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**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT****HEALTH FACILITIES &
SERVICES REVIEW BOARD****SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.****Facility/Project Identification**

Facility Name: Schwab Rehabilitation		
Street Address: 1401 S. California Avenue		
City and Zip Code: Chicago 60608		
County: Cook	Health Service Area: 006	Health Planning Area: A-02

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

Exact Legal Name: Schwab Rehabilitation Hospital and Care Network
Street Address: 1401 S. California Avenue
City and Zip Code: Chicago 60608
Name of Registered Agent: Ngozi Ezike, M.D.
Registered Agent Street Address: 2750 West 15 th Street
Registered Agent City and Zip Code: Chicago 60608
Name of President : Julia Libcke
CEO Street Address: 1401 South California Avenue
CEO City and Zip Code: Chicago 60608
CEO Telephone Number: 773-565-3014

Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none">○ 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: Juan Morado, Jr.
Title: CON Counsel
Company Name: Benesch Friedlander Coplan & Aronoff, LLP
Address: 71 S. Wacker Drive, Suite 1600, Chicago, IL 60606
Telephone Number: 312-212-4967
E-mail Address: JMorado@beneschlaw.com
Fax Number: 312-767-9192

**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

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Street Address: 1401 S. California Avenue		
City and Zip Code: Chicago 60608		
County: Cook	Health Service Area: 006	Health Planning Area: A-02

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

Exact Legal Name: Sinai Health System
Street Address: 2750 WEST 15TH Street
City and Zip Code: Chicago 60608
Name of Registered Agent: Ngozi Ezike, M.D.
Registered Agent Street Address: 2750 West 15TH Street
Registered Agent City and Zip Code: Chicago 60608
Name of Chief Executive Officer: Ngozi Ezike, M.D.
CEO Street Address: 2750 West 15 th Street
CEO City and Zip Code: Chicago 60608
CEO Telephone Number: 773-542-2000

Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none">○ Corporations and limited liability companies must provide an Illinois certificate of good standing.○ Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.		
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E-mail Address: JMorado@beneschlaw.com
Fax Number: 312-767-9192

Post Permit Contact

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

Name: Elizabeth Connolly
Title: Executive Vice President and General Counsel
Company Name: Sinai Health System
Address: 2750 West 15 TH Place, Chicago IL 60608
Telephone Number: 773-257-5733
E-mail Address: Elizabeth.Connolly@sinai.org
Fax Number: N/A

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Sinai Health System
Address of Site Owner: 2750 West 15 th Street, Chicago IL 60608
Street Address or Legal Description of the Site: 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 <u>ATTACHMENT 2</u> , 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: Schwab Rehabilitation	
Address: 1401 S. California Ave, Chicago, IL 60608	
<input checked="checked" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none">○ Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.○ Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.○ Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
APPEND DOCUMENTATION AS <u>ATTACHMENT 3</u> , 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 flood plain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>). **NOTE: A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM** has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

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.

Schwab Rehabilitation, 1401 S. California Ave., Chicago, IL 60608 ("Schwab") hereby seeks approval of the Board to discontinue operations of the facility as a Rehabilitation Hospital. Schwab is a freestanding not-for-profit rehabilitation hospital located on Chicago's West Side.

Schwab will discontinue operations under their license. Mount Sinai Hospital Medical Center of Chicago will concurrently file a Certificate of Need application to establish the inpatient rehabilitation service line on its campus. Inpatient and outpatient rehabilitation services will continue to be performed at the physical plant where Schwab Rehabilitation is located today. Clinicians will remain in their current roles throughout this transition and there will be no disruption in the availability of services at the site.

This project is classified as substantive, in that it involves a discontinuation of a health care facility per 77 Ill. Admin. Code Sec. 1110.20(b).

There will be no cost associated with discontinuing operations in this location.

Project Costs and Sources of Funds – NOT APPLICABLE

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

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

Related Project Costs

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

Land acquisition is related to project <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Purchase Price: NOT APPLICABLE
Fair Market Value: NOT APPLICABLE
The project involves the establishment of a new facility or a new category of service <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.
Estimated start-up costs and operating deficit cost is NOT APPLICABLE .

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.
Indicate the stage of the project's architectural drawings: <input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary <input type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): December 31, 2026
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140): NOT APPLICABLE <input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <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 <input type="checkbox"/> Financial Commitment will occur after permit issuance.
APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable? <input type="checkbox"/> Cancer Registry NOT APPLICABLE <input type="checkbox"/> APORS NOT APPLICABLE <input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted <input checked="" type="checkbox"/> All reports regarding outstanding permits Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements - 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 departments or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Not Reviewable Space [i.e., non-clinical]: means an area for the benefit of the patients, visitors, staff, or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving services from the health care facility. "Non-clinical service areas" include, but are not limited to, chapels; gift shops; newsstands; computer systems; tunnels, walkways, and elevators; telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices; modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers. [20 ILCS 3960/3]

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON-REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							
APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Facility Bed Capacity and Utilization

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

FACILITY NAME: Schwab Rehabilitation		CITY: Chicago			
REPORTING PERIOD DATES:		From: January 2022		to: December 2022	
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	-	-	-	-	-
Obstetrics	-	-	-	-	-
Pediatrics	-	-	-	-	-
Intensive Care	-	-	-	-	-
Comprehensive Physical Rehabilitation	92	1,113	15,788	-	-
Acute/Chronic Mental Illness	-	-	-	-	-
Neonatal Intensive Care	-	-	-	-	-
General Long-Term Care	-	-	-	-	-
Specialized Long-Term Care	-	-	-	-	-
Long Term Acute Care	-	-	-	-	-
Other (Ophthalmology)	-	-	-	-	-
TOTALS:	92	1,113	15,788	-	-

CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors.
- o 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).
- o 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).
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Schwab Rehabilitation Hospital and Care Network* 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.

Julia M. Libcke
SIGNATURE

JULIA M. LIBCKE
PRINTED NAME

President, Schwab
PRINTED TITLE Rehabilitation Hospital

Nabee E. Eike
SIGNATURE

Nabee Eike
PRINTED NAME

CEO & President of Sinai
PRINTED TITLE Health System

Notarization:

Subscribed and sworn to before me
this 5th day of December, 2025

Elizabeth Donohue
Signature of Notary

Seal
OFFICIAL SEAL
ELIZABETH DONOHUE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 03/12/2028

*Insert the EXACT legal name of the applicant

Notarization:

Subscribed and sworn to before me
this 25th day of December, 2025

Elizabeth Donohue
Signature of Notary

Seal
OFFICIAL SEAL
ELIZABETH DONOHUE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 03/12/2028

CERTIFICATION

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors.
- o 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).
- o 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).
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

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


SIGNATURE

Ngozi Ezike
PRINTED NAME

CEO + President of Sinai Health System
PRINTED TITLE

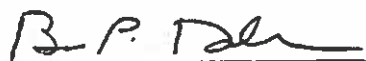
Notarization:

Subscribed and sworn to before me
this 5th day of December, 2025


Signature of Notary

Seal
OFFICIAL SEAL
ELIZABETH DONOHUE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 03/12/2026

*Insert the EXACT legal name of the applicant


SIGNATURE

BRIAN P. DOLAN
PRINTED NAME

BOARD CHAIR
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 9th day of December, 2025


Signature of Notary

Seal
OFFICIAL SEAL
CATHY L GERDES
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 03/24/2027

SECTION II. DISCONTINUATION

This Section is applicable to the discontinuation of a health care facility or the 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 Notices listed in Item 7 below MUST be submitted with this Application for Discontinuation** <https://www.ilga.gov/legislation/ilcs/documents/002039600K8.7.htm>

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 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 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.

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 can submit amendments to previously submitted information, as needed, to update and/or clarify data.

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

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

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

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

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

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

ALTERNATIVES

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

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

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

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

SECTION VII. 1120.120 - AVAILABILITY OF FUNDS - NOT APPLICABLE

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

<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion. <p>b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p> <p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts.</p> <p>d) Debt – a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:</p> <ol style="list-style-type: none"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated. 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate. 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc. 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment. 5) For any option to lease, a copy of the option, including all terms and conditions. <p>e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent.</p> <p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt.</p> <p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
	TOTAL FUNDS AVAILABLE
<p>APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>	

SECTION VIII. 1120.130 - FINANCIAL VIABILITY – NOT APPLICABLE

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

Variance

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

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

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY – NOT APPLICABLE

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

SECTION X. 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, **including the impact on racial and health care disparities 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 each community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all 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 38.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2022	2023	2024
Inpatient	7	10	5
Outpatient	453	376	97
Total	460	386	102
Charity (cost in dollars)			
Inpatient	\$428,598	\$544,575	\$434,709
Outpatient	\$468,074	\$422,112	\$1,217,825
Total	\$896,672	\$966,687	\$1,652,534
MEDICAID			
Medicaid (# of patients)	2022	2023	2024
Inpatient	598	600	670
Outpatient	6,172	6,073	11,478
Total	6,770	6,673	12,148
Medicaid (revenue)			
Inpatient	\$15,070,281	\$16,368,808	\$16,832,685
Outpatient	\$5,105,468	\$4,380,779	\$4,502,926
Total	\$20,175,749	\$20,749,587	\$21,335,611

APPEND DOCUMENTATION AS ATTACHMENT 38, 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			
	2022	2023	2024
Net Patient Revenue	\$36,161,000	\$38,217,001	\$38,100,876
Amount of Charity Care (charges)	-	-	-
Cost of Charity Care	\$896,672	\$966,687	\$1,652,534

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

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO		PAGES
1	Applicant Identification including Certificate of Good Standing	22-24
2	Site Ownership	25-67
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	68-701
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	71
5	Flood Plain Requirements	n/a
6	Historic Preservation Act Requirements	n/a
7	Project and Sources of Funds Itemization	n/a
8	Financial Commitment Document if required	n/a
9	Cost Space Requirements	n/a
10	Discontinuation	72-107
11	Background of the Applicant	108-111
12	Purpose of the Project	112
13	Alternatives to the Project	n/a
14	Size of the Project	n/a
15	Project Service Utilization	n/a
16	Unfinished or Shell Space	n/a
17	Assurances for Unfinished/Shell Space	n/a
Service Specific:		
18	Medical Surgical Pediatrics, Obstetrics, ICU	n/a
19	Comprehensive Physical Rehabilitation	n/a
20	Acute Mental Illness	n/a
21	Open Heart Surgery	n/a
22	Cardiac Catheterization	n/a
23	In-Center Hemodialysis	n/a
24	Non-Hospital Based Ambulatory Surgery	n/a
25	Selected Organ Transplantation	n/a
26	Kidney Transplantation	n/a
27	Subacute Care Hospital Model	n/a
28	Community-Based Residential Rehabilitation Center	n/a
29	Long Term Acute Care Hospital	n/a
30	Clinical Service Areas Other than Categories of Service	n/a
31	Freestanding Emergency Center Medical Services	n/a
32	Birth Center	n/a
Financial and Economic Feasibility:		
34	Availability of Funds	n/a
35	Financial Waiver	n/a
36	Financial Viability	n/a
37	Economic Feasibility	n/a
38	Safety Net Impact Statement	113-116
39	Charity Care Information	117
40	Flood Plain Information	n/a

ATTACHMENT 1

Type of Ownership of Applicant

Included with this attachment are:

1. The Certificate of Good Standing for the Applicant, Schwab Rehabilitation Hospital and Care Network.
2. The Certificate of Good Standing for the Applicant, Sinai Health System.

ATTACHMENT 1
Certificate of Good Standing
Schwab Rehabilitation Hospital and Care Network

File Number 1640-927-8



To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulis, 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

SCHWAB REHABILITATION HOSPITAL AND CARE NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON FEBRUARY 21, 1922, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 2532104364 verifiable until 11/17/2026
Authenticate at: <https://www.isos.gov>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 17TH day of NOVEMBER A.D. 2025 .


SECRETARY OF STATE

ATTACHMENT 1
Certificate of Good Standing
Sinai Health System

File Number 5255-749-6



To all to whom these Presents Shall Come, Greeting:

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

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



Authentication #: 2533903276 verifiable until 12/05/2026
Authenticate at: <https://www.isos.gov>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 5TH day of DECEMBER A.D. 2025 .


SECRETARY OF STATE

ATTACHMENT 2

Site Ownership

The current owner of the building is Schwab Rehabilitation Hospital and Care Network and has a ground lease with Sinai Health System. A copy of the ground lease between Sinai Health System and Schwab Rehabilitation Hospital and Care Network is enclosed as evidence of control over the site.

ATTACHMENT 2 Site Ownership

GROUND LEASE

THIS GROUND LEASE (the "Lease") is made as of the 30th day of September, 1996 by and between SCHNAB REHABILITATION HOSPITAL AND CARE NETWORK, an Illinois not-for-profit corporation ("Landlord"), and SINAI HEALTH SYSTEM, an Illinois not-for-profit corporation ("Tenant"), who hereby mutually covenant and agree as follows:

WITNESSETH:

WHEREAS, Landlord currently owns and operates an 85-bed hospital and medical facility providing comprehensive inpatient medical rehabilitation services and related operations (the "Hospital") located on the real property legally described on Exhibit "A" attached hereto and made a part hereof (the "Land"); and

WHEREAS, Landlord is a subsidiary of Tenant; and

WHEREAS, Landlord desires certain improvements to be renovated and/or constructed on the Land, and Tenant has agreed to cause said improvements to be constructed on the Land; and

WHEREAS, in order to finance the renovation and construction of said improvements, among other things, Tenant wishes to borrow the sum of Ninety-Eight Million One Hundred Ten Thousand and No/100 Dollars (\$98,110,000.00) (the "Loan") from the Illinois Health Facilities Authority (the "Authority"), which Loan shall be secured, among other things, by a mortgage creating a first lien on the leasehold estate created by this Lease (all documents evidencing and/or securing said indebtedness being hereinafter referred to as the "Loan Documents"); and

WHEREAS, the Loan shall be insured by the United States Department of Housing and Urban Development, acting through the Federal Housing Commission (the "FHA"), pursuant to Section 242 and Section 223(e) of the National Housing Act, as amended; and

WHEREAS, Tenant, as sublessor, and Landlord, as sublessee, shall simultaneously enter into a Sublease of even date herewith (the "Sublease"), which Sublease shall require that Landlord perform all of Tenant's obligations hereunder with respect to the maintenance and operation of the Hospital.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ATTACHMENT 2

Site Ownership

ARTICLE I. GRANT, TERM, DEFINITIONS AND BASIC PROVISIONS

1.0 Basic Lease Provisions. The following capitalized terms are defined as follows:

- (a) Commencement Date: September 30, 1996.
- (b) Lease Term: Ninety-nine (99) years, subject to Tenant's right to extend as provided in Section 1.3.
- (c) Expiration Date: The last day of the ninety-ninth (99th) year commencing on the Commencement Date.
- (d) Purpose: Operation of an 85-bed hospital and medical facility providing comprehensive inpatient and outpatient medical rehabilitation services and ancillary or related uses.
- (e) Base Rent: One Hundred Dollars (\$100.00) per annum.
- (f) Tenant's Address: California Avenue at 15th Street, Chicago, Illinois 60608.
- (g) Landlord's Address: 1401 South California Avenue, Chicago, Illinois 60608.

1.1 Grant. Landlord, for and in consideration of the rents and other sums herein reserved and of the covenants and agreements herein contained on the part of the Tenant to be performed, hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises hereafter described, subject to the permitted exceptions listed on Exhibit "B" attached hereto and made a part hereof (the "Permitted Exceptions"). The "Premises" are comprised of and defined as (i) the Land and all improvements, alterations, additions and replacements thereof (collectively, the "Building") and all equipment, fixtures, walks, drives, parking areas, loading areas, landscaping and other improvements now or hereafter erected or placed into service on the Land (which, together with the Building, are collectively referred to as the "Improvements"), including an 85-bed hospital and medical facility, and (ii) all easements appurtenant to the Land.

1.2 Lease Term. The Lease Term shall commence on the Commencement Date and shall expire on the Expiration Date, unless extended or sooner terminated in accordance with the terms of this Lease.

1.3 Option to Extend. Tenant shall have the option to extend the Lease Term for one (1) additional period of fifty (50) years upon the same terms and conditions applicable to the initial Lease Term. Tenant must notify Landlord in writing of the exercise of its option to extend at least one (1) year prior to the expiration

ATTACHMENT 2

Site Ownership

of the initial Lease Term. If Landlord is not so notified of Tenant's exercise of its option within said time, Tenant shall have waived its option to extend. Once given, Tenant's election to extend shall be irrevocable. The option to extend set forth herein shall be voidable by Landlord, at Landlord's option, if Tenant is in default under any of the covenants and obligations contained in this Lease either at the time of exercise or at the commencement of the option term.

1.4 Option to Terminate. Following payment in full of the Loan and the release of all liens under the Loan Documents, Landlord shall have the option to terminate this Lease. Landlord must notify Tenant in writing of the exercise of its option not less than ten (10) days prior to the effective date of such termination.

ARTICLE II. POSSESSION

2.0 Delivery of Possession. Tenant hereby accepts possession of the Premises in its present "AS IS" condition and acknowledges that it is fully familiar with the condition of the Premises and has, prior to the Commencement Date, made such inspections as it desires of the Premises and all factors relevant to its use. No representation, warranties or agreements as to the condition or repair of, or improvements to, the Premises have been made by or on behalf of Landlord prior to or at the execution of this Lease, and Tenant waives all claims relating to the condition of the Premises.

ARTICLE III. USE

3.0 Permitted Use. The Premises shall be used and occupied only for the purpose set forth in Section 1.0, except that no such use shall constitute a public or private nuisance or waste, be unlawful, constitute a public or private nuisance, materially damage or waste the Premises or materially diminish the value or usefulness of the Premises, or give rise to a claim of adverse possession or usage by the public or any third party.

