

Original

11-029

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.

Facility/Project Identification

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility Name: DSI Evanston Renal Center		
Street Address: 1715 Central Street		
City and Zip Code: Evanston, Illinois 60201		
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 |

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

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

Primary Contact

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

Name: 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 Evanston Renal Center		
Street Address: 1715 Central Street		
City and Zip Code: Evanston, Illinois 60201		
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.

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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: 1717 Central Street Partnership
Address of Site Owner: 1717 Central Street, Evanston, IL 60201
Street Address or Legal Description of Site: 1715 Central Street, Evanston, IL 60201
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"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

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

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

Flood Plain Requirements – NOT APPLICABLE

[Refer to application instructions.]

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

Part 1110 Classification:

- Substantive
 Non-substantive

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

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

2. Narrative Description

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

The proposed project 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 Evanston Renal Center is an 18 station in-center hemodialysis facility located at 1715 Central Street, Evanston, Illinois 60201. There will be no change in the operating entity, DSI Renal, Inc., in 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	\$2,003,887		\$2,003,887
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$2,003,887		\$2,003,887
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$2,003,887		\$2,003,887
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$2,003,887		\$2,003,887
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

Land acquisition is related to project 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
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

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

Facility Bed Capacity and Utilization 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**.

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

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.

Kent Thiry
 SIGNATURE
 Kent Thiry
 PRINTED NAME
 Chief Executive Officer
 PRINTED TITLE

Dennis Lee Kugod
 SIGNATURE
 Dennis Lee Kugod
 PRINTED NAME
 Chief Operating Officer
 PRINTED TITLE

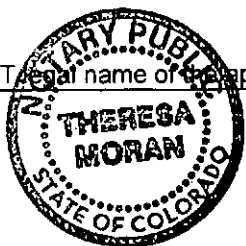
Notarization:
 Subscribed and sworn to before me
 this 23 day of May, 2011

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

Theresa Moran
 Signature of Notary
 Seal My Commission Expires 9-4-13

Dennis Lee Kugod
 Signature of Notary
 Seal My Commission Expires July 28, 2014

*Insert EXACT legal name of the applicant

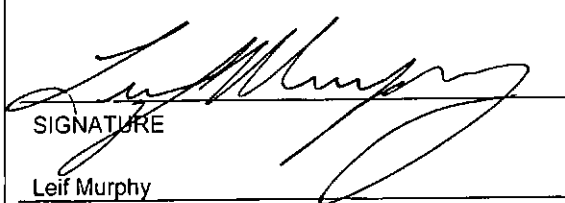


CERTIFICATION

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

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

This Application for Permit is filed on the behalf of **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

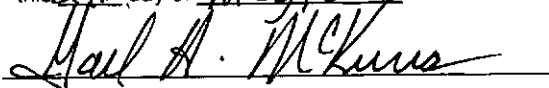
PRINTED NAME

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

Day Valour

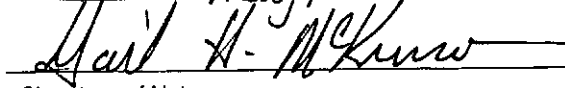
PRINTED NAME

Sup-secretary

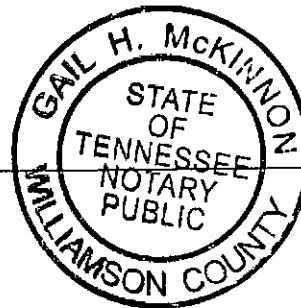
PRINTED TITLE

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:

\$2,003,887	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.
\$2,003,887	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

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									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

APPEND DOCUMENTATION AS ATTACHMENT -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.

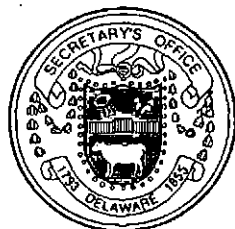
AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

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

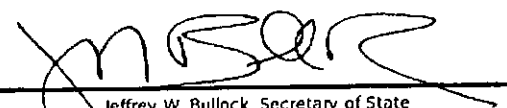
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

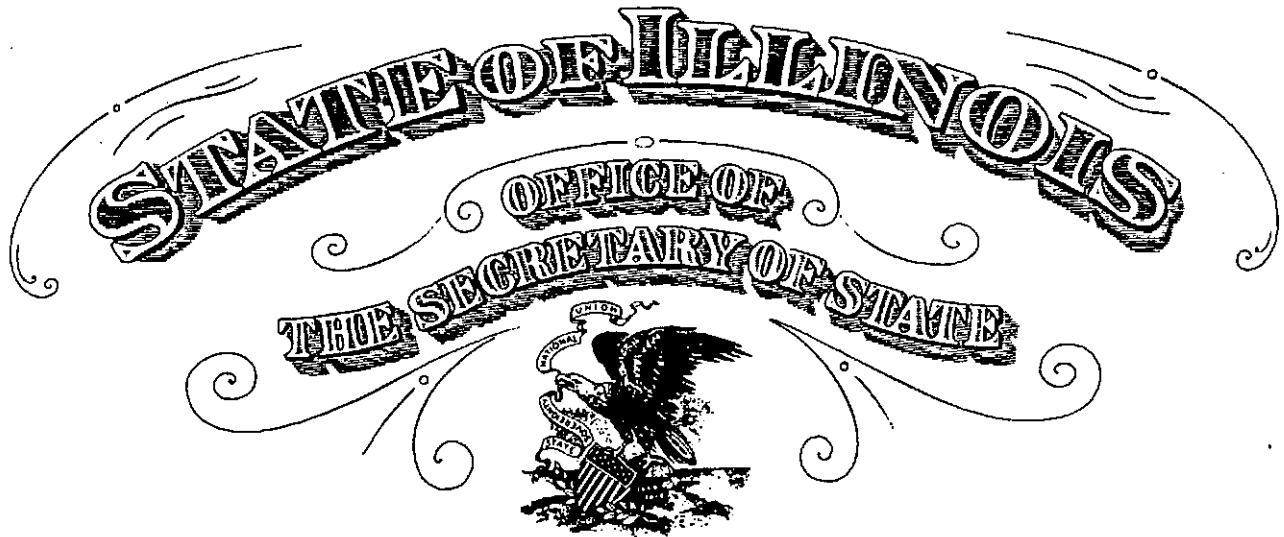
101133217



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


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

Jesse White

Authentication #: 1113901624

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

SECRETARY OF STATE

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

A copy of the lease between 1717 Central Street Partnership and DSI Renal, Inc. d/b/a DSI Evanston, is attached at Attachment – 2.

SECOND LEASE AMENDMENT

This Second Lease Amendment ("Second Amendment") is made as of this 1st day of March 2009 between 1717 Central Street Partnership, herein referred to as "Landlord" and ~~Diversified Specialty Institutes~~, d/b/a/ DSI Evanston, hereinafter referred to as "Tenant".
DSI Rental, Inc.

WHEREAS, the parties entered into a lease dated April 1, 1994 (the "Lease"), attached hereto and incorporated by reference, in which Landlord leased to Tenant that certain property situated at 1719 Central Avenue, Evanston, Illinois, being approximately 7,655 square feet (the "Premises").

WHEREAS, Landlord and Tenant desire to amend the Lease.


NOW, THEREFORE in consideration of the mutual covenants herein contained and further good and valuable consideration, the parties hereto incorporate the following into the terms of their existing Lease:

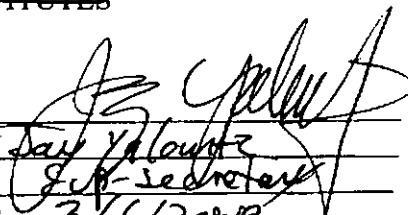
- I. The Term of the Lease shall be extended for a term of five (5) years commencing on October 1, 2009 and ending on September 30, 2014 ('Extended Term')
- II. During the Extended Term, Tenant shall pay Landlord the sum of:
 - a. \$12,020.84 per month as Base Annual Rent and Additional Rent (inclusive of both) commencing on October 1, 2009 and ending on September 30, 2010.
 - b. \$12,560 per month as Base Annual Rent and Additional Rent (inclusive of both) commencing on October 1, 2010 and ending on September 30, 2011.
 - c. \$14,750 per month as Base Annual Rent and Additional Rent (inclusive of both) commencing on October 1, 2011 and ending on September 30, 2014.
- III. All terms of the Lease shall remain unchanged, and are hereby ratified, republished and reaffirmed and are incorporated into this Second Amendment.

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

LANDLORD:
1717 CENTRAL STREET PARTNERSHIP

TENANT: DSI Rental, Inc.
~~DIVERSIFIED SPECIALTY~~
~~INSTITUTES~~


By: Michael Slotky
Its: Chief Executive Officer
Date: 3/1/09


By: Jay Valour
Its: Sub-Secretary
Date: 3/6/2009

CONSENT TO LEASE ASSIGNMENT

THIS CONSENT TO ASSIGNMENT (this "Consent") is entered into as of March, 2006, by and among LASALLE NATIONAL BANK, not personally but as Trustee under Trust Agreement dated October 10, 1983 and known as Trust No. 10-37441-09 ("Landlord"), BIO-MEDICAL APPLICATIONS OF ILLINOIS, INC., d/b/a Bio-Medical Applications of Evanston ("Assignor"), and NATIONAL RENAL INSTITUTES, INC., a Delaware corporation ("Assignee");

WITNESSETH:

WHEREAS, Landlord and Assignor are parties to that certain Lease dated April 1, 1994, as it may have been amended (collectively, the "Lease"), whereby Assignor leases certain premises located at 1717 Central Street, Evanston, Illinois (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.

TRUSTEE'S EXCULPATION

It is expressly understood and agreed by and between the parties hereto, anything to the contrary notwithstanding, that each and all of the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee while in form purporting to be the warranties, indemnities, representations, covenants, undertakings and agreements of said Trustee are nevertheless each and every one of them, made and intended not as personal warranties, indemnities, representations, covenants, undertakings and agreements by the Trustee or for the purpose or with the intention of binding said Trustee personally but are made and intended for the purpose of binding only that portion of the trust property specifically described herein, and this instrument is executed and delivered by said Trustee not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against CHICAGO TITLE LAND TRUST COMPANY, on account of this instrument or on account of any warranty, indemnity, representation, covenant or agreement of the said Trustee in this instrument contained, either expressed or implied, all such personal liability, if any, being expressly waived and released.

