

# 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: Kindred Chicago Central Hospital |                        |                            |
| Street Address: 4058 West Melrose Street        |                        |                            |
| City and Zip Code: Chicago, Illinois 60641-4799 |                        |                            |
| County: Cook                                    | Health Service Area: 6 | Health Planning Area: A-01 |

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

|  |  |
|--|--|
| Exact Legal Name: Kindred Healthcare, LLC                                    |  |
| Street Address: 680 South Fourth Street                                      |  |
| City and Zip Code: Louisville, Kentucky 40202                                |  |
| Name of Registered Agent: The Corporation Trust Company                      |  |
| Registered Agent Street Address: Corporation Trust Center 1209 Orange Street |  |
| Registered Agent City and Zip Code: New Castle, Delaware 19801               |  |
| Name of Chief Executive Officer: Benjamin A. Breier                          |  |
| CEO Street Address: 680 South Fourth Street                                  |  |
| CEO City and Zip Code: Louisville, Kentucky 40202                            |  |
| CEO Telephone Number: 502-596-7300   |  |

### Type of Ownership of Applicants

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

- 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: Anne M. Cooper   |
| Title: Attorney  |
| Company Name: Polsinelli PC  |
| Address: 150 North Riverside Plaza, Suite 3000, Chicago, Illinois 60606            |
| Telephone Number: 312-873-3606   |
| E-mail Address: <a href="mailto:acooper@polsinelli.com">acooper@polsinelli.com</a> |
| Fax Number:  |

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

|  |
|--|
| Name: Barbara N. Lankford  |
| Title: Senior Director, Market Planning  |
| Company Name: Kindred Healthcare, LLC  |
| Address: 680 South Fourth Street, Louisville, Kentucky 40202                                   |
| Telephone Number: 502-596-7801   |
| E-mail Address: <a href="mailto:Barbara.Lankford@kindred.com">Barbara.Lankford@kindred.com</a> |
| Fax Number:  |

**Facility/Project Identification**

|   |                        |                            |
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| Facility Name: Kindred Chicago Central Hospital |                        |                            |
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| County: Cook                                    | Health Service Area: 6 | Health Planning Area: A-01 |

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

|  |  |  |
|--|--|--|
| Exact Legal Name: Kindred THC North Shore, LLC                       |  |  |
| Street Address: 680 South Fourth Street                              |  |  |
| City and Zip Code: Louisville, Kentucky 40202                        |  |  |
| Name of Registered Agent: CT Corporation System                      |  |  |
| Registered Agent Street Address: 208 South LaSalle Street, Suite 814 |  |  |
| Registered Agent City and Zip Code: Chicago, Illinois 60604          |  |  |
| Name of Chief Executive Officer: Benjamin A. Breier                  |  |  |
| CEO Street Address: 680 South Fourth Street                          |  |  |
| CEO City and Zip Code: Louisville, Kentucky 40202                    |  |  |
| CEO Telephone Number: 502-596-7300                                   |  |  |

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|   |  |                                |
|---|--|--------------------------------|
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| <input type="checkbox"/> For-profit Corporation               | <input type="checkbox"/> Governmental        |                                |
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| E-mail Address: <a href="mailto:Barbara.Lankford@kindred.com">Barbara.Lankford@kindred.com</a> |
| 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: Barbara N. Lankford  |
| Title: Senior Director, Market Planning  |
| Company Name: Kindred Healthcare, LLC  |
| Address: 680 South Fourth Street, Louisville, Kentucky 40202                                   |
| Telephone Number: 502-596-7801   |
| E-mail Address: <a href="mailto:Barbara.Lankford@kindred.com">Barbara.Lankford@kindred.com</a> |
| Fax Number:  |

**Site Ownership**

[Provide this information for each applicable site]

|  |
|--|
| Exact Legal Name of Site Owner: Universal Health Realty Income Trust   |
| Address of Site Owner: Universal Corporate Center, 367 Gulph, King of Prussia, PA 19406-0958   |
| Street Address or Legal Description of the Site: 4058 West Melrose Street, Chicago, Illinois 60641   |
| 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: Kindred THC Chicago North Shore, LLC  |                           |                          |                     |
| Address: 680 South Fourth Street, Louisville, Kentucky 40202  |                           |                          |                     |
| <input type="checkbox"/>  | Non-profit Corporation    | <input type="checkbox"/> | Partnership         |
| <input type="checkbox"/>  | For-profit Corporation    | <input type="checkbox"/> | Governmental        |
| <input checked="" type="checkbox"/>   | Limited Liability Company | <input type="checkbox"/> | Sole Proprietorship |
|   |                           | <input type="checkbox"/> | Other               |
| <ul style="list-style-type: none"> <li>Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</li> </ul> |                           |                          |                     |

**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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #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  
☐ 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.

Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, the "Applicants" or "Kindred") seek authority from the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue its 95-bed long-term acute care hospital located at 4058 West Melrose Street, Chicago, Illinois 60641.

The Applicants anticipate Kindred Chicago Central Hospital will be discontinued as soon as practicable after State Board approval, but no sooner than June 10, 2021 and no later than December 31, 2021. Project completion will occur soon thereafter.

This project constitutes a substantive project because it proposes the discontinuation of a health care facility.

**Project Costs and Sources of Funds**

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

| <b>Project Costs and Sources of Funds</b>   |                 |                    |              |
|---|-----------------|--------------------|--------------|
| <b>USE OF FUNDS</b>   | <b>CLINICAL</b> | <b>NONCLINICAL</b> | <b>TOTAL</b> |
| Preplanning Costs   |                 |                    |              |
| Site Survey and Soil Investigation  |                 |                    |              |
| Site Preparation  |                 |                    |              |
| Off Site Work   |                 |                    |              |
| New Construction Contracts  |                 |                    |              |
| Modernization Contracts   |                 |                    |              |
| Contingencies   |                 |                    |              |
| Architectural/Engineering Fees  |                 |                    |              |
| Consulting and Other Fees   |                 |                    |              |
| Movable or Other Equipment (not in construction contracts)  |                 |                    |              |
| Bond Issuance Expense (project related)   |                 |                    |              |
| Net Interest Expense During Construction (project related)  |                 |                    |              |
| Fair Market Value of Leased Space or Equipment  |                 |                    |              |
| Other Costs To Be Capitalized   |                 |                    |              |
| Acquisition of Building or Other Property (excluding land)  |                 |                    |              |
| <b>TOTAL USES OF FUNDS</b>  | <b>\$0</b>      | <b>\$0</b>         | <b>\$0</b>   |
| <b>SOURCE OF FUNDS</b>  | <b>CLINICAL</b> | <b>NONCLINICAL</b> | <b>TOTAL</b> |
| Cash and Securities   |                 |                    |              |
| Pledges   |                 |                    |              |
| Gifts and Bequests  |                 |                    |              |
| Bond Issues (project related)   |                 |                    |              |
| Mortgages   |                 |                    |              |
| Leases (fair market value)  |                 |                    |              |
| Governmental Appropriations   |                 |                    |              |
| Grants  |                 |                    |              |
| Other Funds and Sources   |                 |                    |              |
| <b>TOTAL SOURCES OF FUNDS</b>   | <b>\$0</b>      | <b>\$0</b>         | <b>\$0</b>   |
| <b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b> |                 |                    |              |

**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 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>Purchase Price: \$ _____<br>Fair Market Value: \$ _____  |
| The project involves the establishment of a new facility or a new category of service<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><br>If yes, provide the dollar amount of all <b>non-capitalized</b> 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.<br><br>Estimated start-up costs and operating deficit cost is \$ _____. |

**Project Status and Completion Schedules**

|   |
|---|
| <b>For facilities in which prior permits have been issued please provide the permit numbers.</b>  |
| Indicate the stage of the project's architectural drawings:   |
| <input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary<br><input type="checkbox"/> Schematics <input type="checkbox"/> Final Working   |
| Anticipated project completion date (refer to Part 1130.140): <u>December 31, 2021</u>  |
| Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):<br><br><input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.<br><input type="checkbox"/> 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<br><input checked="" type="checkbox"/> Financial Commitment will occur after permit issuance. |
| APPEND DOCUMENTATION AS <u>ATTACHMENT 8</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.  |

**State Agency Submittals [Section 1130.620(c)]**

|   |
|---|
| Are the following submittals up to date as applicable:  |
| <input type="checkbox"/> Cancer Registry<br><input type="checkbox"/> APORS<br><input type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted<br><input type="checkbox"/> All reports regarding outstanding permits<br><b>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</b> |



**Cost Space Requirements – NOT APPLICABLE**

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 |
| <b>REVIEWABLE</b>     |      |                   |          |   |            |       |               |
| Medical Surgical      |      |                   |          |   |            |       |               |
| Intensive Care        |      |                   |          |   |            |       |               |
| Diagnostic Radiology  |      |                   |          |   |            |       |               |
| MRI                   |      |                   |          |   |            |       |               |
| Total Clinical        |      |                   |          |   |            |       |               |
| <b>NON REVIEWABLE</b> |      |                   |          |   |            |       |               |
| Administrative        |      |                   |          |   |            |       |               |
| Parking               |      |                   |          |   |            |       |               |
| Gift Shop             |      |                   |          |   |            |       |               |
| Total Non-clinical    |      |                   |          |   |            |       |               |
| <b>TOTAL</b>          |      |                   |          |   |            |       |               |

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**.


| <b>FACILITY NAME:</b> Kindred Chicago Central Hospital                     |                 |            | <b>CITY:</b> Chicago |             |               |
|--|-----------------|------------|----------------------|-------------|---------------|
| <b>REPORTING PERIOD DATES:</b> From: January 1, 2020 to: December 31, 2020 |                 |            |                      |             |               |
| Category of Service  | Authorized Beds | Admissions | Patient Days         | Bed Changes | Proposed Beds |
| Medical/Surgical   |                 |            |                      |             |               |
| Obstetrics   |                 |            |                      |             |               |
| Pediatrics   |                 |            |                      |             |               |
| Intensive Care   |                 |            |                      |             |               |
| Comprehensive Physical Rehabilitation                                      |                 |            |                      |             |               |
| Acute/Chronic Mental Illness   |                 |            |                      |             |               |
| Neonatal Intensive Care  |                 |            |                      |             |               |
| General Long Term Care   |                 |            |                      |             |               |
| Specialized Long Term Care   |                 |            |                      |             |               |
| Long Term Acute Care   | 95              |            |                      | -95         | 0             |
| Other ((identify))   |                 |            |                      |             |               |
| <b>TOTALS:</b>   | <b>95</b>       |            |                      | <b>-95</b>  | <b>0</b>      |

**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.

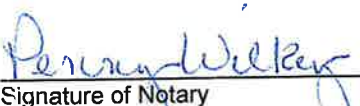
This Application is filed on the behalf of Kindred Healthcare, LLC\* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The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

  
SIGNATURE

Joseph L. Landenwich  
PRINTED NAME

General Counsel and Corporate Secretary  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 2<sup>nd</sup> day of March, 2021

  
Signature of Notary

Seal

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
PRINTED TITLE

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

\_\_\_\_\_  
Signature of Notary

Seal

\*Insert the EXACT legal name of the applicant





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SIGNATURE

Joel W. Day

PRINTED NAME

Chief Financial Officer

PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 4th day of March, 2021

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:

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



Signature of Notary

Notary ID  
598199

Seal

Signature of Notary

Seal


\*Insert the EXACT legal name of the applicant

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SIGNATURE

Joseph L. Landenwich  
PRINTED NAME

General Counsel and Corporate Secretary  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 2<sup>nd</sup> day of March, 2022

  
Signature of Notary

Seal

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
PRINTED TITLE

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

\_\_\_\_\_  
Signature of Notary

Seal

\*Insert the EXACT legal name of the applicant



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SIGNATURE

Joel W. Day  
PRINTED NAME

Chief Financial Officer  
PRINTED TITLE

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 4th day of March, 2021

Notarization:

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

Signature of Notary

Seal

Signature of Notary

Seal

\*Insert the EXACT legal name of the applicant



**SECTION II. DISCONTINUATION**

This Section is applicable to the discontinuation of a health care facility, relocation of a health care facility, or discontinuation of more than one category of service in a 6-month period. If the project is solely for a discontinuation of a health care facility the **Background of the Applicant(s) and Purpose of Project MUST** be addressed. **A copy of the Notice to the Local Media MUST be submitted with this Application for Discontinuation (20 ILCS 3960/8.7).**

**Criterion 1110.290 – Discontinuation**

READ THE REVIEW CRITERION and provide the following information:

**GENERAL INFORMATION REQUIREMENTS**

1. Identify the categories of service and the number of beds, if any that are to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. Provide copies of the notices that were provided to the local media that would routinely be notified about facility events.
7. For applications involving the discontinuation of an entire facility, provide copies of the notices that were sent to the municipality in which the facility is located, the State Representative and State Senator of the district in which the health care facility is located, the Director of Public Health, and the Director of Healthcare and Family Services. These notices shall have been made at least 30 days prior to filing of the application.
8. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

**REASONS FOR DISCONTINUATION**

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.290(b) for examples.

**IMPACT ON ACCESS**

1. Document whether or not the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within the **geographic service area**.

**Or**  
**APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

### 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.**

**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)               | Year | Year | Year |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |
| <b>Total</b>                          |      |      |      |
| Charity (cost in dollars)             |      |      |      |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |
| <b>Total</b>                          |      |      |      |
| MEDICAID                              |      |      |      |
| Medicaid (# of patients)              | Year | Year | Year |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |
| <b>Total</b>                          |      |      |      |
| Medicaid (revenue)                    |      |      |      |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |

|       |  |  |  |
|-------|--|--|--|
| Total |  |  |  |
|-------|--|--|--|

APPEND DOCUMENTATION AS ATTACHMENT 37, 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                     |      |      |      |
|----------------------------------|------|------|------|
|                                  | Year | Year | Year |
| Net Patient Revenue              |      |      |      |
| Amount of Charity Care (charges) |      |      |      |
| Cost of Charity Care             |      |      |      |

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

**Section I, Identification, General Information, and Certification**  
**Applicants**

Certificates of Good Standing for Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred" or the "Applicants") are attached at Attachment – 1.

Kindred THC North Shore, LLC is the operator of Kindred Chicago Central Hospital.

As the person with final control of the operator, Kindred Healthcare, LLC is named as an applicant for this certificate of need application. Kindred Healthcare, LLC does not do business in the State of Illinois. A certificate of good standing for Kindred Healthcare, LLC from the state of its incorporation, Delaware, is attached.

# Delaware

The First State

Page 1

**I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "KINDRED HEALTHCARE, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTH DAY OF NOVEMBER, A.D. 2019.**

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



2875922 8300

SR# 20197916433

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

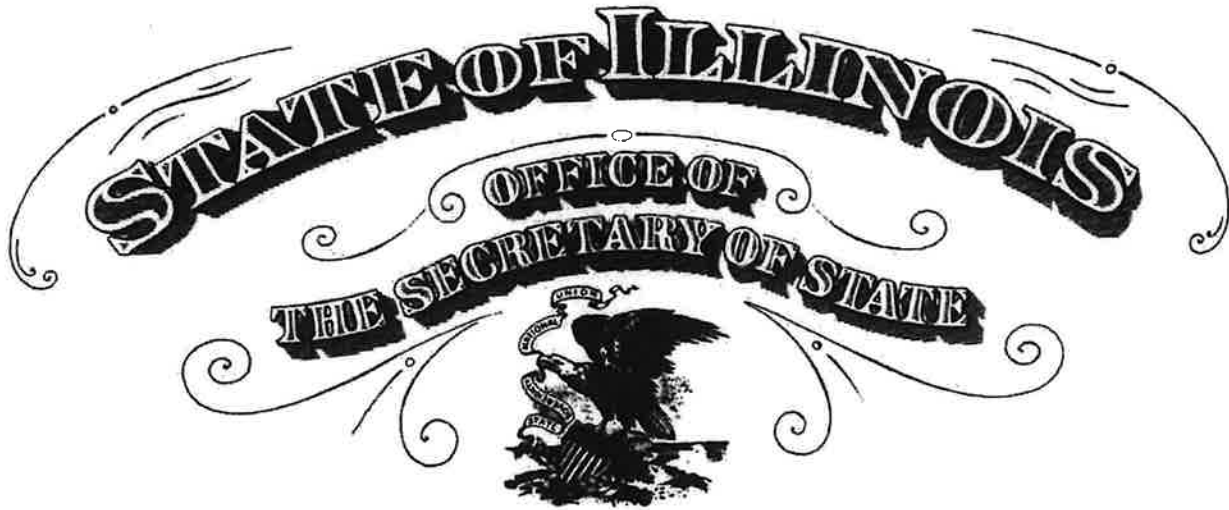
Jeffrey W. Bullock, Secretary of State

Authentication: 203936617

Date: 11-05-19

File Number

0647090-4



***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***

KINDRED THC NORTH SHORE, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JANUARY 29, 2018, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 31ST day of OCTOBER A.D. 2019 .***

*Jesse White*

SECRETARY OF STATE

Authentication #: 1930402204 verifiable until 10/31/2020  
Authenticate at: <http://www.cyberdriveillinois.com>

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

A copy of the lease and the lease extensions by and between Universal Health Realty Income Trust and Kindred THC Chicago, LLC are attached at Attachment - 2.



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LEASE  
DATED DECEMBER , 1993  
BY AND BETWEEN  
UNIVERSAL HEALTH REALTY INCOME TRUST  
AS LESSOR  
AND  
THC-CHICAGO, INC.  
AS LESSEE

610-768-3336 (FAX)

0130428.08

*Univ. of Health & Life Chicago*

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LEASE

THIS LEASE (the "Lease") is made as of December\_\_\_\_, 1993, by UNIVERSAL HEALTH REALTY INCOME TRUST, a Maryland real estate investment trust, having its principal office at 367 South Gulph Road, King of Prussia, Pennsylvania 19406 as Lessor, and THC-CHICAGO, INC., an Illinois corporation ("THC"), having its principal office at 7000 Central Parkway, Suite 1000, Atlanta, Georgia 30328 as Lessee, with reference to the following facts:

A. Lessor holds a fee simple interest in the Land described in paragraph 1.1(i) and owns the Improvements, the Fixtures, and the Appurtenances described in paragraphs 1.1(ii) through 1.1(iv) respectively.

B. Lessee desires to lease the properties described in Recital A from Lessor for use as a long-term patient-care facility, and as a hospital for long-term patients with chronic conditions and other patients with medically complex conditions who no longer require care in an intensive care or similar unit but must be seen daily by a physician, require high degrees of nursing, respiratory and like therapy and care and meet admission criteria for acute hospitalization.

In consideration of the foregoing, the parties agree as follows:

ARTICLE ILEASED PROPERTY & TERM

1.1 Leased Property. Upon and subject to the terms and conditions hereinafter set forth. Lessor leases to Lessee, and Lessee rents or hires from Lessor all of the following (the "Leased Property"):

- (i) the real property located at 4508 West Melrose Street, Chicago, Illinois and more particularly described in Exhibit A (the "Land");
- (ii) all buildings, structures, and other improvements of every kind including, but not limited to, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and offsite), parking areas and roadways appurtenant to such buildings and structures now or in the future situated upon the Land (collectively, the "Improvements");
- (iii) all equipment, machinery, fixtures, and other items of property, including all components thereof, now and hereafter permanently affixed to or incorporated into the Leased Improvements, including, without limitation, all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-conditioning systems and apparatus, sprinkler systems and fire and theft protection equipment, all of which to the greatest extent permitted by law are hereby deemed by the parties to constitute

- real estate, together with all replacements, modifications, alterations and additions thereto (collectively, the "Fixtures"); and
- (iv) all easements, rights and appurtenances relating to the Land, the Improvements, and the Fixtures (the "Appurtenances").

1.2 Condition. The Leased Property is demised in its present condition, subject to the existing state of title including all covenants, conditions, restrictions, easements and other matters of record including all applicable Legal Requirements, and including other matters which would be disclosed by an inspection of the Leased Property or by an accurate survey thereof.

1.3 Term. The term of financing under this Lease is as follows:

1.3.1 Initial Term. The initial term of the Lease (the "Initial Term") shall be eight (8) years, commencing on December , 1993 (the "Commencement Date"), and terminating on December 31, 2001 (the "Termination Date").

1.3.2 Renewals. If no Event of Default has occurred and is continuing, Lessee shall have the right to renew this Lease for up to four (4) additional successive five (5) year terms (each, an "Extended Term").

(a) Exercise of Right to Renew. Lessee shall exercise its right to renew by giving Notice to Lessor at least nine (9) months prior to the expiration of the then current Term.

(b) Terms. During each Extended Term, all of the terms and conditions of this Lease in effect upon expiration of the immediately preceding Term shall continue in full force and effect, except that the Rent shall continue to be subject to adjustment pursuant to Section 3.1.

## ARTICLE II

### DEFINITIONS

For all purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles at the time applicable, and (iii) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision:

Additional Charges: As defined in Section 3.2.

Award: As defined in Section 15.1(c).

Base Rate: The rate of interest announced publicly by First National Bank of Boston, in Boston, Massachusetts, from time to time, as First National Bank of Boston's base rate.

Business Day: Each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which national banks in the cities of Philadelphia, Pennsylvania or Boston, Massachusetts are closed.

Capital Additions: One or more new buildings, or one or more additional structures (which may or may not be annexed to any portion of any of the Leased Improvements), which are constructed on any portion of the Leased Property during the Term, including the construction of a new wing or new story, or the renovation of existing improvements on the Leased Property, or any material expansion of the existing improvements on the Leased Property.

Commencement Date: As defined in Section 1.3.1.

Condemnation, Condemnor: As defined in Section 15.1.

Consolidated Net Worth: At any time, the sum of the following for THC and its consolidated subsidiaries, on a consolidated basis determined in accordance with generally accepted accounting principles:

- (1) the amount of capital or stated capital (after deducting the cost of any shares held in its treasury), plus
- (2) the amount of capital surplus and retained earnings (or, in the case of a capital or retained earnings deficit, minus the amount of such deficit), minus
- (3) the sum of the following (without duplication of deductions with respect to items already deducted in arriving at surplus and retained earnings): (a) unamortized debt discount and expense; and (b) any write-up in the book value of assets resulting from a revaluation thereof subsequent to the most recent consolidated financial statements prior to the date thereof, except any net write-



up in value of foreign currency in accordance with generally accepted accounting principles.

Consumer Price Index: The Consumer Price Index for All Urban Consumers--Chicago Area, the average of 1982-1984 equals 100, as issued by the United States Department of Labor. If the manner in which the Consumer Price Index is determined by the Department of Labor shall be substantially revised, an adjustment shall be made in such revised index which would produce results equivalent, as nearly as possible, to those which would have been obtained if the Consumer Price Index had not been so revised. If the average of 1982-1984 average shall no longer be used as an index of 100, such change shall constitute a substantial revision. If the Consumer Price Index shall become unavailable to the public because publication is discontinued, or otherwise, Lessor and Lessee will substitute therefor a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by any other governmental agency or, if no such index shall then be available, a comparable index published by a major bank or other financial institution or by a university or a recognized financial publication.

