

E-048-18

ORIGINAL

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

AUG 31 2018

Facility/Project Identification

Facility Name: Quad City Endoscopy Surgery Center	HEALTH FACILITIES & SERVICES REVIEW BOARD	
Street Address: 4340 7 th Street		
City and Zip Code: Moline, IL 61265		
County: Rock Island	Health Service Area: 010	Health Planning Area: 010

Legislators

State Senator Name: Senator Neil Anderson
State Representative Name: Representative Michael Halpin

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

Exact Legal Name: RSC Illinois, LLC
Street Address: 4340 7 th Street
City and Zip Code: Moline, IL 61265
Name of Registered Agent: National Registered Agents, Inc.
Registered Agent Street Address: 208 So. LaSalle St., Ste. 814
Registered Agent City and Zip Code: Chicago, IL 60604
Name of Chief Executive Officer: Timothy Pereira
CEO Street Address: 401 Commerce Street, Suite 600
CEO City and Zip Code: Nashville, TN 37219
CEO Telephone Number: 615-843-4075

Type of Ownership of Applicants

☐ Non-profit Corporation	☐ Partnership
☐ For-profit Corporation	☐ Governmental
XX ☒ Limited Liability Company	☐ Sole Proprietorship
☐ Other	
- Corporations and limited liability companies must provide an Illinois certificate of good standing. - Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.	
APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

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

Exact Legal Name: Covenant Surgical Partners, Inc.
Street Address: 401 Commerce Street, Ste. 600
City and Zip Code: Nashville, TN 37219
Name of Registered Agent: National Registered Agents, Inc.
Registered Agent Street Address: 300 Montvue Road
Registered Agent City and Zip Code: Knoxville, TN 37919-5546
Name of Chief Executive Officer: Lew Little
CEO Street Address: 401 Commerce Street, Ste. 600
CEO City and Zip Code: Nashville, TN 37219
CEO Telephone Number: (615) 345-6900

Type of Ownership of Applicants

☐ Non-profit Corporation	☐ Partnership
☐ For-profit Corporation	☐ Governmental
XX ☒ 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 they are organized and the name and address of each partner specifying whether each is a general or limited partner.	
APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Zachary Trotter
Title: Attorney
Company Name: Waller Lansden Dortch & Davis
Address: 1901 6 th Ave. North, Ste. 1400, Birmingham, AL 35203
Telephone Number: (205) 226-5743
E-mail Address: Zachary.trotter@wallerlaw.com
Fax Number: (205) 214-8787

Additional Contact [Person who is also authorized to discuss the Application]

Name: Paige Becker
Title: Director, Managed Care Contracting
Company Name: Covenant Surgical Partners, Inc.
Address: 401 Commerce Street, Ste. 600, Nashville, TN 37219
Telephone Number: (615) 843-4102
E-mail Address: paige.becker@covenantsp.com
Fax Number: (615) 691-7214

Post Exemption Contact

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

Name: Sadie Kostka
Title: Center Manager
Company Name: RSC Illinois, LLC
Address: 545 Valley View Drive, Moline, IL 61265
Telephone Number: 309-277-1185
E-mail Address: skostka@heartlandqc.com
Fax Number:

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: GIC Real Estate Investments, LLC
Address of Site Owner: 5041 Utica Ridge Road, Davenport, IA 52807
Street Address or Legal Description of the Site: 4340 7 th St., Moline, IL 61265
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee after the Project is Complete

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

Exact Legal Name: RSC Illinois, LLC			
Address: 4340 7 th St., Moline, IL 61265			
☐	Non-profit Corporation	☐	Partnership
☐	For-profit Corporation	☐	Governmental
XX	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. - o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

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

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

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. 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.

In a two-step transaction, Covenant Surgical Partners, Inc. ("CSP") intends to purchase 51% of the membership interest in Quad City Endoscopy, LLC ("QCE"), an Illinois limited liability company that owns and operates Quad City Endoscopy Surgery Center, located at 4340 7th St., Moline, IL 61265. QCE will then merge into RSC Illinois, LLC ("RSC"), with RSC being the surviving entity. Following the merger, QCE will cease to exist.

RSC currently owns and operates Regional SurgiCenter, located at 545 Valley View Drive, Moline, IL 61265. CSP owns a majority interest in RSC and this project will permit increased synergy and efficiency at the two surgery centers.

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: \$	_____	

Project Status and Completion Schedules

Outstanding Permits: Does the facility have any projects for which the State Board issued a permit that is not complete? Yes ___ No **XX**. If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

Anticipated exemption completion date (refer to Part 1130.570): _____

State Agency Submittals

Are the following submittals up to date as applicable:

Up to date - Cancer Registry

Not Applicable - APORS

Up to date - All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted

Not Applicable - All reports regarding outstanding permits

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

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

This Application is filed on the behalf of RSC Illinois, LLC

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

SIGNATURE

Dale W. Polley
PRINTED NAME

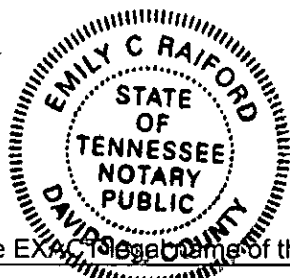
Member Board of Directors
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 30th day of August 2018

Emily C Raiford
Signature of Notary

Seal



*Insert the EXACT legal name of the applicant

4838-9742-4240.2

SIGNATURE

Timothy R. Pereira
PRINTED NAME

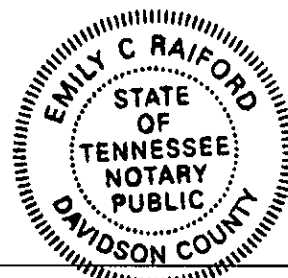
President, Board of Directors
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 30th day of August 2018

Emily C Raiford
Signature of Notary

Seal



SECTION III. CHANGE OF OWNERSHIP (CHOW)

Transaction Type. Check the Following that Applies to the Transaction:

- ☒ XX Purchase resulting in the issuance of a license to an entity different from current licensee.
- ☐ Lease resulting in the issuance of a license to an entity different from current licensee.
- ☐ Stock transfer resulting in the issuance of a license to a different entity from current licensee.
- ☐ Stock transfer resulting in no change from current licensee.
- ☐ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity.
- ☐ Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets.
- ☐ Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility.
- ☐ Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee.
- ☐ Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets and explain in "Narrative Description."

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	X
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X
1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 08/2018 Edition

1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership	X
1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(8) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility	X
1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

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

SECTION IV.CHARITY CARE INFORMATION

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.

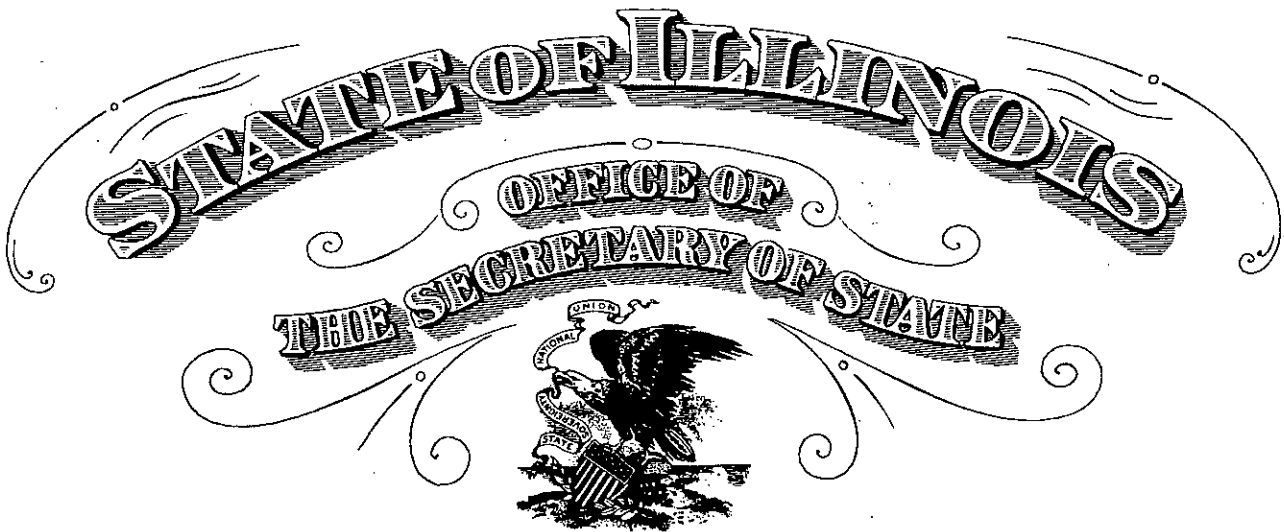
A table in the following format must be provided for all facilities as part of Attachment 7.

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

APPEND DOCUMENTATION AS **ATTACHMENT 7**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	13-15
2	Site Ownership	16-43
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	44-46
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	47-49
5	Background of the Applicant	50-55
6	Change of Ownership	56-67
7	Charity Care Information	68-69



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

RSC ILLINOIS, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON OCTOBER 24, 2007, 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 AUGUST A.D. 2018 .

Jesse White

SECRETARY OF STATE

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "COVENANT SURGICAL PARTNERS, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRTIETH DAY OF AUGUST, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.



4494254 8300

SR# 20186440292

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Authentication: 203342374

Date: 08-30-18

QUAD CITY ENDOSCOPY, LLC LEASE

QCGIC Building

1. BASIC PROVISIONS ("Basic Provisions")

1.1 Parties: This Lease ("Lease"), effective May 1, 2018, is made by and between GIC REAL ESTATE INVESTMENTS, LLC, an Iowa limited liability company ("Landlord") and QUAD CITY ENDOSCOPY, LLC, an Illinois limited Liability Company ("Tenant"), (collectively the "Parties", or individually a "Party")

1.2 Premises: The Premises (herein so called Suite 2) consists of 5,737 square feet of net rentable area, located in the QCGIC Building (herein so called) recently constructed at 4340 7th Street, Moline, Illinois, in the County of Rock Island, State of Illinois, on that certain tract of real property (the "Land") more fully described on Exhibit A hereto. The location of the Premises within the Building is shown on Exhibit A-1 hereto. The right to use and enjoy the Premises hereunder shall include the right to use and enjoy the areas on the Land or in the Building designed for common usage by Tenants of the Building (the "Common Areas"), including but not limited to sidewalks, entry ways, parking areas, common corridors and restroom facilities, subject to such rules and regulations as Landlord may reasonably establish with respect to such usage. (See Paragraph 2 for further provisions.)

