

Original
10-025

UNIVERSITY OF CHICAGO STONY ISLAND

RECEIVED

APR 23 2010

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Change of Ownership CON Application

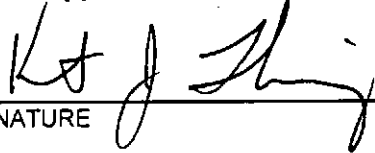
July 2010

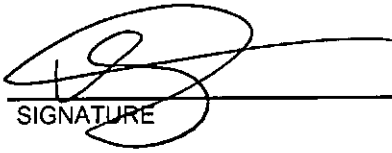
CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) 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 manger 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 for Permit is filed on the behalf of DaVita Inc.* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

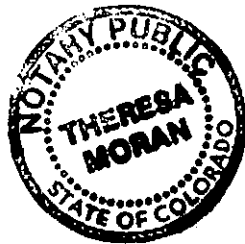

SIGNATURE
Kent J. Thiry
Chairman & CEO


SIGNATURE
Dennis L. Kogod
Chief Operating Officer

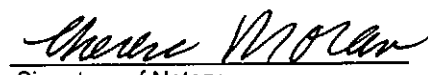
Notarization:
Subscribed and sworn to before me
this 24 day of MARCH, 2010


Signature of Notary

Seal



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Signature of Notary

Seal



*Insert EXACT legal name of the applicant

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PRINTED NAME
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Dennis L. Kogod
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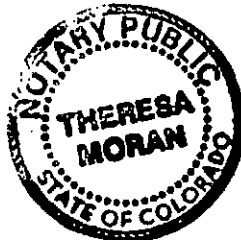
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Subscribed and sworn to before me
this 24 day of MARCH, 2010

Theresa Moran
Signature of Notary

Theresa Moran
Signature of Notary

Seal



Seal



*Insert EXACT legal name of the applicant

April 19, 2010

Michael Constantino
Supervisor, Project Review
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Constantino:

RE: Change of Ownership CON Application
University of Chicago – Stony Island

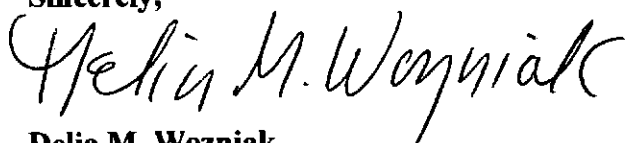
We are enclosing a Certificate of Need (CON) application on behalf of DaVita Inc. and Total Renal Care Inc. (TRC) to acquire substantially all of the assets of the University of Chicago Medical Center's (UCMC's) dialysis center, University of Chicago – Stony Island. The 23-station in-center hemodialysis facility is located at 8721 S. Stony Island in Chicago (60617). The facility is located in Planning Area 6.

The Asset Purchase Agreement between TRC and UCMC includes the sale of two other outpatient dialysis facilities that are owned by UCMC, University of Chicago – Woodlawn and University of Chicago – Lake Park. Due to packaging considerations, each of the three (3) CON applications is being sent under separate cover.

Enclosed is Check No. 3384534 for \$2,500.00, the initial fee deposit for both this CON application.

Thank you for your consideration of this important matter.

Sincerely,



Delia M. Wozniak
President

Enclosure

CC: **Kelly Ladd**
Group Director
DaVita Inc. - Chicago

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	University of Chicago – Stony Island		
Street Address:	8721 S. Stony Island		
City and Zip Code:	Chicago, Illinois 60617		
County:	Cook	Health Service Area: 6	Health Planning Area: 6

Co-Applicant Identification (Parent)

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

Exact Legal Name:	DaVita Inc.
Address:	601 Hawaii Street, El Segundo, California 90245
Name of Registered Agent:	-
Name of Chief Executive Officer:	Kent Thiry
CEO Address:	601 Hawaii Street, El Segundo, California 90245
Telephone Number:	(310) 792-2600 Ext. 2100

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

Type of Ownership

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

o Corporations and limited liability companies must provide an Illinois certificate of good standing.
o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Kelly Ladd
Title:	Group Director
Company Name:	DaVita Inc.- Chicago
Address:	2659 N. Milwaukee Avenue, 2 nd Floor, Chicago, Illinois 60647
Telephone Number:	(773) 276-2380, Ext. 29
E-mail Address:	Kelly.Ladd@davita.com
Fax Number:	(773) 276-4176

Additional Contact

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

Name:	Delia M. Wozniak
Title:	President
Company Name:	DMW and Associates, Inc.
Address:	3716 N. Bernard Street, Chicago, Illinois 60618
Telephone Number:	(773) 279-0458
E-mail Address:	deliawoz@comcast.net
Fax Number:	(773) 279-0473

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Facility Name:	University of Chicago – Stony Island		
Street Address:	8721 S. Stony Island		
City and Zip Code:	Chicago, Illinois 60617		
County:	Cook	Health Service Area: 6	Health Planning Area: 6

Co-Applicant Identification (Operating Entity)

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

Exact Legal Name:	Total Renal Care Inc.
Address:	601 Hawaii Street, El Segundo, California 90245
Name of Registered Agent:	-
Name of Chief Executive Officer:	Kent Thiry
CEO Address:	601 Hawaii Street, El Segundo, California 90245
Telephone Number:	(310) 792-2600 Ext. 2100

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Type of Ownership

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

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Telephone Number:	(773) 279-0458
E-mail Address:	deliawoz@comcast.net
Fax Number:	(773) 279-0473

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance]

Name:	Kelly Ladd
Title:	Group Director
Company Name:	DaVita Inc. - Chicago
Address:	2659 N. Milwaukee Avenue, 2nd Floor, Chicago, Illinois 60647
Telephone Number:	(773) 276-2380 Ext. 29
E-mail Address:	Kelly.Ladd@davita.com
Fax Number:	(773) 276-4176

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	American National Bank & Trust Co. of Chicago Trustee for Trust #108205-04
Address of Site Owner:	120 S. LaSalle, St., Lower Level Chicago, IL 60603
Street Address or Legal Description of Site:	8721 S. Stony Island, Chicago, IL 60617

APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name:	Total Renal Care Inc.		
Address:	601 Hawaii Street, El Segundo, California 90245		
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input checked="" 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">o Corporations and limited liability companies must provide an Illinois certificate of good standing.o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.			

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person who is related (as defined in Part 1130.140). If the related person 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-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements **NOT APPLICABLE**

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements NOT APPLICABLE

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

<p>Part 1110 Classification:</p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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2. Project Outline

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					23 stations
Non-Hospital Based Ambulatory Surgery					
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)					
• Diagnostic & Interventional Radiology/Imaging					
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions	ACQ				23 ESRD Stations

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

3. Narrative Description

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

NARRATIVE DESCRIPTION

Total Renal Care Inc. (TRC), a wholly-owned subsidiary of DaVita Inc., proposes to acquire substantially all of the assets of the University of Chicago Medical Center's (UCMC) 23-station outpatient hemodialysis facility known as University of Chicago – Stony Island, which is located at 8721 S. Stony Island in Chicago, Illinois (60617) in Planning Area 6.

The proposed Purchase Agreement between TRC and UCMC includes the sale and purchase of all of UCMC's chronic dialysis assets, and includes the following three outpatient hemodialysis facilities as well as its Home Dialysis Program:

University of Chicago – Woodlawn, 1164 E. 55th Street in Chicago (60615)
University of Chicago – Lake Park, 1531 Hyde Park Blvd. in Chicago (60615)
University of Chicago – Stony Island, 8721 S. Stony Island in Chicago (60617)
University of Chicago – Home Programs

The total proposed purchase price for the transaction is \$27.8 million. The price of the various entities is as follows based on a discounted cash flow analysis:

University of Chicago – Woodlawn	\$2,219,856
University of Chicago – Lake Park	\$2,677,026
University of Chicago – Stony Island	\$13,959,013
University of Chicago – Home Programs	<u>\$8,944,105</u>
Total	\$27,800,000

Total Renal Care Inc. (TRC) will assume the lease of 9,336 rentable gross square feet (gsf) for the 23-station hemodialysis facility. The acquisition does not involve modernization at this time.

Upon acquisition the facility will be known as Total Renal Care Inc. d/b/a Stony Island Dialysis. The change in ownership is expected to take place within one month of permit issuance. Certification is expected within two (2) months of acquisition but no later than December 31, 2010. The project completion date is June 30, 2011.

The estimated total project cost is \$15,270,945, including the fair market value (FMV) of leased space which is \$1,209,012 based on \$129.50 per gross square foot (gsf) for 9,336 gsf. Project costs will be funded entirely from cash and securities by DaVita Inc. DaVita Inc. will also fund the all working capital estimated to be four months' operating expenses and the initial operating deficit.

The project is Non-Substantive per Section 1110.40(b) as the project is solely for a "Change of Ownership." The project is considered a Class B project due to its project cost.

5

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$33,600	-	\$33,600
Site Survey and Soil Investigation	-	-	-
Site Preparation	-	-	-
Off Site Work	-	-	-
New Construction Contracts	-	-	-
Modernization Contracts	-	-	-
Contingencies	-	-	-
Architectural/Engineering Fees	-	-	-
Consulting and Other Fees	\$69,320	-	\$69,320
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	FMV \$1,209,012	-	FMV \$1,209,012
Other Costs To Be Capitalized	-	-	-
Acquisition of Dialysis Assets	\$13,959,013	-	\$13,959,013
TOTAL USES OF FUNDS	\$15,270,945	-	\$15,270,945
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	\$14,061,933	-	\$14,061,933
Pledges	-	-	-
Gifts and Bequests	-	-	-
Bond Issues (project related)	-	-	-
Mortgages	-	-	-
Leases (fair market value)	FMV \$1,209,012	-	FMV\$1,209,012
Governmental Appropriations	-	-	-
Grants	-	-	-
Other Funds and Sources	-	-	-
TOTAL SOURCES OF FUNDS	\$15,270,945	-	\$15,270,945
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

* The fair market value (FMV) of the leased space is \$129.50/gsf. Therefore, the FMV of the 9,336 gsf to be leased is \$1,209,012. See Attachment 7B.

Related Project Costs

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

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

The project involves the establishment of a new facility or a new category of service

Yes No

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

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

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

None or not applicable Preliminary
 Schematics Final Working

Anticipated project completion date (refer to Part 1130.140): **June 30, 2011**

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

- Purchase orders, leases or contracts pertaining to the project have been executed.
 Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON contingencies.
 Project obligation will occur after permit issuance.

State Agency Submittals

Are the following submittals up to date as applicable:

- Cancer Registry
 APORS
 All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
 All reports regarding outstanding permits (**See Attachment 7D**)

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

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

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

Facility Bed Capacity and Utilization NOT APPLICABLE

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

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


9

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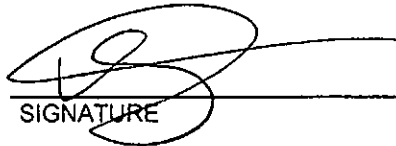
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Chairman & CEO



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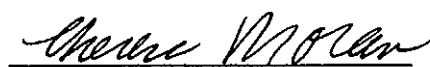
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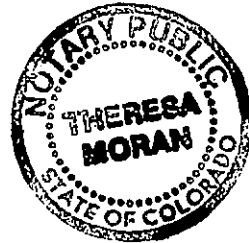
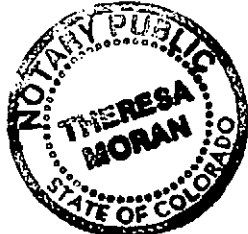
Signature of Notary



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Seal

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*Insert EXACT legal name of the applicant

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Kent J. Thiry
 SIGNATURE
Kent J. Thiry
 PRINTED NAME
Chairman & CEO
 PRINTED TITLE

Dennis L. Kogod
 SIGNATURE
Dennis L. Kogod
 PRINTED NAME
Chief Operating Officer
 PRINTED TITLE

Notarization:
 Subscribed and sworn to before me
 this 24 day of MARCH, 2010

Notarization:
 Subscribed and sworn to before me
 this 24 day of MARCH, 2010

Theresa Moran
 Signature of Notary

Theresa Moran
 Signature of Notary

Seal



Seal



*Insert EXACT legal name of the applicant

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

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

Criterion 1110.230 - Project Purpose, Background and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

PURPOSE OF PROJECT

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

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

NOTE: The description of the "Purpose of the Project" should not exceed one page in length. Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options 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
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.
 - 3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

A. Criterion 1110.240(b), Impact Statement

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

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

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

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

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

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

APPEND DOCUMENTATION AS ATTACHMENT-18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section IX. Financial Feasibility

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

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuring the applicant's debt obligations in case of default) have a bond rating of "A" or better?

Yes No

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

1. Balance sheet
2. Income statement
3. Change in fund balance
4. Change in financial position

A. Criterion 1120.210(a), Financial Viability

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Estimated)
Enter Historical and/or Projected Years:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2012</u>
Current Ratio	1.8	1.8	2.2	2.2
Net Margin Percentage	7.3%	6.6%	6.9%	7.2%
Percent Debt to Total Capitalization	38.0%	41.8%	37.5%	34.6%
Projected Debt Service Coverage	3.1	2.8	3.0	4.9
Days Cash on Hand	35	30	36	71
Cushion Ratio	1.7	1.4	2.0	6.4

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. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

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DAVITA INC. (a)

**AUDITED HISTORIC VIABILITY RATIOS
(DOLLARS IN 000'S)**

<u>RATIOS</u>	<u>CY 2007</u>	<u>CY 2008</u>	<u>CY 2009</u>
<u>Current Ratio</u>			
<u>Current Assets</u>	<u>1,976,250</u>	<u>2,128,304</u>	<u>2,302,521</u>
<u>Current Liabilities</u>	<u>1,086,496</u>	<u>1,163,063</u>	<u>1,046,941</u>
<u>Equals</u>	<u>1.8</u>	<u>1.8</u>	<u>2.2</u>
<u>Net Margin Percentage</u>			
<u>Net Income</u>	<u>381,778</u>	<u>374,160</u>	<u>422,684</u>
<u>Net Operating Revenue</u>	<u>5,264,151</u>	<u>5,660,173</u>	<u>6,108,800</u>
<u>Time 100 Equals</u>	<u>7.3%</u>	<u>6.6%</u>	<u>6.9%</u>
<u>Debt Service Coverage</u> (See calculations, next page)			
<u>Net Income+Dep+Int+Amort</u> <u>Principal + Interest</u>	<u>817,968</u> <u>266,151</u>	<u>806,021</u> <u>287,669</u>	<u>827,770</u> <u>276,107</u>
<u>Equals</u>	<u>3.1</u>	<u>2.8</u>	<u>3.0</u>
<u>Debt Capitalization Ratio</u> (See calculations, next page)			
<u>Long Term Debt (b)</u>	<u>3,707,318</u>	<u>3,695,146</u>	<u>3,632,224</u>
<u>Long Term Debt +</u> <u>Equity (c)</u>	<u>9,744,094</u>	<u>8,838,034</u>	<u>9,686,127</u>
<u>Equals</u>	<u>38.0%</u>	<u>41.8%</u>	<u>37.5%</u>
<u>Days Cash on Hand</u>			
<u>Cash</u>	<u>447,046</u>	<u>410,881</u>	<u>539,459</u>
<u>Operating Expense-Depreciation (d)</u>	<u>4,688,903</u>	<u>5,069,096</u>	<u>5,457,130</u>
<u>Divided by 365 days/year</u>	<u>12,846</u>	<u>13,888</u>	<u>14,951</u>
<u>Equals</u>	<u>35 days</u>	<u>30 days</u>	<u>36 days</u>
<u>Cushion Ratio</u>			
<u>Cash</u>	<u>447,046</u>	<u>410,881</u>	<u>539,459</u>
<u>Maximum Annual Debt Service</u>	<u>266,151</u>	<u>287,669</u>	<u>276,107</u>
<u>Equals</u>	<u>1.7</u>	<u>1.4</u>	<u>2.0</u>

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DAVITA INC. (a)

**AUDITED HISTORIC VIABILITY RATIOS
COMPUTATIONS: DOLLARS IN 000'S**

	<u>CY2007</u>	<u>CY2008</u>	<u>CY2009</u>
<u>DEBT COVERAGE RATIO</u>			
Net Income	381,778	374,160	422,684
Depreciation / Amortization	193,470	216,917	228,986
Interest	<u>242,720</u>	<u>214,944</u>	<u>176,100</u>
Total	817,968	806,021	827,770
Divided By:			
Principal	23,431	72,725	100,007
Interest	<u>242,720</u>	<u>214,944</u>	<u>176,100</u>
Total	266,151	287,669	276,107
Equals	<u>3.1</u>	<u>2.8</u>	<u>3.0</u>
<u>DEBT CAPITALIZATION RATIO</u>			
Long Term Debt (b)	3,707,318	3,695,146	3,632,224
Divided By:			
Long Term Debt	3,707,318	3,695,146	3,632,224
Equity (c)	<u>6,036,776</u>	<u>5,142,888</u>	<u>6,053,903</u>
Total	9,744,094	8,838,034	9,686,127
Equals	<u>38.0%</u>	<u>41.8%</u>	<u>37.5%</u>
<u>DAYS CASH ON HAND</u>			
Cash	447,046	410,881	539,459
Divided By:			
Net Revenue	5,264,151	5,660,173	6,108,800
<u>Minus Net Income</u>	<u>- 381,778</u>	<u>-374,160</u>	<u>- 422,684</u>
Total Operating Expenses	4,882,373	5,286,013	5,686,116
<u>Minus Depreciation</u>	<u>-193,470</u>	<u>-216,917</u>	<u>-228,986</u>
Subtrahend	4,688,903	5,069,096	5,457,130
÷ 365 = Expenses/Day	12,846	13,888	14,951
Equals	<u>34.80 days</u>	<u>29.59 days</u>	<u>36.08 days</u>
<u>CUSHION RATIO</u>			
Cash & LOC	447,046	410,881	539,459
Divided By:			
Principal	23,431	72,725	100,007
<u>Interest</u>	<u>242,720</u>	<u>214,944</u>	<u>176,100</u>
Total	266,151	287,669	276,107
Equals	<u>1.7</u>	<u>1.4</u>	<u>2.0</u>

NOTES:

- (a) Total Renal Care Inc. (TRC), Renal Treatment Centers, and Renal Life Link Inc. (RRL) are wholly-owned subsidiaries of DaVita Inc.
- (b) Long term debt includes the current portion on the long term debt.
- (c) Equity is defined by market equity and is the number of shares outstanding at the closing price on the last trading day of the calendar year.
- (d) Operating expenses exclude equity investment losses/gains.

SOURCES: DaVita Inc., Audited Financial Statements, Annual Reports, Form 10-K, for the years ended December 31, 2006-2009.

For Illinois CON Reporting
12/31/2009

DeVita Inc.	2004	2005	2006	2007	2008	2009	2010E	2011E	2012E	Illinois Standard
Current Ratio	3.7	3.7	1.54	1.82	1.83	2.20	2.20	2.20	2.20	3.15
Net Margin Percentage	10.21%	7.69%	5.94%	7.25%	6.61%	6.92%	7.17%	7.17%	7.17%	8.6%
Percent Debt to Total Capitalization	26.08%	44.62%	38.67%	38.05%	41.81%	37.50%	35.06%	34.64%	34.64%	40%
Projected Debt Service Coverage	3.43	2.33	2.56	3.07	2.80	3.00	3.31	3.61	4.94	3.75
Days Cash on Hand	49.13	59.96	25.63	34.80	29.59	36.08	46.11	58.58	71.05	45
Cushion Ratio	2.43	2.09	1.09	1.68	1.43	1.95	2.78	3.85	6.40	5.00

SUPPORTING CALCULATIONS:

Current Ratio:										
Current Assets	272,710	257,000	209,433	1,976,250	2,128,204	2,392,521	2,302,521	2,302,521	2,302,521	
Current Liabilities	44,910	216,713	112,172	1,086,496	1,163,063	1,046,941	1,046,941	1,046,941	1,046,941	
Current Ratio	1.97	1.67	1.54	1.82	1.83	2.20	2.20	2.20	2.20	
Net Margin Percentage:										
Net Income	220,259	197,149	129,891	361,778	374,160	422,684	470,227	470,227	470,227	
Net Revenues	2,177,340	2,577,340	2,203,862	5,264,151	5,660,173	6,108,800	6,554,805	6,554,805	6,554,805	
Net Margin Percentage	10.21%	7.69%	5.94%	7.25%	6.61%	6.92%	7.17%	7.17%	7.17%	
Percent Debt to Total Capitalization:										
Total Long Term Debt	1,176,411	4,157,212	1,751,151	3,707,318	3,695,146	3,632,224	3,544,724	3,479,099	3,479,099	
Equity*	2,890,669	2,165,106	3,050,339	1,777,771	2,462,910	3,739,100	3,044,140	3,464,341	3,664,642	
Percent Debt to Total Capitalization	26.08%	44.62%	38.67%	38.05%	41.81%	37.50%	35.06%	34.64%	34.64%	
Projected Debt Service Coverage:										
Net Income	220,259	225,648	208,691	361,778	374,160	422,684	470,227	470,227	470,227	
Depreciation/Amortization	171,412	171,412	171,412	193,470	216,917	228,986	230,740	230,740	230,740	
Interest Expense	59,104	1,442	230,888	242,720	214,944	176,100	178,107	178,107	178,107	
Available Funds	355,490	479,908	725,953	817,968	806,021	827,770	879,075	879,075	879,075	
Interest Expense and principal payments	10,160%	208,492	201,958	201,194	2,211,799	178,107	31,807	14,150	179,107	
Projected Debt Service Coverage	3.43	2.33	2.56	3.07	2.80	3.00	3.31	3.61	4.94	
Days Cash on Hand:										
Cash and Investments	359,171	441,111	1,011,111	447,046	410,881	539,459	739,459	939,459	1,139,459	
Net Revenue	2,177,370	2,477,913	1,920,062	5,264,151	5,660,173	6,108,800	6,554,805	6,554,805	6,554,805	
Net Income	220,259	225,648	208,691	361,778	374,160	422,684	470,227	470,227	470,227	
Operating Expense	1,955,076	2,745,275	4,590,971	4,882,373	5,286,013	5,686,116	6,084,578	6,084,578	6,084,578	
Less Dep/Amort	32,912	18,810	171,295	193,470	216,917	228,986	230,740	230,740	230,740	
Operating Expense Net of Dep/Amort	1,872,164	2,628,439	4,417,676	4,688,903	5,069,096	5,457,130	5,853,837	5,853,837	5,853,837	
Days Cash on Hand	49.13	59.96	25.63	34.80	29.59	36.08	46.11	58.58	71.05	
Cushion Ratio:										
Total Cash	359,171	441,111	1,011,111	447,046	410,881	539,459	739,459	939,459	1,139,459	
Interest Expense and Principal payments	10,160%	208,492	201,958	201,194	2,211,799	178,107	31,807	14,150	179,107	
Cushion Ratio	2.43	2.09	1.09	1.68	1.43	1.95	2.78	3.85	6.40	

*Equity as defined by market equity. Market equity = shares outstanding * closing price at last trading day of calendar year.

For forecasting: Assume constant market capitalization, based on the closing share price as of 3/3/10.

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REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)
(continued)

B. Criterion 1120.210(b), Availability of Funds

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

\$14,061,933 Cash & Securities

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

_____ Pledges

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

_____ Gifts and Bequests

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

FMV **\$1,209,012**

Debt Financing (indicate type(s) **Space Lease in Attachment 75(3) and FMV of the Shell Space in Attachment 7B.**

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

_____ Governmental Appropriations

Provide 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, provide a resolution or other action of the governmental unit attesting to such future funding.