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 ~~CHICAGO TITLE LAND TRUST COMPANY~~
AS SUCCESSOR TRUSTEE TO
LASALLE NATIONAL BANK,
not personally but as Trustee under Trust
Agreement dated October 10, 1983 and known as
Trust No. 10-37441-09

By: *Lidia Mencia*
Name: LIDIA MENCIA
Title: ASST. VICE PRESIDENT

ASSIGNOR

BIO-MEDICAL APPLICATIONS OF ILLINOIS,
INC., d/b/a Bio-Medical Applications of Evanston

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 **CHICAGO TITLE LAND TRUST COMPANY
AS SUCCESSOR TRUSTEE TO**



LASALLE NATIONAL BANK,
not personally but as Trustee under Trust
Agreement dated October 10, 1983 and known as
Trust No. 10-37441-09

By: *Lidia Meduna*
Name: ASST. VICE PRESIDENT
Title: LIDIA MEDUNA

ASSIGNOR

BIO-MEDICAL APPLICATIONS OF ILLINOIS,
INC., d/b/a Bio-Medical Applications of Evanston

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

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,
a Delaware corporation

By: *Judy Leckovitz*
Name: Judy Leckovitz
Title: Executive Secretary

LEASE

BUILDING: 1717 Central Street
Evanston, Illinois

LANDLORD: LASALLE NATIONAL BANK, not
personally but as Trustee under Trust
Agreement dated October 10, 1980 and
known as Trust No. 10-37744-09. *u/s*

37744

TENANT: BIO-MEDICAL APPLICATIONS OF
ILLINOIS, INC., a Delaware corporation,
d/b/a "Bio-Medical Applications of
Evanston"

SPACE: A portion of the First Floor, as delineated
on the Floor Plans annexed hereto as Exhibit
A

TERM: Ending September 30, 2004, with one
extension option of 5 years

Dated: April 1, 1994

LEASE

THIS INDENTURE is made as of this 1st day of April, 1994, between LaSalle National Bank, not personally but as Trustee under Trust Agreement dated October 10, 1983 and known as Trust No. 10-37441-09, with a mailing address of c/o The Bureaus, 1717 Central Avenue, Evanston, Illinois, hereinafter referred to as "Landlord" and the tenant named in item # 1 of the Schedule, hereinafter referred to as "Tenant."

The term "Building" when used herein refers to the building located at 1717 Central Street, Evanston, Illinois.

The following Schedule is an integral part of this Lease.

SCHEDULE

1. Name of Tenant: BIO-MEDICAL APPLICATIONS OF ILLINOIS, INC., d/b/a Bio-Medical Applications of Evanston
2. Premises: Floor as outlined on Exhibit A.
3. Net rentable area in square feet: 7,655
4. Tenant's use of Premises: Provision of kidney dialysis services and administrative offices
5. Base Annual Rent: For the first Lease Year, ending September 30, 1995, the Base Annual Rent shall be \$114,825.00, or \$15.00 per rentable square foot. On the first day of each Lease Year thereafter (including, if applicable, any Lease year during the period of extension if the option is exercised by Tenant pursuant to Section 6 hereof), the Base Annual Rent shall be increased to an amount equal to 103% of the Base Annual Rent payable during the immediately preceding Lease Year. As used herein, the term "Lease Year" shall mean the period beginning with the Commencement Date and ending September 30, 1995, and each 12-month period during the Term thereafter.
6. Monthly Installments: Monthly Installments during the first Lease Year are \$9,568.75. For each Lease Year thereafter, they shall be adjusted to 1/12 of the Base Annual Rent.
7. Tenant's Proportionate Share: 40.194%
8. Tenant's address for notice before possession date: c/o National Medical Care, Inc.
1601 Trapelo Road
Waltham, Mass. 02154
Attention: DSD Law Department

The foregoing sentence shall apply only to those costs that vary directly with building occupancy.

- 9. Commencement Date: October 1, 1994, or such earlier date as the Tenant opens for business in the Premises
- 10. Term of Lease: From the Commencement Date to and including September 30, 2004 (the "Termination Date"). Subject to extension as set forth in Section 23.
- 11. Broker(s): Mikell & Company and Cyrus Realtors

1. LEASING AGREEMENT. Landlord hereby leases to Tenant and the Tenant hereby leases the premises in the Building outlined on the plan attached hereto as Exhibit A and described in the Schedule (herein referred to as the "Premises") for the Term as set forth in the Schedule, unless sooner terminated or extended as provided herein, to be occupied and used by the Tenant only as provided in Item 4 of the Schedule.

In consideration thereof, the parties covenant and agree as follows:

2. BASE ANNUAL RENT. Tenant shall pay to Landlord, at Landlord's address as set forth in the Schedule or at the office of the Building, or to such other person or at such other place as directed from time to time by notice to the Tenant from Landlord, the Base Annual Rent as set forth in the Schedule, payable in equal monthly installments as set forth in the Schedule. The first month's (or fractional month, if applicable) rent shall be payable on the Commencement Date and thereafter each monthly installment will be payable in advance promptly on the first day of each calendar month during the Term of this Lease. Unpaid rent which is unpaid for 10 days after written notice of delinquency from Landlord to Tenant shall thereafter bear interest at the rate of 12% per annum from the date so unpaid until the date when paid. If the Term should commence or terminate on a day other than the first day of the month, then the rent for such month shall be prorated for such fractional month.

3. ADDITIONAL RENT. In addition to the Base Annual Rent, Tenant shall pay Additional Rent for each calendar year in an amount computed as set forth in this Section 3.

(a) Definitions:

(i) Basic Costs shall consist of all costs, expenses and disbursements made by Landlord to comply with the Landlord's obligation to provide the services described in Section 4 of this Lease. In the event a material part of the Building is unoccupied in any calendar year, the Basic Costs shall be adjusted so as to reflect what such Basic Costs would have been had the Building been fully occupied. Basic Costs shall not include any amount expended by Landlord in the nature of a capital expenditure, such as the replacement of a defective component of the Building, but shall include amortization of the cost, together with interest, of any capital expenditure made by Landlord in order to comply with any requirement of any law, order, ordinance or regulation enacted after the date of this Lease; provided, however, no expenditure by Landlord in complying with the provisions of Exhibit B hereto shall be so amortized or included in Basic Costs.

(ii) Real Estate Taxes shall mean all ad valorem taxes assessed against the Land and Building.

(iii) Other Taxes shall mean any or all of the following taxes which may, by reason of any tax hereafter enacted, be assessed against Landlord or its beneficiary separately from ad valorem real estate taxes: (A) a tax on the personal property, machinery or equipment of Tenant; or (B) a tax (whether expressed as a direct tax or as a sales or occupation tax) which is assessed on the rents payable by Tenant hereunder (but excluding any franchise tax or net income tax on Landlord).

(b) *Additional Rent for Basic Costs.* Tenant shall pay Tenant's Proportionate Share (specified in Item 7 in the Schedule) of Basic Costs for each calendar year during the Term.

(c) *Additional Rent for Real Estate Taxes.* Tenant shall pay Tenant's Proportionate Share of the amount by which all Real Estate Taxes payable in any calendar year of the Term exceed the sum of \$99,987.00.

(c) *Additional Rent for Other Taxes.* Tenant shall pay Additional Rent in an amount equal to One Hundred Per Cent (100%) of all Other Taxes.

(e) *Estimated Payments.* Before February first of each calendar year or as soon thereafter as Landlord is able to do so, Landlord shall notify Tenant of its reasonable estimate of Basic Costs and Real Estate Taxes for that calendar year based upon the contracts, union scales, and other material available to Landlord, and Tenant shall thereafter pay a projected Additional Rent for such year which shall be paid in monthly installments at the same time and place that Base Annual Rent is paid hereunder. Each such installment shall be equal to one-twelfth (1/12th) of estimated Additional Rent for such calendar year; such payments are hereinafter referred to as "Estimated Payments." If Tenant is notified of such estimate after February 1st of any calendar year or if, at any time during any calendar year Landlord notifies Tenant that it has determined (in its reasonable opinion) that Additional Rent for such calendar year will be more or less than previously estimated, upon submission to Tenant of an adjusted estimate, the monthly Estimated Payments to be paid during such calendar year shall be adjusted upward or downward, as the case may be, which adjustment shall be made retroactive to the beginning of the then current calendar year. In this event, Tenant shall pay to Landlord any amount necessary to reflect any such increase or Landlord shall pay to Tenant or credit against the next next payments due from Tenant any amount necessary to reflect such decrease. Until otherwise notified by Landlord, Tenant hereby agrees that the Estimated Payments shall be \$19,137.50 per year, or \$1,594.79 per month, based on \$2.50 per rentable square foot per year.

(f) *Billing and Adjustment for Additional Rent.* Landlord will cause to be kept the books and records showing the Basic Costs, Real Estate Taxes and Other Taxes in accordance with the system of accounts and accounting practices consistently being maintained by Landlord or if Landlord is a Successor Landlord, then in accordance with the system of accounts and accounting practices maintained by the immediately-preceding Landlord. Tenant shall have the right to inspect such books and records for the purpose of verifying any billings of Additional Rent at reasonable times and upon reasonable notice. As soon as is available after February first of each year, Landlord shall submit to Tenant a computation of Additional Rent, if any, due for the preceding calendar year. Within thirty (30) days after the receipt of such statement, Tenant shall pay the amount if any by which such Additional Rent exceeds the Estimated Payments (and, if applicable, payments of Other Taxes by Tenant) made for such year. In the event that it is determined that Estimated Payments for any year exceeded Additional Rent or any component thereof, Landlord shall pay or credit against the next payments due from Tenant hereunder an amount necessary to reflect any excess payments previously paid during the preceding year.

(g) *Adjustment for Partial Year.* Should this Lease commence or terminate for any space demised hereunder at any time other than the first day of a calendar year, the Basic Cost, Real Estate Taxes or Other Taxes payable by reason of the provisions of subsections (b), (c) and (d) of this Section 3 shall be prorated based on the number of days within the Term of the Lease in such year.

Tenant's obligation to pay rent shall be independent of every other covenant set forth in this Lease, and rent shall be paid without deduction, setoff, discount or abatement.

4. **SERVICE.** The Landlord shall be obligated to provide the following services to the Building during the Term:

(a) Landlord shall keep the Building insured against fire and other casualty in such amounts as would be carried by a prudent owner of a similar building in the Metropolitan Chicago area. Such insurance shall include at Landlord's option boiler and machinery insurance, flood insurance and insurance against business interruption or loss of rents. Such insurance shall cover the interests of Landlord, its beneficiary and its mortgagees, if any.

(b) Landlord shall obtain public liability insurance in such amounts as would be carried by a prudent owner of a similar building in the Metropolitan Chicago area, in favor of Landlord, its beneficiary, its agents or independent contractors and mortgagees.

(c) Landlord shall perform all necessary repairs and maintenance procedures to the exterior of the Building, including the roof, windows, exterior walls, and interior and exterior structural members. Notwithstanding the foregoing, Landlord shall not be responsible for repair and replacement of plate glass in the exterior demising walls of the Premises, which windows Tenant shall be responsible for maintaining and replacing, to the extent necessary.

