

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

JUL 14 2010

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	ARA-Crystal Lake Dialysis		
Street Address:	6220 Northwest Highway		
City and Zip Code:	Crystal Lake, IL 60014		
County:	Lake	Health Service Area VIII	Health Planning Area:

Applicant /Co-Applicant Identification

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

Exact Legal Name:	ARA-Crystal Lake Dialysis, LLC		
Address:	66 Cherry Hill Drive Beverly, MA 01915		
Name of Registered Agent:			
Name of Chief Executive Officer:	Syed Kamal		
CEO Address:	18302 Highwoods Preserve Parkway Tampa, FL 33647		
Telephone Number:	813/866-1204		

Type of Ownership of Applicant/Co-Applicant

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

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

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

Primary Contact

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

Name:	Marie Lascio
Title:	Area Facility Manager
Company Name:	American Renal Associates
Address:	35 Higgins Road, Suite 920 South Barrington, IL 60010
Telephone Number:	847/783-4700
E-mail Address:	mlascio@americanrenal.com
Fax Number:	847/428-8200

Additional Contact

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

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

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

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Facility/Project Identification

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City and Zip Code:	Crystal Lake, IL 60014		
County:	Lake	Health Service Area	VIII
		Health Planning Area:	

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

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Address:	66 Cherry Hill Drive Beverly, MA 01915
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Fax Number:	

**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.

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Facility Name:	ARA-Crystal Lake Dialysis		
Street Address:	6220 Northwest Highway		
City and Zip Code:	Crystal Lake, IL 60014		
County:	Lake	Health Service Area	VIII Health Planning Area:

Applicant /Co-Applicant Identification

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

Exact Legal Name:	ARA-Northwest Chicago, LLC
Address:	66 Cherry Hill Drive Beverly, MA 01915
Name of Registered Agent:	
Name of Chief Executive Officer:	Syed Kamal
CEO Address:	18302 Highwoods Preserve Parkway Tampa, FL 33647
Telephone Number:	813/866-1204

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<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
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E-mail Address:	mlascio@americanrenal.com
Fax Number:	847/428-8200

Additional Contact

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

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

Post Permit Contact

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

Name:	same as primary contact
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Bradley Financing Partnership
Address of Site Owner:	535 Boylston Street Boston, MA 02116
Street Address or Legal Description of Site:	6220 Northwest Highway Crystal Lake, IL 60014
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name:	ARA-Crystal Lake Dialysis, LLC		
Address:	66 Cherry Hill Drive Beverly, MA 01915		
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input checked="" type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none">o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #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.hfsrb.illinois.gov>).

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

Part 1110 Classification:

- Substantive
 Non-substantive

Part 1120 Applicability or Classification:
[Check one only.]

- Part 1120 Not Applicable
 Category A Project
 Category B Project
 DHS or DVA Project

2. 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.

The proposed project addresses the addition of eight stations to an existing ESRD facility located in South Barrington. The additional seven stations will be developed through a reconfiguration of the space within the existing 9-station facility.

ARA-South Barrington Dialysis Center has experienced steady increases in utilization over the past two years, and patients have been identified who will require dialysis within the next 12-18 months in sufficient number to support the proposed 16 stations.

This is a "non-substantive" project because it deals with ESRD services, exclusively.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$6,000		\$6,000
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	204,750		204,750
Contingencies	17,550		17,550
Architectural/Engineering Fees	27,800		27,800
Consulting and Other Fees	40,000		40,000
Movable or Other Equipment (not in construction contracts)	140,000		140,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$436,100		\$436,100
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$436,100		\$436,100
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$436,100		\$436,100
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price:	\$ _____	
Fair Market Value:	\$ _____	
The project involves the establishment of a new facility or a new category of service		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>none</u>		

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:
<input type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary
<input checked="" type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>June 1, 2011</u>
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.
APPEND DOCUMENTATION AS ATTACHMENT-B, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

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

Cost Space Requirements

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

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

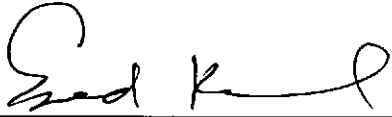
APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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 ARA-Northwest Chicago, LLC in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application 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
SYED KAMAL

PRINTED NAME
President

PRINTED TITLE



SIGNATURE
CHRISTOPHER FORD

PRINTED NAME
CHAIRMAN

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8 day of July


Notarization:
Subscribed and sworn to before me
this 8 day of July



Signature of Notary



Signature of Notary

Seal:  **VALERIE LOYS PALERMO**
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires November 08, 2013

Seal:  **VALERIE LOYS PALERMO**
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires November 08, 2013

*Insert EXACT legal name of the applicant

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 ARA-Crystal Lake Dialysis, LLC in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application 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.

Syed Kamal
SIGNATURE
SYED KAMAL
PRINTED NAME
President
PRINTED TITLE

Christopher Ford
SIGNATURE
CHRISTOPHER FORD
PRINTED NAME
CHAIRMAN
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8 day of July

Notarization:
Subscribed and sworn to before me
this 8 day of July

Valerie Loys Palermo
Signature of Notary
Seal
VALERIE LOYS PALERMO
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires November 08, 2013

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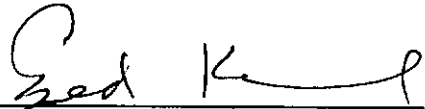
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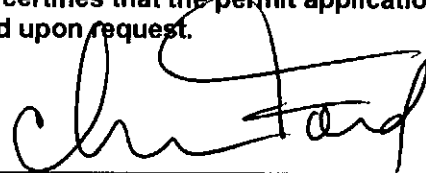
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- o in the case of a sole proprietor, the individual that is the proprietor.


This Application for Permit is filed on the behalf of American Renal Associates, LLC in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application 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
SYED KAMAL
PRINTED NAME
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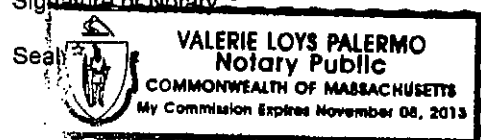
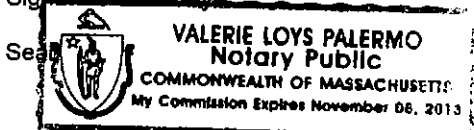

SIGNATURE
CHRISTOPHER FORS
PRINTED NAME
CHAIRMAN
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8 day of July

Notarization:
Subscribed and sworn to before me
this 8 day of July


Signature of Notary


Signature of Notary



*Insert EXACT legal name of the applicant

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

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

Criterion 1110.230 – Background, Purpose of the Project, 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, and certification 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-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

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 as appropriate.

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

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

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

ALTERNATIVES

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

Alternative options **must** include:

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

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

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative.
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

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

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

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

Provide the following information:

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

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

ASSURANCES:

Submit the following:

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

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

G. Criterion 1110.1430 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize In-Center Hemodialysis must submit the following information:
2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations
X In-Center Hemodialysis	9	16

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

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.1430(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.1430(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.1430(b)(5) - Planning Area Need - Service Accessibility	X		
1110.1430(c)(1) - Unnecessary Duplication of Services	X		
1110.1430(c)(2) - Maldistribution	X		
1110.1430(c)(3) - Impact of Project on Other Area Providers	X		
1110.1430(d)(1) - Deteriorated Facilities			X
1110.1430(d)(2) - Documentation			X
1110.1430(d)(3) - Documentation Related to Cited Problems			X
1110.1430(e) - Staffing Availability	X	X	
1110.1430(f) - Support Services	X	X	X
1110.1430(g) - Minimum Number of Stations	X		
1110.1430(h) - Continuity of Care	X		
1110.1430(j) - Assurances	X	X	X

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

4. Projects for relocation of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1110.130 - "Discontinuation" and subsection 1110.1430(i) - "Relocation of Facilities".

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

none

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

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

APPEND DOCUMENTATION AS **ATTACHMENT-44**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

VIII. - 1120.120 - Availability of Funds

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

\$436,100	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
		1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
		2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
		1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
		2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
		3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
		4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
		5) For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$436,100	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

Not applicable—no debt financing

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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

2. Variance

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

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

Not applicable—no debt financing

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

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

B. Conditions of Debt Financing

Not applicable—no debt financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

not applicable—Type "A" project

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

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

not applicable—non-substantive project

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

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

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

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

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			

	Outpatient			
	Total			
	Medicaid (revenue)			
	Inpatient			
	Outpatient			
	Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information charity care is not provided due to type of service provided

Charity Care information **MUST** be furnished for **ALL** projects.

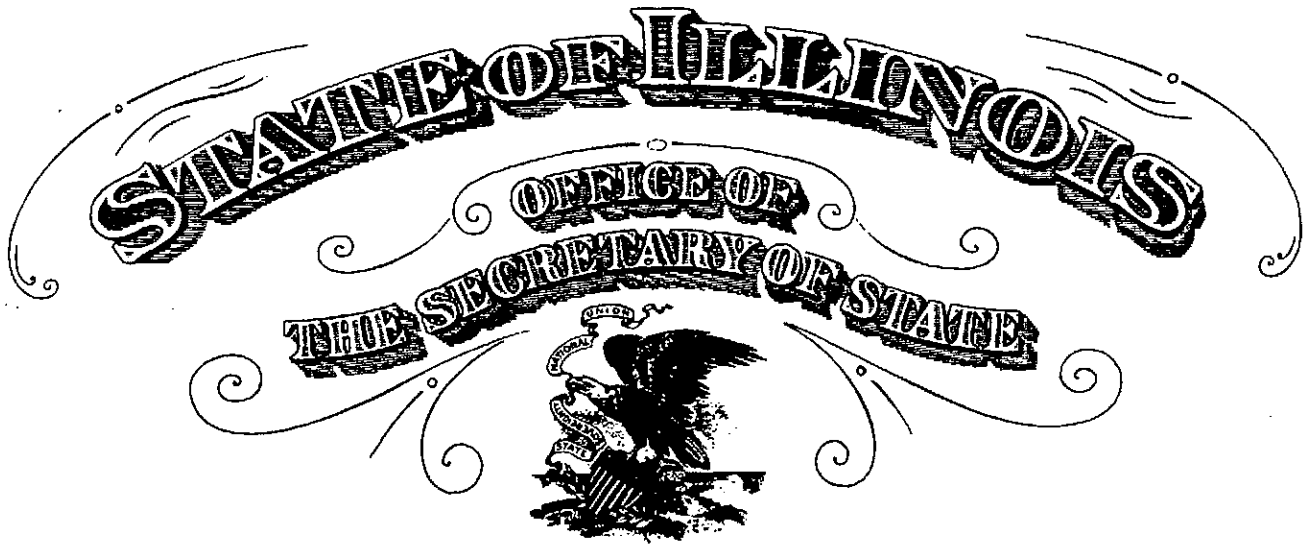
1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

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

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

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

ARA-N.W. CHICAGO LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 05, 2004, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1003201694

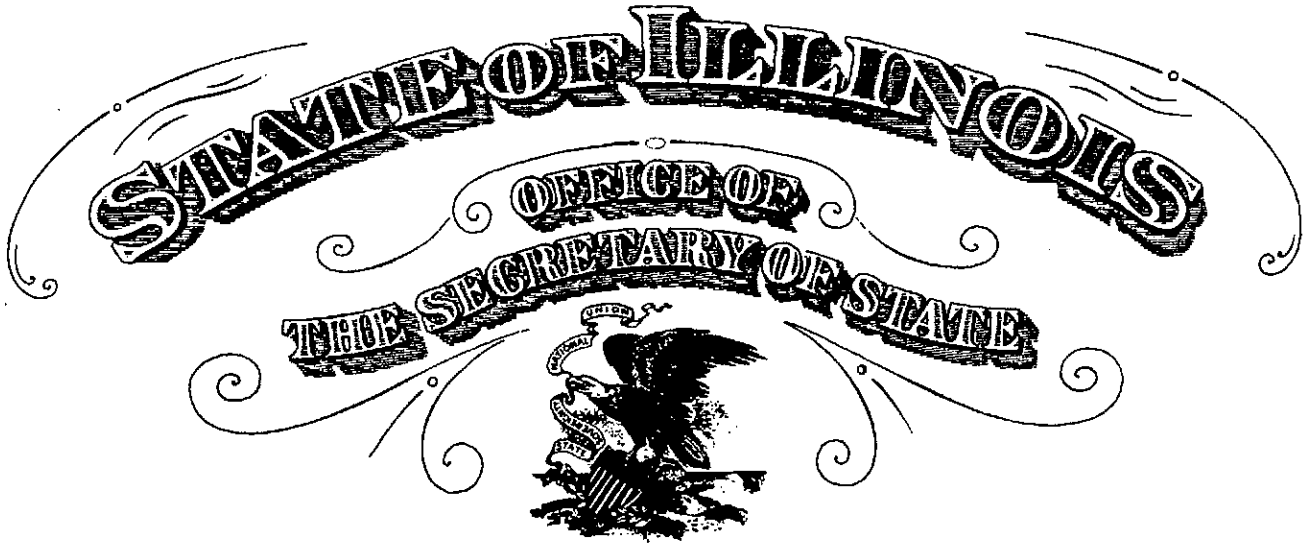
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 1ST day of FEBRUARY A.D. 2010 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

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

AMERICAN RENAL ASSOCIATES, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANACT BUSINESS IN ILLINOIS ON FEBRUARY 02, 2010, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 3RD day of FEBRUARY A.D. 2010 .



Authentication #: 1003401006

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

Jesse White

SECRETARY OF STATE

ATTACHMENT I



To all to whom these Presents Shall Come, Greeting:

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

ARA-CRYSTAL LAKE DIALYSIS LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON DECEMBER 01, 2003, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1017502106

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 24TH day of JUNE A.D. 2010

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

AGREEMENT OF LEASE

between

BRADLEY FINANCING PARTNERSHIP,
a Delaware General Partnership, as Landlord,

and

ARA-CRYSTAL LAKE DIALYSIS, LLC
a Delaware limited liability company, as Tenant

for premises at the Commons of Crystal Lake Shopping Center, Crystal Lake, Illinois

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Exhibit A	SHOPPING CENTER & THE PREMISES
Exhibit A-1	CONFIRMATION OF LEASE TERM
Exhibit B	RULES & REGULATIONS

AGREEMENT OF LEASE (the "Lease") dated as of June 22, 2004, by and between BRADLEY FINANCING PARTNERSHIP, a Delaware General Partnership, as Landlord, c/o Heritage Realty Management, Inc., 535 Boylston Street, Boston, Massachusetts, 02116-3766 (the "Landlord") and ARA-CRYSTAL LAKE DIALYSIS LLC, a Delaware limited liability company, having an address at c/o American Renal Associates Inc., 5 Cherry Hill Drive, Danvers, MA 01923 (the "Tenant").

1. PREMISES

Landlord leases to Tenant and Tenant rents from Landlord those certain store premises known as Space 300 consisting of approximately 3,760 square feet (the "Premises") at The Commons of Crystal Lake, Crystal Lake, Illinois (the "Shopping Center"). The Premises and Shopping Center are shown approximately on Exhibit "A", attached hereto and made a part hereof. During the Term, except as otherwise provided herein, the Premises shall not materially differ from that shown on Exhibit "A".

Immediately adjacent to the Premises is approximately 2,120 square feet of space that are not part of the Premises, but for which Tenant will have certain obligations pursuant to this Lease. Said space is hereinafter referred to as the "Storage Space".

2. TERM

A. The term of this Lease shall be for a term of ten (10) Lease Years (the "Term") commencing on the sooner to occur of (i) the date Tenant opens the Premises for business or (ii) sixty (60) days after the Possession Date (defined hereinafter) (which earlier date is here called the "Lease Commencement Date" or the "Commencement Date") and terminating on the last day of the tenth (10th) full Lease Year (the "Lease Expiration Date"). The phrase "Lease Year" as used herein shall, for the first Lease Year, mean the twelve full calendar months immediately following Lease Commencement Date together with any partial calendar month prior thereto; and thereafter, "Lease Year" shall mean each successive twelve calendar month period following the expiration of the first Lease Year.

B. Following the Lease Commencement Date, Landlord and Tenant agree to execute a Confirmation of Lease Term in the form attached as Exhibit "A-1", setting forth the Lease Commencement Date, the Rent Commencement Date and the Lease Expiration Date. The failure of the parties to execute said confirmation shall not affect the validity of this Lease or the commencement of the Term thereof.

3. RENEWAL OPTION

Provided Tenant shall keep, observe and perform all the terms, provisions, covenants and conditions hereunder, Tenant shall have the right to renew this Lease for one (1) additional consecutive period of five (5) Lease Years (the "Option Period"), on the same terms provided in this Lease (except as set forth below and except rent concession periods and tenant allowances, if any, shall not apply to any renewal periods), by delivering written notice of the exercise thereof to Landlord not later than one hundred eighty (180) days before the expiration of the Term. Time is of the essence of Tenant's renewal rights hereunder.

4. MINIMUM RENT

A. The "Minimum Rent" during the Term of this Lease shall be payable by Tenant to Landlord in equal monthly installments beginning on the Rent Commencement Date and on the first day of each calendar month thereafter, in advance, and shall be payable in the monthly and annual amounts as follows:

PERIOD	MONTHLY	ANNUAL
Rent Commencement Date through 5 th Lease Year	\$3,290.00	\$39,480.00
6 th through 10 th Lease Years	\$3,822.66	\$45,872.00
OPTION PERIOD	MONTHLY	ANNUAL
11 th through 15 th Lease Years	\$4,465.00	\$53,580.00

The "Rent Commencement Date" is the Commencement Date.

B. Left Blank.

C. Left Blank.

5. ADDITIONAL RENT

Tenant's Share of Taxes (as defined hereinafter), Tenant's Share of CAM Expenses (as defined hereinafter), and all other payments to be made by Tenant to Landlord shall be deemed "Additional Rent" hereunder whether or not the same are designated as such; and shall be due and payable on demand or together with the next succeeding installment of Minimum Rent, whichever shall first occur; and Landlord

shall have the same remedies, for failure to pay the same as for a nonpayment of Minimum Rent. The Minimum Rent and Additional Rent payable under this Lease are hereinafter sometimes referred to collectively as the "Rent".

Landlord, at its election, shall have the right to pay for or perform any act that requires the expenditure of any sums of money, by reason of the failure or neglect of Tenant to perform any of the provisions of this Lease, and in the event Landlord shall, at its election, pay such sums or perform such acts requiring the expenditure of moneys, Tenant agrees to pay Landlord, upon demand all such sums, and the sums so paid by Landlord, shall be deemed Additional Rent and payable as such. Tenant agrees to pay, upon demand, as Additional Rent, all assessments, taxes or charges of any type levied, assessed or imposed by any governmental authorities with respect to revenues, rent or other charges payable by Tenant to Landlord pursuant to this Lease. All payments of Rent required to be paid by Tenant shall be delivered to Landlord on the dates required by this Lease, at the office of Landlord listed above, or to such other address as Landlord may designate in writing.