CPI Increase: As defined in Section 3.1.

Date of Taking: As defined in Section 15.1(b).

Encumbrance: As defined in Section 34.1.

Event of Default: As defined in Section 16.1.

Extended Term: As defined in Section 1.3.2.

Facility: The licensed acute care, rehabilitative care, long-term care, psychiatric and/or substance abuse recovery facility, retirement housing facility, medical

office building and/or other facility offering other health care-related products and services being operated or proposed to be operated on the Leased Property.

Fair Market Added Value: The Fair Market Value (as hereinafter defined) of the Leased Property (including all Capital Additions) less the Fair Market Value of the Leased Property determined as if no Capital Additions financed by Lessee had been constructed.

Fair Market Rental: With respect to the Leased Property (including any Capital Additions or portions thereof paid for by Lessor) the rental paid on a net basis as provided in Article III hereof which a willing tenant not compelled to rent would pay to a willing landlord not compelled to lease for the highest and best medical use of such property pursuant to this Lease for the term in question assuming that Lessee is not in default under this Lease. For purposes of this Lease, Fair Market Rental shall be determined in accordance with the appraisal procedures set forth in Articles XIV, XV or XXXIII, as the case may be, or in such other manner as shall be mutually agreed upon by Lessor and Lessee.

Fair Market Value: With respect to the Leased Property, including all Capital Additions or portions thereof paid for by Lessor, the price that a willing buyer not compelled to buy would pay to a willing seller not compelled to sell for such property (a) assuming this Lease is not in effect with respect to the Leased Property (except as otherwise provided below), (b) assuming that the Leased Property had been exposed for sale on the market for a reasonable period of time, and (c) assuming that the Leased Property is fully licensed by all governmental agencies having jurisdiction thereof, and is and will continue to be operated for the Primary Intended Use and is

otherwise a going concern. Notwithstanding the foregoing, the computation of Fair Market Value shall assume that a lease of the Leased Property providing for payment of a Fair Market Rental for the remaining Term of this Lease is in effect if Lessee is to acquire the Leased Property pursuant to Article XXXIII. For purposes of this Lease, Fair Market Value shall be determined in accordance with the appraisal procedures set forth in Articles XIV, XV or XXXIII, as the case may be, or in such other manner as shall be mutually agreed upon by Lessor and Lessee.

Fair Market Value Purchase Price: The Fair Market Value of the Leased Property less the Fair Market Added Value.

Fiscal Year: The twelve (12) month period from January 1 to December 31.

Fixtures: As defined in Section 1.1(iii).

Guarantors: Community Psychiatric Centers, a Nevada corporation and Transitional Hospitals Corporation, a Delaware corporation.

Hazardous Substances: Any hazardous or toxic substances, materials or wastes, including but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 301) and amendments thereto, or such substances, materials and wastes which are or become regulated under any applicable local, state or federal law, including without limitation, any material, waste or substances which is (i) hydrocarbons, petroleum and petroleum products, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) formaldehyde, (v) radioactive substances, (vi) flammables and explosives, (vii) described as a "hazardous substance"

pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251 et seq., 33 U.S.C. Section 1321 or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317), (viii) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 9601), as the same may be amended from time to time, or (ix) any other substance, waste or material (which shall include all soils and groundwater for purposes of this definition), which could presently or at any time in the future constitute or cause a health, safety or environmental hazard on, under, or about the Land, Facility, or the Leased Property or to any person who may enter on, under or about the Land, Facility, or the Leased Property and for which remediation is required, or fines, clean-up costs or other penalties are imposed, by law or governmental authorities.

Impositions: Collectively, all taxes (including, without limitation, all ad valorem, sales and use, single business, gross receipts, transaction privilege, rent or similar taxes as the same relate to or are imposed upon Lessee or its business conducted upon the Leased Property), assessments (including, without limitation, all assessments for public improvements or benefit, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term), water, sewer or other rents and charges, excises, tax inspection, authorization and similar fees and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Property or the business conducted thereon by Lessee (including all interest and penalties thereon caused by any failure in payment by Lessee), which at any time during or with respect to the Term hereof may be assessed or imposed on or with respect to or be a lien upon (a) Lessor's interest in the Leased Property, (b) the

Leased Property or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (c) any occupancy, operation, use or possession of, or sales from, or activity conducted on or in connection with the Leased Property or the leasing or use of the Leased Property or any part thereof by Lessee, provided, however, nothing contained in this Lease shall be construed to require Lessee to pay (1) any tax based on net income (whether denominated as a franchise or capital stock or other tax) imposed on Lessor or any other person, or (2) any transfer or net revenue tax of Lessor or any other person, or (3) any tax imposed with respect to the sale, exchange or other disposition by Lessor of this Lease, the Leasehold Estate or any of the Leased Property or the proceeds thereof, or (4) any single business, gross receipts (other than a tax on any rent received by Lessor from Lessee (which shall be payable by Lessee), transaction privilege, rent or similar taxes as the same relate to or are imposed upon Lessor.

Initial Term: As defined in Section 1.3.1.

Insurance Requirements: All terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy.

Land: As defined in Section 1.1.

Lease: As defined in the Preamble.

Leased Improvements; Leased Property: Each as defined in Article I.

Legal Requirements: All federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting either the Leased Property or the maintenance, construction, use or alteration thereof, whether or not hereafter enacted and in force, including any that may (i) require repairs, modifications or alterations in or to the Leased Property

or (ii) in any way adversely affect the use and enjoyment thereof, and all permits, licenses, exemptions, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Lessee (other than encumbrances created by Lessor without the consent of Lessee), at any time in force affecting the Leased Property.

Lessee: THC-Chicago, Inc., an Illinois corporation, and its permitted successors and assigns.

Lessee's Personal Property: All machinery, equipment, furniture, furnishings, movable walls or partitions, computers or trade fixtures or other personal property, inventory and supplies, used or useful in Lessee's business on the Leased Property except items, if any, included within the definition of Fixtures.

Lessor: Universal Health Realty Income Trust, a Maryland real estate investment trust, and its successors and assigns.

Minimum Rent: The meaning set forth in Section 3.1.

Minimum Repurchase Price: \$7,500,000, less the net amount (after deduction of all reasonable legal fees and other costs and expenses, including without limitation expert witness fees, incurred by Lessor in connection with obtaining any such proceeds or awards) of any proceeds of insurance paid to and retained by Lessor in accordance with Article XIV of this Lease and of any Awards received by Lessor and not applied to restoration of the Leased Property in accordance with Article XV of this Lease.

Notice: A notice given pursuant to Article XXXII hereof.



Officer's Certificate: A certificate of Lessee signed by the chief financial officer or another officer authorized so to sign by the board of directors or by-laws of Lessee, or any other person whose power and authority to act has been authorized by delegation in writing by any such officer.

Overdue Rate: On any date, a rate equal to the Base Rate plus two (2%) percent per annum, but in no event greater than the maximum rate then permitted under applicable law.

Payment Date: Any due date for the payment of any installment of Rent.

Permitted Encumbrances: (i) the matters set forth on Exhibit B hereto, (ii) property taxes which are a lien and which are not yet due and payable, and (iii) this Lease.

Primary Intended Use: As defined in Section 7.2(b).

Rent: As defined in Section 3.2.

State: The State of Illinois.

Taking: A taking or voluntary conveyance during the Term hereof of all or part of the Leased Property, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of, any condemnation or other eminent domain proceeding affecting the Leased Property whether or not the same shall have actually been commenced.

Term: Collectively, the Initial Term and any Extended Terms, as the context may require, unless and until earlier terminated pursuant to the provisions hereof.

Termination Date: As defined in Section 1.3.1.

Unavoidable Delays: Delays due to strikes, lock-outs, inability to procure materials, power failure, acts of God, governmental restrictions, enemy action, civil commotion, fire, unavoidable casualty or other causes beyond the control of the party responsible for performing an obligation hereunder, provided that lack of funds shall not be deemed a cause beyond the control of either party hereto unless such lack of funds is caused by the failure of the other party hereto to perform any obligations of such party, under this Lease or any guaranty of this Lease.

### ARTICLE III

#### RENT

3.1 Rent. Lessee will pay to Lessor in lawful money of the United States of America which shall be legal tender for the payment of public and private debts, in immediately available funds, at Lessor's address set forth above or at such other place or to such other person, firms or corporations as Lessor from time to time may designate in a Notice, Minimum Rent and Additional Charges, during the Term, as follows: The "Minimum Rent" shall be \$1,044,000 for the first year of the Term, and shall increase effective on each anniversary of the Commencement Date, thereafter by the lesser of (i) the CPI Increase (to the extent greater than zero), or (ii) five percent (5%) of the Minimum Rent payable during the immediately preceding Lease year. For purposes of the foregoing, the "CPI Increase" shall be computed by the following formula:

$$M \times \frac{(CPIA - CPIB)}{CPIB} \times .75$$

For purposes of the foregoing formula:

M is the Minimum Rent;

CPIB is the Consumer Price Index for the month of December in the year of calculation;

CPIA is the Consumer Price Index for the month of December for the immediately preceding Lease year.

Minimum Rent is payable in advance in equal, consecutive monthly installments as set forth herein, on the first day of each calendar month of the Term; provided however, that the first monthly payment of Minimum Rent shall be payable on the Commencement Date and that the first and last monthly payments of Minimum Rent shall be prorated as to any partial month.

3.2 Additional Charges. In addition to the Minimum Rent, (1) Lessee will also pay and discharge as and when due and payable all other amounts, liabilities, obligations and Impositions that Lessee assumes or agrees to pay under this Lease, and (2) in the event of any failure on the part of Lessee to pay any of those items referred to in clause (1) above promptly after Notice from Lessor that any such amount shall be due if Notice of such item is sent to Lessor and not to Lessee, Lessee will also promptly pay and discharge every fine, penalty, interest and cost that may be added for non-payment or late payment of such items (the items referred to in clauses (1) and (2) above being additional Rent hereunder and being referred to herein collectively as the "Additional Charges"), and Lessor shall have all legal, equitable and contractual rights, powers and remedies provided either in this Lease or by statute or otherwise in the case of non-payment of the Additional Charges as in the case of non-payment of the Minimum Rent. Minimum Rent and Additional Charges are referred to collectively

herein as "Rent." If any installment of Rent (but as to Additional Charges, only those that are payable directly to Lessor) shall not be paid on its due date, Lessee will pay Lessor on demand, as Additional Charges, a late charge (to the extent permitted by law) computed at the Overdue Rate on the amount of such installment, from the due date of such installment to the date of payment thereof.

3.3 Net Lease. The Rent shall be paid absolutely net to Lessor, so that this Lease shall yield to Lessor the full amount of the installments of Rent throughout the Term, all as more fully set forth in Article V and subject to any other provisions of this Lease that expressly provide for adjustment or abatement of Rent.

#### ARTICLE IV

#### IMPOSITIONS

4.1 Payment of Impositions. Subject to Article XII relating to permitted contests, Lessee will pay, or cause to be paid, all Impositions before any fine, penalty, interest or cost may be added for late or non-payment, such payments to be made directly to the taxing authorities where feasible, and will promptly, without request, furnish to Lessor copies of official receipts or other satisfactory proof evidencing such payments. Lessee's obligation to pay such Impositions shall be deemed absolutely fixed upon the date such Impositions become a lien upon the Leased Property or any part thereof. If any such Imposition may, at the option of the taxpayer, lawfully be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessee may exercise the option to pay the same (and any accrued interest

on the unpaid balance of such Imposition) in installments and in such event, shall pay such installments during the Term (subject to Lessee's right of contest pursuant to the provisions of Article XII) as the same respectively become due and before any fine, penalty, premium, further interest or cost may be added thereto. Lessor, at its expense, shall, to the extent required or permitted by applicable law, prepare and file all tax returns in respect of Lessor's net income, gross receipts, sales and use, single business, transaction privilege, rent, ad valorem, franchise taxes and taxes on its capital stock, and Lessee, at its expense, shall, to the extent required or permitted by applicable laws and regulations, prepare and file all other tax returns and reports in respect of any Impositions as may be required by governmental authorities. If any refund shall be due from any taxing authority in respect of any Imposition paid by Lessee, the same shall be paid over to or retained by Lessee if no Event of Default shall have occurred hereunder and be continuing. Any such funds retained by Lessor due to an Event of Default shall be applied as provided in Article XVI. In the event governmental authorities classify any of the Leased Property as personal property, Lessee shall file all personal property tax returns in such jurisdictions where it may legally so file. Lessee may, upon notice to Lessor, at Lessee's option and at Lessee's sole cost and expense, protest, appeal, or institute such other proceedings as Lessee may deem appropriate to effect a reduction of real estate or personal property assessments and Lessor, at Lessee's expense as aforesaid, shall fully cooperate with Lessee in such protest, appeal, or other action. Lessee hereby agrees to indemnify, defend, and hold harmless Lessor from and against any claims, obligations, and liabilities against or incurred by Lessor in connection with such cooperation.

4.2 Notice of Impositions. Lessor shall give prompt Notice to Lessee of all Impositions payable by Lessee under this Lease of which Lessor at any time has knowledge of which Lessee has not received written notice, provided that Lessor's failure to give any such Notice shall in no way diminish Lessee's obligations hereunder to pay such Impositions, but such failure shall obviate any default hereunder for a reasonable time after Lessee receives Notices of any Imposition which it is obligated to pay and shall obligate Lessor to pay any fine, penalty, interest or cost that may be added for late payment of such Imposition.

4.3 Adjustment of Imposition. Impositions imposed in respect of the tax-fiscal period during which the Term begins or in which it terminates other than by reason of exercise of the option described in Section 33.2 shall be adjusted and prorated between Lessor and Lessee, whether or not such Imposition is imposed before or after such termination, and Lessee's obligation to pay its prorated share thereof after termination shall survive such termination.

4.4 Utility Charges. Lessee will pay or cause to be paid all charges for electricity, power, gas, oil, water and other utilities used in the Leased Property during the Term.

4.5 Insurance Premium. Lessee will pay or cause to be paid all premiums for the insurance coverage required to be maintained by Lessee pursuant to Article XIII during the Term.

ARTICLE VNO ABATEMENT

5.1 No Termination, Abatement, etc. Except as otherwise specifically provided in this Lease in paragraph 5.2 or elsewhere, and except for those causes resulting from the fault of Lessor or any person whose claim arose under Lessor, Lessee, to the extent permitted by law, shall remain bound by this Lease in accordance with its terms and shall neither take any action without the consent of Lessor to modify, surrender or terminate the same, nor seek nor be entitled to any abatement, deduction, deferment or reduction of the Rent, or setoff against the Rent, nor shall the respective obligations of Lessor and Lessee be otherwise affected by reason of (a) any damage to, or destruction of, any Leased Property or any portion thereof from whatever cause or any Taking of the Leased Property or any portion thereof, (b) the lawful or unlawful prohibition of, or restriction upon, Lessee's use of the Leased Property, or any portion thereof, (c) any claim which Lessee has or might have under any warranty by Lessor under this Lease or any other agreement between Lessor and Lessee, or to which Lessor and Lessee are parties, (d) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceeding affecting Lessor or any assignee or transferee of Lessor, or (e) for any other cause whether similar or dissimilar to any of the foregoing other than a discharge of Lessee from any such obligations as a matter of law. To the extent permitted by applicable law, Lessee hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law to (i) modify, surrender or terminate this Lease or quit or surrender the Leased Property or any



portion thereof, or (ii) entitle Lessee to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Lessee hereunder, except as otherwise specifically provided in this Lease. The obligations of Lessor and Lessee hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Lessee hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease or by termination of this Lease other than by reason of an Event of Default.

5.2 Abatement on Partial Taking. In the event of a partial Taking as described in Section 15.5, the Lease shall not terminate, but the Rent shall be abated in the manner and to the extent that is fair, just and equitable to both Lessee and Lessor, taking into consideration, among other relevant factors, the number of usable beds, the amount of square footage, or the revenues affected by such partial or temporary taking or damage or destruction. If Lessor and Lessee are unable to agree upon the amount of such abatement within thirty (30) days after such partial Taking, the matter may be submitted by either party to a court of competent jurisdiction for resolution.

5.3 Lessee's Right to Cure. Subject to the provisions of Section 34.3, if Lessor breaches any covenant to be performed by it under this Lease, Lessee, after Notice to and demand upon Lessor, without waiving or releasing any obligation hereunder, and in addition to all other remedies available to Lessee, may (but shall be

under no obligation at any time thereafter to) make such payment or perform such act for the account and at the expense of Lessor. All sums so paid by Lessee and all costs and expenses (including, without limitation, reasonable attorneys' fees and costs) so incurred, together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Lessee, shall be paid by Lessor to Lessee on demand or may be offset by Lessee against the Rent payments next accruing or coming due. The rights of Lessee hereunder to cure and to secure payment from Lessor in accordance with this Section 5.3 shall survive the termination of this Lease with respect to the Leased Property.

## ARTICLE VI

### OWNERSHIP OF THE PREMISES

6.1 Ownership of the Leased Property. Lessee acknowledges that the Leased Property is the property of Lessor and that Lessee has only the right to the exclusive possession and use of the Leased Property upon the terms and conditions of this Lease.

6.2 Lessee's Personal Property. Lessee may (and shall as provided in this Lease) at its expense, install, affix or assemble or place on any parcels of the Land or in any of the Leased Improvements, any items of Lessee's Personal Property, and Lessee may, subject to the conditions set forth below, remove the same at any time during the Term or upon the expiration or any prior termination of the Term. All of Lessee's Personal Property not removed by Lessee within thirty (30) days following the expiration or earlier termination of the Term shall be considered abandoned by Lessee

and may be appropriated, sold, destroyed or otherwise disposed of by Lessor without first giving Notice thereof to Lessee, without any payment to Lessee and without any obligation to account therefor. Lessee will, at its expense, restore the Leased Property to the condition required by Section 9.1(d), including repair of all damage to the Leased Property caused by the removal of Lessee's Personal Property, whether effected by Lessee or Lessor. Lessee may make such financing arrangements, title retention agreements, leases or other agreements with respect to the Lessee's Personal Property as it sees fit.

## ARTICLE VII

### CONDITION AND USE OF LEASED PROPERTY

7.1 Condition of the Leased Property. Lessee acknowledges receipt and delivery of possession of the Leased Property and that Lessee has examined and otherwise has knowledge of the condition of the Leased Property prior to the execution and delivery of this Lease and has found the same to be satisfactory for its purposes hereunder. Lessee is leasing the Leased Property "as is" in its present condition. Lessee waives any claim or action against Lessor in respect of the condition of the Leased Property. LESSOR MAKES NO WARRANTY OR REPRESENTATION EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. LES-

SEE ACKNOWLEDGES THAT THE LEASED PROPERTY HAS BEEN INSPECTED BY LESSEE AND IS SATISFACTORY TO IT.

7.2 Use of the Leased Property.

(a) Lessee covenants that it will proceed with all due diligence and will exercise its best efforts to obtain and to maintain all approvals needed to use and operate the Leased Property and the Facility under applicable local, state and federal law, including but not limited to appropriate licensure.

(b) Lessee shall use or cause to be used the Leased Property only as a health care-related facility, including uses associated with acute care, rehabilitative care, long-term care, psychiatric and/or substance abuse recovery facilities, retirement housing facilities, medical office buildings, and/or other facilities offering other health care products and services, and for such other uses as may be necessary or incidental to such uses or otherwise approved by Lessor (the particular such use to which the Leased Property is put at any particular time is herein referred to as the "Primary Intended Use"). Lessee shall not use the Leased Property or any portion thereof for any other use without the prior written consent of Lessor, which consent may be withheld in Lessor's sole discretion. No use shall be made or permitted to be made of the Leased Property, and no acts shall be done, which will cause the cancellation of any insurance policy covering the Leased Property, or any part thereof, nor shall Lessee sell or otherwise provide to residents or patients therein, or permit to be kept, used or sold in or about the Leased Property any article which may be prohibited by law or fire underwriter's regulations. Lessee shall, at its sole cost, comply with all of the

requirements pertaining to the Leased Property of any insurance board, association, organization or company necessary for the maintenance of insurance, as herein provided, covering the Leased Property and Lessee's Personal Property.

(c) Lessee shall not commit or suffer to be committed any waste on the Leased Property, or in the Facility, nor shall Lessee cause or permit any nuisance thereon.

(d) Lessee shall neither suffer nor permit the Leased Property or any portion thereof, including any Capital Addition or Lessee's Personal Property, to be used in such a manner as (i) might reasonably tend to impair title to or all or any portion thereof, or (ii) may reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such or of implied dedication of the Leased Property or any portion thereof, except as necessary in the ordinary and prudent operation of the Facility on the Leased Property.

### 7.3 Hazardous Substances.

(a) For the purposes of this Lease, the terms "Land" and "Leased Property" shall include all air, soil, groundwater, surface water or soils vapor at, on, about, under or within the Land. All operations or activities upon, or any use or occupancy of the Leased Property, or any portion thereof, by Lessee, or any agent, contractor or employee, or sublessee of Lessee shall at all times during the Term be in all respects in strict compliance with any and all Legal Requirements and Insurance Requirements relating to Hazardous Substances, including but not limited to the discharge and removal of Hazardous Substances. Lessee will keep the Leased Property

free and clear of all Hazardous Substances other than those Hazardous Substances which are required for the operation of the Facility (which Hazardous Substances shall be handled, used and disposed of in strict compliance with the Legal Requirements and Insurance Requirements) and Lessee shall pay all costs required to properly use, handle and dispose of all Hazardous Substances as and when due and Lessee will keep the Leased Property free and clear of any lien relating to Hazardous Substances which may be imposed pursuant to the Legal Requirements and Insurance Requirements. Neither Lessee, nor any agent, contractor or employee, nor any sublessee of Lessee will allow the manufacture, storage, voluntary transmission or presence of any Hazardous Substances over or upon the Leased Property (except in strict compliance with the Legal Requirements and Insurance Requirements). Lessor shall have the right at any time to conduct an environmental audit of the Leased Property and Lessee shall cooperate in the conduct of such environmental audit. Furthermore, neither Lessee, nor any agent, contractor or employee, nor any sublessee of Lessee will install or permit to be installed, in or on the Leased Property friable asbestos or any substance containing asbestos or similarly deemed hazardous by governmental authorities or the Legal Requirements respecting such materials, and with respect to any such materials currently present in the Leased Property, shall promptly either (a) remove any material which such Legal Requirements deem hazardous and require be removed, at its sole cost and expense, or (b) otherwise comply with the Legal Requirements. Lessee shall promptly notify Lessor in writing of any order, receipt of any notice of violation or non-compliance with any applicable law, rule, regulation, standard or order, any threatened or pending action by any regulatory agency or other governmental authority, or any

claims made by any third party relating to Hazardous Substances on, emanations on or from, released on or from, or threats of releases on or from any of the Leased Property; and shall promptly furnish the Lessor with copies of any correspondence, notices, or legal pleadings in connection therewith. Lessor shall have the right, but shall not be obligated, to notify any governmental authority of any state of facts which may come to its attention with respect to Hazardous Substances on, released from or emanating from any part of the Leased Property.

