

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Mount Sinai Hospital Medical Center Ogden Commons Project 1		
Street Address:	2750 W 15 th Street		
City and Zip Code:	Chicago, IL 60608		
County:	Cook	Health Service Area:	VI Health Planning Area: A-02

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

Exact Legal Name:	Mount Sinai Hospital Medical Center of Chicago
Street Address:	2750 W. 15 th Street
City and Zip Code:	Chicago, IL 60608
Name of Registered Agent:	Loren F. Chandler
Registered Agent Street Address:	2750 W. 15 th Street
Registered Agent City and Zip Code:	Chicago, IL 60608
Name of Chief Executive Officer:	Karen C. Teitelbaum
CEO Street Address:	2750 W. 15 th Street
CEO City and Zip Code:	Chicago, IL 60608
CEO Telephone Number:	773/542-2000

Type of Ownership of Applicants

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

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which 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:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

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

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City and Zip Code:	Chicago, IL 60608		
County:	Cook	Health Service Area:	VI Health Planning Area: A-02

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

Exact Legal Name:	Sinai Health System
Street Address:	2750 W. 15 th Street
City and Zip Code:	Chicago, IL 60608
Name of Registered Agent:	Karen C Teitelbaum
Registered Agent Street Address:	2750 W. 15 th Street
Registered Agent City and Zip Code:	Chicago, IL 60608
Name of Chief Executive Officer:	Karen C. Teitelbaum
CEO Street Address:	2750 W. 15 th Street
CEO City and Zip Code:	Chicago, IL 60608
CEO Telephone Number:	773/542-2000

Type of Ownership of Applicants

☒ Non-profit Corporation	☐ Partnership
☐ For-profit Corporation	☐ Governmental
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☐ 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.

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Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Post Permit Contact

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

Name:	James Bicak
Title:	Vice President
Company Name:	Sinai Health System
Address:	2750 W 15 th Street Chicago, IL 60608
Telephone Number:	773/542-2000
E-mail Address:	Jim.Bicak@Sinai.org
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Ogden Washtenaw JV LLC
Address of Site Owner:	350 West Hubbard Street Chicago, IL 60654
Street Address or Legal Description of the Site: 2652 West Ogden Avenue Chicago, IL 60608	
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

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

Exact Legal Name:	Mount Sinai Hospital Medical Center		
Address:	2750 W 15 th Street Chicago, IL 60608		
☒ Non-profit Corporation	☐ Partnership		
☐ For-profit Corporation	☐ Governmental		
☐ Limited Liability Company	☐ Sole Proprietorship	☐ Other	
- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. - Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>).

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

Substantive

X Non-substantive

2. Narrative Description

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

Through the project addressed in this Certificate of Need ("CON") application, the applicants propose to relocate major portions of Mount Sinai Hospital Medical Center's ("Mount Sinai's") outpatient surgery and gastroenterology programs from the hospital to a building to be constructed in a proposed mixed-use development located immediately to the northeast of Mount Sinai.

This is a non-substantive project as it does not propose the establishment or discontinuation of a category service, and because all clinical services addressed through the proposed project will be limited to outpatient services.

The proposed development, tentatively named Ogden Commons, is being developed jointly by Habitat Company, LLC, Sinai Health System and Cinespace Film Studios; and will occupy primarily vacant property that once was the home of two Chicago Housing Authority housing projects. The building's "shell" is currently under construction.

The close proximity of the site to Mount Sinai will allow the hospital services referenced above to operate under the hospital's license.

Mount Sinai's surgical suite, which houses the hospital's inpatient and outpatient surgery programs, as well as the hospital's inpatient and outpatient gastroenterology programs, is very dated, is difficult to access by patients and families, and no longer provides a contemporary setting for outpatient services.

The project, and particularly the gastroenterology component, which will increase the hospital's screening capacity, will, in addition to addressing surgery-related needs, address Sinai Health System's goal of reducing chronic disease in the communities it serves. The need to do so is documented in the System's community health needs assessment, and supported by the research compiled by Sinai Urban Health Institute.

The surgical services will be located on the third floor of the Ogden Commons building, and the GI suite will be located on the second floor. A small pre- and post-surgical evaluation area, to be used by Sinai Medical Group, will also be located on the second floor.

Concurrent to the filing of this CON application, the applicants are filing a second CON application, addressing the relocating of the hospital's end stage renal dialysis ("ESRD") unit from the hospital to the second floor of the Ogden Commons building.

PROJECT COST AND SOURCES OF FUNDS

		Reviewable	Non-Reviewable	Total
Project Cost:				
Preplanning Costs	\$	180,000	\$ 16,000	\$ 196,000
Site Survey and Soil Investigation				
Site Preparation	\$	82,000	\$ 18,000	\$ 100,000
Off Site Work				
New Construction Contracts	\$	5,074,200	\$ 727,800	\$ 5,802,000
Modernization Contracts				
Contingencies	\$	253,710	\$ 54,585	\$ 308,295
Architectural/Engineering Fees	\$	395,000	\$ 55,000	\$ 450,000
Consulting and Other Fees	\$	374,000	\$ 51,000	\$ 425,000
Movable and Other Equipment (not in construction contracts)	\$	5,329,452	\$ 164,828	\$ 5,494,280
Net Interest Expense During Construction Period				
Fair Market Value of Leased Space	\$	13,811,374	\$ 2,828,836	\$ 16,640,210
Fair Market Value of Moved Equipment	\$	1,160,360		\$ 1,160,360
Other Costs to be Capitalized	\$	1,790,208	\$ 392,972	\$ 2,183,180
Acquisition of Building or Other Property				
TOTAL USES OF FUNDS	\$	28,450,304	\$ 4,309,022	\$ 32,759,325
Sources of Funds:				
Cash and Securities	\$	12,407,597	\$ 1,317,978	\$ 13,725,575
Pledges				
Gifts and Bequests				
Bond Issues (project related)				
Mortgages				
Fair Mkt. Value of Leased Space and Moved Equipment	\$	14,971,734	\$ 2,828,836	\$ 17,800,570
Governmental Appropriations				
Grants				
Other Funds and Sources-Tenant Improvement Allowance	\$	1,070,973	\$ 162,207	\$ 1,233,180
TOTAL SOURCES OF FUNDS	\$	28,450,304	\$ 4,309,022	\$ 32,759,325

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Related Project Costs

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

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

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

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

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

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): _____ June 30, 2022 _____

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

- ☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

FACILITY NAME: Mount Sinai Hospital Medical Center			CITY: Chicago		
REPORTING PERIOD DATES: From: January 1, 2018 to: December 31, 2018					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	165	4,973	23,635		165
Obstetrics	30	1,881	5,100		30
Pediatrics					
Intensive Care	30	2,084	10,671		30
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	28	1,479	7,427		28
Neonatal Intensive Care	35	308	3,610		35
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	288	10,725	50,443	NONE	288

CERTIFICATION

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

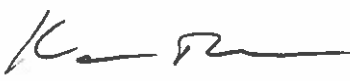
- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its 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 Mount Sinai Hospital Medical Center of Chicago * 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

Airica Steed
PRINTED NAME

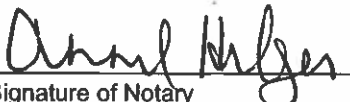
EVP/COO
PRINTED TITLE

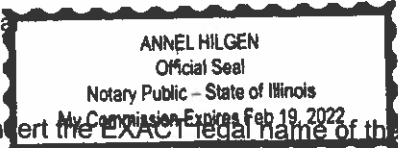

SIGNATURE

Karen Teitelbaum
PRINTED NAME

President/CEO
PRINTED TITLE

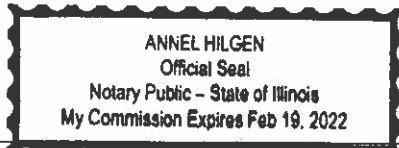
Notarization:
Subscribed and sworn to before me
this 30 day of June 2020


Signature of Notary

Seal

 *Insert the EXACT legal name of the applicant

Notarization:
Subscribed and sworn to before me
this 30 day of June 2020


Signature of Notary

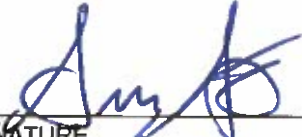
Seal


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 Sinai Health System *
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

Airica Steed
PRINTED NAME

EVP/COO
PRINTED TITLE

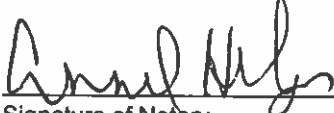

SIGNATURE

Karen Teitelbaum
PRINTED NAME

President/CEO
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 30 day of June 2020

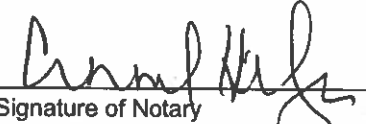

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant
Official Seal
Notary Public - State of Illinois
My Commission Expires Feb 19, 2022

Notarization:

Subscribed and sworn to before me
this 30 day of June 2020


Signature of Notary

Seal

Official Seal
ANNE HILGEN
Notary Public - State of Illinois
My Commission Expires Feb 19, 2022

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

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

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
 - a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.
 - b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.
 - c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
 - d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
 - e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

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

Criterion 1110.110(b) & (d)**PURPOSE OF PROJECT**

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

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

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

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

ALTERNATIVES

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

Alternative options must include:

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

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

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
 - c. The project involves the conversion of existing space that results in excess square footage.
 - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

not applicable---project does not include shell space

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

not applicable---project does not include shell space

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

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

Service	# Existing Key Rooms	# Proposed Key Rooms
☐ Surgery	10	12
☐ GI Procedure Rooms	3	4
☐ Recovery Stations	15	39

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 30</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

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

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

VI. 1120.120 - AVAILABILITY OF FUNDS

not applicable, no debt to be used

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

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

_____	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT 33, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. 1120.130 - FINANCIAL VIABILITY**not applicable, no debt to be used**

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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

Variance

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

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements**not applicable, no debt to be used**

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

SECTION IX. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

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

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

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

A table in the following format must be provided as part of Attachment 37.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2016	2017	2018
Inpatient	724	679	840
Outpatient	9,880	16,357	14,694
Total	10,604	17,036	15,534
Charity (cost in dollars)			
Inpatient	7,575,800	9,371,509	4,418,304
Outpatient	14,367,000	13,059,829	14,656,924
Total	21,942,800	22,431,338	19,075,228
MEDICAID			
Medicaid (# of patients)	2016	2017	2018
Inpatient	8,912	8,034	7,128
Outpatient	109,717	155,034	142,100
Total	118,629	163,068	149,228
Medicaid (revenue)			
Inpatient	89,469,525	82,761,950	169,430,762
Outpatient	30,253,073	45,343,047	28,451,214

Total	119,722,598	128,104,997	197,881,976
APPEND DOCUMENTATION AS <u>ATTACHMENT 37</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

SECTION X. CHARITY CARE INFORMATION

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

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 39.

CHARITY CARE			
	2016	2017	2018
Net Patient Revenue	\$212,291,107	\$228,052,074	\$291,097,256
Amount of Charity Care (charges)	\$75,800,734	\$79,653,968	\$92,453,614
Cost of Charity Care	\$15,988,588	\$16,042,229	\$23,945,486

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

File Number

1475-644-2



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

MOUNT SINAI HOSPITAL MEDICAL CENTER OF CHICAGO, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 26, 1918, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 12TH
day of MAY A.D. 2020 .***

Jesse White

SECRETARY OF STATE ATTACHMENT 1

Authentication #: 2013302200 verifiable until 05/12/2021

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

File Number

5255-749-6



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

SINAI HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 04, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 12TH
day of MAY A.D. 2020 .***

Jesse White

SECRETARY OF STATE ATTACHMENT 1

Authentication #: 2013302218 verifiable until 05/12/2021

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



BE STRONGER | CARE HARDER | LOVE DEEPER

Illinois Health Facilities and
Services Review Board

To Whom It May Concern:

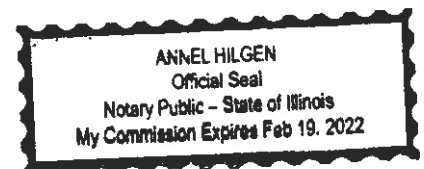
With my signature below, I hereby certify and attest to the following:

1. The Ogden Commons project site, 2750 West 15th Street in Chicago, is owned by Ogden Washtenaw JV LLC.
2. The Ogden Commons site is not located in a special flood hazard area.
3. No adverse action has been taken against Sinai Health System, or any of its IDPH-Licensed health care facilities, directly or indirectly, within three (3) years prior to the filing of this Application. For the purposes of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.
4. The HFSRB and IDPH may access any documents which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.
5. The proposed project will be funded through a combination of liquid assets, including cash, and a tenant improvement allowance.

Sincerely,

Airica Steed
Executive Vice President/Chief Operating OfficerDate: June 30, 2020

Notarized:



ATTACHMENTS 2, 5, 11, and 36

OGDEN COMMONS
CHICAGO, ILLINOIS

OFFICE LEASE

Between

OGDEN WASHTENAW JV LLC,
a Delaware limited liability company

as Landlord,

and

MOUNT SINAI HOSPITAL MEDICAL CENTER OF CHICAGO,
an Illinois not-for-profit corporation

as Tenant

December 13, 2019

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**OGDEN COMMONS
OFFICE LEASE**

This Office Lease (the "Lease") is made and entered into as of the 13th day of December, 2019, by and between OGDEN WASHTENAW JV LLC, a Delaware limited liability company ("Landlord"), and MOUNT SINAI HOSPITAL MEDICAL CENTER OF CHICAGO, an Illinois not-for-profit corporation ("Tenant").

**Article I.
Basic Lease Information**

The following sets forth basic data referred to in this Lease, and, where appropriate, constitutes definitions of the terms listed below:

Section 1.01 *Landlord*

Ogden Washtenaw JV LLC
a Delaware limited liability company
Landlord Federal Tax I.D. No.: 35-2652656

Section 1.02 *Landlord's Managing Agent*

The Habitat Company LLC

Section 1.03 *Landlord's Notice Address*

350 West Hubbard Street, Suite 500
Chicago, Illinois 60654
Attention: General Counsel

Section 1.04 *Landlord's Address for Payment of Rent*

By Electronic Transfer:
Account Name: Ogden Washtenaw JV LLC
ABA:
Account No.

Section 1.05 *Tenant (Legal Name)*

Mount Sinai Hospital Medical Center of Chicago, an Illinois not-for-profit corporation
Tenant Federal Tax I.D. No.: 36-1509000

Section 1.06 *Tenant's Notice Address*

1500 South California Avenue
Chicago, IL 60608

Section 1.07 *Date of Lease*

December 13, 2019

Section 1.08 *Building; Project*

The three (3) story building, parking lot and improvements to be built on the lot bounded by West 13th Place, South Talman Avenue, West Ogden Avenue and South Washtenaw Avenue, Chicago, Illinois, and the land thereunder. The three (3) story building contains both retail and office components and is referred to as the "Building". The Building, together with the Common Areas, and all parcels or tracts of land owned by Landlord and from time operated in conjunction with the foregoing items are hereinafter defined as and referred to as the "Project".

Section 1.09 *Premises*

The "marked" area of the Office Area of the Building shown on Exhibit A, consisting of the entire 3rd floor and a portion of the 2nd floor of the Building.

Section 1.10 *Retail Area*

A portion of the first floor of the Building leased, from time to time, which is used or intended for use in connection with retail, restaurant or other lawful uses, including service offices (such as banks, title companies, insurance brokers), but not strictly office. "Retail Area" shall mean the aggregate amount of rentable square feet area in the first floor of the Building determined by Landlord for the exclusive use and occupancy of rent paying retail/restaurant tenants, provided that Landlord reserves the unqualified right to change the use of the Retail Area from time to time from retail/restaurant to business offices and/or other related purposes or any combination thereof. In the event of such change in use, the Retail Area shall include only such portion of the Building used for retail, restaurant or other lawful uses, including services offices, but not strictly office, and the rentable square feet of the Retail Area as set forth on Section 1.14 below shall be adjusted accordingly.

Section 1.11 *Office Area*

The aggregate amount of rentable floor area on the second and third floors of the Building determined by Landlord for the exclusive use and occupancy of office tenants (the "Office Area") provided that Landlord reserves the unqualified right to change the use of the Office Area from time to time from business offices to retail/restaurant and other related purposes or any combination thereof. In the event of such change in use, the Office Area shall only include such portion of the Building used for office tenants, and the rentable square feet of the Office Area as set forth in Section 1.14 below shall be adjusted accordingly.

Section 1.12 *Rentable Square Footage*

The rentable square footage of the Premises is deemed to be 22,520 rentable square feet (i.e. 14,245 rentable square feet on the third floor and 8,275 rentable square feet on the second floor); provided,

however, Landlord or Tenant may elect to remeasure the Premises and/or the Retail Area and/or the Office Area after construction utilizing the Standard Method for Measuring Floor Area in Office Buildings ANSI Z65.1-1996, promulgated by The Building Owners and Managers Association (BOMA) International and the accompanying guidelines applicable to a multi-tenant building (the "BOMA Standard"). Upon the determination of "rentable area" pursuant to the BOMA Standard, Base Rent and Tenant's Pro Rata Share shall be modified based on the measured rentable square footage. In no event, however, shall Tenant's rent obligations, including Base Rent and Tenant's Pro Rata Share, increase by more than three percent (3%) as a result of any such remeasurement unless agreed to in writing by Tenant and Landlord. The Premises, Retail Area and Office Area shall be measured using the BOMA Standard.

Section 1.13 *Base Rent:*

Period	Annual Base Rent per Square Foot	Monthly Base Rent	Annual Base Rent
Lease Year 1	\$32.50	\$60,991.67	\$731,900.04
Lease Year 2	\$33.15	\$62,211.50	\$746,538.00
Lease Year 3	\$33.81	\$63,450.10	\$761,401.20
Lease Year 4	\$34.49	\$64,726.23	\$776,714.80
Lease Year 5	\$36.21	\$67,954.10	\$815,449.20
Lease Year 6	\$36.94	\$69,324.07	\$831,888.80
Lease Year 7	\$37.68	\$70,712.80	\$848,553.60
Lease Year 8	\$38.43	\$72,120.30	\$865,443.60
Lease Year 9	\$39.20	\$73,565.33	\$882,784.00
Lease Year 10	\$43.12	\$80,921.87	\$971,062.40
Lease Year 11	\$43.55	\$81,728.83	\$980,746.00
Lease Year 12	\$43.00	\$80,696.67	\$968,360.00
Lease Year 13	\$44.43	\$83,380.30	\$1,000,563.60
Lease Year 14	\$44.87	\$84,206.03	\$1,010,472.40
Lease Year 15	\$47.11	\$88,409.77	\$1,060,917.20
Lease Year 16	\$47.58	\$89,291.80	\$1,071,501.60
Lease Year 17	\$48.06	\$90,192.60	\$1,082,311.20
Lease Year 18	\$48.54	\$91,093.40	\$1,093,120.80
Lease Year 19	\$49.03	\$92,012.97	\$1,104,155.60
Lease Year 20	\$49.52	\$92,932.53	\$1,115,190.40

First Option Period

Minimum Market Rent (see Section 3.04)

Second Option Period

Minimum Market Rent (see Section 3.04)

Section 1.14 *Tenant's Pro Rata Share*

For Taxes: That fraction which has as its numerator, the number of rentable square feet of the Premises, and has as its denominator, the number of rentable square feet of the Building, calculated utilizing the BOMA Standard, as determined by Landlord. Initially, the rentable square footage used for the denominator shall be 38,492. In the event the size of the Building changes during the Term, then for purposes of this section, the rentable square footage of Building during a period shall mean the average of the total rentable square footage of the Building on the first day of each month in such period. Notwithstanding the foregoing, however, other than in the event of a reduction of the rentable square footage of the Building as a result of a casualty or condemnation or changes under Section 1.14 above, Tenant's Pro Rata Share for Taxes shall not increase without the written agreement of Tenant.

For Expenses: That fraction which has as its numerator, the rentable square footage in the Premises in accordance with Section 1.12, and has as its denominator, the rentable square footage, at ground level and above, of the Office Area, calculated utilizing the BOMA Standard, as determined by Landlord. Initially, the rentable square footage used for the denominator shall be 27,443. In the event the size of the Office Area changes during the Term, then for purposes of this section, the rentable square footage of Office Area during a period shall mean the average of the total rentable square footage of the Office Area on the first day of each month in such period. Notwithstanding the foregoing, however, other than in the event of a reduction of the rentable square footage of the Office Area as a result of a casualty or condemnation or changes under Section 1.14 above, Tenant's Pro Rata Share for Expenses shall not increase without the written agreement of Tenant.

For Shared Expenses. That fraction which has as its numerator, the rentable square footage in the Premises in accordance with Section 1.12, and has as its denominator, the sum of the rentable square footage of the Building, calculated utilizing the BOMA Standard, as determined by Landlord. Initially, the rentable square footage used for the denominator shall be 38,492. In the event the size of the Building changes during the Term, then for purposes of this section, the rentable square footage of Building during a period shall mean the average of the total rentable square footage of the Building on the first day of each month in such period. Notwithstanding the foregoing, however, other than in the event of a reduction of the Rentable Square Footage of the Building as a result of a casualty or condemnation, Tenant's Pro Rata Share for Shared Expenses shall have not increase without the prior written agreement of Tenant.

Section 1.15 *Term*

A period of twenty (20) Lease Years (defined in Section 3.05 hereinafter) commencing on the Commencement Date (as defined below), and unless extended or terminated early in accordance with this Lease, ending on the last day of the twentieth (20th) Lease Year ("Termination Date").

Section 1.16 *Commencement Date*

The "Commencement Date" shall be the sooner to occur of (i) the date Tenant begins doing business in the Premises or (ii) 150 days following the Possession Date. Promptly after the determination of the Commencement Date, Landlord and Tenant shall enter into a "Commencement Letter Agreement" in the form attached as Exhibit C.

Section 1.17 *Possession Date*

The "Possession Date" shall be the date that is the last to occur of (a) the Anticipated Delivery Date (as hereinafter defined), (b) the date that Landlord's Work is Substantially Complete (as defined in Section 3.01), (c) the date that Landlord delivers the Architect's Certification (as defined in Section 3.01), (d) the date of delivery of possession of the Premises to Tenant in the conditioned required under this Lease, and (d) the date Landlord has delivered the SNDA (as defined in Section 26.01). Landlord shall notify Tenant in writing at least one hundred eighty (180) days before the date Landlord anticipates that Landlord's Work will be Substantially Complete and Landlord will deliver possession of the Premises to Tenant (the "Anticipated Delivery Date"); provided, however, that Landlord may deliver written notice to Tenant no later than sixty (60) days prior to the Anticipated Delivery Date that the Anticipated Delivery Date will be delayed by up to thirty (30) days, in which event the Anticipated Delivery Date shall be such new extended date. In no event, however, shall the Anticipated Delivery Date be sooner than January 1, 2021. Notwithstanding anything to the contrary contained herein, and subject to Force Majeure (defined hereinafter) and/or Tenant Delay (defined hereinafter), if the Possession Date does not occur by March 1, 2021, Tenant shall have the right to abate Base Rent for one day for every one day after March 1, 2021 until the Possession Date occurs. Further, and notwithstanding anything to the contrary contained herein, and subject to Force Majeure and/or Tenant Delay, if the Possession Date does not occur by July 1, 2021, Tenant shall have the right to terminate this Lease by written notice to Landlord in which event neither party shall have any obligations to the other hereunder.

Section 1.18 *Construction Allowance*

Seven Hundred Thousand Dollars (\$700,000.00).

Section 1.19 *Left Blank*

Section 1.20 *Left Blank*

Section 1.21 *Broker(s)*

None

Section 1.22 *Permitted Use*

General office and medical uses, including, without limitation, outpatient medical services, ambulatory surgical center and medical procedures center along with all legally permitted ancillary uses, and for no other purpose.

Section 1.23 *Business Day(s)*

Monday through Friday of each week, exclusive of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day ("Holidays"). Upon prior written notice to Tenant, Landlord may designate additional Holidays, provided that the additional Holidays are commonly recognized by other healthcare provider buildings in Chicago.

Section 1.24 *Landlord Work*

Means the work, if any, that Landlord is obligated to perform in the Premises pursuant to the Work Letter attached hereto as Exhibit D

Section 1.25 *Law(s)*

Means all applicable statutes, codes, ordinances, orders, rules and regulations of any municipal, governmental or quasi-governmental entity and the requirements of Residential Business Planned Development that applies to the Project, the Neighborhoods Opportunity Fund Redevelopment Agreement and the MBE/WBE/City Requirements set forth in Exhibit F.

Section 1.26 *Normal Business Hours*

For the Building are 6:00 a.m. to 6:00 p.m. Monday through Saturdays, excluding Holidays. Landlord acknowledges, however, that Tenant intends on conducting business in the Premises during the Sinai Hours (as defined in Section 2.01 below).

Section 1.27 *Left Blank*

Section 1.28 *Left Blank.*

Section 1.29 *Option to Renew.*

Two (2) consecutive five (5) Lease Year options

Section 1.30 *List of Exhibits*

- Exhibit A Lease Outline Drawing
- Exhibit B Site Plan
- Exhibit C Commencement Date Letter

Exhibit D	Work Letter
Exhibit E	Rules and Regulations
Exhibit F	General Requirements for Tenant's Work
Exhibit G	Janitorial Specifications
Exhibit H	CHA Hiring Requirements

Article II. Agreement to Lease

Section 2.01 *Common Areas/Parking Rights*

Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord, together with the right in common with others to use any portions of the Project designated by Landlord from time to time for the common use of tenants and others granted such rights by Landlord, such as sidewalks, common corridors, stairways, elevator foyers, elevators, restrooms, loading areas, the parking lot and lobby areas serving the Office Area (the "Common Areas"). The current Common Areas are designated on Exhibit B attached hereto. Landlord may not modify such Common Areas in any manner which would materially adversely affect Tenant's use of the Premises for the conduct of its business, including access to the Premises, without Tenant's prior written consent, which consent shall not be unreasonably withheld or delayed. Nothing shall prohibit Tenant from seeking City of Chicago approval for a "drop off" zone in front of the Building on Ogden Avenue. Landlord shall cooperate in good faith with Tenant in Tenant's efforts to obtain such City of Chicago approvals; provided that Tenant shall pay any application fee and/or ongoing annual fees charged by the City of Chicago to obtain/maintain such "drop off" area.

That part of the Common Area identified as the "Future Building B2" on the Site Plan attached hereto is not owned by Landlord, but Landlord represents and warrants to Tenant that Landlord has the right to grant Tenant the right to use such Common Area identified as the "Future Building B2" for the uses permitted hereunder. Until a building is erected on the Future Building B2 area, said area will be considered part of the Common Area for purposes of this Lease. Upon commencement of construction of a building in the Future Building B2 area, said Future Building B2 area (i) shall no longer be considered part of the Common Area, and (ii) shall not be included when determining Expenses or Taxes under this Lease; provided that nothing shall prevent Landlord from creating easements for utilities, ingress and egress (but not parking) on the Project that benefit the Future Building B2 area so long as such easements do not materially adversely affect Tenant's use of the Common Areas and do not add Expenses payable by Tenant under this Lease.

The Site Plan is provided for informational purposes only (provided, however, any changes to Common Areas shall be subject to the terms and conditions of this Article II, and shall not be deemed to be a warranty, representation or agreement by Landlord that the Project, Building, Office Area, Retail Area and/or stores located thereon will be exactly as indicated on said Site Plan, or that the other tenants which may be referenced on said Site Plan will be occupants of the Project, Building, Office Area or Retail Area.

Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right, on an exclusive basis, to allow its customers and employees to use forty (40) parking spaces in the parking lot (the "Exclusive Parking Spaces") from 4:30 am to 10:00 pm Monday through Saturday, excluding the days that Tenant is not open business in the Premises (the "Sinai Hours"). Tenant may, at its sole cost and expense, (i) erect signs on said Exclusive Parking Spaces indicating that same are for Tenant's exclusive use during the Sinai Hours only, (ii) monitor the Exclusive Parking Spaces to confirm same are not being used by others during the Sinai Hours and (iii) enforce its exclusive right to use same, which includes towing any violating vehicle. Landlord shall have no obligation to monitor said Exclusive Parking Spaces or enforce its

exclusive right to use same. The location of the Exclusive Parking Spaces shall be mutually agreed to by Tenant and Landlord. The Exclusive Parking Spaces may be used by other tenants in the Building at all times other than the Sinai Hours (the "Non-Sinai Hours"), and the signs Tenant erects on said Exclusive Parking Spaces shall include the general, non-exclusive availability of said Exclusive Parking Spaces during the Non-Sinai Hours. Nothing in this Lease shall prohibit Landlord from giving other tenants in the Building the right to (a) use parking spaces in the parking lot (excluding the Exclusive Parking Spaces during the Sinai Hours) on an exclusive basis and (b) erect signs indicating said tenant's exclusive rights. Tenant agrees to indemnify, defend, and forever hold Landlord harmless from and against any claims, losses, damages, actions, liabilities, causes of action, suits, investigations and judgments of any nature whatsoever, including, without limitation, reasonable attorneys' fees and costs of litigation, incurred by Landlord in connection with Tenant's enforcement of its exclusive right to use the Exclusive Parking Space, except, however, to the extent caused by the negligence or willful misconduct of Landlord. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

Notwithstanding anything to the contrary contained herein, when construction is about to begin on the Future Building B2, Landlord shall have the right to relocate the portion of the Exclusive Parking Spaces located on the site of the future Building B2 shown on the Site Plan to the parking deck/area to be built on the city block (the "Adjoining Block") located immediately west of the Project and bounded by West Ogden Avenue, South Washtenaw Avenue and South Talman Avenue, Chicago, Illinois. In the event that the parking deck/area on the Adjoining Block is not ready to be occupied by the time construction begins on the Future Building B2, then Landlord shall have the right to relocate those Exclusive Parking Spaces located in the Future Building B2 area to another part of the Project parking lot mutually agreed upon by Landlord and Tenant so that the parking lot on the Project always contains at least 40 parking spaces for Tenant's exclusive use. Likewise, in the event that some of the Exclusive Parking Spaces are located in the Future Building B2 area, then regardless of the status of the parking deck/area on the Adjoining Block, Landlord shall have the right to relocate those Exclusive Parking Spaces to another part of the Project parking lot mutually agreed upon by Landlord and Tenant so that the parking lot on the Project always contains at least 40 parking spaces for Tenant's exclusive use.

Article III.

Adjustment of Commencement Date, Condition of Premises, Option Period and Possession

Section 3.01 *Substantial Completion of Landlord's Work*

The Landlord Work shall be deemed to be "Substantially Complete" on the date that (a) Landlord's Work is completed to such an extent that Tenant can take possession of the Premises and either (i) utilize same for the use intended hereunder or (ii) begin performing Tenant's Work (so long as Tenant has a permit for Tenant's Work) and (b) the Landlord's architect has certified that Landlord's Work has achieved Substantial Completion (the "Architect's Certification").

When Landlord's Work has achieved Substantial Completion, a punch list shall be prepared jointly by Landlord, Tenant and the Landlord's architect. Landlord covenants and agrees to complete the punch list items as soon as practical after the Possession Date, and any other remaining portion of the Landlord Work, no later than thirty (30) days after the Possession Date. Landlord and Tenant shall jointly monitor the Landlord's general contractor's prompt completion of the punch list items.

Section 3.02 *Condition of Premises*

Subject to Landlord's obligation to perform Landlord Work, if any, and subject to Landlord's obligations under Section 9.02., the Premises are accepted by Tenant in "as is" condition and configuration with all faults. By taking possession of the Premises, Tenant agrees that the Premises are in good order and satisfactory condition, and that there are no representations or warranties by Landlord regarding the

condition of the Premises, the Building or any other part of Project, except as otherwise provided in this Lease. Notwithstanding anything contained herein to the contrary, Landlord shall remain responsible for correction of any latent defects in the Premises, Building or Project and nothing contained in the foregoing shall be deemed or construed as releasing Landlord from any of its maintenance, repair or replacement obligations or any of its obligations to provide services as set forth in this Lease.

Section 3.03 *Condition of Lease*

The Tenant's and Landlord's obligations under this Lease are subject to Landlord acquiring fee simple title to the Project (excluding the Future Building B2 area) (the "Condition"). If the Condition is not satisfied by April 1, 2020, either Landlord or Tenant shall have the right to terminate this Lease upon written notice to the other, provided that this Condition shall be deemed satisfied upon the closing of Landlord's purchase of the Project (excluding the Future Building B2 area).

Section 3.04 *Option to Renew*

A. Tenant, by written notice to Landlord given no later than twelve (12) full calendar months before the Expiration Date, shall have the option to renew this Lease for an additional five (5) Lease Year period (the "First Option Period") commencing on the expiration of the Term of this Lease, pursuant to all of the terms, covenants, and conditions of this Lease and at the Base Rent set forth below, provided that at the time the notice hereinabove referred to is given and at the time the First Option Period commences, Tenant is not materially in default hereunder beyond any applicable notice and cure period.