ARTICLE IV. RENT

4.0 Base Rent. Tenant shall pay Base Rent as set forth in Section 1.0 in advance on the first day of each January during the Lease Term, except that Base Rent for the period from the Commencement Date through December 31, 1996 shall be paid on the Commencement Date. Base Rent shall be prorated for partial years within the Lease Term.

4.1 Payment of Rent. All charges, costs and sums required to be paid by Tenant to Landlord under this Lease in addition to

ATTACHMENT 2

Site Ownership

Base Rent, including without limitation payments on account of Taxes (as defined below), shall be deemed additional rent ("Additional Rent"). Base Rent and Additional Rent shall hereinafter be collectively called "Rent". Tenant's covenant to pay Rent shall be independent of every other covenant in this Lease. Rent shall be paid to or upon the order of Landlord at the Landlord's Address set forth in Section 1.0, or as Landlord shall otherwise direct by written notice to Tenant. All payments of Rent shall be made without any prior demand therefor and without deduction, set off, discount or abatement, in lawful money of the United States.

4.2 Late Charges. If any payment of Rent is not paid to Landlord within five (5) days after the date due, then Tenant shall pay Landlord a late charge equal to five percent (5%) of said delinquent payment.

ARTICLE V. LEASEHOLD FINANCING

5.0 Leasehold Mortgages. Notwithstanding anything to the contrary contained in this Lease:

A. Tenant shall have the absolute right, at any time during the Lease Term, to mortgage its leasehold interest in all or any portion of the Premises upon such terms, conditions and maturity as Tenant shall determine, the repayment of which loan shall be insured by the Federal Housing Commissioner of the United States or his successor in interest (the "Commissioner"), and to enter into any and all extensions, modifications, amendments, replacements and refinancings of any such leasehold mortgage (any such mortgage or deed of trust being hereinafter referred to as a "Leasehold Mortgage", and any mortgagee thereunder or trustee under a deed of trust, or any holder or indebtedness secured by a mortgage or deed of trust on Tenant's leasehold estate, being referred to herein as a "Leasehold Mortgagee") as Tenant may desire, and convey the leasehold estate hereby created by mortgage or trust deed and otherwise comply with the requirements of the Commissioner for attaining such an insured loan; provided, however, that:

(1) at the time such Leasehold Mortgage is made, there shall be no uncured breach by Tenant hereunder of which Landlord has notified Tenant, except any such breach as is then being cured by Tenant within the applicable grace period provided herein, if any, or as may be cured by the application of the proceeds of such Leasehold Mortgage;

(2) no Leasehold Mortgagee or anyone claiming by, through or under such Leasehold Mortgagee shall by virtue thereof acquire any greater rights in the Premises or any portion thereof than Tenant then had under this Lease; and

ATTACHMENT 2

Site Ownership

(3) such Leasehold Mortgage shall be subject and subordinate to all conditions and covenants of this Lease and to the rights of Landlord hereunder; provided, however, that the Leasehold Mortgagee shall not become liable for the performance of Tenant's obligations under this Lease unless and until said Leasehold Mortgagee shall become the owner of the legal and equitable title to the leasehold estate.

B. If at any time hereafter Landlord is notified of such Leasehold Mortgage and of the address of the Leasehold Mortgagee, then, so long as such Leasehold Mortgage shall continue in force, and until the delivery of a deed to the purchaser at a sale in foreclosure of the Leasehold Mortgage, notice of breach in the performance of any of the covenants of this Lease as is hereby required to be given to Tenant shall simultaneously be given to said Leasehold Mortgagee and the Commissioner, and such Leasehold Mortgagee and the Commissioner shall have the right, within the time periods herein provided to Tenant and for an additional period of thirty (30) days thereafter, to take such action or to make such payment as may be necessary or appropriate to cure any such breach, to the same extent and with the same effect as though done by Tenant.

C. In the event of a breach by Tenant hereunder, Landlord agrees that it will not terminate this Lease or invoke its right to take possession of the Premises if (i) within said period specified in Subsection 5.0.B above, any Leasehold Mortgagee commences a foreclosure of such mortgage under the laws of the State of Illinois and diligently proceeds in good faith with its foreclosure, and (ii) such Leasehold Mortgagee makes all payments required hereunder and fully performs all of the obligations of Tenant under this Lease other than those which cannot be reasonably performed until such Leasehold Mortgagee obtains possession of the Premises, which the Leasehold Mortgagee shall diligently proceed to obtain.

D. Provided there is no breach under this Lease of which notice has been given to any Leasehold Mortgagee in the manner specified in Subsection 5.0.B above, so long as there exists any unpaid Leasehold Mortgage against the leasehold estate, Landlord agrees:

(1) Landlord will not accept a surrender of the Premises or any portion thereof, or a cancellation of this Lease from Tenant prior to the termination of this Lease, without the written consent of such Leasehold Mortgagee. There shall be no merger of the estates of Landlord and Tenant notwithstanding any acquisition of the leasehold estate of Tenant through purchase, foreclosure or otherwise so long as any indebtedness of Tenant secured by a Leasehold Mortgage remains outstanding, nor shall

ATTACHMENT 2

Site Ownership

any merger of the estates of Landlord and Tenant be permitted by operation of law or otherwise which would adversely affect the rights of any Leasehold Mortgagee; and

(2) there shall be no surrender, acceptance of surrender, amendment or modification of this Lease or attornment of any subtenant to Landlord without the written consent of such Leasehold Mortgagee and the Commissioner.

E. Notwithstanding the provisions of Section 11.0 hereof which require Landlord's consent for any Transfer of Tenant's interest under this Lease and/or Tenant's leasehold estate, Landlord's consent shall not be required with respect to (i) the mortgaging of Tenant's interest hereunder, (ii) any certificate of sale, deed or other instrument of assignment or conveyance issued pursuant to decree of foreclosure of such Leasehold Mortgage to the purchaser at the foreclosure sale, and this Lease shall, upon the vesting of title to Tenant's interest hereunder in such purchaser, become a direct lease between Landlord and such purchaser, or (iii) any Transfer of Tenant's interest hereunder approved in writing by the Commissioner.

F. Any Leasehold Mortgagee shall be named as an additional insured on all insurance policies and shall be entitled to receive all insurance proceeds to which Tenant, but for the execution of such Leasehold Mortgage, would be entitled under the provisions of this Lease, in accordance with the terms and provisions contained in such Leasehold Mortgage. Duplicate original copies of all insurance policies shall be delivered to such Leasehold Mortgagee, which policies shall be in such amount, issued by such company or companies and shall be in such form and against such risks and hazards as approved by such Leasehold Mortgagee and/or the Commissioner, in addition to the requirements set forth in Article VI hereof. Landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by Tenant to such Leasehold Mortgagee. Landlord may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by Tenant.

G. In the event this Lease is terminated by Landlord before the natural expiration of the Lease Term as a result of Tenant's default hereunder, Landlord shall serve notice of such termination on any Leasehold Mortgagee of which Landlord has been given notice pursuant to Subsection 5.0.3 hereof and the Commissioner, together with a statement of all sums which would at that time be due under this Lease but for such termination and all other breaches, if any, under this Lease then known to Landlord. Such Leasehold Mortgagee and the Commissioner shall thereupon have the option to enter into

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a new or direct lease with Landlord upon the written request of the Leasehold Mortgagee or the Commissioner within sixty (60) days after service of the aforementioned notice of termination. Within thirty (30) days after receiving said request, Landlord shall enter into a new or direct lease of the Premises, or the portion thereof subject to such Leasehold Mortgage, with the Leasehold Mortgagee, the Commissioner or their designee. Such new or direct lease shall be effective as of the date of termination of this Lease, and shall be for the remainder of the Lease Term and at the Rent and subject to all of the other agreements, options to extend, terms, covenants and conditions hereof. On the execution of such new or direct lease, the tenant thereunder shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for the termination as aforesaid, net of any rentals or other income received by Landlord since the date of such default, and shall otherwise fully remedy or agree in writing to immediately commence and diligently pursue until completion the remedy of any other then existing breaches under this Lease. The new tenant shall pay all necessary and reasonable expenses, including reasonable attorneys' fees and court costs, incurred by Landlord in terminating this Lease and in recovering possession of the Premises, as well as in the preparation, execution and delivery of such new or direct lease. Nothing contained herein shall release Tenant named in this Lease from any of its obligations under this Lease which may not have been discharged or fully performed by such new tenant.

H. Notwithstanding anything to the contrary contained in this Lease, if Landlord elects to terminate this Lease pursuant to a default under any of Subsections 19.0(b), (c), (d), (e) or (g) hereof, then any Leasehold Mortgagee shall have and be subrogated to any and all rights of Tenant, and shall also have the right to postpone and extend the specified date for the termination of this Lease fixed by Landlord in a notice given pursuant thereto for a period of not more than twelve (12) months, provided such Leasehold Mortgagee shall: (i) make all payments required hereunder and shall promptly cure all breaches capable of being cured by said Leasehold Mortgagee, (ii) shall then be engaged in curing any other then existing breach of Tenant, and (iii) shall forthwith take steps to acquire Tenant's interest in the Lease by foreclosure of the Leasehold Mortgage or otherwise. If, before the date specified for the termination of this Lease as extended by the Leasehold Mortgagee, Tenant shall be duly removed from possession or proceedings have been instituted and are pending for such removal, and if the Leasehold Mortgagee or its designee shall deliver to Landlord its agreement and obligation, executed in recordable form, to make all payments required hereunder and to perform and observe the covenants and conditions to be performed by Tenant contained in this Lease, then any such breach on the part of Tenant shall be, and shall be deemed to be, cured. If, at the end of said twelve (12) month period, said Leasehold Mortgagee shall be actively engaged in steps to acquire Tenant's interest herein, the period

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provided for said Leasehold Mortgagee to comply with the provisions of this paragraph shall be extended for such period as shall be necessary to complete such steps with diligence and continuity, provided that nothing herein shall preclude Landlord from exercising any rights or remedies under this Lease with respect to any other breach hereunder during such extension period (subject, in the case of such other breach, to all of the provisions of this Lease).

I. Each of the parties hereto shall give any Leasehold Mortgagee of which Landlord has been given notice pursuant to Subsection 5.0.8 hereof, notice of any condemnation proceedings affecting the Premises. Any interest of Tenant under Article XVI hereof in and to any award or damages for such condemnation is hereby set over, transferred and assigned by Tenant to the Leasehold Mortgagee to the extent of the balance of any principal, interest or other payment due or which shall thereafter accrue or become due to the Leasehold Mortgagee.

J. No Leasehold Mortgagee shall be personally liable under this Lease unless and until such Leasehold Mortgagee shall become the owner of the leasehold estate, and then only for so long as it remains such owner subject to the provisions of this Lease, provided that upon any assignment of this Lease by any owner of the leasehold estate whose interest shall have been acquired by, through and under any Leasehold Mortgagee, or shall have been derived immediately from any Leasehold Mortgagee, the assignor shall be relieved of any further liability which may accrue hereunder from and after the date of such assignment, provided that such assignee has executed and delivered to Tenant a valid, binding and sufficient instrument containing the assignee's assumption and agreement to pay all rent and other sums or payments reserved in this Lease and to perform and satisfy all of the covenants, provisions and conditions hereof, and an original of such assumption and agreement is delivered to Landlord.

K. Landlord, on request of the Leasehold Mortgagee, shall execute such reasonable modifications or amendments of this Lease as may be required by a lending institution to which Tenant has made application for a Leasehold Mortgage. Landlord shall not unreasonably refuse any such request for such modification or amendment unless the modification or amendment shall: (i) materially impact the rights and remedies of Landlord under this Lease, or (ii) in any way affect the Rent or other payments due Landlord hereunder, or (iii) materially increase Landlord's obligations hereunder, or (iv) impair Landlord's title to the Premises.

L. Tenant has the right to collaterally assign all subleases, subject to the terms of this Lease, to any Leasehold Mortgagee under this Section 5.0. On the execution and delivery of any new or direct lease as provided in this Section 5.0, all

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subleases which theretofore may have been collaterally assigned and transferred to Landlord shall thereupon be transferred and assigned by Landlord to the new tenant under the new or direct lease.

M. If permitted by the Commissioner, any Leasehold Mortgage shall expressly provide that:

(1) written notice of any breach under such Leasehold Mortgage shall be mailed to Landlord on the same day as mailing of such notice to Tenant;

(2) if Tenant fails to cure such breach within the applicable cure period under said Leasehold Mortgage, the Leasehold Mortgagee shall furnish Landlord with written notice of Tenant's failure to cure such breach within such cure period; and

(3) Landlord shall have the right, at its election, to cure such breach of Tenant within a further period of not less than sixty (60) days after receipt of such second notice. In connection with a breach other than a breach related to the payment of principal and interest, and provided that there continues to be no breach with respect to the payment of principal and interest, the Leasehold Mortgagee shall not have the right to declare a default if Landlord, within such sixty (60) day period, shall have proceeded to commence to cure the breach and thereafter diligently continues to cure such breach until completion; provided that if such breach of Tenant is not curable (i.e., the insolvency or bankruptcy of Tenant), the Leasehold Mortgagee will not foreclose its Leasehold Mortgage or take a deed in lieu of foreclosure thereof as long as Landlord continues to make all payments of principal and interest and perform all other obligations of Tenant.

N. In connection with encumbering Tenant's leasehold estate as provided in this Section 5.0, Tenant may require Landlord to execute and deliver, within fifteen (15) days after Tenant's written request, any Leasehold Mortgage encumbering all or any part of the Premises for which the Commissioner has entered into a contract of mortgage insurance, which execution shall be for the sole purpose of subordinating Landlord's fee interest in and to the Premises and Landlord's right, title and interest in this Lease to the lien of said Leasehold Mortgage.

O. Landlord agrees that, within ten (10) days after receipt of written request from Tenant, it will join in any and all applications for permits, licenses or other authorizations required by any governmental or other body claiming jurisdiction in connection with any work which Tenant may do hereunder, and will also join in any grants for easements for electric, telephone, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the Premises or of any

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improvements that may be erected thereon. If, at the expiration of such ten (10) day period, Landlord shall not have joined in any such application or grants for easements, Tenant shall have the right to execute such application and grants in the name of Landlord, and, for that purpose, Landlord hereby irrevocably appoints Tenant as its attorney-in-fact to execute such papers on behalf of Landlord.

P. Tenant covenants and agrees to comply with all provisions contained in any of the Loan Documents or the "FHA Documents", as that term is defined and used in the Loan Documents.

ARTICLE VI. IMPOSITIONS

6.0 Impositions. Tenant shall pay, as Additional Rent, when due and prior to any penalties, costs, fines or interest, all Taxes (as hereinafter defined), municipal charges, water and sewer rates, rents and charges, gas, electrical and other utility, costs and charges, license and permit fees, excise levies and all other burdens, impositions, fees, costs, charges, assessments and levies of every kind and nature whatsoever, whether general or special, ordinary or extraordinary, foreseen or unforeseen, which may at any time during the Lease Term be levied, assessed, confirmed or imposed upon, or required or incurred in connection with the use, occupancy, ownership, operation or leasing of the Premises or any part thereof, as now or hereafter improved, or upon the rents or income therefrom (all of the foregoing collectively referred to as "Impositions"). Except as provided below, Tenant shall pay all Impositions directly to the proper authority or other entity. Impositions shall be prorated between Landlord and Tenant as of the Commencement Date for the first year of the Lease Term and as of the Expiration Date for the last year of the Lease Term on the basis of the last ascertainable bills therefor. It is the intention of Landlord and Tenant that the Rent reserved herein shall be received and enjoyed by Landlord as a net sum free from all claims on the part of Tenant for diminution, setoff, abatement and from Impositions, except for income, franchise, estate, succession, inheritance or transfer taxes assessed against Landlord. Tenant shall pay all interest and penalties imposed upon the late payment of any Impositions. Within ten (10) days after written request of Landlord from time to time, Tenant shall deliver to Landlord official receipts or other proof of payment satisfactory to Landlord of all Impositions required to be paid by Tenant.

6.1 Taxes. As used herein, "Taxes" shall mean all federal, state and local governmental taxes, assessments and charges (including transit or transit district taxes or assessments) of every kind or nature, whether general, special, ordinary or extraordinary, which shall be levied against the Premises or which Landlord or Tenant shall become obligated to pay because of, or in connection with, the ownership, leasing, management, control or

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operations of the Premises, as now or hereafter improved, or the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith, including any rental, gross receipts, capital levy or similar levies, charges, assessments or taxes based in whole or in part on the value, use or rents of the Premises, whether levied in lieu of or in addition to general real and/or personal property taxes; provided, however, that Taxes shall not include any federal, state or local income, corporate, franchise, capital stock, inheritance, excess profits, gift or estate taxes, except that if a change occurs in the method of taxation resulting in whole or in part in the substitution of any such taxes or any other assessment for any Taxes as above defined, such substituted taxes or assessments shall be included in the Taxes. For purposes hereof, Taxes for any Lease Year shall be Taxes which are assessed or become a lien during such year rather than Taxes which are due and payable in that Lease Year; provided, however, that if a special assessment payable in installments is levied against the Premises, Taxes for any Lease Year shall include only the installment of such assessment and any interest due and payable during such Lease Year.

6.2 Protest of Taxes. Landlord or Tenant may from time to time protest or challenge Taxes for any Lease Year, in which event Tenant shall pay all fees, costs and expenses (including reasonable attorneys' fees and costs) incurred or paid by Landlord during or on account of such Lease Year in seeking or obtaining any refund or reduction of Taxes, but not to exceed the amount of any such refund or reduction obtained. If Landlord shall fail to file or institute a protest or challenge of Taxes within fifteen (15) days after written notice from Tenant to do so, which notice shall be given no later than thirty (30) days prior to any filing or protest deadline applicable to the Taxes for the Lease Year in question, then Tenant shall have the right to file or institute such a protest or challenge, at Tenant's sole expense, as described in Section 6.3.