Tenant's covenant to pay Rent is an independent covenant of Tenant and the payment thereof shall not be subject to any abatement, deduction, counterclaim, reduction, set off or defense of any kind except as set forth in this Lease. Landlord reserves the right to apply any payments made by Tenant to the satisfaction of any debt or obligation of Tenant to Landlord without regard to Tenant's instructions thereto, whether such instructions be endorsed upon Tenant's check or otherwise.

6. SECURITY DEPOSIT

A. Tenant has deposited with Landlord the sum of \$6,580.00, receipt of which is hereby acknowledged, subject to collection. Said deposit shall be held by Landlord without liability for interest as security for the faithful performance by Tenant of all of Tenant's obligations under this Lease. The security deposit shall not be mortgaged, assigned, transferred or encumbered by Tenant without the written consent of Landlord, and any such act on the part of Tenant shall be without force and effect and shall not be binding upon Landlord.

B. If any of the Rent herein reserved or any other sum payable by Tenant to Landlord shall be overdue and unpaid or should Landlord make payments on behalf of Tenant, or Tenant shall fail to perform any of the terms of this Lease, then Landlord may, at its option, without notice to Tenant and without prejudice to any other remedy that Landlord may have on account thereof, appropriate and apply said entire deposit or such portion thereof as may be necessary to compensate Landlord toward the payment of Rent or loss or damage sustained by Landlord due to such breach on the part of Tenant; and Tenant shall forthwith upon demand restore said security to the original sum deposited. Should Tenant comply with all of said terms and promptly pay all of the Rent as it becomes due and all other sums payable by Tenant to Landlord, said deposit, less a one (1%) percent per annum administrative fee to Landlord, shall be returned to Tenant at the end of the Term.

C. Landlord may deliver the funds deposited hereunder to the purchaser of Landlord's interest in the Premises in the event that such interest is sold and thereupon Landlord shall be discharged from any further liability with respect to such deposit, and this provision shall also apply to any subsequent transferees.

D. In the event this Lease is terminated pursuant to Section 7 hereof, Landlord shall refund to Tenant the security deposit.

7. LEASE CONDITION/TENANT RIGHT TO TERMINATE LEASE

The Tenant's and Landlord's obligations under this Lease are subject to (the "Condition") Tenant's receipt of the proper licenses and authorizations (the "State Approvals") from the State of Illinois ("State") to operate a medical office and outpatient renal dialysis center at the Premises. Promptly after executing this Lease, or sooner, Tenant shall (i) apply for the State Approvals and (ii) promptly, diligently and in good faith, proceed to obtain same from the State. Tenant shall notify Landlord of the date it is submitting its application for the State Approvals and shall keep Landlord timely informed on the status of the issuance of same. If Tenant has not received the State Approvals on or before September 1, 2004 (the "Condition Period"), then either Tenant or Landlord shall have the right to terminate this Lease upon written notice to the other on or before the expiration of the Condition Period.

At Tenant's request, Landlord shall execute any applications, submissions and other documents which may be reasonably required in order for Tenant to obtain the State Approvals. Landlord and Tenant agree to cooperate fully with each other in all other reasonable matters as may be required for Tenant to obtain the State Approvals and Tenant shall deliver a copy of the State Approvals to Landlord promptly upon issuance of same.

If, on or before the expiration of the Condition Period, Tenant fails to affirmatively advise Landlord that it has been unable to obtain the State Approvals, then Tenant shall be deemed to have obtained the State Approvals and the Condition shall be deemed satisfied.

8. Left Blank

9. TAXES

A. For the purpose of this Article, the term "Taxes" shall mean all real estate taxes, fees, betterments and assessments (including special assessments), however the same may be designated, levied, assessed or imposed at any time by any governmental authority upon or against the Premises, land, and/or buildings of the Shopping Center, and any fees or charges imposed by governmental authorities such as sewer access fees, betterment assessments and similar charges, and including any penalties or interest for late payment thereof caused by Tenant's failure to make timely or complete payment of any such charges. Taxes shall exclude Landlord's income tax. Any tax upon the land and/or buildings or other tax levied or imposed by any taxing authority in lieu of the present method of real estate taxing shall be deemed to be the Taxes referred to in this section. The Taxes shall include any and all expenses incurred in good faith by Landlord in contesting the validity of, in seeking a reduction in, and/or in seeking to prevent an increase in any such tax or assessment. Said expenses shall be added to the Taxes to coincide with the period in which said expenses are incurred.

B. Tenant shall pay to Landlord as Additional Rent for each tax year, Tenant's Share of Taxes (defined hereinafter). In addition thereto, Tenant shall pay the full amount or allocable amount of any other taxes or assessments chargeable directly or indirectly to, or calculated by reference to, the Premises or Tenant's use of the Premises. "Tenant's Share of Taxes" shall mean Taxes multiplied by a fraction, the numerator of which shall be the square footage of the Premises and the denominator of which shall be the square footage of the constructed leasable area of the Shopping Center or tax parcel in which the Premises is located. For purposes of this Section, the square footage of the constructed leasable area of the Shopping Center shall exclude, at Landlord's option, any floor area in the Shopping Center that is leased to Anchor Tenants (defined hereinafter) or is not owned by Landlord. Tenant's Share of Taxes may be adjusted from time to time as the square footage of the leasable area of the Premises or of the Shopping Center changes, for whatever reason. If Landlord elects to exclude from the determination of Tenant's Share of Taxes any floor area in the Shopping Center that is leased to Anchor Tenants or is not owned by Landlord, Taxes shall be reduced by the amounts actually received by Landlord as contributions toward Taxes from said Anchor Tenants.

Notwithstanding the above, if the Premises are part of a tax parcel that is separate from any other part of the Shopping Center, then, at Landlord's option, Tenant shall pay a Pro Rata Share of the Taxes (defined hereinafter) charged and levied upon or assessed against the separate tax parcel on which the Premises stands. "Pro Rata Share of Taxes" shall mean Taxes multiplied by a fraction, the numerator of which shall be the square footage of the Premises and the denominator of which shall be the square footage of the constructed leasable area of all buildings existing on the separate tax parcel of which the Premises are part.

For purposes of this Lease, "Anchor Tenant(s)" shall mean any tenant(s) of the Shopping Center having premises containing twenty thousand (20,000) square feet or more or occupying a free-standing building in the Shopping Center.

C. Beginning on the Commencement Date and during the first tax year of the term hereof, and until issuance of a statement by Landlord for the first tax year as hereinafter set forth, Tenant shall pay as Additional Rent a monthly amount equal to \$886.73 on account of Tenant's Share of Taxes.

D. Landlord shall submit to Tenant a copy of the tax bill(s) for each tax year, together with a statement indicating the total amount required to be paid by Tenant hereunder as Additional Rent for the tax year, as well as any amounts previously paid by Tenant on account of such Additional Rent. Within ten (10) days after the issuance of such statement, Tenant shall pay the Additional Rent shown due on the statement, if any, such that Tenant will have paid Tenant's Share of Taxes for the tax year. Simultaneously with such payment, and on the first day of each of the succeeding eleven (11) calendar months, Tenant shall remit to Landlord as Additional Rent, one-twelfth (1/12) of Tenant's Share of Taxes shown on the statement. If the total of such monthly remittances is greater than the total amount of Additional Rent due hereunder from Tenant for the next succeeding tax year, Tenant may credit the difference against the next installment of Additional Rent for Taxes due to Landlord hereunder.

E. In the event Landlord shall receive a refund of Taxes for any tax year for which Tenant has paid any Additional Rent under the provisions of this Article, the proceeds of such refund less legal fees and other expenses incurred in obtaining such refund, shall be applied and allocated to the periods for which the refund was obtained and proper adjustment shall be made by Landlord and Tenant.

F. Any payments or refunds due hereunder for any period of less than a full tax year, at the commencement or end of the Term of this Lease, shall be equitably prorated to reflect such event.

10. COMMON AREA MAINTENANCE PAYMENT

A. Tenant, as Additional Rent, shall pay to Landlord, without offset or deduction, in equal

monthly installments on the first day of each and every calendar month during the Term or renewal Term hereof, Tenant's Share of CAM Expenses (as defined hereinafter). "CAM Expenses" shall be determined in accordance with generally accepted accounting principles and allocated to any particular fiscal year on the accrual method of accounting and shall mean and include the costs and expenses of every kind and nature paid or incurred by the Landlord (including reasonable and appropriate reserves) in maintaining, operating, managing, insuring, equipping, cleaning, lighting, decorating, repairing, replacing, and otherwise managing the Common Areas (as defined hereinafter) and the Shopping Center, including, without limitation, the following: costs to sweep, plow, sand, salt, and light the parking area and other Common Areas; cleaning costs; costs to repair, replace, and otherwise maintain the common building facilities, exterior walls, facade, canopy areas, roof, common utility lines (e.g., electric, gas, sewer and water), property identification and traffic signs; directional, monument and pylon signs; painting expenses; costs to operate, maintain, repair, test and replace any utility and energy management system, including, without limitation, any central HVAC system, central sprinkler system, and smoke detection systems; costs to plant, replant, and replace flowers and other gardening and landscaping expenses; payments by the Landlord to the municipality in which the Shopping Center is located relating to traffic safety, fire safety and other governmental services and programs; fees for required licenses and permits; costs to police the Shopping Center and afford protection thereof against fire (if and to the extent that such policing and/or fire protection is provided); water and sewer and other utility charges and assessments; personal property taxes; wages (including, but not limited to, a reasonable allocation of wages for off-site personnel providing services for the Shopping Center and other shopping centers managed by an affiliate of Landlord); unemployment taxes; social security taxes; supplies, costs of uniforms and the cleaning thereof; costs of procuring and maintaining liability, property damage, fire, workers' compensation, and other insurance (including, without limitation, all insurance, hazard, rent, and otherwise, from time to time carried by the Landlord on any or all structures on the Shopping Center); allocations by Landlord or Landlord's insurance advisor for claims paid or to be paid by Landlord under Landlord's retention (beneath Landlord's insurance deductible); cost of supplies; decoration costs; operation of loudspeakers and any other equipment supplying music to the Common Areas; reasonable depreciation of furnishings and equipment used in the operation of the Common Areas; costs for other equipment used in the operation, repair, and maintenance of the Common Areas, common facilities, and related services; and administrative costs equal to ten (10%) percent of the total costs paid or incurred by Landlord under this Article. Notwithstanding the foregoing, the Tenant's Share of CAM Expenses shall not include the initial cost of the land or the construction of the original buildings of the Shopping Center or the depreciation of same.

B. "Tenant's Share of CAM Expenses" shall mean CAM Expenses multiplied by a fraction, the numerator of which shall be the square footage of the Premises and the denominator of which shall be the square footage of the constructed leasable area of the Shopping Center. For purposes of this Section, the square footage of the constructed leasable area of the Shopping Center shall exclude, at Landlord's option, any floor area in the Shopping Center that is leased to Anchor Tenants or is not owned by Landlord. Tenant's Share of CAM Expenses may be adjusted from time to time as the square footage of the leasable area of the Premises or of the Shopping Center changes, for whatever reason. If Landlord elects to exclude from the determination of Tenant's Share of CAM Expenses any floor area in the Shopping Center that is leased to Anchor Tenants or is not owned by Landlord, CAM Expenses shall be reduced by the amounts actually received by Landlord as contributions toward CAM Expenses from said Anchor Tenants or parties.

C. Beginning on the Commencement Date and during the Landlord's first fiscal year of the Term hereof, and until issuance of a statement by Landlord for the Landlord's first fiscal year as hereinafter set forth, Tenant shall pay Landlord monthly, as Additional Rent, a monthly amount equal to \$ 535.80 on account of Tenant's Share of CAM Expenses.

D. If Landlord shall determine that any sums are owed it after the end of Landlord's fiscal year, Landlord shall furnish to Tenant a statement in reasonable detail of the actual CAM Expenses paid or incurred by Landlord during such period prepared in accordance with generally accepted accounting principles ("Landlord's CAM Statement"). Within 10 days after issuance of Landlord's CAM Statement, Tenant shall pay to Landlord the Additional Rent due for Tenant's Share of CAM Expenses, if any. If the total of Tenant's monthly installments on account of Tenant's Share of CAM Expenses is greater than the amount of Additional Rent due hereunder from Tenant, the difference shall be credited to the next installment of Additional Rent due to Landlord hereunder except any overpayment shall be returned to Tenant after the Lease Expiration Date. At the end of each fiscal year during the term hereof, Landlord may adjust Tenant's monthly payment so that the amount shall equal one-twelfth of Tenant's Share of CAM Expenses as set forth in Landlord's most recent statement multiplied by one hundred five (105%) percent. Such statement shall be conclusive between the parties. Landlord reserves the right to change its fiscal year.

E. Upon the expiration or termination of this Lease, whether the same be the Lease Expiration Date set forth in Article , or any prior or subsequent date, the entire Additional Rent on account of Tenant's Share of CAM Expenses for the preceding fiscal year, if unpaid, and a proportionate share of the Additional Rent on account of Tenant's Share of CAM Expenses for the fiscal year during which such expiration or termination occurs, shall immediately become due and payable by Tenant to Landlord. Such proportionate share shall be based upon the length of time this Lease shall have been in existence during such latter fiscal

year. Promptly after such expiration or termination, Landlord shall estimate the Additional Rent due from Tenant as aforesaid based upon the most recent statement of CAM Expenses prepared by Landlord and furnished to Tenant. Notwithstanding the foregoing, in case of any termination of this Lease prior to the Lease Expiration Date by reason of Tenant's default, Tenant's obligation to pay any and all Additional Rent under this Lease shall continue to the Lease Expiration Date.

F. In the event that the Term of this Lease shall begin on other than the first day of a fiscal year, then with respect to the fraction of a fiscal year at the beginning of the Term, said CAM Expenses during the same shall be billed and adjusted on the basis of such fraction of a fiscal year.

G. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligation to pay Tenant's Share of CAM Expenses (excluding costs for snow removal, insurance, utilities and other uncontrollable costs) shall not exceed one hundred seven (107%) percent per annum, on a cumulative basis, of Tenant's Share of CAM Expenses (excluding costs for snow removal, insurance, utilities and other uncontrollable costs) in any prior calendar year.

11. USE OF PREMISES

A. Tenant shall continuously occupy and use the Premises solely for the purpose of conducting the business of a first-class, high quality medical office and outpatient renal dialysis center and for no other purpose. Tenant shall not use, permit, or suffer the use of the Premises for any other business or purpose. Tenant acknowledges that (i) this Lease is a lease of real property in a shopping center; (ii) Landlord has executed this Lease in reliance upon Tenant's use restriction; (iii) the specific use specified herein is a material consideration to Landlord in maintaining an appropriate tenant mix within the Shopping Center and to assure the continued operation of a full service shopping center development; and (iv) any deviation therefrom shall constitute a substantial breach of the terms of this Lease.

B. Tenant shall:

- (1) operate its business under the trade name Crystal Lake Dialysis Center and not change the same without Landlord's prior written consent, which consent shall not be unreasonably withheld;
- (2) conduct Tenant's business in the entire Premises and at all times in a first class manner consistent with reputable business standards and practices;
- (3) left blank;
- (4) left blank;
- (5) left blank;
- (6) left blank;
- (7) keep the display windows and signs, if any, well lighted during the hours from sundown to midnight;
- (8) keep the Premises and exterior and interior portions of windows, doors, and all other glass or plate glass fixtures in a neat, clean, sanitary, and safe condition;
- (9) left blank;
- (10) left blank;
- (11) not place any weight upon the floor that exceeds the load-bearing capacity of the floor space;
- (12) neither solicit business nor distribute advertising matter in the parking or other Common Areas;
- (13) left blank;
- (14) comply, at Tenant's own cost and expense, with all governmental laws, ordinances, orders and regulations relating to the use, condition, and occupancy of the Premises now or hereafter in force, including, but not limited to zoning, building, health and safety codes; and comply with, execute, and perform any required repairs or improvements with respect to all rules, requirements and regulations of the Board of Fire Underwriters, Landlord's insurance companies, and other organizations establishing insurance rates;

- (15) comply within the Premises with the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.*) and the regulations and Accessibility Guidelines for Buildings and Facilities issued pursuant thereto;
- (16) not suffer, permit, or commit any waste;
- (17) not perform any act or carry on any practice that may injure the Premises or any other part of the Shopping Center, or cause any offensive odor or loud noise (including, without limitation, the use of loudspeakers), or constitute a nuisance or menace to any other occupant or other persons in the Shopping Center; and
- (18) except for use as permitted by and in accordance with applicable law as a medical office and outpatient renal dialysis center, not use the Premises for the generation, storage, treatment or disposal of Hazardous Waste, and hereby certifies that Tenant's operations on or other use of the Premises will not involve same. For purposes of this Lease, the term "Hazardous Waste" is defined by cumulative reference to the following sources as amended from time to time: (a) the Resource Conservation and Recovery Act of 1976, 42 USC 901 *et seq.* (RCRA); (b) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Public Law 96-610 (CERCLA); and (c) any federal, state or municipal regulations, rules or orders issued or promulgated under or pursuant to any of the foregoing by any agency, department or other administrative, regulatory or judicial body. Tenant shall indemnify Landlord for any liability imposed should the provisions of this Article be or become untrue. The warranty of this Article shall survive the expiration or early termination of this Lease.

C. Tenant agrees to conform to and abide by the rules and regulations attached hereto as Exhibit "B". Landlord may amend or add new rules and regulations from time to time for the use and care of the Premises and the Shopping Center.

D. Subject to the following conditions being met, Tenant shall have the right to install a satellite communication dish ("Dish") at the Premises: (i) Tenant shall install such Dish as part of Tenant's Work, along with plans and specifications for such installation in such reasonable detail as Landlord may require, for Landlord's prior written approval; (ii) roof penetrations, if any shall be done by Landlord's contractor at Tenant's expense; (iii) notwithstanding anything in this Lease to the contrary, Tenant shall have no authority to install the Dish on the Premises until Tenant, at its sole cost and expense, has obtained all permits, licenses, certifications and approvals from all applicable governmental authorities, if any, required for the installation and maintenance of the Dish; (iv) Landlord shall have no obligation whatsoever to provide any services to Tenant hereunder; (v) Tenant shall, at its sole cost and expense, keep the Dish in good, safe and operable condition and repair; (vi) to the extent permitted by law, neither Landlord nor any successors or assigns of Landlord shall have any liability, obligation or responsibility whatsoever for the construction, installation, placement, maintenance, display, use or removal of the Dish; (vii) upon the expiration of the Term or upon the termination of Tenant's right of use of the Premises, Tenant shall promptly, dismantle and remove the Dish and Tenant's equipment from the Premises and any other portions of the Shopping Center and repair any damage caused by said removal; (viii) nothing contained in this Lease shall be construed as granting to Tenant an exclusive right to install or maintain an antenna on the Premises or any part thereof or as granting to Tenant any rights to light or air over any property, whether belonging to Landlord or any other person.