(b) Without limiting Section 22.1, Lessee agrees, with the right to participate in the applicable proceedings, to indemnify, protect, defend (with counsel reasonably approved by Lessor) and hold Lessor, and the directors, officers, shareholders, employees and agents of the Lessor, harmless from any claims (including, without limitation, third party claims for personal injury or real or personal property damage), or natural resources damage, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims), interest or losses, including reasonable attorneys' and paralegals' fees and expenses (including any such fees and expenses incurred in enforcing the covenants and obligations of Lessee under this Lease or collecting any sums due hereunder), consultant fees, and expert fees, together with all other costs and expenses of any kind or nature (collectively, the "Costs") that arise directly or indirectly from or in connection with the presence, suspected presence, release or threatened release of any Hazardous Substance in or into or at, on, about, under or within the Leased Property, or any portion thereof, to the extent that such Costs are not attributable to either (a) the gross negligence or willful misconduct of



Lessor or (b) solely to events which occurred prior to the Commencement Date. The indemnification provided in this subsection (b) shall specifically apply to and include claims or actions brought by or on behalf of employees of Lessee, or contractors, or employees of contractors of Lessee and Lessee hereby expressly waives any immunity to which Lessee may otherwise be entitled under any industrial or worker's compensation laws. In the event Lessor shall suffer or incur any such Costs, Lessee shall pay to Lessor the total of all such Costs suffered or incurred by Lessor upon demand therefor by Lessor. Without limiting the generality of the foregoing, the indemnification provided by this subsection (b) shall specifically cover Costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions, any clean-up, containment, remedial, removal or restoration work required or performed by any Federal, state or local governmental agency or political subdivision or performed by any non-governmental entity or person because of the presence, suspected presence, release or suspected release of any Hazardous Substance in or into the air, soil, groundwater, surface water or soil vapor at, on, about, under or within the Leased Property (or any portion thereof), and any claims of third parties for loss or damage due to such Hazardous Substance, to the extent that such Costs are not attributable to the gross negligence or willful misconduct of Lessor. In addition, the indemnification provided by this subsection (b) shall include, without limitation, all loss or damage sustained by Lessor or any third party due to any Hazardous Substance (i) that is present or suspected to be present in the air, soil, groundwater, surface water or soil vapor at, on, about, under or within the Leased Property (or any portion thereof) on or after the Commencement Date, or (ii) that migrates, flows, percolates, diffuses or

in any way moves onto, into or under the air, soil, groundwater, surface water or soil vapor at, on, about, under or within the Leased Property (or any portion thereof) after the Commencement Date, irrespective of whether such Hazardous Substance shall be present or suspected to be present in the air, soil, groundwater, surface water or soil vapor at, on, about, under or within the Leased Property (or any portion thereof) as a result of any release, discharge, disposal, dumping, spilling, or leaking (accidental or otherwise) onto the Leased Property (or any portion thereof) occurring on or after the Commencement Date or caused by any person or entity; provided, however, that the indemnification obligation under clauses (i) and (ii) above shall apply solely to the extent that such loss or damage is attributable to the gross negligence or willful misconduct of Lessee.

(c) In the event any investigation or monitoring of site conditions or any clean-up, containment, restoration, removal or other remedial work (collectively, the "Remedial Work") is required under any applicable Legal Requirements including, without limitation, any judicial order, or any order of any governmental entity, or in order to comply with any agreements affecting the Leased Property because of, or in connection with, any occurrence or event described in subsection (b) above, Lessee shall perform or cause to be performed the Remedial Work in compliance with such law, regulation, order or agreement and subject to the final review and approval of Lessor, which approval shall not be unreasonably withheld or delayed; provided, that Lessee may withhold such compliance pursuant to a good faith dispute regarding the application, interpretation or validity of the law, regulation, order, or agreement, subject to the requirements of subsection (d) below; provided, however, that Lessor

shall reasonably cooperate with Lessee to the extent necessary to deliver such authorization as may be required in order for Lessee to perform its obligations under this subsection (c). All Remedial Work shall be performed by one or more contractors, selected by Lessee and approved in advance in writing by Lessor in its sole discretion, and under the supervision of a consulting engineer, selected by Lessee and approved in advance in writing by Lessor in its sole discretion. All costs and expenses of such Remedial Work shall be paid by Lessee including, without limitation, the charges of such contractor(s) and/or the consulting engineer, and Lessor's reasonable attorneys' and paralegals' fees and other costs incurred in connection with the monitoring or review of such Remedial Work. In performing its obligations hereunder, Lessee shall be subrogated to any rights Lessor may have under any indemnifications or warranties from any present, future or former owners, tenants or occupants or users of the Leased Property to the extent available. In the event Lessee shall fail timely to commence, or cause to be commenced, or fail diligently to prosecute to completion, or fail to complete to Lessor's sole satisfaction, such Remedial Work, Lessor after five (5) business days' Notice to Lessee may, but shall not be required to, cause such Remedial Work to be performed, and all reasonable documented costs and expenses thereof, paid or incurred in connection therewith, shall be Costs within the meaning of subsection (b) above. All such Costs shall be due and payable upon demand therefor by Lessor. If Lessee fails to perform its obligations hereunder, Lessor shall be subrogated to any rights Lessee may have under any indemnifications from any present, future or former owners, tenants or other occupants or users of the Leased Property (or any portion thereof), relating to the matters covered by this Section 7.3.

(d) Notwithstanding any provision of this Section 7.3 to the contrary, but without limiting the provisions of Article XXII, Lessee will be permitted to contest or cause to be contested, subject to compliance with the requirements of this subsection (d) and Article XII, by appropriate action any Remedial Work requirement, and Lessor shall not perform such requirement on its behalf, so long as Lessee has given Lessor written notice that Lessee is contesting or shall contest or cause to be contested the same, and Lessee actually contests or causes to be contested the application, interpretation or validity of the governmental law, regulation, order, or agreement pertaining to the Remedial Work by appropriate proceedings conducted in good faith with due diligence; provided, such contest shall not subject Lessor to civil liability and does not jeopardize Lessor's interest in the Leased Property or affect in any way the payment of any sums to be paid to Lessor. Lessee shall give such security or assurances as may be reasonably required by Lessor to insure compliance with the Legal Requirements pertaining to the Remedial Work (and payment of all costs, expenses, interest and penalties in connection therewith) and to prevent any sale, forfeiture or loss by reason of such nonpayment or noncompliance.

(e) The obligations of Lessee under this Section 7.3 shall survive expiration or earlier termination of this Lease. The provisions of this Section may be enforced by Lessor without regard to any other rights and remedies Lessor may have against Lessee under this Lease and without regard to any limitations on Lessor's recourse and/or specific performance as may be otherwise provided in this Lease. Lessee agrees, that notwithstanding any provision in the Lease to the contrary, a separate action or actions to enforce Lessee's obligations under this Section 7.3, may

be brought and prosecuted against Lessee. Any costs and other payments required to be paid by Lessee to Lessor under this Section 7.3 which are not paid within ten (10) days after demand therefor, shall thereupon be considered delinquent. Lessee shall pay to Lessor within five (5) business days after demand therefor interest on such overdue amounts, from the date when due until paid, at the Overdue Rate.

7.4 Lessor to Grant Easements, etc. Lessor will, from time to time, so long as no Event of Default has occurred and is continuing, at the request of Lessee and at Lessee's cost and expense (but subject to the approval of Lessor, which approval shall not be unreasonably withheld), (i) grant easements and other rights in the nature of easements with respect to the Leased Property to third parties, (ii) release existing easements or other rights in the nature of easements which are for the benefit of the Leased Property, (iii) dedicate or transfer unimproved portions of the Leased Property for road, highway or other public purposes, (iv) execute amendments to any covenants and restrictions affecting the Leased Property and (v) execute and deliver to any person any instrument appropriate to confirm or effect such grants, releases, dedications, transfers, petitions and amendments (to the extent of its interests in the Leased Property), but only upon delivery to Lessor of an Officer's Certificate stating that such grant, release, dedication, transfer, petition or amendment is not detrimental to the proper conduct of the business of Lessee on the Leased Property and does not materially reduce the value of the Leased Property.

ARTICLE VIIILESSEE'S COMPLIANCE WITH LEGAL & INSURANCE REQUIREMENTS

8.1 Compliance with Legal and Insurance Requirements, etc. Subject to Article XII relating to permitted contests. Lessee, at its expense, will promptly (a) comply with all applicable Legal Requirements and Insurance Requirements in respect of the use, operation, maintenance, repair and restoration of the Leased Property, and (b) procure, maintain and comply with all appropriate licenses, certificates of need, provider agreements and other authorizations required for any use of the Leased Property and Lessee's Personal Property then being made, and for the proper erection, installation, operation and maintenance of the Leased Property or any part thereof, including without limitation any Capital Addition.

8.2 Legal Requirement Covenants. Lessee covenants and agrees that the Leased Property and Lessee's Personal Property shall not be used for any unlawful purpose. Lessee shall acquire and maintain all appropriate licenses, certifications, permits, provider agreements and other authorizations and approvals needed to operate the Leased Property in its customary manner for the Primary Intended Use, and any other use conducted on the Leased Property as may be permitted from time to time hereunder. Lessee further covenants and agrees that Lessee's use of the Leased Property and maintenance, alteration, and operation of the same, and all parts thereof, shall at all times conform to all Legal Requirements, unless the same are held by a court of competent jurisdiction to be unlawful. Lessee may, however, upon prior Notice to Lessor, contest the legality or applicability of any such Legal Requirement or any

licensure or certification decision if Lessee maintains such action in good faith, with due diligence, without prejudice to Lessor's rights hereunder, and at Lessee's own expense. If by the terms of any such Legal Requirement compliance therewith pending the prosecution of any such proceeding may legally be delayed without the incurrance of any lien, charge or liability of any kind against the Facility or Lessee's leasehold interest therein and without subjecting Lessee or Lessor to any liability, civil or criminal, for failure to comply therewith, Lessee may delay compliance therewith until the final determination of such proceeding. If any lien, charge or civil or criminal liability would be incurred by reason of any such delay, Lessee, on the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed, may nonetheless contest and delay as aforesaid, provided that such delay would not subject Lessor to liability and Lessee both (a) furnishes to Lessor upon request security reasonably satisfactory to Lessor against any loss or injury by reason of such contest or delay and (b) prosecutes the contest with due diligence and in good faith.

## ARTICLE IX

### MAINTENANCE & REPAIR

#### 9.1 Maintenance and Repair.

(a) Lessee, at its expense, will keep the Leased Property and all private roadways, sidewalks and curbs appurtenant thereto for the maintenance of which Lessor would otherwise be responsible in at least the same condition during the entire Term of this Lease as on the Commencement Date (whether or not the need for repairs occurred as a result of Lessee's use, any prior use, the elements or the age of the



Leased Property, or any portion thereof), and, except as otherwise provided in Article XIV, with reasonable promptness, make all necessary and appropriate repairs and replacements thereto of every kind and nature, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen or arising by reason of a condition existing prior to the commencement of the Term of this Lease (concealed or otherwise). All repairs shall, to the extent reasonably achievable, be at least equivalent in quality to the original work. Lessee will not take or omit to take any action, the taking or omission of which might materially impair the value or the usefulness of the Leased Property or any part thereof for its Primary Intended Use.

(b) Lessor shall not under any circumstances be required to build or rebuild any improvement on the Leased Property, or to make any repairs, replacements, alterations, restorations or renewals of any nature or description to the Leased Property, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto, in connection with this Lease, or to maintain the Leased Property in any way, except as specifically provided herein. Lessee hereby waives, to the extent permitted by law, the right to make repairs at the expense of Lessor pursuant to any law in effect at the time of the execution of this Lease or hereafter enacted. Lessor shall have the right to give, record and post, as appropriate, notices of nonresponsibility under any mechanic's lien laws now or hereafter existing.

(c) Nothing contained in this Lease and no action or inaction by Lessor shall be construed as (i) constituting the request of Lessor, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor to or for the performance of

any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to the Leased Property or any part thereof, or (ii) giving Lessee any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor in respect thereof or to make any agreement that may create, or in any way be the basis for any right, title, interest, lien, claim or other encumbrance upon the estate of Lessor in the Leased Property, or any portion thereof.

(d) Unless Lessor conveys any of the Leased Property to Lessee pursuant to the provisions of this Lease, Lessee will, upon the expiration or prior termination of the Term, vacate and surrender the Leased Property to Lessor in the condition in which the Leased Property was originally received from Lessor, except as repaired, rebuilt, restored, altered or added to as permitted or required by the provisions of this Lease and except for ordinary wear (subject to the obligation of Lessee to maintain the Leased Property in at least the same condition during the entire Term of the Lease as on the Commencement Date).

9.2 Encroachments, Restrictions, etc. If any Capital Additions by Lessee, at any time, materially encroach upon any property, street or right-of-way adjacent to the Leased Property, or violate the agreements or conditions contained in any lawful restrictive covenant or other agreement affecting the Leased Property, or any part thereof, or impair the rights of others under any easement or right-of-way to which the Leased Property is subject, then promptly upon the request of Lessor or at

the behest of any person affected by any such encroachment, violation or impairment. Lessee shall, at its expense, subject to its right to contest the existence of any encroachment, violation or impairment and in such case, in the event of an adverse final determination, either (i) obtain valid and effective waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation or impairment, whether the same shall affect Lessor or Lessee or (ii) make such changes in the Leased Improvements, and take such other actions, as Lessee in the good faith exercise of its judgment deems reasonably practicable to remove such encroachment, and to end such violation or impairment, including, if necessary, the alteration of any of the Leased Improvements, and in any event take all such actions as may be necessary in order to be able to continue the operation of the Leased Improvements for the Primary Intended Use substantially in the manner and to the extent the Leased Improvements were operated prior to the assertion of such violation, impairment or encroachment. Any such alteration shall be made in conformity with the applicable requirements of Article X. Lessee's obligations under this Section 9.2 shall be in addition to and shall in no way discharge or diminish any obligation of any insurer under any policy of title or other insurance and Lessee shall be entitled to a credit for any sums recovered by Lessor under any such policy of title or other insurance.

## ARTICLE X

### ADDITIONS TO THE LEASED PREMISES

10.1 Construction of Capital Additions to the Leased Property. If no Event of Default shall have occurred and be continuing, Lessee shall have the right,

upon and subject to the terms and conditions set forth below, to construct or install Capital Additions on the Leased Property with the prior written consent of Lessor which may be withheld in Lessor's sole discretion. Prior to commencing construction of any Capital Addition, Lessee shall submit to Lessor in writing a proposal setting forth in reasonable detail any proposed Capital Addition and shall provide to Lessor such plans and specifications, permits, licenses, contracts and other information concerning the proposed Capital Addition as Lessor may reasonably request. Without limiting the generality of the foregoing, such proposal shall indicate the approximate projected cost of constructing such Capital Addition and the use or uses to which it will be put. No Capital Addition shall be made which would tie in or connect any Leased Improvements on the Leased Property with any other improvements on property adjacent to the Leased Property (and not part of the Land covered by this Lease) including, without limitation, tie-ins of buildings or other structures or utilities, unless Lessee shall have obtained the prior written approval of Lessor, which approval in Lessor's sole discretion may be granted or withheld.

#### 10.2 Submittals.

- (a) Lessee shall provide Lessor with the following:
  - (i) any information, certificates, licenses, permits or documents reasonably requested by either Lessor or any third party lender which are necessary to confirm that Lessee will be able to use the Capital Addition upon completion thereof in accordance with the

Primary Intended Use, including all required federal, state or local government licenses and approvals;

- (ii) an Officer's Certificate and, if requested, a certificate from Lessee's architect, setting forth in reasonable detail the projected (or actual, if available) cost of the Capital Addition;
- (iii) upon completion of the Capital Addition, a final as-built survey and plans thereof reasonably satisfactory to Lessor;
- (iv) prints or architectural and engineering drawings relating to the Capital Additions and such other certificates (including, but not limited to, endorsements increasing the insurance coverage, if any, at the time required by Section 13.1), documents, opinions of counsel, surveys and any other instruments as may be reasonably required by Lessor.

(b) In no event shall Lessee allow the creation of a security interest or lien of any sort against the Leased Property or Land without the prior written consent of Lessor.

(c) There shall be no adjustment in the Rent by reason of such Capital Addition.

(d) Unless this Lease is terminated pursuant to Lessee's exercise of the option described in Section 33, any Capital Additions, shall, upon expiration or earlier termination of this Lease pass to and become the property of Lessor, free and clear of all encumbrances.

(e) Upon making a request to make a Capital Addition, whether or not

such Capital Addition is actually made, Lessee shall pay or agree to pay when done all reasonable costs and expenses of Lessor including, but not limited to the reasonable fees and expenses of legal counsel and construction consultants.

10.3 Joint Use Agreements. If Lessee constructs additional improvements and that are connected to the Leased Property or share maintenance facilities, HVAC, electrical, plumbing or other systems, utilities, parking or other amenities, the parties shall enter into a mutually agreeable cross-easement or joint use agreement to make available necessary services and facilities in connection with such additional improvements, to protect each of their respective interests in the properties affected, and to provide for separate ownership, use, and/or financing of such improvements.

## ARTICLE XI

### LIENS

Subject to the provision of Article XII relating to permitted contests, Lessee will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, encumbrance, attachment, title retention agreement or claim upon the Leased Property or any attachment, levy, claim or encumbrance in respect of the Rent, not including, however, (a) this Lease, (b) the matters, if any, included as exceptions in the title policy insuring Lessor's interest in the Leased Property, (c) restrictions, liens and other encumbrances which are consented to in writing by Lessor or any easements granted pursuant to Section 7.4 of this Lease, (d) liens for those taxes of Lessor which Lessee is not required to pay hereunder, (e)

subleases permitted by Article XXIII hereof. (f) liens for Impositions or for sums resulting from noncompliance with Legal Requirements so long as (1) the same are not yet payable or are payable without the addition of any fine or penalty or (2) such liens are in the process of being contested as permitted by Article XII, and (g) liens of mechanics, laborers, materialmen, suppliers or vendors for sums either disputed or not yet due provided that (1) the payment of such sums shall not be postponed under any related contract for more than sixty (60) days after the completion of the action giving rise to such lien and such reserve or other appropriate provisions as shall be required by law or generally accepted accounting principles shall have been made therefor or (2) any such liens are in the process of being contested as permitted by Article XII hereof.

## ARTICLE XII

### PERMITTED CONTESTS

Lessee shall have the right to contest the amount or validity of any Imposition or any Legal Requirement or Insurance Requirement or any lien, attachment, levy, encumbrance, charge or claim ("Claims") not otherwise permitted by Article XI, by appropriate legal proceedings in good faith and with due diligence (but this shall not be deemed or construed in any way to relieve, modify or extend Lessee's covenants to pay or its covenants to cause to be paid any such charges at the time and in the manner as in this Article provided), provided, however, that such legal proceedings shall not operate to relieve Lessee from its obligation hereunder and shall not cause the sale of the Leased Property, or any part thereof, to satisfy the same or cause Lessor or Lessee to be in default under any mortgage or deed of trust encumbering the Leased

Property or any interest therein. Upon the reasonable request of Lessor, Lessee shall either (1) provide a bond or other assurance reasonably satisfactory to Lessor that all Claims which may be assessed against the Leased Property together with interest and penalties, if any, thereon will be paid, or (ii) deposit within the time otherwise required for payment with a bank or trust company as trustee, as security for the payment of such Claims, money in an amount sufficient to pay the same, together with interest and penalties in connection therewith and all Claims which may be assessed against or become a Claim on the Leased Property, or any part thereof, in said legal proceedings. Lessee shall furnish Lessor and any lender of Lessor with reasonable evidence of such deposit within five (5) days of the same. Lessor agrees to join in any such proceedings if the same be required to legally prosecute such contest of the validity of such Claims; provided, however, that Lessor shall not thereby be subjected to any liability for the payment of any costs or expenses in connection with any proceedings brought by Lessee; and Lessee covenants to indemnify and save harmless Lessor from any such costs or expenses. Lessee shall be entitled to any refund of any Claims and such charges and penalties or interest thereon which have been paid by Lessee or paid by Lessor and for which Lessor has been fully reimbursed. In the event that Lessee fails to pay any Claims when due or to provide the security therefor as provided in this paragraph and to diligently prosecute any contest of the same, Lessor may, upon Notice to Lessee, pay such charges together with any interest and penalties and the same shall be repayable by Lessee to Lessor as Additional Charges at the next Payment Date provided for in this Lease, provided, however that should Lessor reasonably determine that



the giving of such Notice would risk loss to the Leased Property or cause damage to Lessor, then Lessor shall give such Notice as is practical under the circumstances.

### ARTICLE XIII

#### INSURANCE

13.1 General Insurance Requirements. During the Term of this Lease, Lessee shall at all times keep the Leased Property insured with the kinds and amounts of insurance described below. This insurance shall be written by companies authorized to issue insurance in the State. The policies must name Lessor as an additional insured. Losses shall be payable to Lessor or Lessee as provided in Article XIV. In addition, the policies shall name as an additional insured the holder of any mortgage, deed of trust or other security agreement identified by Lessor to Lessee ("Facility Mortgagee") by way of a standard form of mortgagee's loss payable endorsement. Any loss adjustment shall require the written consent of Lessor, Lessee and each Facility Mortgagee. Evidence of insurance shall be deposited with Lessor and, if requested, with any Facility Mortgagee(s). If any provision of any Facility Mortgage existing at the time of execution of any Lease requires deposits of premiums for insurance to be made with such Facility Mortgagees, provided that the Facility Mortgagee has not elected to waive such provision, Lessee shall either pay to Lessor monthly the amounts required and Lessor shall transfer such amounts to each Facility Mortgagee, or, pursuant to written direction by Lessor, Lessee shall make such deposits or premiums directly with such Facility Mortgagee. The policies on the Leased Property, including the Leased

Improvements. Fixtures and Lessee's Personal Property, shall insure against the following risks:

(a) Loss or damage by fire, vandalism and malicious mischief, extended coverage perils, and all physical loss perils insurance, if available and economically feasible, including but not limited to sprinkler leakage, in an amount not less than one hundred percent (100%) of the then full replacement cost thereof (as defined in Section 13.2);

(b) Loss or damage by explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in the Facility, in such amounts with respect to any one accident as may be reasonably requested by Lessor from time to time;

(c) Business interruption or loss of rental under a rental value insurance policy covering risk of loss during the lesser of the first twelve (12) months of reconstruction or the actual reconstruction period necessitated by the occurrence of any of the hazards described in Sections 13.1(a) or 13.1(b), in an amount sufficient to prevent Lessor from becoming a co-insurer;

(d) Claims for personal injury or property damage under a policy of comprehensive general public liability insurance, with amounts not less than Three Million and No/100 Dollars (\$3,000,000.00) per occurrence in respect of bodily injury and death and Three Million Dollars and No/100 (\$3,000,000.00) for property damage;

(e) Claims arising out of malpractice in an amount not less than Five Million Dollars (\$5,000,000.00) for each person and for each occurrence.