6.3 Protest of Other Impositions. Tenant may, at its own expense, contest the amount or validity of any Taxes or other Impositions by appropriate proceedings diligently conducted in good faith, but only after payment of such Imposition; provided, however, that if such payment or a payment thereof under protest would operate as a bar to such contest or interfere materially with the prosecution thereof, Tenant may postpone or defer payment of such Imposition so long as (i) the Premises would not be in danger of being forfeited or lost by reason of such postponement or deferment, and (ii) if Landlord so requests, Tenant shall have deposited with Landlord cash in the amount of the Imposition so contested and unpaid, together with all interest, charges and penalties which may, in Landlord's reasonable judgment, accrue or become a charge on the Premises during the pendency of such proceedings. If, during the continuance of such proceedings, Landlord shall reasonably deem said amount deposited insufficient, Tenant shall, upon demand of Landlord, deposit such additional sums

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of money as Landlord may reasonably request. Upon failure of Tenant to make such additional deposits, the amount theretofore deposited may be applied by Landlord to the payment, removal and discharge of such Imposition and all interest, fines, penalties, costs and fees (including attorney's fees) and other liabilities incurred in connection with such proceedings. Upon the termination of such proceedings, Tenant shall pay the unpaid amount of such Imposition, if any, as finally determined in such proceedings, together with all costs, fees, including attorney's fees, interest, penalties, fines and other liabilities in connection therewith, and upon such payment Landlord shall return all amounts deposited with respect to such contest or, at the written direction of Tenant, Landlord shall make such payments out of the funds on deposit with Landlord and the balance, if any, shall be returned to Tenant. Tenant shall be entitled to the refund of any Imposition, penalty, fine and interest thereon received by Landlord which was previously paid by Tenant, less any costs or other sums to which Landlord is entitled in connection therewith. Landlord shall not be required to join in any proceedings instituted by Tenant under this Section unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord, in which event Landlord shall join in such proceedings or permit the same to be brought in Landlord's name upon compliance with such conditions as Landlord may reasonably require, provided that Tenant shall pay any and all fees, including attorney's fees, costs and expenses, in connection with such proceedings, which amounts shall be paid or reimbursed to Landlord, as applicable, upon Landlord's demand. All interest which may accrue on any funds deposited with Landlord pursuant to this Section shall be credited to Tenant and shall be held by Landlord and disbursed in the same manner as the funds deposited with Landlord.

6.4 Absolute Net Lease. Landlord and Tenant each intend that this Lease be interpreted and construed as an absolute net lease. The obligations of Tenant shall not be affected by reason of damage to or destruction of the Premises from whatever cause, nor shall the obligations of Tenant be affected by reason of any condemnation, eminent domain or like proceedings (except as otherwise provided in Article XVI) or any other circumstance. Landlord and Tenant further intend that: (i) the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements; (ii) all Rent payable by Tenant hereunder shall commence at the times provided herein and shall continue to be payable in all events unless Tenant's obligation to pay the same shall be terminated pursuant to an express provision in this Lease; (iii) all costs or expenses of any character or kind whatsoever, general or special, ordinary or extraordinary, foreseen or unforeseen, that may be necessary or required in and about the Premises or for Tenant's use or possession thereof shall be paid by Tenant; and (iv) all Impositions, insurance premiums, utility expense, repair and maintenance expenses and all other costs, fees,

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interest, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises which may arise or become due during the term of this Lease, or any extension thereof, shall be paid or discharged by Tenant as Additional Rent.

ARTICLE VII. INSURANCE

7.0 Kinds and Amounts. Tenant, at its sole cost and expense, shall obtain and continuously maintain in full force and effect during the Lease Term:

- (a) policies of insurance covering the Improvements for the benefit of Landlord, as the named insured, providing coverage equivalent or better than the Causes of Loss - Special Form (CP1030) published by the Insurance Services Office, and specifically covering (i) loss or damage by fire; (ii) loss or damage from such other risks or hazards now or hereafter embraced by an "Extended Coverage Endorsement", including but not limited to windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (iii) loss from flood if the Premises is in a designated flood or flood insurance area; (iv) loss from so-called explosion, collapse and underground hazards; (v) if a sprinkler is located on the Premises, loss from sprinkler leakage; (vi) loss from earthquakes; and (vii) loss of business income in an amount not less than one (1) year's Rent owed hereunder. At all times, such insurance coverage shall be in an amount equal to one hundred percent (100%) of the then "Full Replacement Cost" of the Improvements and shall include a so-called "agreed value endorsement". "Full Replacement Cost" shall be interpreted to mean the cost of replacing the Improvements without deduction for depreciation or wear and tear, and shall include a reasonable sum for architectural, engineering, legal, administrative and supervisory fees connected with the restoration or replacement of the Improvements in the event of any damage or destruction. Full Replacement Cost shall be determined from time to time (but not more frequently than once in any twelve (12) month period), at the request of Landlord or its mortgagees, by a competent and impartial appraiser, engineer, architect or contractor designated and paid by Tenant and approved in writing by Landlord.
- (b) Commercial general liability insurance against any loss, liability or damage on, about or relating to the Premises or any portion thereof, with limits of not less than Fifteen Million Dollars (\$15,000,000.00) single limit coverage on an occurrence basis. Such insurance shall be

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written on a first dollar basis, and shall specifically insure by contractual liability endorsement Tenant's obligations under Article IX of this Lease.

- (c) Boiler and pressure vessel (including, but not limited to, pressure pipes, steam pipes and condensation return pipes) insurance, but only if the Building contains a boiler or other pressure vessel or pressure pipes, in an amount reasonably satisfactory to Landlord.
- (d) Whenever and so long as any construction work or alteration work is in progress at or on the Premises, Tenant shall procure builder's risk insurance on a special perils basis in an amount equal to one hundred percent (100%) of the Full Replacement Cost of the construction work in progress from time to time, including a so-called "agreed value endorsement". During all periods of such construction, Tenant shall also maintain in effect Worker's Compensation Insurance in amounts required by State law.
- (e) Such other insurance as may be required in connection with any license, permit, consent or other governmental approval necessary in connection with Tenant's business operations, or as may be required under any applicable law, rule, regulation or other governmental requirement.
- (f) Such other insurance, and in such amounts as may from time to time be reasonably required by any of Landlord, any Leasehold Mortgagee or the Commissioner against other insurable hazards which at the time are, in the judgment of said entity, commonly or prudently insured against in the case of premises and/or buildings or improvements similar in construction, design, location, use and occupancy to the Premises.

7.1 Named Insureds; Co-Insurance. All policies of insurance required under this Article shall provide that the proceeds thereof shall be payable to Landlord and Tenant as their respective interests may appear, and, if Landlord so requests, shall also be payable to the holder of any mortgages or ground leases now or hereafter becoming a lien on the fee of the Premises, as the interest of such holder appears pursuant to a standard named insured or mortgagee clause. All liability policies obtained and maintained by Tenant shall name Landlord, Landlord's mortgagee, if any, and their respective agents, employees, officers and directors (and such others as may from time to time be named by Landlord) as additional insureds. Tenant shall comply with and perform all provisions and requirements of all policies of insurance at any time in force with respect to the Premises. Tenant shall not take out separate insurance concurrent in form or contributing in the event of loss with that required hereunder, unless Landlord is

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included therein as a named insured with loss payable as provided above. Tenant shall immediately notify Landlord whenever any such separate insurance is taken out and shall deliver to Landlord duplicate originals thereof or original certificates evidencing the same with true copies of such insurance policies attached.

7.2 Deductibles, Evidence of Insurance. Each policy required under this Article shall have a deductible of no more than One Hundred Thousand Dollars (\$100,000.00) and shall provide that such policy shall not be cancelled or materially changed without at least thirty (30) days prior written notice to Landlord, and the insurance as to the interest of Landlord shall not be invalidated by any act or neglect of any person. All policies of insurance shall be written by companies having a Best's rating of not less than A- and which are licensed in the State of Illinois, and shall be written in such form as shall be satisfactory to Landlord. Tenant shall increase the limits of the aforesaid policies as Landlord may request from time to time. Such policies (or certificates of insurance acceptable to Landlord) shall be delivered to Landlord endorsed "Premium Paid" by the company or agent issuing the same or accompanied by other evidence satisfactory to Landlord that the premiums thereon have been paid. Such policies (or certificates of insurance acceptable to Landlord) and evidence of payment shall be delivered to Landlord upon commencement of the term. Prior to the expiration of any policy described herein, a new policy (or certificates of insurance acceptable to Landlord), plus evidence of premium payment, shall be delivered to Landlord not less than thirty (30) days prior to the expiration of the then current policy term.

7.3 Tenant's Personal Property Coverage. Tenant shall maintain insurance coverage (including loss of use and business interruption coverage) upon Tenant's business and upon all personal property of Tenant or the personal property of others kept, stored or maintained on the Premises against loss or damage by fire, windstorm or other casualties or causes with commercially reasonable limits. Tenant hereby waives, releases, discharges and agrees to indemnify, defend and hold Landlord, its agents and employees harmless from and against all claims whatsoever arising out of loss, claim, expense or damage to or destruction of any such personal property or to Tenant's business, notwithstanding that such loss, claim, expense or damage may have been caused by Landlord, its agents or employees, and Tenant agrees to solely look to its insurance coverage in the event of such loss.

7.4 Blanket Policies. Tenant may satisfy the liability insurance requirements under this Article under a blanket insurance policy or policies which may cover other properties occupied by Tenant, provided, however, that any such policy of blanket insurance shall specify the limits exclusively allocated to the Premises, and shall contain all the various provisions required of

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such an insurance policy under this Article. The Premises shall be named on any umbrella liability policies of Tenant.

7.5 Fire Protection. Tenant shall comply with all applicable building and fire codes of all governmental authorities, and with the rules and regulations of Landlord's fire underwriters and their fire protection engineers.

7.6 Mutual Waiver of Subrogation Rights. Whenever any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease, or anyone claiming by, through, or under it in connection with the Premises, and such party is then covered in whole or in part by insurance with respect to such loss, cost, damage or expense or is required under this Lease to be so insured, then the party so insured (or so required) hereby releases the other party from any liability said other party may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance (or which could have been recovered had such insurance been carried as so required) and waives any right of subrogation which might otherwise exist in, or accrue to, any person on account thereof, provided that such release of liability and waiver of the right of subrogation shall not be operative in any case where the effect thereof is to invalidate such insurance coverage.

ARTICLE VIII. COMPLIANCE WITH LAWS

8.0 Compliance. Tenant shall, throughout the Lease Term, at Tenant's sole cost and expense, promptly comply with or remove or cure violations of any and all present and future laws, ordinances, orders, rules, regulations, guidelines and requirements of all federal, state, municipal and other governmental bodies having jurisdiction over Tenant, the Premises and the operations or activities conducted therein and the appropriate departments, commissions, boards and officers thereof, all orders, rules and regulations of the Board of Fire Underwriters where the Premises are situated, or any other body now or hereafter constituted exercising lawful or valid authority over Tenant, the Premises or any portion thereof, or the sidewalks, curbs, gutters, vaults and vaulted spaces, roadways or alleys adjacent or appurtenant thereto, the violation of or failure of compliance with which could adversely affect the validity or enforceability in accordance with their respective terms of the Loan Documents or the FHA Documents or could adversely affect any exception from federal income taxation to which interest on any bond would otherwise be entitled or which could reasonably be expected to have a material adverse effect on the business or properties of Landlord or Tenant, as applicable or which the Authority, in its sole discretion, shall deem material regardless of whether the compliance, curing or removal of any such violation and the costs and expenses

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necessitated thereby shall have been foreseen or unforeseen, ordinary or extraordinary, and whether or not the same shall be presently within the contemplation of Landlord or Tenant or shall involve any change of governmental policy, or require structural or extraordinary repairs, alterations or additions by Tenant.

8.1 Observance of Matters of Record. Tenant, at its sole cost and expense, shall comply with all agreements, contracts, easements, restrictions, reservations or covenants, if any, now of record or affecting the Premises or its use, or hereafter created by Landlord. Tenant shall comply with the terms and requirements of all permits issued by governmental authorities issued in connection with use or operation of the Premises.

8.2 Tenant's Right to Contest. Tenant, at its sole cost and expense, shall have the right to contest the validity or application of any law or ordinance affecting Tenant or the Premises in the name of Tenant or Landlord, or both, by appropriate legal proceedings diligently conducted, provided that Tenant shall not delay in complying with any such law or ordinance unless the express terms of such law or ordinance provide for such delay pending the prosecution of such proceeding without subjecting Landlord or Tenant to any criminal liability. If any lien, charge or civil liability would be incurred by reason of any such delay, Tenant's right to contest and delay as aforesaid, shall be conditioned upon the following: (i) prior to such contest or delay, Tenant shall furnish Landlord security, reasonably satisfactory to Landlord, against any loss or damage that may arise by reason of any such contest or delay; (ii) Tenant shall prosecute the contest with due diligence and in good faith; and (iii) Tenant shall indemnify, defend and hold Landlord harmless from any loss, claim, charge, damage, liability or expense whatsoever in connection therewith. The security furnished to Landlord by Tenant shall be in the form of a cash deposit, which deposit shall be held and distributed in accordance with the provisions of Section 6.3 hereof. If necessary or proper to permit Tenant to contest the validity or application of any such law or ordinance, Landlord shall, at Tenant's sole cost and expense (including reimbursement of Landlord's reasonable attorney's fees) execute and deliver any appropriate papers or other documents; provided that Landlord shall not be required to execute any document or consent to any proceeding which would or might result in the imposition of any cost, charge, expense or penalty on or against Landlord or the Premises.

ARTICLE IX. REPAIRS AND MAINTENANCE

9.0 Tenant's Repair Obligations. Tenant, at its sole cost and expense, shall keep the Premises and the Improvements thereon in first-class order and condition and shall make and perform all necessary maintenance and repairs thereto, interior and exterior,

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structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description. As used herein, "repairs" shall include all necessary repairs, replacements, renewals, alterations, additions and betterments. All repairs made by Tenant shall be at least equal in quality to the original work and shall be made in accordance with all laws, ordinances and regulations whether heretofore or hereafter enacted. Without limiting the foregoing, Tenant, at its sole cost and expense, shall repair, maintain and replace as necessary and keep in good order and condition all mechanical, electrical, structural, plumbing and HVAC systems and components, the roof, floors, exterior, loading, parking and driveways, walls, doors, windows and all other building components, driveways, pathways, roadways, sidewalks, curbs, spur tracks, parking areas, loading areas, landscaped areas, entrances and passageways. Tenant shall promptly remove all accumulated snow, ice, litter and debris from any and all driveways, pathways, roadways, sidewalks, curbs, parking areas, loading areas, entrances and passageways, and keep all portions of the Premises, including areas appurtenant thereto, in a clean and orderly condition. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises, and waives any rights created by any law now or hereafter in force that may require Landlord to make repairs to the Premises.

9.1 Covenant Against Waste. Tenant shall not commit or suffer any waste or damage, disfigurement or injury to the Premises or any Improvements.

ARTICLE X. ALTERATIONS

10.0 Hospital Improvements. Tenant covenants and agrees to promptly commence and diligently pursue until completion, as evidenced by the Final Endorsement by the FHA of the Mortgage Note executed by Tenant in the principal amount of the Loan, those improvements to the Hospital described on Exhibit "C" attached hereto and made a part hereof (the "Hospital Improvements"), including without limitation executing any and all contracts and agreements and taking any and all other actions necessary or desirable to complete the Hospital Improvements in accordance with the terms of this Lease. All such work shall be performed in accordance with the provisions of Section 10.1 and Article XII hereof, as well as all of the provisions of the Loan Documents and/or the FHA Documents.

10.1 Alterations. Except as provided in Section 10.0, Tenant shall not perform any alterations, additions, demolition, installations, improvements or repairs in, on, of or to the Premises (collectively, "Alterations") except in accordance with the provisions of this Lease. Landlord may, as a condition of its consent to any Alterations, require Tenant to post a bond or other

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security reasonably satisfactory to Landlord to insure the completion of any Alterations costing more than Fifty Thousand Dollars (\$50,000.00). Before commencing any Alterations, Tenant shall furnish to Landlord final architectural plans and specifications, copies of all necessary permits and licenses and certificates of insurance evidencing the insurance required under Section 7.0. All Alterations shall be performed in accordance with all applicable legal, governmental and quasi-governmental requirements, ordinances and rules and in a good and workmanlike manner by tradesmen skilled in their respective trades and using only new materials, at Tenant's sole cost and expense. Tenant agrees to indemnify, defend and hold Landlord and its agents and employees harmless against all liens, claims and liabilities of every kind, nature and description which may arise out of or in any way be connected with such work. Upon completion of each Alteration, Tenant shall furnish Landlord with customary contractor's affidavits and full and final waivers of lien and receipted bills covering all labor and materials expended and used in connection therewith, together with "as built" plans thereof.

10.2 Ownership of Alterations. All Alterations shall, upon installation, become part of the Premises and shall remain in the Premises at the expiration or termination of this Lease or termination of Tenant's right to possession of the Premises, without compensation or credit to Tenant.

ARTICLE XI. ASSIGNMENT AND SUBLETTING

11.0 Landlord's Consent Required. Except as otherwise provided in Article V hereof, Tenant shall not sell, assign, mortgage, hypothecate, pledge or in any other manner transfer or encumber any of its interest in this Lease or sublet or permit others to use or occupy any portion of the Premises, or grant any license, concession, franchise or other rights or interest in this Lease or the Premises, voluntarily, by operation of law or otherwise (all of the foregoing are sometimes referred to collectively as a "Transfer"), without in each case obtaining Landlord's prior written consent, which may be withheld at Landlord's sole discretion. Any Transfer permitted by Landlord shall be subject to the following conditions:

- (a) At the effective date of the Transfer, and at the time when Tenant requests Landlord's written consent thereto, this Lease must be in full force and effect, without any breach or default thereunder on the part of Tenant.
- (b) Any assignment of this Lease shall transfer to the assignee all of Tenant's right, title and interest in this Lease and all of Tenant's estate or interest in the Premises.

