

Original

11-027

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

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

MAY 27 2011

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD**Facility/Project Identification**

Facility Name: DSI Arlington Heights Renal Center		
Street Address: 17 West Golf Road		
City and Zip Code: Arlington Heights, Illinois 60005		
County: Cook	Health Service Area 7	Health Planning Area:

**Applicant /Co-Applicant Identification**

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

Exact Legal Name: DaVita, Inc.
Address: 601 Hawaii Street, El Segundo, California 90245
Name of Registered Agent: Illinois Corporation Service Company
Name of Chief Executive Officer: Kent Thiry
CEO Address: 601 Hawaii Street, El Segundo, California 90245
Telephone Number: (310) 536-2500

**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
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an <b>Illinois certificate of good standing</b>.</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> </ul>		
<b>APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>		

**Primary Contact**

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

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 North Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: 312-873-2939

**Additional Contact**

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

Name: Heather F.H. Haworth
Title: Assistant General Counsel
Company Name: DaVita, Inc.
Address: 15253 Bake Parkway, Irvine, California 92618
Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

**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: DSI Arlington Heights Renal Center		
Street Address: 17 West Golf Road		
City and Zip Code: Arlington Heights, Illinois 60005		
County: Cook	Health Service Area 7	Health Planning Area:

**Applicant /Co-Applicant Identification**

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

Exact Legal Name: DSI Renal, Inc.
Address: 424 Church Street, Suite 1900, Nashville, Tennessee 37219
Name of Registered Agent: Illinois Corporation Service Company
Name of Chief Executive Officer: Leif Murphy
CEO Address: 424 Church Street, Suite 1900, Nashville, Tennessee 37219
Telephone Number: 615-777-8200

**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.**

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Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 North Clark Street, Suite 4200, Chicago, Illinois 60601
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Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

**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: Heather F.H. Haworth
Title: Assistant General Counsel
Company Name: DaVita, Inc.
Address: 15253 Bake Parkway, Irvine, California 92618
Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Arlington Ventures
Address of Site Owner: 570 Hillside Court, Barrington, IL 60010
Street Address or Legal Description of Site: 17 West Golf Road, Arlington Heights, IL 60005 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: DSI Renal, Inc.
Address: 424 Church Street, Suite 1900, Nashville, Tennessee 37219
<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 – NOT APPLICABLE**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](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 – NOT APPLICABLE**

[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)]

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

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

The proposed project contemplates a change in control of the ultimate parent of DSI Renal, Inc., CDSI I Holding Company, Inc. By way of merger, DaVita, Inc. ("DaVita") will acquire 100% of the outstanding stock of CDSI I Holding Company, Inc. for approximately \$690 million. Pre-merger and post-merger organizational charts are attached at Attachment 4. The proposed transaction includes the transfer of up to 106 in-center hemodialysis facilities to DaVita, including 10 facilities within Illinois, subject to adjustment following Federal Trade Commission Review.

DSI Renal, Inc. d/b/a DSI Arlington Heights Renal Center is an 18 station in-center hemodialysis facility located at 17 West Golf Road, Arlington Heights, Illinois 60005. There will be no change in the operating entity, DSI Renal, Inc., or the scope of services offered, or the number of stations as a result of the merger.

The merger is projected to be complete by July 31, 2011.

This project has been classified as non-substantive because it proposes a change of ownership, which constitutes a facility conversion under 77 Ill. Admin. Code. 1110.40(b).

**Project Costs and Sources of Funds**

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$4,574,651		\$4,574,651
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>\$4,574,651</b>		<b>\$4,574,651</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$4,574,651		\$4,574,651
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$4,574,651</b>		<b>\$4,574,651</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**Related Project Costs**

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

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

The project involves the establishment of a new facility or a new category of service  
 Yes  No

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

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

**Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:

None or not applicable  Preliminary  
 Schematics  Final Working

Anticipated project completion date (refer to Part 1130.140): July 31, 2011

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

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

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

**State Agency Submittals**

Are the following submittals up to date as applicable:

- Cancer Registry **NOT APPLICABLE**  
 APORS **NOT APPLICABLE**  
 All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted  
 All reports regarding outstanding permits  
**Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.**

**Cost Space Requirements**

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

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

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



**Facility Bed Capacity and Utilization NOT APPLICABLE**

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

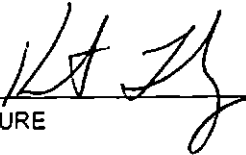
<b>FACILITY NAME:</b>		<b>CITY:</b>			
<b>REPORTING PERIOD DATES:</b>		<b>From:</b>	<b>to:</b>		
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive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

**CERTIFICATION**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

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

  
\_\_\_\_\_  
SIGNATURE

Kent Thiry  
\_\_\_\_\_  
PRINTED NAME

Chief Executive Officer  
\_\_\_\_\_  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 23 day of May, 2011

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

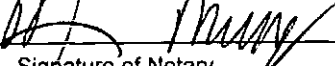
Seal  
*My Commission Expires 9-4-13*

  
\_\_\_\_\_  
SIGNATURE

Dennis Lee Kogod  
\_\_\_\_\_  
PRINTED NAME

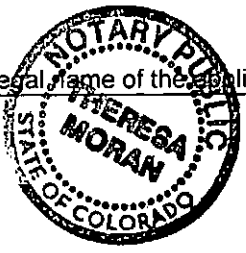
Chief Operating Officer  
\_\_\_\_\_  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 20 day of May 2011

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

Seal  
*My Commission Expires July 28, 2014*

\*Insert EXACT legal name of the applicant:

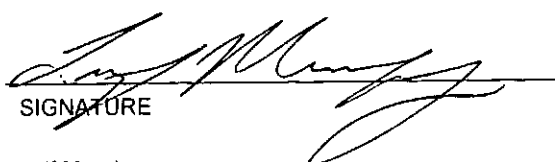


**CERTIFICATION**

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- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

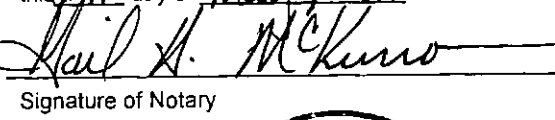
This Application for Permit is filed on the behalf of **DSI Renal, Inc.** \* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant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


  
SIGNATURE

Leif Murphy  
PRINTED NAME

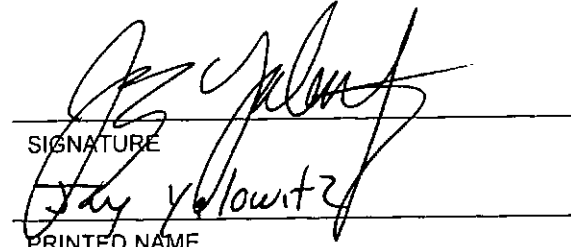
Chief Executive Officer  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 24th day of May, 2011

  
Signature of Notary

Seal  


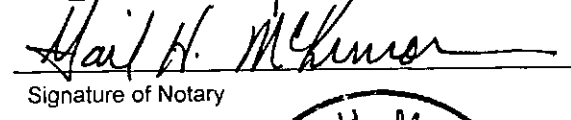
\*Insert EXACT legal name of the applicant

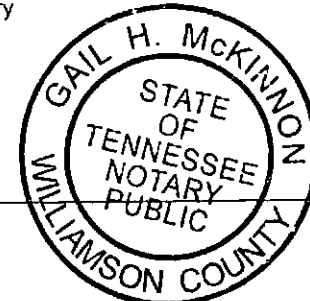
  
SIGNATURE

Jay Yelowitz  
PRINTED NAME

Exp. Secretary  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 24th day of May, 2011

  
Signature of Notary

Seal  


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

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

#### Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

##### BACKGROUND OF APPLICANT

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

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

##### PURPOSE OF PROJECT

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

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

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

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

**ALTERNATIVES**

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

Alternative options **must** include:

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

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

**SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP**

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

**NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.**

**A. Criterion 1110.240(b), Impact Statement**

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

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

**B. Criterion 1110.240(c), Access**

Read the criterion and provide the following:

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

**C. Criterion 1110.240(d), Health Care System**

Read the criterion and address the following:

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

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

**VIII. - 1120.120 - Availability of Funds**

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

\$4,574,641	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$4,574,641	<b>TOTAL FUNDS AVAILABLE</b>	

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

2. Variance

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

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



**X. 1120.140 - Economic Feasibility**

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

**A. Reasonableness of Financing Arrangements**

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)	
Contingency									
<b>TOTALS</b>									

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

**D. Projected Operating Costs**

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

**E. Total Effect of the Project on Capital Costs**

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

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

**XI. Safety Net Impact Statement**

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

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

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

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

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

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

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

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

**XII. Charity Care Information**

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

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

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

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

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

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

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

Certificates of Good Standing for DaVita, Inc. and DSI Renal, Inc. are attached at Attachment – 1. DaVita will acquire all of the outstanding stock of CDSI I Holdings Company, Inc., the ultimate parent of the operator, DSI Renal, Inc. As the entity acquiring final control over the operator, DaVita, Inc. is named as an applicant for this CON application. DaVita, Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita, Inc. from the state of its incorporation, Delaware is attached.

# Delaware

PAGE 1

*The First State*

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

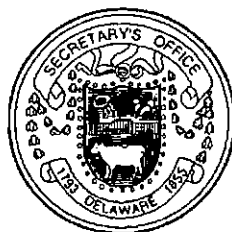
AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

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


AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

101133217



You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8386715

DATE: 11-30-10



*To all to whom these Presents Shall Come, Greeting:*

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

DSI RENAL, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 06, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of MAY A.D. 2011*



Authentication #: 1113901624

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

*Jesse White*

SECRETARY OF STATE

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

A copy of the lease between Arlington Ventures, LLC and DSI Renal, Inc. is attached at Attachment – 2.

Arlington Towne Square  
P.O. Box 28  
Arlington Heights, IL 60006

LEASE AMENDMENT

This is an amendment to the lease dated December 31<sup>st</sup> 2001, between Cole Taylor Bank as Trustee for Trust No. 95-4151 and then amended to "Arlington Ventures I LLC, a Delaware limited liability company, Arlington Ventures II LLC, a Delaware limited liability company, VGF LLC, a Delaware limited liability company, PNE Properties LLC, a Delaware limited liability company, NGR Real Estate Investments LLC, a Delaware limited liability company, and Skopos LLC, a Delaware limited liability company" (hereinafter known as "Landlord") and DSI Renal, Inc., as assignee from RCG Arlington Heights, LLC (hereinafter known as "Tenant") for premises located at:

17 W. Golf Road (Spaces C-2 & C-3)  
Arlington Heights, IL 60005

For good and valuable consideration, it is hereby agreed that the lease shall be amended as follows:

1. 1<sup>st</sup> 5-Year Lease option to be exercised, commencing on 04/01/12 - 03/31/17.
2. The Base Rent during the period of 04/01/12 - 03/31/17 shall be \$11, 669.20 per month (\$14.62 NNN per foot).
3. Option Period: Tenant shall have One 5-Year Option with Base Rent during such option period increasing at 3% annually from the Base Rent from the prior 12 month period.
4. Tenant hereby agrees to waive their "first right of refusal" clause to allow Beauty Systems Group, LLC a Delaware limited liability company, dba CosmoProf and/or Sally Beauty Supply to occupy the 2 adjacent spaces located at (31 West Golf Road and 35 West Golf Road).
5. Tenant shall continue to pay its pro-rated share of Common Area Maintenance, Real Estate Taxes and Insurance charges per month.

All other terms and conditions shall remain the same according to the current lease.

Witness whereof, the parties hereto have executed this Amendment to Lease this 31st day of January, 2011.

LANDLORD:

Arlington Ventures I, LLC, a Delaware limited liability company,  
Arlington Ventures II, LLC, a Delaware limited liability company,  
VGF, LLC, a Delaware limited liability company, PNE Properties,  
LLC, a Delaware limited liability company, NGR Real Estate  
Investments, a Delaware limited liability company and Skopos, LLC, a  
Delaware limited liability company

By: [Signature]  
Its: NGR Real Estate Investments, LLC  
By: [Signature]  
Its: Skopos LLC  
By: [Signature]  
Its: Arlington Ventures I LLC  
By: [Signature]

TENANT:

DSI Renal, Inc.

By: [Signature]  
Its: [Signature]



Its: Adrian Kentner II, LLC  
By: V. Stajduch  
Its: VGF, LLC  
By: Ray E. [Signature]  
Its: PLT Properties, LLC

END OF DOCUMENT

CONSENT TO LEASE ASSIGNMENT

THIS CONSENT TO ASSIGNMENT (this "Consent") is entered into as of 3/1  
2006, by and among ~~COLE TAYLOR BANK, AS TRUSTEE UNDER A TRUST~~ Arlington Venture  
~~AGREEMENT DATED DECEMBER 15, 1995 AND KNOWN AS TRUST NUMBER 95-4151~~  
("Landlord"), RCG ARLINGTON HEIGHTS, LLC, a Delaware limited liability company  
("Assignor"), and NATIONAL RENAL INSTITUTES, INC., a Delaware corporation  
("Assignee");

WITNESSETH:

WHEREAS, Landlord and Assignor are parties to that certain Lease dated December 31, 2001, as it may have been amended (collectively, the "Lease"), whereby Assignor leases certain premises located at 17 West Golf Road, Arlington Heights, Illinois 60006 (the "Premises"); capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Lease;

WHEREAS, pursuant to the terms and conditions of that certain Asset Purchase Agreement by and among Renal Care Group, Inc., Fresenius Medical Care Holdings, Inc., and National Renal Institutes, Inc. (the "Transaction"), Assignor desires to assign to Assignee and Assignee desires to assume from Assignor the Lease; and

WHEREAS, Assignee has agreed to assume the Lease;

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. Landlord consents to the assignment and assumption of the Lease.
2. Except as otherwise specifically provided herein, nothing contained in this Consent shall be construed to modify, waive, impair or affect any of the covenants, agreements, terms, provisions or conditions contained in the Lease, or to waive any breach in the due keeping, observance or performance thereof, or to enlarge or increase Landlord's obligations under the Lease.
3. Assignee agrees to assume all the rights and obligations under the Lease and shall be liable for the performance of all obligations of the Assignor under the Lease from and after the date of closing of the Transaction with respect to the Premises, and Assignee agrees that, from and after such closing date, it shall perform and observe all of the terms and conditions of the Lease on the part of the Assignor thereunder to be performed and observed for the remainder of the current term of the Lease.
4. Notwithstanding anything herein to the contrary, Assignor acknowledges and agrees that Assignor is not being released from any obligations under the Lease to be performed or observed by Tenant thereunder for the remainder of the Term of the Lease, it being the intent that both Assignor and Assignee remain jointly and severally liable for all obligations to be performed or observed by Tenant under the Lease for the remainder of the Term of the Lease.

- 1 -

14471767 RCG Arlington Heights LS

PAGE 35 \* RCVD AT 2/24/2006 3:56:11 PM [Central Standard Time] \* BVR:CHKRF0V20 \* DNR:4777 \* CSID:8475933595 \* DURATION (mm-ss):02-16

5. The right to the return of any security deposit referred to in the Lease is hereby assigned by Assignor to Assignee.

6. This Consent shall not be construed as a consent by Landlord to, or as permitting, any other or further assignment of the Lease, and no such further assignment shall be made without the prior written consent of Landlord in each instance, except to the extent permitted under the Lease.

7. This Consent shall inure to the benefit of, and be binding upon, the parties hereto and to their respective successors and assigns.

8. Landlord has not made any representations or warranties whether with respect to the condition of the Premises, or otherwise, except that Landlord states that it is entitled to execute this Consent.

9. Assignor agrees to pay promptly all fees, charges and other expenses of Landlord on account of the assignment and assumption of the Lease, including Landlord's attorney's fees and expenses.

10. All prior statements, understandings, representations and agreements between the parties to this Consent with respect to Landlord's consent to the assignment of the Lease, whether oral or written, are superseded by and merged in this Consent. This Consent may be executed in one or more counterparts each of which, when so executed and delivered, shall be deemed to be an original, but all of which, when taken together, shall constitute but one and the same instrument.

- 2 -

14471767 RCO Arlington Heights LS

PAGE 4/5 \* RCVD AT 2/24/2006 3:58:18 PM [Central Standard Time] \* SVR:CH2KRF01/20 \* DNIB:4777 \* CSID:8475933695 \* DURATION (mm-ss):02-16

IN WITNESS WHEREOF, the parties have caused this Consent to Assignment to be duly executed as of the day and year first above written.

LANDLORD

~~COLL TAYLOR BANK, AS TRUSTEE UNDER A TRUST AGREEMENT DATED DECEMBER 15, 1995 AND KNOWN AS TRUST NUMBER 95-4151~~ *Arlington Ventures*

By: *George F. Jones*  
Name: *George F. Jones*  
Title: *Manager*

ASSIGNOR

RCG ARLINGTON HEIGHTS, LLC,  
a Delaware limited liability company

By: *Barry B. Nekritz*  
Name: Barry B. Nekritz  
Title: Authorized Representative

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,  
a Delaware corporation

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

IN WITNESS WHEREOF, the parties have caused this Consent to Assignment to be duly executed as of the day and year first above written.

LANDLORD

~~COLB TAYLOR BANK, AS TRUSTEE UNDER A TRUST AGREEMENT DATED DECEMBER 15, 1995 AND KNOWN AS TRUST NUMBER 95-4151~~ Arlington Ventures

By: [Signature]  
Name: George F. Jones  
Title: Manager

ASSIGNOR

RCG ARLINGTON HEIGHTS, LLC,  
a Delaware limited liability company

By: [Signature]  
Name: Barry B. Nekritz  
Title: Authorized Representative

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,  
a Delaware corporation

By: [Signature]  
Name: Judy Letkovitz  
Title: AVP & Secretary

#165 ARLINGTON Hts.  
(C-2)

(Arlington Heights, Illinois)  
(Medical Office Space)  
(Space No. "C-2")

**LEASE AGREEMENT**

between

**COLE TAYLOR BANK, as Trustee under a Trust**  
Agreement Dated December 15, 1995 and known as Trust No. 95-4151

("Landlord")

and

**RCG ARLINGTON HEIGHTS, LLC**  
("Tenant")

**Dated: Effective December 31, 2001**

**Property:**

**Arlington Town Square  
Arlington Heights, Illinois**

N JFR 362272 v3  
137908-00070 12/20/2001

CONSENT TO LEASE ASSIGNMENT

THIS CONSENT TO ASSIGNMENT (this "Consent") is entered into as of 3/11 2006, by and among ~~SOLE TAYLOR BANK, AS TRUSTEE UNDER A TRUST~~ Arlington Venture AGREEMENT DATED DECEMBER 15, 1995 AND KNOWN AS TRUST NUMBER 95-4151 ("Landlord"), RCG ARLINGTON HEIGHTS, LLC, a Delaware limited liability company ("Assignor"), and NATIONAL RENAL INSTITUTES, INC., a Delaware corporation ("Assignee");

WITNESSETH:

WHEREAS, Landlord and Assignor are parties to that certain Lease dated December 31, 2001, as it may have been amended (collectively, the "Lease"), whereby Assignor leases certain premises located at 17 West Golf Road, Arlington Heights, Illinois 60006 (the "Premises"); capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Lease;

WHEREAS, pursuant to the terms and conditions of that certain Asset Purchase Agreement by and among Renal Care Group, Inc., Fresenius Medical Care Holdings, Inc., and National Renal Institutes, Inc. (the "Transaction"), Assignor desires to assign to Assignee and Assignee desires to assume from Assignor the Lease; and

WHEREAS, Assignee has agreed to assume the Lease;

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. Landlord consents to the assignment and assumption of the Lease.
2. Except as otherwise specifically provided herein, nothing contained in this Consent shall be construed to modify, waive, impair or affect any of the covenants, agreements, terms, provisions or conditions contained in the Lease, or to waive any breach in the due keeping, observance or performance thereof, or to enlarge or increase Landlord's obligations under the Lease.
3. Assignee agrees to assume all the rights and obligations under the Lease and shall be liable for the performance of all obligations of the Assignor under the Lease from and after the date of closing of the Transaction with respect to the Premises, and Assignee agrees that, from and after such closing date, it shall perform and observe all of the terms and conditions of the Lease on the part of the Assignor thereunder to be performed and observed for the remainder of the current term of the Lease.
4. Notwithstanding anything herein to the contrary, Assignor acknowledges and agrees that Assignor is not being released from any obligations under the Lease to be performed or observed by Tenant thereunder for the remainder of the Term of the Lease, it being the intent that both Assignor and Assignee remain jointly and severally liable for all obligations to be performed or observed by Tenant under the Lease for the remainder of the Term of the Lease.

5. The right to the return of any security deposit referred to in the Lease is hereby assigned by Assignor to Assignee.

6. This Consent shall not be construed as a consent by Landlord to, or as permitting, any other or further assignment of the Lease, and no such further assignment shall be made without the prior written consent of Landlord in each instance, except to the extent permitted under the Lease.

7. This Consent shall inure to the benefit of, and be binding upon, the parties hereto and to their respective successors and assigns.

8. Landlord has not made any representations or warranties whether with respect to the condition of the Premises, or otherwise, except that Landlord states that it is entitled to execute this Consent.

9. Assignor agrees to pay promptly all fees, charges and other expenses of Landlord on account of the assignment and assumption of the Lease, including Landlord's attorney's fees and expenses.

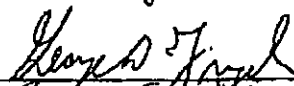
10. All prior statements, understandings, representations and agreements between the parties to this Consent with respect to Landlord's consent to the assignment of the Lease, whether oral or written, are superseded by and merged in this Consent. This Consent may be executed in one or more counterparts each of which, when so executed and delivered, shall be deemed to be an original, but all of which, when taken together, shall constitute but one and the same instrument.



IN WITNESS WHEREOF, the parties have caused this Consent to Assignment to be duly executed as of the day and year first above written.

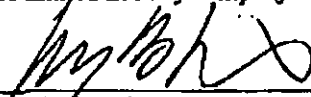
LANDLORD

~~GOLE TAYLOR BANK, AS TRUSTEE UNDER  
A TRUST AGREEMENT DATED DECEMBER  
15, 1995 AND KNOWN AS TRUST NUMBER  
95-4131~~ Arlington Ventures

By:   
Name: George Froese  
Title: Manager

ASSIGNOR

RCG ARLINGTON HEIGHTS, LLC,  
a Delaware limited liability company

By:   
Name: Barry B. Nekritz  
Title: Authorized Representative

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,  
a Delaware corporation

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

IN WITNESS WHEREOF, the parties have caused this Consent to Assignment to be duly executed as of the day and year first above written.

LANDLORD

~~COLT TAYLOR BANK, AS TRUSTEE UNDER  
A TRUST AGREEMENT DATED DECEMBER  
15, 1995 AND KNOWN AS TRUST NUMBER  
93-4131~~ Arlington Ventures

By: *George Fudge*  
Name: George Fudge  
Title: Manager

ASSIGNOR

RCG ARLINGTON HEIGHTS, LLC,  
a Delaware limited liability company

By: *Barry B. Nekritz*  
Name: Barry B. Nekritz  
Title: Authorized Representative

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,  
a Delaware corporation

By: *Judy LeKovitz*  
Name: Judy LeKovitz  
Title: AVP & Secretary

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LEASE AGREEMENT

This Lease Agreement (the "Lease") made effective as of the 31st day of December, 2001 (the "Effective Date"), by and between COLE TAYLOR BANK, as Trustee under a Trust Agreement dated December 15, 1993, and known as Trust No. 95-4151 with offices at Lighthouse Property Management, LLC, Attn.: Peggy McDermott, 570 Hillside Court, Barrington, Illinois 60010, ("Landlord"), and RCG Arlington Heights, LLC, a Delaware limited liability company authorized to do business in Illinois with offices at 2100 West End Avenue, Suite 800, Nashville, Tennessee 37203 ("Tenant").

WITNESSETH:

WHEREAS, Tenant desires to lease the Leased Premises and the Rights from the Landlord; and

WHEREAS, the Landlord wishes to lease the Leased Premises and the Rights to the Tenant upon the terms and conditions set forth herein.

NOW, THEREFORE, for valuable consideration and the mutual covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Certain Definitions. In addition to other terms defined elsewhere in this Lease, for all purposes of this Lease:

(a) "Additional Rent" shall mean any and all amounts other than Base Rent payable by Tenant to Landlord as required under this Lease.

(b) "Base Rent" shall mean the sums required to be paid by Tenant to Landlord pursuant to Section 4.1 herein.

(c) "Beneficial Occupancy Date" shall mean the Effective Date of this Lease, such date also being the date on which Tenant shall be delivered possession of the Leased Premises.

(d) "Commencement Date" shall mean the date following the Beneficial Occupancy Date and upon which the Lease Term commences, as established pursuant to Section 3.2 herein.

(e) "Common Area" shall mean all the Shopping Center interior common area corridors, interior walks, lobbies and restrooms, together with the roof and exterior walls of the Shopping Center and all exterior landscaped areas, parking areas, walkways, traffic corridors, benefiting easement areas, utilities, utility equipment and other facilities (other than such as would exclusively benefit any leased premises within the Shopping Center) approaches, exits, entrances and roadways as exists as of the Effective Date of this Lease, or as may exist from time to time.

