

**ORIGINAL**

March 24, 2011

**RECEIVED**

MAR 25 2011

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

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

Dear Mr. Galassie:

**RE: Modification of Woodlawn Dialysis**  
**CON # 10-093**

**Change of address**

We requested a deferral from the March 22, 2011 State Board meeting when we learned that our selected site for relocating Woodlawn Dialysis at 4648 S. Drexel Boulevard in Chicago, IL. (60653) would not receive adequate zoning. The site is within a planned unit development (PUD) and the landlord was not able to rezone a parcel.

We have a nearby site at 5038 S. Martin Luther King, Jr. Drive in Chicago (60615) that is 1.64 miles and five (5) minutes from the current facility at 1164 E. 55<sup>th</sup> St. (60615). The site is appropriately zoned B3-3. Attachment 1 documents the site's proximity and zoning.

The site is vacant land and the dialysis center will be the sole tenant in the new building. Attachment 2 is a letter of intent (LOI) to lease approximately 12,000 rentable gross square feet (gsf). The terms in the draft lease in Attachment 4A are \$22.50 per gsf for the first five (5) years increasing at 10% every five years thereafter. The lease is for 15 years with three (3) 5-year options to renew. Attachment 4B documents the reasonableness of the lease terms.

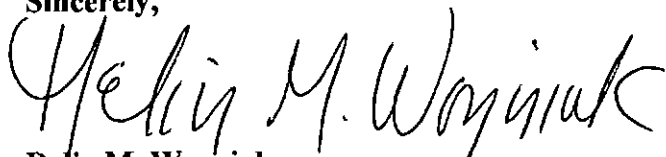
Attachment 3 is a schematic illustrating that the 32-station facility will have 11,568 department (usable) gross square feet (gsf), 361.5 gsf per station.

The site complies with both the Flood Plain Executive Order and the Illinois Historic Preservation Act. See Attachments 4 and 5, respectively. Attachment 6 contains revised sections of the aforementioned CON application acknowledging these changes.

**We are also enclosing Check No. 3816704 in the amount of \$2,000.00 for your review of our CON modification.**

**Thank you for your consideration of this important matter.**

**Sincerely,**

A handwritten signature in black ink that reads "Delia M. Wozniak". The signature is written in a cursive style with a large initial 'D'.

**Delia M. Wozniak  
President**

**Enclosure**

**CC: Courtney Avery  
Administrator  
Health Facilities and Services Review Board**

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



DATE: 21-Mar-1 VENDOR NAME: ILLINOIS DEPARTMENT OF PUBLIC

NO.

3816704

INVOICE NUMBER	INVOICE DATE	DESCRIPTION	FACILITY	DISCOUNT AMOUNT	NET AMOUNT
IL5580031811	03/18/2011	CON APPLICATION FEE		\$0.00	\$2,000.00

PLEASE DETACH AND RETAIN THIS STATEMENT AS YOUR RECORD OF PAYMENT

\$0.00

\$2,000.00

▼ DETACH CHECK ALONG PERFORATION ▼

▼ DETACH CHECK ALONG PERFORATION ▼



TOTAL RENAL CARE, INC.  
A SUBSIDIARY OF DAVITA  
P.O. Box 2037  
Tacoma, WA 98401-2037

62-35 BNY MELLON TRUST OF DELAWARE  
311

3816704

CHECK DATE	CHECK NUMBER	PAY THIS AMOUNT
21-Mar-11	3816704	\$2,000.00

PAY Two Thousand Dollars And Zero Cents\*\*\*\*\*

TO THE ORDER OF ILLINOIS DEPARTMENT OF PUBLIC HEALTH  
525 W JEFFERSON STREET  
SPRINGFIELD, IL 62761

10-093 Modification Woodlawn Dialysis

DOCUMENT CONTAINS MULTI-COLORED PANTOGRAPH & MICROPRINTING. BACK HAS THERMOCHROMIC INK & A WATERMARK. HOLD AT AN ANGLE TO VIEW. VOID IF NOT PRESENT. 6

⑈0003816704⑈ ⑆031100351⑆ ⑈300961042⑈

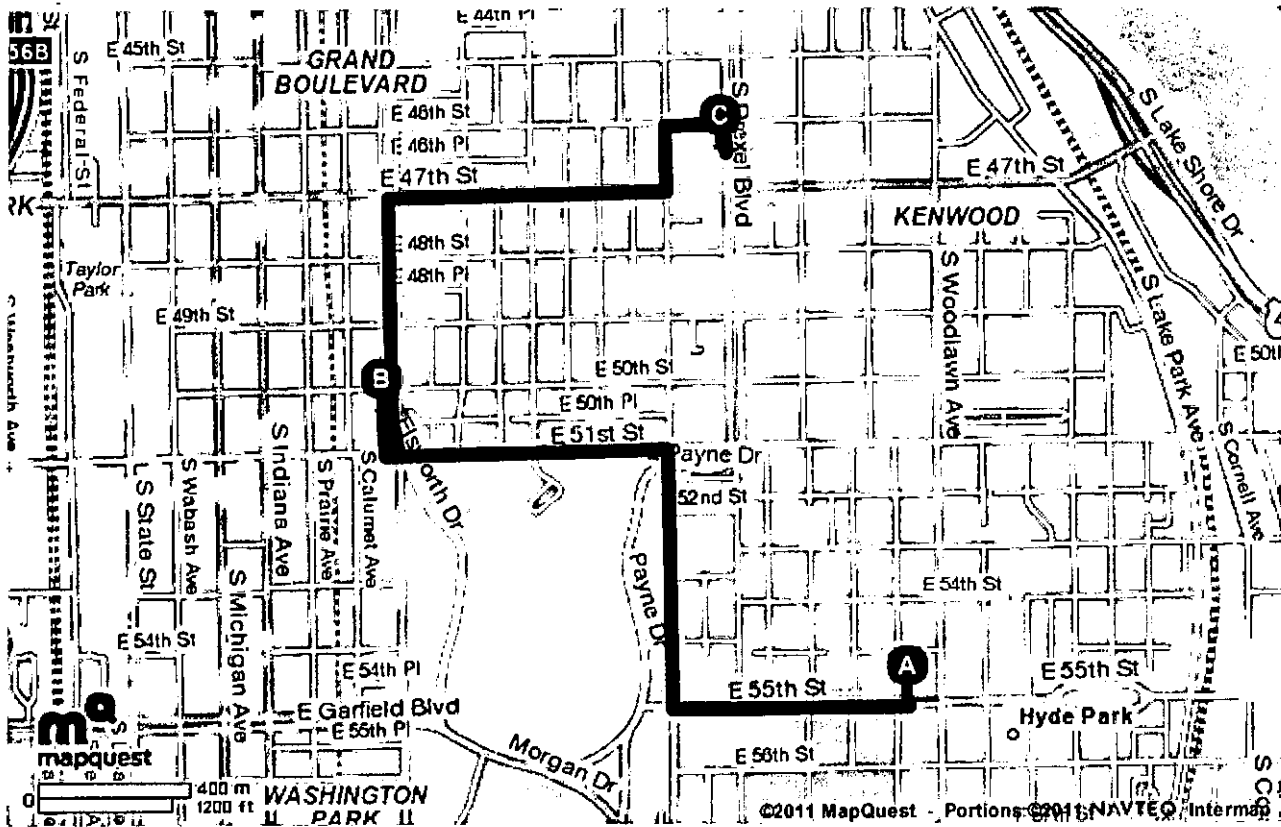


Notes

Woodlawn Dialysis

Trip to:  
4642 S Drexel Blvd  
Chicago, IL 60653-4312

- A Current Site
- B New Proposed Site
- C Lost Proposed Site

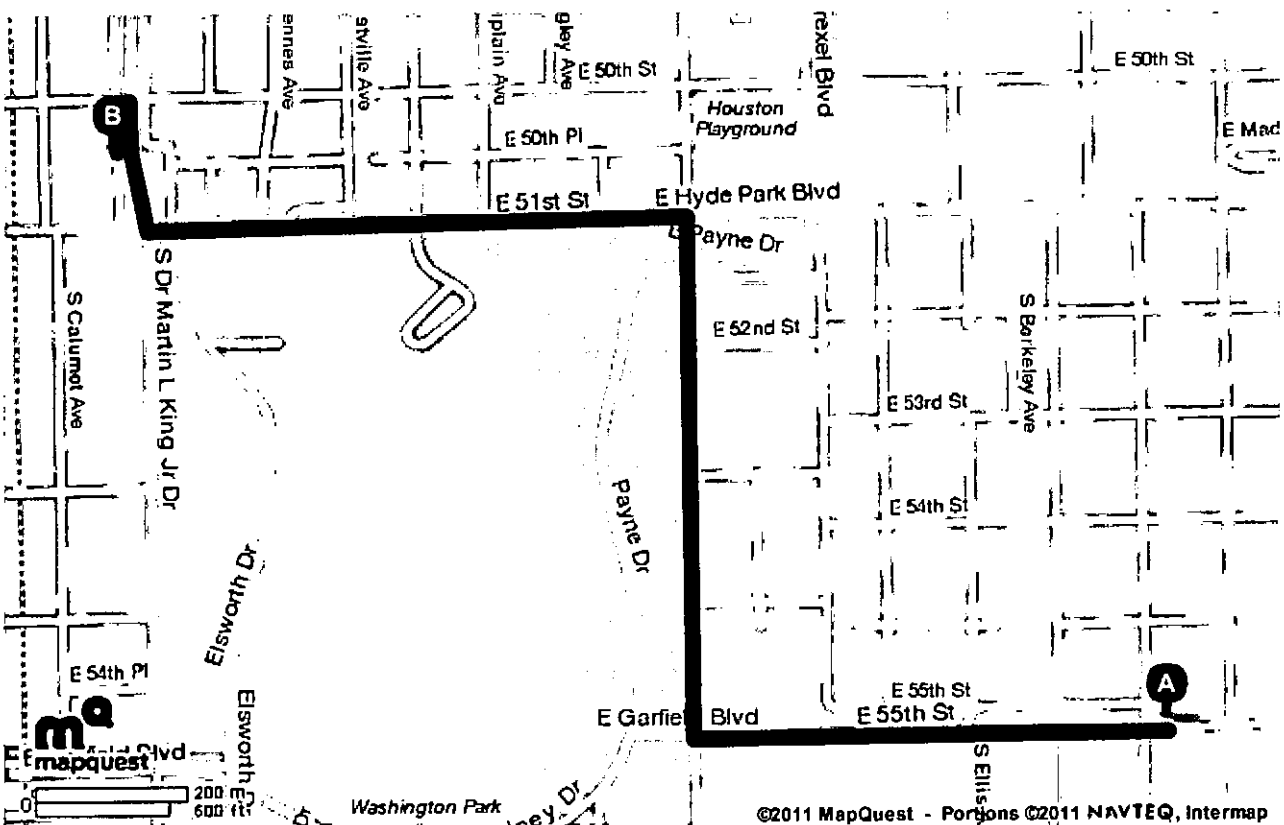


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**ATTACHMENT 1**  
**Page 1 of 4**

Total Travel Estimate: 1.64 miles - about 5 minutes



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**Trip to:**  
**5038 S King Dr**  
**Chicago, IL 60615-2308**  
**1.64 miles**  
**5 minutes**

**Notes**

Woodlawn Dialysis  
 Distance and travel time between current site at 1164  
 E 55th St. and 5038 S. King Drive both sites in  
 Chicago, Illinois (60615)

	<b>1164 E 55th St</b> Chicago, IL 60615-5115	<b>Miles Per Section</b>	<b>Miles Driven</b>
	1. Start out going WEST on E 55TH ST toward S UNIVERSITY AVE.	<b>Go 0.4 Mi</b>	0.4 mi
	2. Take the 3rd RIGHT onto S COTTAGE GROVE AVE. <i>If you are on E GARFIELD BLVD and reach PAYNE DR you've gone a little too far</i>	<b>Go 0.5 Mi</b>	0.9 mi
	3. Turn LEFT onto E 51ST ST. <i>E 51ST ST is just past PAYNE DR</i>	<b>Go 0.5 Mi</b>	1.5 mi
	4. Turn RIGHT onto S DR MARTIN L KING JR DR. <i>If you reach S CALUMET AVE you've gone a little too far</i>	<b>Go 0.1 Mi</b>	1.6 mi
	5. Take the 1st LEFT onto E 50TH ST. <i>If you reach E 49TH ST you've gone about 0.1 miles too far</i>	<b>Go 0.01 Mi</b>	1.6 mi
	6. Take the 1st LEFT onto S DR MARTIN L KING JR DR. <i>If you reach S CALUMET AVE you've gone a little too far</i>	<b>Go 0.05 Mi</b>	1.6 mi
	7. 5038 S KING DR. <i>If you reach E 51ST ST you've gone a little too far</i>		1.6 mi
	<b>5038 S King Dr</b> Chicago, IL 60615-2308	<b>1.6 mi</b>	<b>1.6 mi</b>

Glazier Corporation  
308 W. Erie #705  
Chicago, IL 60654

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March 1, 2011

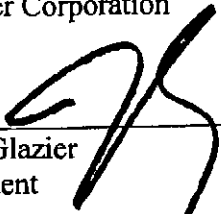
Kelly Ladd  
Regional Operations Director  
DaVita – Heartland Region 1  
2659 N. Milwaukee Avenue  
Chicago, IL 60647

Dear Ms. Ladd:

This letter will confirm that the property located at 5038 S. Martin Luther King Drive, Chicago, IL, may be used by Lessee as a dialysis facility and related medical and business offices under applicable laws, ordinances, rules and regulations, including, without limitation, zoning laws.

The property is currently zoned B3-3 according to the City of Chicago zoning records.

Glazier Corporation

  
\_\_\_\_\_  
Josh Glazier  
President



**USI REAL ESTATE BROKERAGE SERVICES INC.**

A USI COMPANY

2215 YORK RD, SUITE 110  
CHICAGO, IL 60623

TELEPHONE: 630-990-3658  
FACSIMILE: 630-990-3100

February 13, 2011

Deleted: February 9, 2011  
Deleted: February 1, 2011

Dan Abdo

RE: Final Agree to Terms Letter: 5038 S King Dr, Chicago, IL

Dear Dan:

USI Real Estate Brokerage Services Inc., has been exclusively authorized by Total Renal Care, Inc – a subsidiary of DaVita Inc. to secure proposals and assist them in negotiations regarding the acquisition of leased space. DaVita Inc. is a Fortune 500 company with approximately 1,400 locations across the country and revenues in excess of \$5 billion.

- LOCATION:** 5038 S King Dr, Chicago, IL.
- TENANT:** "Total Renal Care, Inc. or related entity to be named"; Tenant to provide same guarantees with 8100 S. Western lease.
- LANDLORD:** Limited Partnership to be formed with Glazier Corp. as general partner.
- INITIAL SPACE REQUIREMENTS:** 12,000 square feet.
- PRIMARY TERM:** Fifteen (15) years
- POSSESSION AND COMMENCEMENT:** Tenant will take possession of the premises upon the later of completion of Landlord's required work (if any) or mutual lease execution. In any event, the rent and term shall commence the earlier of four (4) months from possession or until:
  - a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items)
- FAILURE TO DELIVER PREMISES:** If Landlord is not delivered the premises to Tenant with all base building items substantially completed by 12 months from issuance of Landlord's building permit and waivers of all tenant contingencies, Tenant may elect to terminate the lease by written notice to Landlord.
- LEASE FORM:** The Tenant will provide its standard lease form as per 8100 Western deal.



**USE:**

The use is for a Dialysis Clinic, related medical, office and distribution of pharmaceuticals in connection therewith. Please verify that the use and parking are permitted within the building's zoning.

**BASE BUILDING:**

The following items must be delivered by the Landlord to the premises as part of the base building (to be limited to utilities sized and design approval by utility company and/or municipality etc.):

- A 2" dedicated water meter and line.
- A 4" sewer line to a municipal sewer system.
- Minimum 400 to 800, 120/208 volt 3 phase, 4 wire electrical service
- Gas service, at a minimum, will be rated to have 6" of water column pressure and supply 800,000-BTU's.
- HVAC rooftop Units/Systems \$5.80 allowance provided.

Please refer to the attached Exhibit B regarding additional base building improvements and site development requirements.

**OPTION TO RENEW:**

Tenant will have three (3) five (5) year options to renew the lease, increasing 10% per each 5 years with prior written notice due six (6) to twenty-four (24) months in advance of each renewal.

**RIGHT OF FIRST REFUSAL ON ADJACENT SPACE:**

Tenant will have the right of first offer on any adjacent space that may become available during the initial term of the lease and any extension thereof.

**RENTAL RATE:**

\$22/SF NNN, 10% increases every five years

**HOLDING OVER:**

In the event Tenant remains in possession of the Premises after the expiration of the term of this Lease, then Tenant shall be obligated to pay rent at the then current rate plus 20%.

**PARKING:**

Please indicate the number and location of parking spaces. Tenant requires five (5) designated spaces for its use. See site plan.

**CONCESSIONS:**

None

**COMMON AREA EXPENSES AND REAL ESTATE TAXES:**

Please provide a detailed itemization and estimates of all common area operating expense components including real estate taxes (\$3.50/sft/yr) and special assessment N/A, insurance \$0.50/sft/yr, landscape maintenance \$0.25/sft/yr, exterior lighting (\$0.15/sft/yr), property management (0.20/sft/yr), maintenance (0.20/sft/yr), utilities, janitorial, security, etc., for which the client will be responsible to pay. If the lease provides for a base year for operating expenses, please indicate what the base year will be for a renewal.

**SIGNAGE:**

Tenant will have the right to install building signage at the Premises, subject to Landlord's consent, which consent shall not be unreasonably withheld, and subject to compliance by Tenant with all applicable laws and regulations. All signage shall conform to municipality limitations and requirements.

**BUILDING HOURS:**

Tenant requires building hours of 24 hours a day, 7 days a week. Please indicate building hours for HVAC and utility services. 24/7

**LEASE/ASSIGNMENT:**

Tenant will have the right at any time to sublease or assign its interest in this Lease to any majority owned subsidiaries or related entities of DaVita Inc. without the consent of the Landlord. In the event of any sublease or assignment, the guarantee shall survive.

**GOVERNMENTAL COMPLIANCE:**

Landlord will represent and warrant to Tenant that Landlord, at Landlord's sole expense, will cause Tenant's Premises, the Building and parking facilities to be in full compliance with any governmental laws, ordinances, regulations or orders relating to, but not limited to, compliance with the Americans with Disabilities Act (ADA), and environmental conditions relating to the existence of asbestos and/or other hazardous materials, or soil and ground water conditions, at the time of premises delivery, and shall indemnify and hold Tenant harmless from any claims, liabilities and cost arising from environmental conditions not caused by Tenant(s).

**ROOF RIGHTS:**

If the building does not have cable television service, then Tenant will need the right to place a satellite dish on the roof at no additional fee. Such shall be installed properly and per code, with all structural or waterproofing matters to be approved by Landlord in advance.

**SECURITY DEPOSIT:**

None

**CORPORATE GUARANTEE:**

The same form as provided under the 8100 S. Western lease.

**ARCHITECT**

Due to the fact that this project is in the City of Chicago, Landlord needs to use its own Architect. The Plans will be provided to DaVita's Architect for review prior to permit submission.

**CONTINGENCIES**

Tenant will need to apply for a Certificate of Need for the final location. If Tenant does not get the Certificate of Need by June 30, 2011, Tenant shall notify Landlord and upon the giving of such notice, prior to such date, the Lease will be null and void. If they do get the Certificate of Need, then they will go forward with the lease based on satisfying the other contingencies that are in their standard Lease Document.