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- (c) Any Transfer shall be subject to all the provisions, terms, covenants and conditions of this Lease. Following a Transfer, Tenant shall continue to be and remain primarily and unconditionally liable and responsible for the performance of all Tenant obligations under the Lease, as it may thereafter be amended from time to time. The continued liability of Tenant shall not be affected or limited by: (i) the release or discharge of Tenant or the assignee, sublessee or other transferee (collectively, "Transferee") in bankruptcy or other creditors' proceeding; (ii) the addition or release of any persons or entities as additional Tenants, Transferees or guarantors under the Lease; (iii) the acceptance of any further security or release of security for payment of Tenant's obligations under the Lease; (iv) any further transfer or consent to transfer of Tenant's interest under the Lease or any part thereof; (v) the assignment of Landlord's interest under the Lease; or (vi) any amendment, modification, waiver or concession of or under the Lease entered between Landlord and Transferee, regardless of notice to or consent of Tenant.
- (d) In addition to the above requirements, any sublease permitted under this section shall provide that (i) such sublease is only for actual use and occupancy by the sublessee; (ii) such sublease is subject and subordinate to all of the terms, covenants and conditions of this Lease and all of the rights of Landlord hereunder; and (iii) if this Lease or Tenant's right to possession shall terminate before the expiration of such sublease, the sublessee thereunder will, at Landlord's option, attorn to Landlord and waive any rights the sublessee may have to terminate the sublease or to surrender possession thereunder as a result of the termination of this Lease.
- (e) Each Transfer shall be accomplished by an instrument wherein the Transferee shall agree in writing for the benefit of Landlord to assume and be bound by, and to perform the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant. Said instrument shall otherwise be in form and substance acceptable to Landlord.
- (f) Tenant shall on demand reimburse Landlord for all expenses, including reasonable attorneys' fees and disbursements, incurred by Landlord in conjunction with any request for a Transfer.
- (g) Any dissolution, merger, consolidation or reorganization of Tenant shall be deemed an assignment of this Lease.

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11.1 Attempted Transfers. If the Premises or any part thereof or any interest in the Lease are transferred, whether or not in violation of this Article, Landlord may collect rent from the Transferee, in which event Landlord shall apply the net amount collected to the Rent due under this Lease, but no such collection or application shall be deemed a waiver of any term, covenant or condition of this Lease or the consent to such Transfer or acceptance by Landlord of such Transferee. Any attempt by Tenant to Transfer an interest in this Lease or the Premises by document or other agreement or by operation of law in violation of the terms of this Lease, shall be void and confer no rights on any third party and shall, at Landlord's option, constitute a default under this Lease. The consent by Landlord to any Transfer shall not constitute a waiver of the necessity of such consent to any subsequent Transfer.

ARTICLE XII. LIENS AND ENCUMBRANCES

12.0 Encumbering Title. Except as otherwise provided in Article V hereof, Tenant shall not do any act which shall in any way encumber Landlord's interest in and to the Premises, nor shall the interest or estate of Landlord in the Premises in any way become subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant. Any claim to, or lien upon, the Premises arising from any act or omission of Tenant other than a claim by Landlord, shall accrue only against the leasehold estate of Tenant and shall be subject and subordinate to the paramount title and rights of Landlord in and to the Premises.

12.1 Liens and Right to Contest. Except as provided in Article V hereof, Tenant shall not permit the Premises or Tenant's leasehold estate hereunder to become subject to any liens or encumbrances of any kind whatsoever, including without limitation any mechanic's or materialmen's lien on account of labor or material furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed for the Premises by or at the direction or sufferance of Tenant; provided, however, that (i) Tenant shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claimed lien if Tenant shall give to Landlord such security as may be reasonably satisfactory to Landlord to assure payment thereof and to prevent any sale, foreclosure or forfeiture of Landlord's interest in the Premises by reason of non-payment thereof, and (ii) on final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with all proper costs and charges, and shall have the lien released and any judgment satisfied. If Tenant fails to post such security or does not diligently contest such lien, Landlord may, without investigation

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of the validity of the lien claim, discharge such lien and Tenant shall pay the cost thereof to Landlord on demand.

ARTICLE XIII. UTILITIES

13.0 Use and Purchase of Utilities. During the Lease Term, Tenant will pay when due all charges of every kind, nature or description for utilities furnished to or chargeable against the Premises, including all charges for water, sewage, heat, gas, light, garbage, electricity, telephone, steam, power or any other public or private utility services. In the event that any charge or fee is required by the State of Illinois or any agency, subdivision or instrumentality thereof, or any utility company furnishing services or utilities to the Premises, as a condition precedent to furnishing or continuing to furnish utilities or services to the Premises, such charge or fee shall be deemed to be a utility charge payable by Tenant, including but not limited to any charges or fees for present or future water or sewer capacity to serve the Premises, any charges for the underground installation of gas or other utilities or services and other charges relating to the extension of or change in the facilities necessary to provide the Premises with adequate utility services.

ARTICLE XIV. INDEMNITY AND WAIVER

14.0 Tenant's Indemnity. Tenant agrees to indemnify, defend and hold Landlord and its agents, employees, officers and directors harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses, including without limitation reasonable attorneys' fees and expenses, imposed upon or incurred by or asserted against Landlord by reason of (a) any accident, injury to, or death of, persons or loss of or damage to property occurring on or about the Premises or any part thereof, or resulting from any act or omission of Tenant or anyone claiming by, through or under Tenant during the Lease Term; (b) any failure on the part of Tenant to perform or comply with any of the terms of this Lease; (c) the performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof performed by or on behalf of Tenant during the Lease Term; or (d) claims, losses, damages, remediation and response costs, clean-up costs and expenses arising out of or in any way relating to "Hazardous Materials", as defined below, released, deposited, discharged, stored, moved onto, created upon or removed from the Premises by Tenant or its agents, employees, licensees and invitees, including without limitation (i) claims of third parties, including governmental entities, for damages, penalties, remediation and response costs, clean-up costs, injunctive or other relief; (ii) costs and expenses of removal and restoration, including fees and costs of attorneys and experts, audit costs and costs of reporting the existence of Hazardous

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Materials to any governmental agency; and (iii) any and all expenses or obligations related to the foregoing, including without limitation reasonable attorneys' fees and costs, witness fees, deposition costs, copying and telephone charges and other expenses, all of which shall be paid by the Tenant when incurred. Tenant's indemnification of Landlord as set forth in this Lease shall survive the expiration or earlier termination of this Lease.

14.1 Hazardous Materials. For purposes of this Lease, the term "Hazardous Materials" shall mean and include any and all hazardous, special, toxic or dangerous substance, wastes, waste constituents, by-products, pesticides, materials, oil or other petroleum products defined or encompassed by or for the purposes of any federal, state or local statute, law, ordinance, code, rule, regulation, guideline, permit, order or decree relating to health, safety or environmental matters as now exist or as may be enacted or amended after the date hereof, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §1802 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; the Toxic Substance Control Act, 15 U.S.C. §2601 et seq.; the Clean Water Act, 33 U.S.C. §1251 et seq.; the Clean Air Act, 42 U.S.C. §7401 et seq.; all federal, state and local environmental lien and/or cleanup programs; the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq.; and all U.S. Department of Transportation regulations applicable to the transportation of Hazardous Materials (collectively, "Environmental Laws").

14.2 Compliance with Environmental Laws. Tenant agrees, at its sole expense, to comply with all Environmental Laws affecting the Premises, and Tenant shall provide Landlord with any notices received by any governmental authority with respect to the same. Tenant shall not discharge, release, store, create, use, introduce or remove from the Premises any Hazardous Materials except in accordance with all applicable Environmental Laws, and shall not install any underground or surface storage tanks on the Premises. Hazardous Materials will be managed by Tenant in accordance with all Environmental Laws and in a manner that will not expose Landlord to potential environmental liability or adversely affect the value, marketability or financeability of the Premises. If Landlord, in its reasonable judgment, believes that the Premises have become contaminated with Hazardous Materials or that Tenant has violated any Environmental Laws, Landlord may, in addition to its other rights under this Lease, enter upon the Premises and obtain samples from the Premises, including the soil and groundwater under the Premises, to determine whether and to what extent the Premises or the environment have become contaminated. Such testing shall be performed at Landlord's expense unless such tests indicate that Tenant has contaminated the Premises or the environment with Hazardous Materials or that Tenant has violated any Environmental Laws, in which case Tenant shall pay the cost of

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such testing on demand. In the event that Tenant contaminates the Premises or the environment with Hazardous Materials, Tenant shall take all necessary steps to fully remove such Hazardous Material from the Premises, any adjacent property and the environment, including but not limited to the cost of any required or necessary repair, cleanup or detoxification and preparation of any closure or other remediation plans in connection therewith.

14.3 Waiver of Certain Claims. To the maximum extent permitted by applicable law, Tenant waives all claims it may have against Landlord for damage or injury to property sustained by Tenant or any persons claiming through Tenant or by any occupant of the Premises, or by any other person, resulting from any part of the Premises or any of its improvements, equipment or appurtenances becoming out of repair, or resulting from any accident on or about the Premises or any other cause or resulting directly or indirectly from any act of neglect of any person, including Landlord to the extent permitted by law. Such waiver shall include, but not by way of limitation, damage caused by water, snow, frost, steam, excessive heat or cold, interruptions in utilities, sewage, gas, odors or noise, theft, bursting or leaking of pipes or plumbing fixtures, and shall apply equally whether any such damage results from the act or neglect of Tenant or any other person, including Landlord to the extent permitted by law, and whether such damage be caused by or result from any thing or circumstance described above or to any other thing or circumstance. All personal property belonging to Tenant or any occupant of the Premises that is in or on any part of the Premises shall be at the risk of Tenant or of such other person only, and Landlord shall not be liable for any damage thereto or theft or misappropriation thereof.

ARTICLE XV. DESTRUCTION AND RESTORATION

15.0 Damage or Destruction. In case of damage to or destruction of the Improvements by fire or otherwise, Tenant, at its sole cost and expense (subject to reimbursement to the extent hereinafter provided), shall promptly restore, repair, replace and rebuild the same as nearly as possible to the condition that existed immediately prior to such damage or destruction, with such changes or alterations as Tenant may desire, subject to the provisions of Article X hereof. Such restoration, repairs, replacements, rebuilding, changes and alterations, including the cost of temporary repairs for the protection of the Premises or any portion thereof pending completion, are sometimes hereinafter referred to as the "Restoration". The Restoration shall be performed and completed by Tenant in accordance with the provisions and conditions set forth below.

15.1 Disbursement of Proceeds. Subject to the requirements of any Leasehold Mortgage, all insurance moneys recovered by Landlord on account of such damage or destruction, less the costs,

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if any, to Landlord of such recovery, shall be applied by Landlord to the payment of the costs of the Restoration and shall be paid out from time to time as the Restoration progresses, in the manner hereafter provided. Prior to commencement of Restoration, Tenant shall provide Landlord with a detailed budget of all costs, hard and soft, of the Restoration. If the net amount of the insurance proceeds, after deduction of all costs, expenses and fees related to recovery of the insurance proceeds recovered by Landlord is deemed insufficient by Landlord to complete the Restoration of such improvements (exclusive of Tenant's personal property and trade fixtures which shall be restored, repaired or rebuilt out of Tenant's separate funds), Tenant shall, upon request of Landlord, deposit in the Construction Escrow (as hereafter defined) cash equal to such insufficiency no later than the commencement of Restoration. Prior to commencement of Restoration, Tenant shall establish, at Tenant's expense, a construction escrow with such title company as Landlord or any Leasehold Mortgagee may designate for the purpose of disbursing all payment applications on account of Restoration Work ("Construction Escrow"). Provided all conditions hereunder are satisfied, Landlord shall, to the extent of available insurance proceeds, fund Tenant's payment applications through the Construction Escrow not more frequently than monthly, and only after (i) Tenant has deposited in the Construction Escrow Landlord's estimate of the total cost of Restoration less the amount of net insurance proceeds, (ii) Tenant has deposited in the Construction Escrow current sworn statements, supporting affidavits and lien waivers from Tenant's contractor and all subcontractors and materialmen, architects, engineers, and all other parties with lien rights, in form and substance satisfactory to Landlord for the work for which payment is requested, or Tenant has caused Landlord's title insurance company to insure over possible mechanic's liens, and (iii) all funds required to be deposited by Tenant shall have first been paid out through the Construction Escrow. Each request for payment shall be accompanied by a certificate of the architect or qualified professional engineer in charge of the Restoration stating that (x) the sum requested is justly due to the contractors, subcontractors, materialmen, laborers, engineers, architects, or other persons or entities furnishing or supplying work, labor, services or materials for such Restoration, or is justly required to reimburse Tenant for expenditures made by Tenant in connection with such Restoration, and when added to all sums previously paid out by Landlord does not exceed the value of the Restoration performed to the date by all of said parties; and (y) the costs of the completion of the Restoration do not exceed the sum of the remaining insurance moneys plus any amounts deposited by Tenant, after payment of the sum requested in such certificate. Tenant may seek reimbursement through the Construction Escrow for any non-lienable costs paid by Tenant outside the Construction Escrow, provided Tenant furnishes Landlord with acceptable evidence of such payment and such cost was contained in the approved budget. If Tenant executes any change orders increasing the cost of Restoration, or such cost otherwise

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increases during the course of such work, Tenant shall promptly notify Landlord thereof and deposit such additional sums in the Construction Escrow as are necessary to make the sum of the Restoration and Tenant's escrow deposits equal the total adjusted cost of Restoration. Upon completion of the Restoration and payment in full thereof by Tenant, Landlord shall turn over to Tenant any net insurance proceeds then remaining.

15.2 No Abatement. No destruction of or damage to the Premises shall permit Tenant to terminate this Lease or relieve Tenant from its liability for Rent or from any of its other obligations under this Lease, and Tenant waives any rights now or hereafter conferred upon Tenant by present or future law or otherwise to quit or surrender this Lease or the Premises or any portion thereof, or to any suspension, diminution, abatement or reduction of Rent on account of any such damage or destruction. Tenant shall look solely to its insurance carriers for compensation for Rent payable during any period the Premises are untenable following a casualty.

ARTICLE XVI. CONDEMNATION

16.0 Complete Taking. If, during the Lease Term, the entire Premises shall be taken as the result of the exercise of the power of eminent domain or sold pursuant to the threat of any such exercise (hereinafter referred to as the "Proceedings"), this Lease and all right, title and interest of Tenant hereunder shall cease and come to an end on the date of vesting of title pursuant to such Proceedings. In such event the total award made in such Proceedings or sales proceeds received from such sale, as the case may be, shall first be paid to Tenant's Leasehold Mortgagee (as hereinafter defined) in accordance with the provisions of said Leasehold Mortgage, and Landlord shall be entitled to and shall receive the remainder of such award or proceeds. Tenant hereby assigns all its interest in the remainder of such award or proceeds and all damages and compensation to Landlord, and Tenant waives any right Tenant has now or may have under present or future law to receive any separate award of damages for its interest in the Premises, or any portion thereof, or its interest in this Lease.

16.1 Partial Taking. If, during the Lease Term, less than the entire Premises shall be taken or sold pursuant to any such Proceedings, this Lease shall, upon the vesting of title, terminate as to the portion of the Premises so taken or sold, and Tenant shall have no claim or interest in the award, damages and compensation therefor, all of which Tenant hereby assigns to Landlord, subject to the provisions of any Leasehold Mortgage. Tenant shall, at Tenant's sole cost and expense (subject to reimbursement to the extent hereinafter provided), promptly restore that portion of the Improvements not so taken to a complete architectural and mechanical unit for the use and occupancy of

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Tenant. In the event that the net amount of the award for such taking (after deduction of all Landlord's reasonable costs and expenses, including attorney's fees) received in any such Proceedings is insufficient to pay all costs of such restoration work, Tenant shall deposit with Landlord such additional sums as may be required upon the written request of Landlord. The provisions and conditions in Article X applicable to changes and alterations shall apply to Tenant's obligations to restore the Improvements to a complete architectural and mechanical unit. In connection with such restoration work Landlord shall apply so much of the net amount of any award (after deduction of all costs and expenses, including attorney's fees) received by Landlord in any such Proceedings for physical damage to the Improvements as a result of such taking to the costs of such restoration work thereof and said award shall be paid out from time to time to Tenant, or on behalf of Tenant, as such restoration work progresses in the same manner and subject to the same conditions as provided in Section 15.1 for restoration following a casualty.

16.2 Rent Adjustment. If only a portion of the Premises is taken and there is no termination of this Lease, the Base Rent payable hereunder from and after the date of vesting of title in such Proceedings shall not be reduced on account of such Taking, and this Lease shall continue in full force and effect, other than the modifications to the Premises as provided above.

ARTICLE XVII. SUBORDINATION OR SUPERIORITY

17.0 Subordination. This Lease and Tenant's rights are and shall be subject and subordinate to any mortgage(s), trust deed(s) or ground leases now of record or hereafter executed by Landlord against the Premises and to all amendments, modifications, replacements or renewals thereof. Tenant shall execute and deliver, within five (5) days after Landlord's request, such acknowledgments or documents as may be requested from time to time in connection with the sale, financing, refinancing or ground leasing of the Premises, including without limitation subordination and attornment instruments.

17.1 Superiority. Notwithstanding the foregoing, a holder of a trust deed, mortgage or ground lease interest may, at its option require that this Lease be made superior and paramount to any such trust deed, mortgage or ground lease and in such event Tenant shall execute whatever instruments are requested and to effect such result.

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ARTICLE XVIII. SURRENDER

18.0 Surrender. Upon termination of this Lease or Tenant's right to possession, Tenant will at once surrender and deliver the Premises and all improvements thereon to Landlord in good condition and repair. Tenant shall remove from the Premises all of Tenant's personal property, equipment and trade fixtures (collectively, "Tenant's Property") and shall repair any injury or damage to the Premises which may result from such removal. If Tenant does not remove Tenant's Property from the Premises as aforesaid, Landlord may, at its option, remove the same (and repair any damage occasioned thereby) and dispose thereof or deliver the same to any other place of business of Tenant or warehouse the same, and Tenant shall pay the cost of such removal, repair, delivery and warehousing to Landlord on demand, or Landlord may treat Tenant's Property as having been conveyed to Landlord with this Lease acting as a bill of sale, without further payment or credit by Landlord to Tenant. All Alterations made in or upon the Premises by Tenant shall remain or be removed as required under in Section 10.1.

