

Original

11-030

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

RECEIVED**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.**

MAY 27 2011

Facility/Project IdentificationHEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility Name: DSI Hazel Crest Renal Center		
Street Address: 3470 West 183rd Street		
City and Zip Code: Hazel Crest, Illinois 60429		
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 Hazel Crest Renal Center		
Street Address: 3470 West 183rd Street		
City and Zip Code: Hazel Crest, Illinois 60429		
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 |

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Address: 15253 Bake Parkway, Irvine, California 92618
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: FBC Hazel Crest, LLC
Address of Site Owner: 331B West Golf Road, Schaumburg, IL 60195
Street Address or Legal Description of Site: 3470 West 183rd Street, Hazel Crest, IL 60429
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 <u>ATTACHMENT-2</u> , 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 <u>ATTACHMENT-3</u> , 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 Hazel Crest Renal Center is a 17 station in-center hemodialysis facility located at 3470 West 183rd Street, Hazel Crest, Illinois 60429. 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	\$14,801,847		\$14,801,847
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$14,801,847		\$14,801,847
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$14,801,847		\$14,801,847
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$14,801,847		\$14,801,847
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.



SIGNATURE

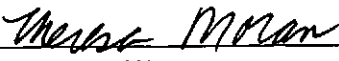
Kent Thiry

PRINTED NAME

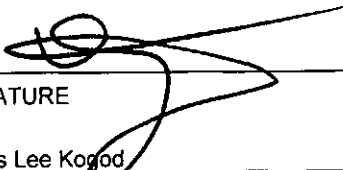
Chief Executive Officer

PRINTED TITLE

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



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



SIGNATURE

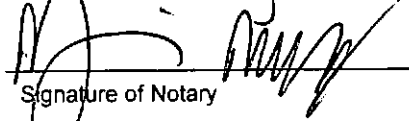
Dennis Lee Kogod

PRINTED NAME

Chief Operating Officer

PRINTED TITLE

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



Signature of Notary
Seal My Commission Expires
July 28, 2014

*Insert EXACT legal name of the applicant



CERTIFICATION

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

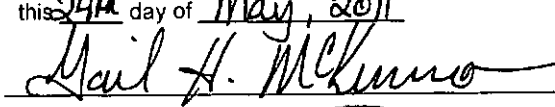
- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of 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

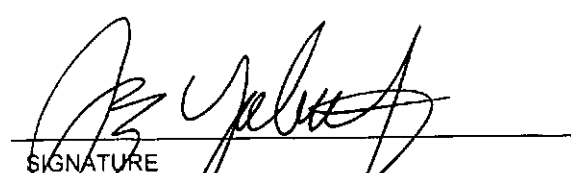
Leif Murphy
PRINTED NAME

Chief Executive Officer
PRINTED TITLE

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

Signature of Notary

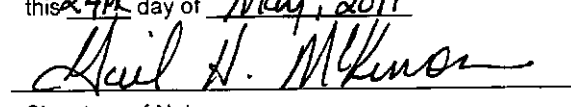
Seal


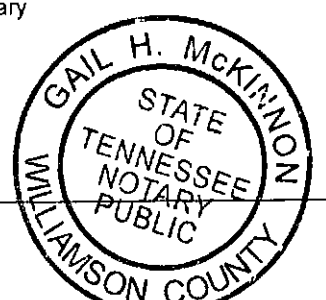
*Insert EXACT legal name of the applicant


SIGNATURE

Day Yelowitz
PRINTED NAME

Exp-Secretary
PRINTED TITLE

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

Signature of Notary

Seal


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

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

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

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

PURPOSE OF PROJECT

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

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

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

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

ALTERNATIVES

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

Alternative options must include:

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

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

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

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

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

A. Criterion 1110.240(b), Impact Statement

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

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

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

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

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

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

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

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

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

VIII. - 1120.120 - Availability of Funds

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

\$14,801,847	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.
\$14,801,847	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 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 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.

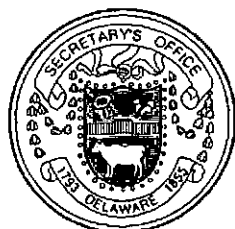
AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

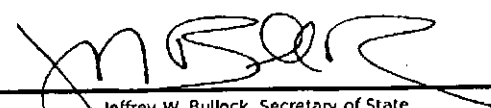
AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

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

2391269 8300

101133217

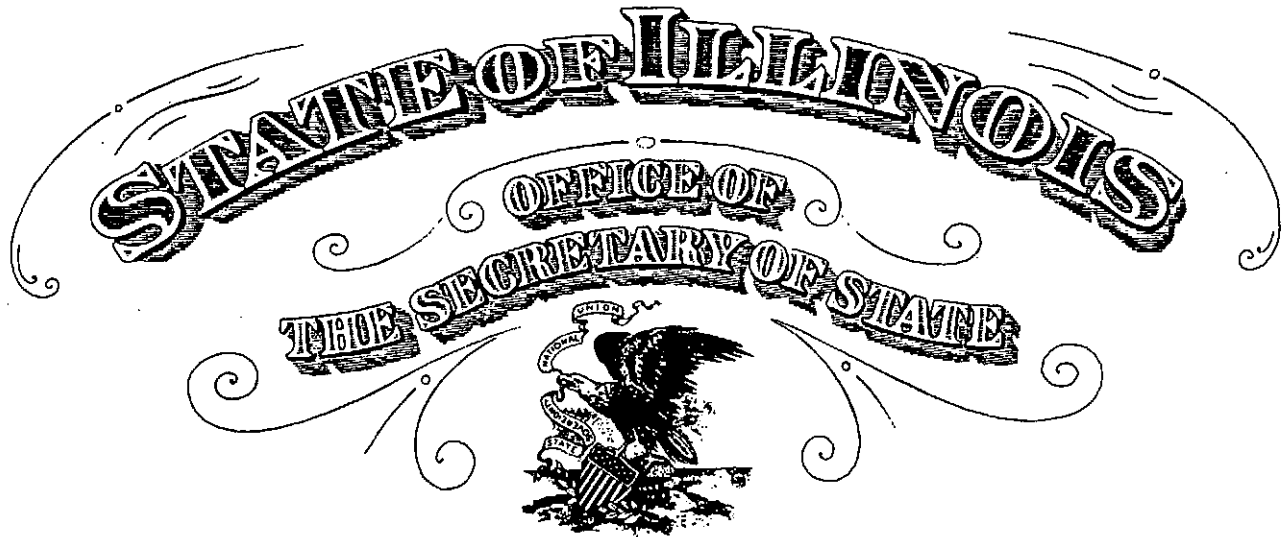



Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8386715

DATE: 11-30-10

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

Attachment 1



To all to whom these Presents Shall Come, Greeting:

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

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

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



Authentication #: 1113901624

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

Jesse White

SECRETARY OF STATE

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

A copy of the lease between FBC Hazel Crest, LLC and DSI Renal, Inc. is attached at Attachment – 2.

CONSENT TO LEASE ASSIGNMENT

THIS CONSENT TO ASSIGNMENT (this "Consent") is entered into as of February 23, 2006, by and among FBC HAZEL CREST, LLC, an Illinois limited liability company, as successor landlord to RMS PROPERTIES, INC. ("Landlord"), DIALYSIS CENTERS OF AMERICA - ILLINOIS, INC., an Illinois corporation ("Assignor"), and NATIONAL RENAL INSTITUTES, INC., a Delaware corporation ("Assignee");

WITNESSETH:

WHEREAS, Landlord and Assignor are parties to those certain leases as more fully described herein (collectively, the "Lease"), the first lease being dated July 12, 2001, for the property located at 3470 West 183rd Street, Hazel Crest, Illinois containing approximately 6,500 rentable square feet ("Premises A") and the second lease being dated July 12, 2001, for the property located at 3470 West 183rd Street, Hazel Crest, Illinois containing approximately 1,126 rentable square feet ("Premises B", together with Premises A, 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. ("Renal"), 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 subject to the terms and conditions hereof.
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 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 and that Landlord be able to pursue Assignor or Assignee, or both, to recover all such obligations.

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. 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.

10. The effectiveness of this Consent is conditioned on the satisfaction of all of the following items:

a. Reaffirmation of Guaranty. Renal shall execute a reaffirmation of their guaranty of the Lease in form and substance reasonably acceptable to Landlord no later than 90 days from the date hereof.

b. Fees. Assignor shall pay to Landlord all of its charges, expenses, and fees, including but not limited to its legal fees, in connection with this Consent on or before March 3, 2006, and said failure to timely pay Landlord shall constitute an Event of Default under the Lease.

c. Transaction Fee. Assignor shall pay to Landlord a transaction fee in an amount equal to \$15,000 in connection with this Consent on or before March 3, 2006 and said failure to timely pay Landlord shall constitute an Event of Default under the Lease.

d. CAM Reconciliation. Assignor shall pay to Landlord an amount equal to \$14,110.42, which represents the amount owed to Landlord by Assignor in reconciliation of the common area maintenance expenses for 2005, on or before March 3, 2006 and said failure to timely pay Landlord shall constitute an Event of Default under the Lease.

e. No Event of Default. An Event of Default under the Lease shall not occur at any time on or prior to the date the Federal Trade Commission approves ("FTC Approval") Assignor's acquisition of or merger with Assignee, including but not limited to an Event of Default based on Assignor's breach of subparagraphs (b) - (d) above.

f. FTC Approval. FTC Approval shall have taken place on or prior to 90 days from the date hereof.

If any of the above conditions is not timely satisfied and not waived by Landlord in writing, this Consent shall automatically terminate except that Landlord shall be entitled to retain all payments described in subparagraphs (b), (c) and (d) above.

[signature page follows]

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

FBC HAZEL CREST, LLC

By: _____

Alan Kaplan
Alan Kaplan, Manager

ASSIGNOR

DIALYSIS CENTERS OF AMERICA- ILLINOIS,
an Illinois corporation

By: _____

Barry B. Nekritz
Name: Barry B. Nekritz

Title: Authorized Representative

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

Judy Leckvitz
Judy Leckvitz
Vice Secretary

Re: 3470 West 183rd Street, Hazel Crest, Illinois

Notice Instructions:

By United States mail, certified-return receipt requested and postage prepaid, by personal service, by Federal Express, Express Mail or other reputable expedited delivery.

Notice Address:

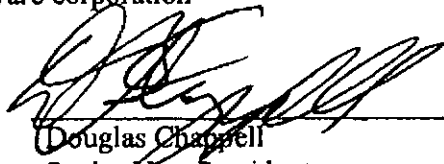
FBC HAZEL CREST, LLC
331B West Golf Road
Schaumburg, Illinois 60195

REAFFIRMATION OF GUARANTY

In consideration of and as an inducement to FBC HAZEL CREST, LLC, an Illinois limited liability company, as successor landlord to RMS PROPERTIES, INC. ("Landlord"), to execute that certain Consent to Lease Assignment dated February 23, 2006, between DIALYSIS CENTERS OF AMERICA - ILLINOIS, INC., an Illinois corporation ("Assignor") and NATIONAL RENAL INSTITUTES, INC., a Delaware corporation ("Assignee"), of the two leases dated July 12, 2001, (and as they may have been amended) for the premises located at 3470 West 183rd Street, Hazel Crest, Illinois (collectively, "Lease"), the undersigned, as Guarantor of the Lease, does hereby reaffirm its Guaranty dated July 12, 2001.

Dated: March ____, 2006.

RENAL CARE GROUP, INC.,
a Delaware corporation

By: 
Name: Douglas Chappell
Title: Senior Vice President

PREMISES A LEASE AGREEMENT

This Lease is made and entered into by and between the Landlord and the Tenant herein named, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the "Premises" hereinafter described, on the terms, covenants and conditions as set forth in this Lease, hereinafter called the "Lease".

1. **DEFINITIONS.** The terms in paragraphs 1.A through 1.U set forth below shall have the meanings or be assigned the amounts corresponding thereto unless they are expressly modified elsewhere in this Lease.

- A. **"DATE OF EXECUTION":** As of July 12, 2001.
- B. **"LANDLORD":** RMS PROPERTIES, Inc.
- C. **"TENANT":** Dialysis Centers of America- Illinois, Inc., an Illinois Corporation
- D. **"GUARANTOR":** Renal Care Group, Inc., a Delaware corporation
- E. **"TENANT'S STORE NAME":** Renal Care Group Mid-America, Inc.

F. **"SHOPPING CENTER":** The property particularly described in Paragraph 2B hereof and in Exhibit "A-1", and depicted on the Site Plan marked Exhibit "A", located at:

City: Hazel Crest County: Cook State: Illinois
 Address or nearest streets: 3470 West 183rd Street

G. **"PREMISES":** The area shown by hatch marks in Exhibit "A" commonly known as Fountainbleau Court Shopping Center, 3400 - 3480 West 183rd Street, Hazel Crest, Illinois consisting of 6,500 rentable square feet.

H. **"USE":** Tenant shall use the space for the operation of a medical facility consistent with the general operations of the Renal Care Group Mid-America, Inc. and nothing else.

I. **"COMMENCEMENT DATE":** July 1, 2001.

J. **"TERM":** The earlier of Ten (10) years, or July 31, 2001 if a Certificate of Need is not issued on or before July 31, 2001. In the event the Certificate of Need is not issued on or before July 31, 2001 this Lease Premises A Lease and the Premises B Lease shall terminate, and the parties shall have no further obligations to one another, unless the term is extended by mutual agreement of the parties.

K. **"MINIMUM RENT":**

Year	Monthly Base Rent	Annual Base Rent
07/01/01 - 07/31/01	\$0.00	Time to obtain Certificate of Need
08/01/01 - 11/30/01	\$0.00	Rent Abatement Period
12/01/01 - 01/31/02	\$0.00	HVAC Abatement
02/01/02 - 02/28/02	\$3,014.80*	*Total Rent for the month; Partial HVAC Abatement
03/01/02 - 06/30/02	\$4,875.00	\$58,500.00
07/01/02 - 06/30/03	\$5,021.25	\$60,255.00
07/01/03 - 06/30/04	\$5,171.89	\$62,062.65
07/01/04 - 06/30/05	\$5,327.04	\$63,924.53
07/01/05 - 06/30/06	\$5,486.86	\$65,842.27
07/01/06 - 06/30/07	\$5,561.46	\$67,817.53
07/01/07 - 06/30/08	\$5,821.00	\$69,852.06
07/01/08 - 06/30/09	\$5,995.64	\$71,947.62
07/01/09 - 06/30/10	\$6,175.50	\$74,106.05
07/01/10 - 06/30/11	\$6,360.77	\$76,329.23

L. **"INITIAL MONTHLY ADJUSTMENTS":** \$2,600.00

2001 Monthly CAM Estimate
\$812.50

2001 Monthly Tax Estimate
\$1,787.50

2001 Estimated Total Monthly Rent Check Yr.1
\$7,675.00

PREMISES B LEASE AGREEMENT

This Lease is made and entered into by and between the Landlord and the Tenant herein named, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the "Premises" hereinafter described, on the terms, covenants and conditions as set forth in this Lease, hereinafter called the "Lease".

1. **DEFINITIONS:** The terms in paragraphs 1.A through 1.U set forth below shall have the meanings or be assigned the amounts corresponding thereto unless they are expressly modified elsewhere in this Lease.

- A. **"DATE OF EXECUTION":** As of 7/12/01
- B. **"LANDLORD":** RMS PROPERTIES, Inc.
- C. **"TENANT":** Dialysis Centers of America- Illinois, Inc., an Illinois Corporation
- D. **"GUARANTOR":** Renal Care Group, Inc., a Delaware corporation
- E. **"TENANT'S STORE NAME":** Renal Care Group Mid-America, Inc.
- F. **"SHOPPING CENTER":** The property particularly described in Paragraph 2B hereof and in Exhibit "A-1", and depicted on the Site Plan marked Exhibit "A", located at:
 City: Hazel Crest County: Cook State: Illinois
 Address or nearest streets: 3470 West 183rd Street
- G. **"PREMISES":** The area shown by hatch marks in Exhibit "A" commonly known as Fountainbleau Court Shopping Center, 3400 - 3480 West 183rd Street, Hazel Crest, Illinois consisting of 1,126 rentable square feet.
- H. **"USE":** Tenant shall use the space for the operation of a medical facility consistent with the general operations of the Renal Care Group Mid-America, Inc. and nothing else.
- I. **"COMMENCEMENT DATE":** July 1, 2001.
- J. **"TERM":** The earlier of Ten (10) years, or July 31, 2001 if a Certificate of Need is not issued on or before July 31, 2001. In the event the Certificate of Need is not issued on or before July 31, 2001 this Lease Premises A Lease and the Premises B Lease shall terminate, and the parties shall have no further obligations to one another, unless the term is extended by mutual agreement of the parties.
- K. **"MINIMUM RENT":**

Year	Monthly Base Rent	Annual Base Rent
07/01/01 - 07/31/01	\$0.00	Time to obtain Certificate of Need
08/01/01 - 11/30/01	\$0.00	Rent Abatement Period
12/01/01 - 01/31/02	\$0.00	HVAC Abatement
02/01/02 - 06/30/02	\$844.50	\$10,134.00
07/01/02 - 06/30/03	\$869.84	\$10,483.02
07/01/03 - 06/30/04	\$895.93	\$10,751.16
07/01/04 - 06/30/05	\$922.81	\$11,073.70
07/01/05 - 06/30/06	\$950.49	\$11,405.91
07/01/06 - 06/30/07	\$979.01	\$11,748.08
07/01/07 - 06/30/08	\$1,008.38	\$12,100.53
07/01/08 - 06/30/09	\$1,038.63	\$12,463.54
07/01/09 - 06/30/10	\$1,069.79	\$12,837.45
07/01/10 - 06/30/11	\$1,101.88	\$13,222.57

L. **"INITIAL MONTHLY ADJUSTMENTS":** \$450.40

2001 Monthly CAM Estimate	2001 Monthly Tax Estimate	2001 Estimated Total Monthly Rent Check Yr.1
\$140.75	\$309.65	\$1,294.90

*The Initial Monthly Adjustment shall not exceed \$4.80 per square foot during the 2001 calendar year of the lease and any subsequent monthly adjustments will not exceed \$5.80 per square foot during the 2002 calendar year of the lease.

- M. "PREPAID RENT": \$3,014.80 Total February 2002 rent
- N. "SECURITY DEPOSIT": \$22,425.00, or none if the event the lease is Guaranteed by Renal Care Group, Inc., a Delaware Corporation
- O. "PERCENTAGE RENT RATE": None
- P. "TENANT'S PRO RATA SHARE": 16.798% (The shopping center square footage is 38,696 and Premises A is 6,500
- Q. "LANDLORD'S ADDRESS FOR NOTICES": RMS Properties, Inc.
331B West Golf Road
Schaumburg, Illinois 60195
- R. "TENANT'S ADDRESS FOR NOTICES": Renal Care Group Mid-America, Inc.
161 N. Clark Street, Suite 1200
Chicago, Illinois 60601
- S. "BROKERS": M&J Wilkow only
- T. "MINIMUM HOURS OF OPERATION": Monday - Friday from 10:00 a.m. to 5:00 p.m.
- U. "RENT": A collective term for Minimum Rent, Adjustments, additional rent and all other amounts becoming due from Tenant to Landlord hereunder.
- V. "ADDITIONAL BASIC LEASE PROVISIONS": See Rider attached to this Lease.
- W. "CERTIFICATE OF NEED CONTINGENCY": Notwithstanding anything in this lease to the contrary, this lease and Premises B lease shall automatically terminate and be null and void if a Certificate of Need is not issued to the Tenant by the applicable State of Illinois regulatory agency prior to July 31, 2001. In such event, all Prepaid Rental and Security Deposit, if any, shall be returned to the Tenant without further liability of either party.