Base Rent during the First Option Period shall be Minimum Market Rent. For purposes of this paragraph, "Minimum Market Rent" shall be an amount equal to the market rent payable (net) for office space in similar mixed use buildings located in the general geographic area that the Project is located as of the beginning of the First Option Period. Within twenty (20) days after Tenant exercises its option to renew the Lease, Landlord shall provide Tenant with written notice of what Landlord believes Minimum Market Rent is. If Tenant does not agree with Landlord's determination of Minimum Market Rent, then during the thirty (30) day period following Landlord's notice to Tenant, Landlord and Tenant agree to use good faith efforts to arrive at a Minimum Market Rent that is mutually acceptable to each of them. If, during said thirty (30) days, the parties are unable to mutually agree on the amount of said Minimum Market Rent, Tenant may elect by written notice given to Landlord no later than the expiration of said thirty (30) day period, to withdraw Tenant's exercise of its option to renew. If Tenant does not timely elect to withdraw its exercise of its option to renew, then both Tenant and Landlord shall mutually select a third party Illinois real estate leasing broker (the "Third Party Broker") familiar with the office space market in similar mixed use buildings located in the general geographic area that the Project is located to determine said Minimum Market Rent. If the parties are unable to mutually agree on said Third Party Broker, then both Tenant and Landlord shall each select an Illinois real estate leasing broker familiar with the office space market in similar mixed use buildings located in the general geographic area that the Project is located and the two brokers shall then select the Third Party Broker to make such determination. The Third Broker's determination of the Minimum Market Rent shall be conclusive and binding on both Tenant and Landlord hereunder. Each party shall pay the costs and expenses, if any, of their broker and the cost of the Third Broker shall be shared equally between Tenant and Landlord. Time is of the essence of the parties obligations under this Section.

B. Tenant, by written notice to Landlord given no later than twelve (12) full calendar months before the expiration of the First Option Period, shall have the option to renew this Lease for an additional five (5) Lease Year period (the "Second Option Period") commencing on the expiration of the First Option Period, pursuant to all of the terms, covenants, and conditions of this Lease and at the Base Rent set forth below, provided that at the time the notice hereinabove referred to is given and at the time the Second Option Period commences, Tenant is not materially in default hereunder beyond any applicable notice and

cure period.

Base Rent during the Second Option Period shall be Minimum Market Rent. For purposes of this paragraph, "Minimum Market Rent" shall be an amount equal to the market rent payable (net) for office space in similar mixed use buildings located in the general geographic area that the Project is located as of the beginning of the Second Option Period. Within twenty (20) days after Tenant exercises its option to renew the Lease, Landlord shall provide Tenant with written notice of what Landlord believes Minimum Market Rent is. If Tenant does not agree with Landlord's determination of Minimum Market Rent, then during the thirty (30) day period following Landlord's notice to Tenant, Landlord and Tenant agree to use good faith efforts to arrive at a Minimum Market Rent that is mutually acceptable to each of them. If, during said thirty (30) days, the parties are unable to mutually agree on the amount of said Minimum Market Rent, Tenant may elect by written notice given to Landlord no later than the expiration of said thirty (30) day period, to withdraw Tenant's exercise of its option to renew. If Tenant does not timely elect to withdraw its exercise of its option to renew, then both Tenant and Landlord shall mutually select a third party Illinois real estate leasing broker (the "Third Party Broker") familiar with the office space market in similar mixed use buildings located in the general geographic area that the Project is located to determine said Minimum Market Rent. If the parties are unable to mutually agree on said Third Party Broker, then both Tenant and Landlord shall each select an Illinois real estate leasing broker familiar with the office space market in similar mixed use buildings located in the general geographic area that the Project is located and the two brokers shall then select the Third Party Broker to make such determination. The Third Broker's determination of the Minimum Market Rent shall be conclusive and binding on both Tenant and Landlord hereunder. Each party shall pay the costs and expenses, if any, of their broker and the cost of the Third Broker shall be shared equally between Tenant and Landlord. Time is of the essence of the parties obligations under this Section.

Section 3.05 *Lease Year*

The term "Lease Year" means a period of twelve (12) consecutive calendar months and shall commence on the Commencement Date. The second (2nd) Lease Year shall commence on the day following the last day of the first (1st) Lease Year and shall be a period of twelve (12) consecutive calendar months and each succeeding Lease Year shall be a period of twelve (12) consecutive calendar months commencing upon the anniversary date of the second (2nd) Lease Year. If the Commencement Date falls on any day other than the first day of a month, the first (1st) Lease Year shall include the "stub" period from the Commencement Date to the last day of the month in which the Commencement Date occurs.

Article IV. Rent

Section 4.01 *Payments*

As consideration for this Lease, Tenant shall pay Landlord, without any setoff or deduction, the total amount of Base Rent and Additional Rent due for the Term in monthly installments or otherwise as herein provided. "Additional Rent" means all sums (exclusive of Base Rent) that Tenant is required to pay Landlord. Tenant shall pay and be liable for all rental, sales and use taxes (but excluding income taxes), if any, imposed upon or measured by rent under applicable Law (defined hereinafter), if any, with respect only to Rent payable by Tenant hereunder. Additional Rent and Base Rent are sometimes collectively referred to as "Rent." Base Rent and recurring monthly charges of Additional Rent shall be due and payable in advance on the first day of each calendar month during the Term without notice or demand. All other items of Rent shall be due and payable by Tenant on or before 30 days after billing by Landlord.

Tenant shall pay Rent and any other amounts due under this Lease to Landlord via Automated Clearing House payments ("ACH Payments"). Landlord and Tenant will cooperate with each other to

complete all necessary forms and to provide any information needed to facilitate Tenant's ACH Payments prior to the date Rent commences.

If Tenant fails to pay any item or installment of Rent when due, and does not cure such failure on or prior to the expiration of any required written notice and cure period (including the notice and cure periods set forth in Article XIX below), Tenant shall pay Landlord an administration fee equal to 5% of the past due Rent, not to exceed, however, \$500.00. If the Term commences on a day other than the first day of a calendar month or terminates on a day other than the last day of a calendar month, the monthly Base Rent and Tenant's Expense Adjustment (defined in Section 4.02.) and Tenant's Tax Adjustment (defined in Section 4.02.) for the month shall be prorated based on the number of days in such calendar month. Landlord's acceptance of less than the correct amount of Rent shall be considered a payment on account of the earliest Rent due. No endorsement or statement on a check or letter accompanying a check or payment shall be considered an accord and satisfaction, and either party may accept the check or payment without prejudice to that party's right to recover the balance or pursue other available remedies. Tenant's covenant to pay Rent is independent of every other covenant in this Lease, subject, however, to any set off or abatement rights set forth elsewhere in this Lease.

Section 4.02 *Payment of Tenant's Expense Adjustment, Shared Expense Adjustment and Tax Adjustment*

Tenant shall pay an amount (the "Expense Adjustment") which shall be Tenant's Pro Rata Share of Expenses for each calendar year during the Term. Tenant shall pay an amount (the "Shared Expense Adjustment") which shall be Tenant's Pro Rata Share of Shared Expenses for each calendar year during the Term. Tenant shall pay an amount (the "Tax Adjustment") which shall be Tenant's Pro Rata Share of Taxes for each calendar year during the Term. Any partial calendar year during the term shall be treated on a fractional basis, based upon the number of months and the number of days of any partial month. Landlord shall provide Tenant with a good faith estimate of the total amount of Expenses and Taxes for each calendar year during the Term either before the commencement of such calendar year or soon thereafter as possible. On or before the first day of each month, Tenant shall pay to Landlord a monthly installment equal to one-twelfth of Tenant's Pro Rata Share of Landlord's estimate of the total amount of Expenses and Taxes. If Landlord determines that its good faith estimate was incorrect by a material amount, Landlord may provide Tenant with a revised estimate, but in no event more than one (1) time per calendar year. After its receipt of the revised estimate, Tenant's monthly payments shall be based upon the revised estimate. If Landlord does not provide Tenant with an estimate of the total amount of Expenses and Taxes by January 1 of a calendar year, Tenant shall continue to pay monthly installments based on the previous year's estimate until Landlord provides Tenant with the new estimate. Upon delivery of the new estimate, an adjustment shall be made for any month for which Tenant paid monthly installments based on the previous year's estimate. Tenant shall pay Landlord the amount of any underpayment within 30 days after receipt of the new estimate. Any overpayment shall be credited against the next due future installment(s) of Additional Rent, unless this Lease is expired or is terminated, in which event such overpayment shall be paid in cash to Tenant.

Promptly following the end of each calendar year (and in any event by May 1), Landlord shall furnish Tenant with statement(s) of the actual amount of Expenses, Shared Expenses or Taxes, as the case may be, for the calendar year in question and the actual amount of the Expense Adjustment, Shared Expense Adjustment or Tax Adjustment, as the case may be, for such calendar year (each such statement, a "Reconciliation Statement"). If the estimated amount of Expense Adjustment, Shared Expense Adjustment or Tax Adjustment Tenant has actually paid for a calendar year is more than the actual amount of the respective Expense Adjustment, Shared Expense Adjustment or Tax Adjustment, as the case may be, as finally determined for such calendar year, Landlord shall apply any overpayment by Tenant against Additional Rent due or next installment becoming due, provided if the Term expires before the

determination of the overpayment, Landlord shall refund any overpayment to Tenant after first deducting the amount of Rent due. If the estimated amount of Expense Adjustment, Shared Expense Adjustment or Tax Adjustment Tenant has actually paid for such calendar year is less than the actual amount of the respective Expense Adjustment, Shared Expense Adjustment or Tax Adjustment, as the case may be, for such year, Tenant shall pay Landlord, within 30 days after its receipt of the relevant Reconciliation Statement of Expenses or Taxes, as the case may be, any underpayment for the calendar year in question. The foregoing obligations of Tenant, however, are subject to Tenant's examination rights under Section 4.05 below.

Section 4.03 *Expenses Defined*

"Expenses" means all reasonable costs and expenses incurred in each calendar year in connection with operating, maintaining, repairing, and managing the Office Area, including lobbies, hallways and elevators (and escalators, if any) and that part of the Common Area used in common by all tenants in the Building, including, but not limited to: (a) labor costs, including, wages, salaries, social security and employment taxes, medical and other types of insurance, uniforms, training, and retirement and pension plans; (b) a management fee not to exceed five percent (5%) of gross rents of the Office Area, the cost of equipping and maintaining a leasing/management office, accounting and bookkeeping services, legal fees not attributable to leasing or collection activity, and other administrative costs; (c) the cost of services, including amounts paid to service providers and the rental and purchase cost of parts, supplies, tools, equipment and other materials; (d) premiums and deductibles paid by Landlord for insurance, including workers compensation, special form causes of loss property insurance, earthquake, general liability, rental loss, elevator, boiler and machinery and other insurance customarily carried from time to time by owners of comparable buildings; (e) electrical costs and charges for water, gas and sewer, but excluding those charges for which Landlord is directly reimbursed by tenants pursuant to Sections 10.01 and 10.02; (f) the cost of maintenance, repairs, and replacements of existing improvements and equipment pursuant to Section 9.02; (g) graffiti removal, landscaping, sweeping, snow and ice removal and all exterior lighting; (h) roof repairs, parking lot repairs and repairs to utility lines that serve the Building; (i) security costs, if any; (j) the costs to comply with Laws enacted after the date of this Lease; (k) the costs to maintain and repair the fire protection system and other mechanical systems (including but not limited to electrical, plumbing and life safety systems) serving the Building (and not just a single tenant); (l) the costs to provide the services listed in Section 7.01 hereof and the cost to maintain, repair and replace the equipment, if any, necessary for Landlord to provide said services; (m) the cost of capital improvements made to the Project to the extent required to comply with any Law enacted after the Commencement Date or to the extent such capital improvements reduce Expenses, provided that the amount so capitalized shall not be included as an Expense, but, in lieu thereof, Landlord shall, for the year of capitalization and for each year thereafter, include as an Expense the annual amortization of such capitalized expenditure, with the annual amortization amount being based on amortizing the expenditure over the period of time as determined by Landlord's certified public accountants in accordance with their estimate of useful life; and (n) ten percent (10%) of all the foregoing costs as and for Landlord's administrative fee. An Expense shall be deemed reasonable if (i) the contracts and other engagements for providing the underlying goods and services giving rise to such Expense is entered into with third party providers who are not direct or indirect affiliates of Landlord or its constituent owners and (ii) all charges and fees for such goods and services are consistent with the prevailing range of then current arm's length fair market rates for such goods and services in the Chicago area. Notwithstanding anything contained herein to the contrary, Expenses shall include only one of management fee under clause (b) above or the administrative fee under clause (n) above and not both. Landlord may elect, from time to time, which of management fee or administrative fee will be included in Expenses.

Expenses shall not include: the cost of capital improvements (except as set forth in (m) of this Section 4.03); depreciation; interest (except as provided above for the amortization of capital

improvements); principal payments of mortgage and other non-operating debts of Landlord; the cost of repairs or other work to the extent Landlord is reimbursed or is entitled to reimbursement by insurance or condemnation proceeds; costs in connection with leasing space in the Office Area, including brokerage commissions; lease concessions, including rental abatements and construction allowances, granted to specific tenants; costs incurred in connection with the sale, financing or refinancing of the Office Area; fines, interest and penalties incurred due to the late payment of Taxes (defined in Section 4.04) or Expenses; organizational expenses associated with the creation and operation of the entity which constitutes Landlord; any penalties or damages that Landlord pays to Tenant under this Lease or to other tenants in the Office Area under their respective leases; costs of constructing, improving, renovating, altering, painting, or decorating any tenant spaces or other areas exclusively used or occupied by (or reserved for the exclusive use or occupancy by) any tenant of the Building and any costs and expenses of maintaining or repairing any such tenant spaces or such other areas exclusively used or occupied by (or reserved for the exclusive use or occupancy by) any tenant of the Building; depreciation; costs (including fines and penalties) of correcting or remediating any violations of Laws; costs of providing any service, supplies, or materials (or level or amount thereof) to any tenant or occupant of the Building to the extent in excess of those services, supplies, and materials that Landlord makes available to Tenant and are accepted by Tenant; salaries and benefits of any employee (whether paid by Landlord or Landlord's managing agent): (i) above the grade of on-site property manager or similarly designated on-site individual who has responsibility for the management of the Building, and (ii) who does not devote substantially all of his or her time to the Building; amounts paid to affiliates or subsidiaries of Landlord for goods supplied to the Building or for services in or to the Building, to the extent the same would exceed the costs of such goods sold or services rendered by third parties that are not affiliates or subsidiaries of Landlord, on a competitive basis which are of a quality commensurate with the goods or services supplied or furnished by Landlord's affiliates or subsidiaries; expenditures for repairs or maintenance that are reimbursed or reimbursable by warranties, guarantees or service contracts; costs, including, without limitation, attorneys' fees, incurred in connection with the enforcement of leases or of any rules and regulations, disputes with actual or prospective tenants or with mortgagees or ground lessors, and any other legal expenses or fees not related to the operation and management of the Building; costs for relocating tenants; costs to remediate Hazardous Substances; costs of (i) correcting any structural and latent defects in the initial design or construction of the Building or other improvements, or (ii) the discharge of Landlord's obligations under the Work letter or the work letters of other leases; contributions to operating expense or tax or insurance reserves; and costs incurred by Landlord solely in connection with the operation, maintenance, repair, replacement, or third party management of the Retail Area, including any equipment used solely in connection with the operation thereof .

If Tenant elects to provide janitorial services to the Premises or if Tenant operates, maintains and otherwise separately pays for HVAC services to the Premises as more fully provided below, then the costs of providing janitorial services and HVAC services to other premises in the Building shall not be included in Expenses or Shared Expenses.

If the Office Area is not fully occupied during any calendar year or if Landlord is not supplying services to the total rentable square footage of the office space of the Office Area at any time during a calendar year, Expenses shall, at Landlord's option, be determined as if the office space of the Office Area had been fully occupied and Landlord had been supplying services to 95% of the total rentable square footage of the office space of the Office Area during that calendar year. The extrapolation of Expenses under this Section shall be performed by appropriately adjusting the cost of those components of Expenses that are impacted by changes in the occupancy of the Office Area.

Notwithstanding anything to the contrary contained herein, certain Expenses are applicable to both the Retail Area and the Office Area portion of the Building, including, but not limited to, the costs to (i) maintain, repair, light, clean (including snow and ice removal) and landscape the parking lot; (ii) maintain

and repair the loading and receiving area, mechanical rooms and building mechanical systems; (iii) carry the insurance required by the Landlord pursuant to this Lease, (iv) maintain, repair and monitor Building fire/life safety/sprinkler systems, and (v) maintain any other part of the Project that, in Landlord's good faith and reasonable determination, is a cost that should be shared between the Retail Area and the Office Area portions of the Building (collectively the "Shared Expenses"). Expenses and Shared Expenses shall be equitably and reasonably allocated to and between the Retail Area and/or the Office Area by Landlord without duplication. Shared Expenses shall not include any costs and expenses expressly excluded from the Expenses pursuant to the second full paragraph of this Section 4.03. Landlord's Reconciliation Statement of Expenses will include a description of the equitable allocation of the Shared Expenses.

Section 4.04 *Taxes Defined*

"Taxes" shall mean:

- a. all real estate taxes and other assessments assessed and levied on the Project, including, but not limited to, assessments for special improvement districts and building improvement districts, taxes and assessments levied in substitution or supplementation in whole or in part of any such taxes and assessments;
- b. all personal property or similar taxes for property that is used by Landlord in connection with the operation, maintenance and repair of the Project; and
- c. all reasonable costs and fees incurred in connection with monitoring, controlling or seeking reductions in any tax liabilities described in (a) and (b) immediately above, including, without limitation, any costs incurred by Landlord for compliance, review and appeal of tax liabilities, to the extent of any reduction.

Without limitation, Taxes shall not include any income, capital levy, franchise, capital stock, gift, estate, excess profits, transfer, mortgage or inheritance tax. If at any time the method of taxation then prevailing shall be altered so that any new or additional tax, assessment, levy, imposition or charge or any part thereof shall be imposed upon Landlord in place or partly in place of Taxes or a contemplated increase in Taxes, or in addition to Taxes, and shall be measured by or be based in whole or in part upon the Building or any part of the Building or the rents or other income from the Building, then all such new taxes, assessments, levies, impositions or charges or part thereof, to the extent that they are so measured or based, shall be included in Taxes to the extent that such items would be payable if the Building were the only property of Landlord subject thereto and the income received by Landlord from the Building were the only income of Landlord. If a special assessment is payable in installments, Taxes for that year shall include the amount of the installment and any interest due and payable during that year. If a change in Taxes is obtained for any year of the Term, then Taxes for that year will be retroactively adjusted and Landlord shall provide Tenant with a credit, if any, based on the adjustment.

Section 4.05 *Examination Rights*

So long as Tenant is not in default of this Lease, after the expiration of any applicable notice and cure period, Tenant may, within one hundred twenty (120) days after receiving Landlord's statement of Expenses, give Landlord written notice ("Review Notice") that Tenant intends to review Landlord's records of the Expenses for the year in question. Within a reasonable time after receipt of the Review Notice, Landlord shall make available for inspection at the Project or Landlord's offices in the State of Illinois during normal business hours all pertinent records that are reasonably necessary for Tenant to conduct its review. Tenant must utilize either its own full-time, salaried employees or an independent certified public accountant ("CPA") experienced in examining Expense records of mixed-use buildings, which CPA will be subject to Landlord's reasonable prior approval. If Tenant retains a CPA to review Landlord's records, the CPA must be associated with a licensed CPA firm of recognized regional or national standing and shall not

be compensated on a contingency fee basis. Upon receipt of the examination report, Tenant will deliver to Landlord a copy thereof and all accompanying data. Tenant shall be solely responsible for all costs, expenses and fees incurred for the examination, unless, however, it is determined that Landlord overstated Expenses or Taxes by more than three percent (3%), in which event Landlord shall be responsible for the costs, expenses and fees incurred for the examination; provided that Landlord shall not be liable for any such costs in excess of \$2,500.00. Within 90 days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an "Objection Notice") stating in reasonable detail any objection to Landlord's statement of Expenses for that year. If Tenant fails to give Landlord an Objection Notice within the 30-day period or fails to provide Landlord with a Review Notice within the 60 day period described above, Tenant shall be deemed to have irrevocably approved Landlord's statement of Expenses and shall be barred from raising any claims regarding the Expenses for that year. If Tenant provides Landlord with a timely Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant's Objection Notice. If Landlord and Tenant determine that Expenses for the year in question are less than reported, Landlord shall provide Tenant with a credit against the next installment of Rent in the amount of the overpayment by Tenant, or if this Lease has expired or is terminated, Landlord shall pay Tenant such overpayment in cash within thirty (30) days of such determination. Likewise, if Landlord and Tenant determine that Expenses for the year in question are greater than reported, Tenant shall pay Landlord the amount of any underpayment within 30 days. In the event Landlord and Tenant are unable to resolve a dispute between them concerning the amount of Expenses, the dispute shall be referred to an independent CPA selected by Landlord for determination and such determination shall be binding and conclusive upon Landlord and Tenant. The cost of such CPA shall be divided equally between Landlord and Tenant. Tenant shall not conduct an examination more often than once each calendar year and Tenant may examine records with respect to each year only once. No examination shall cover a period of time in excess of the one calendar year immediately preceding the examination. The records reviewed by Tenant and results of the examination shall be treated as confidential by Tenant. Tenant will keep confidential all agreements involving the right to examine in this Section, any information gained in the examination and the results of any examination conducted hereunder and shall cause the employees or CPA conducting said examination to keep such information confidential. Landlord may require Tenant and Tenant's agent to execute a so-called "Confidentiality Letter" in form and substance satisfactory to Tenant.

Article V. Compliance with Laws; Use

The Premises shall be used only for the Permitted Use and for no other use whatsoever. Tenant shall not use or permit the use of the Premises for any purpose or in any manner which is illegal. Tenant shall comply with all Laws, including the Americans with Disabilities Act, the laws of the State of Illinois, the United States of America, the County of Cook, the City of Chicago, regarding the operation of Tenant's business and Tenant's use and occupancy of the Premises. Tenant, within 10 days after receipt, shall provide Landlord with copies of any notices it receives regarding a violation or alleged violation of any Laws. Tenant shall comply with the rules and regulations attached as Exhibit E and such other reasonable rules and regulations adopted by Landlord from time to time, provided that Landlord gives Tenant reasonable prior notice of any such additional rules and regulations adopted by Landlord. Tenant further covenants and agrees to comply with the CHA Hiring Requirements described in Exhibit H attached hereto. In the event of any conflict between the rules and regulations and the terms and conditions of this Lease, the terms and conditions of this Lease shall control and prevail. Tenant shall also use its reasonable efforts to cause its agents, contractors, subcontractors, employees, customers, and subtenants to comply with all rules and regulations. Landlord shall not knowingly discriminate against Tenant in Landlord's enforcement of the rules and regulations. Landlord acknowledges and agrees that Tenant may elect to provide, at Tenant's sole cost and expense, additional security services for the Premises and Project;

provided that prior to providing any security services, Tenant and Landlord shall mutually agree on how said security services will be implemented in the Project, including confirming that all security personnel are properly trained, uniformed and do not carry guns. .

Landlord shall comply with all Laws, including the Americans with Disabilities Act, the laws of the State of Illinois, the United States of America, the County of Cook, the City of Chicago regarding Landlord's operation of and management of the Common Areas and other common facilities of the Building and Project and the cost of same, to the extent permitted under Section 4.03, shall be an Expense under this Lease.

Article VI.
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Article VII.
Services

Section 7.01 *Services Furnished By Landlord*

Landlord agrees to furnish Tenant with the following services at all times except if stated otherwise:

- a. Cold and hot water for ordinary lavatory, pantry, kitchen, drinking and cleaning purposes;
- b. Chilled air (i.e. between 55 and 58 degrees) ("Chilled Air") to the Premises to enable Tenant to provide/control its own heat and air conditioning in the Premises. Tenant, upon such advance notice as is reasonably required by Landlord, shall have the right to receive the Chilled Air during hours other than Normal Business Hours, Tenant shall pay Landlord's charge for the additional Chilled Air as reasonably determined by Landlord from time to time;
- c. Heat and air conditioning to the Common Area in season during Normal Business Hours, at such temperatures and in such amounts as are standard for comparable buildings or as required by governmental authority;
- d. Maintenance and repair of the Office Area as described in Section 9.02;
- e. Janitor service for the Common Areas on Business Days and janitor service for the Premises on Business Days of such manner and frequency as provided in Exhibit G attached hereto. Notwithstanding the foregoing, Tenant shall collect, store and dispose of Medical Waste (as hereinafter defined) related to its operations in the Premises. If Tenant's use, floor covering or other improvements require special services in excess of the standard services for the Office Area, Tenant shall pay separately the additional cost attributable to any other janitorial services. Tenant, upon one hundred twenty (120) day prior written notice to Landlord, shall have the right to provide its own janitorial services to the Premises, at its own cost, in which event the Landlord's cost of providing janitorial services to the other tenants in the Building shall not be included in Expenses or Shared Expenses under this Lease. Landlord shall have the right to approve Tenant's proposed janitor vendor, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, if Tenant elects to provide janitorial services to the Premises, then so long as the elevator lobby, corridors and public restrooms on the third (3rd) floor of the Premises are separated from the Premises by a demising wall, then Tenant may nonetheless elect to have Landlord continue to provide janitorial services for

the elevator lobby, corridors and public restrooms on the third (3rd) floor of the Premises;

- f. Elevator service;
- g. Maintenance and repair of the Building as described in Section 9.02;
- h. Security/front desk monitors, if provided by Landlord, for the Office Area; provided, however, that if Tenant provides its own security services for the Premises, then Landlord's costs of providing security services for other premises in the Building shall not be included in Expenses or Shared Expenses;
- i. such other services as Landlord reasonably determines are necessary or appropriate for the Office Area.

In the event (i) Tenant requests that Landlord provide these, or any other services, during hours other than Normal Business Hours and/or (ii) Landlord incurs any other cost or expense due to Tenant's use of the Premises during hours other than Normal Business Hours, Tenant shall pay Landlord's actual out of pocket costs for same upon demand provided that Landlord provides Tenant with reasonable evidence of the cost of said additional services.

Landlord and Tenant anticipate that Tenant's Work may include separate heating, ventilating and air-conditioning ("HVAC") systems for the some or all of the Premises. In the event Tenant's Work includes such separate Premises HVAC systems, Landlord shall not be obligated to provide Chilled Air under clause b above for such portions of the Premises serviced by the separate HVAC systems. Tenant may, however, be utilizing Building chilled water in the operation of such Premises HVAC systems, in which event such chilled water shall be separately metered for that part of the Premises that has its own HVAC and Tenant shall reimburse Landlord (or pay the provider directly) for the cost of providing such chilled water consumed by such Premises HVAC systems. In the event that Tenant installs such separate HVAC systems for the entire Premises, then Landlord's cost of providing HVAC services to other tenants of the Building, shall not be included in Expenses or Shared Expenses under this Lease; provided that if Tenant installs such separate HVAC systems for only the third (3rd) floor of the Premises, then Landlord's cost of providing HVAC services to the second (2nd) floor of the Premises and the other tenants of the Building, *shall be* included in Expenses under this Lease. In the event that Tenant installs a separate HVAC systems for all or any part of the Premises, then Tenant, at its sole cost and expense, shall maintain, repair and replace such separate HVAC system. In the event Tenant's Work includes such HVAC systems, at the request of either Landlord or Tenant, Landlord and Tenant shall enter into an amendment to this Lease reflecting such separate HVAC systems.

Section 7.02 *Failure to Provide*

Notwithstanding anything contained herein, in the event of any interruption or failure of any of the above services which Landlord, its agents, contractors or employees has intentionally or negligently caused (it being acknowledged that Landlord is not responsible for area wide utility outages or other general interruptions that are not within the reasonable control of Landlord) or which Landlord is capable of resolving but does not resolve, which interruption continues for 48 hours or more and prevents Tenant from reasonably conducting business at the Premises and Tenant vacates the Premises, all Rent and other amounts due hereunder shall abate from the expiration of such 48 hour period until the earlier of (a) the date on which such service resumes and Tenant is able to reasonably conduct business at the Premises, or (b) the date on which Tenant occupies the Premises for the conduct of business. If such interruption continues for more than sixty (60) day consecutive days, Tenant shall have the right to terminate this Lease. In no event, however, shall Landlord be liable to Tenant for any loss or damage, including the theft of

Tenant's Property (defined in Article XV), arising out of or in connection with the failure of any security services, personnel or equipment.

Article VIII. Leasehold Improvements

All improvements and/or Tenant's Work to the Premises (collectively, "Leasehold Improvements") shall be owned by Landlord and shall remain upon the Premises upon the expiration or termination of this Lease without compensation to Tenant. Tenant, however, shall have the right to remove any of its furniture, fixtures or equipment or other personal property upon expiration or termination of this Lease. Notwithstanding anything to the contrary contained in this Lease, if the Leasehold Improvements include installation of a safe or internal staircase between floors of the Premises, then at the time of Landlord's review of Tenant's plans for such safe and/or staircase, Landlord may advise Tenant when approving said plans that Tenant shall, upon the expiration or termination of this Lease, remove same at the expiration or termination of this Lease; and if Tenant fails to remove same as required hereunder, and does not cure such failure within ten (10) business days after written notice from Landlord, then Landlord shall have the right to remove same and charge Tenant for the cost of removing plus a fifteen (15%) percent administrative fee.

Article IX. Repairs, Tenant's Work and Cleaning

Section 9.01 *Tenant's Repair Obligations*

Except for Landlord's obligation under this Lease, Tenant shall, at its sole cost and expense, promptly perform all maintenance and repairs to the Premises required to keep the Premises in good condition and repair; reasonable wear and tear excepted; all in accordance with applicable Laws and otherwise consistent with the operation of a first class medical office building. Tenant's repair obligations include, without limitation, repairs to:

- a. floor and wall coverings;
- b. interior partitions;
- c. doors, door locks, hinges, and door frames;
- d. the interior side of demising walls;
- e. electronic, phone and data cabling and related equipment including conduit (collectively, "Cable") that is installed by or for the exclusive benefit of Tenant and located in the Premises or elsewhere in the Building;
- f. mechanical (including the heat and air conditioning mechanical system providing heat and air conditioning to the Premises [i.e. the ductwork, variable air volume boxes, controls and fan power boxes], but excluding the mechanical system that provides Chilled Air), electrical, plumbing and fire/life safety systems serving the Premises exclusively;
- g. supplemental air conditioning units, private showers and kitchens, including hot water heaters, plumbing, and similar facilities that is installed by or for the exclusive benefit of Tenant and located in the Premises; and

- h. Tenant's Work and Cosmetic Alterations performed by Tenant. All work shall be performed in accordance with the rules and procedures described in Section 9.03 below.

Section 9.02 *Landlord's Repair Obligations*

Landlord shall, as an Expense, keep and maintain in good repair and working order and make repairs to and perform maintenance, all in accordance with applicable Laws and otherwise consistent with the operation of a first class medical office building, upon:

- a. structural elements of the Building;
- b. mechanical (including [i] the mechanical system that provides Chilled Air to the Premises and [ii] the mechanical system that provides heat and air conditioning to the Common Area, but excluding supplemental heat and air conditioning equipment and systems installed by Tenant), electrical, plumbing and fire/life safety systems serving the Office Area in general;
- c. Common Areas;
- d. the roof of the Building;
- e. exterior windows of the Office Area; and
- f. elevators serving the Office Area.

Upon receiving notice of the need for repairs, Landlord shall promptly make repairs (considering the nature and urgency of the repair) for which Landlord is responsible.

In the event that Landlord fails to perform its maintenance as required under this Section, then Tenant shall have the right to exercise self help to perform said maintenance after first giving Landlord thirty (30) day (provided, however, in the event of emergency threatening injury to persons or material damage to property, Landlord shall be required to cure such failure immediately) written notice of said failure and opportunity to cure. Tenant's notice shall state with specificity Landlord's failure to maintain. Except in the event of emergency, if Landlord commences to cure said default within said thirty (30) day period, and diligently prosecutes same to completion, then the thirty (30) days period shall be deemed extended so long as Landlord is diligent and Tenant's self help rights under this Section shall be postponed. If Landlord fails to cure said default, and Tenant performs said maintenance, then Landlord shall pay Tenant the reasonable cost of Tenant's maintenance within thirty (30) days of Landlord's receipt of a detailed invoice for same; failing which, Tenant shall have the right to offset Rent due under this Lease for said reasonable cost.

Section 9.03 *Tenant's Work*

Tenant shall not make alterations, additions or improvements to the Premises or install any Cable in the Premises or other portions of the Project (collectively referred to as "Tenant's Work") without first obtaining the written consent of Landlord in each instance, which consent shall not be unreasonably withheld or delayed. Tenant's Work may include a generator and rooftop equipment and Tenant and Landlord shall mutually agree on the location of the generator and rooftop equipment. However, Landlord's consent shall not be required for any Alteration that satisfies each of the following criteria (a "Cosmetic Alteration"):

- a. is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting;
- b. is not visible from the exterior of the Premises or Project;
- c. will not affect the systems or structure of the Project; and
- d. does not require work to be performed inside the walls or above the ceiling or on the floor of the Premises.

However, even when consent is not required, the performance of Cosmetic Alterations shall be subject to all the other provisions of this Section 9.03. Prior to starting work, Tenant shall furnish Landlord with plans and specifications reasonably acceptable to Landlord; names of contractors reasonably acceptable to Landlord (provided that Landlord may designate specific contractors with respect to Project systems); copies of contracts; necessary permits and approvals; evidence of contractor's and subcontractor's insurance in amounts reasonably required by Landlord; and any security for performance that is reasonably required by Landlord. Changes to the plans and specifications must also be submitted to Landlord for its approval, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant's Work shall be constructed in a good and workmanlike manner. Landlord may designate reasonable rules, regulations and procedures for the performance of work in the Office Area and, to the extent reasonably necessary to avoid disruption to the occupants of the Office Area, shall have the right to designate the time when Tenant's Work may be performed. Landlord shall not discriminate against Tenant in the designation or enforcement of any such rules and regulations and procedures or scheduling of any work. Tenant shall reimburse Landlord within 30 days after receipt of an invoice for sums paid by Landlord for third party examination of Tenant's plans for non-Cosmetic Alterations; provided, however, that Landlord shall notify Tenant of the anticipated costs and expenses of any such third party examination prior to incurring any such costs or expenses. Upon completion, Tenant shall furnish "as-built" plans (except for Cosmetic Alterations), completion affidavits, full and final waivers of lien and receipted bills covering all labor and materials. Tenant shall engage architects and contractors to cause the Tenant's Work comply with all insurance requirements and Laws. Landlord's approval of an Alteration shall not be a representation or warranty by Landlord that the Alteration complies with applicable Laws or will be adequate for Tenant's use.