1.3 Term: Ten (10) years ("Initial Lease Term") commencing on May 1, 2018 ("Commencement Date") and ending on April 30, 2028 ("Expiration Date"). Following the Initial Lease Term, Tenant shall have three consecutive options to renew the lease each for an additional five (5) year term, provided Tenant shall give Landlord written notice of exercise of the option to renew in each case at least one hundred and twenty (120) days prior to the expiration of the then current term. In the event of the failure of Tenant to exercise any option, any remaining options shall automatically terminate.

1.4 Base Rent: Base Rent is payable for the first calendar month on the Commencement Date, and continuing thereafter on the first (1st) day of each month through April 30, 2028, in the amount of Twelve Thousand Four Hundred Thirty and 0/100 Dollars (\$12,430) per month, except as adjusted below.

Commencing with the first(1st) anniversary of the Lease (May 1, 2019), the Base Rent for each subsequent twelve month term shall be increased by two percent (2%) of the Base Rent in effect on May 1, 2018, annually on a cumulative basis, for each subsequent twelve month period, which shall become the new Base Rent. In the event

of the exercise of an option to renew by the Tenant, the base rent for such renewal period shall be increased by two percent (2%) of the Base Rent in effect on April 30 of the final year of the lease term (or the extended term) annually on a cumulative basis, for each subsequent twelve month period, which shall become the new Base Rent for each new twelve month period.

1.5 Permitted Use: The Premises are to be used by Tenant solely for medical office and surgical use and related purposes and for such other lawful purposes that are compatible with the restrictive covenants and zoning of the Premises.

1.6 Insuring Party: Landlord is the "Insuring Party" unless otherwise stated herein. (See Paragraph 6 for further provisions.)

1.7 Parking: Tenant shall be entitled to the non-exclusive use of the parking spaces in the common parking areas of the development.

1.8 Real Estate Brokers: Landlord and Tenant acknowledge and agree that no real estate brokers have been engaged by either party to this Agreement.

1.9 Tenant's Pro Rata Share. As used herein, the term Tenant's Pro Rata Share shall be fifty-seven and five/tenths percent (57.5%).

1.10 Addenda and Exhibits. The following Addenda and Exhibits are attached hereto and incorporated herein by reference as fully as set forth herein verbatim:

EXHIBITS

Exhibit A-- Legal Description

Exhibit A-1 -- The Premises

Exhibit B -- Initial Common Expense Budget

Exhibit C -- Schedule of Tenant Leasehold Improvements

2. PREMISES.

2.1 Letting. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of square footage set forth in this Lease, or that may have been used in calculating rental, is an approximation which Landlord and Tenant agree is reasonable and the

rental based thereon is not subject to revision whether or not the actual square footage is more or less.

2.2 Condition. Landlord shall deliver the Premises to Tenant clean and free of debris on the Commencement Date and warrants to Tenant that the existing plumbing, fire sprinkler system, lighting, air conditioning, and heating in the Premises, other than those constructed by Tenant, shall have been properly maintained and be in good operating condition on the Commencement Date.

2.3 Leasehold Improvements. Landlord and Tenant agree that, as additional consideration to the Landlord for the term and base rental rate, Tenant has purchased and installed the leasehold improvements described in Exhibit C. Tenant agrees all such improvements shall be considered fixtures, and upon expiration of the Lease, or termination of the Lease due to breach by Tenant, title and possession of such fixtures shall remain solely with Landlord.

2.4 Compliance with Covenants, Restrictions and Building Code. Landlord warrants to Tenant that the improvements on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances in effect on the Commencement Date.

2.5 Representations Concerning Premises. Landlord hereby represents that the Premises are suitable for Tenant's intended use, that such use is permitted by Applicable Law, and that all improvements made thereto have been performed in a good and workmanlike manner in accordance with the terms of this Lease.

3. RENT.

3.1 Base Rent. Except as herein specifically provided, Tenant shall cause payment of Base Rent and other rent or charges, as the same may be adjusted from time to time, to be received by Landlord in lawful money of the United States, without offset or deduction, on or before the day on which it is due under the terms of this Lease. Base Rent and all other rent and charges for any period during the term hereof which is for less than one (1) full calendar month shall be prorated based upon the actual number of days of the calendar month involved. Payment of Base Rent and other charges shall be made to Landlord at its address stated herein or to such other persons or at such other addresses as Landlord may from time to time designate in writing to Tenant.

3.2 Additional Rent. In addition to the payment of Base Rent, Tenant shall pay to Landlord monthly Tenant's Pro Rata Share, as defined in Section 1.9, of Operating Expenses; provided, Landlord and agree water and sewer charges shall be allocated

based upon actual usage, as mutually agreed by the parties. As used herein, the term "Operating Expenses" means all expenses, costs and disbursements which Landlord shall reasonably pay or incur in connection with the ownership, operation and maintenance of the Building or the Land, which are customarily charged by Landlords to tenants in multi-tenant commercial properties. Tenant, at Tenant's election, shall have the right to review Landlord's annual "operating expenses" budget as it is established each year and file any objections to the Landlord with an accounting due from the Landlord of objectionable charges due in fifteen (15) days. Such expenses, costs and disbursements shall include the following:

(1) wages, salaries and fees of all personnel (exclusive of Landlord's executive personnel) engaged in the operation, maintenance or security of the Building or the Land, including taxes, insurance and benefits relating thereto; provided, however, that if during the Lease Term such personnel or entities are working on projects being periodically developed or operated by Landlord as well as working on the Building or the Land, their wages, salaries, fees and related expenses shall be appropriately allocated among all of such projects and only those portions of such expenses reasonably allocable to the Building or the Land shall be included as Operating Expenses;

(2) all supplies and materials used in the operation and maintenance of the Building or the Land, including, but not limited to, all supplies and materials used in connection with the services described in this Section 3.2.;

(3) cost of all maintenance, security and service agreements for the Building or the Land and the equipment thereon, including, without limitation, alarm service, janitorial service (common areas only), trash removal service, window cleaning, landscaping, lawn irrigation service, parking area maintenance, and business park maintenance.

(4) cost of all insurance relating to the Building or the Land for which Landlord is responsible hereunder;

(5) all taxes, assessments and other governmental charges, whether federal, state, county or municipal, and whether assessed by taxing districts or authorities presently taxing the Building or the Land or by others, subsequently created or otherwise, and any other taxes and assessments attributable to the Building or the Land or their operation (including, without limitation, any sales or use taxes), exclusive of any inheritance, gift, franchise, income, corporate or profit taxes which may be assessed against Landlord. Tenant and Landlord acknowledge taxes in Rock Island County are in arrears;

(6) cost of repairs and general maintenance (excluding repairs and general maintenance paid by proceeds of insurance or by Tenant or other third parties, and

excluding tenant finish or alterations), including capital expenditures related to the repair of major structural components of the Building (including the foundation, steel frame, exterior walls, load bearing columns, structural members of the roof and floor and any other structural members of the Premises) due to ordinary wear and tear; provided, all such capital expenditures, including interest costs, shall be amortized over the reasonable life of the capital expenditure, with the reasonable life and amortization schedule being determined according to generally accepted accounting principles;

(7) amortization of the cost of installation of capital improvement items which are primarily to reduce Operating Expenses for the benefit of all tenants in the Building or the Land. All such costs, including interest costs, shall be amortized over the reasonable life of the capital investment items, with the reasonable life and amortization schedule being determined according to generally accepted accounting principles;

(8) all charges for utilities (including, but not limited to, water, sewer, electricity and gas) paid by Landlord for the benefit of the tenants of the Building generally or in connection with the operation of the Common Areas;

(9) Accounting costs and legal fees directly relating to the operation of the Building or the Land; and

(10) The management fee which is from time to time in effect and which is due to the manager of the Building; provided, however that to the extent such fee is paid to an affiliate of Landlord, the amount thereof shall be limited to a fee which is comparable to management fees charged by and paid to management companies engaged in the management of buildings similar to the Building in the City where the Premises are located in situations where the management company is not affiliated with the owner of the Building and is discharging duties substantially similar in scope and nature to those performed by landlord's property manager in connection with the Building.

(11) Any expenses and costs associated with common areas are to be categorized as part of additional rental.

Notwithstanding the foregoing, the following items shall be excluded from Operating Expenses:

(i) repairs or other work occasioned by fire, windstorm or other casualty of an insurable nature or by the exercise of the right of eminent domain, but, in the case of fire, windstorm or other casualty, only to the extent the cost of such repairs or work is covered by insurance;

- (ii) attorney's fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with tenants or occupants or prospective tenants or occupants;
- (iii) costs incurred due to violations by Landlord or its agents of the terms and conditions of any lease, or by another tenant or tenants of the terms and conditions of any lease to the extent the costs are recovered from such other tenant;
- (iv) expenses related to the management and operation of Landlord as an entity which do not relate to the operation, ownership and maintenance of the Building or the Land;
- (v) principal, interest and other costs directly related to financing the Building or the Land;
- (vi) any costs, fines or penalties due to any failure by Landlord to remit timely payments and/or violation by Landlord of any governmental rule or authority;
- (vii) profit increment paid to subsidiaries or affiliates of Landlord for services on or to the Building or the Land, to the extent only that the costs of such services exceed competitive costs of such services were they not so rendered by a subsidiary or affiliate;
- (viii) any advertising and promotional expenditures or leasing commissions;
- (ix) costs of above building standard services and/or costs of construction and/or refurbishment for the specific benefit of another tenant and not provided to tenants generally;
- (x) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord or its subsidiaries or affiliates; and
- (xi) capital expenditures related to the repair of defects in the major structural components of the Building (including the foundation, steel frame, exterior walls, load bearing columns, structural members of the roof and floor and any other structural members of the Premises) exclusive of ordinary wear and tear.

Landlord may invoice Tenant monthly for Tenant's Pro Rata Share of Landlord's good faith estimate of Operating Expenses, which amount shall be adjusted from time to time based on anticipated Operating Expenses. Within three (3) months following the close of each calendar year, Landlord, shall provide Tenant an accounting showing in reasonable detail all computations of additional rent due under this Section 3.2. In the event the accounting shows that the total of the monthly payments made by Tenant exceeds the amount due by Tenant under this Section as its Pro Rata Share of Operating Expenses, the accounting shall be accompanied by a refund. In the event the

accounting shows that the total of the monthly payments made by Tenant is less than the amount due by Tenant under this Section as its Pro Rata Share of Operating Expenses, the accounting shall be accompanied by an invoice therefor. Notwithstanding any other provision in this Lease, during the year in which the Lease terminates, Landlord, prior to the termination date, shall have the option to invoice Tenant for Tenant's Pro Rata Share of Operating Expenses based upon the previous year Operating Expenses. If this Lease shall commence on a day other than the first (1st) day of a calendar year or terminate on a day other than the last day of a calendar year, the amount payable by Tenant as its Pro Rata Share of Operating Expenses, applicable to the year in which such comment or termination shall occur shall be prorated on the ratio that the number of days within the Lease Term during the partial calendar year in question bears to 365. Tenant agrees to pay any amounts due under this Section within forty-five (45) days following receipt of the invoice or accounting showing additional rent due.