(d) Landlord shall keep the common areas and exterior of the Building (including windows) and the adjoining sidewalks clean and free of debris, snow, ice and graffiti.

(e) Landlord shall keep the central HVAC system, up to the perimeter of the Premises, in good repair. Tenant shall be responsible for all maintenance of any supplemental HVAC units or service installed by Tenant for the Premises and for the internal distribution system of HVAC within the Premises.

It is hereby acknowledged that apart from the foregoing services, Landlord shall neither be obligated to perform, or entitled to reimbursement for the cost of, any costs associated with the operation of the Building, it being understood that Tenant shall be obligated to furnish any or all of the following services to the Premises at its sole cost and expense: janitorial service, security, refuse removal, exterminating, heat, electrical service (from the public utility), water, telephone and maintenance of the interior of the Premises and the demising walls. If Landlord furnishes any of the foregoing services to other tenants of the Building, the cost thereof shall not be deemed Basic Costs unless the same are included in subsections (a) through (d) above.

The Landlord does not warrant that any of the services above mentioned will be free from interruptions caused by government laws or regulations, repairs, renewals, improvements, alterations, strikes, lockouts, accidents, inability of the Landlord to obtain fuel or supplies or any other cause or causes beyond the reasonable control of the Landlord. Any such interruptions of service shall never be deemed an eviction or disturbance of the Tenant's use and possession of the Premises or any part thereof, or render the Landlord liable to the Tenant for damages, or relieve the Tenant from performance of the Tenant's obligations under this lease, provided, however, that Landlord will at the time use reasonable efforts promptly to remedy any situation which might interrupt such services.

5. **RECORDING.** Except for a recording of a memorandum of this Lease, which Landlord hereby approves, nothing contained herein shall empower Tenant to do any act which can, shall or may encumber the interest or title of Landlord or its assignee in and to the Building or the land thereunder.

6. **IMPROVEMENTS.** Exhibit B hereto contains a description of the respective rights and obligations of the parties with respect to construction of certain improvements to the Building and the Premises.

7. **MORTGAGE OR GROUND LEASE BY LANDLORD.** From time to time either before or after the execution of this Lease and before its termination, Landlord may execute a

mortgage or trust deed in the nature of a mortgage ("Mortgage") of Landlord's interest in the Building or Land or may execute as lessee a lease of the Land ("Ground Lease"), in which events:

(a) Unless the holder of the Mortgage otherwise agrees at its sole option, this Lease shall be subordinate to the Mortgage and to all terms and provisions thereof and to all advances made or to be made thereunder. Unless the lessor under the Ground Lease otherwise agrees at its sole option, this Lease shall be subordinate to the estate and interest of the lessor of the Ground Lease in and to the building and the land. At the option of the holder of the Mortgage, this Lease shall be superior to the lien of the Mortgage and at the option of the lessor of the Ground Lease this Lease shall be superior to the estate and interest of the lessor under the Ground Lease in and to the Building and Land. The provisions of this section are intended to be self-operating. Nevertheless, Tenant will execute such agreements as may be required by the holder of the Mortgage or the lessor of the Ground Lease to further evidence these provisions.

(b) Should the Mortgage be foreclosed or the Ground Lease terminated, the liability of the holder of the Mortgage or lessor of the Ground Lease or the purchaser at a foreclosure of the Mortgage shall exist only so long as such holder, lessor or purchaser is the owner of the Building.

(c) Landlord agrees promptly to notify Tenant of the placing of any Ground Lease mortgage or trust deed against the real property or leasehold estate of which the Premises form a part and Tenant agrees in the event of any act or omission by Landlord which would give Tenant the right to terminate this lease or to claim a partial or total eviction, Tenant shall not exercise any such right (i) until it has notified in writing the holder of any Mortgage which at the time shall be a lien on the Building or land thereunder or Landlord or the lessor of any Ground Lease, if the name and address of such holder or lessor shall previously have been furnished by written notice to Tenant, of such act or omission, and (ii) until a reasonable period, not exceeding thirty (30) days, for commencing the remedying of such act or omission or to cause the same to be remedied. During the period between the giving of such notice and the remedying of such act or omission, the rent herein shall be abated and apportioned to the extent that any part of the Premises shall be untenable.

(d) If such Mortgage be foreclosed or Ground Lease be terminated upon request of the mortgagee, trustee or lessor under the Ground Lease, Tenant will attorn to the lessor of the Ground Lease or its assigns or to the purchaser at any foreclosure sale under the Mortgage and will execute such instruments as may be necessary or appropriate to evidence such attornment, provided that such lessor or purchaser agrees to comply with all terms and provisions of this Lease (which agreement may be subject to a limitation on the liability of such party similar in nature to that contained in Section 24 hereof). Likewise Tenant will attorn to a leasehold mortgagee in the event a leasehold mortgagee should ever become the owner of the leasehold estate covered by its mortgage or should become the owner of any new lease in replacement or substitution of such leasehold estate, provided that such owner agrees to comply with all terms and provisions of this Lease (which agreement may be subject to a limitation on the liability of such party similar in nature to that contained in Section 24 hereof).

(e) The mortgagee under the Mortgage and the lessor under the Ground Lease shall have no responsibility for the return of the security deposit, if any, except to the extent the security deposit is held by such mortgagee or lessor. Tenant will not pay Base Annual Rent more than one (1) month in advance except with the consent of the holder of the Mortgage, and the lessor under the Ground Lease.

8. **CERTAIN RIGHTS RESERVED TO THE LANDLORD.** The Landlord reserves the following rights:

(a) *Preparation for Re-occupancy.* During the last one hundred twenty (120) days of the Term of this Lease, if during or prior to that time the Tenant abandons the

Premises, to decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy.

(b) *Pass Keys.* To have pass keys to the Premises.

(c) *Access for Repairs, etc.* To have access for repairs, alterations, additions and improvements to the Building, as further set forth in Section 13 herein.

(d) *Show Premises.* To show the Premises to prospective tenants or brokers during the last year of the Term of this Lease as extended, and to prospective purchasers at all reasonable times provided prior notice is given to Tenant in each case and the Tenant's use and occupancy of the Premises shall not be materially inconvenienced by any such action of the Landlord.

(e) *Name and Address.* To change the name or street address of the Building.

(f) *Signs.* To install and maintain signs on the exterior or interior of the Building except on floors leased entirely to the Tenant.

(g) *Exclusive Rights.* To grant to anyone the exclusive right to conduct any business or to render any service in the Building providing that such exclusive rights shall not operate to exclude Tenant from the use permitted by this Lease.

So long as such action is reasonable, the Landlord may enter upon the Premises and may exercise any or all of the foregoing rights hereby reserved without being deemed guilty of an eviction or disturbance of the Tenant's use or possession and without being liable in any manner to the Tenant.

9. **LIABILITY CLAIMS.** Tenant waives all claims it may have against Landlord, its agents or employees, for damage to person or property sustained by Tenant or any occupant or other person resulting from the Premises or any part of the Premises becoming out of repair or resulting from any accident within the Premises or resulting directly or indirectly from any act of Tenant or occupant of the Premises or any other person while on the Premises, except if caused by the negligence or intentional misconduct of the Landlord, its agents or employees. Landlord waives all claims it may have against Tenant, its agents or employees, for damage to person or property sustained by Landlord or any occupant or other person resulting from the Premises or any part of the Premises becoming out of repair or resulting from any accident within the Premises or resulting directly or indirectly from any act of Tenant or occupant of the Premises or any other person while on the Premises, except if caused by the negligence of the Tenant, its agents or employees or by any breach of Tenant's obligations under this Lease.

10. **TENANT INSURANCE; WAIVER OF SUBROGATION.** Tenant shall carry fire and extended coverage insurance insuring its interest in the Tenant Improvements (as defined in Section 11) and its interest in its office furniture, equipment and supplies. Each party hereto waives any rights of action against the other party for loss or damage covered by insurance carried by the waiving party, and the policies shall permit such waiver.

Tenant will secure and maintain general liability and property damage insurance designating Tenant and Landlord as the insured from financially responsible insurance companies covering the Premises in customary limits applicable to a building of this nature, but not in any event less than \$2,000,000 for bodily injury and death and \$50,000 property damage per occurrence. Tenant shall furnish to Landlord customary certificates indicating that policies of insurance required hereunder have been purchased and paid for by Tenant.

Tenant will indemnify, defend and hold harmless Landlord and its agents or employees against any claims or costs, including reasonable attorneys' fees, arising from Tenant's use of the Premises, Tenant's conduct, or from any breach or default on the part of Tenant during the Term of this Lease or from any acts or conduct of any sub-tenant employee, agent, servants, customers or contractors of Tenant. The foregoing indemnification shall not extend to claims or costs due to the negligence or intentional misconduct of the Landlord.

11. **MAINTENANCE AND CONDITION OF THE PREMISES.** . During the Term of this Lease, Tenant shall maintain the Premises in as good condition as when the Tenant took possession, or as when completed after possession, loss or damage caused by action of the elements, acts of God and the public enemy, ordinary wear, and fire and other casualty insured against by Landlord excepted, failing which the Landlord may restore the Premises to such condition and the Tenant shall pay the cost thereof. At the termination of this Lease Tenant shall return the Premises to Landlord in good condition as just above described, provided, however, that the Tenant may remove any floor covering, removable fixtures other than light fixtures, and other like equipment installed by Tenant. Such removals shall be done in good workmanlike manner and all surfaces restored to a smooth condition.

12. **ALTERATIONS.** Tenant may make alterations in or additions to the Premises, including but not limited to those described in Exhibit B hereto; provided, however, that no such alterations shall affect the Building structure, the roof or the basic building utility (electrical, plumbing, or HVAC) unless Tenant has obtained Landlord's permission to do so, which consent Landlord agrees not unreasonably to withhold. Tenant shall, if requested by Landlord, furnish Landlord with plans and specifications, names and address of contractors, copies of contracts, necessary permits and indemnification in form and amount reasonably satisfactory to Landlord against any and all claims, costs, damages, liabilities, and expenses which may arise in connection with the alterations or additions. Whether the Tenant furnished the Landlord the foregoing or not, the Tenant hereby agrees to hold the Landlord harmless from any and all liabilities of every kind and description which may arise out of or be connected in any way with said alterations or additions, unless due to Landlord's negligence or intentional misconduct. Before commencing any work in connection with alterations or additions, the Tenant, if requested by Landlord, shall furnish the Landlord with certificates of insurance from all contractors performing labor or furnishing materials insuring the Landlord against any and all liabilities which may arise out of or be connected in any way with said additions or alterations. The Tenant shall pay the cost of all such alterations and additions and also the cost of decorating the Premises occasioned by such alterations and additions.