_____ Grants

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

_____ Other Funds and Sources

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

\$15,270,945 TOTAL FUNDS AVAILABLE

C. Criterion 1120.210(c), Operating Start-up Costs

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes No . If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

SECTION X. Economic Feasibility

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

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

A. Criterion 1120.310(a), Reasonableness of Financing Arrangements

Is the project classified as a Category B project? Yes No . If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes No . If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing? Yes No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. 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. Criterion 1120.310(b), Conditions of Debt Financing

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

B. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following: **NOT APPLICABLE**

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

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

* Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)
(continued)

- a. that the lowest net cost available has been selected; or
 - b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs

Is the project classified as a category B project? Yes No . If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT -76, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SAFETY NET IMPACT STATEMENT that describes all of the following:

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

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

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

APPEND DOCUMENTATION AS ATTACHMENT-77, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

INDEX OF ATTACHMENTS

UNIVERSITY OF CHICAGO – STONY ISLAND CHANGE OF OWNERSHIP CON APPLICATION

ATTACHMENT
NO.

PAGES

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Attachment Financials - See CON applications ##10-009/10-010. 129

* The symbol " " indicates that a section is not applicable.

** Attachment 7 also includes documentation of the FMV of the space (7B); a copy of the letter of intent to purchase assets (7C); and documentation of the status of previously approved CONs/COEs (7D.)

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To all to whom these Presents Shall Come, Greeting:

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

TOTAL RENAL CARE, INC., INCORPORATED IN CALIFORNIA AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 10, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1004202498

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 11TH day of FEBRUARY A.D. 2010 .

Jesse White

SECRETARY OF STATE

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Delaware

PAGE 1

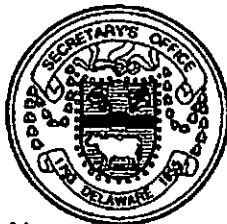
The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DAVITA INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF FEBRUARY, A.D. 2010.

2391269 8300

100141076

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




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 7811432

DATE: 02-15-10

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ATTACHMENT 1
Page 2 of 2

SITE OWNERSHIP

Exact Legal Name of Site Owner:	American National Bank & Trust Co. of Chicago
	Trustee for Trust #108205-04
Address of Site Owner:	120 S. LaSalle, St., Lower Level
	Chicago, IL 60603
Street Address or Legal Description of Site:	8721 S. Stony Island, Chicago, IL 60617

DaVita Inc. (Parent)
and
Total Renal Care Inc. (Operating Entity)

ORGANIZATIONAL STRUCTURE

DaVita Inc. owns 100% of the following entities:

Renal Life Link Inc.;
Physician Dialysis Inc.;
DVA Renal Healthcare Inc. (formerly Gambro);
Renal Treatment Centers Inc.;
Total Renal Care Inc.;
The DaVita Collection Inc.; and
DaVita Village Health Inc.

Please see Attachment 3A for major subsidiaries of these entities.
Please see Attachment 3B for organizational chart for Illinois facilities.

Table with 2 columns: Company Name and Ownership Percentage. Includes entries like 'San City, Inc.', 'American Fork Dialysis Center, LLC', 'Fresno County Dialysis Center, LLC', etc.

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...lysis Center, LLC (Total Renal Care Texas Limited Partnership - 100%)	...lysis Center, LLC (Total Renal Care Texas Limited Partnership - 100%)
...West Texas Dialysis, LLC (Total Renal Care Texas Limited Partnership - 100%)	...West Texas Dialysis, LLC (Total Renal Care Texas Limited Partnership - 100%)
...Houston Acute Dialysis, L.P. (Total Renal Care, Inc. - 1% Total Renal Care Texas Limited Partnership - 99%)	...Houston Acute Dialysis, L.P. (Total Renal Care, Inc. - 1% Total Renal Care Texas Limited Partnership - 99%)
...Memorial Dialysis Center, L.P. (Total Renal Care Texas Limited Partnership - 75% Memorial Dialysis Partners, L.P. - 20% Total Renal Care, Inc. - 1%)	...Memorial Dialysis Center, L.P. (Total Renal Care Texas Limited Partnership - 75% Memorial Dialysis Partners, L.P. - 20% Total Renal Care, Inc. - 1%)
...Acura, Hobby, Voss Ht, Renal Care Limited Partnership (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)	...Acura, Hobby, Voss Ht, Renal Care Limited Partnership (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)
...Bear Creek Dialysis Center, L.P. (Total Renal Care, Inc. - 68% Bear Creek Nephrology Group - 30%)	...Bear Creek Dialysis Center, L.P. (Total Renal Care, Inc. - 68% Bear Creek Nephrology Group - 30%)
...Dahlia El Paso East, L.P. (Estate's Dialysis Consultants, LLC - 40% TRC West, Inc. - 59% Total Renal Care, Inc. - 1%)	...Dahlia El Paso East, L.P. (Estate's Dialysis Consultants, LLC - 40% TRC West, Inc. - 59% Total Renal Care, Inc. - 1%)
...Dallas-Fort Worth Nephrology, L.P. (TRC West, Inc. - 83.7% Total Renal Care, Inc. - 1% HSA Partners, LLC - 15.3%)	...Dallas-Fort Worth Nephrology, L.P. (TRC West, Inc. - 83.7% Total Renal Care, Inc. - 1% HSA Partners, LLC - 15.3%)
...Downtown Houston Dialysis Center, L.P. (TRC West, Inc. - 59% LRA, LLC - 25% Joey Sculping, M.D. - 5% Stephen Fadem, M.D. - 5% Wasea Tabibi, M.D. - 5% Total Renal Care, Inc. - 1%)	...Downtown Houston Dialysis Center, L.P. (TRC West, Inc. - 59% LRA, LLC - 25% Joey Sculping, M.D. - 5% Stephen Fadem, M.D. - 5% Wasea Tabibi, M.D. - 5% Total Renal Care, Inc. - 1%)
...Egoa Dialysis, L.P. (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)	...Egoa Dialysis, L.P. (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)
...Houston Kidney Center (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)	...Houston Kidney Center (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)
...Houston Kidney Center Total Renal Care Limited Partnership (TRC West, Inc. - 55.56% Total Renal Care, Inc. - 1% Jost Hemdler Group, P.A. - 43.64%)	...Houston Kidney Center Total Renal Care Limited Partnership (TRC West, Inc. - 55.56% Total Renal Care, Inc. - 1% Jost Hemdler Group, P.A. - 43.64%)
...SMDUC-Dahlia Dialysis Partners, L.P. (SMDUC JV, L.L.C. - 49% TRC West, Inc. - 50% Total Renal Care, Inc. - 1%)	...SMDUC-Dahlia Dialysis Partners, L.P. (SMDUC JV, L.L.C. - 49% TRC West, Inc. - 50% Total Renal Care, Inc. - 1%)
...South Shore Dialysis Center, L.P. (Total Renal Care, Inc. - 1% Space City Associates of Nephrology - 40% TRC West, Inc. - 59%)	...South Shore Dialysis Center, L.P. (Total Renal Care, Inc. - 1% Space City Associates of Nephrology - 40% TRC West, Inc. - 59%)
...Sunbelt Dialysis Center, L.P. (Hegdorn 1997 Limited Partnership - 10.5% Tom Van Hb, M.D. - 4% Juan J. Otero, M.D. - 10.5% Total Renal Care, Inc. - 1%)	...Sunbelt Dialysis Center, L.P. (Hegdorn 1997 Limited Partnership - 10.5% Tom Van Hb, M.D. - 4% Juan J. Otero, M.D. - 10.5% Total Renal Care, Inc. - 1%)
...TRC El Paso United Partnership (TRC West, Inc. - 49.1% Diabolo Alvarez, M.D. - 49.9% Total Renal Care, Inc. - 1%)	...TRC El Paso United Partnership (TRC West, Inc. - 49.1% Diabolo Alvarez, M.D. - 49.9% Total Renal Care, Inc. - 1%)
...The Woodlands Dialysis Center, L.P. (Total Renal Care, Inc. - 1% Richard Foley - 22.5% Barry Heilind - 22.5% TRC West, Inc. - 54%)	...The Woodlands Dialysis Center, L.P. (Total Renal Care, Inc. - 1% Richard Foley - 22.5% Barry Heilind - 22.5% TRC West, Inc. - 54%)
...Transmountain Dialysis, L.P. (TRC West, Inc. - 59% Southwest Dialysis Consultants, LLC - 40% Total Renal Care, Inc. - 1%)	...Transmountain Dialysis, L.P. (TRC West, Inc. - 59% Southwest Dialysis Consultants, LLC - 40% Total Renal Care, Inc. - 1%)
...Upper Valley Dialysis Center, L.P. (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)	...Upper Valley Dialysis Center, L.P. (Total Renal Care, Inc. - 1% TRC West, Inc. - 99%)
...Whispering Dialysis Center, L.P. (Redman R. Roy, M.D. - 1% Washington Severeid, M.D. - 3% Krishna Rainon, M.D. - 4% Robert Protosch, M.D. - 10% Total Renal Care, Inc. - 1%)	...Whispering Dialysis Center, L.P. (Redman R. Roy, M.D. - 1% Washington Severeid, M.D. - 3% Krishna Rainon, M.D. - 4% Robert Protosch, M.D. - 10% Total Renal Care, Inc. - 1%)
...Total Renal Care of North Carolina, LLC (RTI Realty Co. - 15% Total Renal Care, Inc. - 85%)	...Total Renal Care of North Carolina, LLC (RTI Investments, LLC - 15% Total Renal Care of North Carolina, LLC - 85%)
...Brighter Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Brighter Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Quincy Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Quincy Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Dexter Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Dexter Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Sourthern Indiana Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Sourthern Indiana Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Hendricks At Home, LLC (Total Renal Care, Inc. - 51% Capital Dialysis, LLC - 49%)	...Hendricks At Home, LLC (Total Renal Care, Inc. - 51% Capital Dialysis, LLC - 49%)
...Southeastern Indiana Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Southeastern Indiana Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Wesley Chapel Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Wesley Chapel Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Lincoln Park Dialysis Services, Inc. (Total Renal Care, Inc. - 100%)	...Lincoln Park Dialysis Services, Inc. (Total Renal Care, Inc. - 100%)
...Flamingo Park Kidney Center, Inc. (Total Renal Care, Inc. - 100%)	...Flamingo Park Kidney Center, Inc. (Total Renal Care, Inc. - 100%)
...Greater Los Angeles Dialysis Centers, LLC (Total Renal Care, Inc. - 52.55% Mendez Transplant Associates - 25.50% Rafael G. Mendez, M.D. - 7.9% National Renal Transplant Services, Inc. - 6.02% Robert Mendez, M.D. - 7.9%)	...Greater Los Angeles Dialysis Centers, LLC (Total Renal Care, Inc. - 52.55% Mendez Transplant Associates - 25.50% Rafael G. Mendez, M.D. - 7.9% National Renal Transplant Services, Inc. - 6.02% Robert Mendez, M.D. - 7.9%)
...Iowa Health-Des Moines Dialysis Partnership, LLC (Total Renal Care, Inc. - 100%)	...Iowa Health-Des Moines Dialysis Partnership, LLC (Total Renal Care, Inc. - 100%)
...Kidney Care Services, LLC (Total Renal Care, Inc. - 100%)	...Kidney Care Services, LLC (Total Renal Care, Inc. - 100%)
...Midwest Dialysis Partners, Inc. (Total Renal Care, Inc. - 100%)	...Midwest Dialysis Partners, Inc. (Total Renal Care, Inc. - 100%)
...Hess Dialysis Center, LLC (Total Renal Care, Inc. - 60% Arkansas Nephrology - 40%)	...Hess Dialysis Center, LLC (Total Renal Care, Inc. - 60% Arkansas Nephrology - 40%)
...National Dialysis, LLC (Capital Dialysis, LLC - 49% Total Renal Care, Inc. - 51%)	...National Dialysis, LLC (Capital Dialysis, LLC - 49% Total Renal Care, Inc. - 51%)
...Neurology Medical Associates of Georgia, LLC (Total Renal Care, Inc. - 100%)	...Neurology Medical Associates of Georgia, LLC (Total Renal Care, Inc. - 100%)
...Open Access Nephrology, Inc. (Total Renal Care, Inc. - 100%)	...Open Access Nephrology, Inc. (Total Renal Care, Inc. - 100%)
...Seneca Dialysis Center, LLC (Total Renal Care, Inc. - 100%)	...Seneca Dialysis Center, LLC (Total Renal Care, Inc. - 100%)
...Southeast Florida Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Southeast Florida Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Spokane Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Spokane Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Total Renal Laboratories, Inc. (Total Renal Care, Inc. - 100%)	...Total Renal Laboratories, Inc. (Total Renal Care, Inc. - 100%)
...Total Renal Research, Inc. (Total Renal Care, Inc. - 100%)	...Total Renal Research, Inc. (Total Renal Care, Inc. - 100%)
...USC-Dahlia Dialysis Center, LLC (USC Internal Medicine, Inc. - 40% Total Renal Care, Inc. - 60%)	...USC-Dahlia Dialysis Center, LLC (USC Internal Medicine, Inc. - 40% Total Renal Care, Inc. - 60%)
...VillageHealth DM, LLC (Total Renal Care, Inc. - 100%)	...VillageHealth DM, LLC (Total Renal Care, Inc. - 100%)
...Green Dialysis Center Partnership (Victor L. Poppea, M.D., Inc. - 40% Total Renal Care, Inc. - 60%)	...Green Dialysis Center Partnership (Victor L. Poppea, M.D., Inc. - 40% Total Renal Care, Inc. - 60%)
...Guam Renal Care Partnership (Dialysis Associates - 31.84% Total Renal Care, Inc. - 68.16%)	...Guam Renal Care Partnership (Dialysis Associates - 31.84% Total Renal Care, Inc. - 68.16%)
...Pacific Coast Dialysis Center (Renal Treatment Centers - California, Inc. - 7% Total Renal Care, Inc. - 93%)	...Pacific Coast Dialysis Center (Renal Treatment Centers - California, Inc. - 7% Total Renal Care, Inc. - 93%)
...Pacific Dialysis Partnership (Total Renal Care, Inc. - 99.9% DALVA, Inc. - 1%)	...Pacific Dialysis Partnership (Total Renal Care, Inc. - 99.9% DALVA, Inc. - 1%)
...San Gabriel Valley Partnership (Apost Sunder Raj, M.D. - 12.5% Total Renal Care, Inc. - 75% Arimal Kumar, M.D. - 12.5%)	...San Gabriel Valley Partnership (Apost Sunder Raj, M.D. - 12.5% Total Renal Care, Inc. - 75% Arimal Kumar, M.D. - 12.5%)
...Total Renal Completion Dialysis Center Partnership (Total Renal Care, Inc. - 99.9% DALVA, Inc. - 1%)	...Total Renal Completion Dialysis Center Partnership (Total Renal Care, Inc. - 99.9% DALVA, Inc. - 1%)
...Ludon Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Ludon Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Sunset Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Sunset Dialysis, LLC (Total Renal Care, Inc. - 100%)
...TRC - Four Corners Dialysis Clinics, L.L.C. (Total Renal Care, Inc. - 51% Mark Bowen, M.D. - 49%)	...TRC - Four Corners Dialysis Clinics, L.L.C. (Total Renal Care, Inc. - 51% Mark Bowen, M.D. - 49%)
...TRC-Georgetown Regional Dialysis, LLC (Total Renal Care, Inc. - 80% Georgetown University - 20%)	...TRC-Georgetown Regional Dialysis, LLC (Total Renal Care, Inc. - 80% Georgetown University - 20%)
...Tennessee Valley Dialysis Center, LLC (Total Renal Care, Inc. - 80% San Vermillion, M.D. - 20% Martin Tran, D.O. - 20%)	...Tennessee Valley Dialysis Center, LLC (Total Renal Care, Inc. - 80% San Vermillion, M.D. - 20% Martin Tran, D.O. - 20%)
...Total Acute Kidney Care, Inc. (Total Renal Care, Inc. - 100%)	...Total Acute Kidney Care, Inc. (Total Renal Care, Inc. - 100%)
...Total Renal Care of Colorado, Inc. (Total Renal Care, Inc. - 100%)	...Total Renal Care of Colorado, Inc. (Total Renal Care, Inc. - 100%)
...Total Renal Care of Utah, L.L.C. (Total Renal Care, Inc. - 100%)	...Total Renal Care of Utah, L.L.C. (Total Renal Care, Inc. - 100%)
...Total Renal Care/Eaton Center Dialysis Partnership (Total Renal Care, Inc. - 87.5% Renal Treatment Centers - California, Inc. - 12.5%)	...Total Renal Care/Eaton Center Dialysis Partnership (Total Renal Care, Inc. - 87.5% Renal Treatment Centers - California, Inc. - 12.5%)
...Total Renal Completion Dialysis Center Partnership (Total Renal Care, Inc. - 99.9% DALVA, Inc. - 1%)	...Total Renal Completion Dialysis Center Partnership (Total Renal Care, Inc. - 99.9% DALVA, Inc. - 1%)
...Academy Gardens Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Academy Gardens Dialysis, LLC (Total Renal Care, Inc. - 100%)
...SE Ohio Regional Dialysis, LLC (Total Renal Care, Inc. - 100%)	...SE Ohio Regional Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Delaware of New York, Inc. (Total Renal Care, Inc. - 100%)	...Delaware of New York, Inc. (Total Renal Care, Inc. - 100%)
...Agency Dialysis, LLC (Total Renal Care, Inc. - 100%)	...Agency Dialysis, LLC (Total Renal Care, Inc. - 100%)
...Robinson Dialysis, LLC	...Robinson Dialysis, LLC
...Total Renal Support Services, Inc.	...Total Renal Support Services, Inc.

DeVita Inc.-Illinois Organization Chart

VillageHealth DM, LLC.	Total Renal Care, Inc. Archway Acutes	RMS Lifetime Inc. Lifetime - Alsip - IL	DVA Renal Healthcare, Inc. Alton Dialysis	Renal Treatment Centers- Illinois, Inc. Churchview Dialysis	Renal Life Link, Inc. Benton Dialysis	Lincoln Park Dialysis Services, Inc. Great Lakes Acute	Dialysis of Northern Illinois, LLC Rock River Acutes	Chicago Heights Dialysis, LLC Chicago Heights Dialysis	Total Nephrology Care Network Medical Associates, PC
DeVita VillageHealth Division Office RMS Disease Management	DNP Regional Office East DNVD-Peoria HHDPD IL DNVO-Vandalia Dialysis - IL Emerald Dialysis (aka Hyde Park Kidney Center) Emerald Dialysis PD (aka Hyde Park PD) Headland (NC) Region 01 - Chicago Fire (aka Great Lakes & Skyline Region) Barrington Creek Dialysis Big Oaks Dialysis Lake County Dialysis Lake County PD Logan Square Dialysis Services Moniclaro Dialysis Center (aka Belmont Ave) Olympia Fields At Home Olympia Fields Dialysis Olympia Fields PD Patos Park Dialysis West Lawn Dialysis Star Catchers Region 08 - Rock River TRC Children's Dialysis Center aka Children's Chicago/Children's Memorial Hospital Wayne County Dialysis (aka Fairfield)	Lifetime - MP Budget Center Lifetime - Rockford - IL Lifetime - Rolling Meadows (A) - IL Lifetime - Rolling Meadows (B) - IL Lifetime - Woodridge - IL (aka DuPage A) Lifetime Divisional Office	Central Illinois Acutes Decatur East Wood at Home Decatur East Wood Dialysis Effingham At Home Effingham Dialysis Tilini At Home Illini Renal Dialysis Jacksonville Dialysis Lincoln Dialysis Litchfield Dialysis Macon County Dialysis Mattoon Dialysis Rushville Dialysis Springfield Central At Home Springfield Central Dialysis Springfield Montvale Dialysis Star Catchers Region 02 Office Star Catchers Region 04 Office Taylorville Dialysis	Dixon Kidney Center DNVO-Lake Villa PD - IL Freeport Dialysis Granite City At Home Granite City Dialysis Center Kankakee County Dialysis Kankakee County Dialysis PD Lake Villa at Home Lako Villa Dialysis Little Village at Home (Chicago) Little Village Dialysis (Chicago) Little Village PD Maryville At Home Maryville Dialysis Maryville Dialysis PD Mt. Greenwood PD Mt. Greenwood At Home Mt. Greenwood Dialysis Rockford Dialysis Sauget Dialysis (aka East St. Louis Dialysis Center) Whiteside Dialysis	Beverly Dialysis Centralia Dialysis Marion At Home Marion Dialysis Metro East At Home Metro East Dialysis Mount Vernon At Home Mount Vernon Dialysis Olney Dialysis Center (aka Good Samaritan Hospital) Southern Illinois Acute Stony Creek Dialysis	Kennedy Home Dialysis At Home Lincoln Park Dialysis (aka Lincoln Park Nephrology) Skyline Home Dialysis (aka Lincoln Park PD)	Roxbury At Home Roxbury Dialysis Sycamore at Home Sycamore Dialysis (aka Dokaib)	Chicago Heights Dialysis, LLC Chicago Heights Dialysis	Total Nephrology Care Network Medical Associates, PC

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DaVita Inc.-Illinois Organization Chart

Kidney Care Services, LLC	Joliet Dialysis, LLC	DVA Healthcare Renal Care, Inc.	DaVita Rx, LLC	DaVita Nephrology Medical Associates of Illinois, P.C.	Quincy Dialysis, LLC	Lifeline Vascular Access Network, LLC	Lockport Dialysis, LLC	Robinson Dialysis, LLC
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NARRATIVE DESCRIPTION

Total Renal Care Inc. (TRC), a wholly-owned subsidiary of DaVita Inc., proposes to acquire substantially all of the assets of the University of Chicago Medical Center's (UCMC) 23-station outpatient hemodialysis facility known as University of Chicago – Stony Island, which is located at 8721 S. Stony Island in Chicago, Illinois (60617) in Planning Area 6.

The proposed Purchase Agreement between TRC and UCMC includes the sale and purchase of all of UCMC's chronic dialysis assets. Please refer to Attachment 7C for the Letter of Intent (LOI) to acquire the following three outpatient hemodialysis facilities as well as the Home Dialysis Program:

University of Chicago – Woodlawn, 1164 E. 55th Street in Chicago (60615)
University of Chicago – Lake Park, 1531 Hyde Park Blvd. in Chicago (60615)
University of Chicago – Stony Island, 8721 S. Stony Island in Chicago (60617)
University of Chicago – Home Programs

The total proposed purchase price for the transaction is \$27.8 million. The price of the various entities is as follows based on a discounted cash flow analysis:

University of Chicago – Woodlawn	\$2,219,856
University of Chicago – Lake Park	\$2,677,026
University of Chicago – Stony Island	\$13,959,013
University of Chicago – Home Programs	<u>\$8,944,105</u>
Total	\$27,800,000

Total Renal Care Inc. (TRC) will assume the lease of 9,336 rentable gross square feet (gsf) for the 23-station hemodialysis facility (see Attachment 75(3) for the lease agreement.)
The acquisition does not involve modernization at this time.

Upon acquisition the facility will be known as Total Renal Care Inc. d/b/a Stony Island Dialysis.

The change in ownership is expected to take place within one month of permit issuance. Certification is expected within two (2) months of acquisition but no later than December 31, 2010. The project completion date is June 30, 2011.

The estimated total project cost is \$15,270,945, including the fair market value (FMV) of leased space which is \$1,209,012 based on \$129.50 per gross square foot (gsf) for 9,336 gsf (see Attachment 7B for the FMV of the space to be leased.)

Project costs will be funded entirely from cash and securities by DaVita Inc. DaVita Inc. will also fund the all working capital estimated to be four months' operating expenses and the initial operating deficit.

The project is Non-Substantive per Section 1110.40(b) as the project is solely for a "Change of Ownership." The project is considered a Class B project due to its project cost.