(f) "Common Area Maintenance Expenses" shall mean any and all expenses incurred and paid by Landlord in connection with the maintenance, repair, replacement and operation of Common Area. Excluded from the definition of Common Area Maintenance Expenses are the following:

- (i) Real Estate Taxes;
- (ii) Insurance Expense;

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- (iii) The cost of alterations, capital improvements, and other items which under generally accepted accounting principles are properly classified as capital expenditures (except that the amortized portion of capital repair or replacement costs shall be included as a Common Area Maintenance Expense);
- (iv) Expenses for repair or other work occasioned by fire or other casualty which is covered under a standard fire or casualty insurance policy with extended coverage;
- (v) Any tenant work performed or alteration of space leased to Tenant or other tenants or occupants of the Shopping Center, whether such work or alteration is performed for the initial occupancy by such tenant or occupant or thereafter;
- (vi) Repairs necessitated by the negligence of Landlord, or required to cure violations of law with respect to the Shopping Center as of the Effective Date or thereafter not precipitated by Tenant's use of the Leased Premises;
- (vii) Interest or amortization payments on any mortgage or rents paid under any ground lease pertaining to the Land;
- (viii) Depreciation;
- (ix) Legal expenses in enforcing the terms of any lease other than this Lease;
- (x) Expenses incurred in the leasing or procuring of new tenants, including lease commissions, brokerage fees, advertising expenses and expense for renting space for new tenants;
- (xi) Compensation paid to officers, executives, members or owners of the Landlord; or
- (xii) Overhead and profit paid to Landlord, or subsidiaries or affiliates of Landlord, for management or other services on or to the Shopping Center or the Leased Premises or for supplies or other materials, to the extent that the costs of the services, supplies, or materials exceed the amount customarily charged by an independent entity for such services, supplies, or materials (except that reasonable management fees shall be included as a Common Area Maintenance Expense).

(g) [INTENTIONALLY OMITTED.]

(h) "Dialysis Space Lease" or "Clinic Lease" shall mean that certain Lease Agreement executed by and between Landlord and Tenant of even date herewith for the lease of space for a renal dialysis clinic in the space contiguous (Shopping Center storefront No. "C-3") to the Leased Premises (the "Clinic Premises").

(i) "Effective Date" shall mean the date of full execution of this Lease by both Landlord and Tenant as set forth in the opening paragraph.

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(j) "Guarantor" shall mean the guarantor of Tenant's obligations hereunder, Renal Care Group, Inc., a Delaware corporation - as guarantor under that Guaranty Agreement executed in favor of Landlord dated on or about the Effective Date hereof and in the form substantially as attached hereto as Exhibit Q.

(k) "Insurance Expense" shall mean the cost of liability, casualty and property insurance which the Landlord reasonably carries with respect to the Landlord Shopping Center, including that which the Landlord is specifically required to carry pursuant to this Lease and, as Landlord reasonably determines is necessary to maintain with respect to the Shopping Center.

(l) "Land" shall mean that certain tract of land described in Exhibit A attached hereto and made a part hereof.

(m) "Lease Term" shall mean the term of this Lease as established in Section 3.1 herein, including any renewal terms hereafter exercised, if any, by Tenant.

(n) "Leased Premises" shall mean the premises leased to Tenant pursuant to this Lease within the Shopping Center and being storefront No. "C-2", comprised of approximately, but not less than, 3,978 square feet, a diagram of which, together with the premises leased under the office Lease, is attached hereto as Exhibit B and made a part hereof by reference.

(o) "Lease Year" shall mean with respect to the first Lease Year, the period after the Beneficial Occupancy Date commencing on the Commencement Date and ending at 11:59 p.m. on the day preceding the first anniversary of the Commencement Date; and, with respect to each subsequent Lease Year, the twelve (12) month period commencing on the next day following the previous Lease Year.

(p) "Operating Expenses" shall mean Real Estate Taxes, Insurance Expenses and Common Area Maintenance Expenses, collectively.

(q) "Permitted Use" shall mean the use of the Leased Premises as medical offices as an incidental use in conjunction with Tenant's clinic operations in the Clinic Premises leased under the Clinic Lease, and any lawful, related use.

(r) "Real Estate Taxes" shall mean all ad valorem, real property, personal property, or similar taxes, charges and assessments, excepting such assessments arising from another tenant's use, improvement or occupancy, whether general, special, or specific or otherwise (whether or not commenced or completed during the Lease Term), which are levied, assessed or imposed, during any calendar year of the Lease Term by any governmental authority upon the Lease, the Landlord, the Shopping Center, the Land, any improvements, fixtures, and equipment and all other property of Landlord, real or personal, located in the Shopping Center and used in connection with the operation of the Shopping Center (excluding, however, federal or state income tax, or any franchise, estate, gift or inheritance taxes, or any real estate transfer taxes imposed by reason of sale of the Shopping Center, and further excluding penalties and interest resulting from the late or non-payment of the taxes set forth in this definition).

(s) "Rent" shall mean Base Rent and Additional Rent payable hereunder.

(t) "Rent Commencement Date" shall mean the date upon which Tenant's obligation to pay Rent commences, as set forth in Article 4 hereof.



(u) "Rights" shall mean any rights related to the Leased Premises and the Shopping Center (including the Land, all Common Areas) and without limitation, utilities, access, drainage, easement or parking rights and including, without limitation, the right of use, on a non-exclusive basis, of all Common Areas.

(v) "Shopping Center" shall mean, the Arlington Towne Square Shopping Center, consisting of the Land, the Common Areas and containing, as of the Effective Date of this Lease, approximately 90,806 rentable square feet within the improvements thereon, located in Arlington Heights, Illinois.

(w) "Tenant Improvements" shall mean the initial interior improvements to be constructed by the Tenant in the Leased Premises and the Clinic Premises as contemplated in Section 5.2 by this Lease and the Office Lease, but in all events subject to Tenant's receipt of all Consents.

(x) "Tenant Improvement Plans" shall mean those certain plans and specifications for construction of the Tenant Improvements prepared by the architects of Fugman, Dakich & Associates, 53 W. Jackson Blvd., Ste. 352, Chicago, Illinois 60604 and dated November 26, 2001 (Job No. 1030), which plans, among other improvements to be undertaken by Tenant in the Leased Premises and in the premises leased by Tenant pursuant to the Clinic Lease, shall provide, as separate line items, the construction of a demising wall between the storefront spaces indicated as "C-2" and new "C-1" on the Site Plan attached hereto, and the plumbing stub work for the adjacent space (said items to be deemed "Landlord Reimbursables"), and a description of which is attached as Exhibit "E" (comprised of Exhibits "E-1" and "E-2"). Within thirty (30) days after the later of (i) the Tenant's completion of the Landlord Reimbursables, and (ii) the Rent Commencement Date, Landlord shall reimburse and pay to Tenant the sum of Fifteen Thousand Six Sixty-Eight and 64/100 Dollars (\$15,668.64) as Landlord's reimbursement for Tenant's completion of the Landlord Reimbursables.

(y) "Tenant's Proportionate Share" shall mean the ratio of the rentable area in the Leased Premises (i.e., 3,978 square feet) to the total amount of rentable area available in the Shopping Center from time to time (i.e., as of the Effective Date of this Lease, 90,806 rentable square feet), whether occupied or not, and such percentage in this Lease is acknowledged by the parties to be, as of the Effective Date of this Lease, four and thirty-eight hundredths percent (4.38%). In the event of a mutually agreed to change in the size of the Leased Premises, or in the event of a change by Landlord in the size of the Shopping Center by future additions thereto, the calculation of Tenant's Proportionate Share shall be revised appropriately as of the date of such modification.

(z) "State" shall mean the state of Illinois.

#### ARTICLE 2 LEASE, PERMITTED USES AND PARKING

2.1 Lease of Leased Premises. Landlord hereby leases and rents to Tenant and Tenant hereby leases and rents from Landlord, the Leased Premises and the Rights upon the terms and conditions set forth in this Lease. Landlord covenants and represents that it owns the Shopping Center, including the Land, in fee simple and that there are no liens, easement, encumbrances, or restrictions affecting the Land or Shopping Center which would prohibit or restrict the use of the Leased Premises for the Permitted Use.

#### 2.2 Use of Leased Premises.

(a) Tenant shall use and occupy the Leased Premises for the Permitted Use and for no other use without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. Tenant's hours of operation may be, generally, consistent with those of

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other tenants in Shopping Center, whose hours of operation are customarily, 10:00 a.m. to 8:00 p.m. Monday through Friday, 10:00 a.m. to 5:00 p.m. on Saturdays and 12:00 Noon to 5:00 p.m. on Sundays, all excluding holidays ("Normal Hours"); provided, however, Tenant may, subject to applicable law and at its discretion without any obligation to do so, operate in excess of the Normal Hours (including Holidays), and Tenant shall have access to the Leased Premises twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year throughout the Lease Term.

(b) Notwithstanding the foregoing, nothing herein contained shall be deemed or construed as a requirement that Tenant open for business in the Leased Premises or continuously operate its business in the Leased Premises. However, if Tenant fails to open for business in the Leased Premises within ninety (90) days after the completion of its initial Tenant Improvements and establishment of the Rent Commencement Date, or if thereafter Tenant at any time fails to operate its business in the Leased Premises for a period in excess of sixty (60) consecutive days for circumstances other than those brought about by events of force majeure, or its cessation of business operations in order to undertake improvements or Alterations within the Leased Premises or the adjoining Clinic Premises, or to repair or reconstruct the Leased Premises and/or the Clinic Premises as a result of the occurrence of a casualty event or event of condemnation/eminent domain, then, in such event and subject to the remainder to this Subsection 2.2(b), Landlord shall then have the right (the "Recapture Right") to terminate this Lease in its entirety. Landlord may exercise the recapture right by giving Tenant written notice ("Landlord Notice") of such exercise at any time after the expiration of such sixty (60) day period; provided, however, if at any time during such sixty (60) days other than within the last two (2) Lease Years of the Term of this Lease (as same may have been extended) Tenant shall serve Landlord with written notice in the manner provided for by this Lease that Tenant is seeking a third-party to take assignment of the Lease in conjunction with a sale of substantially all of the assets of Tenant, or otherwise take an assignment of Tenant's leasehold interests in the this Lease and Leased Premises, or to sublease all or any portion of the Leased Premises, then Landlord shall not have the right to serve notice of its intent to terminate and/or recapture the Leased Premises unless Tenant fails to assign or sublease the Leased Premises to a new Tenant or subtenant(s) whom recommences business operations in the Leased Premises on or before that day which is one hundred eighty (180) days following the date Tenant ceased its day-to-day business operations within the Leased Premises. The Landlord's Notice hereunder shall designate an effective date of the termination which shall be no earlier than thirty (30) days after the date of Landlord's Notice and no later than the last date of the Term. If Landlord exercises the recapture right and this Lease is terminated in its entirety, then neither Landlord nor Tenant shall have any further rights, estates or liabilities under this Lease accruing after the effective date of termination, except for such obligations which expressly survive the termination of this Lease.

### 2.3 Parking and Access Privileges.

(a) Landlord represents and warrants unto Tenant that, except for interruptions beyond Landlord's reasonable control, Tenant and Tenant's invitees, guests, patients, and employees shall at all times during the Term have access for ingress and egress to and from the Shopping Center and Leased Premises, and shall have the right to park automobiles in all parking areas adjacent to the Leased Premises and otherwise located upon all Common Areas of the Shopping Center at no charge (except to the extent already included in Tenant's obligations for Base Rent under this Lease and subject to Tenant's obligations under this Lease to pay the Additional Rent), and that Landlord shall maintain adequate parking for the Shopping Center at all times after the Effective Date hereof and during the Term in order to comply with all applicable laws, regulations, and ordinances. Without limiting the foregoing in any manner or to any extent, as pertains to parking, Landlord does hereby covenant that (i) Tenant shall, at all times during and after the Effective Date, have available to it not less than four (4) spaces per 1,000 square feet of rentable footage in the Leased Premises and (ii) those two (2) designated handicap spaces

fronting the nearest entrance to the Leased Premises identified upon Exhibit "C" hereto shall be reserved for the sole and exclusive use of Tenant and its patients. Landlord agrees to place a sign or signs upon such spaces informing other tenants and the public of the reserved status of such spaces. If, at any time during the Term, access for ingress or egress, or the parking areas (including said designated parking spaces), are substantially, materially, and permanently lost by condemnation, or by further modifications, alterations, improvements to such parking area(s) or the Land by Landlord, or are otherwise materially obstructed, thereby limiting Tenant's or its patients' use thereof (as determined in the reasonable discretion of Landlord and Tenant), Landlord agrees to work with Tenant in good faith to relocate such access or, as applicable, designated parking spaces to another area in close proximity to the nearest entrance to the Leased Premises; provided, however, if such relocation cannot be accomplished to the reasonable satisfaction of Landlord and Tenant, within thirty (30) days, and if such change materially and adversely affects Tenant's use of, access to, or business within the Leased Premises, Tenant shall have the right to terminate this Lease.

(b) In order to establish that the Shopping Center and any portion thereof is and will continue to remain private property and to prevent a dedication thereof or the accrual of any rights to any person or the public therein, Landlord hereby reserves the right to close all or any portion of the Shopping Center owned, leased or controlled by Landlord to the general public for not more than one (1) day in each calendar year, and, in connection therewith, to seal off all entrances to the Shopping Center, or any portion thereof. Notwithstanding the foregoing, before exercising those rights granted it hereunder, Landlord agrees to give Tenant reasonable prior notice of its intentions to exercise its rights herein and to work with Tenant to set the scheduled date at such time as would be as non-intrusive of Tenant's business operations as possible under given circumstances.

2.4 Deliveries Access. Subject to applicable codes, regulations and laws, Tenant shall have the right to conduct deliveries of goods and supplies via semi-tractor truck transport or otherwise at the Leased Premises at any time after the Effective Date and during the Lease Term. The carrier(s) making such deliveries to Tenant and the Leased Premises shall have the right to temporarily park its vehicle in any egress/ingress lanes and parking areas on the Land, and, subject to applicable ordinance(s), on any adjacent street(s) to the Leased Premises, for purposes of loading and unloading provided such activities do not unreasonably interfere with other tenants' use and occupancy within the Shopping Center. Should such rights be terminated after the Effective Date, including at any time during the Lease Term, or otherwise materially obstructed (as determined in Landlord's and Tenant's joint reasonable discretion), and such change materially and adversely affects Tenant's use of, access to, or business within, the Leased Premises, then in such event, but subject to Landlord's right to first cure such obstruction within thirty (30) days after Tenant serves notice upon Landlord of such default, Tenant may terminate this Lease.

#### ARTICLE 3 TERM

3.1 Term. The term of the Lease shall commence on the Commencement Date, as determined pursuant to Section 3.2 hereof (the "Commencement Date"), and continue for a period of ten (10) years thereafter. If the Commencement Date is not the first day of a month, then the term of the Lease shall be ten (10) years plus the partial month in which the Commencement Date occurs (the "Lease Term" or "Term"). In addition, the Lease Term shall include any and all renewals and extensions of the term of this Lease hereafter exercised by Tenant. Notwithstanding the foregoing, Landlord acknowledges and agrees with Tenant that Tenant will from the Effective Date to the Commencement Date of the initial Lease Term, nonetheless, have a possessory leasehold interest in Leased Premises with all rights and privileges attendant thereto (the "Preliminary Term").

3.2 Commencement Date. The Commencement Date of the Term of this Lease shall be the date following the Beneficial Occupancy Date and the Preliminary Term which is ninety (90) days following the Beneficial Occupancy Date. Upon completion by Tenant of its Tenant Improvements and confirmation of the Commencement Date, Landlord and Tenant shall execute a Commencement Date Rider in the form of Exhibit "D", attached hereto and made a part hereof, which shall conclusively establish the Commencement Date as well as the Rent Commencement Date for all purposes of this Lease Agreement. Notwithstanding anything to the contrary set forth in this Section 3.2 or otherwise in this Lease, the obligations of Tenant hereunder, including any obligation to establish the Commencement Date, are expressly contingent upon: (i) Tenant's receipt of the Consents jointly allowing for the operation of the Leased Premises and the Clinic Lease for the Permitted Uses identified under each Lease; (ii) the delivery to Tenant of written consent to this Lease and an estoppel/non-disturbance agreement by each of Landlord's lenders having any mortgage or similar interest(s) in the Shopping Center in a form reasonably acceptable to Tenant; and (iii) satisfaction of all other pre-Commencement Date obligations of Landlord. Further, in the event that Tenant's construction of the Tenant Improvements is delayed as a result of Landlord's failure to satisfy the requirements of governmental agencies pertaining to the space retained (storefront No. "C-1"), and such non-compliance by Landlord delays the issuance of necessary construction permits to Tenant, the 90-day build-out period afforded Tenant shall be extended by a like number of days and Tenant's obligations to establish the Commencement Date and Rent Commencement Date shall, likewise, be extended.

3.3 Renewal Options. Tenant shall have two (2) separate options to renew the Lease under the same terms and conditions as provided herein each for a consecutive five (5) year term (the "Option Terms" or "Renewal Terms"), exercisable by providing Landlord written notice (the "Notice") of Tenant's intent to exercise the renewal option at least six (6) months prior to the expiration date of the initial Lease Term or the applicable Option Term. Base Rents payable by Tenant during each such Renewal Terms, as and if exercised, shall be at the then prevailing fair market rental rate for comparable space, to be agreed upon by the parties within sixty (60) days following Tenant's notice of exercise of an Option. In the event, the parties cannot agree as to the prevailing market rate within such time, at either party's request, such determination shall be referred to a real estate appraiser having not less than ten (10) years experience in the local real estate market (who shall be a member of The Appraisal Institute or any successor organization thereto) and mutually approved by the parties. The determination of such approved appraiser shall be final. The cost of such appraiser's determination of the prevailing market rate shall be split equally between the parties.

3.4 Right of First Refusal. During the term of this Lease, and provided Tenant is not then in default beyond the cure period(s) applicable thereto, Tenant shall have a right of first refusal to lease any space adjacent to the Leased Premises and/or Clinic Premises located in the Shopping Center (the "Refusal Space") upon the same terms and conditions contained in this Lease. If Landlord shall receive a bona fide offer from a third party to lease the Refusal Space (an "Offer") within the first two (2) Lease Years, and Landlord desires to accept the Offer, Landlord shall notify Tenant in writing of its desire to accept the Offer. Tenant shall have twenty (20) business days from its receipt of such notice to, at its option without any obligation, exercise its right and option to lease the Refusal Space upon the same terms and conditions, including Base Rent (computed on a per square footage basis for such adjacent space), embodied in this Lease. If an Offer is received after the first two (2) Lease Years, then Tenant may exercise its right and option to lease the Refusal Space at a Base Rent rate equal to the rental rate to be charged by Landlord under the Offer, provided, however, in no event shall the Base Rent charged be less than the Base Rent per square foot then currently paid by Tenant under this Lease. All other non-monetary terms and conditions of the leasing of the Refusal Space after the first two (2) Lease Years shall be governed by this Lease. If Tenant elects not to exercise its right of first refusal contained herein, then Landlord may lease the Refusal Space to the third party submitting the Offer and Tenant shall have no

further rights under this Section 3.4 until such space next comes available. In the event Tenant does not exercise its right of first refusal contained herein, and Landlord does not lease the refusal space to the third party submitting the Offer within one-hundred twenty (120) days after Tenant's receipt of the Offer, this Section 3.4 shall again become effective and shall apply to any subsequent Offer(s).

#### ARTICLE 4 RENT

4.1 **Base Rent.** Tenant shall pay annual Base Rent in the amount of \$49,844.34, due and payable in monthly installments of \$4,153.70, without demand or notice, commencing on the Rent Commencement Date and continuing on the first day of each month through the sixtieth (60th) month of the Lease Term following the Commencement Date. Beginning in Lease Year 6 (i.e., the first day of the sixty-first month) following the Commencement Date and continuing through the end of the initial Term, Tenant shall pay annual Base Rent in the amount of \$58,158.36, due and payable in monthly installments of \$4,846.53. Monthly installments of Base Rent shall be due on or before the first (1st) day of each calendar month during the Lease Term (on and after the Rent Commencement Date), but Base Rent shall not be deemed to be late until after the fifth (5th) day of the month. The Rent Commencement Date shall be the same date as the Commencement Date of the Lease Term. If the Rent Commencement Date is not on the first day of the month, then Base Rent for the month in which the Rent Commencement Date occurs shall be pro rated based upon the remaining days in that month. Tenant's obligation to pay the Additional Rent (as set forth in Section 4.2 hereof) shall begin on the Commencement Date.

#### 4.2 **Additional Rent.**

(a) **Monthly Payments.** Commencing as of the Rent Commencement Date, Tenant shall pay Landlord, as Additional Rent, monthly in advance a sum equal to 1/12th of Tenant's Proportionate Share of Real Estate Taxes, Insurance Expenses and Common Area Maintenance Expenses (collectively referred to as "Operating Expenses"), which is estimated to be approximately \$6.29 per square foot for the first Lease Year. If the first and/or last Lease Years of the Lease Term shall not coincide with a calendar year, then Tenant's obligation for Operating Expenses attributable to the partial calendar year shall be pro rated on the basis of the ratio between the number of days of such partial calendar years and 365. Monthly payments of Additional Rent shall be due on or before the first (1st) day of each calendar month of each Lease Year during the Lease Term (on and after the Rent Commencement Date, but Additional Rent shall not be deemed to be late until the fifth (5th) day of the month in which such payment is due. If the Rent Commencement Date is not on the first day of the month, then Additional Rent for the month in which the Rent Commencement Date occurs shall be pro rated based upon the remaining days in that month.

(b) **Determination of Operating Expenses.** At the end of each Lease Year, the Landlord shall give written notice to the Tenant setting forth in reasonable detail by category the Operating Expenses for the Lease Year just ended and an estimate of Operating Expenses for the ensuing year. If Tenant's Proportionate Share of Operating Expenses for the Lease Year just ended exceeds the aggregate monthly payments of Additional Rent paid by Tenant for such Lease Year, then Tenant shall pay the difference to Landlord within thirty (30) days of Tenant's receipt of such notice, subject however, to Tenant's right to contest such determination. If the aggregate monthly payments of Additional Rent exceed Tenant's Proportionate Share of Operating Expenses for the Lease Year just ended, then the Tenant may deduct such difference from its next monthly payments of Base Rent and Additional Rent. Notwithstanding the foregoing, Tenant's Proportionate Share of Operating Expenses for any given Lease Year shall not increase, on a cumulative basis, by more than five percent (5%) per year; and provided further, however, the foregoing "cap" shall not apply to Real Estate Taxes, snow removal charges, utilities and Insurance Expense.

(c) **Contest.** Tenant shall have thirty (30) days to dispute the Landlord's calculation of Operating Expenses for each Lease Year by submitting written notice to Landlord, which notice shall include the specific allegations of Tenant's dispute. If within thirty (30) days after the submittal of the written notice, no settlement is reached, the disputed Operating Expenses items shall be referred to a certified public accounting firm selected by Landlord, and approved by the Tenant, to resolve the disputed items. In the event the determination results in a variance of five (5%) per cent or less in the Tenant's Proportionate Share of Operating Expenses for the prior year, Tenant shall pay the expenses involved in such determination.

4.3 **Late Payment of Rent.** All Rent or other payments due hereunder, if not paid when due, shall bear interest at two percentage points (2.0%) higher than the prime rate published in *The Wall Street Journal*, said interest rate to be adjusted on the date the prime rate changes, but not to exceed the maximum lawful rate of interest chargeable under the laws of the State (the "Default Rate"), from the date due until paid.

4.4 **Payment Location.** All Rent payable to Landlord under the terms and conditions of this Lease shall be paid to Landlord at Landlord's offices having that address set forth in the opening provision of this Lease, or at such other place/address as Landlord may hereafter from time to time designate in writing to Tenant in the manner contemplated by Section 22.5 of this Lease.

## ARTICLE 5 IMPROVEMENTS

5.1 **Delivery of Leased Premises by Landlord.** Landlord shall deliver the Leased Premises to Tenant on the Beneficial Occupancy Date "AS-IS", in broom clean condition, and in compliance with all laws, orders, building codes and regulations of any governmental authority having jurisdiction over the same. Notwithstanding the foregoing, Landlord represents and warrants to Tenant that the Leased Premises contains (i) a fully operational and code compliant sprinkler system, (ii) three (3) tons of HVAC, per 1,000 square feet (iii) an accessible four inch (4") sanitary waste line, (iv) two (2) restrooms, both in compliance with the Americans with Disabilities Act and (v) 600 available amps of power. Landlord also represents and warrants that a four inch (4") water line currently runs from a public works line to the Landlord's water room, and that Tenant may tap into and use said water line at all times during the Term.

5.2 **Installation and Construction of Tenant Improvements.** Following delivery to and acceptance by it of the Leased Premises referenced in this Lease and the premises leased under the Clinic Lease, Tenant shall be responsible for the installation and construction of all initial Tenant Improvements. The initial Tenant Improvements to be constructed by Tenant within the Leased Premises and Clinic Premises shall be those substantially described in the Tenant Improvement Plans, which Tenant Improvement Plans Landlord does hereby acknowledge and agree it has reviewed in their entirety and does hereby approve. Tenant shall submit to Landlord for its approval prior to implementation any material alterations, amendments or modifications to the Tenant Improvement Plans dealing with structural components of the Shopping Center, and Landlord shall not unreasonably withhold, delay or condition its approval to such alterations, modifications or amendments. All Tenant Improvements shall be made in full compliance with all laws, regulations and requirements of all governmental agencies and authorities having jurisdiction thereof. Landlord shall correct, at its expense, any defects in the Leased Premises discovered during the construction of the Tenant Improvements.

## ARTICLE 6 MAINTENANCE AND REPAIRS

6.1 Landlord's Maintenance Obligations. Landlord, at Landlord's sole cost and expense (subject to reimbursement by Tenant as to its portion of the Operating Expenses under the Additional Rent provisions of this Lease), shall, at all times following the Effective Date hereof, promptly make all repairs, perform all maintenance, and make all replacements reasonably necessary and appropriate, in and to (i) the roof and all structural elements of the Shopping Center, including within the Leased Premises, together with the floor slab, (ii) parking lots and all other Common Areas upon the Land, and (iii) general mechanical systems such as HVAC, plumbing or electrical systems (but excluding dedicated plumbing, electrical systems and other mechanical systems installed by Tenant and used exclusively by it within the Leased Premises).

6.2 Tenant's Maintenance Obligations. Subject to normal wear and tear, Tenant, at Tenant's sole cost and expense, shall promptly make all repairs, perform all maintenance, and make all replacements in and to the interior of the Leased Premises (including the aforementioned mechanical systems used exclusively within the Leased Premises) not otherwise the obligation of Landlord under Section 6.1. Tenant may paint or decorate any part of the exterior of the Leased Premises after first obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned.