18.1 Holding Over. Tenant shall have no right to occupy the Premises or any portion thereof after the expiration or termination of this Lease or of Tenant's right to possession. Acceptance of Rent during any holdover period shall not constitute a waiver by Landlord of any re-entry or other rights of Landlord provided for under this Lease or by law, nor shall it be deemed an extension or renewal of the Lease Term without a written election thereof by Landlord. Tenant shall also be liable for all damages, direct and consequential, of Landlord as a result of such holdover.

ARTICLE XIX. DEFAULT AND REMEDIES

19.0 Defaults. The occurrence of any one or more of the following events shall be considered events of default by Tenant under the Lease:

(a) Tenant shall fail to make any payment of Rent or any other payment required to be made by Tenant within ten (10) days after written notice thereof; or

(b) Tenant shall file or admit the jurisdiction of the court and the material allegations contained in any petition in bankruptcy or any petition pursuant to, or purporting to be pursuant to, the Federal bankruptcy laws as now or hereafter amended, or shall institute any proceedings for any relief under any bankruptcy or insolvency laws or any laws relating to the relief of debtors, readjustment or indebtedness, reorganization, arrangements, composition or extension; or

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(c) Tenant shall make any assignment for the benefit of creditors or shall apply for or consent to the appointment of a receiver for Tenant or any of its property; or

(d) The Premises are levied upon by any revenue officer or similar officer as the result of any act or omission of Tenant; or

(e) A decree or order appointing a receiver of all or substantially all of the property of Tenant shall be made and such decree or order shall not have been vacated or set aside within sixty (60) days from the date of entry or granting thereof; or

(f) Tenant shall abandon the Premises or vacate the same during the term hereof for more than fifteen (15) consecutive days; or

(g) Tenant shall be adjudged an involuntary bankrupt, or a decree or order approving, as properly filed, a petition or answer filed against Tenant asking reorganization under the Federal bankruptcy laws as now or hereafter amended, or under the laws of any state, shall be entered, and any such decree or judgment or order shall not have been vacated or set aside within sixty (60) days from the date of the entry or granting thereof; or

(h) Tenant shall fail in keeping, observing or performing any of the other covenants or agreements herein contained to be kept, observed and performed by Tenant, and such failure shall continue for thirty (30) days after written notice thereof to Tenant or, with respect to defaults which cannot reasonably be cured within said 30-day period, Tenant does not promptly commence and diligently pursue said cure until completion.

Upon the occurrence of any one or more of such events, Tenant shall be in default hereunder, in which event Landlord may retain all sums deposited with Landlord hereunder and may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease. Upon termination of the Lease, or termination of Tenant's right to possession without termination of the Lease, Tenant shall immediately vacate the Premises and deliver possession thereof to the Landlord, and Tenant hereby grants to the Landlord the full and free right, without demand or notice of any kind to Tenant, to enter into and upon the Premises, with or without process of law, and to repossess the Premises as Landlord's former estate and to expel or remove Tenant and any others who may be occupying the Premises, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, without incurring any liability for any damage resulting therefrom and without relinquishing Landlord's rights to Rent or any other right given Landlord hereunder or by operation of

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law. Tenant shall pay on demand all costs and expenses, including attorneys' fees and costs, incurred by Landlord in recovering sums due hereunder, recovering possession of the Premises, or otherwise enforcing this Lease or pursuing Landlord's rights and remedies against Tenant or any assignee, sublessee or other transferee.

19.1 Termination of Lease. If Landlord elects to terminate this Lease, Landlord shall be entitled to recover as damages all Rent and other amounts owed to Landlord hereunder as of the date of termination.

19.2 Termination of Right of Possession. If Landlord elects to terminate Tenant's right to possession only without terminating the Lease, Landlord may, at Landlord's option, enter into the Premises, remove Tenant's property, signs and other evidences of tenancy, and take and hold possession thereof as hereinabove provided, without such entry and possession terminating the Lease or releasing Tenant, in whole or in part, from Tenant's obligations to pay all Rent owed hereunder for the full term or from any other obligations under this Lease. Landlord may, but shall be under no obligation to, relet all or any part of the Premises for such rent and upon such terms as shall be satisfactory to Landlord in its sole discretion (including the right to relet the Premises as part of a larger area and the right to change the character or use made of the Premises). For the purpose of such reletting, Landlord may decorate or make any repairs, changes, alterations or additions in or to the Premises that may be necessary or convenient, the cost of which shall be borne solely by Tenant. If Landlord does not relet the Premises, Tenant shall pay to Landlord on demand all costs of attempting to relet the Premises, and all Rent and other sums provided herein to be paid by Tenant for the remainder of the Lease Term as the same shall become due and payable. If the Premises are relet and a sufficient sum shall not be realized from such reletting after paying all of the expenses of such reletting and the collection of the rent accruing therefrom (including but not limited to reasonable attorneys' fees and brokers' commissions) to satisfy the Rent and other charges herein provided to be paid for the remainder of the Lease Term, Tenant shall pay to Landlord on demand any deficiency as the same shall become due and payable. Tenant shall not be entitled to any surplus if the Premises are leased for an amount greater than the Rent reserved hereunder. Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this Section from time to time. Notwithstanding an election by Landlord to terminate Tenant's right to possession, Landlord may at any time thereafter elect to terminate this Lease.

19.3 Remedies Cumulative. No remedy herein or otherwise conferred upon or reserved to Landlord shall be considered to exclude or suspend any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by

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statute, and every power and remedy given by this Lease to Landlord may be exercised from time to time and so often as occasion may arise or as may be deemed expedient.

19.4 No Waiver. No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power or be construed to be a waiver of any such default or any acquiescence therein. No waiver by Landlord of any default of any of the covenants of this Lease shall be construed to be a waiver of any other default, or as a waiver of or consent to any further or succeeding default of the same covenant. The acceptance by Landlord of any payment of Rent or other sums due hereunder after the termination by Landlord of this Lease, or of Tenant's right to possession hereunder, shall not, in the absence of agreement in writing to the contrary by Landlord, be deemed to restore this Lease or Tenant's rights hereunder, as the case may be, but shall be construed as a payment on account, and not in satisfaction of damages due from Tenant to Landlord.

19.5 Interest. Each payment of Rent and other amounts due hereunder, which shall not be paid when due, shall bear interest at the rate of five percent (5%) over the prime, corporate or base rate of interest announced by the First National Bank of Chicago (or in the absence thereof, such other U.S. bank designated by Landlord) from time to time, but, in no event to exceed any maximum rate of interest permitted by law (the "Interest Rate"), from the date when the same is due under the terms of this Lease until the same shall be paid.

19.6 Landlord's Right to Perform Tenant Obligations. If Tenant shall at any time fail to pay any Imposition as required under this Lease, or to maintain, deliver and pay for any of the insurance policies or certificates of insurance provided for in Article VII, or shall fail to make any other payment or perform any other act or obligation on its part to be made or performed under this Lease, then after thirty (30) days prior written notice to Tenant (or immediately and without notice in case of emergency), Landlord may, but shall not be obligated to, pay any such Imposition payable by Tenant, take out, pay for and maintain any of the insurance policies provided for in this Lease, make or perform any necessary repairs or replacements to the Premises, or make any other payment or perform any other act or obligation on Tenant's part to be paid or performed in this Lease. Landlord may enter upon the Premises for any such purpose and take all such action therein or thereon as may be necessary therefor. Nothing herein contained and no such action by Landlord shall be deemed as a waiver or release of Tenant from any obligation of Tenant under this Lease. All sums so paid by Landlord and all costs and expenses, including attorney's fees incurred by Landlord in connection with the performance of any such act, together with interest thereon at the Interest Rate from the respective dates of Landlord's making of each payment, shall be paid by Tenant to

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Landlord on demand. Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or not incurred by Tenant, and which would have been payable upon such insurance, but Landlord shall also be entitled to recover as damages for such breach the uninsured amount of any loss, damages, costs and expenses of suit, including attorney's fees, suffered or incurred by reason of damage to or destruction of the Premises, or any portion thereof or other damage or loss which Tenant is required to insure against hereunder, occurring during any period when Tenant shall have failed or neglected to provide insurance as aforesaid.

ARTICLE XX. MISCELLANEOUS

20.0 Rights Reserved to Landlord. Without limiting any other rights reserved or available to Landlord under this Lease, at law or in equity, Landlord reserves the right, to be exercised at Landlord's election, to enter and/or inspect the Premises and to make repairs, replacements, additions or alterations to the Premises in accordance with the terms hereof. Landlord may retain pass keys and enter upon the Premises for said purposes and may exercise the foregoing rights hereby reserved without being deemed guilty of any eviction or disturbance of Tenant's use or possession of the Premises and without being liable in any manner to Tenant.

20.1 Quiet Enjoyment. So long as Tenant is not in default under this Lease, Tenant's quiet and peaceable enjoyment of the Premises shall not be disturbed or interfered with by Landlord or anyone claiming through Landlord.

20.2 Amendments Must Be in Writing. None of the covenants, terms or conditions of this Lease to be kept and performed by either party shall in any manner be altered, waived, modified, changed or abandoned, except by a written instrument, duly signed and delivered by both parties.

20.3 Notices. All notices or demands to Landlord or Tenant desired or required to be given under any of the provisions hereof shall be in writing, and shall be deemed to have been duly and sufficiently given if delivered personally or if a copy thereof has been mailed by United States registered or certified mail in an envelope properly stamped and addressed to the recipient's address set forth in Section 1.0, or at such other address as the recipient may heretofore have designated by written notice, with a copy to any first mortgagee of the Premises or Tenant's leasehold estate, as applicable, provided that the sender has received written notice of the identity and address of said mortgagee. The effective date of any notice shall be the date of receipt of personal delivery or,

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in the case of mailing, two (2) days after delivery of the same to the United States Postal Service.

20.4 Short Form Lease. The parties shall execute and acknowledge a short form of Lease setting forth the parties, a description of the Premises and the Lease Term.

20.5 Time of Essence. Time is of the essence of this Lease and all provisions herein relating to time of performance shall be strictly construed.

20.6 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent or of partnership, or of joint venture, by the parties hereto, it being understood and agreed that no provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of Landlord and Tenant.

20.7 Severability. If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision of this Lease shall be valid and shall be enforced to the fullest extent permitted by law so long as the parties receive the essence of their bargain.

20.8 Law Applicable. This Lease shall be construed and enforced in accordance with the laws of the State of Illinois.

20.9 Covenants Binding on Successors. All of the covenants, agreements, conditions and undertakings contained in this Lease shall extend and inure to and be binding upon the permitted successors, assigns, administrators and legal representatives of the respective parties hereto.

20.10 Brokerage. Landlord and Tenant warrant to the other that neither of them has had any dealings with any broker or agent in connection with the transactions contemplated hereby. Landlord and Tenant covenant to pay, hold harmless and indemnify the other from and against any and all costs, expenses or liability incurred as a result of any breach of the foregoing warranty.

20.11 Estoppel Certificate. Landlord and Tenant shall from time to time, within five (5) days after written request by the other party or any mortgagee holding a mortgage on the Premises or on Tenant's leasehold estate, deliver to the requesting party or such mortgagee a statement in writing certifying: (i) that this Lease is unmodified and in full force and effect or, if there have been modifications, that this Lease, as modified, is in full force and effect; (ii) the amount of Rent then payable hereunder and the date to which Rent has been paid; (iii) that the other party is not in default under this Lease or, if in default, a detailed

ATTACHMENT 2

Site Ownership

description of such default(s); and (iv) such other information as may be reasonably requested.

20.12 Limitation of Landlord's Liability. Any obligation or liability of Landlord or its agents hereunder shall be limited to the Premises as the same may be improved, subject to all prior interests, and no such person or entity, nor any partner, member, shareholder, director or agent of such person or entity shall be individually or personally liable for any claim arising out of this Lease. This Section shall inure to the benefit of Landlord and its successors and assigns.

20.13 Limitation of Tenant's Liability. Any obligation or liability of Tenant or its agents hereunder shall be limited to Tenant's interest in the Premises as the same may be improved, subject to all prior interests, and no such person or entity, nor any partner, member, shareholder, director or agent of such person or entity shall be individually or personally liable for any claim arising out of this Lease. This Section shall inure to the benefit of Tenant and its successors and assigns.

20.15 Exhibits. The following Exhibits are attached hereto and made a part hereof:

Exhibit A
Exhibit B

Legal Description
Permitted Exceptions

See Rider attached hereto and made a part hereof.

ATTACHMENT 2 Site Ownership

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first above written.

LANDLORD:

SCHWAB REHABILITATION HOSPITAL AND CARE NETWORK, an Illinois not-for-profit corporation

By: 

KATHLEEN C. YOSKO, President & CEO

TENANT:

SINAI HEALTH SYSTEM, an Illinois not-for-profit corporation

By: 

BENN GREENSPAN, President

5111706.03

ATTACHMENT 2

Site Ownership

RIDER TO LEASE DATED AS OF SEPTEMBER 30, 1988

The referenced Lease to which this rider is attached is hereby amended and supplemented as follows:

1. Section 5.0(G) of said Lease is amended by the addition of the following language immediately following the first paragraph thereof:

"As an alternative to the Commissioner's rights as set forth in the paragraph immediately above, the Commissioner, or his successor in office, shall have the option, in the event that he or his successor in office, through the operation of his contract of mortgage insurance, shall acquire title to the leasehold interest, to purchase good and marketable fee title to the Premises, free of all liens and encumbrances except such as may be waived or accepted by him or his successor in office, within twelve (12) months after so acquiring the leasehold interest, for the sum of \$10 payable in cash, or by Treasury check, provided all Rent is paid to date of transfer of title, upon first giving sixty (60) days' written notice to the Landlord or other person or corporation who may then be the owner of the fee, and the owner of the fee shall thereupon execute and deliver to the Commissioner, or his successor in office, a deed of conveyance to the said Premises, containing a covenant against the grantor's acts, but excepting therefrom such acts of the Tenant and those claiming by, through or under the Tenant of the leasehold interest. Nothing in this option shall require the Landlord to pay any taxes or assessments which were due and payable by the Tenant."

2. A new Section 11.0 (H) is added to Article 11 of this Lease as follows:

"(H) Notwithstanding anything in this Lease to the contrary, if approved by the Commissioner, Tenant may assign, transfer or sell its interest in the Premises."

3. A new paragraph is added to Section 13.0 of the Lease immediately following the first full paragraph thereof as follows:

"The Landlord agrees that, within ten (10) days after receipt of a written request from Tenant, it will join in any and all applications for permits, licenses or other authorizations required by any governmental or other body claiming jurisdiction in connection with any work which the Tenant may do hereunder, and will also join in any grants for easements for electric, telephone, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the demised premises or of any improvement that may be erected thereon; and if, at the expiration of such ten (10) days' period, the Landlord shall not have joined in any such application, or grants for easements, the Tenant shall have the right to execute such application and grants in the name of the Landlord, and, for that purpose, the Landlord hereby irrevocably appoints the Tenant as its Attorney-in-fact to execute such papers on behalf of the Landlord."