E. So long as Tenant is open and operating its business as provided for in the Lease (condemnation and casualty excepted) and is not otherwise in default under the Lease (after the expiration of any applicable cure periods), then Landlord covenants and agrees that during the Term (and Option Period(s), if applicable) hereof, no space in that portion of the Shopping Center marked as "No Dialysis" on Exhibit A will be leased or allowed to be leased for a business, the primary use of which is an outpatient renal dialysis facility. The foregoing restriction shall not apply to (i) Anchor Tenants, (ii) any tenant, its successor, assign or replacement, open and operating in the Shopping Center as of the date of this Lease, (iii) any property not owned by Landlord, (iv) any dental, medical or similar office which does not provide outpatient renal dialysis services.

In the event of a breach of this restriction, Tenant shall give Landlord written notice of such breach (the "First Notice") and Landlord shall have thirty (30) days from the date of said First Notice (or such longer period as may be reasonably required if Landlord is diligently attempting to remedy same) to remedy same. If Landlord fails to remedy such breach within said thirty (30) day period, Tenant shall have the rights set forth in the next paragraph as its sole and exclusive legal and equitable remedy because of such breach.

In the event Landlord fails to proceed with all diligence to remedy such violation, then, upon the expiration of thirty (30) days from the date of Tenant's First Notice, Tenant shall have, as its sole and exclusive remedy under this Lease, the right to either (i) decrease annual Base Rent by 50% (on a day for day basis), commencing on the expiration date of the Tenant's thirty (30) day First Notice (which date is herein

called the "50% Rent Start Date") and continuing during the period such store (the "Competing Store") is open and operating (although Tenant shall still pay Landlord all Additional Rent and other charges due under this Lease), or (ii) terminate this Lease, which right Tenant shall elect by delivering to Landlord further written notice of its intent to terminate this Lease (the "Termination Notice"). Tenant shall elect either (i) or (ii) above by giving Landlord written notice of its election no later than the tenth (10th) day after the 50% Rent Start Date. If Tenant elects (ii) above, then this Lease shall terminate as of the 90th day after Tenant's Termination Notice and neither Tenant nor Landlord shall have any further obligation under this Lease. If Tenant elects (i) above, then Tenant shall resume paying full Base Rent on the day such Competing Store ceases violating the restriction. If such Competing Store continues to violate the restriction and Tenant has paid Landlord 50% of Base Rent for 180 consecutive days, then Tenant shall once again have the right to terminate this Lease by delivering to Landlord, no earlier than 180 days, and no later than 210 days after the 50% Rent Start Date a second written notice of its intention to terminate and this Lease shall terminate on the 90th day after Tenant's second notice to Landlord. If Tenant fails to provide Landlord with a second written notice of its intention to terminate this Lease under this Section by said 210th day, then Tenant's right to terminate the Lease under this Section shall be null and void and Tenant shall immediately begin paying to Landlord full Base Rent.

The liquidated damage provision of (i) above is intended as reasonable estimate of Tenant's damages because of Landlord's violation of this Section 11.D and as a settlement of the actual damages that might arise because of such violation. The parties agree that these damages are reasonable, bear significant relation to the actual damages that Tenant might sustain, which damages Tenant and Landlord agree would be uncertain and difficult to prove, and is not a penalty for Landlord's violation.

F. Landlord shall defend, indemnify, and hold Tenant harmless from and against any and all costs, fees, penalties, and charges assessed against, incurred by, or imposed upon Tenant (as well as Tenant's reasonable attorney's and consultant's fees and costs) as a result of: (i) Landlord's use, transportation, generation, storage, and/or sale of Hazardous Substances in the Shopping Center, or (ii) a finding by a local, state or federal governmental agency that Tenant is a "responsible party" under (a) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. sect 9601-9657 and any amendments thereto and regulations thereunder ("CERCLA"), or (b) the Resource Conservation and Recovery Act, 42 U.S.C. sect. 6901-16987 and any amendments thereto and regulations thereunder ("RCRA"), for Hazardous Substances found in the Shopping Center or the Premises and not placed there by Tenant.

G. Tenant hereby agrees to furnish to Landlord upon demand, written evidence that Tenant has established a written policy (the "Medical Waste Policy") concerning the identification, collection, storage, decontamination and disposal of hazardous medical waste at the Leased Premises. Tenant further agrees that such Medical Waste Policy shall incorporate the following elements: (1) Tenant's employees and agents shall be expressly forbidden from disposing of any hazardous medical waste within the Leased Premises or the Shopping Center in a manner which is contrary to the terms of the Medical Waste Policy; (b) all such hazardous medical waste will be collected, stored, decontaminated and removed from the Leased Premises and the Shopping Center by a qualified party in compliance with all applicable laws, codes, ordinances, statutes and guidelines (including, without limitation, the Occupational Safety and Health Act) of any local, state or federal entity having jurisdiction over this matter; and (c) Tenant and its employees and agents shall at all times employ proper procedures, including, without limitation, the use of tags, signs or other appropriate written communication, to prevent accidental injury or illness to other tenants in the Shopping Center (including their employees, agents and invitees) resulting from Tenant's collection, storage, decontamination and disposal of hazardous medical waste. Tenant hereby covenants and agrees that at all times during the term of the Lease, Tenant and its employees and agents shall adhere to the terms and conditions of the Medical Waste Policy.

Tenant agrees to indemnify, defend and hold Landlord, its principals, agents and employees and any mortgagee(s) harmless against and from any and all liabilities, obligations, damages, penalties, claims, costs, charges or expenses, including without limitation, attorney's fees, clean-up costs, fines or penalties arising out of or resulting from Tenant's violation of this Section.

For purposes of this Section, hazardous medical waste shall include, but not be limited to, the following: any potentially infectious materials; blood and other body fluids in any form (including, without limitation, lab specimens); any material contaminated by potentially infectious materials or by blood or other body fluids; needles and syringes; gloves and linen; uniforms or laundry; and cleaning equipment or materials used to clean any of the foregoing.

H. Landlord and Tenant agree that, in the performance of their respective work in the Leased Premises, they shall not use or install, or permit their contractors or subcontractors to use or install, Hazardous Substances, as defined above. Should either party discover, during the term hereof, materials in the Leased Premises which it suspects are hazardous, then that party shall notify the other. Landlord will then retain an environmental consultant to test for the presence of the suspected Hazardous Substance. If the presence of the suspected Hazardous Substance is confirmed, Landlord will undertake such measures as

ir deems reasonably appropriate and necessary under the circumstances, or as may be required by law, to either encapsulate, abate or remove and dispose of the Hazardous Substance, in compliance with applicable laws and regulations. If the Hazardous Substance was originally installed by Tenant, or its contractor or subcontractors, Tenant shall be liable for all costs of inspection, consultation, encapsulation, abatement, removal and/or disposal. If the Hazardous Substance was originally installed by Landlord, its contractor or subcontractors, a third party other than Tenant, or its contractor or subcontractors, then Landlord will be liable for the costs (and, if Tenant is required to close the Leased Premises during the period the abatement or removal work is performed, Tenant will be entitled to an abatement of all rental and charges for the period of closure). If the Hazardous Substance was originally installed by Tenant and Tenant is required to close the Leased Premises during the period the abatement or removal work is performed, Tenant will not be entitled to any rental and charges abatement. Tenant will promptly reopen for business after the abatement or removal work has been completed.

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13. **CONDITION OF PREMISES UPON DELIVERY**

Tenant agrees to accept the Premises on the Possession Date in its "as is" condition. Tenant acknowledges it has conducted a physical inspection of the Premises and has, or will, accept same on the Lease Commencement Date without representation or warranty, in fact or by law, by Landlord, and without recourse to Landlord as to the condition thereof, or the use to which the Premises may be applied. Landlord shall not be liable for any defects in the Premises or any limitation on their use.

Notwithstanding anything to the contrary contained herein, Landlord (i) represents that the HVAC will be in good working order on the Possession Date, and (ii) will designate four (4) parking spaces in the area shown on Exhibit A as the "Handicap Spaces" as non-exclusive handicapped parking spaces.

The "Possession Date" shall be the sooner to occur of (i) the first day after the Condition Period or (ii) the date that Tenant advises Landlord, in writing, that the Condition has been satisfied.

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15. **TENANT'S INSTALLATIONS, ALTERATIONS, IMPROVEMENTS & ALLOWANCE**

A. Immediately upon full execution of this Lease, Tenant shall proceed with due diligence to obtain all necessary permits and approvals, commence and complete Tenant's construction and preparation of the Premises, obtain a certificate of occupancy, and open for business.

B. Tenant covenants and agrees to complete all work with respect to the preparation of the Premises, at Tenant's sole cost, in a first-class workmanlike manner in accordance with plans and specifications to be approved by Landlord, in compliance with applicable laws and building codes (hereinafter "Tenant's Work"). Without limitation, Tenant shall fully equip the Premises with all trade equipment, lighting fixtures, furniture, operating equipment, furnishings, fixtures, floor coverings, air conditioning equipment and exterior signs and any other equipment necessary for the proper operation of Tenant's business. All fixtures installed by Tenant shall be new or completely reconditioned, and upon installation of any leasehold improvements, said improvements shall be and become a part of the Premises and the property of Landlord. Should Tenant install air conditioning equipment on the roof of the Premises, Tenant shall assume primary responsibility for the maintenance and repair of the roof in the area of the installation, and such installation, operation and maintenance shall be made in such manner that the right of Landlord under any roofing bond then in force shall not be affected.

Tenant's Work shall include, but shall not be limited to, erecting a demising wall between the Storage Space and the Premises (in a location approved by Landlord), as follows:

a. Build 18GA. Stud and 5/8" fire rated gypsum board demising 2 wall (minimum 6" wide), from floor to roof deck. Also install an 18 GA. 4" deep leg capture track attack with #10 tek screws 1" long (2) rows at 24" on center to roof deck. Construction to comply with applicable fire code. Both sides of wall to be sealed at roof deck, taped, floated and sanded ready for paint. When demising wall is to be located on a column row, studs must be large enough to totally encase the columns within the wall. Batt insulation to be installed in the wall.

b. Reinstall suspended ceiling grid and tile at both sides of demising wall, where removed to allow wall construction. Ceiling to match existing.

3. Modify fire sprinkler system at demising wall as required by applicable codes including at both sides of wall if needed for code compliance. Sprinkler system for Premises and Storage Space to remain complete, operational and in accordance with applicable codes.

C. Tenant shall not perform any construction work or install any equipment without first

obtaining Landlord's written approval and consent, which consent shall not be unreasonably withheld. Tenant shall prepare plans and specifications of Tenant's Work and submit same to Landlord within a time frame allowing for (a) a reasonable time for the Landlord's review, approval and resubmittals by Tenant, and (b) a sufficient time for completion of Tenant's Work and Tenant's projected opening for business, but in no event shall such plans and specifications be submitted later than sixty (60) days after satisfaction of the Condition. Tenant's submission to Landlord will include one (1) set of plans and specifications of Tenant's Work to be done. Within twenty-one (21) days thereafter, Landlord shall notify Tenant of any failure of Tenant's plans to meet with Landlord's approval. Tenant shall, within fifteen (15) days after receipt of any such notice, cause Tenant's plans to be revised and resubmitted to the Landlord for Landlord's approval. When Landlord or its designated agent has approved the original or revised Tenant's plans, Landlord shall initial and return one set of approved Tenant's plans to Tenant. Tenant shall not commence any of Tenant's Work until Landlord has approved Tenant's plans and the Condition is satisfied. Landlord's review and approval of any plans and specifications and consent to perform the work described therein shall not be deemed an agreement by Landlord that such plans, specifications and work conform with applicable legal requirements nor deemed a waiver of Tenant's obligations under this Lease with respect to compliance with applicable legal requirements nor impose any liability or obligation upon Landlord with respect to the completeness, design, sufficiency or compliance of such plans, specifications and work with applicable legal requirements. Failure by Tenant to timely submit plans shall not delay the occurrence of the Rent Commencement Date. Any work by Tenant shall be done by contractors selected by Tenant and reasonably acceptable to Landlord. The reasonableness of Landlord's acceptance of Tenant's choice of contractors shall be governed by the possibility of the creation of strikes or other labor strife that may result from such choice and Tenant's use of said contractors in connection with any construction in the Premises. Tenant shall use reasonable efforts in selecting the contractors to minimize the potential for strikes or other labor strife.

D. So long as Tenant is not in default of this Lease, Landlord shall pay to Tenant, as "Tenant's Allowance", the lesser of (i) the aggregate amount of the cost of Tenant's Work (excluding furnishings, decorations and fixturing) or (ii) \$37,600.00, which said amount shall be paid only once during the Term of this Lease and within thirty (30) days of the last to occur of all of the following:

- (a) Tenant's Work shall have been completed in all respects and in accordance with the provisions of this Lease and Tenant's plans and specifications; and
- (b) Tenant shall have furnished Landlord a standard sworn "owners" statement /affidavit; and
- (c) Tenant shall have furnished Landlord a standard sworn "general contractor's" statement /affidavit; and
- (d) Tenant shall have furnished to Landlord final lien waivers from all general contractors, subcontractors and materialmen who supplied services or material in excess of \$2,000.00 in performing Tenant's Work; and
- (e) Tenant shall have opened the Premises for business as provided in this Lease;
- (f) Tenant shall have executed and delivered to Landlord the Confirmation of Lease Term certificate in the form attached as Exhibit "A-1", setting forth the Lease Commencement Date, the Rent Commencement Date and the Lease Expiration Date; and
- (g) Tenant shall have provided Landlord with a copy of the certificate of occupancy (or its equivalent) for the Premises issued by the appropriate governmental entity; and
- (h) Tenant shall have provided Landlord with "as built" drawings of the Premises and Tenant's Work; and
- (i) Tenant shall have provided Landlord with copies of all warranties and guarantees for Tenant's Work; and

Tenant has satisfied any liabilities to Landlord arising out of or in connection with the construction or operation of the Shopping Center. Landlord shall have the right to deduct from the Tenant's Allowance any cost to Landlord of Tenant's Work performed by Landlord and not previously reimbursed by Tenant to Landlord. In the event Tenant has not requested payment of the Tenant Allowance within 365 days of the date Tenant has opened for business, Tenant shall be deemed to have waived its right to seek payment of said Tenant Allowance.

16. REPAIRS

A. Landlord agrees to keep in good order, condition, and repair the roof, foundations, and structural portions of the Premises, excluding, however, (i) glass, glass windows and doors, and the Tenant's store-front; and (ii) any damage caused by any act or negligence of Tenant, Tenant's employees, agents, licensees, or contractors. Except as set forth above, Landlord shall not be required to make any other repairs or improvements of any kind upon the Premises.

B. Tenant shall, at Tenant's sole cost and expense, keep the interior of the Premises in good order and condition, and shall repair and replace as required, all components of the interior of the Premises, including, without limitation, all fixtures and equipment located therein and appurtenances thereto, all windows, plate glass, doors and entrances, storefronts, signs, showcases, floor coverings, interior walls, interior columns and interior partitions, ceilings, lighting fixtures, the HVAC system serving the Premises, plumbing, sewerage, electric and any other utility facilities up to the point of connection to the lines in the Common Areas, sprinkler system, if any, up to the point of connection to the line in the Common Areas, and any loading facilities at the side or rear of the Premises. All parts of the interior of the Premises shall be painted or otherwise decorated by Tenant periodically, as deemed necessary by Landlord, to keep the Premises in a neat, clean, and modern condition. Tenant agrees to keep in force a standard maintenance agreement on all HVAC equipment and provide a copy of said maintenance agreement to Landlord. Should Tenant install air conditioning equipment on the roof of the Premises, Tenant shall assume primary responsibility for the maintenance and repair of the roof in the area of the installation, and such installation, operation and maintenance shall be made in such manner that the right of Landlord under any roofing bond then in force shall not be affected.

C. If Tenant refuses or neglects to make repairs, or if Landlord is required to make exterior or structural repairs by reason of Tenant's negligent acts or omissions, Landlord shall have the right, but not the obligation, to make such repairs on behalf of and for the account of Tenant. In such event, the cost of such work, including a ten (10%) percent administrative fee for Landlord, shall be paid for by Tenant as Additional Rent promptly upon receipt of a bill from Landlord.

D. Tenant, at its own cost and expense, shall regularly monitor the Premises for the presence of mold or for any conditions that reasonably can be expected to give rise to mold (hereinafter "Mold") and shall promptly notify Landlord in writing if it suspects Mold.

E. In the event of Mold or suspected Mold at the Premises, Tenant, at its sole cost and expense, shall promptly cause an inspection of the Premises and shall:

x. notify Landlord, in writing, at least 7 days prior to inspection, of the date of the inspection and which portion of the Premises shall be subject to the inspection;

y. retain a qualified mold consultant (hereinafter "Mold Inspector") acceptable to the Landlord to conduct the inspection; and

z. cause such Mold Inspector to: (i) obtain or maintain insurance coverage with terms and limits customarily maintained by Mold Inspectors, adding Landlord as an additional insured, and provide to Landlord evidence of such coverage; (ii) perform the inspection in a manner that is strictly confidential and consistent with the duty of care exercised by a Mold Inspector; and (iii) prepare a confidential inspection report and promptly provide a copy to the Landlord.

In the event Mold is present at the Premises, then Tenant, at its sole cost and expense, shall promptly hire trained and experienced mold remediation contractors (hereinafter "Contractors") to prepare a remediation plan. Tenant shall send Landlord a written notice, with a copy of the remediation plan, at least 10 days prior to the remediation, stating: (a) the commencement date of the proposed remediation; (b) which portion of the Premises shall be subject to the remediation; (c) the contact information of the Contractors; (d) the remediation procedures and standards; (e) the clearance criteria to be used at the end of the remediation; and (f) the date the remediation will conclude. If all terms of the remediation plan are acceptable to the Landlord, the Tenant shall instruct the Contractors to perform the remediation.

Tenant shall also notify its employees as well as all invitees of the Premises of the planned remediation; ensure that the remediation is conducted in accordance with any applicable, legally binding federal, state, or local laws, regulatory standards or guidelines; and provide Landlord with a draft of the remediation report. Landlord shall then have a reasonable opportunity to review and comment thereon. When such report is finalized, Tenant shall promptly provide Landlord with a copy.