OTHER PROJECT COSTS
University of Chicago – Stony Island

<u>Area</u>	<u>Amount</u>	<u>Basis for Estimate</u>
PREPLANNING		
CON Fee	\$33,600	Regulation
CONSULTING & OTHER FEES		
CON Consulting	\$19,320	Agreement
Legal	<u>\$50,000</u>	DaVita Estimate
	\$69,320	
FAIR MARKET VALUE OF LEASED SPACE		
	FMV \$1,209,012	Buyer's Opinion of Value (BOV) See Attachment 7B
ACQUISITION OF ASSETS	\$13,959,013 *	Letter of Intent to Purchase See Attachment 7C
TOTAL PROJECT COST	<u>\$15,270,945</u>	

* The proposed Purchase Agreement between TRC and UCMC includes the sale and purchase of all of UCMC's chronic dialysis assets, and includes the following three outpatient hemodialysis facilities as well as its Home Dialysis Program:

- University of Chicago – Woodlawn, 1164 E. 55th Street in Chicago (60615)
- University of Chicago – Lake Park, 1531 Hyde Park Blvd. in Chicago (60615)
- University of Chicago – Stony Island, 8721 S. Stony Island in Chicago (60617)
- University of Chicago – Home Programs

The total proposed purchase price for the transaction is \$27.8 million. The price of the various entities is as follows based on a discounted cash flow analysis:

University of Chicago – Woodlawn	\$2,219,856
University of Chicago – Lake Park	\$2,677,026
University of Chicago – Stony Island	\$13,959,013
University of Chicago – Home Programs	<u>\$8,944,105</u>
Total	\$27,800,000

ATTACHMENT 7A

USI Real Estate Brokerage Services, Inc.
Broker Opinion of Value
March 8, 2010

GOAL: Determine fair market sale price for similar type properties in the Chicago market

SUBJECT
PROPERTY: 8721 S. Stony Island Chicago, IL 60617
1531 Hyde Park Blvd. Chicago, IL 60617
1164 E. 55th Street Chicago, IL 60615

CURRENT COMPS: See following page

MARKET
RANGE: We found several medical buildings in the Chicago market that have recently sold and the buildings are trading between \$115.00 - \$144.00 per square foot. We are not seeing appreciation currently but do see some declining prices for medical buildings. True prices depend on building conditions and leasing rates which were not available for this report. The selling prices go down as the size goes up. The closer we got to University of Chicago Hospital the tighter the supply. There are some medical buildings for sale in the 60617 area but nothing that we found that closed except for new construction. We compared buildings which were all medical only.

CONCLUSION: Based on a comparison of the characteristics (as described above) of the Subject Property to the Comparable Properties, the **Fair Market Sales Range** for 8721 S. Stony Island Chicago, IL 60617, 1531 Hyde Park Blvd. Chicago, IL 60617 and 1164 E. 55th Street Chicago, IL 60615 is between \$115.00 and \$144.00 PSF.

PREPARED BY: McLennan Commercial John Steffens

Subject Property



8721 S. Stony Island Chicago, IL 60617

Building Class / Type: C
Total Building Size: 22,586 SF
Year Built: 1973

DaVita Space: 9,336 SF

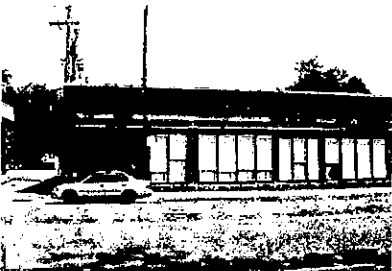
Subject Property



1531 Hyde Park Blvd. Chicago, IL 60617

Building Class / Type: B
Total Building Size: 66,000 SF
Year Built: 1969

DaVita Space: 8,085 SF



1164 E. 55th Street Chicago, IL 60615

Building Class / Type: C
Total Building Size: 11,000 est.
Year Built: 1973 est.

DaVita Space: 8,110 SF

Comparables Properties



1531 Hyde Park Blvd. Chicago, IL 60617

Building Class / Type: B
Total Building Size: 144,000 SF
Year Built: 1973

Sold 09/26/2005 for \$5,250,000 or \$136.21 PSF



3410 W. Van Buren St. Bethany Professional Building

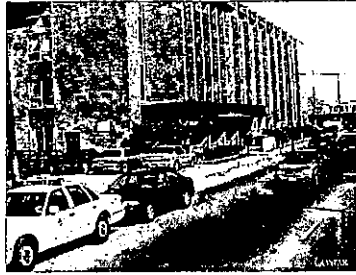
Building type: B single story medical

Building Size: 23,500

Year Built: 2002

Sold 12/22/2009 for \$3,400,000 \$144.68 PSF

2450 N. Central Ave Chicago, IL 60608



Building Class/Type: B Healthcare

Total Building Size: 65,008 SF

Year Built: 1970 est.

Sold on 09/24/2009 for 7,491,500 \$115.24 PSF

Market Summary

The fair market selling price for buildings is \$115 - \$144.00 PSF.

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ATTACHMENT 7B

Page 3 of 3



March 9, 2010

Ms. Carolyn S. Wilson
Chief Operating Officer & Associate Dean
The University of Chicago Medical Center
5841 S. Maryland Avenue
Chicago, IL 60637

Re: Full (100%) Asset Acquisition of Dialysis Centers and Programs from The University of Chicago Medical Center

Dear Ms. Wilson:

This letter of intent will serve to express our mutual understandings with respect to a proposed transaction pursuant to which DaVita Inc. or one of its subsidiaries ("DaVita") will acquire from The University of Chicago Medical Center ("Hospital"), substantially all of the assets (the "Assets") of Hospital's renal dialysis centers, including a home hemodialysis program, listed on Exhibit A attached hereto (each, a "Center" and, collectively, the "Centers").

The intention to consummate the transaction described herein (the "Transaction") is subject to the following terms and conditions:

1. Purchase Price. Subject to further due diligence, the purchase price for the Assets shall be Twenty Seven Million Eight Hundred Thousand Dollars (\$27,800,000) (the "**Purchase Price**"), which shall be payable in cash at the closing of the Transaction (the "**Closing**"). Notwithstanding the foregoing, but subject to DaVita's acceptance of the relevant Medicare provider number and agreement, five percent (5%) of the Purchase Price shall be placed in an escrow account by DaVita pending final settlement and adjudication of all open and unsettled Medicare cost reports and/or credit balance reports relating to the Centers for the period prior to the Closing (the "**Holdback**"). Subject to DaVita's final due diligence review, the Holdback will be released to Hospital on the following schedule: Five Hundred Thousand Dollars (\$500,000) on the first anniversary of the Closing; Five Hundred Thousand Dollars (\$500,000) on the second anniversary of the Closing; and the remainder upon final settlement and adjudication of all open and unsettled Medicare cost reports and/or credit balance reports relating to the Centers for the period prior to the Closing.

2. Assets. The Assets to be acquired by DaVita at the Closing will include all of the tangible and intangible assets which comprise or are used or are held for use in connection with the operation of the business at the Centers (the "**Dialysis Business**"), including, without limitation, all real property leasehold rights, improvements, furniture, fixtures, equipment, supplies, the "Inventory Amount" (as defined in Paragraph 10(g))

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below), claims and rights under contracts and leases to be assigned to DaVita as set forth below, patient lists, copies of patient files and records, telephone numbers during a transition period, trade secrets, other proprietary rights or intellectual property, goodwill, Medicare and Medicaid provider numbers and agreements (unless DaVita shall elect, within ninety (90) days after the date of this letter of intent, but in its sole discretion, not to accept them), and, to the extent permitted by law, all permits, licenses and other rights held by Hospital with respect to the ownership or operation of any or all of the Dialysis Business, and all of Hospital's books and records to the extent relating to the foregoing, in each case, regardless of whether they are on Hospital's or a related party's books (collectively, the "Assets"). Notwithstanding the foregoing, "Assets" shall not include any rights or property (real, personal or intellectual) related to or arising from clinical research activities other than clinical research information contained in patient files and records. All of the Assets shall be transferred to DaVita free and clear of all liens, claims and encumbrances. The parties acknowledge that the peritoneal dialysis cyclers currently used by patients in Hospital's home dialysis program are leased from a third party. At or prior to the Closing, Hospital shall, in consultation with DaVita, either obtain any necessary consents for the assignment to DaVita of such leased equipment or terminate such leases. Notwithstanding the foregoing, the Assets will not include cash, accounts receivable, contracts and leases that are not to be assigned to DaVita as set forth below, and inventory and supplies disposed of from the date hereof until Closing in the ordinary course of business consistent with past practice.

3. **Liabilities.** Except for obligations arising on or after the Closing Date under contracts assigned to DaVita, DaVita will not assume any of Hospital's Liabilities (as defined below), including, without limitation, any Liabilities arising out of the operation of the Dialysis Business (or any part thereof) or the ownership or use of any of the Assets prior to the Closing Date. "Liabilities" means any and all claims, lawsuits, liabilities, obligations and debts of any kind or nature whatsoever, including without limitation, (a) all malpractice, tort or breach of contract claims asserted by any patients, former patients, employees or any other parties that are based on acts or omissions or events occurring before the Closing Date; (b) any amounts (including, if applicable, any penalties or interest) due or that may become due to Medicare or Medicaid or Blue Cross/Blue Shield or any other health care reimbursement or payment intermediary or other person or entity on account of any overpayment or duplicate payment or otherwise attributable to any period prior to the Closing Date ("Reimbursement Liabilities"); (c) any obligations or liabilities attributable to any period prior to the Closing that arises out of any contract or lease, whether or not such contract or lease is properly or duly assigned to DaVita; and (d) all accounts payable and/or debts of Hospital.

4. **Purchase Agreement.** DaVita and Hospital shall execute an asset purchase agreement for the Transaction (the "Purchase Agreement"), which shall provide for the purchase and sale of the Assets and assumption of the Liabilities as specified in Paragraphs 2 and 3, above, and contain such representations, warranties and other terms as are customary for a transaction of this nature.

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5. **Employees.** On or before the Closing, DaVita shall offer to hire, on such terms and conditions as DaVita generally offers to its employees, substantially all of Hospital's employees (other than physicians) who are employed principally in the Dialysis Business as of the Closing (the "**Dialysis Employees**"); provided, however, DaVita may elect not to offer employment to Dialysis Employees who do not have the unrestricted ability to provide federally reimbursed services, who do not release their personnel files to DaVita prior to Closing or who do not pass a pre-employment drug test, background check and physical exam. At Closing, if permitted by applicable law, DaVita will assume up to eighty (80) hours of vacation and other payable time off ("**PTO**") accrued as of the Closing Date by each Dialysis Employee who accepts employment with DaVita, and Hospital shall pay to DaVita an amount equal to such accrued PTO or, alternatively, shall apply a credit to DaVita against the Purchase Price hereunder. Hospital will be responsible for paying any accrued PTO in excess of eighty (80) hours to each Dialysis Employee in the next Hospital disbursed payroll at or following the Closing. If applicable law does not permit the transfer of any of the Dialysis Employees' PTO, Hospital will be responsible for paying all accrued PTO to each Dialysis Employee in the next Hospital disbursed payroll at or following the Closing. If DaVita is unable to process the transition of the Dialysis Employees who accept the offers from DaVita to DaVita's payroll and benefit plans by the Closing, then Hospital will maintain such Dialysis Employees on its payroll and in its benefit plans until such transition is completed, in each case, solely at the cost and expense of DaVita.

6. **Non-Competition and Non-Solicitation Covenant.**

(a) As used in this letter of intent, the following words and terms shall have the following respective meanings:

(i) "**Competitor**" means any person, clinic, corporation, partnership, management services organization, proprietorship, independent practice association, firm, entity or association which engages in or derives a substantial economic benefit from, or is preparing to engage in or derive a substantial economic benefit from, the business of providing or offering, arranging or subcontracting Dialysis Services, other than DaVita or an affiliate thereof. For purposes of this letter of intent, a "substantial economic benefit" shall mean that a party earns or will earn ten percent (10%) or more of its revenues from Dialysis Services.

(ii) "**Dialysis Services**" means all dialysis and renal care services and related services, including but not limited to hemodialysis, peritoneal dialysis of any type, staff assisted hemodialysis, the provision of home dialysis services and supplies and the administration of dialysis-related pharmaceuticals (including, without limitation, EPO, Aranesp, iron supplements, vitamin D supplements, or other products related to the treatment of anemia and secondary hyperparathyroidism) to end stage renal disease ("**ESRD**") patients, except as provided on an inpatient or emergency basis. Notwithstanding the foregoing, Dialysis Services shall not include aphaeresis services, acute dialysis services (including dialysis related laboratory and pharmacy services), vascular access services, and clinical research.

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(iii) "**Restricted Area**" means the area within a fifteen (15) mile radius of each Center's location as of the Closing Date and its location at any time during the Restricted Period.

(iv) "**Restricted Period**" means a period of ten (10) years following the Closing Date.

(b) Pursuant to the Purchase Agreement, Hospital, on behalf of itself and its affiliates, shall agree not to (i) own any interest in a Competitor, (ii) lease, operate or manage a Competitor, (iii) extend credit to the business of any Competitor, or (iv) otherwise participate as a medical director or employee of, or contractor or consultant for, a Competitor within the Restricted Area during the Restricted Period. Nothing in the foregoing shall prohibit the Hospital from (A) engaging in any activity related to clinical research or (B) contracting or otherwise doing business with Competitors for goods and services other than Dialysis Services. Hospital, on behalf of itself and its affiliates, shall further agree that, during the Restricted Period, they will not, directly or indirectly, take any action to knowingly induce any patient, customer, employee or vendor of any Center (either individually or in the aggregate) to discontinue his, her or its affiliation with such Center; provided that the foregoing is not intended to (x) prohibit any physician employed by Hospital from engaging in the professional practice of nephrology or exercising such person's independent medical judgment, without consideration for any pecuniary interests of said physician, nor to require the referral of any patients for any dialysis service provided by, or to any dialysis center owned by, DaVita or any of DaVita's affiliates or (y) prohibit the Hospital from engaging in any general business development and marketing activities, so long as such activities do not involve the development or marketing of Dialysis Services. Ten percent (10%) of the Purchase Price will be allocated to the covenant not to compete for federal tax planning purposes only.

7. Medical Director Agreement.

(a) At the Closing, DaVita will enter into one or more mutually acceptable ten (10) year agreements (each, a "**Medical Director Agreement**") with University of Chicago Physicians Group (the "**Medical Practice**"). Under each Medical Director Agreement, Medical Practice shall appoint as the medical director of each Center a physician who is duly qualified and licensed to practice medicine in the state in which the Center is located; is board certified in one or more of nephrology, pediatrics or internal medicine; has completed a board-approved training program in nephrology; specializes in the treatment of individuals with ESRD; has at least twelve (12) consecutive months of experience or training in the care of patients at ESRD facilities immediately preceding the commencement date of the Medical Director Agreement; and is experienced in the medical administration of ESRD facilities (collectively, the "**Medical Directors**"). The Medical Directors shall agree to provide oversight and responsibility for all medical and patient care aspects of the Centers to which they are assigned. The compensation payable to the Medical Practice shall be determined prior to the Closing Date and such amount shall be the fair market value of such services, consistent with DaVita's policies and procedures for medical director compensation.

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(b) Medical Practice, each Medical Director, and each physician of the Medical Practice who is or who becomes an attending physician to patients at a Center on a regular basis (excluding those physicians who are providing services to patients in the absence of the regular attending physician) or who serves as a covering Medical Director at a Center on a regular basis (such physicians and covering Medical Directors collectively are referred to as "**Covered Employees**") shall agree not to, during the time periods specified in the sentence immediately following this sentence, (i) directly or indirectly (A) own any interest in a Competitor, (B) operate or manage a Competitor, (C) extend credit to a Competitor, or (D) otherwise participate as a medical director or employee of, or contractor or consultant for, a Competitor, and (ii) take any action to knowingly solicit, divert, or interfere with any relationship that DaVita has with any physicians, employees, patients, customers or vendors of the Centers. With respect to the immediately preceding sentence, the restrictions shall apply to (x) Medical Practice for the term of each Medical Director Agreement and for a period of two (2) years following the expiration or termination thereof, and (y) each Medical Director and each Covered Employee for so long as such person is providing services under a Medical Director Agreement or is attending patients at a Center on a regular and for a period of two (2) years thereafter. Each Covered Employee shall agree to be individually bound by the terms described above by signing an appropriate joinder to the applicable Medical Director Agreement. Nothing in the foregoing shall prohibit the Medical Practice, any Medical Director, or any other physician from (1) engaging in any activity related to clinical research or (2) contracting or otherwise doing business with Competitors for goods and services other than Dialysis Services. As used in the Medical Director Agreement with respect to a Covered Employee, "regular basis" shall be defined by the parties prior to the Closing Date.

8. **Leases.** With respect to each Center, DaVita will enter into a new lease with Hospital (or other affiliate of Hospital that owns the property), as landlord, or shall accept an assignment of existing lease for each such Center (collectively, the "**Leases**") on terms that are mutually acceptable to DaVita and each such landlord. The parties acknowledge that the rental amount under each Lease must reflect fair market value and will be supported by a broker's opinion of value. The parties further acknowledge that the leases will expire, and DaVita will have to relocate, the Woodlawn Center and the Lake Park Center within approximately two (2) years of the Closing Date.

9. **Closing.** Subject to the satisfaction of the Closing conditions, including without limitation issuance of a CON for the transfer of the Centers to DaVita, the Closing shall take place at 12:01 a.m. on August 1, 2010, or, if possible, at 12:01 a.m. on July 1, 2010 (the "**Closing Date**").

10. **Conditions to Closing.** The parties' obligations to close the Transaction shall be subject to the satisfaction of the following conditions:

(a) **Due Diligence.** DaVita shall have completed to its satisfaction its due diligence review of the Dialysis Business, including, without limitation, the assets

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and liabilities relating thereto, and Hospital shall have furnished to DaVita and its representatives such information and access to such books and records and personnel as DaVita may reasonably request for such purpose, including, without limitation, with respect to financial matters, litigation and loss contingencies, employee matters, tax and ERISA matters, vendors and patient information, legal and healthcare regulatory compliance, licenses, insurance, contracts, and other matters as DaVita may reasonably request.

(b) **Documentation.** The negotiation, execution, and delivery of the Purchase Agreement, Medical Director Agreements, Leases, and related documents, in each case setting forth the terms and conditions of the Transaction and containing such customary provisions, representations, warranties, covenants, and indemnifications, and providing for the receipt by the parties of such ancillary documents, as shall be reasonably acceptable to the parties and their respective counsel.

(c) **Contracts.** Prior to the Closing Date, Hospital shall provide DaVita with copies of all contracts and leases relating to the Dialysis Business, including, without limitation, employment agreements, and vendor agreements. Within ninety (90) days after the signing of this letter of intent, but in no event less than thirty (30) days following the provision by Hospital of all contracts and leases, DaVita shall designate which of the listed contracts and leases DaVita shall assume at the Closing. Hospital shall be responsible for obtaining any necessary consents for the assignment to DaVita at the Closing of such designated contracts and leases that are material, as determined in DaVita's reasonable discretion, to the Dialysis Business.

(d) **Regulatory Matters.** DaVita shall have received and reviewed to its satisfaction copies of all licenses, permits, and other regulatory materials and approval requirements pertaining to the Dialysis Business. Hospital shall be in material compliance with all standards of licensure and other applicable legal requirements, including, without limitation, all building, zoning, occupational safety and health, environmental, and health care laws, ordinances, and regulations relating to the Dialysis Business and its assets, its personnel and its operations. In addition, DaVita shall have been issued all necessary licenses, permits and approvals, including without limitation the CONs, for DaVita's operation of the Dialysis Business after the change of control contemplated hereunder. Furthermore, the transfer of the Assets and all capital contributions shall be in compliance with all applicable federal and state laws.

(e) **Board and Lender Approvals.** DaVita shall have received prior to the Closing Date all necessary board of director approvals.

(f) **Personnel.** Each Dialysis Employee shall have all licenses and permits required to carry out his or her obligations and none of them shall be on the OIG List of Excluded Individuals/Entities.

(g) **Inventory.** The Assets shall include that quantity of useable inventories and supplies, including, without limitation, EPO and other drugs and supplies

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used for dialysis treatments, as shall be sufficient to operate the Center for a period of at least eighteen (18) days in a manner consistent with prior practice (the "**Inventory Amount**"). The Purchase Price shall be decreased or increased (on a pro rata, dollar-for-dollar basis) to the extent the value of the inventory on site at Closing is less or more than the Inventory Amount, subject to an agreed upon cap.

(h) **Material Adverse Change.** There shall not have been any material adverse change in the condition (financial or otherwise) of the assets, properties or operations of the Dialysis Business or the Assets.

11. **Indemnification.** The Purchase Agreement will provide that Hospital will indemnify and hold harmless DaVita with respect to all losses arising out of any breach of any representation, warranty or covenant of Hospital made pursuant to the Purchase Agreement, or arising out of any Liabilities, including without limitation, Reimbursement Liabilities. The Purchase Agreement will also provide that DaVita will indemnify and hold harmless Hospital with respect to all losses arising out of any breach of any representation, warranty or covenant of DaVita made pursuant to the Purchase Agreement. The survival period for each party's representations and warranties and any caps and baskets applicable to each party's indemnification obligations will be determined and mutually agreed upon following the completion of DaVita's due diligence review of the Dialysis Business.

12. **Maintenance of Business.** Between the date of this letter and the Closing Date or the termination of the exclusivity period referred to in Paragraph 16 below, whichever occurs first, Hospital (a) shall continue to operate the Dialysis Business and maintain the Assets in the usual and customary manner consistent with past operations, (b) shall use its reasonable efforts to preserve the business operations of the Dialysis Business intact, to keep available the services of its current personnel, and to preserve the good will and relationships of its suppliers, patients and others having business relations with the Dialysis Business, (c) shall notify DaVita in writing of any event involving the Dialysis Business or Assets that has had or may be reasonably expected to have a material adverse effect on the business or financial condition of the Dialysis Business or the Assets, and (d) shall not sell, encumber, or otherwise dispose of any assets, without DaVita's consent, except in the ordinary course of business consistent with past practice.

13. **Transition Period.** From the date hereof through the Closing Date and thereafter for a reasonable period of time, the parties will work cooperatively with each other to develop specific transition and integration plans to assure continued quality of care and operating effectiveness following the Closing, including but not limited to a plan to ensure that DaVita does not experience an interruption in reimbursement from Medicare after the Closing Date.

14. **Public Announcements.** Subject to requirements of law, any news releases or other announcements prior to the Closing by DaVita, Hospital, or any of their respective affiliates or agents pertaining to this letter or the Transaction contemplated herein shall be approved in writing by all parties prior to release. DaVita and Hospital

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agree that, prior to the Closing, they shall keep the existence of this letter and its contents confidential, except as may be necessary to comply with applicable law.

15. **Confidentiality.** DaVita and Hospital hereby reaffirm their respective obligations under that certain Confidentiality Agreement, dated as of April 9, 2009, which agreement remains in full force and effect.

16. **Exclusivity.** Until August 1, 2010 (or such earlier date (a) on which DaVita provides written notice to Hospital that it has ended its active efforts to consummate the Transaction contemplated herein or (b) that constitutes the Closing Date), neither Hospital nor any of its affiliates or agents or representatives, shall, directly or indirectly, enter into any agreement, commitment or understanding with respect to, or engage in any discussions or negotiations with, or encourage or respond to any solicitations from, any other party with respect to the direct or indirect (including, without limitation by way of stock sale, merger, consolidation or otherwise) sale, lease or management of the Dialysis Business or any material portion of the Assets. Hospital shall promptly advise DaVita of any unsolicited offer or inquiry received by it or any of its affiliates, agents or representatives, including the terms thereof.

17. **Procedure.** As soon as possible after execution and delivery of this letter, the parties will cooperate in the negotiation and preparation of the Purchase Agreement and other necessary documentation and will use all reasonable efforts to satisfy the conditions set forth in Paragraph 10 which are in their respective control.

18. **Expenses.** Each party shall bear its own expenses arising out of this letter and the Transaction, with no liability for such expenses to the other party, whether or not the Transaction or any part thereof shall close.

19. **Non-Binding Effect.** It is understood that this letter merely constitutes a statement of the mutual intentions of the parties with respect to the proposed Transaction, does not contain all matters upon which agreement must be reached in order for the proposed Transaction to be consummated and, except in respect of Paragraphs 12, 14, 15, 16 and 18, above, and this Paragraph 19, creates no binding rights in favor of any party. A binding commitment with respect to the Transaction will result only if definitive agreements are executed and delivered, and then, only subject to the terms and conditions contained therein. This letter may be executed in counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same letter of intent. Signatures sent by facsimile transmission shall be deemed to be original signatures.