Deleted: May 15, 2011

Tenant CC's Obligation: Landlord and Tenant understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 396C et seq. and, thus, the Tenant cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). Tenant agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, Tenant does not expect to receive a CON permit prior to June 30, 2011. In light of the foregoing facts, the parties agree that they shall promptly proceed with due

Deleted: May 15

diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award Tenant a CON permit to establish a dialysis center on the Premises by January 15, 2011, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

Deleted: May 15, 2011

**BROKERAGE FEE:**

Landlord agrees that it recognizes USI Real Estate Brokerage Services Inc. as the client's sole representatives and a brokerage fee of \$1.25/SF per year of the lease term shall be paid to USI, per separate commission agreement. The client shall retain the right to offset rent for failure to pay the Real Estate Commission.

Agreed to and accepted this \_\_\_\_ Day of February, 2011

Agreed to and accepted this 8 Day of February 2011

Deleted: January  
Deleted: January

By: \_\_\_\_\_

By: Kelly B. Ladd

Glazier Corp. as general partner  
("Landlord")

On behalf of DaVita, Inc. a wholly owned  
subsidiary of DaVita, Inc. ("Tenant")

Encl.

It should be understood that this Final Agree to term letter is subject to the terms of Exhibit A attached hereto.

Thank you for your time and cooperation in this matter.

Thank you.

Matthew Peller  
Director, Real Estate Services  
USI Real Estate Brokerage Services Inc

Cc: Emmett Purcell, Dennis Lewis

Encl.

obligation of the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

**BROKERAGE FEE:**

Landlord agrees that it recognizes USI Real Estate Brokerage Services Inc. as the client's sole representatives and a brokerage fee of \$1.25/SF per year of the lease term shall be paid to USI, per separate commission agreement. The client shall retain the right to offset rent for failure to pay the Real Estate Commission.

Agreed to and accepted this 25<sup>th</sup> Day of January 2011

Agreed to and accepted this \_\_\_\_ Day of January 2011

By: [Signature]  
Glazier Corp. as general partner  
("Landlord")

By: \_\_\_\_\_  
On behalf of DaVita, Inc. a wholly owned  
subsidiary of DaVita, Inc. ("Tenant")

Encl.

It should be understood that this Final Agree to term letter is subject to the terms of Exhibit A attached hereto.

Thank you for your time and cooperation in this matter.

Thank you,

Matthew Fetter  
Director, Real Estate Services  
USI Real Estate Brokerage Services Inc

Co: Emmett Purcell, Bernie Lewis

Encl.

EXHIBIT A

NON-BINDING NOTICE

NOTICE: THE PROVISIONS CONTAINED IN THIS FINAL AGREE TO TERMS LETTER ARE AN EXPRESSION OF THE PARTIES' INTEREST ONLY. SAID PROVISIONS TAKEN TOGETHER OR SEPARATELY ARE NEITHER AN OFFER WHICH BY AN "ACCEPTANCE" CAN BECOME A CONTRACT, NOR A CONTRACT. BY ISSUING THIS REQUEST FOR A PROPOSAL, NEITHER TENANT NOR LANDLORD (OR USI) SHALL BE BOUND TO ENTER INTO ANY (GOOD FAITH OR OTHERWISE) NEGOTIATIONS OF ANY KIND WHATSOEVER. TENANT RESERVES THE RIGHT TO NEGOTIATE WITH OTHER PARTIES. NEITHER TENANT, LANDLORD OR USI INTENDS ON THE PROVISIONS CONTAINED IN THIS REQUEST FOR A PROPOSAL TO BE BINDING IN ANY MANNER, AS THE ANALYSIS FOR AN ACCEPTABLE TRANSACTION WILL INVOLVE ADDITIONAL MATTERS NOT ADDRESSED IN THIS LETTER, INCLUDING, WITHOUT LIMITATION, THE TERMS OF ANY COMPETING PROJECTS, OVERALL ECONOMIC AND LIABILITY PROVISIONS CONTAINED IN ANY LEASE DOCUMENT AND INTERNAL APPROVAL PROCESSES AND PROCEDURES. THE PARTIES UNDERSTAND AND AGREE THAT A CONTRACT WITH RESPECT TO THE PROVISIONS IN THIS FINAL AGREE TO TERMS LETTER WILL NOT EXIST UNLESS AND UNTIL THE PARTIES HAVE EXECUTED A FORMAL, WRITTEN LEASE AGREEMENT APPROVED IN WRITING BY THEIR RESPECTIVE COUNSEL. USI IS ACTING SOLELY IN THE CAPACITY OF SOLICITING, PROVIDING AND RECEIVING INFORMATION AND PROPOSALS AND NEGOTIATING THE SAME ON BEHALF OF OUR CLIENTS. UNDER NO CIRCUMSTANCES WHATSOEVER DOES USI HAVE ANY AUTHORITY TO BIND OUR CLIENTS TO ANY ITEM, TERM OR COMBINATION OF TERMS CONTAINED HEREIN. THIS FINAL AGREE TO TERMS LETTER IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER TERMS; ANY SPECIAL CONDITIONS IMPOSED BY OUR CLIENTS; AND WITHDRAWAL WITHOUT NOTICE. WE RESERVE THE RIGHT TO CONTINUE SIMULTANEOUS NEGOTIATIONS WITH OTHER PARTIES ON BEHALF OF OUR CLIENT. NO PARTY SHALL HAVE ANY LEGAL RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OTHER PARTY, AND NO PARTY SHOULD TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION IN DETRIMENTAL RELIANCE ON THIS OR ANY OTHER DOCUMENT OR COMMUNICATION UNTIL AND UNLESS A DEFINITIVE WRITTEN LEASE AGREEMENT IS PREPARED AND SIGNED BY TENANT AND LANDLORD.

## EXHIBIT B

### SCHEDULE A - TO WORK LETTER

#### MINIMUM BASE BUILDING IMPROVEMENT REQUIREMENTS

At a minimum, the Lessor shall provide the following Base Building and Site Development Improvements to meet Lessee's Building and Site Development specifications at Lessor's sole cost:

All MBBI work completed by the Lessor will need to be coordinated and approved by the Lessee and their Consultants prior to any work being completed, including shop drawings and submittal reviews.

#### 1.0 - Building Codes & Design

All Minimum Base Building Improvements (MBBI) and Site Development are to be performed in accordance with all current local, state, and federal building codes including any related amendments, fire and life safety codes, ADA regulations, State Department of Public Health, and other applicable codes as it pertains to Dialysis. All Lessor's work will have Governmental Authorities Having Jurisdiction ("GAHJ") approved architectural and engineering (Mechanical, Plumbing, Electrical, Structural, Civil, Environmental) plans and specifications prepared by a licensed architect and engineer and must be coordinated with the Lessee Improvement plans and specifications.

#### 2.0 - Zoning & Permitting

Building and premises must be zoned to perform services as a dialysis clinic. Lessor to provide all permitting related to the base building and site improvements.

#### 3.0 - Common Areas

Lessee will have access and use of all common areas i.e. Lobbies, Hallways, Corridors, Restrooms, Stairwells, Utility Rooms, Roof Access, Emergency Access Points and Elevators. All common areas must be code and ADA compliant for Life Safety per current federal, state and local code requirements.

#### 4.0 Foundation and Floor

The foundation and floor of the building shall be in accordance with local code requirements. The foundation and concrete slab shall be designed by the Lessor's engineer to accommodate site-specific Climate and soil conditions and recommendations per Lessor's soil engineering and exploration report (To be reviewed and approved by Lessee's engineer). A credit of \$4.50 psf. may be provided as an option by the landlord in lieu of providing floor slab and preparation.

Foundation to consist of formed concrete spread footing with horizontal reinforcing sized per geotechnical engineering report. Foundation wall, size according to exterior wall systems used and to consist of formed and poured concrete with reinforcing bars and a running bond masonry block with proper horizontal and vertical reinforcing within courses and cells. Internal masonry cells to be concrete filled full depth entire building perimeter. Foundation wall to receive poly board R-10 insulation on interior side of wall on entire building perimeter (if required by code). Provide proper foundation drainage.

The floor shall be concrete slab on grade and shall be a minimum five-inch (5") thick with minimum concrete strength of 3,000-psi and proper wire mesh, fiber mesh, and/or rebar reinforcement over vapor barrier and granular fill per Lessor's soils and/or structural engineering team whichever is more stringent. Finish floor elevation to be a minimum of 8" above finish grade. Include proper expansion control joints. Floor shall be level (1/8" with 10' of run), smooth, broom finish with no adhesive residues, in a condition that is acceptable to install floor coverings in accordance with the flooring manufacturer's specifications. Concrete floor shall be constructed so that no more than 3-lbs. of moisture per 1000sf/24 hours is emitted per completed calcium chloride testing results after 28 day cure time. Means and methods to achieve this level will be responsibility of the

Lessor. Under slab plumbing shall be installed by Lessee's General Contractor in coordination with Lessor's General Contractor, inspected by municipality and Lessee for approval prior to pouring the building slab.

### Structural

Structural systems shall be designed to provide a minimum 13'-0" clearance (for 10'-0" finished ceiling height and 15' clearance for a 12" ceiling height) to the underside of the lowest structural member from finished slab and meet building steel (Type II construction or better) erection requirements, standards and codes. Structural design to allow for ceiling heights (as indicated above) while accommodating all Mechanical, Plumbing, Electrical above ceiling. Structure to include all necessary members including, but not limited to, columns, beams, joists, load bearing walls, and demising walls. Provide necessary bridging, bracing, and reinforcing supports to accommodate all Mechanical systems (Typical for flat roofs - minimum of four (4) HVAC roof top openings, one (1) roof hatch opening, and four (4) exhaust fans openings).

The floor and roof structure shall be waterproofed as needed to meet local building code and regulatory requirements.

Roof hatch shall be provided and equipped with ladders meeting all local, state and federal requirements.

### 6.0 - Exterior walls

Exterior walls to be fire rated if required by local or State code requirements. If no fire rating is required, walls shall be left as exposed on the interior side of the metal studs or masonry/concrete with exterior insulation as required to meet code requirements and for an energy efficient building shell. Lessee shall be responsible for interior gyp board, taping and finish.

### 7.0 - Demising walls

All demising walls shall be a 1 or 2hr fire rated wall depending on local, state and/or regulatory (NFPA 101 - 2000) codes requirements whichever is more stringent. Walls will be installed per UL design and taped (Lessee shall be responsible for final finish preparation of gypsum board walls on Lessee side only). At Lessee's option and as agreed upon by Lessor, the interior drywall finish of demising walls shall not be installed until after Lessee's improvements are complete in the wall. Walls to be fire caulked in accordance with UL standards at floor and roof deck. Demising walls will have sound attenuation bats from floor to underside of deck.

### Roof Covering

The roof system shall have a minimum of fifteen (15) year life span with a standard 10 year full (no dollar limit - NDL) manufacturer's warranty against leakage due to ordinary wear and tear. Roof system to include a minimum of R-30 insulation. Ice control measures mechanically or electrically controlled to be considered in climates subject to these conditions. Downspouts to be connected into controlled underground discharge for the rain leaders into the storm system for the site or as otherwise required meeting local storm water treatment requirements. Storm water will be discharged away from the building, sidewalks, and pavement. Roof and all related systems to be maintained by the Lessor for the duration of the lease. Lessor to provide Lessee copy of material and labor roof warranty for record.

### 9.0 - Parapet

Lessor to provide a parapet wall based on building designed/type. HVAC Rooftop units should be concealed from public view if required by local code.

### 10.0 - Façade

Lessor to provide specifications for building façade for lessee review and approval. All wall system to be signed off by a Lessor's Structural Engineer. Wall system options include, but not limited to:

4" Face brick Veneer on 6" 16 or 18ga metal studs, appropriately sized structural block wall with face brick, (or wood equal), R- 19 or higher batt wall insulation, on Tyvek (commercial grade) over 5/8" exterior grade gypsum board (or pl wood).

Or

2" EIFS on 6" 16 or 18ga metal studs (or wood equal), R- 19 or higher batt wall insulation, on 1/2" cement board or equal

Or

8" Split faced block with 3-1/2" x 6" 20ga metal stud furring (or wood equal), batt wall insulation to meet energy code and depth of stud used.

**11.0 - Canopy (Landlord has the option of providing a \$15,000 credit should a canopy be incorporated into the design)**

If credit provided, Tenant shall construct a covered drop off canopy at Lessee's front entry door. Approximate size to be 16' width by 21' length with 10'-9" minimum clearance to structure with full drive thru capacity (subject to site plan layout). Canopy to accommodate patient drop off with a level grade ADA compliant transition to the finish floor elevation. Canopy roof to be an extension of the main building with blending rooflines. Controlled storm water drainage requirements of gutters with downspouts connected to site storm sewer system or properly discharged away from the building, sidewalks, and pavement. Canopy structural system to consist of a reinforced concrete footing structural columns and beam frame, joists, decking and matching roof covering. Canopy columns clad with cementitious board and masonry veneer piers, matching masonry to main building. Steel bollards at column locations.

**12.0 - Waterproofing and Weatherproofing**

Lessor shall provide complete water tight building shell inclusive but not limited to, Flashing and/or sealant around windows, doors, parapet walls, Mechanical / Plumbing / Electrical penetrations. Lessor shall properly seal the building's exterior walls, footings, and details as required in high moisture conditions such as (including but not limited to) finish floor sub-grade, raised planters, and high water table. Lessor shall be responsible for replacing any damaged items and repairing any deficiencies exposed during / after construction of tenant improvement.

**13.0 - Windows**

Lessor to provide code compliant energy efficient windows and storefront systems to be 1" tinted insulated glass with thermally broken insulated aluminum mullions. Window size and locations to be determined by Lessee's architectural floor plan and shall be coordinate with Lessee's Architect.

**14.0 - Thermal Insulation**

All exterior walls to have a vapor barrier and insulation that meets or exceeds the local and national energy codes. The R value to be determined by the size of the stud cavity and should extend from finish floor to bottom of floor or ceiling deck. Roof deck to have a minimum R-30 insulation mechanically fastened.

**15.0 - Exterior Doors**

All doors to have weather-stripping and commercial grade hardware (equal to Schlage L Series or better). Doors shall meet American Disability Act (ADA), and State Department of Health requirements. Lessor shall change the keys (reset tumblers) on all doors with locks after construction, but prior to commencement of the Lease, and shall provide Lessee with three (3) sets of keys. Final location of doors to be determined by Lessee architectural floor plan and shall be coordinate with Lessee's Architect. At a minimum, the following doors, frames and hardware shall be provided by the Lessor

- Patient Entry Doors: Provide Storefront with insulated glass doors and Aluminum framing to be 42" width including push paddle/panic bar hardware, continuous hinge and lock mechanism. Door to be prepped to accept power assist opener and push button keypad lock provided by Lessee.



- **Service Doors:** Provide 72" wide double door (Alternates for approval by Lessee's Project Manager to include: 60" Roll up door, or a 48" wide single door or double door with 36" and 24" doors) with 20 gauge insulated hollow metal (double doors) Flush bolts, T astragal, Heavy Duty Aluminum threshold, continuous hinge each leaf, prepped for panic bar hardware (as required by code) painted with rust inhibiting paint and prepped to receive a push button keypad lock provided by Lessee. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.
- **Fire Egress Doors:** Provide 36" wide door with 20 gauge insulated hollow metal door or Aluminum frame/glass door with panic bar hardware, lock, hinges, closer and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

#### 16.0 - Utilities

All utilities to be provided at designated utility entrance points into the building at locations approved by the Lessee. Lessor is responsible for all tap/connection and impact fees for all utilities. All Utilities to be coordinated with Lessee's Architect. Lessor shall have contained within the building a common main room to accommodate the utility services which include, but not limited, to electrical, fire alarm, security alarm and fire riser if in a multi tenant building.

#### 17.0 - Plumbing

Lessor to provide a segregated/dedicated 2" or greater water line (or as such capacity sized by tenants Engineer and approved by municipality based on tenant use calculations (not tied-in to any other lessee spaces, fire suppression systems, or irrigation systems with a shut off valve, 2 (two) 2" or greater back flow preventors (with floor drain under BFP) in parallel, and City of Chicago sized 2" or greater meter (1-1/2" meter under special circumstances which must be approved by Lessee) to provide a continuous minimum 50 psi, with a minimum flow rate of 30 gallons per minute to Lessee's space. Lessor to provide Lessee with the most recent water flow and pressure test results (gallons per minute and psi) for approval. Lessor shall perform water flow and pressure test prior to lease execution. The tenant is to install a pump if the city's water pressure is under the required needed for tenant. Lessor shall stub the dedicated water line into the building per location coordinated by Lessee. Lessor to provide and pay for all tap fees related to new sanitary sewer and water services in accordance with local building and regulatory agencies. The City of Chicago may require that the base building have one water service tap in the mainline with the tenant branching off both domestic and sprinkler requirements within the premises. The City of Chicago rules and regulations govern water service installation.

Exterior (anti-freeze when required) hose bibs (minimum of 2) in locations approved by Lessee.

Sanitary sewer line to be minimum of four-inch (4") and shall be stubbed into the building per location coordinated by Lessee at finished floor elevation with a cleanout structure at sufficient depth to continuously waste 30 gallons per minute. Invert level of new 4" sanitary line will be a minimum of 4'-6" and a maximum of 10'-0" below finished floor at the point of entry, coordinate actual depth and location with Lessee's Architect and Engineer. New sanitary line will be properly pitched to accommodate Lessee's sanitary system per Lessor's plumbing plans.

Sanitary sampling manhole to be installed by Lessor if required by local municipality.

#### 18.0 - Fire Suppression System

Lessor shall design and install a complete turnkey sprinkler system (less drops and heads in Lessee's space) that meets all local building and life safety codes per NFPA 101-2000. This system will be on a dedicated water line independent of Lessee's water line requirements (only if and as permitted by the city of Chicago), including municipal approved shop drawings, service drops and sprinkler heads at heights per Lessee's reflective ceiling plan, flow control switches wired and tested, alarms including wiring and an electrically/telephonically controlled fire alarm control panel connected to a monitoring systems for emergency dispatch.

Lessor to provide main Fire Alarm panel (panel only) that serves the Lessee space and will have the capacity to accommodate devices in Lessee space based on final approved Fire Alarm system approved by local Building or Fire Department. If lease space is in a multi tenant building then Lessor to provide Fire Alarm panel to accommodate all tenants and locate panel in a common room with conduit stub into lessee space. (Lessor can provide credit (or mutually agreed Allowance on FA Panel for tenant to complete all of the work).

Fire Suppression and Alarm system equipment shall be equipped for double detection activation per GAHJ.

#### 19.0 - Electrical

Provide underground service (or overhead as per municipal and approved approval) with a dedicated meter via a new CT cabinet. Service size to be determined by Lessee's engineer dependant on facility size and gas availability (400amp to 800amp service) 120/208 volt, 3 phase, 4 wire to a load center in the Lessee's utility room (location to be per Code and coordinated with Lessee and their Architect) for Lessee's exclusive use in powering equipment, appliances, lighting heating, cooling and miscellaneous use. Transformer coordination with utility company, transformer pad, and underground conduit sized for service, circuit termination cabinet, grounding rod, main panel with breaker, conduit and wire inclusive of excavation, trenching and restoration. Lessee's engineer shall have the final approval on the electrical service size and location.

Lessor will allow Lessee to have installed at Lessee cost, Transfer Switch for temporary generator hook-up, or permanent generator.