## ARTICLE 7 SIGNS AND ALTERATIONS

7.1 Signage. Tenant shall have the right to install the maximum signage at the Leased Premises which is permitted by local codes and zoning ordinances, subject to Landlord's approval as to design and placement, which approval shall not be unreasonably withheld or delayed.

7.2 Alterations, Additions and Improvements. After completion of the initial Tenant Improvements contemplated under Article 5, Tenant may make any further alterations, additions, improvements or other changes (collectively, the "Alterations"), structural or otherwise, in or to the Leased Premises after first obtaining the prior written consent of Landlord, except as provided in Section 7.3 below, which consent shall not be unreasonably withheld, delayed or conditioned. Any Alterations made by Tenant shall be made: (a) in a good, workmanlike, first-class and prompt manner and (b) in accordance with all applicable legal requirements.

7.3 Alterations Without Landlord's Consent. Notwithstanding the foregoing, Tenant shall have the right to make Alterations without the Landlord's consent, provided such Alterations (a) are made to the interior of the Leased Premises, (b) do not adversely affect the structural integrity or exterior of the Leased Premises, and (c) do not adversely affect the electrical, heating or plumbing systems servicing the Leased Premises.

7.4 Right to Remove Furniture, Fixtures and Equipment. All Alterations to the Leased Premises of a permanent nature made by either party (including the Tenant Improvements) shall become the property of Landlord upon the expiration or earlier termination of this Lease and shall remain upon and be surrendered with the Leased Premises as a part thereof at the expiration or earlier termination of the Lease Term; provided, however Tenant shall have the right to remove, prior to the expiration or earlier termination of the Lease Term, all movable furniture, furnishings, equipment, fixtures and non-permanent Alterations installed in the Leased Premises solely (including, without limitations, those items of equipment and other matters set forth in Exhibit "F" hereto) at the expense of Tenant, provided any damage to the Leased Premises caused by such removal is promptly repaired.

## ARTICLE 8 INSPECTION BY LANDLORD

8.1 Landlord's Right to Inspect. Upon at least forty-eight (48) hours prior notice (except in the event of an emergency), Landlord or its agents or representatives shall have the right to enter into and upon any part of the Leased Premises at all reasonable hours to inspect the same as Landlord may deem necessary or desirable. Landlord further reserves the right to show the Leased Premises to prospective tenants or brokers during the last six (6) months of the Lease Term, and to prospective purchasers or mortgagees at all reasonable times. Landlord shall not materially interfere with Tenant's use and occupancy of the Leased Premises and shall not disclose the identity of any patients of Tenant observed while in or about the Leased Premises.

## ARTICLE 9 PEACEFUL ENJOYMENT

9.1 Covenant of Peaceful Enjoyment. Landlord represents and warrants that Tenant shall have the right to peacefully occupy, use and enjoy the Leased Premises and the Rights during the Lease Term for the Permitted Use free of interference by others, provided Tenant pays the Rent and performs all of Tenant's covenants and agreements herein contained.

## ARTICLE 10 INDEMNIFICATION

10.1 Tenant's Indemnification of Landlord. Tenant shall indemnify and hold Landlord harmless from and against, to the extent not the Landlord's obligation under this Lease, all costs, damages, claims, liabilities and expenses (including attorneys' fees) suffered by or claimed against Landlord (unless resulting from the negligence or misconduct of Landlord, Landlord's agents, employees or invitees), directly or indirectly, based on, arising out of or resulting from (i) the use and occupancy of the Leased Premises by Tenant, (ii) the repair or maintenance of the Leased Premises which are the obligations of Tenant, (iii) any act or omission by Tenant or Tenant's employees, agents, assignees, contractors, licensees or invitees, or (iv) any breach or default in the performance or observance of Tenant's covenants or obligations under this Lease.

10.2 Transfer of Leased Premises. In the event that at any time any landlord hereunder shall sell or transfer the Leased Premises or such landlord's interest therein, said landlord shall not be liable to Tenant for any obligations or liabilities based on or arising out of events or conditions first occurring after the date of such sale or transfer. Within twenty (20) days after the written request of any purchaser or transferee of the Leased Premises of any landlord's interest therein, Tenant shall attorn to such purchaser or transferee, so long as such first party fully accepts and acknowledges Tenant's rights under this Lease and agrees in writing (the form of which is to be reasonably satisfactory to Tenant and its counsel) not to disturb Tenant's occupancy hereunder.

10.3 Landlord's Indemnification Obligation. Landlord shall indemnify and hold Tenant harmless from and against, to the extent not the Tenant's obligation under this Lease, all costs, damages, claims, liabilities and expenses (including attorneys' fees) suffered by or claimed against Tenant (unless resulting from the negligence or misconduct of Tenant, Tenant's agents, employees or invitees), directly or indirectly, based on, arising out of or resulting from (i) the initial construction and subsequent repair or maintenance of the Leased Premises or the Shopping Center which are the obligations of Landlord, (ii) any act or omission by Landlord or Landlord's employees, agents, assignees, subtenants, contractors, licensees or invitees, or (iii) any breach or default in the performance or observance of Landlord's covenants, representations or obligations under this Lease, subject to applicable cure periods.



## ARTICLE 11 DAMAGE OR DESTRUCTION

11.1 Restoration of Leased Premises. If the Leased Premises or any substantial portion (i.e., greater than 25%) of the Shopping Center are totally or partially damaged or destroyed from any cause, thereby rendering the Leased Premises or Common Areas totally or partially and substantially and materially, inaccessible or unusable, Landlord shall diligently restore and repair the Shopping Center and the Leased Premises to substantially the same condition it was in prior to such damage (subject to Landlord receiving proceeds from insurance as is necessary to complete such repair or restoration); provided, however, that (i) if in Landlord's reasonable judgment (said judgment to be made within fifteen (15) days of the date of such occupancy or damage or destruction) such repairs and restoration cannot be completed within one hundred twenty (120) days after the occurrence of such damage or destruction (taking into account the time needed for effecting a satisfactory settlement with any insurance company involved, removal of debris, preparation of plans and issuance of all required governmental permits) or (ii) if Landlord will not receive the proceeds from insurance necessary to fully complete such repair or restoration, or (iii) if such damage or destruction occurs within twenty-four (24) months prior to the expiration of the Lease Term, then Landlord or Tenant shall have the right to terminate this Lease by giving written notice of termination to the other party within thirty (30) days after the occurrence of such damage or destruction as to events (i) or (iii) or, as may be the case, receipt of notice from Landlord as to event (ii), whichever is later. If this Lease is terminated in accordance with the above procedure, then Base Rent and Additional Rent payable hereunder shall be apportioned and paid to the date of said termination, and shall abate after the date of such damage or destruction. If this Lease is not terminated as a result of such damage or destruction, then Landlord shall promptly proceed to repair and restore the Leased Premises and/or Common Areas, and until such repair and restoration of the Leased Premises are substantially complete, the Base Rent and Additional Rent shall be abated only to the extent of rental insurance benefits received and as to that portion of the Leased Premises and/or Common Areas which is unsuitable for occupancy or use by Tenant until such repair or restoration is completed. If this Lease is not terminated as a result of such damage or destruction, then except as otherwise specified in Section 11.2, Landlord shall bear the cost and expenses of such repair and restoration of the Leased Premises.

11.2 Limitation on Landlord's Obligation. Notwithstanding anything above to the contrary, if Landlord repairs and restores the Shopping Center, including the Leased Premises as provided in Section 11.1, Landlord shall not be required to repair, restore or replace any decorations, alterations or improvements to the Leased Premises previously made by Tenant, unless adequate insurance proceeds are available to pay the full costs thereof. It shall, should it so elect, be Tenant's sole responsibility to repair, restore or replace any trade fixtures, furnishings, equipment or personal property belonging to Tenant to substantially their same condition prior to such damage or destruction; provided, however, Tenant shall not be obligated to restore or replace such items.

## ARTICLE 12 CONDEMNATION

12.1 Condemnation. If a substantial and material portion of the Shopping Center (more than 25%) or any portion of the Leased Premises, or the use or occupancy of the Leased Premises, shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking), and such taking has a material and adverse effect on the Tenant's use of, access to, or operations within, the Leased Premises, then Tenant shall have the right, in Tenant's sole discretion, to terminate this Lease upon written notice to Landlord effective as of the date title thereto vests in such governmental or quasi-governmental authority, and all Rent payable hereunder shall be apportioned as of such date.

12.2 Condemnation Award. All awards, damages and other compensation paid by the condemning authority on account of such taking or condemnation (or sale under threat of such a taking) shall belong to Landlord, and Tenant hereby assigns to Landlord all rights to such awards, damages and compensation; except that Tenant shall be entitled to receive any award attributable to the leasehold interest of Tenant and/or Tenant's loss of business and which would be awarded solely and exclusively to Tenant. Further, nothing contained herein shall prevent Tenant from pursuing a separate claim against the condemning authority for relocation expenses, the value of the Tenant Improvements and Tenant's Alterations, if any, and the value of furnishings, equipment and trade fixtures installed in the Leased Premises at Tenant's expense and which Tenant is entitled pursuant to this Lease to remove at the expiration or earlier termination of the Lease Term, the value of the unexpired Lease Term, and loss of profits, provided that such claim shall in no way diminish the award or compensation payable to or recoverable by Landlord in connection with such taking or condemnation.

#### ARTICLE 13 DEFAULT

13.1 Events of Default by Tenant. The occurrence of any of the following shall constitute a default by Tenant under this Lease:

(a) If Tenant shall fail to pay any payment of Rent when due and such failure, after expiration of any applicable grace period, shall continue for a period of ten (10) days after receipt by Tenant of notice that Rent is late (however, if Landlord provides notice of late payment three (3) times during the Lease Term and any Option Term, then after the third such notice, Landlord shall no longer be required to provide such notice and thereafter Tenant shall be in default if Rent is paid after the 1st day of the month);

(b) If Tenant shall violate or fail to perform any other term, condition, covenant or agreement to be performed or observed by Tenant under this Lease, and such failure shall continue for a period of thirty (30) days after written notice thereof (plus such additional time as is reasonably necessary in the event such non-monetary default is incapable of being cured in thirty (30) days so long as Tenant is continuously and diligently pursuing the remedy of such non-monetary default);

(c) An Event of Bankruptcy with respect to Tenant occurs as specified below: (a) Tenant becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code"), or under the insolvency laws of any state, district, commonwealth or territory of the United States (the "Insolvency Laws"); (b) the appointment of a receiver or custodian for any or all of Tenant's property or assets or the institution of a foreclosure action upon any of Tenant's real or personal property; (c) Tenant's filing or consenting to a petition under the provisions of the Bankruptcy Code or the Insolvency Laws or in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceeding; (d) the filing of a petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is not consented to by such subject debtor and which either (i) is not dismissed within ninety (90) days of filing, or (ii) results in the issuance of an order for relief against the debtor; or (e) Tenant's making or consenting to an assignment for the benefit of creditors or a common law composition of creditors;

(d) A dissolution of Tenant or liquidation of substantially all of Tenant's assets occurs; or

(e) If Tenant shall be in uncured continuing default under the terms and provisions of the Clinic Lease following the expiration of applicable cure period(s) provided for thereunder.

13.2 Remedies for Tenant Default. If there shall be any default by Tenant under this Lease, Landlord shall, after the expiration of the cure period(s) applicable thereto as granted to Tenant hereunder, have the right, at its sole option, to terminate this Lease. In addition, with or without terminating this Lease, Landlord may re-enter, terminate Tenant's right of possession and take possession of the Leased Premises. If necessary, Landlord may proceed to recover possession of the Leased Premises under and by virtue of the laws of the jurisdiction in which the Leased Premises are located. If there shall be any uncured default under this Lease by Tenant, then whether or not this Lease and/or Tenant's right of possession is terminated by reason of Tenant's default, Landlord may relet the Leased Premises or any part thereof, alone or together with other premises, for such term(s) (that may be greater or less than the period that otherwise would have constituted the balance of the Lease Term) and on such terms and conditions (that may include concessions or free rent and alterations of the Leased Premises) as Landlord, in its sole discretion, may determine. If there shall be any uncured default under this Lease by Tenant, then whether or not this Lease is terminated by reason of Tenant's default, Tenant nevertheless shall remain liable for any Rent or damages that may be due or sustained prior to such default, all reasonable costs, fees and expenses including, but not limited to, reasonable brokerage fees, expenses incurred in placing the Leased Premises in first-class rentable condition, and reasonable costs and expenses incurred by Landlord in pursuit of its remedies hereunder and in renting the Leased Premises to others from time to time. In the event of default by Tenant, Landlord agrees that Landlord shall use reasonable efforts to mitigate Landlord's damages. In connection with any action by Landlord solely to collect any obligation of Tenant to pay Base Rent or Additional Rent, Tenant waives any right to trial by jury and any right to file a counterclaim or countersuit.

13.3 Remedies Cumulative. All rights and remedies of Landlord set forth in this Lease are in addition to all other rights and remedies available to Landlord at law or in equity. All rights and remedies available to Landlord pursuant to this Lease or at law or in equity are expressly declared to be cumulative. The exercise by Landlord of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. No delay or failure by Landlord to exercise or enforce any of Landlord's rights or remedies or Tenant's obligations shall constitute a waiver of any such rights, remedies or obligations.

13.4 Events of Default by Landlord; Remedies. Except where a shorter period of time may be provided for elsewhere in this Lease, if Landlord shall violate or fail to perform any material term, condition, covenant or agreement to be performed or observed by Landlord under this Lease, and such failure shall continue for a period of thirty (30) days after written notice thereof (plus such additional time as is reasonably necessary in the event such default is incapable of being cured in thirty (30) days so long as Landlord is continuously and diligently pursuing the remedy of such default), or if Landlord shall be in default under the Clinic Lease, and such default shall extend beyond any applicable cure periods contained in the Clinic Lease, then, in addition to all other rights and remedies available to it at law and in equity, Tenant shall have the right, at its sole option, to cure such Landlord defaults and/or to terminate both this Lease and the Clinic Lease. Landlord shall remain liable for any damages that may be due or sustained by Tenant prior to and during such default, and all reasonable costs, fees and expenses including, but not limited to reasonable attorney fees, costs and expenses incurred by Tenant in pursuit of its remedies hereunder. In the event of default by Landlord, Tenant agrees that Tenant shall use reasonable efforts to mitigate Tenant's damages.

13.5 Right to Terminate. Notwithstanding anything herein to the contrary, Tenant may terminate this Lease in the event the Clinic Lease is terminated for any reason other than a material uncured default by Tenant of its obligations under this Lease or the Clinic Lease.

#### ARTICLE 14 COVENANTS OF LANDLORD

14.1 Duties of Landlord. In addition to the duties of Landlord set forth in Section 6.1 herein and otherwise under this Lease, Landlord shall (i) maintain at its expense all risk fire and extended coverage insurance on the Shopping Center, including the Leased Premises, and on the Common Areas, in such amounts as Landlord shall reasonably determine but in no event less than those required by any mortgagee or other secured party currently or hereafter having a secured interest in the Shopping Center and in no event at levels that would result in Landlord being a co-insurer of the Shopping Center improvements, and Landlord shall furnish evidence of such coverage to Tenant annually (if requested); (ii) maintain broad form comprehensive general liability insurance against claims for bodily injury, death or property damage occurring in or about the Shopping Center, including the Common Areas and the Land in such amounts as are commercially reasonable as reasonably determined by the Landlord but in no event less than those required by any mortgagee or other secured party currently or hereafter having a secured interest in the Shopping Center and in no event at levels that would result in Landlord being a co-insurer; (iii) maintain, repair and replace all aspects of any Common Areas as herein required, and (iv) pay when due all Real Estate Taxes related to the Leased Premises, the Land and Shopping Center.

14.2 Utilities. Landlord shall, at its cost and expense, cause all utilities necessary for Tenant's use of the Leased Premises (including water, sewer, electricity, gas and telephone) to be connected and, if feasible, separately metered to the Leased Premises and shall be responsible for the payment of connection or tap fees. Tenant shall be responsible for securing utility service (including the posting of any deposits) and for the payment of the customary utility charges for any utilities which are separately metered to the Leased Premises. In the event any of the utility services to the Leased Premises are materially diminished, interrupted or disconnected by an act of Landlord, or if Landlord fails to repair, maintain or, as necessary or appropriate, replace the equipment providing critical services (i.e., water, heat, cooling, ventilation) to the Leased Premises within five (5) days of notice of any problem (to the extent Landlord is obligated to do so pursuant to Section 6.1 hereof), Tenant may restore the same at its own cost and, in addition to any other remedy Tenant may have, may deduct the reasonable amount thereof from the Rent or any other payments that may thereafter become due hereunder, but only if Landlord shall fail or refuse to reimburse Tenant within ten (10) days after written demand for such reimbursement from Tenant.

#### ARTICLE 15 TENANT'S INSURANCE

15.1 Tenant's Obligation to Insure. Beginning on the Commencement Date, Tenant shall maintain, at Tenant's expense, (i) broad form comprehensive general liability insurance against claims for bodily injury, death or property damage occurring in, on or about the Leased Premises in a per occurrence limit of not less than One Million Dollars (\$1,000,000) and a combined single limit of not less than Three Million Dollars (\$3,000,000), and (ii) all risk fire and extended coverage insurance on its Tenant Improvements and on all of its personal property, including removable trade fixtures, located on the Leased Premises. Such insurance shall be effected under policies reasonably satisfactory to Landlord. Such insurance may be secured by "blanket" policy coverage and shall name Landlord and any reasonable designee of Landlord having a material interest in the Shopping Center as additional insureds.

#### ARTICLE 16 ENVIRONMENTAL MATTERS

16.1 Definitions. For purposes of this Article 16, the following terms shall have the indicated meanings, unless the context or use indicates another or different meaning:

(a) "Applicable Environmental Laws" shall mean all federal, state, foreign and local statutory laws, rules or regulations, agreements with governments, court orders, administrative orders and case law pertaining to the health or the environment, or petroleum products or hazardous substances and all amendments, modifications and additions thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act of 1976; the Superfund Amendments and Reauthorization Act of 1986; and the Toxic Substances Control Act.

(b) "Hazardous Substances" shall mean pollutants, contaminants, dangerous substances, toxic substances, hazardous wastes, hazardous materials or hazardous substances as defined in or pursuant to any Applicable Environmental Law.

16.2 Landlord's Environmental Indemnification. Landlord hereby indemnifies and holds Tenant harmless against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses, including, without limitation, attorney's fees and fees for the employment of any environmental expert or consultant as a result of the presence upon the Land or in the Shopping Center of any Hazardous Substance at the time of full execution of this Lease or caused to be present upon the Land or in the Shopping Center by Landlord after the execution of this Lease, but excluding such Hazardous Substances or conditions first created within the Leased Premises after the Commencement Date by Tenant, its agents, employees, contractors or invitees.

16.3 Tenant's Environmental Covenant. Tenant shall not cause or permit any Hazardous Substance to be brought upon, kept or used in or about the Leased Premises, by its agents, employees, contractors, or invitees, except for such Hazardous Substances which are kept, stored and disposed of in a manner that complies with Applicable Environmental Laws.

16.4 Tenant's Environmental Indemnity. If Tenant shall breach its obligations as stated in the preceding subsection 16.3, or if the presence of Hazardous Substances in or on the Leased Premises which is caused or permitted to be placed or remain thereon by Tenant results in any contamination of the Leased Premises, or if the Leased Premises shall otherwise be contaminated by Hazardous Substances as a result of the act or omission by Tenant or its agents, employees, or contractors, then, in any such event, Tenant shall indemnify and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses, including, without limitation, diminution in the value of the Land and Shopping Center, attorney's fees, and fees for the employment of any environmental expert or consultant as a result of any such contamination, which arise during or after the Lease Term as a result of any such breach by Tenant or any contamination caused or permitted by Tenant. This indemnification of Landlord by Tenant further includes, without limitation, all costs and expenses incurred in connection with any investigation of site conditions or any clean-up, remediation, removal, or restoration work required or approved by any federal, state or local governmental authority because of any Hazardous Substance being present in or on the Leased Premises or in the soil, ground water or soil vapor on, under or about the Leased Premises and any adjoining property as a result of any breach by Tenant of its obligations hereunder or any contamination caused or permitted by Tenant.

#### ARTICLE 17 SUBORDINATION NONDISTURBANCE AND ATTORNMEN T

17.1 Subordination of Lease. Subject to Landlord's obligations under Section 17.2 below, Tenant agrees to subordinate this Lease to any first mortgage or deed of trust and related financing instruments which may now or hereafter affect the Leased Premises or the Land and Shopping Center, and to all renewals, modifications, consolidations, replacements, amendments and extensions thereof, provided that the secured party or holder (or their successors) of any such mortgage or deed of trust

agrees with Tenant not to disturb the possession of Tenant in the Leased Premises following the foreclosure of such mortgage or deed of trust or other proceedings or actions to enforce such mortgage or deed of trust, so long as Tenant is not in default hereunder.

17.2 Nondisturbance. Landlord shall obtain the agreement (in a form reasonably acceptable to Tenant) of each existing and future holder of a mortgage, deed of trust or a security instrument party on the Land and Shopping Center that it will not disturb the possession of Tenant in the Leased Premises following the foreclosure of such mortgage or deed of trust or other proceedings or actions to enforce such mortgage or deed of trust, so long as Tenant is not in default hereunder.

17.3 Attornment. If any person shall succeed to all or part of Landlord's interest in the Leased Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, and if so requested or required by such successor in interest, Tenant shall, subject to Section 17.2 above, attorn to such successor in interest and shall execute such agreement in confirmation of such attornment as such successor in interest shall reasonably request.

#### ARTICLE 18 BROKERAGE FEES

18.1 Brokers. Landlord and Tenant each represent and warrant to the other that neither of them has employed or dealt with any broker, agent or finder in connection with this Lease, other than Mid-America Asset Management, Inc. (on behalf of Landlord) and Mohr Partners, Inc. (on behalf of Tenant) (collectively, the "Brokers"). The Landlord shall be solely responsible for the payment of all commissions pursuant to this Lease, the Clinic Lease and/or any separate brokerage agreement involving the Brokers. The parties hereto shall indemnify and hold each other harmless, including costs of any action and attorneys' fees, from any claim or claims for brokerage or other compensation asserted by any broker, agent or finder employed by the other party or with whom the other party has dealt, other than the Brokers.

18.2 Sale of Land and Shopping Center. In the event of a sale or other conveyance or disposition of the Landlord's interest in the Land and Shopping Center, Landlord shall continue to be responsible to pay the Broker the commissions described in Section 18.1 hereof and in the brokerage agreement, unless Landlord obtains a written assumption agreement for the payment obligations contained in Section 18.1 from any new owner or assignee of its interest in the Land and Shopping Center.

#### ARTICLE 19 ASSIGNMENT AND SUBLEASING

19.1 Assignment by Landlord. Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Leased Premises. In such event and upon such transfer, except as otherwise provided for hereunder, no further liability or obligation shall accrue against the assigning Landlord from the date of such transfer, but the assigning Landlord shall still be responsible for any liability arising out of acts or a failure to act prior to the date of such transfer.

19.2 Assignment or Sublease by Tenant. Except as set forth herein, Tenant shall not assign, transfer, mortgage or otherwise encumber this Lease or all or substantially all or any of Tenant's rights hereunder or interest herein or sublet all or substantially all of the Leased Premises, without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. Landlord may not, however, demand financial or economic concessions from Tenant as a condition to granting such consent. Notwithstanding the foregoing, Landlord agrees that a transfer of all or substantially all of the assets of Tenant, or of the stock of Tenant or the parent company of Tenant,

shall not be deemed to be a transfer in violation of this paragraph or any other provision of this Lease and shall not require Landlord's prior approval (but shall be given prior written notice) so long as the surviving or purchasing entity has a financial position equal to or better than the entity being acquired, as determined in the Landlord's reasonable discretion. Landlord shall advise of its objections, if any, to the proposed assignee's financial condition within ten (10) days of receipt of notice of the anticipated assignment of this Lease, or Landlord's failure to respond shall be deemed as an acceptance of such proposed assignee's financial wherewithal. In the event of an assignment, transfer, or sublease, unless otherwise specifically agreed by Landlord, Tenant shall not be relieved of its obligations or liabilities hereunder.

19.3 Assignment or Sublease to Affiliate of Tenant. Notwithstanding anything to the contrary contained herein, and provided Tenant is not in default hereunder and Landlord is provided prior written notice, Landlord expressly consents to Tenant's assignment or subletting of the Leased Premises or any part thereof to any parent, subsidiary or affiliate of Tenant, provided Tenant or the parent entity of Tenant retains majority control of such entity and such assignment or subletting shall not relieve or release Tenant from any obligations of Tenant under this Lease.

#### ARTICLE 20 REPRESENTATIONS AND WARRANTIES

20.1 Physical Condition of Shopping Center. Landlord warrants that the Shopping Center, the Common Areas, and the improvements and mechanical systems installed by Landlord therein are, and shall be at all times during the Term in good condition and working order.

20.2 Landlord Authority. Landlord is in good standing as an entity in all legally required jurisdictions and has authority to enter into and perform this Lease. Further, Trustee, individually and as Trustee, represents and warrants unto Tenant that it has full power and authority to enter into this Lease as Trustee and on behalf of Landlord.

20.3 Permitted Encumbrances. Landlord represents and warrants unto Tenant that Landlord is the sole owner of the Shopping Center and all areas (except those which have been granted by bona fide and valid easements) over which, upon which and to which Tenant will have access during the Term hereof. Further, Landlord does hereby represent and warrant unto Tenant that, except as set forth in this Lease, there are no agreements, documents, instruments, restrictive covenants, declarations, or otherwise (to which Landlord or its predecessors in interest is a party) currently in effect placing any restrictions, rules and/or regulations on the Land, the Shopping Center or the Leased Premises which would hinder, impede or otherwise prohibit Tenant's occupancy of the Leased Premises for the Permitted Use. Landlord does represent and warrant unto Tenant, its successors and assigns that Landlord will not, without the prior written consent of Tenant while this Lease, or any renewal or extension hereof, is in effect, agree to or undertake to make any modification, amendment or otherwise to such existing documents, instruments, declarations or restrictions, or otherwise create or enter into any new agreements, or take or fail to take any act which would violate the terms and provisions of this Lease.