[SIGNATURES ON NEXT PAGE]

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March 9, 2010
Page 9

This letter will be void and the terms contained herein revoked unless accepted and returned by 5:00 p.m. (Pacific Standard Time) on March 12, 2010. If the foregoing is acceptable to you, please so indicate by signing a copy of this letter and returning it to the undersigned.

Very truly yours,

DAVITA INC.

By: Giles Caver
Giles Caver
Director, Corporate Development

ACCEPTED AND AGREED TO:

The University of Chicago Medical Center

By: _____
Name: _____
Title: _____

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March 9, 2010
Page 9

This letter will be void and the terms contained herein revoked unless accepted and returned by 5:00 p.m. (Pacific Standard Time) on March 12, 2010. If the foregoing is acceptable to you, please so indicate by signing a copy of this letter and returning it to the undersigned.

Very truly yours,

DAVITA INC.

By: _____
Giles Caver
Director, Corporate Development

ACCEPTED AND AGREED TO:

The University of Chicago Medical Center

By: Carolyn Wilson
Name: Carolyn Wilson
Title: COO Associate Dean 3/12/10

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EXHIBIT A

CENTERS

Stony Island
8725 S. Stony Island
Chicago, IL 60617

Woodlawn
1164 E 55th Street
Chicago, IL 60615

Lake Park
1531 Hyde Park Boulevard
Chicago, IL 60615

Home
5841 S. Maryland Avenue
Chicago, IL 60637

DaVita Inc. Fire Region – Chicago Metropolitan Area
Compliance Checklist
1st Quarter 2010

<u>CON PROJECT</u>	<u>PERMIT/ DATE</u>	<u>PERMIT AMOUNT</u>	<u>D A T E S</u>			<u>PROJECT COMPLETION</u>
			<u>OBLIGATION</u>	<u>ANNUAL PROG. REPORTS</u>		
TRC Inc. d/b/a Big Oaks Dialysis	#08-066 11/5/08	\$2,812,212	Upon Permit Issuance	Sent 11/10/09 and in compliance		1/15/2011
RLL Inc. d/b/a Beverly Dialysis	#08-067 11/5/08	\$2,738,465	Upon Permit Issuance	Sent 11/10/09 and in compliance		1/15/2011
TRC Inc. d/b/a West Lawn Dialysis	#08-100 3/10/09	\$1,888,441	Obligated 5/29/09 State rec'd 6/23/09	Sent March 31, 2010 Due Feb. 10 – April 10		12/31/10
TRC Inc. d/b/a Barrington Creek	#09-036 1/12/10	\$2,472,632	By July 12, 2011	Dec. 12- February 12		6/30/11
TRC Inc. d/b/a Palos Park Dialysis	#09-055 1/12/10	\$2,657,248	By July 12, 2011	Dec. 12- February 12		8/31/11

Big Oaks Dialysis: The project is under budget. Final realized project costs to be assembled before the end of the 2nd Quarter 2010. First patient was treated. However, facility is still awaiting certification. Follow-up on certification will be bi-weekly.

Beverly Dialysis: The project is under budget. Final realized project costs to be assembled before the end of the 2nd Quarter 2010. First patient was treated in mid-December 2009. However, facility is still awaiting certification. Follow-up on certification will be bi-weekly.

West Lawn Dialysis: The project is under budget. Final realized project costs to be assembled before the end of the 2nd Quarter 2010. First patient was treated on March 8, 2010. Facility is awaiting certification. Follow-up on certification will be bi-weekly.

Barrington Creek: The Medical Director Agreement is under negotiation.

Palos Park: The lease is under negotiation.

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CON Project	Permit Date	Permit Amt.	Obligation	Annual Progress Reports	Project Completion
Fairfield Dialysis 07-075	7/24/08				Complete. Final report submitted and approved.
Vandalia Dialysis 07-098	10/22/07	1,508,262	10/22/07	11/22/08	Complete. Final report submitted and approved.
Rockford Dialysis 07-115	10/22/08	\$3,106,926	10/22/07	11/22/08	Complete. Final report submitted and approved.
Robinson Dialysis 07-154	5/20/08	\$1,694,954	5/09	5/09	Clinic opened 2/10. Pending CMS approval. CON permit extension granted 11/09.
Edwardsville Dialysis 07-099	7/1/08	\$1,591,648	obligated	Due 7/09	Complete. Final report submitted and approved.
Benton Dialysis E-002-08					Complete. Final report submitted and approved.
Marion Dialysis E-016-07					Complete. Final report submitted and approved.
Whiteside Dialysis E-008-08					Complete. Final report submitted and approved.
Freeport Dialysis					Approved. Construction pending.
Blessing Dialysis of Quincy 09-022	9/1/09	\$6,269,502			Deal closed. 10/1/09. Final Report pending.
Blessing Dialysis Center of Pittsfield 09-023	9/1/09	\$917,212			Deal closed. 10/1/09. Final Report pending.
JCH Dialysis Center 09-024	9/1/09	\$1,318,634			Close of deal pending

Cost/Space Requirements

Stony Island Dialysis Change of Ownership CON

<u>Department/Area</u>	<u>Cost</u>	<u>Gross Square Feet</u>		<u>Amount of Proposed Total GSF That Is:</u>			
		<u>Existing</u>	<u>Proposed</u>	<u>New Const.</u>	<u>Remodeled</u>	<u>As Is</u>	<u>Vacated Space</u>
ESRD	\$15,270,945*	9,336				9,336	0

* The estimated total project cost includes the fair market value (FMV) of the leased space estimated at \$129.50/gsf, \$1,209,012 for 9,336 rentable gross square feet (gsf.)

BACKGROUND OF APPLICANT

- 1 & 2. DaVita Inc. and its wholly-owner operating entity, Total Renal Care Inc., are fit, willing and able and have the qualifications background and character to adequately provide a proper standard of care.**

Please refer to CON applications ##10-009 and 10-010 for Attachment 10(1), the names/addresses and other information on facilities owned or operated by DaVita Inc. through its operating entities. The list includes the Medicare and Medicaid provider numbers for each of these facilities. See Attachment 10(2) for information on Illinois facilities.

- 3. No adverse action has been taken against DaVita or Total Renal Care within three years preceding the filing of this Certificate of Need. Refer to Attachment 10(3.)**
- 4. Attachment 10(3) also authorizes the State Board and its Agencies access to information in order to verify any documentation or information necessary and pertinent to this subsection.**

BACKGROUND OF APPLICANT

Please refer to CON applications ##10-009 and 10-010 for Attachment 10(1), the names/addresses and other information on facilities owned or operated by DaVita Inc. through its operating entities. The list includes the Medicare and Medicaid provider numbers for each of these facilities. See Attachment 10(2) for information on Illinois facilities.

Total Renal Care, Inc.
 D/B/A Nampa Dialysis Center
 646 PARKCENTRE WAY,
 NAMPA, ID 83651-1790
 Phone: 208-467-5180
 Medicare Certification Number: 13-2501
 NPI Number: 1225089915
 Primary Medicaid Number: 807605500
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Total Renal Care, Inc.
 D/B/A Table Rock Dialysis Center
 5610 WEST GAGE ST,STE B
 BOISE, ID 83706-1332
 Phone: 208-658-8111
 Medicare Certification Number: 13-2502
 NPI Number: 1871545418
 Primary Medicaid Number: 807605600
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Total Renal Care, Inc.
 D/B/A Burley Dialysis Center
 741 N OVERLAND AVE,
 BURLEY, ID 83318-3440
 Phone: 208-677-5483
 Medicare Certification Number: 13-2503
 NPI Number: 1326099011
 Primary Medicaid Number: 807605700
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Total Renal Care, Inc.
 D/B/A Twin Falls Dialysis Center
 1840 CANYON CREST,
 TWIN FALLS, ID 83301-3007
 Phone: 208-737-0001
 Medicare Certification Number: 13-2505
 NPI Number: 1932150653
 Primary Medicaid Number: 807605800
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Total Renal Care, Inc.
 D/B/A Gate City Dialysis Center
 2001 BENCH ROAD,
 POCATELLO, ID 83201-2033
 Phone: 208-637-1090
 Medicare Certification Number: 13-2506
 NPI Number: 1497707020
 Primary Medicaid Number: 807605900
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Total Renal Care, Inc.
 D/B/A Treasure Valley Dialysis Center
 3525 E LOUISE ST,SUITE 155
 MERIDIAN, ID 83642-6303
 Phone: 208-639-3000
 Medicare Certification Number: 13-2513
 NPI Number: 1720032535
 Primary Medicaid Number: 807612400
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Total Clinics by State	6
ID	

Renal Life Link, Inc.
 D/B/A Metro East Dialysis
 5105 WEST MAIN STREET,
 BELLEVILLE, IL 62226-4728
 Phone: 618-233-9018
 Medicare Certification Number: 14-2527
 NPI Number: 1588633812
 Primary Medicaid Number: 201649898002
 Ownership Type: Wholly Owned
 Tax ID Number: 20-1649898

Lincoln Park Dialysis Services, Inc.
 D/B/A Lincoln Park Dialysis fka Lincoln Park Nephrology
 3157 N LINCOLN AVE,
 CHICAGO, IL 60657-3111
 Phone: 773-348-0101
 Medicare Certification Number: 14-2528
 NPI Number: 1659330694
 Primary Medicaid Number: 363191860002
 Ownership Type: Wholly Owned
 Tax ID Number: 36-3191860

Total Renal Care, Inc.
 D/B/A Emerald Dialysis (fka Hyde Park Kidney Center)
 710 W 43RD ST,
 CHICAGO, IL 60609-3435
 Phone: 773-843-5668
 Medicare Certification Number: 14-2529
 NPI Number: 1578522215
 Primary Medicaid Number: 953372911-006
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Total Renal Care, Inc.

D/B/A **Logan Square Dialysis Services**

2659 N MILWAUKEE AVE, 1ST FL

CHICAGO, IL 60647-1643

Phone: 773-276-3699

Medicare Certification Number: 14-2534

NPI Number: 1578522579

Primary Medicaid Number: 953372911 005

Ownership Type: Wholly Owned

Tax ID Number: 95-3372911

Renal Treatment Centers-Illinois, Inc.

D/B/A **Granite City Dialysis Center**

9 AMERICAN VILLAGE,

GRANITE CITY, IL 62040-3706

Phone: 618-452-5858

Medicare Certification Number: 14-2537

NPI Number: 1952360703

Primary Medicaid Number: 232798598001

Ownership Type: Wholly Owned

Tax ID Number: 23-2798598

Renal Life Link, Inc.

D/B/A **Mount Vernon Dialysis**

1800 JEFFERSON AVE,

MOUNT VERNON, IL 62864-4300

Phone: 618-244-4852

Medicare Certification Number: 14-2541

NPI Number: 1326072638

Primary Medicaid Number: 201649898007

Ownership Type: Wholly Owned

Tax ID Number: 20-1649898

Total Renal Care, Inc.

D/B/A **Olympia Fields Dialysis**

4557B LINCOLN HWY, STE B

MATTESON, IL 60443-2318

Phone: 708-503-1112

Medicare Certification Number: 14-2548

NPI Number: 1114986155

Primary Medicaid Number: 953372911007

Ownership Type: Wholly Owned

Tax ID Number: 95-3372911

Total Renal Care, Inc.

D/B/A **Lake County Dialysis**

918 S MILWAUKEE AVE,

LIBERTYVILLE, IL 60048-3229

Phone: 847-918-7010

Medicare Certification Number: 14-2552

NPI Number: 1265401475

Primary Medicaid Number: 953372911004

Ownership Type: Wholly Owned

Tax ID Number: 95-3372911

Lincoln Park Dialysis Services, Inc.

D/B/A **Skyline Home Dialysis**

7009 W BELMONT AVE,

CHICAGO, IL 60634-4533

Phone: 773-637-7303

Medicare Certification Number: 14-2560

NPI Number: 1306805551

Primary Medicaid Number: 363191860 004

Ownership Type: Wholly Owned

Tax ID Number: 36-3191860

Renal Treatment Centers-Illinois, Inc.

D/B/A **Sauget Dialysis (fka East St. Louis Dialysis Center)**

2061 GOOSE LAKE RD,

SAUGET, IL 62206

Phone: 618 332-7801

Medicare Certification Number: 14-2561

NPI Number: 1659337418

Primary Medicaid Number: 232798598 002

Ownership Type: Wholly Owned

Tax ID Number: 23-2798598

Renal Life Link, Inc.

D/B/A **Marion Dialysis**

324 SOUTH 4TH ST,

MARION, IL 62959-1241

Phone: 618-997-8410

Medicare Certification Number: 14-2570

NPI Number: 1932118403

Primary Medicaid Number: 201649898-006

Ownership Type: Wholly Owned

Tax ID Number: 20-1649898

DVA Renal Healthcare, Inc.

D/B/A **Effingham Dialysis**

904 MEDICAL PARK DR, STE 1

EFFINGHAM, IL 62401-2193

Phone: 217-342-9558

Medicare Certification Number: 142580

NPI Number: 1245290782

Primary Medicaid Number: 621323090031

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Jacksonville Dialysis**

1515 WEST WALNUT,

JACKSONVILLE, IL 62650

Phone: 217-243-3042

Medicare Certification Number: 142581

NPI Number: 1316916513

Primary Medicaid Number: 621323090029

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Lincoln Dialysis**
2100 WEST FIFTH,

LINCOLN, IL 62656-9115

Phone: 217-732-6798

Medicare Certification Number: 14-2582

NPI Number: 1760441976

Primary Medicaid Number: 621323090034

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Litchfield Dialysis**

915 ST FRANCES WAY,
LITCHFIELD, IL 62056-1775

Phone: 217-324-2200

Medicare Certification Number: 14-2583

NPI Number: 1184683138

Primary Medicaid Number: 621323090030

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Macon County Dialysis**

1090 WEST MCKINLEY,
DECATUR, IL 62526

Phone: 217-877-9351

Medicare Certification Number: 14-2584

NPI Number: 1972562890

Primary Medicaid Number: 621323090033

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Mattoon Dialysis**

200 RICHMOND AVE EAST,
MATTOON, IL 61938-4652

Phone: 217-234-8468

Medicare Certification Number: 142585

NPI Number: 1194794487

Primary Medicaid Number: 621323090028

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Springfield Central Dialysis**

932 N RUTLEDGE ST,
SPRINGFIELD, IL 62702-3721

Phone: 217-788-3688

Medicare Certification Number: 142586

NPI Number: 1720047970

Primary Medicaid Number: 621323090002

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Taylorville Dialysis**

901 WEST SPRESSER,
TAYLORVILLE, IL 62568-1831

Phone: 217-824-5460

Medicare Certification Number: 142587

NPI Number: 1821057027

Primary Medicaid Number: 621323090032

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Springfield Montvale Dialysis**

2930 S MONTVALE DR, STE A
SPRINGFIELD, IL 62704-5376

Phone: 217-793-2781

Medicare Certification Number: 142590

NPI Number: 1518926781

Primary Medicaid Number: 621323090035

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A **Decatur East Wood Dialysis**

794 EAST WOOD ST,
DECATUR, IL 62523-1155

Phone: 217-425-6403

Medicare Certification Number: 142599

NPI Number: 1336100734

Primary Medicaid Number: 621323090036

Ownership Type: Wholly Owned

Tax ID Number: 62-1323090

Total Renal Care, Inc.

D/B/A **TRC Children's Dialysis Center**

2611 N HALSTED,
CHICAGO, IL 60614-2304

Phone: 773-549-2010

Medicare Certification Number: 14-2604

NPI Number: 1396704508

Primary Medicaid Number: 953372911-010

Ownership Type: Wholly Owned

Tax ID Number: 95-3372911

Renal Life Link, Inc.

D/B/A **Benton Dialysis**

1151 ROUTE 14 WEST,
BENTON, IL 62812-1500

Phone: 618-435-4850

Medicare Certification Number: 14-2608

NPI Number: 1609885185

Primary Medicaid Number: 201649898-005

Ownership Type: Wholly Owned

Tax ID Number: 20-1649898

Renal Life Link, Inc.

D/B/A Centralia Dialysis
.231 STATE ROUTE 161 EAST,
CENTRALIA, IL 62801-6739
Phone: 618-533-2535
Medicare Certification Number: 14-2609
NPI Number: 1467461947
Primary Medicaid Number: 201649898-004
Ownership Type: Wholly Owned
Tax ID Number: 20-1649898

DVA Renal Healthcare, Inc.

D/B/A Alton Dialysis
3511 COLLEGE AVE,
ALTON, IL 62002-5009
Phone: 618-465-4745
Medicare Certification Number: 14-2619
NPI Number: 1154381697
Primary Medicaid Number: 621323090016
Ownership Type: Wholly Owned
Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A Rushville Dialysis
112 SULLIVAN DRIVE,
RUSHVILLE, IL 62681-1293
Phone: 217-322-2652
Medicare Certification Number: 142620
NPI Number: 1205805488
Primary Medicaid Number: 621323090038
Ownership Type: Wholly Owned
Tax ID Number: 62-1323090

DVA Renal Healthcare, Inc.

D/B/A Illini Renal Dialysis
507 E UNIVERSITY AVE,
CHAMPAIGN, IL 61820-3828
Phone: 217-378-7800
Medicare Certification Number: 142633
NPI Number: 1275502437
Primary Medicaid Number: 621323090039
Ownership Type: Wholly Owned
Tax ID Number: 62-1323090

Renal Treatment Centers-Illinois, Inc.

D/B/A Maryville Dialysis
2130 VADALABENE DR,
MARYVILLE, IL 62062-5632
Phone: 618-288-0703
Medicare Certification Number: 14-2634
NPI Number: 1952360869
Primary Medicaid Number: 232798598-009
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

Chicago Heights Dialysis, LLC

D/B/A Chicago Heights Dialysis
177 W JOE ORR ROAD,STE B
CHICAGO HEIGHTS, IL 60411-1733
Phone: 708-755-9000
Medicare Certification Number: 14-2635
NPI Number: 1881654325
Primary Medicaid Number: 201252883-001
Ownership Type: Majority Partner
Tax ID Number: 20-1252883

Renal Life Link, Inc.

D/B/A Beverly Dialysis
9415 S WESTERN AVE,STE 105
CHICAGO, IL 60620-6232
Phone: 773-238-5200
Medicare Certification Number: 14-2638
NPI Number: 1215023338
Primary Medicaid Number: 201649898011
Ownership Type: Wholly Owned
Tax ID Number: 20-1649898

Dialysis of Northern Illinois, LLC

D/B/A Sycamore Dialysis (aka DeKalb)
2200 GATEWAY DRIVE,
SYCAMORE, IL 60178-3113
Phone: 815-758-0205
Medicare Certification Number: 14-2639
NPI Number: 1295794485
Primary Medicaid Number: 680555153 001
Ownership Type: Majority Partner
Tax ID Number: 68-0555153

Renal Treatment Centers-Illinois, Inc.

D/B/A Churchview Dialysis
5970 CHURCHVIEW DR,
ROCKFORD, IL 61107-2574
Phone: 815-637-9662
Medicare Certification Number: 14-2640
NPI Number: 1285694729
Primary Medicaid Number: 2322798598010
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

Renal Treatment Centers-Illinois, Inc.

D/B/A Freeport Dialysis
1028 KUNKLE BLVD,
FREEPORT, IL 61032-3801
Phone: 815-232-2477
Medicare Certification Number: 14-2642
NPI Number: 1568431864
Primary Medicaid Number: 232798598 011
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

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Renal Treatment Centers-Illinois, Inc.

D/B/A **Rockford Dialysis**
 2400 NORTH ROCKTON AVENUE, STE D-1
 ROCKFORD, IL 61103-3655
 Phone: 815-963-4840

Medicare Certification Number: 14-2647
 NPI Number: 1235198235
 Primary Medicaid Number: 232798598006
 Ownership Type: Wholly Owned
 Tax ID Number: 23-2798598

Renal Treatment Centers-Illinois, Inc.

D/B/A **Whiteside Dialysis**
 2600 NORTH LOCUST, SUITE D - DIALYSIS UNIT
 STERLING, IL 61081-4602
 Phone: 815-626-3173

Medicare Certification Number: 14-2648
 NPI Number: 1538128533
 Primary Medicaid Number: 232798598 008
 Ownership Type: Wholly Owned
 Tax ID Number: 23-2798598

Total Renal Care, Inc.

D/B/A **Montclare Dialysis Center (aka Belmont Ave)**
 7009 W BELMONT,
 CHICAGO, IL 60634-4533
 Phone: 773-889-6051

Medicare Certification Number: 14-2649
 NPI Number: 1861461030
 Primary Medicaid Number: 953372911012
 Ownership Type: Wholly Owned
 Tax ID Number: 95-3372911

Renal Treatment Centers-Illinois, Inc.

D/B/A **Dixon Kidney Center**
 1131 NORTH GALENA AVENUE,
 DIXON, IL 61021-1015
 Phone: 815-284-0595

Medicare Certification Number: 14-2651
 NPI Number: 1396706750
 Primary Medicaid Number: 232798598012
 Ownership Type: Wholly Owned
 Tax ID Number: 23-2798598

Renal Treatment Centers-Illinois, Inc.

D/B/A **Mt. Greenwood Dialysis**
 3401 WEST 111TH STREET,
 CHICAGO, IL 60655-3329
 Phone: 773-445-0558

Medicare Certification Number: 14-2660
 NPI Number: 1982673166
 Primary Medicaid Number: 232798598-015
 Ownership Type: Wholly Owned
 Tax ID Number: 23-2798598

Renal Life Link, Inc.

D/B/A **Stony Creek Dialysis**
 9115 S CICERO AVE,
 OAK LAWN, IL 60453-1895
 Phone: 708-423-0300

Medicare Certification Number: 14-2661
 NPI Number: 1295821304
 Primary Medicaid Number: 201649898010
 Ownership Type: Wholly Owned
 Tax ID Number: 20-1649898

Dialysis of Northern Illinois, LLC

D/B/A **Roxbury Dialysis**
 622 ROXBURY ROAD,
 ROCKFORD, IL 61107-5089
 Phone: 815-397-0713

Medicare Certification Number: 14-2665
 NPI Number: 1003875402
 Primary Medicaid Number: 680555153-002
 Ownership Type: Majority Partner
 Tax ID Number: 68-0555153

Renal Treatment Centers-Illinois, Inc.

D/B/A **Lake Villa Dialysis**
 37809 N IL ROUTE 59,
 LAKE VILLA, IL 60046-7332
 Phone: 847-245-4872

Medicare Certification Number: 14-2666
 NPI Number: 1346209590
 Primary Medicaid Number: 232798598-014
 Ownership Type: Wholly Owned
 Tax ID Number: 23-2798598

Renal Treatment Centers-Illinois, Inc.

D/B/A **Little Village Dialysis (Chicago)**
 2335 W CERMAK ROAD,
 CHICAGO, IL 60608-3811
 Phone: 773-523-2939

Medicare Certification Number: 14-2668
 NPI Number: 1497714414
 Primary Medicaid Number: 232798598-013
 Ownership Type: Wholly Owned
 Tax ID Number: 23-2798598

Renal Life Link, Inc.

D/B/A **Olney Dialysis Center (aka Good Samaritan Hospital)**
 117 N BOONE ST,
 OLNEY, IL 62450-2109
 Phone: 618-393-4234

Medicare Certification Number: 14-2674
 NPI Number: 1003885229
 Primary Medicaid Number: 201649898-001
 Ownership Type: Wholly Owned
 Tax ID Number: 20-1649898

Renal Treatment Centers-Illinois, Inc.

D/B/A **Kankakee County Dialysis**
381 WILLIAM LATHAM DRIVE,STE 104
BOURBONNAIS, IL 60914-2319
Phone: 815-936-3088
Medicare Certification Number: 14-2685
NPI Number: 1073675138
Primary Medicaid Number: 232798598021
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

Renal Treatment Centers-Illinois, Inc.

D/B/A **Maryville At Home**
2136 B VADALABENE DR,
MARYVILLE, IL 62062-5632
Phone: 618-288-6208
Medicare Certification Number: 14-2686
NPI Number: 1215134259
Primary Medicaid Number:
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

Total Clinics by State	45
IL	

Renal Treatment Centers-Illinois, Inc.

