

Original

11-031

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

MAY 27 2011

This Section must be completed for all projects.

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

Facility Name: DSI Loop Renal Center		
Street Address: 1101 South Canal Street, Lower Level		
City and Zip Code: Chicago, Illinois 60607		
County: Cook	Health Service Area: 6	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 Loop Renal Center		
Street Address: 1101 South Canal Street, Lower Level		
City and Zip Code: Chicago, Illinois 60607		
County: Cook	Health Service Area: 6	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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- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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Title: Attorney
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Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

Post Permit Contact

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

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

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Canal Taylor South, LLC
Address of Site Owner: 71 South Wacker Drive, Suite 3535, Chicago, Illinois 60606
Street Address or Legal Description of Site: 1101 South Canal Street, Lower Level, Chicago, IL 60607
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 Loop Renal Center is a 28 station in-center hemodialysis facility located at 1101 South Canal Street, Chicago, Illinois 60607. 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	\$5,633,602		\$5,633,602
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$5,633,602		\$5,633,602
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$5,633,602		\$5,633,602
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$5,633,602		\$5,633,602
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:

<p>Land acquisition is related to project <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Purchase Price: \$ _____</p> <p>Fair Market Value: \$ _____</p>
<p>The project involves the establishment of a new facility or a new category of service <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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.</p> <p>Estimated start-up costs and operating deficit cost is \$ _____.</p>

Project Status and Completion Schedules

<p>Indicate the stage of the project's architectural drawings:</p> <p><input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary</p> <p><input type="checkbox"/> Schematics <input type="checkbox"/> Final Working</p>
<p>Anticipated project completion date (refer to Part 1130.140): <u>July 31, 2011</u></p>
<p>Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):</p> <p><input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.</p> <p><input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies</p> <p><input checked="" type="checkbox"/> Project obligation will occur after permit issuance.</p>
<p>APPEND DOCUMENTATION AS <u>ATTACHMENT-8</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>

State Agency Submittals

<p>Are the following submittals up to date as applicable:</p> <p><input type="checkbox"/> Cancer Registry NOT APPLICABLE</p> <p><input type="checkbox"/> APORS NOT APPLICABLE</p> <p><input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted</p> <p><input checked="" type="checkbox"/> All reports regarding outstanding permits</p> <p>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</p>
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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

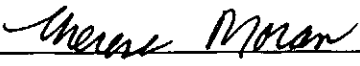
Kent Thiry

PRINTED NAME

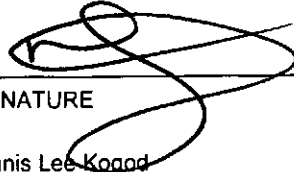
Chief Executive Officer

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

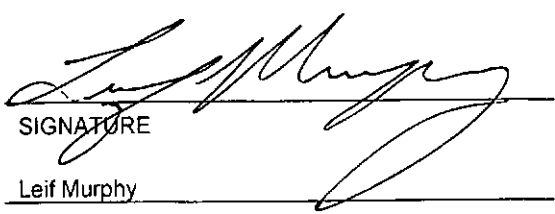


CERTIFICATION

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.

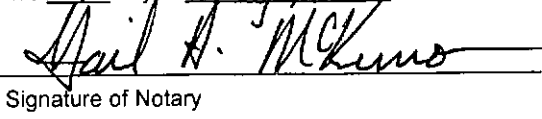
This Application for Permit is filed on the behalf of DSI Renal, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant 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

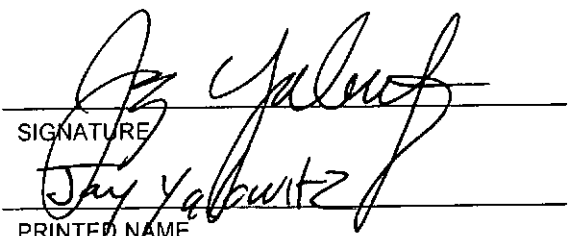
Notarization:
Subscribed and sworn to before me
this 24th day of May, 2011


Signature of Notary

Seal



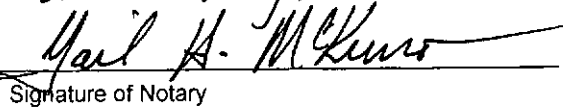
*Insert EXACT legal name of the applicant


SIGNATURE

Jay Yablowitz
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:

<u>\$5,633,602</u>	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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.
\$5,633,602	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

2. Variance

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

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

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

XI. Safety Net Impact Statement

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

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

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

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

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

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

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

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

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

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

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

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

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

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

Section I, Identification, General Information, and Certification
Applicants

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

Delaware

PAGE 1

The First State

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

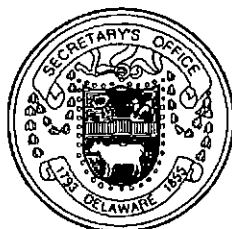
AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

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

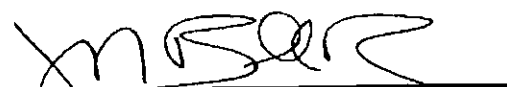
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

101133217



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


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8386715

DATE: 11-30-10



To all to whom these Presents Shall Come, Greeting:

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

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



Authentication #: 1113901624

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

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

Jesse White

SECRETARY OF STATE

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

A copy of the lease between Canal Taylor South, LLC and DSI Renal, Inc. d/b/a DSI Loop Renal Center is attached at Attachment – 2.

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made as of the 17th day of August of 2007 by and between CANAL/TAYLOR SOUTH, LLC ("Landlord"), a Delaware limited liability company and DSI RENAL, INC., a Delaware corporation ("Tenant").

RECITALS

A. Landlord and Tenant have entered into that certain Lease dated April 26, 2007 (the "Lease"), demising the Premises within the Shopping Center at 1101 South Canal Street, Chicago, Illinois.

B. Although the Initial Term has not commenced, an error in the initial measurement of the area of the Premises has been ascertained and, as a result, Landlord and Tenant desire mutually to amend the Lease for the limited purposes of adjusting the area of the Premises and, correspondingly, the Minimum Rent payable during the Initial Term, subject to and in accordance with the terms and conditions herein and the Lease set forth.

C. Because of the approval by IHFPB of the CON application of Tenant prior to August 1, 2007, Landlord and Tenant desire to confirm hereby that neither Landlord nor Tenant has the right and option to terminate the Lease pursuant to Section 3.2(a)(iii) of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, including, without limitation, Ten and No/100 Dollars (\$10.00) paid by Landlord to Tenant, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby mutually agree, and amend the Lease, as follows:

1. Recitals and Definitions.

(a) The foregoing recitals are incorporated herein by reference and, to the extent applicable, shall be deemed binding upon Landlord and Tenant.

(b) Any initially capitalized, or defined, term herein used shall have the same meaning assigned to such term in this Amendment or, if not defined in this Amendment, in the Lease.

(c) The phrase "this Lease," whenever used in the Lease or this Amendment, means the Lease as amended by this Amendment.

2. Premises.

Section 1.01(a) of the Lease is hereby amended by deleting therefrom the number "16,000" and substituting in lieu thereof the number "14,720". The Premises, as hereby amended in area, shall be reconfigured as set forth on Exhibit A attached hereto, which reconfiguration shall supersede any configuration set forth in any Exhibits to the Lease.

3. Annual Minimum Rent.

Section 2.1 of the Lease is hereby amended by deleting the first grammatical paragraph thereof and substituting in lieu thereof the following:

"Commencing on the Term Commencement Date and continuing during the entire Term of this Lease, Tenant shall pay "Annual Minimum Rent" for the Premises to Landlord, without demand, deduction, set-off or counterclaim, in equal monthly installments (the "Monthly Minimum Rent") in advance, on or before the first (1st) day of each month, as follows:

LEASE YEAR(S) Initial Term	Annual Minimum Rent	Monthly Minimum Rent	Rent Per Sq. Ft. Per Annum
1 - 5	\$452,345.64	\$37,695.47	\$30.73
6 - 10	\$484,729.56	\$40,394.13	\$32.93
11 - 15	\$520,352.04	\$43,362.67	\$35.35

provided, however, that if the Term Commencement Date occurs on a day other than the first (1st) day of a calendar month, then Tenant shall pay to Landlord, on account of Rent, an amount equal to the Monthly Minimum Rent payable in the first Lease Year, prorated from the Term Commencement Date to and, including, the last day of such calendar month. The Annual Minimum Rent shall be subject to adjustment, if applicable, as provided in Section 1.1(d)."

4. Revised Floor Plan.

There is attached to and made a part of this Amendment as Exhibit A an illustration showing the reconfigured area of the Premises, which illustration shall be deemed to be in substitution of the illustrated area of the Premises as shown on the lower level plan attached as part of Exhibit A to the Lease.

5. CON Application Approval and No Right and Option to Terminate.

Tenant has advised Landlord and hereby acknowledges that on July 24, 2007, Tenant received approval of the CON application from IHFPB. It is confirmed and agreed that by reason of the timely approval of the CON application, neither Landlord nor Tenant has the right and option to terminate this Lease pursuant to Section 3.2(a)(iii) of the Lease.

6. Authority of Landlord and Tenant.

(a) Landlord hereby represents and warrants to Tenant that (i) the person(s) signing on behalf of Landlord is(are) duly authorized to execute and deliver this Amendment, (ii) the execution and delivery of this Amendment and the performance of the terms hereof have been duly authorized by all corporate action on the part of Landlord or (iii) no consents or approvals are required from any other party in order to give full effect to the agreements and covenants of Landlord contained herein and in the Lease.

(b) Tenant hereby represents and warrants to Landlord that (i) the person(s) signing on behalf of Tenant is(are) duly authorized to execute and deliver this Amendment, (ii) the execution and delivery of this Amendment and the performance of the terms hereof have been duly authorized by all necessary corporate action on the part of Tenant or (iii) no consents or approvals are required from any other party in order to give full effect to the agreements and covenants of Tenant contained herein and in the Lease.

7. Miscellaneous.

It is further understood and agreed that:

(a) Subject to the terms and conditions of this Lease, the Rent due and payable under this Lease is not and shall not be abated or otherwise impaired and shall be paid by Tenant to Landlord in the amounts, at the times and in the manner provided in this Lease.

(b) This Amendment is intended and shall be construed to complement and supplement the Lease and, therefore, if and only to the extent that the provisions of this Amendment are inconsistent or in conflict with the provisions of the Lease, then this Amendment shall govern and control and the Lease, shall be deemed amended, wherever required or necessary, to conform to the provisions of this Amendment.

(c) The paragraph headings of this Amendment are for convenience only and are not intended, and shall not be construed to alter, limit or enlarge in any way the scope or meaning of the language contained in this Amendment.

(d) This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall be deemed and constitute a single, integrated original document.

(e) This Amendment shall extend to, be binding upon and inure to the benefit of Landlord, its successors and assigns. This Amendment shall extend to and be binding upon Tenant, its successors and assigns, and shall only inure to the benefit of Tenant and such of its successors and assigns as are permitted pursuant to the Lease.

(f) This Amendment, including, without limitation, all the Exhibits attached hereto, constitutes the whole agreement between Landlord and Tenant as to the subject matter hereof and there are no other terms, promises, obligations, covenants, warranties, representations, statements or conditions, expressed or implied, of any kind, and all prior negotiations and agreements in respect of this Amendment and the Lease are hereby superseded by this Amendment and the Lease and of no force and effect.

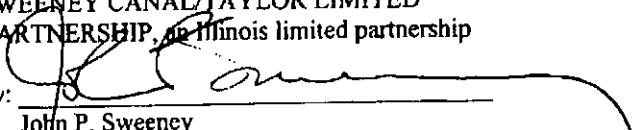
(g) Except as expressly herein modified, the Lease, including, without limitation, the Exhibits attached thereto, and all provisions, terms and conditions thereof, including, without limitation, the provisions of Exhibit D-1, shall and do hereby remain, in all respects, unchanged and in full force and effect.

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

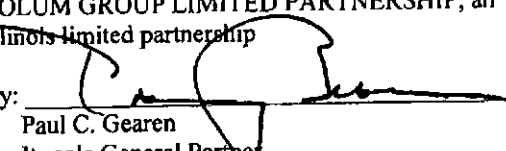
LANDLORD:

CANAL/TAYLOR SOUTH, LLC, a Delaware limited liability company

By: SWEENEY CANAL/TAYLOR LIMITED PARTNERSHIP, an Illinois limited partnership

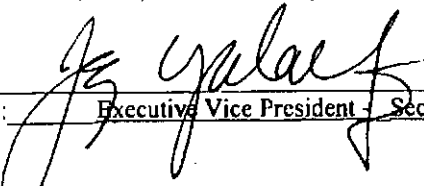
By: 
John P. Sweeney
Its sole General Partner

By: COLUM GROUP LIMITED PARTNERSHIP, an Illinois limited partnership

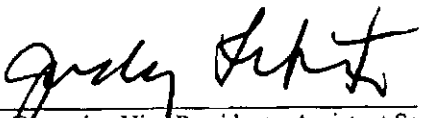
By: 
Paul C. Gearen
Its sole General Partner

TENANT:

DSI RENAL, INC., a Delaware corporation

By: 
Title: Executive Vice President - Secretary

ATTEST:

By: 
Title: Executive Vice President - Assistant Secretary

Lease

Canal/Taylor South, LLC and DSI Renal, Inc.

**Southgate Market
1101 South Canal Street
Chicago, Illinois**

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G Form of Estoppel Certificate	

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of this 26th day of APRIL, 2007, by and between Canal/Taylor South, LLC a Delaware limited liability company ("Landlord"), with its principal office at 71 S. Wacker Drive, Suite 3535, Chicago, Illinois 60606-4637, and DSI Renal, Inc., a Delaware corporation ("Tenant"), with its principal office at 511 Union Street, Suite 1800, Nashville, Tennessee 37219.

ARTICLE I. GRANT, PREMISES AND TERM

Section 1.1 - Premises:

(a) Landlord hereby leases to Tenant for the Term (as herein defined) and upon the covenants hereinafter set forth, approximately 16,000 square feet of floor area (the "Premises") in the shopping center commonly known as SOUTHGATE MARKET, or by such other name as Landlord may, from time to time hereafter designate (the "Shopping Center"), which has an address of 1101 S. Canal Street, Chicago, IL 60606.

(b) For purposes of this Lease, the term "Major Tenant" means any occupant of premises containing at least five thousand (5,000) square feet in the Shopping Center.

(c) The Shopping Center is the parcel of land as shown outlined on the Site Plan attached as Exhibit A to this Lease and legally described on Exhibit A-1 and all improvements situated thereon. The Premises are cross-hatched on Exhibit A.

(d) The actual rentable square footage in the Premises shall be determined by Landlord's architect. Such rentable square footage shall be measured from the mid-line of interior demising walls and the outside surface part of exterior demising walls, and shall include the totality of the area within such boundaries. The certificate of Landlord's architect as to rentable square footage shall be binding upon both parties hereto. Landlord shall cause to be measured the floor area of the Premises at any time within sixty (60) days after the Delivery Date (as herein defined). In the event that Tenant does not object to such measurement within thirty (30) days after receipt by Tenant of such certificate of Landlord's architect, such measurement shall be binding upon the parties hereto, except as otherwise provided in this Lease. In the event Tenant objects to such measurement, Tenant shall have the right to retain another architect to measure such square footage and, in the event the square footage as measured by Tenant's architect differs from the measurement as determined by Landlord's architect, such architects shall mutually agree upon the proper square footage. Tenant must have the Premises measured within thirty (30) days of receipt of the certificate from the Landlord's architect. In the event the rentable square footage, as determined pursuant to the process above, differs from the rentable square footage set forth above, the "Annual Minimum Rent" (as defined in Section 2.1) and the "Construction Allowance" (as defined in Exhibit D-1) shall be adjusted after the exact rentable square footage is determined by multiplying the aggregate rentable square footage by the amount(s) per square foot as set forth in Section 2.1 of this Lease in the case of the Minimum Rent and by multiplying the rentable square footage by \$100.00 in the case of the Construction Allowance; provided, however that the Minimum Rent shall be adjusted, if applicable, as provided in Section 3.3 and Exhibit D-1. The adjustment, if any, in the Minimum Rent and the Construction Allowance shall be memorialized by an amendment to this Lease; provided that the failure to enter into such amendment shall not affect the adjustment and payment of the Minimum Rent and the Construction Allowance as determined. Notwithstanding the foregoing, in no event shall such adjustment exceed ten percent (10%) of the square footage of the Premises set forth in Section 1.1(a) above.

Section 1.2 - Site Plan:

Exhibit A sets forth the general layout of the Shopping Center. Landlord does not warrant or represent that the Shopping Center will be or has been constructed exactly as shown thereon or that it will be completed by a specific date. Landlord may change or alter any of the stores, Common Areas (as herein defined) or any other aspect of the Shopping Center, or may sell or lease any portions of the Shopping Center all without the consent of or notice to Tenant. This Lease is subject to all applicable building restrictions, planning and zoning ordinances, governmental rules and regulations, and all other encumbrances, restrictions and easements affecting the Shopping Center and the terms and provisions of declarations, reciprocal easement and operating agreements now or hereafter affecting the Shopping Center.

Section 1.3 - Term:

The initial term (the "Initial Term") of this Lease shall be for a period of fifteen (15) Lease Years commencing on the earlier of the following dates (the "Term Commencement Date"):

- (a) the date Tenant shall open for business at all or any part of the Premises, or
- (b) the ninetieth (90th) day following the Delivery Date,

and expiring at midnight on the last day of the month in which the fifteenth (15th) anniversary of the Term Commencement Date occurs (the "Expiration Date"), unless sooner terminated, or extended, in accordance with the provisions hereof. The term "Lease Year", as used in this Lease, shall be defined to mean each successive twelve (12) month period commencing on the Term Commencement Date; provided, however, that if the Initial Term commences on a day other than the first day of the month, then the first Lease Year shall commence on the first (1st) day of the immediately succeeding month and the fractional month of the initial Term prior the commencement of the first Lease Year shall be treated for all purposes under this Lease as part of the first Lease Year. All subsequent Lease Years shall continue for twelve (12) calendar months thereafter, except that the last Lease Year shall terminate on the date that this Lease is terminated. Within thirty (30) days after the Term Commencement Date, Landlord and Tenant shall enter into a supplemental agreement prepared by Landlord which affirms the Delivery Date, Term Commencement Date, and the Expiration Date.