#### 20.0 - Gas

Natural gas service, at a minimum, will be rated to have 6" water column pressure and supply 800,000-BTU's (or as sized by the municipality or utility provider ex. Based on estimated usage) Natural gas pipeline shall be stubbed into the building per location coordinated with Lessee and shall be individually metered and sized per demand. Additional electrical service capacity will be required if natural gas service is not available to the building.

#### 21.0 - Mechanical /Heating Ventilation Air Conditioning

Lessor will provide credit of \$5.80 /SF for HVAC and exhaust related work.

Lessee will be responsible for the purchase and installation of the HVAC system based on below criteria.

The criteria is as follows: Equipment to be Carrier or Trane. Equipment will be new and come with a full warranty on parts (minimum of 5yrs) including labor. Supply air shall be provided to the Premises sufficient for cooling at the rate of 325 square feet per ton to meet Lessee's demands for a dialysis facility. Ductwork shall be extended 5' into the space for supply and return air. System to be a ducted return air design. All ductwork to be externally lined except for the drops from the units. Work to include, but not limited to, the purchase of the units, installation, roof framing, mechanical curbs, flashings, gas & electrical hook-up, thermostats and start-up. Anticipate minimum up to five (5) zones with programmable thermostat. Lessee's engineer shall have the final approval on the sizes, tonnages, zoning, location and number of HVAC units based on design criteria and local and state codes.

Lessor to furnish steel framing members for the exhaust and HVAC units only., Tenant to provide roof curbs and flashing to support. Tenant to use Landlord's roofer for all roof-related flashing and work in order to maintain the warranty. Lessee exhaust fans (minimum of 4) to be located by Lessee's architect.

#### 22.0 - Telephone

Lessor shall provide a single 2" PVC underground (or overhead as per utility in the area) conduit entrance into Lessee's utility room to serve as chase way for new telephone service. Entrance conduit location shall be coordinated with Lessee.

### 23.0 - Cable TV

Lessor shall provide a single 2" PVC underground conduit entrance into Lessee utility room to serve as chase way for new cable television service. Entrance conduit location shall be coordinated with Lessee. Cable television to be provided from pedestal to building, direct burial and fed thru to Lessee's utility entrance. Lessor to coordinate with utility provider to arrange for service, should it not be immediately available. Lessor will need to grant right of access to cable company for new service. Lessor will also allow for a satellite dish on the roof regardless if cable is present or not.

### 24.0 - Handicap Accessibility

Full compliance with ADA and all local jurisdictions' handicap requirements. Lessor shall comply with all ADA regulations affecting the Building and entrance to Lessee space including, but not limited to, the elevator, exterior and interior doors, concrete curb cuts, ramps and walk approaches to / from the parking lot, parking lot striping for four (4) dedicated handicap stalls for a unit up to 20 station clinic and six (6) HC stalls for units over 20 stations handicap stalls inclusive of pavement markings and stall signs with current local provisions for handicap parking stalls, delivery areas and walkway.

Finish floor elevation is to be determined per Lessee's architectural plan in conjunction with Lessor's civil engineering and grading plans. If required, Lessor to construct concrete ramp of minimum 5' width, provide safety rails if needed, provide a gradual transitions from overhead canopy and parking lot grade to finish floor elevation. Concrete surfaces to be troweled for slip resistant finish condition according to accessible standards.

### 25.0 - Exiting

Lessor shall provide at the main entrance and rear doors safety lights, exterior service lights, exit sign with battery backup signs per doorway, in accordance with applicable building codes, local fire codes and other applicable regulations, ordinances and codes. The exiting shall encompass all routes from access points terminating at public right of way.

### 26.0 - Site Development Scope of Requirements

Lessor to provide Lessee with a site boundary and topographic A.T.A survey, civil engineering and grading plans prepared by a registered professional engineer. Civil engineering plan is to include necessary details to comply with municipal standards. Plans will be submitted to Lessee Architect for coordination purposes. Site development is to include the following:

- Utility extensions, service entrance locations, inspection manholes;
- Parking lot design, stall sizes per municipal standard in conformance to zoning requirement;
- Site grading with Storm water management control measures (detention / retention / restrictions);
- Refuse enclosure location & construction details for trash and recycling;
- Handicap stall location to be as close to front entrance as possible;
- Side walk placement for patron access, delivery via service entrance;
- Concrete curbing for greenbelt management;
- Site lighting and building lighting. (The landlord-developer has option of providing a credit for site and building lighting as per 8111 S. W. system of \$12,500.
- Conduits for Lessee signage;
- Site and parking to accommodate motor trailer 18 wheel truck delivery access to service entrance;
- Ramps and curb depressions.
- Landscaping shrub and turf as required per municipality;
- Irrigation system if Lessor so desires and will be designed by landscape architect and approved by planning department;
- Construction details, specifications / standards of installation and legends;
- Final grade will be sloped away from building.

### 27.0 - Refuse Enclosure

Lessor to provide a minimum 6" thick reinforced concrete pad approx 100 to 150SF based on Lessee's requirements' and an 8' x 12' apron width to accommodate dumpster and vehicle weight. Enclosure to be provided as required by local codes.

### 28.0 - Generator

Lessor to allow a generator to be installed onsite if required by code or Lessee chooses to provide one.

### 29.0 - Site Lighting

Lessor to provide adequate lighting per code and to illuminate all parking, pathways, and building access points roadied for connection into Lessee power panel. Location of pole fixtures per Lessor civil plan to maximize illumination coverage across site. Parking lot lighting to include timer (to be programmed per Lessee hours of operation) or a photocell. Parking lot lighting shall be connected to and powered by Lessor house panel (if in a Multi tenant building) and equipped with a code compliant 90 minute battery back up at all access points

### 30.0 - Exterior Building Lighting

Lessor to provide adequate lighting and power per code and to illuminate the building main, exit and service entrance, landings and related sidewalks. Lighting shall be connected to and powered by Lessor house panel and equipped with a code compliant 90 minute battery back up at all access points.

### 31.0 - Parking Lot

Provide adequate amount of handicap and standard parking stalls in accordance with dialysis use and overall building uses. Stalls to receive striping, lot to receive traffic directional arrows and concrete parking bumpers. Bumpers to be firmly spike anchored in place onto the asphalt per stall alignment.

Asphalt wearing and binder course to meet geographical location design requirements for parking area and for truck delivery driveway.

Asphalt to be graded gradual to meet handicap and civil site slope standards, graded into & out of new patient drop off canopy and provide positive drainage to in place storm catch basins leaving surface free of standing water, bird baths or ice buildup potential.

### 32.0 - Site Signage

Lessor to allow for an illuminated site or for façade mounted signs. A monument and/or the pylon structure to be provided by Lessor with power and a receptacle. Final sign layout to be approved by Lessee and the City.

**LEASE AGREEMENT**  
**BY AND BETWEEN**  
**GLAZIER KING LLC ("LESSOR")**

**AND**

**TOTAL RENAL CARE, INC. ("LESSEE")**

**Dated: \_\_\_\_\_, 2011**

## TABLE OF CONTENTS

1. TERM
2. RENT
3. RENT ADJUSTMENTS
4. RENEWALS
5. CONDITIONS OF PREMISES
6. USE OF PREMISES
7. ASSIGNMENT/SUBLETTING
8. TAXES AND UTILITIES
9. ALTERATIONS/SIGNAGE
10. ENVIRONMENTAL
11. DAMAGE TO PREMISES BY FIRE OR CASUALTY
12. EMINENT DOMAIN
13. RIGHT OF ENTRY BY LESSOR
14. INDEMNITY
15. DEFAULT AND REMEDIES
16. INSURANCE
17. SUBROGATION
18. REPAIRS AND MAINTENANCE
19. BROKERS
20. EMERGENCY
21. TITLE AND PARKING
22. COMPLIANCE WITH LAWS
23. INTENTIONALLY OMITTED
24. LESSEE TO SUBORDINATE
25. QUIET ENJOYMENT
26. MEMORANDUM OF LEASE

27. NOTICES
28. ESTOPPEL CERTIFICATE
29. HOLDING OVER
30. BINDING EFFECT
31. COMPLETE AGREEMENT
32. SEVERABILITY
33. APPLICABLE LAW
34. FORCE MAJEURE
35. AMENDMENT
36. LESSEE IMPROVEMENTS
37. LESSOR'S WORK
38. LESSOR'S SALE OF THE BUILDING
39. LESSEE'S SATELLITE AND CABLE RIGHTS
40. INTENTIONALLY OMITTED
41. COOPERATION WITH LESSEE'S COST REPORTING RESPONSIBILITIES
42. PROTECTED HEALTH INFORMATION
43. LESSOR'S CONSENT
44. APPROVAL BY DAVITA INC. AS TO FORM
45. COUNTERPARTS

EXHIBIT A- LEGAL DESCRIPTION

EXHIBIT B- BUILDING SITE PLAN

EXHIBIT C- WORK LETTER

EXHIBIT D- FORM OF COMMENCEMENT DATE MEMORANDUM

EXHIBIT E- FORM W-9

EXHIBIT F- INTENTIONALLY OMITTED

EXHIBIT G- FORM OF ESTOPPEL CERTIFICATE

**SUMMARY OF LEASE INFORMATION**

Possession Date: \_\_\_\_\_  
Commencement Date: \_\_\_\_\_  
Termination Date: \_\_\_\_\_  
Lessor: Glazier King LLC, an Illinois limited liability company  
Address of Lessor: 824 North Racine Avenue  
Chicago, IL 60642  
Lessee: Total Renal Care, Inc., a California corporation  
Address of Lessee: c/o DaVita Inc.  
601 Hawaii Street  
El Segundo, CA 90245  
Attn: General Counsel  
Premises Address: 5038 S. King Dr., Chicago, IL  
Premises Rentable Area: approximately 12,000 square feet  
Building Rentable Area: approximately 12,000 square feet  
Monthly Base Rent: \$22,500.00  
Lessee's Proportionate Share: 100%



**THIS LEASE AGREEMENT** (the "Lease") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2011, by and between **GLAZIER KING LLC**, an Illinois limited liability company (hereinafter called "Lessor"), and **TOTAL RENAL CARE, INC.**, a California corporation (hereinafter called the "Lessee").

WITNESSETH:

**WHEREAS**, Lessor desires to demise, lease and rent unto Lessee, and Lessee desires to rent and lease from Lessor that certain real property located at 5038 S. King Dr., Chicago, Illinois, as more particularly described on Exhibit A, together with a building (the "Building") to be constructed and all improvements thereon and appurtenant rights thereto including, without limitation, parking areas, easements, declarations and rights of way as shown on the site plan attached hereto as Exhibit B; and

**WHEREAS**, Lessee shall lease and occupy the entire Building consisting of approximately Twelve Thousand (12,000) rentable square feet (collectively, the "Premises"), and includes without limitation, to the extent that such are described and/or depicted on Exhibit A and Exhibit B, certain heating, venting, air conditioning, mechanical, electrical, elevator and plumbing systems, roofs, walls, foundations, fixtures, an overhead dock door, and that certain number of non-exclusive parking spaces per square foot of the Premises, including handicap-stripped spaces, as may be required by applicable laws; and

**WHEREAS**, Lessor shall complete all of Lessor's Work (as defined in Section 37) in accordance with the terms of the Work Letter attached hereto as Exhibit C (the "Work Letter").

**NOW, THEREFORE**, for and in consideration of the mutual covenants, promises and agreements herein contained, Lessor does hereby demise, lease and rent unto the said Lessee and Lessee does hereby rent and lease from Lessor the Premises, under and pursuant to the following terms and conditions:

1.1 Term. This Lease shall be effective upon full execution and delivery (the "Effective Date"). Lessor shall deliver exclusive possession of the Premises to Lessee upon the later to occur of: (i) Lessee's receipt of a Certificate of Need ("CON") from the State of Illinois or; (ii) the substantial completion of the Lessor's Work (as defined in Section 37) (such date being referred to herein as the "Possession Date"). The term of this Lease ("Term") shall commence (the "Commencement Date") upon the date which is the four (4) month anniversary of the Possession Date and shall expire at the end of the month in which the one hundred eighty (180) month anniversary of the Commencement Date occurs, unless renewed as hereinafter provided (the "Term"). Each twelve (12) month period beginning on the Commencement Date or any anniversary thereof shall hereinafter be called a "Lease Year." Upon determination of the Commencement Date and at the request of either party, a memorandum shall be executed by both Lessor and Lessee setting forth the Commencement Date and certifying that the Lease is in full force and effect.

1.2 Within the latter of (a) thirty (30) days after the execution of this Lease, (b) sixty

(60) days after Lessee's final approval of the site plan and elevations and (c) execution of an indemnification letter satisfactory to both parties concerning the cost of the Plans and Specifications and permit expediting costs, Lessor, at Lessor's expense, shall deliver to Lessee the Plans and Specifications (as that term is defined in the Work Letter) for Lessee's approval. In the event that Lessor does not deliver the Plans and Specifications to Lessee within the time allotted above, Lessee, at Lessee's sole option, may terminate this Lease at any time prior to the Lessor's actual delivery of such Plans and Specifications and thereafter neither party shall have any obligations hereunder and Lessor shall return forthwith any sums which Lessee has previously furnished to Lessor under this Lease or the Work Letter.

1.3 Reserved.

1.4 Reserved.

1.5 Actual square footage for the Premises will be determined by space planning and programming with all measurements computed in accordance with BOMA method of floor measurement. Lessee may elect to have the space measured prior to the Commencement Date.

1.6 Lessee shall use its best efforts to obtain a CON from the State of Illinois to operate a dialysis facility. In addition, Lessee shall use best efforts to keep Lessor apprised of the status of its CON application and will notify Lessor upon final resolution of the CON issue with the State. Notwithstanding the foregoing, if the State of Illinois fails to approve Lessee's application for a CON by June 30, 2011, Lessee may terminate this Lease by providing written notice to Lessor, after which time the parties shall have no further obligations hereunder, except as set forth below. In the event that Lessee does not obtain a CON by June 30, 2011, Lessee shall pay to Lessor the documented and invoiced actual out-of-pocket cost that Lessor has incurred to prepare the Plans and Specifications and for permit expediting, application and issuance costs. The cost of such reimbursement shall not exceed forty-two thousand dollars (\$42,000) for preparing the construction plans, seven thousand dollars (\$7,000) for permit expediting costs, plus any additional out of pocket actual costs charged by the City of Chicago in connection with the application for and/or issuance of the permit.

1.7 Subject to force majeure, if Lessor has not completed the shell and base building of Lessor's Work on or prior to the dates set forth below, then Lessee will have the rights set forth in this Section 1.7. The "Construction Start Date" shall be deemed as the date upon which both (i) all contingencies are waived under this Lease (including, without limitation, the contingency set forth in Section 1.2 regarding Lessee's obtaining the CON), and (ii) Lessor obtains the building permit for the work set forth in the Plans and Specifications.

(i) Subject to force majeure, if Lessor does not deliver the shell and base building on or prior to the eleven (11) month anniversary of the Construction Start Date, then Lessor will provide Lessee a penalty of one (1) day's value of net rent for each day of late delivery. If Lessee does not cancel the lease per the right below then the above penalty shall be taken in the form of a rent credit. If Lessee exercises its

right to cancel below, then the above penalty shall be paid to Lessee in the form of a certified check upon the date Lessee cancels in the amount of \$40,000.

- (ii) Subject to force majeure, if Lessor does not deliver the shell and base building on or prior to the fifteen (15) month anniversary of the Construction Start Date, then Lessee may terminate this Lease by giving written notice to Lessor as set forth herein.

2. Rent. Beginning on the Commencement Date, Lessee agrees to pay as an initial annual base rent ("Rent") of \$270,000.00, based on an \$22.50 per rentable square foot amount for each square foot of rentable space in the Building located on the Premises as finally determined under Section 1.5 hereof. Beginning on the Commencement Date, Lessee shall pay Rent in the amount of \$22,500.00 per month in advance on the first day of each calendar month, such monthly installment to be prorated for any partial calendar month in which the Commencement Date or Termination Date shall occur. The Rent shall be adjusted in accordance with the provisions of Section 3. All amounts (unless otherwise provided herein) other than the Rent and the adjustments thereto described in Section 3 hereof owed by Lessee to Lessor hereunder shall be deemed additional rent. Prior to the Commencement Date, Lessor shall complete and deliver to Lessee a Form W-9 Request for Taxpayer Identification and Certification in the form attached hereto as Exhibit E.

Except as otherwise provided in this Lease, it is the intention of the parties that Lessor shall receive the rents, additional rents, and all sums payable by Lessee under this Lease free of all taxes, expenses, charges, damages and deductions of any nature whatsoever (except as otherwise provided hereinafter) and Lessee covenants and agrees to pay all sums (including rent taxes) which except for this Lease would have been chargeable against the Premises and payable by Lessor. Lessee shall, however, be under no obligation to pay principal or interest on any mortgage on the fee of the Premises, any franchise or income tax payable by Lessor or any other tax is imposed upon or measured by Lessor's income or profits, or any gift, inheritance, transfer, estate, or succession tax by reason of any present or future law which may be enacted during the Term of this Lease.

3. Rent Adjustments. Beginning on the 5<sup>th</sup> anniversary of the Commencement Date, the Rent shall be increased in accordance with the following rent schedule:

<u>Lease Year</u>	<u>Annual Per Square Foot Rental Rate</u>	<u>Monthly Rent</u>
Lease Year 6 – Lease Year 10	\$24.75 psf	\$24,750.00
Lease Year 11 – Lease Year 15	\$27.23 psf	\$27,230.00

4. Renewals. Lessee shall have the right and option to renew this Lease for three (3) additional periods of five (5) years each, next immediately ensuing after the expiration of the initial Term of this Lease and the subsequent renewal periods, by notifying Lessor in writing not less than one hundred eighty (180) days before the expiration of the immediately preceding initial Term or subsequent renewal Term of this Lease of Lessee's intention to exercise its option to

renew, but Lessee shall have no option to extend this Lease beyond three (3) renewal periods of five (5) years each after the initial Term. In the event Lessee fails to provide a renewal notice within such one hundred eighty (180) day period, Lessor shall confirm to Lessee in writing, prior to expiration of the then existing Term, that Lessee does not wish to extend the Lease. Lessee shall then have an additional thirty (30) day period to exercise its right of renewal. In the event that Lessee so elects to extend this Lease, then, for such extended period of the Term, all of the terms, covenants and conditions of this Lease shall continue to be, and shall be, in full force and effect during such extended period of the Term hereof. The Rent shall be adjusted thereafter as in accordance with the following rent schedule:

<u>Lease Year</u>	<u>Annual Per Square Foot Rental Rate</u>	<u>Monthly Rent</u>
Lease Year 16 – Lease Year 20	\$29.95 psf	\$29,950.00
Lease Year 21 – Lease Year 25	\$32.95 psf	\$32,950.00
Lease Year 22 – Lease Year 30	\$36.25 psf	\$36,250.00

5. Condition of Premises. Lessor warrants to Lessee for a period of one (1) year after the Commencement Date, that the existing systems and equipment constituting a part of the Premises, will be in good order and condition, ordinary wear and tear excepted. Lessee shall give written notice to Lessor within such one (1) year period of any existing condition with the existing systems and equipment of the Premises which Lessee reasonably determines to be defective or other than as represented by Lessor herein. Lessor will, upon receipt of such notice from Lessee, repair such defective condition at Lessor’s cost and expense.