D/B/A **Salem Dialysis Center (IN)**
1201 N JIM DAY RD,STE 103
SALEM, IN 47167-7219
Phone: 812-883-0207
Medicare Certification Number:
NPI Number: 1689709594
Primary Medicaid Number:
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

Total Renal Care, Inc.

D/B/A **Greensburg Dialysis**
1531 N Commerce Dr.Suite 6
Greensburg, IN 47240-1291
Phone: 812-662-6570
Medicare Certification Number:
NPI Number: 1447457742
Primary Medicaid Number:
Ownership Type: Wholly Owned
Tax ID Number: 95-3372911

Total Renal Care, Inc.

D/B/A **Indy South Dialysis**
972 EMERSON PKWY,STE F
GREENWOOD, IN 46143-6559
Phone: 317-881-0641
Medicare Certification Number:
NPI Number: 1013102110
Primary Medicaid Number:
Ownership Type: Wholly Owned
Tax ID Number: 95-3372911

Renal Treatment Centers-Illinois, Inc.

D/B/A **Batesville Dialysis Center aka Renal Treatment Centers**
232 STATE ROAD 129 SOUTH,
BATESVILLE, TN 47006-7694
Phone: 812-934-5666
Medicare Certification Number: 15-2507
NPI Number: 1023071768
Primary Medicaid Number: 200024860 A
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

Lawrenceburg Dialysis, LLC

D/B/A **Lawrenceburg Dialysis Center**
555 W EADS PARKWAY,STE 200
LAWRENCEBURG, IN 47025-1157
Phone: 812-537-5750
Medicare Certification Number: 15-2511
NPI Number: 1649234196
Primary Medicaid Number: 200471780A
Ownership Type: Majority Partner
Tax ID Number: 20-0284135

Renal Treatment Centers-Illinois, Inc.

D/B/A **Madison Dialysis Center**
220 CLIFTY DR VILLIAGE SQUARE,UNIT K
MADISON, IN 47250-1669
Phone: 812-265-2278
Medicare Certification Number: 15-2514
NPI Number: 1073577532
Primary Medicaid Number: 200024860D
Ownership Type: Wholly Owned
Tax ID Number: 23-2798598

TRC-Indiana LLC.

D/B/A **CRC - Gary**
4802 BROADWAY,
GARY, IN 46408-4509
Phone: 219-887-1199
Medicare Certification Number: 15-2521
NPI Number: 1952364648
Primary Medicaid Number: 200315330A
Ownership Type: Wholly Owned
Tax ID Number: 91-1971775

March 19, 2010

Mark Gibbs
Executive Secretary
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

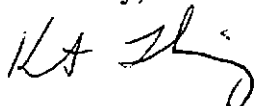
Dear Mr. Gibbs:

RE: Certificates Of Need for Changes of Ownership of
University of Chicago Medical Center Dialysis Facilities

With regard to the above, this is to affirm that no "adverse action" has been taken against the co-applicant, DaVita Inc., within three (3) years preceding the filing of this Certificate of Need (CON). "Adverse Action" means any final action by any governmental agency or nationally recognized accredited body which is adverse to the co-applicant, DaVita Inc. These actions include, but are not limited to, any criminal conviction; any supervision, probation, suspension, revocation, termination or denial of a license or certificate or registration; in position of a conditional license; termination or suspension from participation in any program involving payment authorized under title XVIII "Medicare".

I also wish to indicate that the co-applicant, DaVita Inc., is fit, willing, and able and has the qualifications, background and character to adequately provide a proper standard of health care service for the community. Further, this letter authorizes the State Board and Agency access to information in order to verify any documentation or information submitted with respect to the above Certificate of Need.

Sincerely,



Kent Thiry
Chairman and CEO
DaVita Inc.

ATTACHMENT 10(3)
Page 1 of 4

State of Colorado

County of: Denver

On 4-7-10, before me, Theresa Moran,
Notary Public, personally appeared KENT THIRY
(name(s) of signers)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledge to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal

Place Notary Seal Above

Theresa Moran
Signature of Notary Public

My commission expires: 9-4-13

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Heartland Region I
2659 N. Milwaukee
Chicago, IL 60647
Tel: (773) 276-2380 Fax: (773) 276-4176

March 19, 2010

Mark Gibbs
Executive Secretary
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Gibbs:

**RE: Certificates Of Need for Changes of Ownership of
University of Chicago Medical Center Dialysis Facilities**

With regard to the above, this is to affirm that no "adverse action" has been taken against the co-applicant, Total Renal Care Inc., within three (3) years preceding the filing of this Certificate of Need (CON). "Adverse Action" means any final action by any governmental agency or nationally recognized accredited body which is adverse to the co-applicant, Total Renal Care Inc. These actions include, but are not limited to, any criminal conviction; any supervision, probation, suspension, revocation, termination or denial of a license or certificate or registration; in position of a conditional license; termination or suspension from participation in any program involving payment authorized under title XVIII "Medicare".

I also wish to indicate that the co-applicant, Total Renal Care Inc., is fit, willing, and able and has the qualifications, background and character to adequately provide a proper standard of health care service for the community. Further, this letter authorizes the State Board and Agency access to information in order to verify any documentation or information submitted with respect to the above Certificate of Need.

Sincerely,

Kent Thiry
Chairman and CEO
DaVita Inc.

ATTACHMENT 10(3)
Page 3 of 4

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State of Colorado

County of: Denver

On 4-7-10, before me, Theresa Moran,
Notary Public, personally appeared KENT THIRY
(name(s) of signers)

- personally known to me
 proved to me on the basis of satisfactory
evidence

to be the person(s) whose name(s) is/are
subscribed to the within instrument and
acknowledge to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and
that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which
the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal

Theresa Moran
Signature of Notary Public

My commission expires: 9-4-13

66

PURPOSE OF PROJECT

1. Total Renal Care Inc.'s acquisition of the University of Chicago – Stony Island enables the University of Chicago Medical Center (UCMC) to focus limited resources on providing complex, tertiary medical services and enables DaVita Inc. to provide needed chronic dialysis services more efficiently and effectively.

UCMC operates its dialysis facilities on a relatively small scale and cannot provide these services as effectively or efficiently as DaVita Inc. Changes in CMS regulatory and reporting requirements (October 2009) add significant data collection and reporting requirements for ESRD facilities, making it more difficult for independent entities to cost-effectively comply with the Conditions for Coverage. The acquisition allows the dialysis center to use DaVita's policies/procedures, quality/data management tools and resources to comply with the CMS requirements in a timely and cost-effective manner.

In addition, DaVita Inc. can enhance efficiencies by negotiating larger discounts for supplies. Its financial condition will allow quick expansion of capacity as the facility has been over 100% occupied for a number of years.

2. The existing facility is located in Planning Area 6, the City of Chicago.
3. The acquisition allocates scarce capital resources more efficiently and effectively. UCMC will use its capital to address complex, tertiary medical problems and DaVita will use policies/procedures, quality/data management tools and resources to enhance timely and cost-effective compliance with the new CMS requirements. In addition, DaVita' capital resources can be used to quickly and efficiently add stations to the facility which has been over 100% utilized for a number of years.
4. References: CMS Conditions of Coverage; The Renal Network utilization data.
5. The acquired facility will use policies/procedures, quality/data management tools and resources available within the DaVita system to ensure timely and cost-effective compliance with the new CMS requirements. In addition, DaVita' capital resources can be used to quickly add stations to the facility. University of Chicago – Stony Island operates at over 112% utilization and has been over 100% utilized for a number of years.
6. Implementation of the new CMS regulatory and data requirements is ongoing. The acquired facility will be included in DaVita's action plans at such time as new requirements are put in place by CMS. All issues will be addressed through the normal scope of DaVita's business.

DaVita will add stations to the facility within the next two years or sooner.

DaVita continues to provide a high quality of care. Patient outcomes significantly exceed HFSRB standards. See Attachment 11(1) for outcomes in its Chicago-area facilities which document DaVita's high quality of care as follows:

90.60% of patients had URRs of 65% or higher vs. HFSRB standard of at least 85% & 93.98% of patients had a Kt/V Dauridgas II.1.2 vs. the HFSRB standard of 85%.

DaVita Chicago Area Facilities
 Clinical Outcomes Review
 January 2009 to December 2009

Adequacy of Dialysis

This facility will be able to demonstrate the ability to provide adequate dialysis with Urea Reduction Ratio (URR) greater than 65% in at least 85% of patients. This data is a compilation of clinical outcomes data from 15 facilities in the Chicago area. They are Logan Square Dialysis, Lake County Dialysis, Lincoln Park Dialysis, Children's Dialysis, Emerald Kidney Center, Olympia Fields Dialysis Center, Chicago Heights Renal Care, Stony Creek Dialysis, Beverly Dialysis, Montclare Dialysis, Mt. Greenwood Dialysis, Lake Villa Dialysis, Little Village Dialysis, Kankakee County Dialysis and Big Oaks Dialysis (December only).

Month	Percent of patients with URR>65%	Percent of patients with KT/V Daugirdas II.1.2
January 2009	91.06%	94.08%
February 2009	90.76%	93.93%
March 2009	90.99%	93.46%
April 2009	90.93%	93.74%
May 2009	90.95%	94.58%
June 2009	91.05%	94.44%
July 2009	89.25%	93.45%
August 2009	90.20%	94.50%
September 2009	91.07%	94.40%
October 2009	91.00%	94.24%
November 2009	90.38%	93.73%
December 2009	89.56%	93.18%
Average	90.60%	93.98%

ALTERNATIVES

Alternatives available to DaVita and considered were:

1. Proceed with the acquisition of the University of Chicago Medical Centers (UCMC) dialysis clinics

UCMC has determined that providing in-center hemodialysis services is inconsistent with its strategy of not competing with the community for care that can be provided in the community. In addition UCMC as determined that it will reserve its resources for providing complex, tertiary medical care. DaVita Inc., through its wholly-owned operating entity Total Renal Care Inc., wishes to purchase the clinics to enhance its ability to serve patients on Chicago's southside. DaVita considered the proposed purchase carefully and determined that the UCMC clinics fit well within its mission, values and business plan. Therefore the proposed acquisition transaction meets the objectives of both parties.

Therefore, pursuit of the change of ownership is the selected alternative.

2. Decline the opportunity to purchase the UCMC dialysis clinics.

The clinics owned by UCMC are in adjacent and sometimes overlapping service areas with the DaVita dialysis clinics in Illinois. Acquisition of the UCMC clinics will allow DaVita to extend service throughout the area currently served by UCMC. This will allow for more continuity of care for patients among communities and will allow more facilities to benefit from shared resources. As noted above, the proposed project meets the objectives of both UCMC and DaVita, and therefore *the option to decline the purchase is not an acceptable alternative, and is therefore rejected.*

3. Pursue a Joint Venture with UCMC

DaVita is open to Joint Venture relationships. This option was not consistent with UCMC's commitment not to compete with the community for care that can be provided in the community. In addition UCMC has determined that providing complex, tertiary medical care is a more efficient and effective use of its resources. Therefore, *this option is rejected.*

4. Pursue opening dialysis centers in the market independent of and competing with UCMC

DaVita wishes to be a collaborative member of the healthcare communities served by UCMC. The option to compete with UCMC's clinics would be counter to this objective, and *therefore, the option is rejected.*

IMPACT STATEMENT

1. **University of Chicago – Stony Island has 23 stations and operates at over 112% utilization. The facility has consistently operated at over 100% utilization for a number of years. Upon approval of the change of ownership DaVita Inc., operating through its wholly-owned subsidiary, Total Renal Care Inc. (TRC), intends to immediately proceed with preparation and filing of a Certificate of Need (CON) application to add nine (9) stations.**
2. **Total Renal Care Inc. (TRC) will operate the unit.**
3. **The University of Chicago Medical Center's (UCMC's) leadership has determined that the sale of its three (3) outpatient dialysis programs is consistent with its strategy of not competing with the community for care that can be provided in the community. UCMC has determined that the sale will allow the medical center to use its additional resources to provide tertiary medical care. UCMC concluded that the sale is in the best interest of its patients as the historical need for dialysis treatment continues to grow significantly and each facility needs investment in added capacity.**

In addition, UCMC operates its dialysis facilities on a relatively small scale and cannot provide these services as effectively or efficiently as DaVita. Changes in CMS regulatory and reporting requirements (October 2009) add significant data collection and reporting requirements for ESRD facilities, making it more difficult for independent entities to cost-effectively comply with the Conditions for Coverage. The acquisition allows the dialysis center to use DaVita's policies/procedures, quality/data management tools and resources to comply with the CMS requirements in a timely and cost-effective manner.

DaVita can enhance efficiencies by negotiating larger discounts for supplies. Its financial condition will allow quick expansion of capacity as the facility has been over 100% occupied for a number of years.

Finally, UCMC has determined that a sale to DaVita would benefit its communities because of DVA's commitment to quality, continuity of service, access, and cost effectiveness (see discussion below on cost/benefit analysis, Item 5.)

DaVita wishes to purchase the clinics to enhance its ability to serve patients who live on Chicago's south side. DaVita considered the proposed purchase carefully and determined that the UCMC clinics fit well within its mission, values and business plan. Therefore the proposed acquisition transaction meets the objectives of both parties.

Therefore, University of Chicago Medical Center (UCMC) wishes to relinquish all ownership interest and control in the dialysis facility to DaVita Inc.

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4. **DaVita intends to retain all clinical employees of the UCMC dialysis program. DaVita has no intention of reducing the number of clinical employees. Additional staff will probably be needed when additional stations are operational by December 31, 2011.**
5. **Cost/Benefits of this transaction include the following:**

Quality of Care

DaVita is a nationally recognized provider with superior patient outcomes (refer back to Attachment 11(1) and first-rate quality and management tracking and reporting programs.

Continuity of Care

DaVita intends to work collaboratively with the nephrologists over the long term. Patient care will not be interrupted as the same physicians will medically manage patient care. DaVita will maintain the current workforce to further ensure seamless patient care.

Access

As utilization of UCMC's outpatient dialysis programs is at capacity, with each of its three (3) facilities operating over 100% capacity, each facility needs to add stations. In addition, the HFSRB need methodology recognizes a significant unmet need for additional stations in HSA-6, the City of Chicago. DaVita is committed to meeting this recognized need through additional capital investment. DaVita intends to expand each of the three UCMC dialysis facilities within the next two years, increasing chronic renal dialysis services to the underserved areas currently occupied by the UCMC facilities.

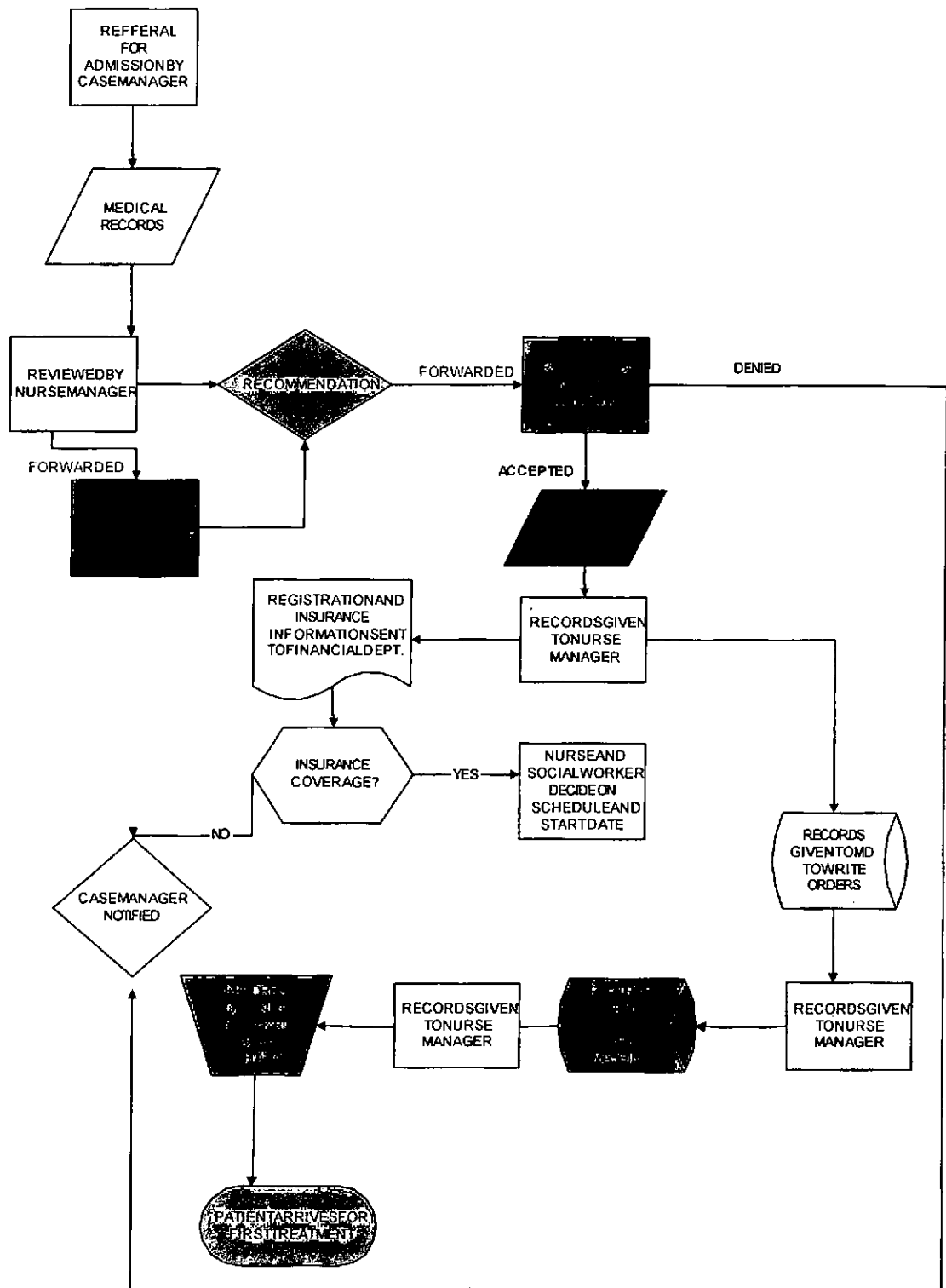
Cost savings of this transaction will result from the purchasing power of a national corporation which can enhance efficiencies by negotiating larger discounts for supplies. In addition, the acquisition allows the dialysis center to use DaVita's policies/procedures, quality/data management tools and resources to comply with new CMS requirements in a timely and cost-effective manner, thus saving resources at UCMC to enhance its commitment to providing complex, tertiary medical services.

ACCESS

1. See Attachment 18B(1) for University of Chicago Medical Center's (UCMC's) current admissions policies.
2. See Attachment 18B(2) for Total Renal Care Inc.'s (TRC's) proposed admissions policies.
3. See Attachment 18B(3) for certification from DaVita Inc.'s and TRC's Chairman and CEO, Kent Thiry, that the proposed admissions policies will not be more restrictive.

Chronic Dialysis Admission Process

The revised process chart shows significant changes in how the initial referral is received in our system. One of the key factors in this proposal is that each person has a specific role in the admissions process. The Nurse Manager is the point of contact person for admission into our program. All communication and correspondence must go through the Nurse Manager. The Nurse Manager receives the medical records and forwards them to the Social Worker and Medical Director for review. The Nurse Manager and the Social Worker each make a recommendation if the patient should be accepted. The Medical Director reviews the information and makes the final decision if the patient is accepted into the program. The Medical Director gives the records back to the Nurse Manager who in turn sends the registration form and insurance information to the Financial Representation. After the patient's insurance is verified and the patient is registered into the computer, the Nurse Manager asks the Medical Director to write Standing Orders for the patient. The Nurse Manager coordinates with the Social Worker and the discharge planner to arrange a schedule and start date for the patient. After the orders are written, the Nurse Manager enters the orders into the computer and forwards the records to the Chief Technician. The Technician enters the dialysis machine codes into the computer system and gives the records back to the Nurse Manager. The Nurse Manager then gives the records to the Unit Clerk. The Unit Clerk is responsible for making a chart for the patient.



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The following medical records and information are needed for a patient to be admitted into our dialysis program:

Demographic Information

Labs- One month for new ESRD patients, three for transferring patients.

Hepatitis B status -within 30 days

Copy of Primary and Secondary Insurance Cards

EKG

Chest X-ray

Medication list

Dialysis Treatment Orders- for transferring patients only

History and Physical report

Renal and Vascular Consults

2728 form-for transferring patients only

Psychosocial Assessment and Social Work Notes-for transferring patients only

Nutrition Assessment

Nursing Assessment and Progress Notes

Dialysis Treatment Sheets-from the first dialysis treatment for new ESRD patients or two weeks for transferring patients

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TITLE: ACCEPTING PATIENTS FOR TREATMENT

PURPOSE: To establish requirements for patient admission to a DaVita dialysis facility and to allow DaVita to obtain necessary information from the patient and to enter the correct information into the appropriate information system prior to providing dialysis treatment to a patient at a DaVita dialysis facility.

DEFINITIONS:

1. **Patient Authorization and Financial Responsibility Form (PAFR)** - Form that informs patients of their financial obligations regarding services provided to them by DaVita. The form must be signed and witnessed prior to the start of the first dialysis treatment and annually thereafter. By signing the PAFR, the patient is assigning the payment for services provided by DaVita, directly to DaVita from insurance companies. The PAFR form must be signed annually at each DaVita facility where the patient treats.
2. **Medicare Secondary Payor Form (MSP)** - Determines if a commercial Employer Group Health Plan (EGHP) (or other insurance carrier) will be primary payor. This form is completed online in Reggie and must be completed for all patients who have Medicare coverage when they start treatment at DaVita.
3. **Beneficiary Selection Form (CMS 382)** - Required by Medicare for home dialysis patients (home hemo or peritoneal). The patient selects whether they will obtain home treatment supplies from a Durable Medical Equipment (DME) provider (Method II) or from the facility that will provide home dialysis support services (Method I). DaVita currently only supports patients selecting Method I.
4. **Medical Evidence Report Form (CMS 2728)** - Required by Medicare to determine if an individual is medically entitled to Medicare under the ESRD provisions of the law and to register patients with the United States Renal Data System. The 2728 form is used as the primary source in determining the COB for patients insurance. Physicians have a 45 day grace period to sign the 2728 form when the patients are new to dialysis. Patients are only required to complete the 2728 form once not for every facility visit or transfer.
5. **Transfer patient** - An existing dialysis patient who is permanently relocating from any dialysis facility to a DaVita dialysis facility. Once the transfer is complete, the patient will become a "permanent" patient.
6. **Guest patient** - A patient who is visiting a facility and plans to return to his/her home facility within 30 days. A guest patient refers to patients visiting from a non-DaVita facility to a DaVita facility as well as visiting from a DaVita facility to another DaVita facility.
7. **Permanent patient** - A patient who has selected a DaVita dialysis facility as his/her home facility.

POLICY:

1. DaVita will accept and dialyze patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability if:
 - a) The patient's care can be managed in an outpatient dialysis facility according to individual modality;
 - b) The patient is under the care of a nephrologist who is credentialed in the DaVita facility;
 - c) There is adequate treatment space and staffing available to provide appropriate care to the patient;
 - d) The patient (a) has been verified as Medicare or Medicaid eligible and/or has private insurance coverage which has been verified, and from which an authorization for treatment has been received by DaVita as required, or (b) accepts financial responsibility for care by signing the PAFR form;
 - Patients who are uninsured must be authorized at the facility level with written approval by the facility's Operational Vice President, or their designee, prior to treatment. *(Please refer to the Cash Payment Fee Schedule for Patients with no Insurance Coverage Policy located on the Village Web ROPS home page under the ROPS P&P Link).*
 - Patients who have an out-of-state Medicaid plan that will not pay for treatment must be authorized at the facility level with written approval by the facility's Operational Vice President, or their designee, prior to treatment.
 - Patients who are out of network and have no out of network benefits must be authorized at the facility level with written approval by the facility's Operational Vice President, or their designee, prior to treatment.
2. Guest patients must make payment for non-covered, and out of network (including out of state Medicaid plans that do not pay for treatment) services in the form of cashiers check, money order, travelers check, American Express, Visa or MasterCard prior to treatment.
3. DaVita will bill using the name and number as it appears on the beneficiary Medicare card or other document confirming the patient's health care coverage through a third party, and as the patient's name is confirmed by two (2) additional forms of identification which has the patient's current legal name listed on it as outlined in section 7 of this policy. If any information on the beneficiary Medicare card is incorrect, DaVita will advise the beneficiary to contact their local servicing Social Security Office to obtain a new Medicare card. If information contained on the insurance card is incorrect, DaVita will advise the policyholder to contact their insurance company to obtain a new insurance card. All insurance cards should match the patient's identification. The patient must

produce evidence that a change was initiated with the appropriate insurance carrier within 90 days of the noted discrepancy.