Tenant covenants and agrees to comply with the General Requirements for Tenant's Work describe in Exhibit F attached hereto with regard to the performance of Tenant's Work.

Section 9.04 *Construction Allowance*

So long as Tenant is not in default of this Lease, Landlord shall pay to Tenant, as an "Allowance" for the hard and soft costs of Tenant's Work (excluding Tenant's furniture, fixtures and equipment) the amount of Seven Hundred Thousand Dollars (\$700,000.00) which said amount shall be paid in monthly installments during the Term of this Lease as hereafter, provided the final installment shall not be payable until thirty (30) days after the last to occur of all of the following:

- (a) Tenant's Work with respect to the final request for payment of the Allowance shall have been completed in all respects; and
- (b) Tenant shall have furnished Landlord a standard sworn "owners" statement/affidavit; and
- (c) Tenant shall have furnished Landlord a standard sworn "general

contractor's" statement /affidavit; and

(d) Tenant shall have furnished to Landlord final lien waivers from all general contractors, subcontractors and materialmen who supplied services or material in performing Tenant's Work; and

(e) with respect to the final request for payment of the Allowance, Tenant shall have opened the Premises for business as provided in this Lease;

(f) with respect to the final request for payment of the Allowance, Tenant shall have provided Landlord with a copy of the certificate of occupancy (or its equivalent) for the Premises issued by the City of Chicago; and

(g) The City has verified in writing that the Tenant is in full compliance with the City Resident Construction Worker Employment Requirement, the MBE/WBE Commitment with respect to Tenant's Work and all other similar requirements of Exhibit F attached hereto.

The Allowance, and the cost of Tenant's Work in excess of the Allowance (payable by Tenant and funded through the construction escrow), shall be paid on a pari passu basis through a construction escrow (at Landlord's cost) at the Landlord's title insurance company on the title company's standard construction escrow form modified to conform to this Lease and otherwise in form and substance satisfactory to Landlord and Tenant.

Tenant shall have the right to request that Landlord pay Tenant a portion of the Allowance every thirty (30) days provided that Tenant (i) with respect to draws prior to the final draw, complies with the provisions of subsections (b), (c) and (d) (provided that the lien waiver in subsection (d) above may be partial lien waivers, as the case may be, for that draw) and provided further that the amount of Tenant's Work actually completed, for which payment is requested, is more than the amount of the Allowance requested, (ii) Tenant deposits into the construction escrow its pari passu share of that draw; and (iii) provided further that Tenant complies with subsections (a) through (g) above with regard to the final portion of the Allowance due.

Any unused Allowance shall be applied as a credit against rent next becoming due and payable under this Lease until fully applied.

Notwithstanding anything to the contrary contained in this Lease, Tenant has requested that Landlord modify (i) Landlord's Work to the Premises and (ii) the base building work to the Building Landlord is performing in order to accommodate certain changes Tenant requires in order to complete Tenant's Work, construct an out-patient surgery center and providing a separate HVAC system for all or a portion of the Premises (a "Change Order" or the "Change Orders"). The scope of said Change Orders may include, but are not limited to: floor loads, roof loads and HVAC requirements and Landlord will incur, (a) hard costs of said Change Orders and (b) architectural and engineer costs, fees for plans, testing and other soft costs that Landlord's architect, engineer and contractors may impose to accommodate Tenant's requested changes (the "Change Order Soft Costs"). Accordingly, when Tenant requests a Change Order, (aa) Landlord shall determine the cost of the Change Order and the Change Order Soft Costs and provide same to Tenant for its review and approval and, so long as Tenant has approved the cost of the Change Order and the Change Order Soft Costs, (bb) Landlord shall reduce the Allowance by the

aggregate amount of the cost of the Change Order and Change Order Soft Costs. To the extent Landlord is delayed in completing the base building work and/or the Landlord's Work directly because of Tenant's requested Change Orders, such delay is herein called a "Tenant Delay". In the event that Tenant fails to approved the cost of the Change Order and/or the Change Order Soft Costs, Landlord shall have no obligation to perform the Change Order.

Article X. Utility Services

Section 10.01 *Standard Usage Billing/Chilled Air*

Electricity and gas used by Tenant in the Premises shall be separately metered to the Premises and shall be paid for by Tenant by direct billing by the public utility. Notwithstanding anything to the contrary contained herein, if Landlord is providing Chilled Air to the Premises, Landlord shall have the right to elect to invoice Tenant for the cost to provide the Chilled Air either (i) as a direct cost payable by Tenant (within thirty (30) days of being invoiced for same) and determined by a meter/submeter for that Chilled Air based upon the number of units of the Chilled Air delivered to the Premises, as indicated on such meter/submeter, multiplied by Landlord's actual cost to provide each unit of Chilled Air, without markup), (ii) as an Expenses or (iii) in such other reasonable and equitable manner so long as said manner reflects the actual cost of providing Chilled Air, without markup and any administrative fee and Landlord invoices the other office tenants in the same manner.

Section 10.02 *Excess Electrical Use*

Tenant's use of electrical service shall not exceed the load capacity of the Building systems. Landlord represents and warrants to Tenant that the Building electrical systems are capable of providing the following service: 277/480V 3 phase 4W 1200A 3P M C/B with (5) 200A 3P circuit breakers and (1) 200A C/B - spare. If Tenant requests permission to consume excess electrical service, Landlord may refuse to consent or may condition consent upon conditions that Landlord reasonably elects (including, without limitation, the installation of utility service upgrades, meters, submeters, air handlers or cooling units), and the additional usage (to the extent permitted by Law), installation and maintenance costs shall be paid by Tenant.

Section 10.03 *Water and Sewer Use*

The cost of Tenant's water and sewer use shall be included in Expenses; provided that nothing shall prohibit Landlord, at its expense, from installing a sub meter in the Building to measure the Tenant's consumption of water and sewer from the Premises in which case, Landlord shall read the submeter, from time to time, and invoice Tenant for the cost of water and sewer used by Tenant, and measured by said submeter, in which event Tenant shall pay said invoice within thirty (30) days of its receipt of same; provided that the cost of said sewer and water is the same, on a per unit basis, as the cost of sewer and water invoiced to Landlord by the City of Chicago.

Article XI. Entry by Landlord

Landlord, its agents, contractors and representatives may enter the Premises to inspect or show the Premises, to clean and make repairs, alterations or additions to the Premises, and to conduct or facilitate repairs, alterations or additions to any portion of the Project, including other tenants' premises. Except in emergencies or to provide janitorial and other Project services after Normal Business Hours, Landlord shall provide Tenant with reasonable prior notice of entry into the Premises, which may be given orally. If reasonably necessary for the protection and safety of Tenant and its employees, Landlord shall have the right to temporarily close all or a portion of the Premises to perform repairs, alterations and additions.

However, except in emergencies, Landlord will not close the Premises if the work can reasonably be completed on weekends and after Normal Business Hours. Entry by Landlord shall not constitute constructive eviction or entitle Tenant to an abatement or reduction of Rent. Tenant reserves the right, however, to designate portions of the Premises as secured areas. Landlord and its employees, contractors or agents may not enter such designated secured areas without written notice to Tenant and, if required by Tenant, accompanied by representatives of Tenant.

Article XII. Assignment and Subletting

Section 12.01 *Consent Required*

Except with respect to a Permitted Transfer (defined in Section 12.05. below), Tenant shall not assign, sublease, transfer or encumber any interest in this Lease (collectively or individually, a "Transfer") without the prior written consent of (i) Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

Tenant shall not be entitled to receive monetary damages based upon a claim that Landlord unreasonably withheld, conditioned or delayed its consent to a proposed Transfer and Tenant's sole remedy shall be an action to enforce any such provision through specific performance or declaratory judgment, unless, however, it is determined that Landlord acted in bad faith, in which event Landlord shall be responsible for Tenant's damages. Any attempted Transfer in violation of this Article shall, at Landlord's option, be void. Consent by Landlord to one or more Transfer(s) shall not operate as a waiver of Landlord's rights to approve any subsequent Transfers. In no event shall any Transfer or Permitted Transfer release or relieve Tenant from any obligation under this Lease.

Section 12.02 *Request for Consent*

As part of its request for Landlord's consent to a Transfer, Tenant shall provide Landlord with a complete copy of the proposed assignment, sublease and other contractual documents, as well as the financial statements of the proposed transferee as Landlord may reasonably request. Landlord shall, by written notice to Tenant within 20 days of its receipt of the required information and documentation, either:

- a. consent to the Transfer by the execution of consent agreement in a form reasonably designated by Landlord; or
- b. reasonably refuse to consent to the Transfer in writing, in which event Landlord shall notify Tenant of its reasons for refusing consent.

Notwithstanding Landlord's failure to consent to a transfer, Tenant shall reimburse Landlord for its actual reasonable costs and expenses not to exceed \$1,500.

Section 12.03 *Economic Benefits*

In the event Landlord consents to a Transfer, Tenant shall pay Landlord 50% of all rent which Tenant receives as a result of a Transfer that is in excess of the Rent payable by Tenant to Landlord for the portion of the Premises and Term covered by the Transfer. Tenant shall pay Landlord for Landlord's share of any excess within five (5) days after Tenant's receipt of such excess consideration. Tenant may deduct from the excess all reasonable and customary expenses directly incurred by Tenant attributable to the Transfer (including Landlord's review fee), including brokerage fees, legal fees and construction costs. If Tenant is in Monetary Default (defined in Section 14.01 below), Landlord may require that all sublease payments be made directly to Landlord, in which case Tenant shall receive a credit against Rent in the amount of any payments received (less Landlord's share of any excess).

Section 12.04 *Intentionally Omitted*

Section 12.05 *Permitted Transfers*

Tenant may assign its entire interest under this Lease to an affiliate of Tenant or successor to Tenant by purchase, merger, consolidation or reorganization without the consent of Landlord, provided that all of the following conditions are satisfied (a "Permitted Transfer"):

- a. In the event of a Permitted Transfer to a successor, Tenant's successor shall own and control all or substantially all of the assets of Tenant;
- b. Tenant's successor shall have a net worth which is at least equal to the greater of Tenant's net worth at the date of this Lease or Tenant's net worth as of the day prior to the proposed purchase, merger, consolidation or reorganization;
- c. Tenant is not in default of this Lease, after the expiration of any applicable notice and cure period;
- d. the use by Tenant's affiliates or successor is a Permitted Use; and
- e. Tenant shall give Landlord written notice at least 30 days prior to the effective date of the Permitted Transfer (unless, however, Tenant is prohibited from disclosing such prohibited transfer under applicable law or any applicable confidentiality agreements. Tenant's notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied. If requested by Landlord, Tenant's successor shall sign a commercially reasonable form of assumption agreement; and
- f. Tenant shall remain liable to perform Tenant's obligations under this Lease.

Article XIII. Liens

Tenant shall not permit mechanic's or other liens to be placed upon the Project, the Premises or Tenant's leasehold interest in connection with any work or service done or purportedly done by or for benefit of Tenant. If a lien is so placed, Tenant shall, within 30 days of notice from Landlord of the filing of the lien, fully discharge the lien by settling the claim which resulted in the lien or by bonding or insuring over the lien in a manner satisfactory to Landlord and its mortgagee or discharged in the manner prescribed by the applicable lien law. If Tenant fails to discharge the lien, then, in addition to any other right or remedy of Landlord, Landlord may bond or insure over the lien or otherwise discharge the lien. Tenant shall reimburse Landlord for any costs incurred by Landlord to bond or insure over the lien or discharge the lien, including, without limitation, reasonable attorneys' fees (if and to the extent permitted by Law) within forty-five (45) days after receipt of an invoice from Landlord.

Article XIV. Indemnity and Waiver of Claims

Section 14.01 *Tenant Indemnification*

Beginning on the Possession Date, and except to the extent caused by Landlord's negligence or willful misconduct, Tenant shall indemnify and forever save harmless Landlord, its agents and employees from and against any and all third party bodily injury and third party personal property damage, arising or growing out of, or in any way connected with, Tenant's negligence.

Section 14.02 *Landlord Indemnification*

Beginning on the Possession Date, and except to the extent caused by Tenant's negligence or willful misconduct, Landlord shall indemnify and forever save harmless Tenant, its agents and employees from and against any and all third party bodily injury and third party personal property damage, arising or growing out of, or in any way connected with, Landlord's negligence.

Article XV. Insurance

Section 15.01 *Tenant's Insurance*

Tenant shall procure and maintain the following insurance, all of which coverages shall be primary and non-contributory, ("Tenant's Insurance"), at its sole cost and expense:

- a. Commercial General Liability Insurance with coverage for premises/operations, products/completed operations, contractual liability (insuring the indemnity contained in Section 14.01) and personal/advertising injury, against all claims, demands, or actions for injury, death and property damage in amounts which are from time to time acceptable to Landlord, but not less than \$2,000,000 per occurrence and \$2,000,000 general aggregate for injury or death to one or more persons, and for property damage, plus a minimum of \$10,000,000 "umbrella" or "excess" liability insurance per occurrence and general aggregate;
- b. Special Form causes of loss ("All Risk") Property and Business Interruption Insurance, including flood coverage, written at full replacement cost value and with a replacement cost endorsement covering all of Tenant's personal property including without limitation Tenant's trade fixtures, equipment, furniture, floor and wall coverings and other personal property in or about the Premises ("Tenant's Property");
- c. Workers' Compensation Insurance as required by the state in which the Premises is located and in amounts as may be required by applicable statute, including waiver of the insurer's right to recover against any of the additional insureds set forth in Section 15.01(e); and
- d. Employers Liability Coverage of at least \$1,000,000.00 per occurrence.
- e. Any company writing any of Tenant's Insurance shall have a policyholder's rating of not less than "A Class X" as set forth in the then most current edition of *A.M. Best Company Rating Guide*. All Commercial General Liability Insurance policies shall name Tenant as a named insured and Landlord (or any successor), Landlord's property manager, and their respective members, principals, beneficiaries, partners, officers, directors, employees, and agents, and other designees of Landlord as the interest of such designees shall appear, as additional insureds. All policies of Tenant's Insurance shall contain endorsements that the insurer(s) shall give Landlord and its designees at least 30 days' advance written notice of any cancellation, termination or lapse of insurance, except for cancellation due to non-payment of premiums. Tenant shall provide Landlord with a certificate of insurance evidencing Tenant's Insurance prior to the earlier to occur of the Commencement Date or the date Tenant is provided with possession of the Premises for any reason, and upon renewals at least 15 days prior to the expiration of the insurance coverage. Notwithstanding anything contained in this Lease to the contrary, if Tenant fails to comply with the requirements of this Section within five (5) days after notice from Landlord, Landlord may

obtain such insurance and keep the same in effect, and Tenant shall pay the cost of the premiums of such insurance to Landlord upon demand as additional Rent.

Section 15.02 *Landlord's Insurance Requirements*

During the Term, Landlord shall carry or cause to be carried with companies, in amounts and on terms satisfactory to Landlord (i) liability insurance pertaining to the Project, but not less than \$2,000,000 each occurrence and \$2,000,000 general aggregate for injury or death to one or more persons, and for property damage for each occurrence plus a minimum of \$10,000,000 "umbrella" or "excess" liability insurance per occurrence and general aggregate, (ii) All Risk insurance on the Building and Common Area against loss or damage by fire and such other risks as may be customarily included in the standard form of All Risk with extended coverage endorsement and vandalism and miscellaneous mischief endorsement, including rent protection insurance, and (iii) such other insurance as Landlord may deem appropriate. In the event the liability insurance carried by Landlord contains a deductible or self-insurance retention program, the costs paid by the Landlord in connection with such deductible or self-insurance retention program, including reasonable reserves, shall be deemed a part of the cost of liability insurance. The cost of insurance procured by Landlord under this Section 15.02 shall be included in Shared Expenses.

Section 15.03 *Insurance Not in Lieu of Obligation*

Except as specifically provided to the contrary, the limits of either party's insurance shall not limit such party's liability under this Lease.

Article XVI. Waiver of Subrogation

Notwithstanding any provision in this Lease to the contrary, Landlord and Tenant hereby waive and shall cause their respective insurance carriers to waive any and all rights of recovery, claim, action or causes of action against the other and their respective trustees, principals, beneficiaries, partners, members, officers, directors, agents, and employees, for any loss or damage that may occur to Landlord or Tenant or any party claiming by, through or under Landlord or Tenant, as the case may be, with respect to Tenant's Property, the Building, the Premises, Project any additions or improvements to the Building, Premises, Project, or any contents thereof, including all rights of recovery, claims, actions or causes of action arising out of the negligence of Landlord or Tenant, which loss or damage is (or would have been, had the insurance required by this Lease been carried) covered by insurance; provided that such waiver shall not extend to any deductibles under Landlord's insurance and Landlord shall remain entitled to reimbursement from Tenant with respect thereto to the extent of Tenant's negligence or misconduct.

Article XVII. Casualty Damage

Section 17.01 *Landlord's Termination Rights*

If all or any part of the Premises is damaged by fire or other casualty, Tenant shall promptly notify Landlord in writing. During any period of time that all or a material portion of the Premises is rendered untenantable as a result of a fire or other casualty, the Rent shall abate for the portion of the Premises that is untenantable and not used by Tenant. Landlord shall have the right to terminate this Lease if:

- a. the Building or any part of Project shall be damaged so that, in Landlord's opinion, substantial alteration or reconstruction of the Building or other part of Project shall be required (whether or not the Premises has been damaged);

- b. Landlord is not permitted by Law to rebuild the Building or any other building in Project so damaged in substantially the same form as existed before the fire or casualty;
- c. the Premises have been materially damaged and there is less than 2 Lease Years of the Term remaining on the date of the casualty (excluding any unexercised options to extend);
- d. any Mortgagee requires that insurance proceeds be applied to the payment of the mortgage debt; or
- e. a material uninsured loss to the Building occurs in Landlord's reasonable opinion.

Landlord may exercise its right to terminate this Lease by notifying Tenant in writing within 120 days after the date of the casualty.

If Landlord does not terminate this Lease, Landlord shall commence and proceed with reasonable diligence to repair and restore the Building and the Leasehold Improvements to the extent covered by Landlord's insurance (excluding any Tenant Work that were performed by Tenant in violation of this Lease). However, in no event shall Landlord be required to spend more than the insurance proceeds received by Landlord. Landlord shall not be liable for any loss or damage to Tenant's Property or to the business of Tenant resulting in any way from the fire or other casualty or from the repair and restoration of the damage. Landlord and Tenant hereby waive the provisions of any Law relating to the matters addressed in this Article and agree that their respective rights for damage to or destruction of the Premises shall be those specifically provided in this Lease.

In the event that Landlord is required, or elects to rebuild as provided for above, and fails to complete same within 365 days of its commencement of construction, then Tenant shall have the right to terminate this Lease upon giving the Landlord at least thirty (30) days written notice of such election, which notice must be given to Landlord no earlier than 365 days after the occurrence of the event causing the damage and no later than 395 days after Landlord's commencement of construction. If Landlord fails to substantially complete such rebuilding before the expiration of said thirty (30) days, then this Lease shall terminate as of the thirtieth (30th) day and neither party shall have any obligation to the other hereunder.

In the event the Premises are damaged by fire, explosion or any other casualty during the last two (2) Lease Years of the Term to an extent which is more than fifty (50%) percent of the cost of replacement of the Premises, and the damage cannot be repaired by Landlord within one hundred eighty (180) days of the date of the casualty, then Tenant shall have the right to terminate this Lease upon giving notice of such election in writing to Landlord within ten (10) days after being advised by Landlord that the damage will not be repaired within one hundred eighty (180) days from the date of the casualty.

Section 17.02 *Repairs and Restorations; Termination Right*

If all or any portion of the Premises shall be made untenantable by fire or other casualty, including if other portions of the Project are damaged which would render the Premises untenantable, such as not being able to access the Premises or not having required services, Landlord shall, with reasonable promptness, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises (and other required portions of the Project) and make the Premises tenantable, using standard working methods ("Completion Estimate"). If the Completion Estimate indicates that the Premises cannot be made tenantable within one year from the date the repair and restoration is started, then regardless of anything in Section 17.01 above to the contrary, Landlord and Tenant shall each have the right to terminate

this Lease by giving written notice to the other party of such election within 90 days after receipt of the Completion Estimate.

Article XVIII. Condemnation

Either party may terminate this Lease if the whole or any material part of the Premises shall be taken or condemned for any public or quasi-public use under Law, by eminent domain or private purchase in lieu thereof (a "Taking"). Landlord or Tenant shall also have the right to terminate this Lease if there is a Taking of any portion of the Office Area or Project which would result in the remainder of the Office Area or Project unsuitable for use similar to the use prior to the Taking. In order to exercise its right to terminate the Lease, Landlord or Tenant, as the case may be, must provide written notice of termination to the other within 45 days of the Taking. Any such termination shall be effective as of the date the physical taking occurs. If this Lease is not terminated, Landlord shall restore the Premises, Office Area or Project, as the case may be, to the extent feasible to the condition they were in prior to such taking and the rentable square footage of the Building, the rentable square footage of the Office Area, the rentable square footage of the Premises and Tenant's Pro Rata Share shall, if applicable, be appropriately adjusted. In addition, Rent for any portion of the Premises taken or condemned shall be abated during the unexpired Term of this Lease effective when the physical taking of the portion of the Premises occurs. All compensation awarded for a Taking, or sale proceeds, shall be the property of Landlord, any right to receive compensation or proceeds being expressly waived by Tenant. However, Tenant may file a separate claim at its sole cost and expense for Tenant's Property and Tenant's reasonable relocation expenses, provided the filing of the claim does not diminish the award which would otherwise be receivable by Landlord.

Article XIX. Events of Default

Tenant shall be considered to be in default of this Lease upon the occurrence of any of the following events of default:

Section 19.01 *Monetary Default*

Tenant's failure to pay when due all or any portion of Rent, if the failure continues for fifteen (15) days after written notice to Tenant ("Monetary Default").

Section 19.02 *Non-Monetary Default*

Tenant's failure (other than a Monetary Default) to comply with any terms, covenants, conditions, and agreements of this Lease to be formed or observed by Tenant, if such failure is not cured within thirty (30) days after written notice to Tenant. However, if Tenant's failure to comply cannot reasonably be cured within 30 days, Tenant shall be allowed additional time as is reasonably necessary to cure the failure so long as:

- a. Tenant commences to cure the failure within 30 days, and
- b. Tenant diligently pursues a course of action that will cure the failure and bring Tenant back into compliance with the Lease within the reasonable additional period (not to exceed 60 days or such longer period as is reasonably mutually agreed upon by Landlord and Tenant).

However, if Tenant's failure to comply creates a hazardous condition, the failure must be cured immediately upon notice to Tenant.

Section 19.03 *Insolvency*

Tenant or any guarantor becomes insolvent, makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts when due.

Section 19.04 *Receiver; Levy*

A receiver or similar officer is appointed for the business, property, affairs or revenues of Tenant or guarantor, if any; or Tenant's interest in this Lease is levied upon under execution or other process of law in any action against Tenant.

Section 19.05 *Loss of Leasehold*

The leasehold estate is taken by process or operation of Law.

Article XX. Remedies

Section 20.01 *Landlord's Rights*

Upon any default, Landlord shall have the right without further notice or demand (except as provided in Article XIX and except as may be required by applicable law) to pursue any of its rights and remedies at Law or in equity, including any one or more of the following remedies:

Terminate this Lease, in which case Tenant shall immediately surrender the Premises to Landlord. If Tenant fails to surrender the Premises, Landlord may, in compliance with applicable Law and without prejudice to any other right or remedy, enter upon and take possession of the Premises and expel and remove Tenant, Tenant's Property and any party occupying all or any part of the Premises. Tenant shall pay Landlord on demand the amount of all past due Rent and other losses and damages which Landlord may suffer as a result of Tenant's default, whether by Landlord's inability to relet the Premises on satisfactory terms or otherwise, including, without limitation, all Costs of Reletting (defined below) and any deficiency that may arise from reletting for reduced Rent or the failure to relet the Premises. "Costs of Reletting" shall include all costs and expenses reasonably incurred by Landlord in reletting or attempting to relet the Premises, including, without limitation, reasonable legal fees, brokerage commissions, the cost of alterations and the value of other concessions or allowances granted to a new tenant.

Terminate Tenant's right to possession of the Premises without terminating the Lease, and, in compliance with applicable Law, expel and remove Tenant, Tenant's Property and any parties occupying all or any part of the Premises. Landlord may (but shall not be obligated to) relet all or any part of the Premises, without notice to Tenant, for a term that may be greater or less than the balance of the Term and on such conditions (which may include concessions, free rent and alterations of the Premises) and for such uses as Landlord in its absolute discretion shall determine. Landlord may collect and receive all rents and other income from the reletting. Tenant shall pay Landlord on demand all past due Rent, all Costs of Reletting and any deficiency arising from the reletting or failure to relet the Premises. Landlord shall not be responsible or liable for the failure to relet all or any part of the Premises or for the failure to collect any Rent. The re-entry or taking of possession of the Premises shall not be construed as an election by Landlord to terminate this Lease unless a written notice of termination is given to Tenant.

- a. In lieu of calculating damages in accordance with the above paragraphs, Landlord may elect to receive as damages the sum of (a) all Rent accrued through the date of termination of this Lease or Tenant's right to possession, and (b) an amount equal to the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at the Prime Rate (defined in Section 20.03 below) then in effect, minus the

then present fair rental value of the Premises for the remainder of the Term, similarly discounted, after deducting all anticipated Costs of Reletting.

- b. Landlord may, but shall not be obligated to, cure the Tenant's default at any time with or without notice and without waiving or releasing Tenant from any of its obligations with respect to such default. The reasonable cost incurred by Landlord in curing the default, plus an administrative charge of eighteen percent together with interest thereon at the rate set forth in Section 20.03 from the date such cost was incurred by Landlord, shall be payable by Tenant to Landlord on demand.

In all events Landlord shall use its commercially reasonable efforts to mitigate its damages in the event of a default by Tenant.

Section 20.02 *Reentry*

Unless expressly provided in this Lease, the repossession or reentering of all or any part of the Premises shall not relieve Tenant of its liabilities and obligations under the Lease. No right or remedy of Landlord shall be exclusive of any other right or remedy. Each right and remedy shall be cumulative and in addition to any other right and remedy now or subsequently available to Landlord at Law or in equity.

Section 20.03 *Default Interest*

If Landlord declares Tenant to be in default, and Tenant does not cure such default within the applicable notice and cure period set forth herein, Landlord shall be entitled to receive interest on any unpaid Rent at a rate equal to the Prime Rate plus 2%, but in no event more than the highest rate which may be legally charged by Landlord. For purposes hereof, the "Prime Rate" shall be the per annum interest rate publicly announced as its prime or base rate by a federally insured bank selected by Landlord doing business in the State of Illinois. Forbearance by Landlord to enforce one or more remedies shall not constitute a waiver of any default.

Article XXI. Limitation of Liability

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF LANDLORD (AND OF ANY SUCCESSOR LANDLORD) TO TENANT SHALL BE LIMITED TO THE INTEREST OF LANDLORD IN THE BUILDING, AND THE RENTS AND OTHER PROCEEDS THEREOF. TENANT SHALL LOOK SOLELY TO LANDLORD'S INTEREST IN THE BUILDING, AND THE RENTS AND OTHER PROCEEDS THEREOF FOR THE RECOVERY OF ANY JUDGMENT OR AWARD AGAINST LANDLORD. LANDLORD SHALL NOT BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY. AT LEAST 10 BUSINESS DAYS BEFORE FILING SUIT FOR AN ALLEGED DEFAULT BY LANDLORD, TENANT SHALL GIVE LANDLORD AND THE MORTGAGEE(S) (DEFINED IN ARTICLE XXVI BELOW) WHICH HOLD MORTGAGES (DEFINED IN ARTICLE XXVI BELOW) ON THE BUILDING OR PREMISES, NOTICE AND SHALL GIVE A REASONABLE TIME TO CURE THE ALLEGED DEFAULT.

Article XXII. No Waiver

Either party's failure to declare a default immediately upon its occurrence, or delay in taking action for a default shall not constitute a waiver of the default, nor shall it constitute an estoppel. Either party's failure to enforce its rights for a default shall not constitute a waiver of its rights regarding any subsequent

default. No express consent or waiver by a party shall affect any breach of any covenant, condition or duty of the other party other than that specified in the waiver or consent and then only for the time and to the extent stated in the waiver or consent. Receipt by Landlord of Tenant's keys to the Premises shall not constitute an acceptance or surrender of the Premises.

**Article XXIII.
Quiet Enjoyment**

Tenant shall, and may peacefully have, hold and enjoy the Premises free from interruption by or through Landlord, subject to the terms of this Lease, provided Tenant pays the Rent and fully performs all of its covenants and agreements. This covenant and all other covenants of Landlord shall be binding upon Landlord and its successors only during its or their respective periods of ownership of the Building and shall not be a personal covenant of Landlord.

**Article XXIV.
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**Article XXV.
Holding Over**

If Tenant fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises after the termination or expiration shall be that of a tenancy at sufferance. Tenant's occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the Base Rent and 100% of the Additional Rent due for the period immediately preceding the holdover. No holdover by Tenant or payment by Tenant after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Landlord is unable to deliver possession of the Premises to a new tenant, or to perform improvements for a new tenant, as a result of Tenant's holdover and Tenant fails to vacate the Premises within 5 days after Landlord notifies Tenant of Landlord's inability to deliver possession, or perform improvements, Tenant shall be liable to Landlord for all damages, including, without limitation, consequential damages, that Landlord suffers from the holdover.

**Article XXVI.
Mortgagee Protection; Estoppel Certificate**

Section 26.01 *Subordination to Mortgages*

Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s), development agreement or other lien(s) now or subsequently arising upon the Premises, the Building or the Project, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a "Mortgage"). The party having the benefit of a Mortgage shall be referred to as a "Mortgagee." This clause shall be self-operative. In lieu of having the Mortgage be superior to this Lease, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Lease. On or prior to the Possession Date and as a condition to the foregoing subordination to any future Mortgage, Landlord shall provide Tenant with a subordination, non-disturbance and attornment agreement (the "SNDA") in a commercially reasonable form.

Section 26.02 *Mortgagee's Right to Cure*

If all or any portion of the Premises is at any time subject to a Mortgage and Tenant has been given written notice of such Mortgage and the address of the Mortgagee, then Tenant shall not exercise any right or remedy with respect to any default by Landlord under this Lease without first giving written notice to such Mortgagee, specifying the default in reasonable detail, and affording such Mortgagee a reasonable opportunity to make performance for and on behalf of Landlord.

Section 26.03 *Attornment*

If requested by a successor-in-interest to all or a part of Landlord's interest in the Lease, Tenant shall, without charge, attorn to the successor-in-interest, and recognize such transferee as the new Landlord under this Lease.

Section 26.04 *Estoppel Certificate*

Landlord and Tenant shall each, within 10 days after receipt of a written request from the other, without charge therefor, execute and deliver an estoppel certificate to those parties as are reasonably requested by the other (including without limitation a prospective Mortgagee or purchaser). The estoppel certificate shall include a statement certifying that this Lease is unmodified (except as identified in the estoppel certificate) and in full force and effect, describing the dates to which Rent and other charges have been paid, representing that, to such party's actual knowledge, there is no default (or stating the nature of the alleged default), that Tenant has accepted the Premises and the condition thereof and of improvements thereto and has no claims against Landlord or any other party with respect thereto and indicating other matters with respect to the Lease that may reasonably be requested.

**Article XXVII.
Attorneys' Fees**

If suit shall be brought for recovery of possession of the Premises, for the recovery of Rent or any other amount due under the provisions of this Lease, or because of the prosecution or defense (by either Landlord or Tenant) of a possession and/or breach of lease action (but no other claims, tort or otherwise) and a breach shall be established, the losing party shall pay to the prevailing party all expenses incurred therefor, including reasonable attorneys' fees.

**Article XXVIII.
Notice**

If a demand, request, approval, consent or notice (collectively referred to as a "notice") shall or may be given to either party by the other, the notice shall be in writing and delivered by hand or sent by registered or certified mail with return receipt requested, or sent by overnight or same day courier service at the party's respective Notice Address(es) set forth in Article I. Each notice shall be deemed to have been given and served when delivered if delivered by hand or same day courier service, one (1) Business Day after deposit with an overnight courier service, two (2) Business Days after the date that such notice is deposited in the mails provided that such party has a receipt to prove such item was deposited in the mails postage prepaid on such date. Either party may, at any time, change its Notice Address by giving the other party written notice of the new address in the manner described in this Article. Any notice, request, consent, approval, communication or demand from Landlord may be given by Landlord's managing agent, and such notice, demand, request, approval, consent or communication shall be considered as if it were given by Landlord, with the same force and effect.

**Article XXIX.
Excepted Rights**

This Lease does not grant any rights to light or air over or about any part of Project. Landlord excepts and reserves exclusively to itself the use of roofs, telephone, electrical and janitorial closets, equipment rooms, risers or similar areas that are used by Landlord for the provision of services, rights to the land and improvements below the floor of the Premises, the improvements and air rights above the structural ceiling of the Premises, the improvements and air rights outside the demising walls of the Premises, and the areas within the Premises used for the installation of utility lines and other installations serving occupants of the Building or Project. Landlord has the right to change the Building's name or address. Landlord shall have the right to act as it shall determine to attempt to safeguard persons or property in the event of a perceived threat upon the safety of the Project or its occupants, including without limitation, evacuation of all or part of the Project, and such action shall not affect the Tenant's obligations or responsibilities under this Lease.

