 16.3 shall be construed to give Tenant the right to hold over after the expiration of the Lease Term.

ARTICLE XVI DEFAULTS BY TENANT AND REMEDIES

SECTION 16.1 DEFAULTS BY TENANT

Tenant agrees that any one or more of the following events shall be considered an event of default as said term is used herein:

(a) Tenant fails to pay any installment or other payment of Fixed Minimum Rent, Additional Rent or any other charges payable by Tenant hereunder for more than ten (10) days after written notice from Landlord that such payment was due;

(b) Tenant fails to observe or perform any of the other covenants, conditions or provisions of this Lease to be observed or performed by Tenant and fails to cure such default within fifteen (15) days after written notice thereof to Tenant (provided that if such default cannot reasonably be cured within such 15-day period and Tenant has commenced to cure such default within such 15-day period, Tenant shall not be deemed in default if it is diligently proceeding therewith to complete the cure of such default);

(c) The interest of Tenant in this Lease is levied upon under execution or other legal process;

(d) A petition is filed by or against Tenant to declare Tenant bankrupt or seeking a plan of reorganization or arrangement under any Chapter of the Bankruptcy Act, or any amendment, replacement or substitution therefor, or to delay payment of, reduce or modify Tenant's debts, or any petition is filed or other action taken to reorganize or modify Tenant's capital structure or upon the dissolution of Tenant;

(e) Tenant is declared insolvent by law or any assignment of Tenant's property is made for the benefit of creditors or a receiver is appointed for Tenant or Tenant's property;

(f) Tenant abandons the Premises; or

(g) Tenant shall repeatedly be late in the payment of Rent or other charges to be paid hereunder or shall repeatedly default in the keeping, observing or performing of any other covenants or agreements herein contained to be kept, observed or performed by Tenant (provided notice of such late payment or other defaults shall have been given to Tenant, but whether or not Tenant shall have timely cured any such late payment or other defaults of which notice was given). As used herein "repeatedly" shall mean more than three (3) times in any twelve (12) month period.

SECTION 16.2 REMEDIES.

Upon the occurrence of an event of default, Landlord may at its election terminate this Lease or terminate Tenant's right to possession only, without terminating this Lease. Upon termination of this Lease, or upon any termination of Tenant's right to possession without termination of this Lease, Tenant shall surrender possession of the Premises to Landlord, and Tenant hereby grants the Landlord the full and free right, without demand or notice of any kind to Tenant (except as hereinabove expressly provided for), to enter into and upon the Premises with or without process of law, and to repossess the Premises as Landlord's former estate and to expel or remove Tenant and any others who may be occupying or within the Premises without being deemed in any manner guilty of trespass, eviction, or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law.

(a) Upon termination of this Lease, Landlord shall be entitled to recover as damages all rents and other sums payable by Tenant on the date of termination plus (i) a sum of money equal to the value of the Fixed Minimum Rent and other sums provided herein to be paid by Tenant to Landlord for the remainder of the Lease Term, less the fair rental value of the Premises for said period, and (ii) the cost of performing any other covenants to be performed by Tenant.

(b) If Landlord elects to terminate Tenant's right to possession only without terminating this Lease, Landlord may, at Landlord's option, enter into the Premises, remove Tenant signs and other evidences of tenancy, and take and hold possession thereof as hereinabove provided, without such entry and possession terminating this Lease or releasing Tenant, in whole or in part, from Tenant's obligations to pay the Rent hereunder for the full Term or from any other of Tenant's obligations under this Lease. Landlord may, but shall be under no obligation so to do, relet all or any part of the Premises for such rent and upon such terms as shall be satisfactory to Landlord (including the right to relet the Premises for a term greater or lesser than that remaining under the Lease Term, the right to relet the Premises as a part of a larger area, and the right to change the character or use made of the Premises). For the purpose of such reletting, Landlord may decorate and make any repairs, changes, alterations or additions in or to the Premises that may be necessary. If Landlord does not relet the Premises, Tenant shall pay to Landlord on demand as damages all rents and other sums payable by Tenant on the date Landlord repossesses the Premises plus a sum equal to (1) the amount of the Fixed Minimum Rent and other sums provided herein to be paid by Tenant for the remainder of the Lease Term and (2) the cost of performing any other covenants to be performed by Tenant. If the Premises are relet and a sufficient sum shall not be realized from such reletting after paying all of the expenses of such repairs, changes, alterations, additions, the expenses of such reletting, including, without limitation, broker's commissions and attorneys' fees and expenses, and the collection of the rent accruing therefrom, to satisfy the rent herein provided to be paid for the remainder of the Lease Term, Tenant shall pay to Landlord on demand any deficiency and Tenant agrees that Landlord may file suit from time to time to recover any sums falling due under the terms of this Section 16.2.

SECTION 16.3 INSOLVENCY.

If Tenant shall become bankrupt or insolvent or unable to pay its debts as such become due, or file any debtor proceedings, or if Tenant shall take or shall have taken against it, in any court, pursuant to any statute either of the United States or of any State, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, or if Tenant or any such guarantor makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, then the occurrence of any one of such events shall constitute an event of default under this Lease and Landlord may exercise any of the remedies herein provided for or provided for at law, in equity or by statute and, in addition thereto, Landlord shall have the immediate right of reentry and may remove all persons and property from the Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

SECTION 16.4 LANDLORD'S RIGHT TO CURE DEFAULTS.

Landlord may, but shall not be obligated to, at any time, upon ten (10) days prior notice to Tenant (except in an emergency) cure any default by Tenant under this Lease, and whenever Landlord so elects, all reasonable costs and expenses paid by Landlord in curing such default, including, without limitation, reasonable attorneys' fees and expenses, shall be additional rent due on the next rent date after such payment, together with interest (except in the case of attorneys' fees) at the Lease Interest Rate set forth in Section 4.4 hereof.

SECTION 16.5 EFFECT OF WAIVERS OF DEFAULT.

No consent or waiver, expressed or implied, by Landlord or Tenant to or of any breach of any covenant, condition or duty of Tenant or Landlord, as the case may be, shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

SECTION 16.6 REMEDIES CUMULATIVE.

No remedy herein or otherwise conferred upon or reserved to Landlord shall be considered to exclude or suspend any other remedy but the same shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease to Landlord may be exercised from time to time and so often as occasion may arise or as may be deemed expedient.

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ARTICLE XVII SECURITY DEPOSIT

SECTION 17.1 SECURITY DEPOSIT.

Landlord acknowledges that contemporaneously with the execution of the 2005 Lease, Tenant deposited with Landlord or Landlord's Agent the Security Deposit identified in Subsection 1.1(a), which Security Deposit shall secure the faithful performance by Tenant of all of the covenants, conditions and agreement in this Lease set forth and contained on the part of the Tenant to be fulfilled, kept, observed and performed, including, but without limiting the generality of the foregoing, such covenants, conditions and agreements in this Lease which become applicable upon the expiration or termination of this Lease or upon termination of Tenant's right to possession pursuant to Section 16.2 hereof. Tenant acknowledges that: (a) if Tenant defaults with respect to any provision of this Lease after any applicable notice and cure period, including, but not limited to, the provisions relating to the payment of Rent or any other sums due hereunder, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of Rent or any other sums in default or any other amounts which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default; (b) if any portion of the Security Deposit is used or applied, Tenant shall, within ten (10) days after written demand therefor, pay Landlord an amount sufficient to restore the Security Deposit to its original amount, the failure of which shall be an event of default under this Lease; (c) should the Property be conveyed by Landlord, the Security Deposit or any portion thereof not previously applied shall be turned over to Landlord's grantee, and if the same be turned over as aforesaid, the Tenant hereby releases Landlord and Landlord's Agent from any and all liability with respect to the Security Deposit and/or its application or return, and the Tenant agrees to look to such grantee for such application or return; (d) Landlord shall not be obligated to hold the Security Deposit as a separate fund, but on the contrary may commingle the same with its other funds and that no interest shall be paid to Tenant with respect to such funds; (e) if Tenant shall faithfully fulfill, keep, perform and observe all of the covenants, conditions, and agreements in this Lease set forth and contained on the part of Tenant to be fulfilled, kept, performed and observed, the sum deposited or the part or portion thereof not previously applied, shall be returned to the Tenant without interest (less an amount reasonably determined by Landlord to be held as a reserve for Tenant's share of Taxes and Property Insurance through the Termination Date) no later than thirty (30) days after the expiration of the Term of this Lease or any renewal or extension thereof, provided Tenant has vacated the Premises and surrendered possession thereof to the Landlord at the expiration of the Term or any extension or renewal thereof as provided herein; (f) in the event Landlord terminates this Lease or Tenant's right to possession pursuant to Section 16.2 of this Lease, Landlord may apply the Security Deposit against all damages suffered to the date of such termination and may retain the balance of the Security Deposit to be applied against such damages as may be suffered or shall accrue thereafter by reason of Tenant's default; (g) in the event any bankruptcy, insolvency, reorganization or other debtor proceedings shall be instituted by or against Tenant, or its successors or assigns, the Security Deposit shall be deemed to be applied first to the payment of any Rent and other charges due Landlord for all periods prior to the institution of such proceedings, and the balance, if any, of the Security Deposit may be retained or paid to Landlord in partial liquidation of Landlord's damages; and (h) Landlord reserves the right, at its sole option, to return to Tenant the Security Deposit or what may then remain thereof, at any time prior to the date when Landlord or its successors is obligated hereunder to return the same, but said return shall not in any manner be deemed to be a waiver of any default to the Tenant hereunder then existing nor to limit or extinguish any liability of Tenant hereunder.