Landlord shall have a reasonable opportunity to inspect the remediated portion of the Premises. If the results of Landlord's inspection are not acceptable to Landlord, then Tenant, at its sole cost and expense, shall immediately take all further actions necessary to ensure such acceptance. In no event shall Landlord be

responsible for any claims or liability arising from the Mold at the Premises.

17. MECHANIC'S LIENS PROHIBITION

Tenant, at Tenant's expense and with due diligence and dispatch, shall procure the cancellation or discharge of all notices of violation arising from or otherwise connected with alterations, or any other work labor, services or material done for or supplied to Tenant, its successor and assigns, or any person claiming through or under Tenant, which shall be issued by any public authority having jurisdiction or asserting jurisdiction. Tenant shall have no authority to create any liens or permit others to have liens for labor or materials on or against the Shopping Center and/or the Premises and, accordingly, Tenant shall defend, indemnify and hold Landlord harmless from and against any and all mechanic's and other liens and encumbrances filed in connection with alterations or any other work, labor, services or materials done for or supplied to Tenant, its successors and assigns, or any person claiming through or under Tenant, including, without limitation, security interests in any materials, fixtures, or articles installed in and constituting a part of the Premises and against all costs, expenses, and liabilities (including reasonable attorney's fees) incurred in connection with such lien or encumbrance or any action or proceeding brought thereon. Tenant, at Tenant's expense, shall procure the satisfaction or discharge of record of all liens and encumbrances within fifteen (15) days after the filing thereof. In the event Tenant has not so performed, Landlord may, at its option, pay and discharge such liens and Tenant shall be responsible to pay Landlord for all costs and expenses incurred in connection therewith, which expenses shall include reasonable attorney's fees and any costs in posting bond to effect discharge or release of the lien as an encumbrance against the Premises or the Shopping Center.

18. SIGNS, AWNINGS, AND CANOPIES

A. Tenant shall purchase an identification sign and install it above the canopy or elsewhere in front of the Premises. The design and location of said sign shall be subject to the prior approval of Landlord, which approval shall not be unreasonably withheld or delayed. Prior to installation of Tenant's sign, Tenant shall obtain all necessary permits and approvals from the applicable authorities. Other than the foregoing, Tenant shall not place or suffer to be placed or maintain any sign, awning or canopy in, upon or outside the Premises or in the Shopping Center; nor shall Tenant place in the display windows any sign, decoration, lettering or advertising matter or other thing of any kind without first obtaining Landlord's written approval and consent in each instance. Tenant shall maintain any such sign or other installation as may be approved in good condition and repair.

B. Left Blank.

19. Left Blank.

20. UTILITIES

A. Tenant shall be solely responsible for and shall promptly pay all charges for use or consumption of heat, sewer, water, gas, electricity or any other utility services including any sewer or other utility access fees charged by any utility service or governmental agency in both the Premises and the Storage Space. Should Landlord elect to supply any utility services, Tenant agrees to purchase and pay for the same as Additional Rent at the applicable rates charged by the utility company furnishing the same. Landlord shall not be liable in the event of any interruption in the supply of any utilities; and the interruption thereof shall not relieve Tenant of Tenant's obligations under this Lease. Tenant agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities, and if any equipment installed by Tenant shall require additional utility facilities, the same will be installed at Tenant's expense in accordance with plans and specifications to be approved in writing by Landlord.

Tenant acknowledges and agrees that it shall, at its sole cost and expense, provide (i) heat to the Storage Space during the winter months so as to maintain a temperature of at least 50° F and (ii) electrical service to the Storage Space.

B. If the authorities furnishing any utility service for the Shopping Center will not provide a separate meter for measuring Tenant's utility consumption and separate billing therefor, or in the event Landlord determines to use a common connection to any utility system for the benefit of all tenants in the Shopping Center, Tenant agrees to pay Landlord for its utility consumption promptly upon presentation of a bill. Such bill(s) shall be based upon either (i) readings of a meter, which Landlord shall have the right, at its election, to install so that it may accurately reflect Tenant's consumption, or (ii) an estimate of consumption and cost prepared by an expert retained by Landlord. Landlord shall bill Tenant at the same rate, including taxes, as would otherwise be payable by Tenant directly to the utility company or municipality, plus any costs incurred in determining Tenant's utility consumption. Any bill rendered by Landlord to Tenant for utility charges shall be payable by Tenant as Additional Rent within ten (10) days of being billed therefor.

C. In the event the regulations of the utility company providing service prevent Tenant from applying for and obtaining any utility meter in Tenant's name, Landlord shall apply for a meter in Tenant's name. Prior to completion and filing the application by Landlord, Tenant shall pay Landlord all amounts required for any deposits and hook-up charges by the utility company and, in addition, Tenant shall deposit the sum of five hundred (\$500.00) dollars (hereinafter the "Utility Deposit"), to be held by Landlord, without

liability for interest. Landlord shall have the right to apply any or all of the Utility Deposit toward payment of any outstanding bills due and owing by Tenant to the utility company. If Landlord is required to so apply all or any portion of the Utility Deposit, Tenant shall pay to Landlord the amount required to restore the Utility Deposit to the original required balance, promptly upon receipt of written notice from Landlord. At the expiration of the Lease, and after payment by Tenant of all final utility bills, Landlord shall return any unused portion of the Utility Deposit to Tenant.

D. Landlord reserves the right to replace a utility service provider at any time and for any reason. In the event that Landlord elects to make a change in service provider, Tenant covenants and agrees to cooperate with Landlord, including, without limitation, providing reasonable access to the electric lines, feeders, risers, and wiring within the Premises.

21. COMMON AREAS

A. The phrase "Common Areas" shall mean all areas of the Shopping Center which are now or hereafter made available by Landlord, from time to time, for the common and joint use and benefit of Landlord, the Tenant, other tenants and occupants within the Shopping Center, and any other persons or owners of other real estate, outlots or other real property outside the boundaries of the Shopping Center, if any, their respective customers and invitees. The Common Areas shall include, but shall not be limited to, package pickup stations, elevators, escalators, stairways, pedestrian sidewalks, parking areas and structures (whether in tiers or at, or below grade), curbs, parking areas, driveways and roads, malls, arcades, concourses, service corridors, loading platforms and truck docks, delivery areas, directory signs and equipment, public restrooms, courts and ramps, landscaped and vacant areas, retaining walls, retention and detention ponds, building enclosures and roofs covering Shopping Center buildings, perimeter walls and fences, bus stops, first-aid and comfort stations, lighting facilities, sewer lines, water mains, and other utility systems, drinking fountains, mechanical equipment, pipes, ducts, conduit wires, off-site utility facilities at the Shopping Center (for example, retention areas and drainage facilities), and all other equipment and facilities relating to the Shopping Center and not located in areas leased to tenants.

B. All Common Areas shall be subject to the exclusive control and management of Landlord. Landlord shall have the right to change the area, level, location and arrangement of the Common Areas, including parking areas and other facilities; to build multi-story parking facilities and other buildings, or to remove same; to restrict parking by Tenants, their officers, agents and employees; to enforce parking charges (by operation of meters or otherwise) with appropriate provisions for free parking tickets validated by Tenants; to close all or any portion of said areas or facilities to such extent as may be legally sufficient to prevent a dedication therein or the accrual of any right to any person or the public therein; and to close temporarily all or any portion of the parking areas or facilities to discourage non-customer parking. Landlord shall operate and maintain the common facilities in such manner as Landlord in its discretion shall determine, and Landlord shall have full right and authority to employ and discharge all personnel with respect thereto. Landlord may, from time to time and to the extent it deems appropriate, arrange for security services in the Common Areas or manned traffic control for special events at the Shopping Center. Landlord shall not be liable for any loss or damages suffered by Tenant or anyone else for failure to supply such services or manned traffic control. Nothing herein shall relieve Tenant of Tenant's duty to maintain security within the Premises.

C. Tenant shall have the right, in common with other parties permitted by Landlord, to use the Common Areas. If the amount of such areas shall be changed or diminished, Landlord shall not be subject to any liability nor shall Tenant be entitled to any compensation or diminution or abatement of rent nor shall diminution of such areas be deemed constructive or actual eviction.

22. ASSIGNMENT AND SUBLETTING

Tenant shall not assign, mortgage or encumber this Lease, in whole or in part, grant licenses or concessions, or sublet all or any part of the Premises. In addition, for the purposes of this Article, an assignment shall be deemed to include any transfer of Tenant's interest in the Lease by operation of law, or by consolidation, merger or transfer of controlling interest in ownership. No assignment or subletting shall in any way impair the continuing primary liability of Tenant hereunder, and no consent, if any is given, to any assignment or subletting in a particular instance, shall be deemed to be a waiver of Landlord's rights to prevent any assignment as provided herein. The acceptance by Landlord of any payment due hereunder from anyone other than Tenant or any reference in this Lease to any subtenant or concessionaire shall not be construed as consent by Landlord to any assignment or subletting by Tenant nor grant Tenant the right to assign or sublet or to permit anyone to occupy any portion of the Premises. In the event Landlord elects to waive its rights hereunder with respect to any particular request of Tenant to assign or sublet, Tenant shall pay to Landlord, as Additional Rent, a non-refundable fee of one thousand five hundred (\$1,500.00) dollars, to cover Landlord's legal and other expenses in connection with any request made by Tenant for consent to assignment or subletting. This fee shall be non-refundable and Landlord reserves the right to collect said fee in advance of preparing any documents. If Landlord waives its rights hereunder and is willing to consent to an assignment or sublease, Tenant shall be required to assign or sublet at fair market rental value and Landlord shall be entitled to receive any excess rentals or other charges payable by the assignee or subtenant over the amounts being paid by Tenant to Landlord, and such sum shall be payable by Tenant as Additional

Rent to Landlord on the first day of each month, together with Tenant's monthly Rent.

Notwithstanding any thing to the contrary contained in this Article 22, Tenant shall have the right to assign this Lease to a corporation resulting from a merger or consolidation involving Tenant, to the parent or a bona-fide wholly owned subsidiary of Tenant, or to a person or entity acquiring substantially all of Tenant's assets in a single transaction, provided that each of the following conditions is satisfied for any such assignment: (i) Tenant is not in default of any of the terms or conditions of this Lease; (ii) in the case of a merger or consolidation, the resulting corporation shall thereafter have all of the assets held by Tenant prior to such merger or consolidation and all of the assets of the businesses then operated under the trade name set forth in Article 11 to this Lease; or in the case of an assignment to a subsidiary, the subsidiary corporation shall thereafter continue to be owned by Tenant; (iii) the transferee shall have a net worth not less than the Tenant's net worth as of the date of this Lease; (iv) Tenant shall give Landlord prior written notice and a true and correct copy of any and each written document pursuant to or by which the assignment is to be effected or evidenced; (v) the transferee shall expressly assume in writing the obligations of Tenant under this Lease, except where the Assignment is by merger or consolidation; (vi) the Assignment shall not release Tenant from its obligations and liabilities under this Lease; (vii) the Premises shall continue to be operated only under the trade name and only for the use specified in Article 1; and (viii) the transferee shall have business experience and reputation satisfactory to Landlord and shall continue to conduct business at the Premises in a manner substantially identical to the manner in which business was conducted prior to the Assignment.

23. INDEMNITY AND INSURANCE

A. Tenant shall indemnify, defend, and hold harmless Landlord, Landlord's managing agent, and any holder of a first mortgage on all of any portion of the Shopping Center from and against all claims of whatever nature arising from any act, omission, or negligence of the Tenant, Tenant's contractors, agents, employees, or any other person(s) acting in concert therewith; or arising from any accident, injury, or damage whatsoever, caused to any person or to property, or from any violation of applicable ordinance, regulation, or law, occurring in, upon, at, or from the Premises or in connection with Tenant's occupancy or use thereof; or arising from any accident, injury, or damage occurring outside of the Premises, but within the Shopping Center, where such accident, injury, or damage results or is claimed to have resulted from an act or omission on the part of the Tenant or the Tenant's agents or employees. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses, and liabilities incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof with legal counsel acceptable to Landlord.

B. Tenant agrees, at Tenant's expense, to maintain throughout the term of this Lease, and any renewals and extensions hereof, the following insurance coverage, with commercially reasonable deductibles and no self-insured retention:

- (1) a policy of commercial general liability insurance in the broadest and most comprehensive form generally available from time to time, and under which the insurer agrees to indemnify and hold Landlord and its agent harmless from and against all cost, expense, and/or liability arising out of or based upon any and all claims, accidents, injuries, or damages described in paragraph "A" above, the minimum limits of which policy shall be three million (\$3,000,000) dollars for bodily injury, including death, and personal injury for any one occurrence, and one million (\$1,000,000) for property damage; or three million (\$3,000,000) combined liability and property damage on an occurrence form. If Tenant sells, serves, or distributes alcoholic beverages in or from the Premises, then such policy shall include, at the same minimum limits of liability, liquor legal liability coverage;
- (2) a policy of insurance, commonly known as Special Causes of Loss Property Insurance (also and historically known as "Special Perils" or "All-Risk" insurance), insuring against loss or damage or injury or destruction of Tenant's fixtures, furniture, store-front, improvements and equipment and heating, cooling, or other mechanical systems in or serving the Premises, whether or not installed by Tenant, to the extent of the full replacement amount of their value in the event of damage due to such perils and hazards caused by, but not limited to, the following: fire, water, sprinkler leakage, flood, wind, collapse, earth movement, vandalism, malicious mischief, boiler or other machinery failure or malfunction. Said policy shall be in at least as broad a form as the Insurance Services Offices (ISO) Special form. In addition to the foregoing, Tenant also shall obtain insurance against a loss in business income, which policy shall cover a period of at least twelve months. Tenant shall obtain such endorsements, separate policies, or difference in conditions policies as may be necessary to obtain the foregoing insurance coverage. Such insurance policies to be provided for and kept in force by Tenant shall provide that the loss, if any, be payable to Landlord and Tenant as their respective interests may appear, except as herein provided, and such insurance policies may exclude foundations, excavation, and the usual items customarily excluded in such insurance policies. Where reference is hereto made to fixtures and equipment, it is intended that the same be fixtures and equipment appurtenant to and used in connection with the operation of the Building. Landlord may require that the interest of any mortgagee under a mortgage to which this Lease is subordinate, be protected

by proper endorsements to any such policies of insurance, and that the originals of such policies of insurance be delivered either to such mortgagee or to Landlord;

- (3) plate glass insurance covering all exterior and interior plate glass in the Premises; and
- (4) such other types of insurance as Landlord may reasonably require for Tenant's specific use of the Premises, or as may be customarily required of retail tenants.

C. In each case, all such policies shall be in at least as broad a form as the ISO form. The foregoing insurance must be issued in the name of Tenant and shall name Landlord, Landlord's managing agent, and their respective successors and/or assigns as additional insureds on a primary basis. Said policy shall contain endorsements that the insurance may not be canceled or amended without thirty (30) days written notice by registered mail to Landlord by the insurance company. Said insurance shall be issued by a reputable and financially sound insurance company with a minimum rating of A-VIII as rated by Best's Key Rating Guide of A.M. Best Co. and be duly licensed in the State where the Shopping Center is located.

D. The original policies of all such insurance, or certificates of insurance evidencing the required policies and endorsements, shall be delivered to Landlord by Tenant within ten (10) days of the execution of this Lease, and Tenant shall deliver certificates of insurance evidencing renewal of all such insurance no later than thirty (30) days prior to the expiration of any insurance policies. The minimum limits of any insurance coverage required herein shall not limit Tenant's liability under this Lease.

E. All insurance policies herein required to be procured by Tenant shall contain an express waiver of any right of subrogation by the insurance company against Landlord.

F. It is understood and agreed that the Tenant assumes all risk of damage to Tenant's property arising from any cause whatsoever, including, without limitation, loss by theft or otherwise. Tenant hereby waives any claim that it may have against Landlord and releases Landlord, to the full extent permitted by law, from all such claims for any loss or damage to Tenant's business, or injury or damage to person or property sustained by Tenant, or any person claiming by, through, or under Tenant, resulting from any accident or occurrence in, on, or about the Premises or the Shopping Center, including, without limitation, claims for loss, theft, injury, or damage resulting from: (i) any defect, latent or otherwise, in any building in the Shopping Center, or any theft in or failure to operate of any equipment, machinery, utilities, appliances or apparatus therein (ii) the bursting, breakage, or leakage of any gas, water or steam pipe, or the escape of gas, steam, or water; (iii) the presence of snow, ice, or water in the Premises or the Shopping Center; (iv) the overflow of water or sewerage in any part of the Premises or the Shopping Center; (v) any act, omission, or negligence of persons occupying other premises in the Shopping Center; or (vi) so-called acts of God or the elements.

G. Tenant shall not stock, use or sell any item or do anything in or about the Premises which may be prohibited by Landlord's insurance policies or any endorsements or forms attached thereto, or which will increase any insurance rates and premiums on the Premises, the building of which they are a part and all other buildings in the Shopping Center. Tenant shall pay on demand any increase in premiums for Landlord's insurance that may be charged on such insurance carried by Landlord resulting from Tenant's use and occupancy of the Premises or the Shopping Center whether or not Landlord has consented to the same. In determining whether increased premiums are the result of Tenant's use, occupancy or vacancy of the Premises, a schedule issued by the organization making the fire insurance, extended coverage, vandalism and malicious mischief, special extended coverage or any all-risk insurance rates for said Premises or any rule books issued by the rating organization or similar bodies or by rating procedures or rules of Landlord's insurance companies shall be conclusive evidence of the several items and charges that make up the insurance rates and premiums on the Premises and the Shopping Center. If, due to the (i) occupancy, or (ii) abandonment, or (iii) Tenant's failure to occupy the Premises as herein provided, any insurance shall be canceled by the insurance carrier or if the premiums for any such insurance shall be increased, then in any of such events Tenant shall indemnify and hold Landlord harmless and shall pay on demand the increased cost of such insurance. Tenant also shall pay in any such events any increased premium on the rent insurance that may be carried by Landlord for its protection against rent loss through fire or other casualty.

24. DESTRUCTION

A. Tenant shall give prompt notice to Landlord in case of fire or other casualty to the Premises or the Shopping Center. The Landlord may terminate this Lease by notice to Tenant within ninety (90) days after the date of the casualty, if by reason of any casualty: (i) the Premises, or the building of which the Premises are a part, or the buildings (taken in the aggregate) in the Shopping Center, are damaged to the extent of more than twenty-five (25%) percent of the cost of replacement thereof; or (ii) the Premises are damaged in whole or in part during the last three years of the Term hereof; or (iii) the Premises or the Shopping Center are damaged by a casualty not covered by the Landlord's insurance. If such notice shall be given, then the Lease will terminate on the date specified by Landlord in said notice, which date shall be not more than sixty (60) days after the giving of said notice. Tenant's liability for Rent upon the termination of this Lease shall cease as of the day following the event or damage.