6. Use of Premises. Lessee may occupy and use the Premises during the Term for purposes of the operation of an outpatient renal dialysis clinic, renal dialysis home training, aphaeresis services and similar blood separation and cell collection procedures, general medical offices, clinical laboratory, including all incidental, related, and necessary elements and functions of other recognized dialysis disciplines which may be necessary or desirable to render a complete program of treatment to patients of Lessee, all in accordance with and subject to applicable law (the “Permitted Use”), or for any other lawful purpose(s). Lessee may operate during such days and hours as Lessee may determine, without the imposition of minimum or maximum hours of operation by Lessor and Lessee shall have full time access to the Premises, and may operate, up to twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year, all in accordance with and subject to applicable law.

Lessor represents and warrants that the Premises is zoned B1-1 by the City of Chicago, which allows, as set forth in the Chicago Zoning Code, for medical uses, including the Permitted Use as a dialysis facility and related medical and business offices under applicable laws, ordinances, rules and regulations (“Laws”) including, without limitation, zoning Laws, subject to the provisions of such Laws. Notwithstanding anything to the contrary set forth herein, Lessee shall have the exclusive use of the parking, landscaping and circulation areas and shall be responsible for all matters in connection therewith in accordance with applicable law.

Lessor shall not sell, rent or permit any property owned, leased or controlled by Lessor or any affiliate of Lessor within a radius of one (1) mile from the Premises to be occupied or used by a business that derives more than ten percent (10%) of its revenues from renal dialysis, renal dialysis home training, any aphaeresis service(s) or similar blood separation or cell collection procedures, except services involving the collection of blood or blood components from volunteer donors. Lessor shall not display or permit to be displayed upon any such property within said radius any advertisement for any such business other than Lessee's advertisement(s) for Lessee's business(es). This paragraph shall be of no force or effect following the termination or expiration of this Lease.

7. Assignment/Subletting. Lessee shall not assign this Lease, or sublet the Premises, or any part thereof, without Lessor's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed. In considering a proposed assignment, it shall not be commercially unreasonable for Lessor to consider (a) the financial condition of the proposed assignee or sublessee, as applicable; (b) the character and reputation of the assignee or sublessee, as applicable; (c) the proposed use of the Premises by the proposed assignee or sublessee, as applicable; and (d) any other reasonable economic and non-economic factors, in considering whether to give its consent. Prior to any sublease or assignment, Lessee shall first notify Lessor in writing of its election to sublease all or a portion of the Premises or to assign this Lease or any interest thereunder. At any time within thirty (30) days after service of said notice, Lessor shall notify Lessee that it consents or refuses to consent to the sublease or assignment. In the event of any sublease or assignment, Lessee shall remain liable for all of the "lessee's" obligations hereunder. Lessee's obligations hereunder are being guaranteed under the terms of a certain Guarantee ("Guarantee") being executed by DAVITA INC, a Delaware corporation. In the event of an Affiliated Transfer (as defined below), the Guarantee shall continue in full force with respect to the obligation of the "lessee" hereunder and shall continue with respect to the obligations of any such affiliated assignee or sublessee.

Lessor shall not have the right to recapture any sublease or assignment space. Any denial of such sublease or assignment by Lessor as hereinabove provided must be predicated upon a "commercially reasonable basis" for such denial. Lessee shall retain any net profits paid in connection with a sublease or assignment in excess of Lessee's Rent obligations hereunder, which profits shall be calculated after deducting all costs incurred by Lessee in connection with the space subject to the transfer, which shall include, but not be limited to, legal fees, rental abatement, vacancy period, allowances, tenant improvements, leasing commissions and the time to sublease and remodel the Premises.

Any assignment or subletting shall not release Lessee of its liability under this Lease nor permit any subsequent assignment, subletting or other prohibited act, unless specifically provided in such consent.

Notwithstanding the foregoing, no consent of Lessor is required for Lessee to assign or otherwise transfer (by operation of law or otherwise) this Lease or any of its rights hereunder:

(a) to any person, corporation, partnership or other entity which acquires all or substantially all of the business or assets of Lessee or stock in Lessee; or (b) to any person, corporation, partnership or other entity which controls, is controlled by or is under common control with Lessee; or (c) to any affiliate (within the meaning of such term as set forth in Rule 501 of Regulation D under the Federal Securities Act of 1933) of Lessee (an "Affiliated Transfer").

No such assignment or other transfer, in whole or in part, of any Lessee's rights or obligations under this Lease shall be or operate as a release of Lessee hereunder and Lessee shall remain responsible for fully and promptly performing Lessee's obligations hereunder should Lessee's assignee or transferee fail to fully and promptly perform any such obligations.

8. Operating Expenses and Utilities.

(a) Lessee shall pay "Lessee's Proportionate Share" (as defined herein) of all Taxes (as defined below), common area maintenance charges for the Building ("CAM Charges") and insurance premiums for the Building ("Insurance"), in advance, in equal monthly installments at the time of the payment of Rent, based on Lessor's estimate of the Taxes, CAM Charges and Insurance for the calendar year in question (which estimate may be revised by Lessor from time to time). For reference purposes, Taxes, CAM Charges and Insurance are collectively referred to as the "Operating Expenses" for the Building and Premises. Promptly after the actual Operating Expenses for a calendar year are determined by Lessor, Lessor shall provide Lessee with a statement of such actual Operating Expenses for such calendar year and Lessee, within 30 days, shall pay to Lessor any deficiency, which obligation shall survive the expiration or termination of this Lease. If such statement shows an overpayment by Lessee, then any surplus paid by Lessee shall be credited to Lessee's next monthly installment of Operating Expenses or, if this Lease has expired or been terminated for reasons other than Lessee's breach or default, be paid to Lessee within 30 days of the end of the Term.

"Taxes" shall mean real property taxes, public charges and assessments assessed or imposed upon the Building, provided, however, that any one time (as opposed to on-going) special assessments for public improvements having a useful economic life exceeding the remaining term of this Lease shall be prorated between Lessor and Lessee using a straight-line method, based on the proportion of that economic life falling within the remaining term of the Lease. Taxes shall not include any penalties or interest for late or partial payment nor any income, franchise, margin, inheritance, estate, transfer, excise, gift or capital gain taxes, that are or may be payable by Lessor or that may be imposed against Lessor or against the rents payable hereunder. Lessor shall take advantage of any savings in Taxes that may be achieved by early payment or payment in installments. Should Lessor choose not to contest any Taxes, Lessee shall have the right to contest the Taxes in Lessor's name and with Lessor's reasonable cooperation, at no expense to Lessor. Lessor, at Lessee's sole expense, shall join in any such contestation proceedings if any Law shall so require.

"Lessee's Proportionate Share" is the quotient obtained by dividing the rentable area of the Premises by the Building Rentable Area. Lessee's Proportionate Share as of the Commencement Date will be 100%.

(b) Lessee's Proportionate Share of initial Operating Expenses is estimated at \$3.50 per square foot per annum. Thereafter, the Operating Expenses shall not increase by more than five percent (5%) per year, excluding uncontrollable expenses such as snow removal, insurance, utilities, real estate taxes.

(c) Lessee shall pay the net cost (after applying any discounts or incentives) of all utilities and other services necessary in the operation of the Premises, including but not be limited to, gas, fuel oil, electrical, telephone and other utility charges and in-suite janitorial service. The Premises shall be separately metered, at Lessor's sole cost, for all utilities, including gas, water and electricity.

(d) Lessor shall make available at its offices in Chicago, IL, true and accurate records of items that constitute Operating Expenses. Such records shall be open for inspection from time to time by Lessee or its duly authorized representative for a period of one (1) year after the close of each calendar year. If any audit of Lessor's submitted reports shall disclose an overcharge, Lessor shall promptly pay to Lessee, within thirty (30) days, the amount of such overcharge, and if such audit discloses an overcharge of more than five percent (5%), Lessor shall reimburse Lessee its actual costs incurred in connection with such audit.

(e) All sums (other than the Rent) which may be due and payable under this Lease shall be deemed to be additional rent hereunder and in the event that Rent shall be prorated or shall abate pursuant to the terms of this Lease then such additional rent shall be prorated or abate to the same extent and in the same manner, unless otherwise specifically provided for in this Lease.

(f) Reserved.

(g) Notwithstanding the foregoing, the term "Operating Expenses" does not include the following: (i) depreciation of the Building, and all equipment, fixtures, improvements and facilities used in connection therewith; (ii) payments of principal, interest, loan fees, penalties, attorney's fees or amortization relating to any debt Lessor may have incurred or will incur in the future relating to the ownership, operating and maintenance of the Building; (iii) the cost of leasehold improvements, including redecorating or otherwise improving, painting, decorating or redecorating space or vacant space for other lessees of the Building, except in connection with general maintenance of the Building; (iv) cost of any "tap fees" or any sewer or water connection fees for the benefit of any lessees in the Building; (v) fees and expenses (including legal and brokerage fees, advertising, marketing and promotional costs) paid by Lessor in connection with the lease of any space within the Building, including subleasing and assignments; (vi) intentionally omitted; (vii) all costs incurred by Lessor in connection with any negotiations or disputes and/or litigation with lessees or occupants within the Building or prospective lessees of the Building; (viii) expenses or costs incurred by Lessor relating to any violation by Lessor or any

other lessee of the terms and conditions of any law or any lease covering the Building; (ix) intentionally omitted; (x) the cost of any repair or replacement which would be required to be capitalized under generally accepted accounting principles, including without limitation the cost of renting any equipment or materials, which cost would be so capitalized if the equipment or materials were purchased, not rented; (xi) the costs and expenses of any item included in Operating Expenses to the extent that Lessor is actually reimbursed for such cost by an insurance company, a condemning authority, another lessee or any other party; (xii) payments of ground rents and related sums pursuant to a ground lease in favor of a ground lessor; (xiii) wages, salaries or other compensation paid to any employees at or above the grade of building manager; (xiv) Lessor's general overhead and administrative expenses which are not chargeable to Operating Expenses of the Building or the equipment, fixtures and facilities used in connection with the Building, in accordance with generally accepted accounting principles, including salaries and expenses of Lessor's executive officers; (xv) the cost of correcting defects (latent or otherwise) in the construction of the Building or in the Building equipment, except that conditions (other than construction defects) resulting from ordinary wear and tear shall not be considered defects for purposes hereof; (xvi) the cost of installing, operating and maintaining any specialty service (e.g., observatory, broadcasting facility, luncheon club, retail stores, newsstands or recreational club); (xvii) any expenses incurred by Lessor for the use of any portions of the Building to accommodate events, including but not limited to shows, promotions, kiosks, displays, filming, photography, private events or parties, ceremonies and advertising beyond the normal expenses otherwise attributable solely to Building services, such as lighting and HVAC to such public portions of the Building in normal operations during standard Building hours of operation; (xviii) any costs representing an amount paid to an entity related to Lessor which is in excess of the commercially reasonable amount which would have been paid absent such relationship; (xix) any entertainment, dining, or travel expenses of Lessor for any purpose; (xx) costs related to maintaining Lessor's existence, either as a corporation, partnership, or other entity; (xxi) any expenses for repairs or maintenance to the extent covered by warranties or service contracts; (xxii) any type of utility service which is separately metered to or separately charged or paid by Lessee or any other lessee in the Building; (xxiii) the cost of any environmental remediation for which Lessor is responsible under Section 10 of this Lease; (xxiv) all ad valorem taxes paid or payable by Lessee or other lessees in the Building for (A) personal property and (B) on the value of the leasehold improvements in the Premises (in this connection it is agreed that Lessee shall be responsible for the payment of ad valorem taxes on Lessee's own leasehold improvements); (xv) all items and services for which Lessee pays third parties; (xvi) the cost of any item which is an expense or cost to Lessor in connection with Lessor's Work including any allowances or credits granted to Lessee in lieu of a payment by Lessor; and (xvii) any item which is included in the Operating Expenses which, but for this provision, would be included twice.

9. Alterations/Signage. Lessee shall not make any alterations, or additions or leasehold improvements to the Premises following the Commencement Date ("Alterations") without Lessor's prior written consent in each and every instance, such consent not to be unreasonably withheld or delayed. Notwithstanding the foregoing, Lessee shall have the right to make non-structural Alterations to the Premises within the Building which do not exceed in cost Fifty Thousand Dollars (\$50,000.00) in the aggregate during each Lease Year without Lessor's



consent. All Alterations which may be made by Lessee shall be the property of Lessee and Lessee shall be entitled to remove from the leased Premises during the Term all Alterations, tenant improvements and any and all furniture, removable trade fixtures, equipment and personal property ("Fixtures") installed or located on or in the leased Premises provided that Lessee repair any and all damages done by the removal of the foregoing. All Alterations and tenant improvements which Lessee does not elect to remove at the expiration of the Term shall be surrendered with the Premises at the termination of this Lease.

Lessee shall have the right to affix to Lessee's standard signage, in accordance with the rules and regulations of the Building, including a sign on the exterior of the Building or a monument sign. All signs and like items permitted hereunder shall comply with all applicable zoning Laws and shall be subject to City of Chicago, Illinois permits and Lessor's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed.

To the maximum extent permitted by applicable Laws, Lessor hereby waives any rights which Lessor may have, as to any of Lessee's furniture, fixtures, equipment, personal property, tenant improvements and Alterations, in the nature of a Lessor's lien, security interest or otherwise and further waives the right to enforce any such lien or security interest.

10. Environmental. Lessee shall not cause or permit any hazardous or toxic substances, materials or waste, including, without limitation, medical waste and asbestos ("Hazardous Substances") to be used, generated, stored or disposed of in, on or under, or transported to or from the Premises unless such Hazardous Substances are reasonably necessary for Lessee's business conducted in the Premises; provided, however, Lessee shall at all times and in all material respects comply with all local, state, and federal laws, ordinances, rules, regulations and orders, whether now in existence or hereafter adopted relating to Hazardous Substances or otherwise pertaining to the environment (the "Environmental Laws") and further provided that Lessee shall periodically cause to be removed from the Premises such Hazardous Substances placed thereon by Lessee or Lessee's agents, servants, employees, guests, invitees and/or independent contractors in accordance with good business practices, such removal to be performed by persons or entities duly qualified to handle and dispose of Hazardous Substances. Without limiting the generality of the foregoing, Lessor acknowledges that the following Hazardous Substances, among others, are required for Lessee's business operations: bleach, cidex, hibiclona, metrocide, hydrogen peroxide, and formaldehyde. Upon the expiration or earlier termination of this Lease, Lessee shall cause all Hazardous Substances placed on the Premises by Lessee to be removed, at Lessee's cost and expense, from the Premises and disposed of in strict accordance with the Environmental Laws.

Lessee shall indemnify, defend (by counsel reasonably acceptable to Lessor), protect, and hold Lessor and Lessor's officers, directors, employees, agents and contractors (and their respective interest holders, whether direct or indirect, and such parties' officers, directors, employees, agents and contractors) and Lessor's lender(s) and such lender(s) officers, directors, employees, agents and contractors, harmless, from and against any and all claims, liabilities, penalties, fines, judgment, forfeitures, losses, costs (including clean-up costs) or expenses (including attorney's fees, consultant's fees and expert's fees) for the death of or injury to any

person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (a) the presence after the Possession Date in, on, under, or about the Premises of any Hazardous Substances caused by or through Lessee or its agents, servants, employees, guests, invitees and/or independent contractors; (b) any discharge or release by or through Lessee or its agents, servants, employees, guests, invitees and/or independent contractors after the Commencement Date in or from the Premises of any Hazardous Substances; (c) Lessee's use, storage, transportation, generation, disposal, release or discharge after the Possession Date of Hazardous Substances, to, in, on, under, about or from the Premises; or (d) Lessee's failure to comply with any Environmental Law.

Lessor shall indemnify, defend (by counsel reasonably accepted to Lessee), protect, and hold Lessee harmless, from and against any and all claims, liabilities, penalties, fines, judgment, forfeitures, losses, costs (including clean-up costs) or expenses (including attorney's fees, consultant's fees and expert's fees) for the death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (a) the presence prior to the Possession Date in, on, under, or about the Premises of any Hazardous Substances; (b) any discharge or release prior to the Possession Date in or from the Premises of any Hazardous Substances; (c) the use, storage, transportation, generation, disposal, release or discharge of Hazardous Substances by Lessor or Lessor's prior lessee(s) prior to the Possession Date, to, in, on, under, about or from the Premises; (d) Lessor's failure to comply with any Environmental Law; or (e) any Hazardous Substances to the extent not in any respect due to any act or omission of Lessee or its agents, servants, employees, guests, invitees and/or independent contractors. Lessor agrees to remediate at Lessor's expense as promptly as commercially possible upon receipt of notice from Lessee any condition described in (a) through (e) of the previous sentence.

Lessor represents and warrants to Lessee that as of the Commencement Date and to the best of Lessor's knowledge there are no Hazardous Substances on the Premises, including asbestos. Lessor has received no notice from any governmental or private entity relating to Hazardous Substances on the Premises. Lessee shall promptly deliver to Lessor copies of all notices made by Lessee to, or received by Lessee from, any state, county, municipal or other agency having authority to enforce any environmental law ("Enforcement Agency") or from the United States Occupational Safety and Health Administration concerning environmental matters or Hazardous Substances at the Premises. Lessor shall promptly deliver to Lessee copies of all notices received by Lessor from any Enforcement Agency or from the United States Occupational Safety and Health Administration concerning environmental matters or Hazardous Substances at the Premises.

11. Damage to Premises by Fire or Casualty. In the event the Premises shall be damaged by fire or other casualty during the life of this Lease, whereby the same shall be rendered untenable, then

(a) if such damage is not caused by the negligence or willful misconduct of Lessee or any of its agents, servants, employees, guests, invitees and/or independent contractors and the damage to the Premises is so substantial ("Substantial Damage") that either: (1) the repair,

restoration or rehabilitation of the Substantial Damage cannot reasonably be expected to be substantially completed within one hundred eighty (180) days from the date of such Substantial Damage or (2) so much of the Premises is destroyed or rendered untenantable by such fire or other casualty as to make use of the Premises as a dialysis facility operating at least seventy-five percent (75%) of the certified dialysis stations operating prior to the fire or casualty impracticable, then Lessee may elect to terminate this Lease by giving written notice to Lessor within thirty (30) days of the date of such fire or casualty, or

(b) if the damage to the Premises is so substantial that (1) the estimated repair costs exceed One Hundred Thousand (\$100,000.00) and such damage has occurred within the last two (2) years of the then current term and Lessee does not exercise its next available renewal option, if any or (2) the Building is damaged to the extent of fifty percent (50%) or more of the monetary value thereof, then Lessor may elect to terminate this Lease by giving written notice to Lessee within thirty (30) days of the date of such fire or casualty; or

(c) if not so terminated, Lessor shall proceed with all due diligence to repair, restore or rehabilitate the Premises, to substantially their former condition immediately prior to such damage or destruction, at Lessor's expense, unless such damage was caused by the negligence or willful misconduct of Lessee or any of its agents, servants, employees, guests, invitees and/or independent contractors (in which case such rehabilitation shall be at Lessee's cost), in which latter event this Lease shall not terminate.

If the Premises are rendered untenantable by fire or other casualty, unless such damage was caused by the negligence or willful misconduct of Lessee or any of its agents, servants, employees, guests, invitees and/or independent contractors, there shall be an abatement of Rent due Lessor by Lessee for the period of time during which the Premises are untenantable. If the restoration is not substantially completed within two hundred ten (210) days after a building permit is issued to repair such damage, unless such damage was caused by the negligence or willful misconduct of Lessee or any of its agents, servants, employees, guests, invitees and/or independent contractors, it shall be optional with Lessee to terminate this Lease by written notice to Lessor made prior to the end of such two hundred ten (210) day period. In the event of any termination of this Lease, Rent shall be paid only to the date of such fire or casualty.