2. PREMISES.

- A. Description of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises subject and subordinate to all liens, encumbrances, easements, restrictions covenants, underlying leases, zoning ordinances and any and all other governmental and quasi-governmental laws, rules, regulations and ordinances now or hereafter affecting or governing the Shopping Center, and provided further that the Use of the Premises described in Paragraph 1.H hereof shall not be prohibited thereby. The Premises shall be measured from the exterior faces of all exterior walls, or to the centerline of the common demising walls separating the Premises from other premises. Firewalls are considered exterior walls for the purpose of measurement of the Premises. Except as expressly agreed in this Lease, Tenant shall accept the Premises in its "AS IS" condition, it being understood and agreed that Landlord shall have no responsibility or obligation to perform any work with respect to the shell, floor, storefront, walls, ceiling, lighting fixtures, HVAC system, toilet room utilities systems, or otherwise with respect to the Premises, other than as set forth in Exhibit B-1 and B-2, Description of Landlord's Work. Tenant acknowledges that Tenant has had sufficient opportunity to investigate and inspect the physical condition of the Premises. The Tenant's taking possession of the Premises or any portion thereof shall be deemed to be conclusive evidence that the Premises are in good and satisfactory condition.
- B. Description of Shopping Center. The term "Shopping Center" shall include (i) the parcel(s) of land and improvements as generally depicted on Exhibit "A", and described on Exhibit "A-1", whether owned in fee or ground leased by Landlord or made available for use by any reciprocal operating or easement agreement or other similar agreement (hereinafter referred to as an "REA Agreement"); and (ii) any other parcel(s) of land, together with the improvements thereon, and an easement or right of way at any time designated by Landlord to be part of the Shopping Center; and (iii) any plant or other facility, serving any portion of the Shopping Center, whether or not such plant or facility is located in the Shopping Center or on any other parcel(s) of land, including the facilities connecting any such plant or facility to the Shopping Center.
- C. Description of Common Areas. The term "Common Areas" for purposes of this Lease means the Shopping Center except for those portions of the building(s) therein occupied or intended to be occupied by tenants in the Shopping Center. Common Areas include all parking and other commonly used facilities in the Shopping Center including without limitation, all interior and exterior parking areas, parking garages, roadways, walkways, sidewalks, aisles,

service drives, driveways, loading areas and access-ways, malls, hallways, ~~toilet~~ and lounge facilities, stairways, elevators, identification signs, sewers, utility facilities, light facilities, drinking fountains, sprinkler and fire protection systems, escalators, landscaping, curb-cuts and other improvements and facilities which are not devoted to or for one tenant's exclusive use, within the Shopping Center and the exterior portion of the buildings in the Shopping Center. Landlord shall make available, from time to time, such Common Areas to the tenants and occupants of the Shopping Center, as Landlord shall deem appropriate. The Common Areas shall at all times be subject to the exclusive control and management of Landlord.

3. USE AND STORE NAME. Subject to and in accordance with foreseen and unforeseen, ordinary or extraordinary, rules, ordinances, laws, regulations, statutes and requirements of all governmental authorities having jurisdiction thereof, the Premises are to be used by Tenant as set forth in Paragraph 1.H and for no other use and shall be operated under the store name set forth in Paragraph 1.E and under no other store name. The foregoing notwithstanding, in no event shall the Premises be used for any purpose or use indicated on Exhibit "G" attached hereto.

4. MINIMUM RENT; COMMENCEMENT DATE; COST OF LIVING INCREASES.

- A. Payment of Minimum Rent. Tenant agrees to pay to Landlord the Minimum Rent set forth in Paragraph 1.K in advance, without deduction or offset, in lawful money of the United States of America and at Landlord's Address or at such other place as Landlord may from time to time designate in writing, on or before the first day of each and every successive calendar month during the Term hereof, except that the Prepaid Minimum Rent and the first installment of the Initial Monthly Adjustments shall be paid upon the execution of this Lease. Rent for any period which is for less than one (1) month shall be a prorated portion of the monthly installment of Rent otherwise due herein based upon the number of days in the calendar month during which such period occurs.
- B. Determination of Commencement Date. Minimum Rent shall become payable upon the Commencement Date. For the purposes of Paragraph 1.I the term "Turn-Over Date", to the extent used therein, shall be the "date of substantial completion of Landlord's Work", if any. The "date of substantial completion of Landlord's Work" shall be the date that Landlord's representative or architect certifies to Tenant in writing that the items of Landlord's Work, in any, listed on Exhibit "B-2" to this Lease, Certification by Landlord, Landlord's architect or another authorized representative of the substantial completion of Landlord's Work shall be conclusive and binding upon the parties hereto.
- C. Performance of Tenant's Work; Commencement of Business by Tenant. Tenant may not commence construction of Tenant's Work without Landlord's prior written consent. *The Landlord will review the Tenant's Plans and Specifications within ten (10) days of delivery to the Landlord. In the event the Landlord takes more than ten (10) days to review the Plans and Specifications, the Tenant's rental abatement period shall be extended one day for each day in excess of ten days in the Landlord fails to complete its review of the Plans and Specifications. Tenant shall commence the construction of Tenant's Work subject to and in accordance with the provisions described in Exhibit "B-2" promptly after receiving Landlord's consent, but in no event more than three (3) days after receiving such consent. Tenant shall diligently prosecute such construction to completion and shall open the Premises for business concurrently with the Commencement Date.
- D. Certificate of Occupancy. On or prior to the Commencement Date, the Tenant shall secure and deliver to Landlord a certificate of occupancy, or other certification issued by the appropriate local government agency, which certificate authorizes Tenant to occupy the Premises.
- E. Cost of Living Increases.

5. TERM. The Term hereof shall be as set forth in Paragraph 1.J and shall commence on the Commencement Date as set forth in Paragraph 1.I. The parties hereto acknowledge that certain obligations under various Paragraphs hereof may commence prior to commencement of the Term, i.e., construction, hold harmless, liability insurance, etc.; and the parties agree to be bound by these Paragraphs prior to commencement of the Term.
6. SECURITY DEPOSIT. (This paragraph is not applicable in the event Rental Care Group, Inc. guarantees this Lease) Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord the Security Deposit set forth in Paragraph 1.N. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Term hereof. If Tenant defaults with respect to any provision of this Lease, including, but not limited to the provisions relating to the payment of Rent, Landlord may (but shall not be required to) use, apply or retain all or any part of this Security Deposit for the payment of any Rent or other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any actual loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said Security Deposit is so used or applied Tenant shall, within five (5) days after written demand therefore, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount and Tenant's failure to do so shall be a default under this Lease. Landlord shall not be required to keep the Security Deposit

separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform each and every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last permitted assignee of Tenant's interest hereunder) within thirty (30) days following expiration of the Term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit interest to Landlord's successor in interest. To the extent the Minimum Rent due under this Lease is increased from time to time in accordance with the provisions of this Lease, the Landlord at its option from time to time may require the Tenant to increase the amount of its security deposit held by Landlord proportionately. The failure by Tenant to increase the amount of its security deposit within thirty (30) days of Landlord's request shall constitute a material default under this Lease.

7. ADDITIONAL RENT.

A. Intentionally Deleted

B. Adjustments

1. Pro Rata Share. In addition to the Minimum Rent provided in Paragraph 4, herein above, and commencing at the same time as Minimum Rent commences under this Lease, subject to the provisions of subparagraphs 7.B.II and 7.B.III herein below, Tenant shall pay to Landlord its Pro Rata Share as set forth in Paragraph 1.P., in accordance with the total floor area of the Premises as it relates to the total leasable floor area of Shopping Center which is from time to time completed as of the first day of each calendar month, of the items set forth in subparagraphs (a), (b) and (c) of this Paragraph 7.B.I (herein called "Adjustments"). In the event that Landlord develops all or any portion of Shopping Center for non-retail commercial uses, the square footage contained in any multi-story buildings other than ground floor area will not be included in the total leasable floor area of the Shopping Center for the purposes of computing Tenant's pro rata share of Adjustments pursuant to this Paragraph 7.13.1.

(a) All taxes, assessments (special or otherwise), water and sewer rents and other governmental levies and charges of any and every kind, nature and sort whatsoever, ordinary and extraordinary, foreseen and unforeseen, and, if at any time during the Term the methods of taxation prevailing at the Commencement Date shall be altered so that in lieu of or in addition to the whole or any part of the foregoing then such substitutes therefore or additions thereto shall be included and the costs to Landlord of any appeals of any taxes or assessments (except any inheritance, estate, succession, transfer or gift tax imposed on Landlord or any income tax specifically payable by Landlord as a separate taxpaying entity without regard to Landlord's income source as arising from or out of the Shopping Center), attributable in any manner to the Shopping Center, any rehabilitation, renovation or improvement thereof, or the rents receivable therefrom (whether by way of a sales or use tax or otherwise), or any part thereof or any use thereof or any facility located therein or used in conjunction therewith including land intended for future development, or any charge or other payment required to be paid to any governmental authority relating to the Shopping Center, whether or not any of the foregoing shall be a so-called "real estate tax".

(b) All costs and expenses of every kind and nature paid or incurred by Landlord or its designee in connection with the following:

(i) The operation, maintenance, equipment, protection, repair and replacement of the Common Areas of the Shopping Center, in at least as good condition as when originally installed, including without limitation, the gardening, landscaping, sweeping, rubbish, dirt and debris removal, sanitary control, speed ramps, irrigation system, snow removal, re-striping, patching, repairing or resurfacing the parking areas, lighting facilities, storm drainage systems, electrical apparatus, painting, utilities and all other services, costs and expenses for the maintenance and operation of the Common Areas as the Landlord determines from time to time are necessary and appropriate, as would a prudent landlord of a similar shopping center, including reasonable reserves for all of the foregoing;

(ii) The maintenance, repair and replacement of all portions of the buildings in Shopping Center, structures and improvements, including the exterior walls and surfaces, the roof, buildings and improvements in Shopping Center (including, but not limited to periodic painting and re-staining, cleaning and resealing, and the maintenance and repair of gutters and downspouts, the monitoring of the sprinkler system (if any), and capital expenditures either intended to reduce costs or reasonably necessary as determined by Landlord for the operation, maintenance or repair of the Common Areas or required under any governmental law or regulation that was not applicable to the Shopping Center at the time it was originally constructed) including reasonable reserves for all of the foregoing, except that there shall be excluded from the foregoing, the proceeds of insurance received by Landlord for any said items, the cost of such maintenance, repairs and replacements as Landlord may perform to the interior of any tenant's premises in the Shopping Center and the costs and expenses of any of the foregoing which any occupant of the Shopping Center performs at its own cost and expense;

(iii) The salaries and other compensation of security and other on-site personnel who implement the aforesaid maintenance, security, operation, replacement, etc., of the Shopping Center and related costs including

workmen's compensation insurance and unemployment taxes and the cost of office, supplies and equipment, as well as such portion of Landlord's overhead and other administrative expenses as are directly attributable to the Shopping Center inclusive of a pro rata portion of the administrative salaries of those persons directly responsible for managing the Shopping Center, and

- (iv) The maintenance of all insurance (including but not limited to fire, broad form extended coverage, rent, liability, etc., and the insurance described in Paragraph 14.C of this Lease), carried by, and in the prudent discretion of Landlord or its mortgagee or lender covering the Shopping Center buildings and improvements, the Common Areas and every other facility or property used or required, or deemed necessary, in connection with any of them, including reasonable reserves for all of the foregoing.
 - (c) An amount equal to fifteen percent (15%) of all Adjustments set forth in the foregoing subparagraphs (a) and (b) as an administrative charge.
 - (d) Notwithstanding anything contained in this Paragraph 7.B.I to the contrary, there shall be excluded from the items set forth in this Paragraph any costs and expenses paid or incurred by Landlord in discharging its obligations under the provisions of Paragraph II.B of the Lease.
- II. Excluded Charges. Notwithstanding anything to the contrary contained in Paragraph 7.B.I herein above, in the event that Landlord, in its reasonable and prudent discretion, determines at any time during the term of this Lease that it is more appropriate and/or equitable that all or any portion of the charges ("Excluded Charges") set forth in Paragraph 7.B.I, whether for existing or additional items includable in Adjustments as provided in said Paragraph, be chargeable exclusively to the tenants of a particular building in the Shopping Center or to a particular tenant or group of tenants in the Shopping Center such charges shall be excluded in determining the aggregate amount of the Adjustments a pro rata share of which Tenant is obligated to pay as provided in said Paragraph 7.B.I. In the event that the Excluded Charges are chargeable to Tenant, either by reason of the Premises being located in the particular building to which such Excluded Charges relate, or by reason of the fact that such Excluded Charges relate to Tenant or a group of tenants which includes Tenant, commencing with the first (1st) calendar month following the calendar month in which Landlord gives Tenant written notice of the amount of such Excluded Charges and Tenant's share thereof in accordance with Paragraph 7.B.IV herein below, Tenant shall be obligated to pay a share of such Excluded Charges calculated as follows:
- (a) If the Excluded Charges relate to the building in which the Premises are located, Tenant shall pay a pro rata share of such Excluded Charges in accordance with the total floor area of the Premises as it relates to the total leasable floor area of the building in which the Premises are located;
 - (b) If the Excluded Charges relate to a group of tenants which includes Tenant, tenant shall pay a pro rata share of such Excluded Charges in accordance with the total floor area of the Premises as it relates to the total leasable floor area of the premises (including the Premises) of all tenants comprising the group to which the Excluded Charges relate;
 - (c) If the Excluded Charges relate solely to Tenant, Tenant shall pay the entire amount of the Excluded Charges;
 - (d) In the event that Tenant is obligated to pay all or any portion of any Excluded Charges in accordance with subparagraphs (a), (b) and/or (c) of this Paragraph 7.B.H, Tenant shall pay to Landlord an amount equal to fifteen percent (15%) of all Excluded Charges payable by Tenant to cover Landlord's administrative and overhead costs.

III. Landlord's Statements of Adjustments. Until such time as Landlord has furnished Tenant with Landlord's estimate of the anticipated monthly Adjustments for the period between the Commencement Date and the following January, Tenant shall pay the Initial Monthly Adjustments set forth in 1.L of this Lease. Tenant shall continue to make said monthly payments until notified by Landlord in writing of a change in the amount of monthly Adjustments, whether based upon increased costs or upon additional work and/or services, in which event, Tenant shall pay the amount set forth in the written notice to Tenant setting forth such change. Landlord shall use its best efforts to give Tenant a statement by April 1st of each year, and in any event at least once during the calendar year, showing the total Adjustments for the prior calendar year and Tenant's pro rata share thereof, prorated from the commencement of rental. In the event the total of the monthly payments which Tenant has made for the prior calendar year are less than Tenant's actual share of such Adjustments, then Tenant shall pay the difference in a lump sum within fourteen (14) days after receipt of such statement from Landlord and shall concurrently pay the difference in monthly payments in the then calendar year and the amount of monthly payments which are then calculated as monthly Adjustments. Any over-payment by Tenant shall be credited toward the monthly Adjustments next coming due. Landlord shall estimate the Adjustments for the then current year in part based upon the actual Adjustments for the prior year with actual determination of such Adjustments after each calendar year as above provided. Even though the term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share

of said Adjustments for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated Adjustments previously paid and, conversely, any over-payment made shall be immediately rebated by Landlord to Tenant. Failure of Landlord to submit statements as called for herein shall not be deemed to be a waiver of Tenant's requirement to pay sums as herein provided.

8. USES PROHIBITED. Tenant shall not do, or permit anything to be done, in or about the Premises, nor bring or keep anything therein (i) which is not within the permitted use of the Premises set forth in Paragraph 11.H or (ii) which in any way will increase the existing rate of or affect any fire or other insurance upon the Shopping Center or any of its contents, or cause a cancellation of any insurance policy covering the Shopping Center or any part thereof or any of its contents, provided, however, that Tenant shall not be deemed to be in violation of the provisions of this Paragraph if Tenant pays any increase in the rates of casualty and/or liability insurance covering the Shopping Center attributable to Tenant's use and such use does not otherwise violate the provisions of this Paragraph. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Shopping Center or injure or annoy them or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or allow to be committed any waste in or upon the Premises.
9. COMPLIANCE WITH LAW. Tenant shall not use the Premises, or permit anything to be done in or about the Premises, or with respect to Tenant's signs or signage and any pylon or pole signs used by Tenant in the Shopping Center, which will in any way conflict with or violate any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereinafter be in force, and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.
10. ALTERATIONS AND ADDITIONS.
 - A. Tenant's Alterations and Additions. Tenant shall not make or allow to be made any alterations, additions or improvements to or of the Premises or any part thereof, other than wall covering, floor covering and other improvements of less than \$5,000.00 in value without first obtaining the written consent of Landlord and any alterations, additions or improvements to or of said Premises, including, but not limited to, built-in cabinet work, but excepting equipment, machinery, movable furniture and other personal property, shall at Landlord's sole option become a part of the realty and belong to Landlord and shall be surrendered with the Premises. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. Notwithstanding Landlord's review of such plans and specifications, and whether or not Landlord approves or disapproves such plans and specifications, Tenant and not Landlord shall be responsible for compliance of such plans and specifications and of Tenant's Work with all applicable laws, ordinances and regulations of all duly constituted authorities, including, without limitation, Title III of the Americans with Disabilities Act of 1990, all regulations issued thereunder and the Accessibility Guidelines for Buildings and Facilities issued pursuant thereto, as the same are in effect on the date hereof and may be hereafter modified, amended or supplemented ("ADA"). In making any such alterations, additions, or improvements, Tenant, at its sole expense, shall comply with the provisions of Exhibit "B-2" regarding Tenant's Work and all governmental requirements relating to design, renovation, alteration or construction. Tenant shall use only contractors approved by Landlord in writing. In addition, if any of such alterations, additions or improvements in any way involve or require changes to structural portions or mechanical systems of the Shopping Center or penetration of the roof of the Premises, such work shall be performed by Landlord's contractor, at Tenant's expense. Notwithstanding any of the above to the contrary, the Landlord shall at its sole expense, be responsible for parking lot, curb cuts and sidewalk ADA compliance, as well the creation of eight (8) handicap parking spaces in front of the Premises and the construction of a handicap accessible ramp in front of the Tenant's main entrance.
 - B. Landlord's Alterations and Additions. Notwithstanding anything else contained herein, Landlord may, from time to time, change the improvements in the Shopping Center by the construction, removal, relocation or alteration of any such improvements including, without limitation, enlargements of stores, additional space, including stores, office space, construction of parking facilities, and removal of and changes in any of the Common Areas, and entrances and C) to the Shopping Center, provided that access to the Premises and access to the handicap parking spaces is not materially impaired. Landlord agrees that no such change of improvements shall reduce the aggregate capacity of the parking areas and other parking facilities of the Shopping Center below that then legally required by any governmental authority.
 - C. Surrender of Premises. Upon the expiration or sooner termination of the Term hereof, Tenant shall, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any and all alterations, additions, or improvement made by Tenant which are designated by Landlord to be removed (except plumbing, electrical and dry wall

improvements) so that the Premises shall be surrendered upon expiration of the Lease in the condition delivered to the Tenant after completion of Landlord's Work and Tenant's Work, if any. Tenant shall, forthwith and with all due diligence, at its sole cost and expense, repair any damage to the Premises caused by such removal, ordinary wear and tear excepted. In addition, upon expiration or sooner termination of the Term hereof, Tenant shall remove its exterior sign and repair the parapet upon which such sign was erected. Tenant shall surrender the Premises to Landlord in a broom clean condition with all its personal property removed therefrom.

11. REPAIRS AND MAINTENANCE.

A. Tenant's Repairs and Maintenance. Tenant's taking possession of the Premises shall be deemed conclusive evidence that the Premises were then in good and sanitary order, condition and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof, including all signs in and about the Premises, in good condition and repair (except as hereinafter provided with respect to Landlord's obligations) including, without limitation, the maintenance, replacement and repair of any fixtures, doors, door assemblies, windows, plate glass, window casements, glazing, interior plumbing and sewage pipes and lines, interior electrical wiring and conduits, and heating and air conditioning system (the "HVAC system") and components of the foregoing servicing the Premises. Tenant shall obtain and keep in effect during the term of this Lease a service contract acceptable to Landlord for the first (1st) class repair and maintenance of the HVAC system, said maintenance contract to conform to the requirements under the warranty, if any, on said system. A duplicate copy of such contract and any amendments or renewals thereof shall be delivered to Landlord within five (5) days after Tenant first obtains such contract, renewal or amendments. Any damage to adjacent premises caused by Tenant's use of the Premises shall be repaired at the sole cost and expense of Tenant. In addition to the foregoing, if so required by Landlord in Landlord's sole and absolute discretion, Tenant shall be required, at Tenant's cost and expense, to renovate the leasehold improvements in the Premises to a condition consistent with the standards of the other premises located within the Shopping Center at least once during each five (5) year period during the term of this Lease. If Tenant refuses or neglects to carry out any maintenance, repairs and replacements properly as required pursuant to this Paragraph 11-A to the reasonable satisfaction of Landlord, Landlord may, but shall not be obligated to, upon thirty (30) days prior written notice, or such shorter notice as may be appropriate in an emergency, perform such maintenance, repairs and replacements without being liable for any loss or damage that may result to Tenant's merchandise, fixtures or other property or to Tenant's business by reason thereof, and upon completion thereof, Tenant shall pay to Landlord, upon demand, Landlord's costs relating to any such maintenance, repairs and replacements plus a sum equal to fifteen percent (15%) thereof representing Landlord's overhead. Tenant agrees that the making of any maintenance, repairs and replacements by Landlord pursuant to this Paragraph 11A, is not a re-entry or a breach of any covenant of quiet enjoyment contained in this Lease.