Upon completing any alterations or additions, the Tenant, if requested by Landlord, shall furnish the Landlord with contractors' affidavits and full and final waivers of lien and receipted bills covering all labor and material expended and used. All alterations and additions shall comply with all insurance requirements and with all relevant laws, ordinances or regulations of municipalities, counties, state, or departments and agencies thereof. All alterations and additions shall be constructed in a good and workmanlike manner and only good grades of materials shall be used. All additions, excluding fixtures other than light fixtures, shall become the Landlord's property and shall remain upon the Premises at the termination of this Lease by lapse of time or otherwise without compensation or allowance or credit to the Tenant. If the Tenant does not remove the Tenant's furniture, equipment, machinery, fixtures, and floor coverings, and all other items of personal property of every kind and description from the Premises at or prior to the end of the Term, however ended, or any extension thereof, the Tenant shall be conclusively presumed to have conveyed the same to the Landlord under this lease as a bill of sale without further payment or credit by the Landlord to the Tenant. All structural changes made by Tenant shall be restored to their original condition at Tenant's expense if Landlord so requests, such restoration to be made within 60 days after such request.

13. **REPAIRS.** At all time or times, the Landlord, either voluntarily or pursuant to governmental requirement, may, at the Landlord's own expense, make repairs, alterations or improvements in or to the Building or any part thereof, including the Premises, and during operations, may close entrances, door, corridors, elevators and other facilities and may have access to and open the ceilings, all without any liability to the Tenant by reason of interference, inconvenience or annoyance, unless such work continues for an unreasonable period of time. If such work should materially reduce the area rented by Tenant, the rent paid by Tenant shall be proportionately reduced. Such work shall be done in such a manner as to cause the least possible interference, inconvenience and annoyance to Tenant.

14. **LAWS, RULES AND REGULATIONS.** The Tenant shall abide by all applicable laws or government regulations concerning its use of the Premises and all uniform reasonable rules and regulations adopted by Landlord, from time to time, pertaining to the operation and management of the Building. The current Rules and Regulations for the Building are set forth

in Exhibit C attached hereto and made a part hereof. If any rules and regulations are contrary to the terms of this Lease, the terms of this Lease shall govern.

15. **FIRE AND OTHER CASUALTY.** If the Premises or the Building are made untenable by fire or other casualty, including damage or casualties of war, the Landlord shall promptly take such action as is necessary to reconstruct, repair, restore and rehabilitate the Premises (including the Tenant Improvements) and the Building, provided, however, that if a registered architect selected by Landlord licensed to do business in the State of Illinois, who is reasonably acceptable to Tenant, should certify that such repairs and rehabilitation to the Premises cannot be accomplished by using standard working methods and procedures so as to make the Premises tenable within eight (8) months from the date rehabilitation is started or within two (2) months from such date if the Term has less than 18 months remaining, either party shall have the right to terminate this Lease by giving to the other notice of such election within ten days after receipt of the architect's certificate. Notwithstanding the foregoing, Landlord shall be required to reconstruct the Tenant Improvements only to the extent that Tenant makes available to Landlord the proceeds of the insurance therefor carried by it, and in the event that such proceeds are insufficient to pay the cost thereof, and Tenant fails to deposit the shortfall with Landlord, Landlord shall not be required to re-construct the Tenant Improvements. If said fire or other casualty results in the total destruction of the Building, this Lease shall automatically terminate as of the date of said fire or other casualty. In case of fire or other casualty not resulting in termination of this Lease, rent shall be abated on a per diem basis while the Premises are untenable and, in case of termination of this Lease, rent shall be apportioned on a per diem basis and be paid to the date of the fire or other casualty. If said other casualty is not normally covered by fire or extended coverage insurance policies in the Chicago area and, if as a result thereof Landlord ceases to operate the Building, then in such event Landlord shall have the right to terminate this Lease as of the date of such other casualty.

16. **HOLDING OVER.** If the Tenant retains possession of the Premises or any part thereof after the termination of the Term of this Lease or any extension thereof, the Tenant shall pay the Landlord rent at 150% of the rate payable for the year immediately preceding said holdover computed on a per month basis, for the time the Tenant thus remains in possession. Any retention of the Premises after the termination of this Lease or any extension thereof shall be considered as a month to month holdover unless otherwise agreed to in writing by both parties.

17. **LANDLORD'S REMEDIES.** All rights and remedies of the Landlord herein enumerated shall be cumulative, none shall exclude any other right or remedy allowed herein or by law, and if any provision shall be invalid or unenforceable, it shall apply only to any such provisions and the remainder of the Lease shall continue valid and enforceable.

(a) If the Tenant defaults in the payment of rent and if the default is not remedied within ten (10) days after demand is made by Landlord, then and in any such event, Tenant shall pay as a late payment rent charge a sum equal to ten percent (10%) of such unpaid rent and the Landlord may, if the Landlord so elects but not otherwise, either forthwith terminate this Lease and the Tenant's right to possession of the Premises, or without terminating this Lease, forthwith terminate the Tenant's right to possession of the Premises.

(b) If the Tenant defaults in the prompt and full performance of any other provision of this Lease and if each default is not remedied or prompt and full performance is not accomplished by Tenant or Tenant has not promptly instituted and is not vigorously pursuing such remedies as are necessary to rectify such default within thirty (30) days after written demand is made by Landlord, or if the Tenant once having instituted the cure of such default within said twenty (20) day period shall have abandoned such cure or shall cease the vigorous curing of such default, or if the Tenant abandons the Premises, then and in any such event, the Landlord may, if the Landlord so elects but not otherwise, forthwith terminate this Lease and the Tenant's right to the Premises or without terminating this Lease, forthwith terminate the Tenant's right to possession of the Premises.

(c) Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of the Tenant's right to possession without termination of the Lease, the Tenant shall surrender possession and vacate the Premises and deliver possession thereof to the Landlord, and Tenant hereby grants to the Landlord full and free license to enter into and upon the Premises in such event consistent with applicable law, and to repossess the Landlord of the Premises as of the Landlord's former estate and to expel or remove the Tenant and any others who may be occupying or be within the Premises and to remove any and all property therefrom using such force as may be necessary, consistent with applicable law, and without relinquishing the Landlord's rights to rent or any other right given to the Landlord hereunder or by operation of law.

(d) If the Tenant voluntarily abandons the Premises or otherwise entitles the Landlord so to elect and if the Landlord elects to terminate this Lease, Landlord shall be entitled to recover as damages all rent and other sums due and payable by Tenant on the date of termination, plus (i) an amount equal to the value of rent and other sums provided herein to be paid by Tenant for the residue of the Term of this Lease less the fair rental value of the Premises for the residue of the Term of this Lease after taking into account the time the Premises may be vacant and the expenses necessary to obtain a replacement tenant or tenants, and commissions and expenses relating to the recovery of the Premises, preparation for reletting and for reletting itself; and (ii) the cost of performing any other covenants to be performed by Tenant. If the Tenant voluntarily abandons the Premises or otherwise entitles the Landlord so to elect, and the Landlord elects to terminate the Tenant's right to possession only, without terminating the Lease, the Landlord may, at the Landlord's option, enter into the Premises, remove the Tenant's signs and other evidences of tenancy, and take and hold possession thereof as in subsection (c) of this Section 16, without such entry and possession terminating the Lease or releasing the Tenant, in whole or part, from the Tenant's obligation to pay the rent hereunder for the full Term. Upon and after entry into possession without termination of the Lease, subject to Landlord's right to first rent other vacant areas in the Building the Landlord shall use reasonable efforts to relet the Premises or any part thereof for the account of the Tenant, to any person, firm or corporation other than the Tenant for such rent, for such time and upon such terms as the Landlord in the Landlord's sole discretion shall determine and shall use its best efforts to relet said Premises at a rental equal to or greater than the rent, being paid by Tenant hereunder. Any proceeds from the relet of said Premises by Landlord shall first be applied against the cost and expenses of reletting the Premises including, but not limited to, all brokerage, advertising, legal, alteration, and other reasonably necessary expenses incurred to secure a new tenant for said Premises. If the consideration collected by the Landlord upon any such reletting for the Tenant's account after payment of the expenses of reletting the Premises is not sufficient to pay monthly the full amount of the rent reserved in this Lease, the Tenant shall pay to the Landlord the amount of each monthly deficiency as it becomes due. If the consideration so collected from any such reletting is more than sufficient to pay the full amount of the rent reserved herein, together with the cost and expenses of Landlord, Landlord, at the end of the stated Term of this lease shall account for the surplus to Tenant. If Landlord does not relet the Premises, Tenant shall pay to Landlord on demand the amount of rent and other sums provided herein to be paid by Tenant for the remainder of the Term of this Lease.

(e) Any and all property which may be removed from the Premises by the Landlord pursuant to the authority of the lease or of law, to which the Tenant is or may be entitled may at Landlord's sole option be handled, removed and stored by the Landlord at the risk, cost and expense of the Tenant, provided, however, that Landlord shall use reasonable care and caution to prevent any damage or loss to such property in removing and storing such property. The Tenant shall pay to the Landlord, upon demand, any and all reasonable expenses incurred in such removal and all reasonable storage charges against such property so long as the same shall be in the Landlord's possession or under the Landlord's control.

(f) If Tenant is adjudicated to be a bankrupt or is found insolvent in any court of record, or if a receiver or trustee for the benefit of Tenant's creditors is appointed,

Landlord at its sole option may terminate this Lease without notice and shall be entitled to damages as provided by law or the terms hereof, unless such adjudication, finding or appointment is not set aside within 30 days or an appeal therefrom shall not be prosecuted within said 30 days and said appeal is either pending or is concluded with the determination that Tenant is not bankrupt or insolvent.

(g) If either party should default under the terms of this Lease and such default is not cured in accordance with the terms hereof, the other party shall be entitled to all reasonable costs, charges, expenses, and attorney's fees incurred by such party in connection therewith.

18. **SUBLETTING AND ASSIGNING BY TENANT.** Tenant shall have the right to assign this Lease or to sublet all or any part of the Premises upon obtaining the approval of Landlord, which will not be unreasonably withheld. No assignment or sublease shall relieve Tenant of its obligations hereunder, nor shall any sublessee or assignee be entitled to use the Premises in a manner which is not permitted by Item 6 of the Schedule.