13.2 Replacement Cost. The term "full replacement cost" as used herein shall mean the actual replacement cost of the Leased Property requiring replacement from time to time including an increased cost of construction endorsement, less exclusions provided in the standard form of fire insurance policy, but in no event in an amount less than \$7,500,000. In the event either party believes that full replacement cost (the then replacement cost less such exclusions) has increased or decreased at any time during the Lease Term, it shall have the right to have such full replacement cost redetermined.

13.3 Worker's Compensation. Lessee shall at all times maintain adequate worker's compensation insurance coverage for all persons employed by Lessee on the Leased Property. Such worker's compensation shall be in accordance with the requirements of applicable local, state and federal law.

13.4 Waiver of Subrogation. All insurance policies carried by either party covering the Leased Property, the Fixtures, the Facility or Lessee's Personal Property, including, without limitation, contents, fire and casualty insurance, shall expressly waive any right of subrogation on the part of the insurer against the other party. The parties hereto agree that their policies will include such waiver clause or endorsement so long as the same are obtainable without extra cost, and in the event of such an extra charge the other party, at its election, may pay the same, but shall not be obligated to do so.

13.5 Form Satisfactory, etc. All of the policies of insurance referred to in this Article XIII shall be written in a form reasonably satisfactory to Lessor and by insurance companies reasonably satisfactory to Lessor. Lessee shall pay all of the premium therefor, and deliver such policies or certificates thereof to Lessor prior to their effective date (and, with respect to any renewal policy, thirty (30) days prior to the expiration of the existing policy), and in the event of the failure of Lessee either to effect such insurance as herein called for or to pay the premiums therefor, or to deliver such policies or certificates therefor to Lessor at the times required, Lessor shall be entitled, but shall have no obligation, to effect such insurance and pay the premiums therefor, which premiums shall be repayable to Lessor upon written demand therefor and failure to repay the same within thirty (30) days Notice of such failure from Lessor shall constitute an Event of Default within the meaning of Section 16.1(b). Each insurer mentioned in this Article XIII shall agree, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Lessor, that it will give to Lessor (and any Facility Mortgagee, if required by the same) thirty (30) days' written notice before the policy or policies in question shall be materially altered, allowed to expire or be canceled.

13.6 Increase in Limits. If either party at any time deems the limits of the personal injury or property damage public liability insurance then carried to be either excessive or insufficient, the parties shall endeavor to agree on the proper and reasonable limits for such insurance to be carried and such insurance shall thereafter be carried with the limits thus agreed on until further change pursuant to the

provisions of this Section. Nothing herein shall permit the amount of insurance to be reduced below the amount or amounts required by any Facility Mortgagee.

13.7 Blanket Policy. Notwithstanding anything to the contrary contained in this Article XIII, Lessee's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee; provided, that the coverage afforded to Lessor will not be reduced or diminished or otherwise be different from that which would exist under a separate policy meeting all other requirements of this Lease by reason of the use of such blanket policy of insurance, and provided further that the requirements of this Article XIII are otherwise satisfied.

13.8 No Separate Insurance. Lessee shall not on Lessee's own initiative or pursuant to the request or requirement of any third party, obtain separate insurance concurrent in form or contributing in the event of loss with that required in this Article to be furnished by Lessee, or increase the amount of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, are included therein as additional insureds, and the loss is payable under said insurance in the same manner as losses are payable under this Lease. Lessee shall immediately notify Lessor of the obtaining of any such separate insurance or of the increasing of any of the amounts of the then existing insurance.

ARTICLE XIVCASUALTY

14.1 Insurance Proceeds. Except as provided in paragraph 14.5, all proceeds payable by reason of any loss or damage to the Leased Property, or any portion thereof, and insured under any policy of insurance required by Article XIII of this Lease shall be paid to Lessor and held in trust by Lessor in an interest-bearing account (subject to Section 14.6) and shall be made available for reconstruction or repair, as the case may be, or any damage to or destruction of the Leased Property, or any portion thereof, and shall be paid out by Lessor from time to time for the reasonable costs of such reconstruction or repair as work progresses but not more frequently than once every 30 days upon Lessor's receipt of (i) a requisition executed by Lessee specifying the amount requested, (ii) a certificate of Lessor's architect that the work for which such disbursement is made has been completed to the satisfaction of the architect, and (iii) lien waivers from all contractors, subcontractors and materialmen who have performed work or furnished supplies for the restoration of the Leased Property, and provided there are no outstanding mechanics' or materialmen's liens in respect of such work and after such disbursement is made, there remain on deposit with Lessor insurance proceeds (or other sums) sufficient to complete the restoration. Any excess proceeds of insurance remaining after the completion of the restoration or reconstruction of the Leased Property shall be paid to Lessee, provided that an Event of Default has not occurred and is continuing. If neither Lessor nor Lessee is required or elects to repair and restore, and the Lease is terminated without purchase by Lessee as described in Section 14.2(a), all such insurance proceeds shall be

retained by Lessor. All salvage resulting from any risk covered by insurance shall belong to Lessor except that any salvage relating to Capital Additions paid for by Lessee or to Lessee's Personal Property shall belong to Lessee.

**14.2 Reconstruction in the Event of Damage or Destruction Covered by Insurance.**

(a) Except as provided in Sections 14.6 and 14.7, if during the Term the Leased Property is totally destroyed or is destroyed to such an extent that the Leased Property is rendered unsuitable for its Primary Intended Use by a risk covered by the insurance described in Article XIII, Lessee may at its option either (i) restore the Facility to substantially the same condition as existed immediately before the damage or destruction in which event this Lease shall continue in full force and effect, or (ii) acquire the Leased Property from Lessor for a purchase price equal to the greater of the Minimum Repurchase Price or the Fair Market Value Purchase Price of the Leased Property immediately prior to such damage or destruction. If Lessee restores the Facility, the insurance proceeds shall be paid out by Lessor from time to time for the reasonable costs of such restoration, and any excess proceeds remaining after such restoration shall be paid to Lessee. If Lessee acquires the Leased Property, Lessee shall receive the insurance proceeds.

(b) Except as provided in Sections 14.6 and 14.7, if during the Term the Leased Property is partially destroyed by a risk covered by the insurance described in Article XIII but the Facility is not thereby rendered unsuitable for its Primary Intended Use, Lessee shall restore the Facility to substantially the same condition as existed immediately before the damage or destruction. Such damage or destruction shall not

terminate this Lease: provided, however, that if Lessee cannot within a reasonable time obtain all necessary government approvals, including building permits, licenses, conditional use permits and any certificates of need, after diligent efforts to do so, in order to be able to perform all required repair and restoration work and to operate the Facility for its Primary Intended Use in substantially the same manner as that existing immediately prior to such damage or destruction, Lessee may either (i) offer to purchase the Leased Property for a purchase price equal to the greater of the Minimum Repurchase Price or the Fair Market Value Purchase Price immediately prior to such damage or destruction, in the event of which purchase Lessee shall receive the insurance proceeds, or (ii) restore the Leased Property and continue with the Lease in full force and effect in which event Lessee shall be entitled to retain the insurance proceeds, less the amount needed to restore the Leased Property so that the portion of the Facility unaffected by the casualty can be used as a complete architectural unit. If Lessee restores the Facility, the insurance proceeds shall be paid out by Lessor from time to time for the reasonable costs of such restoration, and any excess proceeds remaining after such restoration shall be paid to Lessee.

(c) If the cost of the repair or restoration exceeds the amount of proceeds received by Lessor from the insurance required under Article XIII, Lessee shall be obligated to contribute any excess amounts needed to restore the Facility. Such difference shall be paid by Lessee to Lessor prior to commencement of any reconstruction, to be held in trust, together with any other insurance proceeds, for application to the cost of repair and restoration.



14.3 Reconstruction in the Event of Damage or Destruction Not Covered by Insurance. Except as provided in Sections 14.6 and 14.7 below, if during the Term the Facility is totally or materially destroyed by a risk not covered by the insurance described in Article XIII, whether or not such damage or destruction renders the Facility unsuitable for Its Primary Intended Use, Lessee shall restore the Facility to substantially the same condition it was in immediately before such damage or destruction and such damage or destruction shall not terminate this Lease. If such damage or destruction is not material, Lessee shall restore the Facility to substantially the same condition as existed immediately before the damage or destruction.

14.4 Lessee's Property. All insurance proceeds payable by reason of any loss of or damage to any of Lessee's Personal Property or Capital Additions shall be paid to Lessee and Lessee shall hold such insurance in trust to pay the cost of repairing or replacing damaged Lessee's Personal Property or Capital Additions fully paid for by Lessee in their entirety; provided, however, that if the damaged Lessee's Personal Property or Capital Additions in their entirety were no longer useful to Lessee's operations prior to their destruction, Lessee shall not be obligated to repair or replace them.

14.5 No Abatement of Rent. This Lease shall remain in full force and effect and Lessee's obligation to make rental payments and to pay all other charges required by this Lease shall remain unabated during any period required for repair and restoration. If an Event of Default has occurred, any proceeds from business

interruption insurance required to be carried by the Lease shall be paid to Lessor, otherwise such proceeds shall be paid to Lessee.

14.6 Termination of Rights of First Refusal and Option to Purchase. Any termination of this Lease pursuant to this Article XIV shall cause any right of first refusal granted to Lessee under Section 33.1 and the option to purchase granted to Lessee under Section 33.2 of this Lease to be terminated and to be without further force or effect.

14.7 Casualty Permitting Termination of Lease. Lessee shall, in its sole option, be relieved of the obligations of Sections 14.2 (and in the case of (ii) below, 14.3) and shall be entitled to terminate this Lease effective upon Notice to Lessor if (i) the Leased Property is totally destroyed or it is destroyed to such an extent that the Leased Property is rendered unsuitable for its Primary Intended Use at any time during the term, or (ii) if damage or destruction which otherwise would be required to be repaired, restored or reconstructed by Lessee occurs during the final one (1) year of the Initial Term or the final one (1) year of any Extended Term then in effect, in each of which cases all insurance proceeds shall be paid to and retained by Lessor.

14.8 Waiver. To the extent permitted by applicable law, Lessee hereby waives any statutory rights of termination that may arise by reason of any damage or destruction of the Leased Property that Lessor is obligated to restore or may restore under any of the provisions of this Lease.

ARTICLE XV  
CONDEMNATION

15.1 Condemnation: Definitions.

(a) "Condemnation" means a Taking resulting from (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor, and (b) a voluntary sale or transfer by Lessor to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

(b) "Date of Taking" means the date the Condemnor has the right to possession of the property being condemned.

(c) "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation.

(d) "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

15.2 Parties' Rights and Obligations. If during the Term there is any Condemnation of all or any part of the Leased Property or any interest in this Lease, the rights and obligations of the parties shall be determined by this Article XV.

15.3 Total Taking. If title to the fee of the whole of the Leased Property is condemned by any Condemnor, this Lease shall cease and terminate as of the Date of Taking by said Condemnor. If title to the fee of less than the whole of the Leased Property is so taken or condemned, which nevertheless renders the Leased Property unsuitable for its Primary Intended Use, Lessee and Lessor shall each have the option,

by notice to the other, at any time prior to the taking of possession by, or the date of vesting of title in, such Condemnor, whichever first occurs, to terminate this Lease as of the date so determined. Upon such date so determined, if such Notice has been given, this Lease shall thereupon cease and terminate. In either of such events, all Rent and Additional Charges paid or payable by Lessee hereunder shall be apportioned as of the date the Lease is so terminated as aforesaid.

15.4 Allocation of Portion of Award. Subject to the rights of any Facility Mortgagee, the total Condemnation Award made with respect to all or any portion of the Leased Property shall be distributed to Lessor and Lessee ratably in accordance with the value of their respective interests in and to such Leased Property as hereafter set forth in this Section 15.4. All of the Award shall be the sole and exclusive property of Lessor and shall be payable to Lessor, subject to the rights of any Facility Mortgagee; provided that, subject to the rights of any Facility Mortgagee, any portion of such Condemnation Award which is expressly allocated by the Condemnor to the taking of Lessee's leasehold interest in the Leased Property, the taking of any Capital Additions (or any portion thereof) fully paid for by Lessee in their entirety, any loss of business by Lessee during the remaining Term of this Lease, the taking of Lessee's Personal Property, or any removal and relocation expenses of Lessee in any such proceedings shall be the sole property of and payable to Lessee. In any Condemnation proceedings Lessor and Lessee each shall seek their own Award in conformity herewith, at their own expense.

15.5 Partial Taking. If title to the fee of less than the whole of the Leased Property is condemned, and the Leased Property is still suitable for its Primary Intended Use, or if Lessee or Lessor is entitled to but elects not to terminate this Lease as provided in Section 15.3 hereof, Lessee at its own cost and expense shall with all reasonable dispatch restore the untaken portion of any Leased Improvements on the Leased Property so that such Leased Improvements constitute a complete architectural unit of the same general character and condition (as nearly as may be possible under the circumstances) as the Leased Improvements existing immediately prior to the Condemnation. The Rent shall be reduced as set forth in Section 5.2.

15.6 Temporary Taking. If the whole or any part of the Leased Property or of Lessor's interest under this Lease is condemned by any Condemnor for its temporary use or occupancy, this Lease shall not terminate by reason thereof, and Lessee shall continue to pay, in the manner and at the terms specified, the full amounts of Rent and Additional Charges. Except only to the extent that Lessee may be prevented from so doing pursuant to the terms of the order of the Condemnor, Lessee shall continue to perform and observe all of the other terms, covenants, conditions and obligations hereof on the part of the Lessee to be performed and observed, as though such Condemnation had not occurred. In the event of any Condemnation as in this Section 15.6 described, the entire amount of any Award made for such Condemnation allocable to the Term of this Lease, whether paid by way of damages, rent or otherwise, shall be paid to Lessee. Lessee covenants that upon the termination of any such period of temporary use or occupancy it will, at its sole cost and expense, restore the Leased

Leased Property as nearly as may be reasonably possible to the condition in which the same was immediately prior to such Condemnation, unless such period of temporary use or occupancy extends beyond the expiration of the Term, in which case Lessee shall not be required to make such restoration.

## ARTICLE XVI

### DEFAULT

16.1 Events of Default. If any one or more of the following events (individually, an "Event of Default") occurs:

(a) if Lessee fails to make payment of the Rent payable by Lessee under this Lease when the same becomes due and payable and such failure is not cured by Lessee within a period of three (3) days after such due date, or

(b) If Lessee fails to observe or perform any other term, covenant or condition of this Lease and such failure is not cured by Lessee within a period of thirty (30) days after Notice thereof from Lessor, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case it shall not be deemed an Event of Default if Lessee proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof, or

(c) If Lessee or either Guarantor:

- (i) admits in writing its inability to pay its debts generally as they become due,
- (ii) files a petition in bankruptcy or a petition to take advantage of any insolvency law,

- (iii) makes a general assignment for the benefit of its creditors,
- (iv) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or
- (v) files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, or

(d) If Lessee or Guarantor, on a petition in bankruptcy filed against it, is adjudicated a bankrupt or has an order for relief thereunder entered against it or a court of competent jurisdiction enters an order or decree appointing, without the consent of Lessee, as the case may be, a receiver of Lessee or of the whole or substantially all of its property, or approving a petition filed against Lessee seeking reorganization or arrangement of Lessee under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such judgment, order or decree is not vacated or set aside or stayed within sixty (60) days from the date of the entry thereof, or

(e) If Lessee or Guarantor is liquidated or dissolved, or begins proceedings toward such liquidation or dissolution, or, in any manner, permits the sale or divestiture of substantially all of its assets to another corporation, unless the purchaser of such assets assumes all of Lessee's obligations under this Lease by a written instrument, in form and substance reasonably satisfactory to Lessor, accompanied by an opinion of counsel, reasonably satisfactory to Lessor and addressed to Lessor stating that such instrument of assumption is valid, binding and enforceable against the parties thereto in accordance with its terms (subject to usual bankruptcy and other creditors'

rights exceptions), and that immediately after giving effect to any such sale, Lessee or other corporation (if not Lessee) surviving the same, has a Consolidated Net Worth of not less than the Consolidated Net Worth of Lessee immediately prior to such sale, all as to be set forth in an Officer's Certificate and delivered to Lessor within a reasonable period of time after such sale, or

(f) if the estate or interest of Lessee in the Leased Property or any part thereof is levied upon or attached in any proceeding and the same is not vacated or discharged within the later of ninety (90) days after commencement thereof or sixty (60) days after Notice thereof from Lessor (unless Lessee is contesting such lien or attachment in good faith in accordance with Article XII hereof), or

(g) if, except as a result of damage, destruction or any Condemnation, Lessee voluntarily ceases operations on the Leased Property for a period in excess of thirty (30) days.

then Lessor may exercise any of the remedies available to it at law and in equity as a result of Lessee's breach of this Lease.

## 16.2 Remedies.

(a) Upon an Event of Default, Lessor at its option may terminate this Lease by Notice to Lessee, Lessor or Lessor's agents and servants may, to the extent permitted by State law, immediately or at any time thereafter reenter the Leased Property and remove all persons and all or any property therefrom, either by summary dispossession proceedings or by any suitable action or proceeding at law or by reasonable force or otherwise, and repossess and enjoy said premises together with all additions,



alterations and improvements, provided, however, that Lessee shall have a period of thirty (30) days after an Event of Default within which to effect the removal of patients from the Leased Property, and Lessor shall not exercise any of the foregoing remedies or any other remedies provided by law unless and until the earlier of the expiration of such thirty (30) day period or the removal of all patients from the Leased Property. Upon the termination of this Lease by summary dispossess proceedings or under any provision of law now or at any time hereafter in force by reason of or based upon or arising out of a Default under or breach of this Lease on the part of the Lessee, or upon the Lessor's recovering possession of the Leased Property in the manner or in any of the circumstances hereinbefore mentioned or in any other manner or circumstances whatsoever, whether with or without legal proceedings, by reason of or based upon or arising out of a Default under or breach of this Lease on the part of the Lessee, the Lessor may, but unless required by applicable law, shall be under no obligation to, relet the Leased Property or such part or parts thereof as may be practicable, for the account of the Lessee or otherwise, and receive and collect the rents therefor, applying the same first to the payment of such expenses as the Lessor may have incurred in recovering possession of the Leased Property, including legal expenses and attorneys' fees, and in putting the same into good order or condition or preparing or altering the same for rental, and all other expenses, commissions and charges paid, assumed, or incurred by the Lessor in or about reletting the Leased Property, and then to the fulfillment of the covenants of the Lessee hereunder. Subject to the provisions of Article XXIII, the Lessor shall not be obligated to accept any substitute lessee or sublessee proffered or procured by the Lessee. Any such reletting herein provided for may be for the

remainder of the term of this Lease as originally granted or for a longer or shorter period. Lessor may, for the purpose of such reletting, decorate or make any repairs, changes, alterations or additions in or to the Leased Property that Lessor may deem necessary or convenient. In any such case and whether or not the Leased Property, or any part thereof, be relet, the Lessee shall pay to the Lessor the Rent and all Additional Charges and other charges required to be paid by the Lessee up to the time of such termination of this Lease or of such recovery of possession of the Leased Property by the Lessor, as the case may be, and thereafter, the Lessee agrees to pay the equivalent of the amount of all the Rent reserved herein and all Additional Charges and other charges required to be paid by Lessee until the termination date or expiration of the Renewal even then in effect, as the case may be, less the net avails of reletting, if any, and the same shall be due and payable by the Lessee to the Lessor on the in the same manner as Minimum Rent as specified in Section 3.1, that is to say, the Lessee shall pay to the Lessor the amount of the deficiency then existing. In any of the circumstances hereinabove mentioned in which the Lessor shall have the right to hold the Lessee liable to pay to the Lessor the equivalent of the amount of all the Rent and all Additional Charges and other charges required to be paid by the Lessee less the net avails of reletting, if any, the Lessor shall have the election, instead of holding the Lessee so liable, forthwith to recover against the Lessee, as damages for loss of the bargain and not as a penalty, an aggregate sum representing, at the time of such termination of this Lease or of such recovery of possession of the Leased Property by the Lessor, as the case may be, the excess, if any, of the aggregate of the Rent and all Additional Charges and other charges payable by the Lessee hereunder that would have

accrued to the end of the Term over the aggregate rental value of the Leased Property for the same period, unless any statute or rule of law governing the proceeding in which such damages are to be proved shall limit the amount of such claim capable of being so proved, in which case the Lessor shall be entitled to prove as and for liquidated damages by reason of such breach and termination of this Lease the maximum amount that may be allowed by or under any such statute or rule of law. Nothing herein contained shall limit or prejudice the Lessor's right to prove and obtain as liquidated damages arising out of such breach or termination the maximum amount allowed by any such statute or rule of law that may govern the proceedings in which such damages are to be proved, whether or not such an amount be equal to, or less than the amount of the excess of the rent over the rental value referred to above.

(b) In the event of any termination of this Lease by reason of the occurrence of any Event of Default, all unearned insurance premiums, all deposits theretofore made by the Lessee with utility companies or under this Lease, any claims for refund of any Imposition, any pending claims for insurance proceeds or condemnation awards, and all fuel and supplies on the Leased Property shall be deemed to be and are hereby assigned to and transferred to Lessor, and together with any deposits or funds held by Lessor pursuant to the provisions of this Lease, may be applied by the Lessor in payment of the Lessee's liabilities under this Lease. In addition, the Lessee shall deliver to the Lessor all existing subleases for the Leased Property together with appropriate assignments thereof to Lessor.

16.3 Lessor Event of Default. If Lessor fails to observe or perform any term, covenant or condition of this Lease on its part to be performed and such failure continues for a period of thirty (30) days after Notice thereof from Lessee (or such shorter time as may be required in order to protect the health or welfare of any patients or other residents of the Leased Property) (a "Lessor Event of Default"), unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to continue if Lessor, within said thirty (30) day period, proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof. The time within which Lessor shall be obligated to cure any such failure shall also be subject to extension of time due to the occurrence of any Unavoidable Delay. If there is a Lessor Event of Default, Lessee shall have the remedies described in Section 5.3 and all other remedies provided by law.

16.4 Litigation. If litigation is commenced with respect to any alleged default under this Lease, the prevailing party in such litigation shall receive, in addition to its damages incurred, such sum as the court shall determine as its reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

## ARTICLE XVII

### LESSOR'S RIGHT TO CURE LESSEE'S DEFAULT

If Lessee fails to make any payment or to perform any act required to be made or performed under this Lease, and fails to cure the same within the relevant time periods provided in Section 16.1, Lessor, after three (3) days' Notice, without waiv-

ing or releasing any obligation of Lessee, and without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Lessee, and may, to the extent permitted by law, enter upon the Leased Property for such purpose and take all such action thereon as, in Lessor's opinion, may be necessary or appropriate therefor. Provided, however, that should Lessor reasonably determine that the giving of such Notice would risk serious loss to the Leased Property or cause irrevocable damage to Lessor, then Lessor shall give such written Notice as is practical under the circumstances. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, in each case to the extent permitted by law) so incurred, together with a late charge thereon (to the extent permitted by law) at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Lessors, shall be paid by Lessee to Lessor on demand. The obligations of Lessee and rights of Lessor contained in this Article shall survive the expiration or earlier termination of this Lease.