ATTACHMENT 2 Site Ownership

EXHIBIT A

FEB: SCHWAB REHABILITATION HOSPITAL AND CARE NETWORK

PARCEL 1:

LOTS 1 THROUGH 7, INCLUSIVE, IN JOHN BERRY JR., GUARDIAN'S SUBDIVISION OF LOTS 15 AND 16, (EXCEPT PARTS HERETOFORE DEDICATED FOR STREET) IN BLOCK 3 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

ALSO DESCRIBED AS:

A PARCEL OF LAND COMPRISED OF LOTS 1 TO 7, BOTH INCLUSIVE, IN JOHN BERRY, JR. GUARDIAN'S SUBDIVISION OF LOTS 15 AND 16 OF BLOCK 3 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 1 (BEING ALSO THE INTERSECTION OF THE EAST LINE OF SOUTH CALIFORNIA AVENUE AND THE SOUTH LINE OF WEST 14TH STREET); THENCE EAST ALONG THE NORTH LINE OF SAID LOT 1 (BEING ALSO THE SOUTH LINE OF WEST 14TH STREET), A DISTANCE OF 19.00 FEET TO THE NORTHEAST CORNER OF SAID LOT; THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 1 (BEING ALSO THE WEST LINE OF A 16 FOOT WIDE PUBLIC ALLEY), A DISTANCE OF 150.15 FEET TO THE MOST EASTERLY CORNER OF SAID LOT 7; THENCE SOUTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID LOT 7 (BEING ALSO THE NORTHWESTERLY LINE OF A 16 FOOT WIDE PUBLIC ALLEY), A DISTANCE OF 130.18 FEET, TO THE MOST SOUTHERLY CORNER OF SAID LOT; THENCE NORTH ALONG THE WEST LINE OF SAID LOT 7 (BEING ALSO THE EAST LINE OF SOUTH CALIFORNIA AVENUE), A DISTANCE OF 203.13 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

LOTS 4 AND 5 IN MICHAEL McDONALD'S SUBDIVISION OF LOTS 17, 18 AND 19 (EXCEPT PARTS FOR STREETS) IN BLOCK 3 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 3:

THE WEST 1/2 OF THE NORTH-SOUTH VACATED ALLEY LYING EAST AND ADJOINING LOTS 1 TO 5, INCLUSIVE, LYING EAST AND ACCRUING LOT 6, AND THE NORTHWESTERLY 1/2 OF THE NORTHEASTERLY-SOUTHWESTERLY VACATED ALLEY LYING SOUTHEASTERLY AND ACCRUING LOT 7 ALL IN JOHN BERRY, JR., GUARDIAN'S SUBDIVISION OF LOTS 15 AND 16 OF BLOCK 3 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALSO THE EAST 1/2 OF THE NORTH-SOUTH VACATED ALLEY LYING WEST AND ADJOINING LOTS 4 AND 5 AND THE NORTH 1/2 OF THE EAST-WEST VACATED ALLEY LYING SOUTH AND ACCRUING LOT 5 IN MICHAEL C. McDONALD'S SUBDIVISION OF LOTS 17, 18 AND 19 (EXCEPT PARTS HERETOFORE DEDICATED FOR STREETS) OF BLOCK 3 OF COOK AND ANDERSON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

10/18

ATTACHMENT 2

Site Ownership

FEE: SCHWAB REHABILITATION HOSPITAL AND CARE NETWORK

PARCEL 1:

LOTS 1 THROUGH 7, INCLUSIVE, IN JOHN BERRY JR., GUARDIAN'S SUBDIVISION OF LOTS 15 AND 16, (EXCEPT PARTS HERETOFORE DEDICATED FOR STREET) IN BLOCK 3 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

ALSO DESCRIBED AS:

A PARCEL OF LAND COMPRISED OF LOTS 1 TO 7, BOTH INCLUSIVE, IN JOHN BERRY, JR. GUARDIAN'S SUBDIVISION OF LOTS 15 AND 16 OF BLOCK 3 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 1 (BEING ALSO THE INTERSECTION OF THE EAST LINE OF SOUTH CALIFORNIA AVENUE AND THE SOUTH LINE OF WEST 14TH STREET); THENCE EAST ALONG THE NORTH LINE OF SAID LOT 1 (BEING ALSO THE SOUTH LINE OF WEST 14TH STREET), A DISTANCE OF 119.00 FEET TO THE NORTHEAST CORNER OF SAID LOT; THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 1 (BEING ALSO THE EAST LINE OF WEST 14TH STREET) TO THE SOUTHWEST CORNER OF SAID LOT 1 (BEING ALSO THE WEST LINE OF A 16 FOOT WIDE PUBLIC ALLEY), A DISTANCE OF 150.15 FEET TO THE MOST EASTERLY CORNER OF SAID LOT 1; THENCE SOUTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID LOT 1 (BEING ALSO THE WEST LINE OF A 16 FOOT WIDE PUBLIC ALLEY), A DISTANCE OF 130.18 FEET, TO THE MOST SOUTHERLY CORNER OF SAID LOT; THENCE NORTH ALONG THE WEST LINE OF SAID LOT 1 (BEING ALSO THE WEST LINE OF A 16 FOOT WIDE PUBLIC ALLEY), A DISTANCE OF 130.18 FEET, TO THE MOST NORTHERLY CORNER OF SAID LOT 1; THENCE EAST ALONG THE EAST LINE OF SAID LOT 1 (BEING ALSO THE EAST LINE OF SOUTH CALIFORNIA AVENUE), A DISTANCE OF 203.13 FEET TO THE POINT OF BEGINNING.

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LOTS 4 AND 5 IN MICHAEL McDONALDS SUBDIVISION OF LOTS 17, 18 AND 19 (EXCEPT PARTS FOR
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OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK
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ATTACHMENT 2

Site Ownership

EXHIBIT B

Permitted Exceptions

Schedule B Exceptions CN, E, F, G, L, M, P, Q, U, AP, AT, AU, BJ, BU, BV, LJ, CL, DX, DY and ED to Chicago Title Insurance Company Title Policy No. 7569902

ATTACHMENT 2 Site Ownership

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ATTACHMENT 3

Operating Entity/Licensee

Schwab Rehabilitation is licensed by the Illinois Department of Public Health and is certified with the Centers for Medicare and Medicaid Services. Attached as evidence of the owner entity's good standing is a Certificate of Good Standing issued by Illinois Secretary of State.

ATTACHMENT 3
Operating Entity
Certificate of Good Standing
Schwab Rehabilitation Hospital and Care Network

File Number 1640-927-8



To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulis, 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

SCHWAB REHABILITATION HOSPITAL AND CARE NETWORK, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON FEBRUARY 21, 1922, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 2532104364 verifiable until 11/17/2026
Authenticate at: <https://www.isos.gov>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 17TH day of NOVEMBER A.D. 2025 .


SECRETARY OF STATE

ATTACHMENT 3
Operating Entity
IDPH License – Schwab Rehabilitation Hospital and Care Network

		
ILLINOIS DEPARTMENT OF PUBLIC HEALTH		
HF135017		
LICENSE, PERMIT, CERTIFICATION, REGISTRATION		
<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>		
Sameer Vohra, MD,JD,MA		<small>Issued under the authority of the Illinois Department of Public Health</small>
Director		
<small>EXPIRATION DATE</small>	<small>CATEGORY</small>	<small>LIC. NUMBER</small>
12/31/2026		0002147
Rehabilitation Hospital		
Effective: 01/01/2026		
Schwab Rehabilitation Hospital and Care Network 1401 S California Avenue Chicago, IL 60608		
<small>The face of this license has a colored background • Printed by Authority of the State of Illinois • P.O. #4025C01 2M 4/25</small>		

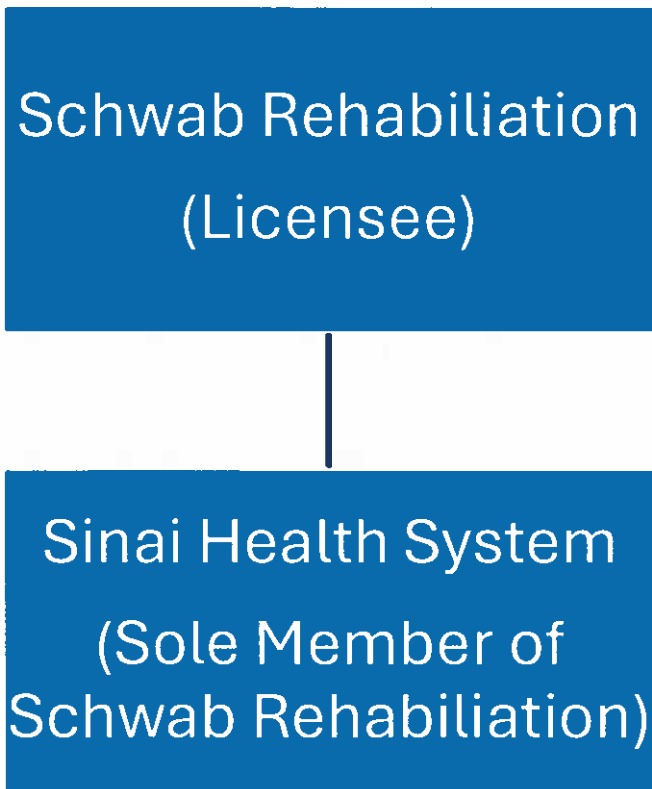
← **DISPLAY THIS PART IN A
CONSPICUOUS PLACE**

Exp. Date 12/31/2026
Lic Number 0002147
Date Printed 10/23/2025

Schwab Rehabilitation Hospital and Ca
1401 S California Avenue
Chicago, IL 60608

FEE RECEIPT NO.

ATTACHMENT 4
Organizational Chart



ATTACHMENT 10

Discontinuation

General:

- 1. Categories of service and the number of beds, if any that are to be discontinued.**

The facility is approved for 92 Rehabilitation hospital beds that will be discontinued.

- 2. Identify all the other clinical services that are to be discontinued.**

The category of services currently offered at the facility include inpatient and outpatient rehabilitation services, which will be discontinued upon approval of the application.

- 3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.**

The Applicant proposes to discontinue services upon approval of the Board and corresponding regulatory agencies to ensure there is no service disruption for patients.

- 4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.**

Inpatient rehabilitation services will continue to offered at the physical plant under the Mount Sinai Hospital Medical Center of Chicago Chicago license, upon approval by the Board.

- 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.**

The medical records will continue to be maintained in an electronic medical records system for a period of 10 years as required by state statute.

- 6. Provide copies of the notices that were provided to the local media that would routinely be notified about facility events.**

Included in Attachment 10 is a copy of the Notice 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.**

Included in Attachment 10 are 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 the health care facility is located, the Director of Public Health, and the Director of Healthcare and Family Services.

- 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.**

Included in Attachment 10 is a certification from the Applicant that all required data will be submitted no later than 90 days following the date of discontinuation.

ATTACHMENT 10

Discontinuation

Reasons For Discontinuation

The applicants seek to discontinue services under the Schwab Rehabilitation license in order to integrate Schwab's inpatient rehabilitation services under the Mount Sinai Hospital Medical Center of Chicago ("Mount Sinai") license. This change is being pursued because maintaining separate licenses for facilities operating as a unified system is no longer operationally efficient. Consolidating services under a single hospital license will streamline regulatory compliance, reduce administrative and operational redundancies, and strengthen the long-term financial and clinical viability of rehabilitation services on the West and Southwest Sides of Chicago.

Importantly, the discontinuation is not due to a reduction in demand, staffing constraints, or an intent to eliminate services. All rehabilitation services will continue to be provided at the same physical campus where care has historically been delivered. The integration will allow Sinai Health System to simplify oversight, enhance care coordination, and ensure continued access to high-quality rehabilitation care. No workforce reductions or service reductions are anticipated as part of this transition.

Impact of Access

- 1. Document whether 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.**

The proposed discontinuation of the Schwab Rehabilitation license will not have an adverse effect on access to care for residents of the facility's market area. Schwab Rehabilitation is a 92-bed freestanding rehabilitation hospital that delivers a full continuum of inpatient and outpatient rehabilitative services, including care for patients recovering from stroke, spinal cord injury, orthopedic and neurosurgical trauma, amputation, and other disabling conditions.

Mount Sinai is a comprehensive acute-care, safety-net teaching hospital located on Chicago's West Side that provides a wide spectrum of medical, surgical, diagnostic, obstetric, behavioral health, and Level I trauma services. Given the close operational and clinical integration between the two institutions, realigning inpatient rehabilitation services under the Mount Sinai license represents a structural change and importantly not a reduction of service, capacity, or access.

All inpatient rehabilitation services currently provided under the Schwab Rehabilitation license at 1401 S. California Avenue will continue to be provided at the same physical location without interruption, relocation, or reduction of beds or staffing. Patients will continue to have full access to the same rehabilitative programs, interdisciplinary teams, and continuity of care. No changes to admission policies, referral patterns, payer mix, or service availability are anticipated.

This licensure realignment supports a full continuum-of-care model, strengthening coordination between acute-care and post-acute rehabilitation services while maintaining all existing access points for residents of the market area. As a result, the discontinuation of the Schwab Rehabilitation license will not adversely impact access to care for any population served.

- 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.**

Included in Attachment 10 are copies of the notification letter and request for an impact statement sent to area facilities within the geographic service area and maps indicating the distance and drive times to the facilities.

ATTACHMENT 10

Discontinuation Media Notice

The Applicants will publish the notice below in the Chicago Tribune, a local newspaper that routinely notifies the public about facility events. The notice below is scheduled to be published a single time in the classified ad section of the newspaper on December 12, 2025. The Chicago Tribune has a print circulation of 439,731, and an online presence. The Chicago Tribune is a newspaper of general circulation throughout the Cook and DuPage County and surrounding areas, and is a newspaper as defined by 715 ILCS 5/5.

"Schwab Rehabilitation Hospital and Care Network and Sinai Health System has filed a Certificate of Need application with the Illinois Health Facilities and Services Review Board ("HFSRB") to discontinue their Rehabilitation Hospital located at 1401 S. California Ave., Chicago, Illinois 60608 in the first quarter of 2026. If you are or have been a patient at Schwab Rehabilitation Hospital and Care Network and have questions about accessing your medical records, please call 773-522-2010."

ATTACHMENT 10
Discontinuation
Notices to Elected Officials and Agency Heads



Juan Morado, Jr.
71 South Wacker Drive, Suite 1600
Chicago, IL 60606
Direct Dial: 312.212.4967
Fax: 312.757.9192
jmorado@beneschlaw.com

November 17, 2025

VIA EMAIL OR VIA CERTIFIED U.S. MAIL

John P. Kniery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761
John.Kniery@illinois.gov

Re: Letter of Intent to File a Substantive Certificate of Need Application – Proposed Discontinuation of Schwab Rehabilitation Hospital License and Integration of Rehabilitation Services into Mount Sinai Hospital Campus

Dear Mr. Kniery:

Benesch, Friedlander, Coplan & Aronoff LLP ("Benesch") represents Sinai Health System ("Sinai") d/b/a Sinai Chicago. On behalf of Sinai Chicago, we respectfully submit this Letter of Intent to the Illinois Health Facilities and Services Review Board ("HFSRB") to advise of our intent to file a substantive Certificate of Need ("CON") application seeking approval to discontinue the Schwab Rehabilitation Hospital license and integrate Schwab's rehabilitation services under Mount Sinai Hospital's license.

This proposed integration represents a thoughtful, strategic, and community-centered effort to strengthen long-term access to rehabilitation and acute-care services on Chicago's West and Southwest Side. Sinai Chicago's mission, to improve the health of the individuals and communities it serves, remains central. The proposed transition does not involve any reduction in services, workforce, or community access; rather, it enables Sinai Chicago to align operations under a single license, enhance efficiency, and preserve comprehensive rehabilitation care at its current campus where Sinai Chicago has served the community for more than 100 years.

Project Summary and Rationale

Sinai Chicago is an indispensable safety-net health system serving the West and Southwest Side of Chicago. Approximately 79% of Sinai Chicago's net patient revenue is derived from government payors, reflecting its essential role in providing care to Medicaid and Medicare beneficiaries and uninsured residents. In addition to serving as a major access point for care, Sinai Chicago provides vital support to other safety-net institutions that rely on its ability to deliver complex surgical, trauma, obstetric, neonatal intensive care, diagnostic, behavioral health, and specialty services, as well as graduate medical education and residency training programs for over

www.beneschlaw.com

27728911 v2

ATTACHMENT 10

Discontinuation

Notices to Elected Officials and Agency Heads

Mr. John P. Kniery
November 17, 2025
Page 2

120 residents and fellows across multiple specialties that strengthen the city's healthcare workforce.

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Under this proposal, all inpatient rehabilitation services presently provided under the Schwab Rehabilitation Hospital license at 1401 S. California Avenue, Chicago, IL 60608, would continue without interruption at the existing site, but would operate under the Mount Sinai Hospital license. This realignment promotes a full continuum of care model, addressing both the acute and long-term health needs of each patient.

The proposed integration will unify these two complementary institutions and will:

- **Preserve and strengthen full-service capacity** – No reduction in licensed beds, programs, or therapy services.
- **Maintain employment** – All current Schwab Rehabilitation Hospital employees will be retained within Sinai Health System.
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Mr. John P. Kniery
November 17, 2025
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Conclusion

Sinai Chicago anticipates filing the substantive CON application to the HFSRB within the next 30 days. We will continue to engage all stakeholders, including the City of Chicago, state legislators, and community partners, throughout the process.

We appreciate your continued partnership and support for Sinai Chicago and the communities we serve as we move forward with this important initiative as part of our ongoing efforts to stabilize, strengthen, and sustain critical safety-net healthcare services on Chicago's West and Southwest Side. This effort reflects Sinai Chicago's north star: to improve the health of individuals and communities by building stronger, more equitable systems of care—one patient, one neighborhood at a time. If you have any questions or require additional information regarding this project, please feel free to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Juan Morado, Jr.

cc: Ngozi Ezike, M.D., President & CEO, Sinai Health System
Brian Dolan, Chair, Board of Directors, Sinai Health System

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71 South Wacker Drive, Suite 1600
Chicago, IL 60606
Direct Dial: 312.212.4967
Fax: 312.757.9192
jmorado@beneschlaw.com

November 17, 2025

VIA CERTIFIED U.S. MAIL

Sameer Vohra, MD, JD, MA
Director
Illinois Department of Public Health
525 West Jefferson Street
Springfield, IL 62761

Re: Letter of Intent to File a Substantive Certificate of Need Application – Proposed Discontinuation of Schwab Rehabilitation Hospital License and Integration of Rehabilitation Services into Mount Sinai Hospital Campus

Dear Director Vohra:

Benesch, Friedlander, Coplan & Aronoff LLP ("Benesch") represents Sinai Health System ("Sinai") d/b/a Sinai Chicago. On behalf of Sinai Chicago, we respectfully submitted the following Letter of Intent to the Illinois Health Facilities and Services Review Board ("HFSRB") to advise of our intent to file a substantive Certificate of Need ("CON") application seeking approval to discontinue the Schwab Rehabilitation Hospital license and integrate Schwab's rehabilitation services under Mount Sinai Hospital's license.

This proposed integration represents a thoughtful, strategic, and community-centered effort to strengthen long-term access to rehabilitation and acute-care services on Chicago's West and Southwest Side. Sinai Chicago's mission, to improve the health of the individuals and communities it serves, remains central. The proposed transition does not involve any reduction in services, workforce, or community access; rather, it enables Sinai Chicago to align operations under a single license, enhance efficiency, and preserve comprehensive rehabilitation care at its current campus where Sinai Chicago has served the community for more than 100 years.

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Juan Morado, Jr.