Section 1.4 - Option To Extend:

(a) Tenant shall have the right and option to extend the Term for two (2) consecutive extension periods of five (5) Lease Years each (respectively, "Extension Period" and collectively, "Extension Periods"), subject to and in accordance with the terms and conditions set forth in this Section 1.4.

(b) (i) The first Extension Period shall commence on the day immediately after the initial Expiration Date and continue for a period of sixty (60) calendar months expiring at 11:59:59p.m. (Chicago, Illinois time) on the day immediately preceding the fifth (5th) anniversary of the date of commencement of the first Extension Period.

(ii) The second Extension Period shall commence on the day immediately after the Expiration Date, as extended by the first Extension Period, and continue for a period of sixty (60) calendar months expiring 11:59:59p.m. (Chicago, IL time) on the day immediately preceding the fifth (5th) anniversary of the date of commencement of the second Extension Period.

(c) Tenant shall exercise its right and option to extend the Term by giving Landlord written notice thereof (the "Extension Notice") (i) in the case of the first Extension Period, not earlier than twelve (12) calendar months and not later than six (6) calendar months prior to the initial Expiration Date; and (ii) in the case of the second Extension Period, not earlier than twelve (12) calendar months and not later than six (6) calendar months prior to the Expiration Date, as extended by the first Extension Period.

(d) (i) As a condition precedent to the exercise by Tenant of the right and option herein granted in respect of each of the Extension Periods, no Default under this Lease shall be existing at the time of receipt by Landlord of the applicable Extension Notice or at the date of commencement of the applicable Extension Period and this Lease shall not have been terminated and shall be in full force and effect at the time of receipt by Landlord of the applicable Extension Period and at the date of commencement of the applicable Extension Period.

(ii) As a condition precedent to the exercise by Tenant of the right and option herein granted to extend the Term for the second Extension Period, Tenant shall have first exercised the right and option herein granted to extend the Term for the first Extension Period.

(iii) It is understood and agreed by Tenant that the termination of this Lease at any time shall terminate concurrently and automatically all further and future rights, options and benefits granted Tenant under this Section 1.4.

(e) During each of the Extension Periods, this Lease and all the terms, covenants, conditions and obligations contained in this Lease shall remain operative and in full force and effect without change, binding upon and enforceable against Landlord and Tenant, except that:

(i) The Rent payable by Tenant for each of the Extension Periods shall be equal to "Fair Market Rent" (as such term is herein defined). The term "Fair Market Rent" shall mean the fair market rent (taking into account, for example, revised base year, tenant improvement allowances and periodic rent adjustments), which could be obtained for the Premises or medical office space with adjacent parking in shopping center of comparable size, age and construction within the City of Chicago, for a similar term in "at arms length" transactions on or about the date of delivery to Landlord of the applicable Extension Notice between landlords and willing and informed tenants, determined in accordance with the procedures set forth in Section 1.4(g).

(ii) The term "Term", as used in this Lease, shall during each of the Extension Periods mean the Term as extended by each such Extension Period and the term "Expiration Date", as used in this Lease, shall during each of the Extension Periods mean the last day of the Term, as extended by each such Extension Period.

(iii) Landlord shall have no obligation to make or install, or contribute to the cost of, any improvements to the Premises, Tenant hereby agreeing that the Premises shall be accepted "as is" by Tenant for the applicable Extension Period.

In the event of the exercise by Tenant of its right and option to extend the Term for the Extension Period, Landlord and Tenant shall, within thirty (30) days after determination of the Fair Market Rent for such Extension Period, enter into an amendment to this Lease memorializing the extension of the Term for such Extension Period and the Fair Market Rent to be paid during such Extension Term as herein provided; provided that failure to enter into such amendment shall not affect operation of the Extension Period so exercised and the payment of the Fair Market Rent as determined.

(f) Tenant shall have no further or other rights to extend the Term of this Lease and, in all events, this Lease shall, if not sooner terminated, terminate on the last day of the twentieth (20th) Lease Year, if the Term shall be extended only for the first Extension Period and on the last day of the twenty-fifth (25th) Lease Year, if the Term shall be extended for both of the Extension Periods.

(g) (i) Within five (5) days after the date of delivery to Landlord of the applicable Extension Notice, Landlord and Tenant shall commence negotiations to agree upon the Fair Market Rent. If Landlord and Tenant are unable to reach agreement on the Fair Market Rent within ten (10) days after the date of delivery of the applicable Extension Notice, then the Fair Market Rent shall be determined in accordance with clauses (ii) through (iii) of this subsection 1.4(g).

(ii) If Landlord and Tenant are unable to agree on the Fair Market Rent within said ten (10) day period, then within five (5) days thereafter, Landlord and Tenant shall each simultaneously submit to the other in a sealed envelope, its good faith estimate of the Fair Market Rent. If the higher of such estimates is not more than one hundred five percent (105%) of the lower of such estimates, then the Fair Market Rent shall be the average of the two estimates.

(iii) If the Fair Market Rent is not resolved by the exchange of estimates, then the disagreement shall be resolved by arbitration in accordance with the following:

(1) The parties shall, within five (5) days after date of exchange of the sealed envelopes as provided in clause (ii) above, select as an arbitrator a mutually acceptable commercial real estate appraiser who is a member in good standing of the American Institute of Real Estate Appraisers and has at least ten (10) years of experience in the appraising of

commercial properties, including, without limitation, medical office buildings and spaces, in the metropolitan Chicago area. If the parties cannot agree on an appraiser meeting the aforementioned criteria, then within a period of ten (10) days after the expiration of the five (5) day period set forth above in this subpart (1), each shall select an appraiser meeting the aforementioned criteria and, within a second period of ten (10) days, the two appointed appraisers shall select a third appraiser meeting the aforementioned criteria and the third appraiser shall determine the Fair Market Rent. If one party shall fail to make such appointment within said ten (10) day period, then the appraiser chosen by the other party shall be the sole arbitrator.

(2) Once the arbitrator has been selected as provided in subpart (1) of this clause (iii), then, as soon thereafter as practicable but in any case within ten (10) days, the arbitrator shall select one of the two estimates of the Fair Market Rent submitted by Landlord and Tenant, which must be the one that is closer to the Fair Market Rent as determined by the arbitrator. The selection of the arbitrator shall be rendered in writing to both Landlord and Tenant and shall be final and binding upon them.

(3) The party whose estimate is not chosen by the arbitrator shall pay the fees and expenses of the arbitrator. Any fees of any counsel or expert engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such counsel or expert.

ARTICLE II. RENT

Section 2.1 - Minimum Rent:

Commencing on the Term Commencement Date and continuing during the entire Term of this Lease, Tenant shall pay "Annual Minimum Rent" for the Premises payable to Landlord, without demand, deduction, set-off or counterclaim, in equal installments (the "Monthly Minimum Rent") in advance, on or before the first (1st) day of each month. The Annual Minimum Rent shall be subject to adjustment, if applicable, as provided in Section 1.1(d):

LEASE YEAR(S) Initial Term	Annual Minimum Rent	Monthly Minimum Rent	Rent Per Sq. Ft. Per Annum
1 - 5	\$491,680.00	\$40,973.33	\$30.73
6 - 10	\$526,880.00	\$43,906.67	\$32.93
11 - 15	\$565,600.00	\$47,133.33	\$35.35

The first installment of Monthly Minimum Rent shall be paid upon the Term Commencement Date. If the Term Commencement Date occurs on other than the first (1st) day of a month, Monthly Minimum Rent shall be prorated on a daily basis on the basis of a thirty (30) day month.

Section 2.2 - Payments by Tenant:

Throughout the Term of this Lease, Tenant shall pay to Landlord, without demand, deduction, set-off or counterclaim, the rent, which is hereby defined as the sum of all the Annual Minimum Rents and all Additional Rent, when and as the same shall be due and payable hereunder. Unless otherwise stated, all sums of money or charges payable to Landlord from Tenant pursuant to this Lease, other than Annual Minimum Rents, are defined as "Additional Rent" and are due ten (10) days after the rendering of an invoice therefor, without any deductions, set-offs or counterclaims, and failure to pay such charges carries the same consequences as Tenant's failure to pay Annual Minimum Rent or any Monthly Minimum Rent when due. All payments and charges required to be made by Tenant to Landlord hereunder shall be payable in coin or currency of the United States of America, at the address indicated herein. No payment to or receipt by Landlord of a lesser amount than that then amount required to be paid hereunder shall be deemed to be other than on account of the earliest amount of such obligation then due hereunder. No endorsement or statement on any check or other communication accompanying a check for payment of any amounts payable hereunder shall be deemed an accord and satisfaction, and Landlord may accept such check in payment without prejudice to Landlord's right to recover the balance of any sums owed by Tenant hereunder. In the

event Landlord bills Tenant for any charge hereunder and within ninety (90) days of receipt of the same Tenant does not provide Landlord with notice that it disputes such charge, then Tenant waives any further right to dispute such charge (but not any other subsequent charges of the same or similar nature) and that charge shall automatically become an account stated between Landlord and Tenant.

Section 2.3 - Late Charge:

In the event any sums required hereunder to be paid are not received by Landlord on or before the date the same are due, then, Tenant shall immediately pay, as Additional Rent, a service charge equal to the greater of One Hundred Dollars (\$100.00), or ten percent (10%) of the past due sum. In addition, interest shall accrue on all past due sums at an annual rate equal to the greater of one and one-half percent (1½%) per month, or three percent (3%) in excess of the prime rate of interest announced from time to time by Chase Bank, or its successor institution, but not in excess of the maximum legal rate. Such interest shall also be deemed Additional Rent. Notwithstanding this service and interest charge, Tenant shall be in Default if all payments required to be made by Tenant are not made at or before the times herein stipulated.

Section 2.4 - Returned Checks:

In the event that Tenant's check for rents and charges is returned for any reason, Tenant agrees to pay Landlord the sum of Fifty Dollars (\$50.00) as a handling charge in addition to any applicable late charge. Returned checks must be redeemed by cashier's check. In the event more than one check is returned, Tenant agrees to pay all subsequent rents and charges by cashier's check.

ARTICLE III. PREPARATION OF PREMISES

Section 3.1 - Landlord's Work:

Landlord, at its expense, shall construct the Premises substantially in accordance with the work described in Exhibit B ("Landlord's Work"). Any modifications which increase the cost of the Landlord's Work completed at Tenant's request shall be at Tenant's expense and shall be paid for by Tenant depositing with Landlord, prior to the commencement of such other work, a sum equal to the cost for such work, as reasonably estimated by Landlord. Upon completion thereof, appropriate adjustment shall be made between Landlord and Tenant based upon the actual cost of the work. The acceptance by Tenant of possession of the Premises as provided in Section 3.2 shall constitute an acknowledgment by Tenant that Landlord has sufficiently performed all of Landlord's Work.

Section 3.2 - Delivery Date:

(a) (i) Tenant agrees to take physical possession of the Premises and begin its work under Section 3.3 on the date Landlord tenders possession of the Premises to Tenant. Subject to the provisions of Section 3.2(b)(ii), the date on which possession of the Premises have been tendered to Tenant shall be the "Delivery Date", and from and after the Delivery Date Tenant agrees to diligently perform Tenant's Work to completion.

(ii) Notwithstanding the foregoing, the Delivery Date shall be no earlier than the date on which Tenant receives approval from the Illinois Health Facilities Planning Board ("IHFPB") with respect to the relocation to the Premises of Tenant's outpatient dialysis facility located at 55 East Washington Street, Chicago, Illinois. Tenant agrees to file on or before May 4, 2007 with IHFPB Tenant's completed application for a Certificate of Need (the "CON application") to permit the relocation to the Premises of Tenant's said outpatient dialysis facility and to give on or before May 4, 2007 to Landlord notice of such filing together with a copy of the CON application and reasonable evidence of its receipt by IHFPB.

(iii) If Tenant shall fail to comply with the requirements of Section 3.2(a)(ii) or if Tenant has not received approval of the CON application prior to or on August 1, 2007 or September 30, 2007, if Section 3.2(a)(iv) below hereafter become operative, then Tenant shall forthwith, upon the occurrence of any of the following events, give notice thereof to Landlord and either Landlord and Tenant shall have the right and option to terminate this Lease upon written notice to the other party and, in such event, this Lease shall, upon delivery of such

notice, forthwith be of no further force or effect, and neither party shall have any further liability to the other, either for damages or otherwise, by reason of such termination.

(iv) If IHFPB shall defer action on the CON application from the July 24, 2007 hearing date to the next hearing date in September, 2007 and Tenant shall give notice thereof prior to or on August 1, 2007, then the exercise of the right and option vested in Landlord and Tenant, under Section 3.2(a)(iii) shall be extended from August 1, 2007 to September 30, 2007.

(v) Tenant shall, at all time, employ with due diligence and with best efforts the prosecution of the CON application after the filing thereof with IHFPB and, connection therewith, be responsive in a reasonably timely manner to all requests and inquiries made by IHFPB.

(b) (i) Tenant hereby expressly agrees that the entry or occupancy of the Premises by Tenant or Tenant's agents or contractors prior to the date herein fixed for the Term Commencement Date shall be governed by and shall be subject to all of the terms and provisions of this Lease, and Tenant shall observe and perform all its obligations under this Lease, including, without limitation, its obligation to pay charges for temporary utilities, but excepting its obligations to pay Minimum Rent, Common Area Expenses and Taxes from the date upon which the Premises are made available to Tenant for its work (or from the date when Tenant commences to perform Tenant's Work, if earlier) until the Term Commencement Date.

(ii) Landlord shall give Tenant at least sixty (60) days prior notice of the Delivery Date, using the form of Delivery Date Notice attached hereto as Exhibit C, provided that if the approval of the CON application by IHFPB is pending on the Delivery Date specified in the Delivery Date Notice, then, unless this Lease is terminated pursuant to Section 3.2(a)(iii), the Delivery Date shall be extended to and shall be the date of the hearing before IHFPB at which the CON application is approved. Landlord's delivery of the Delivery Date Notice shall be a condition precedent to the Term Commencement Date. In no event shall the Delivery Date be deemed to occur prior to the Delivery Date established in the Delivery Date Notice.

(iii) Tenant shall be entitled to enter the Premises prior to the Delivery Date (without such entry being deemed to constitute the Delivery Date and without triggering the commencement of Tenant's 90 day period provided in Section 3.2(b)(i) above) for the purposes of inspecting Landlord's work, taking measurements, making plans, erecting temporary or permanent signs and, subject to Landlord's prior written consent not to be unreasonably withheld, commencing its construction therein and doing such other work as may be appropriate or desirable, but only if and to the extent Tenant's construction does not interfere with the conduct by Landlord of Landlord's construction-related obligations under attached Exhibit D.

Section 3.3 - Tenant's Work:

In addition to the work performed by Landlord pursuant to Section 3.1, Tenant shall perform, at Landlord's expense up to the total amount of the Construction Allowance, the tenant's space improvements ("Tenant's Work") as outlined on Exhibit D attached hereto and made a part hereof and in accordance with the provisions hereof. Landlord and Tenant hereby agree that if the total final construction costs of the Tenant's Work is less than the Construction Allowance, then the Monthly Minimum Rent shall be uniformly reduced in each and all of the Lease Years in the initial Term by an amount that represents the difference in the Construction Allowance defined herein (\$100.00/sf) and the final construction costs, fully amortized over the initial Term at a rate of eight and one-quarter percent (8.25%) per annum. Upon final determination of the cost of the Tenant's Work, the parties shall execute an amendment to this Lease reflecting the annual and monthly Minimum Rent. Tenant shall prepare and submit to Landlord store design and working drawings of Tenant's Work for Landlord's written approval, whose approval shall not be unreasonably withheld. In the event Tenant's plans and specifications, in the sole judgment of Landlord or Landlord's architect, are incomplete, inadequate or inconsistent with the terms of this Lease and/or do not conform to the standards of design, motif, decor and quality established or adopted by Landlord, and/or would subject Landlord to additional costs or expenses in the performance of Landlord's Work, and/or would provide for or require any installation or work which is or might be unlawful or create an unsound or dangerous condition or adversely affect the structural soundness of the Premises or the building of which the same forms a part, and/or would interfere with the use and enjoyment of any adjoining space in the building in which the Premises are located, then, in the event Landlord determines that Landlord and Tenant are unable to agree upon store design drawings and/or working drawings, Landlord shall have the option, upon ten (10) days' written notice to Tenant to declare this

Lease of no further force and effect, in which event this Lease shall terminate. All work performed by Tenant shall be subject to Landlord's prior written approval and shall be in accordance with good construction practices, all applicable laws, codes, ordinances, regulations, and insurance requirements and Landlord's reasonable rules and regulations. No material deviations from the final plans and specifications, once approved by Landlord, shall be permitted without the subsequent prior written consent of Landlord, whose approval shall not be unreasonably withheld. Landlord's review of Tenant's plans and specifications shall not constitute the assumption of any responsibility by Landlord for their accuracy or sufficiency, and shall in no event create an express or implied confirmation that Tenant's design and/or working drawings have been prepared in accordance with the requirements of applicable laws, codes, ordinances and regulations. Further, Landlord shall have no responsibility or liability for any loss or damage to any property belonging to Tenant. Tenant agrees to pay for all the utilities used or consumed in the Premises by Tenant on and after the Delivery Date. Tenant shall obtain, at Tenant's sole expense, all certificates and approvals which may be necessary so that a certificate of occupancy for the Premises may be issued. Copies of all appropriate certificates and approvals shall be delivered to Landlord prior to Tenant commencing Tenant's Work. Upon the issuance of the certificate of occupancy, a copy thereof shall be immediately delivered to Landlord. Except for Landlord's Work, Tenant shall ready the Premises for the opening of Tenant's business by the Term Commencement Date.

Section 3.4 - Alterations by Tenant:

(a) Tenant may not make any exterior or structural alterations to the Premises without the prior written consent of Landlord, which consent may be conditioned, withheld or refused by Landlord in its absolute discretion. In addition, Tenant shall not make any interior alterations, except for alterations to the decor of the Premises provided such alterations affect color or merchandising aspects of the interior only, without giving prior written notice to Landlord and Landlord giving Tenant its written consent therefor. Any such alterations shall be performed in a good and workmanlike manner and in accordance with applicable legal and insurance requirements and the terms and provisions of this Lease.