20.4 Tenant Authority. Tenant is in good standing as an entity in all legally required jurisdictions and has authority to enter into and perform this Lease.

#### ARTICLE 21 FORCE MAJEURE

21.1 Force Majeure. Neither the Landlord nor the Tenant shall be deemed to be in default in the performance of any obligation on such party's part to be performed under this Lease if and so long as the non-performance of such obligation shall be directly caused by Unavoidable Delays (as hereinafter

defined); provided, that within five (5) days after the commencement of such Unavoidable Delay, the non-performing party shall notify the other party in writing of the existence and nature of any such Unavoidable Delay and the steps, if any, that the non-performing party shall have taken or plans to take to eliminate such Unavoidable Delay. Thereafter, the non-performing party shall, from time to time, on written request of the other party, keep the other party fully informed, in writing, of further developments concerning such Unavoidable Delay and the effort being made by the non-performing party to perform such obligation as to which it is in default. All provisions of this Lease shall be adjusted in accordance with such Unavoidable Delays. For purposes of this Article, Unavoidable Delays shall mean delays due to acts of God, civil commotion, any pending or actual action or ruling by a court or administrative body prohibiting either party hereto from performing in accordance with the terms hereof, riot, governmental regulations not in effect at the date of execution of this Lease, conditions that could not have been reasonably foreseen by the claiming party, fire, unavoidable casualty or delays caused by arbitration (unless the arbitration was unreasonably requested by the claiming party), provided such matters are beyond the reasonable control of the party claiming such delay.

## ARTICLE 22 GENERAL PROVISIONS

22.1 Amendments. This Lease may not be altered or amended, except by an instrument in writing signed by all parties hereto. This Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord, and to the extent assignment may be approved by Landlord hereunder, Tenant's successors and assigns. The pronouns of any gender shall include the other genders, and either the singular or the plural shall include the other.

22.2 Governing Law. This Lease shall be governed, construed and enforced in accordance with the laws of the State. Landlord and Tenant shall comply with all material applicable laws, ordinances, rules, regulations, and restrictive covenants of public record relating to the use, condition or occupancy of the Leased Premises. Landlord shall be solely responsible for all latent defects within the Shopping Center and upon the Land (except those brought about by the installation of Tenant's Improvements), and shall be responsible to comply, at its sole cost and expense, with all laws, statutes, ordinances, regulations or rules affecting the Shopping Center (including, without limitation, zoning, environmental, fire and the Americans with Disabilities Act) and not due solely to the Tenant's particular use of the Leased Premises for the Permitted Use.

22.3 Entire Agreement; Merger. This Lease (and the Clinic Lease) contains and embodies the entire agreement of the parties hereto and supercedes all prior agreements, negotiations, proposals, representations and warranties between the parties hereto. Any representation, inducement, warranty, understanding or agreement that is not contained in this Lease (or, as applicable, the Clinic Lease) shall not be of any force or effect.

22.4 Date of Receipt of Payments. Any payment required hereunder shall be deemed to have been duly made upon the earlier to occur of (i) when received; (ii) five (5) days after the sending party has deposited the payment in the United States mail; or (iii) two (2) days after the sending party has deposited the payment with an overnight courier with a widely recognized, reputable organization. Any such payment shall be postage prepaid and addressed to Landlord or Tenant, as the case may be, at the address specified in the preamble, or to such other address as either party may have been previously furnished in writing to the other party.

22.5 Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed to have been duly given upon the earlier to occur of (i) when received; (ii) five (5) days after the sending party has deposited the notice in the United States mail, certified-return receipt requested and



postage prepaid; or (iii) two (2) days after the sending party has deposited the notice with an overnight courier with a widely recognized, reputable organization. Any such notice(s) shall be postage prepaid and addressed to Landlord or Tenant, as the case may be, at the address specified in the preamble, or to such other address as either party may have been previously furnished in writing to the other party in the manner as herein provided. Further, a copy of any notice of default hereunder served by Landlord upon Tenant shall be delivered to Renal Care Group, Inc., 2100 West End Avenue, Suite 800, Nashville, Tennessee 37203, Attention: General Counsel and a copy of any notice of default hereunder served by Tenant upon Landlord shall be delivered to: Lighthouse Property Management, LLC, Attn.: Peggy McDermott, 570 Hillside Court, Barrington, Illinois 60010; and Andrew J. Annes, Esquire, Schenk, Annes, Brookman & Tepper, Ltd., 311 South Wacker Drive, Suite 5125, Chicago, Illinois 60606-6622. Further, a copy of any notice hereunder shall also be delivered upon the mortgagee(s) of the Shopping Center and with whom Tenant has entered into one or more subordination, non-disturbance and/or attornment agreements. The party sending any such notice shall also use reasonable efforts to send a copy of such notice to the other party hereunder via facsimile. Until notice to the contrary, Landlord's facsimile number shall be (847)277-9576 and for Andrew J. Annes (312)554-3115 and Tenant's facsimile number shall be c/o (615) 345-5503 - Attention: General Counsel.

**22.6 Waiver of Subrogation Rights.** Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action or cause of action, against the other, and/or its agents, officers, or employees, for any loss or damage that may occur to the Leased Premises or the Shopping Center, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause which loss is insured against under the terms of standard fire and extended coverage insurance policies regardless of cause or origin, including negligence of the other party hereto, its agents, officers or employees. Because this provision will preclude the assignment of any claim mentioned in it by way of subrogation (or otherwise) to an insurance company (or any other person), each party hereto agrees to give immediately to any insurer that has issued to it policies of fire and extended coverage insurance written notice of the mutual waiver contained in this provision (and to provide evidence of the source to the other party if requested) and to have such policies endorsed, if necessary, to prevent the invalidation of insurance coverage by reason of such mutual waiver.

**22.7 Estoppel Letter.** Tenant shall at any time, upon not less than twenty (20) days prior written request, execute and deliver an Estoppel Letter to Landlord and any potential purchaser of the Leased Premises, which Estoppel Letter shall be in form and substance reasonably acceptable to Tenant. If such letter is to be delivered to a purchaser of the Leased Premises, it shall further include the agreement of Tenant to recognize such purchaser as Landlord under this Lease, and thereafter to pay Rent to the purchaser or its designee in accordance with the terms of this Lease. Landlord does, if requested, likewise agree to execute a similar estoppel letter for the benefit of Tenant's lender(s), assignees or sublessees within twenty (20) days of written request.

**22.8 Time of the Essence; Counterparts.** Time is of the essence with respect to each of Landlord's obligations under this Lease. This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

**22.9 Memorandum of Lease.** This Lease shall not be recorded. At the option of Tenant, however, Landlord and Tenant shall execute, in recordable form, a short form memorandum of this Lease and shall record such memorandum at the expense of Tenant in the land records of the jurisdiction in which the Leased Premises are located.

22.10 Survival of Obligations. Any liability of either party existing hereunder as of the expiration or earlier termination of the Lease Term shall survive such expiration or earlier termination.

22.11 Return of Keys. At the expiration or earlier termination of the Lease Term, Tenant shall deliver to Landlord all keys to the Leased Premises, whether such keys were furnished by Landlord or otherwise procured by Tenant, and shall inform Landlord of the combination of each lock, safe and vault, if any, in the Leased Premises.

22.12 Attorneys Fees. In the event that litigation should arise with respect to this Lease, the prevailing party in such litigation shall be entitled to recover, in addition to the relief granted, the reasonable fees of its counsel in such litigation and all court costs.

22.13 Waiver of Landlord's Lien. Landlord expressly waives any and all liens, interests and claims which it may have as of the effective date of this Lease, Beneficial Occupancy Date, the Commencement Date hereof and/or during the Term of this Lease arising by statute or by operation of law, in and to Tenant's personal property, equipment, trade fixtures, furniture or other moveable property of Tenant (herein, "Tenant's Personal Property") in or on the Leased Premises, and Landlord agrees that Tenant's Personal Property (including any hereafter acquired personal property) shall not become part of the Leased Premises regardless of the manner in which the same may be attached or affixed to the Leased Premises by Tenant, provided that the same can be removed by Tenant without materially damaging or altering the Leased Premises, and any such damage shall be repaired promptly by Tenant. Further, Landlord agrees that it will not prevent any lender of Tenant, or such lender's designee, from entering upon the Leased Premises during the Term at reasonable times to inspect and remove Tenant's Personal Property, provided that said lender agrees to repair promptly and fully any and all damage resulting to the Leased Premises. Additionally, if, after the Commencement Date of the Term hereof, Landlord intends to terminate this Lease or otherwise exercise any right granted to Landlord hereunder to require Tenant to surrender the Leased Premises or to remove any portion of Tenant's Personal Property, Landlord agrees to notify Tenant's lender (of which Landlord has received written notice from Tenant, including such lender's name, notice address and telephone number), and Landlord shall grant to such lender the right to enter upon the Leased Premises during the Term of this Lease to do any or all of the following with respect to Tenant's Personal Property: (i) assemble, have appraised, sever, remove, maintain, inspect, repair, lease, and/or transfer Tenant's Personal Property; provided in any such case that such lender's presence on and/or occupancy of the Leased Premises shall be upon and subject to all of the terms, covenants and conditions of this Lease, including the payment by such lender to Landlord, periodically, a per diem occupancy fee equivalent to the monthly rental and other charges payable by Tenant hereunder, based on a thirty (30) day month, for the actual number of days such lender uses and/or occupies the Leased Premises pursuant hereto. Further, nothing in this Lease shall give Landlord the right to use, possess or retain any of Tenant's records, files, patient's names or records.

22.14 Request Response Time. In the event Landlord does not respond to a written request by Tenant for Landlord's consent, permission or approval submitted under this Lease within ten (10) business days after Tenant's delivery of the same, it shall thereafter be automatically deemed that Landlord has consented to or approved such request by Tenant or that Landlord has given its permission thereto. In the event, Landlord does respond and does not consent or give its approval, Landlord shall specify the reason(s) therefore in writing.

22.15 Landlord's Cooperation. Landlord agrees to reasonably assist Tenant in (i) the procurement of any licenses, permits, "sign-offs", approvals, or certificates which may be required by any governmental or quasi-governmental agency or authority with respect to Tenant's Improvements, alterations or other leasehold improvements permitted under the terms hereof in and to the Leased

Premises, and with respect to (ii) the obtaining of any services, utilities or facilities from any utility company or companies supplying the same to the Shopping Center.

22.16 General. If any term or provision of this Lease or any application thereof shall be deemed invalid or unenforceable, the remainder of this Lease and any other application of such term(s) or provision(s) shall not be effected thereby.


22.17 Exculpation. This Lease is executed by Cole Taylor Bank, not personally, but as Trustee, in the exercise of the power and authority conferred upon and vested in it as such Trustee, and under the express direction of the beneficiaries of a certain Trust Agreement dated December 15, 1995, known as Trust No. 95-4151. It is specifically understood and agreed by Landlord and Tenant that in the event of an uncured default by Landlord of its obligations under this Lease, in addition to all other rights and remedies granted to Tenant hereunder, for recovery of any monetary damages to which Tenant may be entitled, Tenant may, in addition to and not in lieu of the proceeds of liability coverage to be carried under Section 14.1 of this Lease by Landlord and which may be collected upon by Tenant, look only to the equity of the Landlord, its successor or assigns in the Shopping Center for the satisfaction of each and every remedy of Tenant in the event of a breach by Landlord or its Successor of any of the terms, conditions or covenants of its Lease to be observed or performed by Landlord or Successor, if any.

22.18 Compliance. With respect to any and all obligations or duties which it may have under the Lease as to its business operations within the Leased Premises, Tenant shall comply with any lawful and valid law, ordinance or regulation of any local, state, or federal authority which has jurisdiction over the territory in which the Premises are located.

*[Remainder of page left blank]*

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Lease as of the date first set forth in the opening paragraph hereof.

WITNESSES:




Printed: Sherri Smith




Printed: Don Bender

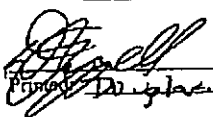
LANDLORD:

COLE TAYLOR BANK, as Trustee under a Trust Agreement dated December 15, 1995, and known as Trust No. 95-4151

  
By: RICHARD V. GUIMARD  
Title: Vice President

WITNESSES:

  
Printed: Alexa M. Burner

  
Printed: Douglas S. Clappell

TENANT:

RCG ARLINGTON HEIGHTS, LLC  
a Delaware limited liability company

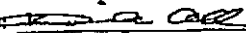
  
By: [Signature]  
Title: Vice President

EXHIBIT "A"

**LEGAL DESCRIPTION OF THE LAND**

LOTS 1, 2 AND 3 IN SHINER'S SUBDIVISION, BEING A RESUBDIVISION OF PART OF LOTS 5 AND 6 IN THE SUBDIVISION OF JOSEPH A. BARNES' FARM IN SECTIONS 9, 15 AND 16, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN;

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PROPERTY AS FOLLOWS:

THAT PART OF LOTS 1 AND 3 IN SHINER'S SUBDIVISION, BEING A SUBDIVISION OF LOTS 5 AND 6 IN THE SUBDIVISION OF JOSEPH A. BARNES' FARM IN SECTIONS 9, 15 AND 16, TOWNSHIP 41 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ON AN ASSUMED BEARING OF NORTH 89 DEGREES 44 MINUTES 21 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 3 FOR A DISTANCE OF 101.79 FEET (101.75 FEET, RECORD) TO THE NORTHEAST CORNER OF LOT 3; THENCE SOUTH 3 DEGREES 25 MINUTES 59 WEST, 14.95 FEET; THENCE SOUTH 89 DEGREES 44 MINUTES 21 SECONDS WEST, 100.83 FEET TO A POINT ON THE EAST LINE OF LOT 1; THENCE NORTH 86 DEGREES 20 MINUTES 21 SECONDS WEST, 145.06; THENCE SOUTH 89 DEGREES 44 MINUTES 21 SECONDS WEST, 230.00 FEET; THENCE NORTH 87 DEGREES 30 MINUTES 31 SECONDS WEST, 104.13 FEET TO A POINT ON THE NORTH LINE OF LOT 3; THENCE NORTH 89 DEGREES 44 MINUTES 21 SECONDS EAST ALONG THE NORTH LINE OF LOT 3 FOR A DISTANCE OF 478.73 FEET TO THE POINT OF BEGINNING), IN COOK COUNTY, ILLINOIS.

BEING THAT SAME PROPERTY CONVEYED TO LANDLORD BY SPECIAL WARRANTY DEED DATED OCTOBER 15, 1996 AND OF RECORD AS INSTRUMENT NO. 96-793137 IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS.

A-1

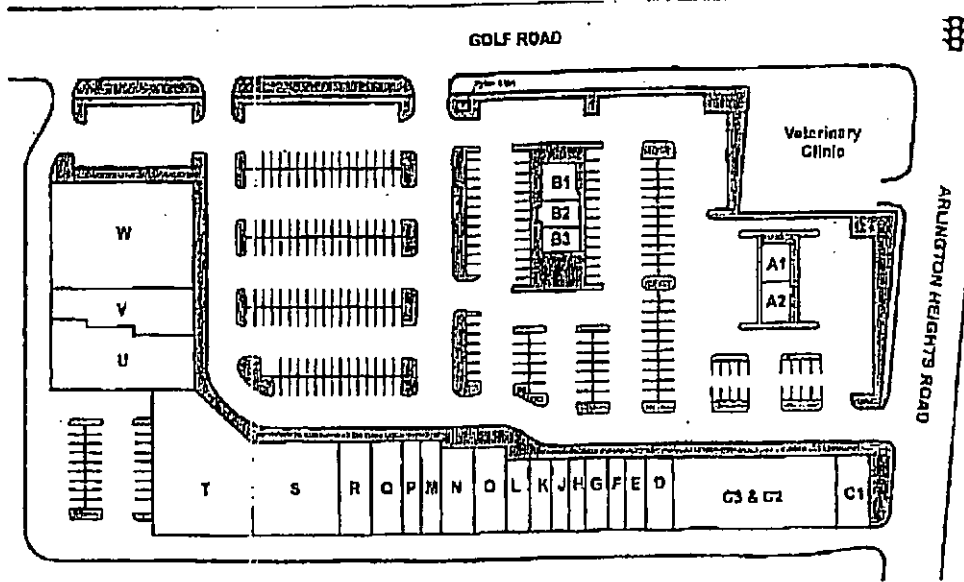
NJFR 362372 v5  
137908-00070 12/20/2001

EXHIBIT "B"

DIAGRAM OF LEASED PREMISES AND CLINIC LEASE PREMISES

B-1

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117908-00070 12/20/2001



Space	Tenant	Area	Space	Tenant	Area
A1	Ann's Flowers	1,350	L	A Polished Look	1,400
A2	Bowl House	1,281	M	Celluland	2,650
B1	Fast Frame	1,400	N	The Ink Well	2,650
B2	Carlson Wag (with Travel)	1,340	O	Europe Jewelers	1,600
B3	1 Mt. Moh. Photo	1,348	P	Cameo Cleaners	1,800
C1	AVAILABLE	2,000	Q	AVAILABLE	2,700
C2/3	RCG Displays (L/O)	10,000	R	Cheng Moo Guan Tai Kwan Do	2,700
D	The Race & Edge	1,810	S	Pat Supplies Plus	7,380
E	Subway	1,120	T	Murray's Discount Auto	11,250
F	Dr. Chiu, DDS	1,120	U	AVAILABLE	10,890
G	The Friendly Card Finer	1,400	V	AVAILABLE	4,600
H	Hollywood Hair	1,400	W	Card & Party Warehouse	13,000
J	Cigarettes Express	1,400			
K	AVAILABLE	1,400	TOTAL	Gross Leasable Area	90,806

 ARLINGTON TOWNE SQUARE

 TRUMP

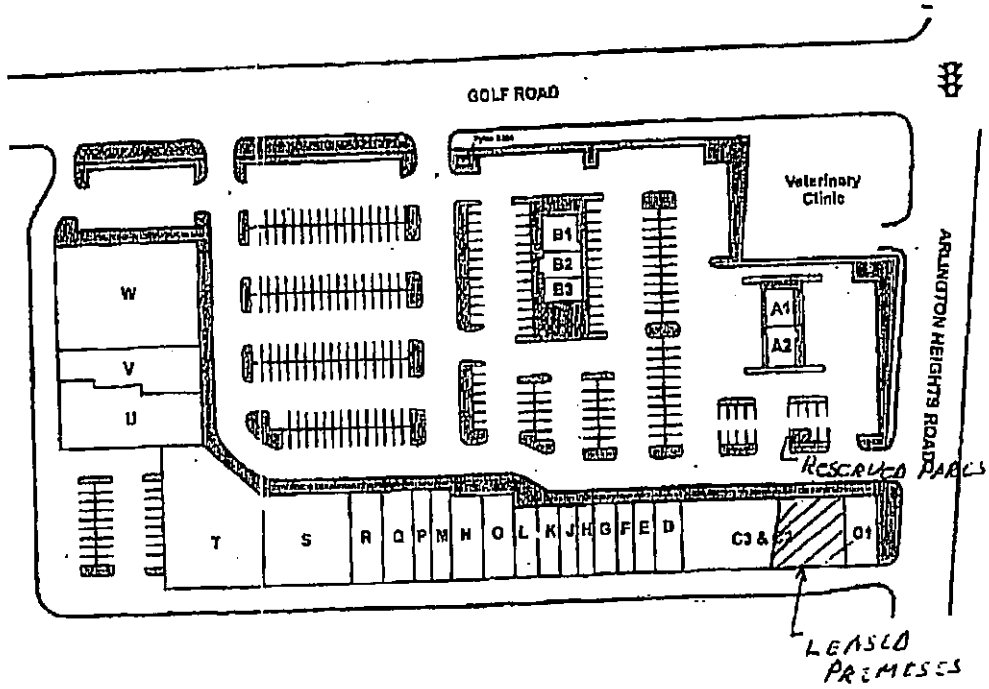
EXHIBIT "C"

RESERVED TENANT DESIGNATED PARKING AREAS SCHEMATIC

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137908-00070 12/02/2001

C-1





Space	Tenant	Area	Space	Tenant	Area
A1	Ann's Flyers	1,350	L	A Polished Look	1,400
A2	Bowl House	1,231	M	Coluband	2,650
B1	Foot Frame	1,400	N	The Ink Well	2,650
B2	Carlson Wag (All Travel)	1,040	O	Europe Jewelers	1,800
B3	1 Hr. Mini-Photo	1,249	P	Camco Cleaners	1,800
C1	AVAILABLE	2,000	Q	AVAILABLE	2,700
C2/3	RCO Dialysis (L/O)	10,020	R	Chung Mao Duan Tai Kwan Do	2,700
D	The Racer's Edge	1,810	S	Pat Supplies Plus	7,380
E	Subway	1,120	T	Murphy's Discount Auto	11,268
F	Dr. Chik DDE	1,120	U	AVAILABLE	10,500
G	The Friendly Card Finds	1,400	V	AVAILABLE	4,800
H	Highlights Hair	1,400	W	Card & Party Warehouse	13,000
J	Cherries Cheaper	1,400			
K	AVAILABLE	1,400	TOTAL	Gross Leasable Area	90,805



ARLINGTON TOWNE SQUARE



MID-AMERICA  
COMMERCIAL REAL ESTATE GROUP

**EXHIBIT "D"**

**COMMENCEMENT DATE RIDER**

The following terms, as identified and set forth in the Clinic Space and Office Space Leases between the undersigned dated \_\_\_\_\_, 200\_\_\_\_ for those premises located in the Arlington Towne Square Shopping Center, Arlington Heights, Illinois, shall, by agreement of the parties, be further defined to include the following information:

- A. The "Beneficial Occupancy Date" was \_\_\_\_\_, 200\_\_\_\_.
- B. The "Commencement Date" shall be \_\_\_\_\_, 2002.
- C. The "Rent Commencement Date" shall be \_\_\_\_\_, 2002.

IN WITNESS WHEREOF, the parties hereto have executed this Commencement Date Rider as of the \_\_\_\_ day of \_\_\_\_\_, 2002.

WITNESSES:

WITNESSES:

\_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

WITNESSES:

\_\_\_\_\_

Printed: \_\_\_\_\_

LANDLORD:

LANDLORD:

COLE TAYLOR BANK, as Trustee under a Trust Agreement dated December 15, 1995, and known as Trust No. 95-4151, a limited liability company

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

TENANT:

RCG ARLINGTON HEIGHTS, LLC  
a Delaware limited liability company

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

D-1

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137908-00070 12/20/001

EXHIBIT "E"

PAGE E-1

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117901-00070 12/20/2001

E-1



EXHIBIT "E"

PAGE E-2

**SCHEMATIC OF TENANT IMPROVEMENT PLANS**

Plans - All Dated 11-26-01

DRAWING INDEX

**ARCHITECTURAL DRAWINGS**

- A1 Floor Plan/Details
- A2 Reflected Ceiling Plan
- A3 Door Schedule/Details
- A4 Room Finish Schedule/Notes

**EQUIPMENT DRAWINGS**

- EQ1 Equipment, Millwork, Furniture Plan
- EQ2 Interior Elevations/Details
- EQ3 Interior Elevations/Details
- EQ4 Interior Elevations/Details
- EQ5 Equipment Legend

**MECHANICAL DRAWINGS**

- M1 Mechanical (HVAC) Plan, Notes & Details
- M2 Equipment/Ventilation Schedules

**PLUMBING DRAWINGS**

- P1 Plumbing Plan/Fixture Schedule
- P2 Domestic Water Plan/Fixture Schedule
- P3 Process Water Plan/Notes

**ELECTRICAL DRAWINGS**

- E1 Power/Data/Signal Plan/Details
- E2 Lighting Plan
- E3 Panel Schedules

E-2

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137906-00070 12/20/2001

**EXHIBIT "F"**

**PARTIAL LIST OF TENANT REMOVABLE EQUIPMENT - TRADE FIXTURES, ETC.**

1. Water Treatment Equipment, Including: Booster pump; back flow preventers; pre-treatment filters; water softeners; carbon and mixed bed tanks; reverse osmosis equipment; water storage tanks; distribution equipment, and post treatment filters.
2. Solution Distribution Equipment, Including: Dialysate storage tanks; bicarbonate mixing tanks and storage tanks; and pumps.
3. All telephone and telecommunication equipment and switches.

G-1

N JFR 362772 v5  
137908-00070 12/28/2001

EXHIBIT G  
GUARANTY  
[See Attached]

N JFR 362272 v5  
137908-00070 12/20/2001

G-1

## GUARANTY

THIS GUARANTY (hereinafter referred to as the "Guaranty") made as of this 31st day of December, 2001, by Renal Care Group, Inc., a Delaware corporation, hereinafter referred to as "Guarantor", whether one or more.

### WITNESSETH:

WHEREAS, Cole Taylor Bank, as Trustee for Trust No. 95-4151, as Landlord is willing to execute a LEASE AGREEMENT (the "Lease") for medical office space dated effective as of the 31st day of December, 2001, between the said Landlord and RCG Arlington Heights, LLC, as Tenant, at the request of the Guarantor and on condition of receiving the Guaranty from the Guarantor as herein contained;

NOW, THEREFORE, for and in consideration of leasing the premises described in the Lease and being, generally, Storefront No. C-2 and comprised of, approximately, 3,978 (defined in the Lease as "Leased Premises") by the Landlord to the Tenant, which Lease is executed contemporaneously herewith, for value received and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged by the Guarantors:

1. The Guarantor hereby absolutely, unconditionally and irrevocably guarantees at any time to Landlord: (1) the full and prompt payment, when due and at all times thereafter, of any and all debts, liabilities, and obligations of the Tenant provided for in the Lease in strict accordance with the terms and conditions thereof (hereinafter called the "indebtedness"); and (2) the full, complete, and punctual observance, performance, and satisfaction of the obligations, duties and agreements of Tenant provided for in the Lease in strict accordance with the terms and conditions thereof (hereinafter called "Obligations") including, but not limited to, the payment and/or reimbursement of Rent, as including Base Rent and Additional Rent alike and inclusive of Operating Expenses (all as defined in the Lease) and other impositions, insurance, taxes, operating expenses and the costs of maintenance and repairs as therein provided for which Tenant is responsible. Guarantor agrees and acknowledges that this Guaranty shall be one of payment and performance and not one of collection. Landlord shall be entitled to commence any action or proceeding against Guarantor to enforce the provisions of this Guaranty without first making demand upon Tenant or commencing an action, arbitration proceeding or other proceeding against Tenant, or otherwise attempting to enforce its available remedies against Tenant; provided, however, since this Guaranty is one of payment and performance and not collection, all cure periods and grace periods available to Tenant under the Lease are also concurrently made available to Guarantor hereby and incorporated herein by reference. The Guarantor does hereby expressly consent to any extension of time, leniency, modification, waiver, forbearance, or any changes which may be made by Landlord and Tenant in any terms and conditions of the Lease, any exhibits attached thereto, and, specifically, the plans and specifications referred to therein, and no such change, modification, extension, waiver or forbearance shall release the Guarantor from any liability or obligation hereby incurred or assumed. Guarantor agrees that the liability of Guarantor hereunder shall not be discharged unless the full performance of the Obligations and repayment of the indebtedness and any other sums due hereunder are made. Guarantor hereby waives any and all rights which would otherwise release a guarantor, surety, or similar party from full or partial performance of the Obligations or repayment of the indebtedness or any other sums due hereunder.