Landlord also has the right to make such other changes to Project as Landlord deems appropriate, provided the changes do not materially adversely affect Tenant's ability to use the Premises for the Permitted Use and any changes to the Common Area and subject to Section 2.01 above. Landlord shall also have the right (but not the obligation) to temporarily close the Building and/or the Common Area if Landlord reasonably determines that there is an imminent danger of significant damage to the Building, Common Area or of personal injury to Landlord's employees or the occupants of the Building. The circumstances under which Landlord may temporarily close the Building and/or Common Area shall include, without limitation, electrical interruptions, hurricanes, civil disturbances and threats. A closure of the Building under such circumstances shall not constitute a constructive eviction nor entitle Tenant to an abatement or reduction of Rent.

**Article XXX.
Surrender of Premises**

At the expiration or earlier termination of this Lease or Tenant's right of possession, Tenant shall remove Tenant's Property (defined in Article XV) from the Premises, and quit and surrender the Premises to Landlord, broom clean, and in good order, condition and repair, ordinary wear and tear excepted. If Tenant fails to remove any of Tenant's Property within 2 days after the termination of this Lease or of Tenant's right to possession, and does not cure failure promptly after receipt of notice from Landlord, Landlord, at Tenant's sole cost and expense, shall be entitled (but not obligated) to remove and store Tenant's Property. Landlord shall not be responsible for the value, preservation or safekeeping of Tenant's Property. Tenant shall pay Landlord, upon demand, the reasonable expenses and storage charges incurred for Tenant's Property. In addition, if Tenant fails to remove Tenant's Property from the Premises or storage, as the case may be, within 30 days after written notice, Landlord may deem all or any part of Tenant's Property to be abandoned, and title to Tenant's Property shall be deemed to be immediately vested in Landlord.

**Article XXXI.
Miscellaneous**

- A. This Lease and the rights and obligations of the parties shall be interpreted, construed and enforced in accordance with the Laws of the state in which the Building is located and Landlord and Tenant hereby irrevocably consent to the jurisdiction and proper venue of such state. If any term or provision of this Lease shall to any extent be invalid or unenforceable, the remainder of this Lease shall not be affected, and each provision of this Lease shall be valid and enforced to the

fullest extent permitted by Law. The headings and titles to the Articles and Sections of this Lease are for convenience only and shall have no effect on the interpretation of any part of the Lease.

- B. Tenant shall not record this Lease provided that upon the Tenant's request, Landlord shall execute a memorandum of lease that Tenant may record.
- C. LANDLORD AND TENANT HEREBY WAIVE, TO THE EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS LEASE. Landlord and Tenant agree that the proper venue for all legal and equitable actions which may be brought by Landlord or Tenant in connection with this Lease is the Circuit Court of the County in which the Building is located on the United States District Court for the Northern District of Illinois and that Landlord and Tenant are subject to the jurisdiction of such courts.
- D. Whenever a period of time is prescribed for the taking of an action Landlord or Tenant, the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes not caused by the party required to perform, acts of God, shortages of labor or materials, war, civil disturbances and other causes beyond the reasonable control of the performing party ("Force Majeure"). However, events of Force Majeure shall not extend any period of time for the payment of Rent or other sums payable by either party, or any period of time for the written exercise of an option or right by either party, or create any period the Tenant may disrupt activities outside of the Premises, or allow Tenant to delay the Commencement Date.
- E. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease and in the Building and/or Project referred to herein, and upon such transfer Landlord shall be released from any further obligations accruing under this Lease after the effective date of such transfer or assignment, and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations.
- F. Tenant represents that it has not dealt with any broker in connection with this Lease. Tenant shall indemnify and hold Landlord harmless from all claims of any brokers claiming to have represented Tenant in connection with this Lease. Landlord represents that it has not dealt with any broker in connection with this Lease who is or may be entitled to a commission in connection with this Lease. Landlord agrees to indemnify and hold Tenant harmless from all claims of any brokers claiming to have represented Landlord in connection with this Lease. Landlord hereby discloses to Tenant that one (or possibly more) of Landlord's principals are licensed real estate brokers in the State of Illinois.
- G. Tenant covenants, warrants and represents that: (1) each individual executing, attesting and/or delivering this Lease on behalf of Tenant is authorized to do so on behalf of Tenant; (2) this Lease is binding upon Tenant; and (3) Tenant is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located. If there is more than one Tenant, or if Tenant is comprised of more than one party or entity, the obligations imposed upon Tenant shall be joint and several obligations of all the parties and entities. Notices, payments and agreements given or made by, with or to any one person or entity shall be deemed to have been given or made by, with and to all of them.
- H. Landlord covenants, warrants and represents that: (1) each individual executing, attesting and/or delivering this Lease on behalf of Landlord is authorized to do so on behalf of Landlord; (2) this

Lease is binding upon Landlord; and (3) Landlord is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located. If there is more than one Landlord, or if Landlord is comprised of more than one party or entity, the obligations imposed upon Landlord shall be joint and several obligations of all the parties and entities. Notices, payments and agreements given or made by, with or to any one person or entity shall be deemed to have been given or made by, with and to all of them.

- I. Time is of the essence with respect to Tenant's exercise of any expansion, renewal or extension rights granted to Tenant. This Lease shall create only the relationship of landlord and tenant between the parties, and not a partnership, joint venture or any other relationship. This Lease and the covenants and conditions in this Lease shall inure only to the benefit of and be binding only upon Landlord and Tenant and their permitted successors and assigns.
- J. The expiration of the Term, whether by lapse of time or otherwise, shall not relieve either party of any obligations which accrued prior to or which may continue to accrue after the expiration or early termination of this Lease. Without limiting the scope of the prior sentence, it is agreed that Tenant's additional obligations under Sections 4.01, 4.02, Articles XIII, XIV, XX, XXV, XXX and XXXI (section O) shall survive the expiration or early termination of this Lease.
- K. Landlord has delivered a copy of this Lease to Tenant for Tenant's review only, and the delivery of it does not constitute an offer to Tenant or an option. This Lease shall not be effective against any party hereto until a copy of this Lease has been signed by such party and sent to the other.
- L. All understandings and agreements previously made between the parties are superseded by this Lease, and neither party is relying upon any warranty, statement or representation not expressly set forth in this Lease. This Lease may be modified only by a written agreement signed by Landlord and Tenant.
- M. Naming Rights: Landlord acknowledges and agrees that Tenant shall have the exclusive naming rights with respect to the Premises or portions thereof designated by Tenant.
- N. Exclusive: So long as Tenant is open and operating its business as provided for in this Lease (condemnation and casualty excepted), then Landlord covenants and agrees that during the Term (and Option Periods, if applicable) hereof, it shall not enter into a lease for any space in the Building for a medical use, including, without limitation, outpatient medical services, ambulatory surgical center and medical procedures center.
- O. The delivery of this Lease signed by Tenant shall constitute Tenant's irrevocable offer to lease the Premises on the terms and conditions hereof for a period of five (5) Business Days following the date of delivery to Landlord.
- P. This Lease and the following exhibits (which may contain additional provisions to this Lease) and attachments constitute the entire agreement between the parties with respect to the subject matter of this Lease and supersede all prior agreements and understandings related to the Premises, including all negotiations, lease proposals, letters of intent and other documents and communications and all such prior negotiations, agreements and understandings shall be deemed merged into this Lease. All exhibits attached to this Lease are hereby made a part of this Lease as though inserted in this Lease in their entirety. This Lease may be executed in multiple counterparts all of which taken together shall constitute one executed original. For purposes of executing this Lease, any signed document transmitted by facsimile machine or a PDF document transmitted by

email transmission shall be considered as an original signature and shall be considered to have the same binding legal effect as an original document. At the request of any party, any document transmitted by facsimile or email shall be re-executed by the applicable parties in an original form, it being agreed that the failure by any part to so re-execute such document shall not affect the binding legal effect of such document.

- Q. Tenant shall not use or permit the use of the Premises or any portion of the Project for any activities involving, directly or indirectly, the use, generation, treatment, storage, or disposal of any hazardous or toxic chemical, material, substance or waste, including without limitation, (1) asbestos in any form; (2) urea formaldehyde foam insulation; (3) transformers or other equipment which contain dielectric fluid containing polychlorinated biphenyls; (4) Medical Waste, and (5) any other hazardous, medical waste or toxic chemical, material, substance or waste, exposure to which is prohibited, limited or regulated by any Federal, State, County, Regional or Local authority (all being hereinafter referred to collectively as "Hazardous Substances").

During the term of this Lease Landlord shall have the option to retain a consultant who will conduct an investigation of the Project to verify that no portion of the Project (including the Premises) is being used for any activities involving, directly or indirectly, the use, generation, treatment, storage or disposal of any Hazardous Substance. Tenant hereby grants to Landlord, its agents, employees, consultants and contractors the right to enter upon the Premises and to perform such tests on the Premises as are reasonably necessary to conduct any such investigation, subject, however, to the terms and conditions of Article XI of this Lease.

Tenant covenants to Landlord that the Premises shall not at any time prior or subsequent to the Commencement Date, be used by Tenant, any subtenant or any other person or entity, claiming by, through or under Tenant, for any activities involving, directly or indirectly, the use, generation, treatment, storage or disposal of any Hazardous Substance.

Notwithstanding anything to the contrary contained in this Article XXXII, Tenant shall have the right to maintain, store and use in the Premises such chemicals and materials that are customarily used in offices, including medical offices and surgical centers ("Permitted Materials") so long as said Permitted Materials are (i) stored in leak proof containers on the Premises in small quantities only, (ii) never disposed of in any drain located on the Premises or in the Building, (iii) not used in an open basin, tub or other vessel, (iv) otherwise used and handled in accordance with all Federal, State, County, Regional or Local authorities. Landlord shall have the right, from time to time, to confirm Tenant's use of the said Permitted Materials and to promulgate and enforce rules and regulations for Tenants use thereof.

Notwithstanding anything to the contrary contained in this Article XXXII, Tenant shall have the right to maintain, store and use in the Premises such medical waste that is customarily generated in medical offices, surgical centers and/or hospitals ("Medical Waste") so long as said Medical Waste is (i) stored in leak proof containers on the Premises only, (ii) never disposed of in any drain located on the Premises or in the Building, (iii) disposed of on a daily basis and otherwise handled and disposed of in accordance with all Federal, State, County, Regional or Local authorities. Landlord shall have the right, from time to time, to confirm Tenant's use of the said Medical Waste and to promulgate and enforce rules and regulations for Tenants use thereof.

Tenant agrees to indemnify, defend, and forever hold Landlord harmless from and against any claims, losses, damages, actions, liabilities, causes of action, suits, investigations and judgments of any nature whatsoever, including, without limitation, reasonable attorneys' fees and costs of

litigation, incurred by Landlord in connection with any breach of the provisions contained in this Article. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

Landlord represents and warrants to Tenant that as of the date hereof, and, as of the Commencement Date, and except as otherwise disclosed in any phase I and/or phase II environmental report in Landlord's possession, copies of which have been delivered to the Tenant, there are no hazardous substances present on the Project and Landlord agrees to indemnify, defend and forever hold Tenant harmless from and against any claims, losses, damages, actions, liabilities cause of action suites, investigations and judgments of any nature whatsoever, including without limitation, reasonable attorneys' fees and costs of litigation, incurred by Tenant in connection with any breach of the foregoing. The foregoing indemnity shall survive the expiration or earlier termination of this Lease. Landlord shall not permit use of any hazardous substance in the Project except, however, for any Permitted Materials or, if there are other medical offices in the Project, medical waste.

- R. Unless otherwise agreed to in writing by Landlord and Tenant, the fee estate of Landlord in and to the Project shall not merge with the leasehold estate of Tenant, but shall remain separate and distinct, notwithstanding any direct or indirect ownership of Tenant in the Landlord entity.

[BALANCE OF PAGE IS BLANK]

Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

OGDEN WASHTENAW JV LLC,

a Delaware limited liability company

By: Ogden Commons JV LLC,

a Delaware limited liability company,

its Managing Member

By: Habitat Ogden Commons LLC,

an Illinois limited liability company,

its Managing Member

By: Habitat Acquisitions Company LLC, an

Illinois limited liability company,

its Manager

By: The Habitat Company LLC,

an Illinois limited liability company,

its Sole Member

By: 

Name: Matthew G. Fiascone

Its: President

TENANT:

MOUNT SINAI HOSPITAL MEDICAL

CENTER OF CHICAGO, an

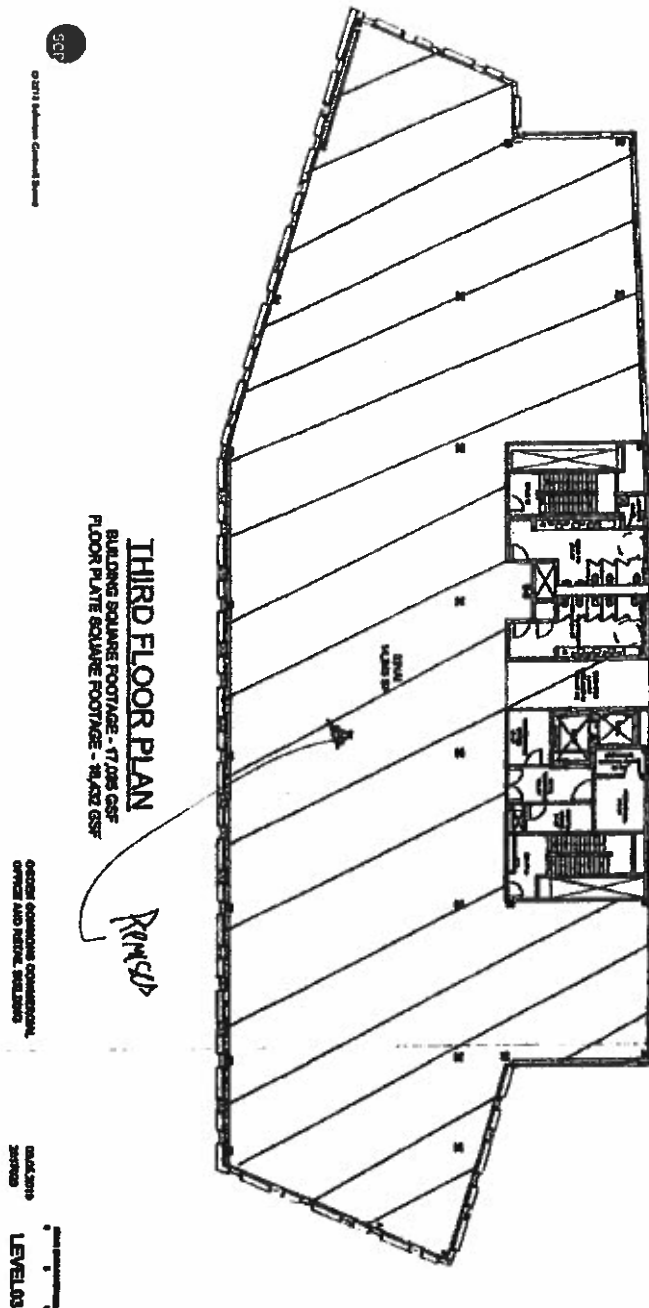
Illinois not-for-profit corporation

By: 

Name: Gretel Krueger

Title: Chief Financial Officer

EXHIBIT A
LEASE OUTLINE DRAWING



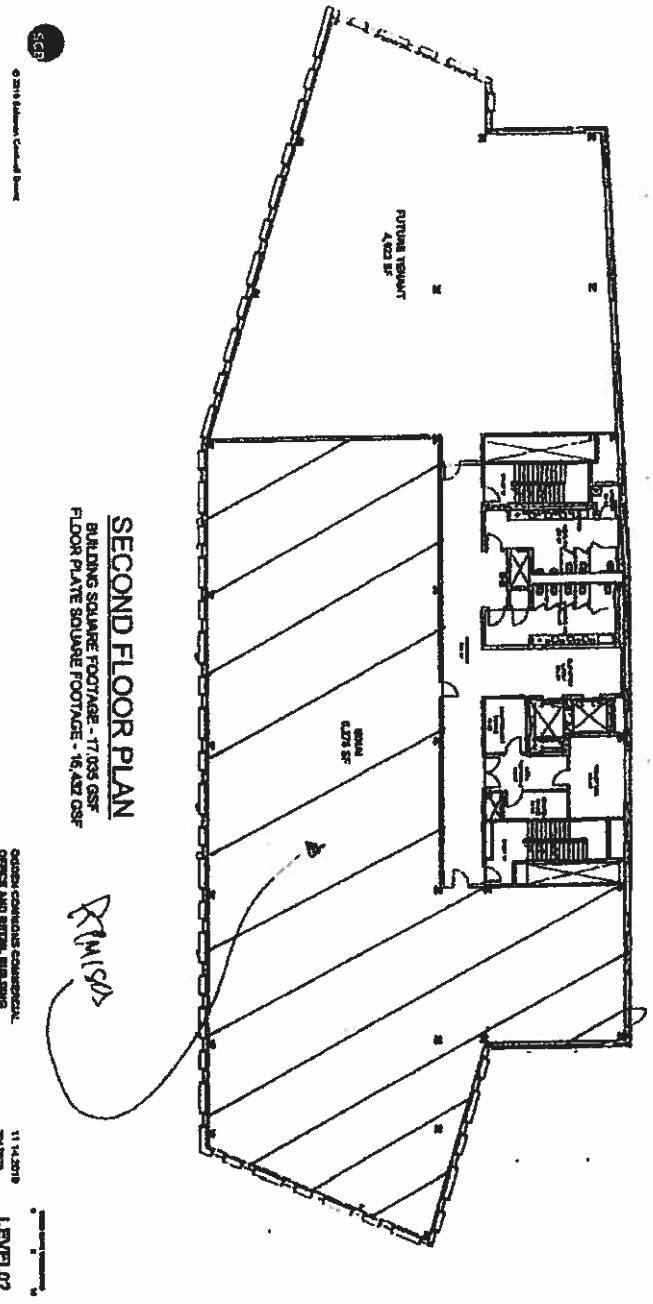


EXHIBIT C

COMMENCEMENT LETTER

Date:
 Tenant:
 Address:

Re: Commencement Letter with respect to that certain Lease
 dated as of _____, _____, by and between OGDEN WASHTENAW JV LLC, a
 Delaware limited liability company, as Landlord, and _____, a(n)
 _____, as Tenant, for _____ rentable square feet on the _____
 floor of the Building located at Ogden Commons, Chicago, Illinois.

Dear _____:

In accordance with the terms and conditions of the above referenced Lease, Tenant accepts possession of the Premises and agrees:

1. The Commencement Date of the Lease is _____.
2. The Possession Date of the Lease is _____.
3. The Termination Date of the Lease is _____.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely,

Property Manager

Agreed and Accepted:

Tenant:

By:
 Name:
 Title:
 Date:

EXHIBIT D

WORK LETTER

Building Structure

Any additional structure required by Tenant to properly support Tenant's additional equipment beyond what the Landlord provides must be reviewed and approved with loads and support details.

1. Building's exterior/structure will be code compliant (including applicable energy code), weather tight and properly maintained.
2. Premises will be Fire/Life safety code compliant to include adequate means of egress for Tenant's occupancy loads and travel distances.

Interior Demising Walls and Finishes

1. All walls are installed to meet applicable City of Chicago codes and building standards.
2. Any breeches in the wall(s) by the tenant must be agreed to by the landlord.
3. Any breeches in the demising wall by the tenant must be repaired to meet applicable codes.
4. All gypsum board wall provided.
6. The exposed ceiling will be unfinished.

Mechanical/Electrical/Plumbing/Fire Protection

Electrical

1. Three 277/480V 3phase 4W 200Amp circuit breaker and meter shall be provided for each floor.
2. Electrical feeder conductors to be provided by tenant. Feeders shall be installed in landlord furnished 2" conduit from the tenant space to the meter. Number of conduits vary by selected retail space.
3. Tenant is responsible to step down the voltage via a transformer as needed
4. The following conduit shall be run and stubbed into each tenant space:
 - (1) 2" conduit for power; Varies by retail space
 - (1) 1" conduit for fire alarm
 - (1) 1" conduit for telecom/data

HVAC

1. Medium pressure supply duct will be provided to each tenant space. Tenant will be responsible to install VAV and/or FPB as needed based their requirements. Tenant to extend ductwork from their VAV's and install registers as needed based on tenant layout.

Plumbing

The tenant shall be provided with the following plumbing services:

1. Men's and Women's Restrooms will be provided on the 2nd and 3rd floors.
2. Drinking fountain will be provided by landlord on the 2nd and 3rd floors.

Fire Protection

1. The leased area will have a fully charged and tested sprinkler system in place.
2. Tenant is responsible for any alternations needed for distributing the sprinkler system throughout their space to service their new construction.
3. Tenant must submit sprinkler shop drawings to the Landlord's insurance provider for review and approval.

EXHIBIT E

RULES AND REGULATIONS

The following rules and regulations shall apply, where applicable, to the Premises, the Building, the parking lot and the appurtenances. Capitalized terms have the same meaning as defined in the Lease.

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by Tenant or used by Tenant for any purpose other than ingress and egress to and from the Premises. No rubbish, litter, trash, or material shall be placed, emptied, or thrown in those areas. At no time shall Tenant permit Tenant's employees to loiter in Common Areas or elsewhere about the Building or Property.
2. Plumbing fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed in the fixtures or appliances. Damage resulting to fixtures or appliances by Tenant, its agents, employees, licensees, invitees or contractors, shall be paid for by Tenant, and Landlord shall not be responsible for the damage.
3. No signs, advertisements or notices shall be painted or affixed to windows, doors or other parts of the Building, except those of such color, size, style and in such places as are first approved in writing by Landlord. All tenant identification and suite numbers at the entrance to the Premises shall be installed by Landlord, at Tenant's cost and expense, using the standard graphics for the Building. Except in connection with the hanging of lightweight pictures and wall decorations, no nails, hooks or screws shall be inserted into any part of the Premises or Building except by the Building maintenance personnel.
4. Landlord may provide and maintain in the first floor (main lobby) of the Building an alphabetical directory board or other directory device listing tenants, and no other directory shall be permitted unless previously consented to by Landlord in its discretion in writing.
5. Tenant shall not place any lock(s) on any door in the Premises or Building without Landlord's prior written consent and Landlord shall have the right to retain at all times and to use keys to all locks within and into the Premises. A reasonable number of keys to the locks on the entry doors in the Premises shall be furnished by Landlord to Tenant at Tenant's cost, and Tenant shall not make any duplicate keys. All keys shall be returned to Landlord at the expiration or early termination of this Lease.
6. All contractors, contractor's representatives and installation technicians performing work in the Building shall be subject to Landlord's prior approval and shall be required to comply with Landlord's standard rules, regulations, policies and procedures, which may be revised from time to time.
7. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by Tenant of merchandise or materials requiring the use of elevators, stairways, lobby areas or loading dock areas, shall be restricted to hours designated by Landlord. Tenant shall obtain Landlord's prior approval, and at least 3 Business Days prior to proposed use, shall provide a detailed listing of the activity. If approved by Landlord, the activity shall be under the supervision of Landlord and performed in the manner required by Landlord. Tenant shall assume all risk for damage to articles moved and injury to any persons resulting from the activity. If equipment, property, or personnel of Landlord or of any other party is damaged or injured as a result of or in connection with the activity, Tenant shall be solely liable for any resulting damage or loss. Tenant acknowledges any freight elevator usage is subject to availability; passenger elevators shall not be used for these purposes. Notwithstanding the foregoing, Landlord acknowledges that

Tenant may receive routine daily deliveries of supplies and materials at times and through routes mutually agreed upon by Landlord and Tenant.

8. Landlord shall have the right to approve the weight, size, or location of heavy equipment or articles in and about the Premises. Damage to the Building by the installation, maintenance, operation, existence or removal of property of Tenant shall be repaired by Landlord at Tenant's sole expense.

9. Corridor doors, when not in use, shall be kept closed.

10. Tenant shall not: (1) make or permit any improper, objectionable or unpleasant noises or odors in the Building, or otherwise interfere in any way with other tenants or persons having business with them; (2) solicit business or distribute, or cause to be distributed, in any portion of the Building, handbills, promotional materials or other advertising; or (3) conduct or permit other activities in the Building that might, in Landlord's sole opinion, constitute a nuisance.

11. No animals, except those assisting handicapped persons, shall be brought into the Building or kept in or about the Premises.

12. No inflammable, explosive or dangerous fluids or substances shall be used or kept by Tenant in the Premises, Building or about the Property. Tenant shall not, without Landlord's prior written consent, use, store, install, spill, remove, release or dispose of, within or about the Premises or any other portion of the Property, any asbestos-containing materials or any solid, liquid or gaseous material now or subsequently considered toxic or hazardous under the provisions of 42 U.S.C. Section 9601 et seq. or any other applicable environmental Law which may now or later be in effect. Tenant shall comply with all Laws pertaining to and governing the use of these materials by Tenant and shall remain solely liable for the costs of abatement and removal. Notwithstanding the foregoing, as more fully provided in Section XXXI.P of the Lease, Tenant may maintain, store and use Medical Waste in the Premises.

13. Tenant shall not use or occupy the Premises in any manner or for any purpose which might injure the reputation or impair the present or future value of the Premises or the Building. Tenant shall not use or permit any part of the Premises to be used, for lodging, sleeping or for any illegal purpose.

14. Tenant shall use union labor when performing Tenant's Work. Neither Tenant nor Tenant's contractors shall take any action which would violate Landlord's labor contracts, or which would cause a work stoppage, picketing, labor disruption or dispute, or interfere with Landlord's or any other tenant's or occupant's business or with the rights and privileges of any person in the Project ("Labor Disruption"). Tenant shall take the actions necessary to resolve the Labor Disruption, and shall have pickets removed and, at the request of Landlord, immediately terminate any work and/or contractor in the Premises that gave rise to the Labor Disruption, until Landlord gives its written consent for the work to resume. Tenant shall have no claim for damages against Landlord, nor shall the date of the commencement of the Term be extended as a result of the above actions.

15. Tenant shall not install, operate or maintain in the Premises or in any other area of the Building, electrical equipment that would overload the electrical system beyond its capacity for proper, efficient and safe operation as determined solely by Landlord. Tenant shall not furnish cooling or heating to the Premises, including, without limitation, the use of electronic or gas heating devices, without Landlord's prior written consent. Tenant shall not use more than its proportionate share of telephone lines and other telecommunication facilities available to service the Building.

16. Tenant shall not operate or permit to be operated a coin or token operated vending machine or similar device (including, without limitation, telephones, lockers, toilets, scales, amusement devices and

machines for sale of beverages, foods, candy, cigarettes and other goods), except for machines for the exclusive use of Tenant's employees patients and visitors.

17. Bicycles and other vehicles are not permitted inside the Building or on the walkways outside the Building, except in areas designated by Landlord.

18. Landlord may from time to time adopt systems and procedures for the security and safety of the Project, its occupants, entry, use and contents, provided, however, that in no event shall such systems or procedures interfere with Tenant's operations in the Premises. Tenant, its agents, employees, contractors, guests and invitees shall comply with Landlord's systems and procedures. Nevertheless, such systems and procedures shall not constitute any guaranty or warranty by Landlord of security or safety.

19. Landlord shall have the right to prohibit the use of the name of the Project or any other publicity by Tenant that in Landlord's sole opinion may impair the reputation of the Project or its desirability. Upon written notice from Landlord, Tenant shall refrain from and discontinue such publicity immediately.

20. Tenant shall not canvass, solicit or peddle in or about the Building or the Property.

21. Neither Tenant nor its agents, employees, contractors, guests or invitees shall smoke or permit smoking in the Premises or the Common Areas or the sidewalks in front of the entrances to the Project, unless the Common Areas or such sidewalks have been declared a designated smoking area by Landlord, nor shall the above parties allow smoke in the Premises to emanate into the Common Areas or any other part of the Project. Landlord has designated the Office Area a no smoking building and shall have the continuing right to remove or modify such designation.

22. Landlord shall have the right to designate and approve the color of window coverings for the Premises to assure that the Building presents a uniform exterior appearance.

24. The work of cleaning personnel shall not be hindered by Tenant after Sinai Hours, and cleaning work may be done at any time when the offices are vacant. Windows, doors and fixtures may be cleaned at any time. Tenant shall provide adequate waste and rubbish receptacles to prevent unreasonable hardship to the cleaning service.

EXHIBIT F

GENERAL REQUIREMENTS FOR TENANT'S WORK

1. Tenant Work shall be coordinated with the work being done by the other and/or other tenants of the Project to such degree that such Tenant Work will not interfere with or delay the completion of any work by any party and/or other tenants at the Project.

2. Tenant's Work will conform to the following requirements:

(a) All trash containers shall be located within enclosures made of materials with a quality and appearance consistent with the materials on the associated building and, all trash areas shall be shielded from view.

(b) Mechanical units on top of the building constructed on the Premises shall be fully screened from view with a parapet wall on the same plane as the building wall.

(c) No construction debris shall be allowed or permitted on the Project.

(d) Tenant shall stage Tenant's Work in those areas of the Project (or off site) as Landlord shall direct.

3. For any Tenant Work on the sprinkler, fire alarm or roof, Tenant shall use Landlord's contractor in order to preserve existing warranties, so long as Landlord's contractors are competitive in their pricing.

4. Workmanship and Warranties. All Tenant Work shall be performed in a first-class, workmanlike manner in accordance with Governmental Requirements (defined hereinafter) and shall be in good and usable condition at the date of completion thereof. Tenant shall require all contractors performing any Tenant Work to guarantee the same from any and all defects in workmanship and materials for one (1) year from the date of completion thereof. Tenant shall be responsible for the replacement or repair, without additional charge, of any and all Tenant Work done or furnished by or through Tenant which shall become defective within one (1) year after substantial completion of the Tenant Work. The correction of such Tenant Work shall include, without additional charge, all expenses and damages in connection with such removal, replacement or repair of any part of the Work which may be damaged or disturbed thereby. "Governmental Requirements" shall mean shall mean the requirements of all federal, state, county, municipal and local departments, commissions, boards, bureaus, agencies and offices thereof, having or claiming jurisdiction over all or any part of the Project or the use thereof.

5. All warranties or guarantees of materials or workmanship on or with respect to any Tenant Work shall be written so that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant.

6. All contractors shall be union, bondable, licensed contractors, capable of performing quality workmanship and working in harmony with the Landlord's general contractor (the "GC") and its subcontractors and other contractors in the Project. Prior to beginning Tenant's Work, Landlord shall have the right to approve all contractors (both general contractors and sub-contractors) performing Tenant's Work, which approval shall not be unreasonably withheld or delayed.

7. After the Landlord's review and approval of the Tenant's plans, any revisions, addition or cutting of the structure and/or the roof shall be designed by Tenant's structural engineer, shall be clearly identified on the plans and will be subject to Landlord's approval. Any reasonable costs for review of such revisions or additions by Landlord's structural engineer shall be reimbursed by Tenant to Landlord, upon request. Prior to beginning Tenant's Work, Tenant shall provide Landlord with a copy of its general contractor contract and pay Landlord a Tenant's Work supervisory/coordination fee equal to one and one half (1.5%) percent of the amount of Tenant's Work, as evidenced by the general contractor's contract.

8. Tenant agrees to store building materials in areas reasonably designated by Landlord. Tenant acknowledges that the presence of its agents, contractors or employees on the Project while Tenant is causing Tenant's Work to be completed could interfere with and/or hinder (i) the businesses being operated by other tenants and occupants of the Project, and/or (ii) the performance of work by other tenants and/or contractors. Therefore, Tenant agrees to co-ordinate any activities of its employees, agents and contractors with Landlord. Tenant covenants and agrees that until Tenant's Work is completed, Tenant's construction activities shall not: (a) cause any increase in Landlord's cost to provided normal and customary services to the other tenants of the Project, (b) cause the Project to be in violation of any law, rule, regulation, order or ordinance, or (c) cause any disruption of or interference with utility services utilized by the tenants or occupants of the Project.

9. Prior to commencement of any Tenant Work and until completion thereof and the occurrence of the Commencement Date, whichever is the last to occur, Landlord, Tenant, the Tenant's general contractor (the "Tenant's GC"), and the Tenant's GC's subcontractors and Tenant's installers, vendors and subcontractor shall each effect, maintain, and provide the certificates of insurance policies for the following coverage:

a. Builder's risk insurance to cover Landlord's architect and GC, Tenant's Architect (defined hereinafter), Landlord's agents and Tenant's GC, and if required by Landlord, Landlord's lender, as their interests may appear, against loss or damage by fire, vandalism and malicious mischief and such other risks as are customarily covered by a so-called "extended coverage endorsement" upon all Tenant Work in place and all material stored at the Project and builder's machinery, tools and equipment, all while forming a part or contained in such improvements or temporary structures while at the Project, all to the full insurable value thereof at all times.

b. Workman's Compensation Insurance in accordance with the laws of the State of Illinois including Employer's Liability Insurance to the limit of no less than \$300,000.00

c. Comprehensive General Liability Insurance, excluding "Automobile Liability" against personal injury, including death resulting therefrom, to the limits of \$1,000,000.00 for any one person and \$2,000,000.00 for more than one person in any one accident, and against Project damage to the limit of \$150,000.00.

d. Automobile Insurance, including "non-owned" automobiles, against personal injury, including death resulting therefrom to the limits of \$500,000.00 for any one person and \$1,000,000.00 for more than one person in any one accident, and against Project damage to the limit of \$150,000.00.

All Insurance Certificates shall name Landlord and the following Additionally Insured for all coverages:

The Landlord's lender

Such certificates shall include the following statement:

"The coverage afforded the Additional Insureds under this policy shall be primary insurance. If an Additional Insured has other insurance which is applicable to the loss, such other insurance shall be on an excess basis. The amount of the company's liability under this policy shall not be reduced by the existence of such other insurance."

All contractors at the Project shall not commence any work until all required insurance has been obtained and certified copies of policies or certificates have been delivered to Landlord.