In the event that the Premises are partially but not substantially damaged by fire or other casualty, then Lessor shall immediately proceed with all due diligence to repair and restore the Premises and the Rent shall abate in proportion to the untenantability of the Premises during the period of restoration; provided, however, that if such damage was caused by the negligence or willful misconduct of Lessee or any of its agents, servants, employees, guests, invitees and/or independent contractors, then Lessee shall immediately proceed with all due diligence to repair and restore the Premises and the Rent shall not abate.

Lessee shall be responsible for restoring the Alterations constructed by Lessee at its expense. In the event that Lessor does not restore the Premises, Lessee may retain all insurance proceeds applicable to Alterations constructed by Lessee at its expense. Except as set forth

above, Lessor shall be responsible for restoring improvements constructed by Lessor in all events and Lessee shall be responsible for restoring improvements constructed by Lessee in all events.

12. Eminent Domain.

(a) Taking. If by any lawful authority through condemnation or under the power of eminent domain: (i) the whole of the Premises shall be permanently taken; (ii) less than the entire Premises shall be permanently taken, but the remainder of the Premises, are not, in Lessee's sole judgment, fit for Lessee to carry on its business therein; (iii) Lessee determines, in its sole judgment, that after such taking the Premises will fail to satisfy municipal parking requirements; (iv) there is any substantial impairment of ingress or egress from or to or visibility of the Premises; or (v) all or any portion of the common areas shall be taken resulting in a material interference with the operations of or access to Lessee's business, then in any such event, Lessee may terminate this Lease, effective as of the date of such taking, and the Rent and other sums paid or payable hereunder shall be prorated as of the date of such termination.

(b) Rent Adjustment. Unless this Lease is canceled as above provided, commencing with the date possession is acquired by the condemning authority the Rent and other sums payable hereunder shall be reduced by the then applicable per square foot Rent as by the number of square feet taken and Lessor shall restore the Premises, at Lessor's cost and expense to a complete architectural unit, and Operating Expenses will be recalculated based on the applicable square footage. During such restoration the Rent shall be abated to the extent the Premises are rendered untenable.

(c) Awards. All compensation awarded or paid in any such eminent domain proceeding shall belong to and be the property of Lessor without any participation by Lessee, except that nothing contained herein shall preclude Lessee from prosecuting any claim directly against the condemning authority in such eminent domain proceeding for its relocation costs, its unamortized leasehold improvements and trade fixtures, loss of business and the like, so long as any such claim does not reduce the claim by or award to Lessor.

13. Right of Entry by Lessor. Lessor, or any of its agents, shall have the right to enter said Premises during all reasonable hours and upon at least twenty-four (24) hours prior notice (except in cases of emergency), to examine the same or to exhibit said Premises, and to put or keep upon the doors or windows thereof a notice "FOR RENT" at any time within one hundred fifty (150) days before the expiration of this Lease.

Any work done by Lessor to Premises shall be performed during hours that Lessee is not open for business (except in emergencies) unless Lessee, in the exercise of its reasonable discretion otherwise agrees. Any restoration work or alteration work at the Premises which is necessitated by or results from Lessor's entry, including, without limitation, any work necessary to conceal any element whose presence is permitted hereunder, shall be performed by Lessor at its expense or, at Lessee's election, by Lessee on Lessor's behalf and at Lessor's sole cost and expense. Lessor shall be liable for all loss, damage, or injury to persons or property with respect to such work and shall indemnify and hold Lessee harmless from all claims, losses, costs,

expenses and liability, including reasonable attorney's fees resulting from Lessor's entry except to the extent caused by the negligent or intentional act of Lessee or its contractors, agents, employees or licensees. If Lessor's entry into the Premises pursuant to this Lease interferes with the conduct by Lessee of its business to such an extent that Lessee, in the exercise of its reasonable business judgment, must close the Premises for business for two (2) or more business days, then Rent and additional rent shall totally abate for each day or portion thereof that such interference continues.

Lessor acknowledges that Lessee is subject to the provisions of the Health Insurance Portability and Accountability Act of 1996 and related regulations ("HIPAA"), and that HIPAA requires Lessee to ensure the safety and confidentiality of patient medical records. Lessor further acknowledges that, in order for Lessee to comply with HIPAA, Lessee must restrict access to the portions of the Premises where patient medical records are kept or stored. Lessor hereby agrees that, notwithstanding the rights granted to Lessor pursuant to this Section 13 and under this Lease, except when accompanied by an authorized representative of Lessee, neither Lessor nor its employees, agents, representatives or contractors shall be permitted to enter those areas of the Premises designated by Lessee as locations where patient medical records are kept and/or stored or where such entry is prohibited by applicable state or federal health care privacy laws. Lessor further agrees to comply with the provisions of HIPAA and all applicable medical privacy laws in connection with Lessor's entry into the Premises.

14. Indemnity. Lessee agrees to indemnify Lessor and save Lessor harmless from any and all liability, claims and loss for personal injury or property damage, or both, sustained or claimed to have been sustained by any person or persons, or property in, upon or about the leased Premises caused or brought about by the act or neglect of Lessee, its agents, servants or employees. Lessor agrees to indemnify Lessee and save Lessee harmless from any and all liability, claims and loss for personal injury or property damage, or both, sustained or claimed to have been sustained by any person or persons, or property in, upon or about the leased Premises caused or brought about by the act or neglect of Lessor, its agents, servants or employees. The indemnities set forth in this Section 14 shall survive the expiration of the term of this Lease.

15. Default and Remedies.

(a) Lessee Default and Lessor Remedies. In the event that Lessee defaults in the payment of Rent hereunder and such Rent remains due and unpaid for five (5) days following written notice of such default from Lessor to Lessee, or should Lessee default in the performance of any other provisions of this Lease and such default is not cured within thirty (30) days following written notice from Lessor specifying such default (unless such default is not reasonably capable of being cured within such thirty (30) day period and Lessee commences such cure within such thirty (30) day period and diligently prosecutes such cure to completion), or if a petition in bankruptcy shall be filed by or against Lessee (provided Lessee shall have ninety (90) calendar days to stay any involuntary proceeding), or should Lessee make an assignment for the benefit of its creditors, or should a receiver be appointed for the said Lessee and such receiver is not dismissed within sixty (60) days of his appointment, then, in any of these events, Lessor, at its option, may terminate this Lease by written notice to Lessee. Upon and after termination of

this Lease, Lessor shall make a commercially reasonable effort to relet the Premises or any part thereof to any person, firm or corporation other than Lessee for such rent, for such time and upon such terms as Lessor in Lessor's reasonable discretion shall determine. If the consideration collected by Lessor upon any such reletting is not sufficient to pay monthly the full amount of the Rent and additional rent reserved in this Lease and all other monies to be paid by Lessee, Lessee shall pay to Lessor the amount of each monthly deficiency upon demand.

Whether or not this Lease is terminated by Lessor or by any provision of law or court decree, Lessee shall have no obligation to pay any Rent until the date it would otherwise have become due in the absence of any event of default. Lessor agrees that it shall have no right to accelerate (i.e. declare the same immediately due and payable) any Rent which would have become due in the future ("Future Rent"); provided, however, that upon termination of this Lease by Lessor, Lessee shall pay Lessor for the unamortized costs of leasing commissions and tenant improvements. In the event Lessor terminates this Lease, Lessee's liability for Future Rent (as well as any damages specifically in lieu of or representing such Future Rent) shall cease except to the extent and manner provided otherwise in this Lease.

(b) Lessor Default and Lessee Remedies. Subject to the terms and provisions hereinbelow, and in addition to any other remedy expressly available to Lessee pursuant to this Lease or at law or in equity, should Lessor fail to perform any term or covenant under this Lease, which failure is not caused in any way by an act of or omission by Lessee, (each and any such failure being herein sometimes referred to as a "Lessor Default") and if any such Lessor Default shall not be cured and shall accordingly be continuing thirty (30) days following written notice by Lessee to Lessor of such Lessor Default (unless such default is not reasonably capable of being cured within such thirty (30) day period and Lessor is diligently prosecuting such cure to completion), then Lessee shall have the option (at Lessee's sole discretion) of remedying such Lessor Default and, in connection therewith, incurring expenses for the account of Lessor, and any and all such sums expended or obligations incurred by Lessee in connection therewith shall be paid by Lessor to Lessee upon demand, and if Lessor fails to immediately reimburse and pay same to Lessee, Lessee may, in addition to any other right or remedy that Lessee may have under this Lease, deduct such amount (together with interest thereon at the rate of 7% annually from the date of any such expenditure by Lessee until the date of repayment thereof by Lessor to Lessee) from subsequent installments of Rent and other charges (if any) that from time to time thereafter may become due and payable by Lessee to Lessor hereunder. Notwithstanding the foregoing, in all events Lessee shall have the right to remedy any Lessor Default without prior notice in the event of an emergency (so long as Lessee gives notice within a reasonable period of time thereafter) and invoice Lessor and abate Rent (if necessary) in the manner set forth in the preceding sentences of this Section 15. Prior to Lessee expending any amounts under this Section 15(b), it shall give Lessor ten (10) days written notice (except in the case of an emergency) of same and provide Lessor with a detailed list of planned expenditures.

16. Insurance.

(a) Lessor's Insurance. During the Term of this Lease, Lessor shall procure and maintain in full force and effect with respect to the Building (i) a policy or policies of property

insurance (including, to the extent required, sprinkler leakage, vandalism and malicious mischief coverage, and any other endorsements required by the holder of any fee or leasehold mortgage and earthquake, terrorism and flood insurance to the extent Lessor reasonably deems prudent and/or to the extent required by any mortgagee); (ii) a policy of commercial liability insurance insuring Lessor's activities with respect to the Premises and the Building for loss, damage or liability for personal injury or death of any person or loss or damage to property occurring in, upon or about the Premises or the Building, and (iii) any additional insurance reasonably required by Lessor's Lender.

(b) Lessee's Insurance. Lessee covenants and agrees to keep Lessee Improvements (as defined in Section 36 hereof) and Lessee's contents in the Premises insured for full replacement value against loss by fire and casualty, under an all risk policy with extended coverage endorsements. In addition thereto, Lessee shall obtain and keep in force with respect to the Premises comprehensive general liability insurance in a minimum amount of \$1,000,000.00 per claim and \$3,000,000.00 in the aggregate for both bodily injury and property damage. In no event shall Lessee's insurance provide coverage or indemnity to Lessor for any claim, loss, suit, action or other legal proceeding in which Lessor, its agents or designees bear responsibility for the claim, loss, suit, action or other legal proceeding. Rather, it is the intent of this section to provide general liability coverage to Lessor when it is made a party to a claim, loss, suit, action or other legal proceeding for which it bears no responsibility. In the event that both Lessor and Lessee bear responsibility for the claim, loss, suit, action or other legal proceeding, then each party will look to their own insurance for coverage. Lessee shall cause Lessor to be named as an additional insured on its general liability policy, and shall provide an insurance certificate to Lessor on or prior to the Possession Date and from time to time thereafter as reasonably requested by Lessor.

Lessee may carry any insurance required by this Lease under a blanket policy or under a policy containing a self insured retention, so long as Lessee causes Lessor to be named as an additional insured on its general liability policy, and provides an insurance certificate to Lessor on or prior to the Possession Date and from time to time thereafter as reasonably requested by Lessor.

Each policy shall provide that the insurer shall give to Lessor thirty (30) days written notice prior to any cancellation of the policy.

17. Subrogation. Each of the parties hereto hereby releases the other and the other's partners, agents and employees, to the extent of each party's property insurance coverage, from any and all liability for any loss or damage which may be inflicted upon the property of such party even if such loss or damage shall be brought about by the fault or negligence of the other party, its partners, agents or employees; provided, however, that this release shall be effective only with respect to loss or damage occurring during such time as the appropriate policy of insurance shall contain a clause to the effect that this release shall not affect said policy or the right of the insured to recover thereunder. If any policy does not permit such a waiver, and if the party to benefit therefrom requests that such a waiver be obtained, the other party agrees to obtain

an endorsement to its insurance policies permitting such waiver of subrogation if it is commercially available and if such policies do not provide therefor.

18. Repairs and Maintenance. Lessor, at its sole cost and expense, shall maintain and keep in good order and repair and make any necessary replacements to the roof, roof membrane, roof covering, concrete slab, footings, foundation, structural components installed by Lessor, the exterior walls, and the portions of the plumbing and electrical systems of the Building that are located on the Premises but outside of the Building. If Lessor installs the HVAC units (rather than providing Lessee with an allowance for same), Lessor shall assign to Lessee its warranties for same. Such HVAC allowance, if any, shall be given to Lessee as a rental credit. If Lessor shall not commence such repairs within the thirty (30) days following written notice from Lessee that such repairs are necessary then Lessee may, at its option, cause such Lessor's repairs to be made and shall furnish Lessor with a statement of the reasonable cost of such repairs upon substantial completion thereof. Lessor shall reimburse Lessee for the cost of such repairs within thirty (30) days of the date of the statement from Lessee setting forth the amount due, provided, however, should Lessor fail to reimburse Lessee with said thirty (30) day period, then Lessee may, at its option, offset such amount against subsequent rent due under this Lease. Notwithstanding anything to the contrary set forth herein, Lessee shall be responsible for any leaks caused by its own roof penetrations. Lessor is not responsible for any matters relating to the operation of the health care practice to be undertaken by Lessee at the Premises and/or the means by which Lessee utilizes (or does not utilize) the Building and other portions of the Premises that are constructed and delivered by Lessor.

Except for Lessor's obligations set forth above and except for any damage caused by the acts of negligence by Lessor or its agents within the Premises, Lessee agrees to maintain said Premises in the same condition, order and repair as they are at the commencement of said Term, excepting only reasonable wear and tear arising from the use thereof and damage by fire or other casualty.

19. Brokers. Lessor and Lessee each represent to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, except for USI Real Estate Brokerage Services Inc., representing Lessee ("Lessee's Broker"). Lessor shall pay Lessee's Broker a brokerage commission pursuant to a separate agreement. In the event Lessor does not timely pay Lessee's Broker such brokerage commission, Lessee may offset the amount of such brokerage commission against Rent due Lessor.

20. Emergency. If Lessor is unable or unwilling to take action which it is obligated to take hereunder where an emergency has occurred with respect to the Premises, then Lessee shall give prompt notice to Lessor and may take such action as is reasonably necessary to protect the Premises and persons or property in the Premises and Lessor shall, within thirty (30) days after written notice thereof from Lessee reimburse Lessee for its reasonable out-of-pocket expenses incurred in curing such emergency; provided, however, should Lessor fail to reimburse Lessee within said thirty (30) day period, then Lessee may, at its option, offset such amount against subsequent rent due under this Lease.



21. Title and Parking. Lessor hereby represents that Lessor is the owner in fee simple of the Premises, including the Building (to be constructed) and all improvements thereon and has the right and authority to enter into this Lease. Lessor further represents that Lessor and those signatories executing this Lease on behalf of Lessor have full power and authority to execute this Lease.

Lessor agrees that Lessor will not make any material modifications to the Building or Premises (including, without limitation, the parking areas, driveways and walks) without Lessee's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed. Lessee shall be entitled to the sufficient use of parking area, as set forth on Exhibit B, except to the extent that Lessee modifies same or causes such to be modified. Without limiting the generality of the foregoing, the Premises shall at all times have a minimum parking ratio of spaces per square feet of the Premises, including handicap-striped parking spaces, as may be required by applicable Laws. All parking spaces shall have such dimensions and be in such a configuration as is required by applicable Laws.

22. Compliance with Laws. Both parties hereby agree to comply with all applicable federal, state and local laws, ordinances, rules and regulations ("Laws") throughout the Term of the Lease. Lessor represents and warrants to Lessee that as of the Possession Date the Premises, the Building, and the parking areas will be in compliance with all Laws, including, without limitation, applicable zoning laws, ordinances, rules and regulations and with applicable instruments affecting title to the Premises. Lessor further represents that it has received no notices or communications from any public authority having jurisdiction alleging violation of any Laws relating to the Premises or the Building or improvements thereon and has received no notices alleging violation of any title instrument. Without limiting the generality of the foregoing, Lessor represents that (i) the use of the Premises and the Building and improvements thereon for purposes of operation of a dialysis clinic and related medical and business offices is permitted by and will not violate applicable Laws and does not constitute a "non-conforming use" thereunder and (ii) the Premises, the Building, and the parking areas comply with all applicable Laws relating to handicapped accessibility, including, without limitation, the Americans with Disabilities Act.

If at any time or from time to time any Alterations, including, without limitation, structural Alterations, are required in order for the Premises to comply with any generally applicable Laws from time to time applicable to the Premises, Lessor shall immediately make such Alterations at its sole cost and expense. If at any time or from time to time any Alterations, including, without limitation, structural Alterations, are required in order for the Premises to comply with any Laws specifically applicable to the Premises due to Lessee's use as a dialysis facility, Lessee shall immediately make such Alterations at its sole cost and expense.

Lessor represents and warrants to Lessee that Lessor is not a "referring physician" or a "referral source" as to Lessee for services paid for by Medicare or a state health care program, as the terms are defined under any federal or state health care anti-referral or anti-kickback, regulation, interpretation or opinion ("Referral Source"). Lessor covenants, during the term of this Lease, it will not knowingly (i) take any action that would cause it to become a Referral

Source as to Lessee, or (ii) sell, exchange or transfer the Premises to any individual or entity who is a Referral Source as to Lessee.

23. Intentionally Omitted.

24. Lessee to Subordinate. Lessee shall, upon request of the holder of a mortgage or deed of trust in the nature of a mortgage, which holder is a commercial, private or institutional lender ("Mortgagee") subordinate any interest which it has by virtue of this Lease, and any extensions and renewals thereof to any mortgages or deeds of trust placed upon the Premises by Lessor, if and only if such Mortgagee shall execute, deliver and record in the appropriate registry of deeds a recognition and non-disturbance agreement in a commercially reasonable form and content. Such Agreements shall provide by their terms that notwithstanding any foreclosure of such mortgage or deeds of trust Lessee may continue to occupy the Premises during the Term of this Lease or any extensions or renewals thereof under the same terms, conditions and provisions of this Lease unless Lessee shall be in default beyond any applicable grace periods provided for herein. Lessor shall at or prior to the Commencement Date, secure from Lessor's present mortgagee of the Premises a non-disturbance agreement in a form reasonably acceptable to Lessee. Lessor shall also secure from any future mortgagee or lienholders of Lessor non-disturbance agreements during the initial Term or any renewal periods, if exercised.

25. Quiet Enjoyment. Lessee, upon paying the Rent, additional rent and other sums due under this Lease, and subject to all of the terms and covenants of this Lease, on Lessee's part to be kept, observed, and performed, shall quietly have and enjoy the Premises during the Term of this Lease. Lessor agrees that Lessee shall have continuous, peaceful, uninterrupted and exclusive possession and quiet enjoyment of the Premises during the Term of this Lease. Notwithstanding anything to the contrary set forth in this Lease, Lessee agrees that Rent and additional rent due hereunder are each, jointly and severally, independent covenants from and after the Possession Date.

26. Memorandum of Lease. Lessor agrees to enter into and record a memorandum or notice of this Lease reasonably satisfactory to Lessee. Lessee shall be responsible for the preparation thereof and the cost of recording the same.