ARTICLE XVIII SUBORDINATION

SECTION 18.1 SUBORDINATION.

Landlord reserves the right to subordinate this Lease at all times to the lien of any mortgages or trust deeds now or hereafter placed upon the Property which includes the Premises, and Tenant covenants and agrees to execute and deliver, upon demand, such further instruments subordinating this Lease to the lien of any such mortgages or trust deeds as shall be desired by Landlord. If the mortgagee or trustee named in any mortgage or trust deed hereafter placed upon the Property shall elect by written notice to Tenant to subject and subordinate the rights and interests of the Tenant under this Lease (in whole or in part) to the lien of its mortgage or trust deed, the rights and interests of Tenant under this Lease shall be so subject and subordinate, provided that the mortgagee or trustee shall agree in said notice to recognize the

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rights of Tenant hereunder in the event of foreclosure and not to disturb Tenant's continued possession of the Premises during the Lease Term so long as Tenant is not in default under this Lease. Any mortgagee or trustee may in the alternative elect to give some or all of the rights and interest of Tenant under this Lease priority over the lien of its mortgage or trust deed. The election of such mortgagee or trustee shall be binding upon Tenant whether this Lease is dated prior to or subsequent to the date of said mortgage or trust deed. Tenant shall execute and deliver whatever instruments may be required for such purposes, and in the event Tenant fails so to do within ten (10) days after demand in writing, Tenant does hereby make, constitute and irrevocably appoint Landlord as its attorney in fact and in its name, place and stead so to do.

SECTION 18.2 ATTORNMENET.

In the event of a foreclosure under any mortgage or trust deed, Tenant shall attorn to the purchaser at any foreclosure sale or the grantee in any conveyance in lieu of foreclosure as Landlord under this Lease and Tenant will, upon request of such purchaser or grantee, execute such instruments as may be necessary or appropriate to evidence such attornment; provided that the purchaser or grantee agrees that so long as Tenant is not in default under this Lease, Tenant's right to possession shall be and remain undisturbed and unaffected by any such foreclosure proceedings. Tenant further waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event any such foreclosure proceedings is brought, prosecuted or completed.

ARTICLE XIX OPTION TO EXTEND

SECTION 19.1 OPTION TO EXTEND.

Tenant shall have and is hereby given the right and option to extend the term of this Lease for two (2) additional terms of five (5) years each upon the same terms and conditions contained in this Lease except that in lieu of the Fixed Minimum Rent set forth in Subsection 1.1(p) for the Initial Term of this Lease, Tenant shall pay as Fixed Minimum Rent during the extended terms the following:

First Extension Term

Lease Year	Annual Fixed Minimum Rent	Monthly Fixed Minimum Rent
11	\$107,661.57	\$8,971.80
12	\$109,814.76	\$9,151.23
13	\$112,011.00	\$9,334.25
14	\$114,251.16	\$9,520.93
15	\$116,536.20	\$9,711.35

Second Extension Term

Lease Year	Annual Fixed Minimum Rent	Monthly Fixed Minimum Rent
16	\$118,866.96	\$9,905.58
17	\$121,244.28	\$10,103.69
18	\$123,669.12	\$10,305.76
19	\$126,142.56	\$10,511.88
20	\$128,665.44	\$10,722.12

The options to extend may be exercised only: (i) upon notice in writing to Landlord delivered at least six (6) months before the expiration of the original term; (ii) if Tenant is not in default in the payment of rent or performance of any of the other covenants and obligations stipulated herein beyond any applicable notice and cure period; and (iii) if the preceding term has not theretofore been terminated.

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**ARTICLE XX
MISCELLANEOUS PROVISIONS**

SECTION 20.1 NOTICES FROM ONE PARTY TO THE OTHER.

Any notice or demand from Landlord to Tenant or from Tenant to Landlord shall be in writing and shall be mailed by registered or certified mail or personally delivered or delivered by expedited messenger service with evidence of receipt addressed, if to Tenant, to the address of Tenant set forth in Section 1.1(g), or such other address as Tenant shall have last designated by notice in writing to Landlord, and, if to Landlord, to the place then established for the payment of Rent, or such other address as Landlord shall have last designated by notice in writing to Tenant. Copies of all notices to the Tenant shall also be sent to John Gutzke, Rolewick & Gutzke, PC, 1776 S. Naperville Road, Suite #104-A, Wheaton, IL 60187. The customary receipt shall be conclusive evidence of such service. Notices shall be effective on the date of receipt thereof. Tenant may rely on any notice, consent or approval on behalf of Landlord, given by Landlord's Agent unless otherwise notified in writing by Landlord. If there shall be more than one Tenant, any notice required or permitted by the terms of this Lease may be given by or to any one thereof, and such notice shall have the same force and effect as if given by or to all Tenants hereunder.

SECTION 20.2 BROKERAGE.

Landlord and Tenant warrant to each other that each party has had no dealings with any broker or agent in connection with this Lease other than Landlord's Broker and Tenant's Broker, if any, and each party covenants to pay, hold harmless and indemnify the other party from and against any and all cost (including reasonable attorneys' fees), expense or liability for any compensation, commissions and charges claimed by any other broker or other agent or finder acting on such party's behalf with respect to this Lease or the negotiation thereof.

SECTION 20.3 NO LESSER PAYMENT.

No payment by Tenant or receipt by Landlord of a lesser amount than any installment or payment of Rent due shall be deemed to be other than a payment on account of the amount due nor shall any endorsement or statement on any check or any letter accompanying any check or payment of Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or payment of Rent or pursue any other remedies available to Landlord. No receipt of money by the Landlord from the Tenant after the termination of this Lease or after the service of any notice or after the commencement of any suit, or after final judgment for possession of the Premises shall reinstate, continue or extend the term of this Lease or affect any such notice, demand or suit.

SECTION 20.4 WAIVER.

No consent or waiver of any condition, covenant or duty of Tenant shall be implied by the failure of Landlord to declare a default, or for any other reason, and no waiver of any condition or covenant shall be valid unless in writing signed by the Landlord. No consent or waiver, expressed or implied, by Landlord to or of any breach of any covenant, condition or duty of Tenant shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty of Tenant and no waiver by Landlord with respect to one or more tenants or occupants of the Building shall constitute a waiver in favor of Tenant.

SECTION 20.5 RELATIONSHIP OF THE PARTIES.

Nothing contained herein shall be deemed or construed by the parties hereto nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto or any other relationship, other than the relationship of Landlord and Tenant.