Protection of Work and Project

1. The Tenant's GC and subcontractors, vendors and installers, shall each continuously maintain adequate protection of all its work from damage and shall protect the Landlord's Project from injury or loss arising in connection with such party's work. Such party shall promptly repair any such damage, injury or loss and shall adequately protect adjacent Project as provided by Governmental Requirements and by the GC.

2. Should the Tenant's subcontractor cause damage to any separate contractor, the Tenant's subcontractor shall agree, upon due notice, to settle with such contractor.

3. Neither Tenant's GC nor subcontractors shall make any attachments to or penetrations through the roof deck. All such penetration shall be made by a roofing contractor selected by Landlord and such penetrations shall be performed in a manner which is reasonable acceptable to Landlord and such roofing contractor.

4. Clean Up. Tenant, Tenant's CG and subcontractor shall be responsible for keeping the Premises clean and in a workmanlike condition at all times.

MBE/WBE/City Requirements

1. MBE/WBE Compliance Plan. Prior to commencing Tenant's Work, Tenant and Tenant's general contractors and major subcontractors will meet with staff from the City of Chicago ("City") Department of Planning and Development ("DPD") regarding Tenant's and its general contractors and major subcontractors each's compliance with (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code, and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code (collectively the "MBE/WBE Program") and DPD has approved the Tenant's compliance plan.

Tenant shall deliver quarterly reports to the City's monitoring staff (and the Landlord) during the construction of Tenant's Work describing its efforts to achieve compliance with the above MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by Tenant or its general contractor to perform Tenant's Work, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the construction of Tenant's Work, a description of the work performed or products or services supplied, the

in Section 2-92-330 of the Municipal Code (at least fifty percent); provided, however, that in addition to complying with this percentage, the Tenant and each Employer shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

B. "Actual residents of the City of Chicago" shall mean persons domiciled within the City of Chicago. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

C. Tenant and the Employers shall provide for the maintenance of weekly adequate employee residency records to ensure that actual Chicago residents are employed on the construction of Tenant's Work. Tenant and the Employers shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

D. Tenant and the Employers shall submit weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) to DPD (and Landlord) in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Tenant or Employer hired the employee should be written in after the employee's name.

E. Tenant and the Employers shall provide full access to their employment records to the Landlord, the chief procurement officer, DPD, the Superintendent of the Chicago Police Department, the inspector general, or any duly authorized representative thereof. Tenant and the Employers shall maintain all relevant personnel data and records for a period of at least three (3) years after the Tenant's Work is completed.

F. At the direction of DPD (or Landlord), Tenant and the Employers shall provide affidavits and other supporting documentation to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

G. If the City determines that Tenant or an Employer failed to ensure the fulfillment of the requirements of this Exhibit concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Exhibit. If such non-compliance is not remedied, Tenant shall pay any fines or charges imposed by the City on either Tenant, Landlord or any Employer and Tenant agrees to indemnify and hold Landlord harmless from and against any such fines or charges.

H. Tenant shall cause or require the provisions of this Section 3 and Sections 1 and 2 above to be included in all construction contracts and subcontracts related to the construction of Tenant's Work and Tenant shall be responsible to enforce the provisions of this Exhibit against its contractors and subcontractors.

I. For purposes of this Exhibit:

(i) Tenant (and any party to whom a contract is let by the Tenant in connection with Tenant's Work) shall be deemed a "contractor" and this Lease (and any contract let by the Tenant in connection with Tenant's Work) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code, as applicable.

date and amount of such work, product or service, and such other information as may assist the City's monitoring staff in determining Tenant's compliance with this MBE/WBE commitment. Tenant shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the construction of Tenant's Work for at least five (5) years after completion of Tenant's Work, and the City's monitoring staff (and Landlord) shall have access to all such records maintained by the Tenant to allow the City (and Landlord) to review Tenant's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the construction of Tenant's Work.

2. Employment Opportunity. Tenant agrees, and shall contractually obligate its various contractors, subcontractors performing Tenant's Work (collectively an "Employer") to agree, that with respect to the provision of services in connection with the construction of Tenant's Work:

A. Neither the Tenant nor any Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Section 2-160-010 et seq. of the Municipal Code, as amended from time to time (the "Human Rights Ordinance"). The Tenant and each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon the foregoing grounds, and are treated in a non-discriminatory manner with regard to all job-related matters, including, without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Tenant and each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Tenant and each Employer, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon the foregoing grounds.

B. To the greatest extent feasible, the Tenant and each Employer shall (i) present opportunities for training and employment of low and moderate income residents of the City, and (ii) provide that contracts for work in connection with the construction of the Tenant's Work be awarded to business concerns which are located in or owned in substantial part by persons residing in, the City.

C. The Tenant, in order to demonstrate compliance with the terms of this Exhibit, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

D. The Tenant and each Employer shall include the foregoing provisions of subparagraphs (a) through (c) in every contract entered into in connection with the construction of Tenant's Work, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any affiliate performing Tenant's Work so that each such provision shall be binding upon each contractor, subcontractor or affiliate, as the case may be.

3. City Resident Employment Requirement.

A. Tenant agrees, and shall contractually obligate each Employer to agree, that during the construction of Tenant's Work, Tenant and each Employer shall comply with the minimum percentage of total worker hours performed by actual residents of the City of Chicago as specified

(ii) The term "minority-owned business" or "MBE" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise.

(iii) The term "women-owned business" or "WBE" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

4. Pre-Construction Conference and Post-Closing Compliance Requirements. Prior to commencing Tenant's Work, Tenant and its general contractor and all major subcontractors shall meet with DPD monitoring staff (and the Landlord) regarding compliance with sections 1 - 4 of this Exhibit. During this pre-construction meeting, Tenant shall present its plan to achieve its obligations under sections 10-13 of this Exhibit, the sufficiency of which the City's monitoring staff shall approve as a precondition to beginning Tenant's Work. During the construction of Tenant's Work, and on a weekly basis (unless the City allows same to be submitted less frequently) Tenant shall submit all documentation required by sections 1 - 4 of this Exhibit to the City's monitoring staff (and Landlord), including, without limitation, the following: (a) subcontractor's activity report; (b) contractor's certification concerning labor standards and City and federal prevailing wage requirements; (c) Tenant Work sign in reports; (d) authorization for payroll agent; (e) certified payroll reports; (f) evidence that MBE/WBE contractor compliance; and (g) evidence of compliance with community hiring requirements. If Tenant fails to submit such documentation on a timely basis, or if, upon a determination by the City's monitoring staff, upon analysis of the documentation, that Tenant is not complying with its obligations under sections 1-4 of this Exhibit, then if such non-compliance is not remedied, Tenant shall pay any fines or charges imposed by the City on either Tenant, Landlord or any Employer and Tenant agrees to indemnify and hold Landlord harmless from and against any such fines or charges.

5. Landlord represents to Tenant that it must comply with the requirements in sections 1 - 4 of this Exhibit with regard to Landlord's Work.

6. Tenant acknowledges receipt of the City of Chicago Department of Planning & Development Compliance Requirements Package.

EXHIBIT G**JANITORIAL SPECIFICATIONS****GENERAL CLEANING SPECIFICATIONS****NIGHTLY****General Offices:**

1. All hard surfaced flooring to be swept using approved dustdown preparation.
2. Empty all waste receptacles and remove wastepaper.
3. Wash clean all Building water fountains and coolers.
4. Sweep all private stairways.

WEEKLY

1. Vacuum all carpeting and rugs.
2. Wipe clean all brass and other bright work.
3. Spot clean glass for fingerprints.

QUARTERLY

1. High dust pictures, frames, charts, graphs and similar wall hangings
2. Dust all vertical surfaces, such as walls, partitions, doors, door frames and other surfaces not reached in nightly cleaning.
3. Dust all venetian blinds.

Nightly cleaning of Common Lavatories (does not include private lavatories):

1. Sweep and wash floors.
2. Wash and polish all mirrors, shelves, bright work and enameled surfaces.
3. Wash and disinfect all basins, bowls and urinals.
4. Wash all toilet seats.
5. Hand dust and clean all partitions, tile walls, dispensers and receptacles in lavatories
6. Empty paper receptacles, remove wastepaper.
7. Fill toilet tissue holders.
8. Empty and clean sanitary disposal receptacles.

EXHIBIT H

CHA Hiring Requirements**Permanent Employment Positions for Authority Residents in Retail and Commercial Development.**

- A. As to each phase of the Retail and Commercial Development, during the Employment Compliance Period (as defined below), the Developer and/or Owner Entity of the Retail and Commercial Development shall include in each lease, occupancy or license agreement having a minimum square footage of 2,500 square feet (an "Applicable Retail/Commercial Lease"), a requirement (the "Minimum 20% Authority Hiring") that each tenant ("Applicable Retail/Commercial Tenant") under an Applicable Retail/Commercial Lease shall fill twenty percent (20%) of all new and replacement employment positions at the premises for the Applicable Retail/Commercial Lease with residents of public housing and/or housing choice voucher holders located within the Chicago Metropolitan area ("Authority Residents"). Authority Residents may be identified through the Authority or its workforce providers.

As used in this Agreement, the "Employment Compliance Period" means that period commencing upon the date the tenant begins operations in the leased premises (the "Commencement Date") under the first Applicable Retail/Commercial Lease in such phase of the Retail and Commercial Development (the "First Retail/Commercial Lease") and ending on the last day immediately preceding the twentieth (20th) anniversary thereof, subject to any extensions of the Employment Compliance Period due to non-compliance with quarterly job reports, which have not been cured after notice from the Authority, as set forth in the Benefits Agreement ("Job Reports"). In the event that the Retail and Commercial Development (or any phase thereof) is sold at any time after the date of the tenth (10th) anniversary of the Commencement Date of the First Retail/Commercial Lease, the Employment Compliance Period (or any applicable remaining Employment Compliance Period included in any and all Applicable Retail/Commercial Leases) shall terminate as of the closing date of such sale.

The Minimum 20% Authority Hiring shall be included in every new Applicable Retail/Commercial Lease, renewal Applicable Retail/Commercial Lease, replacement Applicable Retail/Commercial Lease, assignments of Applicable Retail/Commercial Leases and options to renew Applicable Retail/Commercial Leases, for the term of the Applicable Retail/Commercial Lease, as such term may be adjusted to correspond to the then remaining term of the Employment Compliance Period. Every Applicable Retail/Commercial Tenant must submit their anticipated staffing plan to the Authority in order to develop the Applicable

Retail/Commercial Tenant's employment hiring plan and the Minimum 20% Authority Hiring. A referral process for Authority hires are set forth in Exhibit B-1 and Exhibit B-2.

All hiring plans must be approved in writing by the Authority prior to the execution of an Applicable Retail/Commercial Lease. By way of example, (a) if the First Retail/Commercial Lease has an aggregate lease term of 10 years (inclusive of all extension options), the Employment Compliance Period would apply for the entire 10-year term and the new or successor Applicable Retail/Commercial Lease with respect to the First Retail/Commercial Lease would be subject to a remaining Employment Compliance Period of not more than 10 years, subject to any extensions due to non-compliance with Job Reports (which have not been cured after notice as set forth above) and assuming the Commencement Date occurred immediately following the termination of the First Retail/Commercial Lease; and (b) if the Commencement Date for the second Applicable Retail/Commercial Lease occurred on the second anniversary of the Employment Compliance Period and such second Applicable Retail/Commercial Lease has an aggregate lease term of 20 years, the Employment Compliance Period applicable to the second Applicable Retail/Commercial Lease would be 18 years, subject to any extensions due to non-compliance with Job Reports (which have not been cured after notice as set forth above).

- B. **Reporting Requirements.** As to each phase of the Retail and Commercial Development, the Developer and/or Owner Entity shall submit quarterly Job Reports for every Applicable Retail/Commercial Tenant to the Authority, in a format approved by the Authority, for the duration of the Employment Compliance Period. Job Reports shall include, but is not limited to, the number of new and replacement positions available, number of Authority resident applicants for new and replacement positions, and the number of Authority residents hired for new and replacement positions. The Developer and/or Owner further agrees to meet with the Authority as requested by the Authority, to review the Job Reports and discuss progress toward the Minimum 20% Authority Hiring.
- C. The Authority, Developer and Owner Entity shall execute a Benefits Agreement consistent with Section A above, in recordable form setting forth the specific requirements of the employment of Authority Residents and shall record with the Cook County Recorder of Deeds such Benefits Agreement at the Closing of any Phase as part of the Closing Documents for such Phase. As further set forth in the Benefits Agreement, the Authority or its contracted service provider will work with the Developer and the retail and/or commercial tenants under any Applicable Retail/Commercial Lease to post positions, identify and pre-screen referred candidates; and for applicants who were interviewed, but not hired, keep their information on file for at least twenty-four (24) months in the context of new positions that may become available to qualified Authority Residents.

**Ogden Commons
Referral Process for CHA hires**

- 1. Schedule Meeting between CHA Workforce Contractor(s) and Ogden Commons Retailers:**
 - Discuss hiring needs and positions
 - Review job descriptions
 - Create outline for pre-screening process
 - Determine hiring fair dates

- 2. CHA Workforce Contractor(s):**
 - Recruit residents for program participation
 - Provide job readiness preparation where required
 - Pre-screen candidates for positions
 - Refer sourced candidates for hiring fair

- 3. Ogden Commons Retailer(s):**

Pre-Hire Process:

 - Provide human resource staff to interview candidates for hire
 - MAKE JOB OFFER

Post-Hire Process:

 - Provide Workforce Contractor with interview feedback
 - Complete Employment Verification
 - Provide 30-day employment retention
 - Provide 90-day employment retention
 - Communicate to Workforce Contractor needs for replacement hire or additional hire needs
 - Exceptions would be if the retailer has a vacancy position, that requires a specialization to fill a vacancy (for example if a cook quit) and the referral process is holding up hiring and can have an adverse effect on the business, The retailer should move forward with direct hire through their usual process.



Cara's mission is to unlock the power and purpose within our community and ourselves to achieve real and lasting success.

Overview: Cara works to disrupt intergenerational poverty (and often the interrelated challenges of domestic violence, episodic homelessness and incarceration) by helping people find and shine their inner talents to get and keep good jobs – and rebuild hope, self-esteem and opportunity for themselves and their families. This mission is executed through an integrated educational and experiential platform running from recruitment to job placement. Cara's training focuses on socio-emotional health, workplace competencies, and the self-actualization necessary for their participants to pass opportunity onto the next generation – instead of poverty.

Leveraging their social enterprises, Cara creates temporary and transitional jobs, making portable its offerings and bringing jobs directly to communities. And once people later secure a more permanent job, Cara provides support services for at least another year, so they are there in crisis (when their recovery or child care is at risk) and opportunity (like transitioning from a shelter into their own apartment). Over the long term, Cara helps those they serve to take a strengths-based view of their life, and promote the ability of each person to lead themselves and those around them toward productivity, progress, and hope.

Key Achievements: Named one of the Top 20 Charities in Chicago by Chicago Magazine, Cara has placed more than 6,300 Chicagoans into over 9,700 jobs with leading Chicago-area companies, such as Northwestern Medicine, CTA, ABM, and Eataly – at one-year retention rates of 70% or better (20 points higher than national norms) – since its founding in 1991. Furthermore, for every \$1 invested in operating costs, Cara returns \$5.97 to society through reduced recidivism, reduced dependency on public supports and emergency healthcare, taxable contributions, social security investments, economic self-sufficiency, stabilized homes, and revitalized communities.

Cara and The Habitat Company: Cara approaches workforce development from two angles – introspection and skill development. Their life-skills training is based on five concepts: Change Your Behavior, Look with New Eyes, Know the Deepest Truth of Who You Are, Think Outside the Box, and Don't Relax. They facilitate courses on topics such as accountability, forgiveness, and love, which include group exercises, individual reflection, and homework to put the training to work in everyday life. It is this portion of the Cara experience that equips participants with the intangible characteristics that make for good employees and co-workers.

Additionally, Cara's career development training prepares participants with the hard skills necessary for today's job market, including computer literacy, resume writing, interviewing, and online job search. Ultimately, Cara's participants are being evaluated on five core competencies – time management, conflict management, communication, team building, and professionalism.

Once all competencies are demonstrated (and other basic needs are met), Cara deems participants personally and professionally ready for employment, creating a pipeline of motivated and prepared candidates for companies like Habitat.

Since 2009, The Habitat Company has partnered in Cara's work to alleviate poverty through employment and has become one of Cara Connects' (Cara's alternative staffing firm) biggest clients. Because of this multi-layered partnership, Cara has been able to place 85 participants in permanent and temporary positions with Habitat ranging from on site to corporate office jobs, as well as internships. In fact, many who were placed at Habitat earlier in our relationship with Cara remain with the company today – a testament to the impact of Cara's services and the moxie of those they serve.

Employment Outreach and Career Development Training for Permanent Employment Positions at Ogden Commons

Project Overview:

The Habitat Company is seeking to work with the CARA Program in an effort to acquire, develop and monitor permanent employees for the Ogden Commons redevelopment. Habitat has a longstanding relationship with The Cara Program, a leading job readiness agency in Chicago. Through our work with Cara, we have placed low-income and Section 3 residents into a variety of jobs within our company. In recognition we would like to expand our relationship with CARA to facilitate our human capital initiatives at the Ogden Commons development under the auspicious of various Federal, State and City hiring requirements.

Ogden Commons is a multi-phase, mixed-use, mixed-income redevelopment project in Chicago's North Lawndale Community. When completed the development would provide nearly 400 housing units and over 100,000 square feet of office and retail space.

COMMERCIAL DEVELOPMENT DESCRIPTION:

Site B - Retail/Commercial Phase 1

The first phase of development, known as Ogden Commons Commercial Phase 1, is comprised of a single, 3-story office/retail building of approximately 52,000 square feet. The construction budget for the project is approximately \$15 million. The construction period is estimated to be 12 months.

RESIDENTIAL DEVELOPMENT DESCRIPTION:

Residential Phase 1

The second phase of development, known as Ogden Commons Residential Phase 1, is comprised of a four story, multi-family building of approximately 90-units, and a cluster of approximately seven 3-flat buildings, resulting in a total of 111 total units. The construction budget for the project is approximately \$35 million. The construction period is estimated to be 15 months.

Scope of Services:

Ogden Commons will encompass a mixed-use development consisting of retail commercial and residential units. Upon completion there will be permanent employment opportunities with restaurants (retail tenants), Mt Sinai Health Systems (commercial tenant), affiliates of Cinespace Studios (commercial) and The Habitat Company (property management). The

CARA Program would need to engage in outreach, career development training and assist in monitoring program participants and employees.

Employment Outreach:

We envision CARA working with the following, but not limited to, organizations to garner potential employees:

The Chicago Housing Authority, North Lawndale Employment Network, North Lawndale Community Coordinating Council, I Am Able Family Services, Breakthrough, JLM Center, Saving our Sons and Sinai Community Institute.

Employment Requirements and monitoring:

The site will be redeveloped utilizing a variety of public funding sources which will require strict adherence to regulatory concerns. In consideration of recently earmarked funding sources the following is an example of requirements from the Chicago Housing Authority:

Requirements for Retail/Commercial Employees:

Each Retail/Commercial tenant shall set aside twenty percent (20%) of all new employment positions at the premises for the residents of public housing located within the Chicago metropolitan area and/or voucher holders under the Authority's Housing Choice Voucher Program ("Authority Residents"). In clarification of the 20% Set Aside Requirement, if sufficient qualified Authority Residents do not apply for all or part of the new employment positions set aside for Authority Residents within thirty (30) days of the submission of a job report notifying the Authority of an open position as set forth in the Benefits Agreement, then Developer, Owner Entity and/or tenants of the Retail and Commercial Development shall have the right to offer any remaining percentage of new employment positions covered by the 20% Set Aside Requirement not filled by Authority Residents to other qualified applicants.

The hiring preference for Authority Residents will be based on the following tiers:

1. Authority Residents living within the Redevelopment Site.
2. Authority Residents with a right of return as defined in the Relocation Rights Contracts.
3. Authority Residents within the immediate neighborhood of the Redevelopment Site.
4. Authority Residents in the Chicago metropolitan area.

As further set forth in the Benefits Agreement, the Authority or its contracted service provider will work with the Developer (CARA) and tenants under any Applicable Retail/Commercial Lease to post positions, identify and pre-screen referred candidates; and for applicants who were interviewed, but not hired, keep their information on file for at least twenty-four (24) months in the context of new positions that may become available to qualified Authority Residents. We expect other public funding sources to encompass similar requirements as illustrated above, therefore equating to a layer of paralleling requirements. As we solidify funding sources, stipulations of those requirements will be conveyed to CARA.

Career Development and Training:

In consideration of our regulatory goal requirements and subsequent to all out reach efforts we expect all potential candidates to observe/undertake CARA's career development training which as

described; "prepares participants with the hard skills necessary for today's job market, including computer literacy, resume writing, interviewing, and online job search. Ultimately, Cara's participants are being evaluated on five core competencies –time management, conflict management, communication, team building, and professionalism. Once all competencies are demonstrated (and other basic needs are met), Cara deems participants personally and professionally ready for employment, creating a pipeline of motivated and prepared candidates for companies like Habitat."

Upon completion/graduation candidates will be eligible for placement in earmarked employment opportunities within the new development.



THE HABITAT COMPANY

350 West Hubbard Street, Chicago IL 60654
P 312.527.5400 habitat.com

Via United States Mail and

Electronic Transmission

Mr. Alex Pissios
President
Cinespace Film Studios
2621 W. 15th Place
Chicago, IL 60608

Mr. Jim Bicak
Vice President, Facilities
Sinai Health Systems
1500 S. Fairfield, Room NR7-122
Chicago, IL 60608

**Re: Ogden Commons Development
First Amendment to MDA**

Dear Alex and Jim:

As you may recall, in connection with the Purchase Agreement for the Parcel B1 site, we were required to also amend the Contract for Redevelopment of Ogden Courts East and Lawndale Complex (the "MDA") to specifically amend Exhibit I of the MDA to accommodate the change in the terms of the "Permanent Employment Positions for Authority Residents in Retail and Commercial Development" with respect to the hiring requirements for Parcel B1.

Accordingly, enclosed for your records is a fully signed original of the First Amendment to Contract for Redevelopment of Ogden Courts East and Lawndale Complex.

Thank you for your cooperation in this regard.

Sincerely,



Lori F. Chacos

Vice President and
Assistant General Counsel

Enclosure

Cc: Steve DeGraff, Esq. (electronically)

**FIRST AMENDMENT TO CONTRACT FOR REDEVELOPMENT
OF OGDEN COURTS EAST AND LAWDALE COMPLEX**

This FIRST AMENDMENT TO CONTRACT FOR REDEVELOPMENT OF OGDEN COURTS EAST AND LAWDALE COMPLEX (this "**Amendment**") is entered into this 28th day of October, 2019 by and among the **CHICAGO HOUSING AUTHORITY** (the "**Authority**"), a municipal corporation organized and existing under the laws of the State of Illinois and **OGDEN COMMONS JV LLC**, a Delaware limited liability company (the "**Developer**") whose members are Habitat Ogden Commons LLC, an Illinois limited liability company, Lawndale Ogden Development LLC, an Illinois limited liability company, and Ogden Commons MSH LLX, an Illinois limited liability company. **THE HABITAT COMPANY LLC**, an Illinois limited liability company, ("**Habitat**"), **MOUNT SINAI HOSPITAL MEDICAL CENTER OF CHICAGO**, an Illinois not-for-profit corporation ("**Mount Sinai**") and **CINESPACE CHICAGO FILM STUDIOS LLC**, an Illinois limited liability company by and through its affiliate **LAWDALE REAL ESTATE, LLC**, an Illinois limited liability company ("**Cinespace**") have an ownership interest in the member entities of the Developer and are further executing this Agreement as sponsors of certain obligations contained herein (individually Habitat, Mount Sinai and Cinespace are referred to as ("**Sponsor**") and collectively as ("**Sponsors**").

The Authority and the Developer are at points throughout this Agreement referred to individually as a "**Party**" and collectively as the "**Parties**." The terms "**Party**" and "**Parties**" as used in this Agreement do not include the Sponsors (as defined in the preceding paragraph). The Sponsors are separately parties to this Agreement to the extent that the terms hereof create obligations on the part of those Sponsors.

RECITALS

- A. The Authority is a public housing authority authorized to develop and operate public housing in the City of Chicago ("**City**") pursuant to the Illinois Housing Authorities Act.
- B. On February 17, 2017, the Authority released a Pre-Qualified Development Team Opportunity Notice of Proposal for the property located at 1401 South Washtenaw, 2600 West Ogden Avenue and 1321 South Washtenaw, commonly known as Ogden Courts East and Lawndale Complex, for the planning, redevelopment and management of a new mixed-use/mixed-income community (the "**Redevelopment Site**"). The legal description of the Redevelopment Site set forth in Exhibit A and Exhibit A-1 of the Redevelopment Agreement as defined below.
- C. On June 20, 2017, the Authority's Board of Commissioners approved the selection of the Sponsors as the development team forming the Developer entity. The Parties hereto enter into this Agreement to set forth their understanding with respect to the redevelopment activities to be taken on the Redevelopment Site.

- D. On September 14, 2018, the Parties executed the Contract for Redevelopment of Ogden Courts East and Lawndale Complex ("**Redevelopment Agreement**") for the redevelopment of the Redevelopment Site.

NOW THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Exhibit I Business Terms Section 6 of the Redevelopment Agreement shall be deleted in its entirety and replaced with the following:

Permanent Employment Positions for Authority Residents in Retail and Commercial Development.

- A. As to each phase of the Retail and Commercial Development, during the Employment Compliance Period (as defined below), the Developer and/or Owner Entity of the Retail and Commercial Development shall include in each lease, occupancy or license agreement having a minimum square footage of 2,500 square feet (an "**Applicable Retail/Commercial Lease**"), a requirement (the "**Minimum 20% Authority Hiring**") that each tenant ("**Applicable Retail/Commercial Tenant**") under an Applicable Retail/Commercial Lease shall fill twenty percent (20%) of all new and replacement employment positions at the premises for the Applicable Retail/Commercial Lease with residents of public housing and/or housing choice voucher holders located within the Chicago Metropolitan area ("**Authority Residents**"). Authority Residents may be identified through the Authority or its workforce providers.

As used in this Agreement, the "**Employment Compliance Period**" means that period commencing upon the date the tenant begins operations in the leased premises (the "**Commencement Date**") under the first Applicable Retail/Commercial Lease in such phase of the Retail and Commercial Development (the "**First Retail/Commercial Lease**") and ending on the last day immediately preceding the twentieth (20th) anniversary thereof, subject to any extensions of the Employment Compliance Period due to non-compliance with quarterly job reports, which have not been cured after notice from the Authority, as set forth in the Benefits Agreement ("**Job Reports**"). In the event that the Retail and Commercial Development (or any phase thereof) is sold at any time after the date of the tenth (10th) anniversary of the Commencement Date of the First Retail/Commercial Lease, the Employment Compliance Period (or any applicable remaining Employment Compliance Period included in any and all Applicable Retail/Commercial Leases) shall terminate as of the closing date of such sale.

The Minimum 20% Authority Hiring shall be included in every new Applicable Retail/Commercial Lease, renewal Applicable Retail/Commercial Lease, replacement Applicable Retail/Commercial Lease, assignments of Applicable

Retail/Commercial Leases and options to renew Applicable Retail/Commercial Leases, for the term of the Applicable Retail/Commercial Lease, as such term may be adjusted to correspond to the then remaining term of the Employment Compliance Period. Every Applicable Retail/Commercial Tenant must submit their anticipated staffing plan to the Authority in order to develop the Applicable Retail/Commercial Tenant's employment hiring plan and the Minimum 20% Authority Hiring. A referral process for Authority hires are set forth in Exhibit B-1 and Exhibit B-2.

All hiring plans must be approved in writing by the Authority prior to the execution of an Applicable Retail/Commercial Lease. By way of example, (a) if the First Retail/Commercial Lease has an aggregate lease term of 10 years (inclusive of all extension options), the Employment Compliance Period would apply for the entire 10-year term and the new or successor Applicable Retail/Commercial Lease with respect to the First Retail/Commercial Lease would be subject to a remaining Employment Compliance Period of not more than 10 years, subject to any extensions due to non-compliance with Job Reports (which have not been cured after notice as set forth above) and assuming the Commencement Date occurred immediately following the termination of the First Retail/Commercial Lease; and (b) if the Commencement Date for the second Applicable Retail/Commercial Lease occurred on the second anniversary of the Employment Compliance Period and such second Applicable Retail/Commercial Lease has an aggregate lease term of 20 years, the Employment Compliance Period applicable to the second Applicable Retail/Commercial Lease would be 18 years, subject to any extensions due to non-compliance with Job Reports (which have not been cured after notice as set forth above).

- B. **Reporting Requirements.** As to each phase of the Retail and Commercial Development, the Developer and/or Owner Entity shall submit quarterly Job Reports for every Applicable Retail/Commercial Tenant to the Authority, in a format approved by the Authority, for the duration of the Employment Compliance Period. Job Reports shall include, but is not limited to, the number of new and replacement positions available, number of Authority resident applicants for new and replacement positions, and the number of Authority residents hired for new and replacement positions. The Developer and/or Owner further agrees to meet with the Authority as requested by the Authority, to review the Job Reports and discuss progress toward the Minimum 20% Authority Hiring.
- C. The Authority, Developer and Owner Entity shall execute a Benefits Agreement consistent with Section A above, in recordable form setting forth the specific requirements of the employment of Authority Residents and shall record with the Cook County Recorder of Deeds such Benefits Agreement at the Closing of any Phase as part of the Closing Documents for such Phase. As further set forth in the Benefits Agreement, the Authority or its contracted service provider will work with the Developer and the retail and/or commercial tenants under any Applicable Retail/Commercial Lease to post positions, identify and pre-screen referred

candidates; and for applicants who were interviewed, but not hired, keep their information on file for at least twenty-four (24) months in the context of new positions that may become available to qualified Authority Residents.

2. Except as provided herein, each and every term and condition contained in the Redevelopment Agreement shall remain in full force and effect and is hereby ratified and confirmed.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties and the Sponsors have duly executed this Amendment by their duly authorized signatories on or as of the date first written herein.

CHICAGO HOUSING AUTHORITY
an Illinois municipal corporation

By: _____

James L. Bebley
Acting Chief Executive Officer

OGDEN COMMONS JV, LLC
a Delaware limited liability company

By: Habitat Ogden Commons LLC
Illinois limited liability company
its Managing Member

By: Habitat Acquisitions Company LLC,
An Illinois limited liability company
its Manager

By: The Habitat Company LLC
an Illinois limited liability company
its Sole Member

By: _____

Daniel E. Levin
Chairman

IN WITNESS WHEREOF, the Parties and the Sponsors have duly executed this Amendment by their duly authorized signatories on or as of the date first written herein.

CHICAGO HOUSING AUTHORITY
an Illinois municipal corporation

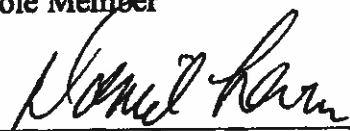
By: _____
James L. Bebley
Acting Chief Executive Officer

OGDEN COMMONS JV, LLC
a Delaware limited liability company

By: Habitat Ogden Commons LLC
Illinois limited liability company
its Managing Member

By: Habitat Acquisitions Company LLC,
An Illinois limited liability company
its Manager

By: The Habitat Company LLC
an Illinois limited liability company
its Sole Member

By: 
Daniel E. Levin
Chairman

As evidenced by its signature below, the Sponsors hereby agree to be bound by this Amendment, as applicable.

THE SPONSORS

THE HABITAT COMPANY LLC
an Illinois limited liability company

By: 
Daniel E. Levin
Chairman

MOUNT SINAI HOSPITAL MEDICAL CENTER OF CHICAGO
an Illinois not-for-profit corporation

By: _____
Loren Chandler
Chief Financial Officer

CINESPACE CHICAGO FILM STUDIOS LLC
an Illinois limited liability company
by and through its affiliate
LAWNDALE REAL ESTATE, LLC
an Illinois limited liability company

By: _____
Alexander Pissios
Manager

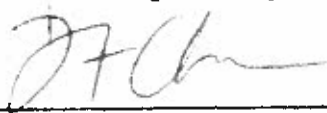
As evidenced by its signature below, the Sponsors hereby agree to be bound by this Amendment, as applicable.