19. **ASSIGNMENT BY LANDLORD.** Landlord may assign its interest in this lease or any part thereof in the exercise of its sole discretion and, upon the written request of Landlord, Tenant shall acknowledge and consent to any such assignment in writing, provided that such assignee agrees to comply with all terms and conditions of this lease (which agreement may be subject to a limitation on its liability similar to that provided herein in Section 24). Additionally, upon the written request of Landlord, Tenant shall provide any information or certification of the status of this Lease reasonably requested by Landlord and Tenant shall execute any memoranda, certificate, attornment or other document in recordable form or otherwise as required by Landlord to evidence the existence of this Lease or to effectuate any such assignment of Landlord's interest herein.

20. **NOTICES.** All notices and approvals to be given by one party to the other party under this Lease shall be given in writing, mailed or delivered as follows:

(a) To the Landlord at its address as set forth in the Schedule or to such other person at such other address designated by notice sent to Tenant and after commencement of the Term of this Lease at the address to which rent is payable.

(b) To the Tenant at the place set forth in the Schedule until Tenant takes possession of the Premises, and thereafter at the Premises, with copies as provided in the Schedule, or at such other address designated by notice to the Landlord.

Mailed notices shall be sent by United States Certified or Registered Mail, postage prepaid. Such notices shall be deemed to have been given upon posting in the United States mails.

21. **QUIET POSSESSION.** So long as Tenant shall observe and perform the covenants and agreements binding on it hereunder, Tenant shall at all times during the Term herein granted peacefully and quietly have and enjoy the possession of the Premises without any encumbrance or hindrance by, from or through Landlord, its successors or assigns. A breach of the foregoing covenant shall entitle Tenant to terminate this Lease.

22. **MISCELLANEOUS.**

(a) Except as otherwise specifically provided herein, each provision hereof shall extend to and shall, as the case may require, bind and inure to the benefit of the Landlord and the Tenant and their respective heirs, legal representatives and successors, and assigns.

(b) All amounts owed to the Landlord hereunder shall be deemed to be rent, and if the date of payment is not expressly fixed herein, shall be paid within thirty (30) days from the date the Landlord renders statements of account therefor and shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

(c) Neither party shall withhold its consent or approval when requested hereunder, capriciously or without reason. Landlord shall be deemed reasonable if with respect to consenting to an assignment or sublease or leasing the Premises after default by Tenant to require that such proposed lessee (i) shall be financially and morally responsible or (ii) that such proposed lessee is not to use the Premises in a manner inconsistent with or in conflict with use being made in the Building by other lessees.

(d) Tenant shall deliver to Landlord or to its mortgagee, auditors, or prospective purchaser when requested by Landlord a certificate to the effect that this Lease is in full force and effect and that Landlord is not in default therein, or stating specifically any exceptions thereto. Such certificate may require, amongst other things, the date of acceptance of the Premises, the date of commencement of rent, the date of commencement of Term of this Lease, expiration date, the amount of rent currently payable, date to which rent has been paid, the amount of prepaid rent, if any, whether or not Landlord has completed any improvements required to be made to the Premises, and such other matters as may be reasonably required. Failure to give such a certificate within two (2) weeks after written request shall, upon five (5) days' written notice from Landlord to Tenant, be conclusive evidence that the lease is in full force and effect and Landlord is not in default and Tenant shall be estopped from asserting any defaults known to Tenant at that time.

(e) In the event that all or a substantial portion of the Premises are taken by eminent domain so that the Premises cannot be reasonably used by Tenant for the purposes for which they are demised, then at the option of either party the Lease may be terminated effective as of the date of the taking. In this event the entire award shall be paid to and retained by Landlord; provided, however, that nothing herein shall prohibit Tenant from pursuing a separate award for moving expenses or loss of personalty.

(f) Tenant states that it has not dealt with any real estate broker except the one listed in Item 11 in the Schedule with respect to this Lease and to its knowledge no other broker initiated or participated in the negotiation of this Lease, submitted or showed the Premises to Tenant or is entitled to any commission in connection with this Lease. Landlord shall compensate Mikell & Company and Cyrus Realtors for their respective services in connection with this Lease. Tenant agrees to indemnify and hold Landlord harmless from all claims from any real estate broker, other than Mikell & Company and Cyrus Realtors, known to Tenant for commissions or fees in connection with this space.

(g) Landlord may but shall not be obligated to cure any default by Tenant hereunder and if Landlord so elects all costs and expenses paid by Landlord in curing such default and legal fees in connection therewith shall be additional rent due on the next rent date.

(h) Time is of the essence of each provision of this Lease. However, whenever there is provided a time limitation for performance by either party of construction, repair, maintenance or service, the time provided for shall be extended but only to the extent that the delay is due to strikes, war, casualty, inability to obtain necessary materials, causes beyond the reasonable control of Landlord, or other Acts of God.

(i) Submission of this Lease for examination or signature by Tenant does not constitute a reservation of option or agreement to lease, but shall only be binding upon Landlord when it has been fully executed and delivered by Landlord. This Lease contains the entire agreement of the parties and may not be modified except in writing.

(j) No rental or other payment for use or occupancy of the Premises is or shall be based in whole or in part on the net income or profits of Tenant from said premises. A violation of this restriction shall make this Lease absolutely void.

(k) The failure of either party to insist upon strict performance of any term of this Lease or exercise any right or remedy in connection with the breach thereof, and

no acceptance of any rent or part thereof shall constitute a waiver of such breach or agreement. Waiver of any agreement or breach shall be in writing and shall not constitute a waiver of any subsequent agreement or breach.

23. EXTENSION OPTION.

(a) Tenant shall have an option to extend the Term for an additional five (5) years, to September 30, 2009. The terms and conditions applicable during such period of extension shall be those provided for herein, except that the Base Annual Rent during such period shall be the "Fair Market Rent" as hereinafter defined applicable as of the date of exercise of the such option; provided, that if such option is exercised more than 60 days prior to the last day for the exercise thereof, the determination of Fair Market Rent shall be made as of such last date for such exercise. The Fair Market Rent shall be the market rent then applicable to equivalent office space with ground floor exposure leased for five years in the vicinity of the Building in Evanston, Illinois, as determined by agreement of the parties, or in absence thereof, in accordance with the arbitration procedures set forth in Subsection 23(c). The Fair Market Rent shall be determined with reference to all of the facts and circumstances relating to the Lease, including but not limited to the level of services and the respective responsibilities of Landlord and Tenant with respect thereto hereunder and the lack of a contribution toward additional tenant improvements as of the commencement of the periods of extension; provided, however, in no event shall the Annual Base Rent be less than the Annual Base Rent during the last year of the original term of this Lease. Such option shall be exercised on or before April 1, 2004.

(b) Upon the exercise of the extension option referred to in subsection (a), the parties shall attempt to reach agreement on the Fair Market Rent to be applicable during the period of extension. In the event that they are unable to agree on or before the end of the 30 day period following the last day on which such extension option could be exercised, the matter shall be submitted to arbitration in accordance with the following procedures:

(i) Within 15 days after the expiration of the aforesaid 30-day period, Tenant shall select a real estate company doing business in the Chicago Metropolitan Area which has a commercial leasing division and expertise in the determination of fair market rents ("Qualified Real Estate Company"), and shall notify Landlord of the identity of the party.

(ii) Within 15 days after the expiration of the 15-day period referred to in subsection (i), Landlord shall select a Qualified Real Estate Company.

(iii) If either party fails to select a Qualified Real Estate Company within the time period provided, the Qualified Real Estate Company selected by the other party shall act as the "Panel," which Panel shall determine the Fair Market Rent. If each party has selected a Qualified Real Estate Company, the two companies so chosen shall act as the Panel. If the Panel is unable to reach agreement on the Fair Market Rent, the Panel shall designate a third Qualified Real Estate Company to act as an arbitrator, which arbitrator shall be authorized to select either the opinion as to Fair Market Rent of Landlord's Qualified Real Estate Company or Tenant's Qualified Real Estate Company, whichever the arbitrator determines is closest to the Fair Market Rent. The determination of the Panel, or if applicable, the arbitrator, shall be final and binding on the parties.

(iv) Each party shall each pay the fees and charges of the Qualified Real Estate Company chosen by it and one-half (1/2) of the fees of the arbitrator, if any.

(d) Each exercise of an extension option hereunder shall be contingent upon there being no uncured default by Tenant hereunder at the time of exercise.

24. LIMITATION ON LANDLORD'S LIABILITY. It is expressly understood and agreed by Tenant that this Lease has been executed by LaSalle National Bank, not personally, but solely as Trustee under the trust agreement referred to above, and that none of Landlord's covenants, undertakings or agreements are made or intended as personal covenants, undertakings or agreements by said bank, and any liability of Landlord for damages or breach or nonperformance by Landlord or otherwise arising under or in connection with this Lease or the

relationship of Landlord and Tenant hereunder, shall be collectible only out of the trust estate, in each case as the same may then be encumbered, and no personal liability is assumed by, nor at any time may be asserted against, said bank or any of its officers, agents, employees, legal representatives, successors or assigns, all such liability, if any, being expressly waived and released by Tenant.

IN WITNESS WHEREOF, the parties have entered into this Lease as of the date and year first above written.

LANDLORD:

^KLASALLE NATIONAL TRUST, N.A. MEMBER FDIC
LASALLE NATIONAL BANK, not
personally but as Trustee aforesaid

By: 

Its: ASSISTANT SECRETARY

TENANT:

BIO-MEDICAL APPLICATIONS OF
ILLINOIS, INC., a Delaware Corporation

By: 

Its: Vice President

GUARANTY

THIS GUARANTY is given by NATIONAL MEDICAL CARE, INC., a Delaware corporation ("Guarantor") and is of the foregoing Lease dated 4/1, 1994 (the "Lease") between AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not individually, but as Trustee under a Trust Agreement dated October 10, 1980 and known as Trust No. 10-37441-09 ("Landlord") and BIO-MEDICAL APPLICATIONS OF ILLINOIS, INC., a Delaware corporation ("Tenant").

WITNESSETH:

WHEREAS, at the instance and request of the Guarantor, Tenant is entering into the Lease.

WHEREAS, part of the consideration for the letting of said Premises by Landlord to Tenant is Guarantor's covenant to guarantee the payment of rentals and other charges provided for in said Lease and the performance of all the other provisions of the Lease through the full term of the Lease; and

WHEREAS, Guarantor will directly or indirectly benefit from the relative success of Tenant and will therefore personally stand to benefit from the opportunity provided to Tenant by such Lease.