Tenant shall have the right, upon reasonable notice by Tenant to Landlord, to audit Landlord's books and records concerning Operating Expenses. If such audit shall correctly disclose that Tenant has been overcharged for Operating Expenses, all excess amounts shall immediately be refunded to Tenant. In addition, Tenant shall have the right after written notice to Landlord, at its sole expense, to contest in good faith any item charged as additional rent hereunder for Tenant's Pro Rata Share of Operating Expenses, provided that (i) no civil or criminal penalty, violation, fine or levy would be incurred by Landlord and (ii) no lien or charge would be imposed upon the Leased Premises or the Building by reason of such delay.

4. USE.

Tenant shall use and occupy the Premises only for the purposes set forth in Section 1.5, or any other use which is comparable thereto. Landlord hereby agrees to not unreasonably withhold or delay its consent to any written request by Tenant, for a modification of said permitted purpose for which the premises may be used or occupied, so long as the same will not impair the structural integrity of the improvements on the Premises, the mechanical or electrical systems therein, is not significantly more burdensome to the Premises and the improvements thereon, is allowable under the Restrictive Covenants and zoning governing use of the Premises, and is otherwise permissible pursuant to this Paragraph 4. If Landlord elects to withhold such consent, Landlord shall within five (5) business days give a written notification of same, which notice shall include an explanation of Landlord's reasonable objections to the change in use.

5. COMPLIANCE WITH LAW AND HAZARDOUS SUBSTANCES.

5.1 Hazardous Substances.

(a) Reportable Uses Require Consent. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, chemical material or waste whose presence, nature, quantity and/or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for liability of Landlord to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil or any products, by-products or fractions thereof. Except as otherwise permitted herein, Tenant shall not engage in any activity in, or about the Premises which constitutes a Reportable Use (as hereinafter defined) of Hazardous Substances without the express prior written consent of Landlord and compliance in a timely manner (at Tenant's sole cost and expense) with all Applicable Law (as defined in Section 5.3). "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, or (ii) the generation, possession, storage, use transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with any governmental authority. Reportable Use shall also include Tenant's being responsible for the presence in, on or about the Premises of a Hazardous Substance with respect to which any Applicable Law (hereinafter defined) requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Tenant may, without Landlord's prior consent, but in compliance with all Applicable Law, use any ordinary and customary materials reasonably required to be used by Tenant in the normal course of Tenant's business permitted on the Premises, so long as such use is not a Reportable Use and does not expose the Premises or neighboring properties to any meaningful risk of contamination or damage or expose Landlord to any liability therefor. In addition, Landlord may (but without any obligation to do so) condition its consent to the use or presence of any Hazardous Substance, activity or storage tank by Tenant upon Tenant's giving Landlord such additional assurances as Landlord, in its reasonable discretion, deems necessary to protect itself, the public, the Premises and the environment against damage, contamination or injury and/or liability therefrom or therefor, including, but not limited to, the installation (and removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Premises (such as concrete encasements) and/or the deposit of an additional Security Deposit.

(b) Duty to Inform Landlord. If Tenant knows, or has reasonable cause to believe, that a Hazardous Substance, or a condition involving or resulting from same, has come to be located in, on, under or about the Premises by Tenant or agent of Tenant other than as

previously consented to by Landlord or permitted hereunder, Tenant shall give written notice of such fact to Landlord. Tenant shall also immediately give Landlord a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action or proceeding given to, or received from any governmental authority or private party, or persons entering or occupying the Premises, concerning the presence, spill, release, discharge of, or exposure to, any Hazardous Substance or contamination in, on, or about the Premises, including but not limited to all documents as may be involved in any Reportable Uses involving the Premises.

(c) Compliance and Indemnification. Tenant hereby covenants and agrees that it will (i) store, handle and dispose of all flammable, toxic, and Hazardous Substance including without limitation, medical waste, in accordance with all applicable statutes, laws, ordinances, codes, rules and regulations and in accordance with prudent practices, (ii) not allow any escape, spill or improper disposal of any Hazardous Substance or medical waste on the Premises or any part thereof, (iii) obtain, prior to commencement of operations, all necessary governmental, administrative and regulatory permits, licenses and approvals and (iv) notify Landlord immediately of any escape, spill or improper disposal of any Hazardous Substance or medical waste on the Premises which violates any applicable law, statute, ordinance, code, rule or regulation. Tenant shall indemnify, protect, defend and hold Landlord, its agents, employees, lenders and ground lessor, if any, and the Premises, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, costs, claims, liens, expenses, penalties, permits and attorney's and consultant's fees arising out of or involving any Hazardous Substance or storage tank brought onto the Land, the Building or the Premises by or for Tenant or under Tenant's control.

5.2 Tenant's Compliance with Law.

(a) Definition: Evidence of Compliance. Except as otherwise provided in this Lease, Tenant shall, at Tenant's sole cost and expense, fully, diligently and in a timely manner, comply with all "Applicable Law", which term is used in this Lease to include all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Landlord's engineers and/or consultants, relating in any manner to the Premises (including but not limited to matters pertaining to (i) industrial hygiene, (ii) environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, and (iii) the use, generation, manufacture, production installation, maintenance, removal, transportation, storage, spill or release of any hazardous substance or storage tank), now in effect or which may hereafter come into effect, and whether or not reflecting a change in policy from any previously existing policy.

(b) Tenant's Right to Contest. Tenant shall have the right after written notice to Landlord, at its sole expense, to contest in good faith by appropriate legal proceedings

the validity or application of any law, ordinance or other legal requirement and to delay compliance therewith pending the prosecution of such proceedings, provided that (i) no civil or criminal penalty, violation, fine or levy would be incurred by Landlord, (ii) no lien or charge would be imposed upon the Premises or the Improvements by reason of such delay, and (iii) such legal proceedings are conducted in the manner prescribed by applicable laws, ordinances, statutes, codes, rules and regulations and requirements of any applicable governmental agency or court. Tenant shall indemnify and hold Landlord harmless from and against any and all claims, demands, liabilities, losses, damages, costs and expenses (including without limitation, attorney's fees) arising out of or in connection with any such contest by Tenant.

(c) **Landlord's Responsibility.** Landlord shall be responsible for any material violations of legal requirements existing with respect to the Premises on the Commencement Date, and Tenant shall have no liability therefor, unless caused by Tenant, its employees or agents. Landlord shall, at its expense, make any necessary repairs or take other actions necessary to correct any material violation of legal requirements for which it is responsible, and of which notice is delivered to Tenant or Landlord by the appropriate governmental authorities. If, during the Lease Term, any alteration, addition or change to the Premises is required by legal authorities, then Tenant shall, at its sole expense, make the same.

5.3 Inspection; Compliance. Landlord and Landlord's Lender [as defined in Section 7.3(a)] shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times upon reasonable prior written notice for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Applicable Laws (as defined in Section 5.2) and to employ experts and/or consultants in connection therewith and/or to advise Landlord with respect to Tenant's activities, including but not limited to the installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance or storage tank on or from the Premises.

6. MAINTENANCE; REPAIRS; AND ALTERATIONS.

6.1 Tenant's Obligations. Tenant shall be responsible for costs and expenses associated with all equipment serving premises such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, automatic fire extinguishing system, fixtures, interior walls, ceilings, floors, windows, doors, plate glass and skylights which are damaged as a result of Tenant's intentional or willful act. Tenant shall also be responsible for its own janitorial/cleaning services to its own premises.

6.2 Landlord's Obligations. Landlord shall at its expense maintain the roof, downspouts, gutters, foundation, below the slab plumbing fixtures, utility lines located

outside the Premises or below the slab, and the structural soundness of the exterior and demising walls of the Building in good repair, reasonable wear and tear excepted. In addition, Landlord shall perform or cause to be performed all maintenance, repair and other services to which Operating Expenses are applicable as and when the same are reasonably necessary, including landscape maintenance, driveway and parking area maintenance for the Premises and Common Areas and for the streets and roadways providing access to the Building and the Land, exterior lighting maintenance, snow removal, waste removal, repair and maintenance of paved areas, cleaning supplies, miscellaneous building supplies, external painting for the Building, exterior and interior Common Area maintenance, external plumbing for the Building, insect and pest extermination, security guards for the complex in which the Premises are located, signs for the complex in which the Premises are located and miscellaneous maintenance expenses.

6.3 Alterations:

(a) Consent. Tenant shall not make any alterations in, on, under or about the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Tenant may, however, make non-structural utility installations to the interior of the Premises, as long as they are not visible from the outside and do not involve puncturing, relocating or removing the roof or any existing walls. The term "Utility Installations" is used in this Lease to refer to all carpeting, window coverings, air lines, power panels, electrical distribution, security, fire protection systems, communication systems, lighting fixtures, heating, ventilating, and air conditioning equipment, plumbing, and fencing in, on or about the Premises. Any alterations that Tenant shall desire to make and which require the consent of the Landlord shall be presented to Landlord in written form with proposed detailed plans. All consents given by Landlord, shall be deemed conditioned upon: (i) Tenant's acquiring all applicable permits required by governmental authorities, (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the alteration to Landlord prior to Commencement of the work thereof, and (iii) the compliance by Tenant with all conditions of said permits in a prompt and expeditious manner. Any alterations by Tenant during the term of this Lease shall be done in a good and workmanlike manner, with good and sufficient materials, and in compliance with all Applicable Law. Tenant shall promptly upon completion thereof furnish Landlord with as-built plans and specifications therefor.

(b) Indemnification. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use on the Premises which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. If Tenant shall, in good faith contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend and protect itself, Landlord and the Premises against the same and shall pay and satisfy

any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises.

6.4 Ownership, Removal, Surrender, and Restoration.

(a) Ownership. Except as provided in Section 2.4 with respect to Tenant's initial leasehold improvements, which shall become the sole property of the Landlord, unless Tenant shall otherwise advise Landlord in writing prior to making the alteration, all alterations to the Premises by Tenant shall be the property of and owned by Tenant. All Tenant owned alterations shall, at the expiration or earlier termination of this Lease, remain the property of Tenant and may be removed by Tenant. Tenant shall repair any damage caused by the removal of such alterations.