27. Notices. All notices, demands and requests which may be or are required to be given by either party to the other shall be in writing and shall be either (i) delivered, by hand, or (ii) sent by a nationally recognized overnight courier such as DHL or Federal Express. All notices to Lessor should be addressed to Lessor at 824 North Racine Avenue, Chicago, IL 60642; Telephone: (312) 208-1600; Facsimile: (312) 944-0963, with a copy by email to [jmg727@aol.com](mailto:jmg727@aol.com), or to such other place as Lessor may from time to time designate in written notice to Lessee. All notices to Lessee shall be addressed to Lessee c/o DaVita Inc., 601 Hawaii Street, El Segundo, California 90245, Attention: General Counsel, Telephone: (310) 536-2400, Facsimile: (310) 536-2679, with copy to: 2611 North Halsted Street, Chicago, IL 60614; Attention: Group General Counsel, or to any such other place as Lessee may from time to time designate in written notice to Lessor. In addition, all correspondence to Lessee related to Taxes, Insurance, Rent or Operating Expenses shall be sent to 1423 Pacific Avenue, Tacoma, WA

98402; attention: Rent Department. All notices, demands and requests which shall be served upon Lessor and Lessee in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder.

28. Estoppel Certificate. Each of Lessor and Lessee agrees at any time and from time to time upon not less than fifteen (15) days' prior written request by the other to execute, acknowledge and deliver to the other an estoppel certificate in the form attached hereto as Exhibit G certifying that (a) this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications), (b) the dates to which the Rent and other charges have been paid in advance, if any, and (c) all of the defaults of Lessor or Lessee hereunder, if any, (and if there are no defaults a statement to that effect) and any other information reasonably requested, it being intended that any such statement delivered pursuant to this Section 28 may be relied upon by any prospective purchaser of the Premises or any mortgagee or assignee of any mortgage upon the fee or leasehold of the Premises or by any prospective assignee of this Lease or sublessee of the whole or any portion of the Premises and/or by other party interested in the Premises or any part thereof.

29. Holding Over. In the event Lessee remains in possession of the Premises after the expiration of the term of this Lease, or any extensions hereof without the written consent of Lessor, this Lease shall continue on a month to month basis, terminable by either party upon thirty (30) days prior notice and Lessee shall be obligated to pay Rent at 120% of the then current rate (including all adjustments) and all other sums then payable hereunder prorated on a daily basis for each day that Lessor is kept from possession of the Premises. Notwithstanding the foregoing, in the event that applicable Law, including without limitation applicable healthcare Law, limits the period of any such holdover, both parties agree to comply with such applicable Law; provided such holdover period shall not exceed six (6) months.

30. Binding Effect. All covenants, agreements, stipulations, provisions, conditions and obligations herein expressed and set forth shall extend to, bind and inure to the benefit of, as the case may require, the successors and assigns of Lessor and Lessee respectively, as fully as if such words were written wherever reference to Lessor or Lessee occurs in this Lease

31. Complete Agreement. Any stipulations, representations, promises or agreements, oral or written, made prior to or contemporaneously with this agreement shall have no legal or equitable consequences and the only agreement made and binding upon the parties with respect to the leasing of the Premises is contained herein, and it is the complete and total integration of the intent and understanding of Lessor and Lessee with respect to the leasing of the Premises.

32. Severability. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

33. Applicable Law. The laws of the State of Illinois shall govern the validity, performance and enforcement of this Lease, without regard to such State's conflict-of-law principles.

34. Force Majeure. Whenever a day is appointed herein on which, or a period of time is appointed within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is interfered with, the doing or completion of such act, matter or thing because of strikes, lock-outs, adverse weather conditions, embargoes, unavailability of labor or materials, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control. This section shall not apply to Lessee's obligation to pay Rent, additional rent and any other monetary amounts due hereunder.

35. Amendment. This Lease and the exhibits attached hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions and understandings between Lessor and Lessee concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by them.

36. Lessee Improvements. Lessee shall construct its tenant improvements to the Premises (the "Lessee Improvements") in accordance with the terms of the Work Letter. Lessor shall not charge Lessee any fee or other charges for the supervision and/or overhead associated with the construction of the Lessee Improvements, nor shall Lessor have any responsibility to supervise or otherwise administer the Lessee Improvements. Notwithstanding the foregoing, Lessee Improvements shall not include the work involved with bringing electrical and water utilities to the Premises and for the separate metering for said utilities, as set forth on the Plans and Specifications.

37. Lessor Work. Lessor shall complete all of Lessor's Work ("Lessor's Work") in accordance with the terms of the Work Letter. All Lessor's Work shall be done in a good and workmanlike manner and in compliance with all applicable laws, ordinances, building and safety codes, regulations and orders of the federal, state, county, or other governmental authorities having jurisdiction thereof. Without in any way limiting any obligation of Lessor under the Lease, Lessor shall indemnify, defend and hold harmless Lessee from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the failure of Lessor to complete Lessor's Work as required hereunder. Upon approval of the Plans and Specifications by Lessee and the issuance of a building permit for such work, the Plans and Specifications shall supersede any descriptions or depictions of Lessor's work hereunder or under the Work letter, and in the event of a conflict between the Plans and Specifications, on the one hand, and either this Lease or the Work Letter on the other, the Plans and Specifications shall govern.

38. Lessor's Sale of the Building. Lessor may, at any time, without the prior consent of Lessee, contract to and/or perform any of the following transactions with respect to an interest in Lessor, the Lease, the Premises, the realty underlying the Premises, and/or any portion of or interest in the realty or improvements in the center owned or hereafter acquired by Lessor: sale, purchase, exchange, transfer, assignment, lease, conveyance (collectively referred to herein as "Sale"); and/or encumbrance, pledge, mortgage, deed of trust, hypothecation or sale and leaseback transaction (collectively referred to herein as "Mortgage"). From and after a Sale, Lessor shall be released from all liability to Lessee and Lessee's successors and assigns arising from this Lease because of any act, occurrence or omission of Lessor occurring after such Sale, and Lessee shall look solely to Lessor's successor in connection with the same; provided however, that Lessor shall not be released from liability to Lessee and Lessee's successors and assigns from this Lease because of any act, occurrence or omission of Lessor occurring prior to such Sale, unless such liability is expressly assumed by Lessor's successor-in-interest in this center and Premises. Within a commercially reasonable time period prior to the effective date of a Sale, Lessor shall notify Lessee whether Lessor's successor-in-interest and assignee to this Lease would or would not be a Referral Source as described in Section 22 above, to the extent such is known by Lessor.

39. Lessee's Satellite and Cable Rights. If the building does not have cable television service, then Lessee shall have the right to place a satellite dish on the roof at no additional fee, so long as any such equipment is not visible from six (6) feet over grade. Lessor shall reasonably cooperate with Lessee's satellite or cable provider to ensure there is no delay in acquiring such services.

40. Intentionally Omitted.

41. Cooperation with Lessee's Cost Reporting Responsibilities. Lessor's full cooperation with applicable authorities in connection with cost reporting is essential for Lessee's continued operation of its business. Therefore, Lessor agrees to provide to Lessee, at Lessee's expense, within thirty (30) days of Lessee's request, any and all information that is reasonably necessary for Lessee to fulfill its cost reporting requirements to such applicable authorities.

42. Protected Health Information.

(a) Lessor acknowledges and agrees that from time to time during the Term, Lessor, its representatives or assigns may be exposed to, or have access to, Protected Health Information ("PHI"), as defined by Health Insurance Portability and Accountability Act of 1996, 45 CFR Parts 160 and 164. Lessor agrees that it will not use or disclose PHI for any purpose unless required by a court of competent jurisdiction or by any governmental authority.

(b) Lessor shall preserve any "Confidential Information" of or pertaining to Lessee and shall not, without first obtaining Lessee's prior written consent, disclose to any person or organization, or use for its own benefit, any Confidential Information of or pertaining to Lessee during and after the Lease Term, unless such Confidential Information is required to be disclosed by a court of competent jurisdiction or by any governmental authority. As used herein, the term

“Confidential Information” shall mean any business, financial, personal or technical information relating to the business or other activities of Lessee that Lessor obtains in connection with this Lease.

43. Consent. Unless otherwise expressly stated herein, whenever a party’s consent is required under this Lease, such consent shall not be unreasonably withheld or delayed, and such party’s reasonable satisfaction shall be sufficient for any matters under this Lease.

44. Approval by DaVita Inc. as to Form. The parties acknowledge and agree that this Lease shall take effect and be legally binding upon the parties only upon full execution hereof by the parties and upon approval by DaVita Inc. as to the form hereof.

45. Counterparts. This Lease may be executed in any number of counterparts via facsimile or electronic transmission or otherwise, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[Signature page follows]

IN TESTIMONY WHEREOF, Lessor and Lessee have caused this Lease to be executed as a sealed instrument, as of the day and year first above written.

LESSOR:

**GLAZIER KING LLC**

By: GLAZIER CORPORATION, as its manager

By: \_\_\_\_\_  
Name: Josh Glazier  
Title: President  
Date: \_\_\_\_\_

LESSEE:

**TOTAL RENAL CARE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*FOR LESSEE'S INTERNAL PURPOSES ONLY:*

**APPROVAL BY DAVITA INC. AS TO FORM ONLY**

By: \_\_\_\_\_  
Name: Steve Lieb, Esq.  
Title: Group General Counsel

**EXHIBIT A**

**LEGAL DESCRIPTION/BUILDING SITE PLAN**

**(to be attached)**



**EXHIBIT B**

**BUILDING SITE PLAN**

**(to be attached)**

## EXHIBIT C

### WORK LETTER

**Glazier King LLC**, hereinafter referred to as "Lessor" and **Total Renal Care, Inc.**, hereinafter referred to as "Lessee" are parties to that certain Lease bearing even date herewith (the "Lease") for certain premises (defined as the Premises in the Lease) located at 5038 S. King Dr., Chicago, Illinois and more particularly described in the Lease. To induce Lessee to enter into the Lease, into which this work letter ("Work Letter") is incorporated by reference, and in consideration of the mutual covenants hereinafter contained, Lessor and Lessee, intending to be legally bound agree as follows:

1. Lessor shall prepare, at Lessor's cost and expense (subject to the terms of Lessee's indemnification letter), all plans and specifications (the "Plans and Specifications"), which shall set forth in detail the requirements for the construction of the Lessor's Work (herein defined) and shall include, but not be limited to, all necessary civil, architectural, structural, mechanical, electrical and plumbing design and documentation required for Lessor's Work and shall conform to all applicable laws, ordinances, building codes, and requirements of public authorities and shall be signed and sealed by a professional engineer and an architect, both licensed and registered in the state in which the Premises are located and each maintaining errors and omissions insurance coverage in a commercially reasonable amount. Such Plans and Specifications shall incorporate the Minimum Base Building Improvements ("MBBI") attached hereto as Schedule A, as confirmed by Lessee's approval of such Plans and Specifications. The Plans and Specifications are expressly subject to Lessee's written approval prior to the commencement of any construction, as further provided herein.

2. Lessor will have the Plans and Specifications filed or submitted for review and approval at Lessor's sole cost and expense with the appropriate governmental agencies in such form as required.

3. Lessor will do the following work ("Lessor's Work") on the Premises: All that work (including materials, supplies, components, labor and services) necessary to construct the base shell and base building as set forth in the Plans and Specifications.

(a) Lessor shall pay for the costs of constructing the shell and base building improvements in accordance with the Plans and Specifications including costs associated with unforeseen site and/or building conditions, and the various hard and soft costs associated with development and construction of the exterior areas of the Premises.

(b) Lessor shall pay for the cost of the Plans and Specifications (subject to the terms of Lessee's indemnification letter), as approved by Lessee, which shall be consistent with this Work Letter.

All Lessor's Work shall be done in a good and workmanlike manner and in compliance with all applicable laws, ordinances, building and safety codes, regulations and orders of the federal, state, county, or other governmental authorities having jurisdiction thereof. Without limiting the Lessor's obligations under the foregoing sentence, the Lessor's Work shall include all improvements as are necessary for the Premises and entire Building to comply with the

Americans with Disabilities Act and all regulations promulgated thereunder and all requirements under any federal, state or city statute, regulation, ordinance or code dealing with access or facilities for disabled or handicapped persons, all as set forth on the Plans and Specifications. Lessor shall have the obligation to obtain at Lessor's sole expense (subject to the terms of Lessee's indemnification letter) all permits and approvals required for the Lessor's Work before the commencement of the Lessor's Work. Lessor shall pay all utility 'hook-up' and connection fees for utilities to be supplied to the Building.

4. Reserved.

5. Reserved.

6. Where typical or representative detail is shown on the Plans and Specifications, this detail shall constitute the standard for workmanship and materials throughout corresponding parts of Lessor's Work and the Lessor shall be required to adapt such detail for use in said corresponding parts of Lessor's Work as long as the adapting is within the original design intent.

7. Lessee shall prepare, at Lessee's cost and expense (subject to the terms of Lessee's indemnification letter), all plans and specifications (the "Lessee's Plans and Specifications"), which shall set forth in detail the requirements for the construction of the Lessee Improvements (herein defined) and shall include, but not be limited to, all necessary civil, architectural, structural, mechanical, electrical and plumbing, design and documentation required for the Lessee Improvements and shall conform to all applicable laws, ordinances, building codes, and requirements of public authorities and insurance underwriters and shall be signed and sealed by a professional engineer and an architect, each licensed and registered in the state in which the Premises are located and each maintaining errors and omissions insurance coverage in a commercially reasonable amount. The Lessee's Plans and Specifications are expressly subject to Lessor's approval, such approval not to be unreasonably withheld or delayed. In the event Lessor does not respond within ten (10) days of receipt of Lessee's Plans and Specifications, the Plans and Specifications shall be deemed approved by Lessor.

Lessee shall be responsible for making all interior improvements to the Building which are necessary for Lessee to operate the Premises as a renal dialysis center and related medical and business offices and which are in excess of the Plans and Specifications (the "Lessee Improvements").

Without limiting the generality of the foregoing, Lessee, at Lessee's sole cost and expense, shall install as part of the Lessee Improvements Lessee's water-treatment equipment, including recessed patient wall stations and acid concentrate loop, telephones, televisions and furnishings with Lessee's own contractor.

8. Additional work by the Lessor, which is requested by Lessee that is not in the Plans and Specifications ("Additional Lessor's Work") and not provided for under this Work Letter, will be submitted by Lessee to Lessor in writing. Before commencing any Additional Lessor's Work as may be requested by Lessee, Lessor must submit to Lessee written estimates of the cost thereof, any expected delays in completing the Lessor's Work caused by the Additional Lessor's Work and a schedule of required payment ("Work Letter Change Order"). If Lessee shall fail to approve a Work Letter Change Order within one week, the same shall be deemed disapproved by Lessee and Lessor shall not be authorized to proceed thereon. Should Lessee approve any Work

Letter Change Order, Lessee shall pay Lessor for the Work Letter Change Order for Additional Lessor's Work pursuant to the schedule of required payment. If any Additional Lessor's Work performed pursuant to an approved Work Letter Change Order delays the date by which Lessor would have otherwise substantially completed the Lessor's Work, the one hundred eighty (180) day period by which the Lessor's Work must be substantially completed shall be extended one (1) day (or each day of delay caused by the performance of the Additional Lessor's Work).

Lessee shall not pay for Additional Lessor's Work when the change is not requested and approved by Lessee or when the change is caused by the Lessor's, Lessor's architect's or Lessor's contractors' negligence, performance, or lack of performance, or failure to satisfy contractual requirements. No Work Letter Change Orders will be funded by Lessee unless authorized in advance by Lessee before any Additional Lessor's Work is performed. Lessor shall not be required to do any Additional Lessor's Work unless agreed to in writing by Lessor.

9. Upon commencement of Lessor's work and upon Lessee's request, Lessor shall submit to Lessee for approval an estimated construction schedule (the "Project Schedule") outlining a schedule for completion of Lessor's Work including Construction Documents, Permitting and Construction time frames.

Lessor and Lessee agree to work together cooperatively so as to coordinate the management, administration, and scheduling of Lessor's Work and the Lessee Improvements. Such cooperation shall include without limitation, meetings that are necessary during the construction period as mutually agreed upon by Lessor and Lessee, the attendance at such meetings to include authorized representatives of Lessor and Lessee.

10. As part of Lessor's Work, the Lessor shall provide Lessee with a set of as-built drawings at the completion of construction, such drawings to be delivered in the form of a CAD diskette.

11. The term "substantially completed" or "substantial completion" as used in this Work Letter and in the Lease shall mean the date when (i) Lessor and Lessee have reasonably agreed that construction of Lessor's work is sufficiently complete in accordance with the Plans and Specifications, so that Lessee may commence construction of the Lessee Improvements when the building is water tight except for minor or insubstantial item of work that Lessor and Lessee reasonably agree are of the nature which may be completed by Lessor after the commencement of Lessee's Work (the foregoing minor or insubstantial details are referred to in this Work Letter as "Punchlist Items") in strict accordance with the Plans and Specifications; (ii) any certificates or statements of occupancy required to permit the lawful use and occupancy of the Premises for their intended purposes shall have been issued (the parties acknowledge that no "partial" or "temporary" certificate of occupancy shall be required to be obtained by Lessor upon delivery of the Premises to Lessee; and (iii) Lessor's architect certifies that Lessor's Work is substantially complete in accordance with the Plans, Specifications.

12. Lessee may make periodic inspections of the Lessor's Work from time to time during construction at reasonable times on business days. Lessor shall promptly undertake and diligently prosecute the correction of any defective work in the Lessor's Work.

13. Lessor shall use Lessor's best efforts to prosecute the correction of any defective work as expeditiously as possible so that substantial completion shall be met as required under this Work

Letter and the Lease. As to any item of the Lessor's Work remaining to be completed or corrected after substantial completion included as a Punchlist Item or discovered after Lessee assumes possession of the Premises, Lessor shall complete such item within thirty (30) days after Lessee's notice thereof, or immediately in the case of an emergency.

14. Without limiting in any way any obligation that Lessor may have under the Lease (including, without limitation, any maintenance, repair or replacement obligations), Lessor warrants for a period of one (1) year after full and final completion of the Lessor's Work (that is, including all Punch List Items) that the Lessor's Work shall be free from defects in materials or workmanship.

15. Lessor shall, as required by Law, erect and maintain safeguards for safety and protection including posting danger signs, other warnings against hazards, promulgating safety regulations and notifying owners and users of adjacent sites and utilities. Lessor shall act to prevent threatened damage, injury or loss in connection with the performance of the Lessor's Work. During any construction work on any part of the Premises (including, without limitation, any work on the Building's exterior or roof) after Lessee shall have taken occupancy of the Premises, if Lessee decides that it is necessary, Lessor shall take such reasonable actions as mutually agreed upon by both parties to protect injury to persons and property. Lessor shall take all reasonable precautions for the safety of, and provide appropriate protection to prevent, damage, injury or loss to any persons or property including, without limitation, (i) any persons at or nearby the Premises or other persons who may be affected by the performance of the Lessor's Work; (ii) any items of tangible property on or nearby the Premises that may be affected by the performance of the Lessor's Work. Lessee shall be responsible for the protection of any fit-out work that may be installed by Lessee prior to the Possession Date..

16. Without in any way limiting any obligation of Lessor under the Lease, Lessor shall indemnify, defend and hold harmless the Lessee from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the defective performance of the Lessor's Work.

17. Reserved.

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2011.

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

Agreed to and Accepted this \_\_\_\_ day of \_\_\_\_\_, 2011.

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

## SCHEDULE A

### MINIMUM BASE BUILDING IMPROVEMENT REQUIREMENTS

At a minimum, the Lessor shall provide the following Base Building and Site Development Improvements to meet Lessee's Building and Site Development specifications at Lessor's sole cost:

All MBBI work completed by the Lessor will need to be coordinated and approved by the Lessee and there Consultants prior to any work being completed, including shop drawings and submittal reviews.