NOW, THEREFORE, in consideration of the foregoing and of the letting of the Premises to Tenant, and of the sum of TEN AND NO/100 DOLLARS (\$10.00) to Guarantor in hand paid by Landlord, the receipt and sufficiency of which being hereby acknowledged, Guarantor hereby guarantees to Landlord or Landlord's beneficiaries or their successors or assigns the prompt payment by Tenant of the rents reserved in the Lease and the charges thereunder and the performance by Tenant of all provisions and covenants contained in said Lease through the full term of the Lease, including but not limited to Tenant's obligation to pay for Tenant's Work pursuant to Exhibit B to the Lease. If any default shall be made by Tenant, Guarantor shall pay and hereby agrees to pay to Landlord or Landlord's beneficiaries or their successors or assigns, such sum or sums of money as will be sufficient to make up any such deficiency, and shall satisfy the provisions and covenants to be performed by Tenant under the Lease.

Guarantor does further covenant and agree to pay all of the expenses of Landlord or Landlord's beneficiaries or their successors or assigns, including attorneys' fees, incurred in enforcing this Guaranty.

Landlord shall not be required to institute action or otherwise seek recovery from Tenant as a condition precedent to the performance by Guarantor of its obligations under this Guaranty.

Guarantor does further covenant and agree that the Landlord may, from time to time, during the term of this Lease, modify, change or alter any of the terms of the Lease by agreement with Tenant, any subsidiary, affiliate or other corporation to which Tenant may assign Tenant's interest in the Lease, in accordance with the terms thereof, without notice to Guarantor and that Guarantor shall not be relieved of its liabilities hereunder as a result of such action, it being expressly agreed and understood that Guarantor will recognize and be bound by any such modification, change or alteration as though it had been part of the Lease as originally drawn.

In the event this Guaranty shall be executed by more than one party the liability hereunder shall be joint and several.

IN WITNESS WHEREOF, Guarantor has this 26th day of April, 1994

caused these presents to be signed in his behalf.

NATIONAL MEDICAL CARE, INC.

By: A M Neugebauer

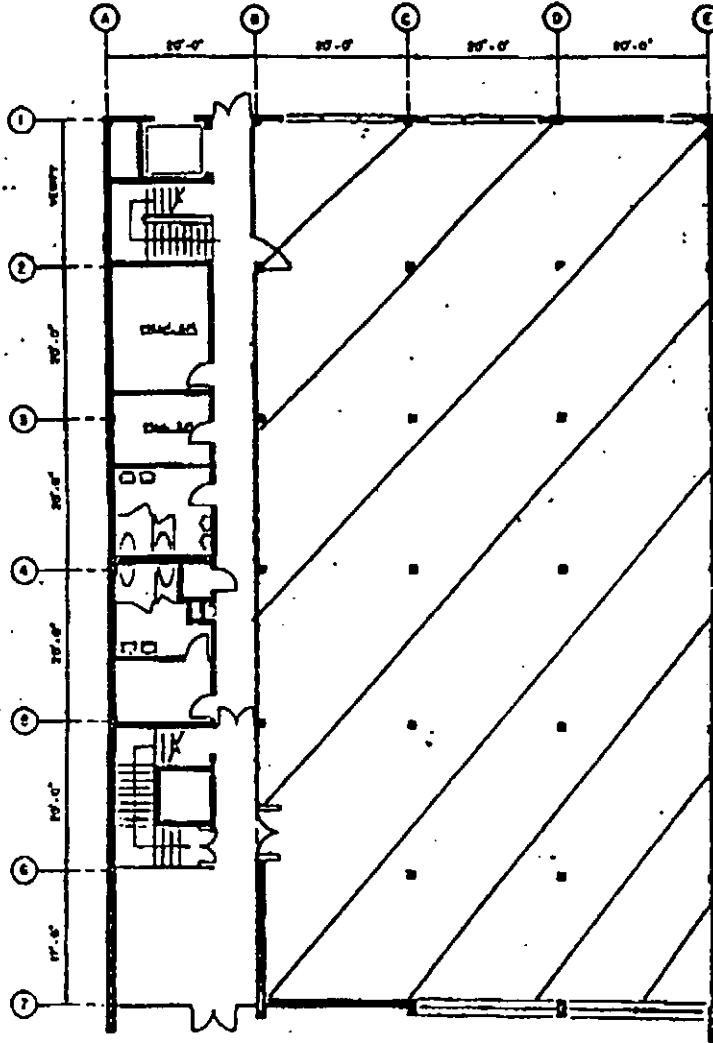
CORPORATE CERTIFICATE

The undersigned, being the duly elected and acting Secretary of NATIONAL MEDICAL CARE, INC., a Delaware corporation, and having custody of the corporate records of said corporation, hereby certifies that the officer executing the foregoing Guaranty was duly authorized to act in his capacity in conjunction therewith as Vice President, as set forth in certain resolutions adopted by the Board of Directors of said Corporation.

Dated: 4/27, 1994

Dennis J. McCoy
Asst. Secretary

EXHIBIT A
PLAN OF PREMISES



3 PLAN

7,655 RENTABLE SQUARE FEET



EXHIBIT B

IMPROVEMENTS

ARTICLE I

Base Building Work

1.1 On or before the July 15, 1994, Landlord shall cause the Base Building Improvements to be completed at Landlord's sole cost and expense. The Base Building Improvements consist of those improvements to the Building described in Schedule I attached to this Exhibit B.

ARTICLE II

Tenant Improvements

2.1 **Tenant Improvements.** Landlord shall have no responsibility for any improvement to the Premises except for those items included in Base Building Improvements, and shall turn over possession of the Premises to Tenant for the purpose of making improvements thereto desired by Tenant ("Tenant Improvements"). Tenant shall be totally responsible for completing and paying for any and all Tenant Improvements.

2.2 **Preliminary and Tenant's Final Plans.**

a) Tenant will cause to be prepared and delivered to Landlord, for Landlord's review a Preliminary Plan and Specifications, prepared by an architect reasonably acceptable to Landlord ("the Architect") ("Preliminary Plans") for construction of the Tenant Improvements. Landlord shall promptly approve, or describe the manner in which it disapproves, of the Preliminary Plans, and Tenant shall incorporate any comments of Landlord into the Final Plans hereinafter referred to. Landlord shall not unreasonably withhold its approval to any aspect of the Preliminary Plans.

b) Following approval of the Preliminary Plans, Tenant shall cause to be prepared and delivered to Landlord all necessary architectural, bid, construction and mechanical drawings for the Tenant Improvements ("Proposed Plans") at Tenant's sole cost and expense, by the Architect or such other architect as Tenant may select subject to Landlord's prior written approval, such approval not to be unreasonably withheld. All mechanical drawings (sprinkler, heating, ventilating, air conditioning, electric and plumbing systems) must be suitable in all respects for submission to the Building Department of the City of Evanston in order to obtain a Building Permit, and shall, at Landlord's election be reviewed and approved by an engineer designated by Landlord. The cost of such review and approval of the mechanical drawings shall be paid by Landlord.

c) If Landlord disapproves of the Proposed Plans or furnishes Tenant with proposed modifications thereto, Tenant shall, within five (5) business days after receipt of Landlord's notice of such disapproval or such proposed modifications with respect to the architectural drawings and/or the mechanical drawings, cause such drawings to be revised to meet Landlord's requirements for approval. Landlord shall be entitled to disapprove of the Proposed Plans if the work reflected therein, in any material way, is inconsistent with the work reflected in the Preliminary Plans.

d) Landlord shall, within three (3) business days after receipt of Tenant's revised plans, approve of such plans or advise Tenant of any additional changes which may be required to obtain Landlord's approval.

e) The term "Tenant's Final Plans" as used herein refers to the Proposed Plans as subsequently modified, if at all, by Tenant or the Architect submitting change orders, amendments, or modifications in such plans to Landlord for its written approval, or by Landlord or the City of Evanston requiring any such modifications. Landlord agrees not to withhold or delay its approval of the Tenant's Final Plans unreasonably, except that Landlord

shall have the right to require that the plans comply with building standards and to further require other reasonable modifications and revisions to the Tenant's Final Plans and the absolute right to withhold its consent to any work affecting the structural integrity of the Building or any work not in conformity with applicable Building laws, ordinances and codes, any work affecting the basic Building systems or structural elements.

2.3 Construction of Improvements. Upon issuance of all appropriate permits, Tenant shall commence work and diligently proceed without undue delay to complete construction of the Improvements in accordance with Tenant's Final Plans. Tenant shall pay for all such work and shall otherwise comply with the provisions of Paragraph 12 of the Lease with respect thereto.

SCHEDULE I TO EXHIBIT B

DESCRIPTION OF BASE BUILDING IMPROVEMENTS

1. Demolition and debris removal from Premises.
2. Make all changes to Building required by law, including local building codes and federal law, such as Americans With Disabilities Act.
3. Provide 600 amp electrical service to a new meter panel with disconnects and breaker boxes, from existing Comm Ed transformer.
4. Install and pay for sufficient meters to enable all electricity, gas and water consumption by Tenant to be separately measured.
5. Remove any and all asbestos tile and other asbestos containing material from the Premises.
6. Central HVAC service shall be brought to the perimeter of the Premises; all interior distribution shall be the responsibility of Tenant. Service shall be sufficient to enable Tenant, under the following conditions, to maintain the following standards:

Cycle	Outside Temperature	Temperature	Inside
Heating	-10 deg. F	70 deg. F	
Cooling	95 deg. dry bulb/75 deg. wet bulb	78 deg. F	

Based on heat dissipation from 5 watts per useable square foot lighting and receptacle load and one person per 100 useable foot.

7. A maximum of \$1,000.00 towards the cost of providing 2 inch water service to the Premises. Tenant shall be entitled to relocate the water main for the Building to minimize the cost of providing such service, provided Tenant pays the entire cost thereof, obtains all City approvals and does so in a manner causing no material disruption between the hours of 8:00 a.m. and 6:00 p.m. whatsoever to the water service to the remainder of the Building. In addition, if Tenant intends to cut off water temporarily for the purpose of relocating such water service at times outside such hours, Tenant will give Landlord at least 48 hours notice thereof as to the exact times it will be cut off, and Landlord will have the right to request Tenant to change such times if the proposed period of cutoff will interfere with the business of other tenants in the building being performed after hours.

shall not be permitted in any areas designated as "No smoking" areas by notice from Landlord to Tenant or by posting of appropriate signage;

14. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring of the Building and the Premises and the needs of other tenants, and shall not use more than such safe capacity. Landlord's consent to the installation of electrical equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity;
15. To the extent permitted by law, Tenant shall not permit picketing or other union activity involving its employees in the Building, except in those locations and subject to time and other limitations as to which Landlord may give prior written consent;
16. Tenant shall not enter into or upon the roof or basement of the Building or any storage, heating, ventilation, air-conditioning, mechanical or elevator machinery housing areas;
17. Tenant shall not distribute literature, flyers, handouts or pamphlets of any type in any of the common areas of the Building without the prior written consent of Landlord;
18. Tenant shall not cook, otherwise prepare or sell any food or beverages in or from the Premises or sell or serve any alcoholic beverages in or from the Premises;
19. Tenant shall not permit the use of any apparatus for sound production or transmission in such manner that the sound so transmitted or produced shall be audible or vibrations therefrom shall be detectable beyond the Premises;
20. Tenant shall keep all electrical and mechanical apparatus free of vibration, noise and airwaves which may be transmitted beyond the Premises;
21. Tenant shall not permit objectionable odors or vapors to emanate from the Premises; and
22. Tenant shall not place a load upon any floor of the Premises exceeding the floor load capacity for which such floor was designed or allowed by law to carry.
24. All rules and regulations shall be instituted and enforced in a reasonably uniform manner with respect to all tenants in the Building.