B. Landlord's Repair and Maintenance. Subject to the provisions of Article 7 and Section 11-A hereinabove, Landlord shall repair and maintain in good condition the structural portions of Shopping Center, including foundations, sub floor, structural roof deck, roofing, load bearing walls and structural columns and beams of the Shopping Center, except to the extent that such maintenance and repairs are caused by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees, invitees, or contractors or any damage caused by breaking and entering, in which case, at Landlord's election, Tenant shall either repair such damage at Tenant's sole cost and expense or pay to Landlord the entire cost of such maintenance and repairs. In addition, Landlord shall repair and Tenant shall reimburse Landlord for all costs and expenses attributable to any repairs, maintenance and replacements to the roof caused, directly or indirectly, by the willful act or negligence or other act or omission in violation of this Lease of Tenant, its agents, servants, employees, invitees or contractors, including damage to the roof caused by the maintenance and/or repair of Tenant's HVAC system or other equipment servicing the Premises. Landlord shall not be liable for any failure to make such repairs or to perform any maintenance unless such failure shall persist for an seven (7) days without Landlord's commencement of any reasonable efforts to make sure repairs after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Except as provided in Paragraph 23 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Premises or the building in which the Premises are located, or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect. Landlord repairs may not be made while patients are undergoing dialysis, without the Tenant's consent.

12. LIENS. Tenant shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond or letter of credit in an amount equal to one and one half (1½) times the estimated cost of any improvements, additions or alterations in the Premises which Tenant desires to make, to protect Landlord against any liability for mechanic's and materialmen's lien and to insure completion of the work.

13. ASSIGNMENT AND SUBLETTING.

- A. Landlord's Consent. Other than the sublease of an office for the Director of the dialysis clinic which the Landlord hereby approves, the Tenant may not assign this Lease, or any interest therein, and may not sublet the said Premises, or any right or privilege appurtenant thereto, or suffer any other person (the agents, employees and servants of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the written consent of Landlord first had and obtained, and a consent to one assignment, subletting, occupation or use by any other person, shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Landlord may withhold its consent arbitrarily for any sublease of less than the entire Premises. Other than as set forth hereinabove, any such assignment or subletting without such consent shall be void, and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of Tenant, by operation of law, without the written consent of Landlord.
- B. Standards for Landlord's Consent. The consent of Landlord required under Paragraph 1.3.A above may not be unreasonably withheld, provided, should Landlord withhold its consent for one of the following reasons, which list is not exclusive, such withholding shall be deemed to be reasonable:
- (i) A conflict with other uses in the Shopping Center;
 - (ii) Incompatibility of the proposed use with others within the Shopping Center;
 - (iii) Financial inadequacy of the proposed sublessee or assignee;
 - (iv) A proposed use or user which would cause a diminution in the reputation of the Shopping Center or the other businesses located therein;
 - (v) Intentionally deleted;
 - (vi) A proposed user whose impact on the common facilities or the other tenants in the Shopping Center would be disadvantageous;
 - (vii) The proposed user or its business is subject to additional requirements of governmental laws or regulations beyond those which are applicable to the Tenant and its business;
 - (viii) The managerial or operational skills of the proposed subtenant or assignee are not as good as Tenant;
 - (ix) The use by the proposed subtenant or assignee would violate or create a potential violation of governmental laws or regulations; or
 - (x) Tenant is in default under this Lease.

In any event, should Landlord decline to give its consent for any reason other than those designated above, Landlord may do so, in which event this Lease shall terminate thirty (30) days following written notice from Landlord to Tenant of such termination.

- C. General Conditions. Notwithstanding the foregoing, the following conditions shall apply to any proposed assignment or sublease hereunder:
- (i) Each and every covenant, condition, or obligation imposed upon Tenant by this Lease and each and every right, remedy, or benefit afforded Landlord by this Lease shall not be impaired or diminished as a result of such assignment or sublease;
 - (ii) Tenant shall assign to Landlord any and all consideration paid directly or indirectly for the assignment by Tenant to the assignee of Tenant's leasehold interest or any and all sub-rentals payable by subtenants which are in excess of the Rent provided herein (computed on a square footage basis);
 - (iii) If Tenant is a corporation which is not deemed a public corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within this Paragraph;
 - (iv) Tenant shall reimburse Landlord as additional rent for Landlord's reasonable costs and attorney's fees incurred in conjunction with the processing and documentation of any such requested assignment, subletting, transfer, change of ownership or hypothecation of this Lease or Tenant's interest in and of the Premises;
 - (v) Landlord may condition the approval of any assignment or subletting as specified herein upon an increase in the minimum guaranteed rental payable by Tenant or Tenant's successor in interest and/or in an increase in the Security Deposit required to be deposited by Tenant or Tenant's successor in interest;

- (vi) No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any assignment or subletting.
- (vii) Notwithstanding anything to the contrary contained herein, at Landlord's election, the following provisions shall be in effect:
 - (a) In the event that at any time or from time to time during the term of this Lease, Tenant desires to assign or sublet all or part of the Premises in a transaction where Landlord's consent is required under the terms of this Paragraph 13, Tenant shall notify Landlord in writing (hereinafter referred to as a "First Transfer Notice") of Tenant's desire to so assign or sublet and shall give Landlord the right to terminate this Lease and relieve Tenant of its obligations hereunder in lieu of granting or withholding Landlord's consent to such assignment or sublease. Such right shall be exercisable by Landlord in writing for a period commencing on the date Landlord receives the First Transfer Notice and ending on the date Tenant gives Landlord the Second Transfer Notice described in subparagraph (b) of this Paragraph 13.C (vii).
 - (b) In the event that Tenant has given Landlord a First Transfer Notice and Landlord has failed to terminate the Lease pursuant to subparagraph (a) of this Paragraph 13.C (vii), at such time as Tenant has obtained a proposal for an assignment of this Lease or a sublease of the Premises in a transaction where Landlord's consent is required under the provisions of this Paragraph 13, Tenant shall notify Landlord in writing (hereinafter referred to as a "Second Transfer Notice") of the terms of the proposed assignment or sublease and shall give Landlord the right to accept an assignment or to sublet from Tenant such space (hereinafter referred to as "Transferred Space") on the same terms as those contained in this Lease, including the rent which Tenant is then paying for such space. Such option shall be exercisable by Landlord in writing for a period of thirty (30) days after receipt of the Second Transfer Notice.
 - (c) If Landlord fails to exercise its right of termination of this Lease under subparagraph (a) hereinabove and Tenant fails to give Landlord a Second Transfer Notice within sixty (60) days after giving the First Transfer Notice, or if Landlord fails to exercise its right to accept an assignment of this Lease or a sublease of the Premises under subparagraph (b) hereinabove and Tenant fails to complete negotiations for a valid and bona fide assignment or sublease with a third party within sixty (60) days after giving a Second Transfer Notice in accordance with the terms of the Second Transfer Notice, Tenant shall again comply with all the conditions of this Paragraph 13.C(vii), as if the First Transfer Notice and Second Transfer Notice had not been given and received.
 - (d) In the event Landlord does not exercise its rights under subparagraphs (a) and (b) of this Paragraph 13.C (vii) and Tenant completes negotiations for an assignment or sublease with a third party within the sixty (60) day period referred to in subparagraph (c) of this Paragraph 13.C (vii), Tenant shall deliver an executed copy of such assignment or sublease to Landlord to obtain its consent as required in Paragraph 3.3-A above.
- (viii) Each sublease or assignment permitted hereunder shall be subject and made upon the following terms:
 - (a) Any such sublease or assignment shall be subject to the terms of this Lease and the term thereof may not extend beyond the expiration of the term of this Lease;
 - (b) The use to be made of the Premises shall comply with Paragraphs 3 and 8 hereof or any other reasonably acceptable use of the Premises;
 - (c) Such assignment or sublease shall not violate any negative covenant as to use contained in any deed of trust or other instrument affecting the Shopping Center and shall not violate any exclusives granted by Landlord to an other tenants in the Shopping Center, and
 - (d) No sublessee or assignee shall have a right to further sublet or assign, except in accordance with the provisions of this Lease.
- (ix) Tenant shall have the right without the consent of Landlord, but upon prior written notice to Landlord, to assign this Lease to a company incorporated or to be incorporated by Tenant provided that Tenant owns or beneficially controls all the issued and outstanding shares in the capital stock of the corporation. Such assignment shall not, however, relieve Tenant from its obligations for the payment of rent and for the full and faithful observance of the covenants, terms and conditions contained herein.
- (x) No permitted assignment or sublease shall be valid and no assignee or sublessee shall take possession of the Premises assigned or sublet unless, within ten (10) days after the execution thereof, Tenant shall deliver to

Landlord a duly executed duplicate original of such assignment or sublease in form satisfactory to Landlord which provides that (i) the assignee or sublessee assumes Tenant's obligations for the payment of rent and for the full and faithful observance and performance of the covenants, terms and conditions contained herein, and (ii) that said assignee or sublessee will, at Landlord's election, atorn directly to Landlord in the event Tenant's Lease is terminated for any reason. Said duplicate original of the instrument of assignment or sublease shall be accompanied by a certified resolution of the board of directors of Tenant and such assignee or subtenant, if either is a corporation, which resolution authorizes the signatories to such instrument of assignment or sublease to execute same in the name and on behalf of the corporation executing same.

- (xi) If Tenant is an entity, whether it be a partnership, corporation, trust, limited liability company or any other type of entity, the Tenant must get the written consent of Landlord before it can convert to a different type of entity.

14. INDEMNITY AND INSURANCE

- A. Indemnity. Tenant covenants to indemnify and save harmless and, at the option of Landlord, defend (with counsel reasonably acceptable to Landlord) Landlord and any person or persons in privity of estate with Landlord from and against any and all claims, demands, liabilities, damages, causes of action, and judgments (including reasonable attorney's fees) whatsoever, directly, or indirectly, anticipated or unanticipated, relating but not limited to: those for death, for personal injuries, or for loss of or damage to property or environmental harms occurring in or arising, out of or in connection with the use, possession or occupancy of the Premises or in or upon the sidewalks, parking areas, vaults or streets in front of or appurtenant thereto; any breach of or default under this Lease; Tenant's Work or alterations performed by Tenant in or to the Premises; the business conducted in the Premises, or (without limiting the foregoing) as a result of any acts, omissions or negligence of Tenant, or any concessionaire, subtenant or assignee or their respective contractors, invitees, licensees, agents, servants, employees or other persons in or about the Premises, or in or upon the sidewalks, parking areas, vaults or streets in front of or appurtenant thereto and from and against all costs and expenses occurring in or in connection with any such claim or proceeding brought thereon, unless due to the gross negligence of Landlord. If Landlord exercises its option to have Tenant's counsel defend Landlord, Tenant counsel shall not enter into a settlement of any matter without the prior express written consent of Landlord.
- B. Tenant's Insurance. From and after the date the Premises are, made available to Tenant for Tenant's Work as provided in Paragraph 4-A above, Tenant shall be required to carry and maintain the following insurance:
- (i) Liability Insurance. Tenant shall obtain and maintain in full force and effect one or more policies of Commercial General Liability Insurance with a combined single limit of coverage of not less than \$2,000,000.00 per occurrence for injury to persons and/or damage to property inclusive of loss of use, or in the alternative \$1,000,000.00 per occurrence in primary limits and less than \$1,000,000.00 in excess or umbrella limits, which coverage shall include contractual liability coverage and, if Tenant serves or sells alcoholic beverages in or from the Premises, liquor liability coverage. In addition, Tenant shall maintain or cause to be maintained Worker's Compensation insurance with respect to all work done in and about the Premises as required by law. Tenant shall also maintain non-owned and hired automobile liability insurance with the same limits of coverage as the liability insurance Tenant is required to maintain pursuant to this Paragraph.
 - (ii) First Party Insurance. Tenant shall obtain and maintain in full force and effect during the term of this Lease one or more policies of "All Risk" physical damage insurance, including coverage for fire, vandalism, theft, malicious mischief, sprinkler leakage (if there are any sprinklers in the Premises) and extended coverage perils for the full replacement cost of all Tenant improvements, additions and alterations to the Premises and of all trade fixtures, furniture, equipment, merchandise, furnishings and all other items of personal property of Tenant in and about the Premises and all plate glass in the Premises. Such insurance shall be payable to Tenant and shall be in the amount equal to at least one hundred (100%) percent of the replacement cost thereof. Such policy or policies shall include Business Income insurance for direct or indirect loss of earnings attributable to all perils insured against. In addition, Tenant shall obtain and maintain in full force and effect during the term of this Lease, Broad Form Boiler, Machinery and Miscellaneous Apparatus Insurance on a blanket repair and replacement basis with limits for each accident in an amount not less than the replacement cost of all leasehold improvements and of all HVAC equipment, boilers, pressure vessels, if any, and miscellaneous electrical apparatus owned or operated by Tenant or by others (other than Landlord) on behalf of Tenant in the Premises, or relating to or serving the Premises.
 - (iii) Other Insurance. Intentionally Deleted.
 - (iv) Policies. The foregoing insurance may be provided by a company-wide blanket insurance policy or policies maintained by or on behalf of Tenant, provided that such policy references the Premises, sets a minimum guaranteed coverage amount for the Premises and is otherwise reasonably satisfactory to Landlord. Each policy required to be carried by Tenant hereunder shall be issued by an insurance carrier which is an "approved carrier" in the State in which the Shopping Center is located having a rating of A: X or better in Best's Key Rating Guide, and shall contain a provision that it cannot be canceled or amended insofar as it relates to the Premises, without at least thirty (30) days prior notice to Landlord. In addition, each such policy

shall name Tenant, Landlord, Landlord's mortgagee(s), and/or Landlord's management agent, as insureds, as their interests may appear. A duplicate original of all policies procured by Tenant in compliance with its obligation under this Paragraph 14 shall be delivered to Landlord at least thirty (30) days prior to the commencement of Tenant's Work or otherwise upon demand by Landlord, and thereafter, at least thirty (30) days prior to the expiration of any such policy, provided, however, that if a duplicate original is not available thirty (30) days prior to commencement of Tenant's Work, Tenant shall furnish Landlord with a duplicate original of the insurance binder for such insurance and provide Landlord with a duplicate original of the policy when such duplicate original first becomes available to Tenant. In the event of Tenant's failure, in whole or in part, at any time during the Term hereof, to obtain insurance required to be carried by Tenant under the provisions hereof or to provide such evidence hereof in timely fashion, Landlord shall have the right (but shall not be obligated) to procure such insurance and Tenant shall pay to Landlord the costs and expenses thereof. Each policy evidencing the insurance carried by Tenant under this Lease shall contain a clause that such policy and the coverage evidenced thereby shall be primary with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance.

- C. Landlord's Insurance. Subject to and in consideration of Tenant's compliance with its obligations under Paragraph 14.B hereof, Landlord shall keep the Premises and the building of which they are a part insured against loss or damage by fire, with the usual extended coverage endorsements, in amounts equal to at least the replacement cost thereof above foundations and so as to prevent the application of co-insurance provisions. Such insurance shall cover improvements in the Premises owned by Landlord to the extent that the same are customarily insurable as part of the realty, but shall not include the cost of restoration of Tenant's movable trade fixtures, furniture, furnishings or decorative effects. In addition, such insurance shall be subject to and included in the insurance referred to in Paragraph 7.B.1 (b)(iv) herein.
- D. Increase in Insurance - Premiums. The Tenant shall not keep, use, sell or offer for sale in or upon the Premises any article which may be prohibited by any fire insurance policy in force from time to time covering the Premises or the Shopping Center. If (a) the occupancy of the Premises; (b) the conduct of business in the Premises; (c) the sale of any merchandise from or on the Premises (whether or not Landlord has consented to the sale of such merchandise) or in any other portion of the Shopping Center where permitted by Landlord; or (d) any acts or omissions of Tenant in the Shopping Center or any part thereof, causes or results in any increase in premiums for the insurance carried from time to time by Landlord with respect to the Shopping Center, Tenant shall pay any such increase in premiums as additional rent forthwith after invoices for such additional premiums are rendered by Landlord. In determining whether increased premiums are caused by or result from the use or occupancy of the Premises, or the sale of any article therein or therefrom, a schedule issued by the organization computing the insurance rate on the Shopping Center showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. Tenant shall comply promptly with all requirements of the Insurer's Advisory Organization or of any insurer now or hereafter in effect, pertaining to or affecting the Premises or the Shopping Center.
- E. Risk. Tenant agrees to use and occupy the Premises and to use all other portions of the Shopping Center which it is permitted to use by the terms of this Lease at its own risk, and hereby (for itself and all persons claiming under, by or through Tenant) releases Landlord, its agents, servants, contractors and employees, from all claims and demands of every kind resulting from any accident, damage, injury or breaking and entering occurring therein, unless due to Landlord's negligence. Landlord shall have no responsibility or liability for any loss of, or damage or injury to, fixtures, improvements, Tenant's Work or other personal property of Tenant from any source whatsoever.
- F. Waiver of Subrogation. Landlord and Tenant agree to have all fire and extended coverage and material damage insurance which may be carried by either of them endorsed with a clause providing that any release from liability of or waiver of claim for recovery from the other party entered into in writing by the insured thereunder prior to any loss or damage shall not affect the validity of said policy or the right of the insured to recover thereunder and providing further that the insurer waives all rights of subrogation which such insurer might have against the other party. Without limiting any release or waiver of liability or recovery contained in any other Section of the Lease but rather in confirmation and furtherance thereof, each of the parties hereto waive all claims for recovery from the other party for any loss or damage to any of its property insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance policies. Notwithstanding the foregoing or anything contained in this Lease to the contrary, any release or any waiver of claims shall not be operative, nor shall the foregoing endorsements be required, in any case where the effect of such release or waiver is to invalidate insurance coverage or the right of the insured to recover thereunder or increase the cost thereof (provided that in the case of increased cost the other party shall have the right, within ten (10) days following written notice, to pay such increased cost keeping such release or waiver in full force and effect).

15. UTILITIES. Tenant shall pay for all water, gas, electric, heat, light, power, sewer charges, telephone service and all other services and utilities which may from time to time be supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion, to be determined by Landlord, of all charges jointly metered with other Premises. *The Tenant will pay for its water, which will be metered by a separate meter installed at the Landlord's sole cost and expense. In the event Tenant vacates or abandons the Premises prior to expiration or

earlier termination of the Lease, Tenant, until possession of the Premises is tendered to Landlord, shall be obligated to maintain a reasonably comfortable temperature condition in the Premises such that there is no impact on the utility service charges of adjacent tenants and so that there is no damages incurred by Landlord to the improvements, such as pipe breakage due to freezing temperatures.

16. PERSONAL PROPERTY TAXES. Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all of Tenant's leasehold improvements, equipment, furniture, fixtures, and any other personal property located in the Premises. In the event any or all of Tenant's leasehold improvements, equipment, furniture, mixtures and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

17. RULES AND REGULATIONS. Tenant shall faithfully observe and comply with the rules and regulations attached to this Lease as Exhibit "F", which rules and regulations Landlord may from time to time amend and/or modify. All rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible to Tenant for the nonperformance of any of said rules and regulations by any other tenants or occupants.

18. HOLDING OVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term hereof, such occupancy shall be a tenancy from month to month at a rental in an amount equal to the amount of the last monthly Minimum Rent payable by Tenant hereunder plus an increase equal to fifty (50%) percent of the amount of the last monthly Minimum Rent payable by Tenant hereunder, plus all other charges payable hereunder, and upon all the terms hereof applicable to a month to month tenancy. Tenant shall also pay to Landlord all damages sustained by Landlord resulting from retention of possession by Tenant, including the loss of any proposed subsequent tenant. The preceding provisions of this Paragraph 18 shall not be construed as consent for Tenant to hold over.