THE SPONSORS

THE HABITAT COMPANY LLC
an Illinois limited liability company

By: _____
Daniel E. Levin
Chairman

MOUNT SINAI HOSPITAL MEDICAL CENTER OF CHICAGO
an Illinois not-for-profit corporation

By:  _____
Loren Chandler
Chief Financial Officer

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Alexander Pissios
Manager

By _____
Daniel E. Levin
Chairman

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Loren Chandler
Chief Financial Officer

CINESPACE CHICAGO FILM STUDIOS LLC
an Illinois limited liability company
by and through its affiliate
LAWNDALE REAL ESTATE, LLC
an Illinois limited liability company

By: _____
Alexander P. Shea
Manager

EXHIBIT B-1
(SEE ATTACHED)

EXHIBIT B-1

Ogden Commons

Referral Process for CHA hires

1. Schedule Meeting between CHA Workforce Contractor(s) and Ogden Commons Retailers:

- Discuss hiring needs and positions
- Review job descriptions
- Create outline for pre-screening process
- Determine hiring fair dates

2. CHA Workforce Contractor(s):

- Recruit residents for program participation
- Provide job readiness preparation where required
- Pre-screen candidates for positions
- Refer sourced candidates for hiring fair

3. Ogden Commons Retailer(s):

Pre-Hire Process:

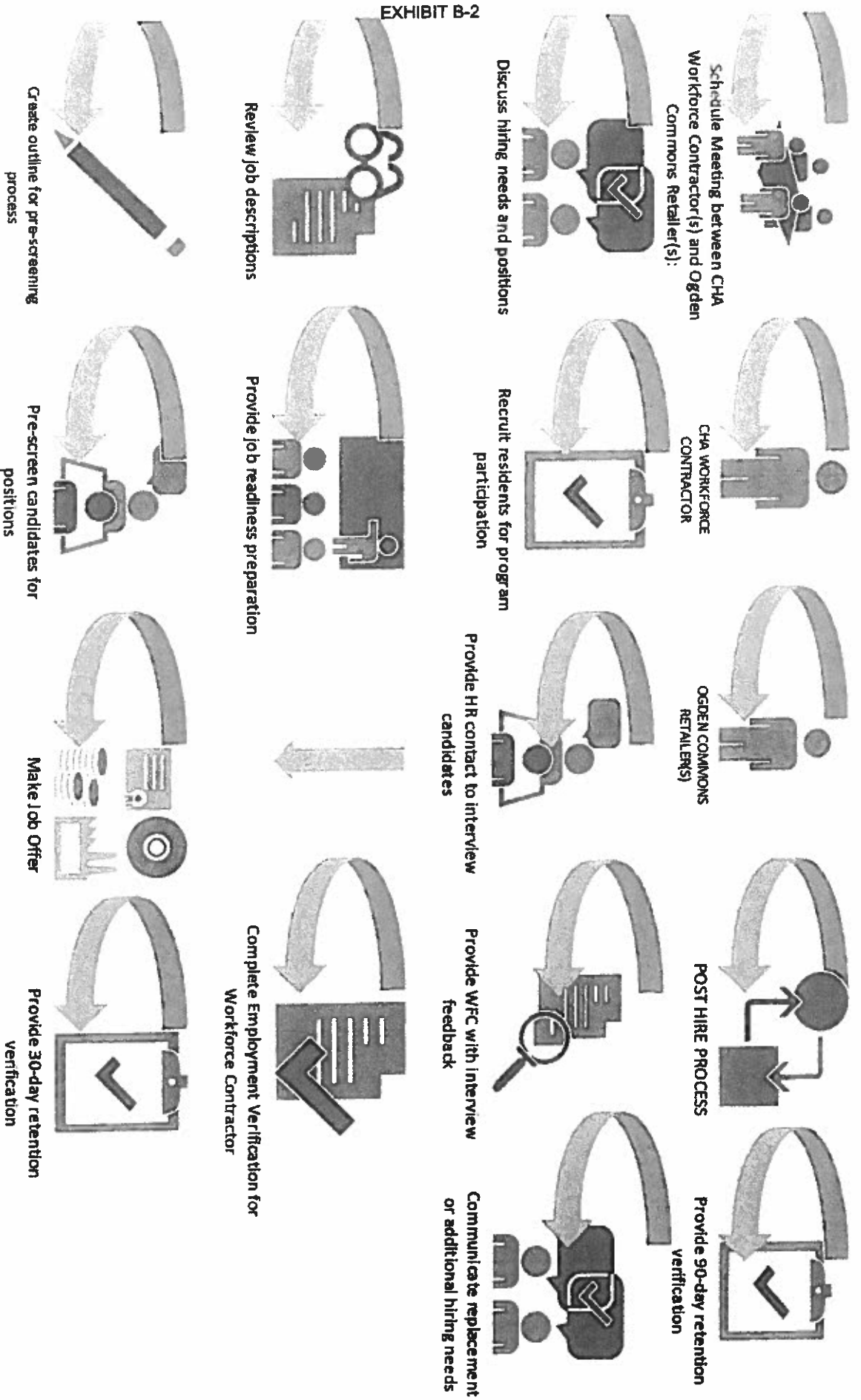
- Provide human resource staff to interview candidates for hire
- MAKE JOB OFFER

Post-Hire Process:

- Provide Workforce Contractor with interview feedback
- Complete Employment Verification
- Provide 30-day employment retention
- Provide 90-day employment retention
- Communicate to Workforce Contractor needs for replacement hire or additional hire needs
 - Exceptions would be if the retailer has a vacancy position, that requires a specialization to fill a vacancy (for example if a cook quit) and the referral process is holding up hiring and can have an adverse effect on the business, The retailer should move forward with direct hire through their usual process.

EXHIBIT B-2
(SEE ATTACHED)

Ogden Commons Referral Process for CHA Resident Employment



File Number

1475-644-2



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

MOUNT SINAI HOSPITAL MEDICAL CENTER OF CHICAGO, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 26, 1918, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



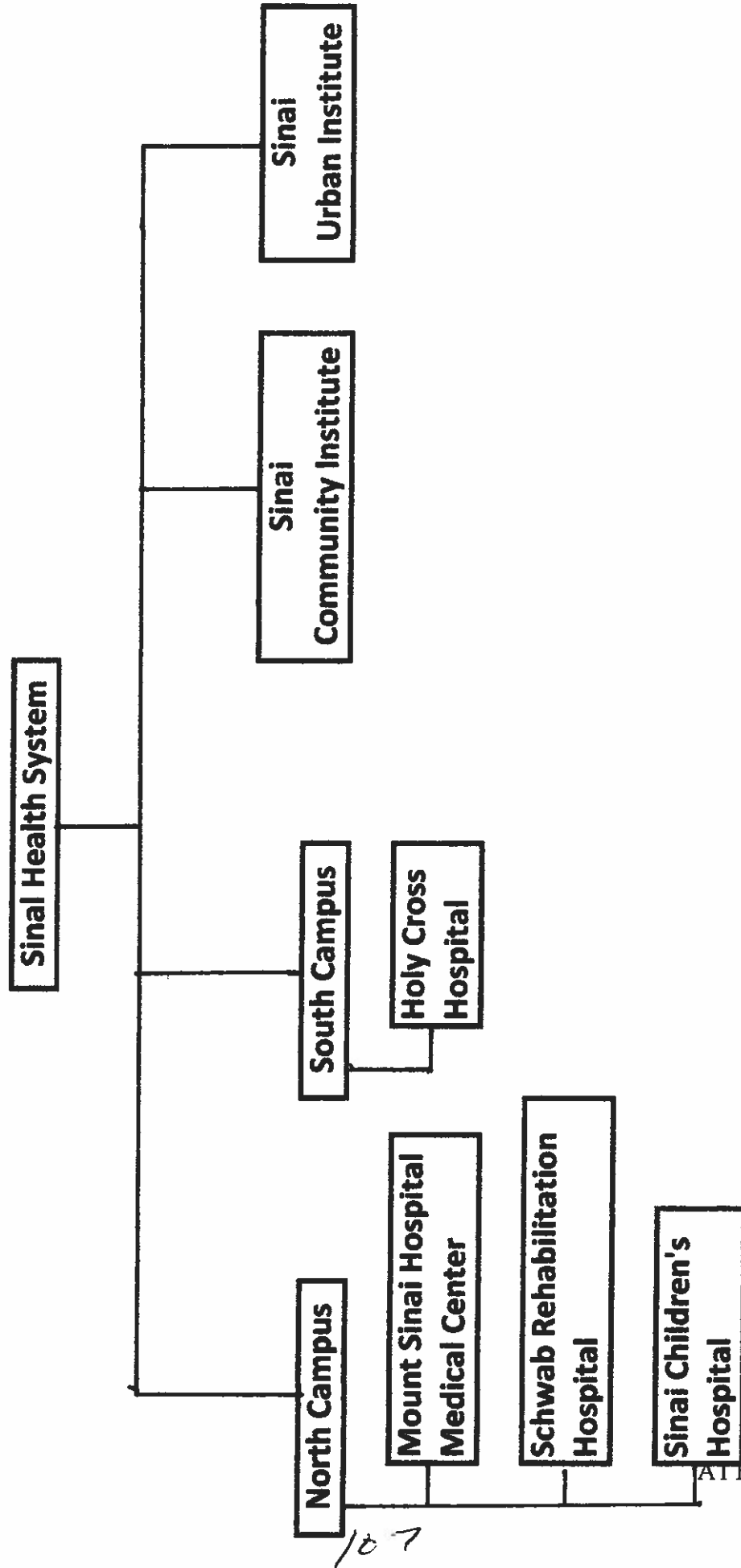
***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 12TH
day of MAY A.D. 2020 .***

Jesse White

SECRETARY OF STATE ATTACHMENT 3

Authentication #: 2013302200 verifiable until 05/12/2021

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





BE STRONGER | CARE HARDER | LOVE DEEPER

Illinois Health Facilities and
Services Review Board

To Whom It May Concern:

With my signature below, I hereby certify and attest to the following:

1. The Ogden Commons project site, 2750 West 15th Street in Chicago, is owned by Ogden Washtenaw JV LLC.
2. The Ogden Commons site is not located in a special flood hazard area.
3. No adverse action has been taken against Sinai Health System, or any of its IDPH-Licensed health care facilities, directly or indirectly, within three (3) years prior to the filing of this Application. For the purposes of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.
4. The HFSRB and IDPH may access any documents which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.
5. The proposed project will be funded through a combination of liquid assets, including cash, and a tenant improvement allowance.

Sincerely,

Airica Steed
Executive Vice President/Chief Operating OfficerDate: June 30, 2020

Notarized:



ATTACHMENTS 2, 5, 11, and 36



Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Bruce Rauner, Governor
Wayne A. Rosenthal, Director

Cook County
Chicago
260 Block of Ogden Avenue
IHFSRB
New construction, Multi-use development/dialysis facility - Ogden Commons

PLEASE REFER TO: SHPO LOG #012111318

December 7, 2018

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

Dear Mr. Axel:

The Illinois State Historic Preservation Office is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

If further assistance is needed please contact Jeff Kruchten, Chief Archaeologist at 217/785-1279 or jeffery.kruchten@illinois.gov.

Sincerely,

Robert F. Appleman
Deputy State Historic
Preservation Officer

ATTACHMENT 6

109

PROJECT COSTS and
SOURCES OF FUNDS

PROJECT COSTS

Preplanning Costs

Analyses of Alts./Feasibility Assessment	\$	20,000	
Real Estate-Related	\$	100,000	
Viability Assessments	\$	30,000	
Misc./Other	\$	46,000	
			\$ 196,000

Site Preparation

Exterior Signage	\$	50,000	
Walkways & Curb Cuts	\$	25,000	
Misc.	\$	25,000	
			\$ 100,000

New Construction

build-out per ATTACHMENT 36C	\$5,802,000		\$5,802,000
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Contingencies

per ATTACHMENT 36C	\$308,295		\$308,295
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Architectural and Engineering Fees

Design	\$380,000		
Document Preparation	\$2,000		
Evaluation of Alternatives	\$40,000		
Interface with Agencies	\$1,000		
Project Monitoring	\$2,000		
Misc./Other	\$25,000		
			\$450,000

Consulting and Other Fees

CON-related	\$80,000		
Legal	\$90,000		
Accounting	\$25,000		
Equipment Relocation	\$30,000		
Project Management	\$100,000		
Municipal Fees & Permits	\$50,000		
Misc./Other	\$50,000		
			\$425,000

Movable Equipment

GI	\$639,534		5329452
Surgery	\$4,689,918		
Non-Clinical Areas	\$164,828		
			\$5,494,280

Fair Market Value of Leased Space

Leased Space*	\$	16,640,210	
---------------	----	------------	--

Fair Market Value of Moved Equipment

\$ 1,160,360

Other Costs to be Capitalized

PROJECT COSTS and
SOURCES OF FUNDS

Tenant Improvement Allowance @\$60/sf	\$	1,233,180	
Power and HVAC Upgrades	\$	950,000	
			\$ 2,183,180
Total Project Cost			\$ 32,759,325

SOURCES OF FUNDS

Cash	\$	13,725,575	
Tenant Improvement Allowance	\$	1,233,180	
FMV of Leased Space and Moved Equipment	\$	17,800,570	
Total Sources of Funds			\$ 32,759,325

*The FMV of the leased space (DGSF), for purposes of this CON application, is based on the lease payments during the initial term of the lease

Cost Space Requirements

Dept./Area	Cost	Gross Square Feet		Amount of Proposed Total Square Feet			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Surgery	\$ 12,233,631		6,688	6,688			
Surgery Recovery	\$ 5,690,061		4,310	4,310			
Gastroenterology	\$ 6,828,073		3,244	3,244			
GI Recovery	\$ 3,698,540		2,672	2,672			
Total	\$ 28,450,304		16,914	16,914			
Non-Reviewable							
Family & Public Areas	\$ 1,249,616		1,050	1,050			
Sinai Medical Group Office	\$ 1,809,789		1,498	1,498			
Admin. & Staff Areas	\$ 991,075		850	850			
Misc. Support Areas	\$ 258,541		241	241			
Total	\$ 4,309,022		3,639	3,639			
Project Total	\$ 32,759,325		20,553	20,553			

BACKGROUND OF THE APPLICANT

Applicant Sinai Health System owns and operates three IDPH-licensed hospitals:

- Mt. Sinai Hospital Medical Center, Chicago
- Holy Cross Hospital, Chicago
- Schwab Rehabilitation Hospital and Care Network, Chicago



BE STRONGER | CARE HARDER | LOVE DEEPER

Illinois Health Facilities and
Services Review Board

To Whom It May Concern:

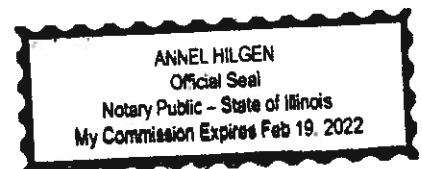
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2. The Ogden Commons site is not located in a special flood hazard area.
3. No adverse action has been taken against Sinai Health System, or any of its IDPH-Licensed health care facilities, directly or indirectly, within three (3) years prior to the filing of this Application. For the purposes of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.
4. The HFSRB and IDPH may access any documents which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.
5. The proposed project will be funded through a combination of liquid assets, including cash, and a tenant improvement allowance.

Sincerely,

Airica Steed
Executive Vice President/Chief Operating OfficerDate: June 30, 2020

Notarized:



PURPOSE OF PROJECT

The purpose of the proposed project is to improve the manner in which the applicants are able to provide outpatient surgical and gastroenterology ("GI") procedures to a patient population primarily residing near the hospital, and one that has historically looked to Sinai Health System for those services. As such, through the proposed project, the applicants will be improving the health care and well-being of the communities served by the applicants.

Specifically, through the proposed project, the applicants will relocate its outpatient GI service, and relocate a major portion of its outpatient surgery capacity to a newly-constructed building across the street from the Mount Sinai campus. In doing so, the two clinical services will be moved from areas of the hospital that are undersized, outdated, and difficult for outpatients and families to access.

The primary service area for the proposed project, as is the case for the hospital in general, consists of those Chicago neighborhoods surrounding the hospital. The HFSRB-designated service area for Chicago hospital-provided services, as are being proposed, is ten miles, and a listing of those ZIP Code areas located within a ten-mile radius of the hospital is provided at the end of this ATTACHMENT. That area consists of 94 ZIP Code areas, with a population of 2,551,800 per Searchbug.

The table on the following page identifies the hospital's 2019 outpatient origin, identifying each ZIP Code area contributing a minimum of 1.0% of the hospital's 2019 outpatient encounters.

ZIP Code	City	%	Cumulative %
60623	Chicago	12.2%	12.2%
60629	Chicago	8.3%	20.6%
60632	Chicago	6.6%	27.2%
60608	Chicago	5.5%	32.7%
60636	Chicago	4.4%	37.1%
60804	Chicago	4.3%	41.4%
60624	Chicago	4.1%	45.6%
60609	Chicago	3.7%	49.3%
60644	Chicago	3.4%	52.6%
60620	Chicago	2.6%	55.2%
60638	Chicago	2.5%	57.7%
60647	Chicago	2.4%	60.2%
60651	Chicago	2.3%	62.5%
60612	Chicago	2.3%	64.8%
60639	Chicago	1.9%	66.7%
60621	Chicago	1.6%	68.2%
60652	Chicago	1.4%	69.6%
60402	Chicago	1.3%	70.9%
60628	Chicago	1.3%	72.2%
60619	Chicago	1.2%	73.4%
60645	Chicago	1.1%	74.5%
60617	Chicago	1.1%	75.6%

Each of the ZIP Code areas in the table above is located within ten miles of the hospital, therein confirming compliance with the purpose of primarily serving residents of the HFSRB-designated geographic service area, which consists of those ZIP Code areas located within ten miles of the hospital for the outpatient surgery and gastroenterology services included in the proposed project.

The success of this project will be measured by improved patient satisfaction, and the elimination of delays in the treatment of surgical and GI patients for facility/capacity-related issues. These improvements should be identifiable immediately upon the completion of the proposed project.

Geographic Service Area Population

ZIP	City	Population
<u>60608</u>	CHICAGO	61,235
<u>60695</u>	CHICAGO	0
<u>60664</u>	CHICAGO	0
<u>60668</u>	CHICAGO	0
<u>60669</u>	CHICAGO	0
<u>60670</u>	CHICAGO	0
<u>60673</u>	CHICAGO	0
<u>60675</u>	CHICAGO	0
<u>60677</u>	CHICAGO	0
<u>60678</u>	CHICAGO	0
<u>60680</u>	CHICAGO	0
<u>60681</u>	CHICAGO	0
<u>60684</u>	CHICAGO	0
<u>60685</u>	CHICAGO	0
<u>60686</u>	CHICAGO	0
<u>60687</u>	CHICAGO	0
<u>60688</u>	CHICAGO	0
<u>60690</u>	CHICAGO	0
<u>60691</u>	CHICAGO	0
<u>60693</u>	CHICAGO	0
<u>60694</u>	CHICAGO	0
<u>60696</u>	CHICAGO	0
<u>60697</u>	CHICAGO	0
<u>60699</u>	CHICAGO	0
<u>60701</u>	CHICAGO	0
<u>60607</u>	CHICAGO	27,391
<u>60612</u>	CHICAGO	33,062
<u>60623</u>	CHICAGO	64,720
<u>60616</u>	CHICAGO	49,549
<u>60689</u>	CHICAGO	0
<u>60609</u>	CHICAGO	53,533
<u>60674</u>	CHICAGO	0

ATTACHMENT 12

<u>60661</u>	CHICAGO	13,051
<u>60605</u>	CHICAGO	29,634
<u>60606</u>	CHICAGO	3,939
<u>60604</u>	CHICAGO	1,001
<u>60603</u>	CHICAGO	1,289
<u>60654</u>	CHICAGO	23,637
<u>60602</u>	CHICAGO	1,495
<u>60632</u>	CHICAGO	69,109
<u>60624</u>	CHICAGO	33,836
<u>60601</u>	CHICAGO	17,425
<u>60622</u>	CHICAGO	49,885
<u>60642</u>	CHICAGO	21,595
<u>60653</u>	CHICAGO	33,036
<u>60610</u>	CHICAGO	44,815
<u>60611</u>	CHICAGO	40,343
<u>60804</u>	CICERO	67,763
<u>60615</u>	CHICAGO	44,929
<u>60644</u>	CHICAGO	43,320
<u>60636</u>	CHICAGO	34,538
<u>60651</u>	CHICAGO	52,201
<u>60614</u>	CHICAGO	67,703
<u>60647</u>	CHICAGO	82,872
<u>60621</u>	CHICAGO	32,172
<u>60629</u>	CHICAGO	108,591
<u>60637</u>	CHICAGO	51,342
<u>60402</u>	BERWYN	59,789
<u>60304</u>	OAK PARK	17,607
<u>60303</u>	OAK PARK	0
<u>60657</u>	CHICAGO	70,698
<u>60639</u>	CHICAGO	71,424
<u>60638</u>	CHICAGO	55,579
<u>60302</u>	OAK PARK	33,347
<u>60618</u>	CHICAGO	84,242
<u>60301</u>	OAK PARK	3,032
<u>60613</u>	CHICAGO	51,923
<u>60682</u>	CHICAGO	0

ATTACHMENT 12

<u>60499</u>	BEDFORD PARK	0
<u>60652</u>	CHICAGO	41,270
<u>60620</u>	CHICAGO	68,360
<u>60130</u>	FOREST PARK	14,898
<u>60641</u>	CHICAGO	65,044
<u>60649</u>	CHICAGO	49,888
<u>60619</u>	CHICAGO	64,374
<u>60534</u>	LYONS	10,735
<u>60546</u>	RIVERSIDE	16,017
<u>60305</u>	RIVER FOREST	10,732
<u>60141</u>	HINES	0
<u>60640</u>	CHICAGO	64,509
<u>60625</u>	CHICAGO	76,567
<u>60456</u>	HOMETOWN	4,472
<u>60707</u>	ELMWOOD PARK	43,070
<u>60459</u>	BURBANK	29,178
<u>60805</u>	EVERGREEN PARK	19,851
<u>60153</u>	MAYWOOD	23,606
<u>60513</u>	BROOKFIELD	19,085
<u>60501</u>	SUMMIT ARGO	11,064
<u>60155</u>	BROADVIEW	8,216
<u>60630</u>	CHICAGO	51,087
<u>60659</u>	CHICAGO	38,716
<u>60660</u>	CHICAGO	42,441
<u>60634</u>	CHICAGO	71,968
<u>60454</u>	OAK LAWN	0
		2,551,800

ATTACHMENT 12

ALTERNATIVES

The primary goal of the proposed project is to provide a contemporary and accessible setting for the provision of outpatient surgical and outpatient gastroenterology ("GI") services. Three alternatives to the proposed project were evaluated, with all three being deemed inferior to the proposed project.

Alternative 1

The first alternative considered was the development of an outpatient surgical suite and an outpatient GI suite, either separately or jointly, thorough the renovation of existing space in one of the hospital's existing buildings. This alternative was immediately dismissed for a variety of reasons, all associated with the age and state of the existing hospital facility. First, all of the hospital's existing buildings are dated, and the conversion of existing space into procedure rooms would be very difficult. Second, there are no suitable areas within the hospital that would provide reasonable access to the electrical, plumbing, and HVAC systems required by the procedure rooms. Third, there are no suitable areas within the existing buildings that would be easily accessible to outpatients. A capital cost estimate was not developed for this alternative, because this alternative was dismissed early in the analysis process. Had the alternative been deemed feasible and selected, the operating costs and geographic accessibility would be very similar to that of the proposed project, and the quality of care would be identical to that of the proposed project.

Alternative 2

The second alternative considered was to locate outpatient surgery and the GI suite on the same floor of the Ogden Commons building. From an operational perspective, this alternative was

preferable to the locating of the surgery-related facilities on the third floor and the GI-related facilities on the second floor, as is being proposed. However, a sufficient amount of space was not available on either floor for a “combined” procedure and recovery area. Had this alternative been available and selected, operating costs would have been minimally lower, given the ability to combine selected staffing; capital costs would have been minimally lower, and accessibility and quality of care would have been identical to that of the proposed project.

Alternative 3

The third alternative considered was the operating of the proposed services as an ASTC, rather than as hospital services. The primary reason for electing to operate the services under the hospital’s license is the higher reimbursement level associated with hospital-based services, often as much as 30-35% greater than that of an ASTC. The importance of this to the applicant, is Sinai Health System’s commitment to the provision of charity care and services to low-reimbursement categories of patients; with outpatient surgery serving as a limited “offset” to the care provided to those patients. If the services were to be organized as an ASTC (which could be problematic due to the need to provide services on two floors), the project’s capital and operating costs would be very similar to that of the proposed project, and the quality of care and accessibility would be identical to that of the proposed project.

SIZE OF PROJECT

The proposed square footages for the services to be provided through the proposed project are appropriate and not excessive.

HFSRB-adopted space standards, as documented in 77 Ill. Adm. Code 1100, are applicable to four components of the proposed project:

- Outpatient Surgery
- Surgery Recovery
- Gastroenterology Lab (GI Lab)
- GI recovery.

The outpatient surgery suite will consist of four Class C operating rooms and 6,688 DGSF, the surgery recovery area will consist of six Phase I recovery stations, ten Phase II recovery stations and 4,310 DGSF, the GI suite will consist of three Class B procedure rooms and 3,244 DGSF, and the GI recovery area will consist of 7 Phase II recovery stations, and 2,972 DGSF.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Outpt. Surg. (1)	6,688	11,000	(4,312)	YES
Surgical Recovery (2)	4,310	5,080	(770)	YES
GI Suite (3)	3,244	3,300	(56)	YES
GI Recovery (4)	2,672	2,800	(128)	YES
(1) 4 Class C ORs (2) 6 Phase I and 10 Phase II stations (3) 3 Class B procedure rooms (4) 7 Phase II stations				

PROJECT SERVICES UTILIZATION

The proposed project includes two services having utilization standards identified in Section 1110, APPENDIX B: surgery/Class C operating rooms, and GI lab/Class B procedure rooms. The number of proposed operating rooms and GI procedure rooms are consistent with the utilization standards found in the above-referenced document, as historically interpreted by HFSRB staff.

Please refer to ATTACHMENT 30 for discussions on the projected surgery suite and GI procedure room utilization.

	PROJECTED UTILIZATION		STATE STANDARD	MET STANDARD?
	YEAR 1	YEAR 2		
Surgery (hrs)	14,577	16,681	16,500	YES*
GI (hrs)	3,400	3,502	3,001	YES*

*Note: Operating rooms are to be located in two locations, and the projected number of hours of utilization in each surgical suite “supports” the number of ORs in the two locations.

Three outpatient GI procedure rooms are to be located in the Ogden Commons building, and utilization projections “support” those three rooms. Inpatient procedures will be performed in the surgical suite.

CLINICAL SERVICES AREAS
OTHER THAN CATEGORIES OF SERVICE

The proposed project includes three clinical services that are not HFSRB-designated “categories of service”: an outpatient surgical suite, a gastroenterology (“GI”) suite, and recovery stations associated with each of the other two services.

Surgical Suite

The hospital’s surgical suite consists of ten operating rooms, used by both inpatients and outpatients. In general, the suite is outdated, with most of the operating rooms being undersized (340-552sf) by contemporary standards, having insufficient equipment and supply storage, having too few (15 stations, shared with the GI suite) recovery stations, and absent the support space required to provide outpatient surgery in a contemporary fashion. No major renovation has occurred in the surgical suite for, at minimum, twenty years.

Between 2016 and 2019 inpatient OR utilization (hours) remained relatively constant, and for planning purposes, the 2019 volume of 6,786 hours is projected to remain constant, through 2024, the second year following the proposed project’s completion. Outpatient utilization over that period increased from 5,247 to 6,539 hours, an annual rate of 8.2%. With the improved facilities and the ability to separate a significant portion of the outpatient caseload from inpatient cases, utilization is projected to increase at a minimally higher rate, 8.5%, annually. As a result, future growth, through 2024, is projected to result in 9,832 outpatient hours and 16,681 total hours of OR usage.

In order to minimize costly construction, 4,000 hours of outpatient utilization will remain in the existing surgical suite, along with the 6,786 hours of inpatient utilization, with the remaining 5,895 hours of surgical care to be provided in the four operating rooms developed through the proposed project.

Gastroenterology Suite

The GI suite will consist of three procedure rooms and the associated support space. Services will be limited to outpatients, and in recent years, over 90% of the GI procedures performed at the hospital were performed on outpatients. The proposed project will address a variety of facility-related issues that both limit the volume of cases that can currently be accommodated, and fail to provide a contemporary environment. Among those issues are: 1) The pre-procedure area/recovery room is shared with the surgical suite, therein intermingling often healthy GI outpatients with critically ill inpatients. 2) Because the hospital has only 15 recovery stations to serve both the surgical suite and the GI program, "bottlenecks" result. 3) The procedure rooms are small and outdated. 4) Because of the GI suite's location within the hospital, it is difficult for outpatients to find/access. 5) The lack of facilities/capacity noted above has thwarted the hospital's ability to grow its GI screening programs, which are of particular value to the hospital's service population, that includes of a high percentage of African Americans, and the high levels of colorectal disease in that patient cohort.

Each of the issues identified above will be addressed through the proposed development of the outpatient suite, which will consist of three "Class B" procedure rooms, and the associated required support space. More importantly, the GI program will no longer be sharing pre-procedure and recovery areas with the surgical suite, therein allowing the hospital to develop a formal and publicized screening program to benefit the community.

It should be noted that the hospital, which operates nearly entirely with a salaried Medical Staff, experienced a significant (30%) drop in the number of GI procedures performed in 2019,

over the previous year. This drop is directly attributable to the loss of two full-time gastroenterologists during the year. Two gastroenterologists (1.6 FTEs) have been recruited, and will begin practicing this Summer. As a result of the new hires and national trends, it is anticipated that the number of screening performed will increase substantially in the coming years.

On average, over the past four years (and including the drop off experienced in 2019), an average of 3,022 GI procedure were performed in the hospital, annually, with the average time per case in the hospital's Health Planning Area in 2018 being 1.00 hours per case. For planning purposes, utilization is projected to increase by 3.0% a year, through the second year following the project's completion, resulting in 3,503 hours of procedure room utilization in 2024. This level of utilization, and assuming that a minimum of 90% of the cases continue to be provided on an outpatient basis, "support" the proposed three-procedure rooms to be located in the Ogden Commons Building, as well as one of the existing procedure rooms, which will be used by inpatients, exclusively.

Recovery Stations

The hospital currently has fifteen recovery stations, supporting the surgical suite and the GI procedure rooms. With the relocation of the GI rooms, those fifteen stations will continue to support the surgical suite, which, will have eight ORs. As such, the number of recovery stations provided in support of the surgical suite located in the hospital, proper, is consistent with the standard of a maximum of four recovery stations per OR. All fifteen stations will be Stage 1 stations.

In addition, and also consistent with the standard noted above, 16 recovery stations will be located adjacent to the outpatient surgical suite to be located in the Ogden Commons building, and eight recovery stations will be located adjacent to the GI suite. Six of the outpatient surgery recovery stations will be Stage 1 stations, and all other recovery stations in the Ogden Commons

building will be Stage 2 stations. The recovery stations will also be used for pre-procedure patient prep and holding.

Sinai Health System and Affiliates

Consolidated Financial Report
June 30, 2019

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RSM

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Sinai Health System and Affiliates
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sinai Health System and Affiliates (the Corporation) which comprise the consolidated balance sheets as of June 30, 2019 and 2018, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sinai Health System and Affiliates as of June 30, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
October 24, 2019

Sinai Health System and Affiliates**Consolidated Balance Sheets****June 30, 2019 and 2018****(Dollars in Thousands)**

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,904	\$ 1,636
Assets limited as to use:		
Externally designated investments under debt agreements	2,464	2,451
Investments	15,377	14,840
Patient accounts receivable, less allowances for uncollectible accounts	118,533	119,194
Note receivable, current portion	500	500
Other accounts receivable	10,820	11,190
Prepaid expenses, inventories and other	7,673	11,003
Total current assets	159,271	160,814
Assets limited as to use, net of amounts required to meet current liabilities:		
Internally designated investments for capital program	2,838	7,093
Internally designated investments under self-insurance program and other	6,803	12,787
Internally designated investments for donor restrictions	4,520	-
Externally designated investments under debt agreements	10,482	9,855
Total assets limited as to use	24,643	29,735
Other noncurrent assets:		
Note receivable, long-term portion	2,000	2,500
Other investments	254	241
Other	20,182	20,388
Total other noncurrent assets	22,436	23,129
Property and equipment, net	194,337	211,730
Total assets	\$ 400,687	\$ 425,408

(Continued)

Sinai Health System and Affiliates

Consolidated Balance Sheets (Continued)

June 30, 2019 and 2018

(Dollars in Thousands)

	2019	2018
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 66,407	\$ 76,400
Accrued salaries and employee benefits	26,879	25,424
Amounts due to third-party payors	42,617	32,912
Self-insurance liability	14,135	16,182
Lines of credit	18,000	21,000
Current maturities of long-term debt	9,289	17,383
Other	17,630	27,914
Total current liabilities	194,957	217,215
Noncurrent liabilities:		
Long-term debt, less current maturities	70,769	70,523
Self-insurance liability, less current portion	41,627	45,744
Other	7,106	8,655
Total noncurrent liabilities	119,502	124,922
Total liabilities	314,459	342,137
Commitments and contingencies (Notes 8, 11, 15 and 17)		
Net assets:		
Non-controlling interests	67	746
Without donor restrictions	76,138	59,254
With donor restrictions	10,023	23,271
	86,228	83,271
Total liabilities and net assets	\$ 400,687	\$ 425,408

See notes to consolidated financial statements.

Sinai Health System and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Unrestricted revenue and other support:		
Patient service revenue, net of contractual allowances	\$ 512,072	\$ 512,391
Provision for bad debts	(47,136)	(21,730)
Net patient service revenue	464,936	490,661
Other revenue	24,770	31,185
Investment income	528	254
Contributions from the Jewish Federation of Metropolitan Chicago	750	788
Grant revenue	6,712	6,498
Net assets released from restrictions used in operations	5,491	1,450
Total unrestricted revenue and other support	503,187	530,836
Expenses:		
Salaries, wages and employee benefits	286,892	302,830
Supplies and purchased services	113,338	122,911
Depreciation and amortization	26,198	23,609
Insurance	10,372	13,093
Interest	4,994	5,548
Provider tax	26,397	31,985
Other	39,371	38,134
Total expenses	507,562	538,110
Loss from operations	(4,375)	(7,274)
Nonoperating gains (losses):		
Contributions	515	475
Investment income	232	1,375
Net change in unrealized gains on investments	2,781	430
Contributions to other organizations	(800)	(800)
Net loss (income) attributable to non-controlling interests	482	(392)
Total nonoperating gains	3,210	1,088
Deficiency of revenue over expenses	(1,165)	(6,186)

(Continued)

Sinai Health System and Affiliates**Consolidated Statements of Operations and Changes in Net Assets (Continued)****Years Ended June 30, 2019 and 2018****(Dollars in Thousands)**

	2019	2018
Net assets without donor restrictions:		
Deficiency of revenue over expenses	\$ (1,165)	\$ (6,186)
Other changes in net assets without donor restrictions	3,634	666
Net assets released from restriction used for capital purposes	13,736	926
Increase (decrease) in net assets without donor restrictions	16,205	(4,594)
Net assets with donor restrictions:		
Contributions	5,979	6,712
Net assets released from restriction used in operations	(5,491)	(1,450)
Net assets released from restriction used for capital purposes	(13,736)	(926)
(Decrease) increase in net assets with donor restrictions	(13,248)	4,336
Increase (decrease) in net assets	2,957	(258)
Net assets, beginning of year	83,271	83,529
Net assets, end of year	\$ 86,228	\$ 83,271

See notes to consolidated financial statements.