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FIRST LEASE AMENDMENT

This First Lease Amendment ("First Amendment") is made as of this 20th day of July 2004 between Lasalle National Trust, N.A., successor to LaSalle National Bank, not personally but as Trustee under Trust Agreement dated October 10, 1980 and known as Trust No. 10-37441, hereinafter referred to as "Landlord" and Bio-Medical Applications of Illinois, Inc., d/b/a Bio-Medical Applications of Evanston, hereinafter referred to as "Tenant".

WHEREAS, the parties entered into a lease dated April 1, 1994 (the "Lease"), attached hereto and incorporated by reference, in which Landlord leased to Tenant that certain property situated at 1719 Central Avenue, Evanston, Illinois, being approximately 7,655 square feet (the "Premises").

WHEREAS, Landlord and Tenant desire to amend the Lease.

NOW, THEREFORE in consideration of the mutual covenants herein contained and further good and valuable consideration, the parties hereto incorporate the following into the terms of their existing Lease:

- I. The Term of the Lease shall be extended for a term of five (5) years commencing on October 1, 2004 and ending on September 30, 2009 ("Extended Term").
- II. During the Extended Term, Tenant shall pay Landlord the sum of Fourteen Thousand Five Hundred Twelve and 60/100 Dollars (\$14,512.60) per month as Base Annual Rent and Additional Rent (inclusive of both).
- III. Landlord agrees, within ninety (90) days of the execution of this First Amendment, to repair the floor of the Premises and paint the Premises to mutually agreeable specifications, as described on Exhibit A, attached hereto and incorporated herein for all purposes.
- IV. Except for the specific modifications to the Lease contained in this First Amendment, all terms of the Lease shall remain unchanged, and are hereby ratified, republished and reaffirmed and are incorporated into this First Amendment.

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

LANDLORD:
* LASALLE NATIONAL TRUST, N.A.,
successor to LASALLE NATIONAL BANK,
not personally, but as Trustee aforesaid

Lisa Wilburn
By: Lisa Wilburn
Its: Trustee, Lasalle National Trust
Date: 8/26/04

* Lasalle Bank National Association
formerly known as

TENANT:
BIO-MEDICAL APPLICATIONS OF
ILLINOIS, INC.

Joseph E. Ruma
By: Joseph E. Ruma
Its: Vice President
Date: 08/09/2004

This instrument is executed by LASALLE BANK National Association, not personally but solely as Trustee, as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee. All the terms, provisions, stipulations, covenants and conditions to be performed by LASALLE BANK National Association herein made are made by a sole trustee, as aforesaid, and not in its own name. No liability shall be asserted or be enforceable against LASALLE BANK National Association by reason of any of the terms, provisions, stipulations, covenants and/or statements contained in this instrument.

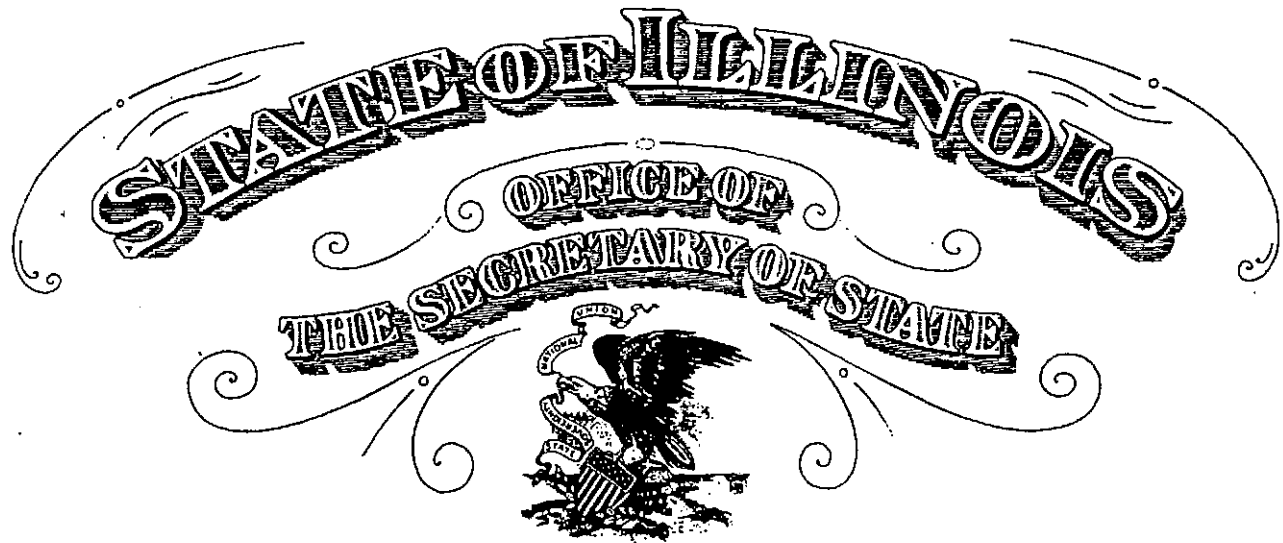
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EXHIBIT A

- Paint the premises to mutually agreeable specifications
- Remove existing vinyl tiles and disposal for approx 3,500 square feet including all the rooms, bathrooms and closets, (Sea green 51824 and Mystic Green 51931 or other colors)
- Provide and install commercial vinyl tiles on the same surfaces. Provide and install vinyl baseboard along all the walls approx 1150 lf.
- Provide and install PERGO laminate floor (PS 50395) in offices rooms approx 670 square feet.

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 TRANACT 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 TRANACT BUSINESS IN THE STATE OF ILLINOIS.

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



Jesse White

SECRETARY OF STATE

Authentication #: 1113901624

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

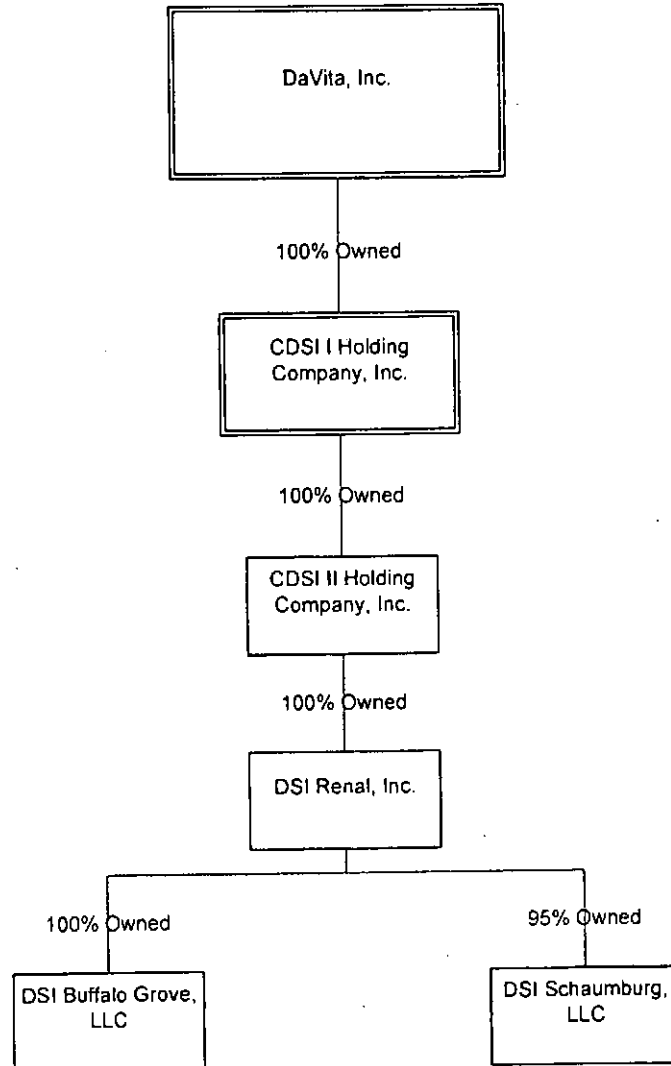
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Section I, Identification, General Information, and Certification
Organizational Relationships

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

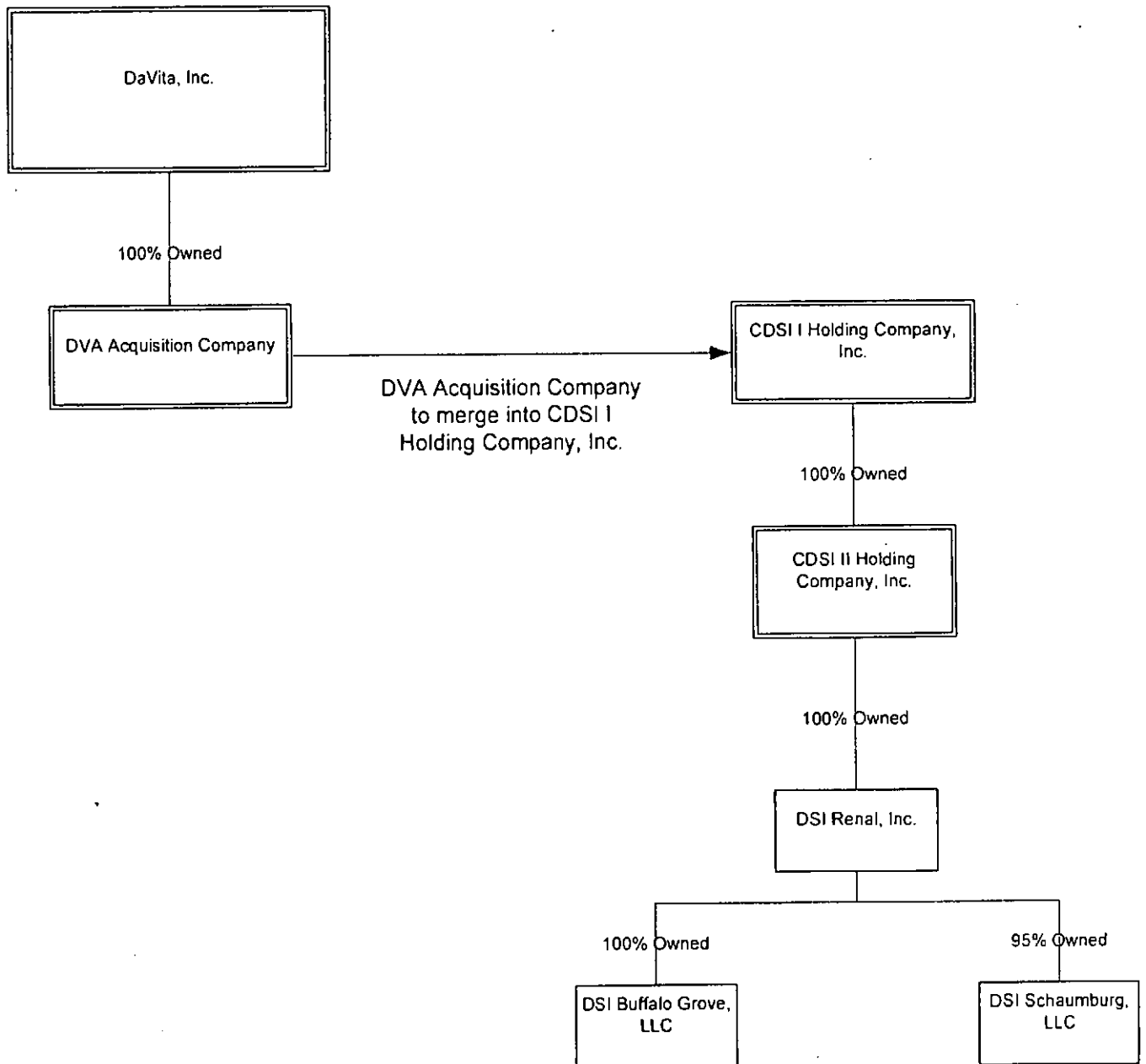
DaVita, Inc. – DSI Renal, Inc.