SECTION 20.6 ESTOPPEL CERTIFICATE.

Within ten (10) days after Landlord's request, or in the event that upon any sale, assignment or financing of the Property or any portion thereof or interest therein, an Estoppel Certificate shall be required from Tenant, Tenant shall

deliver, executed in recordable form, a declaration to any person designated by Landlord: (a) ratifying this Lease; (b) stating the Commencement and Termination Dates; and (c) certifying: (i) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) that all conditions under this Lease to be performed by Landlord have been satisfied (stating exceptions, if any); (iii) no defenses or offsets against the enforcement of this Lease by Landlord exist (or stating those claimed); (iv) advance rent, if any, paid by Tenant; (v) the date to which Rent has been paid; (vi) the amount of security deposited with Landlord; and (vii) such other information as Landlord or its mortgages require. If Tenant fails to deliver such Estoppel Certificate within ten (10) days after request therefor, Tenant does hereby make, constitute and irrevocably appoint Landlord as its attorney-in-fact coupled with an interest and in its name, place and stead to do so. Persons receiving such Estoppel Certificate shall be entitled to rely upon it.

SECTION 20.7 APPLICABLE LAW AND CONSTRUCTION.

The laws of the State of Illinois shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision. The headings of the several articles and sections contained herein are for convenience only and do not define, limit or construe the contents of such articles or sections. Whenever the singular number is used herein, the same shall include the plural and the masculine gender shall include the feminine and neuter genders. Notwithstanding anything in this Lease to the contrary, with respect to any provision of this Lease which requires Landlord's consent or approval, Tenant shall not be entitled to make, nor shall Tenant make any claim for (and Tenant hereby waives any claim for) money damages as a result of any claim by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval, but Tenant's sole remedy shall be an action or proceeding to enforce such provision, or for specific performance, injunction or declaratory judgment. Whenever it becomes necessary to determine square foot areas hereunder such measurement shall be taken from the outside of exterior walls or the center of any common walls, as the case may be.

SECTION 20.8 INTENTIONALLY DELETED

SECTION 20.9 BINDING EFFECT OF LEASE.

The covenants, agreements and obligations herein contained, except as herein otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and assigns. Landlord, at any time and from time to time, may make an assignment of its interest in this Lease and, in the event of such assignment, Landlord and its successors and assigns (other than the assignee of this Lease) shall be released from any and all liability hereunder from and after the date of such assignment.

SECTION 20.10. LEASE PREPARATION.

The preparation of this Lease has been a joint effort of the parties hereto and the resulting documents shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

SECTION 20.11 SEVERABILITY.

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

SECTION 20.12 AUTHORITY.

Tenant warrants and represents that it has full power and authority to execute this Lease. Tenant further warrants and represents to Landlord that the execution of this Lease will not violate any restrictive covenant or agreement contained in any other lease or contract affecting Tenant and Tenant hereby covenants and agrees to indemnify and save the Landlord harmless from and against any and all liabilities, obligations, damages, penalties, claims, costs and expenses, including attorneys fees, incurred by Landlord, as a result of any breach of the foregoing covenant. In the

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event Tenant is a general partnership or consists of two or more individuals, all present and future partners or individuals, as applicable, shall be jointly and severally liable hereunder.

SECTION 20.13 COMPLETE LEASE.

This Lease and the Exhibits attached hereto set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant, concerning the Premises, the Building and the Property and there are no covenants, promises, agreements, conditions, or understandings, either oral or written, between them other than herein set forth. This Lease shall not be recorded by Tenant.

SECTION 20.14 INDEMNITY FOR LITIGATION.

Tenant agrees to pay on demand Landlord's expenses, including reasonable attorneys' fees, expenses and administrative hearing and court costs incurred in successfully enforcing any obligation of Tenant under this Lease, in connection with appearing, defending or otherwise participating in any action or proceeding arising from the filing, imposition, contesting, discharging or satisfaction of any lien or claim for lien, in defending or otherwise participating in any legal proceedings initiated by or on behalf of Tenant wherein Landlord is not adjudicated to be in default under this Lease. Landlord agrees to pay on demand Tenant's expenses, including reasonable attorneys' fees, expenses and administrative hearing and court costs incurred in successfully enforcing any obligation of Landlord under this Lease or in defending or otherwise participating in any legal proceedings initiated by or on behalf of Landlord wherein Tenant is not adjudicated to be in default under this Lease.

SECTION 20.15 LIMITATION OF LIABILITY.

Anything to the contrary herein contained notwithstanding, there shall be absolutely no personal liability on persons, firms or entities who constitute Landlord or its agents or beneficiaries with respect to any of the terms, covenants, conditions and provisions of this Lease, and Tenant shall, subject to the rights of any mortgage, look solely to the interest of Landlord, its successors and assigns in the Property for the satisfaction of each and every remedy of Tenant in the event of default by Landlord hereunder; such exculpation of personal liability is absolute and without any exception whatsoever.

SECTION 20.16 FINANCIAL STATEMENTS.

Tenant hereby represents and warrants to Landlord that the financial statements, if any, given by Tenant to Landlord prior to the execution of the 2005 Lease were true, correct and complete in all material respects and correctly reflected the financial condition of the Tenant.

SECTION 20.17 ACCESS BY LANDLORD.

Tenant agrees to permit Landlord, its beneficiaries or their respective agents to enter the Premises at reasonable times upon advance reasonable notice for the purpose of showing the Premises to prospective purchasers, lenders and tenants, and other persons having a legitimate interest in inspecting the same. Tenant agrees that any such entry and inspection shall not constitute unreasonable interference with Tenant's operations.

SECTION 20.18 PERFORMANCE.

If Landlord or Tenant fails to perform timely any of the terms, covenants and conditions of this Lease on such party's part to be performed, and such failure is due in whole or in part to any strike, lockout, labor trouble, civil disorder, inability to procure materials or labor, failure of power, restrictive governmental orders, laws or regulations, riots, insurrections, war, fuel or energy shortages, accidents, casualties, acts of agents, employees, contractors, licensees or invitees or any other cause beyond the reasonable control of Landlord or Tenant, as the case may be, then Landlord or Tenant, as the case may be, shall not be deemed to be in default under this Lease as a result of such failure, provided however that the provisions of this Section 20.18 shall not be applicable to any financial obligations of the Landlord or Tenant.

506

SECTION 20.19 QUIET ENJOYMENT.

Landlord covenants and agrees that so long as Tenant has committed no default under this Lease, Tenant's peaceful and quiet possession of the Premises during the Lease Term shall not be disturbed by Landlord or by anyone claiming by, through or under Landlord.

SECTION 20.20 TIME OF ESSENCE.

Time is of the essence of this Lease, and all provisions herein relating thereto shall be strictly construed.

SECTION 20.21 TENANT'S SIGN.

Tenant shall be permitted to place on the exterior door of its first floor entry way, a visible sign identifying itself and its location on the north side of the Building provided that (i) such sign(s) do not interfere with Landlord's business being conducted in the first floor of the Building; and (ii) such sign(s) have been approved by Landlord pursuant to Section 9.3 above.

SECTION 20.22 LANDLORD'S REPRESENTATIONS AND WARRANTIES.

Landlord represents and warrants to Tenant as follows:

- (a) Landlord has the full right, power and lawful authority to enter into this Lease and perform all of Landlord's obligations hereunder;
- (b) All real estate taxes and mortgage payments with respect to the Building are current and Landlord's mortgagee has not alleged any default under the mortgage that has not been cured to its satisfaction;
- (c) Landlord has received no written notice that the Premises violates applicable environmental law, zoning ordinance, fire regulation, building code, health code, or other governmental law, ordinance, order or restriction; and
- (d) The Permitted Use does not conflict with the terms of any mortgage, lease or other agreement to which Landlord is a party or bound.

SECTION 20.23 GUARANTY.

Contemporaneously herewith a guaranty in the form of Exhibit "C" shall be executed by the Guarantors identified in Exhibit "C" and delivered to the Landlord.

SECTION 20.24 APPROVALS.