4. There are three mandatory data elements for any patient to be registered in Reggie. They are first and last name, DOB (date of birth) and anticipated start date at DaVita. These three fields must be completed prior to treatment.
5. Unless otherwise provided for under this policy, prior to the admission to the facility, all patients, including Transfer, Guest and Permanent Patients will be given the following documents to read and sign:
 - Patient's Rights
 - Patient's Responsibilities
 - Patient's Standards of Conduct
 - Patient Grievance Procedure
 - Authorization for and Verification of Consent to Hemodialysis / Peritoneal Dialysis
 - Reuse Information Consent form
 - Caretaker Authorization form
 - HIPAA Notice Acknowledgement form
 - Affidavit of Patient Identification form (Note: This form is only given if the patient or personal representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence upon admission or within seven (7) days of admission).

The patient will agree to follow the Patient's Rights, Patient's Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure. *(Please refer to Patient's Standards of Conduct; Patient Grievance Procedure; Patient Rights and Responsibilities.)*

6. Guest Patients are only required to sign the Patient's Rights, Patient's Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure one time for each DaVita facility they visit, as long as these forms are visibly posted at the facility, unless there are changes made to any of those forms/policies, or state specifications require otherwise.
7. Listed below are the following documents that are required for hemodialysis patients and home dialysis patients prior to admission to a DaVita Dialysis facility:
 - Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:

- (a). Federal or state government issued identification such as:
 - (1). driver's license
 - (2). voter's registration card
 - (3). passport
 - (4). ID card
 - (5). marriage certificate
 - (6). social security card
 - (7). US military photo ID card
- (b). Divorce decree;
- (c). Credit card;
- (d). Utility bill;
- (e). Pension statements;
- (f). Bank account and other financial asset records;
- (g). Property Deed;
- (h). Mortgage;
- (i). Lease Agreement;
- (j). Auto registration;
- (k). Job pay stub;
- (l). Letters from Social Security Office;
- (m). US adoption papers;
- (n). Court order for a legal name change signed by a judge or court clerk;
- (o). Library card;
- (p). Grocery store rewards card; or
- (q). For minors, school records such as school identification card, nursery or daycare records.

- All copies of patient's current insurance cards-front and back;
 - Copy of History and Physical (within the last year – must be legible);
 - For Hepatitis and TB testing requirements, refer to policies: *Hepatitis Surveillance, Vaccination and Infection Control Measures* and *Tuberculosis Infection Control Policy*;
 - If patient is a new ESRD patient, pre dialysis labs including hematocrit or hemoglobin, albumin, BUN, creatinine, and, if available, creatinine clearance and/or urea clearance drawn within 45 days prior to first day of dialysis;
 - Monthly labs within 30 days prior to first treatment date including hematocrit, hemoglobin, URR and electrolytes;
 - Copies of three (3) flowsheets within two (2) weeks of requested treatment(s) for patients who have previously dialyzed;
 - Copy of current hemodialysis orders for treatment;
 - EKG, if available, OR if patient has known heart condition;
 - Patient demographics;
 - Copies of most recent Long Term Program, Patient Care Plan, Nursing, Dietary and Social Work Assessments and most recent progress notes for patients who have previously dialyzed;
 - Current list of medications being administered to patient in-center and at home;
 - Advance Directives, if applicable;
 - Initiation of CMS 2728. Once completed, within the 45-day guideline, it should include the patients and nephrologist's signature and date. This is the official document of the patient's first date of dialysis ever, first dialysis modality, and provides transplant information, if applicable;
 - Patient Authorization & Financial Responsibility Form (PAFR). Must be signed and witnessed prior to the start of the first dialysis treatment. This form allows DaVita to receive payment from insurance companies and informs the patient of the financial responsibilities regarding treatment provided to them. Without a signed PAFR Form, we cannot bill for services provided to the patient;
 - CMS 382 Form. Required only for Medicare primary home dialysis patients (home hemo or peritoneal);
 - Medicare Secondary Payor Form (MSP). Determines if a commercial Employer Group Health Plan (EGHP) will be primary payor. Must be completed for all patients who have Medicare coverage when they start treatment at DaVita;
 - DaVita's Privacy Notice/Privacy Practice Notice. Each patient will be provided with the notice.
8. NOTE: If the patient, or personal representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient should follow the procedures set forth in the Compliance Policy titled "*Patient Identification and Verification Policy*." and any other relevant policies based on the situation at hand.

9. Any conflict with the criteria established or refusal to sign appropriate consents and authorization to bill would constitute a need for prior written authorization by the facility's Operational Vice President or designee.

EXCEPTIONS

1. A permanent DaVita patient may be treated at a facility other than his/her home facility without respect to the required documentation when:
 - a) The attending nephrologist has privileges at both the facilities in question (the patient's home facility and the anticipated visiting facility), and;
 - b) A visiting record is generated by the home facility at least one hour before the scheduled treatment, and;
 - c) The facility administrator at the visiting facility agrees to treat the patient, and;
 - d) The visiting facility has the space and resources to treat the patient.
2. All other exceptions to this policy are subject to approval by the Operational Vice President for the region/division.

Teammates are expected to report possible violations of this policy and procedure. You may make your report to an appropriate DaVita manager, to the Corporate Compliance Hotline (1-888-458-5848) or to DaVita's Corporate Compliance Department (1-888-200-1041 x156037). You may make your report anonymously and you may request confidentiality. Questions regarding this policy should be directed to the QUESTionline@davita.com.



Heartland Region I
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Chicago, IL 60647
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www.davita.com

March 19, 2010

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

Dear Mr. Galassie:

**RE: Certificate of Need (CON) for Change of Ownership
University of Chicago Medical Center – Stony Island**

Assurance on Admissions Policies

I herein certify that the admissions policies to the above-mentioned dialysis facility will not become more restrictive. DaVita's policy for accepting patients for treatment states:

“ DaVita will accept and dialyze patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion or disability.”

This statement is integral to our mission and core values. Please accept this letter as assurance of DaVita's commitment to accept and to continue to care for patients in this manner going forward.

Sincerely,

Kent Thiry
Chairman and CEO
DaVita Inc.
Total Renal Care Inc.

ATTACHMENT 18B(3)
Page 1 of 2

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State of Colorado

County of: Denver

On 4-7-10, before me, Theresa Moran,
Notary Public, personally appeared KENT THIRY
(name(s) of signers)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledge to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal

Place Notary Seal Above

Theresa Moran
Signature of Notary Public

My commission expires: 9-4-13

HEALTH CARE SYSTEM

1. **The proposed acquisition will not impact any existing health care facility.**
2. **A list of all DaVita's in-center hemodialysis facilities is included in Attachment 18C(1) in CON applications ## 10-009 or 10-010.**

A list of DaVita's Illinois in-center hemodialysis facilities is included herein in Attachment 18C(2).

DaVita proposes to acquire and operate, through TRC, the three (3) outpatient dialysis facilities owned by the UCMC which are University of Chicago – Woodlawn; University of Chicago – Stony Island; and University of Chicago – Lake Park.

- 3 – 4. **There are no current or proposed referral agreements involved in this transaction.**
5. **The project will have no impact on neighboring ESRD facilities as the transaction consists solely of a change of ownership of existing facilities. The change of ownership will not restrict the use of other area care providers.**
6. **TRC's care system does not have significant duplication of services.**
7. **DaVita proposes to add needed stations to the facilities within the next two years.**

DaVita will continue to provide the full array of dialysis services including hemodialysis, CAPD, CCPD and home hemodialysis. As new treatment options or technologies emerge (i.e. nocturnal dialysis) DaVita is prepared to provide these services as appropriate.

The change of ownership improves access and continuity of care through DaVita's electronic medical record system which is available via the internet to physicians and other DaVita facilities. The electronic medical record system will improve access and continuity of care to dialysis patients who wish to receive dialysis treatments at other DaVita facilities in the U.S.A. and for dialysis patients needing hospitalizations.

DaVita's In-Center Hemodialysis Facilities in Illinois

Facility	Ownership	Medicare #	Address	City	HSA	As of 01-15-2010	Number of Stations	In-Center Patients	12-31-2009 Utilization
Churchview Dialysis - East Rockford	Davita	142640	5970 Churchview Drive	East Rockford	1	24	84	58.33%	
Dixon Kidney Center	Davita	142651	1131 North Galena Avenue	Dixon	1	8	25	52.08%	
Freeport Dialysis Unit	Davita	142642	1028 Kunkle Avenue	Freeport	1	10	55	91.67%	
Rockford Memorial Hospital	Davita	142647	2400 North Rockton Avenue	Rockford	1	20	99	82.50%	
Roxbury Dialysis	Davita	142665	612 Roxbury Road	Rockford	1	16	87	90.63%	
Sycamore Dialysis	Davita	142639	2200 Gateway Drive	Sycamore	1	12	51	70.83%	
Whiteside Dialysis	Davita	142648	2600 North Locust	Sterling	1	15	61	67.78%	
						105	462	73.33%	
GAMBRO Healthcare - Jacksonville	Davita	142581	1515 West Walnut	Jacksonville	3	14	53	63.10%	
GAMBRO Healthcare - Lincoln	Davita	142582	2100 West 5th Street	Lincoln	3	14	22	26.19%	
GAMBRO Healthcare - Litchfield	Davita	142583	915 St Francis Way	Litchfield	3	11	42	63.64%	
GAMBRO Healthcare - Springfield Central	Davita	142586	932 North Rutledge Street	Springfield	3	21	94	74.60%	
GAMBRO Healthcare - Taylorville	Davita	142587	901 West Sycamore	Taylorville	3	10	26	43.33%	
GAMBRO Healthcare - Montvale	Davita	142590	2930 Montvale Drive, Suite A	Springfield	3	17	77	75.49%	
GAMBRO Healthcare - Rushville	Davita	142620	Route 67 & Route 24, RR #1	Rushville	3	7	25	59.52%	
						94	339	60.11%	
GAMBRO Healthcare - Macon County	Davita	142584	1016 West McKinley Avenue	Decatur	4	21	78	61.90%	
GAMBRO Healthcare - Mattoon	Davita	142585	200 Richmond Avenue, East	Mattoon	4	16	45	46.88%	
GAMBRO Healthcare - East Wood Street	Davita	142599	794 East Wood Street	Decatur	4	16	58	58.33%	
GAMBRO Healthcare - Champaign	Davita	142633	507 E. University Avenue	Champaign	4	10	30	50.00%	
						63	209	55.29%	
Neuroplex Dialysis of Mt. Vernon	Davita	142541	1800 Jefferson Avenue	Mount Vernon	5	14	59	70.24%	
Renal Life Link d/b/a Marion Dialysis	Davita	142570	324 South 4th Street	Marion	5	13	57	73.68%	
GAMBRO Healthcare - Effingham	Davita	142580	904 Medical Park Drive, Suite #1	Effingham	5	16	54	56.25%	
Neuroplex Dialysis of Benton	Davita	142608	1151 West Route #14	Benton	5	13	58	74.36%	
Neuroplex Dialysis of Centralia	Davita	142609	1231 State Illinois Route 161 E.	Centralia	5	12	49	68.05%	
Oliver Dialysis Unit Oliver	Davita	142674	115 North Boone	Oliver	5	7	28	61.90%	
Wayne County Dialysis	Davita	142688	303 NW 11th Street	Fairfield	5	8	16	33.33%	
Vandalia Dialysis	Davita	142693	301 Matthes Road	Vandalia	5	8	11	20.83%	
Robinson Dialysis	Davita			Robinson	5	99	0	0.00%	
						99	330	55.56%	
West Lawn Dialysis	Davita	142528	7000 W. Pulaski	Chicago	6	12	1	1.39%	
Lincoln Park Dialysis Center	Davita	142529	2155-57 N. Lincoln Avenue	Chicago	6	22	119	90.15%	
Ryde Park Kidney Center	Davita	142534	716 W. 43rd Street	Chicago	6	24	122	84.72%	
Urban Square Dialysis	Davita	142534	2639 North Milwaukee Ave.	Chicago	6	20	110	91.67%	
Children's Memorial Hospital	Davita	142604	2611 North Halsted	Chicago	6	6	19	32.78%	
Diamond Dialysis Center (Bevery Dialysis)	Davita	142638	5111 South Western Avenue	Chicago	6	12	58	80.56%	
Monterclair Dialysis Center	Davita	142649	7009-7011 West Belmont	Chicago	6	16	78	81.25%	
Mount Greenwood Dialysis	Davita	142660	3401 W. 111th Street	Chicago	6	16	74	77.08%	
Little Village Dialysis	Davita	142668	2135 W. Cermak Road	Chicago	6	16	83	86.46%	
						144	664	76.85%	

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DaVita's In-Center Hemodialysis Facilities in Illinois

Facility	Ownership	Medicare #	Address	City	HSA	As of 01-15-2010	Number of Stations	In-Center Patients	12-31-2009 Utilization
Olivia Fields Dialysis Center	Davita	142548	4557-B West Lincoln Highway	Matteson	7	24	24	104	70.22%
Chicago Heights Renal Care	Davita	142635	177 West Joe Orr Road	Chicago Heights	7	16	16	79	74.17%
Stony Creek II / a Diamond Dialysis-Oak	Davita	142661	2115 S. Cicero	Oak Lawn	7	12	12	67	93.06%
Big Oaks Dialysis	Davita		5623 W. Touhy Ave.	Niles	7	12	0	0	1.39%
Palos Park Dialysis	Davita		13155 S. LaGrange Road	Oakland Park	7	12	0	0	0.00%
						76	76	248	94.39%
Lake County Dialysis Ctr	Davita	142552	918 South Milwaukee Avenue	Libertyville	8	16	16	73	76.04%
Lake Villa Dialysis	Davita	142666	37809 N. Route 59	Lake Villa	8	12	12	31	43.06%
Barrington Creek Dialysis	Davita		28214 Northwest Highway	Lake Barrington	8	12	12	0	0.00%
						40	40	104	43.33%
Kankakee County Dialysis	Davita	142685	581 William R. Latham Sr. Drive	Bourbonnais	9	12	12	28	36.11%
						12	12	26	36.11%
Edwardsville Dialysis	Davita	142701	3511 Collette Avenue	Edwardsville	11	8	8	11	22.92%
GAMBRO Healthcare - Alton	Davita	142619	160 N. Main Street	Alton	11	11	11	68	94.44%
GAMBRO Healthcare - Breese	Davita	142637	American Village Shopping Ctr.	Breese	11	8	8	24	50.00%
Granite City Dialysis	Davita	142537	2130 Vadalabene Drive	Granite City	11	20	20	68	56.67%
Maryville Dialysis-Renal Treatment Ctr	Davita	142634	5105 West Main Street	Maryville	11	12	12	44	61.11%
Renal Care Of Illinois	Davita	142577	2300 Goose Lake Road	Belleville	11	36	36	153	70.83%
Sauget Dialysis	Davita	142561		Sauget	11	16	16	85	67.71%
						112	112	433	64.43%

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P.O. Box 2076
Tacoma, WA 98401-2076
1423 Pacific Ave.
Tacoma, WA 98402
Tel: (253) 272-1916
www.davita.com

March 26, 2010

To Whom It May Concern:

DaVita Inc. (the Company or DaVita) overall investment strategy is to maximize shareholder value by maintaining a minimum amount of cash on hand and to use its cash for acquisitions, the construction of new centers, and repurchasing shares, as well as to pay down debt. As a result of the Company's investment strategy, the days cash on hand for 2009 was below the criteria of greater than 45 days at approximately 36 days. In addition, the Company's cushion ratio in 2009 of 2.0 to 1.0 was below the criteria of greater than 5.0 to 1.0.

The Company's day's cash on hand from 2006 through 2009 has ranged from 26 days to 36 days and our cushion ratio has ranged from 1.1 to 2.0 during this same period. However, the Company is projecting its day's cash on hand to be approximately 46 days in 2010 and will increase to 71 days in 2012, exceeding the minimum requirement of 45 days of cash on hand. The Company's cushion ratio is also projected to remain below the required levels, during 2010 and 2011, but is projected to exceed the minimum requirement in 2012 as the Company continues to grow its cash primarily from strong operating cash flows. The Company plans to continue growing through acquisitions, developing new centers, repurchasing shares of its common stock and paying down debt in order to maximize shareholder value. In 2009 the Company acquired 19 new centers for approximately \$88 million and spent approximately \$275 million for capital asset expenditures for new center developments, relocations and for maintenance and information technology. The Company has also spent approximately \$154 million to repurchase 2.9 million shares of its common stock. The Company currently has approximately \$500 million remaining authorization for share repurchases which will impact future results.

Except for the days on hand, and the cushion ratio in 2009, and the projected cushion ratio for 2010 and 2011 as discussed above, the other ratios, in Section XXIX, Review of Criteria Relating to Financial Feasibility, for 2006 through 2009, as well as the projections for 2010 through 2012 are within the acceptable ranges and indicate that the Company has the ability to support the acquisition and development of additional dialysis centers because of its strong continued operating results including reliable and strong operating cash flow. As an example, for the year ended December 31, 2009, the Company generated approximately \$667 million of operating cash flow.

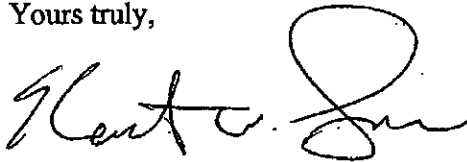
Service Excellence • Integrity • Team • Continuous Improvement • Accountability • Fulfillment

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ATTACHMENT 75(1)
Page 1 of 2

The Company is currently in compliance with all of its financial bank covenants, and has sufficient liquidity and operating cash flows and we believe has access to borrowings to fund its scheduled debt service and other obligations for the foreseeable future. The Company has an undrawn revolving line of credit for \$250 million of which \$52 million is allocated for letters of credit available for liquidity purposes at any time.

Yours truly,

A handwritten signature in black ink, appearing to read "Kenneth W. Lamb". The signature is fluid and cursive, with a large loop at the end.

Kenneth W. Lamb, CPA
Senior Director of Financial Reporting



P.O. Box 2076
Tacoma, WA 98401-2076
1423 Pacific Ave.
Tacoma, WA 98402
Tel: (253) 272-1916
www.davita.com

March 29, 2010

Ms. Delia Wozniak
DMW and Associates, Inc.
3716 N. Bernard Street
Chicago, Illinois 60618

RE: University of Chicago – Stony Island Change of Ownership
Documentation of Financing

Dear Ms. Wozniak:

DaVita Inc., through its operating entity Total Renal Care Inc. (TRC), wishes to purchase substantially all of the assets of the University of Chicago – Stony Island, a 23-station chronic renal dialysis facility located at 8721 S. Stony Island in Chicago, Illinois (60617.)


TRC will assume the facility's existing lease. The facility has 9,336 gross square feet (gsf.) The lease terms are \$25.75 per gsf triple net.

DaVita Inc. will provide equity financing for this project. The estimated total project cost is \$14,061,933, excluding the fair market value (FMV) of the space to be leased.

In addition, DaVita Inc. will provide all necessary working capital to cover any initial operating deficit and start-up costs anticipated to be four month's operating expenses.

I have enclosed our 2009 audited financial statements to support our liquidity.
If you have any further questions, please contact me.

Sincerely,


Jim Hilger
Vice President and Controller
Enclosures

ATTACHMENT 75(2)
Page 1 of 8

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

For the Fiscal Year Ended

December 31, 2009

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-14106

DAVITA INC.

601 Hawaii Street

El Segundo, California 90245

Telephone number (310) 536-2400

Delaware
(State of incorporation)

51-0354549
(I.R.S. Employer
Identification No.)

Securities registered pursuant to Section 12(b) of the Act:

Class of Security:
Common Stock, \$0.001 par value
Common Stock Purchase Rights

Registered on:
New York Stock Exchange
New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2009, the number of shares of the Registrant's common stock outstanding was approximately 104.0 million shares and the aggregate market value of the common stock outstanding held by non-affiliates based upon the closing price of these shares on the New York Stock Exchange was approximately \$5.1 billion.

As of January 29, 2010, the number of shares of the Registrant's common stock outstanding was approximately 103.2 million shares and the aggregate market value of the common stock outstanding held by non-affiliates based upon the closing price of these shares on the New York Stock Exchange was approximately \$6.2 billion.

Documents incorporated by reference

Portions of the Registrant's proxy statement for its 2010 annual meeting of stockholders are incorporated by reference in Part III of this Form 10-K.

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Page 2 of 8

DAVITA INC.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and which includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

During the last fiscal year, the Company conducted an evaluation, under the oversight of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's internal control over financial reporting. This evaluation was completed based on the criteria established in the report titled "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based upon our evaluation under the COSO framework, we have concluded that the Company's internal control over financial reporting was effective as of December 31, 2009.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting, which report is included in this Annual Report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
DaVita Inc.:

We have audited the accompanying consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DaVita Inc. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements (included in FASB ASC Topic 810, Consolidation), on a prospective basis except for the presentation and disclosure requirements which were applied retrospectively for all periods presented effective January 1, 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), DaVita Inc.'s internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Seattle, Washington
February 25, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
DaVita Inc.:

We have audited DaVita Inc.'s internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). DaVita Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, DaVita Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of DaVita Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009, and our report dated February 25, 2010 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Seattle, Washington
February 25, 2010

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DAVITA INC.
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data)

	Year ended December 31,		
	2009	2008	2007
Net operating revenues	\$ 6,108,800	\$ 5,660,173	\$ 5,264,151
Operating expenses and charges:			
Patient care costs	4,248,668	3,920,487	3,590,344
General and administrative	531,531	508,240	491,236
Depreciation and amortization	228,986	216,917	193,470
Provision for uncollectible accounts	161,786	146,229	136,682
Equity investment income	(2,442)	(796)	(1,217)
Valuation gain on alliance and product supply agreement	—	—	(55,275)
Total operating expenses and charges	<u>5,168,529</u>	<u>4,791,077</u>	<u>4,355,240</u>
Operating income	940,271	869,096	908,911
Debt expense	(185,755)	(224,716)	(257,147)
Other income, net	3,708	12,411	22,460
Income before income taxes	758,224	656,791	674,224
Income tax expense	278,465	235,471	245,581
Net income	479,759	421,320	428,643
Less: Net income attributable to noncontrolling interests	(57,075)	(47,160)	(46,865)
Net income attributable to DaVita Inc.	<u>\$ 422,684</u>	<u>\$ 374,160</u>	<u>\$ 381,778</u>
Earnings per share:			
Basic earnings per share attributable to DaVita Inc.	<u>\$ 4.08</u>	<u>\$ 3.56</u>	<u>\$ 3.61</u>
Diluted earnings per share attributable to DaVita Inc.	<u>\$ 4.06</u>	<u>\$ 3.53</u>	<u>\$ 3.55</u>
Weighted average shares for earnings per share:			
Basic	<u>103,603,885</u>	<u>105,149,448</u>	<u>105,893,052</u>
Diluted	<u>104,167,685</u>	<u>105,939,725</u>	<u>107,418,240</u>

See notes to consolidated financial statements.