(b) In the event that any mechanic's lien is filed against the Premises or Shopping Center as a result of any work or act of Tenant, Tenant, at its expense, shall discharge or bond off the same within ten (10) days from the filing thereof. If Tenant fails to discharge said mechanic's lien, Landlord may bond or pay without inquiring into the validity or merits of such lien and all sums so advanced shall be paid to Landlord as Additional Rent.

(c) Prior to the commencement of any work by Tenant, Tenant shall obtain public liability and workers' compensation insurance to cover every contractor to be employed by Tenant, and shall deliver duplicate originals of all certificates of such insurance to Landlord for approval.

(d) If, in an emergency, it shall become necessary to make repairs which are required to be made by Tenant, Landlord may enter the Premises and proceed to have such repairs made and pay the costs thereof. Tenant shall pay Landlord the costs of such repairs as Additional Rent.

Section 3.5 - Remodel:

During the Term of this Lease, Tenant agrees to refurbish (carpet, paint, replace fixtures, etc.) the Premises as needed and required in order to maintain a first class operation.

Section 3.6 - Roof Penetrations:

No roof penetrations shall be made without the written consent of Landlord, and then only by Landlord's roof contractor so there is no violation of the roof warranty.

ARTICLE IV. CONDUCT OF BUSINESS

Section 4.1 – Use and Trade Name:

(a) The Premises shall be used and occupied for the following purpose only (the "Permitted Use"), and for no other purposes whatsoever: a healthcare facility providing dialysis, professional medical and related services in a manner consistent with Tenant's other dialysis facilities in the Chicago Metropolitan Area (i.e. Cook, Lake, McHenry, Kane, DuPage and Will Counties, Illinois). Notwithstanding the foregoing, Landlord agrees that Tenant shall have the right, subject to obtaining any necessary regulatory approvals, to convert the Premises into another outpatient healthcare facility, provided that such facility will not, in Landlord's reasonable opinion, interfere with the operations of the Shopping Center or generate negative publicity for the Shopping Center or its other tenants. Subject to obtaining any necessary regulatory approvals, Tenant shall have the right to operate the Premises on a 24 hour per day, 7 day a week basis.

(b) If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business or other activity carried on in the Premises, or if a failure to procure such a license or permit might or would in any way adversely affect Landlord or the Shopping Center, then Tenant, at Tenant's expense, shall duly procure and thereafter maintain such a license or permit and submit the same for inspection by Landlord. Tenant, at Tenant's expense, shall, at all times, comply with the requirements of each such license or permit.

(c) Tenant covenants, warrants and agrees that it has the absolute, undisputed right to use the trade name under which Tenant conducts its business at any time and from time to time. Tenant agrees to indemnify, defend and hold harmless Landlord, and Landlord's agents, employees, shareholders, members, partners, limited partners and shareholders from any and all losses, costs, expenses (including attorneys fees) claims, liabilities or judgments directly or indirectly arising from a violation of Tenant's representations contained in the foregoing sentence.

Section 4.2 - Operation of Business:

(a) Tenant agrees to open for business to the public on or before the Term Commencement Date and to continuously conduct during the Term of this Lease its regular business operation during business hours and days of the week consistent with Major Tenants, excluding Sundays. Tenant acknowledges that its continuous operation at the Shopping Center during the entire term of this Lease is a material factor to the success of the Shopping Center and the retention of Tenants and patrons of the Shopping Center.

(b) The parties covenant and agree that because of the difficulty or impossibility of determining Landlord's damages by way of loss of value in the property because of Landlord's diminished ability to sell or mortgage the Shopping Center, or adverse publicity or appearance by Tenant's actions, should Tenant (i) fail to take possession and open for business in the Premises fully fixtured and staffed on the Term Commencement Date, (ii) vacate, abandon, or desert the Premises, or (iii) cease operating Tenant's business therein during the Term of this Lease (except where the Premises are rendered untenable by reason of fire, casualty, or condemnation), then and in any of such events (hereafter referred to as "Tenant's failure to do business"), then Landlord shall have the right, at its option, to treat Tenant's failure to do business as an event of Default. For purposes of this Section 4.2(b), Tenant shall be deemed to have "vacated", "abandoned" or "deserted" the Premises notwithstanding the fact that Tenant may have left all or any part of its trade fixtures or other personal property in the Premises. Nothing herein shall be construed as a limitation upon Tenant's obligation to continuously conduct business in the manner required by this Lease or upon Landlord's remedies under any other provision of this Lease.

Section 4.3 – Utilities:

(a) Tenant, at its expense, shall arrange for and pay all costs of the charges for all utility services provided or used in or at the Premises, commencing with the Delivery Date and throughout the Term of this Lease. Tenant shall pay directly to the public utility companies the cost of any installation not included in Landlord's Work of any and all such utility services. In the event that Landlord supplies or pays for any such utility service, including, without limitation, chilled water, then as Additional Rent, Tenant shall reimburse Landlord for the same. In the event, for any reason whatsoever, any particular utility service is not separately metered, then, and in that event, Tenant shall be responsible for its share based upon the formula that Landlord, in its reasonable discretion,

deems appropriate. Tenant agrees to indemnify and hold harmless Landlord from and against any and all claims arising from the installation and maintenance of such utility services and from all costs and charges for utility services consumed on, in or by the Premises. Landlord shall not be liable to Tenant for damages or otherwise (i) if any utility services shall become unavailable from any public utility company, public authority or any other person or entity supplying or distributing such utility service, or (ii) for any interruption in any utility service (including, but without limitation, any heating, ventilation or air conditioning) caused by the making of any necessary repairs or improvements or by any cause beyond Landlord's reasonable control, and the same shall not constitute a default, termination or an eviction.

Section 4.4 - Signage:

Tenant shall, at its expense, install and maintain exterior signage at the location(s) within the Shopping Center as set forth on Exhibit E attached to and made a part of this Lease, the sizes and styles of which signage shall be approved by Landlord, which approval shall not be unreasonably withheld or delayed so long as such sizes and styles are consistent with other comparable tenants' signage and with a first class shopping center. Notwithstanding Landlord's approval and/or the terms of this Lease, Tenant's signage shall conform to all applicable legal and insurance requirements and limitations. Tenant shall pay for all costs in connection with such signage and shall be responsible for the cost of proper installation and removal thereof and any damage caused to the Shopping Center and/or Premises thereby. In the event Landlord deems it necessary to remove any such signage, then Landlord shall have the right to do so, provided, however, Landlord shall replace said signage as soon as practicable at Landlord's sole cost. No signs which are intended for interior display, but can be seen from the exterior of the Premises, shall be installed or displayed in, on or about the Premises without the prior written consent of Landlord. Any interior signs must be tasteful and shall be prepared in a professional manner (not hand-lettered).

Section 4.5 - Tenant's Responsibilities:

Tenant warrants, represents, covenants and agrees to and with Landlord, that throughout the Term Tenant shall: (i) keep the Premises in a neat and clean condition, (ii) pay, before delinquent, any and all taxes, assessments and public charges imposed upon Tenant's business or fixtures, and pay when due all fees of similar nature, (iii) observe all rules and regulations established by Landlord for tenants in the Shopping Center, (iv) observe all restrictive covenants of record which are applicable to the Shopping Center, (v) not use the parking areas or sidewalks or any space outside the Premises for display, sale, storage, or any other similar undertaking, (vi) not use any advertising medium, lights or sound devices inside the Premises which may be seen or heard outside the Premises, make or permit any objectionable noises or odors to emanate from the Premises, (vii) keep the Premises sufficiently heated to prevent freezing of water in pipes and fixtures in and about the Premises, (viii) keep the temperature within the Premises at such levels as may be required by any federal, state or local laws, ordinances or regulations, (ix) employ only such labor in the performance of any work in and about the Premises as will not cause any conflict or controversy with any labor organization representing trades performing work for Landlord, its contractors or subcontractors, (xi) not conduct any auction, distress, fire or bankruptcy sale (whether real or fictitious) or conduct the type of business commonly referred to as "discount" or "cut-price", (xii) not use or permit the use of any part of the Premises for the sale, rental, display or operation of amusement, electronic, video machines, games, cassettes or devices without the prior written consent of Landlord or allow the sale or offering of any lottery or raffle tickets or permit any form of games of chance or gambling, in any form, without such similar consent, (xiii) not allow the operation of any coin operated or vending machine or pay phone in the Premises, except in areas reserved solely for the use of Tenant's employees, (xiv) conduct its sales practices consistent with the standards and practices generally acceptable in first-class retail shopping centers, display and sell only first-quality merchandise in the Premises, and conduct its business in the Premises in a lawful manner and in good faith, (xv) not do any act tending to injure the reputation of the Shopping Center as determined by Landlord, and (xvi) not commit or suffer to be committed any waste upon the Premises, not place a load upon any floor of the Premises which exceeds the floor load per square foot area which such floor was designated to carry, and not commit or suffer to be committed any nuisance or other act or thing which may disturb the quiet enjoyment of any other occupant or tenant of the Shopping Center.

Section 4.6 - Legal Requirements:

Tenant shall at its own expense, comply with all laws, orders, ordinances and with directions of public officers thereunder, with all applicable Board of Fire Insurance Underwriters regulations and other requirements and with all notices from Landlord's mortgagee respecting all matters of occupancy, condition or maintenance of the Premises, whether such orders or directions shall be directed to Tenant or Landlord, and Tenant shall hold Landlord harmless from any and all costs or expenses on account thereof. Tenant shall procure and maintain all licenses and permits legally necessary for the operation of Tenant's business and allow Landlord to inspect them on request.

Section 4.7 - Hazardous Materials:

Tenant agrees that it will not use, install, permit, hold, release or dispose of any Hazardous Material (defined hereafter) on, under or at the Premises or the Shopping Center and that it will not use or permit the use of the Premises or any other portion of the Shopping Center as a treatment, storage or disposal (whether permanent or temporary) site for any Hazardous Material. Tenant further agrees that it will not cause or allow any asbestos to be incorporated into any improvements or alterations which it makes or causes to be made to the Premises. Tenant hereby holds Landlord harmless from and indemnifies Landlord against any and all losses, liabilities, damages, injuries, costs, expenses, fines, penalties, and claims of any and every kind whatsoever (including, without limitation, court costs and attorneys' fees and expenses) which at any time or from time to time may be paid, incurred or suffered by, or asserted against Landlord for, with respect to, or as a direct or indirect result of (i) a breach by Tenant of the foregoing covenants, or (ii) to the extent caused or allowed by Tenant or any agent, contractor, employee, invitee or licensee of Tenant, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, onto or into the Premises, the Shopping Center, the atmosphere, or any watercourse, body of water or groundwater, of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other Federal, state, local or other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material); and the provisions of and undertakings and indemnification set out in this paragraph shall survive the termination of this Lease, and shall continue to be the personal liability, obligation and indemnification of Tenant, binding upon Tenant, forever, subject to the applicable statute of limitations. The provisions of the preceding sentence shall govern and control over any inconsistent provision of this Lease. For purposes of this Lease, "Hazardous Material" means and includes any hazardous substance or any pollutant or contaminant defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect, or any other hazardous, toxic or dangerous waste, substance or material. Notwithstanding the foregoing, Hazardous Materials shall not include any materials or substances commonly used in the operation of outpatient dialysis facilities, provided, however, that Tenant shall use and store such materials and substances in compliance with all applicable laws.

ARTICLE V. COMMON AREA

Section 5.1 - Definition:

The term "Common Areas" shall mean the interior and exterior areas and facilities within the Shopping Center, which are: (i) not leased to a tenant, or (ii) by nature not leasable to a tenant for the purpose of the sale of merchandise or the rendering of services to the general public. Common Areas shall include but shall not be limited to all parking areas and facilities, roadways, driveways, entrances and exits, truck service ways and tunnels, utilities, water filtration and treatment facilities, retaining and exterior walls, sidewalks, open and enclosed malls, outside courts, landscaped and planted areas, escalators, stairways, elevators, service corridors, service areas, loading docks, hallways, public restrooms, community rooms or areas, roofs, equipment, signs and any special services provided by Landlord for the common or joint use and benefit of all tenants or other occupants of the Shopping Center, their employees, customers and invitees.

Section 5.2 - Use:

During the Term of this Lease, Tenant is granted, subject to Landlord's rules and regulations promulgated by Landlord from time to time, the nonexclusive license to permit its customers and invitees to use the sidewalks, customer parking areas, the entrance and exit ways designated by Landlord for access and egress to and from the Premises from a public street or highway. Notwithstanding anything contained in this Lease to the contrary, Landlord shall have the right, at any time and from time to time, with notice to but not the consent of Tenant, to change the size, location, elevation and nature of any of the stores in the Shopping Center or of the Common Areas (including the right to construct, remove, or demolish any improvements or buildings), or any part thereof, or of the common areas of the Shopping Center, including, without limitation, the right to locate and/or erect thereon kiosks, structures and other buildings and improvements of any type. Subject to any easements and restrictions of record granted or approved by Landlord from time to time, Common Areas shall be subject to the exclusive control and management of Landlord, and Landlord shall have the right, at any time and from time to time, to establish, modify, amend and enforce rules and regulations with respect to the Common Areas and the use thereof. Tenant agrees to abide by and conform with such rules and regulations on notice thereof and to cause its permitted concessionaires, invitees and licensees and its and their employees and agents to do the same.

Section 5.3 - Management and Operation of Common Areas: Landlord will operate and maintain or will cause to be operated and maintained the Common Areas in a first-class, clean and safe condition consistent with comparable first-class retail centers and in the best interests of the Center. Landlord will have the right to establish, modify and enforce reasonable rules and regulations with respect to the Common Areas, provided the same are uniformly applied and do not materially affect Tenant's rights hereunder.

Section 5.4 - Parking

(a) (i) Tenant shall have available on a non-exclusive basis use of forty (40) parking spaces located at the ground or grade level ("Parking Area") as shown on Exhibit E.

(ii) Landlord agrees that it shall designate not less than seven (7) regular parking spaces and three (3) handicap spaces immediately adjacent to the entrance of the Premises for exclusive use by customers of Tenant (the "reserved parking area"), but outside of the Parking Area, as designated on attached Exhibit E.

(b) (i) Employees of Tenant shall be entitled to park in the Parking Area free of charge.

(ii) Employees of Tenant shall be entitled to park, at a minimal charge to such employees, in such parking areas of the Shopping Center, other than the Parking Area, as may be designated by Landlord from time to time.

(c) If, at any time and from time to time, Parking Area and the reserved parking area shall become subject to a metered or validated parking system, then Landlord shall, at or prior to such parking system becoming operational and without cost or expense to Tenant, provide to Tenant such equipment, pass cards, tickets and other devices as may be required or necessary to permit Tenant's customers and employees to park their vehicles free of charge within the Parking Area and the reserved parking area, provided that such parking of vehicles by Tenant's customers and employees is validated by Tenant.

ARTICLE VI. REPAIRS AND MAINTENANCE

Section 6.1 - Landlord's Obligations:

Landlord shall keep in good repair the sewer and water lines outside the Premises and the structural supports, inclusive of the roof, of the Premises.

Section 6.2 - Tenant's Obligations:

Tenant, at its expense, shall (i) keep in good order, condition and repair the Premises and every part thereof (regardless of whether the damaged portion of the Premises or the means of repairing the same are accessible to Tenant), and make all repairs and replacements thereof, including, without limiting the generality of the foregoing, all plumbing and sewage facilities within or serving the Premises, including free flow up to the common sewer line, all mechanical, heating, air conditioning, ventilation, refrigerating, electrical and lighting systems, facilities and equipment within or serving the Premises; all fixtures, ceilings, doors, windows, plate glass, store fronts, skylights, interior walls and interior surfaces of exterior walls; and any repairs required due to illegal entry or burglary of the Premises, (ii) install and maintain such fire protection devices as may be required by any governmental body or insurance underwriter for the Shopping Center, (iii) provide trash storage and removal services regardless of the location of any storage and removal facilities, except that if Landlord, in its sole discretion, shall provide trash services, then, in such event, Tenant shall be obligated to use and pay Landlord for the same as Additional Rent (Tenant's proportionate share of such trash storage and removal service costs shall be determined, at Landlord's option, either (aa) by multiplying such trash storage and removal service costs by a fraction, the numerator shall be the total square footage of the Premises, and the denominator shall be the average total gross leased and occupied square footage in the Shopping Center for the applicable billing period, excluding space occupied by or available for Major Tenants, or (bb) on the basis of a separate metering or monitoring of Tenant's use of such services or facilities), and (iv) change Tenant's air conditioning filter as necessary, but not less than five times a year and have Tenant's air conditioner and heater serviced as necessary, but not less often than two times a year. Notwithstanding any contrary provision of this Article VI, Tenant, at its expense, shall make any and all repairs to the Premises as may be necessitated by any break-in, forcible entry or other trespass into or upon the Premises, regardless of whether or not such entry and damage is caused by the negligence or fault of Tenant or occurs during or after business hours. If Tenant fails, refuses or neglects to properly maintain the Premises or to commence or complete any of the repairs or replacements required to be made by Tenant hereunder promptly and adequately, Landlord may, in addition to any other remedy Landlord may have, but shall not be required to, make or complete said maintenance, repairs or replacements and Tenant shall pay the cost and expense thereof, plus an administrative charge of fifteen percent thereof, to Landlord upon demand as Additional Rent.

ARTICLE VII. COMMON AREA EXPENSES AND REAL ESTATE TAXES

Section 7.1 - Definitions:

For the purpose of this Lease, the following terms shall have the following meanings:

(a) "Adjusted Date" means the Term Commencement Date and any January 1 thereafter during the Term.

(b) "Adjusted Year" means any calendar year during the Term. The first Adjustment Year is the calendar year in which the Term Commencement Date falls.