2. It is understood and agreed that the term "Tenant" shall also include successors, assigns, and/or sub-tenants of the Tenant; however, Landlord shall not be obligated to consent to such assignment or subletting except to the extent contemplated by the Lease, and nothing herein shall be deemed as an

1

N JFR 372306 v1  
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amendment of the Lease pertaining to those circumstances where the consent of Landlord to an assignment and/or subletting of the Lease and/or Leased Premises, respectively, are not required.

3. If any action, including any arbitration proceeding (if it is decided to submit such matter to arbitration upon mutual agreement of Landlord and Guarantor), shall be commenced by Landlord to enforce the provisions of this Guaranty, the Landlord shall be entitled if it shall prevail in any such action or proceeding to recover all costs and expenses incurred therein including reasonable attorneys' fees, court costs, filing fees, recording costs, expenses of foreclosure, minutes of foreclosure, and all other reasonable costs and expenses incurred in connection therewith.

4. Subject to the terms and conditions hereof and applicable law, the provisions of the Guaranty and the obligations of the Guarantor hereunder shall survive and shall remain in full force and effect notwithstanding any bankruptcy of the Tenant, any assignment for the benefit of creditors by the Tenant, reorganization, receivership, or any insolvency proceedings commenced by or against the Tenant, and any orders, judgments or decrees which may result therefrom or any invalidity or unenforceability of the Lease.

5. This Guaranty shall inure to the Landlord, Landlord's respective heirs, legal and personal representatives, successors and assigns, and shall extend to and bind the successors and assigns and legal representatives of the undersigned Guarantor.

6. As used in this Guaranty, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires. If any provisions of this Guaranty, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstances, is adjudicated by a court of competent jurisdiction to be invalid, the validity of the remainder of this Guaranty shall be construed as if such invalid part were never included herein. Time is of the essence of this Guaranty. All payments to be made hereunder shall be made in currency and coin of the United States of America which are legal tender for public and private debts at the time of payment.

7. This Guaranty and the Lease constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior such agreements and understandings, both written and oral. This Guaranty may not be modified or amended except by a written instrument signed by Landlord and Guarantor. If this Guaranty is executed in several counterparts, each of these counterparts shall be deemed an original, and all of them together shall constitute one and the same instrument.

8. Any notice or demand which Landlord may desire or may be required to give the Guarantor shall be in writing, and shall be deemed given if and when given in the same manner or method as contemplated by Lease between Landlord and Tenant and addressed to Landlord or Guarantor, as applicable, at their respective addresses set forth below, or to such other address as Guarantor or Landlord may, from time to time, designate to the other in writing at the other's address set forth below:

**If to Landlord:**

Cole Taylor Bank, as Trustee for  
Trust No. 95-4151  
c/o Lighthouse Property Management, LLC  
Attn.: Peggy McDermott  
570 Hillside Court  
Barrington, Illinois 60010

**If to Guarantor:**

Renal Care Group, Inc.  
2100 West End Avenue, Ste. 800  
Nashville, Tennessee 37203  
Attn: General Counsel

With a copy to:

Andrew J. Annes, Esquire  
Schenk, Annes, Brookman & Tepper, Ltd.  
311 South Wacker Drive, Suite 5125  
Chicago, Illinois 60606-6622

Dated this \_\_\_\_ day of \_\_\_\_\_, 200\_.

**GUARANTOR:**

Renel Care Group, Inc.

By: \_\_\_\_\_  
Printed: \_\_\_\_\_  
Its: \_\_\_\_\_

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GUARANTY

THIS GUARANTY (hereinafter referred to as the "Guaranty") made as of this 31st day of December, 2001, by Renal Care Group, Inc., a Delaware corporation, hereinafter referred to as "Guarantor"), whether one or more.

WITNESSETH:

WHEREAS, Cole Taylor Bank, as Trustee for Trust No. 95-4151, as Landlord is willing to execute a LEASE AGREEMENT (the "Lease") for medical office space dated effective as of the 31st day of December, 2001, between the said Landlord and RCG Arlington Heights, LLC, as Tenant, at the request of the Guarantor and on condition of receiving the Guaranty from the Guarantor as herein contained;

NOW, THEREFORE, for and in consideration of leasing the premises described in the Lease and being, generally, Storefront No. C-2 and comprised of, approximately, 3,978 (defined in the Lease as "Leased Premises") by the Landlord to the Tenant, which Lease is executed contemporaneously herewith, for value received and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged by the Guarantors:

1. The Guarantor hereby absolutely, unconditionally and irrevocably guarantees at any time to Landlord: (1) the full and prompt payment, when due and at all times thereafter, of any and all debts, liabilities, and obligations of the Tenant provided for in the Lease in strict accordance with the terms and conditions thereof (hereinafter called the "Indebtedness"); and (2) the full, complete, and punctual observance, performance, and satisfaction of the obligations, duties and agreements of Tenant provided for in the Lease in strict accordance with the terms and conditions thereof (hereinafter called "Obligations") including, but not limited to, the payment and/or reimbursement of Rent, as including Base Rent and Additional Rent alike and inclusive of Operating Expenses (all as defined in the Lease) and other impositions, insurance, taxes, operating expenses and the costs of maintenance and repairs as therein provided for which Tenant is responsible. Guarantor agrees and acknowledges that this Guaranty shall be one of payment and performance and not one of collection. Landlord shall be entitled to commence any action or proceeding against Guarantor to enforce the provisions of this Guaranty without first making demand upon Tenant or commencing an action, arbitration proceeding or other proceeding against Tenant, or otherwise attempting to enforce its available remedies against Tenant; provided, however, since this Guaranty is one of payment and performance and not collection, all cure periods and grace periods available to Tenant under the Lease are also concurrently made available to Guarantor hereby and incorporated herein by reference. The Guarantor does hereby expressly consent to any extension of time, leniency, modification, waiver, forbearance, or any changes which may be made by Landlord and Tenant in any terms and conditions of the Lease, any exhibits attached thereto, and, specifically, the plans and specifications referred to therein, and no such change, modification, extension, waiver or forbearance shall release the Guarantor from any liability or obligation hereby incurred or assumed. Guarantor agrees that the liability of Guarantor hereunder shall not be discharged unless the full performance of the Obligations and repayment of the Indebtedness and any other sums due hereunder are made. Guarantor hereby waives any and all rights which would otherwise release a guarantor, surety, or similar party from full or partial performance of the Obligations or repayment of the Indebtedness or any other sums due hereunder.

2. It is understood and agreed that the term "Tenant" shall also include successors, assigns, and/or sub-tenants of the Tenant; however, Landlord shall not be obligated to consent to such assignment or subletting except to the extent contemplated by the Lease, and nothing herein shall be deemed as an

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3. If any action, including any arbitration proceeding (if it is decided to submit such matter to arbitration upon mutual agreement of Landlord and Guarantor), shall be commenced by Landlord to enforce the provisions of this Guaranty, the Landlord shall be entitled if it shall prevail in any such action or proceeding to recover all costs and expenses incurred therein including reasonable attorneys' fees, court costs, filing fees, recording costs, expenses of foreclosure, minutes of foreclosure, and all other reasonable costs and expenses incurred in connection therewith.

4. Subject to the terms and conditions hereof and applicable law, the provisions of the Guaranty and the obligations of the Guarantor hereunder shall survive and shall remain in full force and effect notwithstanding any bankruptcy of the Tenant, any assignment for the benefit of creditors by the Tenant, reorganization, receivership, or any insolvency proceedings commenced by or against the Tenant, and any orders, judgments or decrees which may result therefrom or any invalidity or unenforceability of the Lease.

5. This Guaranty shall inure to the Landlord, Landlord's respective heirs, legal and personal representatives, successors and assigns, and shall extend to and bind the successors and assigns and legal representatives of the undersigned Guarantor.

6. As used in this Guaranty, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires. If any provisions of this Guaranty, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstances, is adjudicated by a court of competent jurisdiction to be invalid, the validity of the remainder of this Guaranty shall be construed as if such invalid part were never included herein. Time is of the essence of this Guaranty. All payments to be made hereunder shall be made in currency and coin of the United States of America which are legal tender for public and private debts at the time of payment.

7. This Guaranty and the Lease constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior such agreements and understandings, both written and oral. This Guaranty may not be modified or amended except by a written instrument signed by Landlord and Guarantor. If this Guaranty is executed in several counterparts, each of these counterparts shall be deemed an original, and all of them together shall constitute one and the same instrument.

8. Any notice or demand which Landlord may desire or may be required to give the Guarantor shall be in writing, and shall be deemed given if and when given in the same manner or method as contemplated by Lease between Landlord and Tenant and addressed to Landlord or Guarantor, as applicable, at their respective addresses set forth below, or to such other address as Guarantor or Landlord may, from time to time, designate to the other in writing at the other's address set forth below:

If to Landlord:

Cole Taylor Bank, as Trustee for  
Trust No. 95-4151  
c/o Lighthouse Property Management, LLC  
Attn: Peggy McDermott  
570 Hillside Court  
Barrington, Illinois 60010

With a copy to:

Andrew J. Annes, Esquire

If to Guarantor:

Renal Care Group, Inc.  
2100 West End Avenue, Ste. 800  
Nashville, Tennessee 37203  
Attn: General Counsel

Schenk, Annes, Brookman & Tepper, Ltd.  
311 South Wacker Drive, Suite 5125  
Chicago, Illinois 60606-6622

Dated this 31st day of December, 2001.

**GUARANTOR:**

Renal Care Group, Inc.

By: *[Signature]*  
Printed: R. Dick Allison  
Its: Executive Vice President

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#165 ARLINGTON HEIGHTS

WHEN RECORDED MAIL TO:

Andrew J. Annes, Esquire  
Schenk, Annes, Brookman & Tepper, Ltd.  
311 South Wacker Drive, Suite 5125  
Chicago, Illinois 60606-6622

**MEMORANDUM OF LEASE**

This is a Memorandum of Lease by and between COLE TAYLOR BANK, AS TRUSTEE UNDER TRUST AGREEMENT DATED DECEMBER 15, 1995 FOR TRUST NO. 95-4151 with offices at Lighthouse Property Management, LLC, Attn: Peggy McDermott, 570 Hillside Court, Barrington, Illinois 60010 ("Landlord"), and RCG ARLINGTON HEIGHTS, LLC, a Delaware limited liability company with offices at 2100 West End Avenue, Suite 800, Nashville, Tennessee 37203 ("Tenant"), upon the following terms:

*Date of Lease:* December 31, 2001.

*Description of Property:* See Exhibit A attached hereto and incorporated herein by reference.

*Description of the Leased Premises and Shopping Center:* Store Front No. C-2 containing, approximately, 3,978 square feet as depicted upon Exhibit B (Shopping Center Site Plan) attached hereto and incorporated herein by reference. Without limiting the non-exclusive rights of usage of the "Common Areas" within the Shopping Center as granted Tenant in conjunction with the Leased Premises under the Lease, Landlord has also granted to Tenant the sole and exclusive use of those two (2) designated handicapped parking spaces fronting the nearest entrance to the Leased Premises identified upon Exhibit "B" hereto for the use of Tenant and its patients.

*Commencement Date:* The commencement date of the Term of the Lease (the "Commencement Date") is the date following the Effective Date of the Lease (as set forth above and which is also the "Beneficial Occupancy Date" under the Lease) and the Preliminary Term (as defined in the Lease) and which is, more specifically, ninety (90) days following said Beneficial Occupancy Date.

*Initial Term:* Ten (10) Lease Years.

*Renewal Term(s)/Option(s):* Two (2), Five (5) year renewal options, each exercisable by Tenant upon six (6) months prior written notice prior to the end of the Initial Term or, as applicable, previously exercised Renewal Term, and otherwise in accordance with the provisions of Section 3.3 of the Lease, to which reference is made.

*Right of First Refusal Option:* During the Term of this Lease, and provided Tenant is not then in default beyond the cure period(s) applicable thereto, Tenant shall have a right of first refusal to lease any space adjacent to the Leased Premises and/or the Clinic Leased Premises (as described in that Memorandum of Lease between Landlord and Tenant dated on or about the same date hereof and recorded as Instrument/Document No. \_\_\_\_\_ in the office of the Recorder of Deeds, Cook County, Illinois) located in the Shopping Center (the "Refusal Space") upon the terms and conditions contained in the Lease. If Landlord shall receive a bona fide offer from a third party to lease the Refusal Space (an "Offer") within the Term of the Lease, as same may be hereafter renewed, and Landlord desires to accept the Offer, Landlord shall notify Tenant in writing of its desire to accept the Offer. Tenant shall have twenty (20) business days from its receipt of such notice to, at its option without any obligation, exercise its right and option to lease the Refusal Space in the manner and

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upon the terms (including Rent) and conditions as more fully described and contemplated by Section 3.4 of the Lease, to which reference is made. If Tenant elects not to exercise its right of first refusal contained in the Lease as to a particular proposed third-party transaction, then Landlord may lease the Refusal Space to the third party submitting the Offer and Tenant shall have no further rights under Section 3.4 of the Lease until such space next comes available. In the event Tenant does not exercise its right of first refusal contained in the Lease, and Landlord does not lease the refusal space to the third party submitting the Offer within one-hundred twenty (120) days after Tenant's receipt of the Offer, then Section 3.4 of the Lease shall again become effective and shall apply to any subsequent Offer(s).

*Tenant's Improvements:* Tenant's initial Tenant's Improvements (as defined in the Lease) and Alterations (as defined in the Lease) constructed by it or on its behalf upon or within the Leased Premises before and after the Commencement Date shall at all times remain the sole and exclusive property of Tenant pending the expiration or earlier termination of the Lease.

*General:* Notwithstanding anything to the contrary herein set forth, this Memorandum shall serve only as a brief summary of various provisions of the Lease and shall not serve to supplement, alter, amend or modify the parties' Lease. It is executed only for purposes of placing of record and giving notice of the fact that the parties have entered into the Lease with respect to the subject Leased Premises, and reference is hereby made to the Lease, as same be hereafter amended from time to time, for a greater description of the terms and conditions agreed upon by Landlord and Tenant with respect to the Leased Premises. In such regard, in the event of any conflict between the provisions of this Memorandum and the terms and conditions of the Lease, the terms and conditions of the Lease shall, in all respects, control.

*{Remainder of page left blank}*

IN WITNESS WHEREOF the parties have executed this Memorandum of Lease as of the dates set forth in their respective acknowledgments.

TENANT:

RCG ARLINGTON HEIGHTS, LLC

By: [Signature]

Its: Vice President

LANDLORD:

COLE TAYLOR BANK, AS TRUSTEE  
FOR TRUST NO. 95-4151

By: [Signature]

Its: Vice President

[Acknowledgment of Tenant]

STATE OF TENNESSEE )  
  )  
COUNTY OF DAVIDSON )

Before me, Nancy Orndorff, a Notary Public in and for said State and County aforesaid, duly commissioned and qualified, personally appeared R. Dirk Allison, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the of RCG ARLINGTON HEIGHTS, LLC, the within-named bargainer, a Delaware limited liability company, and that he, as such Vice President, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the Limited Liability Company by himself as such Vice President.

WITNESS my hand and seal at office on this the 2<sup>nd</sup> day of December, 2008.

Nancy Orndorff  
Notary Public

My Commission Expires:  
7-27-02



[Acknowledgment of Landlord]

THE STATE OF ILLINOIS )  
 )  
COUNTY OF COOK )

Personally appeared before me, a Notary Public in and for the above County and State, known personally by me and acknowledged by me to be on the date of execution, 28th of December 2001 and he/she executed the foregoing for and on behalf of said Trustee.

Witnessed by hand and this Notarial seal, this 28th day of Dec., 2001.



Sherril Smith  
Notary Public in and for the State and  
County aforesaid

My commission expires: \_\_\_\_\_

EXHIBIT A

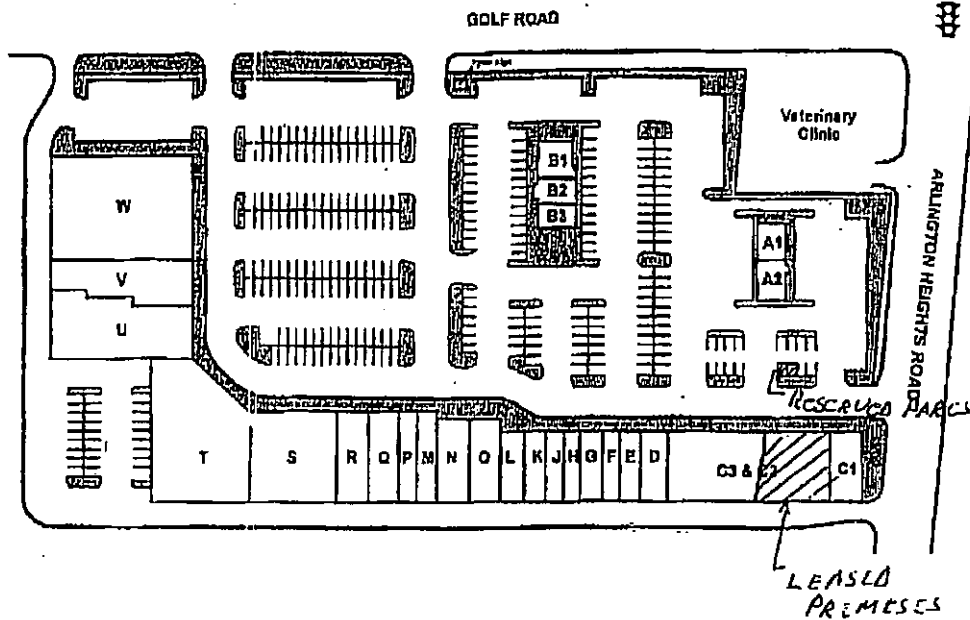
Legal Description

LOTS 1, 2 AND 3 IN SHINER'S SUBDIVISION, BEING A RESUBDIVISION OF PART OF LOTS 5 AND 6 IN THE SUBDIVISION OF JOSEPH A. BARNES FARM IN SECTIONS 9, 15 AND 16, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PROPERTY AS FOLLOWS: THAT PART OF LOTS 1 AND 3 IN SHINER'S SUBDIVISION, BEING A SUBDIVISION OF LOTS 5 AND 6 IN THE SUBDIVISION OF JOSEPH A. BARNES FARM IN SECTIONS 9, 15 AND 16, TOWNSHIP 41 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE ON AN ASSUMED BEARING OF NORTH 89 DEGREES 44 MINUTES 21 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 3 FOR A DISTANCE OF 101.79 FEET (101.75 FEET, RECORD) TO THE NORTHEAST CORNER OF LOT 3; THENCE SOUTH 3 DEGREES 25 MINUTES 59 WEST, 14.95 FEET; THENCE SOUTH 89 DEGREES 44 MINUTES 21 SECONDS WEST 230.00 FEET; THENCE NORTH 87 DEGREES 30 MINUTES 31 SECONDS WEST, 104.13 FEET TO A POINT ON THE NORTH LINE OF LOT 3; THENCE NORTH 89 DEGREES 44 MINUTES 21 SECONDS EAST ALONG THE NORTH LINE OF LOT 3 FOR A DISTANCE OF 478.73 FEET TO THE POINT OF BEGINNING) IN COOK COUNTY, ILLINOIS.

EXHIBIT B

Site Plan/Leased Premises

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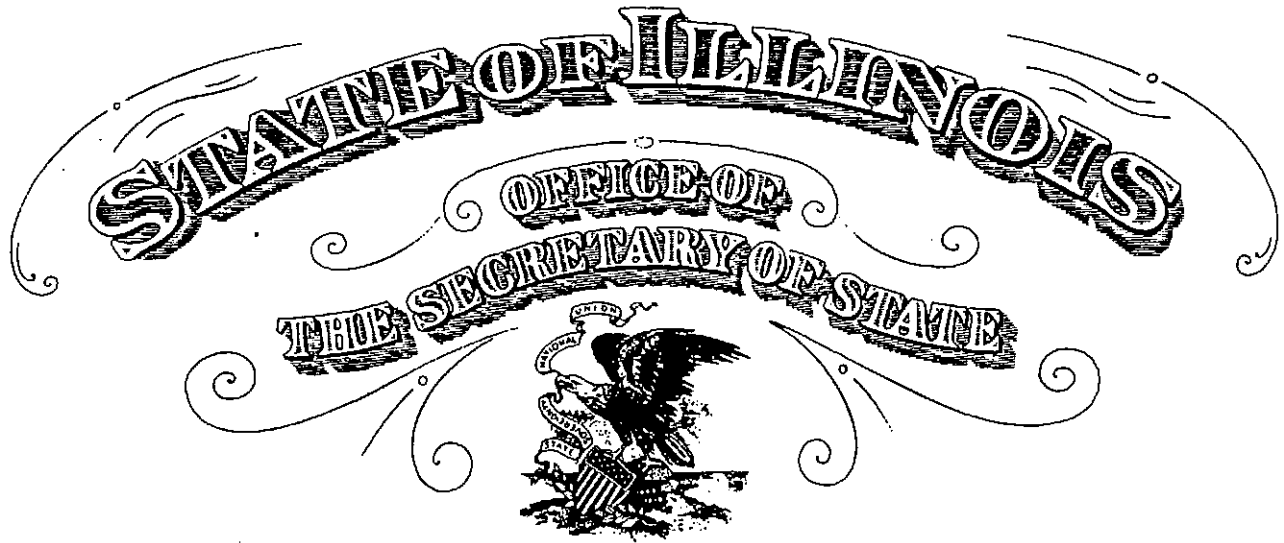
Space	Tenant	Area	Space	Tenant	Area
A1	Ann's Flowers	1,360	L	A Polished Look	1,400
A2	Bowl House	1,281	M	Cellulend	2,650
B1	Fast Frame	1,400	N	The Ink Work	2,650
B2	Carlson Wagmill Travel	1,340	O	Europe Jewelers	1,800
B3	1 Hr. Multi-Photo	1,240	P	Genes Cleaners	1,000
C1	AVAILABLE	2,000	Q	AVAILABLE	2,700
C2	RCO Displays (LJO)	10,000	R	Chung Moo Quen Tai Kwan Do	2,700
D	The Record Edge	1,800	S	Pet Supplies Plus	7,200
E	Bibacy	1,120	T	Murray's Discount Auto	11,250
F	Dr. Chly DDS	1,120	U	AVAILABLE	10,600
G	The Friendly 2nd Floor	1,400	V	AVAILABLE	2,800
H	Highlights Hair	1,400	W	Card & Pony Warehouse	13,000
J	Cigarettes Cheaper	1,400			
K	AVAILABLE	1,400	TOTAL	Gross Leasable Area	80,800

ARLINGTON TOWNE SQUARE

MID-AMERICA  
REAL ESTATE GROUP

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

The Illinois Certificate of Good Standing for DSI Renal, Inc. is attached at Attachment – 3.



To all to whom these Presents Shall Come, Greeting:

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

DSI RENAL, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 06, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of MAY A.D. 2011

Jesse White

Authentication #: 1113901624

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

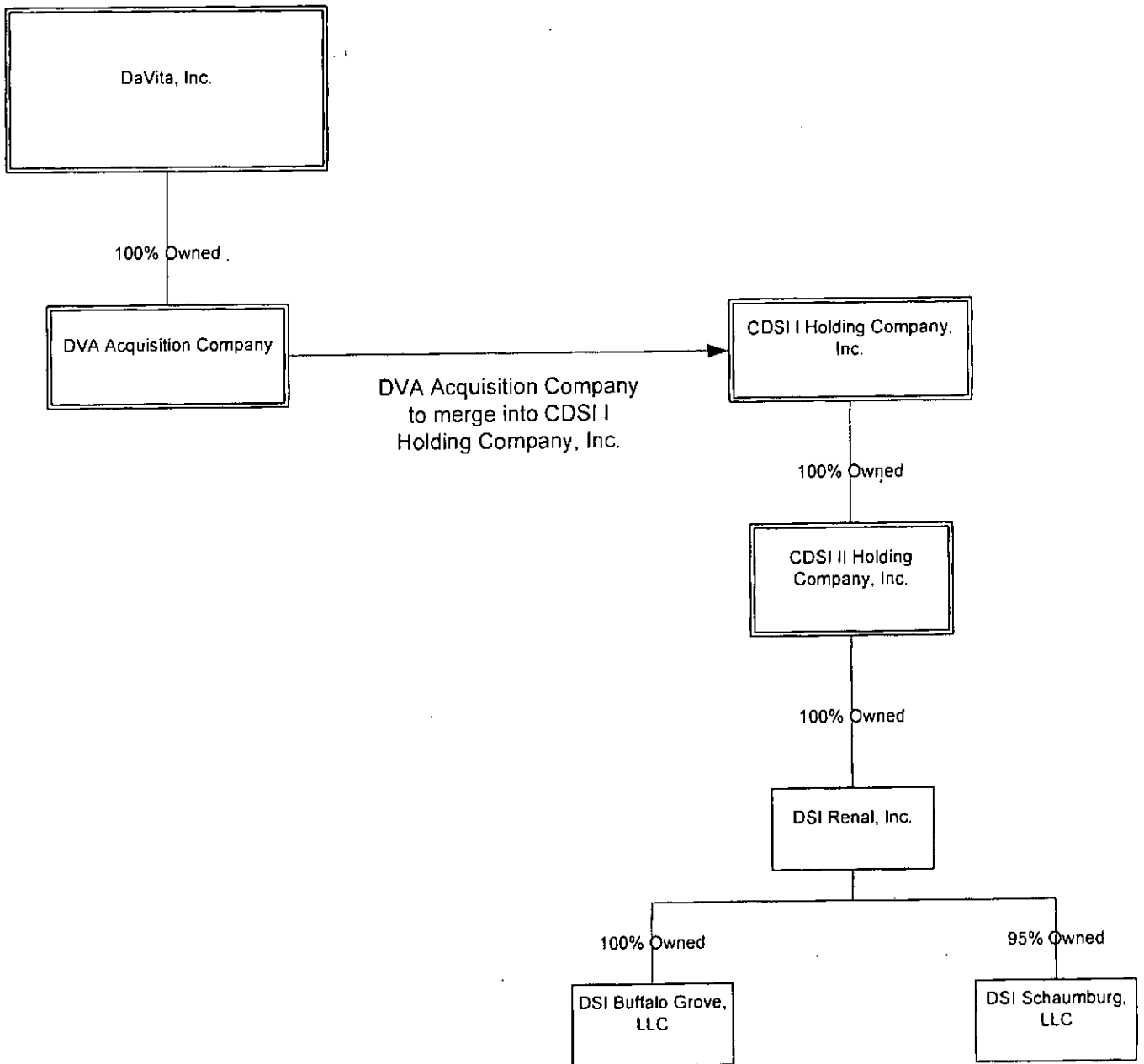
SECRETARY OF STATE

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

The pre and post merger organizational charts for DaVita, Inc. and DSI Renal, Inc. are attached at Attachment - 4.