#### ARTICLE XVIII

##### PROVISIONS RELATING TO PURCHASE OF THE LEASED PROPERTY

If Lessee purchases the Leased Property from Lessor pursuant to any of the terms of this Lease, Lessor shall, upon receipt from Lessee of the applicable purchase price, together with full payment of any unpaid Rent due and payable with respect to any period ending on or before the date of the purchase, deliver to Lessee a

title insurance policy, together with an appropriate deed or other conveyance conveying the entire interest of Lessor in and to the Leased Property to Lessee free and clear of all Encumbrances other than (i) those that Lessee has agreed hereunder to pay or discharge, (ii) those mortgage liens, if any, that Lessee has agreed in writing to accept and to take title subject to, (iii) Permitted Encumbrances, (iv) Encumbrances required to be imposed on the Leased Property under Section 7.4, and (v) any other Encumbrances that are assumable at no cost to Lessee or to which Lessee make take subject without cost to Lessee. The difference between the applicable purchase price and the total of the Encumbrances assumed or taken subject to shall be paid in cash to Lessor or as Lessor may direct, in federal or other immediately available funds except as otherwise mutually agreed by Lessor and Lessee. The closing of any such sale shall be contingent upon and subject to Lessee obtaining all required governmental consents and approvals for such transfer and if such sale fails to be consummated by reason of the inability of Lessee to obtain all such approvals and consents, any options to extend the Term of this Lease which otherwise would have expired during the escrow period of such proposed sale shall be deemed to remain in effect for 30 days after termination of the escrow or other arrangement covering the closing of such proposed sale. All expenses of such conveyance, including, without limitation, the cost of title examination or standard coverage title insurance, if reasonably required under the circumstances then existing, attorneys' fees incurred by Lessor in connection with such conveyance and release, and transfer taxes, shall be paid by Lessee. Recording fees shall be paid for by Lessee.

ARTICLE XIX  
RENEWAL TERMS

The term of this Lease may be renewed as provided in Section 1.3.2 of this Lease.

ARTICLE XX  
HOLDING OVER

If Lessee for any reason remains in possession of the Leased Property after the expiration or earlier termination of the Term hereof, such possession shall be as a month-to-month tenant during which time Lessee shall pay as rental each month two times the aggregate of (i) one-twelfth of the Rent payable with respect to the last Lease year of the preceding Term, (ii) all Additional Charges accruing during the month and (iii) all other sums, if any, payable by Lessee pursuant to the provisions of this Lease with respect to the Leased Property. During such period of month-to-month tenancy, Lessee shall be obligated to perform and observe all of the terms, covenants and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by law to month-to-month tenancies, to continue its occupancy and use of the Leased Property. Nothing contained herein shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease.

ARTICLE XXIRISK OF LOSS

During the Term, the risk of loss or of decrease in the enjoyment and beneficial use of the Leased Property in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions (other than those caused by Lessor and those claiming from, through or under Lessor) is assumed by Lessee, and, in the absence of gross negligence, willful misconduct or breach of this Lease by Lessor pursuant to Section 34.3, Lessor shall in no event be answerable or accountable therefor nor shall any of the events mentioned in this Section entitle Lessee to any abatement of Rent except as specifically provided in this Lease.

ARTICLE XXIIINDEMNIFICATION

22.1 Indemnification. Notwithstanding the existence of any insurance provided for in Article XIII, and without regard to the policy limits of any such insurance, Lessee will protect, indemnify, hold harmless and defend Lessor from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), to the extent permitted by law, each a "Claim" and collectively, "Claims") imposed upon or incurred by or asserted against Lessor as owner of the Leased Property by reason of: (a) any accident, injury to or death of persons or loss of or damage to property occurring in or about the Leased Property or adjoining sidewalks, including without



limitation any Malpractice Claims. (b) any past, present or future use, misuse, non-use, condition, management, maintenance or repair by Lessee of the Leased Property or Lessee's Personal Property or any litigation, proceeding or Claim by governmental entities or other third parties to which Lessor is made a party or participant related to such use, misuse, non-use condition, management, maintenance, or repair thereof by Lessee, including Lessee's failure to perform obligations (other than condemnation proceedings), (c) any Impositions that are the obligations of Lessee pursuant to the applicable provisions of this Lease. (d) any failure on the part of Lessee to perform or comply with any of the terms of this Lease, and (e) the non-performance of any of the terms and provisions of any and all existing and future subleases of the Leased Property to be performed by the sublessor thereunder. Any amounts that become payable by Lessee under this Section shall be paid within ten (10) days after liability therefor on the part of Lessee is determined by litigation or otherwise, and if not timely paid, shall bear a late charge (to the extent permitted by law) at the Overdue Rate from the date of such determination to the date of payment. Lessee, at its expense, shall contest, resist and defend any such claim, action or proceeding asserted or instituted against Lessor or may compromise or otherwise dispose of the same as Lessee sees fit. Nothing herein shall be construed as indemnifying Lessor against its own negligent acts or omissions or willful misconduct.

Lessor shall indemnify, save harmless and defend Lessee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses imposed upon or incurred by or asserted against Lessee as a result of the gross negligence or willful misconduct of Lessor.

Lessee's or Lessor's liability for a breach of the provisions of this Article shall survive any termination of this Lease.

22.2 Nonliability of Trustees and Shareholders, etc. Lessor is a real estate investment trust organized and existing under the law of the State of Maryland, which provides that no personal liability for the obligations of Lessor will attach to its shareholders or trustees. Lessor's Declaration of Trust provides, and Lessee expressly agrees, that no shareholder, trustee, officer, employee, representative or agent of Lessor shall be personally liable for any obligations of Lessor hereunder and Lessee shall look solely to Lessor's property for satisfaction of any claim hereunder, and no recourse may be had against the private property of such shareholders, trustees, officers, employees, representatives or agents of Lessor to satisfy any obligations of Lessor. The foregoing provisions are not intended to, and shall not, limit any right that Lessee might otherwise have to obtain injunctive relief against Lessor or Lessor's successors in interest, or any action not involving the personal liability of the Trustees, shareholders, officers, employees or agents of Lessor (original or successor). The foregoing provisions are not intended to, and shall not, limit any right that Lessee might otherwise have to obtain injunctive relief against Lessor or Lessor's successors in interest, or any action not involving the personal liability of the Trustees, shareholders, officers, employees or agents of Lessor (original or successor).

ARTICLE XXIIISUBLETTING AND ASSIGNMENT

23.1 Lessee's Consent Required. Lessee may not voluntarily assign or encumber its interest in this Lease or in the Leased Property, or sublease all or any part of the Leased Property, or allow any other person or entity (except Lessee's authorized representatives) to occupy or use all or any part of the Leased Property, without first obtaining Lessor's prior written consent, which consent may be withheld in Lessor's sole discretion except to an affiliate of Lessee in which case Lessor's consent shall not be required. Options to extend are not severable from this Lease and may not be separately assigned. Lessee shall pay all reasonable costs and expenses that may be incurred by Lessor in processing, documenting or administering any request of Lessee for Lessor's consent under this Article XXIII. Lessor may require as conditions precedent to consenting to any proposed assignment or subletting that the proposed assignee or sublessee have and demonstrate to Lessor net worth equal to or in excess of that of Lessee, that the rent from such proposed assignee or sublessee other than an affiliate of Lessee be paid directly to Lessor to the extent of the rent due to Lessor hereunder, and such other reasonable requirements as Lessor determines to be appropriate under the circumstances.

23.2 Deemed Assignment. Except as provided in Section 16.1(f), any dissolution, merger, consolidation, or other reorganization of Lessee, or the sale or any other transfer whatsoever of any of the capital stock or any interest in Lessee, or the sale of twenty-five percent (25%) of the value of the assets of Lessee, except, in each

case, to or with an affiliate of Lessee, shall be deemed a voluntary assignment by Lessee of its interest hereunder.

23.3 Effect of Assignment: No Waiver. Any assignment, encumbrance, or sublease without Lessor's prior written consent (unless Lessor's consent is not required) shall be voidable and, at Lessor's election, shall constitute an Event of Default. Lessor's consent to any assignment, encumbrance, or sublease shall not constitute a waiver of the application of the consent provisions of this Lease to any subsequent assignment, encumbrance or subletting or be deemed to be a consent to or relieve Lessee from obtaining Lessor's consent to any subsequent assignment, subletting, use, occupancy, transfer or encumbrance, except to the extent, if any, expressly provided in such consent. Lessor's consent to any assignment, encumbrance, or subletting by Lessee shall not act as a release of Lessee from any of the provisions, covenants or conditions of this Lease. The consent by Lessor to any assignment, subletting, use, occupancy, transfer, or encumbrance, shall not operate to relieve Lessee from primary liabilities to perform each and every covenant or obligation hereunder.

23.4 Permitted Sublessees. Notwithstanding anything to the contrary contained herein, the Lessee may sublease not more than 25% in the aggregate of the square footage of the Facility to physicians and other health care professionals, third-party vendors and providers or operators of portions of the Facility without consent of Lessor.

23.5 Assumption by Assignee: Form of Agreement. If Lessee shall assign this Lease as permitted herein, the assignee shall expressly assume all of the obligations of Lessee hereunder in a written instrument satisfactory to Lessor and furnished to Lessor, not later than five (5) days prior to the effective date of such assignment. If Lessee shall sublease the premises as permitted herein, Lessee shall obtain and furnish to Lessor, not later than five (5) days prior to the effective date of such sublease, and in form satisfactory to Lessor, the written agreement of such sublessee to the effect that the sublessee will attorn to the Lessor, at Lessor's option and written request, in the event this Lease terminates before the expiration of the sublease.

#### ARTICLE XXIV

#### OFFICER'S CERTIFICATES; FINANCIAL STATEMENTS & LESSOR'S ESTOPPEL CERTIFICATES

(a) At any time and from time to time upon not less than twenty (20) days Notice by Lessor, Lessee will furnish to Lessor an Officer's Certificate certifying that this Lease is unmodified and in full force and effect (or that this Lease is in full force and effect as modified and setting forth the modifications) and the date to which the Rent has been paid. Any such certificate furnished pursuant to this Section may be relied upon by Lessor and any prospective purchaser of the Leased Property.

(b) Lessee shall furnish within the time periods specified with respect thereto, the following statements to Lessor:

(i) within 120 days after the end of each Fiscal Year, a balance sheet and statements of revenues and expenses and changes in retained

earnings and cash flows of Lessee, all certified by the chief financial officer of Lessee (the form of such certification to be reasonably satisfactory to Lessor), prepared in accordance with generally accepted accounting principles applied, except as otherwise noted therein, on a basis consistent with prior periods, and fairly presenting the financial condition of Lessee at the end of such Fiscal Year and the immediately preceding Fiscal Year and the results of operations of Lessee for such Fiscal Year and the immediately preceding fiscal year and in comparative columnar form:

- (ii) within 45 days after the end of each of the first three fiscal quarters of each Fiscal Year, financial statements similar to those referred to in subsection (i) of this Article XXIV, unaudited but certified by the principal financial officer of Lessee as fairly presenting the financial condition and results of operations and cash flows of Lessee and as having been prepared in accordance with generally accepted accounting principles applied, except as otherwise noted therein, on a basis consistent with prior periods, such financial statements to be for the period from the beginning of such Fiscal Year (and immediately preceding Fiscal Year) to the end of such quarter (and comparable quarter), in each case, subject to audit and year-end adjustments;

- (iii) with the statements submitted pursuant to subsections (i) and (ii) of this Article XXIV, a certificate signed on behalf of Lessee by the Chairman of the Board, President or principal financial officer of Lessee to the effect that no Event of Default nor any event which, upon notice or with the passage of time or both, would constitute an Event of Default has occurred and is continuing, or, in each case, if any such Event of Default or event has occurred and is continuing, specifying the nature and extent thereof; and
  - (iv) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Lessee as Lessor may reasonably request, including, without limitation, prompt notice of any Event of Default or any event which, with the passage of time or the giving of notice, or both, would constitute an Event of Default and prompt notice of any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency which, if adversely determined would materially adversely affect Lessee's business, operations, properties, assets or condition, financial or otherwise.
- (c) Lessor agrees to preserve the confidential and trade secret status of the information provided by Lessee pursuant to this Section. Lessor shall only reproduce or duplicate any information or reveal, publish, transfer, disclose, disseminate or distribute the information to its employees, consultants, lenders, accountants, financial advisers, and other representatives who have a "need to know" such

information and who agree to maintain the confidentiality thereof. Lessor may disclose the information to the extent that disclosure is made pursuant to the order or requirement of a court, administrative agency or other governmental body provided Lessor provides prompt notice thereof to Lessee.

(d) At any time and from time to time upon not less than 20 days notice by Lessee, Lessor will furnish to Lessee or to any person designated by Lessee an estoppel certificate certifying that this Lease is unmodified and in full force and effect (or that this Lease is in full force and effect as modified and setting forth the modifications), the date to which Rent has been paid, whether to the knowledge of Lessor there is in any existing default or Event of Default on Lessee's part hereunder, and such other information as may be reasonably required by Lessee.

#### ARTICLE XXV

#### LESSOR'S RIGHT TO INSPECT

Lessee shall permit Lessor and its authorized representatives to inspect the Leased Property during usual business hours upon reasonable notice subject to any security, health, safety or patient or business confidentiality requirements of Lessee or any governmental agency or Insurance Requirement relating to the Leased Property or imposed by law or applicable regulations.



ARTICLE XXVINO WAIVER

No failure by Lessor or Lessee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of full or partial payment of Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. To the extent permitted by law, no waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

ARTICLE XXVIIREMEDIES CUMULATIVE

To the extent permitted by law, each legal, equitable or contractual right, power and remedy of Lessor or Lessee now or hereafter provided either in this Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Lessor or Lessee of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Lessor or Lessee of any or all of such other rights, powers and remedies.

ARTICLE XXVIIIACCEPTANCE OF SURRENDER

No surrender to Lessor of this Lease or of the Leased Property or any part thereof, or of any interest therein, shall be valid or effective unless permitted or required by this Lease or agreed to and accepted in writing by Lessor and no act by Lessor or any representative or agent of Lessor, other than such a written acceptance by Lessor, shall constitute an acceptance of any such surrender not otherwise permitted or required by this Lease.

ARTICLE XXIXNO MERGER OF TITLE

There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same person may acquire, own or hold, directly or indirectly: (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate and (b) the fee estate in the Leased Property.

ARTICLE XXXCONVEYANCE BY LESSOR

If Lessor or any successor owner of the Leased Property conveys the Leased Property in accordance with the terms hereof other than as security for a debt, and the grantee or transferee of the Leased Property expressly assumes all obligations of Lessor hereunder arising or accruing from and after the date of such conveyance or transfer and is reasonably capable of performing the obligations of Lessor hereunder,

Lessor or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of Lessor under this Lease arising or accruing from and after the date of such conveyance or other transfer as to the Leased Property and all such future liabilities and obligations shall thereupon be binding upon the new owner.

#### ARTICLE XXXI

#### QUIET ENJOYMENT

So long as Lessee pays all Rent as the same becomes due and substantially complies with all of the terms of this Lease and substantially performs its obligations hereunder, in each case within the applicable grace periods. Lessee shall peaceably and quietly have, hold and enjoy the Leased Property for the Term hereof, free of any claim or other action by Lessor or anyone claiming by, through or under Lessor, but subject to all liens and Encumbrances subject to which the Leased Property was conveyed to Lessor or hereafter consented to by Lessee. Except as otherwise provided in this Lease, no failure by Lessor to comply with the foregoing covenant shall give Lessee any right to cancel or terminate this Lease or abate, reduce or make a deduction from or offset against the Rent or any other sum payable under this Lease, or to fail to perform any other obligation of Lessee hereunder. Notwithstanding the foregoing, Lessee shall have the right by separate and independent action to pursue any claim it may have against Lessor as a result of a breach by Lessor of the covenant of quiet enjoyment contained in this Section.

ARTICLE XXXIINOTICES

All notices, demands, requests, consents, approvals and other communications ("Notice" or "Notices") hereunder shall be in writing and personally served or delivered by overnight courier such as Federal Express, transmitted by facsimile or the like or mailed (by registered or certified mail, return receipt requested and postage prepaid), addressed to Lessor:

Universal Health Realty Income Trust  
367 South Gulph Road  
King of Prussia, Pennsylvania 19406  
Attention: President

with a copy to:

Fulbright and Jaworski L.L.P.  
666 Fifth Avenue, 31st Floor  
New York, New York 10103  
Attention: Warren J. Nimetz, Esq.

and addressed to Lessee:

Transitional Hospitals Corporation  
7000 Central Parkway, Suite 1000  
Atlanta, Georgia 30328  
Attention: President

with a copy to:

Community Psychiatric Centers  
24502 Pacific Park Drive  
Laguna Hills, CA 92653  
Attention: Chief Financial Officer

or to such other address or addresses as either party may hereafter designate. Personally delivered Notice shall be effective upon receipt, and Notice given by mail shall be complete at the time of deposit in the U.S. Mail system, but any prescribed

period of Notice and any right or duty to do any act or make any response within any prescribed period or on a date certain after the service of such Notice given by mail shall be extended five (5) days.

### ARTICLE XXXIII

#### RIGHT OF FIRST REFUSAL; OPTION TO PURCHASE; APPRAISALS

33.1 First Refusal to Purchase. During the Term and the Extended Terms, if any, of this Lease, Lessee shall have a right of first refusal to purchase the Leased Property upon the same price, terms and conditions as Lessor shall propose to sell the Leased Property to any unrelated third party in an arm's length transaction that Lessor intends to accept (or has accepted subject to Lessee's right of first refusal herein). If, during the Term, Lessor reaches such agreement with a third party or proposes to offer the Leased Property for sale, Lessor shall promptly notify Lessee of the purchase price and all other material terms and conditions of such agreement or proposed sale and Lessee shall have thirty (30) days after the receipt of such Notice from Lessor within which time to exercise Lessee's right of first refusal. If Lessee exercises its right, then the sale to Lessee shall be consummated upon the same terms and conditions as contained in such agreement or proposed sale, including the price and other conditions set forth therein. If Lessee does not exercise its right, Lessee shall have no further rights to purchase the Leased Property. If Lessor does not sell to the same buyer within one hundred eighty (180) days after Lessee rejects the Leased Property, the procedure must be repeated.

33.2 Lessee's Option to Purchase the Leased Property. Provided no Event of Default has occurred and is continuing, Lessor hereby grants to Lessee the option (the "Call Option"), exercisable on not less than 90 days' nor more than 180 days' Notice, to purchase the Leased Property upon the expiration of the Initial Term or any Extended Term. The purchase price of the Leased Property shall be equal to at the greater of the Fair Market Value Purchase Price of the Leased Property as of the date on which Lessee exercises the Call Option or the Minimum Repurchase Price. If Lessee shall timely and properly exercise the Call Option, the sale of the Leased Property shall be consummated through an escrow (the "Escrow") to be opened with a title or escrow company mutually acceptable to Lessor and Lessee (the "Escrow Holder"). The purchase price for the Leased Property shall be deposited into Escrow in immediately available federal funds at least one business day prior to the close of Escrow and shall be paid to Lessor at the close of Escrow in immediately available federal funds. The close of Escrow shall occur within 90 days of the date on which the purchase price is finally determined in accordance with this Lease. Lessee acknowledges and agrees that it shall purchase the Leased Property from Lessor "AS IS" and subject to all faults, all defects in title and all other matters whatsoever, including without limitation all matters of record (except for any Encumbrances or other defects in title (other than Permitted Encumbrances) placed upon the Leased Property by or on account of the actions or omissions of Lessor, which shall be removed by Lessor), it being understood that such matters shall be taken into account in determining Fair Market Value. Lessor shall be conclusively deemed not to have made any warranty or representation

regarding the title, condition or other status of the Leased Property. All title insurance premiums and closing costs associated with the sale of the Leased Property to Lessee pursuant to this Section shall be paid by Lessee.

33.3 Appraisers. If at any time it becomes necessary to determine the Fair Market Value, Fair Market Added Value or Fair Market Rental of the Leased Property for any purpose under this Lease, and the parties are unable to agree thereupon within 30 days of the date on which Lessee or Lessor (as the case may be) first receives Notice that such determination is necessary, the party required or permitted to give Notice of such prior determination shall give Notice to the other party (a) that the Fair Market Value, Fair Market Added Value or Fair Market Rental of the Leased Property will be determined by appraisal pursuant to this Section 33.3 and (b) the name of a person selected to act as appraiser on behalf of the party giving such Notice; provided that, notwithstanding the foregoing to the contrary, no appraisal of Fair Market Rental for any Extended Term shall be instituted by Lessee unless and until Lessee has properly exercised the option to extend the Term of the Lease for such Extended Term in accordance with Article XVIII. Within 10 days after such Notice, Lessor or Lessee, as the case may be, shall by Notice to the other party, either agree to the appointment of the appraiser identified in the initial Notice, in which case such appraiser shall be the sole appraiser for purposes of determining the Fair Market Value, Fair Market Added Value or Fair Market Rental, as the case may be, or shall appoint a second person as an appraiser on its behalf. Any appraiser appointed pursuant to this Section 33.3 must be a member of the American Institute of Real Estate Appraisers

(or any successor organization thereto). The appraiser(s) thus appointed shall, within 30 days after the date of the Notice appointing the first appraiser, proceed to appraise the Leased Property to determine the Fair Market Value, Fair Market Added Value or Fair Market Rental thereof (as the case may be) as of the relevant date (giving effect to the impact, if any, of market changes from the date of their decision to the relevant date). In the case of two appraisers, except as provided in Section 33.4, the two appraisals shall be averaged to determine the Fair Market Value, Fair Market Added Value or Fair Market Rental, as the case may be. In any event, the appraised value determined in accordance with this Section 33.3 and Section 33.4 shall be final and binding upon Lessor and Lessee.

33.4 Method of Appraisal. Any appraisal required or permitted by the terms of this Lease shall be conducted in a manner consistent with sound appraisal practice. Notwithstanding Section 33.3, if the difference between the appraisal amounts determined by the appraisers appointed pursuant to Section 33.3 exceeds ten percent of the lesser of such appraisal amounts, then the two appraisers shall appoint a third appraiser within twenty (20) days. If no such appraiser is appointed within such 20 days or within 90 days of the original request for a determination of Fair Market Value, Fair Market Added Value or Fair Market Rental (as the case may be), whichever is earlier, either Lessor or Lessee may apply to any court having jurisdiction to have such appointment made by such court. Any appraiser appointed by the original appraisers or by such court shall be instructed to determine the Fair Market Value or Fair Market Rental (as the case may be) within 30 days after the appointment of such appraiser.