(c) "Common Area Expenses" means the total costs and expenses incurred in operating, managing, repairing, replacing, maintaining, insuring, equipping, lighting, and providing sanitation and sewer, security, snow and ice removal and other services to the Shopping Center which are attributable to the Shopping Center. Common Area Expenses shall include, but not be limited to, the following costs and expenses: (i) gas, electricity, water, sewer and other utility charges (including surcharges) of whatever nature, (ii) building personnel costs, including, but not limited to, salaries, wages, employment taxes, fringe benefits and other direct and indirect costs of engineers, superintendents, watchmen, porters and any other building personnel, (iii) costs of service and maintenance contracts, including, but not limited to, chillers, boilers, controls, windows, janitorial and general cleaning, security services, and management fees, (iv) all other maintenance and repair expenses (including those payable by Landlord under Section 6.1 hereof) and supplies which may be deductible for such calendar year in computing Federal income tax liability, (v) any other costs and expenses incurred by Landlord in operating the Shopping Center, (vi) the cost of any additional services not provided to the Shopping Center at the Term Commencement Date but thereafter provided by Landlord in the prudent management of the Shopping Center, (vii) the cost of any capital improvements which are made by Landlord after completion of initial construction of the Shopping Center and, provided, however, that the cost of each such capital improvements, together with any financing charges incurred in connection

therewith, shall be amortized and/or depreciated over the useful life thereof and only that portion thereof attributable to such calendar year shall be included in the Common Area Expenses for such calendar year, (viii) deposits into reserve accounts for capital improvements, (ix) the expenses associated with costs, repair, replacement and maintenance of the roofs, curbs, gutters, sidewalks and paved areas of the Shopping Center, (x) landscaping costs, (xi) snow and ice removal costs, (xii) any expenses due under any declarations or reciprocal easement and operating agreements, and (xiii) an administrative fee equal to fifteen percent (15%) of Common Area Expenses, exclusive of the administrative fee and (xiv) the costs of insurance required of Landlord under Section 8.1. Common Area Expenses shall not include (aa) principal payments or interest payments on any mortgages, deeds of trust or other financing encumbrances, (bb) leasing commissions payable by Landlord, or (cc) deductions for depreciation of the initial buildings and improvements constituting the Shopping Center as shown on attached Exhibit A. If the Shopping Center is not fully leased and occupied during all or any portion of any Adjustment Year, Landlord will make an adjustment to the actual amount of Common Area Expenses for such Adjustment Year to reflect the amount of Common Area Expenses which would have been paid or incurred by Landlord if the Shopping Center had been fully leased and occupied. Such adjusted amount shall be deemed to be the amount of Common Area Expenses for such Adjustment Year. Such adjustment will be determined in accordance with Landlord's method of accounting as provided in clause (d) of Section 7.2 and Landlord's management principles consistently applied. If any expense so paid in one (1) year relates to more than one (1) calendar year, then at the option of Landlord, such expense may be proportionately allocated among such related calendar years.

(d) "Taxes" means the total of all taxes and assessments, general and special, ordinary and extraordinary, real and/or personal, foreseen and unforeseen, including assessments for public improvements and betterments, levied, assessed, imposed and/or paid during each calendar year with respect to the land and improvements included within the Shopping Center, any tax or surcharge of any kind or nature with respect to the parking areas or the number of parking spaces in the Shopping Center and, if applicable, any tax on rents and receipts. Landlord and Tenant acknowledge and agree that certain taxes, assessments, fees, levies and charges may be imposed by governmental agencies for certain services including, but not limited to, fire protection, street, sidewalk and road maintenance, refuse removal and other governmental services or as a result of special service districts formed by Landlord and other property owners to provide services in addition to or in lieu of government services and that all taxes, assessments, fees, levies and charges for such service, shall be included within the definition of Taxes for the purposes of this Lease. If at any time during the Term of this Lease, the present method of taxation shall be changed so that in lieu of or in addition to the whole or any part of any Taxes imposed on real estate and the improvements thereon or upon any personality used in connection therewith or upon the collection of rents or other sums due hereunder, there shall be imposed on Landlord a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents for the present or any future building or buildings in the Shopping Center, then all such taxes, assessments, levies or charges, or the part thereof so measured or based, shall be deemed to be included within the definition of Taxes for the purposes hereof. If the Shopping Center is not fully leased and occupied during all or any portion of any Adjustment Year, Landlord will make an adjustment to the actual amount of Taxes for such Adjustment Year to reflect the amount of Taxes which would have been paid or incurred by Landlord if the Shopping Center had been fully assessed at 100% occupancy. Such adjusted amount shall be deemed to be the amount of Taxes for such Adjustment Year. There shall be deducted from Taxes as determined for any Adjustment Year the net amount of any refund of taxes received by Landlord during such Adjustment Year. There shall be included in Taxes for any Adjustment Year the amount of all reasonable fees, costs and expenses (including, without limitation, fees and expenses of attorneys, consultants and appraisers) paid or incurred by Landlord for such Adjustment Year in seeking, negotiating or obtaining any refund or reduction of Taxes. If a special assessment payable in installments is levied against the Shopping Center or any part thereof, Taxes for any Adjustment Year shall include only the installments of such special assessment, and any interest thereon, payable with respect to such Adjustment Year. Taxes shall not include any federal or state franchise, capital stock, inheritance, income or estate, succession, transfer and gift taxes, except that if a change occurs in the method of taxation resulting in the substitution or addition of any such taxes, assessments, fees or other charges for any Taxes or increases in Taxes as hereinabove defined, such substituted or additional taxes, assessments, fees or other charges shall be included in Taxes, including without limitation, any tax, assessment, fee or charge imposed upon Landlord measured in whole or in part upon the rents or other income of the Property or with respect to the use of sewers, water or other utilities serving the Property, or with respect to any business conducted on the Property or the number of parking spaces thereon.

(c) "Tenant's Proportionate Share" means the ratio (expressed as a percentage to the nearest 1/100th of a percent) that the rentable square footage of the Premises bears to the total rentable square footage of the Shopping Center for the applicable billing period.

Section 7.2 – Additional Rent for Common Area Expenses and Taxes:

(a) Tenant shall also pay, as additional Rent, to Landlord, in advance and without demand, promptly on the first day of each and every calendar month during each Adjustment Year, an amount equal to the aggregate of (1) 1/12th of the Tenant's Proportionate Share of (1) Common Area Expenses and (2) Taxes.

(b) For purposes of calculating such additional Rent for any Adjustment Year, Landlord may make reasonable estimates or projections (collectively, the "Projections") of Taxes and Common Area Expenses for such Adjustment Year. Not less than ten (10) days prior to each Adjustment Date, Landlord shall deliver to Tenant a written statement (the "Projection Statement") (1) setting forth the Projections of Common Area Expenses and Taxes for the Adjustment Year in which such Adjustment Date falls and (2) the additional Rent payable in such Adjustment Year based on the Projections; provided, however, that the failure by Landlord to provide a Projection Statement shall not relieve Tenant from its obligation to continue to pay Monthly Minimum Rent or additional Rent at the rate then in effect under this Lease, and if and when Tenant receives a Projection Statement from Landlord, Tenant shall pay the full amount of any increases in additional Rent reflected thereby, effective retroactively to the most recent preceding Adjustment Date and pay the additional Rent required by the Projection Statement beginning on the first day of the following calendar month.

(c) As soon as practicable, but not later than ninety (90) days, after each Adjustment Year, Landlord shall notify Tenant, in writing of the actual amount of Common Area Expenses and Taxes for such Adjustment Year (the "Adjustment Statement"). If such actual amounts exceed the Projections for such Adjustment Year, then Tenant shall, within thirty (30) days after notification of the Adjustment Statement, pay to Landlord an amount equal to the difference between the amount of the additional Rent based on the Projection Statement and the amount of the additional Rent based on the Adjustment Statement. The obligation to make such payments shall survive the expiration or earlier termination of the Term. If the amount paid by Tenant pursuant to the Projection Statement during such Adjustment Year exceeds the amount payable for such Adjustment Year based upon Common Area Expenses and Taxes incurred for such Adjustment Year, then Landlord shall credit such excess to additional Rent next payable after the date of Landlord's notice until such excess has been exhausted, or if this Lease shall expire prior to full application of such excess, Landlord shall pay to Tenant the balance thereof not theretofore applied against Rent within thirty (30) days after the date of expiration of this Lease. No interest or penalties shall accrue on any amounts which Landlord is obligated to credit or pay to Tenant by reason of this subparagraph 2(d).

(d) Landlord agrees to keep books and records reflecting Common Area Expenses and Taxes in accordance with generally accepted accounting principles adapted to real estate and consistently applied, as recognized and approved by a reputable public accounting firm retained by Landlord. Landlord shall have the right for a period of twelve (12) months after rendering any Adjustment Statement (or such additional period as may be necessary in order to ascertain relevant facts) to render a corrected statement or corrected statements of actual Expenses and Taxes (the "Correction Statement"). If Tenant disputes any item or category shown on any Projection Statement, Adjustment Statement or Correction Statement, then (1) Tenant shall not be relieved of its immediate obligation to pay any amounts due or to become due pursuant to any such statement, but Tenant may pay said amounts under written protest and (2) if such dispute is not resolved by agreement between Landlord and Tenant, the decision of a reputable public accounting firm selected by Landlord (the "reviewing firm"), other than the public accounting firm then retained by Landlord to keep its books and records pursuant to this clause (d) of Section 7.2, shall be final and conclusively binding upon the parties. Any adjustment resulting from agreement between the parties or from the decision or review of the reviewing firm shall be treated in the manner set forth above in this clause (d) of Section 7.2 in connection with reconciliation between the Projection Statement and the Adjustment Statement for any Adjustment Year. The expenses of the reviewing firm shall be paid by Landlord if its statement is varied by more than five percent (5%) by the reviewing firm. Otherwise, Tenant shall pay said expenses.

Section 7.3 – Estimates of Expenses and Increases in Common Area Expenses:

Landlord estimates, but shall not be bound or liable in any way to or for its estimate, that for the first full Adjustment Year, the Common Area Expenses, exclusive of insurance, will approximate \$2.50 per square foot, Taxes will approximate \$7.50 per square foot and the insurance charge that is to be maintained under Section 8.1 will approximate \$.30 per square foot for a total approximate charge of \$10.30 per square foot per year. Tenant shall pay Tenant's Proportionate Share of Common Area Expenses incurred by Landlord during the first full Adjustment Year and any prior Adjustment Year.

ARTICLE VIII. INSURANCE

Section 8.1 - Landlord's Obligations:

(a) Landlord shall obtain and maintain during the Term of this Lease, fire and extended coverage insurance, insuring against all reasonable perils and liabilities, for one hundred percent (100%) of the replacement value of the Shopping Center. Such insurance shall be issued by an insurance company licensed to do business in the jurisdiction in which the Shopping Center is located.

(b) Landlord shall obtain and maintain during the Term of this Lease, comprehensive general liability insurance covering the Common Areas, which policy is to be in the minimum amount of Two Million Dollars (\$2,000,000.00) with respect to any one person, in the minimum amount of Two Million Dollars (\$2,000,000.00) with respect to any one accident, and in the minimum amount of Three Hundred Thousand Dollars (\$300,000.00) with respect to property damage. Landlord may also obtain an umbrella insurance policy, business interruption coverage, and such other policies and/or coverages as determined by Landlord.

Section 8.2 - Tenant's Obligations:

(a) Tenant, at Tenant's sole cost and expense, shall obtain and maintain for the Term of this Lease, insurance policies providing the following coverage: (i) Tenant's fixtures, equipment, furnishings, merchandise and other contents in the Premises, for the full replacement value of said items regardless of cause or peril, (ii) one (1) full year Minimum Rent and business income coverage, (iii) all perils included in the classification "all-risk property insurance coverage" under insurance industry practices in effect from time to time in the jurisdiction in which the Shopping Center is located, (iv) plate glass insurance, (v) comprehensive general liability insurance naming Landlord, any mortgagee and master lessor as additional insureds, which policy is to be in the minimum amount of Two Million Dollars (\$2,000,000.00) with respect to any one person, in the minimum amount of Two Million Dollars (\$2,000,000.00) with respect to any one accident, and in the minimum amount of Three Hundred Thousand Dollars (\$300,000.00) with respect to property damage, (vi) product liability insurance for merchandise offered for sale or rental from the Premises, including (if this Lease covers Premises in which food and/or beverages are sold and/or consumed) liquor liability coverage (if applicable to Tenant's business) and coverage for liability arising out of the consumption of food and/or alcoholic beverages on or obtained at the Premises, of not less than Two Million Dollars (\$2,000,000) per occurrence for personal injury and death and property damage; and (vii) workers' compensation coverage as required by law. The minimum limits hereinbefore set forth may, at Landlord's option, be increased from time to time. Tenant shall deliver to Landlord certificates of insurance, or certified copies of each such policy prior to occupancy of the Premises. Neither the issuance of any insurance policy required hereunder, nor the minimum limits specified herein with respect to Tenant's insurance coverage, shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease. With respect to each and every one of the insurance policies herein required to be procured by Tenant, on or before the commencement of Tenant's Work and before any such insurance policy shall expire, Tenant shall deliver to Landlord a duplicate original or certified copy of each such policy or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required by this Section and containing provisions specified herein, together with evidence of payment of all applicable premiums.

(b) Each of the policies described in this Section 8.2 shall: (i) be reasonably acceptable to Landlord in form and content, (ii) contain, if applicable, an express waiver of any right of subrogation by the insurance company against Landlord, Landlord's agents and employees, and mortgagees and ground lessors, (iii) contain a provision that

it shall not be canceled and shall continue in full force and effect, unless Landlord has received at least thirty (30) days prior written notice of such cancellation or termination, and (iv) not be materially changed without at least thirty (30) days prior written notice to Landlord.

(c) Tenant shall not permit to be done any act which will invalidate or be in conflict with Landlord's insurance policies covering the Shopping Center or any other insurance referred to in this Lease. Tenant will promptly comply with all rules and regulations relating to such policies. If the acts of Tenant or its employees or agents shall increase the rate of insurance referred to in this Lease, such increases shall be immediately paid by Tenant as Additional Rent.

Section 8.3 - Covenants to Hold Harmless:

(a) Landlord and Tenant each hereby release and waive all rights of subrogation against the other, its officers, directors, employees and agents from any and all liability or responsibility for any loss or damage to property covered by valid and collectible fire insurance with standard and extended coverage endorsement, or required to be carried hereunder, even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible. Tenant agrees to pay the increased insurance cost, if any, resulting from such release.

(b) Tenant hereby indemnifies and agrees to save harmless Landlord, Landlord's officers, directors, employees, and agents, and any mortgagee and master lessor of the Shopping Center and all Major Tenants (collectively, "the Protected Parties"), from and against all claims, losses, liabilities, damages, and expenses (including but not limited to attorneys' fees and expenses) that arise within the Premises or that arise from or in connection with (i) the possession, use, occupation, management, repairs, maintenance or control of the Premises, or any portion thereof, and any sidewalks adjoining same, (ii) any act or omission of Tenant, its employees, agents, contractors, licensees, or invitees, or (iii) any violation, breach, or default of this Lease by Tenant. Tenant shall, at its own cost and expense, defend any and all actions which may be brought against any of the Protected Parties with respect to the foregoing. Tenant shall pay, satisfy and discharge any and all judgments, orders and decrees which may be recovered against any of the Protected Parties in connection with the foregoing.

(c) Tenant and all those claiming by, through or under Tenant shall store their property in and shall occupy and use the Premises and any improvements therein and appurtenances thereto and all other portions of the Shopping Center complex solely at their own risk and Tenant and those claiming by, through or under Tenant hereby release Landlord, to the full extent permitted by law, from all claims of every kind, including loss of life, personal or bodily injury, damage to merchandise, equipment, fixtures or other property, or damage to business or for business interruption arising directly or indirectly out of or from or on account of such occupancy and use resulting from any present or future condition or state of repair thereof. Notwithstanding anything in this Section 8.3 to the contrary (but subject to the waiver of subrogation provisions set forth in Section 8.3(a)), Landlord shall be responsible for any and all damages or bodily injuries resulting from the negligence or intentional misconduct of Landlord or its members, agents, or employees.

(d) Landlord shall not be responsible or liable at any time to Tenant, or to those claiming by, through or under Tenant, for any loss of life, bodily or personal injury, or damage to property or business, or for business interruption, that may be occasioned by or through the acts, omissions or negligence of any other persons, or any other tenants or occupants of any portion of the Shopping Center.

(e) Landlord shall not be responsible or liable at any time for any defects, latent or otherwise, in any buildings or improvements in the Shopping Center, including the Premises, or any of the equipment, machinery, utilities, appliances or apparatus therein, nor shall Landlord be responsible or liable at any time for loss of life, injury or damage to any person or to any property or business of Tenant, or those claiming by, through or under Tenant, caused by or resulting from the bursting, breaking, leaking, running, seeping, overflowing or backing up of water, steam, gas, sewage, snow or ice in any part of the Premises or caused by or resulting from acts of God or the elements, or resulting from any defect or negligence in the occupancy, construction, operation or use of any buildings or improvements in the Shopping Center, including the Premises, or any of the equipment, fixtures, machinery, appliances or apparatus therein.

Section 8.4 - Liability of Landlord to Tenant:

Except with respect to any damages resulting from the negligence or intentional misconduct of Landlord, its agents or employees or with respect to the presence, discharge or release of any Hazardous Materials in or about the Premises prior to the Delivery Date, Landlord shall not be liable to Tenant, its agents, employees or customers, for any damage, loss, compensation, accident or claims whatsoever.

ARTICLE IX. DESTRUCTION OF PREMISES

Section 9.1 - Continuance of Lease:

In the event the Premises shall be partially or totally destroyed by fire or other casualty insured under the provisions of Section 8.1 above, so as to become partially or totally untenable, then the damage to the Premises shall be promptly repaired, unless Landlord shall elect not to rebuild or repair as hereafter set forth. Until such time as this Lease is terminated as set forth in this Section 9.1 (if applicable), Minimum Rent shall be abated in proportion to the amount of the Premises rendered untenable until so repaired. In no event shall Landlord be required to repair or replace Tenant's merchandise, trade fixtures, furnishings or equipment. If more than twenty-five percent (25%) of the Premises or of the floor area of the Shopping Center shall be damaged or destroyed by fire or other casualty, then Landlord may elect that the Shopping Center and/or the Premises, as the case may be, be repaired or rebuilt or, at its sole discretion, terminate this Lease by giving written notice to Tenant of its election to so terminate, such notice to be given within ninety (90) days after the occurrence of such damage or destruction. If Landlord is required or elects to repair or rebuild the Premises as herein provided, Tenant shall repair or replace its merchandise, trade fixtures, furnishings and equipment in a manner and to at least a condition equal to that immediately prior to its damage or destruction. If such repair will not be completed within one hundred and fifty (150) days of the date of destruction, Tenant may terminate this Lease upon written notice to Landlord.