#### **1.0 - Building Codes & Design**

All Minimum Base Building Improvements (MBBI) and Site Development are to be performed in accordance with all current local, state, and federal building codes including any related amendments, fire and life safety codes, ADA regulations, State Department of Public Health, and other applicable codes as it pertains to Dialysis. All Lessor's work will have Governmental Authorities Having Jurisdiction ("GAHJ") approved architectural and engineering (Mechanical, Plumbing, Electrical, Structural, Civil, Environmental) plans and specifications prepared by a licensed architect and engineer and must be coordinated with the Lessee Improvement plans and specifications.

#### **2.0 - Zoning & Permitting**

Building and premises must be zoned to perform services as a dialysis clinic. Lessor to provide all permitting related to the base building and site improvements.

#### **3.0 - Common Areas**

Lessee will have access and use of all common areas i.e. Lobbies Hallways, Corridors, Restrooms, Stairwells, Utility Rooms, Roof Access, Emergency Access Points and Elevators. All common areas must be code and ADA compliant for Life Safety per current federal, state and local code requirements.

#### **4.0 Foundation and Floor**

The foundation and floor of the building shall be in accordance with local code requirements. The foundation and concrete slab shall be designed by the Lessor's engineer to accommodate site-specific Climate and soil conditions and recommendations per Lessor's soil engineering and exploration report (To be reviewed and approved by Lessee's engineer). A credit of \$4.50 psf may be provided as an option by Lessor in lieu of providing floor slab and preparation.

Foundation to consist of formed concrete spread footing with horizontal reinforcing sized per geotechnical engineering report. Foundation wall, sized according to exterior wall systems used and to consist of formed and poured concrete with reinforcing bars or a running bond masonry block with proper horizontal and vertical reinforcing within courses and cells. Internal load bearing masonry cells to be concrete filled full depth or as per the architectural plans; the foundation wall to receive poly board R-10 insulation on interior side of wall on entire building perimeter (if required by code). Provide proper foundation drainage as required by architectural plans.

The floor shall be concrete slab on grad and shall be a minimum five-inch (5") thick with minimum concrete strength of 3,000-psi and proper wire mesh, fiber mesh, and/or rebar reinforcement over vapor barrier and granular fill per Lessor's soils and/or structural engineering

team whichever is more stringent. Finish floor elevation to be a minimum of 8" above finish grade. Include proper expansion control joints. Floor shall be level (1/8" with 10' of run), smooth, broom clean with no adhesive residues, in a condition that is acceptable to install floor coverings in accordance with the flooring manufacturer's specifications. Concrete floor shall be constructed so that no more than 3-lbs. of moisture per 1000sf/24 hours is emitted per completed calcium chloride testing results after 28 day cure time. Means and methods to achieve this level will be responsibility of the Lessor. Under slab plumbing shall be installed by Lessee's General Contractor in coordination with Lessor's General Contractor, inspected by municipality and Lessee for approval prior to pouring the building slab. (see credit above in lieu of providing).

#### **5.0 - Structural**

Structural systems shall be designed to provide a minimum 13'-0" clearance (for 10'-0" finished ceiling height and 15' clearance for a 12" ceiling height) to the underside of the lowest structural member from finished slab and meet building steel (Type II construction or better) erection requirements, standards and codes. Structural design to allow for ceiling heights (as indicated above) while accommodating all Mechanical, Plumbing, Electrical above ceiling. Structure to include all necessary members including, but not limited to, columns, beams, joists; load bearing walls, and demising walls. Provide necessary bridging, bracing, and reinforcing supports to accommodate all Mechanical systems (Typical for flat roofs - minimum of four (4) HVAC roof top openings, one (1) roof hatch opening, and four (4) exhaust fans openings). Lessee to provide openings and use lessor's roofer to flash after units are installed.

The floor and roof structure shall be fireproofed as needed to meet local building code and regulatory requirements.

Roof hatch shall be provided and equipped with ladders meeting all local, state and federal requirements.

#### **6.0 - Exterior walls**

Exterior walls to be fire rated if required by local or State code requirements. If no fire rating is required, walls shall be left as exposed on the interior side of the metal studs or masonry/concrete with exterior insulation as required to meet code requirements and for an energy efficient building shell. Lessee shall be responsible for interior gyp board, taping and finish.

#### **7.0 - Demising walls**

N/A Free standing building.

#### **8.0 - Roof Covering**

The roof system shall have a minimum of a fifteen (15) year life span with a standard 10 year full (no dollar limit - NDL) manufacturer's warranty against leakage due to ordinary wear and tear. Roof system to include a minimum of R-30 insulation or greater as per city code. Ice control measures mechanically or electrically controlled to be considered in climates subject to these conditions. Downspouts to be connected into controlled underground discharge for the rain leaders into the storm system for the site or as otherwise required meeting local, city etc. storm water treatment requirements. Storm water will be discharged away from the building, sidewalks, and pavement. Roof and all related systems to be maintained by the Lessor for the duration of the lease. Lessor to provide Lessee copy of material and labor roof warranty for record.

### **9.0 – Parapet**

Lessor to provide a parapet wall based on building designed/type. HVAC Rooftop units should be concealed from public view if required by local code.

### **10.0 - Façade**

Lessor to provide specifications for building façade for lessee review and approval. All wall system to be signed off by a Lessor's Structural Engineer. Wall system options include, but not limited to:

4" Face brick Veneer on 6" 16 or 18ga metal studs, appropriately sized structural block wall with face brick, (or wood equal), R- 19 or higher batt wall insulation, on Tyvek (commercial grade) over 5/8" exterior grade gypsum board (or plywood).

Or

2" EIFS on 6" 16 or 18ga metal studs (or wood equal), R- 19 or higher batt wall insulation, on 1/2" cement board or equal

Or

8" Split faced block with 3-1/2" to 6" 20ga metal stud furring (or wood equal), batt wall insulation to meet energy code and depth of mtl stud used.

### **11.0 - Canopy** (Lessor has the option of providing a \$15,000 credit should a canopy be incorporated into the design)

Covered drop off canopy at Lessee's front entry door. Approximate size to be 16' width by 21' length with 10'-9" minimum clearance to structure with full drive thru capacity (subject to site plan layout). Canopy to accommodate patient drop off with a level grade ADA compliant transition to the finish floor elevation. Canopy roof to be an extension of the main building with blending rooflines. Controlled storm water drainage requirements of gutters with downspouts connected to site storm sewer system or properly discharged away from the building, sidewalks, and pavement. Canopy structural system to consist of a reinforced concrete footing, structural columns and beam frame, joists, decking and matching roof covering. Canopy columns clad with cementitious board or masonry veneer piers, matching masonry to main building. Steel bollards at column locations.

### **12.0 – Waterproofing and Weatherproofing**

Lessor shall provide complete water tight building shell inclusive but not limited to, Flashing and/or sealant around windows, doors, parapet walls, Mechanical / Plumbing / Electrical penetrations. Lessor shall properly seal the building's exterior walls, footings, slabs as required in high moisture conditions such as (including but not limited to) finish floor sub-grade, raised planters, and high water table. Lessor shall be responsible for replacing any damaged items and repairing any deficiencies exposed during / after construction of tenant improvement.

Lessee shall flash its own penetrations and will use Lessor's roofer to maintain warranties.

### **13.0 - Windows**

Lessor to provide code compliant energy efficient windows and storefront systems to be 1" tinted insulated glass with thermally broken insulated aluminum mullions. Window size and locations to be determined by Lessee's architectural floor plan and shall be coordinate with Lessee's Architect.



#### **14.0 - Thermal Insulation**

All exterior walls to have a vapor barrier and insulation that meets or exceeds the local and national energy codes. The R value to be determined by the size of the stud cavity and should extend from finish floor to bottom of floor or ceiling deck. Roof deck to have a minimum R-30 insulation mechanically fastened.

#### **15.0 - Exterior Doors**

All doors to have weather-stripping and commercial grade hardware (equal to Schlage L Series or better). Doors shall meet American Disability Act (ADA), and State Department of Health requirements. Lessor shall change the keys (reset tumblers) on all doors with locks after construction, but prior to commencement of the Lease, and shall provide Lessee with three (3) sets of keys. Final location of doors to be determined by Lessee architectural floor plan and shall be coordinate with Lessee's Architect. At a minimum, the following doors, frames and hardware shall be provided by the Lessor:

(a)

- Patient Entry Doors: Provide Storefront with insulated glass doors and Aluminum framing to be 42" width including push paddle/panic bar hardware, continuous hinge and lock mechanism. Door to be prepped to accept power assist opener and push button keypad lock provided by Lessee.
- Service Doors: Provide 72" wide double door (Alternates for approval by Lessee's Project Manager to include: 60" Roll up door, or a 48" wide single door or double door with 36" and 24" doors) with 20 gauge insulated hollow metal (double doors), Flush bolts, T astragal, Heavy Duty Aluminum threshold, continuous hinge each leaf, prepped for panic bar hardware (as required by code) painted with rust inhibiting paint and prepped to receive a push button keypad lock provided by Lessee. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.
- Fire Egress Doors: Provide 36" wide door with 20 gauge insulated hollow metal door or Aluminum frame/glass door with panic bar hardware, lock, hinges, closer and painted with rust inhibiting paint. Door to have a 10" square vision panel cut out with insulated glass installed if requested by Lessee.

#### **16.0 - Utilities**

All utilities to be provided at designated utility entrance points into the building at locations approved by the Lessee. Lessor is responsible for all tap/connection and impact fees for all utilities. All Utilities to be coordinated with Lessee's Architect. Lessor shall have contained within the building a common area for Lessee to create a main room to accommodate the utility services which include, but not limited, to electrical, fire alarm, security alarm and fire riser if in a multi tenant building.

#### **17.0 - Plumbing**

Lessor to provide a segregated/dedicated 2" or greater water line (or as such capacity sized by Lessee's Engineer and approved by municipality based on Lessee's use calculations (not tied-in to any other lessee spaces, fire suppression systems, or irrigation systems) with a shut off valve, 2 (two) 2" or greater back flow floor preventers (with drain under BFP) in parallel, and city of Chicago sized meter to provide a continuous minimum 50 psi, with a minimum flow rate of 30 gallons per minute to Lessee space. Lessor to provide Lessee with the most recent water flow

and pressure test results (gallons per minute and psi) for approval. Lessor shall perform water flow and pressure test prior to lease execution. Lessee is to install a pump if the city's water pressure is under the required needed for Lessee. LL to provide or put in Allowance of \$2,500.00 for this based on our design. Lessor shall stub the dedicated water line into the building per location coordinated by Lessee. Lessor to provide and pay for all tap fees related to new sanitary sewer and water services in accordance with local building and regulatory agencies. The City of Chicago may require that the base building have one water service tap to the mainline with the Lessee branching off both domestic and sprinkler requirements within the premises. The City of Chicago rules and regulations govern water service installation. All work detail above must be City-approved and per city approval.

Exterior (anti-freeze when required) hose bibs (minimum of 2) in locations approved by Lessee.

Sanitary sewer line to be minimum of four-inch (4") and shall be stubbed into the building per location coordinated by Lessee at finished floor elevation with a cleanout structure at sufficient depth to continuously waste 30 gallons per minute. Invert level of new 4" sanitary line will be a minimum of 4'-6" and a maximum of 10'-0" below finished floor at the point of entry, coordinate actual depth and location with Lessee's Architect and Engineer. New sanitary line will be properly pitched to accommodate Lessee's sanitary system per Lessee's plumbing plans. All sanitary design and construction will need to be approved by the city of Chicago (and any other sanitary government approval). And will govern final approval. The forgoing is subject to the existing man sewer locations, depths and inverts.

Sanitary sampling manhole to be installed by Lessor if required by local municipality.

#### **18.0 - Fire Suppression System**

Lessor shall design and install a complete turnkey sprinkler system (less drops and heads in Lessee's space) that meets all local building and life safety codes per NFPA 101-2000. This system will be on a dedicated water line independent of Lessee's water line requirements (as per the city of Chicago), including municipal approved shop drawings, service drops and sprinkler heads at heights per Lessee's reflective ceiling plan, flow control switches wired and tested, alarms including wiring and an electrically/telephonically controlled fire alarm control panel connected to a monitoring systems for emergency dispatch.

Lessor to provide main Fire Alarm panel only that serves the Lessee space and will have the capacity to accommodate devices in Lessee space based on final approved Fire Alarm system approved by local Building or Fire Department. If lease space is in a multi tenant building then Lessor to provide Fire Alarm panel to accommodate all tenants and locate panel in a common room with conduit stub into lessee space. (LL can provide credit (or mutual Allowance on FA Panel for Lessee to complete all of the work).

Fire Suppression and Alarm system equipment shall be equipped for double detection activation per GAHJ.

#### **19.0 - Electrical**

Provide underground service (or overhead as per municipal and com-ed approval) with a dedicated meter via a new CT cabinet. Service size to be determined by Lessee's engineer dependant on facility size and gas availability (400amp to 800amp service) 120/208 volt, 3 phase, 4 wire to a load center in the Lessee's utility room (location to be per Code and coordinated with Lessee and their Architect) for Lessee's exclusive use in powering equipment, appliances,

lighting, heating, cooling and miscellaneous use. Transformer coordination with utility company, transformer pad, and underground conduit sized for service, circuit termination cabinet, grounding rod, main panel with breaker, conduit and wire inclusive of excavation, trenching and restoration. Lessee's engineer shall have the final approval on the electrical service size and location. The above is subject to approval by the City and utility providers.

Lessor will allow Lessee to have installed, at Lessee cost, Transfer Switch for temporary generator hook-up, or permanent generator.

#### **20.0 - Gas**

Natural gas service, at a minimum, will be rated to have 6" water column pressure and supply 800,000-BTU's.(or as sized by the municipality or utility provider ex. Based on estimated usage) Natural gas pipeline shall be stubbed into the building per location coordinated with Lessee and shall be individually metered and sized per demand. Additional electrical service capacity will be required if natural gas service is not available to the building The above is subject to approval by the City and utility providers.

#### **21.0 - Mechanical /Heating Ventilation Air Conditioning**

Lessor to be responsible for the cost of the HVAC system based on the below criteria. Lessor will provide credit of \$ 7.30SF as per above for HVAC and exhaust related work.

Lessee will be responsible for the purchase and installation of the HVAC system based on below criteria.

The criteria is as follows: Equipment to be Carrier or Trane. Equipment will be new and come with a full warranty on parts (minimum of 5yrs) including labor. Supply air shall be provided to the Premises sufficient for cooling at the rate of 325 square feet per ton to meet Lessee's demands for a dialysis facility. Ductwork shall be extended 5' into the space for supply and return air. System to be a ducted return air design. All ductwork to be externally lined except for the drops from the units. Work to include, but not limited to, the purchase of the units, installation, roof framing, mechanical curbs, flashings, gas & electrical hook-up, thermostats and start-up. Anticipate minimum up to five (5) zones with programmable thermostat. Lessee's engineer shall have the final approval on the sizes, tonnages, zoning, location and number of HVAC units based on design criteria and local and state codes.

Lessor to furnish steel framing members for the HVAC units only., Lessee to provide roof curbs and flashing. Lessee to use Lessor's roofer for all roof-related flashing and work in order to maintain the warranty. Lessee exhaust fans (minimum of 4) to be located by Lessee's architect.

#### **22.0 - Telephone**

Lessor shall provide a single 2" PVC underground (or overhead as per utility in the area) conduit entrance into Lessee's utility room to serve as chase way for new telephone service. Entrance conduit location shall be coordinated with Lessee. If overhead, Lessor not to provide PVC as wiring is exposed and dropped to the building by utility company. Lessee to coordinate own service with utility provider.

#### **23.0 - Cable TV**

Lessor shall provide a single 2" PVC underground conduit entrance into Lessee utility room to serve as chase way for new cable television service. Entrance conduit location shall be

coordinated with Lessee. Cable television to be provided from pedestal to building, direct burial and fed thru to Lessee's utility entrance. Lessee to coordinate with utility provider to arrange for service, should it not be immediately available. Lessor will need to grant right of access to cable company for new service. Lessor will also allow for a satellite dish on the roof regardless if cable is present or not. Lessee to use Lessor's roofing contractor to maintain guarantee. Lessee responsible for all damage to the roof.

#### **24.0 - Handicap Accessibility**

Full compliance with ADA and all local jurisdictions' handicap requirements. Lessor shall comply with all ADA regulations affecting the Building and entrance to Lessee space including, but not limited to, exterior and interior doors, concrete curb cuts, ramps and walk approaches to / from the parking lot, parking lot striping for four (4) dedicated handicap stalls for a unit up to 20 station clinic and six (6) HC stalls for units over 20 stations handicap stalls inclusive of pavement markings and stall signs with current local provisions for handicap parking stalls, delivery areas and walkways.

Finish floor elevation is to be determined per Lessee's architectural plan in conjunction with Lessor's civil engineering and grading plans. If required, Lessor to construct concrete ramp of minimum 5' width, provide safety rails if needed, provide a gradual transitions from overhead canopy and parking lot grade to finish floor elevation. Concrete surfaces to be troweled for slip resistant finish condition according to accessible standards.

#### **25.0 - Exiting**

See lighting credit

#### **26.0 - Site Development Scope of Requirements**

Lessor to provide Lessee with a site boundary and topographic ALTA survey, civil engineering and grading plans prepared by a registered professional engineer. Civil engineering plan is to include necessary details to comply with municipal standards. Plans will be submitted to Lessee Architect for coordination purposes. Site development is to include the following:

- Utility extensions, service entrance locations, inspection manholes;
- Parking lot design, stall sizes per municipal standard in conformance to zoning requirement;
- Site grading with Storm water management control measures (detention / retention / restrictions);
- Refuse enclosure location & construction details for trash and recycling;
- Handicap stall location to be as close to front entrance as possible;
- Side walk placement for patron access, delivery via service entrance;
- Concrete curbing
- Site lighting; Lessor will have the option of providing a credit for site and building lighting of \$16,000.00
- Conduits for Lessee signage;
- Site and parking to accommodate tractor trailer 18 wheel truck delivery access to service entrance;
- Ramps and curb depressions.
- Landscaping shrub and turf as required per municipality;
- Irrigation system if Lessor so desires and will be designed by landscape architect and approved by planning department;

- Construction details, specifications / standards of installation and legends;
- Final grade will be sloped away from building.

**27.0 - Refuse Enclosure**

Lessor to provide a minimum 6" thick reinforced concrete pad approx 100 to 150SF based on Lessee's requirements' and an 8' x 12' apron (or as per site plan) way to accommodate dumpster and vehicle weight. Enclosure to be provided as required by local codes, with size shown on site plan.

**28.0 - Generator**

Lessor to allow a generator to be installed onsite if required by code or Lessee chooses to provide one.

**29.0 - Site Lighting**

See above Credit

**30.0 - Exterior Building Lighting**

See above credit

**31.0 - Parking Lot**

Provide adequate amount of handicap and standard parking stalls in accordance with dialysis use and overall building uses. Stalls to receive striping, lot to receive traffic directional arrows and concrete parking bumpers. Bumpers to be firmly spike anchored in place onto the asphalt per stall alignment.

Asphalt wearing and binder course to meet geographical location design requirements for parking area and for truck delivery driveway.

Asphalt to be graded gradual to meet handicap and civil site slope standards, graded into & out of new patient drop off canopy and provide positive drainage to in place storm catch basins leaving surface free of standing water, bird baths or ice buildup potential as per City requirements for storm management.