Whenever the consent or approval of Landlord is required under this Lease, Landlord agrees that such consent or approval shall not be unreasonably withheld or delayed.

SECTION 20.25 ELECTRIC GENERATOR.

Landlord acknowledges that Tenant has installed an emergency electric generator (the "Generator") at the location depicted on Exhibit A as the "New Generator" and by execution of this Lease Landlord hereby approves such location. Tenant acknowledges that Landlord shall have no responsibility with respect to the Generator and Tenant agrees to maintain, repair and replace the Generator, at Tenant's sole cost and expense. Upon the termination or earlier expiration of the Term of this Lease, the Generator shall become the property of Landlord and shall not be removed by Tenant.

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SECTION 20.26 PARKING.

Landlord agrees to cooperate with Tenant in Tenant's efforts to secure special parking arrangements on Grand Avenue to accommodate Tenant's medical practice; provided, however, that Landlord shall not be required to incur any out of pocket costs or expenses or any liability in connection with Tenant's efforts to secure such parking.

SECTION 20.27 PASSAGEWAY.

Tenant acknowledges that Landlord and any occupant of the Building, their employees, agents, contractors and invitees, shall have the right of access through the area outlined in red and cross hatched an Exhibit "A" for the purpose of ingress and egress from the portion of the first floor of the Building not leased to Tenant to the outside of the Building. In order to protect the security of the first floor space not leased to Tenant, Landlord shall have the right to install locks on the doorway leading into such area to prevent Tenant or any other non-authorized third party from gaining access to Landlord's first floor space. Said area is part of the Premises and shall be maintained by Tenant pursuant to the provisions of Section 8.3 above.

SECTION 20.28 INTENTIONALLY DELETED.**SECTION 20.29 DELIVERY AREA.**

Landlord agrees that the area depicted on Exhibit "A" as the "Existing Delivery Loading" area shall not be used for parking and shall be kept open exclusively for the use of Tenant and other occupants of the Building for delivery purposes only and Tenant acknowledges that it has no right to park vehicles in such Existing Delivery Loading area. Notwithstanding the foregoing, Landlord shall provide Tenant with Temporary Parking Stickers permitting Tenant's service vehicles to temporarily park in the Existing Delivery Loading Area in connection with temporary services being provided to Tenant.

SECTION 20.30 ENTRANCEWAY.

Landlord agrees that Tenant shall have the exclusive use of the entranceway area from Grand Avenue to Tenant's first floor office space as depicted on Exhibit "A" (the "Entranceway"). The Entranceway shall be deemed part of the Premises for all purposes of this Lease and shall be subject to all of the terms and provisions of this Lease; provided, however, that Tenant shall be responsible, at Tenant's sole cost and expense, to repair and maintain the Entranceway.

SECTION 20.31 RIGHT OF FIRST OFFER TO PURCHASE.

Landlord agrees that if, at any time during the Term of this Lease, Landlord desires to sell the Building, Landlord shall first offer to sell the Building to Tenant on the following terms and conditions:

(a) Such right of first offer may be exercised by Tenant only if Tenant has not assigned this Lease or sublet a material portion of the Premises and is not then in default under this Lease.

(b) Tenant shall have no rights hereunder if (i) Landlord obtains a bona fide mortgage from an unrelated third party and the Building is purchased by said lender or said lender acquires title as a result of a foreclosure action or the Building is transferred in any way to said lender; (ii) the Building is sold in a transaction involving the simultaneous lease back of the Building by Landlord, or (iii) the Building is transferred to an affiliated entity of Landlord or a member of Landlord.

(c) If Landlord desires to sell the Building (except as set forth in subparagraph (b) above), Landlord shall submit the terms and conditions under which Landlord is prepared to negotiate a contract of sale to Tenant and Tenant shall have the right, within ten (10) days after receipt of the offer, to agree to purchase the Building on such terms and conditions as set forth in the notice from Landlord. If Tenant does not give Landlord notice in writing within said 10-day period that Tenant intends to exercise its rights hereunder, then Landlord shall be free to sell the Building for an amount equal to at least eighty (80%) percent of the price set

508

forth in Landlord's notice. Upon consummation of any such sale, Tenant shall have no further right of first offer and this Section 20.31 shall be of no further force and effect, provided that such sale occurs within one (1) year of Tenant's refusal and absent same Tenant's rights hereunder shall be reinstated.

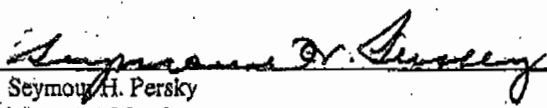
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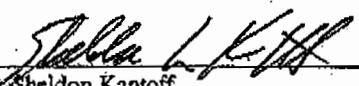
IN WITNESS WHEREOF, Landlord and Tenant have executed this Amended and Restated Lease the day and year first above written.

LANDLORD:

13-17 W. GRAND, LLC, an Illinois limited liability company

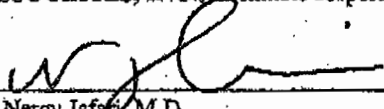
By: 
Name: Seymour H. Persky
Its: Managing Member

By: **PARLIMENT ENTERPRISES, LTD.**
Its: Managing Agent

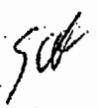
By: 
Name: Sheldon Kantoff
Its: President

TENANT:

JNR ASSOCIATES, INC., an Illinois corporation

By: 
Name: Nercy Jafar, M.D.
Its: President

By: 
Name: Javad Jafari
Its: Chief Operating Officer



COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective this 26th day of May, 2008 by and between JNR Associates, Inc. ("Landlord") and Grand Avenue Surgical Center LTD ("Tenant").

Landlord is the Lessor of land and improvements commonly known and numbered as 13 – 17 West Grand Avenue, Chicago, IL 60654.

Landlord makes available for lease a portion of the Building designated as Lower Level Surgical Center (the "Leased Premises").

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

1. Term.

Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning May 26, 2008 and ending May 31, 2018.

2. Renewal.

Tenant may renew the Lease for an extended term by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term, rates and conditions shall be mutually agreed upon by Landlord and Tenant and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

3. Rental.

Tenant shall pay to Landlord during the Initial Term rental of \$91,892.88 per year, payable in installments of \$7,657.74 per month. Each installment payment shall be due on the first day of each calendar month during the lease term to Landlord at 6925 W. Cermak Road, Berwyn, IL 60804. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis.

4. Late Payment.

Any rental payment not received by the first of each calendar month will be assessed a late payment penalty fee of 10%.

5. Permitted Use.

Tenant shall use the Leased Premises only for the purpose of performing outpatient surgical procedures and providing routine medical care.

6. Sublease and Assignment.

Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent.

7. Alterations and Improvements.

Tenant shall not remodel, redecorate, or alter all or any part of the Leased Premises without Landlord's consent.

8. Property Taxes.

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

9. Insurance.

A. If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to

notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

10. Utilities.

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

11. Signs.

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

12. Entry.

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

13. Building Rules.

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing.

14. Default.

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

15. Quiet Possession.

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

16. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

Nercy Jafari, MD
6925 W. Cermak Rd
Berwyn, IL 60804

If to Tenant to:

Joe Jafari
17 W. Grand Ave
Chicago, IL 60654

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

17. Headings.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

18. Termination.

Landlord or Tenant may terminate this Lease Agreement at any time, with or without cause, and without penalty by notifying the other in writing 90 days in advance of termination date.

19. Compliance with Law.

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

20. Final Agreement.

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

21. Governing Law.

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of Illinois.

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

LANDLORD:

JNR Associates, Inc.