(b) Surrender/Restoration. Tenant shall surrender the Premises by the end of the last day of the Lease Term or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris and in good operating order, condition and state of repair, ordinary wear and tear excepted.

7. INSURANCE; INDEMNITY.

7.1 Payment for Insurance. Tenant shall pay as a part of Operating Expenses, its Pro Rata Share for all insurance required to be maintained by the Insuring Party under this Section 7, except to the extent of the cost attributable to liability insurance carried by Landlord in excess of \$1,000,000 per occurrence. However, to the extent such policies protect the Premises only, then Tenant shall be required to pay the entire cost thereof.

7.2 Liability Insurance Carried by Tenant. Tenant shall obtain and keep in force during the term of this Lease a commercial general liability policy of insurance protecting Tenant and Landlord (as an additional insured) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an "Additional Insured Managers or Landlords of Premises" Endorsement. All insurance to be carried by Tenant shall be primary to and not contributory with any similar insurance carried by Landlord, whose insurance shall be considered excess insurance only.

7.3 Property Insurance: Building, Improvements and Rental Value.

(a) Buildings and Improvements. The Insuring Party shall obtain and keep in force during the term of this Lease a policy or policies in the name of Landlord, with loss payable to Landlord and to the holders of any mortgages, deeds of trust or ground leases on the Premises ("Lender(s)"), insuring loss or damage to the Premises. The

amount of such insurance shall be equal to the full replacement cost of the Premises, as the same shall exist from time to time, or the amount required by Lenders, but in no event more than the commercially reasonable and available insurable value thereof, if, by reason of the unique nature or age of the improvements involved, such latter amount is less than full replacement cost. However, if the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake, unless required by a Lender), including coverage for any additional costs resulting from debris removal and reasonable amounts of coverage for the enforcement of any ordinance or law regulating the reconstruction or replacement of any undamaged sections of the Premises required to be demolished or removed by reason of the enforcement of any building, zoning, safety or land use laws as the result of a covered cause of loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amounts by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$1,000 per occurrence, and Tenant shall be liable for such deductible amount in the event of an Insured Loss, as defined in Section 8.1 (c) and as such this deductible shall be deemed an operating expense.

(b) Adjacent Premises. Tenant shall pay for an increase in the premiums for the property insurance of the Building if said increase is caused by Tenant's acts, omissions, use or occupancy of the Premises.

7.4 Tenant's Property Insurance. Subject to the requirements of Section 7.5, Tenant at its cost shall either by separate policy or by endorsement to a policy already carried, maintain insurance coverage on all of Tenant's personal property, Tenant Owned Alterations and Utility Installations in, on, or about the Premises similar in coverage to that carried by the Insuring Party under Section 7.3. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Tenant for the replacement of personal property or the restoration of Tenant Owned Alterations and Utility Installations. Tenant shall be the Insuring Party with respect to the insurance required by this Section 7.4 and shall provide Landlord with written evidence that such insurance is in force.

7.5 Insurance Policies. Insurance required hereunder shall be in companies maintaining at the commencement of the policy term a "General Policyholders Rating" of at least B+, V, or such other rating as may be required by a Lender having a lien on the Premises, as set forth in the most current issue of "Best's Insurance Guide". Tenant and Landlord shall cause to be delivered to each other certificates evidencing the existence and amounts of the insurance required to be maintained by each hereunder,

with the insureds and loss payable clauses as required by this Lease. The certificates shall provide that Tenant and Landlord shall receive thirty (30) days prior written notice of cancellation. Tenant shall at least thirty (30) days prior to the expiration of such policies, furnish each other with evidence of renewals or "insurance binders" evidencing renewal thereof.

7.6 Waiver of Subrogation. Without affecting any other rights or remedies, Tenant and Landlord ("Waiving Party") each hereby releases and relieves the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss of or damage to the Waiving Party's property arising out of or incident to the perils required to be insured against under Section 7. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto.

7.7 Indemnity. Except for Landlord's misconduct, negligence and/or breach of express warranties or the provisions of this Lease, Tenant shall indemnify, protect, defend and hold harmless the Premises, Landlord and its agents from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, permits, reasonable attorney's and consultant's fees, expenses and/or liabilities arising out of, involving, or in dealing with the occupancy of the Premises by Tenant, the conduct of Tenant's business, any act, omission or neglect of Tenant, its agents, contractors, employees or invitees, and out of any Default or Breach by Tenant in the performance in a timely manner of any obligation on Tenant's part to be performed under this Lease. In case any action or proceeding be brought against Landlord by reason of any of the foregoing matters, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord and Landlord shall cooperate with Tenant in such defense.

7.8 Exemption of Landlord from Liability. Except for Landlord's negligence, intentional act, breach of this Lease or misconduct, Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause.

8. DAMAGE OR DESTRUCTION.

8.1 Definitions.

(a) "Premises Partial Damage" shall mean damage or destruction to the improvements on the Premises, other than Tenant Owned Alterations and Utility Installations, the repair cost of which damage or destruction is less than 50% of the then Replacement

Cost of the Premises immediately prior to such damage or destruction, excluding from such calculation the value of the land and Tenant Owned Alterations and Utility Installations.

(b) "Premises Total Destruction" shall mean damage or destruction to the Premises, other than Tenant Owned Alterations and Utility Installations, the repair cost of which damage or destruction is 50% or more of the then Replacement Cost of the Premises immediately prior to such damage or destruction, excluding from such calculation the value of the Land and Tenant Owned Alterations and Utility Installations.

(c) "Insured Loss" shall mean damage or destruction to improvements on the Premises, other than Tenant owned alterations, which was caused by an event required to be covered by the insurance described in Section 7.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Landlord at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of applicable building codes, ordinances or laws, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a hazardous substance in, on, or under the Premises.

8.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Landlord shall, at Landlord's expense, repair such damage (but not Tenant's trade Fixtures or Tenant Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Tenant shall, at Landlord's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less, and in such event, Landlord shall make the insurance proceeds available to Tenant on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds (except as to the deductible which is Tenant's responsibility) as and when required to complete said repairs. The party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. Premises Partial Damage due to flood or earthquake shall be subject to Section 8.3 rather than Section 8.2, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

8.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, Landlord may at Landlord's option either: (i) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such damage of Landlord's desire to terminate this Lease as of the date of the casualty. In the event Landlord elects to give such notice of Landlord's intention to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's commitment to pay for the repair of such damage totally at Tenant's expense and without reimbursement from Landlord. Tenant shall provide Landlord with the required funds or satisfactory assurance thereof within thirty (30) days following Tenant's said commitment. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible and the required funds are available. If Tenant does not give such notice and provide the funds or assurance thereof within the times specified above, this Lease shall terminate as of the date of the casualty.

8.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs (including any destruction required by any authorized public authority), this Lease, at Tenant's option, shall terminate as of the date of the casualty. Otherwise, the casualty shall be dealt with in the same manner as is provided above with respect to Premises Partial Damage, with the stipulation that nothing herein shall imply a right of Tenant to cause the Premises to be repaired at Landlord's expense if Landlord has otherwise elected to terminate the Lease.

8.5 Damage Near End of Term. If at any time during the last three (3) months of the term of this Lease there is damage for which the cost to repair exceeds one (1) month's Base Rent, whether or not an Insured Loss, Landlord may, at Landlord's option, terminate this Lease effective as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage. Provided, however, if Tenant at that time has an exercisable option to extend this Lease or to purchase the Premises, the Tenant may preserve this Lease by, within twenty (20) days following the occurrence of the damage, or before the expiration of the time provided in such option for its exercise, whichever is earlier ("Exercise Period"), exercising such option. If Tenant duly exercises such option during said Exercise Period and provides Landlord with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Landlord shall, at Landlord's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Tenant fails to exercise such option and provide such funds or assurance during said Exercise Period, then Landlord may at Landlord's option terminate this Lease as of the expiration of said sixty (60) day period following the occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within ten (10) days after the expiration of the Exercise Period, notwithstanding any term or provision in the grant of option to the contrary.

8.6 Abatement of Rent; Tenant's Remedies.

(a) In the event of damage described in Section 8.2 (Partial Damage Insured), whether or not Landlord or Tenant repairs or restores the Premises, the Base Rent, Real Property Taxes, insurance premiums, and other charges, if any, payable by Tenant hereunder for the period during which such damage, its repair or the restoration continues (not to exceed the period for which rental value insurance is required under Section 7.3(b)), shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired.

(b) If Landlord shall be obligated to repair or restore the Premises under the provisions of this Section 8 and shall not commence, in a substantial and meaningful way, and thereafter diligently pursue the repair or restoration of the Premises within ninety (90) days after such obligation shall accrue, Tenant may, at any time prior to the commencement of such repair or restoration, give written notice to Landlord and to any Lenders of which Tenant has actual notice of Tenant's election to terminate this Lease on a date not less than sixty (60) days following the giving of such notice. If Tenant gives such notice to Landlord and such Lenders and such repair or restoration is not commenced within thirty (30) days after receipt of such notice, this Lease shall terminate as of the date specified in said notice. If Landlord or a Lender commences the repair or restoration of the Premises within thirty (30) days after receipt of such notice, this Lease shall continue in full force and effect. "Commence" as used in this Paragraph shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

8.7 Hazardous Substance Conditions. If a Hazardous Substance Condition occurs, unless Tenant is legally responsible therefor (in which case Tenant shall make the investigation and remediation thereof required by Applicable Law and this Lease shall continue in full force and effect, but subject to Landlord's rights under Section 13, Landlord may at Landlord's option either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such condition exceeds twelve (12) times the then monthly Base Rent or \$500,000, whichever is greater, give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such Hazardous Substance Condition of Landlord's desire to terminate this Lease as of the date sixty (60) days following the giving of such notice. In the event Landlord elects to give such notice of Landlord's intention to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's commitment to pay for the investigation and remediation of such Hazardous Substance Condition totally at Tenant's expense and without reimbursement from Landlord except to the extent of an amount equal to twelve (12) times the then monthly Base Rent or \$500,000, whichever is greater. Tenant shall provide Landlord

with the funds required of Tenant or satisfactory assurance thereof within thirty (30) days following Tenant's said commitment. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such investigation and remediation as soon as reasonably possibly and the required funds are available. If Tenant does not give such notice and provide the required funds or assurance thereof within the times specified above, this Lease shall terminate as of the date specified in Landlord's notice of termination. If a Hazardous Substance Condition occurs for which Tenant is not legally responsible, there shall be abatement of Tenant's obligations under this Lease to the same extent as provided in Section 9.6(a).