Sinai Health System and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 2,957	\$ (258)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	26,198	23,609
Restricted contributions	(5,979)	(6,712)
Provision for bad debts	47,136	21,730
Loss on disposal of property and equipment	-	1,395
Net change in unrealized gains on investments	(2,781)	(430)
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(46,475)	(51,102)
Other accounts receivable	370	(1,238)
Prepaid expenses, inventories and other current assets	3,330	579
Accounts payable, accrued expenses and other current liabilities	(18,822)	1,255
Amounts due to third-party payors	9,705	18,114
Self insurance liability	(6,164)	(2,683)
Other noncurrent assets and liabilities	(1,252)	1,149
Net cash provided by operating activities	8,223	5,408
Cash flows from investing activities:		
Purchases of property and equipment	(7,611)	(4,812)
Purchases of investments	(5,474)	(1,507)
Proceeds from sale of investments	12,784	4,547
Decrease in notes receivable	500	500
Net cash provided by (used in) investing activities	199	(1,272)
Cash flows from financing activities:		
Proceeds from long-term borrowings	9,600	-
Repayments of long-term debt	(13,884)	(3,051)
Payments of capital lease obligations	(4,849)	(9,522)
Repayment of lines of credit	(3,000)	(2,000)
Proceeds from restricted contributions	5,979	6,712
Net cash used in financing activities	(6,154)	(7,861)
Increase (decrease) in cash and cash equivalents	2,268	(3,725)
Cash and cash equivalents:		
Beginning of year	1,636	5,361
End of year	\$ 3,904	\$ 1,636
Supplemental disclosures of cash flow information:		
Cash payments for interest	\$ 4,854	\$ 5,556
Acquisition of equipment under capital lease	\$ 1,194	\$ 6,797

See notes to consolidated financial statements.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 1. Organization and Summary of Significant Accounting Policies**

Organization and basis of consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts and transactions of Sinai Health System (the Corporation) and its affiliates. The Corporation is the sole corporate member or sole stockholder of its affiliates. All significant intercompany transactions and balances have been eliminated in consolidation. The Corporation and its affiliates provide comprehensive health care services to residents of the Chicago metropolitan area.

Affiliates of the Corporation include:

- Mount Sinai Hospital Medical Center of Chicago and Subsidiaries (Mount Sinai) – Mount Sinai is a licensed 319-bed teaching, research and tertiary-care facility that offers medical, surgical, behavioral health, therapeutic and diagnostic services to meet the needs of the community and patients of the southwest side of Chicago. Subsidiaries of Mount Sinai include Sinai Community Pharmacy and Sinai Touhy Pharmacy, which are wholly owned, and Hawthorne Works Medical Imaging, LLC, which is a joint venture in which Mount Sinai has a controlling 51% ownership interest.
- Schwab Rehabilitation Hospital and Care Network (Schwab) – Schwab is a licensed 102-bed rehabilitation hospital that offers comprehensive inpatient and outpatient rehabilitation services for adults and children.
- Holy Cross Hospital and Affiliate (Holy Cross) is a 241-bed hospital facility that offers medical, surgical, behavioral health, therapeutic, emergency care and diagnostic services to meet the needs of the community and patients of the Chicago metropolitan area.
- Mount Sinai Community Foundation dba Sinai Medical Group and Subsidiaries (SMG) – SMG is a physician group with over 200 physician specialists in more than 30 specialties, including anesthesiology, cardiology, gastroenterology, infectious disease, neurology, radiology, oncology, psychiatry, endocrinology, urology and neurosurgery. SMG physicians practice at clinics throughout the communities the Corporation serves, as well as on the Mount Sinai campus. Subsidiaries of SMG include Medical District Vascular Center, which is wholly owned and the Medical District Home Dialysis, LLC (Peritoneal Center) in which SMG has a 70% controlling interest.
- Sinai Community Institute (SCI) – SCI is an organization that develops community-based health and social service programs designed to help families within the community improve their health and well-being through education, employment, wellness and nutrition.
- ProgressHealth, Inc. (PRO) is an Illinois for-profit corporation. PRO's purpose is to administer and negotiate contracts on behalf of participating health care providers.

A summary of significant accounting policies is as follows:

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the accompanying financial statements include contractual allowance reserves, allowances for uncollectible accounts and charity care, depreciation and amortization, amounts due to third-party payors and self-insurance liability.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Cash and cash equivalents: Cash and cash equivalents include highly liquid short-term investments with maturities of three months or less at the date of acquisition. Throughout the year, the Corporation may have amounts on deposit with financial institutions in excess of those insured by the Federal Deposit Insurance Corporation (FDIC). The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Assets limited as to use and investments: Assets limited as to use consist of investments set aside by the Board of Directors for future capital improvement to comply with donor restrictions., over which the Board of Directors retains control over these assets and, at its discretion, may subsequently use these assets for other purposes. Additionally, assets limited as to use include investments held by trustees under debt agreements and self-insurance trust arrangements.

The Corporation invests in the Jewish Federation of Metropolitan Chicago Pooled Endowment Portfolio, LLC (PEP). The Jewish Federation of Metropolitan Chicago (Federation) is the manager and administrator of the PEP and is also the majority owner of the PEP. As manager, the Federation owned 85.30% and 81.13% of the PEP as of June 30, 2019 and 2018, respectively, and the Corporation had approximately a 1.42% and 1.91% interest in the Federation's portion of the PEP as of June 30, 2019 and 2018, respectively.

The investment in the PEP is recorded at its estimated fair value as described in Note 18. The PEP invests in various types of investments including: money market and mutual funds, U.S. Treasury bills, equity and debt securities, alternative investments and other investment vehicles. The Corporation does not own or have any interest in the underlying investments held by the PEP. The Corporation has the ability to contribute or withdraw funds from its account on the first day of each month. Withdrawal requests are required to be submitted to the PEP in writing at least 15 days prior to the beginning of each month and withdrawals representing 80% or more of an investor's assets are paid within 60 days.

The Corporation records security transactions on a trade-date basis. Realized gains and losses on investment transactions and change in unrealized appreciation and depreciation on investments are reported as net income or loss on investment transactions. Interest income is recognized under the accrual basis. Dividend income is recognized on the ex-dividend date.

Patient accounts receivable: Patient accounts receivable are stated at estimated net realizable value. Patient accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

The Corporation maintains allowances for uncollectible accounts for estimated losses resulting from a payor's inability to make payments on accounts. The Corporation estimates the allowance for uncollectible accounts based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage and other collection indicators. The Corporation recognizes a significant amount of patient service revenue at the time the services are rendered even though the Corporation does not assess the patient's ability to pay at that time. As a result, the provision for bad debts is presented as a deduction from patient service revenue (net of contractual allowances). For uninsured patients that do not qualify for charity care, the Corporation establishes an allowance to reduce the carrying value of such receivables to their estimated net realizable value. Management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience. After satisfaction of amounts due from insurance, the Corporation follows established guidelines for placing certain past-due balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Corporation. The Corporation generally does not charge interest on past due accounts.

A significant portion of the Corporation's provision for doubtful accounts relates to self-pay patients, as well as co-payments and deductibles owed to the Corporation by patients with insurance. As of June 30, 2019 and 2018, the Corporation's allowance for doubtful accounts was \$35,167 and \$42,398, respectively. This represents allowance for accounts deemed uncollectible for uninsured patients that do not qualify for charity care, for other self-pay portions of accounts insured by third-party payors, as well as for copay/deductible plans under the Affordable Care Act that are uncollectible.

Inventories: Inventories are stated at the lower of cost, or net realizable value.

Property and equipment: Property and equipment are stated at cost and depreciated over the estimated useful lives of the assets ranging from 3 to 40 years using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation expense in the accompanying financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the costs of acquiring those assets.

Included in depreciation expense is the cost associated to the fiscal year 2013 acquisition of Holy Cross Hospital. The Corporation's depreciation expense related to that acquisition was \$3,741 and \$3,983 for the years ended June 30, 2019 and 2018, respectively.

Asset impairment: The Corporation considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified. No impairments were identified during the years ended June 30, 2019 and 2018.

Deferred bond issuance costs: Costs related to bond issuance are capitalized and amortized over the life of the related debt, using a method which approximates the effective interest method. These costs are presented as direct reductions of long-term debt on the accompanying consolidated balance sheet.

Self-insurance liabilities: The Corporation's accruals for self-insurance represent the present value of the estimated liability for asserted professional malpractice and patient general liability claims. The provision is actuarially determined.

Non-controlling interests: Non-controlling interest represents the portion of net assets in the subsidiaries not attributable, directly or indirectly, to the Corporation. The profit or loss attributable to the non-controlling interest is included in nonoperating gains (losses) in the consolidated statements of operations and changes in net assets.

ATTACHMENT 34

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Net asset classifications: Net assets are segregated into two categories that are classified as net assets without donor restrictions and net assets with donor restrictions. Contributions received without specific restriction from a donor or that arise as a result of operations are classified as net assets without donor restrictions. Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular time or purpose. When a donor restriction expires, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated statements of operations and changes in net assets.

Net patient service revenue: The Corporation has agreements with various third-party payors that provide for payments to the Corporation at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges, per diem rates, and fee schedules. Net patient service revenue is reported at the estimated net amounts received or due from patients, third-party payors and others for services rendered. These amounts include estimated adjustments under certain reimbursement agreements with third-party payors, which are subject to audit by the applicable administering agency. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined.

Contributions: Contributions are reported as with donor restrictions if the contributions are received with donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying consolidated statements of operations and changes in net assets as net assets released from restrictions.

Unconditional promises to give cash or other assets are reported as pledges receivable at fair value at the date the promise is received using a discount rate of 2.0% at June 30, 2019 and 2018. Pledges receivable, net of discounts and an allowance for uncollectible pledges, were \$5,870 and \$4,868 at June 30, 2019 and 2018, respectively, and are included in other noncurrent assets in the accompanying consolidated balance sheets.

Grant revenue: Grants are recognized as revenue when earned. Expense driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met.

Charity care: The Corporation provides care to all patients regardless of their ability to pay. For those patients who meet certain criteria under its charity care policy, care is provided without charge or at amounts less than its established rates. Patients qualify for charity care under policies determined by the Board of Directors and is based on criteria including patient income, family size, published poverty guidelines and other factors. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is measured based on the Corporation's estimated direct and indirect costs of providing charity care services. That estimate is made by calculating a ratio of cost to gross charges, applied to the uncompensated charges associated with providing charity care to patients. The amount of charity care based on cost was \$30,217 and \$40,817 during the years ended June 30, 2019 and 2018, respectively.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Intermediate measure of operations: The Corporation's loss from operations includes all unrestricted revenue, including investment income on trustee-held investments, other support, and expenses for the reporting period. Nonoperating losses includes contributions, investment income on board-designated and other investments and contributions to other organizations, which management views as outside of normal patient care related activities.

Deficiency of revenue over expenses: The consolidated statements of operations and changes in net assets includes deficiency of revenue over expenses which is considered the operating indicator. Changes in net assets without donor restrictions, which are excluded from deficiency of revenue over expenses, include contributions of long-lived assets including assets acquired using contributions, which by donor restriction, were to be used for the purpose of acquiring such assets.

Income taxes: Mount Sinai, Schwab, Holy Cross, SMG and SCI are tax-exempt organizations under Internal Revenue Code Section 501(c)(3) and each, as required, files a Form 990 (Return of Organization Exempt from Income Tax) annually. PRO files Federal and Illinois Forms 1120 (U.S. Corporation Income Tax Return) annually.

The Corporation adopted Financial Accounting Standards Board (FASB) issued guidance for uncertainty in income taxes. This guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Examples of tax positions common to health systems include such matters as the following: the tax-exempt status of each entity, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT). UBIT is reported on Form 990T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the consolidated balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of June 30, 2019 and 2018, there were no unrecognized tax benefits identified and recorded.

Forms 990 and 1120 filed by the Corporation are subject to examination by the Internal Revenue Service (IRS) for up to three years from the extended due date of each return. Forms 990 and 1120 filed by the Corporation are no longer subject to examination for the years ended June 30, 2015 and prior.

Recently adopted accounting pronouncement: In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The key elements of the ASU include a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The Corporation adopted ASU 2016-14 on July 1, 2018, with no material impact to the consolidated financial statements.

Sinai Health System and Affiliates

Notes to Consolidated Financial Statements
(Dollars in Thousands)**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

Pending accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The guidance will be effective for the Corporation's June 30, 2020, consolidated financial statements. The effect on the Corporation's consolidated financial statements of adopting ASU 2014-09 is not expected to be significant as revenue recognition under the new standard is not materially different compared to the Corporation's current practice. The primary effect is certain amounts previously reported as provision for doubtful accounts will now be considered implicit price concessions reported as a reduction of gross patient service revenue. The remaining provision for doubtful accounts is reported as an operating expense under the new revenue recognition standard rather than as a reduction of net patient service revenue.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. Entities will be required to measure these investments at fair value at the end of each reporting period and recognize changes in fair value in net income (excess of revenue over expenses). This guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. The guidance is effective for the Corporation's June 30, 2020, consolidated financial statements. During the year ended June 30, 2016, the Corporation elected to early adopt the amendment that no longer requires disclosure of the fair market value of financial instruments that are not measured at fair value and, as such, these disclosures are not included herein. The Corporation is currently evaluating the impact of the adoption of the remaining provisions of ASU 2016-01 on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. The new standard is effective for the Corporation's June 30, 2020 consolidated financial statements. The FASB has approved, pending issuance of a final ASU, a delay in the effective date to reporting periods beginning after December 31, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. In July 2018, the FASB issued ASU 2018-11, which provided another transition method by allowing entities to recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Corporation is currently evaluating the effect of the pending adoption of the new standard on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. The new standard will be effective for the Corporation's June 30, 2020, consolidated financial statements. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Corporation is currently evaluating the effect of the new standard on the consolidated financial statements.

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Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

In August 2018, The FASB issued ASU 2018013, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 removes, modifies and adds certain disclosure requirements on fair value requirements on fair value required by Topic 820. ASU 2018-13 is effective for the Corporation's June 30, 2021, consolidated financial statements. Earlier adoption is permitted. The Corporation is currently evaluating the effect of the new standard on the consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Corporation's June 30, 2020, consolidated financial statements. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Corporation is currently evaluating the effect of the pending adoption of the new standard on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08 (*Topic 958*): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. For transactions in which the Corporation is the resource recipient, the new standard is effective for the Corporation's June 30, 2020, consolidated financial statements. For transactions in which the Corporation is the resource provider, the new standard is effective for the Corporation's June 30, 2021, consolidated financial statements. Early adoption is permitted. The Corporation is currently evaluating the effect of the pending adoption of the new standard on the consolidated financial statements.

Subsequent events: The Corporation has evaluated subsequent events for potential recognition and/or disclosures through October 24, 2019, the date the consolidated financial statements were issued.

Note 2. Financial Condition

The Corporation generated a loss from operations of \$4,375 and \$7,274 for the years ended June 30, 2019 and 2018, respectively. However, the Corporation had cash provided by operating activities of \$8,223 and \$5,408 for the years ended June 30, 2019 and 2018, respectively. The financial viability of the Corporation is largely dependent on the financial viability of its affiliates, Mount Sinai, Schwab, Holy Cross and SMG.

The Corporation received assessment and supplemental payments from the State of Illinois Department of Health and Family Services (HFS) totaling \$130,100 and \$126,268 during the years ended June 30, 2019 and 2018, respectively, and are included in patient service revenues. These amounts were partially offset by hospital provider tax assessments incurred by the Corporation of \$26,397 and \$31,985 during the years ended June 30, 2019 and 2018, respectively, which are classified as provider tax expense.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 2. Financial Condition (Continued)**

The Corporation continues to be pressured by rising costs attributable to clinical labor (including physician, nursing, and certain ancillary staff), new technology, and higher impact of more managed care. The Corporation and its major affiliate, Mount Sinai, continue to be highly dependent on reimbursement from HFS. Any future decline in reimbursement, continued significant cost increases, or continued growth in managed care may require management and the Board of Directors to further realign or reduce services to the community.

Note 3. Gross Patient Service Revenue and Concentration of Credit Risk

The mix of gross patient service revenue (excluding the reimbursement under the Illinois Hospital Assessment Program) from patients and third-party payors for the years ended June 30 is as follows:

	2019	2018
Medicaid, Medicaid managed care and Medicaid pending	51 %	51 %
Medicare and Medicare managed care	24	24
Self pay	9	10
Other managed care and commercial	10	9
Blue Cross	6	6
	<u>100 %</u>	<u>100 %</u>

The Corporation has agreements with third-party payors that provide for reimbursement to the Corporation at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Corporation's billings at standard price and the amounts reimbursed by Medicare, Medicaid, Blue Cross, and other third-party payors, and any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. Contractual adjustments under third-party reimbursement programs are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined. Reported costs and services provided under the reimbursement arrangements with Medicare, Medicaid and Blue Cross are subject to audit or review by the administering agencies. Changes in the Medicare and Medicaid programs and reduction in funding levels could have an adverse effect on the Corporation.

At Mount Sinai and Holy Cross, the Medicare program pays for inpatient, capital costs and outpatient services at predetermined rates. Medical education costs are reimbursed at interim rates with annual settlements based on reimbursable costs. At Schwab, the Medicare program reimburses both inpatient and outpatient services, including capital costs, at predetermined rates. Medical education costs are reimbursed at interim rates with annual settlements based on reimbursable costs. Services provided to inpatients covered by the Blue Cross program are paid at interim rates with monthly settlements based upon predetermined rates. Reimbursements from health maintenance organizations, preferred provider organizations and certain other insurers or third-party payors are based upon contracted rates.

Commencing in early fiscal 2015 the State of Illinois mandated certain regions of the state, which included Chicago, to enroll all Medicaid recipients into managed care health plans. The Corporation has contractual arrangements with various Medicaid managed care health plans which call for the Corporation to be paid for covered services at negotiated rates which at a minimum must be equal to the Medicaid rate.

Sinai Health System and Affiliates

Notes to Consolidated Financial Statements
(Dollars in Thousands)
Note 3. Gross Patient Service Revenue and Concentration of Credit Risk (Continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made that would have a material adverse effect on the Corporation, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs.

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party arrangements. The mix of patient accounts receivable from patients and third-party payors at June 30, 2019 and 2018, were as follows:

	2019	2018
Medicaid, Medicaid managed care and Medicaid pending	53 %	51 %
Medicare and Medicare managed care	23	18
Other managed care and commercial	13	16
Self pay	4	12
Blue Cross	7	3
	<u>100 %</u>	<u>100 %</u>

Note 4. Availability and Liquidity

The Corporation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, accounts receivable, and lines of credit. The Corporation also receives gifts that may or may not contain donor time and purpose restrictions.

Financial assets at year end:

Cash and cash equivalents	\$	3,904
Investments		15,631
Accounts receivable, net		118,533
Notes receivable		2,500
Other receivables		10,820
Assets limited as to use		27,107
	<u>\$</u>	<u>178,495</u>

Financial assets available to meet general expenditures over the next 12 months:

Cash and cash equivalents	\$	3,904
Investments		15,377
Accounts receivable, net		118,533
Notes receivable		500
Other receivables		8,531
Assets limited as to use		11,302
	<u>\$</u>	<u>158,147</u>

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Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 5. Illinois Provider Hospital Tax Assessment Program**

The Corporation participates in the State of Illinois hospital tax assessment program, which is administered by the Illinois Department of Healthcare and Family Services. The provider assessment program payments are in effect for the state fiscal years ending each June 30. The Corporation also received supplemental payments from the State of Illinois for Medicaid beneficiaries newly eligible under the Affordable Care Act including adults in Medicaid managed care plans. On March 12, 2018, the Governor signed legislation to implement a redesigned Medicaid hospital tax assessment program. Among other changes, the redesigned program bases payments on updated patient utilization data, shifts funding from fixed payments to dynamic "live rates," and recognizes and incentivizes the shift from inpatient to outpatient services. The redesigned program was approved by the Centers for Medicare and Medicaid Services (CMS) in June 2018. The redesigned hospital tax assessment program, which was effective July 1, 2018, will sunset on June 30, 2020. The Affordable Care Act supplemental payment program ended on June 30, 2018. In addition, the Corporation also received additional support in the form of critical hospital adjustment payments (CHAP), safety net access payments (SNAP), and tertiary payments, the majority of which was provided by the Illinois Medicaid program. The supplemental payments, CHAP, SNAP and tertiary payments were incorporated into the redesigned Medicaid hospital tax assessment program effective July 1, 2018.

The Corporation received assessment and supplemental payments totaling \$130,100 and \$126,268 during the years ended June 30, 2019 and 2018, respectively, and are included in patient service revenues. Total assessment tax incurred by the Corporation related to this Program amounted to \$26,397 and \$31,985 during the years ended June 30, 2019 and 2018, respectively, which are classified as provider tax expense.

Note 6. Assets Limited as to Use and Investments

Assets limited as to use and investments are stated at fair value and consist of the following at June 30:

	2019	2018
Cash and cash equivalents	\$ 8,688	\$ 7,159
Mutual funds	17,911	20,199
PEP	16,139	19,909
	<u>\$ 42,738</u>	<u>\$ 47,267</u>
Reported as:		
Externally designated investments under debt agreements, current	\$ 2,464	\$ 2,451
Investments	15,377	14,840
Internally designated investments for capital program	2,838	7,093
Internally designated investments under self-insurance program and other	6,803	12,787
Internally designated for donor restrictions	4,520	-
Externally designated investments under debt agreements	10,482	9,855
Other investments	254	241
	<u>\$ 42,738</u>	<u>\$ 47,267</u>

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 6. Assets Limited as to Use and Investments (Continued)**

Total investment returns for the years ended June 30 are as follows:

	2019	2018
Interest and dividend income	\$ 760	\$ 1,629
Net change in unrealized gains on investments	2,781	430
	<u>\$ 3,541</u>	<u>\$ 2,059</u>
Reported as:		
Unrestricted revenue and other support	\$ 528	\$ 254
Non-operating gains	3,013	1,805
	<u>\$ 3,541</u>	<u>\$ 2,059</u>

Note 7. Property and Equipment

Property and equipment consist of the following at June 30:

	2019	2018
Land and land improvements	\$ 8,528	\$ 8,274
Building and improvements	319,162	308,514
Equipment	200,748	205,632
Construction in progress	2,781	12,200
	<u>531,219</u>	<u>534,620</u>
Accumulated depreciation and amortization	(336,882)	(322,890)
	<u>\$ 194,337</u>	<u>\$ 211,730</u>

Construction in progress as of June 30, 2019, consisted primarily of costs related to improvement and renovation projects.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 8. Long-Term Debt**

Long-term debt consists of the following at June 30:

	2019	2018
GNMA Collateralized Taxable Revenue Bonds, Series 2012, 3.03%, payable in semiannual installments with maturities through 2036	\$ 63,510	\$ 66,265
JPMorgan Chase Bank, N.A., term loan, 3.90%, payable in semiannual installments maturing November 2023	8,850	-
JPMorgan Chase Bank, N.A., term loan, variable rate, maturing December 2019, refinanced during 2019	-	5,184
Illinois Development Finance Authority Revenue Bonds Series 1997, variable rate, refinanced during 2019	-	5,000
Standard Bank Note Payable, 4.00% interest, maturing January 2026	1,300	1,486
Capital lease obligations	7,356	11,011
Other	139	148
	81,155	89,094
Less deferred bond issuance costs, net	1,097	1,188
Less current maturities	9,289	17,383
	<u>\$ 70,769</u>	<u>\$ 70,523</u>

Under the terms of a master trust indenture for the Series 2012 bonds, the Corporation, Mount Sinai and Schwab form the Obligated Group. Amounts of \$2,464 and \$2,597 were held on deposit with a trustee for bond redemption and interest payments at June 30, 2019 and 2018, respectively. Additionally, hospitals insured by the U.S. Department of Housing and Urban Development (HUD) under Section 242 of the National Housing Act are required to fund a Mortgage Reserve Fund and other escrows. At June 30, 2019 and 2018, these funds had a balance of \$10,295 and \$9,644, respectively. The bond redemption, interest deposits and HUD escrows are included in assets limited as to use externally designated investments under debt agreements on the consolidated balance sheets.

Substantially all of the assets of the Obligated Group secure the outstanding bonds. The terms of the agreements require quarterly financial reporting measures, as well as audited financial statements to be prepared.

The Loan Agreement for the Series 2012 bonds requires that an insurance certificate be obtained evidencing that the liability insurance is fully funded. As of June 30, 2019, this insurance certificate was not obtained as the self-insured liability insurance is not fully funded. The Corporation created a corrective action plan. The Corporation was not in compliance with this requirement but has obtained notification from the bond trustees that the cure period has been extended indefinitely and that no event of default has occurred so long as the cure period is in effect.

JPMorgan Chase issued a term loan to Mount Sinai and SMG of \$5,184 that was due February 1, 2019, with monthly principal payments of \$17 that began January 2016. Under the terms of the agreement, interest was payable monthly, at a rate based on LIBOR plus 100 basis points (3.13 at June 30, 2018). The loan was guaranteed by Federation. This term loan was refinanced during 2019 with the proceeds of the term loan disclosed following.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 8. Long-Term Debt (Continued)**

During 1997, SCI issued \$5,000 in revenue bonds through the Illinois Development Finance Authority. The bonds were guaranteed by the Federation. There was a \$5,187 irrevocable transferable letter of credit related to the 1997 bonds that matured November 19, 2018. The revenue bonds were refinanced with the proceeds of the term loan disclosed following.

In December 2019, JPMorgan Chase issued a term loan to Mount Sinai, SMG and SCI in the amount of \$9,600,000. The proceeds of the loan were used to refinance the then outstanding balances of the current term loan with JPMorgan Chase and the Series 1997 revenue bonds. The loan bears interest at a fixed rate of 3.90% and is due in semi-annual payments with the first payment of \$750 paid in May 2019, then semi-annual payments of \$1,000 due through May of 2023 and a final payment of \$850 due November 2023. The term loan is guaranteed by the Federation and the Federation's guarantee is secured by a mortgage on certain real property of the Corporation.

Mount Sinai has a term loan with Standard Bank, secured by certain pledged assets. The loan is due in monthly principal and interest payments of \$19 and matures on January 5, 2026.

Future maturities of long-term debt, including capital lease obligations, are as follows:

Year ending June 30:

2020	\$	9,289
2021		7,104
2022		6,108
2023		5,596
2024		4,308
Thereafter		48,750
	\$	<u>81,155</u>

At June 2019 and 2018, the Corporation had outstanding irrevocable letters of credit, other than the letters of credit related to the Series 1997 and Series 2012 debt disclosed above, totaling \$3,504 and \$3,184, respectively. No amounts were outstanding under the letters of credit at June 30, 2019 and 2018.

Capital lease obligations relate to certain equipment which the Corporation leases under various lease agreements that expire through 2023. The net carrying value of this equipment was \$8,632 and \$12,275 at June 30, 2019 and 2018, respectively. The Corporation has capital lease obligations outstanding of \$7,356 and \$11,011 at June 30, 2019 and 2018, respectively.

Future minimum payments under capital lease obligations consist of the following at June 30, 2019:

Capital Lease:

2020	\$	4,412
2021		2,043
2022		891
2023		251
Total future minimum lease payments		<u>7,597</u>
Less amount representing interest		241
Present value of future minimum lease payments	\$	<u>7,356</u>

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Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 9. Lines of Credit**

Mount Sinai and SMG each have revolving credit agreements. For Mount Sinai, the credit agreement has a limit of \$14,000. Interest on amounts borrowed are at adjusted LIBOR rates (3.036% and 2.925% at June 30, 2019 and 2018, respectively). Mount Sinai had outstanding balances under the agreement of \$14,000 and \$17,000 at June 30, 2019 and 2018, respectively. The line expired September 30, 2019 and has been renewed to December 31, 2019 with a limit of \$13,000. This credit agreement is guaranteed by the Federation and is secured by the Corporation's investment in the PEP.

SMG can borrow principal amounts up to \$4,000. For SMG, interest is at the Prime rate plus 1% (6.5% and 6% at June 30, 2019 and 2018, respectively). SMG had \$4,000 outstanding under the credit agreement at June 30, 2019 and 2018. The SMG line of credit is set to mature November 30, 2019.

Note 10. Asset Retirement Obligations

In accordance with U.S. GAAP the Corporation records all known asset retirement obligations for which the liability's fair value can be reasonably estimated, including certain asbestos removal costs. At June 30, 2019 and 2018, the Corporation had remaining asset retirement obligations of \$3,715 which are recorded as other noncurrent liabilities in the consolidated balance sheets. During the years ended June 30, 2019 and 2018, the Corporation did not have any asbestos removal costs. The liability was estimated using an inflation rate of 3.44% and a discount rate of 6%. The asset retirement obligation completed accretion at June 30, 2017, and accordingly the expected remediation liability is fully accrued.

Note 11. Professional and General Liability Insurance

Mount Sinai, Schwab and Holy Cross are self-insured for professional malpractice and patient general liability claims and for the costs of claims administration and defense. From November 1, 2003 through May 31, 2014, Mount Sinai and Schwab did not maintain excess commercial insurance coverages; these organizations retained all risk for claims occurring during this period. Effective April 1, 2014, the Corporation established combined excess insurance coverages for Mount Sinai, Schwab, and Holy Cross. Mount Sinai is self-funded for the first \$10,000 per claim with an unlimited annual aggregate limit, Schwab is self-funded for the first \$1,000 per claim with an unlimited annual aggregate, and Holy Cross is self-funded for the first \$4,000 per claim with a \$15,000 annual aggregate limit and is self-funded for the next \$2,000 per claim with a \$2,000 annual aggregate limit. Excess umbrella insurance above each respective hospital's self-funded amount is \$10,000 for the primary layer, and an additional \$10,000 secondary level has been purchased.

The liability for self-insured risks is determined annually by an independent actuary based on each of Mount Sinai, Schwab and Holy Cross' actual experience and other applicable factors. Obligations for self-insured liabilities were based on a confidence level of 60th percentile for Mount Sinai, Holy Cross and Schwab. Accrued professional and general liability claim losses have been discounted at 4.0% at June 30, 2019 and 2018. The claims that are expected to be paid within 12 months are classified as current liabilities in the accompanying balance sheets.

SMG has purchased professional malpractice insurance for employed physicians on a claims-made basis with limits of \$1,000 per occurrence with a \$13,000 annual aggregate limit. The policy term has been renewed extending through June 30, 2020. SMG management is not aware of any factors that would cause insurance expense to vary materially from the amounts provided. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during the policy's term, but reported subsequently, may not be insured.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 11. Professional and General Liability Insurance (Continued)**

The estimated liabilities for self-insured obligations are as follows at June 30:

	2019	2018
Mount Sinai	\$ 33,916	\$ 37,415
Schwab	2,555	2,745
Holy Cross	13,316	14,764
SMG	5,975	7,002
	55,762	61,926
Less amount classified as current	14,135	16,182
	<u>\$ 41,627</u>	<u>\$ 45,744</u>

If accrued professional liability losses had not been discounted, the estimated liability would be approximately \$6,494 and \$6,825 higher than the amounts reported in the consolidated balance sheets as of June 30, 2019 and 2018, respectively. Insurance recoveries receivable of \$4,135 and \$5,076 have been recorded as of June 30, 2019 and 2018, respectively, and are included in other noncurrent assets in the accompanying consolidated balance sheets.

Note 12. Employee Benefit Plans

The Corporation participates in a multi-employer defined-contribution plan covering substantially all full-time employees who have completed one year of service. Matching contributions are based on each participant's contributions. Employee contributions are based on each participant's elected deferred rate and salary level. Retirement benefits are funded as accrued through the selected retirement plan vendor. A retirement plan for union employees of the Corporation, covered by a collective bargaining agreement negotiated with the Service Employees International Union and International Union of Operating Engineers at Mount Sinai Hospital and Schwab is also in place. For the years ended June 30, 2019 and 2018, the Corporation recorded expenses of \$1,953 and \$2,904 related to these plans, respectively.

Schwab has a defined-contribution (money purchase) plan covering substantially all of its full-time employees. Contributions are based on each participant's income level. Insurance annuity contracts are purchased for individuals who retire. Schwab funds the plan's costs as accrued.

Holy Cross has a 401(k) defined contribution retirement plan which is available to all employees after one month of service who work at least 1,040 hours per year and are at least 18 years old.

Note 13. Note Receivable and Transactions With Other Organizations

Access Community Health Network (Access) is a private community health center organization formerly affiliated with the Corporation. Access and the Corporation collaborate to provide health care services and improve the health of citizens living in the metropolitan Chicago area serviced by the Corporation and Access.

The Corporation has a secured note receivable from Access. The term of the note receivable is for seven years and requires annual payments of \$500 plus interest at 2%. The balance due on the note receivable was \$2,500 and \$3,000 at June 30, 2019 and 2018, respectively.

During the years ended June 30, 2019 and 2018, the Corporation provided certain services to Access totaling \$1,732 and \$1,598, respectively. Additionally, the Corporation provided contributions to Access totaling \$800 for each of the years ended June 30, 2019 and 2018, for uncompensated care.