**32.0 - Site Signage**

Lessor to allow for an illuminated site and/or façade mounted signs. A monument and/or the pylon structure to be provided by Lessor with power and a receptacle. Final sign layout to be approved by Lessee and the City.

**EXHIBIT D**

**FORM OF COMMENCEMENT DATE MEMORANDUM**

With respect to that certain lease ("Lease") dated \_\_\_\_\_, between \_\_\_\_\_ ("Lessor") and \_\_\_\_\_ ("Lessee"), whereby Lessor leased to Lessee and Lessee leased from Lessor space located at \_\_\_\_\_ (the "Premises"). Lessee and Lessor hereby acknowledge as follows:

- (1) Lessor delivered possession of the Premises to Lessee on \_\_\_\_\_ (the "Possession Date");
- (2) The Term of the Lease commenced on \_\_\_\_\_ (the "Commencement Date"); and
- (3) Lessee shall commence payment of Rent on \_\_\_\_\_.
- (4) The Premises contain \_\_\_\_\_ rentable square feet of space.

All capitalized terms herein, not otherwise defined herein, shall have the meaning assigned in the Lease.

IN WITNESS WHEREOF, this Commencement Date Memorandum is executed this \_\_\_\_ day of \_\_\_\_\_, 2011.

LESSOR:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

LESSEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FOR LESSEE'S INTERNAL USE ONLY**  
**APPROVED AS TO FORM ONLY:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT E**

**FORM W-9**

**(attached)**

**EXHIBIT F**

**INTENTIONALLY OMITTED**



**EXHIBIT G**

**FORM OF ESTOPPEL CERTIFICATE**

THIS ESTOPPEL CERTIFICATE is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_ ("Lessee") in connection with that certain Lease Agreement dated \_\_\_\_\_ by and between Lessee and \_\_\_\_\_, as Lessor (the "Lease") for the premises located at \_\_\_\_\_ (the "Premises").

Lessee hereby certifies to \_\_\_\_\_ as follows:

1. A true and correct copy of the Lease together with all amendments is attached hereto as Exhibit "A". There are no other oral or written agreements or understandings between Lessor and Lessee relating to the Premises.
2. The information set forth below is true and correct as of the date hereof:
  - (a) Approximate square footage of the Premises: \_\_\_\_\_ rentable square feet
  - (b) Monthly installment of Rent as of the date hereof: \$ \_\_\_\_\_
  - (c) Commencement Date: \_\_\_\_\_
  - (d) Termination date: \_\_\_\_\_
  - (e) Security deposit: \_\_\_\_\_
  - (f) Prepaid rent in the amount of: \_\_\_\_\_
  - (g) Renewal Options: \_\_\_\_\_
3. Lessee has accepted possession of the Premises and is in occupancy thereof under the Lease. As of the date hereof, the Lease is in full force and effect.
4. To the best of Lessee's actual knowledge and belief, without inquiry or investigation, there exists no default, no facts or circumstances exist that, with the passage of time or giving of notice, will or could constitute a default, event of default, or breach on the part of either Lessee or Lessor.
5. No rent has been or will be paid more than thirty (30) days in advance.
6. Lessee has no right of first refusal, option, or other right to purchase the Building or any part thereof, including, without limitation, the Premises.

[Signature page follows]

IN WITNESS WHEREOF, Lessee has executed this Estoppel Certificate as of the date first above written.

LESSEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*FOR LESSEE'S INTERNAL PURPOSES ONLY:*

APPROVAL AS TO FORM ONLY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Group General Counsel

**EXHIBIT A TO ESTOPPEL CERTIFICATE**

COPY OF LEASE

(attached)



Skyline Region 1  
2659 N. Milwaukee Avenue.  
Chicago, Illinois 60647  
(773) 276-2380

March 21, 2011

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

**RE: DaVita Inc. and Total Renal Care Inc. d/b/a Woodlawn Dialysis**  
**Conditions of the Space Lease**

Dear Ms. Wozniak:

Total Renal Care Inc. wishes to relocate and expand Woodlawn Dialysis. The project relocates the facility 1.64 miles northwest from 1164 E. 55<sup>th</sup> Street in Chicago, IL (60615) to 5038 S. King Drive in Chicago, IL (60615).

The project also adds twelve (12) stations to the 20-station facility, resulting in 32 stations.

Total Renal Care Inc. would lease and modernize approximately 12,000 gross square feet (gsf) to house the 32-station dialysis facility. The lease will be for fifteen (15) years, with three (3) five-year options to renew. The initial base lease rate would be \$22.50 per square foot triple net and increase 10% per each five-year option.

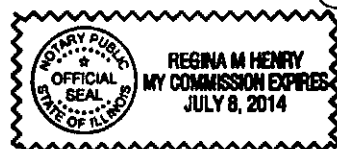
The terms of the lease appear reasonable based on a comparison to similar rents in the area (see attached analysis.) Also, lease expenses are less costly than constructing a new facility.

Sincerely,

Steven E. Lieb  
Group General Counsel

See Attached

NOTARY





USI Real Estate Brokerage Services, Inc.  
Broker Opinion of Value  
March 1, 2011

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

SUBJECT  
PROPERTY: 5038 S King Dr, Chicago, IL 60615

SUBJECT  
PROPERTY  
RENT: \$22.50/SF NNN

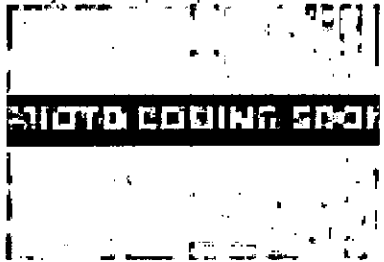
CURRENT COMPS: See following page

MARKET  
RANGE: Current market rents for properties comparable to the subject property range from \$18.00 - \$23.00 NNN ("Comparable Existing Properties"). The subject properties are well located in very small medical building markets. The closer we got to University of Chicago Hospital the tighter the supply. There are a number of medical buildings in the area but most are 100% leased or have small spaces available. This site is also a "Build to Suit" location which should be a higher cost than an existing location by more than 20%.

CONCLUSION: Based on a comparison of the characteristics (as described above) of the Subject Property to the Comparable Properties, the **Fair Market Rental Range** for 5038 S King Dr, Chicago, IL 60615 is between \$18.00 to \$23.00 NNN.

PREPARED BY: Matthew Fetter

## Subject Property



5038 S King Dr Chicago, IL 60615	
Building Class / Type:	B
Total Building Size:	12,000
Year Built:	TBD 2011
DaVita Space:	12,000 SF

## Comparables Properties



<b>1424-1428 E 53<sup>rd</sup></b> Chicago, IL 60615	
Building Class / Type:	B
Total Building Size:	28,459 SF
Year Built:	1927
Completed: 3/24/10 Square Footage: 1,500 SF Rental Rate: \$19.00/SF NNN	



<b>119-133 E 75<sup>th</sup> St</b> Chicago, IL 60619	
Building Class/Type:	B
Total Building Size:	7,818 SF
Year Built:	2009
Completed: 3/1/10 Square Footage: 2,359 SF Rental Rate: \$23.00/SF NNN	

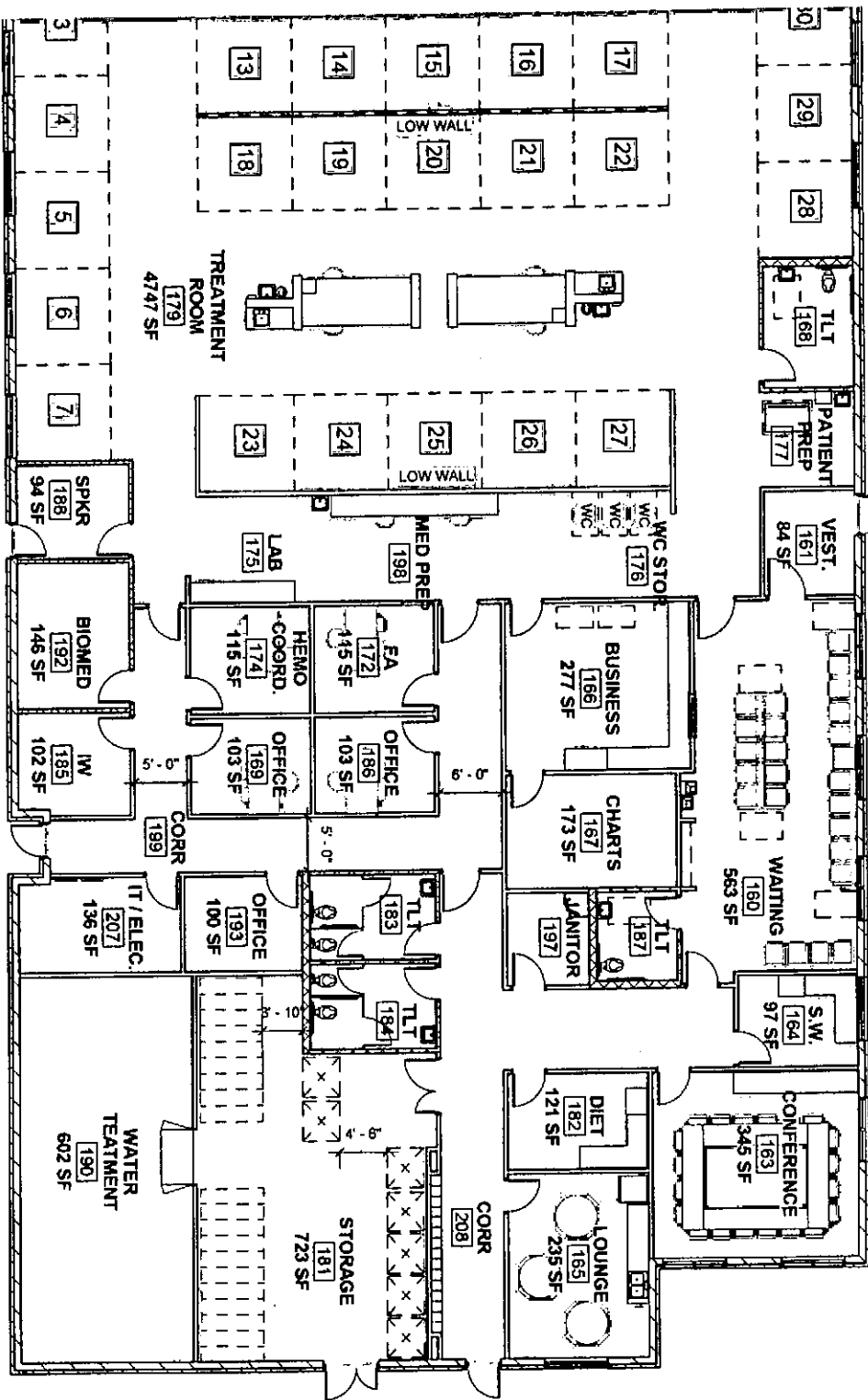


607-621 E 79 <sup>th</sup> St Chicago, IL 60644	
Building Class/Type:	B
Total Building Size:	12,868 SF
Year Built:	N/A
Completed: 3/1/10 Square Footage: 1,052 SF Rental Rate: \$18.00/SF NNN	

## Market Summary

Although rental rates vary above, based on the existing building type and class, the expected range of market rental rates is between \$18.00 and \$23.00 NNN.

**PATIENT PARKING**



**LOADING / STAFF PARKING**

PLAN  
1'-0"

ATTACHMENT 3

**S. KING DRIVE**

**BUILDING AREA:**  
12,113 SF  
**USABLE AREA:**  
11,568 SF

**STUDIO**  
ARCHITECTURE + INTERIORS  
223 West Jackson Boulevard, Suite 1200  
Chicago, IL 60606  
Phone: 312.253.3400 Fax: 312.253.3401  
1600 Oak Road, Suite 1000  
Rolling Meadows, IL 60009  
Phone: 847.262.0545 Fax: 847.262.0075

**WOODLAWN  
DIALYSIS**

For  
Davita Inc.

No.	Description	Date
02/07/09 2011		

FLOOR  
PLAN

**A1**

Project:

Glazier Corporation  
308 W. Erie #705  
Chicago, IL 60654

March 1, 2011

Kelly Ladd  
Regional Operations Director  
DaVita - Heartland Region 1  
2659 N. Milwaukee Avenue  
Chicago, IL 60647

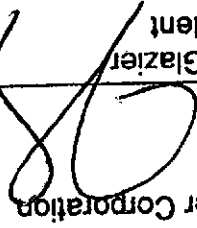
Re: Woodlawn Project  
5038 S. Martin Luther King Dr.  
Chicago, IL

Dear Ms. Ladd:

This letter will confirm that the above referenced property is not located in a  
floodplain.

The property does comply with the Floodplain Rule under Illinois Executive Order  
# 2005-5.

Kind regards,

Glazier Corporation  
  
Josh Glazier  
President





**Illinois Historic  
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • [www.illinois-history.gov](http://www.illinois-history.gov)

Cook County  
Chicago

CON - Relocation of Woodlawn Dialysis  
Existing - 1164 E. 55<sup>th</sup> St., Proposed - 5038 S. King Dr.  
IHPA Log #001030711

March 10, 2011

Delia M. Wozniak  
DMW and Associates, Inc.  
3716 N. Bernard St.  
Chicago, IL 60618

Dear Ms. Wozniak:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker  
Deputy State Historic  
Preservation Officer

ATTACHMENT 5

**WOODLAWN DIALYSIS**

**Modification of  
Relocation and Expansion CON Application  
IHFSRB #10-093**

**Selected Pages of the CON Application**

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

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Facility/Project Identification**

Facility Name:	<b>Woodlawn Dialysis *</b>		
Street Address:	<b>5038 S. Martin Luther King, Jr. Drive</b>		
City and Zip Code:	<b>Chicago, Illinois 60615</b>		
County:	<b>Cook</b>	Health Service Area <b>6</b>	Health Planning Area: <b>6</b>

\*Formerly known as University of Chicago – Woodlawn

**Applicant /Co-Applicant Identification (PARENT COMPANY)**

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

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

**Type of Ownership of Applicant/Co-Applicant**

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

o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.

o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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

**Additional Contact**

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

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

**Revised 3/22/11**

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

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Facility/Project Identification**

Facility Name:	<b>Woodlawn Dialysis *</b>		
Street Address:	<b>5038 S. Martin Luther King, Jr. Drive</b>		
City and Zip Code:	<b>Chicago, Illinois 60615</b>		
County:	<b>Cook</b>	Health Service Area <b>6</b>	Health Planning Area: <b>6</b>

\*Formerly known as University of Chicago – Woodlawn

**Applicant /Co-Applicant Identification (OPERATING ENTITY)**

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

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

**Type of Ownership of Applicant/Co-Applicant**

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

o Corporations and limited liability companies must provide an Illinois certificate of good standing.

o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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

**Additional Contact**

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

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

Revised 3/22/11

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

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	<b>Glazier King, LLC</b>
Address of Site Owner:	<b>824 N. Racine Avenue, Chicago, IL 60642</b>
Street Address or Legal Description of Site:	<b>5038 S. MLK, Jr. Drive, Chicago, Illinois 60615</b>
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:	<b>Total Renal Care Inc.</b>		
Address:	<b>601 Hawaii Street, El Segundo, California 90245</b>		
<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input checked="" type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>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.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>			
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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #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 (Re-establish facility on new site.)
- 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.

~~(Project features which are revised) (The modifications of 3/22/11)~~

DaVita Inc., the parent company, and Total Renal Care Inc., the operating entity, wish to discontinue Woodlawn Dialysis located at 1164 E. 55<sup>th</sup> Street in Chicago, Illinois (60615) as the lease on the facility expires December 31, 2011. The applicants wish to relocate the 20-station facility to ~~(4642 – 4658 S. Drexel Blvd.)~~ ~~5038 S. Martin Luther King, Jr. Drive in Chicago~~ ~~(60615)~~ about 1 ½ miles northwest of the current facility. The project would add twelve (12) stations resulting in a total 32 stations. The applicants would lease ~~12,000 rentable gross square feet~~ and modernize approximately ~~(11,100)~~ ~~11,568 department~~ gross square feet (gsf) of existing space to be used solely for the in-center hemodialysis facility.

The project is in the schematic stage of design. See Attachment 14(1) for schematics. ~~New~~ ~~construction and modernization is expected to take (fourteen (14) weeks, May 1, 2011 to August 15, 2011)~~ ~~five months, from September 15, 2011 to February 15, 2012~~

The first patient treatment is anticipated to be on ~~(October 1, 2011)~~ ~~March 19, 2012~~.

The facility anticipates certification within nine (9) months of construction completion, by ~~(May 15, 2012)~~ November 15, 2012. The project completion date is December 31, 2012.

The estimated total project cost is \$2,652,289, excluding the fair market value (FMV) of leased space of \$2,331,222.

TRC has signed a non-binding letter of intent (LOI) to lease the space (see Attachment 2.) The lease will be for fifteen (15) years, with ~~(two (2))~~ ~~three (3)~~ five-year options to renew. The initial base lease is expected to be ~~(\$20.00/gsf triple net escalating at 3% per year)~~ ~~\$22.50/gsf triple net escalating at 10% every five years~~

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

The project is considered Substantive, per Section 1110.40(b), as the project establishes a new facility on a new site.

## COST/SPACE REQUIREMENTS

### Total Renal Care Inc. d/b/a Woodlawn Dialysis

<u>Department/Area</u>	<u>Cost</u>	<u>Gross Square Feet</u>		<u>Amount of Proposed Total GSF That Is:</u>			
		<u>Existing</u>	<u>Proposed</u>	<u>New Const.</u>	<u>Remodeled</u>	<u>As Is</u>	<u>Vacated Space</u>
ESRD	\$4,983,511*	8,110**	<u>11,100**</u>		11,100	0	8,110**
			<u>11,500</u>				

\* The estimated total project cost includes the fair market value (FMV) of the leased space estimated at \$210.02/gsf, \$2,331,222 for 11,100 gross square feet (gsf.)

\*\* The project relocates a 20-station facility which has 8,110 gsf or 405.5 gsf/station.

The new facility is only 1.52 miles and 4 minutes northwest of the existing facility.

The new facility is only 1.64 miles and 5 minutes northwest of the existing facility.

Yellow highlights indicate a project area which is revised.

Blue highlights indicate the modification of 3/22/11.



## SIZE OF PROJECT

Total Renal Care Inc. d/b/a Woodlawn Dialysis proposes to relocate and expand its 20-station freestanding in-center hemodialysis facility. The project adds 12 stations for a total of 32 stations and contain 11,568 department gross square feet (dgsf.)

Please see schematics in Attachment 14(1.)

Therefore, the proposed 32-station hemodialysis service conforms to the IHFSRB guideline as follows:

<u>Number of Stations</u>	<u>Proposed DGSE</u>	<u>DGSE/Station</u>	<u>IHFSRB Standard</u>
32	11,568	361.5 dgsf/station	520 dgsf/station

**X. 1120.140 - Economic Feasibility SEE ATTACHMENTS 42 – 42(5)**

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

**A. Reasonableness of Financing Arrangements**

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

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

**B. Conditions of Debt Financing**

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

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

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
ESRD	-	\$116.09	-	-	117500	-	-	\$1,335,000	\$1,335,000
Contingency	-	\$1739	-	-	-	-	-	\$200,000	\$200,000
<b>TOTALS</b>	-	<b>\$133.48</b>	-	-	<b>117500</b>	-	-	<b>\$1,535,000</b>	<b>\$1,535,000</b>

\* Include the percentage (%) of space for circulation