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jmorado@beneschlaw.com

November 17, 2025

VIA CERTIFIED U.S. MAIL

Elizabeth M. Whitehorn
Director
Illinois Department Healthcare and Family Services
401 South Clinton
Chicago, IL 60607

Re: Letter of Intent to File a Substantive Certificate of Need Application – Proposed Discontinuation of Schwab Rehabilitation Hospital License and Integration of Rehabilitation Services into Mount Sinai Hospital Campus

Dear Director Whitehorn:

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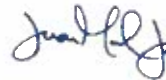
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Chicago, IL 60606
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jmorado@beneschlaw.com

November 17, 2025

VIA CERTIFIED U.S. MAIL

The Honorable Brandon Johnson
Mayor
City of Chicago
121 North LaSalle Street
Chicago, IL 60602

Re: Letter of Intent to File a Substantive Certificate of Need Application – Proposed Discontinuation of Schwab Rehabilitation Hospital License and Integration of Rehabilitation Services into Mount Sinai Hospital Campus

Dear Mayor Johnson:

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November 17, 2025

VIA CERTIFIED U.S. MAIL

The Honorable Yolanda Morris
State Representative, 9th District
State of Illinois
4325 West Roosevelt Road
Chicago, IL 60624

Re: Letter of Intent to File a Substantive Certificate of Need Application – Proposed Discontinuation of Schwab Rehabilitation Hospital License and Integration of Rehabilitation Services into Mount Sinai Hospital Campus

Dear Representative Morris:

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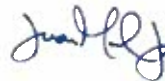
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November 17, 2025

VIA CERTIFIED U.S. MAIL

The Honorable Lakesia Collins
State Senator, 5th District
State of Illinois
2165 S. Millard Avenue
Chicago, IL 60623

Re: Letter of Intent to File a Substantive Certificate of Need Application - Proposed Discontinuation of Schwab Rehabilitation Hospital License and Integration of Rehabilitation Services into Mount Sinai Hospital Campus

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Project Summary and Rationale

Sinai Chicago is an indispensable safety-net health system serving the West and Southwest Side of Chicago. Approximately 79% of Sinai Chicago's net patient revenue is derived from government payors, reflecting its essential role in providing care to Medicaid and Medicare beneficiaries and uninsured residents. In addition to serving as a major access point for care, Sinai Chicago provides vital support to other safety-net institutions that rely on its ability to deliver complex surgical, trauma, obstetric, neonatal intensive care, diagnostic, behavioral health, and specialty services, as well as graduate medical education and residency training programs for over

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27728911 v2

ATTACHMENT 10

Discontinuation

Notices to Elected Officials and Agency Heads

November 17, 2025

Page 2

120 residents and fellows across multiple specialties that strengthen the city's healthcare workforce.

Schwab Rehabilitation Hospital is a 92-bed freestanding rehabilitation hospital that provides a full continuum of inpatient and outpatient rehabilitative services to patients recovering from stroke, spinal cord injury, orthopedic trauma, amputation, and other disabling conditions. Schwab Rehabilitation Hospital is also the sponsor of Sinai Chicago's leading Physical Medicine and Rehabilitation Residency Program.

Mount Sinai Hospital is a comprehensive acute-care, safety-net teaching hospital providing medical, surgical, therapeutic, diagnostic, obstetric, and behavioral health services to patients across Chicago's West Side. Mount Sinai Hospital also operates one of only five Level I adult trauma centers in the Chicagoland area, serving as a regional hub for complex emergency and surgical care.

Under this proposal, all inpatient rehabilitation services presently provided under the Schwab Rehabilitation Hospital license at 1401 S. California Avenue, Chicago, IL 60608, would continue without interruption at the existing site, but would operate under the Mount Sinai Hospital license. This realignment promotes a full continuum of care model, addressing both the acute and long-term health needs of each patient.

The proposed integration will unify these two complementary institutions and will:

- **Preserve and strengthen full-service capacity** – No reduction in licensed beds, programs, or therapy services.
- **Maintain employment** – All current Schwab Rehabilitation Hospital employees will be retained within Sinai Health System.
- **Ensure continuity of care** – Patients will continue to receive the same high-quality inpatient rehabilitation and outpatient therapy services from the same clinicians and care teams, with fully aligned rehabilitation, acute, and specialty care services
- **Improve operational efficiency** – Operating under one license allows efficient coordination of patient care, with enhanced integration of rehabilitation with acute-care specialties such as orthopedics, neurology, and trauma.
- **Reaffirm long-term commitment** – Sinai Chicago is firmly committed to maintaining and investing in comprehensive rehabilitation and acute-care services for generations to come.

Community Commitment and Long-Term Vision

For more than a century, Sinai Health System has served as the principal safety-net provider for Chicago's West and Southwest Side communities. Through Mount Sinai Hospital, Holy Cross Hospital, Schwab Rehabilitation Hospital, and its network of community health centers, Sinai

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ATTACHMENT 10

Discontinuation

Notices to Elected Officials and Agency Heads

November 17, 2025

Page 3

provides nearly 290,000 unique patient encounters each year, with over 110,000 patients served from across the Chicagoland area.

Sinai remains deeply committed to addressing the social determinants of health, advancing equity, and ensuring that our community continues to have local access to the full continuum of hospital-based and outpatient services. In 2024 alone, Sinai delivered more than \$69.5 million in uncompensated care and community benefit. The proposed integration is a natural progression in this mission, aligning resources to sustain care delivery, improve coordination, and stabilize Sinai Chicago's financial position.

Sinai Chicago is steadfast in its mission to provide high-quality, compassionate care to every patient, regardless of their ability to pay. Sinai Chicago employs more than 3,000 staff and maintains deep community partnerships through programs addressing chronic disease, food insecurity, violence prevention, and maternal health. The integration of rehabilitation services into Mount Sinai Hospital is part of a broader system-wide effort to build a stronger, more sustainable safety-net network that delivers high-value, coordinated care from dedicated staff close to home.

Conclusion

Sinai Chicago anticipates filing the substantive CON application to the HFSRB within the next 30 days. We will continue to engage all stakeholders, including the City of Chicago, state legislators, and community partners, throughout the process.

We appreciate your continued partnership and support for Sinai Chicago and the communities we serve as we move forward with this important initiative as part of our ongoing efforts to stabilize, strengthen, and sustain critical safety-net healthcare services on Chicago's West and Southwest Side. This effort reflects Sinai Chicago's north star: to improve the health of individuals and communities by building stronger, more equitable systems of care—one patient, one neighborhood at a time. If you have any questions or require additional information regarding this project, please feel free to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Juan Morado, Jr.

cc: Ngozi Ezike, M.D., President & CEO, Sinai Health System
Brian Dolan, Chair, Board of Directors, Sinai Health System

27728911 v2

ATTACHMENT 10
Discontinuation
Notices to Elected Officials and Agency Heads



Juan Morado, Jr.
71 South Wacker Drive, Suite 1600
Chicago, IL 60606
Direct Dial: 312.212.4967
Fax: 312.757.9192
jmorado@beneschlaw.com

November 17, 2025

VIA CERTIFIED U.S. MAIL

The Honorable Jason C. Ervin
Alderman, 28th Ward
City of Chicago
2622 West Jackson Boulevard
Chicago, IL 60612

Re: Letter of Intent to File a Substantive Certificate of Need Application – Proposed Discontinuation of Schwab Rehabilitation Hospital License and Integration of Rehabilitation Services into Mount Sinai Hospital Campus

Dear Ald. Ervin:

Benesch, Friedlander, Coplan & Aronoff LLP ("Benesch") represents Sinai Health System ("Sinai") d/b/a Sinai Chicago. On behalf of Sinai Chicago, we respectfully submitted the following Letter of Intent to the Illinois Health Facilities and Services Review Board ("HFSRB") to advise of our intent to file a substantive Certificate of Need ("CON") application seeking approval to discontinue the Schwab Rehabilitation Hospital license and integrate Schwab's rehabilitation services under Mount Sinai Hospital's license.

This proposed integration represents a thoughtful, strategic, and community-centered effort to strengthen long-term access to rehabilitation and acute-care services on Chicago's West and Southwest Side. Sinai Chicago's mission, to improve the health of the individuals and communities it serves, remains central. The proposed transition does not involve any reduction in services, workforce, or community access; rather, it enables Sinai Chicago to align operations under a single license, enhance efficiency, and preserve comprehensive rehabilitation care at its current campus where Sinai Chicago has served the community for more than 100 years.

Project Summary and Rationale

Sinai Chicago is an indispensable safety-net health system serving the West and Southwest Side of Chicago. Approximately 79% of Sinai Chicago's net patient revenue is derived from government payors, reflecting its essential role in providing care to Medicaid and Medicare beneficiaries and uninsured residents. In addition to serving as a major access point for care, Sinai Chicago provides vital support to other safety-net institutions that rely on its ability to deliver complex surgical, trauma, obstetric, neonatal intensive care, diagnostic, behavioral health, and specialty services, as well as graduate medical education and residency training programs for over

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Discontinuation

Notices to Elected Officials and Agency Heads

November 17, 2025

Page 2

120 residents and fellows across multiple specialties that strengthen the city's healthcare workforce.

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Under this proposal, all inpatient rehabilitation services presently provided under the Schwab Rehabilitation Hospital license at 1401 S. California Avenue, Chicago, IL 60608, would continue without interruption at the existing site, but would operate under the Mount Sinai Hospital license. This realignment promotes a full continuum of care model, addressing both the acute and long-term health needs of each patient.

The proposed integration will unify these two complementary institutions and will:

- **Preserve and strengthen full-service capacity** – No reduction in licensed beds, programs, or therapy services.
- **Maintain employment** – All current Schwab Rehabilitation Hospital employees will be retained within Sinai Health System.
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Discontinuation

Notices to Elected Officials and Agency Heads

November 17, 2025

Page 3

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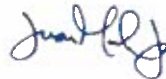
Conclusion

Sinai Chicago anticipates filing the substantive CON application to the HFSRB within the next 30 days. We will continue to engage all stakeholders, including the City of Chicago, state legislators, and community partners, throughout the process.

We appreciate your continued partnership and support for Sinai Chicago and the communities we serve as we move forward with this important initiative as part of our ongoing efforts to stabilize, strengthen, and sustain critical safety-net healthcare services on Chicago's West and Southwest Side. This effort reflects Sinai Chicago's north star: to improve the health of individuals and communities by building stronger, more equitable systems of care—one patient, one neighborhood at a time. If you have any questions or require additional information regarding this project, please feel free to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Juan Morado, Jr.

cc: Ngozi Ezike, M.D., President & CEO, Sinai Health System
Brian Dolan, Chair, Board of Directors, Sinai Health System

27728911 v2

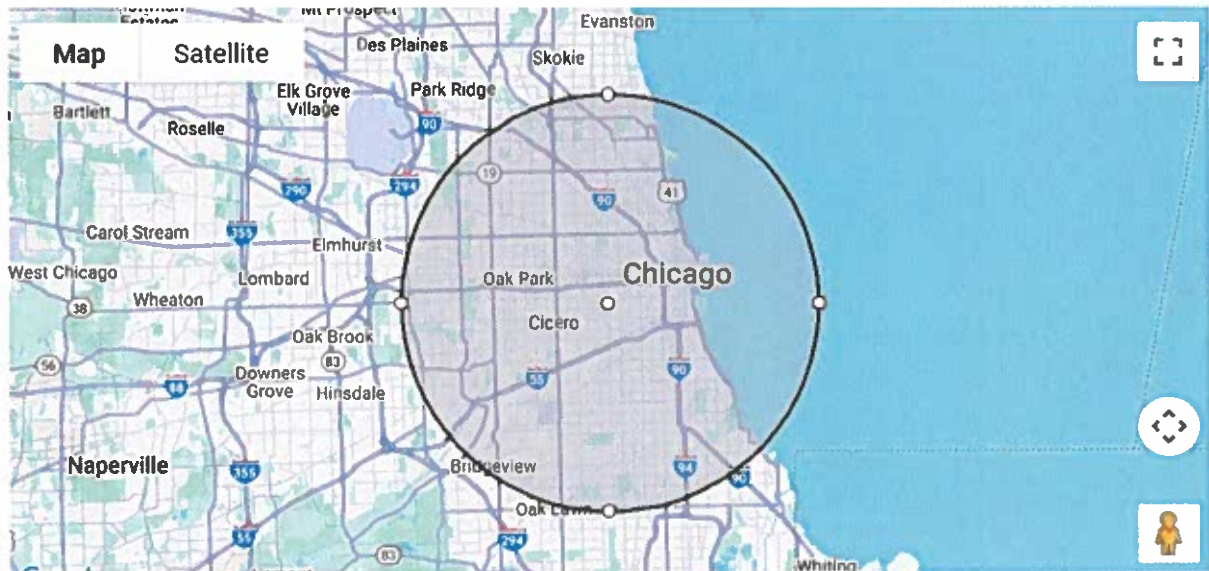
ATTACHMENT 10

Discontinuation

Notice to Area Facilities

The following notification letters were sent to area facilities within the geographic service area ("GSA") as determined by the distance and drive times to the facilities. Also listed on the following pages in accordance with 77 Illinois Admin Code Section 1100.510(d) are all the zip codes that are located within a 10-mile radius of the proposed discontinuation. The zip codes and areas within a 10-mile radius of the proposed discontinuation are listed below. We have included a map of the multi-directional travel radii of the proposed discontinuation.

10 Mile Radius from 1401 S. California Ave., Chicago, IL 60608



ATTACHMENT 10
Discontinuation
Notice to Area Facilities

Facility Name	Facility Address
Ascension Saint Mary – Chicago	2900 Lake Shore Dr., Chicago, IL 60657
Rehabilitation Institute of Chicago d/b/a Shirley Ryan AbilityLab	355 E. Erie St., Chicago, IL 60611
Rush Specialty Hospital	516 S. Loomis Ave., Chicago, IL 60607
Shriners Hospitals for Children	2211 N. Oak Park Ave, Chicago, IL 60707
Advocate Illinois Masonic	836 W. Wellington Ave., Chicago, IL 60657

ATTACHMENT 10 Discontinuation Notice to Area Facilities



Schwab
Rehabilitation

1401 S California Ave
Chicago, IL 60608

December 8, 2025

VIA FEDERAL EXPRESS

Mike DeLaRosa
Chief Executive Officer
Rush Specialty Hospital
516 South Loomis Avenue
Chicago, IL 60607

Re: Notice of Discontinuation of Rehabilitation Hospital – Schwab Rehabilitation

This letter serves as formal notice that Schwab Rehabilitation, located at 1401 S. California Ave., Chicago, IL 60608, intends to file an application with the Illinois Health Facilities and Services Review Board ("HFSRB") requesting approval to discontinue all services currently provided under its existing license. The discontinuation is expected to occur upon HFSRB approval, anticipated in the first quarter of 2026.

Concurrently, we will submit a Certificate of Need application to establish inpatient rehabilitation services under the Mount Sinai Hospital Medical Center of Chicago license. These services will continue to be delivered at the same physical plant where Schwab Rehabilitation currently operates. As a result, we do not anticipate any disruption in patient care or service availability.

Additionally, we are not aware of and do not expect any adverse impact on patient access resulting from this discontinuation request, given our intention to maintain inpatient rehabilitation services at this location under Mount Sinai Hospital Medical Center of Chicago.

Pursuant to the Illinois Health Facilities Planning Act, we are providing this notice and respectfully request that you submit an impact statement regarding the proposed discontinuation.

Sincerely,

A handwritten signature in black ink, appearing to read "Julia M. Libcke".

Julia Libcke
President
Schwab Rehabilitation Hospital and Care Network

sinaichicago.org

773.522.2010

MORE THAN MEDICINE.
IT'S PERSONAL.

ATTACHMENT 10
Discontinuation
Notice to Area Facilities

Options

<input type="button" value="via I-290 W and S California Ave"/> Fastest route, the usual traffic	6 min 2.5 miles
<input type="button" value="via W Ogden Ave/Old Rte 66 W"/>	8 min 2.0 miles
<input type="button" value="via S Western Ave"/>	8 min 2.5 miles



ATTACHMENT 10 Discontinuation Notice to Area Facilities



Schwab
Rehabilitation

1401 S California Ave
Chicago, IL 60608

December 9, 2025

VIA FEDERAL EXPRESS

Ellis Hawkins
Chief Executive Officer
Prime Saint Mary of Nazareth Hospital
2233 West Division Street
Chicago, IL 60622

Re: Notice of Discontinuation of Rehabilitation Hospital – Schwab Rehabilitation

Dear Mr. Hawkins:

This letter serves as formal notice that Schwab Rehabilitation, located at 1401 S. California Ave., Chicago, IL 60608, intends to file an application with the Illinois Health Facilities and Services Review Board ("HFSRB") requesting approval to discontinue all services currently provided under its existing license. The discontinuation is expected to occur upon HFSRB approval, anticipated in the first quarter of 2026.

Concurrently, we will submit a Certificate of Need application to establish inpatient rehabilitation services under the Mount Sinai Hospital Medical Center of Chicago license. These services will continue to be delivered at the same physical plant where Schwab Rehabilitation currently operates. As a result, we do not anticipate any disruption in patient care or service availability.

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Pursuant to the Illinois Health Facilities Planning Act, we are providing this notice and respectfully request that you submit an impact statement regarding the proposed discontinuation.

Sincerely,

A handwritten signature in black ink, appearing to read "Julia M. Libcke".

Julia Libcke
President
Schwab Rehabilitation Hospital and Care Network

sinaichicago.org

773.522.2010

MORE THAN MEDICINE.
IT'S PERSONAL.

ATTACHMENT 10 Discontinuation Notice to Area Facilities

Schwab Rehabilitation, 1414 S Fairfield Ave

2233 W Division St, Chicago, IL 60622

Add destination

Leave now ▾

Options

Send directions to iPhone

Copy link

via S Western Ave

Fastest route now due to traffic conditions

[Details](#) [Preview](#)

12 min

3.5 miles

via S California Ave and N Western Ave

12 min

3.5 miles

via S California Ave and N Sacramento Blvd

14 min

4.0 miles

Explore nearby 2233 W Division St



ATTACHMENT 10 Discontinuation Notice to Area Facilities



Schwab
Rehabilitation

1401 S California Ave
Chicago, IL 60608

December 9, 2025

VIA FEDERAL EXPRESS

Pablo Celnik, M.D. PhD.
Chief Executive Officer
Shirley Ryan AbilityLab
355 East Erie Street
Chicago, IL 60611

Re: Notice of Discontinuation of Rehabilitation Hospital – Schwab Rehabilitation

Dear Dr. Celnik:

This letter serves as formal notice that Schwab Rehabilitation, located at 1401 S. California Ave., Chicago, IL 60608, intends to file an application with the Illinois Health Facilities and Services Review Board ("HFSRB") requesting approval to discontinue all services currently provided under its existing license. The discontinuation is expected to occur upon HFSRB approval, anticipated in the first quarter of 2026.