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Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 14. Endowment and Net Assets with Donor Restrictions**

The Corporation's endowment consists of an endowment development program created with donated funds and established by the Board of Directors to support Mount Sinai. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As there are no donor restrictions on the board-designated endowment, the endowment net assets are unrestricted. Income earned on the principal is also unrestricted and can be used for general operating expenses and maintenance of Mount Sinai.

The Corporation considers the following factors in making a determination to appropriate or accumulate earnings on board-designated endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purpose of the Corporation and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Corporation; and
- 7) The investment policies of the Corporation.

The Organization's endowment net asset composition by type of fund is as follows for the years ended June 30:

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Board-designated	\$ 1,966	\$ -	\$ 1,966	\$ 2,046	\$ -	\$ 2,046

The changes in endowment net assets of the Corporation were as follows for the years ended June 30:

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 2,046	\$ -	\$ 2,046	\$ 2,027	\$ -	\$ 2,027
Other changes:						
Withdrawals	(116)	-	(116)	(113)	-	(113)
Additions	7	-	7	13	-	13
Other	(37)	-	(37)	(42)	-	(42)
Investment return:						
Investment income	66	-	66	161	-	161
Endowment net assets, end of year	\$ 1,966	\$ -	\$ 1,966	\$ 2,046	\$ -	\$ 2,046

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 14. Endowment and Net Assets with Donor Restrictions (Continued)**

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
Purchase of property and equipment	\$ 8,320	\$ 15,784
Health care services	1,354	7,054
Research	182	226
Scholarships	167	207
	<u>\$ 10,023</u>	<u>\$ 23,271</u>

Net assets were released from donor restrictions by incurring expenditures for the following purposes during the years ended June 30:

	2019	2018
Purchase of property and equipment	\$ 13,736	\$ 926
Health care services	5,491	1,450
Total net assets released from restriction	<u>\$ 19,227</u>	<u>\$ 2,376</u>

Note 15. Operating Leases

Future minimum payments under non-cancelable operating leases with terms of one year or more are as follows:

Years ending June 30:

2020	\$ 1,238
2021	889
2022	654
2023	170
2024	11
Total	<u>\$ 2,962</u>

Rental expense under operating leases amounted to \$5,091 and \$5,275 for the years ended June 30, 2019 and 2018, respectively.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 16. Functional Classification of Expenses**

The financial statements present certain expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Benefits and payroll taxes are allocated based on factors of either salary expense or hours worked. Overheard costs that include things such as professional services, office expenses, information technology, interest, insurance, occupancy and other similar expenses are allocated on a variety of factors including revenues, hours worked, salary expense and square footage.

The expenses reported in the consolidated statement of operations for the year ended June 30, 2019, supported the following programs and functions:

	2019						
	Health Care Services			Subsidized Services	Support Services		Total Expenses
	Hospital	Physician Services	Clinical Support		Management and General	Fundraising	
Salaries, wages and employee benefits	\$ 136,384	\$ 83,274	\$ 5,218	\$ 7,578	\$ 53,939	\$ 499	\$ 286,892
Supplies and purchased services	74,276	7,998	576	666	29,707	115	113,338
Depreciation and amortization	5,910	468	-	71	19,749	-	26,198
Insurance	332	2,940	31	-	7,069	-	10,372
Interest	10	-	-	-	4,984	-	4,994
Provider tax	26,397	-	-	-	-	-	26,397
Other	8,721	888	1,243	866	27,568	85	39,371
Total expenses	\$ 252,030	\$ 95,568	\$ 7,068	\$ 9,181	\$ 143,016	\$ 699	\$ 507,562

Expenses related to providing health care services, general and administrative, and fundraising functions are as follows for the years ended June 30, 2018:

	2018
Health care services	\$ 418,142
General and administrative	118,912
Fundraising	1,056
	<u>\$ 538,110</u>

Note 17. Commitments and Contingencies

Litigation – In addition to professional liability claims, the Corporation is involved in litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the Corporation's consolidated financial position, results of operations and cash flows.

Illinois Hospital Uninsured Patient Discount Act – Senate Bill 3261, which was enacted June 14, 2012, amends the Illinois Hospital Uninsured Patient Discount Act. All hospitals are required to provide a 100% discount for medically necessary services exceeding three hundred dollars to uninsured patients who are Illinois residents, who apply for the discount and have a family income of up to 200% of the federal poverty level (FPL) at urban hospitals and 125% of the FPL at rural and critical access hospitals.

Regulatory Environment Including Fraud and Abuse Matters – The Corporation derives significant portions of its revenue from Medicare, Medicaid, and other third-party payor programs. The receipt of future revenue by the Corporation is subject to, among other factors, federal and state policies affecting the health care industry, receipt of contributions, capability of the management of the Corporation, and future economic conditions, which may include an inability to control expenses in periods of inflation, increased competition, and other conditions that are impossible to predict.

ATTACHMENT 34

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 17. Commitments and Contingencies (Continued)**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Corporation is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries that are expected to have a material adverse effect on the Corporation have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

CMS Recovery Audit Contractor Program – Congress passed the Medicare Modernization Act in 2003, which among other things established a three-year demonstration of The Medicare Recovery Audit Contractor (RAC) program. The RACs identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states by 2010. CMS rolled out this national program in Illinois during the fiscal year ended June 30, 2010. At June 30, 2019 and 2018, the Corporation has recorded a reserve for estimated amounts that will be repaid under the RAC program based on the Corporation's RAC program experience to date.

Property and Sales Tax Exemptions – On June 14, 2012, the Governor of Illinois signed into law legislation that governs the property and sales tax exemption for not-for-profit hospitals. The law, which was codified in Section 15-86 of the Illinois Property Tax Code and Section 3-8 of the Service Occupation Tax Act, took effect on the date it was signed. Under the law, in order to maintain its property and sales tax exemption, the value of specified services and activities of a not-for-profit hospital must equal or exceed the estimated value of the hospital's property tax liability, as determined under a formula in the law. The specified services are those that address the health care needs of low-income or underserved individuals or relieve the burden of government with regard to health care services, and include: the cost of free or discounted services provided pursuant to the hospital's financial assistance policy; other unreimbursed costs of addressing the health needs of low-income and underserved individuals; direct or indirect financial or in-kind subsidies of State and local governments; the unreimbursed cost of treating Medicaid and other means-tested program recipients; the unreimbursed cost of treating dual-eligible Medicare/Medicaid patients; and other activities that the Illinois Department of Revenue determines relieve the burden of government or address the health of low-income or underserved individuals.

On January 5, 2016, the Fourth District Appellate Court of Illinois ruled that Section 15-86 of the Illinois Property Tax Code is unconstitutional. The decision was appealed to the Illinois Supreme Court, which on March 23, 2017, vacated the Fourth District Appellate Court's ruling, citing a lack of jurisdiction, and remanded the case to circuit court for reconsideration. However, in its decision the Illinois Supreme Court did not rule on the constitutionality of Section 15-86 of the Illinois Property Tax Code. On September 20, 2018, the Illinois Supreme Court upheld the First District Appellate Court ruling that section 15-86 is constitutional. However, additional legal challenges to this law may occur. Management continues to believe that the Corporation meets the requirements under the law to maintain its property and sales tax exemption; however, such requirements may change based on the outcome of such future legal challenges.

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)**Note 17. Commitments and Contingencies (Continued)**

Tax Increment Financing: In accordance with the provisions of The Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the Act) and pursuant to ordinances adopted by the City Council of the City of Chicago (the City), effective August 1, 2015, the City: (1) approved and adopted a redevelopment plan (the Western/Ogden Redevelopment Plan) for the Western and Ogden Redevelopment Project Area (the Western/Ogden Redevelopment Area) of the City; (2) designated the Western/Ogden Redevelopment Area as a "redevelopment project area" pursuant to the Act; and (3) adopted tax increment allocation financing for the Western/Ogden Redevelopment Area. The Corporation is undertaking a multi-phased renovation project, referred to as "Sinai Tomorrow" on its property located in the Western/Ogden Redevelopment Area. Sinai Tomorrow includes renovations for inpatient and outpatient care and support, community outreach and child care. The City agrees to pay the Corporation \$31,000 based on certain milestones as the phases are completed, availability of sufficient funds, and annual reporting compliance of TIF requirements. During the year ended June 30, 2019, certain milestones were reached and the Corporation received \$4,500 of TIF Funds. The Corporation did not receive any TIF Funds during 2018.

Note 18. Fair Value Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Corporation uses various methods including market, income and cost approaches. Based on these approaches, the Corporation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Corporation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual Funds – The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Sinai Health System and Affiliates

Notes to Consolidated Financial Statements
(Dollars in Thousands)

Note 18. Fair Value Disclosures (Continued)

PEP – The Corporation's investment in the PEP represents its allocable share in the PEP and is measured at fair value using the net asset value per share (NAV) practical expedient and has not been categorized in the fair value hierarchy. The NAV is based on net asset information provided by the PEP's manager. In determining fair value, the Corporation utilizes the valuation reflected on the financial statements and other financial reports of the PEP. The PEP values securities and other financial instruments at fair value based upon market price, when possible, or at fair value determined by the PEP's manager when no market price is determinable. Although the Corporation and the PEP's manager use their best judgment in estimating the fair values, there are inherent limitations in any estimation technique. The estimated fair values of certain investments of the PEP, which may include derivatives, securities and other designated or side pocketed investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that maybe ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and differences could be material.

Fair Value on a Recurring Basis – The tables below present the balances of assets measured at fair value on a recurring basis, as of June 30, 2019 and 2018.

June 30, 2019					
	Level 1	Level 2	Level 3	Practical Expedient	Total
Mutual funds:					
U.S government securities and agencies	\$ 6,843	\$ -	\$ -	\$ -	\$ 6,843
Equities	2,411	-	-	-	2,411
Fixed income	8,657	-	-	-	8,657
PEP	-	-	-	16,139	16,139
	<u>\$ 17,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,139</u>	<u>34,050</u>
Investments not included in table - Cash and Cash equivalents					<u>8,688</u>
					<u>\$ 42,738</u>

June 30, 2018					
	Level 1	Level 2	Level 3	Practical Expedient	Total
Mutual funds:					
U.S government securities and agencies	\$ 6,562	\$ -	\$ -	\$ -	\$ 6,562
Equities	5,160	-	-	-	5,160
Fixed income	8,477	-	-	-	8,477
PEP	-	-	-	19,909	19,909
	<u>\$ 20,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,909</u>	<u>40,108</u>
Investments not included in table - Cash and Cash equivalents					<u>7,159</u>
					<u>\$ 47,267</u>

The Corporation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Corporation's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended June 30, 2019 and 2018, there were no such transfers.

The Corporation, through its investment in the PEP, enters into transactions with a variety of securities and derivative financial instruments. These derivative financial instruments may have market and/or credit risk in excess of the amounts recorded in the consolidated balance sheets.

ATTACHMENT 34

Sinai Health System and Affiliates**Notes to Consolidated Financial Statements**
(Dollars in Thousands)

Note 18. Fair Value Disclosures (Continued)

Concentration of Credit Risk - In the event the Federation does not fulfill its obligations, the Corporation may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The Federation attempts to minimize this credit risk by monitoring the creditworthiness of its counterparties.

Market Risk of Investment in the PEP - Market risk arises primarily from changes in the market value of financial instruments. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the overall exposure to market risk. The Federation attempts to control the PEP's exposure to market risk through various analytical monitoring techniques.

Credit Risk - Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. This risk of default depends on the creditworthiness of the counterparty to these transactions. The PEP attempts to minimize this credit risk by monitoring the creditworthiness of its counterparties.

Investments in Funds - The managers of underlying investment funds in which the PEP invests may utilize derivative instruments with off-balance-sheet risk. The Corporation's exposure to risk is limited to its allocable share of the PEP's investment.

Supplementary Information

Sinal Health System and Affiliates

Details of Consolidated Balance Sheet

June 30, 2019

(Dollars in Thousands)

	Sinal Health System	Mount Sinai Hospital Medical Center of Chicago and Subsidiaries	Schwab Rehabilitation Hospital and Care Network	Holy Cross Hospital and Affiliate	Sinai Community Foundation and Subsidiaries	Sinai Community Institute	ProgressHealth, Inc.	Eliminations	Consolidated
Assets									
Current assets:									
Cash and cash equivalents	\$ 88	\$ 301	\$ 497	\$ 2,158	\$ 197	\$ 407	\$ 256	\$ -	\$ 3,904
Assets limited as to use:									
Externally designated investments under debt agreements	-	1,869	595	15,377	-	-	-	-	2,464
Investments	-	-	-	-	-	-	-	-	15,377
Patient accounts receivable, less allowances for uncollectible accounts	-	65,212	9,045	34,672	9,604	-	-	-	118,533
Due from affiliates	30,699	23,471	61,002	-	300	-	-	(115,472)	-
Note receivable, current portion	-	500	-	-	-	-	-	-	500
Other accounts receivable	1,693	3,115	82	442	2,649	1,080	1,749	-	10,820
Prepaid expenses, inventories and other	696	4,920	69	1,863	104	21	-	-	7,673
Total current assets	33,176	99,388	71,290	54,512	12,854	1,518	2,005	(115,472)	159,271
Assets limited as to use, net of amounts required to meet current liabilities:									
Internally designated investments for capital program	-	2,547	291	-	-	-	-	-	2,838
Internally designated investments under self-insurance program and other	-	1,679	-	5,124	-	-	-	-	6,803
Internally designated investments for donor restrictions	4,520	-	-	-	-	-	-	-	4,520
Externally designated investments under debt agreements	-	7,947	2,535	-	-	-	-	-	10,482
Total assets limited as to use	4,520	12,173	2,826	5,124	-	-	-	-	24,643
Other noncurrent assets:									
Note receivable, long-term portion	-	2,000	-	-	-	-	-	-	2,000
Investment in Holy Cross Hospital	117,739	-	-	-	-	-	-	(117,739)	-
Other investments	-	-	254	-	-	-	-	-	254
Other	7,387	8,968	-	2,780	1,039	8	-	-	20,182
Total other noncurrent assets	125,126	10,968	254	2,780	1,039	8	-	(117,739)	22,436
Property and equipment, net	23,401	63,984	12,634	84,563	3,418	6,337	-	-	194,337
Total assets	\$ 186,223	\$ 186,513	\$ 87,004	\$ 146,979	\$ 17,311	\$ 7,863	\$ 2,005	\$ (233,211)	\$ 400,687

Sinai Health System and Affiliates

Details of Consolidated Balance Sheet (Continued)

June 30, 2019

(Dollars in Thousands)

	Sinai Health System	Mount Sinai Hospital Medical Center of Chicago and Subsidiaries	Schwab Rehabilitation Hospital and Care Network	Holy Cross Hospital and Affiliate	Sinai Community Foundation and Subsidiaries	Sinai Community Institute	ProgressHealth, Inc.	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)									
Current liabilities:									
Accounts payable and accrued expenses	\$ 4,015	\$ 45,269	\$ 875	\$ 9,202	\$ 6,178	\$ 211	\$ 657	\$ -	\$ 66,407
Accrued salaries and employee benefits	1,254	12,199	2,387	4,798	5,921	148	172	-	26,879
Amounts due to third-party payors	-	38,034	1,935	2,648	-	-	-	-	42,617
Due to affiliates	33,718	11	-	24,833	448,053	24,095	365	(531,075)	-
Self-insurance liability	-	11,639	654	1,323	519	-	-	-	14,135
Lines of credit	-	14,000	-	-	4,000	-	-	-	18,000
Current maturities of long-term debt	3,244	4,112	686	-	200	1,047	-	-	9,289
Other	3,828	7,106	694	2,427	2,899	171	405	-	17,630
Total current liabilities	46,059	132,370	7,231	45,231	467,870	25,672	1,599	(531,075)	194,957
Noncurrent liabilities:									
Long-term debt, less current maturities	2,337	49,745	14,397	-	705	3,585	-	-	70,769
Self-insurance liability, less current portion	-	22,277	1,901	11,993	5,456	-	-	-	41,627
Other	853	2,950	770	2,533	-	-	-	-	7,106
Total noncurrent liabilities	3,190	74,972	17,068	14,526	6,161	3,585	-	-	119,502
Total liabilities	49,249	207,342	24,299	59,757	474,031	29,257	1,599	(531,075)	314,459
Net assets (deficit):									
Non-controlling interests	-	315	-	-	(248)	-	-	-	67
Without donor restrictions	128,801	(21,923)	61,914	87,186	(456,728)	(21,394)	406	297,864	76,138
With donor restrictions	8,173	779	791	24	256	-	-	-	10,023
	136,974	(20,829)	62,705	87,222	(456,720)	(21,394)	406	297,864	86,228
Total liabilities and net assets (deficit)	\$ 186,223	\$ 186,513	\$ 87,004	\$ 146,979	\$ 17,311	\$ 7,863	\$ 2,005	\$ (233,211)	\$ 400,687

ATTACHMENT 34

Sinal Health System and Affiliates

Details of Consolidated Statement of Operations
 Year Ended June 30, 2019
 (Dollars in Thousands)

	Sinal Health System	Mount Sinai Hospital Medical Center of Chicago and Subsidiaries	Schwab Rehabilitation Hospital and Care Network	Holy Cross Hospital and Affiliate	Mount Sinai Community Foundation and Subsidiaries	Sinal Community Institute	Progress-Health, Inc.	Eliminations	Consolidated
Unrestricted revenue and other support:									
Patient service revenue, net of contractual allowances	\$ -	\$ 313,989	\$ 41,281	\$ 110,986	\$ 43,388	\$ -	\$ 2,418	\$ -	\$ 512,072
Provision for bad debts	-	(21,555)	(508)	(18,007)	(8,976)	-	-	-	(47,136)
Net patient service revenue	-	282,434	40,683	92,989	36,412	-	2,418	-	464,936
Other revenue	58,838	22,073	611	1,230	25,922	849	5,265	(89,818)	24,770
Investment income	-	226	75	227	-	-	-	-	528
Contributions from the Jewish Federation of Metropolitan Chicago	-	750	-	-	-	-	-	-	750
Grant revenue	2,220	481	203	1	407	3,400	-	-	6,712
Net assets released from restrictions used in operations	1,875	3,381	200	-	35	-	-	-	5,481
Total unrestricted revenue and other support	62,733	319,345	41,772	94,447	62,776	4,249	7,683	(89,818)	503,187
Expenses:									
Salaries, wages and employee benefits	28,860	115,693	21,567	64,501	74,346	3,564	1,803	(23,442)	286,892
Supplies and purchased services	17,799	89,408	7,407	35,397	19,902	901	1,513	(58,988)	113,338
Depreciation and amortization	7,387	14,890	1,914	7,165	1,873	285	71	(7,387)	26,198
Insurance	126	4,813	171	2,344	2,903	15	-	-	10,372
Interest	19	5,119	681	241	641	147	9	(1,963)	4,994
Provider tax	-	16,806	2,809	6,782	-	-	-	-	26,397
Other	9,840	54,925	964	4,304	2,588	970	5,253	(39,273)	39,371
Total expenses	63,831	301,654	35,513	120,734	102,253	5,982	8,649	(130,954)	507,562
Income (loss) from operations	(1,098)	17,691	6,259	(26,287)	(39,477)	(1,633)	(966)	41,136	(4,375)
Nonoperating gains (losses):									
Contributions	389	26	-	5	-	95	-	-	515
Investment income	-	129	45	58	-	-	-	-	232
Net change in unrealized gains on investments	-	2,158	87	536	-	-	-	-	2,781
Contributions to other organizations	-	(800)	-	-	-	-	-	-	(800)
Affiliate interest income	-	-	855	1,008	-	-	-	(1,863)	-
Net (income) loss attributable to non-controlling interests	-	(9)	-	-	491	-	-	-	482
Total nonoperating gains (losses)	389	1,504	987	1,607	491	95	-	(1,863)	3,210
(Deficiency) excess of revenue over expenses	(709)	\$ 19,195	\$ 7,246	(24,880)	(38,986)	(1,538)	\$ (966,000)	\$ 38,273	\$ (1,165)

ATTACHMENT 34

Sinai Health System and Affiliates

Details of Consolidated Balance Sheet

June 30, 2018

(Dollars in Thousands)

	Sinai Health System	Mount Sinai Hospital Medical Center of Chicago and Subsidiaries	Schwab Rehabilitation Hospital and Care Network	Holy Cross Hospital	Sinai Community Foundation and Subsidiaries	Sinai Community Institute	Progress Health Inc.	Eliminations	Consolidated
Assets									
Current assets:									
Cash and cash equivalents	\$ 388	\$ 328	\$ 105	\$ 72	\$ 71	\$ 654	\$ 8	\$ -	\$ 1,636
Assets limited as to use:									
Externally designated investments under debt agreements	-	1,859	592	-	-	-	-	-	-
Investments	-	-	-	14,840	-	-	-	-	2,451
Patient accounts receivable, less allowances for uncollectible accounts	-	65,022	7,397	37,652	9,123	-	-	-	14,840
Due from affiliates	514	3,649	53,727	-	1,383	23	1,326	(60,622)	-
Note receivable, current portion	-	500	-	-	-	-	-	-	119,194
Other accounts receivable	1,426	4,203	159	823	1,942	1,514	1,123	-	500
Prepaid expenses, inventories and other	988	6,002	90	3,237	647	59	-	-	11,190
Total current assets	3,306	81,563	62,070	56,624	13,166	2,250	2,449	(60,622)	11,003
Assets limited as to use, net of amounts required to meet current liabilities:									160,814
Internally designated investments for capital program	-	5,809	1,284	-	-	-	-	-	7,093
Internally designated investments under self-insurance program and other	-	1,562	-	11,225	-	-	-	-	12,787
Externally designated investments under debt agreements	-	7,464	2,391	-	-	-	-	-	9,855
Total assets limited as to use	-	14,835	3,675	11,225	-	-	-	-	28,735
Other noncurrent assets:									
Notes receivable, long-term portion	-	2,500	-	-	-	-	-	-	2,500
Investment in Holy Cross Hospital	117,739	-	-	-	-	-	-	(117,739)	-
Other investments	-	-	241	-	-	-	-	-	241
Other	7,063	8,769	(471)	4,065	962	-	-	-	20,368
Total other noncurrent assets	124,802	11,269	(230)	4,065	962	-	-	(117,739)	23,129
Property and equipment, net	26,492	73,145	13,557	88,173	3,689	6,694	-	-	211,730
Total assets	\$ 154,600	\$ 180,812	\$ 79,072	\$ 160,087	\$ 17,797	\$ 8,944	\$ 2,457	\$ (178,361)	\$ 425,408

ATTACHMENT 34

Sinai Health System and Affiliates

Details of Consolidated Balance Sheet (Continued)

June 30, 2018

(Dollars in Thousands)

	Sinai Health System	Mount Sinai Hospital	Medical Center of Chicago and Subsidiaries	Schwab Rehabilitation Hospital and Care Network	Holy Cross Hospital	Sinai Community Foundation and Subsidiaries	Sinai Community Institute	ProgressHealth, Inc.	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)										
Current liabilities:										
Accounts payable and accrued expenses	\$ 2,810	\$ 57,283	\$ 1,322	\$ 11,100	\$ 3,353	\$ 389	\$ 143	\$ -	\$ -	\$ 76,400
Accrued salaries and employee benefits	935	10,294	2,522	4,913	6,470	124	166	-	-	25,424
Amounts due to third-party payors	-	27,726	-	5,186	-	-	-	-	-	32,912
Due to affiliates	-	-	-	4,751	409,055	23,146	-	(436,952)	-	-
Self-insurance liability	-	13,386	844	1,439	513	-	-	-	-	16,182
Lines of credit	-	17,000	-	-	4,000	-	-	-	-	21,000
Current maturities of long-term debt	3,438	6,757	666	438	1,084	5,000	-	-	-	17,383
Other	3,444	13,605	862	5,023	4,052	152	776	-	-	27,914
Total current liabilities	10,627	148,051	6,218	32,850	428,527	28,811	1,085	(436,952)		217,215
Noncurrent liabilities:										
Long-term debt, less current maturities	5,652	49,789	15,067	-	26	(11)	-	-	-	70,523
Self-insurance liability, less current portion	-	24,029	1,901	13,326	6,488	-	-	-	-	45,744
Other	2,406	2,945	771	2,533	-	-	-	-	-	8,655
Total noncurrent liabilities	8,058	76,763	17,739	15,859	6,514	(11)	-	-	-	124,922
Total liabilities	18,685	222,814	23,955	48,709	435,041	28,800	1,085	(436,952)		342,137
Net assets (deficit):										
Non-controlling interests	-	439	-	-	-	307	-	-	-	746
Without donor restrictions	119,908	(48,963)	54,566	111,378	(417,742)	(19,856)	1,372	258,591	-	59,254
With donor restrictions	16,007	6,522	551	-	191	-	-	-	-	23,271
	135,915	(42,002)	55,117	111,378	(417,244)	(19,856)	1,372	258,591		83,271
Total liabilities and net assets (deficit)	\$ 154,600	\$ 180,812	\$ 79,072	\$ 160,087	\$ 17,797	\$ 8,944	\$ 2,457	\$ (178,361)		\$ 425,408

ATTACHMENT 34

Sinai Health System and Affiliates

Details of Consolidated Statement of Operations
Year Ended June 30, 2018
(Dollars in Thousands)

	Sinai Health System	Mount Sinai Hospital Medical Center of Chicago and Subsidiaries	Schwab Rehabilitation Hospital and Care Network	Holy Cross Hospital and Affiliate	Mount Sinai Community Foundation and Subsidiaries	Sinai Community Institute	ProgressHealth, Inc.	Eliminations	Consolidated
Unrestricted revenue and other support:									
Patient service revenue, net of contractual allowances	\$ -	\$ 307,880	\$ 35,436	\$ 120,428	\$ 48,647	\$ -	\$ -	\$ -	\$ 512,391
Provision for bad debts	-	(15,076)	(2,386)	(870)	(3,388)	-	-	-	(21,730)
Net patient service revenue	-	292,804	33,040	119,558	45,259	-	-	-	490,661
Other revenue	47,093	25,110	(26)	3,126	31,045	781	7,326	(63,270)	31,185
Investment income	-	152	51	1,034	25	-	-	(1,008)	254
Contributions from the Jewish Federation of Metropolitan Chicago	-	-	-	-	-	-	-	-	-
Grant revenue	-	773	-	-	-	15	-	-	788
Net assets released from restrictions used in operations	2,638	596	81	(426)	216	3,393	-	-	6,498
Net assets released from restrictions used in operations	944	11	42	426	27	-	-	-	1,450
Total unrestricted revenue and other support	50,675	319,448	33,188	123,718	76,572	4,189	7,326	(64,278)	530,836
Expenses:									
Salaries, wages and employee benefits	24,526	127,293	21,861	66,490	84,116	3,183	1,292	(25,931)	302,830
Supplies and purchased services	8,477	98,973	8,785	36,378	23,684	1,161	539	(56,086)	122,911
Depreciation and amortization	4,723	9,298	1,042	7,822	505	219	-	-	23,608
Insurance	104	8,558	590	678	5,168	4	-	-	13,083
Interest	349	5,394	674	587	357	60	-	(1,863)	5,548
Provider tax	-	20,147	4,147	7,691	-	-	-	-	31,985
Other	9,131	61,098	(733)	4,919	3,493	501	3,566	(43,841)	38,134
Total expenses	48,310	328,751	36,356	124,565	117,324	5,128	5,397	(127,721)	538,110
Income (loss) from operations	2,365	(9,305)	(3,168)	(847)	(40,752)	(939)	1,929	43,443	(7,274)
Nonoperating gains (losses):									
Contributions	455	20	-	-	-	-	-	-	475
Investment income	-	356	-	1,018	-	-	-	-	1,375
Net change in unrealized gains on investments	-	(259)	94	585	-	-	-	-	430
Contributions to other organizations	-	(800)	-	-	-	-	-	-	(800)
Affiliate interest income	-	-	855	-	-	-	-	(855)	-
Net (loss) attributable to non-controlling interests	-	(126)	-	-	(266)	-	-	-	(392)
Total nonoperating gains (losses)	455	(809)	949	1,614	(266)	-	-	(855)	1,088
(Deficiency) excess of revenue over expenses	\$ 2,820	\$ (10,114)	\$ (2,219)	\$ 767	\$ (41,016)	\$ (939)	\$ 1,929	\$ 42,588	\$ (6,186)

ATTACHMENT 34



BE STRONGER | CARE HARDER | LOVE DEEPER

Illinois Health Facilities and
Services Review Board

To Whom It May Concern:

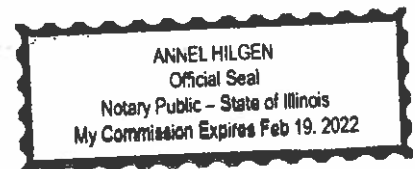
With my signature below, I hereby certify and attest to the following:

1. The Ogden Commons project site, 2750 West 15th Street in Chicago, is owned by Ogden Washtenaw JV LLC.
2. The Ogden Commons site is not located in a special flood hazard area.
3. No adverse action has been taken against Sinai Health System, or any of its IDPH-Licensed health care facilities, directly or indirectly, within three (3) years prior to the filing of this Application. For the purposes of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.
4. The HFSRB and IDPH may access any documents which it finds necessary to verify any information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.
5. The proposed project will be funded through a combination of liquid assets, including cash, and a tenant improvement allowance.

Sincerely,

Airica Steed
Executive Vice President/Chief Operating OfficerDate: June 30, 2020

Notarized:



COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$		Modernization \$	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)		
Reviewable										
Surgery	\$ 300.00		6,688				\$ 2,006,400		\$	2,006,400
Surgical Recovery	\$ 300.00		4,310				\$ 1,293,000		\$	1,293,000
Gastroenterology	\$ 300.00		3,244				\$ 973,200		\$	973,200
GI Recovery	\$ 300.00		2,672				\$ 801,600		\$	801,600
Contingency	\$ 15.00		16,914				\$ 5,074,200		\$	5,074,200
	\$ 315.00						\$ 253,710		\$	253,710
							\$ 5,327,910		\$	5,327,910
Non-Reviewable										
Family & Public Areas	\$ 200.00		1,050				\$ 210,000		\$	210,000
Sinai Med. Grp. Office	\$ 200.00		1,498				\$ 299,600		\$	299,600
Admin. & Staff Areas	\$ 200.00		850				\$ 170,000		\$	170,000
Misc. Support Area	\$ 200.00		241				\$ 48,200		\$	48,200
			3,639				\$ 727,800		\$	727,800
Contingency	\$ 15.00						\$ 54,585		\$	54,585
	\$ 215.00						\$ 782,385		\$	782,385
PROJECT TOTAL	\$ 297.29		20,553				\$ 6,110,295		\$	6,110,295

ATTACHMENT 36C

#20-031

PROJECTED OPERATING COSTS
and
TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS

Mount Sinai Hospital Medical Center of Chicago

Projected Adj. Pt. Days:	<u>326,302,642</u>	
	18,663	17,484

Year 2 OPERATING COST per ADJUSTED PATIENT DAY

Salaries & Benefits	\$188,288,683
Medical Supplies	<u>\$33,831,624</u>
	\$222,120,307
per Adjusted Patient Day:	\$ 12,704.12

YEAR 2 CAPITAL COST per ADJUSTED PATIENT DAY

Interest, Dep. & Amort	\$ 19,766,032
per Patient Day:	\$ 1,130.51

SAFETY NET STATEMENT

Sinai Health System (“SHS”) has a long-standing and well-deserved reputation of being one of the most comprehensive providers of safety net services in Illinois; with the amount of charity care provided directly through its hospitals accounting for only a fraction of the System’s commitment to the provision of charity care and safety net services. SHS has become a model of how to most effectively and efficiently address the health care needs of a large urban population characterized by low income, a lack of preventive care, and limited access to both primary and specialized health care services.

Much of SHS’s commitment to the safety net needs of its community is carried out through Sinai Community Institute (SCI) and Sinai Urban Health Institute (SUHI), both of which are subsidiaries of SHS.

SCI is a community-based health and social service provider committed to helping families and individuals improve their own health status and level of functioning. This goal is met not only through making affordable health care services and community resources available, but by also offering programs directed at quality education and job readiness, as well as case management and nutritional services. Among the continuum of direct health care services provided by SCI are: primary care and specialty medical care services, mental health services, rehabilitation services, social services, child abuse prevention and treatment, occupational health, home health care and substance abuse treatment. Because of a lack of available alternatives in the neighborhoods served by SHS, those services, as provided by SHS, are all safety net services. SCI directly interacts with approximately 30,000 families a year, approximately 95% of which include low-income minority women and children.

Sinai Urban Health Institute works within the SHS community to develop and implement effective approaches to eliminate the health disparities stemming from such social issues as racism and poverty, through data-driven research, interventions, evaluation and community

ATTACHMENT 38

engagement. SUHI is recognized as a template for the identification and addressing of the health care issues associated with a low-income urban population, including lower life expectancy and higher rates of smoking, mental illness, obesity, diabetes, kidney disease, and asthma. The findings of SUHI's research have been used to design prevention and treatment programs in use not only on the west side of Chicago, but nation-wide.

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

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Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

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JUL 02 2020

HEALTH FACILITIES &
SERVICES REVIEW BOARD

by FedEx

July 1, 2020

Ms. Courtney Avery
Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

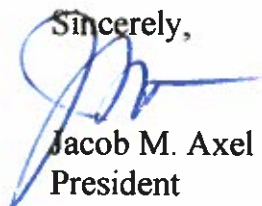
Dear Ms. Avery:

Enclosed please find two copies of a Certificate of Need ("CON") application addressing Mount Sinai Hospital Medical Center of Chicago's relocation of selected services, including outpatient surgery and endoscopy. The project is referred to as "Mount Sinai Hospital Medical Center Ogden Commons Project 1".

The application is accompanied by a check, in the amount of \$2,500.00, as a filing fee.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,



Jacob M. Axel
President

enclosures