19. ENTRY BY LANDLORD. In connection with the Landlord, its agents, employees or assigns entering the Premises, the Landlord shall: (a) provide reasonable advance written or oral notice to the Tenant's on site manager (which notice should in no event be less than 48 hours, except in the case of emergency) if the Landlord desires to enter the Premises during the Tenant's business hours (b) take reasonable steps to minimize any interference with the Tenant's business and (c) not enter any portion of the Premises in which Tenant's patients are being dialyzed. Tenant hereby waives any claim for damages or for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall, until the date Tenant has completed Tenant's Work, have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, safes, files, and drug cabinets. Upon completion of Tenant's Work, Tenant shall change all locks on all doors and windows in the Premises at Tenant's cost and expense. Landlord shall have the right at any other time to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises, without liability to Tenant except for any failure to exercise due care for Tenant's property, and any entry to the Premises obtained by Landlord by and of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

20. TENANT'S DEFAULT. The occurrence of any one or more of the following events shall constitute an "Event of Default" and breach of this Lease by Tenant:

- B. Vacating or Abandonment. The vacating or abandonment of a substantial portion of the Premises by Tenant;
- B. Monetary Default. The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof by Landlord to Tenant;
- C. Non-Monetary Default. The failure by Tenant to observe or perform any of the terms, covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than as otherwise described in this Paragraph 20, where such failure is not cured within thirty (30) days after written notice thereof by Landlord to Tenant, provided the Tenant has not commenced with due diligence, the cure of the default and has obtained a bond or a letter of credit for the Landlord's benefit, which in the Landlord's reasonable discretion adequately protects the impairment of the Landlord's collateral;
- D. Habitual Monetary Default. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, on more than three (3) occasions during any consecutive period of twelve (12) months during the Term of the Lease;
- E. Insolvency. Tenant or any guarantor of Tenant's obligations hereunder shall generally not pay its debts as they become due or shall admit in writing its inability to pay its debts or shall make a general assignment for the benefit of creditors, or Tenant or any such guarantor shall commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor to adjudicate it as bankrupt or insolvent, or seeking reorganization or relief of debtors or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any

substantial part of its assets, or Tenant or any such guarantor shall take any action to authorize or in contemplation of any of the actions set forth above in this subparagraph E;

- F. Bankruptcy. Any case, proceeding or other action against Tenant or any guarantor of Tenant's obligations hereunder shall be commenced seeking to have an order for relief entered against it as debtor or to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property.
- G. Receivership. A receiver or trustee shall be appointed for all or substantially all of the assets of the Tenant;
- H. Lien. Tenant shall fail to discharge any lien placed upon the Premises in violation of Paragraph 12 hereof or protect Landlord's interest by securing an endorsement or bond or title indemnity sufficient to induce Landlord's title insurer to endorse over such lien within thirty- (30) days after any such lien or encumbrance is filed against the Premises;
- I. Continuous Operation. Tenant shall fail to (i) open the Premises for business to the public on or before 120 days subsequent to the issuance of a Certificate of Need, or (ii) continuously operate its business at the Premises as set forth in Paragraphs 3 and 29 whether or not Tenant is in default of the rental payment due under this Lease;
- J. Hazardous Condition. Failure by Tenant to cure forthwith, immediately after receipt of notice, any hazardous condition which Tenant has created in violation of this Lease (including, but not limited to Paragraph 33 hereof) or of law, or
- K. Estoppel or Subordination Agreement Delivery. Failure to timely deliver forthwith, a subordination agreement or an Estoppel certificate as required by Subparagraphs 31.Q or S hereof.
- L. Misrepresentation. The misrepresentation by Tenant, or any guarantor of Tenant's obligations hereinunder, of, or failure of Tenant, or any guarantor of Tenant's obligations hereunder, to disclose, a material fact in any document, financial statement, or other instrument delivered or disclosed to Landlord in connection with this Lease.

21. REMEDIES UPON TENANT'S DEFAULT.

- A. Remedies. Upon the occurrence of any "Event of Default" described in Paragraph 20 hereof, which has not been remedied during the applicable grace period, if any, Landlord shall have the option to pursue any one or more of the following rights or remedies without any notice or demand whatsoever all of which shall be distinct, separate and cumulative and shall not operate to exclude or deprive Landlord of any other right or remedy allowed it by law:
 - (i) Landlord may terminate this Lease by giving to Tenant ten (10) day written notice of the Landlord's election to do so, in which event the Term of this Lease shall end, and all right, title and interest of the Tenant hereunder shall expire, on the date stated in such notice;
 - (ii) Landlord may terminate Tenant's right to possession of the Premises without terminating this Lease by giving ten (10) day written notice to Tenant that Tenant's right of possession shall end on the date stated in such notice, whereupon the right of the Tenant to possession of the Premises or any part thereof shall cease on the date stated in such notice; and
 - (iii) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of the Landlord hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including recovery of all moneys due or to become due from the Tenant under any of the provisions of this Lease.
- B. Surrender. If Landlord exercises either of the remedies provided in subparagraphs (i) or (ii) of Paragraph 21-A, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord in "broom clean" condition, and Landlord may then and at any time thereafter re-enter and take complete and peaceful possession of the Premises with or without process of law, full and complete license to do so being hereby granted to Landlord, and Landlord may expel or remove Tenant and any others who may be occupying or within the Premises and remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to Rent, or any other right given to Landlord hereunder or by operation of law.
- C. Termination of Right to Possession. If Landlord, pursuant to the provisions of Paragraph 21-A hereof, terminates the right of the Tenant to possession of the Premises without terminating this Lease, such termination of possession shall not release Tenant in whole or in part, from Tenant's obligation to pay Rent hereunder for the full Term, and Landlord shall have the right from time to time, to recover from Tenant and Tenant shall remain liable for all Minimum Rent, the Adjustments, additional rent and any other sums accruing as they became due under the Lease during the period from the date stated in the notice terminating possession to the stated end of the Term. In any case, the Landlord may, but shall be under no

obligation to relet the Premises or any part thereof for the account of the Tenant for such rent, for such time (which may be for a term extending beyond the Term of this Lease) and upon such terms as the Landlord in the Landlord's sole discretion shall determine, and the Landlord shall not be required to accept any tenant offered by the Tenant or to observe any instructions given by the Tenant relative to such reletting. Also in any such case the Landlord may make repairs, alterations and additions in or to the Premises and redecorate the same to the extent deemed by the Landlord necessary or desirable and, in connection therewith, change the locks to the Premises, and the Tenant shall upon demand pay the cost thereof together with the Landlord's expenses of reletting. Landlord may collect the rents from any such reletting and apply the same first to the payment of the expenses of reentry, redecoration, repair and alterations and the expense of reletting and second to the payment of Rent herein provided to be paid by the Tenant, and any excess or residue shall operate only as an offsetting credit against the amount of Rent as the same thereafter becomes due and payable hereunder, but the use of such offsetting credit to reduce the amount of Rent due Landlord, if any, shall not be deemed to give Tenant any right, title or interest in or to such excess or residue and any such excess or residue shall belong to Landlord solely, provided that in no event shall Tenant be entitled to a credit on its indebtedness to Landlord in excess of the aggregate sum (including Minimum Rent, the Adjustments and additional rent) which would have been paid by Tenant for the period for which the credit to Tenant is being determined, had no Event of Default occurred. No such re-entry or repossession, repairs, alterations and additions, or reletting shall be construed as an eviction or ouster of the Tenant or as an election on Landlord's part to terminate this Lease unless a written notice of such intention be given to Tenant or shall operate to release the Tenant in whole or in part from any of the Tenant's obligations hereunder, and the Landlord may, at any time and from time to time, sue and recover judgment for any deficiencies from time to time of the proceeds of any such reletting.

- D. Termination of Lease. In the event of the termination of this Lease by Landlord as provided in subparagraph (i) of Paragraph 21.A, Landlord shall be entitled to recover from Tenant all the fixed dollar amounts of Rent accrued and unpaid for the period up to and including such termination date, as well as all other additional sums payable by the Tenant, or for which Tenant is liable or in respect of which Tenant has agreed to indemnify Landlord under any of the provisions of this Lease which may be then owing and unpaid, and all costs and expenses, including court costs and attorneys' fees incurred by Landlord in the enforcement of its rights and remedies hereunder, and in addition Landlord shall be entitled to recover as damages for loss of the bargain and not as a penalty (w) the unamortized cost to the Landlord, computed and determined in accordance with generally accepted accounting principles, of the tenant improvements and alterations, if any, paid for and installed by Landlord pursuant to this Lease, (x) the unamortized cost of lease commissions paid in respect of this Lease, (y) the aggregate sum which at the time of such termination represents the excess, if any, of the present value of the aggregate Rents (inclusive of the amounts projected by Landlord to represent Additional Rent and Adjustments) at the annual rate or respective annual rates for the remainder of the term as then in effect pursuant to the applicable provisions of this Lease, over the then present value of the then aggregate fair rental value of the Premises for the balance of the Term, such present worth to be computed in each case on the basis of a per annum discount at one-half (1/2) of the corporate base rate of interest then in effect at the First National Bank of Morton Grove from the respective dates upon which such rentals would have been payable hereunder had this Lease not been terminated, and (z) any damages in addition thereto, including without limitation reasonable attorneys' and consultants fees and court costs, which Landlord shall have sustained by reason of the breach of any of the provisions of this Lease other than for the payment of Rent.
- E. Lien. Tenant hereby grants Landlord a first lien upon the interest of Tenant under this Lease to secure the payment of moneys due under this Lease, which lien may be enforced in equity and Landlord shall be entitled as a matter of right to have a receiver appointed to take possession of the Premises and relet the same under order of court. Tenant's obligation to pay Rent during the Term of the Lease shall continue and shall not be waived, released or terminated by the service of a five-day notice, demand for possession, the filing of a forcible entry and detainer action or judgment for possession or any other act resulting in the termination of Tenant's right to possession.
- F. Acceptance of Rent. No receipt of moneys by Landlord from Tenant after termination of this Lease or Tenant's right to possession, or after the giving of any notice of termination of this Lease or Tenant's right to possession, shall reinstate, continue or extend the Term of this Lease or affect any notice therefore given to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of rent and any other sum or sums of money and other charges herein reserved and agreed to be paid by Tenant then due or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or Tenant's right to possession or the commencement of suit or summary proceedings, or after final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceedings, order, suit or judgment, except as herein otherwise specifically provided, all such moneys collected being deemed payments on account of the use and occupation of the Premises, or at the election of Landlord, on account of Tenant's liability hereunder. Further, no payment by Tenant or receipt by Landlord of an amount less than the required payment set forth in the Lease, shall be considered as anything other than a partial payment of the amount due. No endorsement or statement to the contrary on any check shall be deemed an accord and satisfaction. Landlord may accept a partial payment without prejudicing Landlord's right to recover the balance of such payment which is still due, and without affecting any other remedies available to Landlord. If Landlord shall direct Tenant to pay Minimum Rent or additional rent (or both, as the case may be) to a "lock-box" or other depository whereby payment for Minimum Rent or additional rent (or both, as the case may be) are initially cashed or deposited by a person or entity other than Landlord (albeit on Landlord's authority), then, for any and all purposes under this Lease: (i) Landlord shall not be deemed to have accepted such payment until ten (10) days after the

date on which Landlord shall have actually received such funds, and (ii) Landlord shall be deemed to have accepted such payment if (and only if) within said ten (10) day period, Landlord shall not have returned (or attempted to return) such payment to Tenant. Nothing contained in the immediately preceding sentence shall be construed to place Tenant in default of Tenant's obligation to pay Rent if and for so long as Tenant shall timely pay the Rent required pursuant to this Lease in the manner designated by Landlord.

- G. Landlord's Right to Cure. In the event of any breach of this Lease by Tenant, Landlord may (but shall not be obligated to) at any time, after five (5) days written notice, cure such breach for the account and at the expense of Tenant. If Landlord at any time so elects or is compelled by any other person to cure such breach or is compelled to incur any other expense arising out of such breach by Tenant (including without limitation, reasonable attorneys' fees and disbursements in instituting, prosecuting or defending any suits, actions or proceedings to enforce Landlord's rights under this or any other Paragraph of this Lease or otherwise) the sum or sums so paid by Landlord, with all interest, costs and damages, shall be paid by Tenant to Landlord within five (5) days following written demand. Such expenses may be recovered in the same action or proceeding forming the basis of default.
- H. No Counterclaims. Tenant hereby waives its right to plead any counterclaim unrelated to this Lease or Tenant's occupancy of the Premises, or offset, in any action or proceeding brought by Landlord against Tenant for non-payment of Rent or default hereunder. This shall not, however, be construed as a waiver of Tenant's right to assert any claim in a separate action brought by Tenant.
- I. Interest on Late Rent. All amounts, including with limitation Minimum Rent and Additional Rent, owed by Tenant to Landlord pursuant to any provision of this Lease shall bear interest from the date due until paid at the annual rate of the lesser of (i) eighteen percent (18%) or (ii) the maximum rate permissible by applicable law.
- J. Reimbursement of Costs. Tenant shall pay upon demand all Landlord's costs, charges and expenses, including the fees of counsel, agents and others retained by Landlord, incurred in enforcing Tenant's obligations hereunder or incurred by Landlord in any litigation, negotiation or transaction in which Tenant causes Landlord, without Landlord's fault, to become involved or concerned, all of which shall constitute additional rent hereunder.
- K. Election under Bankruptcy. If Tenant shall file for protection under any chapter of the Bankruptcy Code now or hereinafter in effect, Landlord and Tenant agree, to the extent permitted by law, to request that the debtor-in-possession or trustee-in-bankruptcy, if one is appointed, assume or reject this Lease within sixty (60) days thereafter.
- L. Late Charges and Penalties. In the event Tenant fails to pay any installment of Rent hereunder when such installment is due, to help defray the additional cost to Landlord for processing such late payments Tenant shall pay to Landlord on demand as additional rent a late charge in an amount equal to ten percent (10%) of such installment. Such late charge amount if not received within five (5) days of notice shall also bear interest as provided in subparagraph I above. The provision for such late charge shall be in addition to all of Landlord's other rights and remedies hereunder, including the right to charge interest on past due installments, or as law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In the event such late charge is imposed by Landlord for any two (2) months during the Term hereof for whatever reason, Landlord shall have the option to require that, beginning with the first payment of Rent due following the second late charge, Minimum Rent, the Adjustments and additional rent shall become payable three (3) months in advance on the first day of each calendar month of the Term instead of one (1) month in advance.
- M. Returned Checks. In the event Tenant's check, given to Landlord in payment of Rent, is returned by the bank for non-payment, Tenant agrees to pay all expenses incurred by Landlord as a result thereof.
- N. Personal Property. In the event that Tenant abandons any furniture, shelves, bins, machinery or other trade fixtures at the Premises, including that which is owned or leased to Tenant, Landlord shall also have the right to remove from the Premises (without the necessity of obtaining a distress warrant, writ of sequestration or other legal process) all or any portion of such furniture, shelves, bins, machinery or other trade fixtures located thereon and to place same in storage; and in such event, Tenant shall be liable to Landlord for costs incurred by Landlord in connection with such removal and storage. Landlord shall also have the right to relinquish possession of all or any portion of such furniture, shelves, bins, machinery or other trade fixtures to any person ("Claimant") claiming to be entitled to possession thereof who presents to Landlord a copy of any instrument represented to Landlord by Claimant to have been executed by Tenant (or a predecessor Tenant) granting Claimant the right under various circumstances to take possession of such furniture, shelves, bins, machinery or other trade fixtures, without the necessity on the part of Landlord to inquire into the authenticity on said instrument's copy of Tenant's or Tenant's predecessor's signature(s) thereon and without the necessity of Landlord making any nature of investigation or inquiry as to the validity of the factual or legal basis upon which Claimant purports to act; and Tenant agrees to indemnify, defend and hold Landlord harmless from all cost, expense, loss, damage and liability incident to Landlord's relinquishment of possession of all or any portion of such furniture, shelves, bins, machinery or other trade fixtures to Claimant. Any and all property which may be removed from the Premises by Landlord pursuant to the authority of this Lease or of Law, to which Tenant is or may be entitled, may be handled, removed and stored, as the case may be, by or at the direction of Landlord at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of

Tenant not retaken by Tenant from storage within thirty (30) days after the removal from the Premises shall conclusively be presumed to have been conveyed by Tenant to landlord under this Lease as a bill of sale without further payment or credit by Landlord to Tenant.

O. July Waiver. Landlord and Tenant shall and hereby do waive their respective rights to trial by jury in any cause of action, claim, counterclaim or cross-complaint, proceeding or hearing which is in any way based upon, or related to, any matter whatsoever arising out of, or in any way connected with this Lease, including, but not limited to, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, any claim of injury or damage or the enforcement of any remedy under any law, statute, or regulation now or hereafter in effect. This waiver is knowingly, intentionally and voluntarily made by both parties, and both Landlord and Tenant acknowledge that they have been represented (or have had the opportunity to be represented) by independent legal counsel in the signing of this Lease and in the making of this waiver.

P. Cumulative Rights and Remedies. The rights of Landlord stated in this Paragraph 21 shall be in addition to any and all other rights which Landlord has or may hereafter have at law or in equity, and Tenant stipulates and agrees that the rights herein granted Landlord are commercially reasonable.

22. DEFAULT BY LANDLORD. Except as provided to the contrary in Paragraph 11.B of this Lease, the Landlord shall only be deemed to be in default under the provisions of this Lease if Landlord fails to perform, observe or keep any covenant or agreement required of Landlord within thirty (30) days after written notice by Tenant to Landlord, and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, which notice specifies therein that Landlord has failed to observe, keep or perform that certain covenant and agreement, provided that if the nature of Landlord's obligation is such that more than thirty (30) days are required to cure then Landlord shall not be in default if Landlord commences the cure within such thirty (30) day period and thereafter diligently prosecutes the cure to completion. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or an injunction.

23. RECONSTRUCTION.

A. Destruction of the Premises.

I. If the Premises are, at any time destroyed or damaged (including, without limitation, smoke and water damage) as a result of fire, the elements, accident or other casualty required to be insured against by Landlord pursuant to Paragraph 14.C hereof or otherwise, insured against by Landlord and not caused by Tenant, and if as a result of such occurrence:

(a) The Premises are rendered untenantable only in part, this Lease shall continue in full force and effect and Landlord shall, subject to Paragraph 23.C hereof, commence diligently to reconstruct, rebuild or repair the Premises to the extent only of Landlord's Work set out in Exhibit "B-1", and exclusive of Tenant's Work as set out in Exhibit "B-2", Minimum Rent and Adjustments shall abate proportionately to the portion of the Premises rendered untenantable from the date of the destruction or damage and until the Premises have been restored and rendered tenantable by Landlord to the extent of Landlord's Work as set out in Exhibit "B-1";

(b) The Premises are rendered wholly untenantable, Landlord shall, subject to Paragraph 23.C hereof, commence diligently to reconstruct, rebuild or repair the Premises to the extent of Landlord's Work as set out in Exhibit "B-1", Minimum Rent and Adjustments shall abate entirely from the date of the destruction or damage and until the Premises have been restored and rendered tenantable by Landlord to the extent of Landlord's Work as set out in Exhibit "B-1";

II. Upon Tenant being notified in writing by Landlord that Landlord's Work as set out in Exhibit "B" has been substantially completed, Tenant shall diligently complete Tenant's Work, and if the Premises have been closed for business, reopen forthwith for business, but in any event no later than the time period set forth in Paragraph 4.A after such notice that Landlord's Work is substantially completed.

B. Uninsured Casualty. In the event the Premises are damaged as a result of any cause other than the perils covered by fire and extended coverage insurance, then Landlord shall forthwith repair the same, provided the extent of the destruction is less than ten percent (10%) of the then full replacement cost of the Premises. In the event the destruction of the Premises is to an extent of ten percent (10%) or more of the full replacement cost then Landlord shall have the option; (1) to repair or restore such damage, this Lease continuing in full force and effect, but the Minimum Rent to be proportionately reduced as hereinabove in this Paragraph provided; or (2) give notice to Tenant at any time within sixty (60) days after such damage, terminating this Lease as of the date specified in such notice, which date shall be not more than thirty (30) days after the giving of such notice. In the event Landlord gives such notice, this Lease shall expire and all interest of Tenant in the Premises shall terminate on the date so specified in such notice and the Minimum Rent, reduced by a proportionate reduction, based upon the extent, if any, to which such damage interfered with the business carried on by Tenant in the Premises, shall be paid up to the date of said termination.

- C. Damage to Shopping Center. If more than twenty-five percent (25%) of the Shopping Center is damaged by fire or other cause, notwithstanding whether the Premises may be affected or unaffected by such fire or other casualty, Landlord shall have the right, to be exercised by notice in writing to Tenant within sixty (60) days from and after such occurrence, to elect to cancel and terminate this Lease. Upon the giving of such notice to Tenant, the term of this Lease shall expire by lapse of time upon the third (3rd) day after such notice is given, and Tenant shall thereupon vacate the Premises and surrender the same to Landlord.
- D. Damage at the End of the Term. Notwithstanding anything to the contrary contained in this Paragraph, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises when the damage resulting from any casualty covered under this Paragraph occurs during the last twenty-four months of the term of this Lease or any extension thereof and Tenant shall likewise not have to pay an Minimum Rent or Rental Adjustment, the Lease being null and void.
- E. Damage to Tenant's Property. Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any repairs or replacements of any leasehold improvements, mixtures, or other personal property of Tenant.

24. EMINENT DOMAIN. If more than twenty-five percent (25%) of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, within sixty (60) days after said taking, to terminate this Lease upon thirty (30) days written notice. If either less than or more than twenty-five percent (25%) of the Premises are taken (and neither party elects to terminate as herein provided), the Minimum Rent thereafter to be paid shall be equitably reduced. If any part of the Shopping Center other than the Premises may be so taken or appropriated, Landlord shall within sixty (60) days of said taking have the right at its option to terminate this Lease upon written notice to Tenant. In the event of any taking or appropriation whatsoever, Landlord shall be entitled to any and all awards and/or settlements which may be given and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease.