8.8 Termination - Advance Payments. Upon termination of this Lease pursuant to this Section 8, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Tenant to Landlord. Landlord shall, in addition, return to Tenant so much of Tenant's security deposit, if any, as has not been or is not then required to be, used by Landlord under the terms of this Lease.

8.9 Waive Statutes. Landlord and Tenant agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

9. REAL PROPERTY TAXES.

9.1 Payment of Taxes. Pursuant to Paragraph 3, Tenant shall pay its Pro Rata Share of the Real Property Taxes, as defined in Section 9.2, applicable to the Building and the Land during the term of this Lease, on the accrual basis. Landlord and Tenant hereby agree that based on Landlord's good faith estimate of Real Property Taxes when fully assessed, Tenant's Pro Rata Share of Real Property Taxes shall be payable at the rate of Two Thousand Nine Hundred Eighty Dollars (\$2,980) per month, unless otherwise agreed in writing by landlord and Tenant, until such time as such taxes are fully assessed. Thereafter this amount shall be adjusted based on actual Real Property Taxes pursuant to Section 3.2 of this Lease. Since taxes will be paid as though fully assessed during the entire term of the Lease, taxes will not be prorated at the end of the Lease Term.

9.2 Definition of "Real Property Taxes". As used herein, the term "Real Property Taxes" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed upon the Premises by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, levied against any legal or equitable interest of Landlord in the real property of which the Premises are a part, Landlord's right to rent or other income therefrom, and/or Landlord's business of

leasing the Premises. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring, or changes in applicable law taking effect, during the term of this Lease, including but not limited to a change in the ownership of the Premises or in the improvements thereon, the execution of this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the Parties.

10. UTILITIES.

Tenant shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion of all charges jointly metered with other premises.

11. ASSIGNMENT AND SUBLETTING.

11.1 Tenant's Right to Assign or Sublet. Subject to the provisions of Section 1.5 as to use of the Premises, Tenant may assign this Lease in whole or in part, or sublet the Premises in whole or in part, only with the prior written consent of Landlord, which shall not unreasonably be withheld; subject to the following: (i) Tenant shall provide prior written notice to Landlord of any assignment or sublease; (ii) Tenant shall continue to be liable for all obligations to Landlord under this Lease, (iii) the sub-tenant or assignee shall comply with all Tenant's requirements under the Lease concerning use and maintenance of the property, (iv) such sublease or assignment shall be subject to the restrictive covenants hereinafter provided, unless waived by Landlord in writing. Tenant acknowledges that Landlord may prohibit any assignment or subletting to another medical or surgical office which might compete with other tenants and therefore, an assignment or subletting to such a tenant is expressly prohibited and therefore consent is deemed to be reasonably withheld for such an assignment. Landlord and Tenant acknowledge and agree that the foregoing provisions have been freely negotiated by the parties hereto and that Landlord would not have entered into this Lease without Tenant's consent to the terms of this Section.

11.2 Tenant's Continuing Obligations: Excess Rent. No assignment, transfer, mortgage, sublease or other encumbrance, whether or not approved, and no indulgence granted by Landlord to any assignee or subtenant, shall in any way impair the continuing primary liability (which after an assignment shall be joint and several with the assignee) of Tenant hereunder, and no approval in particular instance shall be deemed to be a waiver of the obligation to obtain Landlord's approval in any other case. If for any assignment or sublease requiring the approval of Landlord, Tenant receives rent or other consideration, either initially or over the term of the assignment or sublease, in excess of the rent called for hereunder, or in the case of a sublease of part of the Premises, in excess of the portion of such rent fairly allocable to such part, after appropriate adjustments to assure that all other payments called for hereunder are

appropriately taken into account, and after subtracting any expenses incurred in connection with such assignment or subletting, Tenant shall pay to Landlord as additional rent one-half (1/2) of the excess of each such payment of rent or other consideration received by Tenant promptly after its receipt.

12. DEFAULT; BREACH; REMEDIES; LATE PAYMENT CHARGE.

12.1 Default; Breach. (a) Landlord and Tenant agree that if an attorney is reasonably consulted by Landlord or Tenant in connection with a Tenant or Landlord Default or Breach (as hereinafter defined), \$150.00 is a reasonable sum per such occurrence for legal services and costs in the preparation and service of a notice of Default and that Landlord or Tenant may include the cost of such services and costs in said notice as rent due and payable to cure said unpaid rent and damages as are recoverable therein, or Landlord may reserve therein the right to recover all or any part thereof in a separate suit for such rent and/or damages. If a notice and grace period required under Subsections 12.1(a), (b) or (c) was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Tenant under any statute authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by Subsections 12.1(a), (b) or (c). In such case, the applicable grace period under Subsections 13.1(a), (b) or (c) and under the unlawful detainer statute shall run concurrently after the one such statutory notice, and the failure of Tenant to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Landlord to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Tenant's right to possession in effect after Tenant's Breach and abandonment and recover the rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations. See Paragraphs 11 and 31 for the limitations on Assignment and subletting which limitations Tenant and Landlord agree are reasonable. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver to protect the Landlord's interest under the Lease, shall not constitute a termination of the Tenant's right to possession.

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Premises are located.

(d) The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Tenant's occupancy of the Premises.

12.2 Landlord Breach. In the event of a breach of this Lease by Landlord, if after thirty (30) days from Landlord's receipt of notice of said breach Landlord has not cured such breach, Tenant shall have the right to set-off rent to cure the breach.

12.3 Late Payment Charge. If the monthly rental payment is not received by Landlord on or before the fifteenth (15th) business day following the day of the month on which the rent is due, a late payment charge of five percent (5 %) of such past due amount shall become due and payable.

13. CONDEMNATION.

If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25 %) of the land area not occupied by any building, or a portion of the Land which materially blocks access to the Premises, is taken by condemnation, Tenant may, at Tenant's option, to be exercised in writing within thirty (30) days after Landlord shall have given Tenant written notice of such taking and of Tenant's option to terminate hereunder (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the building located on the Premises. No reduction of Base Rent shall occur if the only portion of the Premises taken is land on which there is no building. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any compensation separately awarded to Tenant for the value of the loss of Tenant's leasehold hereunder, Tenant's relocation expenses and/or loss of Tenant's Trade Fixtures. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of its net severance damages received, over and above the legal and other expenses incurred by Landlord in the condemnation matter, repair any damage to the Premises caused by such condemnation, except to the extent that Tenant has been reimbursed therefor by the condemning authority. Tenant shall be responsible for the payment of any amount in excess of such net severance damages required to complete such repair.

14. BROKER'S FEE.

Tenant and Landlord each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and that no broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction. Tenant and Landlord do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

15. TENANCY STATEMENT.

Each Party (as "Responding Party") shall within ten (10) days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in the form attached hereto as Exhibit B.

16. LANDLORD'S LIABILITY.

The term "Landlord" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Tenant's interest in the prior lease. In the event of a transfer of Landlord's title or interest in the Premises or in this Lease, Landlord shall deliver to the transferee or assignee (in cash or by credit) any unused security deposit held by Landlord at the time of such transfer or assignment.

17. SEVERABILITY.

The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

18. INTEREST ON PAST-DUE OBLIGATIONS.

Any monetary payment due Landlord hereunder, other than late charges, not received by Landlord within thirty (30) business days following the date on which it was due, shall bear interest from the thirty-first (31st) business day after it was due at the rate of 12% per annum, but not exceeding the maximum rate allowed by law, in addition to the late payment charge provided in Section 12.3 of this lease.

19. TIME OF ESSENCE:

Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

20. NO PRIOR OR OTHER AGREEMENTS:

This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective.

21. NOTICES.

21.1 All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by messenger or courier service) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Section 21. The addresses noted below shall be that Party's address for delivery or mailing of notice purposes:

If to Tenant:

QUAD CITY ENDOSCOPY, LLC
5041 Utica Ridge Road
Davenport Iowa 52807

If to Landlord:

GIC Real Estate Investments, LLC
5041 Utica Ridge Road
Davenport, IA 51807

Either Party may, by written notice to the other specify a different address for notice purposes, except that upon Tenant's taking possession of the Premises, the Premises shall constitute Tenant's address for the purpose of mailing or delivering notices to Tenant. A copy of all notices required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by written notice to Tenant.

21.2 Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card or if no delivery date, is shown, the postmark thereon. Notice delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the United States Postal Service or courier. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone confirmation of receipt of the transmission thereof, provided a copy is also delivered via delivery or mail. If notice is received on a Sunday or legal holiday, it shall be deemed received on the next business day.

subject to any offsets or defenses which Tenant might have against any prior Landlord, or (iii) be bound by prepayment of more than one (1) month's rent.

25.3 Non-Disturbance. Tenant's subordination of this Lease shall be subject to receiving assurance (a "non-disturbance agreement") from the Lender that Tenant's possession and this Lease, including any options to extend the term hereof, will not be disturbed so long as Tenant is not in Breach hereof and attorns to the record owner of the Premises.

26. ATTORNEY'S FEES.

If any Party or Broker brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) or Broker in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorney's fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorney's fees awarded shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney's fees reasonably incurred.

27. LANDLORD'S ACCESS.

Landlord and Landlord's agents shall have the right to enter the premises at any time, in the case of an emergency, and otherwise at reasonable times upon reasonable notice for the purpose of performing its obligations hereunder.

28. SIGNS.

Tenant may, with Landlord's written consent, which consent shall not be unreasonably withheld or delayed, install such signs as are reasonably required to advertise Tenant's own business. The installation of any sign on the premises by or for the Tenant shall be subject to the provisions of Paragraph 6 (Maintenance, Repairs and Alterations).

29. TERMINATION; MERGER.

Unless specifically stated otherwise in writing by Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for Breach by Tenant, shall automatically terminate any

sublease or lesser estate in the Premises; provided, however, Landlord shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing subtenancies. Landlord's failure within ten (10) days following any such event to make a written election to the contrary by written notice to the holder of any such lesser interest, shall constitute Landlord's election to have such event constitute the termination of such interest.

30. QUIET POSSESSION.

Upon payment by Tenant of the rent for the Premises and the observance and performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

31. CONSENTS.

Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Landlord's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' or other consultants' fees) incurred in the consideration of, or response to, a request by the Tenant for any Landlord consent pertaining to this Lease or the Premises, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, practice or storage tank, shall be paid by Tenant to Landlord upon receipt of an invoice and supporting documentation therefor. Landlord's consent to any act, assignment of this Lease or subletting of the Premises by Tenant shall not constitute an acknowledgment that no Default or Breach by Tenant of this Lease exist, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Landlord at the time of such consent.