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B. If the casualty shall render the Premises untenantable in whole or in part, and provided that the casualty is not caused by the negligence of Tenant, Tenant's agents, servants, employees, contractors, licensees, or concessionaires, then during the period of such untenantability, the Minimum Rent due hereunder shall be reduced by that fraction, the denominator of which is total square footage of the floor area of the Premises and the numerator of which is the amount of floor area of the Premises rendered untenantable. The foregoing abatement of Minimum Rent shall end five days after notice by Landlord to Tenant that Landlord has completed its repair obligations hereunder. Nothing in this Article shall be construed to abate Percentage Rent or Additional Rent, but (i) the computation of such Percentage Rent shall be based upon the revised Minimum Rent as the same may be abated and (ii) the computation of Tenant's share of Additional Rent shall use as its numerator the square footage of the floor area of the Premises less the amount of floor area of the Premises rendered untenantable.

C. Provided this Lease is not terminated pursuant to any provision hereof, and subject to Landlord's ability to obtain the necessary permits and the necessary insurance proceeds, Landlord shall repair or reconstruct the Premises; however, in no event shall Landlord be required to expend an amount in excess of the insurance proceeds received by Landlord in performing such repairs or reconstruction. Tenant shall hold the proceeds of all insurance carried by Tenant on Tenant's property and improvements in trust for the purpose of repair and replacement. Immediately after Landlord has completed its restoration of the Premises, Tenant shall expeditiously repair and restore Tenant's trade fixtures, equipment and improvements to the same condition as prior to the casualty and Tenant shall promptly reopen Tenant's store for the conduct of business.

25. CONDEMNATION

A. Total: If the whole of the Premises shall be acquired or taken by eminent domain for any public or quasi-public use or purpose then this Lease and the Term herein shall cease and terminate as of the date that title vests in the taking authority.

B. Partial: If any part of the Premises shall be taken as aforesaid, and such partial taking shall render that portion not so taken unsuitable for the business of Tenant, as reasonably determined by Landlord, then this Lease and the Term herein shall cease and terminate as aforesaid. If such partial taking is not extensive enough to render the Premises unsuitable for the business of Tenant, then this Lease shall continue in effect except that the Minimum Rent shall be reduced in the same proportion that the floor area of the Premises (including basement) taken bears to the original floor area of the Premises and Landlord shall, upon receipt of the award in condemnation, make all necessary repairs or alterations to the building in which the Premises are located so as to constitute the portion of the building not taken a complete architectural unit, but such work shall not exceed the scope of the work to be done by Landlord in originally constructing said building, nor shall Landlord in any event be required to spend for such work an amount in excess of the amount received by Landlord as damages for the part of the Premises so taken. The term "amount received by Landlord" shall mean that part of the award in condemnation that is free and clear to Landlord after collection by mortgagees and payment of legal fees and expenses of securing the award.

C. If more than twenty (20%) percent of the floor area of the building in which the Premises are located shall be taken as aforesaid, Landlord may, by written notice to Tenant, terminate this Lease, such termination to be effective as of the date that title vests in the taking authority.

D. If this Lease is terminated as provided in this Article, the Rent shall be paid up to the day that title vests in the taking authority and Landlord shall make an equitable refund of any Rent paid by Tenant in advance.

E. Award: Tenant shall not be entitled to and expressly waives all claim to any condemnation award for any taking, whether whole or partial, and whether for diminution in value of the leasehold or to the fee although, Tenant shall have the right, to the extent that the same shall not reduce Landlord's award, to claim from the condemnor, but not from Landlord, such compensation as may be recoverable by Tenant in Tenant's own right for damage to Tenant's business, fixtures and improvements installed by Tenant at Tenant's expense.

26. DEFAULT AND REMEDIES

A. The happening of any of the following shall be an "Event of Default":

- (1) Tenant's failure to pay any Rent within five (5) days after written notice of such failure shall have been given to Tenant;
- (2) Tenant fails to observe or perform any other terms, conditions, covenants or agreements of this Lease for more than thirty (30) days after written notice of such failure shall have been given to Tenant
- (3) Tenant or an agent of Tenant falsifies any report required to be furnished to

Landlord;

- (4) Tenant becomes insolvent insofar as Tenant's liabilities exceed a fair value of Tenant's assets or it becomes generally unable to pay Tenant's debts as they come due;
- (5) there is commenced by or against Tenant any bankruptcy, receivership, insolvency, reorganization, dissolution, or liquidation proceedings;
- (6) Tenant makes a general or limited assignment for the benefit of creditors or any similar assignment, or petitions for, proposes, or enters into any composition, extension, or moratorium of debts;
- (7) Tenant permits or suffers the appointment of a receiver, trustee, or similar party to take charge of any property, or permits or suffers this Lease to be executed upon or attached, or permits or suffers this Lease to pass or to devolve upon by operation of law or otherwise to a party other than Tenant; and
- (8) Tenant, or any affiliated or related entity of the Tenant, defaults with respect to any lease, other than this Lease, with the Landlord.

The five (5) and thirty (30) day notice periods referenced in sections (1) and (2) are referred to as the Default Notice Period and the notices are referred to as the Default Notice.

Upon an Event of Default, this Lease and the Term hereunder shall automatically terminate at the expiration of the applicable Default Notice Period without further notice, unless Landlord has elected in writing to rescind the Default Notice. In the event of such termination, Tenant shall remain fully liable hereunder. From and after the termination of this Lease as provided herein, the unilateral payment of Rent or performance by the Tenant shall not create any tenancy, but rather, shall be, at Landlord's discretion, deemed to be on account of a just debt owed to the Landlord or as use and occupancy payments during the Tenant's unlawful detainer of the Premises. Further, the Landlord's acceptance of any payment or performance due to it from the Tenant shall not be deemed a recognition of any tenancy, constitute any form of acquiescence by the Landlord, cause a reinstatement of the Lease, or otherwise impair or prejudice Landlord's right to recover the Premises, by judicial process or otherwise during the Tenant's unlawful detainer thereof. In addition, in the event that the Landlord designates a bank or other third-party institution to receive payments of Rent, said designation shall not constitute the appointment of agency to act on behalf of or for Landlord with respect to any rights held by Landlord hereunder.

If Landlord is prohibited by court order or the automatic stay under Section 362 of the United States Code, 11 U.S.C. §§ 101-1330, or similar judicial restraint from sending any Default Notice to Tenant, then the applicable Default Notice Period for Tenant's failures, as set forth above, shall be automatically canceled upon the occurrence of the default as if such notice period had expired on the first date of such occurrence.

B. If the Tenant abandons the Premises, said abandonment shall be an "Event of Default" without the necessity of any notice from the Landlord to the Tenant.

C. Upon an Event of Default, in addition to all other rights and remedies available hereunder or allowed by law or equity, Landlord may take any one or more of the following actions to the extent same are permitted by applicable law:

- (1) Landlord shall have the immediate right to reenter and to remove all persons and property from the Premises, and such property may be removed, disposed of, and/or stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process (all of which Tenant expressly waives), and without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.
- (2) Landlord may make such alterations and repairs consistent with typical retail space as may be necessary in order to relet the Premises; and Landlord may relet said Premises or any part thereof for such term or terms, which term(s) may be different from the Term of this Lease, and at such rentals, and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, and it is expressly agreed and understood that Landlord may relocate an existing tenant of the Shopping Center to the Premises, and such tenant's existing lease shall remain in full force and effect through the remainder of the Term thereof, unless and to the extent the premises leased under such existing lease have been relet to a new tenant for equivalent rent payments. If the rentals received from such reletting during any month are insufficient to pay the total Rent due during that month from Tenant, Tenant shall pay any deficiency to Landlord. Such deficiency shall be calculated and

paid monthly. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or to collect rent due for such reletting. Tenant shall not be entitled to any offset or credit for payments received by Landlord in excess of the amounts due from Tenant hereunder, either on a monthly or cumulative basis.

- (3) Landlord may recover from Tenant all damages it may incur by reason of Tenant's default, including, without limitation: (a) the cost of recovering the Premises, and repairing, restoring, altering, or otherwise putting the Premises into condition acceptable to a new tenant; (b) court costs and reasonable attorneys' fees; (c) heat and other utility charges; and (d) at Landlord's sole discretion, either (i) the total Rent that Tenant would have been required to pay for the remainder of the Term less the fair rental value of the Premises for such period, discounted to present value at five (5%) percent, or (ii) the Rent as it becomes due for the remainder of the Term hereof. In determining the Rent which would be payable by Tenant, subsequent to default, the Rent for each year of the unexpired Term shall be equal to the average annual Minimum Rent, Additional Rent and Percentage Rents paid by Tenant from the commencement of the Term to the time of default, or during the preceding three (3) full calendar years, whichever period is shorter.
- (4) Landlord may cancel any unexercised renewal or extension option contained in this Lease by two (2) days written notice to Tenant.
- (5) cure the default on the Tenant's behalf and charge the Tenant with cost and expense thereof.

D. If Tenant becomes a debtor, voluntarily or involuntarily, under Title 11 of the United States Code or any bankruptcy legislation serving as a substitute or supplement therefor, or if Tenant becomes an alleged debtor in an involuntary proceeding commenced under said legislation or otherwise becomes subject to the jurisdiction of a federal or state court with jurisdiction to administer the property of Tenant, and if this Lease has not been terminated or Landlord has not been permitted to reenter and relet the Premises, then: (i) so long as Tenant or any party claiming under or through Tenant remains in possession of the Premises and so long as Landlord is prohibited or prevented from taking possession of the Premises and reletting it by reason of any such bankruptcy or insolvency proceeding, Tenant (whether or not serving as debtor-in-possession), any statutory representative of Tenant, and Tenant's bankruptcy estate shall be obligated to pay to Landlord as fair use and occupancy of the Premises an amount not less than the Rent specified in the Lease as and when such Rent is due under this Lease without requesting any deferral thereof and shall continue to perform all other obligations under the Lease; and (ii) within sixty (60) days from and after the entry of an order for relief under Sections 301, 302, or 303 of Title 11 of the United States Code or a similar assumption by any federal or state court of jurisdiction over the administration of Tenant's property, Tenant shall, unless Landlord agrees in writing to a further extension of time, exercise any available right to assume or reject this Lease and shall not request any extension of time from any court of competent jurisdiction to exercise such right.

E. The parties hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage. In the event Landlord commences any proceedings for nonpayment of Rent, Tenant will not interpose any counterclaim of whatever nature or description in any such proceedings. This shall not, however, be construed as a waiver of Tenant's right to assert such claims in any separate action brought by Tenant.

F. Tenant expressly waives any right or defense which it may have to claim a merger and neither the commencement of any action or proceeding nor the settlement thereof or entering of judgment therein shall bar Landlord from bringing subsequent actions or proceedings from time to time.

G. In the event Landlord (i) retains an attorney to enforce the provisions of this Lease against Tenant, (ii) brings a legal action or proceedings against Tenant, or (iii) has to defend any action or proceedings brought by or against Tenant, including, but not limited to appeals or proceedings in bankruptcy or receivership, Landlord shall be entitled to recover from Tenant its reasonable legal fees, including paralegals' fees and legal assistants' fees, and expenses in such action or proceeding as Additional Rent or otherwise, or may recover same in a separate action or subsequent proceeding.

H. Left Blank.

I. In addition to Landlord's rights under this Article, in the event (i) Landlord does not receive the total amounts due with respect to any Rent payment by the tenth (10th) day of the month in which it is due, or (ii) any of Tenant's checks are returned unsatisfied or uncollectable for any reason whatsoever, Tenant shall pay Landlord an administrative fee of equal to five (5%) percent of said Rent payment. Said

administrative fee shall be deemed Additional Rent and shall be due and payable to Landlord together with the next installment of Rent due hereunder. The administrative fee set forth above is intended as reasonable estimate of Landlord's administrative costs and damages because of Tenant's failure to pay Rent on a timely basis or Tenant's checks are returned unsatisfied or uncollectable. The parties agree that this administrative fee is reasonable, bears significant relation to the actual administrative costs that Landlord might sustain, which administrative costs Tenant and Landlord agree would be uncertain and difficult to prove, and is not a penalty for Tenant's failure to pay Rent on a timely basis or because Tenant's checks are returned unsatisfied or uncollectable. The acceptance by Landlord of said administrative fee shall not preclude Landlord from seeking and pursuing any other remedy under this Lease. In addition, in the event any of Tenant's checks are returned unsatisfied or uncollectable for any reason whatsoever, Landlord shall have the right to require Tenant to pay all future Rent payments and other payments required by this Lease by certified or bank cashier's check by giving Tenant seven (7) days written notice of its election.

J. Nothing contained herein shall prevent the enforcement of any claim Landlord may have against Tenant for anticipatory breach of the unexpired Term of this Lease. In the event of breach or anticipatory breach by Tenant of any provision of this Lease, Landlord shall have the right of injunction as if other remedies were not provided for herein.

27. Left Blank

28. NOTICES

A. All notices required or permitted to be given hereunder in writing shall be deemed to have been duly given if: (i) delivered in person on the date actually delivered; (ii) sent via a nationally recognized overnight delivery service on the day after being picked-up by said carrier; or (iii) sent by United States Certified or Registered mail, postage prepaid, three days after being deposited in the mail. Any such notice shall be addressed as follows:

If to Landlord: c/o Heritage Property Investment Trust, Inc.
535 Boylston Street
Boston, MA 02116-3766
Attn: Lease Administrator

If To Tenant: c/o American Renal Associates Inc.
5 Cherry Hill Drive
Danvers, MA 01923

B. Separate from the Landlord's address for the giving of notices, Landlord also hereby designates the following address for the payment of Rent:

Rent Payments: c/o The Commons of Crystal Lake, #99458 Collection Center Drive, Chicago, Illinois 60693-9458.

Tenant acknowledges that the above-address is for the payment of Rent only and only the address set forth in paragraph "A" above is the only valid and binding address for giving notice under the Lease.

C. Any party may, by proper notice to the other, designate other addresses for the purposes of notice and/or payment of Rent. Any notice, demand, or communication from the managing agent or an attorney acting or purporting to act on behalf of the Landlord shall be deemed to be notice from the Landlord. Tenant's refusal to accept delivery shall in no way negate the effectiveness of said notice. In the event Tenant vacates the Premises and does not designate, in writing, another address to Landlord, Landlord may serve any such notice to the Premises and such service shall be deemed good and sufficient notice to Tenant.

29. ACCESS TO PREMISES

Landlord shall have the right to place, maintain and repair all utility equipment of any kind in, upon and under the Premises as may be necessary for the servicing of the Premises and other portions of the Shopping Center. Landlord shall also have the right to enter the Premises at all times to inspect, exercise its rights under this Lease, or to exhibit the same to prospective purchasers, mortgagees and tenants and to make such repairs, additions, alterations or improvements as Landlord may deem desirable, which entry shall be during Tenant's business hours, after notice to Tenant of not less than 24 hours (other than in the event of an emergency, in which event Landlord's entry shall be unrestricted and no such notice shall be required). Landlord shall be allowed to take all material in, to and upon said Premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part and the Rent reserved shall not abate while said work is in progress by reason of loss or interruption of Tenant's business or otherwise and Tenant shall have no claim for damages. If Tenant shall not be personally present to permit an entry into said Premises when for any reason an entry therein shall be permissible, Landlord may enter the same by a master key or by the use of force without rendering Landlord liable therefor and without in any manner affecting the

obligations of this Lease. The provisions of this Article shall not be construed to impose upon Landlord any obligation whatsoever for the maintenance or repair of the building or any part thereof except as otherwise herein specifically provided. During the six (6) months prior to the expiration of this Lease or any renewal Term, Landlord may place upon the Premises "For Lease" signs that Tenant shall permit to remain thereon.

30. EXCAVATION

If an excavation shall be made upon land adjacent to the Premises, Tenant shall permit the person authorized to cause such excavation license to enter upon said Premises for the purpose of doing such work as such person deems necessary to preserve the wall or the building of which said Premises form a part from damage and to support the same by proper foundations without any claim for damages against Landlord or abatement of Rent.

31. Left Blank

32. SUBORDINATION

Tenant agrees that Tenant's interest and rights under this Lease are and shall at all times remain subordinate to the lien of any mortgage, ground lease or any other method of financing or refinancing now or hereafter placed against the Premises and/or any or all of the Shopping Center by Landlord, and to any and all advances made or to be made thereunder and to the interest thereon and to all renewals, replacements, consolidations and extensions thereof, or at the option of any mortgagee, this Lease may be superior to any such mortgage. This Article shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall execute promptly any certificate that Landlord may request provided such mortgagee or security holder agrees in writing with Tenant not to disturb Tenant's possession while Tenant is not in default hereunder, and, in the event Tenant fails to promptly execute any certificate, Tenant hereby irrevocably constitutes and appoints Landlord, its agent, and attorney-in-fact to execute, deliver and record such confirmation or other evidence of this subordination.

33. ESTOPPEL CERTIFICATES

Tenant shall, from time to time, within ten (10) days after request from Landlord or any mortgagee of Landlord, execute and deliver a certificate certifying, to the extent true, the following: (i) that this Lease is in full force and effect and unmodified (or, if there have been modifications, that the same is in full force and effect as modified and stating the modification); (ii) that the Term of the Lease has commenced and stating the dates of commencement and termination thereof; (iii) the amount of Rent then accruing hereunder and the date to which the Rent has been paid, and that no Rent has been paid more than thirty (30) days in advance; (iv) that Tenant has accepted possession of the Premises, and that any improvements required by the terms of this Lease have been completed to the satisfaction of Tenant; (v) the amount, if any, that Tenant has paid to Landlord as a security deposit; (vi) that the address for notices to be sent to Tenant is as set forth in this Lease, or if not, stating the correct address; (vii) that Tenant, as of the date of the certificate, has no charge, lien, or claim of offset under this Lease or otherwise against Rent or against Landlord; (viii) that, to the knowledge of Tenant, Landlord is not then in default under this Lease; and (ix) such other matters as may be reasonable requested by Landlord or any mortgagee of Landlord. Any such certificate may be relied upon by Landlord, any successor of Landlord, any mortgagee of Landlord, or any prospective purchaser of the Shopping Center.