Section 9.2 - Reconstruction; Rent Abatement:

If all or any portion of the Premises is damaged by fire or other casualty and this Lease is not terminated in accordance with the above provision, then all insurance proceeds however recovered shall be made available for payment of the cost of repair, replacing and rebuilding. Landlord shall use the proceeds from the insurance as set forth herein to repair or rebuild the Premises to its condition as on the Delivery Date, and Tenant shall, using the proceeds from the insurance provided for in Section 8.3, repair, restore, replace or rebuild that portion of the Premises constituting Tenant's Work as defined herein together with any additional improvements installed by Tenant, such that the Premises shall be restored to its condition as of immediately prior to the occurrence of such casualty. All of the aforesaid Tenant's insurance proceeds shall be deposited in escrow and shall be disbursed as work on repair, replacement or restoration progresses upon the certification of Landlord's architect that the balance in the escrow fund is sufficient to pay the estimated costs of completing the repair and restoration. If Tenant's insurance proceeds shall be less than Tenant's obligation hereunder, Tenant shall pay the entire excess cost. Minimum Rent, which is payable hereunder during the existence of such damage and until such repair or rebuilding is substantially completed by Landlord, shall be equitably abated. Equitable abatement shall terminate upon the earlier of the date upon which Tenant commences to use substantially all of the Premises for business with the public or the date upon which Landlord substantially completes its repair or rebuilding work.

ARTICLE X. CONDEMNATION

Section 10 - Eminent Domain:

If twenty-five percent (25%) or more of the Premises shall be taken or condemned by any competent government authority, then either party may elect to terminate this Lease by giving notice to the other party not more than sixty (60) days after the date of which such title shall vest in the authority. If the parking facilities are reduced below the minimum parking requirements imposed by the applicable authorities, Landlord may elect to

terminate this Lease by giving Tenant notice within one hundred twenty (120) days after such taking. In the case of any taking or condemnation, whether or not the Term of this Lease shall cease and terminate, the entire award shall be the property of Landlord; provided, however, Tenant shall be entitled to any award as may be allowed for fixtures and other equipment which under the terms of this Lease would not have become the property of Landlord; further provided, that any such award to Tenant shall not be in diminution of any award to Landlord.

ARTICLE XI. ASSIGNING, SUBLETTING AND ENCUMBERING LEASE

Section 11.1 - Assigning, Subletting and Encumbering Lease:

(a) Tenant shall not, without Landlord's prior written consent, which Landlord may withhold in its sole discretion (whose approval shall not be unreasonably withheld), (i) assign or otherwise transfer, or mortgage or otherwise encumber, this Lease or any of its rights hereunder, (ii) sublet the Premises or any part thereof, or permit the use of the Premises or any part thereof by any persons other than Tenant or its agents, or (iii) permit the assignment or other transfer of this Lease or any of Tenant's rights hereunder by operation of law. Any attempted or purported transfer, assignment, mortgaging or encumbering of this Lease or any of Tenant's interest hereunder and any attempted or purported subletting or grant of a right to use or occupy all or a portion of the Premises in violation of the foregoing sentence shall be null and void and shall not confer any rights upon any purported transferee, assignee, mortgagee, sublessee or occupant. Notwithstanding the foregoing, upon written notice to Landlord, Tenant may: (a) sublease a portion of the Premises to Lakeside Nephrology, Ltd., (b) sublease a portion of the Premises or assign this Lease to a subsidiary or affiliate of Tenant or (c) assign this Lease to an entity that acquires substantially all of the assets or stock of Tenant, subject to the provisions of this Lease.

(b) In the event Tenant desires to assign or transfer this Lease, or sublet (or permit occupancy or use of) the Premises, or any part thereof, Tenant shall give Landlord sixty (60) days prior written notice of Tenant's intention to so assign or transfer or sublet all or any part of the Premises. For sixty (60) days following receipt of said notice, Landlord shall have the right, exercisable by sending written notice to Tenant, to (i) refuse to permit such assignment, sublet or transfer, (ii) terminate this Lease, or (iii) sublet from Tenant for the balance of the Term of this Lease, (aa) all of the Premises in the event Tenant notified Landlord of its intention to assign or transfer this Lease, or (bb) only so much of the Premises as Tenant intends to sublet in the event Tenant notified Landlord of its intention to sublet the Premises or a portion thereof, at the same rent per square foot Tenant is obligated to pay to Landlord hereunder. Tenant may assign or transfer this Lease, or sublet such space if Tenant has obtained the prior written consent of Landlord. In the event Tenant is in Default hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant of Tenant and hereby authorizes each such subtenant to pay said rent directly to Landlord. The consent by Landlord to any assignment, transfer or subletting to any party shall not be construed as a waiver or release of Tenant under the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any such assignee, transferee, subtenant or occupant constitute a waiver or release of Tenant of any covenant or obligation contained in this Lease, nor shall any such assignment, transfer or subletting be construed to relieve Tenant from giving Landlord said sixty (60) days notice or from obtaining the consent in writing of Landlord to any further assignment, transfer or subletting.

(c) In the event Landlord does not exercise its right to have all or a portion of the Premises, as the case may be, subleased or assigned to it but gives Tenant its written consent to assign, transfer or sublet all or a portion of the Premises to a third party, any monthly rent or other payment accruing to Tenant as the result of any such assignment, transfer, or sublease, including any lump sum or periodic payment in any manner relating to such assignment, transfer or sublease, which is in excess of the rent then payable by Tenant under this Lease shall be paid by Tenant to Landlord monthly as Additional Rent. Landlord may require a certificate from Tenant specifying the full amount of any such payment of whatsoever nature.

(d) Any costs and expenses, including attorneys' fees (which shall include the cost of any time expended by Landlord's in-house counsel) incurred by Landlord in connection with any proposed or purported assignment, transfer or sublease shall be borne by Tenant and shall be payable to Landlord as Additional Rent.

ARTICLE XII. SUBORDINATION AND FINANCING

Section 12.1 - Subordination:

This Lease and Tenant's tenancy hereunder shall be subject and subordinate at all times to the lien of any mortgage or deed of trust now or hereafter placed upon the interest of Landlord and the Premises, and to any renewals, modifications, consolidations, replacements or extensions thereof. The foregoing provision shall be self-operative and no further instrument shall be required to effect such subordination, but Tenant agrees to execute and deliver within twenty days of request such instruments as may be desired by Landlord or by any mortgagee or trustee subordinating this Lease to the lien of any present or future mortgage or deed of trust, or as may be otherwise required to carry out the intent of this Section. Such subordination agreement shall be in the form attached hereto as Exhibit F or in such other form as required by Landlord or mortgagee. Tenant hereby appoints Landlord its attorney-in-fact, irrevocably, to execute and deliver any such instrument of Tenant. Tenant also agrees that any mortgagee or trustee may elect to have this Lease a prior lien to its mortgage or deed of trust, and in the event of such election, and upon notification by such mortgagee or trustee to Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust.

Section 12.2 - Attornment:

If, and so long as this Lease is in full force and effect, then at the option of the mortgagee: (a) this Lease shall remain in full force, notwithstanding (i) a default under the mortgage by Landlord, (ii) failure of Landlord to comply with this Lease, (iii) a defense to which Tenant might be entitled against Landlord under this Lease, or (iv) any bankruptcy or similar proceedings with respect to Landlord, (b) if any such mortgagee shall become possessed of the Premises, Tenant shall be obligated to such mortgagee to pay to it the rentals and other charges due hereunder and to thereafter comply with all the terms of this Lease, and (c) if any mortgagee or purchaser, at a private or public sale shall become possessed of the Premises, Tenant shall, without charge, attorn to such mortgagee or purchaser as its landlord under this Lease. Tenant agrees that in the event Landlord is in default under this Lease, any mortgagee or trustee under a deed of trust of Landlord's interest in the Premises shall be permitted (but not required) to enter the Premises for the purpose of correcting or remedying such default, and Tenant agrees to accept performance by such mortgagee or trustee in lieu of performance by Landlord. Tenant further agrees that, from and after written notice from Landlord of the name and address of any mortgagee or trustee, Tenant will contemporaneously deliver notice to any such mortgagee or trustee of a default by Landlord under this Lease. Notwithstanding any provision of this Lease, Tenant agrees that no termination of this Lease or abatement or reduction of rent or any other amounts under this Lease shall be effective unless and until such mortgagee or trustee has received notice and fails within thirty days of the later of (i) the date on which Landlord's cure period expires to cure the default of Landlord in question, or if the default cannot be cured within said thirty days, fails to commence and diligently prosecute the cure of such default or (ii) the date on which such lender received such notice.

Section 12.3 - Estoppel:

From time to time and upon five days notice, Tenant agrees to execute and deliver a written acceptance/estoppel certificate in the form attached hereto as Exhibit G, confirming that Tenant has accepted the Premises and such other facts relative to this Lease as Landlord or any mortgagee of the Shopping Center may request to be confirmed. If Tenant fails to execute such certificate, Tenant hereby appoints Landlord as its attorney-in-fact, irrevocably, to execute and deliver such certificate for Tenant, or Landlord may elect to terminate this Lease. Tenant agrees that any such certificate delivered pursuant to this section may be relied upon by any prospective purchaser, mortgagee or assignee of any mortgagee of the Shopping Center.

Section 12.4 – Unrelated Business Taxable Income:

If at any time and from time to time during the term of this Lease, Landlord is advised by its counsel or counsel to a tax exempt member of the managing member of Landlord that any provision of this Lease, including without limitation the provisions relating to the payment of Rent and Additional Rent, or the absence of any provision might give rise to unrelated business taxable income within the meaning of sections 512 of the Internal Revenue Code of 1986, as amended, or the regulations issued thereunder, or may jeopardize the tax exempt status of any member in Landlord or any member in a limited liability company that is a member in Landlord, or may prevent any such partner from obtaining such tax-exempt status, then this Lease may be unilaterally amended by Landlord in such manner to meet the requirements specified by counsel for Landlord and Tenant agrees that it will execute all documents or instruments necessary to effect such amendments, provided that no such amendment shall result on an estimated basis in Tenant having to pay in the aggregate more on account of its occupancy of the Premises than it would be required to pay under the terms of this Lease, or having to receive fewer services or services of lesser quality than it is presently entitled to receive under this Lease.

ARTICLE XIII. DEFAULTS

Section 13.1 - Events of Default:

If any one or more of the following events occur, said event or events shall hereby be classified as a "Default":

(a) Tenant fails to pay Minimum Rent, Additional Rent or any other charges required to be paid by Tenant when same shall become due and payable, and such failure continues for ten (10) days;

(b) Tenant fails to perform or observe any terms and conditions of this Lease, and such failure shall continue for thirty (30) days after written notice from Landlord; provided, however, that if the term, condition, covenant or obligation to be performed by Tenant is of such nature that the same cannot reasonably be performed within such thirty (30) day period, such default shall be deemed to have been cured if Tenant commences such performance within said thirty (30) day period and thereafter diligently undertakes to complete and does complete the same

(c) Tenant refuses to take possession of the Premises at the Delivery Date, or fails to open its doors for business on the Term Commencement Date as required herein, vacates the Premises and permits the same to remain unoccupied and unattended or substantially ceases to carry on its normal activities in the Premises; or

(d) Tenant fails to conduct its business for the use and under the trade name as set forth in Section 4.1, or fails to continuously operate as set forth in Section 4.2.

Section 13.2 - Landlord's Remedies:

If a Default shall occur, then Landlord may pursue any or all of the following:

(a) Landlord may terminate this Lease by giving five days written notice of such termination to Tenant, whereupon this Lease shall automatically cease and terminate and Tenant shall be immediately obligated to quit the Premises. Any other notice to quit or notice of Landlord's intention to reenter the Premises is hereby expressly waived. If Landlord elects to terminate this Lease, everything contained in this Lease on the part of Landlord to be done and performed shall cease without prejudice, subject, however, to the right of Landlord to recover from Tenant all rent and any other sums accrued up to the time of termination or recovery of possession by Landlord, whichever is later, plus all other losses or damages to such default.

(b) Landlord may terminate Tenant's right to possession without terminating this Lease. Upon any termination of Tenant's right to possession (regardless of whether the Lease shall be terminated), Tenant shall surrender possession and vacate the Premises immediately, and remove Tenant's property as provided herein and deliver possession of the Premises to Landlord. Tenant hereby grants to Landlord full and free license to enter into the Premises in such event with or without process of law, and to repossess Landlord of the Premises as of Landlord's former estate, and to expel or remove Tenant and, at Tenant's expense, any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction, forcible entry or detainer, or conversion of property, and without relinquishing Landlord's rights to rent or any other rights given to Landlord hereunder, or by law.

If the Landlord elects to terminate Tenant's right to possession only without terminating the Lease, Landlord may, at Landlord's option, enter into Premises, remove Tenant's signs and other evidence of tenancy, and take and hold possession thereof without such entry and possession terminating this Lease or releasing Tenant, in whole or in part, from Tenant's obligations to pay the rent reserved herein and Tenant's other obligations hereunder for the full Term.

(c) Landlord may proceed to recover possession of the Premises under and by virtue of the provisions of the laws of the jurisdiction in which the Shopping Center is located, or by such other proceedings, including reentry and possession, as may be applicable.

(d) If this Lease or Tenant's right of possession shall be terminated before the expiration of the Term of this Lease by reason of Default, or if Tenant shall abandon or vacate the Premises before the expiration or termination of the Term of this Lease without having paid the full rental for the remainder of such Term, then at the time of such termination or abandonment Tenant shall be liable for all damages sustained by Landlord, including, without limitation, all rent through the remainder of the Term of this Lease (net of any rent amounts received from a subsequent tenant), including Minimum Rent, and Additional Rent and reasonable attorneys' fees and expenses. Furthermore, Landlord shall have the option to relet the Premises for such rent and upon such terms as are not unreasonable under the circumstances, and Tenant shall be liable for all damages sustained by Landlord in reletting or attempting to relet the Premises, including, without limitation, brokerage fees and expenses of placing the Premises in first class rentable condition. Landlord, in putting the Premises in good order or preparing the same for rental may, at Landlord's option, make such alterations, repairs or replacements in the Premises as Landlord, in its sole judgment, considers advisable and necessary for the purpose of reletting the Premises, and the making of such alterations, repairs or replacements shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord shall in no event be liable in any way whatsoever for failure to relet the Premises, or in the event that the Premises are relet, for failure to collect the rent under such reletting, and in no event shall Tenant be entitled to receive the excess, if any, of such net rent collected over the sums payable by Tenant to Landlord hereunder.

(e) If Tenant shall be in Default, Landlord shall have the option, upon ten days written notice to Tenant, to cure said Default for the account of and at the expense of Tenant. No such notice shall be required for emergency repairs.

(f) Any damage or loss of rent sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive reletting, or at Landlord's option in a single proceeding deferred until the expiration of the Term of this Lease (in which event Tenant hereby agrees that the cause of action shall not be deemed to have accrued until the date of expiration of said Term) or in a single proceeding prior to either the time of reletting or the expiration of the Term of this Lease.

(g) Any and all property of Tenant which may be removed from the Premises by Landlord pursuant to the authority of this Lease or by law may be handled, removed or stored in a commercial warehouse or otherwise by 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, for so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not removed from the Premises when required or any of Tenant's property removed from the Premises by Landlord and stored which is not retaken from storage by Tenant within thirty days shall be conclusively deemed to have been forever abandoned by Tenant, title thereto shall be deemed transferred to Landlord with this Lease serving as a bill of sale for such purpose and Landlord may dispose of the same in such manner as Landlord shall choose, but such disposal shall not relieve Tenant of the obligation to reimburse Landlord for the cost of removal, storage and disposition of such property.

(h) Nothing contained herein shall prevent the enforcement of any claim Landlord may have against Tenant for anticipatory breach by Tenant of any of the covenants or provisions hereof. Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if reentry, summary proceedings and other remedies were not provided for herein. Mention in this Lease of any particular remedy shall not preclude Landlord from any other remedy, in law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or other use.

Section 13.3 - Additional Remedies and Waivers:

The rights and remedies of Landlord set forth herein shall be in addition to any other right and remedy now or hereafter provided by law or equity and all such rights and remedies shall be cumulative. No action or inaction by Landlord shall constitute a waiver of a Default and no waiver of Default shall be effective unless it is in writing, signed by Landlord.

Section 13.4 - Default by Landlord:

Landlord shall in no event be charged with a default hereunder unless Landlord shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days after written notice thereof from Tenant; provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is of such nature that the same cannot reasonably be performed within such thirty (30) day period, such default shall be deemed to have been cured if Landlord commences such performance within said thirty (30) day period and thereafter diligently undertakes to complete and does complete the same.

ARTICLE XIV. BANKRUPTCY OR INSOLVENCY

Section 14.1 - Tenant's Interest Not Transferable:

Neither Tenant's interest in this Lease, nor any interest therein of Tenant nor any estate hereby created in Tenant shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law.

Section 14.2 - Landlord's Option to Terminate:

In the event the estate created in Tenant hereby shall be taken, in execution or by other process of law, or if Tenant or its respective executors, administrators or assigns, if any, shall be adjudicated insolvent or bankrupt pursuant to the provisions of any state or federal insolvency or bankruptcy act, or if a receiver or trustee of the property of Tenant shall be appointed by reason of the insolvency or inability of Tenant to pay its debts, or if any assignment shall be made of the property of Tenant for the benefit of creditors, then and in any such events, Landlord may at its option terminate this Lease and all rights of Tenant hereunder, by giving to Tenant notice in writing of the election of Landlord to so terminate, in which event this Lease shall cease and terminate with the same force and effect as though the date set forth in said notice were the date originally set forth herein and fixed for the

expiration of the Term, and Tenant shall vacate and surrender the Premises but shall remain liable as herein provided.