32. SECURITY MEASURES.

Landlord shall have no obligation to provide guard service or security measures to Tenant's premises. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents and invitees and their property from the acts or third parties.

33. PERFORMANCE UNDER PROTEST.

If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and

such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

34. RESERVATIONS.

Landlord reserves to itself the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights and dedications that Landlord deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easement rights, dedication, map or restrictions.

35. AUTHORITY.

If either party hereto is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. If either Party is a corporation, trust or partnership, such Party shall, within thirty (30) days after request the other Party, deliver to such Party evidence of such authority.

36. AMENDMENTS.

This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. The parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease.

QUAD CITY ENDOSCOPY, LLC

By: _____
Shashinath Chandrase Gowda,
M. D., Member

By: C. Soral
S. Chintalapani, M.D., Member

By: B. Gowda
B. Gowda, M.D., Member

GIC REAL ESTATE INVESTMENTS, LLC

By: _____
B. Shivakumar, M.D., Member

By: C. Soral
S. Chintalapani, M.D., Member

By: B. Gowda
B. Gowda, M.D., Member



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

RSC ILLINOIS, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON OCTOBER 24, 2007, 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 AUGUST A.D. 2018 .

Jesse White

SECRETARY OF STATE

Persons with 5% or greater interest:

In a two-step transaction, Covenant Surgical Partners, Inc. ("CSP") intends to purchase 51% of the membership interest in Quad City Endoscopy, LLC ("QCE"), an Illinois limited liability company that owns and operates Quad City Endoscopy Surgery Center, located at 4340 7th St., Moline, IL 61265. QCE will then merge into RSC Illinois, LLC ("RSC"), with RSC being the surviving entity.

Following the completion of the transaction, the licensee, RSC Illinois, LLC, will be owned 51% by Covenant Surgical Partners, Inc. and 49% by the physicians listed below.

Name	Address	% of Ownership
Covenant Surgical Partners, Inc.	401 Commerce Street, Ste. 600, Nashville, TN 37219	51%
Sreenivas Chintalapani, M.D.	4340 7 th Street, Moline, IL 61265	7%
Bettaiah Gowda, M.D.	5041 Utica Ridge Road, Ste. 100, Davenport, IA 52807	7%
Shashinath Chandrasegowda, M.D.	4340 7 th Street, Moline, IL 61265	7%
Amit Patel, M.D.	545 Valley View Dr, Moline, IL 61265	7%
Poonputt Chotiprasidhi, M.D.	2570 24th St Ste 121, Rock Island, IL 61201	7%
Linda Tong, M.D.	2570 24th St Ste 121, Rock Island, IL 61201	7%
Ahmad Cheema, M.D.	2570 24th St Ste 121, Rock Island, IL 61201	7%

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Quad City Endoscopy, LLC
August 30, 2018

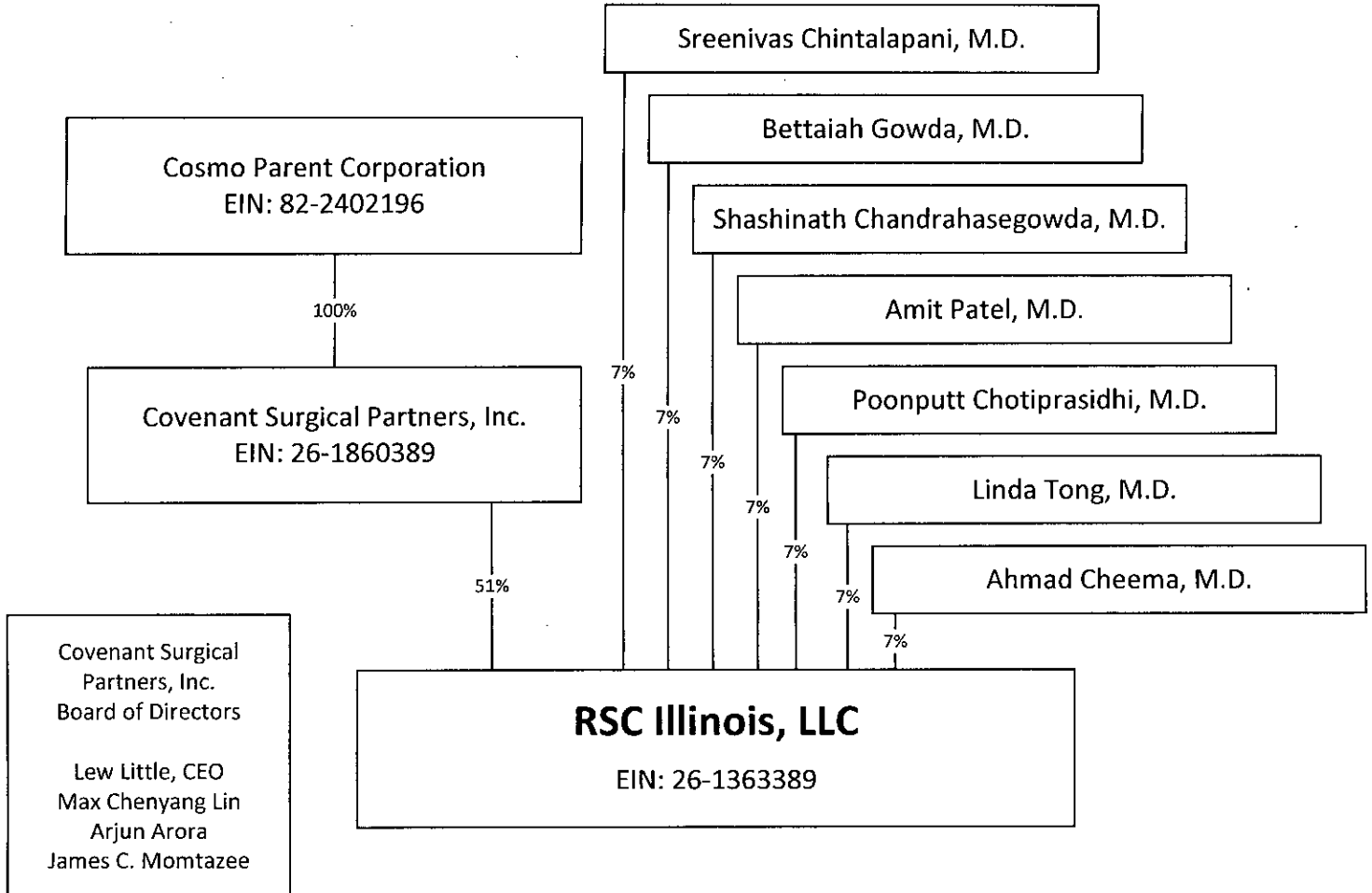
Attachment 4: Organizational Relationship

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

N/A- no person or entity is related

RSC Illinois, LLC

Ownership Information



Background of Applicant (Covenant Surgical Partners, Inc.)

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

Covenant Surgical Partners Inc. has a majority interest in the following:

Advanced Endoscopy and Pain Center LLC	1753 West Avenue J, Suite A	Lancaster, CA 93534
Alvarado Eye Surgery Center LLC	201 South Alvarado Street, Suite 718	Los Angeles, CA 90057-2390
Bay Area Endoscopy Center LLC	22455 Maple Court	Hayward, CA 94541-4031
Bethlehem Endoscopy Center LLC	5325 North Gate Drive, Suite 101	Bethlehem, PA 18017
Bowden Gastro Associates LLC	1417 Monroe Avenue	Memphis, TN 38104
Capital City Surgery Center of Florida LLC	2807 Capital Medical Blvd., Ste. 2	Tallahassee, FL 32308
Capitol Surgical Center LLC	6410 Rockledge Drive, Suite 110	Bethesda, MD 20817
Carolinas Endoscopy Center LLC	2210 Hemby Lane	Greenville, NC 27834-3789
Center for Endoscopy LLC	3921 Waring Road, Suite B	Oceanside, CA 92056
Central Delaware Endoscopy Unit LLC	644 S. Queen Street, Ste. 105	Dover, DE 19904
CEC, LLC	128 Bucksport Road, Suite B	Ellsworth, ME 04605
CESC, LLC	128 Bucksport Road, Suite A	Ellsworth, ME 04605
CFAGI LLC	260 Lookout Place, Suite 201	Maitland, FL 32751-4346
Columbus Endoscopy Center LLC	1130 Talbotton Road	Columbus, GA 31904
Crescent City Surgery Center LLC	220 East Virginia Street	Evansville, IN 47711-5530
Endoscopy Center of Grand Junction LLC	1035 Wellington Avenue	Grand Junction, CO 81501
Endoscopy Center of Inland Empire LLC	40404 California Oaks Road, Suite A	Murrieta, CA 92562
Endoscopy Surgery Center of Silicon Valley LLC	2410 Samaritan Drive, Suite 100	San Jose, CA 95124-3909
Eynon Surgery Center LLC	681 Scranton Carbondale Hwy	Eynon, PA 18403
Gastroenterology and Surgery Center of Arkansas II LLC	8908 Kanis Road	Little Rock, AR 72205-6414
Gold Coast Surgery Center LLC	1750 Englewood Road	Englewood, FL 34223
Grant SurgiCenter LLC	2000 Grant Avenue	Philadelphia, PA 19915
Maryland Center for Digestive Health LLC	820 Bestgate Road	Annapolis, MD 21401
MNH GI Surgical Center LLC	1101 North Maitland Avenue	Maitland, FL 32751-4346
Ocala Specialty Surgery Center LLC	3201 S.W. 34th Street	Ocala, FL 34474
Odessa Endoscopy Center LLC	315 East 5th Street	Odessa, TX 79761-5133
Pacific Endoscopy Center LLC	1029 Makolu Street, Suite H	Pearl City, HI 96782
Pacific Endoscopy Center LLC	2226 Liliha Street, Suite 307	Honolulu, HI 96817
Pacific Endoscopy Center LLC	134 Pu'Uhonu Way	Hilo, HI 96720-2067
Pacific Endoscopy Center LLC	1401 S. Beretania Street, Ste. 200	Honolulu, HI 96814
Pacific Endoscopy LLC	3351 El Camino Real, Suite 220	Atherton, CA 94027
Pankratz Eye Institute LLC	3135 Middle Drive	Columbus, IN 47203
RSC Illinois LLC	545 Valley View Drive	Moline, IL 61265-6138
Southwest Endoscopy Partners LLC	2 Burnett Ct, Suite 200	Durango, CO 81301
Tavares Surgery LLC	1878 Mayo Drive	Tavares, FL 32778
Villages Endoscopy Center LLC	10900 SE 174th Place Road	Summerfield, FL 34491
Virgil Endoscopy Center LLC	500 S. Virgil Avenue, Suite 301	Los Angeles, CA 90020-1446

v. Page 51

Background of Applicant (RSC Illinois, LLC)		
1.A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable. Covenant Surgical Partners Inc. has a majority interest in the following:		
Regional SurgiCenter	545 Valley View Drive	Moline, IL 61265

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Quad City Endoscopy, LLC

August 30, 2018

Attachment 5:

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.