25. PARKING AND COMMON AREAS. Subject to the rules and regulations adopted from time to time, Landlord covenants that the Common Areas of the Shopping Center, as they exist from time to time during the term of this Lease, shall be available for the non-exclusive use of Tenant during the full term of this Lease or any extension of the term hereof, provided that the condemnation or other taking by any public authority, or sale in lieu of condemnation, of any or all of such parking areas shall not constitute a violation of this covenant. Tenant understands and acknowledges that any portion or portions of the Shopping Center on which no buildings are erected as of the Commencement Date shall be part of the Common Areas of the Shopping Center until such time as buildings are erected thereon. Notwithstanding the foregoing, Landlord shall have the right to close, if necessary, all or any portion of the common areas to such extent as may in the opinion of Landlord's counsel be reasonably necessary to prevent a dedication thereof or the accrual of any rights of any person or the public therein; to close temporarily all or any portion of the Common Areas to discourage non-customer use; to use portions of the Common Areas while engaged in making additional improvements or repairs or alterations to the Shopping Center; to transfer, in whole or in part, any of Landlord's rights or obligations under this Paragraph to any other tenant(s), subtenant(s) or other occupant(s) of the Shopping Center, or to such other party(ies) or designee(s) as Landlord may from time to time determine; and to do and perform such other act (whether similar or dissimilar to the foregoing) in, to and with respect to, the Common Areas as in the use of good business judgment Landlord shall conclusively determine to be appropriate for the Shopping Center. In addition, Landlord reserves the right to change the entrances, exits, parking areas(s) or Common Areas, traffic lanes and the boundaries and locations of such, provided however, that anything to the contrary notwithstanding contained in this Paragraph 25, said parking area or areas shall at all times be at least equal to the then parking for the Shopping Center legally required by governmental authorities.

- A. Parking Area. To the extent necessary, in Landlord's reasonable judgment, Landlord shall cause the common and parking area or areas adjacent to the Premises to be graded, surfaced and marked prior to the date Tenant opens for business in the Premises. Landlord shall cause the landscaping to be completed within one hundred and eighty (180) days after Tenant opens for business.
- B. Maintenance of Common Areas. Landlord shall keep said automobile parking and common areas in a neat, clean, clear of snow and ice, sidewalks clear of snow and ice and all other obstructions, and in orderly condition and shall repair any damage to the facilities thereof, but all expenses in connection with said automobile parking and common areas shall be charged and prorated in the manner as set forth in Paragraph 7.B hereof.
- C. Use of Parking Areas. Tenant, for the use and benefit of Tenant shall have the non-exclusive right in common with Landlord, and other present and future owners and tenants, to use said common and parking areas during the entire term of this Lease, or any extension thereof, for ingress and egress, and automobile parking subject to exclusive parking rights granted from time to time by Landlord.
- D. Employee Parking. Unless an employee parking area or areas are designated on Exhibit "A" to this Lease, no employees of Tenant may park within the parking and common areas of the Shopping Center. In the event an employee parking area or areas is or are designated on Exhibit "A", Landlord shall have the right to prohibit Tenant's employees from parking in such employee parking area or areas during certain periods during the year.

- E. Special Rules and Regulations. Tenant, in the use of said common and parking areas, agrees to comply with such reasonable rules, regulations and charges for parking as Landlord may adopt from time to time for the orderly and proper operation of said common and parking areas. Tenant understands and agrees that Landlord shall have the right to adopt special rules and regulations which apply only to tenants who conduct particular uses in their premises. Such rules may include but shall not be limited to the following: (1) the restricting of employee parking to a limited, designated area or areas or the prohibition of employee parking within the Shopping Center, and (2) the regulation of the removal, storage and disposal of Tenant's refuse and other rubbish.

26. SIGNS.

- A. Window Signs. Tenant may not affix and maintain upon the interior glass panes and supports of the show windows of the Premises any signs, advertising placards, names, insignia, trademarks and descriptive material unless Tenant shall have first received the written approval of Landlord as to type, size, color, location, copy nature and display qualities, provided that in no event shall such signs cover more than twenty percent (20%) of the glass portion of such windows. Anything to the contrary in this Lease notwithstanding, Tenant shall not affix any sign to the roof.
- B. Exterior Sign. Tenant shall erect one sign on the front of the Premises, not later than the date Tenant opens for business, in accordance with the sign criteria which has been established by Landlord or Landlord's architect for the Shopping Center, attached herewith as Exhibit "C". Tenant shall submit to Landlord, prior to installation of the sign, a detailed sign drawing to be approved by Landlord and attached to the Lease as Exhibit "C". Notwithstanding the foregoing, nothing contained herein shall constitute a representation by Landlord as to any governmental requirements regarding signs and signage and, in the event of a conflict between the criteria set forth on Exhibit "C" and such governmental requirements shall control Tenant's signs and signage.
- C. Shopping Center Directory or Pylon. In the event there is a directory or pylon for the Shopping Center and Landlord determines that Tenant shall be listed thereon, Tenant shall pay the cost of installation of its sign thereon. In addition to the cost of its sign, Tenant shall reimburse Landlord for a proportionate share of the cost of installation, repair, maintenance and operation of the shopping center pylon or directory as reasonably determined by Landlord.
27. AUCTIONS. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Premises whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or pursuant to any bankruptcy or other insolvency proceeding.

28. DISPLAYS; APPEARANCE OF PREMISES. Tenant may not display or sell merchandise or allow grocery carts or other similar devices within the control of Tenant to be stored or to remain outside the defined exterior walls and permanent doorways of the Premises. Tenant will not paint or decorate any part of the exterior of the Premises, or any part of the interior visible from the exterior thereof, without first obtaining Landlord's written approval. Tenant further agrees not to install any exterior lighting, amplifiers or similar devices or use in or about the Premises any advertising medium which may be heard or seen outside the Premises, such as flashing or strobe-type lights, searchlights, loudspeakers, phonographs or radio broadcasts. In this addition, the Premises shall have a neat and attractive appearance at all times from all points outside of the Premises. In this regard, Tenant shall promptly comply with all directives given by Landlord regarding all items of personal property and leasehold improvements, including displays of merchandise, located in the interior of the Premises within five (5) feet of Tenant's lease line, and all directives of Landlord relating to building and display materials and floor coverings located within the Premises.

29. TENANT'S CONDUCT OF BUSINESS.

- A. Covenant of Continuous Operation. Tenant covenants that, subject to all of the terms, covenants and conditions of this Lease, it will use, occupy and operate the entire Premises continuously and without interruption during the Term in the manner and under Tenant's Store Name set forth in Paragraph 1E hereof, and in a competent, dignified, energetic and consistent manner therewith as will enhance the Shopping Center as a whole and its reputation as a desirable place to shop.
- B. Hours of Operation. Tenant agrees that during the Term it will (i) be open for business and fully stocked on all days and during all hours that Landlord may determine from time to time, which hours and days shall be at a minimum those set forth in Paragraph 1F, until such time as Tenant may be advised by Landlord to the contrary; (ii) adequately staff its store with sufficient employees and carry sufficient stock of such size, character and quality to handle the maximum business; (iii) utilize only those minor portions of the Premises as are reasonably required therefore for office purposes.
- C. Violation of Covenant of Continuous Operation. Intentionally Deleted.
- D. Tenant's Acknowledgment. Tenant acknowledges that Landlord is executing this Lease in reliance upon the covenants contained in this Paragraph 29 and that such covenants are a material element of consideration inducing Landlord to execute this Lease shall be deemed to be a reasonable estimate of the damages Landlord will suffer in the event Tenant breaches said covenants, which damages include, without limitation, loss of percentage rent from

Tenant and other tenants in the Shopping Center, a diminution in the reputation of the Shopping Center as a desirable place to shop, increased administrative expenses by reason of complaints from other tenants in the Shopping Center and increased security costs for the Shopping Center.

30. INTENTIONALLY DELETED.

31. GENERAL PROVISIONS.

- A. Plats and Riders. Exhibits, plats, riders and addendums, if any, affixed to this Lease are incorporated herein by this reference and are to be construed as a part hereof.
- B. Waiver. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding default by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding default at the time of the acceptance of such rent.
- C. Joint & Several Obligation. If there be more than one Tenant, the obligations hereunder imposed shall be joint and several.
- D. Marginal Headings. The marginal headings and article titles to the articles of this Lease are not a part of the Lease and shall have no effect upon the construction or interpretation of any part hereof.
- E. Time. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.
- F. Successors and Assigns. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, permitted successors, executors, administrators and permitted assigns of the parties hereto.
- G. Recordation. Neither Landlord nor Tenant shall record this Lease, but a short form memorandum hereof may be recorded at the request of Landlord.
- H. Quiet Possession. Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.
- I. Relocation of Premises. Intentionally Deleted.
- J. Fully Negotiated Agreement. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understandings pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto. This Lease has been prepared by Landlord and reviewed by Tenant. Landlord, Tenant and their separate advisors believe that this Lease is the product of all of their efforts, that it expresses their agreement and that it should not be interpreted in favor of either Landlord or Tenant or against either Landlord or Tenant merely because of their efforts in preparing it.
- K. Inability to Perform. This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God or any other cause beyond the reasonable control of Landlord.
- L. Partial Invalidity. Any provisions of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provisions hereof and such other provisions shall remain in full force and effect.
- M. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.
- N. Choice of Law. The validity, interpretation and effect of this Lease shall be governed exclusively by the laws of the state in which the Premises are located (without giving effect to the conflicts of law provisions thereof).
- O. Attorney's Fees. In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover for the fees of its attorneys in such action or proceeding, including costs of appeal, if any, in such amount as the court may adjudge reasonable as attorneys' fees. In addition, should it

be necessary for Landlord to employ legal counsel to enforce any of the provisions herein contained, Tenant agrees to pay all attorneys' fees and court costs reasonably incurred.

- P. Sale of Premises by Landlord. In the event of any sale of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of Landlord under this Lease.
- Q. Subordination; Attornment. Tenant hereby subordinates its rights hereunder to any ground lease or to the lien of any mortgage, deed of trust or instrument of similar import now or hereafter constituting a lien or encumbrance and, upon the ten (10) day prior request of Landlord, Tenant will evidence in writing the subordination of its rights hereunder to any ground lease or to the lien of any mortgage, deed of trust or instrument of similar import now or hereafter in force, to any ground lessee, bank or other lender, and to all advances made or hereafter to be made upon the security thereof. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.
- R. Notices. All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing. All notices and demands shall be sent either by (i) United States Mail, postage prepaid, certified mail/return receipt requested, or (ii) by personal service or by Federal Express, Express Mail or other generally recognized carrier of expedited delivery, addressed as set forth in Paragraphs 1.Q and 1.R or to such other person or place as may from time to time be designated in a notice to the applicable party hereto. If Tenant is a corporation, a notice or demand may be served on its registered agent in lieu of service on Tenant. Any such notice or demand shall be deemed given (i) on the date which is three (3) days after deposit in an official U.S. Mail receptacle if delivered via the United States Mail or (ii) on the date of delivery if delivered personally or by courier service.
- S. Estoppel Certificate/Tenant's Statement. Tenant shall, upon lease execution and at any time and from time to time thereafter, upon not less than ten (10) days (which ten (10) day period is not subject to any notice or cure periods otherwise provided under this Lease) prior written notice from Landlord, execute, acknowledge and deliver to Landlord, Landlord's proposed mortgagee, or purchaser, a statement in writing and/or certificate in recordable form (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, (c) setting forth the date of commencement of rents and expiration of the term hereof, and (d) any other commercially reasonable matters which such mortgagee or purchaser requires. In the event Tenant should refuse or fail to execute, acknowledge and deliver said statement and/or certificate within the time set forth above, such failure or refusal shall constitute a material default and in addition to any other remedies Landlord may have, Landlord shall have the right to cancel this Lease by giving Tenant an additional ten (10) days notice in writing whereupon if the statement or certificate is not executed and delivered within such ten (10) day period this Lease shall be terminated and rendered of no further force and effect. If Tenant fails to execute and deliver any such instrument or statement within the initial ten (10) day period set forth above, Tenant irrevocably appoints Landlord as its attorney-in-fact, in Tenant's name, to execute and deliver such certificate or statement and Tenant shall be deemed to have agreed with the matters set forth therein.
- T. Authority of Tenant. If Tenant is a corporation, partnership, limited liability company, trust or other legal entity, each individual executing this Lease on behalf of said entity represents and warrants that such entity has been duly formed and has the power and authority to enter into this lease and that he is duly authorized to execute and deliver this Lease on behalf of said entity, in accordance with the organizational and operational documents of said entity, and that this Lease is valid and binding upon said entity and enforceable in accordance with its terms.
- U. Landlord's Financing. - If Landlord's mortgagee or lender requires modification of this Lease, Tenant agrees to execute and deliver to Landlord the commercially reasonable agreements required by Landlord's mortgagee or lender to effect such lease modifications, except any modification of the provisions of this Lease relating to the amount of rent, the purposes for which the Premises may be used, the size and location of the Premises, the duration of the term, the Commencement Date, or the improvements to be made by Landlord to the Premises prior to the delivery of possession or the addition of any Tenant obligations or liabilities. In the event Tenant fails or refuses to execute and deliver such modification, such failure or refusal shall be deemed a default and breach of this Lease by Tenant, and Landlord shall have the right to exercise the remedies set forth in Paragraph 21 hereinabove.
- U. Financial Statements. This Lease is subject to Landlord's approval of Tenant's financial statement. In addition, upon Landlord's written request therefore, but not more than once per year, Tenant shall furnish Landlord with a financial statement certified to be true and correct by Tenant.

W. Specific Performance. With respect to any provision of this Lease which provides, in effect, that Landlord shall not unreasonably withhold or unreasonably delay any consent or any approval, Tenant, in no event, shall be entitled to make, nor shall Tenant make, any claim for, and Tenant hereby waives any claim for money damages; nor shall Tenant claim any money damages by way of setoff, counterclaim or defense, based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval; but Tenant's sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance, injunction or declaratory judgment.

X. Representations and Agreements of Lease. Landlord reserves the absolute right to effect such other tenancies in the Shopping Center as Landlord shall determine, in the exercise of its sole business judgment, best promote the interests of the Shopping Center. Tenant does not rely on the fact, nor does Landlord represent, that, any specific Tenant or number of tenants shall during the term of this Lease occupy any space in the Shopping Center. This Lease is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this Lease.

Y. Execution of Lease by Landlord. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises and this document becomes effective and binding only upon the execution and delivery hereof by Landlord and by Tenant. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement in writing between Landlord or Landlord's agent, or their successors, and Tenant, and no act or omission of any employee or other agent of Landlord or of Landlord's broker shall alter, change or modify any of the provisions hereof.

Z. Liability of Landlord. Tenant acknowledges and agrees that the liability of Landlord (or liability through or of its beneficiaries, partners, officers, directors, agents or representatives) under this Lease shall be limited to Landlord's right, title and interest in the Shopping Center and any judgments rendered against Landlord shall be satisfied solely out of the issues, avails, rents, profits or proceeds of sale or refinancing of its right, title and interest in the Shopping Center which have been received by the Landlord. No personal judgment shall lie against Landlord upon extinguishment of its right, title and interest in the Shopping Center and any judgment so rendered shall not give rise to any right of execution or levy against Landlord's assets other than the Shopping Center and the issues, avails, rents, profits or proceeds from the sale or refinancing thereof. The provisions hereof shall inure to the successors and assigns of Landlord and Tenant. The foregoing provisions are not designed to relieve Landlord from the performance of any of Landlord's obligations under this Lease, but only to limit the personal liability of Landlord in case of recovery of a judgment against Landlord.

32. BROKERS. Tenant warrants that it has no dealings with any real estate broker or agents or connection with the negotiation of this Lease excepting only those brokers described in Paragraph 1. S and it knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease.

33. ENVIRONMENTAL COMPLIANCE. Tenant shall not cause or permit to occur any act or practice, that may cause, either intentionally or unintentionally:

- A. Any violation or breach of any federal, state, or local law, ordinance, order, rule or regulation, now or hereafter enacted, related to or covering (i) public environmental, health, safety and welfare conditions on, under, or about the Premises, (ii) Tenant's use or occupancy of the Premises, including, but not limited to, ambient air, soil, surface water and ground water conditions or (iii) the use, generation, testing, storage, treatment, location, release, transportation or disposal of "Hazardous Substances" (as herein defined) (collectively "Environmental Laws"); or
- B. The use, generation, testing, treatment, location, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance on, under, or about the Premises, or the transportation to or from the Premises of any Hazardous Substance.

Notwithstanding anything in this Paragraph 33 to the contrary, the various representations, warranties and covenants made herein pertaining to Hazardous Substances shall not apply or extend to occasions in which elements, compounds, substances or materials, which may technically constitute Hazardous Substances, may have been or may in the future be present or used on the Premises in small quantities for incidental but appropriate purposes, (i.e. such as printing ink contained in a photo-copy machine) but only if the same would not give rise to enforcement actions under, or constitute a material breach or violation of, applicable Environmental Laws. The term "Hazardous Substances", as used in this Paragraph 33 shall include the following elements, compounds, substances and materials, without limitation: flammable; explosives; radioactive materials; toxins; asbestos; pollutants; contaminants; hazardous wastes; toxic substances or related materials; petroleum and petroleum products; polychlorinated biphenyl (PCBs); or any other elements, compounds, materials or substances known to cause cancer, reproductive toxicity, other physical harm, risk or potential risk to human health, safety, or welfare or to the environment; and all other substances declared to be hazardous or toxic under any Environmental Law. Any violation or breach of the foregoing covenants in this Paragraph 33 shall be deemed a material Event of Default under this Lease. In this connection, Landlord or Landlord's representatives shall have the right (i) upon twenty (24) hours prior notice (unless a hazardous condition exists in which case only reasonable notice is required) to inspect and to perform testing in the Premises from time to time; and (ii) to

conduct an environmental audit at the Premises prior to or at the expiration or earlier termination of the Lease and to enter the Premises to conduct same, upon ten (10) days prior written notice if during the lease term. If any Hazardous Substance is released, discharged or disposed of by Tenant or their employees, agents or contractors, on or about the Shopping Center in violation of the foregoing provisions, Tenant shall immediately, properly and in compliance with Environmental Laws clean up and remove the Hazardous Substance from the Shopping Center and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord), at Tenant's expense. Such clean up and removal work shall be subject to Landlord's prior written approval (except in emergencies), and shall include, without limitation, any and all testing or investigation performed, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction or reasonably required by Landlord. If Tenant shall fail to comply with the provisions of this Paragraph 33 within five (5) days after written notice (which five (5) day period is not subject to any notice or cure periods otherwise provided under this Lease) by Landlord, or such shorter time as may be required by Law or in order to minimize any hazard to persons or property, Landlord may (but shall not be obligated to) arrange for such compliance directly or as Tenant's agent through contractors or other parties selected by Landlord, at Tenant's expense (without limiting Landlord's other remedies under this Lease or at law). Tenant's obligations and liabilities under this Paragraph 33 shall survive the expiration or earlier termination of this Lease.


Notwithstanding anything to the contrary contained herein the Landlord consents to the Tenant's generation, storage and disposal of biological hazardous waste in the normal course of its business, including but not limited to the storage, use and disposal of blood.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date described in Paragraph 1.A hereof.

LANDLORD:
RMS Properties, Inc.

By: 
Ron Shoffet, President

TENANT:
Dialysis Centers of America-Illinois, Inc. an Illinois Corporation

By: 
Its: Vice President

STATE OF)
)SS.
COUNTY OF)

Before me, a Notary Public in and for said County and State, appeared R. DIANE ALLISON
(name) the Vice President (title) of Dialysis Centers of America - Illinois, Inc. (name of
Business) who executed the foregoing lease for and on behalf of said CORPORATION
(i.e. Corporation, Ownership, Partnership...).

WITNESS my hand and notarial seal this 12 day of July, 2001.

Sheri Kuk

(Seal)

RIDER

This Rider dated this 12 day of July, 2001 is to the lease agreement of even date herewith by and between RMS Properties, Inc. ("Landlord") and Dialysis Centers of America-Illinois, Inc. an Illinois Corporation ("Tenant").

R-1. Conflicts. The provisions set forth in this Rider supersede any contradictory provisions in the Lease and supplements the Lease as the context requires.

R-2. Extension Option. (a) The Landlord hereby grants to the Tenant an option to extend the Term of this Lease ("Extension Option") for one (1) consecutive period of five (5) years commencing immediately after the expiration of the Term on the same terms, covenants and conditions contained in this Lease, except as provided herein. Tenant shall exercise the Extension Option on or before the date which is six (6) months prior to the expiration of the initial Term ("Exercise Date"), time being of the essence.

(b) Tenant may only exercise its Extension Option, and an exercise thereof shall only be effective, if at the time of Tenant's exercise and on the commencement date of the extension period: (i) the Lease is in full force and effect; (ii) there is no Default by Tenant under any terms, covenants or conditions of the Lease and no event has occurred which, with the passage of time or the giving of notice or both would constitute a Default and (iii) excluding consents previously granted by Landlord, and Tenant has not assigned the Lease or subleased the Premises. If the Extension Option is not exercised by the Exercise Date, the Extension Option shall thereupon expire and be of no further force or effect.