34. LANDLORD'S LIABILITY

Tenant shall look solely to the estate and property of Landlord in the Shopping Center for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants, and conditions of this Lease to be observed and/or performed by Landlord, and no other property or assets of Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of Tenant's remedies. In no event shall individual officers, directors, trustees, partners, shareholders, managing agents, or employees of Landlord, or of any subsidiary wholly owned by Landlord, be personally liable hereunder.

35. END OF TERM

At the expiration of this Lease, Tenant shall surrender the Premises in the same condition as the Premises were in on the Rent Commencement Date, broom clean, reasonable wear and tear excepted, and shall deliver all keys and combinations to locks, safes and vaults to Landlord. Before surrendering said Premises, Tenant shall remove all Tenant's personal property, and trade fixtures, (but not leasehold improvements), and shall repair any damage caused thereby. In addition, upon written notice from Landlord, Tenant shall remove any alterations, additions or decorations made by Tenant during the Term of this Lease; provided, however, that Tenant shall not be obligated to remove alterations previously consented to by Landlord pursuant to the terms of this Lease. Tenant's obligations to perform this provision shall survive the end of the Term of this Lease. If Tenant fails to remove Tenant's property upon the expiration of this Lease, the said property shall be deemed abandoned and shall become the property of Landlord and Tenant shall be responsible for the cost of removal and other charges for such property.

36. HOLDING OVER

From and after the expiration of the Term of this Lease, if Tenant fails or neglects to vacate the Premises, then such holding over shall be deemed to create a Tenancy-at-Sufferance. In that event, Tenant waives all notice, including a notice to quit, and Landlord reserves the right to make entry upon the Premises, without the necessity of judicial process, and dispossess the Tenant from the same. During Tenant's holdover, Tenant shall be liable to the Landlord for use and occupancy charges at a daily rate equal to one and one-half times the Rent payable as of the Lease Expiration Date divided by three hundred sixty (360). In addition, Tenant shall be liable to Landlord for all damages, direct or indirect, suffered by Landlord as a result of Tenant's failure to vacate the Premises on the Lease Expiration Date.

37. QUIET ENJOYMENT

Tenant, upon paying the Rent, and performing all of the terms on Tenant's part to be performed, shall peaceably and quietly enjoy the Premises subject, nevertheless, to the terms of this Lease and to any mortgage, ground Lease or agreements to which this Lease is subordinated.

38. INABILITY TO PERFORM

A. In the event that either party hereto shall be delayed or prevented from the performance of any act required hereunder by cause or causes beyond their control which shall include, without limitation, all labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power, acts of terrorism, governmental regulations or controls, fire or other casualty, inability to obtain any material, services or financing or through acts of God, then performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section shall not operate to excuse Tenant from the prompt payment of Rent due under this Lease.

B. If Landlord is unable to give possession of the Premises on the Possession Date because of the holding-over or retention of possession by any tenant, subtenant, or occupant, or if the Premises are in the process of construction, and such construction has not been sufficiently completed to render the Premises ready for occupancy, Landlord shall not be subject to any liability for failure to give possession on said date, and the validity of the Lease shall not be impaired under such circumstances, nor shall the same be construed to renew or extend the Term of this Lease. If permission is given to the Tenant to enter into possession of the Premises or to occupy other space prior to the Possession Date, Tenant covenants and agrees that such occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this Lease.

39. BROKER'S COMMISSIONS

Tenant represents and warrants that except for Colliers, Bennett & Kahnweiler, Inc. (the "Broker"), there are no claims for brokerage commissions or finder's fees in connection with the execution of this Lease, and Tenant agrees to indemnify Landlord against and hold it harmless from all liabilities, including reasonable cost of counsel fees, arising out of discussions or dealings of Tenant with any broker.

40. REIT QUALIFICATIONS

Tenant and Landlord agree that Rent paid to Landlord under this Lease shall qualify as "rents from real property" as defined in the Internal Revenue Code ("Code") Section 856(d) and as further defined in Treasury Regulation ("Regulation") Section 1.856-4. Should the requirements of the Code section and Regulation section be amended so that any Rent payable to Landlord under this Lease no longer qualifies as "rents from real property" for the purposes of the Code and associated Regulation, such Rent payable to Landlord under this Lease shall be adjusted so that it will qualify as "rents from real property" under the Code and Regulation, as amended; provided, however, that any adjustments required pursuant to this Article shall be made so as to produce the equivalent (in economic terms) Rent as payable prior to such adjustment. Tenant and Landlord shall enter into such amendment or amendments required to effect the foregoing provisions.

41. MISCELLANEOUS PROVISIONS

A. No Waiver. Failure of Landlord to insist upon the strict performance of any provision or to exercise any option or any rules and regulations shall not be construed as a waiver for the future of any such provision, rule or option. The receipt by Landlord of Rent with knowledge of the breach of any provision of this Lease shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver is in writing signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Rent shall be deemed to be other than on account of the earliest Rent then unpaid nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed in accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy in this Lease provided, and no waiver by Landlord in respect to one tenant shall constitute a waiver in favor of any other tenant in the Shopping Center. The acceptance by Landlord of a check or checks drawn by a party other than Tenant shall in no way affect Tenant's liability hereunder nor shall it be deemed an approval of any assignment or other transfer of this Lease by Tenant.

B. Partial Invalidity. If any provision of this Lease or application thereof to any person or

circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

C. Provisions Binding. Except as otherwise expressly provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, successors and assigns. Each provision to be performed by Tenant shall be construed to be both a covenant and a condition, and if Tenant shall be more than one person or entity, they shall all be bound, jointly and severally, by these provisions. In the event of any sale of the land, building or this Lease, or of a lease of the Shopping Center, Landlord shall be entirely relieved of all obligations hereunder.

D. Entire Agreement. Neither Landlord nor Landlord's agents have made any representations or promises with respect to the physical condition of the Premises or the building of which it is a part, the land upon which it is erected, or the condition, dimensions or area of the Premises, except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease. Tenant shall not claim any misrepresentations or right to rescind this Lease based upon any prior conversations with or statements made by Landlord or its agents. This Lease and the attached Exhibits set forth the entire agreement between the parties. Exhibit "A" is attached for reference only. Landlord makes no representations or warranties that the tenants, occupants, vacancies, the square footages, and/or the other dimensions identified therein are accurate; or that the foregoing will not change from time to time during the Term of this Lease. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by Landlord and Tenant. The captions, numbers and index appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe or describe the scope or intent of any article, nor in any way affect this Lease.

E. Confidentiality. Tenant acknowledges that the terms and provisions of this Lease, including, but not limited to, amounts of Rent and other consideration, were negotiated and agreed to by or on behalf of Landlord and Tenant without reference to comparability with the terms and conditions of other leases at the Shopping Center. Each of Landlord and Tenant agree that it will not, without the prior written consent of the other, reveal the terms and conditions of this Lease, including but not limited to amounts of Rent, to anyone other than such parties' lenders, potential investors, or financial or legal advisors and employees of such party (to the extent necessary in connection with such party's business operations) all of whom themselves agree to keep such information confidential.

F. Consent. Tenant consents to the Landlord and its agents' use of Tenant's federal identification or social security number to obtain credit reports and other financial information from time to time.

G. Governing Law. This Lease shall be governed by the provisions hereof and by the laws of the State in which the Shopping Center is located.

H. Labor Relations. Tenant agrees to conduct Tenant's labor relations and its relations with its employees and agents in such a manner as to avoid all strikes, picketing and boycotts of, on or about the Premises and the Shopping Center.

I. Recording. Tenant shall not record this Lease or any memorandum thereof without the written consent of Landlord.

J. Headings. The paragraph headings throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Lease.

K. Corporation. In the event that Tenant is a corporation, then upon the execution of this Lease, Tenant shall deliver to the Landlord, a Clerk's Certificate or Secretary's Certificate, in a form reasonably satisfactory to Landlord, confirming that the execution of this Lease has been duly authorized. The person executing this Lease on behalf of Tenant hereby covenants, represents, and warrants that Tenant is a duly incorporated or duly qualified (if foreign) corporation and is authorized to do business in the State where the Shopping Center is located, and that the person executing this Lease on behalf of Tenant is an officer of such Tenant, and is duly authorized to sign and execute this Lease.

42. LEASE SUBMISSION

The submission of this Lease for examination does not constitute a reservation of or option for the Premises or any other space within the Shopping Center and shall vest no right in either party. This Lease shall become effective as a Lease only upon execution and legal delivery thereof by Landlord and Tenant. In the event that Tenant is not an individual, then Tenant shall deliver to the Landlord the requisite certificate or resolution, in a form reasonably satisfactory to Landlord, confirming that the execution of this Lease has been duly authorized. This Lease may be executed in more than one counterpart, and each such counterpart


shall be deemed to be an original document.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Witness for Landlord:

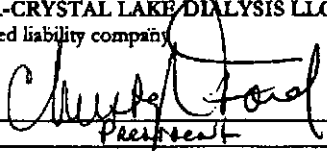
Landlord:

BRADLEY OPERATING LIMITED
PARTNERSHIP, a Delaware Limited Partnership
By: Heritage-Austen Acquisition, Inc., a Maryland
corporation its general partner

By:  *LOZ*
Louis Zlot, Vice President

Tenant:

ARA-CRYSTAL LAKE/DIALYSIS LLC, a Delaware
limited liability company

By: 
Its: President

Tenant's SS #/FEIN: 52-2413908

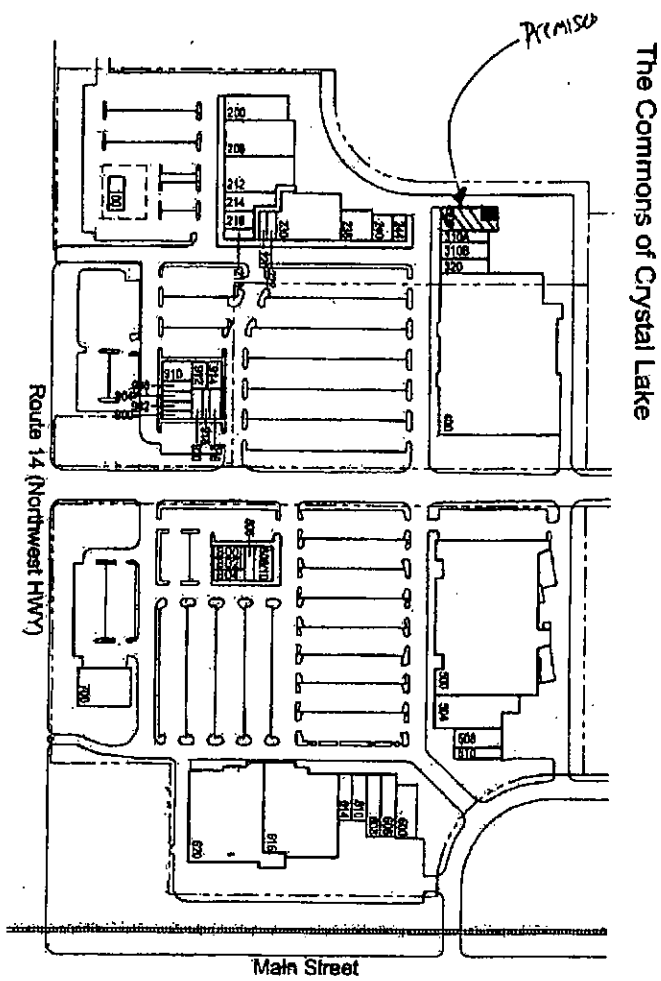


Exhibit A

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ATTACHMENT 2

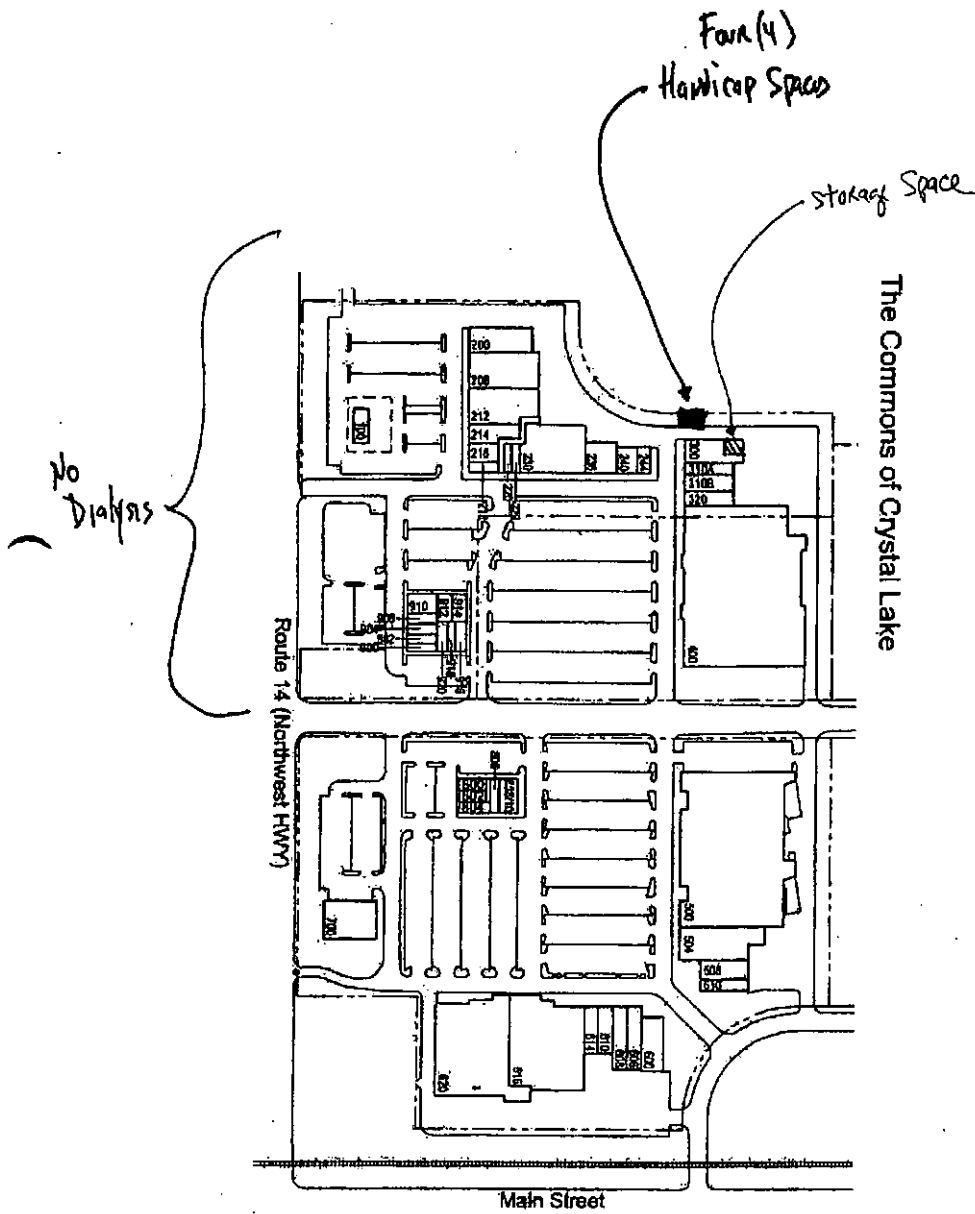


Exhibit A

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Exhibit A-1

Confirmation Of Lease Term

This Agreement is entered into _____, 2003 by and between **BRADLEY FINANCING PARTNERSHIP**, a Delaware general partnership, c/o Heritage Realty Management, Inc., 535 Boylston Street, Boston, Massachusetts, 02116-3766 (the "Landlord") and **ARA-CRYSTAL LAKE DIALYSIS LLC**, a _____ limited liability company, having an address at c/o American Renal Associates, Inc., 5 Cherry Hill Drive, Danvers, MA 01923 (the "Tenant").

WHEREAS, Landlord and Tenant entered into a lease dated _____ (the "Lease") for premises located at The Commons of Crystal Lake Shopping Center, Crystal Lake, Illinois; and

WHEREAS, it is the desire and intent of Landlord and Tenant to clearly define certain terms of the Lease.

NOW, THEREFORE, it is agreed by and between Landlord and Tenant that:

The Lease Commencement Date is _____

The Rent Commencement Date is _____

The Lease Expiration Date is _____

The Lease is in full force and effect and all terms and conditions of the Lease are hereby ratified and confirmed.

This document will not be recorded in any public records including the real estate records of the county where the demised premises are located.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Agreement as of the day and year first above written.

Landlord:

BRADLEY OPERATING LIMITED
PARTNERSHIP, a Delaware Limited Partnership
By: Heritage-Austen Acquisition, Inc., a Maryland
corporation its general partner

By: _____
Louis Zicht, Vice President

Tenant:

ARA-CRYSTAL LAKE DIALYSIS LLC, a
_____ limited liability company

By: _____
Its: _____

Exhibit B

Rules & Regulations

All deliveries or shipments of any kind to and from the Premises, including loading and unloading of goods, shall be made only by way of the rear of the Premises or at any other location designated by Landlord, and only at such times designated for such purpose by Landlord; provided, however, that Fed Ex and similar overnight courier services may make delivery of small packages to Tenant (excluding large or bulky deliveries such as equipment and inventory) at the regular place of delivery for such services which may include the front entry to the Premises.

Garbage and refuse shall be kept in the kind of container approved by Landlord and shall be placed at the location designated by Landlord, for collection at the times specified by Landlord; Tenant to pay the cost of removal.

Except for televisions and related equipment located within the Premises at patient dialysis stations and intended for use by such patients, no radio, television, phonograph or other similar devices, or aerial attached thereto (inside or outside) shall be installed without first obtaining in each instance Landlord's consent in writing, and no such device shall be used in a manner so as to be heard or seen outside the Premises.

Tenant shall keep the Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.

The outside area immediately adjoining the Premises, including the sidewalk and loading area, shall be kept clean and free from dirt and rubbish by Tenant, and Tenant shall not place, suffer or permit any obstructions or merchandise in such areas.

Tenant shall not use the public or Common Areas in the Shopping Center for business purposes.

Tenant and Tenant's employees shall park their cars only in those portions of the parking area, if any, designated for that purpose by Landlord; Tenant to furnish Landlord with Tenant's and Tenant's employees' automobile license numbers within five days after taking possession of the Premises and Tenant to thereafter notify Landlord of any changes within five days after such changes occur; (and if Tenant or Tenant's employees fail to park their cars in designated parking areas, then Landlord may charge Tenant ten (\$10.00) dollars per day for each day or partial day per car parked in any areas other than those designated, as and for liquidated damages).

Plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be permitted therein; provided, however, that Tenant's use of the Premises as a high-quality medical office and outpatient renal dialysis center shall not violate this provision so long as Tenant does not unreasonably overburden such facilities.