Section 14.3 - Tenant's Obligation to Avoid Creditors' Proceedings:

Tenant shall not cause or give cause for the institution of legal proceedings seeking to have Tenant adjudicated bankrupt, reorganized or rearranged under the bankruptcy laws of the United States, and shall not cause or give cause for the appointment of a trustee or receiver for the assets of Tenant and shall not make any assignment for the benefit of creditors, or become or be adjudicated insolvent. The allowance of any petition under the bankruptcy law, or the appointment of a trustee or receiver of Tenant or its assets, shall be conclusive evidence that Tenant caused, or gave cause therefore, unless such allowance of the petition, or the appointment of a trustee or receiver, is vacated within thirty days after such allowance or appointment. Any act described in this Section 14.3 shall be deemed a material breach of Tenant's obligation hereunder, and upon such breach by Tenant, Landlord may, at its option and in addition to any other remedy available to Landlord, terminate this Lease and all rights of Tenant hereunder, by giving to Tenant notice in writing of the election of Landlord to so terminate.

Section 14.4 - Application of Bankruptcy Proceeds:

Notwithstanding anything to the contrary contained in this Article XIV, in the event, for any reason whatsoever, the interest of Tenant in this Lease is subject to assignment or sale by the Bankruptcy Court, then, and in that event, all proceeds of such sale or assignment shall be paid to Landlord and not to Tenant nor to the bankruptcy estate.

Section 14.5 - Bankruptcy:

(a) Neither Tenant's interest in this Lease, nor any estate hereby created in Tenant nor any interest herein or therein, shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law, except as may specifically be provided pursuant to the Bankruptcy Code (11 USC §101 et seq.), as the same may be amended from time to time.

(b) Rights and Obligations Under the Bankruptcy Code. (1) It is understood and agreed that this Lease is a lease of real property in a shopping center as such lease is described in Section 365 of the Bankruptcy Code, as the same may be amended from time to time. (2) Upon the filing of a petition by or against Tenant under the Bankruptcy Code, Tenant, as debtor and as debtor-in-possession, and any trustee who may be appointed with respect to the assets of or estate in bankruptcy of Tenant, agree to pay monthly in advance on the first day of each month, as reasonable compensation for the use and occupancy of the Premises, an amount equal to all Minimum Rent, Additional Rent and other charges otherwise due pursuant to this Lease. (3) Included within and in addition to any other conditions or obligations imposed upon Tenant or its successor in the event of the assumption and/or assignment of this Lease are the following: (i) the cure of any monetary defaults and reimbursement of pecuniary loss within not more than thirty days of assumption and/or assignment; (ii) the deposit of an additional sum equal to not less than three months' Minimum Rent and Additional Rent to be held by Landlord as a security deposit, which sum shall be determined by Landlord, in its sole discretion, to be a necessary deposit to secure the future performance under the Lease of Tenant or its assignee; (iii) the use of the Premises as set forth in Section 4.1 of this Lease and the quality, quantity and/or lines of merchandise, goods or services required to be offered for the sale are unchanged; and (iv) the prior written consent of any mortgagee to which this Lease has been assigned as collateral security. All sums due under this Lease, including without limitation, Minimum Rent, Taxes, Common Area Expenses, Insurance Charges, and Late Charges shall constitute Rent hereunder and for purposes of the Bankruptcy Code.

ARTICLE XV. RIGHT OF ACCESS

Section 15 - Right of Access:

Landlord may, upon prior notice to Tenant (except in the case of an emergency, in which case no such notice is required), enter upon the Premises for the purpose of inspecting, making repairs, replacements or alterations, and showing the Premises to prospective purchasers, lenders or lessees. During the last six months of the Term, Landlord shall have the right to display one or more "For Rent" signs on or about the Premises.

ARTICLE XVI. DELAYS

Section 16 - Delays:

If Landlord or Tenant is delayed from performing any of their respective obligations during the Term of this Lease because of acts of God or other cause beyond their control, then the period of such delays shall be deemed added to the time herein provided for the performance of any such obligation and the defaulting party shall not be liable for losses or damages caused by such delays; provided, however, that this Article shall not apply to the payment of any sums of money required to be paid by Tenant hereunder or any obligation of Landlord or Tenant that can be satisfied by the payment of money. Subject to the foregoing, time is of the essence with respect to all obligations to be performed by Tenant pursuant to the terms of this Lease.

ARTICLE XVII. END OF TERM

Section 17.1 - Return of Premises:

Upon the expiration or termination of this Lease, Tenant shall quit and surrender the Premises to Landlord, in good order, broom clean, normal wear and tear and acts of God excepted. Subject to the other terms of this Lease, Tenant shall, at its expense, remove all property of Tenant, all alterations to the Premises not wanted by Landlord and repair damage caused by such removal and return the Premises to the condition in which they were prior to the installation of the article so removed. Upon the expiration or termination of this Lease, Tenant shall execute and acknowledge a quit-claim deed to Tenant's interest in the Premises, in recordable form, in favor of Landlord ten days after written notice and demand therefor by Landlord, and Tenant hereby appoints Landlord its attorney-in-fact, irrevocably, to execute and deliver such quit claim deed.

Section 17.2 - Holding Over:

If Tenant fails to vacate the Premises at the expiration or termination of the Term or Tenant's right to possession of the Premises, then Tenant shall be a tenant-at-will and, in addition to all other damages and remedies to which Landlord may be entitled for such holding over, Tenant shall pay Landlord Rent for each month or part thereof that Tenant remains in possession during such period of holding over at a rate equal to 150% of the Rent payable for and during the last month of the Term. In addition to and not in limitation or derogation of Tenant's obligation to pay Rent as herein provided during such period of holding over, Tenant shall be responsible for all damages incurred or sustained by Landlord by reason of Tenant's holding over, together with all costs incurred by Landlord (including, without limitation, court costs and reasonable attorneys' fees and expenses) in connection with such holding over, provided, however, that Tenant shall not be subjected to any such damages, if Tenant shall vacate and surrender possession of the Premises within 30 days after delivery to Tenant of notice that Landlord has leased the Premises and requires possession thereof. Nothing contained in this paragraph 23, however, will be construed or operate as a waiver of Landlord's right of re-entry or any other right, remedy or power of Landlord under this Lease, at law or in equity. Any receipt of payment by Landlord shall not be deemed a consent by Landlord to Tenant's remaining in possession or be construed as creating or renewing any lease or right of tenancy between Landlord and Tenant.

ARTICLE XVIII. COVENANT OF QUIET ENJOYMENT

Section 18 - Covenant of Quiet Enjoyment:

Landlord covenants that if and so long as Tenant pays in full all the rent and all other charges provided for herein and performs all of its obligations provided for herein, then Tenant shall at all times during the Term hereof peacefully have, hold and enjoy the Premises, without any interruption or disturbance from Landlord, or anyone claiming through or under Landlord, subject to the terms hereof, and any mortgages to which this Lease is subordinate.

ARTICLE XIX. MISCELLANEOUS

Section 19.1 – Entire Agreement:

This Lease contains the entire agreement between the parties hereto, and all prior promises, agreements, conditions, undertakings, or warranties or representations, oral or written, are hereby merged into this Lease. There are no promises, agreements, conditions, undertakings, or warranties or representations, oral or written, between them other than as herein set forth. This Lease may be amended or added to only by an agreement in writing signed by the parties hereto or their respective successors in interest.

Section 19.2 - Notice:

(a) All notices, demands and other communications in this Lease provided to be given, made or sent by either party hereto to the other shall be in writing and shall be deemed to have been fully given, made or sent (i) on the day when made by personal service, (ii) on the second (2nd) day after being deposited in the United States Mail, Certified or Registered, and postage prepaid and properly addressed, (iii) on the day when sent by telecopy provided the original of such notice is deposited in the U.S. Mail on the day the telecopy is sent or (iv) on the next business day after being deposited with a recognized overnight delivery service prepaid for service guaranteeing overnight delivery as follows:

To Landlord: Canal/Taylor South, LLC
c/o JPS Interests
71 S. Wacker Drive, Suite 3535
Chicago, IL 60606
or such other address in the continental United State of America (exclusive of Alaska) as may hereafter be given to Tenant by Landlord in manner herein prescribed.

To Tenant: DSI Renal Inc.
511 Union Street, Suite 1800
Nashville, TN 37219
Attn: Jay A. Yalowitz
General Counsel
or such other address in the continental United States of America (exclusive of Alaska) as may hereafter be given to Landlord by Tenant in the manner herein prescribed.

If, by use of more than one mode of delivery, the same notice, demand or other communication is given on or at more than one date or time, then such notice, demand or other communication shall, for the purposes hereof, be deemed to have been given on or at the earlier or earliest of such dates or time. Either Landlord or Tenant may, by giving at least five (5) business days prior written notice in the above-prescribed manner to the other, designate another address in substitution of the foregoing address for delivery of notices, demands and other communications

(b) The delivery to parties or addresses, other than and in addition to Landlord or Tenant at the respective addresses specified in subsection 19.2(a), of copies of any notice, demand or other communication hereunder is merely an accommodation, as a courtesy to such parties, and is not necessary or required to make

effective the actual giving or receipt by Landlord or Tenant of any such notice, demand or other communication.

(c) Whenever Landlord is in default hereunder, Tenant shall give written notice thereof to the Landlord and to the mortgagee then of record on the Property, which, upon request, will be properly identified to Tenant.

Section 19.3 - Applicable Laws:

It is the intent of the parties hereto that all questions and/or disputes with respect to the construction of this Lease and the rights and the liabilities of the parties hereto shall be determined in accordance with the laws of the State in which the Shopping Center is located. Any and all such disputes shall be filed in a court of competent jurisdiction in the jurisdiction in which the Shopping Center is located.

Section 19.4 - Successors:

This Lease shall extend to, be binding upon and inure to the benefit of Landlord and its legal representatives, successors and assigns and shall extend to and be binding upon Tenant, its legal representatives, successors, and assigns and incur only to such successors and assigns of Tenant as permitted in Section 11.1.

Section 19.5 - Limitation of Liability:

There shall be no personal liability on Landlord, its officers, partners, members, employees, shareholders, agents, beneficiaries, or any successor in interest with respect to any provisions of this Lease, or amendments, modifications or renewals hereof. Tenant shall look solely to the then owner's equity in the Shopping Center for the satisfaction of any remedies of Tenant in the event of a breach by Landlord of any of its obligations hereunder.

Section 19.6 - Brokers:

Tenant and Landlord, each to the other, hereby represent and warrant that each such party ("indemnitor") has directly dealt with and only with Landlord's broker, Tartan Realty Group, Inc., in connection with this Lease and agrees to indemnify and hold the other party ("indemnitee") harmless from and against any and all claims, demands, damages, liabilities and expenses of any type or nature whatsoever arising (including without limitation, court costs and reasonable attorney's fees and expenses), which indemnitee may incur, suffer or sustain or for which indemnitee may become liable or obligated by reason of the incorrectness or breach of the aforesaid representation or warranty made by indemnitor. Landlord shall pay only one brokerage commission to Landlord's broker in accordance with a separate agreement between said brokers.

Section 19.7 - Landlord Assignment:

Landlord hereunder shall have the right to freely assign this Lease without notice to or consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, including a so-called sale-leaseback, the transferor shall be automatically relieved of any and all obligations on the part of Landlord accruing from and after the date of such transfer, upon assignment of the same to the transferee, provided that the interest of the transferor, as Landlord, in any funds then in the hands of Landlord in which Tenant has an interest shall be turned over, subject to such interest, to the then transferee and the transferee shall become liable commencing with the date of the assignment. Upon the termination of any Lease in a sale-leaseback transaction prior to termination of this Lease, the former lessee thereunder shall become and remain liable as Landlord hereunder until a further transfer. No holder of a mortgage or deed of trust to which this Lease is, or may be subordinate, shall be responsible in connection with the security deposited hereunder, unless such mortgagee or holder of such deed of trust of lessor shall have actually received the security deposited hereunder.

Section 19.8 - Relationship of the Parties:

The terms of this Lease shall not be interpreted to mean that Landlord and Tenant are partners or joint ventures.

Section 19.9 - Waiver of Right of Redemption:

Tenant hereby expressly waives for itself and all persons claiming by or through it, any right of redemption or for the restoration of the operation of this Lease under any present or future law in case Tenant shall be dispossessed for any cause.

Section 19.10 - Waiver of Jury Trial:

Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on or in respect of any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant hereunder, Tenant's use or occupancy of the Premises and/or any claim of injury or damage.

Section 19.11 - Invalidity of Particular Provisions:

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

Section 19.12 - Strict Performance:

No failure by Landlord to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease to be kept, observed or performed by Tenant, and no failure by Landlord to exercise any right or remedy consequent upon a breach of any such term, covenant, agreement, provision, condition or limitation of this Lease, shall constitute a waiver of any such breach or of any such term, covenant, agreement, provision, condition or limitation.

Section 19.13 - Promotion Costs:

Landlord or Landlord's designated agent shall have the exclusive management, direction and control of all advertising, promotion and public relations for the Shopping Center. All personnel and any consultants or service organizations engaged by Landlord in connection therewith shall be under the exclusive supervision of Landlord and Landlord shall have the sole authority to employ and discharge the same.

Section 19.14 - Financial Disclosures:

Tenant agrees to promptly disclose to Landlord any material adverse change in the financial condition of Tenant, occurring from and after the date hereof. Upon Landlord's written request, Tenant shall promptly furnish to Landlord, from time to time, financial statements reflecting Tenant's current financial condition, which financial statements shall be certified as being true and correct by the chief financial officer and by the chief executive officer of Tenant, and shall upon Landlord's written request promptly furnish Landlord, from time to time, financial statements reflecting the current financial condition of each Guarantor, if any, of this Lease, which financial statements shall be certified as being true and correct by the chief financial officer of Tenant.

Section 19.15 - Execution in Counterparts:

This Lease may be executed in one or more counterparts, any one or all of which shall constitute but one agreement.

Section 19.16 - 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 an option for, the Premises, and this document shall be effective and binding only upon the execution and delivery hereof by both Landlord and Tenant.

Section 19.17 - Security Agreement:

Tenant hereby grants to Landlord a security interest in all inventory, equipment, fixtures, trade fixtures, improvements, and merchandise now or hereafter located in the Premises, and all proceeds and accounts receivable therefrom (the "Collateral"), to secure the payment and performance of Tenant's obligations set forth in this Lease. Tenant hereby appoints Landlord its true and lawful attorney-in-fact in its name or otherwise to execute and file any financing statement(s) on behalf of Tenant and to do any and all acts and to execute and file any and all documents which may be necessary to realize, perfect, continue, preserve and protect the security interest upon the Collateral. Upon the occurrence of any Default, Landlord shall be entitled to exercise all of the rights and remedies of a secured party under the Uniform Commercial Code. Reasonable attorneys' fees of Landlord in enforcing any right or exercising any remedy pursuant to this Section 19.17 shall be deemed a part of the obligation secured hereby.

Section 19.18 - Effect of Captions:

Captions of the Articles and Sections contained in this Lease are for convenience only and do not constitute a part of this Lease and do not limit, affect, or construe the contents of such Articles and Sections.

Section 19.19 - Recording:

Tenant shall not record this Lease, or a memorandum or so-called "short form" of this Lease, without the prior written consent of Landlord.

Section 19.20 - Confidentiality:

Tenant covenants to not disclose any part of this Lease to anyone other than its attorneys, accountants, employees, or lenders who need to know of its content in order to perform their duties for Tenant.

Section 19.21 - Time is of the Essence:

Time is of the essence in each and every instance hereunder with respect to the covenants, undertakings and conditions of Tenant to be performed hereunder.

Section 19.22 - Attorneys' Fees:

If at any time during the Term of this Lease either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, then the unsuccessful

party in such action or proceeding agrees to reimburse the successful party for the reasonable expenses for attorneys' fees, paralegal fees and disbursements incurred therein by the successful party. Such reimbursement shall include all legal expenses incurred prior to trial, at trial and at all levels of appeal and post judgment proceedings.

Section 19.23 - Damages:

Notwithstanding any provision in this Lease to the contrary, Tenant agrees that Landlord shall not be liable for any consequential, indirect, speculative or punitive damages in connection with any claim made by Tenant hereunder.

Section 19.24 - Remeasurement:

Landlord reserves the right at any time, and from time to time, to have the area of each floor, area or space within the Shopping Center, including the Premises, or any portion thereof, measured by a licensed architect; and in the event such measurement shows any variation in the applicable area, Landlord and Tenant shall, upon Landlord's request, amend this Lease and all rents and other amounts based on the size of the Premises shall be revised to reflect the variation in the applicable area.

Section 19.25 - Preparation of Lease:

The parties acknowledge that each party was represented by its own counsel in the preparation and negotiation of this Lease and that the preparation of this Lease was the joint work of both parties. Notwithstanding any rule of construction or interpretation, or otherwise, neither this Lease, nor any portion thereof, shall be construed more strongly against one party or the other party.

Section 19.26 - Survival of Obligations:

The obligation to pay any sums due to either party from the other that by the terms herein would not be payable, or are incapable of calculation, until after the expiration or sooner termination of this Lease shall survive and remain a continuing obligation until paid. All indemnity obligations under this Lease shall survive the expiration or earlier termination of this Lease.

Section 19.27 - Exhibits:

The following Exhibits are attached hereto and incorporated by reference.


- EXHIBIT A Site Plan
- EXHIBIT A-1 Legal Description of Property
- EXHIBIT B Description of Landlord's Work
- EXHIBIT C Form of Delivery Date Notice
- EXHIBIT D Tenant's Work
- EXHIBIT D-1 Construction Allowance Rider
- EXHIBIT E Signage and Parking Plan
- EXHIBIT F Form of Subordination, Nondisturbance, and Attornment Agreement
- EXHIBIT G Form of Estoppel Certificate

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease Agreement to be executed effective as of the above date.