(c) Such Extension Option can only be exercised in respect of the entire Premises and Tenant shall have no right to exercise the Extension Option as to less than the entire Premises.

(d) The Minimum Rent payable during the extension option period with respect to the Premises shall be equal to the following:

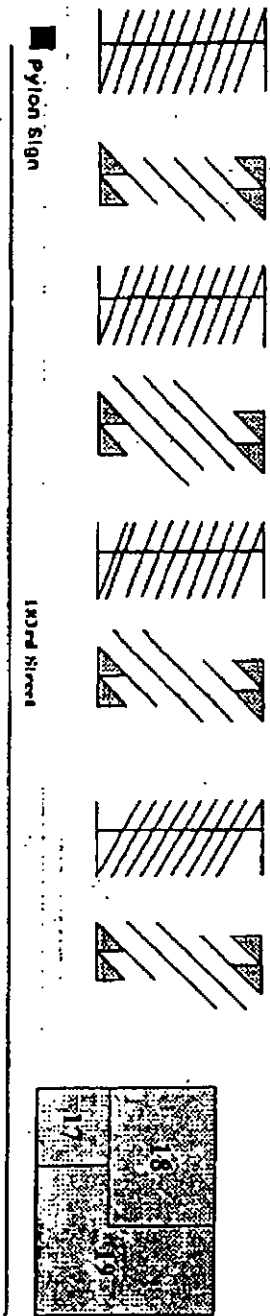
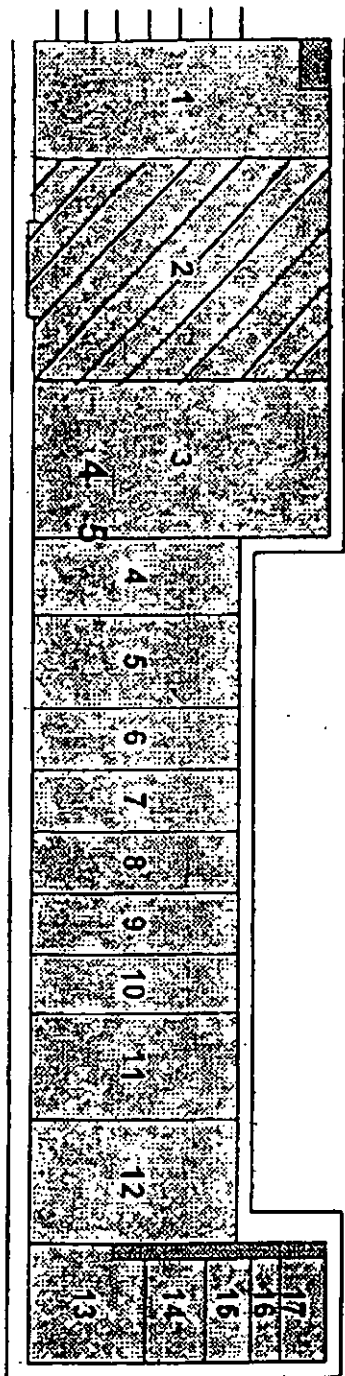
Year	Monthly Base Rent	Annual Base Rent
07/01/11 - 06/30/12	\$6,549.94	\$78,599.30
07/01/12 - 06/30/13	\$6,746.44	\$80,957.28
07/01/13 - 06/30/14	\$6,948.83	\$83,386.00
07/01/14 - 06/30/15	\$7,157.30	\$85,887.58
07/01/15 - 06/30/16	\$7,372.02	\$88,464.20

(e) No additional options to extend the Term shall be construed to be created by the Extension Option or the exercise thereof and no other inapplicable provisions such as, but not limited to, any obligation to construct improvements or make any contribution toward the construction of improvements shall be construed to govern the extension option period.

(f) Prior to the commencement date of the extension option period at Landlord's request Tenant shall enter into a written supplement to the Lease confirming the terms, covenants and conditions applicable to that extension option period as determined in accordance herewith, with such revisions to the rental provisions of this Lease as may be necessary to conform such provisions to the rental provisions applicable to the extension period.

Fountainbleau Court

3400 - 3480 West 183rd Street
Hazel Crest, Illinois



Tenant List

1. Available 3,500SF
2. RCG Mid-America, Inc. 7,626SF
3. Available 4,845SF
4. CW Peters Construction 1,380SF
5. 1st Grand Beauty Supply 2,025SF
7. J&J's Fish 1,020SF
8. AP Deli 1,200SF
9. Available 1,200SF
10. Harold's Chicken 1,200SF
11. Available 1,200SF
12. Elite Salon 1,734SF
13. Kenny's Ribs 2,268SF
14. Dry Cleaners 2,000SF
15. Keyes Salon 1,000SF
16. Available 750SF
17. Available 1,250SF
18. Ameritech 950SF
19. Dentist Office 1,300SF
20. Radio Shack 2,350SF

EXHIBIT A-2

Legal Description

Parcel 1-A: The South 320 feet of the West 580 feet (excepting therefrom the West 66 feet taken for Fountainbleau Drive) of the West half of the Southeast Quarter of Section 35, Township 36 North, Range 13, East of the Third Principal Meridian in Cook County, Illinois.

Parcel 1-B: That part of the West half of the Southeast Quarter of Section 35, Township 36 North Range 13, East of the Third Principal Meridian described as follows: Commencing on the South Line of said Southeast Quarter at the Southwest corner of Grenoble Drive of Chateaux Champagne Unit No. S-2 being part of the Southeast Quarter of Section 35, Township 36 North, Range 13 East of the Third Principal Meridian; thence North 89 degrees 52'32" West 663.71 feet along said South line to a point 580 feet East of the West line of said Southeast Quarter; thence due North 320 feet to the South line of Chateaux Champagne Unit No. S-4; thence North 57 degrees 42'20" East 65.75 feet along last said South line; thence South 89 degrees 52'32" East 498.54 feet, along the South line of Chateaux Champagne Park Subdivision; thence North 0 degrees 52'44" East 49.43 feet; thence North 39 degrees 15'59" East 49.58 feet; thence South 68 degrees 18'44" east 124.13 feet to the Westerly line of said Grenoble Drive; thence Southerly along last said Westerly line to the place of beginning all in Cook County, Illinois.

EXHIBIT "B-1 & B-2"

DESCRIPTION OF LANDLORD'S WORK

Tenant shall accept Leased Premises in an "as-is" condition however Landlord; will at Landlord's sole cost and expense:

- Will provide a rental credit of \$22,000.00 to the Tenant for installation of a 30 ton capacity HVAC equipment.
- Will provide Tenant with an 800 amp electrical service or a rental credit of \$26,028;
- Will install a Three (3") inch water line for water service including a water meter or a rental credit of \$ 11,020;
- Will provide a curb cut and ramp in front of the Premises as well as provide no less than eight (8) handicap parking spaces

All of the above items are to be completed not later than July 31, 2001, unless the Landlord grants Tenant rental credits to complete the work. Landlord will inform the Tenant whether the Landlord will complete the installation of the 800 amp electrical service, the 3 inch water line and the water meter or give Tenant a credit within ten (10) days subsequent to the Landlord's receipt of the Tenant's Preliminary Construction Plans. In the event the Landlord commences the installation of the 800 amp electrical service, the 3 inch water line and the water meter prior to July 31, 2001, the Tenant fails to get approval of the Certificate of Need and cancels this Lease, the Tenant will reimburse the Landlord for the work performed as of the date of cancellation of this lease agreement in the amount of the credits set forth above, or the Landlord's actual cost, whichever is less.

DESCRIPTION OF TENANT'S WORK

- L Tenant's Work. Tenant, at Tenant's sole cost and expense, shall provide all the material, equipment and labor for the construction and installation of all leasehold improvements to the Premises inclusive of the following:
- A. Coves and Ceilings. All coves and special ceilings.
 - B. Show Windows. All show window backgrounds, floors, ceilings and show window lighting installation.
 - C. Wall and Wall Finishes. All interior partitions, columns and walls except the finishes required on metal studs, dry wall, gypsum board or masonry partitions erected as part of Landlord's Work, if any.
 - D. Doors and Interior Windows, (Wholly Inside the Premises). All doors and interior windows except as provided for in Landlord's Work, if any.
 - E. Floor Covering. All floor covering and floor finishes, not included under Landlord's Work, if any, except washroom.
 - F. Interior Painting. All interior painting, decoration, and hardware not included under Landlord's Work, if any, except washroom.
 - G. Plumbing. All plumbing including connections to the utility systems except as installed under Landlord's Work, if any. Any work which disturbs sub-grade compaction to be re-compacted to ninety-five percent (95%) modified proctor.
 - H. Roof Openings. Roof openings, including necessary curbs and flashings to accommodate the installation of the Tenant's Work. Roof openings shall be located as directed by Landlord. Tenant shall employ Landlord's roofer for all work involving the roof and the work shall be done in such manner that the Landlord's roofing guarantee will not be affected. Roof hatches are not allowed.
 - I. Electrical Systems, Equipment and Lighting Fixtures with Lamping. Electrical, power and lighting distribution system including lighting panels, conduits, outlet boxes, switches, outlets, wiring and lighting fixtures, except as required under Landlord's Work, if any. Any work which disturbs sub grade compaction to be re-compacted to ninety-five (95%) modified proctor.
 - J. Utility Meters.
 - 1. Water and Electric Meters (and Gas Meters, if gas is supplied) shall be located at a location to be determined by the Landlord.
 - K. Telephone Conduit. Conduits, cabinets and outlets as required by the utility company supplying the telephone service required by the Tenant.

J. Store Signs. All store signs must also comply with the general architectural and construction standards described on the Sign Criteria exhibit attached to the Lease, and must be approved by Landlord in writing. Tenant shall furnish Landlord a copy of its signage design drawings for approval.

II. General Provisions. Tenant's Work shall be performed in accordance with the following terms, covenants and conditions:

A. Plans and Specifications. Within ten (10) business days of the date of execution of the Lease, Tenant shall cause its licensed architect to provide to Landlord, at Tenant's sole cost and expense, three (3) complete sets of its working drawings and specifications (hereinafter referred to as the "Construction Plans") together with a statement setting forth the names of all parties to furnish materials and labor and the amounts estimated to become due to each party ("Construction Budget") in respect of Tenant's Work for prior written approval, which Construction Plans shall include a description of all work to be performed under Landlord's Work, if any. Notwithstanding Landlord's review of such Construction Plans, and whether or not Landlord approves or disapproves such Construction Plans, Tenant and not Landlord shall be responsible for compliance of such Construction Plans and of Tenant's Work with all applicable laws, ordinances and regulations of all duly constituted authorities, including, without limitation, Title III of the Americans with Disabilities Act of 1990, all regulations issued thereunder and the Accessibility Guidelines for Buildings and Facilities issued pursuant thereto, as the same are in effect on the date hereof and may be hereafter modified, amended or supplemented. Landlord must review the Construction Plans and give his comments to the Tenant within 10 business days of Landlord's receipt of the Construction Plans. In the event the Landlord fails to give his consent timely, the rent abatement period will be extended one day for each day the Landlord's consent is later than 10 business days after receipt of the Construction Plans. If the Construction Plans are not approved by Landlord, Landlord, at its option, may terminate the Lease. If the Tenant's Construction Plans are disapproved by Landlord, then Tenant shall have ten (10) business days from receipt of notice of disapproval from Landlord in which to prepare modifications to such Construction Plans that are acceptable to the Landlord. Landlord shall have ten (10) business days after receipt of Tenant's modifications in which to approve or disapprove the same. If such modifications remain unacceptable to Landlord, at the option of Landlord, this Lease shall be null and void and of no further force and effect. All of Tenant's Work shall be performed in conformity with the Construction Plans approved by Landlord. Landlord or its representatives shall have the continual right to supervise, from time to time, Tenant's Work while construction is in progress and in this connection Landlord shall have the right to receive a construction supervision fee equal to ten percent (10%) of the cost of construction. If Tenant uses a general contractor for the construction of Tenant's Work, Tenant shall enter into an AIA Form A-107 Contract (1987 edition), or such other form approved in advance by Landlord, with such contractor.

B. Changes to Construction Plans. Beginning on the date Tenant delivers said Construction Plans to Landlord, if Tenant makes any changes or modifications to said Construction Plans, and if, as a result of such changes or modifications, Landlord's Work is delayed in substantially being completed then any resulting delay shall be a "Tenant Delay" (as herein defined).

C. Turnover Date. On the date Landlord's Work, if any, is substantially completed ("Turn-Over Date"), the Premises will be turned over to Tenant for Tenant to complete Tenant's Work, provided, however, if Landlord is delayed in substantially completing Landlord's Work, if any, as a result of:

- (i) Tenant's failure to furnish Construction Plans within ten (10) business days of the date of execution of the Lease;
- (ii) Tenant's changes or modifications in Construction Plans after delivery of same to Landlord;
- (iii) Tenant's request for materials, finishes or installations not approved by Landlord in writing; or
- (iv) Any other act, omission or delay by Tenant, its agents, employees or contractors delaying substantial completion;

(any of the matters enumerated in Subparagraphs C.(i) through C.(iv) are hereinafter referred to as a Tenant Delay) then the Turn-Over Date shall be accelerated by the number of days such Tenant Delay results in a delay in achieving substantial completion of Landlord's Work. Tenant shall prosecute the completion of Tenant's Work with due diligence and dispatch.

D. Performance Bond and Contractors. Landlord shall have the right to require Tenant or Tenant's contractor to furnish payment and/or performance bonds or other security in form satisfactory to Landlord for the prompt and faithful performance of Tenant's Work, assuring completion of Tenant's Work and conditioned that Landlord and, its agents, beneficiaries, and employees will be held harmless from payment of any claim either by way of damages or liens on account of bills for labor or material in connection with Tenant's Work. Tenant shall not employ any contractor or person to do Tenant's Work, without Landlord's prior written approval of such contractor or other person. Tenant shall submit to Landlord the names and addresses of all proposed contractors, subcontractors and material men to be utilized in connection with Tenant's Work and a brief description of the work to be performed by and estimated cost of each at the time it delivers its Construction Plans to Landlord. All such persons must be properly licensed to perform such work.

E. Cost of Tenant Delays. Costs incurred by Landlord, if any, as a result of Tenant's failure or delay in providing the information as required in this Exhibit and in the Lease to which this Exhibit is attached, shall be the sole responsibility of Tenant and Tenant will pay such costs, if any, promptly upon Landlord's demand.

F. Compliance with Laws, and Insurance. Tenant's Construction Plans and all Tenants' Work shall comply with applicable statutes, orders, ordinances, regulations and codes, and the requirements of all governmental bodies and Landlord's insurance company. After all of Tenant's Construction Plans are approved, in writing, by the Landlord, all required governmental permits and licenses must be secured and copies submitted to Landlord prior to commencement of the work. Tenant shall obtain and convey to Landlord all approvals with respect to electrical, gas, water, heating, cooling and telephone work, all as may be required by the utility company supplying the service.

G. Temporary Services. During the construction period for Tenant's Work, Tenant shall provide and pay for connections and meters for temporary water, gas (if supplied), electrical services brought to such point as Landlord shall determine. Tenant shall pay for all water, gas (if supplied), electrical current and fuels used during this period.

H. Insurance and Indemnity. Prior to commencement of the construction of Tenant's Work, Tenant or Tenant's general contractor shall procure and maintain the insurance described below covering Landlord, its managing agent, Tenant and Tenant's contractors, as their interests may appear, against claims, damages or losses which may arise out of, in connection with or result from Tenant's Work. The insurance policies shall be on an occurrence basis and shall be effective from the start of construction, and maintained during construction and with respect to products and completed operations for two (2) years after final payments have been made by the contractor or the Tenant, as the case may be. Tenant agrees to provide and to require all contractors and subcontractors engaged in the performance of Tenant's Work to procure, maintain and deliver to Landlord, certificates evidencing the existence of, the foregoing described insurance with the following coverage's:

1. Workmen's Compensation, Occupational Disease and Employer's Liability Insurance:

- a. Illinois Statutory limits
- b. Employer's Liability: \$500,000 each accident or occupational disease.

2. Commercial General Liability Insurance, including as minimum coverage's:

- Premises - Operations Liability
- Independent Contractor's Protective Liability
- Products and Completed Operations Liability
- Broad Form Property Damage Endorsement
- Blanket Contractual
- Personal Injury

a. Special Requirements:

- (i) Property Damage Liability Insurance will provide "X, C, and U" (explosion, collapse and underground hazard) coverage as applicable.
- (ii) Products and Completed Operations to be maintained for two (2) years after final payment.
- (iii) The Landlord, its beneficiaries, employees, agents and consultants shall be named as "Additional Insureds" on the Commercial General Liability policy of the contractor or Tenant and/or subcontractor of any tier.

- b. Limits of Liability: A combined single limit of \$2,000,000 per occurrence for bodily injury or property damage claims or in the alternative \$1,000,000 per occurrence in primary limits and \$1,000,000 in excess liability limits. Any aggregate limitations in the policy or policies shall not be less than \$2,000,000 for this construction project.

3. Comprehensive Automobile Liability Insurance:

a. Special requirements:

- (i) All owned, hired, and non-owned vehicles including the loading or unloading thereof.
- (ii) The Landlord, its beneficiaries, employees, agents and consultants shall be named as "Additional Insureds" on such policy.

- b. Limits of Liability: Bodily Injury and Property Damage: \$1,000,000 combined single limit.

4. Property Insurance: Tenant shall maintain insurance on an "all risk" basis the completed value of Tenant's Work during the course of construction through either the Tenant's property insurance program or a Builders Risk insurance policy obtained by either Tenant or Tenant's contractor.

S. Contractors Equipment and Materials Installation Floater:

- a. Contractor shall maintain insurance for amounts at risk for its equipment, materials and supplies.
- b. Any insurance maintained hereunder shall waive all rights of subrogation as respects the "Additional Insureds"

Tenant's Work. If the "Additional Insureds" have other insurance which is applicable to the loss, it shall be on an excess or contingent basis. The amount of any insurance company's liability under the policies specified herein shall not be reduced by the existence of such other insurance. Contractor's certificates shall be in duplicate on standard Accord forms.

The Tenant shall waive and shall require a contractor or subcontractors engaged in the performance of Tenant's Work to waive all rights of recovery or subrogation on behalf of their insurers for bodily injury or property damage claims or loss or damage to Tenant's Work or Tenant's premises which arise from the construction as respects Landlord, its agents, beneficiaries or employees.

In addition to the insurance covenant above, Tenant agrees to, and shall cause its contractor and subcontractors to, defend, indemnify and hold Landlord and, its agents, beneficiaries, and employees harmless against any and all claims for (i) injury to persons or damage to or loss of property by reason of the use of the premises or the construction of Tenant's Work; and (ii) claims, fines and penalties arising out of any failure of Tenant or its agents, contractors and employees to comply with any law, ordinance, code requirements, regulation or other requirement applicable to Tenant's Work.

- I. Completion of Tenant's Work. Tenant's Work shall be done in a good and workmanlike manner with the use of first class materials and shall be free from faults and defects. In connection with this warranty, it is acknowledged that Landlord has made no representations with respect to the condition of the premises unless expressly herein set forth. Tenant prior to making any payment, or application for payment as the case may be, due in connection with either labor performed or materials supplied in respect of Tenant's Work shall (i) secure and deliver to Landlord from all parties performing labor or supplying materials, appropriate lien waivers, in conformity with the statement furnished in subsection (ii) below, or other satisfactory evidence of payment and furnish copies thereof to Landlord and (ii) furnish and deliver to Landlord a statement in writing from the Tenant or the general contractor, verified by affidavit, setting forth the names of all parties furnishing materials and labor in respect of Tenant's Work and the amounts due or to become due each. If any liens are placed on the property, Tenant shall either remove same or furnish Landlord with a bond sufficient to have Landlord's title company endorse over same. A duly licensed architect of Tenant shall determine the date of substantial completion of Tenant's Work. Tenant shall be responsible for securing a certificate of occupancy from the appropriate governmental authority and furnish same to Landlord prior to the Commencement Date. Once Tenant's Work has been completed, all warranties of at least one (1) year in duration on the Tenant improvements shall be assigned to Landlord by Tenant and Tenant will deliver to Landlord one (1) complete set of As-Built Plans of the Premises.
- J. Hazardous Materials. Tenant and its contractors shall not authorize nor permit the installation of materials which contain hazardous and toxic substances, waste or materials, any pollutant or contaminant, including, without limitation, PCB's, asbestos and raw materials that include hazardous constituents or any other similar substances or materials that are included under or regulated by "Environmental Law" (as hereinafter defined) or that would pose a health, safety or environmental hazard. For the purposes hereof, the term "Environmental Law" shall mean all federal, state and local laws, statutes, ordinances, regulations and rules presently in force relating to environmental quality, contamination and clean-up or health and safety conditions.
- K. Subsequent Repairs and Alterations. Landlord reserves the right to require changes in Tenant's Work when necessary by reason of governmental or insurance company requirements.