By: Nancy Jafari MD
Name: Nancy Jafari, MD
Its: President

TENANT:

Grand Avenue Surgical Center LTD

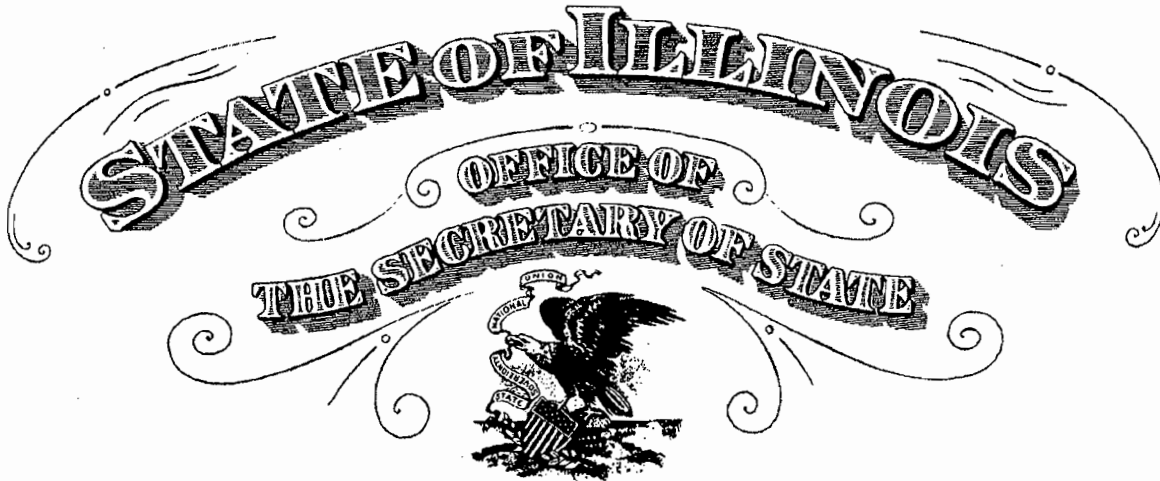
By: Joe Jafari
Name: Joe Jafari
Its: President

Section I, Identification, General Information, and Certification
Operating Identity/Licensee

The Illinois Certificate of Good Standing for Grand Avenue Surgical Center, Ltd. is attached at Attachment – 3.

The names and percentage of ownership of all persons with five percent or greater ownership in Grand Avenue Surgical Center, Ltd. is listed below.

Name	Address	Ownership Interest
Javad N. Jafari	17 West Grand Avenue Chicago, Illinois 60654	50%
Sarah J. Jafari	17 West Grand Avenue Chicago, Illinois 60654	50%



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

GRAND AVENUE SURGICAL CENTER, LTD., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON FEBRUARY 17, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1501401672

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 14TH day of JANUARY A.D. 2015

Jesse White

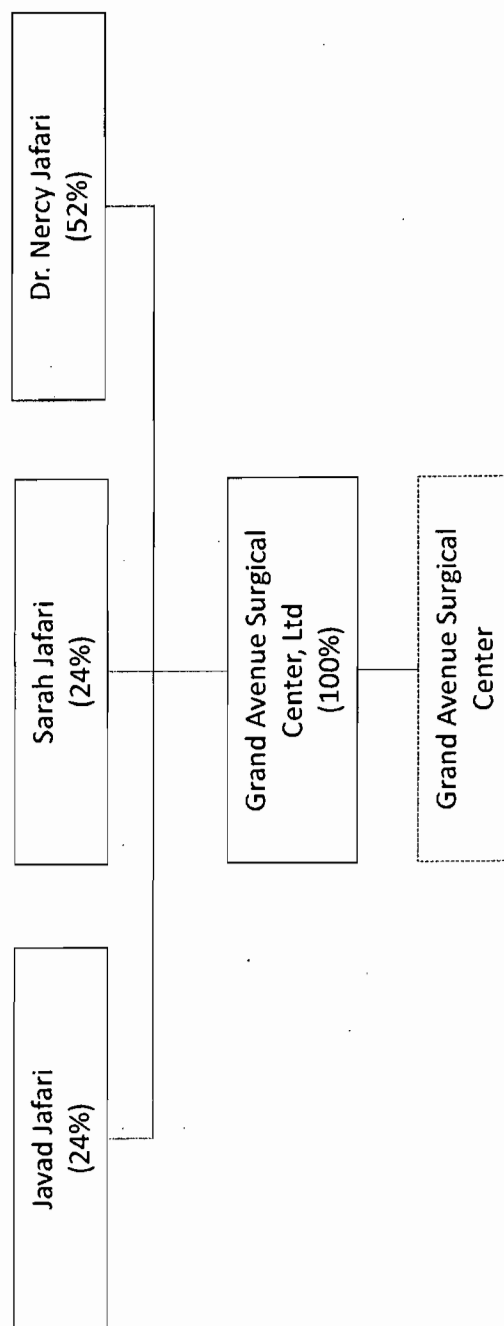
SECRETARY OF STATE

Attachment - 3

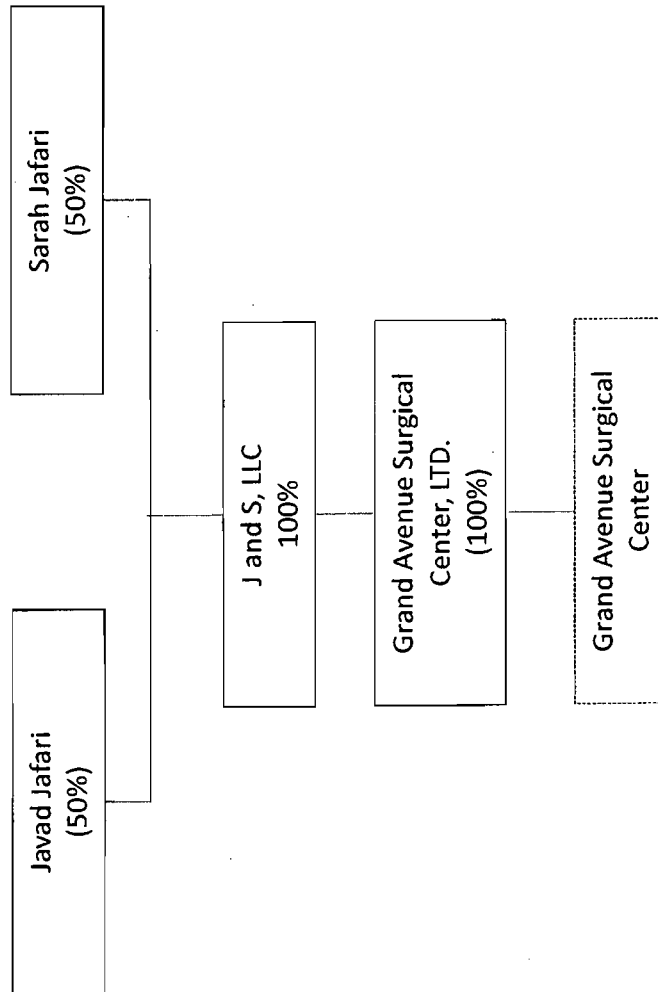
Section I, Identification, General Information, and Certification
Organizational Relationships

The organizational chart for Grand Avenue Surgical Center, Ltd. is attached at Attachment – 4.

Current Organizational Structure



Proposed Change of Ownership Organizational Structure



Section I, Identification, General Information, and Certification
Flood Plain Requirements

The Applicants propose a change of ownership of Grand Avenue Surgical Center, Ltd. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

Section I, Identification, General Information, and Certification
Historic Resources Preservation Act Requirements

The Applicants propose a change of ownership of Grand Avenue Surgical Center, Ltd. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

Section I, Identification, General Information, and Certification
Cost Space Requirements

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ASTC	\$0	7,963				7,963	
Total Clinical	\$0	7,963	0	0	0	7,963	0
NON CLINICAL	\$0	7,963	0	0	0	7,963	0
Total Non-clinical	\$0	0	0	0	0	0	0
TOTAL	\$0	7,963	0	0	0	7,963	0

Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230, Project Purpose, Background and Alternatives

Neither the Centers for Medicare and Medicaid Services nor the Illinois Department of Public Health has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any of the applicants, or against any Illinois health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application.

1. Except for Grand Avenue Surgical Center, the Applicants do not own or operate any other health care facilities in Illinois. Copies of the Illinois Department of Public Health ("IDPH") license and Accreditation Association for Ambulatory Health Care, Inc. are attached at Attachment – 11A and Attachment – 11B.
2. Certification that no adverse action has been taken against the Applicants or against any health care facilities owned or operated by the Applicants in Illinois within three years preceding the filing of this application is attached at Attachment – 11C.
3. An authorization permitting the Illinois Health Facilities and Services Review Board ("HFSRB") and IDPH access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11C.