Post-Merger Organizational Chart



DaVita – DSI Renal, Inc.

Pre-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
CLINICAL							
ESRD	\$2,003,887	7,655					
Total Clinical	\$2,003,887	7,655	0	0	0	0	0
NON CLINICAL	\$0	0	0	0	0	0	0
Total Non-clinical	\$0	0	0	0	0	0	0
TOTAL	\$2,003,887	7,655	0	0	0	0	0

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 2004¹
- 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.² 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.

¹ 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.

² 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 Harbor Street, El Segundo, CA 90245 | FAX: 310-487-1100 | www.davita.com/physician

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 ⁽¹⁾⁽²⁾. 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.



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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.



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

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.

Achleve "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. 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





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 Robertson¹, Pooja Goel¹, Grace Chen¹, Ronald Levine¹, Debbie Benner¹, and Amy Burdan¹
¹DaVita 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 ± 3SD), 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

Standard Order Template form with various fields and checkboxes for patient information and clinical data.

2

Intake Checklist form with sections for patient information, medical history, and clinical data.

3

Attention, teammates!
A new IMPACT patient is about to step up to the plate.
Let's become their biggest fans. Let's cheer and encourage them. And let's cheer them along every step of their first 90 days.

6

IMPACT SCORECARD

90

Facility: XYZ - Sample Facility
Division: Sample Division
Region: Sample Region 1
Period: March 2009

DVA IMPACT Dashboard Average

Indicator	Target	Actual	Delta
Access	95%	92%	-3%
Albumin	3.5	3.2	-0.3
Adequacy	1.3	1.2	-0.1
Anemia	10%	12%	+2%

5

IMPACT Management Checklist

90

Facility: XYZ - Sample Facility
Division: Sample Division
Region: Sample Region 1
Period: March 2009

Indicator	Target	Actual	Delta
Access	95%	92%	-3%
Albumin	3.5	3.2	-0.3
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4

Spring Training

Attention, teammates!
A new IMPACT patient is about to step up to the plate.
Let's become their biggest fans. Let's cheer and encourage them. And let's cheer them along every step of their first 90 days.

Dayita



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		FREEPORT	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
Oliney 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	742S JAMES 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

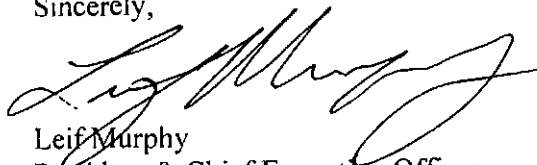
Re: Adverse Action and Access to Information

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 DSI Renal, Inc. during the three years prior to filing this application.

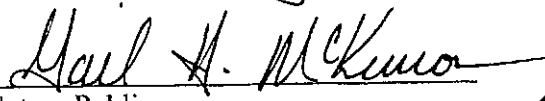
Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. 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,



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

Subscribed and sworn to me
This 24th day of May, 2011


Notary Public



78

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



29

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.

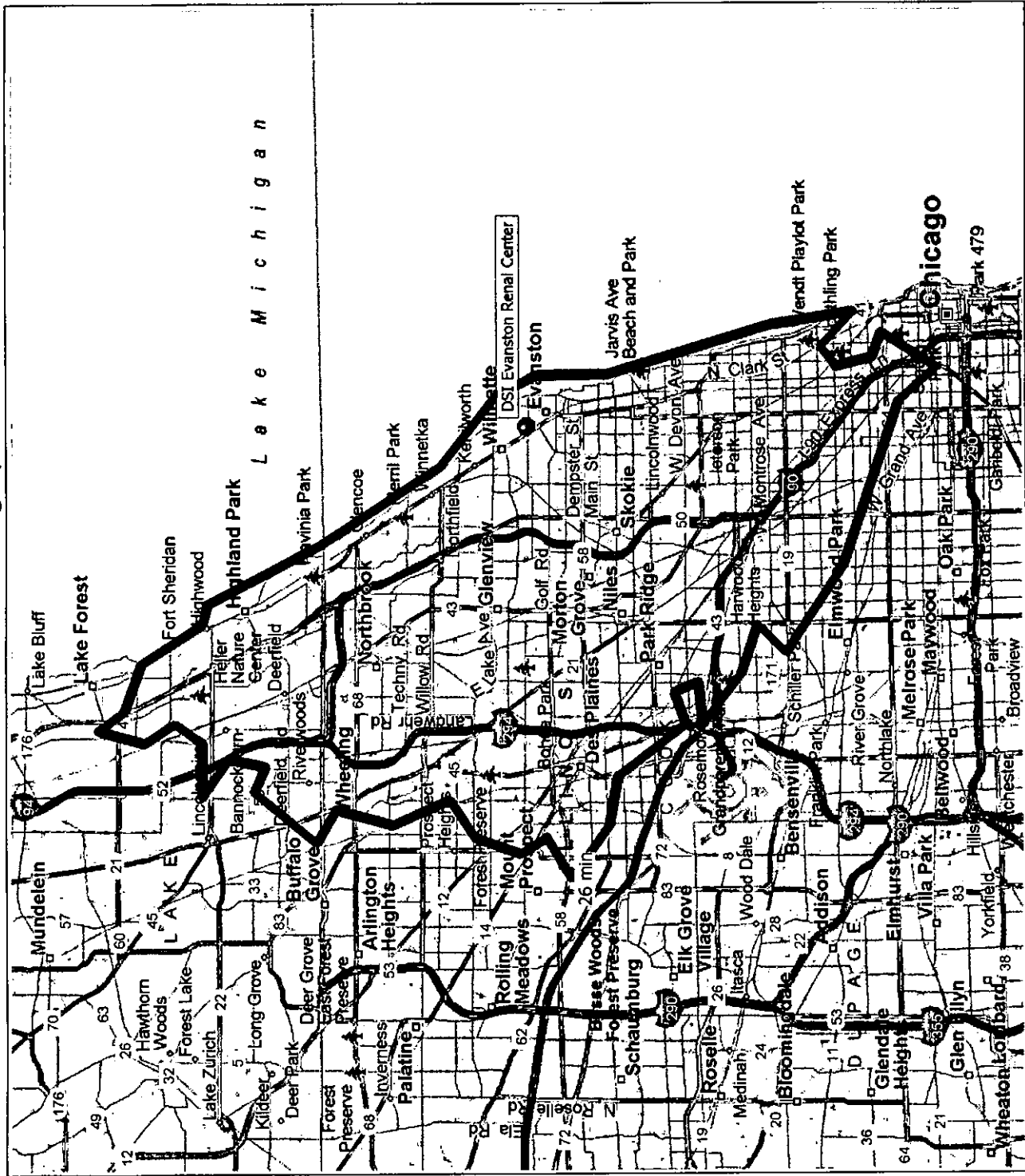
2. A map of the market area for DSI Evanston Renal Center is attached at Attachment – 12. The market area encompasses a 30 minute normal travel time radius around the facility.
3. DSI Evanston Renal Center is located in HSA 7. Based upon the May 20, 2011 Update to Inventory of Other Health Services, 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%2005-20-2011.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 Evanston Renal Center Geographic Service Area



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 \$2,003,887.

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	\$2,003,887	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.

- 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 1st 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

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

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.

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) 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.

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

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) 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.

May 18, 2011

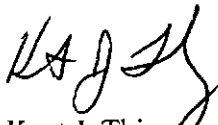
Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

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 Evanston 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



DaVita, Inc. Illinois Facilities						
Facility	Address	City	Services	Number of Stations 3/31/2011	Average Utilization 04/01/2010 to 03/31/2011	
Stonestrect 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, HHD	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, HHD	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, HHD	16	62.50%	
Illini Renal Dialysis	507 E. University Avenue	Champaign	In-Center Hemo, CAPD, HHD	10	58.33%	
Mount Vernon Dialysis	1800 Jefferson Avenue	Mount Vernon	In-Center Hemo, CAPD, HHD	16	57.81%	
Marion II	324 South 4th Street	Marion	In-Center Hemo, CAPD, HHD	13	71.47%	
Effingham Dialysis	904 Medical Park Drive, Suite #1	Effingham	In-Center Hemo, CAPD, HHD	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, HHD	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%	

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Facility	DSI Renal Inc. Illinois Facilities	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 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. 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 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.

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 \$2,003,887 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

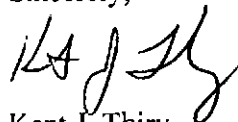
Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

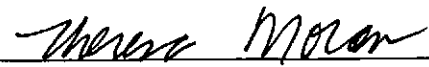
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment 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: \$1,667,227

Treatments: 8,073

Operating Expense per Treatment: \$206.52

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

Capital Costs: \$38,993

Treatments: 8,073

Capital Costs per Treatment: \$4.83

Section XI, Safety Net Impact Statement

The Applicants propose a change of control of the operating entity of DSI Evanston 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:

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21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	
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30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
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