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ATTACHMENT 75(2)
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DAVITA INC.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

	December 31,	
	2009	2008
ASSETS		
Cash and cash equivalents	\$ 539,459	\$ 410,881
Short-term investments	26,475	35,532
Accounts receivable, less allowance of \$229,317 and \$211,222	1,105,903	1,075,457
Inventories	70,041	84,174
Other receivables	263,456	239,165
Other current assets	40,234	33,761
Income tax receivable	—	32,130
Deferred income taxes	256,953	217,196
Total current assets	2,302,521	2,128,296
Property and equipment, net	1,104,925	1,048,075
Amortizable intangibles, net	136,732	160,521
Equity investments	22,631	19,274
Long-term investments	7,616	5,656
Other long-term assets	32,615	47,330
Goodwill	3,951,196	3,876,931
	\$7,558,236	\$7,286,083
LIABILITIES AND EQUITY		
Accounts payable	\$ 176,657	\$ 282,883
Other liabilities	461,092	495,239
Accrued compensation and benefits	286,121	312,216
Current portion of long-term debt	100,007	72,725
Income taxes payable	23,064	—
Total current liabilities	1,046,941	1,163,063
Long-term debt	3,532,217	3,622,421
Other long-term liabilities	87,692	101,442
Alliance and product supply agreement, net	30,647	35,977
Deferred income taxes	334,855	244,884
Total liabilities	5,032,352	5,167,787
Commitments and contingencies		
Noncontrolling interests subject to put provisions	331,725	291,397
Equity:		
Preferred stock (\$0.001 par value, 5,000,000 shares authorized; none issued) ...		
Common stock (\$0.001 par value, 450,000,000 shares authorized; 134,862,283 shares issued; 103,062,698 and 103,753,673 shares outstanding)	135	135
Additional paid-in capital	621,685	584,358
Retained earnings	2,312,134	1,889,450
Treasury stock, at cost (31,799,585 and 31,108,610 shares)	(793,340)	(691,857)
Accumulated other comprehensive loss	(5,548)	(14,339)
Total DaVita Inc. shareholders' equity	2,135,066	1,767,747
Noncontrolling interests not subject to put provisions	59,093	59,152
Total equity	2,194,159	1,826,899
	\$7,558,236	\$7,286,083

See notes to consolidated financial statements.

DAVITA INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(dollars in thousands)

	Year ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income	\$ 479,759	\$ 421,320	\$ 428,643
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	228,986	216,917	193,470
Valuation gain on alliance and product supply agreement	—	—	(55,275)
Stock-based compensation expense	44,422	41,235	34,149
Tax benefits from stock award exercises	18,241	13,988	32,788
Excess tax benefits from stock award exercises	(6,950)	(8,013)	(25,541)
Deferred income taxes	50,869	94,912	18,601
Equity investment income, net	(204)	(796)	(1,217)
Loss (gain) on disposal of assets	9,761	15,216	(2,825)
Non-cash debt expense and non-cash rent charges	11,184	11,794	12,713
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:			
Accounts receivable	(32,313)	(149,939)	15,911
Inventories	15,115	(2,715)	11,271
Other receivables and other current assets	(35,104)	(40,960)	(61,049)
Other long-term assets	7,288	(11,929)	(14,528)
Accounts payable	(104,879)	57,422	(9,216)
Accrued compensation and benefits	(9,138)	(31,602)	9,691
Other current liabilities	(43,543)	8,871	657
Income taxes	44,578	(30,087)	(12,942)
Other long-term liabilities	(11,362)	8,067	5,764
Net cash provided by operating activities	666,710	613,701	581,065
Cash flows from investing activities:			
Additions of property and equipment	(274,605)	(317,962)	(272,212)
Acquisitions	(87,617)	(101,959)	(127,094)
Proceeds from asset sales	7,697	530	12,289
Purchase of investments available-for-sale	(2,062)	(2,009)	(52,085)
Purchase of investments held-to-maturity	(22,664)	(21,048)	(23,061)
Proceeds from the sale of investments available-for-sale	16,693	21,291	32,274
Proceeds from maturities of investments held-to-maturity	16,380	21,355	4,795
Purchase of equity investments	(2,100)	—	(17,550)
Distributions received on equity investments	2,547	908	1,134
Purchase of intangible assets	(329)	(65)	(2,291)
Other investment activity	—	1,220	(2,942)
Net cash used in investing activities	(346,060)	(397,739)	(446,743)
Cash flows from financing activities:			
Borrowings	18,767,592	17,089,018	13,113,640
Payments on long-term debt	(18,828,824)	(17,102,569)	(13,160,942)
Deferred financing costs	(42)	(130)	(4,511)
Purchase of treasury stock	(153,495)	(232,715)	(6,350)
Excess tax benefits from stock award exercises	6,950	8,013	25,541
Stock award exercises and other share issuances, net	67,908	40,247	62,902
Distributions to noncontrolling interests	(67,748)	(59,357)	(48,029)
Contributions from noncontrolling interests	13,071	19,074	14,735
Proceeds from sales of additional noncontrolling interests	9,375	10,701	5,536
Purchases from noncontrolling interests	(6,859)	(24,409)	—
Net cash (used in) provided by financing activities	(192,072)	(252,127)	2,522
Net increase (decrease) in cash and cash equivalents	128,578	(36,165)	136,844
Cash and cash equivalents at beginning of year	410,881	447,046	310,202
Cash and cash equivalents at end of year	\$ 539,459	\$ 410,881	\$ 447,046

See notes to consolidated financial statements.

AVAILABILITY OF FINANCING

Space Lease

Please refer to the following documents.

**ATTACHMENT 75(3)
17 pages**

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EXTENSION OF LEASE AGREEMENT

THIS Extension of Lease Agreement ("Extension") entered into on the ___ day of February, 2010 by and between S87, LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AS SUCCESSOR TO AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, NOT PERSONALLY BUT SOLELY AS TRUSTEE UNDER TRUST AGREEMENT DATED FEBRUARY 2, 1990 AND KNOWN AS TRUST NUMBER 108205-04 ("Landlord") and THE UNIVERSITY OF CHICAGO MEDICAL CENTER f/k/a UNIVERSITY OF CHICAGO HOSPITALS, AN ILLINOIS NOT FOR PROFIT CORPORATION ("Tenant")

RECITATIONS

WHEREAS, the Landlord and Tenant have entered into a lease for the property commonly known as 8721 S. Stony Island, Chicago, Illinois Agreement dated November 5, 1999 and ending on July 31, 2010 ("Lease"); and

WHEREAS, the Landlord and Tenant intend to extend the Lease upon certain terms and conditions.

NOW THEREFORE, in consideration of the promises contained in this Extension and for other good and valuable consideration the receipt, sufficiency and adequacy of which are mutually acknowledged by the parties, it is agreed:

1. The extended lease term shall begin on August 1, 2010 and shall end on July 30, 2017.
2. In the event Tenant is not in default of any of the terms of the Lease, Tenant shall have two options to renew the Lease for additional terms of five years each upon the same terms and conditions of the Lease, except as may be set forth in this Extension. Granting of the Options shall be conditional upon the notice provisions set forth in the Lease.
3. The rental during the Extension term(s) shall be set forth as follows:

<u>Term</u>	<u>PFS Minimum Rent</u>	<u>Monthly Minimum Rent</u>	<u>Annual Minimum Rent</u>
August 1, 2010-July 31, 2017	\$ 25.75	\$ 19,312.56	\$ 231,750
<u>Option 1</u>			
August 1, 2017-July 31, 2020	\$ 30.25	\$ 22,687.50	\$ 272,250
August 1, 2020-July 31, 2022	\$ 32.75	\$ 24,562.50	\$ 294,750
<u>Option 2</u>			
August 1, 2022-July 31, 2025	\$ 32.75	\$ 24,562.50	\$ 294,750
August 1, 2025-July 31, 2027	\$ 35.25	\$ 26,437.50	\$ 317,750

4. Landlord, at Landlord's sole cost and expense, shall 1) install an additional security lighting on the roof of the premises, 2) install iron cages around the existing rooftop HVAC systems and 3) contract with a licensed plumbing contractor to construct new main sewer line from Tenant's premises to street, per plan as designed per CJ Erikson Plumbing and connect it to existing sewer system. Landlord shall make reasonable efforts to complete the sewer line work between April 1, 2010 and April 15, 2010, subject to availability of materials and weather conditions. Tenant estimates that sewer work will cost approximately \$75,000 and agrees that it will reimburse Landlord for any costs, for plumbing and sewer replacement only, that exceeds this amount \$75,000. Reimbursement shall be due within thirty business days of written notice from Landlord.
5. Tenant shall have the unrestricted rights to assign or sublease its premises to a financially solvent entity as defined with a net worth and assets greater than \$25,000,000.
6. Except for the provisions set forth in this Extension, the Lease is hereby restated and acknowledged to be in full force and effect and contractually binding by Landlord and Tenant.

IN WITNESS WHEREOF, the parties have entered this Extension of Lease Agreement to be executed on the date above mentioned.

Landlord

Tenant

S87, LLC

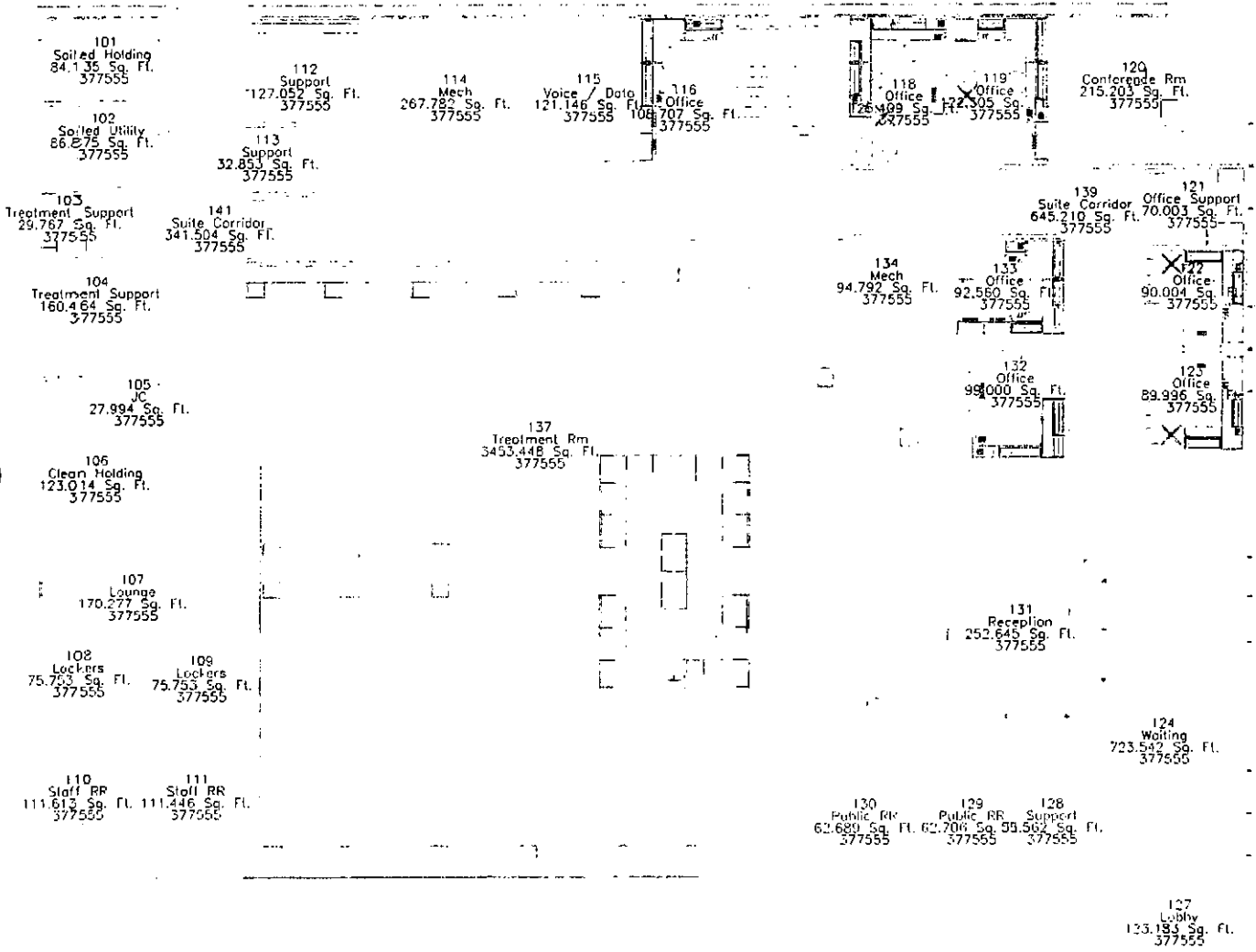
The University of Chicago Medical Center

By: _____

By: *Carolyn Wilson* 2/23/10

Its: _____

Its: *CEO - Associated Pan*



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NT

DISCLAIMER:
 This drawing is for planning purposes only.
 This drawing should not be used for construction.
 Refer to as-built drawings for further information.
 All conditions and dimensions must be verified in the field.

UNIVERSITY OF CHICAGO MEDICAL CENTER OFFICE OF SPACE MANAGEMENT	X69: Stony Island Dialysis Center	
	PLAN	
SCALE 1/25"=1'-0"	PREPARED BY EA	DATE 7-18-08
		FLOOR 01

**SUBORDINATION,
NONDISTURBANCE AND
ATTORNMENMENT AGREEMENT**

This SUBORDINATION,
NONDISTURBANCE, AND
ATTORNMENMENT AGREEMENT
(this "Agreement") is
entered into as of April
__, 2000 (the "Effective
Date"), between LASALLE
BANK NATIONAL ASSOCIATION
("Mortgagee"), whose
address is 135 South

LaSalle Street, Chicago, Illinois 60603, and University of
Chicago Hospitals, an Illinois nonprofit corporation ("Tenant"),
whose address is 5841 South Maryland Avenue, Chicago, Illinois
60637-1470, with reference to the following facts:

A. 87th and Stony Island Limited Partnership, an Illinois
limited partnership whose address is c/o TBS Development Services
Group, 8600 West Bryn Mawr, Suite 550 North, Chicago, Illinois
60631, and c/o Edgemark Commercial Real Estate Services LLC, 2215
York Road, Suite 503, Oak Brook, Illinois 60529-4015
("Landlord"), owns certain real property commonly known as 8721
South Stony Island, Chicago, Illinois (such real property,
including all buildings, improvements, structures and fixtures
located thereon, "Landlord's Premises"), as more particularly
described in Schedule A.

B. Mortgagee has made a loan to Landlord in the original
principal amount of \$1,777,000.00 (the "Loan").

This instrument prepared by and
after recording should be returned to:

Michael S. Kurtzon
Miller, Shakman, Hamilton,
Kurtzon & Schlifke
208 South LaSalle Street
Suite 1100
Chicago, Illinois 60604
(312) 263-3700

Doc. No.: 479194

Permanent Index No.:

25-01-102-021-0000

Address of Property:

8721 South Stony Island
Chicago, Illinois

C. To secure the Loan, Landlord has encumbered Landlord's Premises by entering into that certain Mortgage and Security Agreement with Assignment of Rents, to be recorded in the Office of the Recorder of Deeds of Cook County, Illinois as further amended, restated, or otherwise changed from time to time. the "Mortgage").

D. Pursuant to a Lease dated October 29, 1999 (the "Lease"), Landlord demised to Tenant certain space, as more fully described in the Lease ("Tenant's Premises") at Landlord's Premises.

E. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in Landlord's Premises and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Mortgagee agree:

1. Definitions.

The following terms shall have the following meanings for purposes of this Agreement.

1.1 Construction Obligation. A "Construction Obligation" means any obligation of Landlord under the Lease to make, pay for, or reimburse Tenant for any alterations, demolition, or other improvements or work at Landlord's Premises, including Tenant's Premises. "Construction Obligations" shall not include: (a) reconstruction or repair following fire, casualty or condemnation; or (b) day-to-day maintenance and repairs.

1.2 Foreclosure Event. A "Foreclosure Event" means: (a) foreclosure under the Mortgage; (b) any other exercise by Mortgagee of rights and remedies (whether under the Mortgage or under applicable law, including bankruptcy law) as holder of the Loan and/or the Mortgage, as result of which Successor Landlord becomes owner of Landlord's Premises; or (c) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in Landlord's Premises in lieu of any of the foregoing.

1.3 Former Landlord. A "Former Landlord" means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

1.4 Offset Rights. "Offset Rights" means any right(s) or alleged right(s) of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or other applicable law) from Landlord's breach or default under the Lease.

1.5 Rent. "Rent" means any fixed rent, base rent or additional rent under the Lease.

1.6 Successor Landlord. A "Successor Landlord" means any party that becomes owner of Landlord's Premises as the result of a Foreclosure Event.

1.7 Termination Right. A "Termination Right" means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

2. Subordination.

The Lease shall be, and shall at all times remain, subject and subordinate to the Mortgage, the lien imposed by the Mortgage, and all advances made under the Mortgage.

3 Nondisturbance, Recognition and Attornment.

3.1 No Exercise of Mortgage Remedies Against Tenant. So long as the Lease is in full force and effect and Tenant is not in default under the Lease beyond any applicable cure period, Mortgagee shall not name or join Tenant as a defendant in any exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies. In the latter case, Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action.

3.2 Nondisturbance and Attornment. If the Lease has not been terminated, then, when Successor Landlord takes title to Landlord's Premises: (a) Successor Landlord shall not terminate

or disturb Tenant's possession of Tenant's Premises under the Lease, except in accordance with the terms of the Lease and this Agreement; (b) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (c) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; and (d) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant.

3.3 Further Documentation. The provisions of this Article shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Article in writing upon request by either of them.

4. Protection of Successor Landlord.

Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

4.1 Claims Against Former Landlord. Any Offset Rights that Tenant may have against any Former Landlord relating to any event(s) or occurrence(s) before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment. (The foregoing shall not limit either (a) Tenant's right to exercise against Successor Landlord any Offset Rights otherwise available to Tenant because of events occurring after the date of attornment or (b) Successor Landlord's obligation to correct any conditions that existed as of the date of attornment and violate Successor Landlord's obligations as landlord under the Lease).

4.2 Prepayments. Any payment of Rent that Tenant may have made to Former Landlord more than thirty (30) days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

4.3 Payment, Security Deposit. Any obligation (a) to pay Tenant any sum(s) that any Former Landlord owed to Tenant, or (b) with respect to any security deposited with Former Landlord,

unless such security was actually delivered to Mortgagee. This paragraph is not intended to apply to any payments that constitute "Construction Obligations".

4.4 Modification, Amendment or Waiver. Any modification or amendment of the Lease, or any waiver of any of the terms of the Lease, made without Mortgagee's written consent.

4.5 Surrender, Etc. Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to a specific provision in the Lease.

4.6 Construction Obligations. Any Construction Obligation of Former Landlord, except as expressly provided for in Schedule B (if any) attached to this Agreement.

5. Exculpation of Successor Landlord.

Notwithstanding anything to the contrary in this Agreement or the Lease, upon any attornment pursuant to this Agreement the Lease shall be deemed to have been automatically amended to provide that Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in Landlord's Premises from time to time, including insurance and condemnation proceeds and Successor Landlord's interest in the Lease (collectively, "Successor Landlord's Interest"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord.

6. Mortgagee's Right to Cure.

6.1 Notice to Mortgagee. Notwithstanding anything to the contrary in the Lease or this Agreement, before exercising any Termination Right or Offset Right, Tenant shall provide Mortgagee with notice of the breach or default by Landlord giving rise to

same (the "Default Notice") and, thereafter, the opportunity to cure such breach or default as provided for below.

6.2 Mortgagee's Cure Period. After Mortgagee receives a Default Notice, Mortgagee shall have a period of thirty (30) days beyond the time available to Landlord under the Lease in which to cure the breach or default by Landlord. Mortgagee shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Landlord, except to the extent that Mortgagee agrees or undertakes otherwise in writing.

6.3 Extended Cure Period. In addition, as to any breach or default by Landlord the cure of which requires Mortgagee to possess and control Landlord's Premises, provided only that Mortgagee undertakes to Tenant by written notice to Tenant within thirty (30) days after receipt of the Default Notice to exercise reasonable efforts to cure such breach or default within the period permitted by this paragraph, Mortgagee's cure period shall continue for such additional time (the "Extended Cure Period") as Mortgagee may reasonably require to obtain possession and control of Landlord's Premises and to thereafter cure the breach or default with reasonable diligence and continuity. So long as any receiver of Landlord's Premises has been appointed and is continuing to serve, Mortgagee shall be deemed to have possession and control of Landlord's Premises.

7. Miscellaneous.

7.1 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and given by certified mail (return receipt requested) or by nationally recognized overnight courier service that regularly maintains records of items delivered. Each party's address is as set forth in the opening paragraph of this Agreement, subject to change by notice under this paragraph. Notices shall be effective the next business day after being sent by overnight courier service, and five (5) business days after being sent by certified mail (return receipt requested).

7.2 Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns. If Mortgagee assigns the Mortgage, then upon delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor shall terminate.

7.3 Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

7.4 Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties and any Successor Landlord, including upon any Attornment. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage. Mortgagee confirms that Mortgagee has consented to Landlord's entering into the Lease.

7.5 Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

7.6 Interpretation; Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State of Illinois without regard to principles of conflict of laws.

7.7 Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

7.8 Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

7.9 Mortgagee's Representation. Mortgagee represents that Mortgagee has full authority to enter into this Agreement, and Mortgagee's entry into this Agreement has been duly authorized by all necessary actions.

IN WITNESS WHEREOF, this Agreement has been duly executed by Mortgagee and Tenant as of the Effective Date.

MORTGAGEE:

LASALLE BANK NATIONAL ASSOCIATION

By: _____
Its: _____

TENANT:

UNIVERSITY OF CHICAGO HOSPITALS,
an Illinois nonprofit corporation

By: *Joseph A. Simon*
Its: *VP*

H:\audrey-268\misc.doc\subordination

Landlord consents and agrees to the foregoing Agreement. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Mortgage or the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Tenant. Landlord is not a party to the above Agreement.

LANDLORD:

87th AND STONY ISLAND LIMITED
PARTNERSHIP,
an Illinois limited partnership

By: _____
Its: _____

MORTGAGEE'S ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, _____, a Notary Public in and for
said County, in the State aforesaid, DO HEREBY CERTIFY that
_____, _____ of
LASALLE BANK NATIONAL ASSOCIATION, personally known to me to be
the same person whose name is subscribed to the foregoing
instrument as such _____ and appeared before me this day
in person and acknowledged that he/she signed and delivered the
said instrument as his/her own free and voluntary act, and as the
free and voluntary act of said Bank, for the uses and purposes
therein set forth.

GIVEN under my hand and Notarial Seal this _____ day of
_____, 2000.

(NOTARY SEAL)

Notary Public
My Commission Expires: _____

TENANT'S ACKNOWLEDGEMENT

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I HEREBY CERTIFY that on this 26 day of JUNE 2000, before me personally appeared VP TERRELL FINESEVER of University of Chicago Hospitals, an Illinois nonprofit corporation, to me known to be the same person who signed the foregoing instrument as his/her free act and deed as such _____ for the use and purpose therein mentioned, and that the said instrument is the act and deed of said _____

WITNESS my signature and official seal at UofC Hospitals the County of Cook and State of Illinois, the day and year last aforesaid.

(NOTARY SEAL)



Carrmin L Bagwell
Notary Public

My Commission Expires: 6/30/03

LANDLORD'S ACKNOWLEDGEMENT

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I HEREBY CERTIFY that on this _____ day of _____, 2000, before me personally appeared _____ of 87th and Stony Island Limited Partnership, an Illinois limited partnership, to me known to be the same person who signed the foregoing instrument as his free act and deed as such _____ for the use and purpose therein mentioned, and that the said instrument is the act and deed of said _____.

WITNESS my signature and official seal at _____ in the County of Cook and State of Illinois the day and year last aforesaid.