HF 108156

**Illinois Department of
PUBLIC HEALTH**

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

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

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE	CATEGORY	LICENSE NUMBER
05/26/2016		7003133

Ambulatory Surgery Treatment Center

Effective 05/27/2015

Grand Avenue Surgical Center
17 West Grand Avenue
Chicago, IL 60654

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #401232X-10M/3/12

← **DISPLAY THIS PART IN A
CONSPICUOUS PLACE**

Exp. Date 05/26/2016

Lic Number 7003133

Date Printed 04/27/2015

Grand Avenue Surgical Center

**17 West Grand Avenue
Chicago, IL 60654**

FEE RECEIPT NO.



ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

February 11, 2015

Organization #:	82677	Program Type:	Ambulatory Surgery Center
Organization:	Grand Avenue Surgical Center Ltd		
Address:	17 West Grand Avenue		
City, State, Zip:	Chicago, IL 60654-4806		
Decision Recipient:	Joe Jafari, MBA, CASC		
Survey Date:	November 6-7, 2014	Type of Survey:	Re-accreditation/Medicare Deemed Status
Deficiency Level:	Standard	Correction Method:	Plan of Correction Self-Attestation Document Review
Accreditation Type:	Full Accreditation	Recommended Medicare Deemed Status:	Yes
Acceptable Plan of Correction Received:	November 25, 2014	Correction Timeframe:	November-2014 to December-2014
Accreditation Term Begin:	December 6, 2014	Accreditation Term Expires:	December 5, 2017
Special CC:	CMS CO - Baltimore CMS RO V- Chicago	CMS Certification Number (CCN):	14C0001138
Accreditation Renewal Code:		23169fe182677	
Complimentary study participation code:		82677FREEIQI	

We hope the survey has been beneficial to your organization in identifying its strengths and opportunities to improve. AAAHC trusts that you will continue to find the accreditation experience meaningful, not only from the benefit of having carefully reviewed your own operation, but also from the recognition brought by your participation in this survey process.

Granting accreditation reflects confidence, based on evidence from this recent survey that you meet, and will continue to demonstrate throughout the accreditation term, the attributes of an accreditable organization, as reflected in the standards found in the *Accreditation Handbook for Ambulatory Health Care*. The dedication and effort necessary for an organization to be accredited is substantial and the compliance with those standards implies a commitment to continual self-evaluation and continuous improvement.

As an ambulatory surgery center (ASC) that had an AAAHC/Medicare deemed status survey, your ASC has demonstrated its compliance with not only the AAAHC standards, but also all Medicare Conditions for Coverage (CfC). Your ASC is recommended for participation in the Medicare deemed status program. CMS has the final authority to determine participation in Medicare Deemed Status.

Members of your organization should take time to review your Survey Report, which may arrive separately:

- Any standard marked "PC" (Partially Compliant) or "NC" (Non-Compliant) must be corrected promptly. Subsequent surveys by the AAAHC will seek evidence that deficiencies from this survey were addressed without delay.
- The Summary Table provides an overview of compliance for each chapter applicable to the organization.

GRAND AVENUE SURGICAL CENTER

17 West Grand Avenue / Chicago, Illinois 60654
312.222.5610 / fax 312.661.1771
www.grandavenuesurgicalcenter.com

June 30, 2015

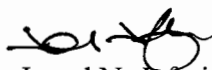
Kathryn Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chair Olson:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 IAC 1130.140 has been taken against any health care facility owned or operated by Grand Avenue Surgical Center, Ltd. in the State of Illinois during the three year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

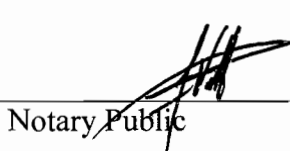
Sincerely,



Javad N. Jafari
President
Grand Avenue Surgical Center, Ltd.

Subscribed and sworn to me

This 30 day of June, 2015



Notary Public

GRAND AVENUE SURGICAL CENTER

17 West Grand Avenue / Chicago, Illinois 60654
312.222.5610 / fax 312.661.1771
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June 30, 2015

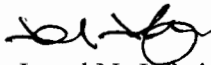
Kathryn Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chair Olson:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 IAC 1130.140 has been taken against any health care facility owned or operated by J and S, LLC in the State of Illinois during the three year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

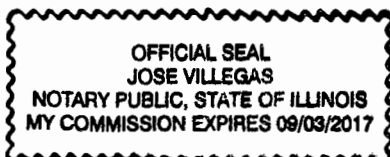


Javad N. Jafari
Member
J and S, LLC

Subscribed and sworn to me

This 30 day of June, 2015



Notary Public

Section III, Project Purpose, Background and Alternatives – Information Requirements.
Criterion 1110.230(b), Project Purpose, Background and Alternatives

Purpose of the Project

This project proposes a reorganization of the ownership of Grand Avenue Surgical Center. Due to the death of Dr. Nercy Jafari his 52 percent ownership interest in Grand Avenue Surgical Center transferred to Javad Jafari and Sarah Jafari, who each previously owned a 24 percent interest in the surgery center. As a result of the transfer, Javad Jafari and Sarah Jafari each own 50% of the surgery center. No changes will be made to the management or day-to-day operations of the surgery center.

Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230(c), Project Purpose, Background and Alternatives

Alternatives

1. Do Nothing

On April 20, 2015, a change of ownership of Grand Avenue Surgical Center occurred due to the death of Dr. Nercy Jafari. By operation of law, Dr. Jafari's shares in Grand Avenue Surgical Center, representing 52 percent of the ownership interest of the surgery center, passed to his children, Javad N. Jafari and Sarah Jafari. As a result of the transfer, Javad Jafari and Sarah Jafari each own 50% of the shares of Grand Avenue Surgical Center through a newly formed limited liability company J and S, LLC.

Accordingly, the "do nothing" alternative is not possible.

2. Transfer Ownership Interest to Javad Jafari and Sarah Jafari

On April 20, 2015, a change of ownership of Grand Avenue Surgical Center occurred due to the death of Dr. Nercy Jafari. By operation of law, Dr. Jafari's shares in Grand Avenue Surgical Center, representing 52 percent of the ownership interest of the surgery center, passed to his children, Javad N. Jafari and Sarah Jafari. As a result of the transfer, Javad Jafari and Sarah Jafari each own 50% of the shares of Grand Avenue Surgical Center through a newly formed limited liability company J and S, LLC.

Accordingly, the transfer to Javad Jafari and Sarah Jafari was the only option.

Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(b), Impact Statement

1. Transactional Documents

Transfer of Dr. Jafari's 52 percent ownership interest in Grand Avenue Surgical Center to Javad N. Jafari and Sarah Jafari occurred by operation of law upon the death of Dr. Nercy Jafari. Attached hereto as Attachment – 19A is a copy of Dr. Jafari's death certificate.

2. Change in Services Currently Offered

There will be no change in the services currently offered as a result of the proposed acquisition.

3. Operating Entity

Grand Avenue Surgical Center, Ltd. will remain the operating entity.

4. Reason for the Transaction

This project proposes a reorganization of the ownership of Grand Avenue Surgical Center. Due to the death of Dr. Nercy Jafari his 52 percent ownership interest in Grand Avenue Surgical Center transferred to Javad Jafari and Sarah Jafari, who each previously owned a 24 percent interest in the surgery center. After the transfer Javad Jafari and Sarah Jafari each own 50% of the surgery center. No changes will be made to the management or day-to-day operations of the surgery center.

5. Anticipated Additions or Reductions of Employees

No significant additions or reductions in employees are anticipated now or for the next two years as a result of the proposed transfer.