# DaVita – DSI Renal, Inc.

## Pre-Merger Organizational Chart

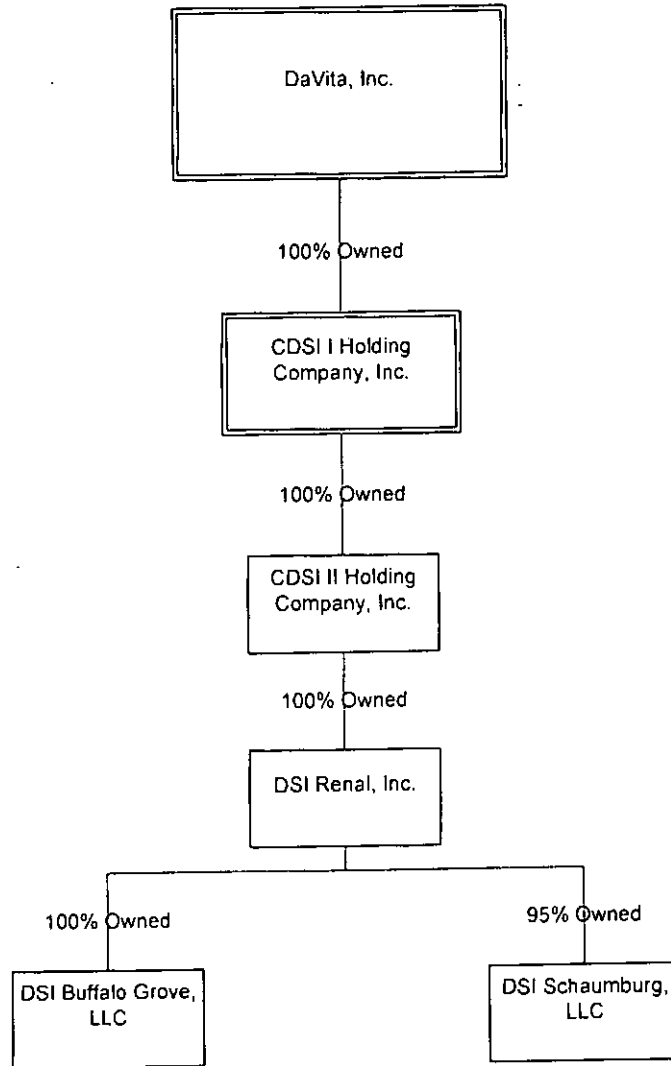


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# DaVita, Inc. – DSI Renal, Inc.

Post-Merger Organizational Chart



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

The Applicants propose a change of control of the operating entity, DSI Renal, Inc. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

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

The Applicants propose a change of control of the operating entity, DSI Renal, Inc. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

**Section I, Identification, General Information, and Certification  
Cost Space Requirements**

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>CLINICAL</b>							
ESRD	\$4,574,641	9,578					
<b>Total Clinical</b>	<b>\$4,574,641</b>	<b>9,578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NON CLINICAL</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Non-clinical</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>\$4,574,641</b>	<b>9,578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Background of the Applicants**

The Applicants are fit, willing and able, and have the qualifications, background and character to adequately provide a proper standard of health care services for the community. DaVita is a leading provider of dialysis services in the United States. The Applicants propose a change in control of the ultimate parent of DSI Renal, Inc., CDSI I Holding Company, Inc. The proposed transaction includes the transfer of up to 106 in-center dialysis facilities to DaVita, including 10 facilities within Illinois, subject to adjustment following Federal Trade Commission Review. The DSI facilities will maintain their current locations but will be fully integrated with DaVita and will implement DaVita's operational processes and quality initiatives.

DaVita has taken on many initiatives to improve the lives of patients suffering from chronic kidney disease ("CKD") and end stage renal disease ("ESRD"). These programs include the EMPOWER, IMPACT, CathAway, and transplant assistance programs. Information on the EMPOWER, IMPACT and CathAway programs are attached at Attachment – 11A.

There are over 26 million patients with CKD and that number is expected to rise. Current data reveals a troubling trend:

- The prevalence of CKD stages 1 to 4 has increased from 10% to 13.1% between 1988 and 2004<sup>1</sup>
- Increasing prevalence of diabetes and hypertension, the two major causes of CKD

Additionally, approximately 65% of CKD Medicare patients (patients 67 and older) have never been evaluated by a nephrologist.<sup>2</sup> Timely CKD care, however, is imperative because adverse outcomes of CKD can often be prevented or delayed through early detection and treatment. Several studies have shown that early detection, intervention and care of CKD may result in improved patient outcomes:

- Reduced GFR is an independent risk factor for morbidity and mortality,
- A reduction in the rate of decline in kidney function upon nephrologists referrals has been associated with prolonged survival of CKD patients,
- Late referral to a nephrologists has been correlated with lower survival during the first 90 days of dialysis, and
- Timely referral of CKD patients to a multidisciplinary nephrology team may improve outcomes and reduce cost.

A care plan for patients with CKD includes strategies to slow the loss of kidney function, manage comorbidities, and prevent or treat cardiovascular disease and other complications of CKD, as well as ease the transition to kidney replacement therapy. Through the EMPOWER program, DaVita offers educational services to CKD patients that can help patients reduce, delay, and prevent adverse outcomes of untreated CKD. The EMPOWER program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

The IMPACT program seeks to reduce patient mortality rates during the first 90-days of dialysis through patient intake, education and management, and reporting. In fact, since piloting in October 2007, the program has not only shown to reduce mortality rates by 8 percent but has also resulted in improved patient outcomes.

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<sup>1</sup> US Renal Data System, USRDS 2007 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, Bethesda, MD: National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases; 2007.

<sup>2</sup> Id.

The CathAway program seeks to reduce the number of patients with central venous catheters ("CVC") through arteriovenous fistula ("AV fistula") placement. AV fistulas have superior patency, lower complication rates, improved adequacy, lower cost to the healthcare system, and decreased risk of patient mortality compared to CVCs. In July 2003, the Centers for Medicare and Medicaid Services, the End Stage Renal Disease Networks and key providers jointly recommended adoption of a National Vascular Access Improvement Initiative ("NVAII") to increase the appropriate use of AV fistulas for hemodialysis. The CathAway program is designed to comply with NVAII through patient education outlining the benefits for AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal.

DaVita's transplant referral and tracking program ensures every dialysis patient is informed of transplant as a modality option and promotes access to transplantation for every patient who is interested and eligible for transplant. The social worker or designee obtains transplant center guidelines and criteria for selection of appropriate candidates and assists transplant candidates with factors that may affect their eligibility, such as severe obesity, adherence to prescribed medicine or therapy, and social/emotional/financial factors related to post-transplant functioning.

In an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$210M to \$230M in hospitalization savings to the health care system and the American taxpayer.

Neither the Centers for Medicare and Medicaid Services or the Illinois Department of Public Health has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any of the applicants, or against any Illinois health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application.

1. Health care facilities owned or operated by the Applicants:

A list of health care facilities owned or operated by DaVita in Illinois is attached at Attachment – 11B.

A list of health care facilities owned or operated by DSI Renal in Illinois is attached at Attachment – 11C.

Dialysis facilities are not subject to State Licensure.

2. Certification that no adverse action has been taken against any of the Applicants, or against any health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application is attached at Attachment – 11D.

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



Office of the Chief  
Medical Officer (OCMO)  
Allen R. Nissenson, MD  
Chief Medical Officer  
Meredith Mathews, MD  
Robert Provenzano, MD  
John Robertson, MD  
David B. Van Wyck, MD

601 Hawaii Street, El Segundo, CA 90245 | 1-800-313-4872 | www.davita.com, physicians

April 30, 2009

Dear Physicians:

As your partner, DaVita® and OCMO are committed to helping you achieve unprecedented clinical outcomes with your patients. As part of OCMO's Relentless Pursuit of Quality™, DaVita will be launching our top two clinical initiatives; IMPACT and CathAway™, at our annual 2009 Nationwide Meeting. Your facility administrators will be orienting you on both programs upon their return from the meeting in early May.



**IMPACT:** The goal of IMPACT is to reduce incident patient mortality. IMPACT stands for Incident Management of Patients Actions Centered on Treatment. The program focuses on three components: patient intake, education and management and reporting. IMPACT has been piloting since October 2007 and has demonstrated a reduction in mortality. The study recently presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN. In addition to lower mortality rates, patient outcomes improved - confirming this vulnerable patient population is healthier under DaVita's relentless pursuit of quality care.



**CathAway:** Higher catheter use is associated with increased infection, morbidity, mortality and hospitalizations <sup>(1) (2)</sup>. The 7-step Cathaway Program supports reducing the number of patients with central venous catheters (CVCs). The program begins with patient education outlining the benefits of fistula placement. The remaining steps support the patient through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. For general information about the CathAway program, see the November 2008 issue of QUEST, DaVita's Nephrology Journal.

**Here is how you can support both initiatives in your facilities:**

- **Assess incident patients regularly in their first 90 days:** Discuss patients individually and regularly. Use the IMPACT scorecard to prompt these discussions.
- **Adopt "Facility Specific Orders":** Create new facility specific orders using the form that will be provided to you.
- **Minimize the "catheter-removal" cycle time:** Review each of your catheter patients with your facility teammates and identify obstacles causing delays in catheter removal. Work with the team and patients to develop action plans for catheter removal.
- **Plan fistula and graft placements:** Start AV placement plans early by scheduling vessel mapping and surgery evaluation appointments for Stage 4 CKD patients. Schedule fistula placement surgery for those patients where ESRD is imminent in the next 3-6 months.

**Launch Kits:**

In May, Launch Kits containing materials and tools to support both initiatives will be arriving at your facilities. IMPACT kits will include a physician introduction to the program, step by step implementation plan and a full set of educational resources. FAs and Vascular Access Leaders will begin training on a new tool to help identify root-causes for catheter removal delays.

Your support of these efforts is crucial. As always, I welcome your feedback, questions and ideas. Together with you, our physician partners, we will drive catheter use to all-time lows and help give our incident patients the quality and length of life they deserve.

Sincerely,



Allen R. Nissenson, MD, FACP  
Chief Medical Officer, DaVita

- (1) Dialysis Outcomes and Practice Patterns Study (DOPPS): 2 yrs/7 Countries / 10,000 pts.
- (2) Pastan et al: Vascular access and increased risk of death among hemodialysis patients.



*DaVita.*





# Knowledge is power.

EMPOWER® is an educational program by DaVita®. The program includes a series of free community based classes for patients with chronic kidney disease (CKD). These classes encourage you to take control of your kidney disease and prepare for dialysis by making healthy choices about your kidney care

## Taking Control Of Kidney Disease

Learn how to slow the progression of kidney disease.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

## Making Healthy Choices

Learn how to prepare for dialysis.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

## Treatment Choices

An in-depth look at all of your treatment choices.

- Kidney disease and related conditions
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

To register for a class, call 1-888-MyKidney (695-4363).

EMPOWER®  
1-888-MyKidney (695-4363) | [DaVita.com/EMPOWER](http://DaVita.com/EMPOWER)

*DaVita*®

IMPACT stands for Incident Management of Patients, Actions Centered on Treatment. It's a comprehensive patient management program designed to focus on incident patients throughout their first three months of dialysis. The first days of dialysis are particularly challenging for patients, families and health care teams.

These patients require more education and closer management than patients who have been receiving dialysis for a longer period because of their compromised conditions and high mortality risk. IMPACT is focused on easing the process for patients transitioning to dialysis.

The desired goal of this program are to provide comprehensive patient education, target key monitoring points in the first 90 days for better adherence to treatment, improved outcomes and reduced mortality.

## Achieve "Top Two" status in 2010.

### What's the significance of achieving Top Two status?

Reducing both incident patient mortality and the number of catheter patients are DaVita's top two clinical goals for 2010. Medical Directors, FAs and RODs who achieve both program goals in 2010 will achieve Top Two status for the year.

These initiatives are tied to strong clinical outcomes and improved quality of life. Reaching the Top Two goals means a high level of care for your patients, and special recognition and honors.

To reach your 2010 IMPACT Goal:  
Achieve a graduate grade of 75% or better  
by December 31 for September new admits

To reach your 2010 CathAway Goal:  
Achieve Day-90 catheter percentage  
of 18% or lower by December 31





Dear Physician Partners:

IMPACT™ is an initiative focused on reducing incident patient mortality. The program provides a comprehensive onboarding process for incident patients, with program materials centered on four key clinical indicators—access, albumin, anemia, and adequacy.

**Medical Directors: How can you support IMPACT in your facilities?**

- Customize the new Standard Admission Order template into facility-specific orders.
- Drive use of the standard order with your attending physicians
- Review your facility IMPACT scorecard at your monthly QIFMM meeting
- Talk about IMPACT regularly with your attending physicians

**Attending Physicians: How can you support IMPACT in your facilities?**

- Use the IMPACT scorecard to assess incident patients
- Educate teammates about the risk incident patients face and how IMPACT can help

**How was IMPACT developed? What are the initial results?**

From October 2007 to April 2009, IMPACT was piloted in DaVita® centers. Early results, presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN this April, showed an 8% reduction in annualized mortality. In addition to lower mortality, IMPACT patients showed improvements in fistula placement rates and serum albumin levels. The results are so impressive that we are implementing this program throughout the Village.

**Your support of this effort is crucial.**

If you have not seen the IMPACT order template and scorecard by the end of June, or if you have additional questions about the program, email [impact@davita.com](mailto:impact@davita.com). Together we can give our incident patients the quality and length of life they deserve.

Sincerely,

Dennis Kogod  
Chief Operating Officer

Allen R. Nissenson, MD, FACP  
Chief Medical Officer





*Davita\**



FOR IMMEDIATE RELEASE

## DaVita's IMPACT Program Reduces Mortality for New Dialysis Patients

*Study Shows New Patient Care Model Significantly Improves Patient Outcomes*

El Segundo, Calif., (March, 29, 2009) – DaVita Inc., a leading provider of kidney care services for those diagnosed with chronic kidney disease (CKD), today released the findings of a study revealing DaVita's IMPACT™ (Incident Management of Patients, Actions Centered on Treatment) pilot program can significantly reduce mortality rates for new dialysis patients. The study presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN details how the IMPACT patient care model educates and manages dialysis patients within the first 90 days of treatment, when they are most unstable and are at highest risk. In addition to lower mortality rates, patient outcomes improved - confirming the health of this vulnerable patient population is better supported under DaVita's *Relentless Pursuit of Quality*™ care.

The pilot program was implemented with 606 patients completing the IMPACT program over a 12 month period in 44 DaVita centers around the nation. IMPACT focuses on patient education and important clinical outcomes - such as the measurement of adequate dialysis, access placement, anemia, and albumin levels - monitoring the patient's overall health in the first 90 days on dialysis. Data reflects a reduction in annualized mortality rates by eight percent for IMPACT patients compared with non-IMPACT patients in the DaVita network. Given that DaVita has roughly 28,000 new patients starting dialysis every year, this reduction affects a significant number of lives.

In addition, a higher number of IMPACT patients versus non-IMPACT patients had an arteriovenous fistula (AVF) in place. Research shows that fistulas - the surgical connection of an artery to a vein - last longer and are associated with lower rates of infection, hospitalization and death compared to all other access choices.

Allen R. Nissenson, MD, Chief Medical Officer at DaVita says, "The IMPACT program is about quality patient care starting in the first 90 days and extending beyond. Improved outcomes in new dialysis patients translates to better long term results and healthier patients overall."

Researchers applaud the IMPACT program's inclusion of all patients starting dialysis, regardless of their cognitive ability or health status. Enrolling all patients at this early stage in their treatment allows them to better understand their disease and care needs while healthcare providers work to improve their outcomes. Through this program, DaVita mandates reporting on this particular population to better track and manage patients through their incident period.

Dennis Kogod, Chief Operating Officer of DaVita says, "We are thrilled by the promising results IMPACT has had on our new dialysis patients. DaVita continues to be the leader in the kidney care community, and we look forward to rolling out this program to all facilities later this year, to improve the health of all new dialysis patients."

DaVita, IMPACT and *Relentless Pursuit of Quality* are trademarks or registered trademarks of DaVita Inc. All other trademarks are the properties of their respective owners.

Poster Presentation  
NKF Spring Clinical Meeting  
Nashville, TN  
March 26-28, 2009

## Incident Management of Hemodialysis Patients: Managing the First 90 Days

John Robertson<sup>1</sup>, Pooja Goel<sup>1</sup>, Grace Chen<sup>1</sup>, Ronald Levine<sup>1</sup>, Debbie Benner<sup>1</sup>, and Amy Burdan<sup>1</sup>  
<sup>1</sup>DaVita Inc., El Segundo, CA, USA

IMPACT (Incident Management of Patients, Actions Centered on Treatment) is a program to reduce mortality and morbidity in new patients during the first 3 months of dialysis, when these patients are most vulnerable. IMPACT was designed to standardize the onboarding process of incident patients from their 0 to 90-day period. We report on an observational (non-randomized), un-blinded study of 606 incident patients evaluated over 12 months (Oct77-Oct08) at 44 US DaVita facilities.

The study focused on 4 key predictive indicators associated with lower mortality and morbidity—**anemia, albumin, adequacy and access (4As)**. IMPACT consisted of:

- (1) Structured New Patient Intake Process with a standardized admission order, referral fax, and an intake checklist;
- (2) 90-day Patient Education Program with an education manual and tracking checklist;
- (3) Tools for 90-day Patient Management Pathway including QOL; and
- (4) Data Monitoring Reports.

Data as of July, 2008 is reported. Patients in the IMPACT group were 60.6 ± 15.1 years old (mean±SD), 42.8% Caucasian, 61% male with 25% having a fistula. Results showed a reduction in 90-day mortality almost 2 percentage points lower (6.14% vs. 7.98%;  $p < 0.10$ ) among IMPACT versus nonIMPACT patients. Changes among the 4As showed higher albumin levels from 3.5 to 3.6 g/dL (note that some IMPACT patients were on protein supplementation during this period) and patients achieving fistula access during their first 90-days was 25% vs. 21.4%, IMPACT and nonIMPACT, respectively ( $p \leq 0.05$ ). However, only 20.6% of IMPACT patients achieved Hct targets ( $33 \leq \text{Hb} \leq 36$ ) vs. 23.4% for controls ( $p < 0.10$ ); some IMPACT patients may still have  $> 36$ -level Hcts. Mean calculated Kt/V was 1.54 for IMPACT patients vs. 1.58 for nonIMPACT patients ( $p \leq 0.05$ ).

IMPACT is a first step toward a comprehensive approach to reduce mortality of incident patients. We believe this focus may help us to better manage CKD as a continuum of care. Long-term mortality measures will help determine if this process really impacts patients in the intended way, resulting in longer lives and better outcomes.

# IMPACT Tools

Here's how the IMPACT program will help the team record data, educate patients and monitor their progress in your facilities.

- 1 Standard Order Template, a two-page form with drop-down menus that can be customized into a center-specific template
- 2 Intake Checklist to gather registration and clinical data prior to admission
- 3 Patient Announcement to alert teammates about new incident patients
- 4 Patient Education Book and Flip Chart to teach patients about dialysis
- 5 Tracking Checklist for the team to monitor progress over the first 90 days
- 6 IMPACT Scorecard to track monthly center summary and patient level detail for four clinical indicators: access, albumin, adequacy, anemia

1

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**IMPACT SCORECARD**

90

Facility: XYZ - Sample Facility  
 Group: Sample Group  
 Division: Sample Division  
 Region: Sample Region  
 Period: March 2008

Indicator	Actual	Target	Score
Access	95%	90%	95%
Albumin	3.5	3.0	3.5
Adequacy	1.2	1.0	1.2
Anemia	12%	10%	12%

DVA IMPACT Dashboard Averages

Indicator	Actual	Target	Score
Access	95%	90%	95%
Albumin	3.5	3.0	3.5
Adequacy	1.2	1.0	1.2
Anemia	12%	10%	12%

Form # 01-001-IMPACT Scorecard  
 Total # of 90 Day Patients: 2

Form # 01-001-IMPACT Scorecard  
 Total # of 90 Day Patients: 2

Form # 01-001-IMPACT Scorecard  
 Total # of 90 Day Patients: 2

Form # 01-001-IMPACT Scorecard  
 Total # of 90 Day Patients: 2

5

**IMPACT Education Checklist**

90

**IMPACT Management Checklist**

90

Indicator	Education Checklist	Management Checklist
Access	<ul style="list-style-type: none"> <li>1. Patient understands importance of access care.</li> <li>2. Patient knows how to care for their access.</li> <li>3. Patient knows when to call the healthcare provider.</li> </ul>	<ul style="list-style-type: none"> <li>1. Access care provided as per protocol.</li> <li>2. Access care documented in patient record.</li> <li>3. Access care discussed with patient.</li> </ul>
Albumin	<ul style="list-style-type: none"> <li>1. Patient understands importance of albumin.</li> <li>2. Patient knows how to care for their albumin.</li> <li>3. Patient knows when to call the healthcare provider.</li> </ul>	<ul style="list-style-type: none"> <li>1. Albumin care provided as per protocol.</li> <li>2. Albumin care documented in patient record.</li> <li>3. Albumin care discussed with patient.</li> </ul>
Adequacy	<ul style="list-style-type: none"> <li>1. Patient understands importance of adequacy.</li> <li>2. Patient knows how to care for their adequacy.</li> <li>3. Patient knows when to call the healthcare provider.</li> </ul>	<ul style="list-style-type: none"> <li>1. Adequacy care provided as per protocol.</li> <li>2. Adequacy care documented in patient record.</li> <li>3. Adequacy care discussed with patient.</li> </ul>
Anemia	<ul style="list-style-type: none"> <li>1. Patient understands importance of anemia.</li> <li>2. Patient knows how to care for their anemia.</li> <li>3. Patient knows when to call the healthcare provider.</li> </ul>	<ul style="list-style-type: none"> <li>1. Anemia care provided as per protocol.</li> <li>2. Anemia care documented in patient record.</li> <li>3. Anemia care discussed with patient.</li> </ul>



**Headquarters**  
1627 Cole Blvd, Bldg 18  
Lakewood CO 80401  
1-888-200-1041

## **IMPACT**

For more information, contact  
1-800-400-8331

**DaVita.com**

**Our Mission**  
To be the Provider,  
Partner and Employer  
of Choice

**Core Values**  
Service Excellence  
Integrity  
Team  
Continuous Improvement  
Accountability  
Fulfillment  
Fun



Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Logan Square Dialysis	2659 N MILWAUKEE AVE	1ST FL	CHICAGO	COOK	IL	60647-1643	14-2534
Lake County Dialysis Services	918 S MILWAUKEE AVE		LIBERTYVILLE	LAKE	IL	60048-3229	14-2552
Lincoln Park Dialysis	3157 N LINCOLN AVE		CHICAGO	COOK	IL	60657-3111	14-2528
Skyline Home Dialysis	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2560
TRC Children's Dialysis Center	2611 N HALSTED ST		CHICAGO	COOK	IL	60614-2301	14-2604
Emerald Dialysis	710 W 43RD ST		CHICAGO	COOK	IL	60609-3435	14-2529
Olympia Fields Dialysis Center	4557B LINCOLN HWY	STE B	MATTESON	COOK	IL	60443-2318	14-2548
Granite City Dialysis Center	9 AMERICAN VLG		GRANITE CITY	MADISON	IL	62040-3706	14-2537
Sauget Dialysis	2061 GOOSE LAKE RD		SAUGET	SAINT CLAIR	IL	62206-2822	14-2561
Churchview Dialysis	5970 CHURCHVIEW DR		ROCKFORD	WINNEBAGO	IL	61107-2574	14-2640
Freeport Dialysis	1028 S KUNKLE BLVD		FREEDPORT	STEPHENSON	IL	61032-6914	14-2642
Rockford Dialysis	3339 N ROCKTON AVE		ROCKFORD	WINNEBAGO	IL	61103-2839	14-2647
Whiteside Dialysis	2600 N LOCUST	STE D	STERLING	WHITESIDE	IL	61081-4602	14-2648
Chicago Heights Dialysis	177 W JOE ORR RD	STE B	CHICAGO HEIGHTS	COOK	IL	60411-1733	14-2635
Benton Dialysis	1151 ROUTE 14 W		BENTON	FRANKLIN	IL	62812-1500	14-2608
Centralia Dialysis	1231 STATE ROUTE 161		CENTRALIA	MARION	IL	62801-6739	14-2609
Marion Dialysis	324 S 4TH ST		MARION	WILLIAMSON	IL	62959-1241	14-2570
Mount Vernon Dialysis	1800 JEFFERSON AVE		MOUNT VERNON	JEFFERSON	IL	62864-4300	14-2541
Metro East Dialysis	5105 W MAIN ST		BELLEVILLE	SAINT CLAIR	IL	62226-4728	14-2527
Olney Dialysis Center	117 N BOONE ST		OLNEY	RICHLAND	IL	62450-2109	14-2674
Stony Creek Dialysis	9115 S CICERO AVE		OAK LAWN	COOK	IL	60453-1895	14-2661
Beverly Dialysis	8109 SOUTH WESTERN AVE		CHICAGO	COOK	IL	60620-5939	14-2638
Maryville Dialysis	2130 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2634
Montclare Dialysis Center	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2649
Roxbury Dialysis Center	622 ROXBURY RD		ROCKFORD	WINNEBAGO	IL	61107-5089	14-2665
Dixon Kidney Center	1131 N GALENA AVE		DIXON	LEE	IL	61021-1015	14-2651
Sycamore Dialysis	2200 GATEWAY DR		SYCAMORE	DEKALB	IL	60178-3113	14-2639