N/A- No adverse actions to report

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

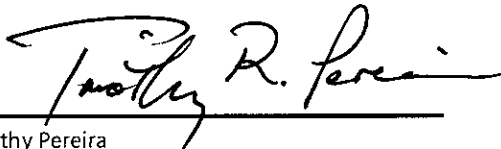
Quad City Endoscopy, LLC

August 30, 2018

Attachment 5:

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.

On behalf of the surviving entity, RSC Illinois, LLC, I, Timothy Pereira, permit 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.

X 

Timothy Pereira
RSC Illinois, LLC

Attachment 6

1130.520(b)(1)(A) - Names of the parties:

See pages 1 and 2 and Attachment 1.

1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.

See pages 1 and 2 and Attachment 1. RSC Illinois, LLC currently provides a high level of services at Regional SurgiCenter, its ambulatory surgical treatment center located at 545 Valley View Drive, Moline, IL. Further, Covenant Surgical Partners, Inc. is a well-regarded entity that owns interests in numerous surgery centers around the country. Neither RSC Illinois, LLC nor Covenant Surgical Partners, Inc. have had adverse actions against them in the past three years. Finally, each of the physician owners is licensed to provide services and consistently provides high quality services to their patients.

1130.520(b)(1)(C): Structure of the transaction:

In a two-step transaction, Covenant Surgical Partners, Inc. ("CSP") intends to purchase 51% of the membership interest in Quad City Endoscopy, LLC ("QCE"), an Illinois limited liability company that owns and operates Quad City Endoscopy Surgery Center, located at 4340 7th St., Moline, IL 61265. QCE will then merge into RSC Illinois, LLC ("RSC"), with RSC being the surviving entity. Following the merger, QCE will cease to exist.

1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction:

RSC Illinois, LLC

1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons:

In a two-step transaction, Covenant Surgical Partners, Inc. ("CSP") intends to purchase 51% of the membership interest in Quad City Endoscopy, LLC ("QCE"), an Illinois limited liability company that owns and operates Quad City Endoscopy Surgery Center, located at 4340 7th St., Moline, IL 61265. QCE will then merge into RSC Illinois, LLC ("RSC"), with RSC being the surviving entity. Following the merger, QCE will cease to exist.

RSC Illinois, LLC is operated by a Board of Directors. Covenant Surgical Partners, Inc. holds a majority of the shares of RSC Illinois, LLC.

1130.520(b)(1)(F) - Fair market value of assets to be transferred.

See page 5.

1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets.

See page 5.

1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section.

Not applicable.

1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction.

Not applicable.

1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community.

This project will benefit the community by retaining an important piece of the health care continuum. Further, this project will permit Covenant Surgical Partners, a well-regarded, nationally recognized investor in ambulatory surgery centers to bring strategic improvements to the facility and its operations. The facility's patients from the local community will enjoy the increased efficiencies and operational advancements that accompany Covenant Surgical Partners' experience and expertise in ambulatory surgery centers.

1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership.

This project will result in cost savings as a result of the increased efficiency and synergies that can be harnessed by RSC Illinois, LLC due to its ownership of both Quad City Endoscopy Surgery Center and Regional SurgiCenter. Further, Covenant Surgical Partners will be able to leverage its size and experience to ensure that operations are performed in both a cost-efficient and effective manner. Covenant Surgical Partners involvement in the project permits Quad City Endoscopy Surgery Center, and its patients, to benefit from economies of scale that accompanies an entity with ambulatory surgery centers around the Country.

1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control.

Quad City Endoscopy maintains a robust quality improvement mechanism, as reflected in the attached Quality Management and Improvement summary.

1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body.

RSC Illinois, LLC is managed by a Board of Directors. The Board is selected by vote of the shareholders.

1130.520(b)(8) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility.

This statement is available for viewing.

1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.

No such changes are expected.

Quad City Endoscopy, L.L.C.

Illinois CON:

Quad City Endoscopy, L.L.C. does not have any CON projects outstanding or under state board review.

All State Agency submittals are current to the extent applicable to this facility.

ASTC Licensure:

Neither the Administrator nor Manager of the facility have been convicted of any felonies or misdemeanors in the last 5 years.

QUAD CITY ENDOSCOPY, L.L.C.

QUALITY MANAGEMENT and IMPROVEMENT

1. INTRODUCTION AND PURPOSE OF QUALITY ASSURANCE

In striving to improve the quality of care and to promote more effective and efficient utilization of facilities and services, Quad City Endoscopy, L.L.C. maintains an active, integrated, organized, ongoing, data-driven, peer-based program of quality management and improvement that links peer review, quality improvement activities, and risk management in an organized, systematic way.

Quad City Endoscopy has implemented a Quality Improvement Program for ensuring ongoing quality and improving performance when needed. This program is broad in scope in order to address clinical, administrative, and cost of care performance, issues, as well as actual patient outcomes, i.e., results of care, including safety of patients.

1. QUALITY IMPROVEMENT PROGRAM : Quad City Endoscopy maintains an active, integrated, organized and peer-based quality improvement (QI) program as evidenced by the following characteristics:

1. Quad City Endoscopy has implemented quality improvement program ensuring ongoing quality and improving performance when needed. This program is broad in scope in order to address clinical, administrative, and cost-of-care performance issues, as well as actual patient outcomes, i.e. results of care, including safety of patients.
 - a. All treatment provided at QCE shall be on an elective basis.
 - b. The treatments or activities that are performed at QCE are listed in the Procedure Manual.

2. MISSION STATEMENT

1. Quad City Endoscopy, L.L.C. is committed to deliver the highest quality of care in the field of gastroenterology in the most cost effective way.
2. The facility and state-of-the-art equipment are designed to help provide patients with comfort, safety, and most importantly, the best possible care available.
3. The facility strives to create a safe physical environment in preparation for the scheduled procedure, during the procedure, and immediately following the procedure.
4. The facility provides an atmosphere of compassion and understanding with minimal stress and anxiety.
5. The facility functions at a high level of efficiency to accommodate the convenience of both the patient and the physician.
6. The facility helps to assist the physician in accomplishment of a plan of diagnostic and surgical treatment for each patient.
7. The facility promotes knowledge and skills of the staff as a means of meeting

technical and scientific progress in the delivery of health care and to be aware of new research, new products, and new ideas, which may modify and improve present activities and procedures.

8. The facility maintains that all information regarding patients is kept private and confidential.

3. ASSIGNMENT OF RESPONSIBILITY

1. The responsibility for monitoring and evaluation of the program is assigned to the Board of Directors. In turn, the Board designated the responsibility of Safety Officer to the medical director/designee. And the responsibility of performing and monitoring evaluation (i.e. identifying indicators, collecting data, evaluating care and taking actions) to the QA coordinator. The QA committee, in turn, assures the responsibilities are fulfilled. The Committee consists of, but is not limited to: The QA coordinator and the Board of Directors which includes the Medical director, office manager, staff physicians and the nurse manager.

- a. The QA coordinator, an R.N. oversees the collection of data for the QA committee and is responsible for compiling it into report form.
- b. The Quality Improvement program is placed on the permanent semi- annual board meeting agenda. The program will be evaluated for effectiveness at least annually and the proceedings documented in the board minutes. If an additional meeting is needed, the Chairman or the Vice-chairman will call the meeting. Further functions and responsibilities of the QA committee shall include, but not be limited to the following:

1. To formulate and make recommendations based upon reports and observations
2. To consider and recommend action to the medical director on all matters of a medico-administrative nature
3. To review the implementation of the approved policies of QCE
4. To review and analyze collected data and indicators and recommend corrective action to the QA coordinator.

c.. PEER REVIEW- the purpose of the peer review is to ensure consistent quality of care for patients and on-going adherence to organizational policies and procedures. Transparency in the process promotes a culture of continuous improvement.

ci. Ensures participation by health care professionals, must be a physician. SEE PEER REVIEW POLICY

4. SCOPE OF CARE

- a. To delineate the scope of patient care, patients who are candidates for outpatient endoscopy must meet the following criteria:
 1. The patient's past and current health status must be evaluated by a physician and documented in the

H&P prior to procedure being performed. A determination will be made by the physician, based on this assessment as to whether the patient's health is conducive for outpatient endoscopy.

2. Procedures performed in QCE shall receive IV conscious sedation only.
3. The patient and/or his surrogate signing the consent for diagnostic procedures or treatment must agree with the concept of outpatient procedures and must exhibit the ability to use judgment and follow instructions.
4. The patient's physical and emotional environment must be conducive to a successful outcome.
5. All treatments provided at QCE shall be on an elective basis
6. Treatments or activities that are performed in QCE are listed in the Procedure Manual.

b. Type of practitioner providing care: Board Certified (Board Eligible) Gastroenterologist

1. The physicians providing care at QCE are Sreenivas Chintalapani, M.D., Bettaiah T. Gowda, M.D., and Shashinath K. Chandrasegowda, M.D. Samyuktha Ramavaram, M.D.

2. Operational hours : Days and hours of operation are Monday through Friday between the hours of 0800 and 1700

5. IDENTIFY IMPORTANT ASPECTS

To identify the important aspects of care provided by QCE, the following activities have been chosen as those having the greatest impact on patient care. Priority is given to these aspects of care:

- Evaluation and assessment of any adverse/unexpected reactions to medications
- Evaluation and assessment of any unusual occurrences during the procedure or pre- and post-procedure phase
- Evaluation of employee's knowledge and capability to perform tasks as described in job description
- Evaluation of physician process (diagnosis, appropriate use of endoscopy, documentation and evaluation)
- Evaluation of overall patient satisfaction with their ASC outpatient experience
- Evaluation of physical safety and maintenance of QCE
- Evaluation of infection control preventative measures and practices

- Evaluation of the use of the nursing process (assessment, planning, documentation, intervention, and evaluation)
- Evaluation of the quality, content, and completeness of medical records
- Evaluation of patient follow-up procedures
- Evaluation of the quality, content, and completeness of patient education and instructional material
- Evaluation of patient care document and information transfer to or from other healthcare providers outside the ASC.