Tenant shall keep the Premises free of pests and insects and Tenant shall use, at Tenant's cost, a pest extermination contractor at such intervals as Landlord may require.

Tenant shall keep all trash, refuse and the like in covered trash receptacles. Tenant shall not burn trash or garbage in or about the Premises, the Shopping Center or within one mile of the outside radius of the Shopping Center.

Tenant shall not place, suffer or permit displays, decorations or shopping carts on the sidewalks in front of the Premises or on or upon any of the Common Areas of the Shopping Center.

HERITAGE PROPERTY INVESTMENT TRUST, INC.

Westview Center, 7630 North Barrington Road, Hanover Park, Illinois 60133
Telephone: (630) 736-7200 • Fax: (630) 289-3515
www.heritagerealty.com

September 16, 2004

ARA Crystal Lake Dialysis, LLC
c/o American Renal Associates, Inc.
5 Cherry Hill Drive
Danvers, MA 01923

via CERTIFIED MAIL RETURN RECEIPT
7002 2410 0003 7299 8114

**RE: American Renal Association – 6298 Northwest Highway
The Commons of Crystal Lake – Crystal Lake, Illinois**

To Whom It May Concern:

Please find enclosed the key for the above referenced space.

As per Article 13 of your lease "The Possession Date shall be the sooner to occur of (i) the first day after the Condition Period or (ii) the date that Tenant advises Landlord, in writing, that the Condition has been satisfied." And as per Article 7 of your lease "If, on or before the expiration of the Condition Period, Tenant fails to affirmatively advise Landlord that it has been unable to obtain the State Approvals, then Tenant shall be deemed to have obtained the State Approvals and the Condition shall be deemed satisfied." As a result your possession date is September 2, 2004.

The utilities for this service address have been taken out of Heritage's name. Therefore, we ask that you please notify all utility companies of the change in billing address for all utility usage at the above referenced location effective September 2, 2004 to avoid any interruption in service. The following are the current meter numbers:

Commonwealth Edison (Electric)
Nicor (Gas)

Meter #082704568
Meter #3351364

Phone: 1-800-EDISON1
Phone: 1-888-NICOR4U

Please feel free to contact our office with any questions you may have at 630.736.7200 ext. 12 for Dan Calandrino, Property Manager.

Sincerely,

HERITAGE PROPERTY INVESTMENT TRUST



Dan Calandrino
Property Manager

cc: Austin Dempsey, HPIT Leasing
Anne Hart, HPIT Lease Analyst
Tenant File

Rent Commencement Date is
earlier of opening date or
60 days after Possession Date.

likely to open in Jan'y 2005.
Rent Commencement Date is
therefore 11/1/04.



AMERICANRENAL
associates

July 2, 2004

Bradley Financing Partnership
7184 Collection Center Drive
Chicago, IL 60693

Re: Security Deposit for The Commons of Crystal Lake, Space 300

Ladies and Gentlemen:

Enclosed is a check in the amount of \$6,580 which represents the security deposit under the Agreement of Lease dated June 22, 2004 by and between Bradley Financing Partnership and ARA-Crystal Lake Dialysis LLC.

Sincerely,

John K. Whiting, IV
V.P. & General Counsel

Enclosure

AMERICAN RENAL MANAGEMENT LLC

VENDOR ID 12779		NAME Bradley Financing Partnership		PAYMENT NUMBER 99800024561		CHECK DATE 6/25/2004		12695			
DOCUMENT NUMBER A620 Security Depos acct. # 22900064		DATE 6/14/2004		AMOUNT \$6,580.00		AMOUNT PAID \$6,580.00		DISCOUNT \$0.00		NET \$6,580.00	
				\$6,580.00		\$6,580.00		\$0.00		\$6,580.00	

COMMENT

12695

AMERICAN RENAL MANAGEMENT LLC

5 CHERRY HILL DRIVE
DANVERS, MA 01923-2500
(978) 774-5300

EASTERN BANK 301
LYNN, MA 01901
53-179-113

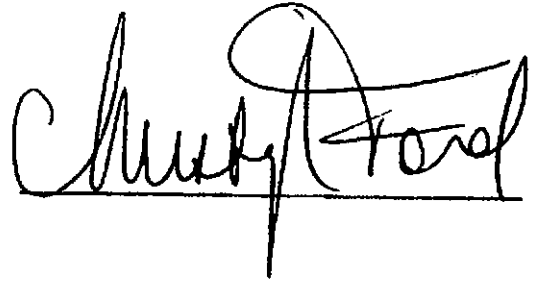
DATE
6/25/2004

AMOUNT
\$6,580.00

Six Thousand Five Hundred Eighty Dollars And 00 Cents

TO THE
ORDER
OF

Bradley Financing Partnership
C/O Heritage Realty Management
535 Boylston Street
Boston MA 02116-3766



⑈012695⑈ ⑆011301798⑆ 60 0257505⑈

ATTACHMENT 2

HERITAGE PROPERTY
INVESTMENT TRUST, INC.

Corporate Office: 131 Dartmouth Street, Boston, Massachusetts 02116
Telephone: (617) 247-2200 • Fax: (617) 266-0885 • Legal Dept. Fax: (617) 267-4557
www.heritagerealty.com

VIA UPS 2nd DAY AIR

Tracking # 1Z F17 676 02 9221 5007

June 23, 2004

John K. Whiting IV
American Renal Associates
5 Cherry Hill Drive
Danvers, MA 01923

**Re: Agreement to Lease
American Renal Associates
The Commons of Crystal Lake—Crystal Lake, IL**

Dear John:

We are pleased to enclose herewith, one (1) fully executed original of the above referenced Agreement.

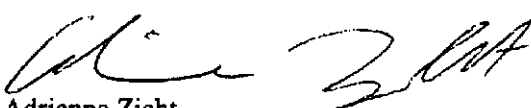
Please note that all payments should be remitted to:

Bradley Operating Limited Partnership
7184 Collection Center Drive
Chicago, IL 60693

Should you have any questions or if we can be of any assistance, please do not hesitate to contact Austin Dempsey in our Northbrook, IL Office at 847-272-9800.

Sincerely,

HERITAGE PROPERTY INVESTMENT TRUST, INC.


Adrienne Zicht
Administrative Assistant - Leasing

Enclosure

cc: OLSA (w/original)
Tenant File (w/copy)

ATTACHMENT 2



To all to whom these Presents Shall Come, Greeting:

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

ARA-CRYSTAL LAKE DIALYSIS LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON DECEMBER 01, 2003, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1017502106

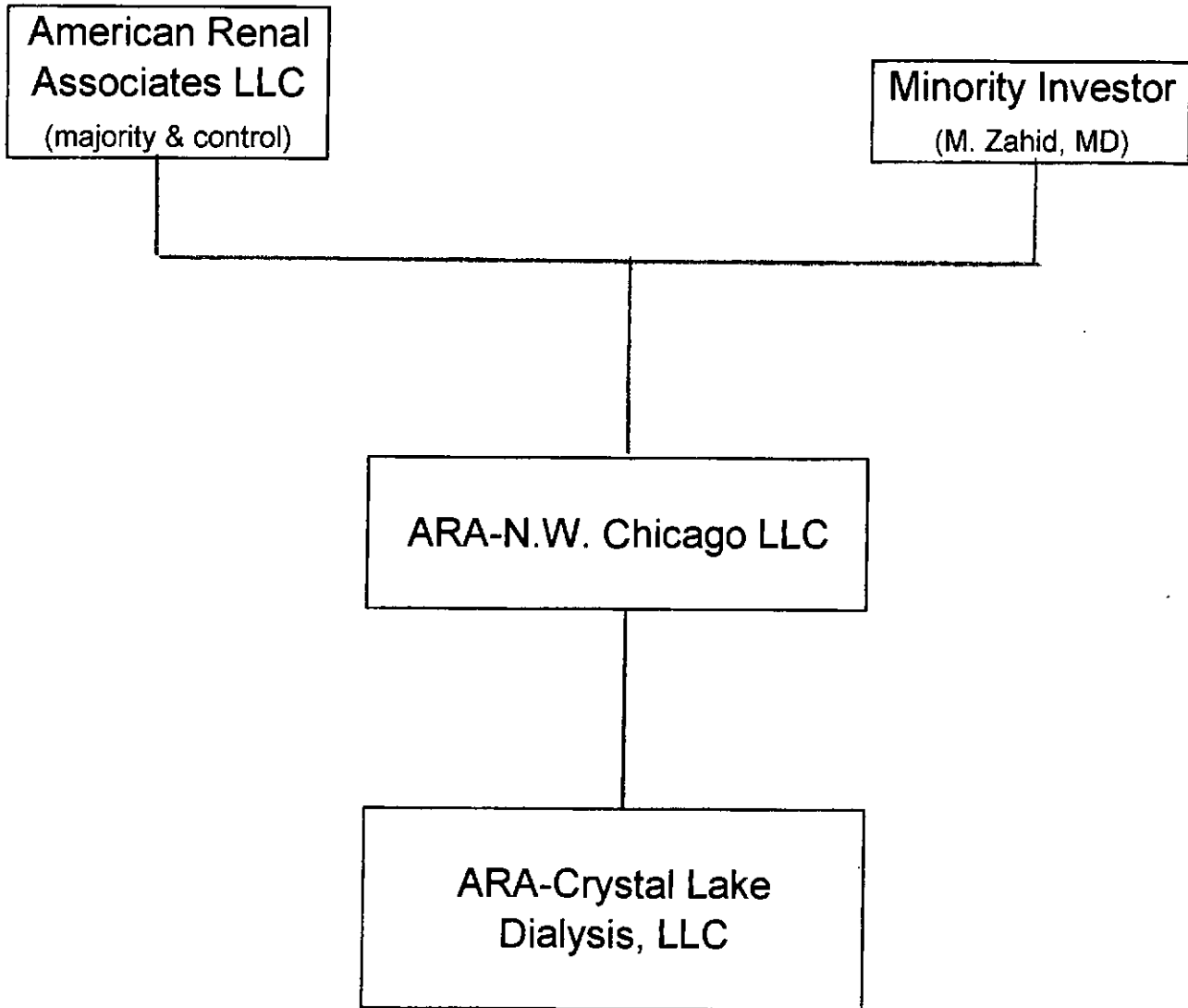
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 24TH day of JUNE A.D. 2010 .

Jesse White

SECRETARY OF STATE

ORGANIZATIONAL CHART



NOTE ON ORGANIZATIONAL STRUCTURE

Certification for the operations of ARA-Crystal Lake Dialysis is held by ARA-ARA-Crystal Lake Dialysis LLC. ARA-Crystal Lake Dialysis LLC is wholly owned by ARA-N.W. Chicago LLC. American Renal Associates, LLC owns a majority interest in ARA-N.W. Chicago LLC and has control over that entity, consistent with the definition of "control" provided in Section 1130.140, and specifically as related to "having the right to 50% or more of the profits or, in the event of dissolution, the right to 50% or more of the assets of the entity."

FLOOD PLAIN REQUIREMENTS

This project does not involve any new construction, and as such, a floodplain determination is not required.

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

June 21, 2010

Ms. Anne E. Haaker
Deputy State Historic Preservation Officer
Illinois Historic Preservation Agency
1 Old State Capitol Plaza
Springfield, IL 62701-1507

RE: Proposed Renovation and Expansion
of ARA-Crystal Lake Dialysis

Dear Ms. Haaker:

I am in the process of developing a Certificate of Need application, to be filed with the Illinois Health Facilities Services and Review Board, and I am in need of a determination of applicability from your agency.

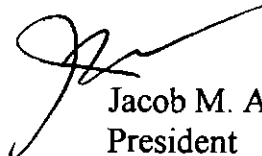
The project proposes the renovation and expanding of ARA-Crystal Lake Dialysis, which is located at 6220 Northwest Highway in Crystal Lake. The general area of the site has been developed over the past thirty years, and I do not believe there to be any structures of historical significance in the vicinity. As you can see from the enclosed photographs, the facility is located in a shopping center that appears to have been developed during the 1980s.

I have enclosed photographs of the proposed site and a map for your review.

A letter from your office, confirming that the Preservation Act is not applicable to this project would be greatly appreciated.

Should you have any questions, I may be reached at the phone number below.

Sincerely,



Jacob M. Axel
President

enclosures (photographs and map)

PROJECT COSTS

Preplanning Costs (\$6,000)

Costs associated with the assessment of alternative manners in which the demand for ESRD services could be addressed.

Modernization Contracts (\$204,750)

Estimate of the cost associated with the renovation of the existing ESRD facility to accommodate seven additional stations, including required plumbing and the relocation of existing functions.

Contingencies (\$17,5500)

Allowance for any unanticipated renovation-related expenses.

Architectural and Engineering Fees (\$27,800)

Estimate of fees based on Capital Development Board norms for projects of this type.

Consulting and Other Fees (\$40,000)

Estimate of costs associated with CON application development, IDPH review fees, municipal permits and inspections, construction-related insurance, and miscellaneous costs.

Movable Equipment (\$140,000)

Estimate of the equipment cost associated with the addition of three ESRD stations at \$18,000 per station.

Cost Space Requirements

Dept./Area Reviewable	Cost	Gross Square Feet		Amount of proposed Total Square Feet			
		Existing	Proposed	New Const.	That is:		
					Modernized	As Is	Vacated Space
ESRD	\$ 436,100	5,850	5,850	0	5,850	0	0

BACKGROUND

The applicants are approved to operate two End Stage Renal Disease (ESRD) facilities in Illinois: ARA-South Barrington Dialysis Center, a 14-station facility located at 33 West Higgins Road in South Barrington, and ARA-Crystal Lake Dialysis Center, a 9-station facility located at 6220 Northwest Highway in Crystal Lake, and to be expanded through the proposed project. The applicants operate no other certified or IDPH-licensed health care facilities in Illinois.

An Application for Permit was filed earlier this year (#10-006), which contained an "Adverse Action" letter for American Renal Associates, LLC. No circumstances related to the contents of that letter have changed since its filing, and as a result, a new letter is not provided in this application. American Renal Associates, LLC maintains "control" of this application's other co-applicants, consistent with the IHFSRB's definition of control.

PURPOSE

The proposed project will improve health care delivery for nephrology patients living in the service area by improving access to ESRD services.

As discussed in Section I.3, the co-applicants are seeking to improve the access to ESRD services for their current patient population, as well as the "pre-ESRD" patients that will initiate dialysis within the next 12-18 months. In order to do so, the co-applicants are proposing, as addressed in this application, to expand ARA-Crystal Lake Dialysis from nine to sixteen stations. ARA also operates an ESRD facility in South Barrington, which received IHFSRB approval to expand from 11 to fourteen stations in June of this year. Upon completion of the projects, and with the full consent of the patients, individual patients' dialysis services will be relocated to the facility closest to their home. The "pre-ESRD" patients having not initiated dialysis upon the completion of the project(s), will be assigned to the closest dialysis facility.

In addition, and needing to be addressed, is the fact that the primary admitting nephrologist to ARA's two facilities, Dr. Mohammad Zahid, has over 80 "pre-ESRD" patients in his practice that will require dialysis within the next 18, months, requiring 17-18 stations, far more than are available at ARA's two facilities.

During 2009, ARA-Crystal Lake Dialysis operated at a utilization rate of 85.6%. Year-to-date utilization, through May of this year exceeds that of 2009 by nearly 30%, and ARA-Crystal Lake Dialysis is operating at in excess of 100% capacity, on a year-to-date basis.

The overall and measurable goal of the project is to admit each patient into the ESRD facility closest to their home, and in a treatment shift (Monday-Wednesday-Friday, or Tuesday-Thursday-Saturday and morning, afternoon or evening) that is the least disruptive to the goal of leading as normal of a life as possible.

In Illinois, ARA serves nephrology patients residing primarily in extreme northwestern Cook County, McHenry County and northeastern Kane County. That service area will not change as a result of the co-applicant's plans.

ALTERNATIVES

The proposed project, which involves the addition of seven dialysis stations to ARA-Crystal Lake Dialysis, is being undertaken to address the extraordinarily-high utilization experienced by the facility—exceeding 100% utilization during five the first six months of 2010—and the volume of “pre-ESRD” patients in Dr. Mohammed Zahid’s practice. Two alternatives were considered:

Alternative 1: Offer a Fourth Dialysis Shift

As is the case with most dialysis facilities, ARA-Crystal Lake schedules three patients per day on a staggered basis for each treatment station, with the first patients arriving at 5AM and the last patients typically leaving by 8PM. The potential exists to add a fourth treatment shift, which would conclude between 11PM and midnight. This alternative was dismissed in deference to the patients. A high percentage of the patients treated at the facility are elderly, and the lifestyle changes required to accommodate three dialysis sessions a week at that time of day were viewed to be both impractical and unacceptable. In addition, there are no transportation services that could be accessed by the patients at that time of night.

Alternative 2: Build an Additional ESRD Facility

Dr. Zahid's practice includes a sufficient number of pre-ESRD patients to support an addition 8-12 station ESRD facility, more than the seven stations proposed to be added to ARA-Crystal Lake. This alternative, however, was viewed as inappropriate because of the space available at the Crystal Lake facility and because by doing so, it would result in an additional ESRD facility for Dr. Zahid to go to, increasing his daily travel time.