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Mt. Greenwood Dialysis	3401 W 111TH ST		CHICAGO	COOK	IL	60655-3329	14-2660
Lake Villa Dialysis	37809 N IL ROUTE 59		LAKE VILLA	LAKE	IL	60046-7332	14-2666
Little Village Dialysis	2335 W CERMAK RD		CHICAGO	COOK	IL	60608-3811	14-2668
Kankakee County Dialysis	581 WILLIAM R LATHAM SR DR	STE 104	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Wayne County Dialysis	303 NW 11TH ST	STE 1	FAIRFIELD	WAYNE	IL	62837-1203	14-2688
Edwardsville Dialysis	235 S BUCHANAN ST		EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Vandalia Dialysis	301 MATTES AVE		VANDALIA	FAYETTE	IL	62471-2061	14-2693
Macon County Dialysis	1090 W MCKINLEY AVE		DECATUR	MACON	IL	62526-3208	14-2584
Effingham Dialysis	904 MEDICAL PARK DR	STE 1	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Jacksonville Dialysis	1515 W WALNUT ST		JACKSONVILLE	MORGAN	IL	62650-1150	14-2581
Litchfield Dialysis	915 ST FRANCES WAY		LITCHFIELD		IL	62056-1775	14-2583
Mattoon Dialysis	200 RICHMOND AVE E		MATTOON	COLES	IL	61938-4652	14-2585
Springfield Central Dialysis	932 N RUTLEDGE ST		SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Taylorville Dialysis	901 W SPRESSER ST		TAYLORVILLE	CHRISTIAN	IL	62568-1831	14-2587
Lincoln Dialysis	2100 WEST FIFTH		LINCOLN	LOGAN	IL	62656-9115	14-2582
Springfield Montvale Dialysis	2930 MONTVALE DR	STE A	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Decatur East Wood Dialysis	794 E WOOD ST		DECATUR	MACON	IL	62523-1155	142599
Alton Dialysis	3511 COLLEGE AVE		ALTON	MADISON	IL	62002-5009	14-2619
Rushville Dialysis	112 SULLIVAN DRIVE		RUSHVILLE	SCHUYLER	IL	62681-1293	14-2620
Illini Renal Dialysis	507 E UNIVERSITY AVE		CHAMPAIGN	CHAMPAIGN	IL	61820-3828	14-2633
Woodridge Home Dialysis	7425 JANES AVE	STE 103	WOODRIDGE	DUPAGE	IL	60517-2356	14-2696
Big Oaks Dialysis	5623 W TOUHY AVE		NILES	COOK	IL	60714-4019	14-2712
West Lawn Dialysis	7000 S PULASKI RD		CHICAGO	COOK	IL	60629-5842	14-2719
Robinson Dialysis	1215 N ALLEN ST	STE B	ROBINSON	CRAWFORD	IL	62454-1100	14-2714
Adams County Dialysis	436 N 10TH ST		QUINCY	ADAMS	IL	62301-4152	14-2711
Pittsfield Dialysis	640 W WASHINGTON ST		PITTSFIELD	PIKE	IL	62363-1350	14-2708

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Jerseyville Dialysis	917 S STATE ST		JERSEYVILLE	JERSEY	IL	62052-2344	14-2636
Stoncrest Dialysis	1302 E STATE ST		ROCKFORD	WINNEBAGO	IL	61104-2228	14-2615
Crystal Springs Dialysis	720 COG CIRCLE		CRYSTAL LAKE	MCHENRY	IL	60014-7301	14-2716
Cobblestone Dialysis	934 CENTER ST	STE A	ELGIN	KANE	IL	60120-2125	14-2715
Lake Park Dialysis	1531 E HYDE PARK BLVD		CHICAGO	COOK	IL	60615-3039	14-2717
Stony Island Dialysis	8725 S STONY ISLAND AVE		CHICAGO	COOK	IL	60617-2709	14-2718
Woodlawn Dialysis	1164 E 55TH ST		CHICAGO	COOK	IL	60615-5115	14-2310
Woodlawn Home Program	5841 S MARYLAND AVE	RM L-026	CHICAGO	COOK	IL	60637-1447	14-3524
Lockport Home Dialysis	16626 W 159TH ST	STE 703	LOCKPORT	WILL	IL	60441-8019	14-2697
Maryville Home Dialysis	2136B VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2686
Kennedy Home Dialysis	5509 N CUMBERLAND AVE	STE 515	CHICAGO	COOK	IL	60656-4702	14-2691

DSI Renal Inc. Illinois Facilities

Facility	Address	City	Services	Number of Stations 3/20/2011	Average Utilization 04/01/2010 to 03/31/2011
DSI Loop Renal Center	1101 South Canal Street,	Chicago	In-Center Hemo, HHD	28	45.68%
DSI Scottsdale Renal Center	4651 West 79th Street, Suite 100	Chicago	In-Center Hemo, HHD	35	42.26%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	55.09%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	92.29%
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	In-Center Hemo	24	72.57%
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	In-Center Hemo	17	87.50%
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	In-Center Hemo	18	58.10%
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	In-Center Hemo	16	70.31%
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	In-Center Hemo, HHD	14	86.61%
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	In-Center Hemo, HHD	22	75.95%

May 18, 2011

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

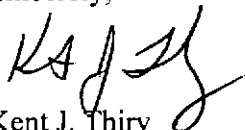
**Re: Adverse Action and Access to Information**

Dear Chairman Galassie:


I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DaVita, Inc. during the three years prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

  
Kent J. Thiry  
Chief Executive Officer  
DaVita, Inc.

Subscribed and sworn to me  
This 23 day of May, 2011

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



109

May 18, 2011

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


**Re: Adverse Action and Access to Information**

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DSI Renal, Inc. during the three years prior to filing this application.

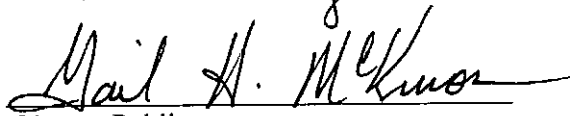
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Sincerely,



Leif Murphy  
President & Chief Executive Officer  
DSI Renal, Inc.

Subscribed and sworn to me  
This 24<sup>th</sup> day of May, 2011



Gail H. McKinnon  
Notary Public



110

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

**Purpose of the Project**

1. The purpose of the proposed merger of DaVita and DSI Renal, Inc. is to ensure ESRD patients throughout the country have continued access to life sustaining dialysis services. Acquisition of the DSI facilities will create economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Notably, on January 1, 2011, the Centers for Medicare and Medicaid Services ("CMS") implemented a new bundled prospective payment system for dialysis providers. This change in reimbursement is arguably the most dramatic change to the dialysis industry since the inclusion of chronic end-stage renal disease to the Medicare program. Under the new bundled payment system, CMS will make a single bundled payment to a dialysis facility for each dialysis treatment that will cover all services. This is a significant departure from the previous payment system where facilities were paid a composite rate for a defined set of items and services and paid separately for drugs, laboratory tests, and other services not included in the composite rate. The new bundled payment provides a fixed rate that encompasses all goods and services provided during dialysis treatment, including pharmaceuticals and most laboratory services that were historically reimbursed separately. Dialysis facilities whose costs are below the bundled payment will remain solvent while dialysis facilities whose costs exceed the bundled payment are liable for the difference and if their fixed cost structure is too high for this reimbursement model, their continued success would be in jeopardy.

To thrive in this new reimbursement environment, providers will need to provide dialysis in the most cost effective manner and DaVita is one of the best positioned providers to meet that challenge.

2. A map of the market area for DSI Arlington Heights Renal Center is attached at Attachment – 12. The market area encompasses a 30 minute normal travel time radius around the facility.
3. DSI Arlington Heights Renal Center is located in HSA 7. Based upon the May 20, 2011 Update to Inventory of Other Health Services, there is currently a need for 8 stations in HSA 7. The proposed merger of DaVita and DSI Renal, Inc. will ensure ESRD patients residing in HSA 7 retain access to life sustaining dialysis.

4. Reference

Illinois Health Facilities and Services Review Board, Update to Inventory of Other Health Services 8 (May 20, 2011) available at <http://www.hfsrb.illinois.gov/pdf/Other%20Services%20Update%205-20-2011.pdf> (last visited May 23, 2011).

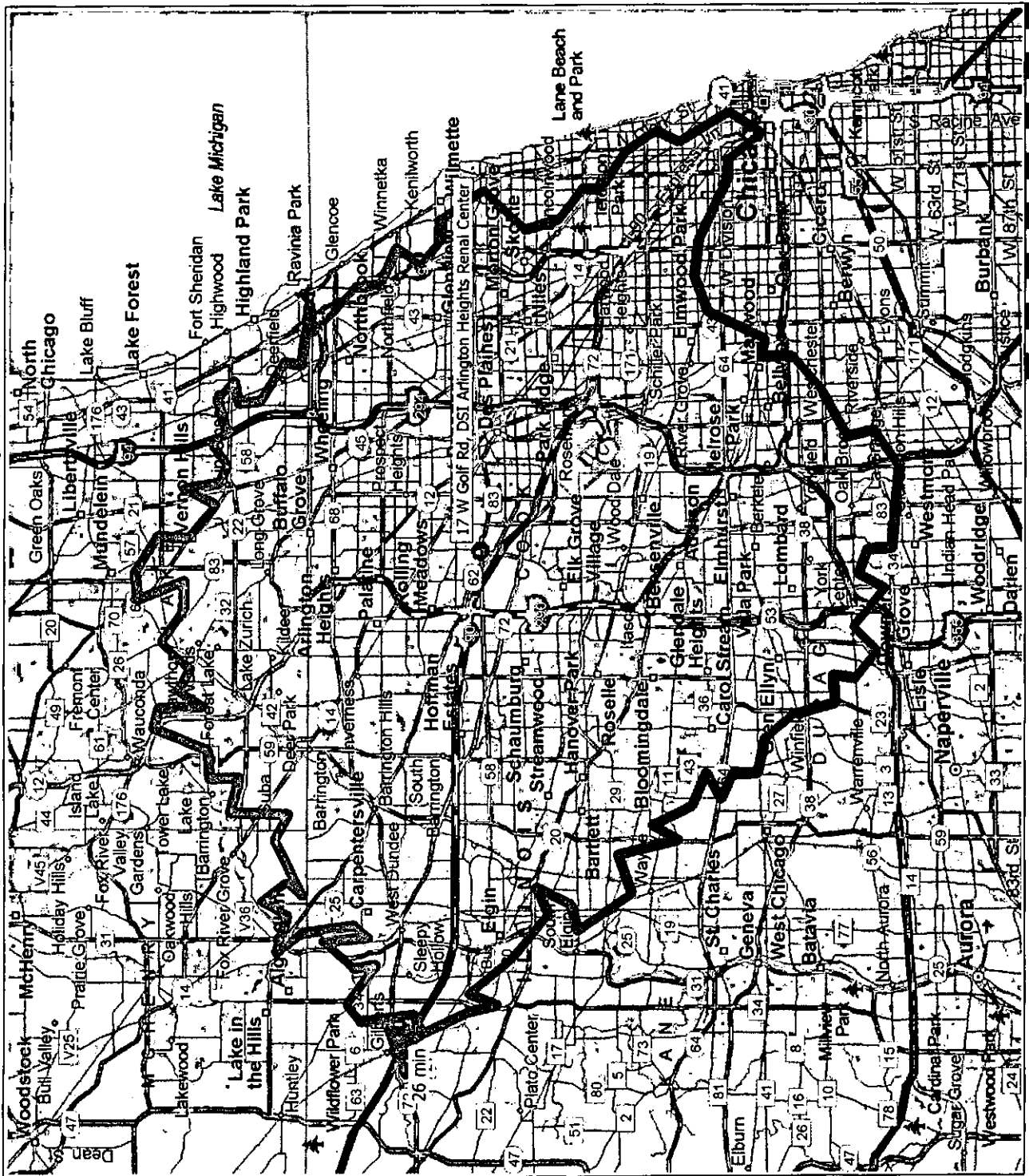
5. DaVita and DSI Renal, Inc. are leading providers of dialysis in the United States. The merger of DSI Renal, Inc. into DaVita will allow DaVita to increase its operational efficiency in this new payment environment, improve quality and ensure dialysis patients have continued access to life sustaining dialysis services.
6. The acquired facilities will be integrated into DaVita's normal operational processes, including DaVita's quality outcomes programs, and, thus, are anticipated to have outcomes comparable to other DaVita facilities.

Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations.

On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$210M to \$230M in hospitalization savings to the health care system and the American taxpayer.



# DSI Arlington Heights Renal Center Geographic Service Area



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

Alternatives

1. Do Nothing

DSI Renal, Inc. operates ten dialysis facilities in Illinois. These facilities are located in HSAs 6, 7, 8. Acquisition of the DSI facilities will create economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Without a merger, these objectives cannot be achieved and, therefore, this option was rejected.

There is no cost associated with this alternative.

2. Exclude Illinois facilities from proposed acquisition

DaVita briefly considered excluding the Illinois facilities from the proposed merger. As set forth in Criterion 1120.230(b), operational efficiency will be a key to success in the new bundled payment environment. For smaller dialysis organizations, it will be difficult to obtain more favorable purchasing contracts or implement new systems to more effectively manage dialysis treatment and capture all qualifying adjustments for claims processing. Without the resources of a larger dialysis provider, the DSI Illinois facilities may find it difficult to survive in this payment reality and have to discontinue operations. As the purpose of the proposed transaction is to maintain access to dialysis services, this alternative was not feasible. Further, if the merger were to move forward without the Illinois facilities included the transaction would have to be restructured and this was not practical or desired.

There is no cost associated with this alternative.

3. Acquire DSI Renal, Inc., including Illinois facilities

DaVita carefully considered whether the DSI facilities fit with its mission, vision, values and business plan before entering into a definitive agreement to acquire DSI Renal, Inc. DSI Renal Inc. operates 106 dialysis facilities across the country, including 10 dialysis facilities in Illinois. Acquisition of the DSI facilities will allow DaVita to reach a new patient base and will improve DSI's operational efficiency. Through the acquisition, DaVita will be able to bring the broader line of chronic kidney disease services to DSI patients. These services will be beneficial for patients, physicians, payors, and taxpayers in providing more effective care and helping to reduce costs to the health care system. Accordingly, DaVita decided the acquisition of DSI Renal was the most feasible option.

The cost of this alternative is \$4,574,641.

Table 1110.230(c) Alternative to the Proposed Project Cost-Benefit Analysis				
Alternative	Community Need	Access	Cost	Status
Do Nothing	Not met	Decreased	\$0	Reject
Exclude Illinois Facilities	Not met	Decreased	\$0	Reject
Acquire DSI Facilities	Met	Maintained	\$4,574,641	Accept

**Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership**  
**Criterion 1110.240(b), Impact Statement**

Attached as a supplement to this application is a copy of the merger agreement between DaVita, Inc., DVA Acquisition Company, CDSI I Holding Company, Inc. and CDSI Representative, LLC.

1. Change in Services Currently Offered

No change in the number of ESRD stations is anticipated as a result of the proposed merger. The Applicants may decide to add stations under the Health Facilities Planning Act at a later date, should the need arise based upon capacity and utilization trends.

2. Operating Entity

No change in the operating entity is anticipated as a result of the proposed merger. DaVita will acquire 100% of the stock of CDSI I Holding Company, Inc., the ultimate parent of DSI Renal, Inc., the current operating entity.

3. Reason for the Transaction

As set forth in Criterion 1110.230(b), the purpose for the transaction is to ensure ESRD patients have continued access to dialysis services. The merger of DaVita and DSI Renal, Inc. will allow DaVita to increase operational efficiency and improve quality and improve quality, which are vital for success in the new bundled payment environment.

4. Anticipated Additions or Reductions of Employees

No material clinical staffing changes are anticipated now or for the next two years except to the extent DSI staffing models are inconsistent with those of DaVita. DaVita determines its staffing needs according to treatment needs. Staffing hours and/or positions will be added or reduced according to patient census and care needs.

5. Cost-Benefit Analysis

As set forth throughout this application, the proposed transaction contemplates a change in control of the ultimate parent of DSI Renal, Inc., CDSI I Holding Company, Inc. By way of merger, DaVita will acquire 100% of the outstanding stock of CDSI I Holding Company, Inc. for approximately \$690 million. The proposed transaction includes the transfer of 106 in-center hemodialysis facilities to DaVita, including 10 facilities within Illinois. While DaVita will incur costs inherent in operating the DSI facilities, the DSI facilities will likely achieve cost savings due to economies of scale and shared resources.

**Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership**  
**Criterion 1110.240(c), Access**

1. Current Admissions Policy

A copy of the current admissions policy for DSI Renal, Inc. is attached as Attachment 19-A.

2. Proposed Admissions Policy

A copy of the admissions policy for DaVita, Inc. is attached as Attachment 19-B.

3. Admission Policy Certification

A letter from DaVita's CEO certifying the admissions policies of DSI Renal, Inc. will not become more restrictive is attached as Attachment 19-C.



DSI Renal, Inc.

**100-16: POLICY/PROCEDURE: CRITERIA FOR ADMISSION TO THE DIALYSIS CLINIC**

**SCOPE:** This policy applies to DSI Renal, Inc. clinics

**PURPOSE:** To define admission criteria in compliance with the Rehabilitation Act of 1973 and to delineate which patients will or will not be treated by the facility. This policy will apply to all patients equally, in accordance with The Nondiscrimination Act without regard to health status or method of payment, e.g. private pay, Medicare or Medicaid.

**POLICY:**

1. It is the policy of DSI Renal, Inc that certain criteria be met prior to admitting a patient to any DSI dialysis clinic.
2. It is the practice of DSI Renal, Inc to admit patients without regard to HIV status. Patients with communicable diseases will be admitted if adequate isolation facilities are available to accommodate the individual without jeopardizing the health and safety of other patients.
3. DSI is committed to a policy of equitable access to care.

**PROCEDURE:**

Ensure that the following are met:

1. Patient should be relatively stable on dialysis and must be willing to cooperate with those caring for them in the areas of diet, fluid restriction, medication regimen, etc.
2. All patients with a Tracheostomy must have approval from Senior Vice President prior to admission.
3. A staff Nephrologist has evaluated patient and a prescription for treatment is written. There is documentation of the following:
  - a. Primary cause of renal failure/diagnosis using ICD-9 code terminology (Uremia, ESRD or CRF alone are not acceptable).
  - b. Permanence or irreversibility of renal failure requiring a regular course of dialysis to maintain life.
  - c. Age, sex, weight and height.

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- d. Need or necessity for chronic dialysis as determined by admitting nephrologist. A completed and signed 2728 must be submitted to the Network within 45 days.
- e. A member of the medical staff (physician, NP, or PA) must assess the patient before the initiation of the patient's first dialysis treatment in the facility. This evaluation could be accomplished by review of medical records and consultation with the referring physician, and is not intended to require the medical staff member to "see" the patient in the facility prior to this first treatment.

Note: These limits should be revised when factors such as age, body size or significant extrarenal disease(s) are present.

- 4. Other uremic symptoms, when attributable to chronic renal failure, may be a reason to initiate dialysis prior to the development of the conditions in #3.
  - a. Nausea and vomiting, anorexia, weight loss.
  - b. Weakness and fatigue that interferes with activity of daily living.
  - c. Lethargy, tremor, muscle cramps.
  - d. Bleeding tendency.
  - e. Pruritus.
  - f. Clouded sensorium asterixis.
  - g. Growth and development delay.
- 5. If the degree of renal impairment existing in conjunction with other medical conditions does not satisfy criteria #3 or #4, but dialysis is necessary to maintain life, these patients qualify for admission to the clinic with Senior Vice President Approval prior to admission. A 2728 will *not* be submitted to the Network on these patients. A 2728 may be submitted once the patient meets the Medicare requirements for qualifying for ESRD (see #3 and #4). Such conditions may include:
  - a. Volume overload proven unmanageable by conservative (non-dialytic) medical therapy.
  - b. Hyperkalemia proven unmanageable by conservative (non-dialytic) medical therapy.
  - c. Uremic pericarditis
  - d. Metabolic acidosis proven unmanageable by conservative (non-dialytic) medical therapy.
  - e. Uremic neuropathy

**Note: Chronic dialysis therapy is not a benign therapy substitute for other disease states such as terminal congestive heart failure.**

- 6. Patient should have supplemental insurance in addition to Medicare A and B or pay the 20% not covered by Medicare for each treatment.

7. Transportation arrangements are the responsibility of the patient and must be arranged prior to starting treatments.
8. Appropriate admission paperwork is completed on the first day of admission.
9. Patient is over 18 years of age. Patients less than 18 must have approval of Senior Management and the Chief Medical Officer.
10. The HBV serological status (i.e. HBsAg, total anti-HBc, and anti-HBs) of all patients should be known before admission to the hemodialysis unit. If the results of this testing are not known at admission, Hepatitis labs will be drawn on the 1<sup>st</sup> treatment. Until Hepatitis status is known, dialyze patient in designated area for unknown status- see policies regarding infection control/Hepatitis B.
  - a. Until laboratory results are available, treat the patient as if he/she were HBs Antigen-positive, using separate equipment (machine, BP cuff, etc.) and separate personal protective equipment, **without** placing the patient in an isolation area with HBs Antigen-positive patients.
  - b. Buffer the unknown status patient by patients who are HBs Antibody-positive.
11. On the first day of admission, draw a Pre BUN, Post BUN, and Hgb. If the start day is on Saturday or a day unable to send labs to the contracted national lab provider, store labs in the lab refrigerator and send on the first available day not to exceed 3 days. Place patient on clinic schedule for routine lab draw.
12. A patient evaluation by a Registered Nurse must be in place prior to the initiation of the first treatment. This assessment must include at minimum:
  - a. Neurologic: level of alertness/mental status, orientation, identification of sensory deficits
  - b. Subjective Complaints
  - c. Rest and comfort: pain status
  - d. Activity: ambulation status, support needs, fall risk
  - e. Access: assessment
  - f. Respiratory: respirations description, lung sounds
  - g. Cardiovascular: heart rate and rhythm, presence and location of edema
  - h. Fluid gains, blood pressure and temperature pretreatment
  - i. Integumentary: skin color, temperature and as needed type/location of wounds

**TITLE: ACCEPTING PATIENTS FOR TREATMENT**

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

**DEFINITION(S):**

**Beneficiary Selection Form (CMS 382):** Required by Medicare for home dialysis patients (home hemo or peritoneal). The patient selects whether they will obtain home treatment supplies from a Durable Medical Equipment (DME) provider (Method II) or from the facility that will provide home dialysis support services (Method I). DaVita currently only supports patients selecting Method I.

**Guest patient:** A patient who is visiting a facility and plans to return to his/her home facility within 30 days. A guest patient refers to patients visiting from a non-DaVita facility to a DaVita facility as well as visiting from a DaVita facility to another DaVita facility.

**Medical Evidence Report Form (CMS 2728):** Required by Medicare to determine if an individual is medically entitled to Medicare under the ESRD provisions of the law and to register patients with the United States Renal Data System. The 2728 form is used as the primary source in determining the COB for patients insurance. Physicians have a 45 day grace period to sign the 2728 form when the patients are new to dialysis. Patients are only required to complete the 2728 form once, not for every facility visit or transfer.

**Medicare Secondary Payor Form (MSP):** Determines if a commercial Employer Group Health Plan (EGHP) (or other insurance carrier) will be primary payor. This form is completed online in the Registration System and must be completed for all patients who have Medicare coverage when they start treatment at DaVita.

**Patient Authorization and Financial Responsibility Form (PAFR):** Form that informs patients of their financial obligations regarding services provided to them by DaVita. The form must be signed and witnessed prior to the start of the first dialysis treatment and annually thereafter. By signing the PAFR, the patient is assigning the payment for services provided by DaVita, directly to DaVita from insurance companies. The PAFR form must be signed annually at each DaVita facility where the patient treats.

**Permanent patient:** A patient who has selected a DaVita dialysis facility as his/her home facility.

**Personal Representative:** An individual who is legally appointed, designated and/or authorized pursuant to state law to: (a) make health care decisions on behalf of a patient, or (b) act on behalf of a deceased individual or a deceased individual's estate. Reference *Personal Representatives of Patients* (available on the HIPAA website on the VillageWeb).

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Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010

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**Policy: 3-01-03**

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Attachment 19B



**Transfer patient:** An existing dialysis patient who is permanently relocating from any dialysis facility to a DaVita dialysis facility. Once the transfer is complete, the patient will become a "permanent patient."