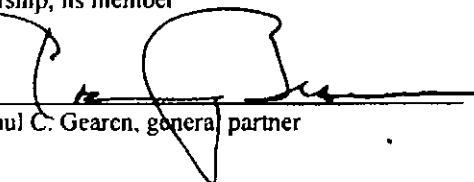
LANDLORD:

CANAL/TAYLOR SOUTH, LLC, a Delaware limited liability company

By: Sweeney Canal/Taylor Limited Partnership, an Illinois limited partnership, its member

By: 
John P. Sweeney, general partner

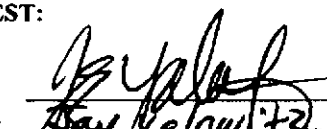
By: Colum Group Limited Partnership, an Illinois limited partnership, its member

By: 
Paul C. Gearon, general partner

TENANT:

DSI RENAL, INC., a Delaware corporation

ATTEST:

By: 
Name: Day Belowitz
Its: Executive Vice President

Acknowledgment of Landlord

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that John P. Sweeney, general partner of Sweeney Canal Taylor Limited Partnership, an Illinois limited partnership, being one of two members of Canal/Taylor South, LLC, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such general partner, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, as the free and voluntary act of said limited partnership, as said member, and as the free and voluntary act of Canal/Taylor South, LLC, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 3 day of May, 2007.

Edith Chomiak
Notary Public

My Commission Expires:

NOV 18, 2009



STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

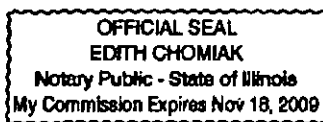
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Paul C. Gearen, general partner of Colum Group Limited Partnership, an Illinois limited partnership, being one of two members of Canal/Taylor South, LLC, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such general partner, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, as the free and voluntary act of said limited partnership, as said member, and as the free and voluntary act of Canal/Taylor South, LLC, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 3 day of May, 2007.

Edith Chomiak
Notary Public

My Commission Expires:

NOV 18, 2009



Acknowledgment of Tenant, if Corporation

STATE OF Tennessee)

COUNTY OF Davidson)
)ss:

On this 16th day of May, 2007, before me personally came Jay Valowitz to me personally known, who, being by me duly sworn, did depose and say that he is the Executive Vice President of DST Reno 1, Inc., which executed this Lease as Tenant; that he has authority to execute said lease pursuant to Resolutions of the Board of Directors of said corporation; and that he has signed his name thereto given this authority and as a duly authorized agent of the corporation.

Carrie Ann Binkley
Notary Public

My commission expires: May 22, 2010

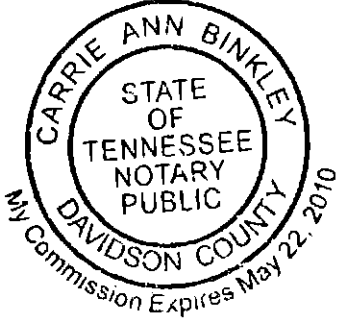


EXHIBIT A

SITE PLAN

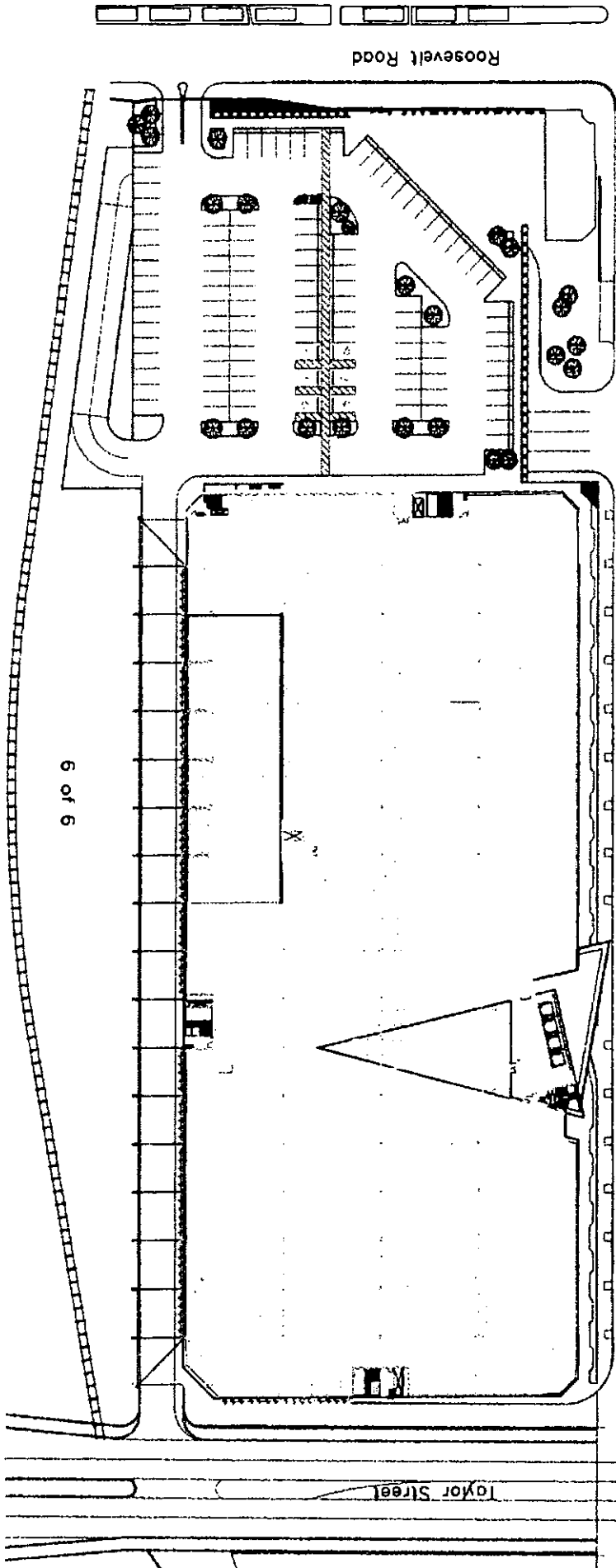


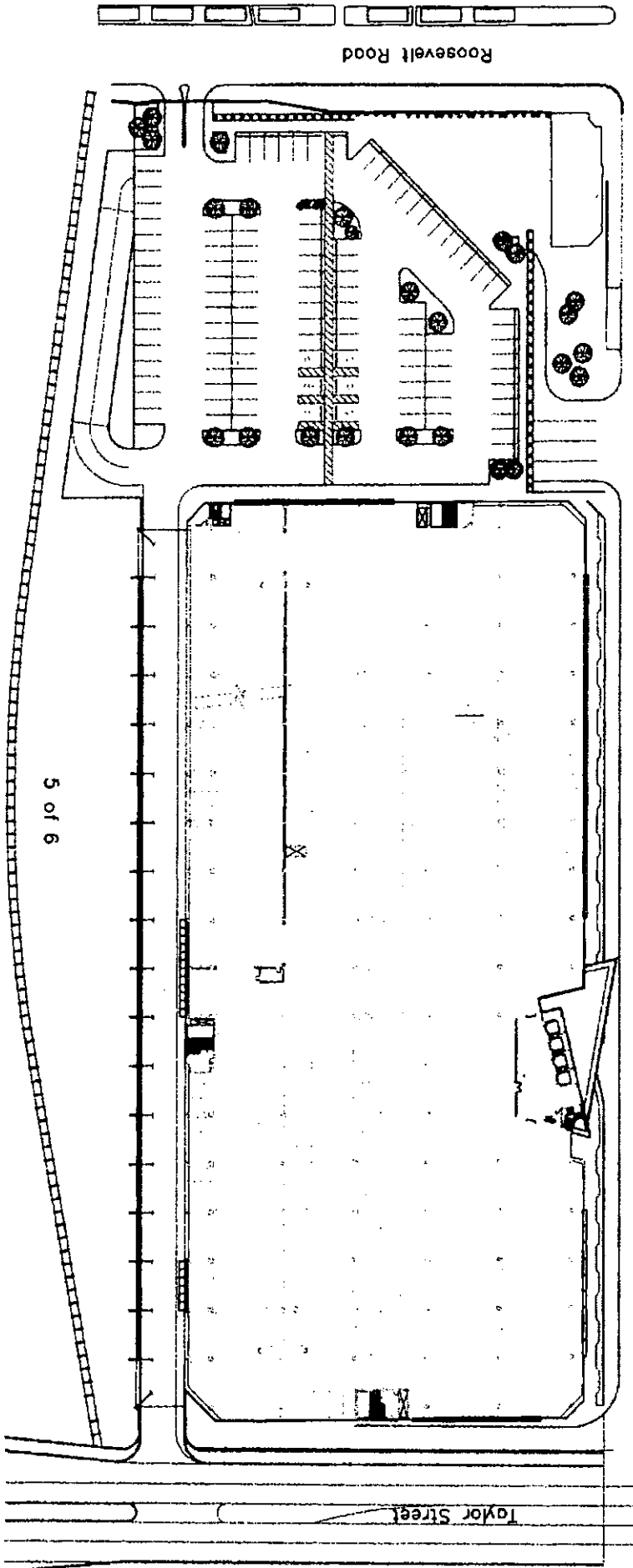
Exhibit A Site Plan
 Southgate Market - 1101 S. Conal St
 P-3 Level

Conal Street

X

Exhibit A Site Plan
Southgate Market - 1101 S. Canal St
P-2 Level

Canal Street



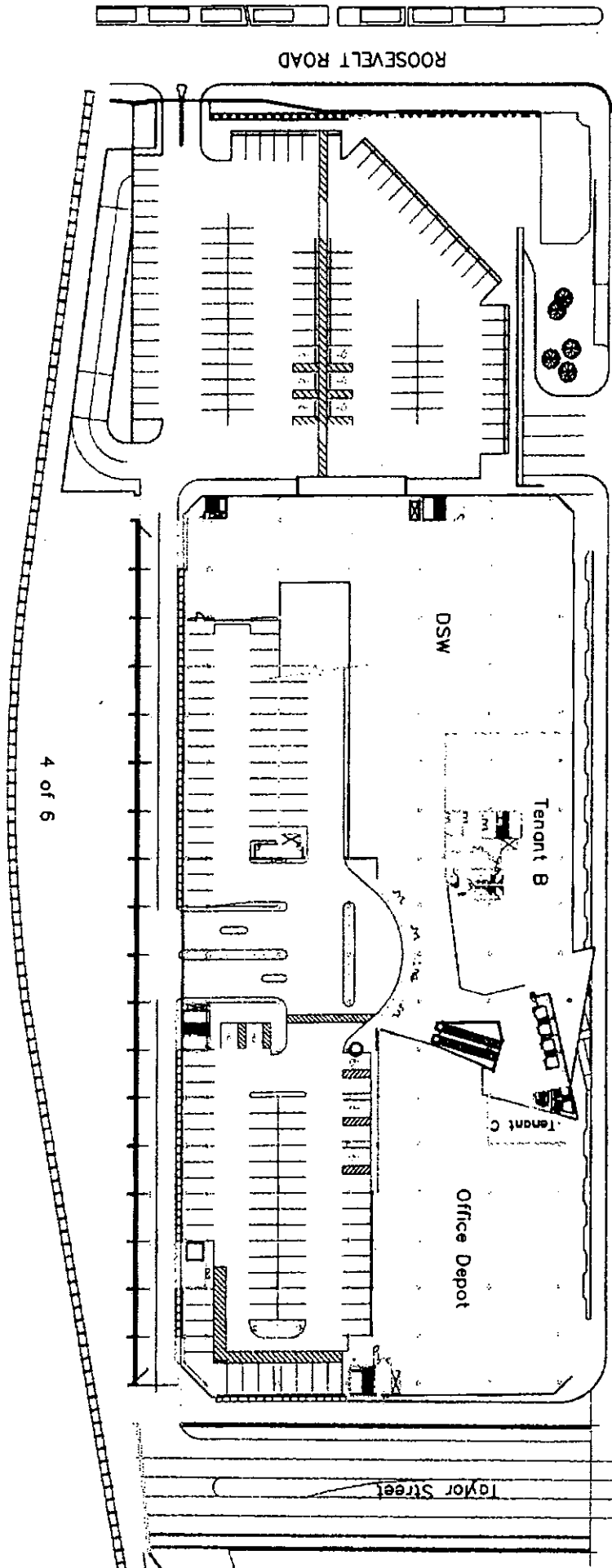


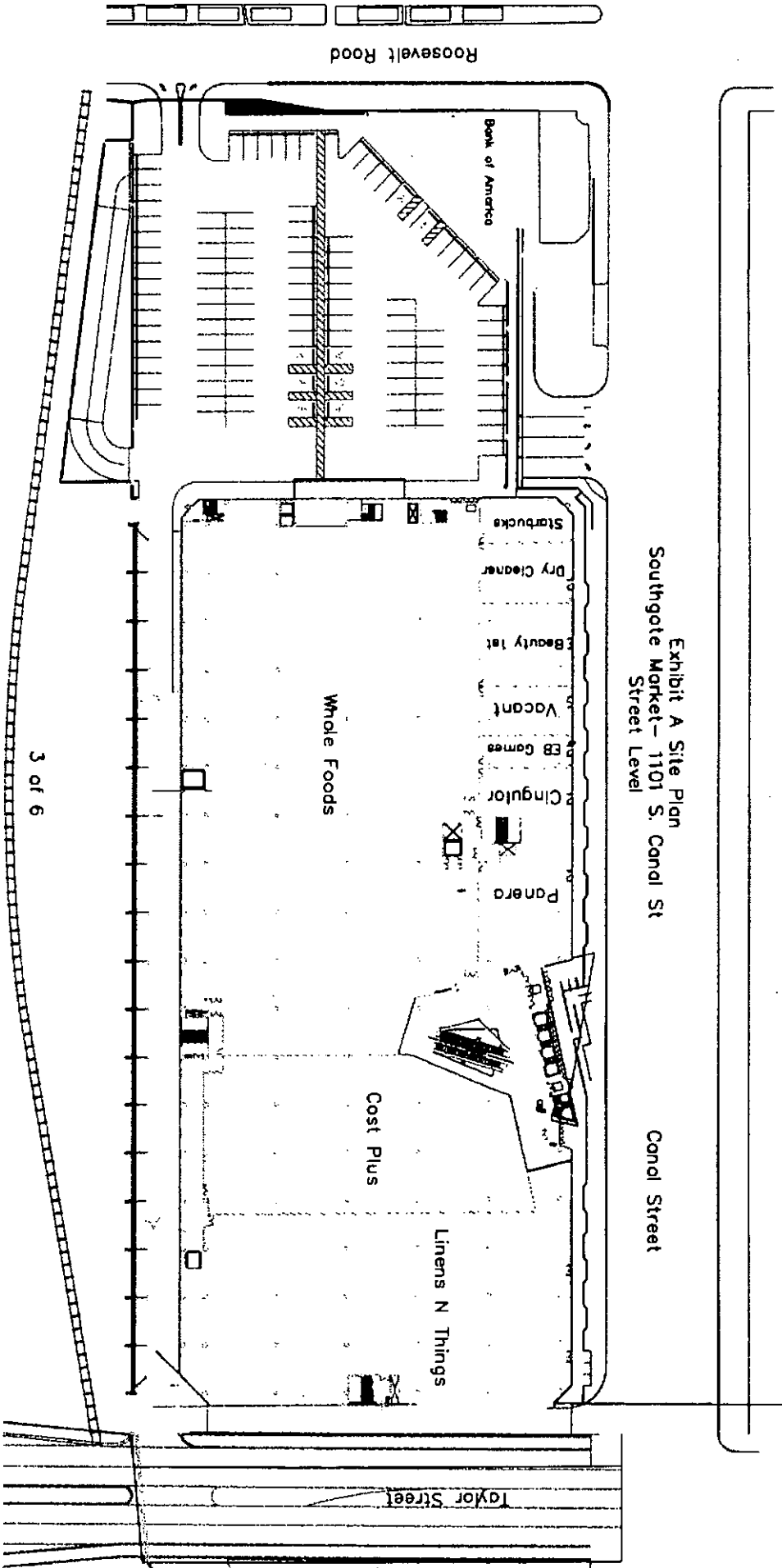
Exhibit A Site Plan
 Southgate Market - 1101 S. Canal St
 P-1 Level

Canal Street

Taylor Street

ROOSEVELT ROAD

4 of 6



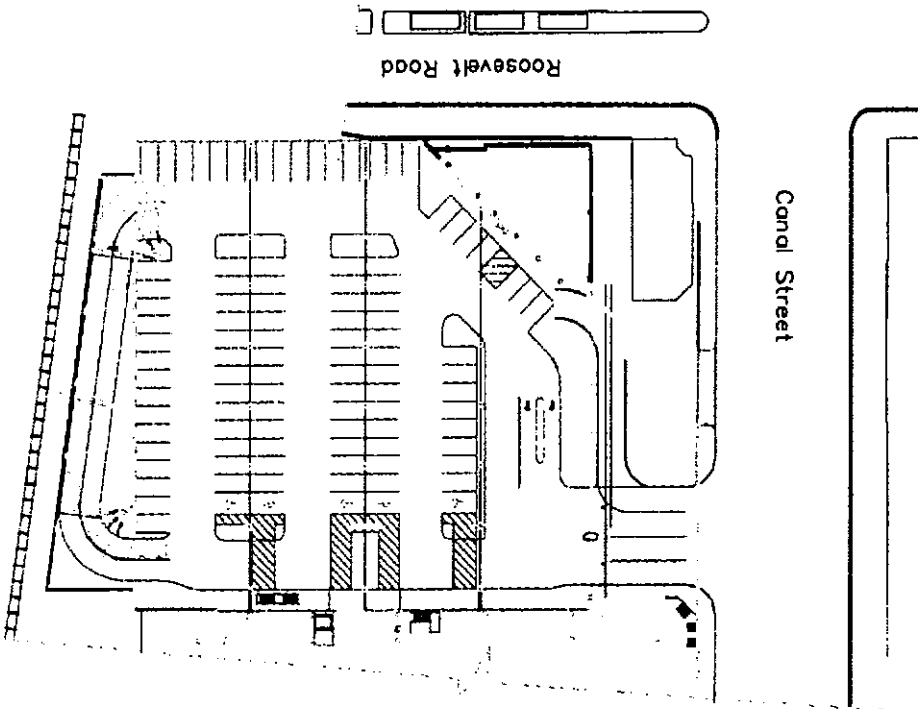
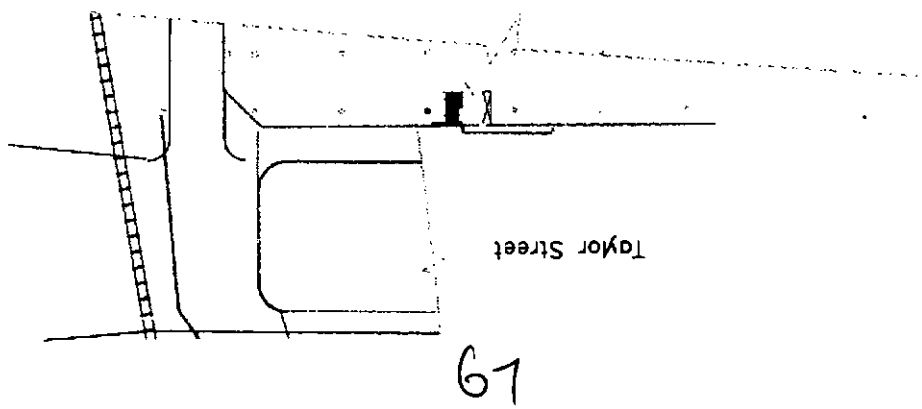