(NOTARY SEAL)

Notary Public

My Commission Expires: _____

SCHEDULE "A"

LEGAL DESCRIPTION OF LANDLORD'S PREMISES

PARCEL 1: LOTS 10 THROUGH 20 IN BLOCK 4 IN FRED E. DOWNEY'S STONY ISLAND BOULEVARD SUBDIVISION OF LOTS 3 TO 6, INCLUSIVE, IN PARTITION OF THE WEST $\frac{1}{2}$ OF THE NORTHWEST $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS PARCEL 2: THAT PART OF EAST 87TH PLACE LYING NORTH OF AND ADJOINING THE NORTH LINE OF LOT 20 LYING EAST OF AND ADJOINING THE WEST LINE OF SAID LOT 20 PRODUCED NORTH 33 FEET AND LYING WEST OF AND ADJOINING THE EAST LINE OF SAID LOT 20 PRODUCED NORTH 33 FEET IN BLOCK 4 IN FRED E. DOWNEY'S SUBDIVISION OF LOTS 3 TO 6, BOTH INCLUSIVE, IN PARTITION BY OWNERS OF THE WEST $\frac{1}{4}$ OF THE NORTHWEST $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF LOT 2 IN PARTITION BY OWNERS OF THE WEST $\frac{1}{4}$ OF THE NORTHWEST $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS PARCEL 3: THE WEST 248.52 FEET (EXCEPT THE NORTH 8 FEET OF THE EAST 123.52 FEET THEREOF TAKEN FOR ALLEY), OF LOT 2 IN ZEARING GRAHAM AND CHANDLER'S PARTITION OF THE WEST $\frac{1}{4}$ OF THE NORTHWEST $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN COOK COUNTY, ILLINOIS.



Heartland Region I
2659 N. Milwaukee
Chicago, IL 60647
Tel: (773) 276-2380 Fax: (773) 276-4176

March 19, 2010

Ms. Delia Wozniak
President
DMW and Associates, Inc.
3716 North Bernard Street
Chicago, Illinois 60618

RE: Change of Ownership
University of Chicago – Stony Island
8721 S. Stony Island, Chicago, Illinois 60617

Conditions of the Space Lease

Dear Ms. Wozniak:

DaVita Inc., through its wholly-owned operating entity Total Renal Care Inc., proposes to purchase substantially all of the assets of the aforementioned chronic renal dialysis facility from the University of Chicago Medical Center (UCMC). The proposed purchase includes a provision allowing DaVita to assume the space lease.

The facility has 9,336 gross square feet (gsf.) The lease terms are \$25.75 per gsf triple net.

The terms of the lease appear reasonable based on a comparison to similar rents in the area (see attached analysis.) Also, lease expenses are less costly than constructing a new facility.

Sincerely,

Kent J. Thiry
Chairman and Chief Executive Officer

NOTARY
See attached

Sincerely,

Dennis L. Kogod
Chief Operating Officer

NOTARY
See Attached

ATTACHMENT 76(1)
Page 1 of 6

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

COUNTY OF LOS ANGELES)

On 4/1/10 before me, CHRISTINA JIMENEZ, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC

personally appeared, DENNIS L. KOGOD

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Christina Jimenez (SEAL)
NOTARY PUBLIC SIGNATURE



OPTIONAL INFORMATION

THIS OPTIONAL INFORMATION SECTION IS NOT REQUIRED BY LAW BUT MAY BE BENEFICIAL TO PERSONS RELYING ON THIS NOTARIZED DOCUMENT.

TITLE OR TYPE OF DOCUMENT EDDI CONDITIONS OF SPACE LEASE - STONY ISLAND

DATE OF DOCUMENT 3/19/10 NUMBER OF PAGES 4

SIGNERS(S) OTHER THAN NAMED ABOVE

SIGNER'S NAME SIGNER'S NAME

115

State of Colorado

County of: Denver

On 4-7-10, before me, Theresa Moran,
Notary Public, personally appeared KENT THIRY
(name(s) of signers)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledge to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal



Place Notary Seal Above

Theresa Moran
Signature of Notary Public

My commission expires: 9-4-13

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USI Real Estate Brokerage Services, Inc.
Broker Opinion of Value
March 8, 2010

GOAL: Determine fair market rent for similar type properties in the Chicago market

SUBJECT
PROPERTY: 8721 S. Stony Island Chicago, IL 60617
1531 Hyde Park Blvd. Chicago, IL 60617
1160-66 E. 55th Street Chicago, IL 60615

SUBJECT
PROPERTY
RENT: \$240,402 or \$25.75 per square foot
\$178,125 or \$22.03 per square foot
\$210,373 or \$25.94 per square foot

CURRENT COMPS: See following page

MARKET
RANGE: Current market rents for properties comparable to the subject properties range from \$25.00 - \$30.00 Gross ("Comparable Properties"). The subject properties are well located in very small medical building markets. The demand for 5 -10,000 sq. ft. are more difficult to locate than smaller medical office. The closer we got to University of Chicago Hospital the tighter the supply. There are a number of medical buildings in the area but most are 100% leased or have small spaces available. We compared buildings which were all medical or contained several medical users.

CONCLUSION: Based on a comparison of the characteristics (as described above) of the Subject Property to the Comparable Properties, the **Fair Market Rental Range** for 8725 S. Stony Island Chicago, IL 60617, 1531 Hyde Park Blvd. Chicago, IL 60617 and 1164 E. 55th Street Chicago, IL 60615 is between \$25.00 to \$30.00 Gross.

PREPARED BY: McLennan Commercial John Steffens

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ATTACHMENT 76(1)
Page 4 of 6

Subject Property



8721 S. Stony Island Chicago, IL 60617

Building Class / Type: C
Total Building Size: 22,586 SF
Year Built: 1973

DaVita Space: 9,336 SF

Subject Property



1531 Hyde Park Blvd. Chicago, IL 60617

Building Class / Type: B
Total Building Size: 66,000 SF
Year Built: 1969

DaVita Space: 8,085 SF

Subject Property



1164 E. 55th Street Chicago, IL 60615

Building Class / Type: C
Total Building Size: 11,000 est.
Year Built: 1973 est.

DaVita Space: 8,110 SF

Comparable Properties



5401 S Wentworth Ave

Grand Boulevard Plaza

Chicago, IL 60609

Building Class / Type: B

Total Building Size: 144,000 SF

Year Built: 1973

Available Space: Total Avail: 14,975 SF 10,000 contiguous.

Rental Rate: \$28.00 to \$30.00 gross

1525 E 53rd St, Suite 530

Chicago, IL 60615

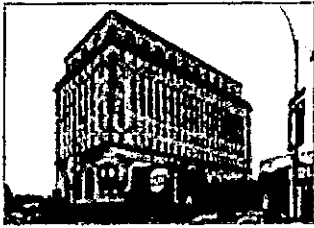
Building Class/Type: B

Total Building Size: 110,000 SF

Year Built: 1920, Renovation 1991

Available Space: 8,899 SF

Rental Rate: \$30.00 gross



Greenwood Dialysis Center

1111-1135 E 87th St, Suite 700

Bldg A

Chicago, IL 60619

Building Class/Type: B

Total Building Size: 65,000 SF

Year Built: 19

Available Space: total 9,524 with largest 7,524 SF

Rental Rate: \$25.00 gross



Market Summary

Although rental rates vary above, based on the existing building type and class, the expected range of market rental rates is between \$25.00 and \$30.00 Gross.

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OTHER PROJECT COSTS
University of Chicago – Stony Island

<u>Area</u>	<u>Amount</u>	<u>Basis for Estimate</u>
PREPLANNING		
CON Fee	\$33,600	Regulation
CONSULTING & OTHER FEES		
CON Consulting	\$19,320	Agreement
Legal	<u>\$50,000</u>	DaVita Estimate
	\$69,320	
FAIR MARKET VALUE OF LEASED SPACE		
FMV \$1,209,012		Buyer's Opinion of Value (BOV) See Attachment 7B
ACQUISITION OF ASSETS	\$13,959,013 *	Letter of Intent to Purchase See Attachment 7C
TOTAL PROJECT COST	<u>\$15,270,945</u>	

* The proposed Purchase Agreement between TRC and UCMC includes the sale and purchase of all of UCMC's chronic dialysis assets, and includes the following three outpatient hemodialysis facilities as well as its Home Dialysis Program:

University of Chicago – Woodlawn, 1164 E. 55th Street in Chicago (60615)
University of Chicago – Lake Park, 1531 Hyde Park Blvd. in Chicago (60615)
University of Chicago – Stony Island, 8721 S. Stony Island in Chicago (60617)
University of Chicago – Home Programs

The total proposed purchase price for the transaction is \$27.8 million. The price of the various entities is as follows based on a discounted cash flow analysis:

University of Chicago – Woodlawn	\$2,219,856
University of Chicago – Lake Park	\$2,677,026
University of Chicago – Stony Island	\$13,959,013
University of Chicago – Home Programs	<u>\$8,944,105</u>
Total	\$27,800,000

**Proposed Change of Ownership from
University of Chicago – Stony Island to
Total Renal Care Inc. d/b/a Stony Island Dialysis**

**Projected Operating Costs
1st Full Year of Operation
2011**

Salaries and Benefits (approx. 35%)	\$2,395,948
Medical Supplies (Excluding Epogen)	<u>\$562,871</u>
TOTAL	\$2,958,819
Number of Treatments	24,395
Cost per Treatment	<u>\$121.28</u>

SOURCE: Feasibility Study in Attachment 76(4).

USES OF FUNDS	Annual		
	Cost	Life	Depreciation
Inventory	\$121,421	0	\$0
Fixed Assets	\$79,857	7	\$11,408
Leasehold Improvements	\$100,000	10	\$10,000
Non-Compete Allocation	\$1,395,901	10	\$139,590
Goodwill	\$12,261,834	0	\$0
FMV of Leased Space	\$1,209,012	0	\$0
Fees/services	\$102,920	0	\$0
Total	\$15,270,945		\$160,998
Facility			
Square feet of space	9,336		
Cost per square foot	\$13.01		
Hemo stations	23		

ESTIMATED CAPITAL EXPENDITURES	Year 1	Year 2	Year 3	Year 4	Year 5
	\$433,500	\$400,000	\$36,000	\$36,000	\$36,000

INCOME STATEMENT

	Pro Forma Projected				
	Year 1	Year 2	Year 3	Year 4	Year 5
Treatments					
Chronic	24,395	25,493	26,640	27,439	27,439
Home	0	0	0	0	0
Total Treatments	24,395	25,493	26,640	27,439	27,439
Growth		4.5%	4.5%	3.0%	0.0%
Net Revenue	\$8,282,218	\$ 8,508,909	\$ 8,987,732	\$ 9,359,593	\$ 9,472,453
<i>Net Revenue/Tx</i>	\$340	\$334	\$337	\$341	\$345
SW&B	\$2,395,948	\$2,350,561	\$2,462,992	\$2,566,958	\$2,643,967
Other Expenses	\$3,865,522	\$4,032,649	\$4,242,289	\$4,409,049	\$4,468,879
Total Expenses	\$6,261,470	\$6,383,210	\$6,705,282	\$6,976,007	\$7,112,846
EBITDA	\$2,020,748	\$2,125,698	\$2,282,451	\$2,383,586	\$2,359,608
<i>EBITDA/Tx</i>	\$82.83	\$83.38	\$85.68	\$86.87	\$85.99
<i>EBITDA as a % of Revenue</i>	24.4%	25.0%	25.4%	25.5%	24.9%

Depr & Amort	\$	215,834	\$	272,977	\$	278,120	\$	283,263	\$	288,405
EBIT		\$1,804,914		\$1,852,722		\$2,004,331		\$2,100,324		\$2,071,202
Interest Expense	0.0%	\$0		\$0		\$0		\$0		\$0
Pre-Tax Income		\$1,804,914		\$1,852,722		\$2,004,331		\$2,100,324		\$2,071,202
Income Taxes	40.4%	\$729,185		\$748,500		\$809,750		\$848,531		\$836,766
Net Income		\$1,075,729		\$1,104,222		\$1,194,581		\$1,251,793		\$1,234,437
Shares Outstanding		103,200,000		103,200,000		103,200,000		103,200,000		103,200,000
Incremental EPS		\$0.010		\$0.011		\$0.012		\$0.012		\$0.012

1 2 2

UC - Stony Island

PRO FORMA

	Year 1	Year 2	Year 3	Year 4	Year 5
Treatments					
Chronic	24,395	25,493	26,640	27,439	27,439
PD	0	0	0	0	0
Total Treatments	24,395	25,493	26,640	27,439	27,439
<i>Growth</i>		4.5%	4.5%	3.0%	0.0%
REVENUES:					
In Center	\$6,022,267	\$7,703,824	\$8,295,801	\$8,646,904	\$8,759,764
Home	\$0	\$0	\$0	\$0	\$0
Epogen	\$1,474,256	\$461,125	\$386,789	\$398,392	\$398,392
Other Ancillary	\$785,696	\$343,959	\$305,143	\$314,297	\$314,297
Gross Revenue	\$8,282,218	\$8,508,909	\$8,987,732	\$9,359,593	\$9,472,453
Less:					
Contractual Allowances	\$0	\$0	\$0	\$0	\$0
Epogen Allowance	\$0	\$0	\$0	\$0	\$0
Net Revenue	\$8,282,218	\$8,508,909	\$8,987,732	\$9,359,593	\$9,472,453
Net Revenue/Tx	\$340	\$334	\$337	\$341	\$345
EXPENSES:					
SW&B - Chronic	\$2,395,948	\$2,350,561	\$2,462,992	\$2,566,958	\$2,643,967
SW&B - Home	\$0	\$0	\$0	\$0	\$0
Medical Supplies - Chronic	\$562,871	\$569,095	\$594,704	\$612,545	\$612,545
Medical Supplies - Home	\$0	\$0	\$0	\$0	\$0
Medical Supplies - Other	\$0	\$0	\$0	\$0	\$0
Pharmacy	\$588,917	\$623,731	\$660,617	\$689,655	\$699,012
Lab	\$24,125	\$25,211	\$26,345	\$27,136	\$27,136
Epogen	\$1,088,428	\$1,160,265	\$1,236,848	\$1,299,560	\$1,325,681
Provision for Bad Debts	\$207,055	\$212,723	\$224,693	\$233,990	\$236,811
Maintenance and Repair	\$160,848	\$168,087	\$175,651	\$180,920	\$180,920
Utilities and Telephone	\$136,056	\$140,138	\$144,342	\$148,672	\$153,132
Insurance	\$34,750	\$37,404	\$40,259	\$42,711	\$43,993
Taxes and Licenses	\$38,012	\$38,772	\$39,548	\$40,339	\$41,146
Other Supplies	\$40,850	\$42,688	\$44,609	\$45,947	\$45,947
Other Expenses	\$227,857	\$235,072	\$250,563	\$263,242	\$268,507
Physician Fees	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000
Rent	\$296,418	\$305,311	\$314,470	\$323,904	\$333,621
G&A Expenses	\$329,332	\$344,152	\$359,639	\$370,428	\$370,428
Total Expenses	\$6,261,470	\$6,383,210	\$6,705,282	\$6,976,007	\$7,112,846
EBITDA	\$2,020,748	\$2,125,698	\$2,282,451	\$2,383,586	\$2,359,608
<i>EBITDA/Tx</i>	<i>582.83</i>	<i>583.38</i>	<i>585.68</i>	<i>586.87</i>	<i>585.99</i>
<i>EBITDA as a % of Revenue</i>	<i>24.4%</i>	<i>25.0%</i>	<i>25.4%</i>	<i>25.5%</i>	<i>24.9%</i>
Depr & Amort	\$ 215,834	\$ 272,977	\$ 278,120	\$ 283,263	\$ 288,405
EBIT	\$1,804,914	\$1,852,722	\$2,004,331	\$2,100,324	\$2,071,202
CASH FLOW:					
Net Income	\$1,075,729	\$1,104,222	\$1,194,581	\$1,251,793	\$1,234,437
Depr & Amort	\$215,834	\$272,977	\$278,120	\$283,263	\$288,405
Capital Expenditures	(\$433,500)	(\$400,000)	(\$36,000)	(\$36,000)	(\$36,000)
Incremental Working Capital	(\$1,396,503)	(\$42,798)	(\$88,454)	(\$65,169)	(\$14,206)
Net Cash Flow	(\$538,440)	\$934,401	\$1,348,247	\$1,433,887	\$1,472,636

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IN-CENTER

Month	Year 1		Year 2		Year 3		Year 4		Year 5	
	Patients	Treatments	Patients	Treatments	Patients	Treatments	Patients	Treatments	Patients	Treatments
1	166	2,065	173	2,072	180	2,161	190	2,368	190	2,366
2	166	1,995	173	2,159	181	2,255	190	2,368	190	2,279
3	167	2,002	174	2,086	182	2,098	190	2,192	190	2,279
4	167	2,009	174	2,093	183	2,277	190	2,367	190	2,367
5	168	2,016	175	2,100	184	2,204	190	2,280	190	2,191
6	169	2,101	176	2,188	185	2,214	190	2,279	190	2,367
7	169	2,030	176	2,114	185	2,311	190	2,367	190	2,367
8	170	1,880	177	2,040	186	2,064	190	2,104	190	2,104
9	170	2,122	177	2,211	187	2,247	190	2,279	190	2,280
10	171	2,051	178	2,054	188	2,258	190	2,279	190	2,280
11	171	2,058	179	2,226	189	2,357	190	2,366	190	2,280
12	172	2,065	179	2,150	190	2,193	190	2,191	190	2,280
Total		<u>24,395</u>		<u>25,493</u>		<u>26,640</u>		<u>27,439</u>		<u>27,439</u>
		(0)		(0)		(0)		(0)		(0)

HOME

Month	Year 1		Year 2		Year 3		Year 4		Year 5	
	Patients	Treatments	Patients	Treatments	Patients	Treatments	Patients	Treatments	Patients	Treatments
1	0	0	0	0	0	0	0	0	0	0
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
Total										

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New Patients on Service	
Beginning Patients	166
Less 14.0% Mortality	23
Ending Patients	<u>172</u>
Net New Patients	<u>29</u>
Beginning Patients	180
Less 14.0% Mortality	25
Ending Patients	<u>190</u>
Net New Patients	<u>35</u>
Beginning Patients	190
Less 14.0% Mortality	27
Ending Patients	<u>190</u>
Net New Patients	<u>27</u>

UC - Stony Island

Assumptions for Acquisition:

Acquisition Costs:	
Inventory	\$121,421
Fixed Assets	\$79,857
Leasehold Improvements	\$100,000
Non-Compete Allocation	\$1,395,901
Goodwill	\$12,261,834
FMV of Leased Space	\$1,209,012
Fees/services	\$102,920
Total	<u>\$15,270,945</u>

Revenues: Based on combination of current UCMC census/payor mix and DVA-Chicago reimbursement history

Expenses: Based on current UCMC levels combined with DVA-Chicago per tx expense comps

Bad Debt: Based on 2.5% of net revenue.

Proposed Staffing: SW&C's projected using current UCMC staffing levels/rates
Benefits portion of SWB's is approximately 35%

Patient Census: Census projected to increase from 166 pts at the beginning of year 1 to 190 pts at the end of year 5 (-2.8% CAGR)

Working Capital: Funded by DVA and Net Income
Assumes A/R @ 80 days for years 1-5
Assumes Inventory @ 18 days for years 1-5

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**Proposed Change of Ownership from
University of Chicago – Stony Island to
Total Renal Care Inc. d/b/a Stony Island Dialysis**

**Projected Capital Costs
1st Full Year of Operation**

2011

Depreciation/Amortization	\$215,834
Interest	<u>0</u>
TOTAL	<u>\$215,834</u>
Number of Treatments	24,395
Capital Cost per Treatment	<u>\$8.85</u>

SOURCE: Feasibility Study in Attachment 76(4).

Safety Net Impact Statement

The project has no impact on "Safety Net Service" providers as defined in Public Act 96-031. Hemodialysis is a unique health care service which is covered by Medicare regardless of patient age. The rare patient who may ultimately be denied Medicare coverage due to lack of citizenship receives coverage through the State of Illinois' Medicaid program. See the following page for DaVita's payer mix by revenues and treatments for Illinois and Chicago facilities.

DaVita facilities will provide any member of the community with dialysis services prescribed by a licensed physician. DaVita accepts and dialyzes patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability. In addition, DaVita provides service to persons with barriers to mainstream health care due to lack of insurance, inability to pay, or geographic isolation.

Below is the process whereby DaVita ensures that patients receive care. DaVita first verifies Medicare or Medicaid eligibility and/or private insurance coverage. Patients who lack insurance are authorized to receive treatment at the facility level with necessary written approval while they complete necessary applications for Medicare or Medicaid. Medicaid under Illinois law will provide treatment back to the first date of treatment. Medicare has a waiting period of 90 days after starting an ongoing course of dialysis. In any case, DaVita treats the patient with ongoing dialysis whether the service is ever covered or not.

Persons, who are not eligible for medical benefits because they do not meet citizenship/immigration requirements, may qualify for medical emergency care under Illinois law. Hemodialysis is considered an emergency medical condition and as long as the patient needs hemodialysis services they are covered. If there is a gap in coverage or eligibility for coverage at any time and in any case, DaVita provides care to those in any of those circumstances.

DaVita offers monthly pre-ESRD teaching to any patient who would like to attend at community based centers near its dialysis centers. Classes consist of the following different curricula: Making Healthy Choices, Taking Control and Treatment Choices including transplant services from local programs. The classes offer patients tips on how to maintain healthy living and the pro and cons of the options available for treating end stage renal disease (ESRD) along with the process to receive a transplant.

DaVita also has a website (DaVita.com) that offers an education section with topics such as kidney disease, dialysis, home dialysis, transplant and diet & nutrition. The DaVita website contains multiple sources for services available, recipes for patients with ESRD, other tools provided by DaVita and videos about multiple topics.

DaVita Clinical Research (DCR) is a renal Phase I-IV clinical trial site and site management organization. It offers the following services: Phase I-IV, Pharmacokinetics, and Pharmacodynamics. Our specialty patient population includes Renal, Renal Transplants and Peritoneal Dialysis. DCR is committed to the success of our customers' studies in providing the highest quality, professional services. It is unique, with Phase I-IV clinical trial capabilities, quick local or central institutional review board (IRB) approval, rapid enrollment of patients and board-certified physicians committed to managing all protocol-related activities. It has been conducting clinical trials for over 15 years and has worked with over 65 drug and device sponsors, to provide quality, timely and cost effective clinical trials.

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ATTACHMENT 77

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DaVita Inc.

Revenues and Treatments, By Payer

	<u>2007</u>	<u>2008</u>	<u>2009</u>
ILLINOIS REVENUES			
Medicare	48.3%	52.6%	53.0%
BCBS of IL	14.7%	13.0%	14.2%
Medicaid	5.4%	5.8%	5.5%
Patient	0.2%	0.2%	0.3%
Commercial/all other	31.4%	28.5%	27.0%
Total	100.0%	100.0%	100.0%
CHICAGO REVENUES			
Medicare	44.5%	49.6%	50.2%
BCBS of IL	19.8%	17.6%	17.8%
Medicaid	8.5%	9.0%	8.7%
Patient	0.2%	0.3%	0.6%
Commercial/all other	27.0%	23.5%	22.7%
Total	100.0%	100.0%	100.0%
Illinois Treatments			
Medicare	77.0%	77.2%	77.3%
BCBS of IL	5.1%	5.2%	5.6%
Medicaid	6.9%	6.6%	6.5%
Patient	0.3%	0.3%	0.6%
Commercial/all other	10.7%	10.6%	10.1%
Total	100.0%	100.0%	100.0%
Chicago Treatments			
Medicare	73.1%	74.0%	73.8%
BCBS of IL	7.1%	7.7%	7.5%
Medicaid	11.8%	11.1%	10.8%
Patient	0.4%	0.4%	1.0%
Commercial/all other	7.6%	6.8%	6.9%
Total	100.0%	100.0%	100.0%

**Please refer to CON Applications ##10-009 and 10-010
To review copies of DaVita Inc.'s Financial Statements**

DAVITA INC.*

Audited Historic Financial Statements
2007- 2009

Financial Estimates
2010 - 2012

* DaVita Inc. is the holding company for various wholly-owned subsidiaries, including Total Renal Care Inc. (TRC), Renal Treatment Centers Inc. (RTC) and Renal Life Link Inc. (RLL).