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Pursuant to the Illinois Health Facilities Planning Act, we are providing this notice and respectfully request that you submit an impact statement regarding the proposed discontinuation.

Sincerely,

Julia Libcke
President
Schwab Rehabilitation Hospital and Care Network

sinai-chicago.org

773.522.2010

MORE THAN MEDICINE.
IT'S PERSONAL.

ATTACHMENT 10 Discontinuation Notice to Area Facilities

1401 S California Ave, Chicago, IL 60608

Shirley Ryan AbilityLab, 355 E Erie St, Ch

Add destination

Leave now

Options

Send directions to iPhone

Copy link

via I-290 E

Fastest route now due to traffic conditions

Details Preview

via I-290 E and S Lower Wacker Dr

17 min
6.4 miles

17 min
6.4 miles



ATTACHMENT 10
Discontinuation
Notice to Area Facilities



Schwab
Rehabilitation

1401 S California Ave
Chicago, IL 60608

December 9, 2025

VIA FEDERAL EXPRESS

Craig McGhee, MPT, MHA, FACHE
Market Administrator
Shriners Hospitals for Children
2211 North Oak Park Avenue
Chicago, IL 60707

Re: Notice of Discontinuation of Rehabilitation Hospital – Schwab Rehabilitation

Dear Mr. McGhee:

This letter serves as formal notice that Schwab Rehabilitation, located at 1401 S. California Ave., Chicago, IL 60608, intends to file an application with the Illinois Health Facilities and Services Review Board ("HFSRB") requesting approval to discontinue all services currently provided under its existing license. The discontinuation is expected to occur upon HFSRB approval, anticipated in the first quarter of 2026.

Concurrently, we will submit a Certificate of Need application to establish inpatient rehabilitation services under the Mount Sinai Hospital Medical Center of Chicago license. These services will continue to be delivered at the same physical plant where Schwab Rehabilitation currently operates. As a result, we do not anticipate any disruption in patient care or service availability.

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Pursuant to the Illinois Health Facilities Planning Act, we are providing this notice and respectfully request that you submit an impact statement regarding the proposed discontinuation.

Sincerely,

Julia Libcke
President
Schwab Rehabilitation Hospital and Care Network

sinaichicago.org

773.522.2010

MORE THAN MEDICINE.
IT'S PERSONAL.

ATTACHMENT 10 Discontinuation Notice to Area Facilities

1401 S California Ave, Chicago, IL 60608

2211 N Oak Park Ave, Chicago, IL 60707

Add destination

Leave now

Options

Send directions to iPhone

Copy link

via I-290 W

Fastest route now due to traffic conditions

Details

Preview

27 min

9.5 miles

via I-290 W and S Oak Park Ave

Some traffic, as usual

28 min

9.5 miles

via I-290 W and Harlem Ave

Heavy traffic, as usual

30 min

10.4 miles

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ATTACHMENT 10

ATTACHMENT 10
Discontinuation
Notice to Area Facilities



Schwab
Rehabilitation

1401 S California Ave
Chicago, IL 60608

December 9, 2025

VIA FEDERAL EXPRESS

Eugene A. Woods
Chief Executive Officer
Advocate Illinois Masonic Medical Center
836 West Wellington Avenue
Chicago, IL 60657

Re: Notice of Discontinuation of Rehabilitation Hospital – Schwab Rehabilitation

Dear Mr. Woods:

This letter serves as formal notice that Schwab Rehabilitation, located at 1401 S. California Ave., Chicago, IL 60608, intends to file an application with the Illinois Health Facilities and Services Review Board ("HFSRB") requesting approval to discontinue all services currently provided under its existing license. The discontinuation is expected to occur upon HFSRB approval, anticipated in the first quarter of 2026.

Concurrently, we will submit a Certificate of Need application to establish inpatient rehabilitation services under the Mount Sinai Hospital Medical Center of Chicago license. These services will continue to be delivered at the same physical plant where Schwab Rehabilitation currently operates. As a result, we do not anticipate any disruption in patient care or service availability.

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Pursuant to the Illinois Health Facilities Planning Act, we are providing this notice and respectfully request that you submit an impact statement regarding the proposed discontinuation.

Sincerely,

Julia Libcke
President
Schwab Rehabilitation & Care Network

 sinaichicago.org

 773.522.2010

MORE THAN MEDICINE.
IT'S PERSONAL.

ATTACHMENT 10

Discontinuation Notice to Area Facilities




1401 S California Ave, Chicago, IL 60608

Illinois Masonic, 836 W Wellington Ave, Chicago, IL 60608

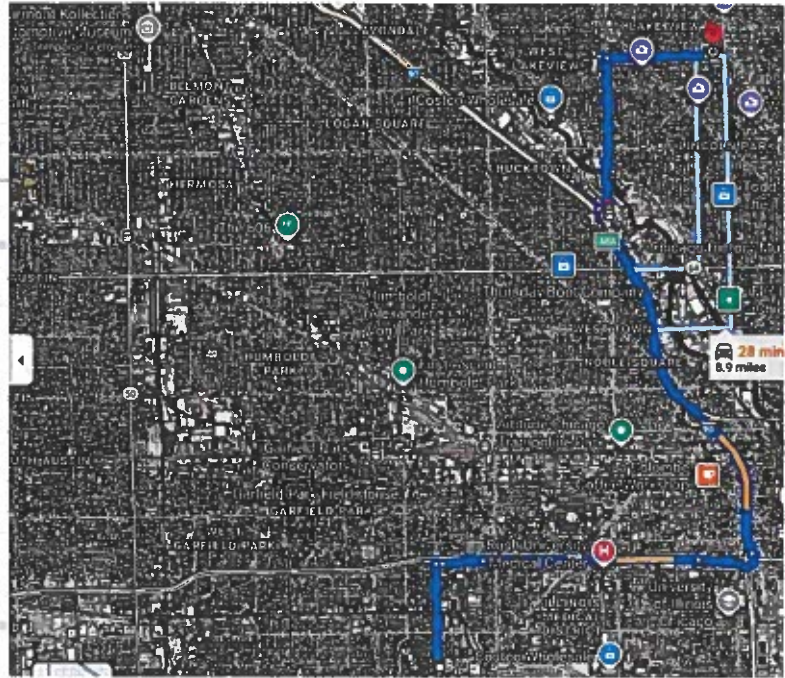
Add destination

Leave now Options

Send directions to iPhone Copy link

 via I-90 W/I-94 W	26 min
Fastest route, despite the usual traffic	9.2 miles
Details Preview	
 via I-290 E and I-90 W/I-94 W	27 min
Some traffic, as usual	8.8 miles
 via N Halsted St	28 min
Some traffic, as usual	8.9 miles

Explore nearby Illinois Masonic



ATTACHMENT 11

Background of the Applicants

The following information is provided to illustrate the qualifications, background, and character of the Applicants, and to assure the Review Board that the proposed discontinuation of services will provide a proper standard of health care services for the community.

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

Schwab Rehabilitation Hospital and Care Network owns no other health care facilities. Sinai Health System is the sole member of Holy Cross Hospital and Mount Sinai Hospital Medical Center of Chicago.

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.

Neither the corporate officers nor the directors of the Applicants have ownership in any other 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.

Pursuant to the certification executed with the submission of this application, the Applicants certify that there have been no adverse actions taken against any facility owned and/or operated by the Applicants during the three years prior to 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.

Pursuant to the certification executed with the submission of this application, the Applicants certify that there have been no individuals 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.

c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

Pursuant to the certification executed with the submission of this application, the Applicants certify that no person has been 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.

Pursuant to the certification executed with the submission of this application, the Applicants certify that they do not have any unsatisfied judgments against them.

ATTACHMENT 11

Background of the Applicants

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.

Pursuant to the certification executed with the submission of this application, the Applicants certify that they do not have any Applicants who are 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.

The Applicants permit the 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.

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 can submit amendments to previously submitted information, as needed, to update and/or clarify data.

Not Applicable.

ATTACHMENT 11 Background of the Applicants



Schwab
Rehabilitation

1401 S California Ave
Chicago, IL 60608

December 8, 2025

John P. Kniery
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Schwab Rehabilitation – Certification and Authorization

Dear Mr. Kniery,

As an Authorized Representative of Schwab Rehabilitation and Sinai Health System, I, Ngozi Ezike, M.D., give authorization to the Health Facilities and Services Review Board and the Illinois Department of Public Health ("IDPH") to access documents necessary to verify the information submitted including, but not limited to: official records of IDPH or other state agencies, the licensing or certification records of other states, and the records of nationally recognized accreditation organizations.

I further verify that Schwab Rehabilitation has no ownership interest in any other healthcare facility. Sinai Health System is the sole member of multiple healthcare facilities in Illinois including Holy Cross Hospital and Mount Sinai Hospital Medical Center of Chicago. These facilities have had no adverse action to report for the past three (3) years.

I hereby certify this is true and based upon my personal knowledge under penalty of perjury and in accordance with 735 ILCS 5/1-109.

Sincerely,

A handwritten signature in black ink, appearing to read "Ngozi Ezike, M.D.", written over a horizontal line.

Ngozi Ezike, M.D.
President & Chief Executive Officer
Sinai Health System

ATTACHMENT 11 **Background of the Applicants** **Sinai Health System Facility License Information**

Facility Name	Facility Address	Facility License Number
Holy Cross Hospital	2701 West 68 th Street Chicago, IL 60629	0000992
Mount Sinai Hospital Medical Center of Chicago	9515 Holy Cross Lane Breese, IL	0002527



ILLINOIS DEPARTMENT OF PUBLIC HEALTH **HF135017**

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

Sameer Vohra, MD,JD,MA
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	LIC. NUMBER
12/31/2026		0002147

Rehabilitation Hospital

Effective: 01/01/2026

Schwab Rehabilitation Hospital and Care Network
1401 S California Avenue
Chicago, IL 60608

The face of this license has a colored background. • Printed by Authority of the State of Illinois • P.O. #4025001 2M 4/25

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

Exp. Date 12/31/2026

Lic Number 0002147

Date Printed 10/23/2025

Schwab Rehabilitation Hospital and Ca

1401 S California Avenue
Chicago, IL 60608

FEE RECEIPT NO.

ATTACHMENT 12

Purpose of Project

The proposed project will improve quality, and care coordination for residents of Chicago's West and Southwest Side by integrating Schwab Rehabilitation's ("Schwab") services under the Mount Sinai Hospital Medical Center of Chicago ("Mount Sinai") license.

All rehabilitation services currently delivered at Schwab will continue without any reduction in service capacity, workforce, or community access. The project ensures a sustainable long-term model for delivering high-quality inpatient rehabilitation care in the same physical facility where Schwab currently operates. This integration improves health outcomes by:

- Strengthening the continuum of care between acute trauma, neurological, orthopedic, and complex medical services at Mount Sinai and rehabilitation services at Schwab.
- Enabling more efficient clinical coordination for patients recovering from stroke, spinal cord injury, amputation, orthopedic trauma, and other disabling conditions.
- Preserving a 92-bed full-service rehabilitation unit in a medically underserved area, ensuring that vulnerable populations, 79% of whom are Medicare/Medicaid beneficiaries retain critical access to post-acute care.

By aligning rehabilitation and acute care under one license, the project enhances operational sustainability, increases clinical integration, and ultimately strengthens safety-net care for the communities that depend on Sinai Chicago.

For this project, the market area includes the West and Southwest Side of Chicago, including neighborhoods historically served by Mount Sinai, Schwab, and Sinai's network of community health centers. The market area also includes the broader Chicagoland area, from which over 110,000 unique patients access Sinai Chicago's services annually.

This area includes medically underserved ZIP codes with high Medicaid penetration, high rates of disability, chronic disease, and trauma prevalence. The project addresses several systemic issues affecting rehabilitation and acute care delivery in the market area. Patients who transition from acute care at Mount Sinai to Schwab experience operational and regulatory divides because the facilities operate under separate licenses. This can limit real-time coordination between trauma, neurological, orthopedic, and rehabilitation teams.

Schwab is one of the few rehabilitation institutions on the West Side capable of caring for complex trauma and disability populations. Continued standalone operation under a separate license is less efficient and at odds with modern integrated care models. Schwab sponsors one of Chicago's leading residency programs, which is essential to the Chicago healthcare workforce pipeline. Sustaining this program requires ensuring long-term operational stability.

ATTACHMENT 38

Safety Net Impact Statement

The project will not have a material impact, on essential safety net services in the community, including the impact on racial and health care disparities in the community, to the extent that it is feasible for an applicant to have such knowledge.

The Applicant does not anticipate any material adverse impact on essential safety-net services within the community. While the Applicant facility will cease operations upon Board approval, the services previously provided at this location will continue to be available at nearby hospitals and providers that serve the same patient populations.

The impact on racial and health care disparities in the community will also be minimal if there is any at all. That is because the discontinuation does not involve the long-term elimination of this unique service line and because there will be no reduction in access for Medicaid, Medicare, uninsured, or underinsured patients.

Based on the information reasonably known to the Applicant, the discontinuation will not create gaps that would worsen racial disparities, delay care, or limit safety-net access in the area.

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.

The Applicant does not expect the discontinuation to impact the ability of any other provider or health care system to cross-subsidize safety-net services.

No specialized or high-margin services are being eliminated that would disrupt another provider's revenue model or interfere with their ability to support safety-net functions.

How the discontinuation of a facility or service might impact the remaining safety net providers in each community, if reasonably known by the applicant.

The Applicant does not anticipate any negative impact on remaining safety-net providers. The procedures previously performed at the facility will continue to be offered in the same physical plant, by the same providers and will be available to Sinai Health System existing patients and others in the Chicagoland area.

Because other safety-net providers already rely on services provided by Schwab, which will still be available at the same site, the discontinuation will not strain resources, alter utilization patterns, or compromise the ability of nearby hospitals to continue providing safety-net services.

ATTACHMENT 38

Safety Net Impact Statement

Safety Net Information per PA 96-0031			
CHARITY CARE			
Schwab Rehabilitation Hospital and Care Network			
Charity (# of patients)	2022	2023	2024
Inpatient	7	10	5
Outpatient	453	376	97
Total	460	386	102
Charity (cost in dollars)			
Inpatient	\$428,598	\$544,575	\$434,709
Outpatient	\$468,074	\$422,112	\$1,217,825
Total	\$896,672	\$966,687	\$1,652,534
MEDICAID			
Medicaid (# of patients)	2022	2023	2024
Inpatient	598	600	670
Outpatient	6,172	6,073	11,478
Total	6,770	6,673	12,148
Medicaid (revenue)			
Inpatient	\$15,070,281	\$16,368,808	\$16,832,685
Outpatient	\$5,105,468	\$4,380,779	\$4,502,926
Total	\$20,175,749	\$20,749,587	\$21,335,611

ATTACHMENT 38

Safety Net Impact Statement

Safety Net Information per PA 96-0031			
CHARITY CARE			
Mount Sinai Hospital Medical Center of Chicago			
Charity (# of patients)	2022	2023	2024
Inpatient	372	349	104
Outpatient	17,972	15,260	3,051
Total	18,344	15,609	3,155
Charity (cost in dollars)			
Inpatient	\$12,993,177	\$6,969,198	\$12,639,543
Outpatient	\$15,586,328	\$16,336,876	\$23,655,062
Total	\$28,579,505	\$23,306,074	\$36,294,605
MEDICAID			
Medicaid (# of patients)	2022	2023	2024
Inpatient	6,700	6,873	6,271
Outpatient	112,965	120,934	132,184
Total	119,665	127,807	138,455
Medicaid (revenue)			
Inpatient	\$88,527,226	\$85,492,892	\$103,401,166
Outpatient	\$21,930,759	\$28,564,123	\$34,547,476
Total	\$110,457,985	\$114,057,015	\$137,948,642

ATTACHMENT 38

SAFETY NET IMPACT STATEMENT

Safety Net Information per PA 96-0031			
CHARITY CARE			
Holy Cross Hospital			
Charity (# of patients)	2022	2023	2024
Inpatient	286	252	48
Outpatient	4,682	4,421	1,156
Total	4,968	4,673	1,204
Charity (cost in dollars)			
Inpatient	\$2,559,965	\$1,623,253	\$744,678
Outpatient	\$4,165,369	\$3,955,174	\$8,400,137
Total	\$6,725,334	\$5,578,427	\$9,144,815
MEDICAID			
Medicaid (# of patients)	2022	2023	2024
Inpatient	2,484	2,129	1,885
Outpatient	30,415	32,472	41,334
Total	32,899	34,601	43,219
Medicaid (revenue)			
Inpatient	\$18,545,537	\$13,188,510	\$23,992,441
Outpatient	\$8,074,008	\$7,920,444	\$14,408,814
Total	\$26,619,545	\$21,108,954	\$38,401,255

ATTACHMENT 39

Charity Care Information

CHARITY CARE Mount Sinai Hospital Medical Center of Chicago			
	2022	2023	2024
Net Patient Revenue	\$228,117,001	\$222,400,299	\$246,336,861
Amount of Charity Care (charges)	-	-	-
Cost of Charity Care	\$28,579,505	\$23,306,074	\$36,294,605

CHARITY CARE Schwab Rehabilitation Hospital and Care Network			
	2022	2023	2024
Net Patient Revenue	\$36,161,000	\$38,217,001	\$38,100,876
Amount of Charity Care (charges)	-	-	-
Cost of Charity Care	\$896, 672	\$966,687	\$1,652,534

CHARITY CARE Holy Cross Hospital			
	2022	2023	2024
Net Patient Revenue	\$68,573,670	\$59,100,000	\$70,964,998
Amount of Charity Care (charges)	-	-	-
Cost of Charity Care	\$6,725,334	\$5,578,427	\$9,144,815

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Service Specific:		
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19	Comprehensive Physical Rehabilitation	n/a
20	Acute Mental Illness	n/a
21	Open Heart Surgery	n/a
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Financial and Economic Feasibility:		
34	Availability of Funds	n/a
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