EXHIBIT "C"

SIGN CRITERIA

Tenant will not erect any signs except in conformity with the following policy:

- (a) Wording on large-scale signs shall be limited to store or trade name only. Each party's customary signature or logo, hallmark, insignia or other trade identification will be respected.
- (b) Signs with exposed neon tubing or exposed lamps and signs of the flashing, blinking, rotating, moving or animated types or audible type signs are not permitted. No "can" signs will be permitted. Signs shall be individual letters.
- (c) The size of all Tenant's signs shall be limited. Tenant's signs shall be located within the limits of its projected lease line and shall not project more than 6 inches (6") and shall conform to the following proportionate height criteria, unless otherwise approved: 30" Capital letters; 24" Small letters

In addition to complying with the above criteria, signs shall be limited in length to 70% of Tenant's frontage and shall in no case exceed a length of thirty feet (30') unless otherwise approved. All sign letters shall have returns of the individual letters of dark bronze.

- (d) Printed or printed signs on the exterior surface of any building shall be prohibited, except small-scale signs relative to store name and stating store hours which are neatly lettered on the glass of the storefront but subject to Landlord's approval and in addition any non-customer door for receiving merchandise will have two inch (2") block letters, the name and address of the Tenant.
- (e) Public safety decals or artwork on glass in minimum sizes to comply with applicable Code, subject to the approval of Landlord may be used, as required by building codes or other governmental regulations.
- (f) Paper signs, stickers, banners or flags are prohibited.
- (g) No exposed raceways, ballast boxes or electrical transformers will be permitted except as required by Code.
- (h) Sign company names or stamps shall be concealed. (Code permitting).
- (i) Except as otherwise approved in writing by Landlord, only one sign or Tenant will be permitted.
- (j) Sign letters may be backlit with lamps or tubes entirely concealed within the depth of the letter or may be opaque of translucent plastic face with no visible openings. Maximum brightness allowed for interior (enclosed mall) signs will be 100-foot lamperts taken at the letter face and must comply with all building and electrical codes.
- (k) Exposed sign illumination sign cabinets or modules are not permitted.
- (l) Signs and identifying marks shall be placed entirely within the boundaries of Tenant's premises.
- (m) Tenant shall not install any rooftop or under canopy signs.
- (n) Tenant shall install no pylon signs, other than at the locations shown therefore on the site plan which shall be subject to the approval of the parties hereto as to the design and size.
- (o) No signs will be permitted at the rear of any building, except as otherwise approved.
- (p) All signs shall be lighted and subject to the Landlord's approval before fabrication.
- (q) Three (3) complete sets of sign drawings must be submitted to the Landlord for approval before fabrication. Tenant's sign drawings must include the following:
 - (1) Elevation view of storefront showing sign (drawn to accurate scale) with dimensions of height of letters and length of sign.
 - (2) Color sample of sign letters.
 - (3) Cross section view through sign letter and sign panel showing location of sign relative to the canopy face and showing the dimensioned projection of the face of the letter from the face of the sign panel.

The Landlord shall not be responsible for the cost of re-fabrication of signs fabricated, ordered or constructed, that do not conform to the sign criteria.

Exhibit "D"
&
Exhibit "E"

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EXHIBIT "F"

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following outline of rules and regulations, which rules and regulations Landlord may from time to time amend and/or modify. Landlord shall not be responsible to Tenant for the nonperformance of any of said rules and regulations by any other tenants or occupants. References to "this lease" or "hereof" or similar references shall be deemed to refer to the lease of which this is Exhibit "F".

- (a) All loading and unloading of goods shall be done only at such times and in the areas and through the entrances, designated for such purpose by Landlord;
- (b) All garbage and refuse shall be kept in the kind of container specified by Landlord, and shall be placed outside of the leased premises daily, prepared for collection in the manner and at the times and places specified from time to time by Landlord. Landlord shall provide or designate a service for collection of refuse and garbage.
- (c) No radio or television aerial or satellite or microwave antennas shall be erected on the roof or exterior walls of the leased premises without the prior written consent of Landlord. Any aerial so installed shall be installed under the supervision of Landlord's maintenance personnel and shall be subject to removal without notice at any time, and any damage to the walls or roof caused by such removal shall be the responsibility of Tenant;
- (d) No loudspeakers, televisions, phonographs, radios, flashing lights, machinery, or other devices shall be used in a manner so as to be heard or seen outside of the leased premises without the prior written consent of Landlord;
- (e) No auction, fire, bankruptcy or selling-out sales or sidewalk sales shall be conducted on or about the leased premises without the prior written consent of Landlord;
- (f) The outside areas immediately adjoining the leased premises inclusive of the sidewalks shall be kept clear at all times by Tenant, and Tenant shall not permit any obstructions, garbage, refuse, improvements, merchandise or displays in such areas;
- (g) Nothing is to be attached or placed on the roof or exterior walls of the leased premises, except as follows:
 - (i) Tenant shall obtain Landlord's written approval before placing any equipment on roof; details of the method of mounting of such equipment shall be submitted to Landlord for Landlord's approval; and
 - (ii) Tenant's access to the roof is limited to maintenance of equipment installed with Landlord's approval, and inspections for damage. Tenant shall not enter the roof at any time without the express approval of Landlord.
- (h) Tenant and Tenant's employees and contractors shall not park their motor vehicles in the parking area designated for customer parking by Landlord. Tenant shall furnish Landlord the state automobile license numbers assigned to Tenant's motor vehicle or vehicles and the vehicles of Tenant's employees within five (5) days after request by Landlord, and Tenant shall thereafter notify Landlord of any changes of the same within five (5) days after such changes occur. If Tenant or Tenant's employees shall park in portions of the parking area designated for customer parking, and such vehicle or vehicles shall be parked in an area designed as a towing zone such vehicle will be subject to being towed away at Tenant's expense without notice and at no risk to Landlord, or Landlord may in the alternative, if such vehicle or vehicles continue to be parked in said customer parking area after notice of such violation is given to Tenant by Landlord, in addition to any other remedies Landlord may, charge Tenant twenty-five and no/100 dollars (\$25.00) per day for each day or partial day per car parked in any area other than those designated for the use of Tenant and Tenant's employees, and/or Landlord may attach violation stickers or notices to such vehicles.
- (i) Tenant shall use, at Tenant's expense, such pest extermination contractor as Landlord may direct and at such intervals as Landlord may require, and Tenant shall not keep or permit any live animals of any kind in, upon or above the leased premises;
- (j) Tenant, its employees and/or its agents, shall not solicit business in the parking or other common areas, nor shall Tenant, its employees and/or its agents, distribute any handbills or other advertising matter in or on automobiles parked in the parking or other common areas;
- (k) Tenant shall not carry on any trade or occupation or operate any instrument or apparatus or equipment which emits an odor or causes a noise discernible outside of the leased premises and which may be deemed offensive in nature;
- (l) Tenant shall store or stock in the leased premises such and only such goods, wares, merchandise or other property as shall be reasonably required for the conduct of Tenant's business in the leased premises, and in accordance with any advertising or other representation of Tenant; and

(m) Tenant shall not use the plumbing facilities for any purpose other than for that which they are constructed, and no grease or foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage (whether on or off the leased premises) resulting therefrom shall be borne by Tenant.

(n) Tenant agrees to abide by Landlord's reasonable move-in/move-out rules.

Landlord shall, for the enforcement of the covenants, conditions and agreements now or hereafter made a part of these Rules and Regulations, have all remedies in the lease, of which is an exhibit, provided for breach of lease provisions.

EXHIBIT "G"

USE RESTRICTIONS

The Demised Premises shall not be used for any of the following: food supermarkets, bar, theater, bowling alley, skating rink, amusement park, carnival, meeting hall, "Disco" and other dance hall, gymnasium, sports facility, video or computer game arcade, health club, exercise or dance studio, wholesaler or other non-retail operation, bingo or similar games of chance, car wash, car repair, car rental agency, auditorium or like place of public assembly, manufacturer, factory, warehouse, processing or rendering plant, establishment selling or repairing cars, boats, trailers or mobile homes, billiard or pool parlor, flea market, massage parlor, lumber yard, establishment deriving as its primary source of income the sale of alcoholic beverages for on-premises consumption, night club or adult-book or adult video tape store (which are defined as stores in which any portion of the inventory is not available for sale or rental to children under eighteen (18) years old because such inventory explicitly deals with or depicts human sexuality), off-track betting facility (except for incidental sales of lottery tickets), sale of pornographic or drug related paraphernalia or materials. In addition, Tenant shall not offer within all or any part of the Premises any goods or services that Landlord determines, in its sole discretion, to be inconsistent with the image of a first-class, family-oriented retail development. Tenant shall not permit within all or any part of the Premises the display, sale, or rental of any item or thing which, in Landlord's sole opinion, is pornographic, lewd, vulgar, obscene, graphically violent, or immoral (including, without limitation, any suggestive 'adult' newspaper, book, magazine, picture, representation or merchandise of any kind, nude photographs, sexual devices, and any similar items).

EXHIBIT "H"
Lease Guaranty

FOR VALUE RECEIVED, and in consideration of, and as an inducement for the execution and delivery of that certain Lease dated 7/12/01 between RMS Properties, Inc. ("Landlord") and Dialysis Centers of America- Illinois, Inc., an Illinois Corporation ("Tenant") covering address 3470 West 183rd Street in the building situated at Fountainbleau Court Shopping Center, 3400 - 3480 West 183rd Street, Hazel Crest, Illinois the undersigned Renal Care Group, Inc. ("Guarantor") hereby guarantees to the Landlord, its successors and assigns, the full and prompt payment of the rent and all other sums and charges payable by the Tenant, its successors and assigns, under said Lease, and further hereby guarantees the full and timely performance and observance of all the covenants, terms, conditions and agreements therein provided to be performed and observed by the Tenant, its successors and assigns; and the Guarantor hereby covenants and agrees to and with the Landlord, its successors and assigns, that if default shall at any time be made by the Tenant, its successors and assigns, in the payment of any such rent and any and all other sums and charges payable by the Tenant, its successors and assigns, under said Lease, or if Tenant should default in the performance and observance of any of the covenants, terms, conditions or agreements contained in said Lease, the Guarantor will forthwith pay such rent and other sums and charges, and any arrears thereof, to the Landlord, its successors and assigns, and will forthwith faithfully perform and fulfill all of such terms, covenants, conditions and agreements, and will forthwith pay to the Landlord all damages, costs and expenses that may arise in consequence of any default by the Tenant, its successors and assigns, under said Lease, including without limitation, all reasonable attorneys' fees and disbursements incurred by the Landlord or caused by any such default and/or by the enforcement of this Guaranty.

This Guaranty is an absolute and unconditional guaranty of payment and of performance. It shall be enforceable against the Guarantor without the necessity of any suit or proceedings on the Landlord's part of any kind or nature whatsoever against the Tenant, its successors and assigns, and without the necessity of any notice of nonpayment, nonperformance or non-observance of any notice of acceptance of this Guaranty or of any other notice or demand to which the Guarantor might otherwise be entitled, all of which the Guarantor hereby expressly waives; and the Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of the Guarantor hereunder shall in no wise be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert by the Landlord against the Tenant, or against the Tenant's successors and assigns, of any of the rights or remedies reserved to the Landlord pursuant to the provisions of the said Lease or by relief of Tenant from any of Tenant's obligations under the Lease or otherwise by (a) the release or discharge of the Tenant in any creditors' proceedings, receivership, bankruptcy or other proceedings, (b) the impairment, limitation, release or modification of the liability of the Tenant or the estate of the Tenant in bankruptcy, or of any remedy for the enforcement of the Tenant's said liability under the Lease, resulting from the operation of any present or future provision of the National Bankruptcy Act or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Lease in any such proceedings.

This Guaranty shall be a continuing guaranty and the liability of the Guarantor shall in no way be affected, modified or diminished by reason of any assignment, amendment, renewal, supplement, modification or extension of the Lease or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of said Lease, or by reason of any extension of time that may be granted by the Landlord to the Tenant, its successors or assigns or a changed or different use of the Leased Premises consented to in writing by Landlord or by reason of any dealings or transactions or matters or things occurring between the Landlord and the Tenant, its successors or assigns, whether or not notice thereof is given to the Guarantor or by the holding over of Tenant, its successors or assigns.

The Landlord's consent to any assignment or assignments, and successive assignments by the Tenant and Tenant's assigns of the Lease, made, either with or without notice to the Guarantor, shall in no manner whatsoever release the Guarantor from any liability as Guarantor.

The assignment by Landlord of the Lease and/or the avails and proceeds thereof made either with or without notice to the Guarantor shall in no manner whatsoever release the Guarantor from any liability as Guarantor.

All duties and obligations of the undersigned pursuant to this Guaranty shall be binding upon the heirs, legal representatives, successors and assigns of the undersigned. If the undersigned consists of more than one person, then each person shall be jointly and severally liable for the obligations of the undersigned under this Guaranty. The liability of Guarantor is coextensive with that of Tenant and an action may be brought against Guarantor and carried to final judgment with or without making Tenant a party thereto.

All of the Landlord's rights and remedies under the said Lease or under this Guaranty are intended to be distinct, separate and cumulative, and no such right and remedy therein mentioned is intended to be in exclusion of or a waiver of any of the others. The obligation of the Guarantor hereunder shall not be released by Landlord's receipt, application of release of security given for the performance and observance of covenants and conditions required to be performed and observed by Tenant under said Lease, nor shall the Guarantor be released by the maintenance of or execution upon any lien which Landlord may have or assert against Tenant and/or Tenant's assets.

Guarantor waives any and all rights of subrogation against the Tenant by reason of any payments or acts of performance by the Guarantor, in compliance with the obligations of the Guarantor hereunder and waives any right to enforce any remedy which the Guarantor now or hereafter shall have against the Tenant by reason of any one or more payment or acts of performance in compliance with the obligations of the Guarantor hereunder. In addition, until all the covenants and conditions in said Lease on the Tenant's part to be performed and observed are fully performed and observed, the Guarantor subordinates any liability or indebtedness of the Tenant now or hereafter held by the Guarantor to the obligations of the Tenant to the Landlord under said Lease.

Guarantor hereby submits itself to the jurisdiction of the courts of the state in which the Leased Premises are located. Pursuant to such service, suit may be brought against Guarantor in the county and state in which the Leased Premises are located.

In connection with this Guaranty, you are hereby authorized to make any investigation of my personal history and financial and credit record through any investigative of credit agencies or bureaus of your choice.

RENAL CARE GROUP, INC.

~~By: [Signature]~~

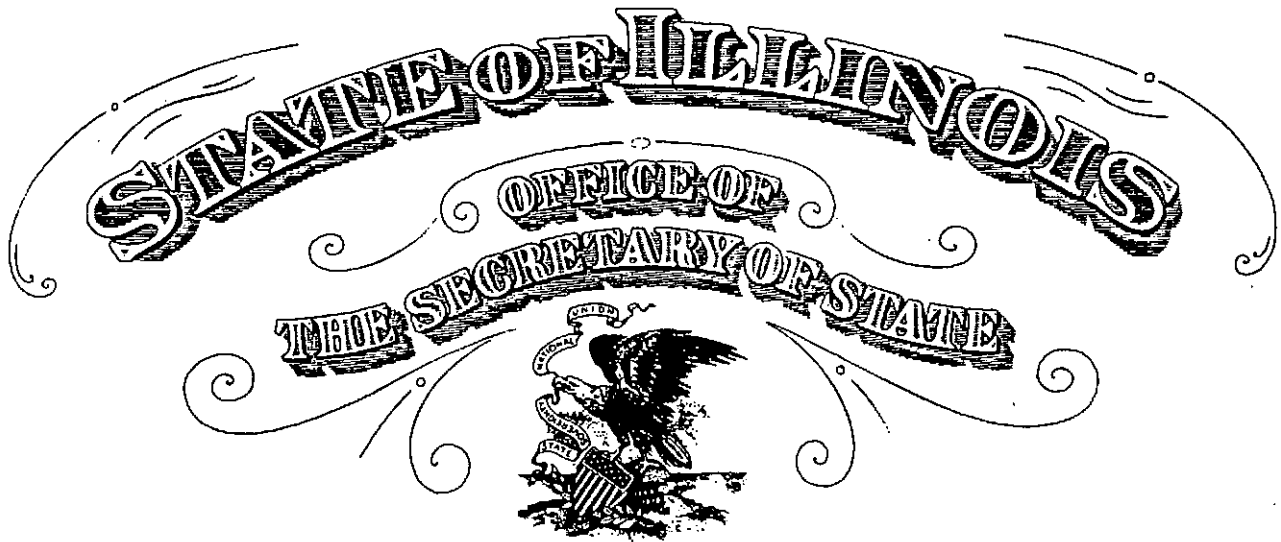
Name: R. Dick Allison

Address: 2100 West End Ave., Suite 800
Nashville, TN 37215

Contact Name & Phone Number: (615) 345-5300

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

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



To all to whom these Presents Shall Come, Greeting:

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

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

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



Authentication #: 1113901624

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

Jesse White

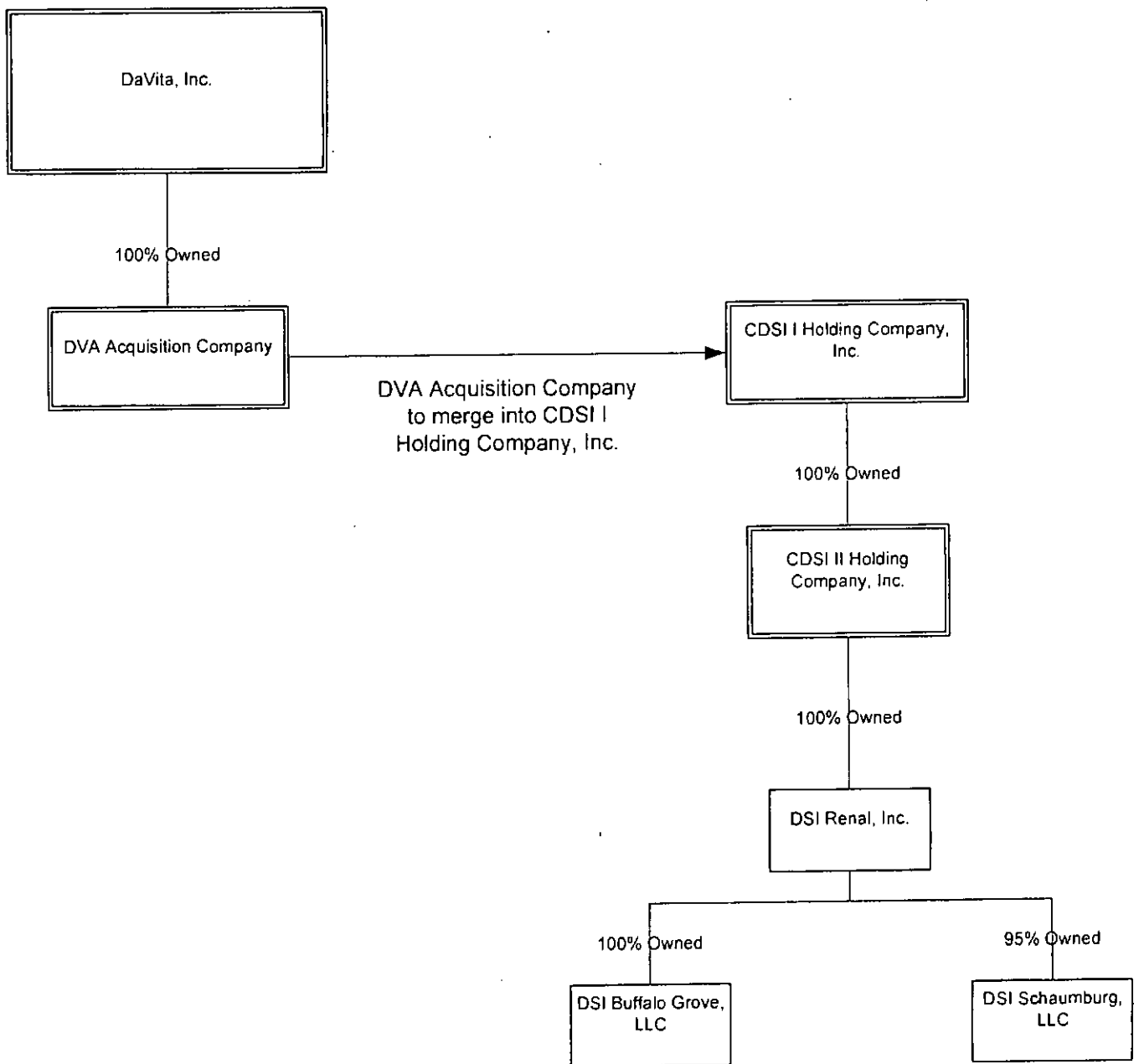
SECRETARY OF STATE

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

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

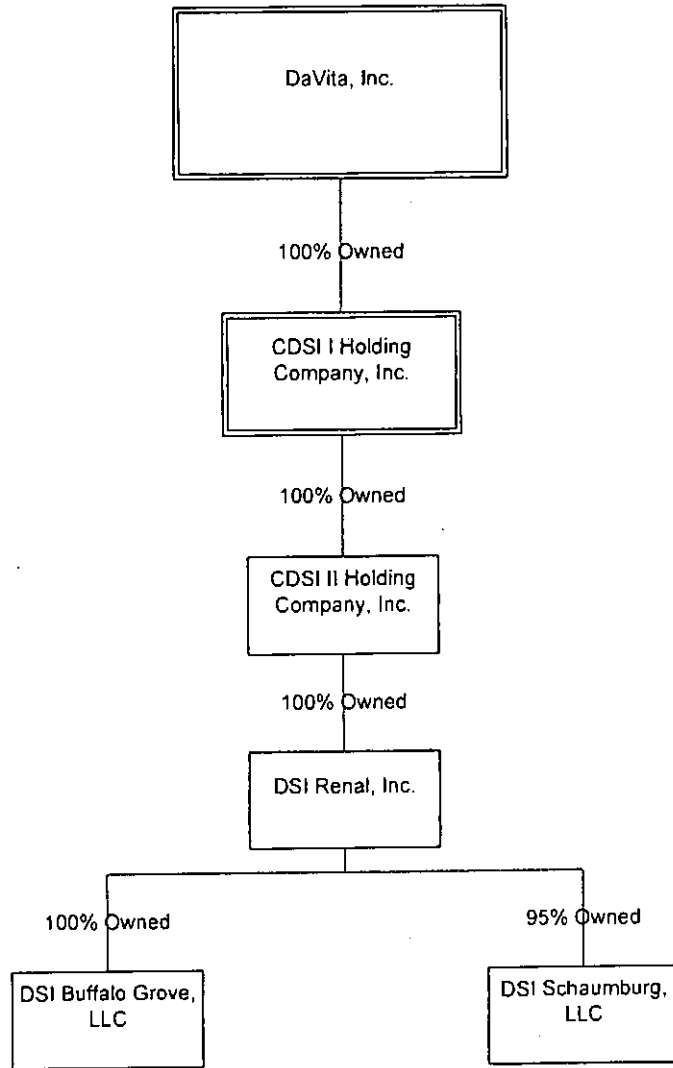
DaVita – DSI Renal, Inc.