The determination of the appraiser which differs most in the terms of dollar amount from the determinations of the other two appraisers shall be excluded, and 50% of the sum of the remaining two determinations shall be the appraised value, which appraised value shall be final and binding upon Lessor and Lessee as the Fair Market Value, Fair Market Added Value or Fair Market Rental of the Leased Property, as the case may be. If the lowest and highest appraised values are equidistant in amount from the middle appraised value, then such middle appraised value shall be the Fair Market Value, Fair Market Added Value or Fair Market Rental (as the case may be). The provisions of this Article shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties except as otherwise provided by applicable law. Lessor and Lessee each shall pay the fees and expenses of the appraiser appointed by it and all other costs and expenses incurred in connection with such appraisal, and each shall pay one-half of the fees and expenses of the third appraiser.

#### ARTICLE XXXIV

#### LESSOR'S RIGHT TO GRANT LIENS

34.1 Lessor May Grant Liens. Without the consent of Lessee, Lessor may, subject to the terms and conditions set forth below in this Section 34.1, from time to time, directly or indirectly, create or otherwise cause to exist any lien, encumbrance or title retention agreement ("Encumbrance") upon the Leased Property, or any portion thereof or interest therein, whether to secure any borrowing or other means of financing or refinancing. Any such Encumbrance shall (a) contain the right to prepay

(whether or not subject to a prepayment penalty); (b) provide that it is subject to the rights of Lessee under this Lease, including the rights of Lessee to acquire the Leased Property in the condition, with title and on the other terms set forth in Sections 33.1, 33.2, 33.3 and 33.4 and to assume such lien, except that Lessee's right of first refusal to purchase the Leased Property pursuant to Section 33.1 shall not be applicable upon a foreclosure sale or transfer in lieu thereof provided, however, that any such purchaser on foreclosure or transferee in lieu thereof takes title subject to Lessee's rights to acquire the Leased Property pursuant to Article XXXIII; (c) contain the Agreement by the holder of the Encumbrance that it will (i) give Lessee the same notice, if any, given to Lessor of any default or acceleration of any obligation underlying any such Encumbrance or any sale in foreclosure under such Encumbrance, (ii) permit Lessee to cure any such default on Lessor's behalf within any applicable cure period, and Lessee shall be reimbursed by Lessor or shall be entitled to offset against Rent payments next accruing or coming due for any and all costs incurred in effecting such cure, including without limitation all costs incurred to effect any such cure (including reasonable attorneys' fees), and (iii) permit Lessee to appear by its representative and to bid at any sale in foreclosure made with respect to any such Encumbrance. Upon the reasonable request of Lessor, Lessee shall subordinate this Lease to the lien of a new mortgage on the Leased Property, on the condition that the proposed mortgagee executes a non-disturbance agreement recognizing this Lease, including all other options, preemptive, substitution and other rights of Lessee under this Lease and agreeing, for itself and its successors and assigns, to comply with the provisions of this Article XXXIV.

ARTICLE XXXVMISCELLANEOUS

35.1 Anything contained in this Lease to the contrary notwithstanding, all claims against, and liabilities of, Lessee or Lessor arising prior to any date of termination of this Lease shall survive such termination. If any term or provision of this Lease or any application thereof is invalid or unenforceable, the remainder of this Lease and any other application of such term or provision shall not be affected thereby. If any late charges or any interest rate provided for in any provision of this Lease are based upon a rate in excess of the maximum rate permitted by applicable law, the parties agree that such charges shall be fixed at the maximum permissible rate. Neither this Lease nor any provision hereof may be changed, waived, discharged or terminated except by an instrument in writing and in recordable form signed by Lessor and Lessee. All the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The headings in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Lease shall be governed by and construed in accordance with the laws of the State, but not including its conflicts of laws rules.

35.2 This Lease is made on behalf of Lessor by an Officer or Trustee of Lessor, not individually, but solely in the Trustee's capacity in such office as authorized by the Trustees pursuant to Lessor's Declaration of Trust, and the obligations of this

Lease are not binding upon, nor shall resort be had to, the private property of any of the Trustees, shareholders, officers, employees or agents of Lessor personally, but bind only Lessor's property.

Further, except as otherwise expressly provided herein, in no event shall either party (original or successor) ever be liable to the other for any indirect or consequential damages suffered by the other from whatever cause.

35.3 Upon the expiration or earlier termination of the Term, Lessee shall use all reasonable efforts to transfer to Lessor or Lessor's nominee or to cooperate with Lessor or Lessor's nominee in connection with the processing by Lessor or Lessor's nominee of any applications for all licenses, operating permits and other governmental authorizations and all contracts, including contracts with governmental or quasi-governmental entities which may be necessary for the operation of the Facility; provided that the costs and expenses of any such transfer or the processing of any such application shall be paid by Lessor or Lessor's nominee and Lessor or Lessor's nominee shall advance without reimbursement all reasonable costs incurred by Lessee in complying with this Section 35.3. Lessee shall refund to Lessor or Lessor's nominee any unused advances.

35.4 Effective upon not less than 90 days' prior Notice given at any time within 180 days prior to the expiration of the Term of this Lease, or upon such shorter Notice as shall be reasonable if this Lease is terminated prior to its expiration date, Lessor shall have the option to purchase all (but not less than all) of Lessee's Personal

Property, if any, at the expiration or termination of this Lease, for an amount equal to the then fair market value thereof (as determined by an appraisal conducted pursuant to Section 33.3) subject to, and with appropriate price adjustments for, all equipment leases, conditional sale contracts, UCC financing statements and other Encumbrances to which Lessee's Personal Property is subject.

35.5 Lessee waives all presentments, demands for performance, notices of nonperformance, protests, notice of protest, notices of dishonor, and notices of acceptance and waives all notices of the existence, creation, or incurring of new or additional obligations, except as expressly granted herein.

#### ARTICLE XXXVI

#### MEMORANDUM OF LEASE

Lessor and Lessee shall promptly enter into a short form memorandum of this Lease, suitable for recording under the laws of the State in which reference to this Lease, and all options contained herein, shall be made. Lessee shall pay all costs and expenses of recording such memorandum of this Lease.

#### ARTICLE XXXVII

#### COMPLIANCE WITH LAW

During the term of this Lease, Lessee will, at its expense, make whatever capital improvements are required to conform the Leased Property to such standard as

may from time to time be required by applicable Federal Medicare (Title 18) or Medicaid (Title 19) programs or legislation, or capital improvements required by any other governmental agency having jurisdiction over the Leased Property as a condition of the continued operation of the Leased Property as a licensed general acute care hospital.

IN WITNESS WHEREOF, the parties have executed this Lease by their  
duly authorized partners, trustees or officers as of the date first above written.

UNIVERSAL HEALTH REALTY INCOME  
TRUST, a Maryland real estate  
investment trust,

BY: \_\_\_\_\_

Kirk E. Gorman  
President

THC-CHICAGO, INC., an Illinois  
corporation,

BY: \_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Lease by their  
duly authorized partners, trustees or officers as of the date first above written.

UNIVERSAL HEALTH REALTY INCOME  
TRUST, a Maryland real estate  
investment trust,

BY: Kirk E. Gorman  
President

THC-CHICAGO, INC., an Illinois  
corporation.

BY: James R. Laughlin





Writer's Fax No. (502) 596-4075  
 Writer's Direct Dial No. (502) 596-7243

April 24, 2001

**VIA FAX AND AIRBORNE EXPRESS**

Universal Health Realty Income Trust  
 Universal Corporate Center  
 367 S. Gulph Road  
 King of Prussia, PA 19406-0958  
 Attention: President

RE: Universal Health Realty Income Trust ("Lessor")  
 THC-Chicago, Inc. ("Lessee")  
 Lease Dated December 1993 (the "Lease")  
Vencor Hospital - Chicago Central #4667 ("Facility")

Dear Sir or Madam:

The initial term of the above-referenced Lease expires December 31, 2001. Pursuant to Section 1.3.2 of the Lease, Lessee has the right to renew the Lease for up to four (4) additional successive five (5) year terms. Lessee hereby exercises its right to renew the lease for the first five (5) year renewal term, which term will commence January 1, 2002 and expire December 31, 2006.

Please acknowledge your acceptance of the renewal term by executing a duplicate original of this letter and returning the same to:

Marilyn A. Weaver  
 Leased Property Manager  
 680 S. 4<sup>th</sup> Avenue, 3<sup>rd</sup> Floor  
 Louisville, KY 40202-2412

If you have any questions, please advise.

Sincerely yours,

Marilyn A. Weaver  
 Leased Property Manager

maw

cc: Douglas L. Curnutte

ACKNOWLEDGED AND AGREED TO THIS 30 DAY OF April, 2001.

UNIVERSAL HEALTH REALTY INCOME TRUST

By:   
 Its: Vice President + Treasurer

680 South Fourth Avenue Louisville, Kentucky 40202  
 502.596.7300 www.kindredhealthcare.com

Attachment - 2

2006-Apr-26 09:44 PM

UHS Treasury Depart

6103824407

1/1



Writer's Fax No. (502) 596-4007  
 Writer's Direct Dial No. (502) 596-7329  
 E-mail: douglas\_cumutte@kindredhealthcare.com

March 24, 2006

**VIA FAX AND UPS**

Universal Health Realty Income Trust  
 Universal Corporate Center  
 367 S. Gulph Road  
 King of Prussia, PA 19406-0958  
 Attention: Cheryl K. Ramagano  
 Vice President and Treasurer

RE: Universal Health Realty Income Trust ("Lessor")  
 THC-Chicago, Inc. ("Lessee")  
 Lease Dated December 1993 (the "Lease")  
4058 West Melrose Street, Chicago, IL (the "Premises")

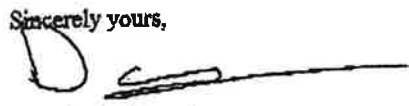
Dear Ms. Ramagano:

The current term of the above-referenced Lease expires December 31, 2006. Pursuant to Section 1.3.2 of the Lease, Lessee has the right to renew the Lease for up to four (4) additional successive five (5) year terms. Lessee hereby exercises its right to renew the lease for the second five (5) year renewal term, which term will commence January 1, 2007 and expire December 31, 2011 (the "Second Renewal Term"). The Lease will continue under the same terms and conditions except that Rent will increase pursuant to Section 3.1 of the Lease.

Please acknowledge your acceptance of the renewal term by executing a duplicate original of this letter and returning the same to the undersigned.

If you have any questions, please advise.

Sincerely yours,

  
 Douglas L. Cumutte  
 Vice President of Facilities and Real  
 Estate Development

maw

ACKNOWLEDGED AND AGREED TO THIS 31 DAY OF March, 2006.

UNIVERSAL HEALTH REALTY INCOME TRUST

By:   
 Its: Vice President

680 South Fourth Avenue Louisville, Kentucky 40202  
 502.596.7300 www.kindredhealthcare.com

Attachment - 2



Writer's Direct Dial No. (502) 596-7243  
 Writer's Fax No. (502) 596-4785  
 E-mail: marilyn.weaver@kindredhealthcare.com

February 2, 2011

**VIA FAX AND UPS**

Universal Health Realty Income Trust  
 Universal Corporate Center  
 367 S. Gulph Road  
 King of Prussia, PA 19406-0958  
 Attention: Cheryl K. Ramagano  
 Vice President and Treasurer

RE: Universal Health Realty Income Trust ("Lessor")  
 THC-Chicago, Inc. ("Lessee")  
 Lease Dated December 1993 (the "Lease")  
4058 West Melrose Street, Chicago, IL (the "Premises")

Dear Ms. Ramagano:

The current term of the above-referenced Lease expires December 31, 2011. Pursuant to Section 1.3.2 of the Lease, Lessee has the right to renew the Lease for up to four (4) additional successive five (5) year terms. Lessee hereby exercises its right to renew the Lease for the third five (5) year renewal term, which term will commence January 1, 2012 and expire December 31, 2016 (the "Third Renewal Term"). The Lease will continue under the same terms and conditions, and Rent during the Third Renewal Term will increase pursuant to the terms of Section 3.1 of the Lease.

Please acknowledge your acceptance of the renewal term by executing a duplicate original of this letter and returning the same to the undersigned.

If you have any questions, please call me.

Sincerely yours,

Marilyn A. Weaver  
 Corporate Administrative Manager of  
 Leased Property

maw

ACKNOWLEDGED AND AGREED TO THIS 4<sup>th</sup> DAY OF February, 2011.  
 UNIVERSAL HEALTH REALTY INCOME TRUST

By:

Its:

Vice President + Treasurer

680 South Fourth Street Louisville, Kentucky 40202

Attachment - 2



Writer's Direct Dial No. (502) 596-7243  
Email: [LeAndra.Conrad@kindred.com](mailto:LeAndra.Conrad@kindred.com)

April 14, 2016

**VIA UPS OVERNIGHT AND EMAIL**

Cheryl K. Ramagano  
Vice President & Treasurer  
Universal Health Realty Income Trust  
Universal Corporate Center  
367 Gulph Road  
King of Prussia, PA 19406-0958  
[Cheryl.Ramagano@uhsinc.com](mailto:Cheryl.Ramagano@uhsinc.com)

**RE: EXERCISE RENEWAL OPTION**  
Universal Health Realty Income Trust ("Lessor")  
THC-Chicago, Inc. ("Tenant")  
4058 West Melrose Street, Chicago, IL (the "Premises")  
Lease dated December 1993 (the "Lease")

Dear Ms. Ramagano:

The current term of the Lease expires December 31, 2016. Pursuant to Section 1.3.2 of the Lease, Lessee has one (1), five (5) year renewal option remaining. Lessee hereby exercises said option therefore the term of the Lease is extended starting January 1, 2017 and ending December 31, 2022 (the "Fourth Renewal Term"). The Rent during the Fourth Renewal Term will increase as set forth in Section 3.1 of the Lease. All other terms of the Lease shall remain unchanged.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "LeAndra Conrad".

LeAndra Conrad  
Manager of Leased Property

cc: Warren J. Nimetz, Esq.

Attachment - 2

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

Kindred THC North Shore, LLC is the operating entity for Kindred Chicago Central Hospital. The Illinois Certificate of Good Standing for Kindred THC North Shore, LLC is attached at Attachment – 3.

File Number

0647090-4



***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***

KINDRED THC NORTH SHORE, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JANUARY 29, 2018, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 31ST day of OCTOBER A.D. 2019 .***

*Jesse White*

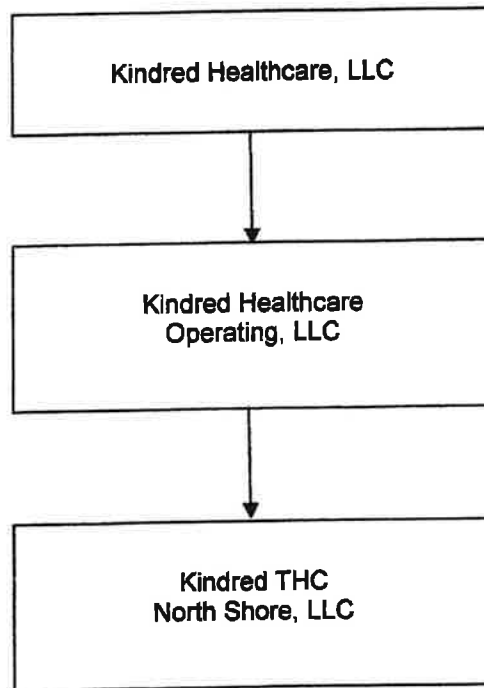
SECRETARY OF STATE

Authentication #: 1930402204 verifiable until 10/31/2020  
Authenticate at: <http://www.cyberdriveillinois.com>

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

The organizational chart for Kindred Chicago Central Hospital is attached at Attachment – 4.

**Kindred Chicago Central Hospital  
Organizational Structure**





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

This project does not involve construction or modernization. Accordingly, this criterion is not applicable.

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

This project does not involve construction or modernization. Accordingly, this criterion is not applicable.

**Section I, Identification, General Information, and Certification**  
**Project Costs and Sources of Funds**

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

**Section II, Discontinuation**  
**Criterion 1110.290(a), General**

1. The Applicants will discontinue its 95-bed long-term acute care hospital located at 4058 West Melrose Street, Chicago, Illinois.
2. The Applicants will discontinue imaging services (general radiography/fluoroscopy, ultrasound, computerized axial tomography, and magnetic resonance imaging) as part of the discontinuation of Kindred Chicago Central Hospital.
3. Anticipated Discontinuation Date: The Applicants anticipate Kindred Chicago Central Hospital will be discontinued as soon as practicable after State Board approval, but no sooner than June 10, 2021 and no later than December 31, 2021.
4. The Applicants lease the physical plant from Universal Health Realty Income Trust. As a result, the Applicants will have no control over the physical plant after discontinuation of Kindred Chicago Central Hospital. Kindred Chicago Central has no major medical equipment, and any equipment available would likely be redistributed among the Kindred's other long-term acute care hospitals in Chicago.
5. Medical records will be maintained at the Kindred Healthcare Support Center (paper copies through Iron Mountain and electronic records in our information systems) pursuant to the time periods required by federal and state law
6. A copy of the notice of discontinuation of Kindred Chicago Central Hospital published on March 12, 2021 is attached at Attachment – 10A.
7. The Applicants provided notice of their intent to file a Certificate of Need application to discontinue Kindred Chicago Central Hospital to the following state and local officials: (a) Honorable Lori Lightfoot, Mayor, City of Chicago; (b) Illinois State Senator ; (c) Illinois State Representative; (d) Director Ngozi Ezike, M.D., Illinois Department of Public Health; (e) Director Theresa Eagleson, Illinois Department of Healthcare and Family Services; and (f) Courtney R. Avery, Administrator, Illinois Health Facilities and Services Review Board. Copies of the notices are attached at Attachment – 10B.
8. An affidavit from Joseph L. Landenwich, General Counsel and Corporate Secretary, THC North Shore, LLC, certifying all questionnaires and data required by the State Board or IDPH will be provided through the date of discontinuation and that all required information will be submitted no later than 90 days following the date of discontinuation is attached at Attachment – 10C.

Beacon-News NEWS-SUN NAPERVILLE SUN  
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All real estate advertised in this newspaper is subject to the Federal Fair Housing Act which makes it illegal to discriminate on the basis of race, color, sex, religion, national origin, or marital status. It is the policy of this newspaper to accept advertising from all persons without regard to race, color, sex, religion, national origin, or marital status. If you believe you have been discriminated against in the sale or rental of housing, please contact the U.S. Department of Housing and Urban Development, 400 Martin Luther King Blvd., Suite 901, Atlanta, GA 30303. (404) 524-9510.

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Curbside recycling service available in Cook County. Call 800-399-0537 for more information.

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**DIRT CHEAP TREE SERVICE**

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## EQUAL HOUSING OPPORTUNITIES

All real estate advertised in this newspaper is subject to the Federal Fair Housing Act, which makes it illegal to advertise any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, in the sale, rental, or financing of housing. In addition the Illinois Human Rights Act prohibits discrimination based on age, ancestry, marital status, sexual orientation or unfavorable military discharge.

This paper will not knowingly accept any advertising for real estate which is in violation of the law. All persons are hereby informed that all dwellings advertised are available on an equal opportunity basis.

If you believe you have been discriminated against in connection with the sale, rental or financing of housing, Call:

West City and Suburbs:  
HOPE Fair Housing Center  
630-690-6500

South City and Suburbs:  
South Suburban Housing Center  
708-957-4674

North City and Suburbs:  
Interfaith Housing Center  
of the Northern Suburbs  
847-501-5760

### MERCHANDISE

### Estate Sales

Crestwood - 14160 Lamont Fri  
Sat 3-12/13 9/2 Holiday Glass  
Coll Tools Jewelry Washer Dryer  
Clothes Furn Full House MORE

### Wanted to Buy

### REAL ESTATE FOR SALE

#### Judicial Sales - Real Estate

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT - CHANCERY DIVISION  
LAKEVIEW LOAN SERVICING, LLC  
Plaintiff,

vs.  
PAUL A. MCLAUGHLIN, LISA S. MCLAUGHLIN  
Defendants  
2019CH14342  
3106 MILLER AVENUE  
SOUTH CHICAGO HEIGHTS, IL 60411

NOTICE OF SALE  
PUBLIC NOTICE IS HEREBY GIVEN that pursuant to a Judgment of Foreclosure and Sale entered in the above cause on January 11, 2021, an agent for The Judicial Sales Corporation, will at 10:30 AM on April 13, 2021, at The Judicial Sales Corporation, One South Wacker Drive, CHICAGO, IL, 60606, sell at a public sale to the highest bidder, as set forth below, the following described real estate:

Commonly known as 3106 MILLER AVENUE, SOUTH CHICAGO HEIGHTS, IL 60411  
Property Index No. 32-32-208-017-0000

The real estate is improved with a residence.  
Sale terms: 25% down of the highest bid by certified funds at the close of the sale payable to The Judicial Sales Corporation. No third party checks will be accepted. The balance, including the Judicial Sale fee for the Abandoned Residential Property Municipality Relief Fund, which is calculated on residential real estate at the rate of \$1 for each \$1,000 or fraction thereof of the amount paid by the purchaser, not to exceed \$300, in certified funds or wire transfer is due within twenty-four (24) hours. No fee shall be paid by the mortgagee acquiring the residential real estate pursuant to its credit bid at the sale or by any mortgagee, judgment creditor, or other lienor acquiring the residential real estate whose rights in and to the residential real estate arose prior to the sale. The subject property is subject to general real estate taxes to general real estate taxes special assessments, or special taxes levied against said real estate and is offered for sale without any representation as to quality or quantity of title and without recourse to Plaintiff and in "AS IS" condition. The sale is further subject to confirmation by the court.  
Upon payment in full of the

### Bid Notice

#### LEGAL NOTICE INVITATION TO BID

Notice is hereby given by the Board of Education of North Palos Elementary School District 117, 7825 W. 103rd Street, Palos Hills, Illinois, that it proposes to purchase diesel fuel for its transportation fleet.

Bids will be available at the above address between the hours of 8:00 AM and 4:00 PM. The bid specifications are also available at www.npd117.net under Departments/Business/Current Bids. All bids must be sealed and marked "Fuel Bid #2022-1" and be received no later than 10:00 AM on Friday, April 2, 2021, at which time they will be publicly opened and read aloud.

The Board of Education reserves the right to reject any part or all bids, or to waive any technicalities.