**POLICY:**

1. DaVita will accept and dialyze patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability if:
  - a. The patient's care can be managed in an outpatient dialysis facility according to individual modality;
  - b. The patient is under the care of a nephrologist who is credentialed in the DaVita facility;
  - c. There is adequate treatment space and staffing available to provide appropriate care to the patient;
  - d. The patient (a) has been verified as Medicare or Medicaid eligible and/or has private insurance coverage issued by an Insurance Provider licensed and operating in the United States or United States Territories which has been verified, and from which an authorization for treatment has been received by DaVita as required, (b) accepts financial responsibility for care by signing the *Patient Authorization & Financial Responsibility (PAFR) Form*.
    - i. Patients who are uninsured must be authorized at the facility level with written approval by the facility's Divisional Vice President (DVP), or their designee, prior to treatment. (*Cash Payment Fee Schedule for Patients with no Insurance Coverage Policy (available on the ROPS website on the VillageWeb)*).
    - ii. Patients who have an out-of-state Medicaid plan that will not pay for treatment must be authorized at the facility level with written approval by the facility's DVP, or their designee, prior to treatment.
    - iii. Patients who are out-of-network and have no out of network benefits must be authorized at the facility level with written approval by the facility's DVP, or their designee, prior to treatment.
2. Patients without adequate medical insurance coverage will be responsible to pay their portion of the cost of providing treatment prior to actual treatment.
3. All visiting patients, including patients visiting a non-contracted facility, will be responsible to sign a new PAFR Form specific to the visiting facility.

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4. A Purchase Order for services and treatments outside of their area is required prior to treatment for patients who have Indian Health Services coverage.
5. Any new patient who is uninsured must be approved for treatment by the facility's Operational Vice President, or their designee, prior to treatment.
6. DaVita dialysis facility will transmit the required information to the corresponding Corporate Business Office (CBO) ROPS registration teammate upon notification of a new or visiting patient.
7. ROPS registration teammate will verify all insurances and obtain authorization if needed to complete the registration process.
8. Guest patients must make payment for non-covered, and out of network (including out of state Medicaid plans that do not pay for treatment) services in the form of cashiers check, money order, travelers check, American Express, Visa, Discover or MasterCard prior to treatment. Please see *Money Received at Centers Policy* and *Credit Card Process Policy* (available on the ROPS website on the VillageWeb).
9. DaVita will bill using the name and number as it appears on the beneficiary Medicare card or other document confirming the patient's health care coverage through a third party, and as the patient's name is confirmed by two (2) additional forms of identification which has the patient's current legal name listed on it as outlined in section 9 of this policy. Please see *Entering Patient's Name Policy* (available on the ROPS website on the VillageWeb).
10. If any information on the beneficiary Medicare card is incorrect, DaVita will advise the beneficiary to contact their local servicing Social Security Office to obtain a new Medicare card.
11. If information contained on the insurance card is incorrect, DaVita will advise the policyholder to contact their insurance company to obtain a new insurance card. All insurance cards should match the patient's identification. The patient must produce evidence that a change was initiated with the appropriate insurance carrier within 90 days of the noted discrepancy.
12. There are three (3) mandatory data elements for any patient to be registered in Registration System. These fields must be completed accurately prior to treatment. Required Registration System fields are:
  - a. First and last name;
  - b. DOB (date of birth), and
  - c. Anticipated start date at DaVita.

13. Unless otherwise provided for under this policy, prior to the admission to the facility, all patients, including Transfer, Guest, and Permanent Patients will be given the following documents to read and sign:
- a. Patient's Rights;
  - b. Patient's Responsibilities;
  - c. Patient Authorization and Financial Responsibility Form (PAFR);
  - d. Patient's Standards of Conduct;
  - e. Patient Grievance Procedure;
  - f. Authorization for and Verification of Consent to Hemodialysis/Peritoneal Dialysis;
  - g. Reuse Information Consent form;
  - h. Caretaker Authorization form;
  - i. HIPAA Notice Acknowledgement form; and
  - j. Affidavit of Patient Identification form (Note: This form is only given if the patient or Personal Representative on behalf of the patient is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence upon admission or within seven (7) days of admission).
14. The patient will agree to follow the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure*. (Refer to *Patient's Standards of Conduct; Patient Grievance Procedure; Patient Rights and Responsibilities* available on the Clinical P&P website in Volume 1 on the VillageWeb.)
15. Guest Patients are only required to sign the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure* one time for each DaVita facility they visit, as long as these forms are visibly posted at the facility, unless there are changes made to any of those forms/policies, or state specifications require otherwise.
16. Listed below are the following documents that are required for hemodialysis patients and home dialysis patients prior to admission to a DaVita Dialysis facility:
- a. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:

- i. Federal or state government issued identification such as:
  - A. Driver's license;
  - B. Voter's registration card;
  - C. Passport;
  - D. ID card;
  - E. Marriage certificate;
  - F. Social Security card; or
  - G. US military photo ID card.
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for legal name change signed by a judge or county clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or

- xvii. For minors, school records such as school identification card, nursery, or daycare records
- b. All copies of patient's current insurance cards-front and back;
- c. Copy of History and Physical (within the last year – must be legible);
- d. For Hepatitis and TB testing requirements, refer to policies: *Hepatitis Surveillance, Vaccination and Infection Control Measures* and *Tuberculosis Infection Control Policy* (available on the Clinical P&P website in Volume 1 on the VillageWeb);  
Note: Hepatitis C testing is recommended, but not required.
- e. If patient is a new ESRD patient, pre dialysis labs including hematocrit or hemoglobin, albumin, BUN, creatinine, and, if available, creatinine clearance and/or urea clearance drawn within 45 days prior to first day of dialysis;
- f. Monthly labs within 30 days prior to first treatment date including hematocrit, hemoglobin, URR and electrolytes;
- g. Copies of three (3) flowsheets within two (2) weeks of requested treatment(s) for patients who have previously dialyzed;
- h. Copy of current hemodialysis orders for treatment;
- i. EKG, if available, OR if patient has known heart condition;
- j. Patient demographics;
- k. Copies of most recent Long Term Program, Patient Care Plan, Nursing, Dietary and Social Work Assessments and most recent progress notes for patients who have previously dialyzed;
- l. Current list of medications being administered to patient in-center and at home;
- m. Advance Directives, if applicable;
- n. Initiation of CMS 2728. Once completed, within the 45-day guideline, it should include the patients and nephrologist's signature and date. This is the official document of the patient's first date of dialysis ever, first dialysis modality, and provides transplant information, if applicable;
- o. *Patient Authorization & Financial Responsibility Form (PAFR)*. Must be signed and witnessed prior to the start of the first dialysis treatment. This form allows DaVita to receive payment from insurance companies and informs the patient of the financial responsibilities regarding treatment provided to them. Without a signed PAFR Form, we may not be reimbursed for services provided to the patient;

- p. CMS 382 Form. Required only for home dialysis patients (home hemo or peritoneal);
  - q. Medicare Secondary Payor Form (MSP). Determines if a commercial Employer Group Health Plan (EGHP) will be primary payor. Must be completed for all patients who have Medicare coverage when they start treatment at DaVita;
  - r. DaVita's *Notice of Privacy Practices*. Each patient will be provided with the notice.
17. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient should follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb), and any other relevant policies based on the situation at hand.
18. Any conflict with the criteria established or refusal to sign appropriate consents and authorization to bill would constitute a need for prior written authorization by the facility's DVP or designee.
19. A permanent DaVita patient may be treated at a DaVita facility other than his /her home facility without completing the required documentation, excluding the PAFR, when:
- a. The attending nephrologist has privileges at both the facilities in question (the patient's home facility and the anticipated visiting facility);
  - b. A visiting record is generated by the home facility at least one hour before the scheduled treatment;
  - c. The Facility Administrator (FA) at the visiting facility agrees to treat the patient; and
  - d. The visiting facility has the space and resources to treat the patient.
  - e. PAFR is always required.
20. All other exceptions to this policy are subject to approval by the DVP for the region/division.

**ATTACHMENTS:**

Attachment A: Procedures for Accepting Patients for Treatment

*Teammates are expected to report possible violations of this policy and procedure. You may make your report to an appropriate DaVita manager, to the Corporate Compliance Hotline (1-888-458-5848 or [DaVitaComplianceHotline.com](mailto:DaVitaComplianceHotline.com)) or to DaVita's Corporate Compliance Department (1-888-200-1041 x156037). DaVita has a Non-Retaliation policy and will not tolerate any form of retaliation against anyone who files a Compliance report in good faith. Reports can be made anonymously or you may request confidentiality. Questions regarding this policy should be directed to the [QUESTionline@davita.com](mailto:QUESTionline@davita.com).*

**TITLE: PROCEDURES FOR ACCEPTING PATIENTS FOR  
TREATMENT**

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**PURPOSE:** To establish procedures for accepting patients for treatment in accordance with the *Accepting Patients for Treatment* policy.

**DEFINITIONS:**

**Personal Representative:** An individual who is legally appointed, designated and/or authorized pursuant to state law to: (a) make health care decisions on behalf of a patient, or (b) act on behalf of a deceased individual or a deceased individual's estate. Reference the *Personal Representatives of Patients* (available on the HIPAA website on the VillageWeb).

**POLICY:**

1. DaVita dialysis facility will gather all the required documents and patient information (for new patients) to properly register the patient into the Registration System and Snappy information systems.

**PROCEDURE(S):**

**A. Patient Registration Procedures for all New or Visiting patients:**

1. The facility's Social Worker (SW) or designee will interview all new patients to determine whether a patient has adequate medical insurance coverage.
2. If patient is an established DaVita patient, the patient's current Patient Financial Evaluation (PFE) will follow the patient to the DaVita facility they are visiting.
3. Prior to scheduling the patient for treatment, the following fields must be completed:
  - a. First and last name;
  - b. Date of birth; and
  - c. Anticipated start date at DaVita.
4. Insurance information is required on all patients regardless of insurance type or coverage. The insurance information must include:
  - a. Insurance Company/Companies and phone number(s) (patient may have more than one type of insurance); and
  - b. Insurance Policy ID number (for each insurance).



5. The facility will then transmit the initial key information to the appropriate CBO/Registration Teammate as soon as notified of intent to treat a patient at a DaVita dialysis facility. The transmission of the additional information listed below will help complete the registration process.
  - a. Demographics;
  - b. Address, permanent and billing;
  - c. Social Security number;
    - i. Ethnicity;
    - ii. Emergency numbers;
    - iii. Provider information;
    - iv. Credentialed nephrologist;
    - v. Clinical Information;
    - vi. First Date of Dialysis (FDOD);
    - vii. Modality type;
    - viii. Primary diagnosis for dialysis;
    - ix. Primary cause for ESRD from CMS 2728 form;
    - x. Method (home patient supplies);
    - xi. Employed Status (required on patient, spouse, guardian or child) if there is an Employer Group Health Plan (EGHP). A Registration Teammate can unlock the Insurance Change Request (ICR) so the facility may complete this information. If the insurance subscriber is someone other than the patient, Registration Teammate will require the DOB of the subscriber;
    - xii. Date(s) of previous transplant(s), if applicable; and
    - xiii. MSP Form completed online in Registration System (if patient is Medicare eligible).
6. If the patient does not have a Social Security Number (SSN); please call Palms Customer Support at DaVita Laboratories @ 1-800-944-5227 to obtain a Reflab number. The Reflab number will be used by DaVita Laboratories and populated into Registration System.

7. Prior to the start of the first dialysis treatment, the patient or the patient's Personal Representative must sign, and have witnessed by a Registered Nurse, the Authorization for and Verification of Consent to Hemodialysis Procedure Form or the Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form.
8. The *Patient Authorization & Financial Responsibility (PAFR) Form* must be signed and dated by the patient or the patient's Personal Representative annually at each DaVita facility the patient is treated, and witnessed, prior to the start of the first dialysis treatment.
9. The facility will give the patient or the patient's Personal Representative DaVita's *Notice of Privacy Practices* (available on the HIPAA website on the VillageWeb). The HIPAA Notice Acknowledgement Form must be signed by the patient or the patient's Personal Representative or by a teammate prior to the start of the first dialysis treatment.
10. The patient/Personal Representative or a DaVita teammate must sign the Notice of Acknowledgement Form attesting that the patient received DaVita's *Notice of Privacy Practices*.
11. All additional forms, specific to the patient's modality, are to be signed prior to, or within 30 days of the first treatment.
12. The following documents must be scanned into Registration System prior to or within seven (7) days of the first treatment:
  - a. An insurance card for each insurance;
  - b. Insurance letter for Authorization/Referral if the insurance carrier requires an authorization; and
  - c. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:
    - i. Federal or state government issued identification such as:
      - A. Driver's license;
      - B. Voter's registration card;
      - C. Passport;
      - D. ID card;
      - E. Marriage certificate;

- F. Social Security card; or
- G. US military photo ID Card;
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for a legal name change signed by a judge or court clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or
- xvii. For minors, school records such as school identification card, nursery or daycare records

13. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient will follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb).

14. A signed CMS 2728 form must be completed, signed and scanned into Registration System within 45 days of the first treatment date. This is scanned into Registration System one (1) time only.

15. The dialysis facility will fax the following required documents to 1-888-720-4008 for electronic imaging:

- a. CMS 382 Beneficiary Selection (PD patients)-this is faxed one (1) time only or if modality changes and then is faxed in January;
- b. Patient Authorization & Financial Responsibility Form (PAFR);
- c. Authorization for and Verification of Consent to Hemodialysis Procedure Form;
- d. Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form (if applicable);
- e. Reuse Information Consent Form (if applicable);
- f. Patient's Rights;
- g. Patient's Responsibilities;
- h. Patient's Standards of Conduct;
- i. Patient Grievance Procedure;
- j. Dialysis Emergency Form/Emergency Evacuation Acknowledgement (Hemodialysis patients);
- k. Patient's Choice of Transportation; and/or
- l. Caretaker Authorization.

16. The facility will file all original documents in the patient's medical record.

**B. Visiting DaVita Patient Procedures:**

1. The facility will verify that the documents and patient information for existing patients are current within the Registration System.
2. PAFR must be signed specific to the clinic being visited.
3. The home facility must setup a transfer record for a returning DaVita patient. This may be entered up to 30 days in advance.
4. The facility will transmit the required information to the corresponding CBO/Registration Teammate as soon as possible upon notification of a returning visiting patient.
5. ROPS registration teammate will verify all insurances and obtain authorization if needed to complete the registration process .

**C. Registration Teammate Procedures:**

1. Registration teammate will complete the system driven tasks generated from Registration System for the new patient to continue the patient intake process within 48 hours of receipt of patient information.
  - a. Registration teammate will complete one Benefits Verification Form (BVF) for each insurance.
  - b. Registration teammate will obtain authorization if required by the insurance carrier. If no authorization can be obtained, the Registration teammate Representative will update Registration System Notes and notify the Facility Administrator with the information.
  - c. Contact the facility for any additional information required to register the patient into Registration System.
  - d. Registration Teammate will respond to inquires made by the dialysis facility within a 24-hour period.

**D. Exceptions to these Procedures:**

1. The documentation requirement for visiting DaVita to DaVita patients may be waived by the facility administrator under specific conditions described here:
  - a. The referring physician has privileges at both the home and the visiting facility;
  - b. A transfer record has been created at least one hour before the patient arrives for treatment; and
  - c. The visiting facility has the resources and space to accept the patient for dialysis.
2. Under this exception, the visiting facility must have the patient sign:
  - a. *Patient Authorization & Financial Responsibility Form (PAFR)*; and
  - b. *Authorization and Consent for Treatment (Hemodialysis / Peritoneal Dialysis)*

*Teammates are expected to report possible violations of this policy and procedure. You may make your report to an appropriate DaVita manager, to the Corporate Compliance Hotline (1-888-458-5848 or [DaVitaComplianceHotline.com](mailto:DaVitaComplianceHotline.com)) or to DaVita's Corporate Compliance Department (1-888-200-1041 x156037). DaVita has a Non-Retaliation policy and will not tolerate any form of retaliation against anyone who files a Compliance report in good faith. Reports can be made anonymously or you may request confidentiality. Questions regarding this policy should be directed to the [QUESTionline@davita.com](mailto:QUESTionline@davita.com).*

May 18, 2011

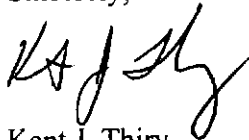
Dale Galassie  
Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

**Re: Admissions Policies**

Dear Chairman Galassie:

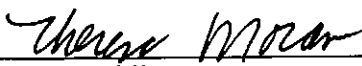
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for DSI Renal Inc. d/b/a DSI Arlington Heights Renal Center will not become more restrictive as a result of the proposed merger of DaVita, Inc. and DSI Renal, Inc.

Sincerely,



Kent J. Thiry  
Chief Executive Officer  
DaVita, Inc.

Subscribed and sworn to me  
This 23 day of MAY, 2011

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



**Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership**  
**Criterion 1110.240(d), Health Care System**

1. Impact on Other Area Providers

There will be no change in the scope of services as a result of the merger of DaVita, Inc. with DSI Renal, Inc. DaVita intends to continue to provide dialysis services to patients in the City of Chicago and surrounding areas through existing facilities. All anticipated changes will be operational to align the DSI facilities with the operations and resources available within DaVita and which are customary for all DaVita facilities. The merger will not impact other unaffiliated area dialysis facilities as the transaction consists of a change of control of the operating entity.

2. Facilities within Applicant's Health Care System

A list of all DaVita and DSI facilities in Illinois is attached at Attachment 19-D. The list includes the name, address, number of stations, list of services, and utilization for the most recent 12 month period.

3. Present and Proposed Referral Agreements

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

4. Time and Distance for Proposed Referrals

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

5. Use of Care System Providers

The change of control of the operating entity will have no impact on area in-center hemodialysis facilities. The change of control will not restrict the use of other area health care providers and the DaVita facilities, including the integrated DSI facilities, will have open medical staffs and admit patients pursuant to a non-discriminatory admission policy.

6. Duplication of Services

The proposed transaction contemplates a change in control of the ultimate parent of the operating entity, DSI Renal, Inc. The proposed transaction will involve the transfer of 106 existing in-center hemodialysis facilities to DaVita, including 10 facilities in Illinois. Because the proposed transaction involves the transfer of existing in-center hemodialysis facilities, there will be no duplication of services.

7. Services Not Available to the Community

DaVita will continue to provide dialysis services currently provided in the DSI facilities, including in-center hemodialysis, peritoneal dialysis (CAPD and CCPD), and home hemodialysis. No new services are planned for the acquired DSI facilities; however, as new treatment options and technology evolve, DaVita will implement new treatment modalities as warranted.

DaVita, Inc. Illinois Facilities					
Facility	Address	City	Services	Number of Stations 3/31/2011	Average Utilization 04/01/2010 to 03/31/2011
Stonecrest Dialysis	1302 East State Street	Rockford	In-Center Hemo, CAPD	10	58.33%
Sycamore Dialysis	2200 Gateway Drive	Sycamore	In-Center Hemo, CAPD	12	72.22%
Churchview Dialysis	5970 Churchview Drive	East Rockford	In-Center Hemo, CAPD	24	55.73%
Freeport Dialysis Unit	1028 Kunkle Avenue	Freeport	In-Center Hemo	10	92.08%
Rockford Memorial Hospital	2400 North Rockton Avenue	Rockford	In-Center Hemo	20	86.04%
Whiteside Dialysis	2600 North Locust	Sterling	In-Center Hemo	15	66.67%
Dixon Kidney Center	1131 North Galena Avenue	Dixon	In-Center Hemo	8	52.60%
Roxbury Dialysis	612 Roxbury Road	Rockford	In-Center Hemo	16	91.15%
Jacksonville Dialysis	1515 West Walnut	Jacksonville	In-Center Hemo	14	65.77%
Lincoln Dialysis	2100 West 5th Street	Lincoln	In-Center Hemo	14	21.43%
Litchfield Dialysis	915 St. Francis Way	Litchfield	In-Center Hemo	11	65.15%
Springfield Central Dialysis	932 North Rutledge Street	Springfield	In-Center Hemo, CAPD, HDD	21	76.19%
Taylorville Dialysis	901 West Spesser	Taylorville	In-Center Hemo	10	50.42%
Springfield Montvale Dialysis	2930 Montvale Drive, Suite A	Springfield	In-Center Hemo	17	76.23%
Springfield South Dialysis	2930 South 6th Street	Springfield	In-Center Hemo, CAPD, HDD	12	N/A
Rushville Dialysis	Route 67 & Route 24, RR #1	Rushville	In-Center Hemo	7	52.98%
Pittsfield Dialysis	640 West Washington Street	Pittsfield	In-Center Hemo	5	22.50%
Adams County Dialysis	1005 Broadway	Quincy	In-Center Hemo, CAPD	17	49.51%
Macon County Dialysis	1016 West McKinley Avenue	Decatur	In-Center Hemo	21	61.90%
Mattoon Dialysis	200 Richmond Avenue, East	Mattoon	In-Center Hemo	16	45.05%
Decatur East Wood Dialysis	794 East Wood Street	Decatur	In-Center Hemo, CAPD, HDD	16	62.50%
Illini Renal Dialysis	507 E. University Avenue	Champaign	In-Center Hemo, CAPD, HDD	10	58.33%
Mount Vernon Dialysis	1800 Jefferson Avenue	Mount Vernon	In-Center Hemo, CAPD, HDD	16	57.81%
Marion I	324 South 4th Street	Marion	In-Center Hemo, CAPD, HDD	13	71.47%
Effingham Dialysis	904 Medical Park Drive, Suite #1	Effingham	In-Center Hemo, CAPD, HDD	16	52.34%
Benton Dialysis	1151 West Route #14	Benton	In-Center Hemo, CAPD	13	68.27%
Centralia Dialysis	1231 State Illinois Route 161 E.	Centralia	In-Center Hemo, CAPD	12	71.53%
Olney Dialysis Center	117 North Boone	Olney	In-Center Hemo	7	48.81%
Wayne County Dialysis	303 NW 11th Street	Fairfield	In-Center Hemo, CAPD	8	45.31%
Vandalia Dialysis	301 Mattes Road	Vandalia	In-Center Hemo, CAPD	8	36.46%
Robinson Dialysis	1215 North Allen Street	Robinson	In-Center Hemo	8	21.88%
Woodlawn Dialysis	1164 East 55th Street	Chicago	In-Center Hemo, CAPD, HDD	20	112.50%
Lincoln Park Dialysis	3155-57 N. Lincoln Avenue	Chicago	In-Center Hemo	22	80.11%
Emerald Dialysis	710 W 43rd Street	Chicago	In-Center Hemo, CAPD	24	87.67%
Logan Square Dialysis	2659 North Milwaukee Ave.	Chicago	In-Center Hemo	20	91.67%



DSI Renal Inc. Illinois Facilities					
Facility	Address	City	Services	Number of Stations 3/20/2011	Average Utilization 04/01/2010 to 03/31/2011
DSI Loop Renal Center	1101 South Canal Street,	Chicago	In-Center Hemo, HHD	28	45.68%
DSI Scottsdale Renal Center	4651 West 79th Street, Suite 100	Chicago	In-Center Hemo, HHD	35	42.26%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	55.09%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	92.29%
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	In-Center Hemo	24	72.57%
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	In-Center Hemo	17	87.50%
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	In-Center Hemo	18	58.10%
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	In-Center Hemo	16	70.31%
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	In-Center Hemo, HHD	14	86.61%
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	In-Center Hemo, HHD	22	75.95%

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**Section VIII, Financial Feasibility**  
**Criterion 1120.120 Availability of Funds**

Included as a supplement to this application is a copy of DaVita's December 31, 2010 10-K Statement, which includes audited financial statements, evidencing sufficient funds to finance the project.

**Section IX, Financial Feasibility**  
**Criterion 1120.130 – Financial Viability Waiver**

The project will be funded with \$4,574,641 in cash. A copy of DaVita's most recent 10-K Statement, which includes audited financial statements, evidencing sufficient funds to finance the project is included as a supplement to this application.

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.140(a), Reasonableness of Financing Arrangements**

Attached at Attachment 42-A is a letter from Kent J. Thiry, Chief Executive Officer of DaVita, Inc. attesting the total estimated project costs will be funded in total with cash.

May 18, 2011

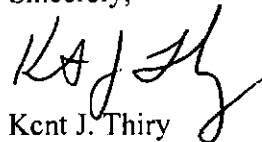
Dale Galassie  
Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

**Re: Reasonableness of Financing Arrangements**

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

Sincerely,



Kent J. Thiry  
Chief Executive Officer  
DaVita, Inc.

Subscribed and sworn to me  
This 23 day of MAY, 2011



Notary Public



**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.140(b), Conditions of Debt Financing**

The project will be funded entirely with cash. Accordingly, this criterion is not applicable.

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.310(c), Reasonableness of Project and Related Costs**

The Applicants propose a change of control of the operating entity, DSI Renal, Inc. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.310(d), Projected Operating Costs**

Operating Expenses: \$2,012,297

Treatments: 8,203

Operating Expense per Treatment: \$245.31



**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.310(e), Total Effect of Project on Capital Costs**

Capital Costs: \$268,074

Treatments: 8,203

Capital Costs per Treatment: \$32.68

**Section XI, Safety Net Impact Statement**

The Applicants propose a change of control of the operating entity of DSI Arlington Heights Renal Center, DSI Renal, Inc. A change of control constitutes a non-substantive project. Accordingly, this criterion is not applicable.

**Section XII, Charity Care Information**

The table below provides charity care information for all dialysis facilities located in the State of Illinois that are owned or operated by the Applicants.

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	\$157,223,604	\$166,573,387	\$174,373,288
Amount of Charity Care (charges)	\$297,508	\$575,803	\$957,867
Cost of Charity Care	\$297,508	\$575,803	\$957,867

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

<b>INDEX OF ATTACHMENTS</b>		
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1	Applicant/Coapplicant Identification including Certificate of Good Standing	20-22
2	Site Ownership	23-84
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	85-86
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	87-89
5	Flood Plain Requirements	90
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	<b>Service Specific:</b>	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
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28	General Long Term Care	
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32	Subacute Care Hospital Model	
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34	Children's Community-Based Health Care Center	
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37	Clinical Service Areas Other than Categories of Service	
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	<b>Financial and Economic Feasibility:</b>	
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