Pre-Merger Organizational Chart



DaVita, Inc. – DSI Renal, Inc.

Post-Merger Organizational Chart



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

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

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

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

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

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ESRD	\$14,801,847	7,626					
Total Clinical	\$14,801,847	7,626	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	\$14,801,847	7,626	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, Inc. in Illinois is attached at Attachment – 11C.

Dialysis facilities are not subject to State Licensure.

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

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



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

601 Hawaii Street, El Segundo, CA 90245 | 1-800-313-4672 | www.davita.com/physicians

April 30, 2009

Dear Physicians:

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



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



CathAway: Higher catheter use is associated with increased infection, morbidity, mortality and hospitalizations ^{(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.

Launch Kits:

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

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

Sincerely,

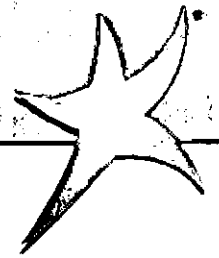


Allen R. Nissenson, MD, FACP
Chief Medical Officer, DaVita

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



DaVita.



Knowledge is power.

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

Taking Control Of Kidney Disease

Learn how to slow the progression of kidney disease.

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

Making Healthy Choices

Learn how to prepare for dialysis.

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

Treatment Choices

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

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

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

EMPOWER®
1-888-MyKidney (695-4363) | DaVita.com/EMPOWER

DaVita®

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

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

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

Achieve "Top Two" status in 2010.

What's the significance of achieving Top Two status?

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

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

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

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





Dear Physician Partners:

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

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

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

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

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

How was IMPACT developed? What are the initial results?

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

Your support of this effort is crucial.

If you have not seen the IMPACT order template and scorecard by the end of June, or if you have additional questions about the program, email impact@davita.com. 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

Corporate Office | 601 Hawaii Street, El Segundo, CA 90245 | 1.800.434.3122 | davita.com/ovp



Davita^{*}



FOR IMMEDIATE RELEASE

DaVita's IMPACT Program Reduces Mortality for New Dialysis Patients

Study Shows New Patient Care Model Significantly Improves Patient Outcomes

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

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

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

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

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

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

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

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

Incident Management of Hemodialysis Patients: Managing the First 90 Days

John 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 ($33 \leq 3xHb \leq 36$) 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

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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
Olney Dialysis Center	117 N BOONE ST		OLNEY	RICHLAND	IL	62450-2109	14-2674
Stony Creek Dialysis	9115 S CICERO AVE		OAK LAWN	COOK	IL	60453-1895	14-2661
Beverly Dialysis	8109 SOUTH WESTERN AVE		CHICAGO	COOK	IL	60620-5939	14-2638
Maryville Dialysis	2130 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2634
Montclare Dialysis Center	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2649
Roxbury Dialysis Center	622 ROXBURY RD		ROCKFORD	WINNEBAGO	IL	61107-5089	14-2665
Dixon Kidney Center	1131 N GALENA AVE		DIXON	LEE	IL	61021-1015	14-2651
Sycamore Dialysis	2200 GATEWAY DR		SYCAMORE	DEKALB	IL	60178-3113	14-2639

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Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Mt. Greenwood Dialysis	3401 W 111TH ST		CHICAGO	COOK	IL	60655-3329	14-2660
Lake Villa Dialysis	37809 N IL ROUTE 59		LAKE VILLA	LAKE	IL	60046-7332	14-2666
Little Village Dialysis	2335 W CERMAK RD		CHICAGO	COOK	IL	60608-3811	14-2668
Kankakee County Dialysis	581 WILLIAM R LATHAM SR DR	STE 104	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Wayne County Dialysis	303 NW 11TH ST	STE 1	FAIRFIELD	WAYNE	IL	62837-1203	14-2688
Edwardsville Dialysis	235 S BUCHANAN ST		EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Vandalia Dialysis	301 MATTES AVE		VANDALIA	FAYETTE	IL	62471-2061	14-2693
Macon County Dialysis	1090 W MCKINLEY AVE		DECATUR	MACON	IL	62526-3208	14-2584
Effingham Dialysis	904 MEDICAL PARK DR	STE 1	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Jacksonville Dialysis	1515 W WALNUT ST		JACKSONVILLE	MORGAN	IL	62650-1150	14-2581
Litchfield Dialysis	915 ST FRANCES WAY		LITCHFIELD		IL	62056-1775	14-2583
Mattoon Dialysis	200 RICHMOND AVE E		MATTOON	COLES	IL	61938-4652	14-2585
Springfield Central Dialysis	932 N RUTLEDGE ST		SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Taylorville Dialysis	901 W SPRESSER ST		TAYLORVILLE	CHRISTIAN	IL	62568-1831	14-2587
Lincoln Dialysis	2100 WEST FIFTH		LINCOLN	LOGAN	IL	62656-9115	14-2582
Springfield Montvale Dialysis	2930 MONTVALE DR	STE A	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Decatur East Wood Dialysis	794 E WOOD ST		DECATUR	MACON	IL	62523-1155	142599
Alton Dialysis	3511 COLLEGE AVE		ALTON	MADISON	IL	62002-5009	14-2619
Rushville Dialysis	112 SULLIVAN DRIVE		RUSHVILLE	SCHUYLER	IL	62681-1293	14-2620
Illini Renal Dialysis	507 E UNIVERSITY AVE		CHAMPAIGN	CHAMPAIGN	IL	61820-3828	14-2633
Woodridge Home Dialysis	7425 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	4661 West 79th Street, Suite 100	Chicago	In-Center Hemo, HHD	35	42.26%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	55.09%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	92.29%
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	In-Center Hemo	24	72.57%
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	In-Center Hemo	17	87.50%
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	In-Center Hemo	18	58.10%
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	In-Center Hemo	16	70.31%
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	In-Center Hemo, HHD	14	86.61%
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	In-Center Hemo, HHD	22	75.95%

May 18, 2011

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

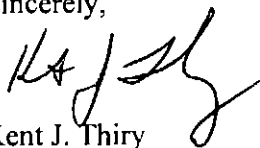
Re: Adverse Action and Access to Information

Dear Chairman Galassie:

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

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

Sincerely,

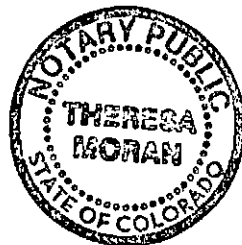


Kent J. Thiry
Chief Executive Officer
DaVita, Inc.

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



Notary Public



May 18, 2011

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

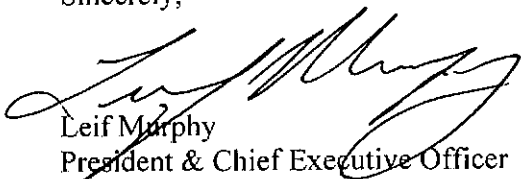
Re: Adverse Action and Access to Information

Dear Chairman Galassie:

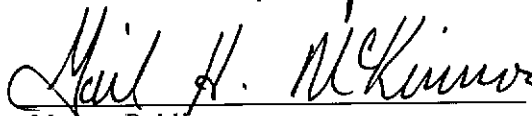
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DSI Renal, Inc. during the three years prior to filing this application.

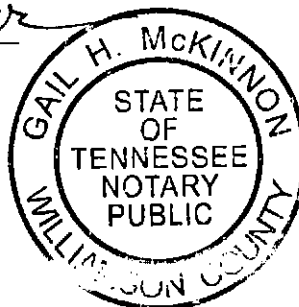
Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit.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



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

4. Reference

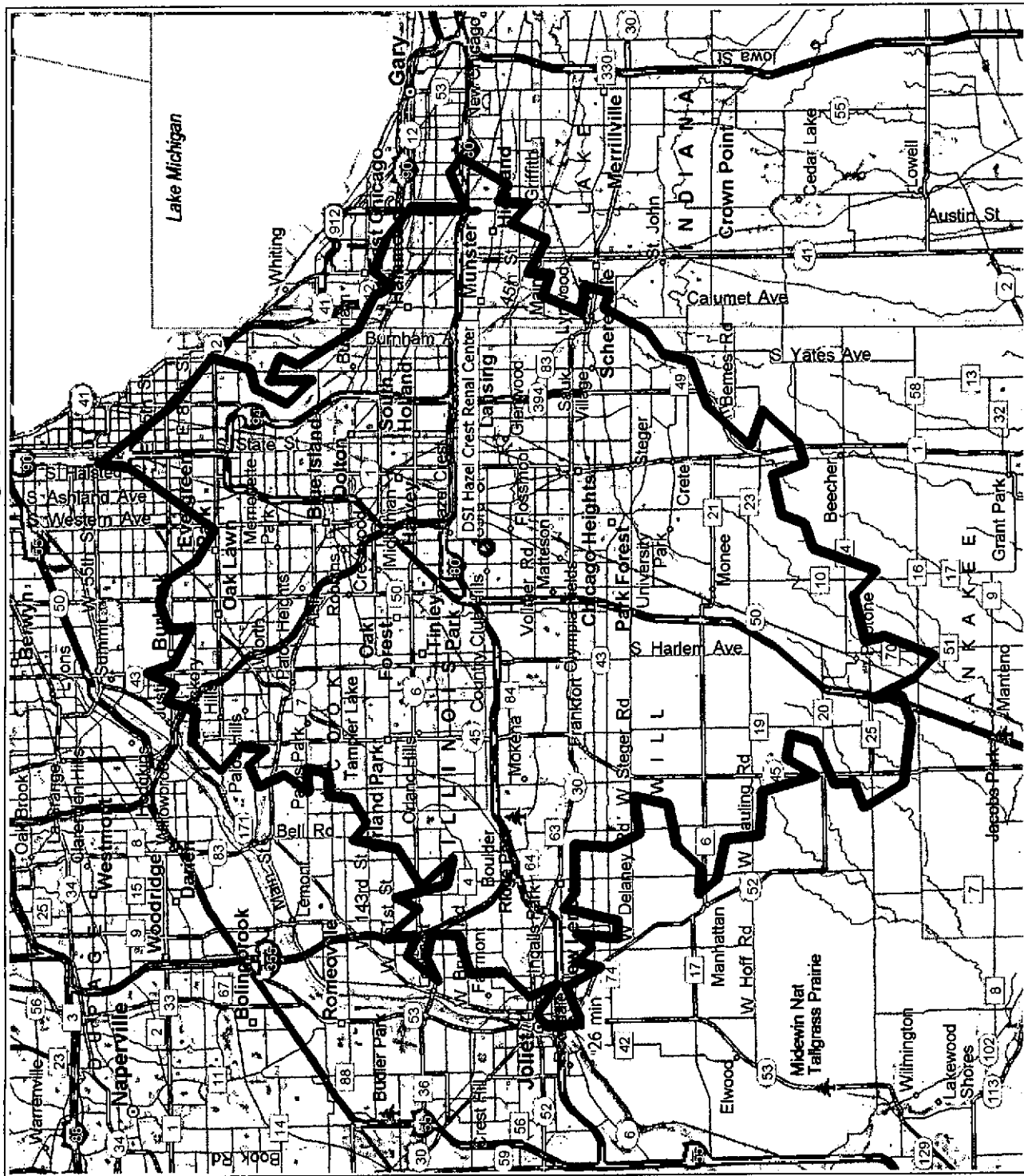
Illinois Health Facilities and Services Review Board, Update to Inventory of Other Health Services 8 (May 20, 2011) available at <http://www.hfsrb.illinois.gov/pdf/Other%20Services%20Update%205-20-2011.pdf> (last visited May 23, 2011).

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

Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of

quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$210M to \$230M in hospitalization savings to the health care system and the American taxpayer.

DSI Hazel Crest Renal Center Geographic Service Area



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

Alternatives

1. Do Nothing

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

There is no cost associated with this alternative.

2. Exclude Illinois facilities from proposed acquisition

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

There is no cost associated with this alternative.

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

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

The cost of this alternative is \$14,801,847.

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	\$14,801,847	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, it 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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Attachment 19B

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

POLICY:

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

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 .

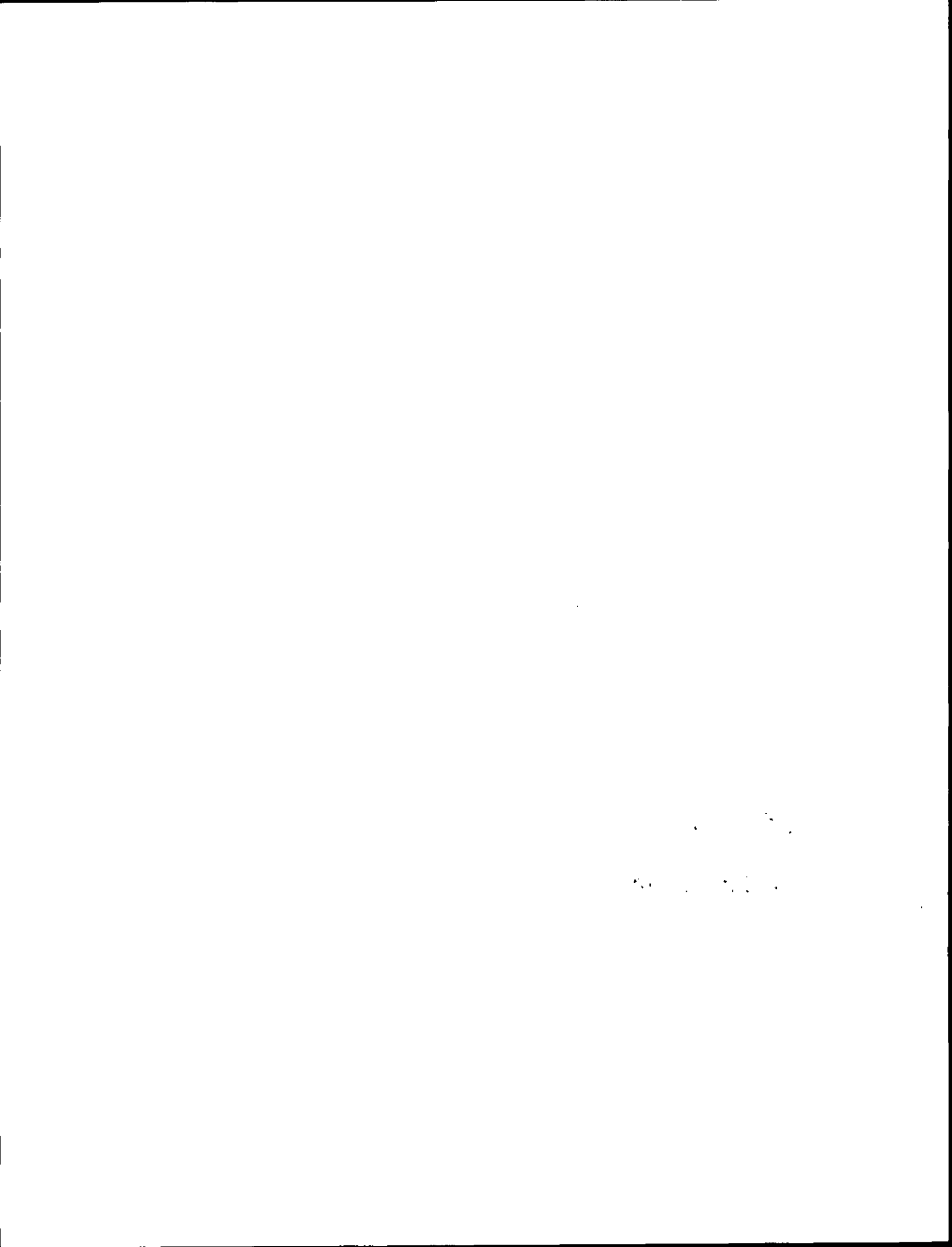
C. Registration Teammate Procedures:

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.



DaVita, Inc. Illinois Facilities

Facility	Address	City	Services	Number of Stations 3/31/2011	Average Utilization 04/01/2010 to 03/31/2011
Stonecrest Dialysis	1302 East State Street	Rockford	In-Center Hemo, CAPD	10	58.33%
Sycamore Dialysis	2200 Gateway Drive	Sycamore	In-Center Hemo, CAPD	12	72.22%
Churchview Dialysis	5970 Churchview Drive	East Rockford	In-Center Hemo, CAPD	24	55.73%
Freeport Dialysis Unit	1028 Kunkle Avenue	Freeport	In-Center Hemo	10	92.08%
Rockford Memorial Hospital	2400 North Rockton Avenue	Rockford	In-Center Hemo	20	86.04%
Whiteside Dialysis	2600 North Locust	Sterling	In-Center Hemo	15	66.67%
Dixon Kidney Center	1131 North Galena Avenue	Dixon	In-Center Hemo	8	52.60%
Roxbury Dialysis	612 Roxbury Road	Rockford	In-Center Hemo	16	91.15%
Jacksonville Dialysis	1515 West Walnut	Jacksonville	In-Center Hemo	14	65.77%
Lincoln Dialysis	2100 West 5th Street	Lincoln	In-Center Hemo	14	21.43%
Litchfield Dialysis	915 St. Francis Way	Litchfield	In-Center Hemo	11	65.15%
Springfield Central Dialysis	932 North Rutledge Street	Springfield	In-Center Hemo, CAPD, HHD	21	76.19%
Taylorville Dialysis	901 West Spreser	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%

118a.

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%	

118b.

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

1. Impact on Other Area Providers

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

2. Facilities within Applicant's Health Care System

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

3. Present and Proposed Referral Agreements

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

4. Time and Distance for Proposed Referrals

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

5. Use of Care System Providers

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

6. Duplication of Services

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

7. Services Not Available to the Community

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

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 \$14,801,847 in cash. A copy of DaVita's most recent 10-K Statement, which includes audited financial statements, evidencing sufficient funds to finance the project is included as a supplement to this application.

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

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

May 18, 2011

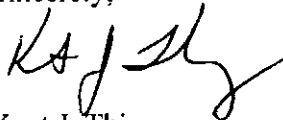
Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

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

Sincerely,

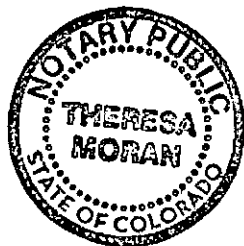


Kent J. Thiry
Chief Executive Officer
DaVita, Inc.

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



Notary Public



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

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

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

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

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

Operating Expenses: \$2,637,786

Treatments: 13,702

Operating Expense per Treatment: \$192.51

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

Capital Costs: \$310,038

Treatments: 13,702

Capital Costs per Treatment: \$22.63

Section XI, Safety Net Impact Statement

The Applicants propose a change of control of the operating entity of DSI Hazel Crest 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	
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
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