SUMMARY COMPARISON OF ALTERNATIVES TO PROPOSED PROJECT

	<u>Cost</u>	<u>Quality</u>	<u>Accessibility</u>
Alternative 1 <u>Offer a 4th Dialysis Shift</u>	no capital costs and similar on-going operating cost	identical*	inferior
Alternative 2 <u>Build an Additional Facility</u>	approx. \$1.2M in additional capital costs, marginally more on-going operational costs	identical*	identical*

*identical to the proposed project

SIZE OF PROJECT

The proposed project, which involves the addition of ESRD stations to an existing dialysis facility addresses only one service for which the IHFSRB has a square footage standard, and as identified in the table below, ARA-Crystal Lake Dialysis will not provide excessive space.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ESRD (16)	5,880	7,520	(1,640)	yes

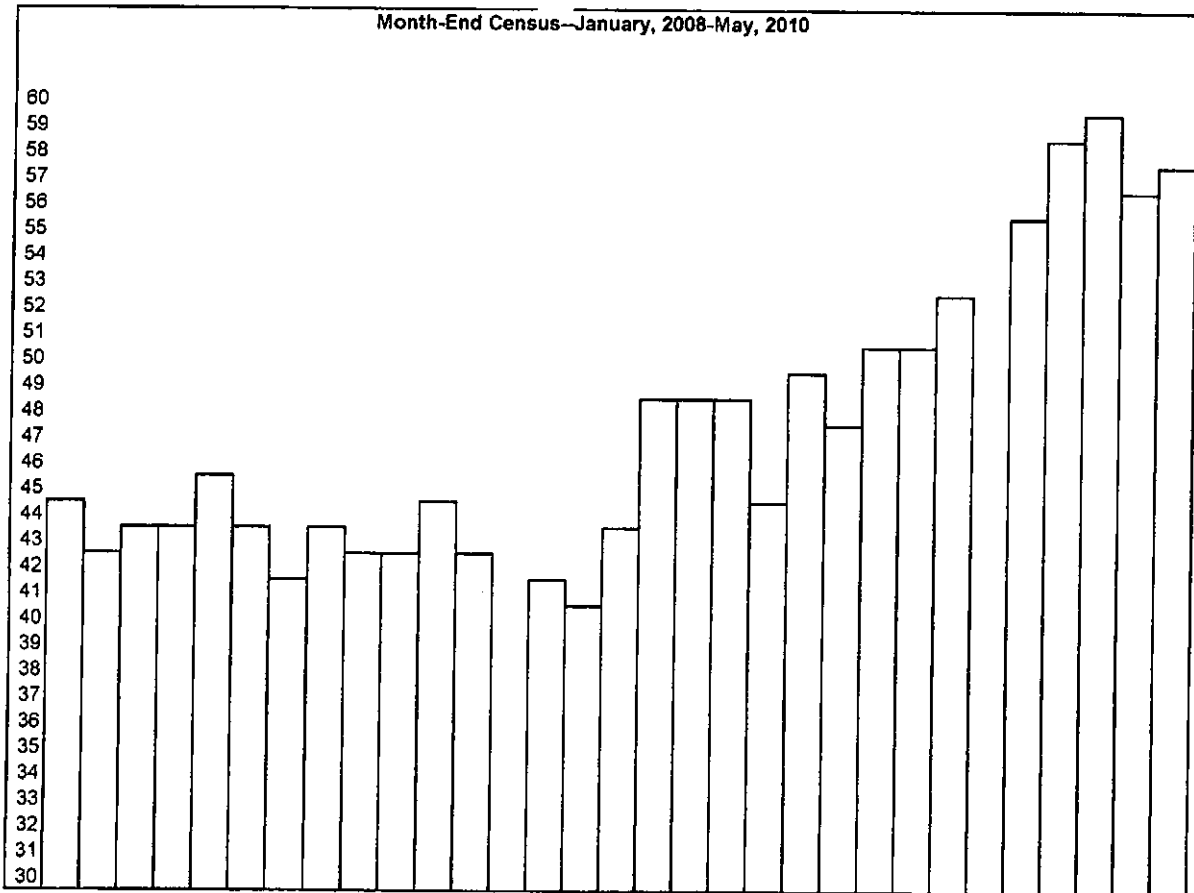
PROJECT SERVICES UTILIZATION

ARA-Crystal Lake Dialysis is projected to operate at a utilization level that surpasses the IHFSRB's target utilization level of 80%, by the second year, following the project's completion, and as identified in the table below.

Dept./ Service	Historical Utilization (Patient Days) (TREATMENTS) ETC.	PROJECTED UTILIZATION		STATE STANDARD	MET STANDARD?
		YEAR 1	YEAR 2		
ESRD	8,095	11,232	12,280	11,981	YES

During 2009, ARA-Crystal Lake Dialysis, operating as a 9-station facility, averaged 52.89 patients. That census is projected to increase to 72 patients during the first year following expansion, and to 79 patients the subsequent year, resulting in an 82% utilization rate during the second year.

As depicted in the chart on the following page, the utilization of the dialysis facility has increased significantly over the past 29 months, and particularly during 2009 and the first five months of 2010, reaching as high as an average of 60 patients during April, 2010. During the first five months of 2010, ARA-Crystal Lake Dialysis averaged 57 patients.



The attached letter from Dr. Mohammad Zahid identifies 40 area patients currently in his practice that will need to initiate dialysis services within the next 12-18 months, and that will use ARA-Crystal Lake Dialysis, assuming treatment slots are available. These patients provide a sufficiently-sized patient population to easily allow the facility to operate in excess of the IHFSRB's target utilization level. Of note is the fact that because this project is being justified through the use of "pre-ESRD" patients exclusively, no other facility's utilization will diminish as a result of the proposed project.

Mr. Michael Constantino
Supervisor, Project Review
Illinois Health Facilities
And Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: ARA-Crystal Lake Dialysis

To Whom It May Concern:

I am a Board Certified Nephrologist, and within my practice I treat a large number of patients from McHenry County.

I support the proposed expansion of the proposed ARA-Crystal Lake Dialysis, and I believe that the proposed expansion will benefit my patients. I currently admit patients to eleven different dialysis facilities throughout the far northwestern suburbs. As a result, and because I believe it to be important that I see my patients regularly, I spend a significant amount of time driving between dialysis facilities. It is my desire to consolidate my in-center practice to approximately half the number of centers that I currently visit, allowing more time to be spent with my patients.

I routinely have approximately 175 patients on dialysis at any given time. In addition, I now have 80-90 "pre-ESRD" patients in my practice that will require chronic dialysis within the next 12-18 months. I have attached the initials and ZIP Codes of 40 of those patients who most certainly use this facility, if the proposed expansion is approved. None of these patient's identities have been used in the support of any other projects presented to the IHFSRB.

It has been my experience that as existing dialysis facilities see their utilization increase, the available treatment "slots" are typically either very early in the morning, or extend well into the evening, neither of which scenario is desirable for patients attempting to live as normal of a life as possible while on dialysis. This situation becomes even more critical for elderly patients, who often need to rely on others for transportation to and from the dialysis center three times a week. In

northern McHenry County this issue is further exacerbated by an absence of transport programs during the typical early and late dialysis shifts.

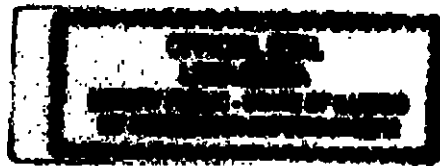
The approval of the proposed expansion of ARA-Crystal Lake Dialysis would improve the quality of life for my patients, and I urge the Illinois Health Facilities and Services Review Board to act favorably on the request to expand.

Sincerely,



Mohammed Zahid, MD

Notarized:



6-29-2011

Pre-ESRD patients to be referred to ARA-Crystal Lake Dialysis:

- ZIP Code 60056/McHenry: MC, PR, EV, RS, HP, FN, & JH
- ZIP Code 60051/McHenry: JM & EH
- ZIP Code 60102/Algonquin: MF
- ZIP Code 60042/Island Lake: DP & DG
- ZIP Code 60118/Dundee: CP, TN & PL
- ZIP Code 60073/Round Lake: KW, LB, & JH
- ZIP Code 53147/Lake Geneva: FB
- ZIP Code 60180/Union: 3B
- ZIP Code 60013/Cary: ST, HN, & JM
- ZIP Code 60152/Marengo: RT & AM
- ZIP Code 53181/Twin Lakes: PI & SL
- ZIP Code 60071/Richmond: JF
- ZIP Code 60098/Woodstock: ND, MS, WP, BL, & CH
- ZIP Code 60002/Antioch: BV
- ZIP Code 60060/Fox Lake: JA
- ZIP Code 60033/Harvard: GK
- ZIP Code 60156/Lake in the Hills: JG, MO, KC & RK

SERVICE TO PLANNING AREA RESIDENTS

The primary purpose of the proposed project is to improve ARA-Crystal Lake Dialysis' ability to provide services to the residents of the geographic service area served by the facility, which includes primarily McHenry County and extreme northeastern Kane County (ARA-Crystal Lake is located in McHenry County, and less than five miles outside of Kane County).

The table below provides an analysis of the origin of each patient treated at the facility during calendar 2009.

ZIP Code	Community	%
60014	Crystal Lake	23.1%
60098	Woodstock	12.3%
60033	Harvard	10.8%
60156	Lake in the Hills	7.7%
60142	Huntley	6.2%
60013	Cary	4.6%
60047	Lake Zurich	4.6%
60050	McHenry	4.6%
60012	Crystal Lake	3.1%
60097	Wonder Lake	3.1%
	other	19.9%

The six ZIP Code areas identified in the table above as providing the highest number of patients to ARA-Crystal Lake are all located in McHenry County, and as such, well in excess of 50% of the facility's patients reside in the geographic service area.

HISTORICAL SERVICE DEMAND and PROJECTED REFERRALS

ARA-Crystal Lake Dialysis has operated with an average annual utilization rate in excess of the IHFSRB's target utilization level for each of the last two years. The average census for the 12-month period ending June 30, 2009 was 43.5 patients (80.6% utilization) and the corresponding census for the 12-month period ending June 30, 2010 was 52.5 patients (97.2% utilization). During the two-year period, the average utilization rate was 88.9%.

Attached is a letter from Dr. Mohammed Zahid, identifying his current ESRD patient census, as well as 40 area residents currently in his practice, who will require ESRD services within the next 12-18 months, and who will be referred to ARA-Crystal Lake Dialysis, if a treatment slot is available.

Mr. Michael Constantino
Supervisor, Project Review
Illinois Health Facilities
And Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: ARA-Crystal Lake Dialysis

To Whom It May Concern:

I am a Board Certified Nephrologist, and within my practice I treat a large number of patients from McHenry County.

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It has been my experience that as existing dialysis facilities see their utilization increase, the available treatment "slots" are typically either very early in the morning, or extend well into the evening, neither of which scenario is desirable for patients attempting to live as normal of a life as possible while on dialysis. This situation becomes even more critical for elderly patients, who often need to rely on others for transportation to and from the dialysis center three times a week. In

ATTACHMENT 26b4

northern McHenry County this issue is further exacerbated by an absence of transport programs during the typical early and late dialysis shifts.

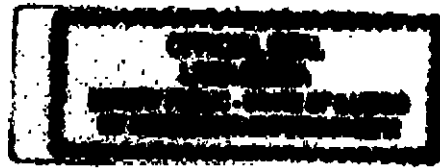
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Sincerely,



Mohammed Zahid, MD

Notarized:



6-29-2011

Pre-ESRD patients to be referred to ARA-Crystal Lake Dialysis:

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- ZIP Code 60118/Dundee: CP, TN & PL
- ZIP Code 60073/Round Lake: KW, LB, & JH
- ZIP Code 53147/Lake Geneva: FB
- ZIP Code 60180/Union: 3B
- ZIP Code 60013/Cary: ST, HN, & JM
- ZIP Code 60152/Marengo: RT & AM
- ZIP Code 53181/Twin Lakes: PJ & SL
- ZIP Code 60071/Richmond: JF
- ZIP Code 60098/Woodstock: ND, MS, WP, BL, & CH
- ZIP Code 60002/Antioch: BV
- ZIP Code 60060/Fox Lake: JA
- ZIP Code 60033/Harvard: GK
- ZIP Code 60156/Lake in the Hills: JG, MO, KC & RK

STAFFING AVAILABILITY

ARA-Crystal Lake Dialysis is a CMS-certified provider of ESRD services, currently providing the staffing required by all applicable regulatory agencies, including each of the categories identified in Section 1110.1430.e. Upon the expansion from nine to sixteen stations, the existing staffing will need to be supplemented only by patient care technician/dialysis technician positions. Each of the following positions identified in the above-referenced section is currently filled, and no changes are anticipated as a result of this project. Each of the individuals identified below meets the position-specific qualifications identified in 1110.1430.e.1)A-E.

- A) Medical Director: Mohammad Zahid, MD
- B) Registered Nurse: 2.4 FTEs on staff
- C) Dialysis Technicians: 9.6 FTEs on staff
- D) Dietician: Laura Leffler
- E) Social Worker: Kathy Buchholz

The staff required will be recruited through the center's normal means, which include word of mouth and advertisements in area newspapers.

The minimum required staffing levels of one RN on the premises at all times and a minimum of one patient care technician per four patients is and will continue to be maintained.

A copy of the Medical Director's Curriculum Vitae is attached.

Those portions of Criterion 1110.1430e related to employee training and staffing plans are not applicable to projects proposing the expansion of an existing ESRD facility.

THE ELGIN CLINIC LTD.

1530 N. Fandall Rd. Suite 200, Elgin, IL, 60123
(847) 697 - 6464

Mohammad Zahid, M.D., F.A.C.P., F.A.C.N.
Diplomat, American Board of Internal Medicine and Nephrology
Fellow of American College of Physicians
Fellow of American College of Nutrition
Assistant Professor, University of Illinois, College of Medicine at Rockford

CURRICULUM VITAE

OBJECTIVE Practice Nephrology, Internal Medicine

PRESENT ACTIVITIES Full time private practice, settings since July 1987 with vast Nephrology experience

STAFF PRIVILEGES Sherman Hospital
Provena Saint Joseph Hospital
Saint Alexis Medical Center
Northern Illinois Medical Center, McHenry, IL
Good Shepherd Hospital
Woodstock Memorial Hospital
Alexian Brothers Medical Center
Maplewood Nursing Home
AstaCare Health Center
Elk Grove Dialysis Center
Necomedica Dialysis Center

ADMINISTRATIVE EXPERIENCE
Medical director, AstaCare Health Center
Ex-Medical director, Home intensive care dialysis center of BMA
(1996 - 1998)

ACADEMIC EXPERIENCE
Assistant Professor of Medicine at University of Illinois, College of Medicine at Rockford

LICENSES Illinois and Pennsylvania

BOARDS Internal Medicine certification 1989
Nephrology certification 1998

ACCOMPLISHMENTS
1972 - 1978 Bachelor of Medicine and Bachelor of Surgery
Dow medical College, University of Karachi, Pakistan
1978 - 1979 1 year of rotating internship with 6 months in OB/GYN and Internal Medicine, Karachi Civil Hospital, Pakistan.

24 Yr. (788) 931 - 6529

ATTACHMENT 26e

THE ELGIN CLINIC LTD.

1530 N. Randall Rd. Suite 200, Elgin, IL, 60123
(847) 897 - 6484

- 1981 - 1985 1 year of residency in Radiology and 3 years in Internal Medicine at Wayne State University, School of Medicine, Detroit, Michigan.
- 1985 - 1987 2 year fellowship in Nephrology and Hypertension at the Northwestern University, School of Medicine, Chicago Illinois
- 1987 - 1988 Private practice with Elgin Nephrology Associate, Elgin, IL
- 1988 - 1989 Private practice with Potts Ville Internist, Pottsville, PA.
- 1996 - 1998 Medical Director
Home Intensive Care (Dialysis Company)
- 1989 - to date Private Practices, The Elgin Clinic, Ltd.

AFFILIATIONS

International Society of Nephrology
McHenry Medical Society
Illinois State Medical Society
Fellow of American College of Physicians
Fellow of American College of Nutrition
Member of American Society of Nephrology
Assistant Professor of Medicine at University of Illinois, College of Medicine at Rockford

PUBLICATIONS

- Central Nervous System and Cardiac Manifestations of Hydrochlorothiazide overdose and treatment with Hemodialysis. (American Journal of Kidney Diseases, June 1988)
- Tubular CO₂ production from Glutamine: Segmental Profile and Vitro Modulation, in Preparation for the American Journal Physiology and presented in the meetings of:
Internal Congress of Nephrology
American Society of Clinical Research
American College of Physicians
- Renal Handling of Enalaprilat (first intravenous angiotensin converting enzyme inhibitor) compared to that of Insulin and Creatin in healthy volunteers
- Dopaminergic Regulation of Aldosterone secretion in Uremia, from the Department of Medicine Northwestern University and Veterans Administration
- Transplantation of small Pediatric Kidneys, from Chicago Regional Organ and Tissue Bank and Rush Presbyterian, St. Lukes Medical Center

24 Hi. (847) 931 - 6529

ATTACHMENT 26e

SUPPORT SERVICES

Criterion 1110.1430.f is not applicable to projects proposing the expansion of an existing ESRD facility.




AMERICANRENAL®
associates

Illinois Health Facilities
and Services Review Board
Springfield, Illinois

To Whom It May Concern:

A Certificate of Need Application has been filed for the addition of seven dialysis stations to ARA-Crystal Lake Dialysis. Please be advised that it is my expectation and understanding that by the second year following the project's completion, the facility will be operating at the IHFSRB's target utilization level of 80%, and that it will, at minimum, maintain that level of utilization thereafter.

It is also my expectation that ARA-Crystal Lake Dialysis will continue to meet or exceed the hemodialysis outcome measures identified in Section 1110.1430j.

Sincerely, 
Syed Kamal

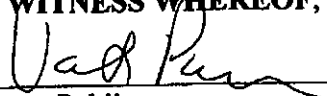
Date: July 8, 2010

STATE OF MA)

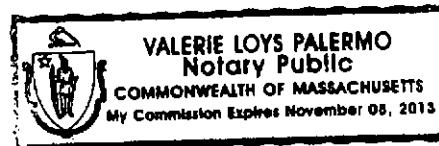
COUNTY OF Essex)

The undersigned, a Notary Public in and for the above state and county, does hereby certify that before me personally appeared _____, to me known to be the identical individual(s) described in and who executed the foregoing document and acknowledged that the foregoing instrument was signed for the purposes therein stated and as the free act and deed of the signer thereof.

IN WITNESS WHEREOF, I have hereunto set my hand.



Notary Public
Commission Expires: 11/8/2013



66 Cherry Hill Drive • Beverly, MA 01915
Tel: 978-922-3080 • Fax: 978-922-3085

ATTACHMENT 26j

June 25, 2010

Illinois Health Facilities
and Services Review Board

Re: ARA-Crystal Lake Dialysis, LLC

To Whom It May Concern:

In connection with the Certificate of Need application submitted by ARA-Crystal Lake Dialysis, LLC ("Crystal Lake") to expand its current facility (the "Project"), please be advised that Crystal Lake intends to fund the Project, and has sufficient cash to do so.

Very truly yours,


John McDonough
Executive Vice President & CFO

ATTACHMENT 39

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A		B		C		D		E		F		G		H		Total Costs (G + H)
	New	Cost/Sq. Foot	Mod.	Gross Sq. Foot	New	Gross Sq. Ft.	Circ.	Mod.	Gross Sq. Ft.	Mod.	Gross Sq. Ft.	Circ.	Const. \$ (A x C)	Mod. \$ (B x E)			
Reviewable ESRD		\$	34.82					5,880						\$	204,750	\$	204,750
contingency		\$	2.98											\$	17,550	\$	17,550
TOTAL		\$	37.81											\$	222,300	\$	222,300

PROJECTED OPERATING COSTS PER TREATMENT

Year 2 following project completion

Projected treatments: 12,280

personnel costs: \$1,263,600

medical supply costs; \$606,000

Projected Operating Cost

Per Treatment: \$152.24

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

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