6. THRESHOLDS FOR EVALUATION

The data collected for each indicator cannot alone lead to conclusions about the quality and/or appropriateness of care. The indicator can, however, direct attention to those areas in which a problem or other opportunity to improve care may be found. If it is concluded there is an actual problem, the care provided will be evaluated extensively. As data is collected, it will be compared with a pre-established standard. If it falls below the accepted standard, this will automatically trigger a more extensive evaluation to determine if an actual problem exists and/or if a trend is developing.

7. IDENTIFY INDICATORS

In order to efficiently monitor these important aspects of care, indicators will be used to identify these aspects. To monitor the important aspects of care, data is collected for each of the following indicators. These indicators are used in the ASC.

I. MEDICAL RECORDS REVIEW

Medical records will be reviewed using Q.A. The worksheet will be completed and a percent of compliance calculated. These will be totaled and compared to the expected level of compliance each quarter. The expected level of compliance is 100%. If compliance is less than 100%, an acceptable level of compliance has not been met. These indicators will be reviewed and presented to the office staff meeting for follow-up. Data to be monitored: ongoing.

II. GENERAL INFECTION CONTROL & SAFETY

Expected Level of Compliance: <15 for the month in all three areas
>15 for the month is not an acceptable level of compliance. This will be reviewed by the QA Coordinator and presented to the office staff for correction.

III. POST-OP INFECTION CONTROL

Monitoring post op infections is an integral part of our infection control plan. Per AAAHC guidelines, we developed a program to assist in tracking any post op infection. Having a means for physicians to easily report infections and

complication on their patients is imperative. As infections can occur up to 30 days after a procedure, we have instituted a monthly reporting process. A form is generated using GMED. This form is created per physician and has a list of all the patients that had a procedure performed by that specific physician. The data collected from this form is reported to the board of directors. Our goal is 100% return rate of these reports. These reports also capture any perforation, hospital admissions, post op bleeding, etc. See Post Op Infections Policy

IV. TISSUE REVIEW LOG

At the end of each quarter, the QA Coordinator will review the Tissue Review Log. Any discrepancy is defined as a difference in pathology diagnosis in respect to the physician's final diagnosis (i.e., diagnosis: gastritis; pathology report: adenocarcinoma). Data will be gathered by reviewing the record of every fifth patient receiving sedation and having specimens sent for pathology.

V. PATIENT SATISFACTION SURVEY

Patients will be given a survey randomly. They will be asked to complete the survey, and return it in a stamped, self-addressed envelope. All responses will be kept confidential. Data will be reviewed: monthly. Any patient complaints will be reviewed immediately by the nurse manager who will take appropriate action.

VI. ANCILLARY SERVICE AUDIT

QCE provides services to its patients with the assistance of contracted services. The timeliness and accuracy of their services as well as promptness of the delivery of their services will be evaluated. The expected level of compliance for ancillary services is 1-2 working days. Data will be reviewed: ongoing. These contracts will be evaluated annually at least two months prior to renewal date – and reported to the board.

VII. CONCERNS, GRIEVANCES AND INCIDENT REPORTS

This review will consist of addressing any type of problem, concern, or complaint received involving patients, personnel or the physician. It will include but not limited to reviewing: patient grievances, employee grievances, employee grievances or concerns, incident reports, or patient dismissals. A copy of these reports will be kept in a file for future review. All staff may submit a problem identification form to the QA Committee for review. Data will be collected: ongoing.

VIII. FOCUSED REVIEWS

QCE has reviewed and selected the above areas and indicators designed to identify problems and improve patient care. When an area is found to be in non-compliance, or the QA Coordinator sees a problem or trend developing, a "Focused Review" will be conducted by the QA Coordinator. Also, if a patient has one of the five following severe complications, a focused review will automatically be completed. The chart will be forwarded to the QA Committee for review at a semi annual meeting. Action is taken appropriate by the Committee. Data will be evaluated: ongoing. A physician review

form will be completed on every patient who may be classified as having one of Type 3 - 7 complications.

Complications will be classified under the following categories:

1. No complication - e.g. equipment failure, but examination completed with replacement equipment.
2. Complication - no management required, e.g. Mallory-Weiss Tear or patient fall post procedure without injury.
3. Complication - medical management required - examination completed, e.g. bradycardia treated with Atropine.
4. Complication not requiring hospitalization but re-endoscopy - loss of pathology specimen or polypectomy bleed with cauterization.
5. Complication requiring hospitalization for medical management - post-polypectomy bleed, low HCT.
6. Complication requiring surgical intervention - perforation.
7. Complication resulting in death of patient.

8. QCE DATA COLLECTION processes to ensure ongoing quality and to identify quality -related problems or concerns. These include:

- a. analysis of the results of peer review activities
- b. periodic audits of critical processes
- c. ongoing monitoring of important processes and outcomes of care.
- d. comparison of QCE performance to internal and external benchmarks -
- e. Data collected from patient satisfaction surveys, medical/legal issues, financial data and outcomes data
- f. Evaluation of the above information and data obtained through the above data collection activities to identify the existence of unacceptable variation or results that require improvement.

9. QCE demonstrates that ongoing improvement is occurring by conducting quality improvement studies when the data collection processes above indicate that improvement is or may be warranted utilizing the following 10 step elements:

1. A statement of purpose of the QI study that includes a description of the problem and an explanation of why it is significant to the organization.
2. Identification of the measurable performance goal against which the organization will compare its current performance in the area of the study
3. A description of the data that will be collected in order to determine the organizations current performance
4. Evidence of data collection
5. Data analysis that describes findings about the frequency, severity, and source(s) of the problem(s)
6. A comparison of the organization's current performance in the area of the study against the previously identified performance goal.

7. Implimentation of corrective actions(s) to resolve identified problem(s)
8. Re-measurement (a second round of data collection and analysis to objectively determine whether the corrective actions have achieved and sustained demonstratable improvement
9. If the initial corrective action(s) did not achieve and /or sustain the desired improved performance, implementation of additional corrective action(s) and continued re-measurement until the problem is resolved or is no longer relevant
10. Communication of the findings of the quality improvement activities to the governing body and throughout the organization, as appropriate, and incorporation of such findings into the organization's educational activities

9. EVALUATION OF CARE

The QA Coordinator compiles the information on the quarterly summary report. She then submits the information to the QA Committee at the semi annual meetings for their review, evaluation and recommendations.

10. TAKE ACTIONS TO SOLVE IDENTIFIED PROBLEMS

The evaluation may conclude that the care is acceptable and that no further action is necessary. If the evaluation identifies a problem, or when deficiencies are identified, the QA Committee will recommend what action is necessary to solve the problem. A plan of corrective action will be initiated by the QA Coordinator. The QA Coordinator will be responsible for communicating the corrective action to the endoscopy staff. The QA Committee is responsible for overseeing that the corrective action plan is being carried out, thus correcting any problems or improving the quality of care and service over time.

To be effective, corrective actions need to be appropriate for the problem's cause. If, for example, the problem is insufficient knowledge, QA's solution may be training activities or in-services to, provide additional reference sources, or a restructuring or existing educational procedures. If the problem can be attributed to defects in systems, the policies and procedures may be revised.

All staff members, clinical and non-clinical, are aware and understand the importance of QA and the vital role they play in its implementation and success. They are encouraged to participate and report any deficient areas, potential problems, or opportunities for improvement in- patient care and/or their job responsibilities. They know the components of the QA, but more importantly, they understand the overall objective of QA; that being, to identify and correct problems that have an impact on the patient care delivery system in its entirety, not just the areas being monitored and evaluated at that specific time.

11. ASSESS THE ACTION AND DOCUMENT IMPROVEMENT

Continuous monitoring and evaluation will provide the information needed to determine whether the action described previously was successful. If Quality Assurance shows a particular indicator unchanged, then the problem likely persists and further action or change of action may be needed. If through continuous monitoring and evaluation, the level of performance improves or a particular indicator does not show

deficiencies, the action is considered to be successful in solving the problem. The QA Committee may take these opportunities to change, add, or rotate indicators at this time.

Monitoring and evaluation are continuous to assure that care remains at a high level of quality and, that other problems are identified and solved.

12. COMMUNICATE RELEVANT INFORMATION TO THE ORGANIZATION

The QA Committee will meet on a semi-annual basis. The results of all QA activities for un-reviewed past quarters will be summarized. The QA Coordinator will present the quarterly reports for review, evaluation, and recommendations. The QA Coordinator will be responsible for communicating the corrective action, once approved, to the staff. Coordinating quality assurance information contributes to the detection of trends, performance patterns, or potential problems that affect the ASC.

The QA program will be reviewed and revised annually by the QA Committee and recommendations will be made for QCE. All ancillary and/or contracted services provided will also be reviewed to assess their compliance with quality control and their continued interest in providing the patients with quality care. If, prior to the annual review, it is found that indicators have been consistently met according to established thresholds, (i.e. problem-free) new or additional indicators may be established and implemented.

13. RISK MANAGEMENT

a. governing body of QCE is responsible for oversight of the risk management program.

b. The nurse manager is designated to be responsible for implementation and ongoing management of the risk management program

c. Education in risk management activities, a safety policies and processes, is provided to all staff within 30 days of commencement of employment, annually thereafter and when there is an identified need.

d. Documented education in infection control policies and processes is provided to all staff within 30 days of commencement of employment, annually thereafter and when there is an identified need.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue	0	0	0
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care	0	0	0

Quad City Endoscopy, LLC has historically provided no charity care. The surviving entity post-close, RSC Illinois, LLC, has historically provided no charity care.

CHANGE OF OWNERSHIP EXEMPTION APPLICATION

AUGUST 2018 EDITION

[illegible]

4838-9742-4240.3

ADDITIONAL REQUIREMENTS

CHARITY CARE INFORMATION

CHARITY CARE INFORMATION must be provided for **ALL** projects. **SEE SECTION IV OF THE APPLICATION.**

FEE

An application-processing fee of \$2,500 **MUST** be submitted with the application. **The application will not be deemed complete and review will not be initiated until the entire processing fee is submitted. Payment may be made by check or money order and must be made payable to the Illinois Department of Public Health.**

APPLICATION SUBMISSION

Submit an original and one copy of all Sections of the application, including all necessary attachments. **The original must contain original signatures in the certification portions of this form.** Submit all copies to:

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

⊕RSC Illinois LLC

ORIGINAL FILING