Ron Moran, Secretary  
Board of Education  
North Palos Elementary School District 117  
3/12/2021 6902577

#### Legal Notices

NOTICE  
Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively "Kindred") intend to file a certificate of need application ("Application") with the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue, in its entirety, the long-term acute care hospital known as Kindred Chicago Central Hospital (the "Hospital") located at 4058 West Melrose Street, Chicago, Illinois 60641. Kindred anticipates the State Board will consider the Application at its May 4, 2021 meeting. Kindred anticipates the Hospital's will discontinue operations no sooner than June 10, 2021 and no later than December 31, 2021, subject to State Board approval.  
3/12/21 6902720

STATE OF MICHIGAN  
5TH CIRCUIT COURT - FAMILY DIVISION  
MILAMAZOO COUNTY  
PUBLIC ACCESS PARENTAL RIGHTS TERMINATION HEARING

CASE NO. 2019-0235-NA  
PETITION NO. S01  
TO: Martez Morrow, father

IN THE MATTER OF: Jordan Mourness Moragne  
05/11/2008

Call TODAY to place an ad in the

IS



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

March 13, 2021

Anne M. Cooper  
312.873.3606  
312.276.4317 Fax  
acooper@polsinelli.com

Via Federal Express

The Honorable Lori Lightfoot  
Mayor  
City of Chicago  
121 North Clark Street  
Chicago, Illinois 60602

**Re: Kindred Chicago Central Hospital**

Dear Mayor Lightfoot:

This office represents Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred"). Pursuant to 20 Ill. Comp. Stat. 3960/8.7(a), I am writing on behalf of Kindred to notify you that Kindred intends to file a certificate of need application with the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue, in its entirety, its 95-bed long-term acute care hospital known as Kindred Chicago Central Hospital (the "Hospital") located at 4058 West Melrose Street, Chicago, Illinois 60641 (the "Project").

The Project will result in the discontinuation of all of the Hospital's authorized beds as well as inpatient imaging services. Kindred leases the building housing the Hospital from a third party landlord. The lease expires on December 31, 2021 with no further renewal options available. Kindred anticipates the Hospital will close as soon as practicable after State Board approval but no sooner than June 10, 2021 and no later than December 31, 2021.

Kindred operates two long-term acute care hospitals within 10 miles of the Hospital. Kindred Hospital North and Kindred Hospital Chicago Northlake operate below the State Board's target occupancy of 85% and have sufficient capacity to accommodate the Hospital's patients. All patients will be discharged or transferred to another Kindred hospital prior to discontinuation of the Hospital. Therefore, the discontinuation of the Hospital will not affect access to long-term care acute care services in the Chicago metropolitan area.



Mayor Lori Lightfoot

March 13, 2021

Page 2

If you have any questions about Kindred's plans to discontinue Kindred Chicago Central Hospital, please feel free to contact Matthew Keppler at 502-596-6926.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper

cc: Stacie Winkler, Kindred Healthcare





150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

March 13, 2021

Anne M. Cooper  
312.873.3606  
312.276.4317 Fax  
acooper@polsinelli.com

Via Federal Express

The Honorable Christina H. Pacione-Zayas  
Illinois State Senator, 20<sup>th</sup> District  
3140 West Montrose  
Chicago, Illinois 60618

**Re: Kindred Chicago Central Hospital**

Dear Senator Pacione-Zayas:

This office represents Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred"). Pursuant to 20 Ill. Comp. Stat. 3960/8.7(a), I am writing on behalf of Kindred to notify you that Kindred intends to file a certificate of need application with the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue, in its entirety, its 95-bed long-term acute care hospital known as Kindred Chicago Central Hospital (the "Hospital") located at 4058 West Melrose Street, Chicago, Illinois 60641 (the "Project").

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Christina H. Pacione-Zayas  
March 13, 2021  
Page 2

If you have any questions about Kindred's plans to discontinue Kindred Chicago Central Hospital, please feel free to contact Matthew Keppler at 502-596-6926.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper

cc: Stacie Winkler, Kindred Healthcare



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

March 13, 2021

Anne M. Cooper  
312.873.3606  
312.276.4317 Fax  
acooper@polsinelli.com

Via Federal Express

The Honorable Will Guzzardi  
Illinois State Representative, 39<sup>th</sup> District  
3458 North Cicero Avenue  
Chicago, Illinois 60647

**Re: Kindred Chicago Central Hospital**

Dear Representative Guzzardi:

This office represents Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred"). Pursuant to 20 Ill. Comp. Stat. 3960/8.7(a), I am writing on behalf of Kindred to notify you that Kindred intends to file a certificate of need application with the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue, in its entirety, its 95-bed long-term acute care hospital known as Kindred Chicago Central Hospital (the "Hospital") located at 4058 West Melrose Street, Chicago, Illinois 60641 (the "Project").

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Will Guzzardi  
March 13, 2021  
Page 2

If you have any questions about Kindred's plans to discontinue Kindred Chicago Central Hospital, please feel free to contact Matthew Keppler at 502-596-6926.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper

cc: Stacie Winkler, Kindred Healthcare



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

March 13, 2021

Anne M. Cooper  
312.873.3606  
312.276.4317 Fax  
acooper@polsinelli.com

Via Federal Express

Director Ngozi Ezike, M.D.  
Illinois Department of Public Health  
122 South Michigan Avenue, 7<sup>th</sup> Floor  
Chicago, Illinois 60603

**Re: Kindred Chicago Central Hospital**

Dear Dr. Ezike:

This office represents Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred"). Pursuant to 20 Ill. Comp. Stat. 3960/8.7(a), I am writing on behalf of Kindred to notify you that Kindred intends to file a certificate of need application with the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue, in its entirety, its 95-bed long-term acute care hospital known as Kindred Chicago Central Hospital (the "Hospital") located at 4058 West Melrose Street, Chicago, Illinois 60641 (the "Project").

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Ngozi Ezike, M.D.  
March 13, 2021  
Page 2

If you have any questions about Kindred's plans to discontinue Kindred Chicago Central Hospital, please feel free to contact Matthew Keppler at 502-596-6926.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper

cc: Stacie Winkler, Kindred Healthcare



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

March 13, 2021

Anne M. Cooper  
312.873.3606  
312.276.4317 Fax  
acooper@polsinelli.com

Via Federal Express

Director Theresa Eagleson  
Illinois Department of Healthcare and Family  
Services  
401 South Clinton Street  
Chicago, Illinois 60607

**Re: Kindred Chicago Central Hospital**

Dear Director Eagleson:

This office represents Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred"). Pursuant to 20 Ill. Comp. Stat. 3960/8.7(a), I am writing on behalf of Kindred to notify you that Kindred intends to file a certificate of need application with the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue, in its entirety, its 95-bed long-term acute care hospital known as Kindred Chicago Central Hospital (the "Hospital") located at 4058 West Melrose Street, Chicago, Illinois 60641 (the "Project").

The Project will result in the discontinuation of all of the Hospital's authorized beds as well as inpatient imaging services. Kindred leases the building housing the Hospital from a third party landlord. The lease expires on December 31, 2021 with no further renewal options available. Kindred anticipates the Hospital will close as soon as practicable after State Board approval but no sooner than June 10, 2021 and no later than December 31, 2021.

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Director Theresa Eagleson  
March 13, 2021  
Page 2

If you have any questions about Kindred's plans to discontinue Kindred Chicago Central Hospital, please feel free to contact Matthew Keppler at 502-596-6926.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper

cc: Stacie Winkler, Kindred Healthcare





150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

March 12, 2021

Anne M. Cooper  
312.873.3606  
312.276.4317 Fax  
acooper@polsinelli.com

Via Federal Express  
Via Email

Courtney R. Avery  
Administrator  
Illinois Health Facilities and Services Review  
Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

**Re: Kindred Chicago Central Hospital**

Dear Ms. Avery:

This office represents Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred"). Pursuant to 20 Ill. Comp. Stat. 3960/8.7(a), I am writing on behalf of Kindred to notify you that Kindred intends to file a certificate of need application with the Illinois Health Facilities and Services Review Board (the "State Board") to discontinue, in its entirety, its 95-bed long-term acute care hospital known as Kindred Chicago Central Hospital (the "Hospital") located at 4058 West Melrose Street, Chicago, Illinois 60641 (the "Project").

The Project will result in the discontinuation of all of the Hospital's authorized beds as well as inpatient imaging services. Kindred leases the building housing the Hospital from a third party landlord. The lease expires on December 31, 2021 with no further renewal options available. Kindred anticipates the Hospital will close as soon as practicable after State Board approval but no sooner than June 10, 2021 and no later than December 31, 2021.

Kindred operates two long-term acute care hospitals within 10 miles of the Hospital. Kindred Hospital North and Kindred Hospital Chicago Northlake operate below the State Board's target occupancy of 85% and have sufficient capacity to accommodate the Hospital's patients. All patients will be discharged or transferred to another Kindred hospital prior to discontinuation of the Hospital. Therefore, the discontinuation of the Hospital will not affect access to long-term care acute care services in the Chicago metropolitan area.



Ms. Courtney R. Avery  
March 12, 2021  
Page 2

If you have any questions about Kindred's plans to discontinue Kindred Chicago Central Hospital, please feel free to contact Matthew Keppler at 502-596-6926.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper

cc: Stacie Winkler, Kindred Healthcare



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

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin Code § 1110.290(a)(6) that Kindred Chicago Central Hospital will complete all questionnaires and data required by the Illinois Health Facilities and Services Review Board or the Illinois Department of Public Health (IDPH) (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation and that the required information will be submitted no later than 60 days following the date of discontinuation.

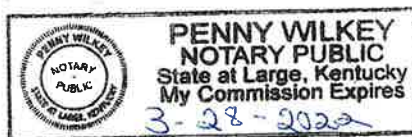
Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Landenwich".

Print Name: Joseph L. Landenwich  
 Its: General Counsel and Corporate Secretary  
 Kindred THC North Shore, LLC

Subscribed and sworn to me  
 This 2<sup>nd</sup> day of March, 2021

\_\_\_\_\_  
 Notary Public



**Section II, Discontinuation****Criterion 1110.290(b), Reason for Discontinuation**

Kindred seek authority from the Illinois Health Facilities and Services Review Board to discontinue its 95-bed long-term acute care hospital located at 4058 West Melrose Street, Chicago, Illinois. Kindred leases the building housing Kindred Chicago Central Hospital. The lease expires on December 31, 2021 with no further renewal options available. Given the landlord has not expressed interest in renewing the lease, Kindred Chicago Central Hospital must discontinue due to the loss of the hospital lease.

As of January 12, 2021, there was an excess of 226 long-term acute care beds in HSAs 6, 7, 8, and 9. The discontinuation of Kindred Chicago Central Hospital will reduce the number of long-term acute care beds in the health service area to a level closer to the State Board's calculated need.

**Section II, Discontinuation**  
**Criterion 1110.290(c), Impact on Access**

1. The discontinuation of Kindred Chicago Central Hospital will not affect access to long-term acute care services in the planning area. Based on the January 12, 2021 revised need determination, there is currently an excess of 226 long-term acute care beds in HSAs 6, 7, 8, and 9.<sup>1</sup> The discontinuation of Kindred Chicago Central Hospital will reduce that excess, and bring the number of long-term acute care beds in the health service area closer to the State Board's projected need calculation.

Further, there are three long-term acute care hospitals within the Kindred Chicago Central Hospital geographic service area. As of December 31, 2019, average utilization of these hospitals was 39.3%, with no hospital meeting the State Board's 85% utilization standard.<sup>2</sup> See Table 1110.290(c). Patients from Kindred Chicago Central will transfer to Kindred's other hospitals in the geographic service area, which can accommodate Kindred Chicago Central Hospital's historical utilization. Accordingly, the discontinuation of Kindred Chicago Central Hospital will not adversely affect patient access to long-term acute care services in metro Chicago.

| <b>Table 1110.290(c)</b>  |                 |             |                     |              |                  |                     |              |                  |
|---|-----------------|-------------|---------------------|--------------|------------------|---------------------|--------------|------------------|
| <b>Utilization of Hospitals within Kindred Chicago Central Hospital Geographic Service Area</b> |                 |             |                     |              |                  |                     |              |                  |
| <b>Hospital</b>   | <b>Distance</b> | <b>Beds</b> | <b>Patient Days</b> | <b>2018</b>  |                  | <b>2019</b>         |              |                  |
|   |                 |             |                     | <b>ADC</b>   | <b>Occupancy</b> | <b>Patient Days</b> | <b>ADC</b>   | <b>Occupancy</b> |
| Kindred Chicago Central Hospital  | -               | 95          | 11,984              | 32.8         | 34.6%            | 9,265               | 25.4         | 26.7%            |
| Kindred Hospital - Chicago North  | 2.4             | 133         | 20,051              | 54.9         | 41.3%            | 15,986              | 43.8         | 32.9%            |
| RML Chicago   | 4.6             | 86          | 22,232              | 60.9         | 70.8%            | 22,733              | 62.3         | 72.4%            |
| Kindred Hospital - Chicago Northlake  | 8.6             | 94          | 12,996              | 35.6         | 37.9%            | 10,531              | 28.9         | 30.7%            |
| <b>Total</b>  |                 | <b>408</b>  | <b>67,263</b>       | <b>184.3</b> | <b>45.2%</b>     | <b>58,515</b>       | <b>160.3</b> | <b>39.3%</b>     |

2. A copy of the notification letter sent to the non-Kindred long-term acute care hospital within the Kindred Chicago Central Hospital geographic service area is attached at Attachment – 10D.

<sup>1</sup> Illinois Health Facilities and Services Review Board, Update to Inventory of Hospital Services – 01-13-2021.

<sup>2</sup> Illinois Health Facilities and Services Review Board, 2019 Hospital Profile Reports.



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

March 13, 2021

Via US Mail

Anne M. Cooper  
(312) 873-3606  
(312) 276-4317 Direct Fax  
acooper@polsinelli.com

James R. Prister  
President & Chief Executive Officer  
RML Specialty Hospital Chicago  
3435 West Van Buren Street  
Chicago, Illinois 60624

**Re: Notice of Planned Closure of Kindred Chicago Central Hospital**

Dear Mr. Prister:

I am writing on behalf of Kindred Healthcare, LLC and Kindred THC North Shore, LLC (collectively, "Kindred") to inform you of the proposed discontinuation of Kindred Chicago Central Hospital, a 95-bed long-term acute care hospital located at 4058 West Melrose Street, Chicago, Illinois 60641.

In accordance with 77 Ill. Admin. Code 1110.290(d), we are notifying all long-term acute care hospital located within 10 miles of Kindred Chicago Central Hospital to request that they address the impact of the proposed discontinuation on their hospitals. You are receiving this letter because your hospital is located within 10 miles of Kindred Chicago Central Hospital.

Discontinuation will occur soon as practicable after State Board approval but no sooner than June 10, 2021 and no later than December 31, 2021.

While we do not anticipate that the discontinuation of Kindred Chicago Central Hospital will significantly impact area long-term acute care hospitals, we invite you to inform us of any impact this action may have on your hospital.

The number of patients treated at Kindred Chicago Central Hospital in the recent two years is provided in the table on the following page.



James R. Prister  
 March 13, 2021  
 Page 2

| Year | Admissions | Inpatient Days | Average Length of Stay | Average Daily Census | Occupancy | Target Occupancy |
|------|------------|----------------|------------------------|----------------------|-----------|------------------|
| 2019 | 318        | 9,265          | 29.1                   | 25.4                 | 26.7%     | 85%              |
| 2020 | 322        | 9,295          | 28.8                   | 25.4                 | 26.7%     | 85%              |

Please advise us whether you anticipate your hospital will have additional capacity to accommodate a portion or all of the Kindred Chicago Central Hospital patients. If you are able to assume additional patients under these conditions, please provide us with an estimate of the number of patients that your hospital could accept.

Please send your response to me at the address noted above within fifteen days of receipt of this letter. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the discontinuation of Kindred Chicago Central Hospital will not have an adverse impact on your hospital.

If you have any questions about Kindred's plans to discontinue Kindred Chicago Central Hospital, please feel free to contact Matthew Keppler at 502-596-6926.

Sincerely,

*Anne M. Cooper*

Anne M. Cooper

**Section II, Discontinuation**

**Criterion 1110.290(d), Notice to Other Providers**

An impact statement request was sent to RML Specialty Hospital Chicago, the only non-Kindred long-term acute care hospital within Kindred Chicago Central Hospital's 10-mile geographic service area.



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

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

1. A list of health care facilities owned or operated by the Applicants in Illinois is attached at Attachment – 11A.
2. Certification that no adverse action has been taken against either of the Applicants or against any health care clinics owned or operated by the Applicants in Illinois within three years preceding the filing of this application is attached at Attachment – 11B.

An authorization permitting the Illinois Health Facilities and Services Review Board ("State Board") and IDPH access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11B.

**Kindred Illinois Health Facilities with Medicare Certification Numbers**

| <u>Type</u> | <u>Medicare<br/>Provider #</u> | <u>State</u> | <u>Name</u>                                   | <u>Owner/Mgr.</u>                      | <u>NPI #</u> |
|-------------|--------------------------------|--------------|---|--|--------------|
| LTACH       | 14-2006                        | IL           | Kindred Hospital - Sycamore                   | Kindred THC Chicago, LLC               | 1780769257   |
| LTACH       | 14-2008                        | IL           | Kindred Hospital - Chicago (North Campus)     | Kindred THC Chicago, LLC               | 1871878334   |
| LTACH       | 14-2009                        | IL           | Kindred - Chicago - Central Hospital          | Kindred THC Chicago, LLC               | 1578648028   |
| LTACH       | 14-2008                        | IL           | Kindred Hospital - Chicago (Northlake Campus) | Kindred THC Chicago, LLC               | 1679658132   |
| LTACH       | 14-2013                        | IL           | Kindred Hospital Peoria                       | Greater Peoria Specialty Hospital, LLC | 1770721508   |
| LTACH       | 14-2009                        | IL           | Kindred - Chicago - Lakeshore                 | Kindred THC North Shore, LLC           | 1528143088   |

← DISPLAY THIS PART IN A  
CONSPICUOUS PLACE


Exp. Date 12/16/2021

Lic Number 0006205


Date Printed 12/21/2020

Kindred THC North Shore, LLC  
dba Kindred - Chicago - Central  
4058 W Melrose St  
Chicago, IL 60641

FEE RECEIPT NO.

|   |   |  |  |
|---|---|--|--|
|  <b>Illinois Department of<br/>PUBLIC HEALTH</b>   |   | <b>HF 121903</b>                           |  |
| <b>LICENSE, PERMIT, CERTIFICATION, REGISTRATION</b>   |   |  |  |
| <small>The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.</small> |   |  |  |
| <b>Ngazi O. Ezike, M.D.</b><br><small>Issued under the authority of<br/>the Illinois Department of<br/>Public Health</small>  |   | <small>LD NUMBER</small><br><b>0006205</b> |  |
| <small>EXPIRATION DATE</small><br><b>12/16/2021</b>   | <small>CATEGORY</small><br><b>Long Term Acute Care Hospital</b> | <b>Effective: 12/17/2020</b>               |  |
| <b>Kindred THC North Shore, LLC</b><br><b>dba Kindred - Chicago - Central</b><br><b>4058 W Melrose St</b><br><b>Chicago, IL 60641</b>   |   |  |  |
| <small>The face of this license has a colored background. Printed by Authority of the State of Illinois - PO. #19-033-00 - 10M 9/18</small>   |   |  |  |


DISPLAY THIS PART IN A  
CONSPICUOUS PLACE

|  |   |                              |  |  |
|--|---|------------------------------|--|--|
|  <b>Illinois Department of<br/>PUBLIC HEALTH</b>  |   |                              | <b>HF 121413</b>   |  |
| <b>LICENSE, PERMIT, CERTIFICATION, REGISTRATION</b>  |   |                              |  |  |
| The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below. |   |                              |  |  |
| <b>Ngozi O. Ezike, M.D.</b><br><b>Director</b>   |   |                              | Issued under the authority of<br>the Illinois Department of<br>Public Health |  |
| EXPIRATION DATE<br><b>11/01/2021</b>   | CATEGORY<br><b>Subacute Care Hospital Demonstration Program</b> | LIC NUMBER<br><b>4000014</b> |  |  |
| Licensed Beds: 103   |   |                              |  |  |
| Kindred Chicago- Lakeshore<br>6130 North Sheridan Road<br>Chicago, IL 60660  |   |                              |  |  |
| The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #19-483-001 10M 9/18   |   |                              |  |  |

Exp. Date 11/01/2021  
 Lic Number 4000014  
 Date Printed 10/01/2020  
 Validation Num 6598  
 Kindred Chicago- Lakeshore  
 6130 Sheridan Road  
 Chicago, IL 60641

FEE RECEIPT NO.

← DISPLAY THIS PART IN A  
CONSPICUOUS PLACE

|  |                                      |   |                             |
|--|--------------------------------------|---|-----------------------------|
|  <b>Illinois Department of<br/>PUBLIC HEALTH</b>  |                                      | <b>HF 121915</b>  |                             |
| <b>LICENSE, PERMIT, CERTIFICATION, REGISTRATION</b>  |                                      |   |                             |
| <small>The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations, and is hereby authorized to engage in the activity as indicated below.</small> |                                      |   |                             |
| <b>Ngozi O. Ezike, M.D.</b>  |                                      | <small>Issued under the authority of<br/>the Illinois Department of<br/>Public Health</small> |                             |
| <b>Director</b>  | <b>EXPIRATION DATE</b><br>12/15/2021 | <b>CATEGORY</b>   | <b>LD NUMBER</b><br>0006221 |
| <b>Long Term Acute Care Hospital</b>   |                                      | <b>Effective: 12/16/2020</b>  |                             |
| <b>Kindred Chicago Northlake, LLC</b><br><b>dba Kindred Hospital - Chicago</b><br><b>2544 W Montrose Ave</b><br><b>Chicago, IL 60618</b>   |                                      |   |                             |
| <small>The face of this license has a colored background. Printed by Authority of the State of Illinois • PD #19-493-001 10M919</small>  |                                      |   |                             |

Exp. Date 12/15/2021

Lic Number 0006221

Date Printed 12/22/2020

Kindred Chicago Northlake, LLC  
 dba Kindred Hospital - Chicago  
 2544 W Montrose Ave  
 Chicago, IL 60618

FEE RECEIPT NO.



← DISPLAY THIS PART IN A  
CONSPICUOUS PLACE


Exp. Date 12/15/2021

Lic Number 0006213


Date Printed 12/21/2020

Kindred Chicago Northlake, LLC  
dba Kindred Hospital - Chicago  
365 E North Ave  
Northlake, IL 60164

FEE RECEIPT NO.

|   |                                      |   |                             |
|---|--------------------------------------|---|-----------------------------|
|  <b>Illinois Department of<br/>PUBLIC HEALTH</b>   |                                      | <b>HF 121904</b>  |                             |
| <b>LICENSE, PERMIT, CERTIFICATION, REGISTRATION</b>   |                                      |   |                             |
| <p>The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.</p> |                                      |   |                             |
| <b>Ngozi O. Ezike, M.D.</b>   |                                      | <p>Issued under the authority of<br/>the Illinois Department of<br/>Public Health</p> |                             |
| <b>Director</b>   | <b>EXPIRATION DATE</b><br>12/15/2021 | <b>CATEGORY</b><br>Long Term Acute Care Hospital                                      | <b>LD NUMBER</b><br>0006213 |
|   |                                      | <b>Effective: 12/16/2020</b>  |                             |
| <p>Kindred Chicago Northlake, LLC<br/>dba Kindred Hospital - Chicago<br/>365 E North Ave<br/>Northlake, IL 60164</p>  |                                      |   |                             |
| <p>The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #19-483-001 10M 9/19</p>   |                                      |   |                             |

DISPLAY THIS PART IN A  
CONSPICUOUS PLACE

|   |  |   |  |
|---|--|---|--|
|  <b>Illinois Department of<br/>PUBLIC HEALTH</b>   |  | <b>HF 121902</b>  |  |
| <b>LICENSE, PERMIT, CERTIFICATION, REGISTRATION</b>   |  |   |  |
| <small>The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.</small> |  |   |  |
| <b>Ngozi O. Ezike, M.D.</b><br>Director   |  | <small>Issued under the authority of<br/>the Illinois Department of<br/>Public Health</small> |  |
| EXPIRATION DATE<br><b>12/15/2021</b>  | CATEGORY<br><b>Long Term Acute Care Hospital</b> | LA NUMBER<br><b>0006197</b>   |  |
| <b>Effective: 12/16/2020</b>  |  |   |  |
| <b>Kindred Sycamore, LLC</b><br><b>dba Kindred Hospital - Sycamore</b><br><b>225 Edward Street</b><br><b>Sycamore, IL 60178</b>   |  |   |  |
| <small>The face of this license has a colored background. Printed by Authority of the State of Illinois • PO #19-493-001 10M 9/18</small>   |  |   |  |


Exp. Date 12/15/2021  
Lic Number 0006197

Date Printed 12/21/2020

Kindred Sycamore, LLC  
dba Kindred Hospital - Sycamore  
225 Edward Street  
Sycamore, IL 60178

FEE RECEIPT NO.