جمهوری اسلامی ایران
قوة قضائية - اداره مترجمين رسمی

مرجان غورچیان، مترجم رسمی زبان انگلیسی کوه کدلیفیه و عضو
جسمه مترجمان رسمی «شماره پروانه ۱۳۸۱» در: پستاران، چهارراه
لورماتیه، فلش برن مست قزنج، پلاک ۵۰۱، تلفن: ۲۶۱۱۳۱۹۳
Email: jg8213@yahoo.com, ۲۶۱۱۳۱۹۳
MARJAN GHOURCHIAN, Official English
Translator to the Judiciary of the I.R. of Iran & the
Member of Iranian Association of Official Translators,
License No.938, Address: No.519, on the corner of
Toranj dead end, Farmmitya cross section, Pishdaran, Tel:
009821-26123193, 26123194

ردیف دفتر ثبت

Emblem

Islamic Republic of Iran

State Personal Status Registration Organization

Death Abstract

Serial No.: F/16 692526

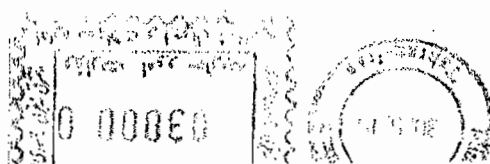
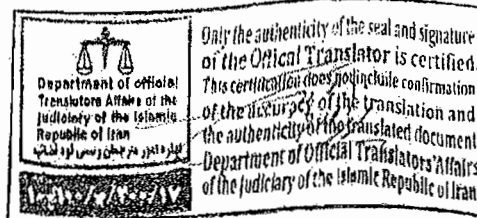
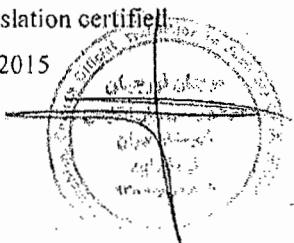
Particulars of the Deceased	Name: NERCY		Surname: JAFARI	
	Sex: Male	National No.: 393-243875-2		ID Card No.: 221
	Date of Birth: Aug 19, 1943		Place of Issue: Malayer	District: -
	Father's Name: Javad		Mother's Name: Ashraf	
Description of Death	Reason of Death: Endocrinological, Nutrition & metabolic Diseases			Date of Death: April 20, 2015
	Place of Death: Karaj			Death Reg. No.: 57637
	Place of Reg.: Karaj			Date of Reg.: April 26, 2015
	Remarks: Reason of Death: Internal Diseases			
Receiver	This death abstract has been issued without any erasure and/or alteration at the request in writing of -			
Issuing Authority	Personal Status Registration Organization: Karaj			
	Issuing Officer: Ehsan Soltan Ahmadi			

Signed and Sealed:

Karaj Personal Status Registration Department- Death Registration Division

True translation certified

May 26, 2015



ATTACHMENT -19A

Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(c), Access

1. Current Admissions Policy

A copy of the current admissions policy and financial assistance policy for Grand Avenue Surgical Center, Ltd. is attached as Attachment – 19B.

2. Proposed Admissions Policy

This transaction proposes a reorganization of the ownership of Grand Avenue Surgical Center, Ltd. No changes will be made to the management or day-to-day operations of the surgery center. Accordingly, there will be no change to the current admission or financial assistance policies for Grand Avenue Surgical Center.

3. Admission Policy Certification

A letter from Javad Jafari, Administrator, Grand Avenue Surgical Center, Ltd., certifying the admissions policies of Grand Avenue Surgical Center, Ltd. will not become more restrictive after reorganization is attached as Attachment – 19C.

Grand Avenue Surgical Center

Policy on Admissions and Charity Care

Grand Avenue Surgical Center ("GASC") is proud to serve its community by accepting most commercial insurance plans in addition to Medicare and Illinois Public Aid.

Further, GASC offers a Charity Care Program for eligible patients who are without insurance, underinsured or without any means to pay for medical services. Any patient who believes they may qualify for the Charity Care Program may complete the attached application form.

Prior to admission, GASC will attempt to contact the patient's insurance carrier to verify coverage and to ensure that the scheduled procedure(s) are covered. At the same time, GASC will also attempt to verify any patient deductible, co-insurance and co-pay. Generally, it is preferred that all patients satisfy their deductible and co-pay prior to admission. Ultimately, it is always the patient's responsibility to know their own coverage and limitations of their insurance policy.

GASC also accepts cash, personal check, Money Order, debit card and most major credit cards.

In the event of default or nonpayment, GASC shall be entitled to the right of recovery of all collections expenses, including court costs and reasonable attorney's fees for the purpose of securing payment. The exception to this is Medicare and Illinois Public Aid which are governed by applicable Federal and State laws.

GASC bills only for its facility fees, which may also include laboratory, pathology and radiology fees, if applicable. Patients are billed separately for any professional fees including surgeon and anesthesiologist. Those entities are distinct and separate from GASC.

GRAND AVENUE SURGICAL CENTER

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www.grandavenuesurgicalcenter.com

June 30, 2015

Kathryn Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Admission Policies

Dear Chair Olson:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for Grand Avenue Surgical Center will not become more restrictive as a result of the proposed change of ownership.

Sincerely,



Javad N. Jafari
President
Grand Avenue Surgical Center, Ltd.

Subscribed and sworn to me
This 30 day of June, 2015

Notary Public



Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(d), Health Care System

1. Impact on Other Area Providers

There will be no change in the scope of services as a result of the re-organization of the Grand Avenue Surgical Center, Ltd.

2. Facilities within Applicant's Health Care System

Grand Avenue Surgical Center, Ltd., is not a health care system, therefore this criteria is not applicable.

3. Present and Proposed Referral Agreements

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

4. Time and Distance for Proposed Referrals

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

5. Use of Care System Providers

The re-organization of Grand Avenue Surgical Center, Ltd. will have no impact on area outpatient surgical center facilities. The re-organization will not restrict the use of other area health care providers, and Grand Avenue Surgical Center, Ltd. will have open medical staff and admit patients pursuant to a non-discriminatory admission policy.

6. Duplication of Services

As set forth throughout this application, the transaction contemplates a re-organization of Grand Avenue Surgical Associates, Ltd. J and S, LLC acquired substantially all of the shares of Grand Avenue Surgical Center, Ltd.. Because the transaction involves the re-organization of an existing outpatient surgical center, there will be no duplication of services.

7. Services Not Available to the Community

Grand Avenue Surgical Center, Ltd. will continue to provide outpatient surgical services. No new services are planned for the facility; however, as new treatment options and technology evolve, Grand Avenue Surgical Center, Ltd. will implement new treatment modalities as warranted.

Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

This transaction proposes a reorganization of the ownership of Grand Avenue Surgical Center, Ltd. There are no costs associated with the reorganization. A copy of Grand Avenue Surgical Center, Ltd.'s financial statements for the previous three years are attached as Attachment – 38.

Section IX, Financial Feasibility
Criterion 1120.130 – Financial Viability

This transaction proposes a reorganization of the ownership of Grand Avenue Surgical Center, Ltd. There are no costs associated with the reorganization. A copy of Grand Avenue Surgical Center, Ltd.'s financial statements for the previous three years, pro forma financial statements for the first year after project completion and financial viability worksheets are attached as Attachment - 38.

Grand Avenue Surgical Center
Profit & Loss Statement
For Year Ended 12/31/11

Source: Compiled Financial Statements

Ordinary Income	\$ 2,071,666
Expense	
Salaries and wages	109,814
Repairs and maintenance	17,891
Rents	198,693
Taxes and licenses	12,200
Interest	14,736
Marketing and advertising	54,502
Medical Supplies	89,244
Legal fees	47,850
Professional fees	204,412
Director fees	143,023
Other	580,615
	<u>\$ 1,472,980</u>
Net Ordinary Income	\$ 598,686

Grand Avenue Surgical Center
Balance Sheet
For Year Ended 12/31/11

Source: Compiled Financial Statements

Assets	
Cash	\$ 25,232
Accounts receivable	838,795
Inventories	29,888
Buildings and other depreciable assets	1,344,169
Less accumulated depreciation	<u>(1,173,255)</u>
Total Assets	\$ 1,064,829
 Liabilities & Shareholders' Equity	
Accounts payable	\$ 367,999
Bank note payable in 1 year or more	392,778
Capital stock	1,000
Retained earnings	<u>303,052</u>
Total Liabilities & Shareholders' Equity	\$ 1,064,829

Grand Avenue Surgical Center
Profit & Loss Statement
For Year Ended 12/31/12

Source: Compiled Financial Statements

Ordinary Income	\$ 2,627,637
Expense	
Salaries and wages	128,783
Repairs and maintenance	72,740
Rents	77,238
Taxes and licenses	15,269
Interest	64,668
Marketing and advertising	142,303
Medical Supplies	268,052
Legal fees	148,417
Professional fees	333,976
Director fees	60,700
Other	550,854
	<u>\$ 1,863,000</u>
Net Ordinary Income	\$ 764,637

Grand Avenue Surgical Center
Balance Sheet
For Year Ended 12/31/12

Source: Compiled Financial Statements

Assets

Cash	\$ 179,436
Accounts receivable	1,087,657
Inventories	226,005
Buildings and other depreciable assets	1,464,873
Less accumulated depreciation	<u>(1,337,894)</u>
Total Assets	\$ 1,620,077

Liabilities & Shareholders' Equity

Accounts payable	\$ 176,631
Bank note payable in 1 year or more	374,757
Capital stock	1,000
Retained earnings	<u>1,067,689</u>
Total Liabilities & Shareholders' Equity	\$ 1,620,077

Grand Avenue Surgical Center
Profit & Loss Statement
For Year Ended 12/31/13

Source: Compiled Financial Statements

Ordinary Income	\$ 3,050,738
Expense	
Salaries and wages	121,910
Repairs and maintenance	64,830
Rents	233,504
Taxes and licenses	40,015
Interest	51,969
Marketing and advertising	195,264
Medical Supplies	193,116
Legal fees	133,036
Professional fees	299,834
Director fees	187,221
Other	532,142
	<u>\$ 2,052,841</u>
Net Ordinary Income	\$ 997,897

Grand Avenue Surgical Center
Balance Sheet
For Year Ended 12/31/13

Source: Compiled Financial Statements

Assets

Cash	\$ 343,702
Accounts receivable	1,409,801
Inventories	385,799
Buildings and other depreciable assets	1,464,873
Less accumulated depreciation	<u>(1,381,276)</u>
Total Assets	\$ 2,222,899

Liabilities & Shareholders' Equity

Accounts payable	\$ 156,313
Bank note payable in 1 year or more	-
Capital stock	1,000
Retained earnings	<u>2,065,586</u>
Total Liabilities & Shareholders' Equity	\$ 2,222,899

Attachment - 38

Grand Avenue Surgical Center
Pro-forma Statement of Profit & Loss
For Year Ended 12/31/16

Ordinary Income	\$ 3,965,959
Expense	
Salaries and wages	140,197
Repairs and maintenance	74,555
Rents	268,530
Taxes and licenses	46,017
Interest	59,764
Marketing and advertising	224,554
Medical Supplies	222,083
Legal fees	152,991
Professional fees	344,809
Director fees	215,304
Other	611,963
	<u>2,360,767</u>
Net Ordinary Income	\$ 1,605,192

Grand Avenue Surgical Center
Pro-forma Balance Sheet
For Year Ended 12/31/16

Source: Compiled Financial Statements

Assets

Cash	\$ 244,238
Accounts receivable	1,249,765
Inventories	254,332
Buildings and other depreciable assets	1,499,873
Less accumulated depreciation	<u>(1,469,276)</u>
Total Assets	\$ 1,778,932

Liabilities & Shareholders' Equity

Accounts payable	\$ 173,255
Bank note payable in 1 year or more	-
Capital stock	1,000
Retained earnings	<u>1,604,677</u>
Total Liabilities & Shareholders' Equity	\$ 1,778,932

Grand Avenue Surgical Center
Financial Viability Ratios
2012-2013

Current Ratio	2011	2012	2013	2016
Current Assets	\$894,006	\$1,493,098	\$2,139,302	\$1,748,335
Current Liabilities	\$367,999	\$176,631	\$156,313	\$173,255
	2.4		13.7	10.1
Net Margin Percentage				
Net Income	\$598,686	\$764,637	\$997,897	\$1,605,192
Net Revenue	\$2,071,666	\$2,627,637	\$3,050,738	\$3,965,959
	28.9%		33%	40%
Long Term Debt to Capitalization				
Long-Term Debt	\$392,778	\$374,757	\$0	\$0
Long-Term Debt + Net Assets	\$695,830	\$1,442,446	\$2,065,586	\$1,604,677
	56%		N/A	N/A
Projected Debt Service Coverage				
Net Income + Depreciation + Interest + Amortization	\$613,422	\$829,305	\$1,049,866	\$1,664,956
Principal Payments + Interest	\$407,514	\$439,425	\$51,969	\$59,764
	1.5		20.20	27.86
Days Cash on Hand				
Cash + Investments + Board Designated Funds	\$25,232	\$179,436	\$343,702	\$244,238
Operating Expenses - Depreciation	\$1,472,980	\$1,863,000	\$2,052,841	\$2,360,767
	6.3		61.11	37.76
Cushion Ratio				
Cash + Investments + Board Designated Funds	\$25,232	\$179,436	\$343,702	\$244,238
Principal Payments + Interest	\$407,514	\$439,425	\$51,969	\$59,764
	0.06		6.61	4.09

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(a), Reasonableness of Financing Arrangements

Attached as Attachment – 39A is a letter from Javad Jafari, Administrator, Grand Avenue Surgical Center, Ltd attesting the project has no cost.

GRAND AVENUE SURGICAL CENTER

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June 30, 2015

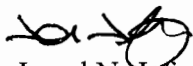
Kathryn Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chair Olson:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that there is no cost to the project.

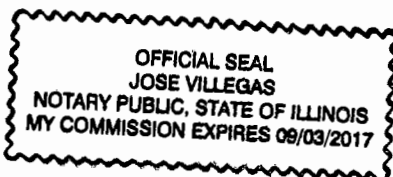
Sincerely,



Javad N. Jafari
President
Grand Avenue Surgical Center, Ltd.

Subscribed and sworn to me
This 30 day of June, 2015

Notary Public



Section X, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

This project has no costs. Accordingly, this criterion is not applicable.

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

This project has no costs. Accordingly, this criterion is not applicable.

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(d), Projected Operating Costs

Operating Expenses: \$362,280

Treatments: 736

Operating Expense per Treatment: \$492

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(e), Total Effect of Project on Capital Costs

Capital Costs: \$0

Treatments: 736

Capital Costs per Treatment: \$0

Section XI, Safety Net Impact Statement

The project is a change of ownership of Grand Avenue Surgical Center, Ltd. A change of ownership constitutes a non-substantive project. Accordingly, this criterion is not applicable.

Section XII, Charity Care Information

The table below provides charity care information for all Grand Avenue Surgical Center.

CHARITY CARE			
	2011	2012	2013
Net Patient Revenue	2,168,562	2,979,140	3,638,958
Amount of Charity Care (charges)	91,800	17,700	24,602
Cost of Charity Care	4%	1%	1%

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	22-24
2	Site Ownership	25-60
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	61-62
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	63-65
5	Flood Plain Requirements	66
6	Historic Preservation Act Requirements	67
7	Project and Sources of Funds Itemization	
8	Obligation Document if required	
9	Cost Space Requirements	68
10	Discontinuation	
11	Background of the Applicant	69-73
12	Purpose of the Project	74
13	Alternatives to the Project	75
14	Size of the Project	
15	Project Service Utilization	
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	76-81
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	Selected Organ Transplantation	
29	Kidney Transplantation	
30	Subacute Care Hospital Model	
31	Children's Community-Based Health Care Center	
32	Community-Based Residential Rehabilitation Center	
33	Long Term Acute Care Hospital	
34	Clinical Service Areas Other than Categories of Service	
35	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
36	Availability of Funds	82
37	Financial Waiver	
38	Financial Viability	83-92
39	Economic Feasibility	93-98
40	Safety Net Impact Statement	99
41	Charity Care Information	100