DISPLAY THIS PART IN A  
CONSPICUOUS PLACE

|   |                     |   |  |
|---|---------------------|---|--|
|  <b>Illinois Department of<br/>PUBLIC HEALTH</b>   |                     | <b>HF 120279</b>  |  |
| <b>LICENSE, PERMIT, CERTIFICATION, REGISTRATION</b>   |                     |   |  |
| <small>The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.</small> |                     |   |  |
| <b>Ngozi O. Ezike, M.D.</b><br>Director   |                     | <small>Issued under the authority of<br/>the Illinois Department of<br/>Public Health</small> |  |
| <b>EXPIRATION DATE</b><br>05/31/2021  | <b>CATEGORY</b><br> | <b>ID NUMBER</b><br>0005777   |  |
| <b>Long Term Acute Care Hospital</b>  |                     |   |  |
| <b>Effective: 06/01/2020</b>  |                     |   |  |
| <b>Greater Peoria Specialty Hospital LLC</b><br><b>dba Kindred Hospital Peoria</b><br><b>500 W Romeo B Garrett Ave</b><br><b>Peoria, IL 61605</b>   |                     |   |  |
| <small>The face of this license has a colored background. Printed by Authority of the State of Illinois • PO: 419-405-001 • 10/19/18</small>  |                     |   |  |

Exp. Date 05/31/2021  
Lic Number 0005777

Date Printed 03/19/2020

Greater Peoria Specialty Hospital LLC  
dba Kindred Hospital Peoria  
500 W Romeo B Garrett Ave  
Peoria, IL 61605

FEE RECEIPT NO.





Joint Commission accredited organizations that have a full accreditation survey that has been postponed due to the COVID-19 pandemic will continue to be considered accredited beyond their current certificate expiration date.

The Joint Commission has resumed survey/review activity and as soon as The Joint Commission has determined it is safe to resume onsite survey activity in your county, scheduling of past due surveys will be prioritized.

Organizations that have an approaching accreditation due date that may be impacted as The Joint Commission begins to survey past due organizations will also continue to be considered accredited. Once the full survey has been conducted and a final accreditation decision of Accredited has been rendered, the accreditation will be renewed without any lapse in the existing accreditation.

[www.jointcommission.org](http://www.jointcommission.org)

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice



March 13, 2018

Re: # 518225

CCN: #142009

Program: Hospital

Accreditation Expiration Date: December 02, 2020

Tim Page  
CEO  
THC Chicago, Inc and THC North Shore, Inc  
4058 West Melrose  
Chicago, Illinois 60641

Dear Mr. Page:

This letter confirms that your November 28, 2017 - December 01, 2017 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on March 12, 2018, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of December 02, 2017.

The Joint Commission is also recommending your organization for continued Medicare certification effective December 02, 2017. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

THC Chicago, Inc.  
d/b/a Kindred Hospital Chicago Central  
4058 West Melrose, Chicago, IL, 60641

THC North Shore, Inc.  
d/b/a Kindred Chicago Lakeshore  
6130 North Sheridan Road, Chicago, IL, 60660

Please be assured that The Joint Commission will keep the report confidential, except as required by law or court order. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

[www.jointcommission.org](http://www.jointcommission.org)

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice

Attachment - 11A



*Mark Pelletier*

Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 5 /Survey and Certification Staff



March 13, 2018

Tim Page  
CEO  
THC Chicago, Inc and THC North Shore, Inc  
4058 West Melrose  
Chicago, IL 60641

Joint Commission ID #: 518225  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of  
Standards Compliance  
Accreditation Activity Completed: 03/13/2018

Dear Mr. Page:

The Joint Commission is pleased to grant your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning December 02, 2017 and is customarily valid for up to 36 months. Please note, The Joint Commission reserves the right to shorten or lengthen the duration of the cycle.

Should you wish to promote your accreditation decision, please view the information listed under the 'Publicity Kit' link located on your secure extranet site, The Joint Commission Connect.

The Joint Commission will update your accreditation decision on Quality Check®.

Congratulations on your achievement.

Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer  
Division of Accreditation and Certification Operations



February 20, 2020

Re: # 5018

CCN: #142008

Program: Hospital

Accreditation Expiration Date: November 09, 2022

Brinsley Lewis  
CEO  
THC Chicago, Inc.  
365 East North Avenue  
Northlake, Illinois 60164

Dear Mr. Lewis:

This letter confirms that your November 05, 2019 - November 08, 2019 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on February 11, 2020 and February 17, 2020 and the successful on-site unannounced Medicare Deficiency Follow-up event conducted on December 18, 2019, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of November 09, 2019. We congratulate you on your effective resolution of these deficiencies.

§482.12 Governing Body  
§482.13 Patient's Rights  
§482.22 Medical staff  
§482.23 Nursing Services  
§482.41 Physical Environment  
§482.42 Infection Control  
§482.51 Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective November 09, 2019. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following locations:

Kindred Hospital - Chicago North  
2544 W. Montrose Avenue, Chicago, IL, 60618

Kindred Hospital - Chicago Northlake  
365 East North Avenue, Northlake, IL, 60164

[www.jointcommission.org](http://www.jointcommission.org)

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice

Attachment - 11A



Please be assured that The Joint Commission will keep the report confidential, except as required by law or court order. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer and Chief Nurse Executive  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 5 /Survey and Certification Staff



February 20, 2020

Brinsley Lewis  
CEO  
THC Chicago, Inc.  
365 East North Avenue  
Northlake, IL 60164

Joint Commission ID #: 5018  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of Standards  
Compliance  
Accreditation Activity Completed : 2/20/2020

Dear Mr. Lewis:

The Joint Commission is pleased to grant your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

• Comprehensive Accreditation Manual for Hospital

This accreditation cycle is effective beginning November 9, 2019 and is customarily valid for up to 36 months. Please note, The Joint Commission reserves the right to shorten or lengthen the duration of the cycle.

Should you wish to promote your accreditation decision, please view the information listed under the 'Publicity Kit' link located on your secure extranet site, The Joint Commission Connect.

The Joint Commission will update your accreditation decision on Quality Check®.

Congratulations on your achievement.

Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer and Chief Nurse Executive  
Division of Accreditation and Certification Operations



November 29, 2018

Re: # 484161

CCN: #142013

Program: Hospital

Accreditation Expiration Date: August 31, 2021

Christopher Curry  
CEO  
Greater Peoria Specialty Hospital, LLC  
500 W. Romeo B. Garrett Avenue  
Peoria, Illinois 61605

Dear Mr. Curry:

This letter confirms that your August 28, 2018 - August 30, 2018 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on November 28, 2018, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of August 31, 2018.

The Joint Commission is also recommending your organization for continued Medicare certification effective August 31, 2018. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location:

Greater Peoria Specialty Hospital, LLC  
d/b/a Kindred Hospital Peoria  
500 W. Romeo B Garret Avenue, Peoria, IL, 61605

Please be assured that The Joint Commission will keep the report confidential, except as required by law or court order. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

A handwritten signature in black ink that reads "Mark Pelletier".





Mark G. Pelletier, RN, MS  
Chief Operating Officer and Chief Nurse Executive  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 5 /Survey and Certification Staff



November 29, 2018

Christopher Curry  
CEO  
Greater Peoria Specialty Hospital, LLC  
500 W. Romeo B. Garrett Avenue  
Peoria, IL 61605

Joint Commission ID #: 484161  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of Standards  
Compliance  
Accreditation Activity Completed : 11/28/2018

Dear Mr. Curry:

The Joint Commission is pleased to grant your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

• Comprehensive Accreditation Manual for Hospital

This accreditation cycle is effective beginning August 31, 2018 and is customarily valid for up to 36 months. Please note, The Joint Commission reserves the right to shorten or lengthen the duration of the cycle.

Should you wish to promote your accreditation decision, please view the information listed under the 'Publicity Kit' link located on your secure extranet site, The Joint Commission Connect.

The Joint Commission will update your accreditation decision on Quality Check®.

Congratulations on your achievement.

Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer and Chief Nurse Executive  
Division of Accreditation and Certification Operations



December 09, 2019

Re: # 7437

CCN: #142006

Program: Hospital

Accreditation Expiration Date: August 24, 2022

Beverly Foster  
Chief Executive Officer  
Kindred Hospital - Sycamore  
225 Edward Street  
Sycamore, Illinois 60178

Dear Ms. Foster:

This letter confirms that your August 20, 2019 - August 23, 2019 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on November 05, 2019 and December 06, 2019 and the successful on-site unannounced Medicare Deficiency Follow-up event conducted on October 04, 2019, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of August 24, 2019. We congratulate you on your effective resolution of these deficiencies.

§482.15 Establishment of the Emergency Program (EP)

§482.41 Physical Environment

§482.42 Infection Control

§482.51 Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective August 24, 2019. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location:

THC-Chicago, LLC.  
d/b/a Kindred Hospital-Sycamore  
225 Edward Street, Sycamore, IL, 60178

Please be assured that The Joint Commission will keep the report confidential, except as required by law or court order. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

[www.jointcommission.org](http://www.jointcommission.org)

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice

Attachment - 11A



Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer and Chief Nurse Executive  
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 5 /Survey and Certification Staff



December 9, 2019

Beverly Foster  
Chief Executive Officer  
Kindred Hospital - Sycamore  
225 Edward Street  
Sycamore, IL 60178

Joint Commission ID #: 7437  
Program: Hospital Accreditation  
Accreditation Activity: 60-day Evidence of Standards  
Compliance  
Accreditation Activity Completed : 12/9/2019

Dear Ms. Foster:

The Joint Commission is pleased to grant your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospital

This accreditation cycle is effective beginning August 24, 2019 and is customarily valid for up to 36 months. Please note, The Joint Commission reserves the right to shorten or lengthen the duration of the cycle.

Should you wish to promote your accreditation decision, please view the information listed under the 'Publicity Kit' link located on your secure extranet site, The Joint Commission Connect.

The Joint Commission will update your accreditation decision on Quality Check®.

Congratulations on your achievement.

Sincerely,

Mark G. Pelletier, RN, MS  
Chief Operating Officer and Chief Nurse Executive  
Division of Accreditation and Certification Operations



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

Dear Chair Savage:

In accordance with Review Criterion 1110.110.a, Background of the Applicant, I am submitting this letter assuring the Illinois Health Facilities and Services Review Board of the following:

1. Kindred Hospital Chicago Central received survey citations in April 2019 and September 2019. The April citation was cleared in May 2019. The September citation was cleared in February, 2020.
2. Kindred Hospital Chicago Central and Kindred Chicago Lakeshore received survey citations in November 2019 and submitted revised plans of correction. The term date is March, 29, 2021 and the facility is awaiting survey.
3. Kindred Hospital Chicago Central received a CMS survey citation in September 2020 which was cleared in November 2020.
4. Kindred Hospital Chicago North received a CMS survey citation in December 2020 which was abated on site. A plan of correction was submitted January 2021 and the facility is awaiting resurvey.
5. Kindred Chicago Lakeshore received a survey citation in February 2021. The plan of correction was submitted and accepted in February 2021
6. I hereby certify that no other adverse actions have been taken against any health care facility owned or operated by Kindred Healthcare, LLC in the State of Illinois, directly or indirectly, within three years prior to the filing of this application. For the purpose of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.110(a)(2)(J), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for exemption. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for exemption.

Chair Savage  
Page 2  
March 8, 2021

Sincerely,



Print Name: Joseph L. Landenwich  
Its: General Counsel and Corporate Secretary  
Kindred Healthcare, LLC

Subscribed and sworn to me  
This 8<sup>th</sup> day of March, 2021

Jeressa Kappru  
Notary Public

Notary ID 598199

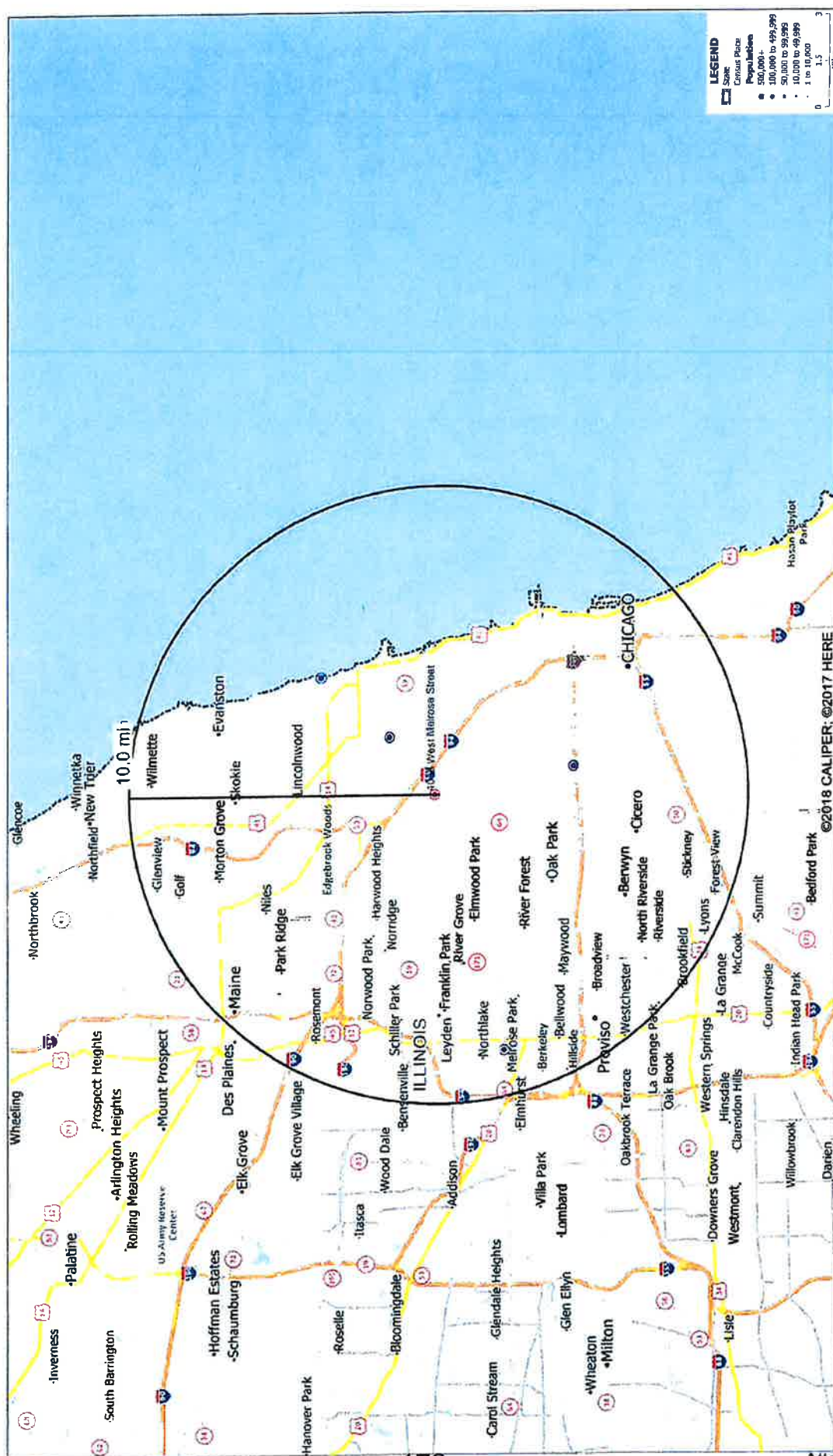
**Section III, Project Purpose, Background and Alternatives – Information Requirements9 m**  
**Criterion 1110.230(b), Project Purpose, Background and Alternatives**

1. Kindred seeks authority from the State Board to discontinue its 95-bed long-term acute care hospital located at 4058 West Melrose Street, Chicago, Illinois 60641. The lease for the building housing the hospital expires on December 31, 2021 with no further renewal options available. Given the landlord has not expressed interest in renewing the lease, Kindred Chicago Central Hospital must discontinue due to the loss of the hospital lease.
2. A map of the geographic service area of Kindred Chicago Central Hospital is attached at attachment – 12. The geographic service area encompasses a 10-mile radius around the hospital. The boundaries of the hospital's geographic service area are as follows:
  - North approximately 10 miles to Kenilworth;
  - Northeast approximately 7.5 miles to Lake Michigan;
  - East approximately 5 miles to Lake Michigan;
  - Southeast approximately 9 miles to Lake Michigan;
  - South approximately 10 miles to West Eldson;
  - Southwest approximately 10 miles to Westchester;
  - West approximately 10 miles to Franklin Park; and
  - Northwest approximately 10 miles to Des Plaines.
3. Kindred leases the building housing the hospital from Universal Health Realty Income Trust. The lease expires on December 31, 2021 with no further renewal options available. Given the landlord has not expressed interest in renewing the lease, Kindred Chicago Central Hospital must discontinue due to the loss of the hospital lease.
4. The discontinuation of Kindred Chicago Central Hospital will not affect access to long-term acute care services in the planning area. Based on the January 12, 2021 revised need determination, there is currently an excess of 226 long-term acute care beds in HSAs 6, 7, 8, and 9.<sup>3</sup> The discontinuation of Kindred Chicago Central Hospital will reduce that excess, and bring the number of long-term acute care beds in the health service area closer to the State Board's projected need calculation.  
  
 Further, there are three long-term acute care hospitals within the Kindred Chicago Central Hospital geographic service area. As of December 31, 2019, average utilization of these hospitals was 43.1%, with no hospital meeting the State Board's 85% utilization standard.<sup>4</sup> Patients from Kindred Chicago Central will transfer to Kindred's other hospitals in the geographic service area, which can accommodate Kindred Chicago Central Hospital's historical utilization. Accordingly, the discontinuation of Kindred Chicago Central Hospital will not adversely affect patient access to long-term acute care services in metro Chicago
5. The Applicants anticipate Kindred Chicago Central Hospital will be discontinued as soon as practicable after State Board approval, but no sooner than June 10, 2021 and no later than December 31, 2021.

<sup>3</sup> Illinois Health Facilities and Services Review Board, Update to Inventory of Hospital Services – 01-13-2021.

<sup>4</sup> Illinois Health Facilities and Services Review Board, 2019 Hospital Profile Reports.





**Section IV, Safety Net Impact Statement**

1. The discontinuation of Kindred Chicago Central Hospital will not impact the ability of other health care providers or health care systems to cross-subsidize safety net services. There are three long-term acute care hospitals within the Kindred Chicago Central Hospital geographic service area. As of December 31, 2019, average utilization of these hospitals was 43.1%, with no hospital meeting the State Board's 85% utilization standard.<sup>5</sup> Patients from Kindred Chicago Central will transfer to Kindred's other hospitals in the geographic service area, which can accommodate Kindred Chicago Central Hospital's historical utilization.
2. The discontinuation of Kindred Chicago Central Hospital will not impact safety net providers in the community. Excluding Kindred Chicago Central Hospital, there are three long-term acute care hospitals within the Kindred Chicago Central Hospital. Collectively, these hospitals operate at 43.1%, with no clinic meeting the State Board's 85% utilization standard.<sup>6</sup> Collectively, these hospitals have sufficient capacity to accommodate Kindred Chicago Central Hospital's patients.

A table showing the charity care and Medicaid care provided by the Applicants for the most recent three calendar years is provided below.

| Safety Net Information per PA 96-0031 |                     |                     |                     |
|---------------------------------------|---------------------|---------------------|---------------------|
| CHARITY CARE                          |                     |                     |                     |
| Charity (# of patients)               | 2018                | 2019                | 2020                |
| Inpatient                             | 0                   | 0                   | 0                   |
| Outpatient                            | 0                   | 0                   | 0                   |
| <b>Total</b>                          | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| Charity (cost in dollars)             |                     |                     |                     |
| Inpatient                             | 0                   | 0                   | 0                   |
| Outpatient                            | 0                   | 0                   | 0                   |
| <b>Total</b>                          | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| MEDICAID                              |                     |                     |                     |
| Medicaid (# of patients)              | 2018                | 2019                | 2020                |
| Inpatient                             | 462                 | 342                 | 365                 |
| Outpatient                            | 0                   | 0                   | 0                   |
| <b>Total</b>                          | <b>462</b>          | <b>342</b>          | <b>365</b>          |
| Medicaid (revenue)                    |                     |                     |                     |
| Inpatient                             | \$34,202,430        | \$23,940,153        | \$44,845,758        |
| Outpatient                            |                     |                     |                     |
| <b>Total</b>                          | <b>\$34,202,430</b> | <b>\$23,940,153</b> | <b>\$44,845,758</b> |

<sup>5</sup> Illinois Health Facilities and Services Review Board, 2019 Hospital Profile Reports.

<sup>6</sup> Id.

**Section X, Charity Care**

The table below provides charity care information for all health care facilities located in the State of Illinois that are owned and operated by Kindred.

| <b>CHARITY CARE</b>              |                      |                      |                      |
|----------------------------------|----------------------|----------------------|----------------------|
|                                  | <b>2018</b>          | <b>2019</b>          | <b>2020</b>          |
| <b>Net Patient Revenue</b>       | <b>\$129,622,492</b> | <b>\$102,578,417</b> | <b>\$183,626,674</b> |
| Amount of Charity Care (charges) | \$0                  | \$0                  | \$0                  |
| <b>Cost of Charity Care</b>      | <b>\$0</b>           | <b>\$0</b>           | <b>\$0</b>           |

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

| INDEX OF ATTACHMENTS |  |           |
|----------------------|--|-----------|
| ATTACHMENT NO.       |  | PAGES     |
| 1                    | Applicant Identification including Certificate of Good Standing  | 20 - 22   |
| 2                    | Site Ownership   | 23 - 120  |
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| 22                   | Cardiac Catheterization  |           |
| 23                   | In-Center Hemodialysis   |           |
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