Exhibit A Site Plan
 Southgate Market - 1101 S. Canal St
 Intermediate Level

2 of 6



67

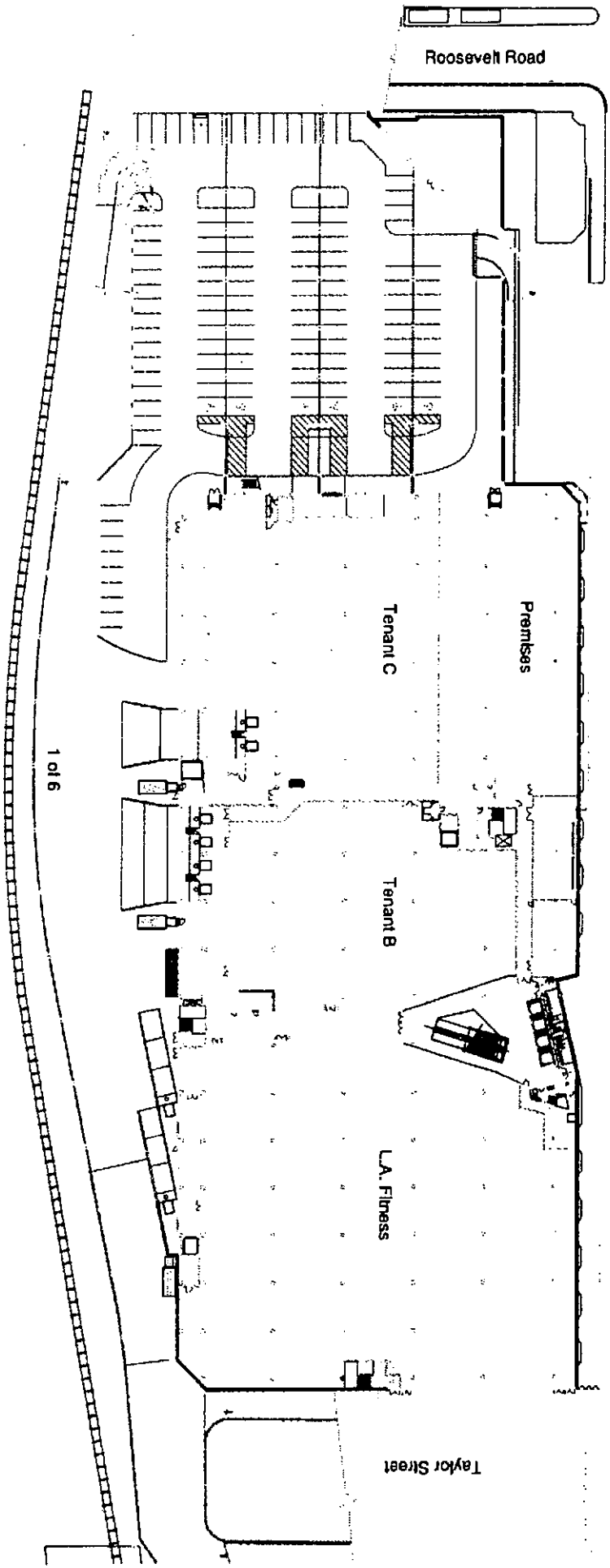


Exhibit A Site Plan
 Southgate Market- 1101 S. Canal St
 Lower Level

Canal Street

EXHIBIT A-1

LEGAL DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION OF LAND

A PARCEL OF LAND CONSISTING OF PART OF LOT 23 OF THE RAILROAD COMPANIES' RESUBDIVISION OF BLOCKS 62 TO 76, BOTH INCLUSIVE, 78, PARTS OF BLOCKS 61 AND 77 TOGETHER WITH CERTAIN VACATED STREETS, ALLEYS IN THE SCHOOL SECTION ADDITION IN CHICAGO, A PORTION OF THE EAST ½ OF THE SOUTHWEST ¼ OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 29, 1924 AS DOCUMENT NO. 8339751, IN COOK COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PREVIOUSLY MENTIONED LOT 23; THENCE NORTH 00 DEGREES 24 MINUTES 43 SECONDS EAST ALONG THE WEST LINE OF SAID LOT 23, SAID WEST LINE ALSO BEING THE EAST RIGHT OF WAY LINE OF SOUTH CANAL STREET (100 FEET IN WIDTH), A DISTANCE OF 217.87 FEET TO A JOG IN THE WEST LINE AFORESAID; THENCE NORTH 89 DEGREES 10 MINUTES 34 SECONDS WEST A DISTANCE OF 20.00 FEET; THENCE NORTH 00 DEGREES 24 MINUTES 43 SECONDS EAST ALONG THE WEST LINE OF SAID LOT 23, ALSO BEING THE EAST RIGHT OF WAY LINE OF SAID SOUTH CANAL STREET (80 FEET IN WIDTH), A DISTANCE OF 598.05 FEET TO A POINT ON A LINE 20 FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF LOT 23; THENCE SOUTH 89 DEGREES 11 MINUTES 23 SECONDS EAST ALONG A LINE 20 FEET SOUTH AND PARALLEL WITH THE NORTH LINE OF LOT 23 A DISTANCE OF 311.51 FEET; THENCE SOUTH 04 DEGREES 42 MINUTES 15 SECONDS EAST, ALONG A LINE FOLLOWING AND PARALLEL WITH A FUTURE TRACK, A DISTANCE OF 21.50 FEET TO A POINT OF CURVE; THENCE SOUTHERLY ALONG THE ARC OF A CIRCLE CONVEX WESTERLY, HAVING A RADIUS OF 560.69, A DISTANCE OF 62.24 FEET TO THE POINT OF TANGENCY; THENCE SOUTH 11 DEGREES 03 MINUTES 50 SECONDS EAST, A DISTANCE OF 199.91 FEET TO A POINT OF CURVE; THENCE SOUTHERLY ALONG THE ARC OF A CIRCLE CONVEX EASTERLY, HAVING A RADIUS OF 645.80 FEET, A DISTANCE OF 143.37 FEET TO THE POINT OF TANGENCY; THENCE SOUTH 01 DEGREES 39 MINUTES 20 SECONDS WEST, A DISTANCE OF 25.31 FEET TO A POINT OF CURVE; THENCE SOUTHERLY ALONG THE ARC OF A CIRCLE CONVEX EASTERLY, HAVING A RADIUS OF 645.80 FEET, A DISTANCE OF 71.68 FEET TO THE POINT OF TANGENCY; THENCE SOUTH 08 DEGREES 00 MINUTES 55 SECONDS WEST, A DISTANCE OF 300.64 FEET TO A POINT ON THE SOUTH LINE OF SAID LOT 23; THENCE NORTH 89 DEGREES 10 MINUTES 34 SECONDS WEST ALONG THE SOUTH LINE OF LOT 23 AFORESAID, SAID SOUTH LINE ALSO BEING THE NORTH RIGHT OF WAY LINE OF WEST ROOSEVELT ROAD (118 FEET IN WIDTH), A DISTANCE OF 274.34 FEET; THENCE NORTH 00 DEGREES 12 MINUTES 21 SECONDS WEST, A DISTANCE OF 100.12 FEET; THENCE NORTH 89 DEGREES 09 MINUTES 34 SECONDS EAST, A DISTANCE OF 31.59 FEET; THENCE SOUTH 00 DEGREES 08 MINUTES 35 SECONDS WEST A DISTANCE OF 100.12 FEET; THENCE NORTH 89

DEGREES 10 MINUTES 34 SECONDS WEST ALONG THE SOUTH LINE OF LOT 23
AFORESAID, A DISTANCE OF 2.54 FEET TO THE POINT OF BEGINNING, IN COOK
COUNTY, ILLINOIS

Exhibit B
Landlord's Work

Landlord shall deliver the Premises in its current "as is" condition, including the air-handler installed therein.

Landlord shall install 600AMPS at 480 volts electrical service to the Premises prior to the Delivery Date, the cost of which is included in and shall be deducted from the Construction Allowance.

Any term herein used and not defined shall have the same meaning as assigned to such term in this Lease.

EXHIBIT C
FORM OF DELIVERY DATE NOTICE

To: DSI Renal, Inc.
511 Union Street, Suite 1800
Nashville, TN 37219
Attention: Jay Yalowitz

Gentlewomen and Gentlemen:

Reference is hereby made to that certain Lease Agreement dated _____, 2007 (the "Lease") between Canal/Taylor South, LLC, as Landlord, and DSI Renal, Inc., d/b/a Beauty First, as Tenant, in respect of retail space, consisting of approximately 16,000 square feet of floor area (the "Premises") at ground or grade level in the shopping center commonly known as SOUTHGATE MARKET in the City of Chicago, Illinois. Any term herein used but not defined shall have the same meaning as assigned to such term in the Lease.

Landlord hereby notifies you, as Tenant, that the Delivery Date, as defined in clause (i) of subsection 3.2(a) of the Lease, shall be _____, _____, 200____, being 60 or more days after the date of delivery of this notice, provided that if approval of the CON application by IHFPB is pending on the Delivery Date herein specified, then, unless the Lease is hereafter terminated pursuant to Section 3.2(a)(iii) of the Lease, the Delivery Date shall be extended to and shall be executed to and shall be the date of the hearing before IHFPB at which the CON application is approved.

On the Delivery Date, Landlord shall tender to you, as Tenant, and you, as Tenant, shall accept possession of the Premises for the purpose of performing Tenant's Work, provided that the Landlord's Work is substantially completed.

Please acknowledge receipt of this notice by signing, where provided, and returning to the undersigned a copy of this notice.

Dated: _____, 200__

CANAL/TAYLOR SOUTH, LLC
By: Sweeney Canal/Taylor Limited Partnership
By: _____
John P. Sweeney, general partner

By: Column Group Limited Partnership
By: _____
Paul C. Gearin, general partner

Received on this _____ day of _____, 200__

DSI Renal, Inc.
By: _____

Exhibit D

Tenant's Work

All work, including, without limitation, (i) plumbing, electrical, HVAC and other appropriate mechanical systems and (ii) non-trade fixtures and furnishings (but not trade fixtures, equipment and supplies), within the Premises required to yield a fully functional outpatient dialysis facility consistent with those other similar facilities currently in planning, planned or under construction by Tenant.

Any term herein used and not defined shall have the same meaning as assigned to such term in this Lease.

EXHIBIT D-1

CONSTRUCTION ALLOWANCE AND RENT ADJUSTMENT RIDER

A. Construction Allowance

Subject to the terms and conditions of this Exhibit D-1, following commencement of the construction of the Tenant's Work and provided Tenant is not in default of the terms and provisions of this Lease, Landlord shall, within twenty (20) days after Tenant's request and after satisfaction of the conditions and requirements set forth in subsections (a) through (f) below, make to Tenant two (2) payments (each a "Progress Payment" and collectively "Progress Payments") in reimbursement on account of Tenant's actual costs of construction of the Tenant's Work, the request for the first of which Progress Payment shall not be made less than 30 days after the commencement of the construction of the Tenant's Work and the request for the second of which Progress Payments shall not be made less than 30 days after the date of submission of the request for the first Progress Payment, during the construction of the Tenant's Work, and a final payment (the "Final Payment") for the Tenant's Work upon completion thereof as evidenced by Tenant's architect's certificate of completion; provided, however, that the aggregate of the Progress Payments and the Final Payment shall not exceed the Construction Allowance (defined below). In connection and together with the request by Tenant for each of the Progress Payments and for the Final Payment, Tenant shall deliver to Landlord the following: (a) Tenant's affidavit stating the following: (i) the identification of all Tenant's general contractor(s) and their subcontractors engaged or to be engaged to perform the Tenant's Work and the full and current amount of each contract, (ii) the Tenant's Work for the billing period as reflected on the applicable Progress Payment and on the Final Payment has been completed in strict compliance with Exhibit D and Tenant's approved plans and specifications and a breakdown of Tenant's total construction costs is included; and (iii) no security interests under the Uniform Commercial Code are outstanding or have been filed (such affidavit may be relied upon by Landlord, it being understood that any deliberate misrepresentation or misstatement by Tenant therein shall constitute an event of default hereunder); (b) an affidavit of the Tenant's general contractor(s) performing Tenant's Work stating that Tenant's Work as in the applicable Progress Payment and in the Final Payment has been fully completed in strict compliance with Exhibit D and Tenant's approved plans and specifications and that the Tenant's general contractor(s) and all subcontractors, laborers and materials suppliers who supplied materials and/or labor for Tenant's Work (whose names and addresses shall be recited in the affidavit) have been paid the amounts reflected on the Sworn Statement submitted with the applicable Progress Payment and with the Final Payment, and that all liens therefor for previous payments that have been or might be filed have been discharged of record or waived; (c) a release and waiver of lien executed by the Tenant's general contractor(s), and a release and waiver of lien executed by every subcontractor supplying labor and/or materials for Tenant's Work or, in lieu thereof, an attorney's certification that the lien period for the Tenant's Work performed by Tenant's general contractor(s) and their subcontractors in the Premises has expired and no liens in connection therewith have been filed; (d) Tenant's written acceptance of the Premises stating that Landlord has completed all of the Landlord's Work required to be performed by Landlord pursuant to the terms of this Lease, and that Tenant reserves no claims, offsets or backcharges, or stating those claims; (e) the certificate of insurance referred and mentioned in Article VIII of this Lease; and (f) in the case of the Final Payment, evidence reasonably satisfactory to Landlord that Tenant shall have paid or caused to be paid, prior to the request for the Final Payment to Tenant's general contractor(s) and their respective subcontractors any excess of Tenant's construction costs over the Construction Allowance. For purposes of this Lease, the Construction Allowance shall be equal to the product of multiplying the aggregate number of square feet of area within the Premises (as determined in accordance with Section 1.1(d) of the Lease) by One Hundred Dollars (\$100.00) per square foot.

Included in and deducted from the Construction Allowance shall be the cost and expense incurred and paid by Landlord to (i) acquire the air handler unit currently in place, as is, within the Premises and (ii) install the electrical service specified in the plans and specifications for the Landlord's Work, such cost and expense of Landlord to be evidenced by statements or invoices of reasonable detail delivered by Landlord to Tenant. Such cost and expense of Landlord is estimated to be approximately \$ 130,000.00.

In the event that the Lease is terminated prior to the expiration of the Term by reason of Tenant's default, then Tenant shall immediately repay to Landlord the unamortized portion of the Construction Allowance (as the

same may be reduced as herein provided), which portion shall be determined based on the assumption that the Construction Allowance is fully amortized in equal monthly installments (rounded to the nearest 1/100th of a dollar) over a term of fifteen (15) years commencing on the Rent Commencement Date or the 1st day of the calendar month thereafter, at rate of eight and one-quarter percent (8.25%) per annum.

B. Rent Adjustment

Tenant hereby acknowledges and agrees that the Base Rent reflects a reimbursement of the entire Construction Allowance and an assumed size of the Premises of 16,000 square feet on a fully amortized basis over the initial Term (i.e. 15 years) with interest thereon at the rate of 8.25% per annum. Landlord and Tenant hereby agree that if the total, final construction costs of the Tenant's Work is less than the Construction Allowance, then the Monthly Minimum Rent shall be uniformly adjusted in each and all of the Lease Years in the initial Term by an amount equal to the monthly payment which would be required to fully amortize the difference between the Construction Allowance (\$100.00/sf) and the final construction costs over the initial Term of the Lease at the rate of eight and one-quarter percent (8.25%) per annum. In the event the actual construction costs exceed the Construction Allowance, Tenant shall be responsible for any construction costs in excess of the Construction Allowance.

For purposes of illustration, the following example, although based on hypothetical information, is intended to demonstrate the operation of the foregoing formulation:

If it is assumed that the Tenant build-out cost exceeds the Construction Allowance and:

- (a) the final, certified* aggregate number of square feet of area within the Premises is 16,000;
- (b) the Tenant's final and total construction costs are \$1,760,000 (\$110.00 per square foot);
- (c) the Construction Allowance is \$1,600,000 (\$100.00/sf x 16,000 square feet), and the Landlord pays, in reimbursement, to Tenant amount(s) equal to the contractor's invoices not exceeding in the aggregate the Construction Allowance;

-and-

then:

prior to or concurrently with the making by Landlord of the Final Payment, Tenant shall pay the budget overage of \$160,000 (\$10.00 per square foot) directly to Tenant's contractor(s) based the final invoice(s) and final Sworn Statement(s) of such contractor(s).

If it is assumed that the Tenant build-out cost is less than the Construction Allowance and:

- (a) the final, certified* aggregate number of square feet of area within the Premises is 16,000;
- (b) the Tenant's final and total construction costs are \$1,440,000 (\$90.00 per square foot);
- (c) the Construction Allowance is \$1,600,000 (\$100.00 psf x 16,000 square feet);

-and-

then:

Landlord pays, in reimbursement, to Tenant amount(s) equal to all of the invoices from the Tenant's contractor(s) because the actual cost-of-work did not exceed the Construction Allowance and,

in lieu of a cash payment to Tenant of the difference between the Construction Allowance and the actual construction costs of Tenant's Work, the Construction Allowance shall be reduced to

\$1,440,000.00 and the Monthly Minimum Rent payable to Landlord shall be reduced by an amount equal to the monthly payment which would be required to amortize \$160,000.00 over the initial Term (i.e. 15 years) at the rate of 8.25% per annum.

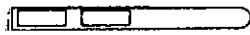
- certified by Project Architect

C. Miscellaneous

The provisions of this Exhibit shall operate as and be deemed to be a condition precedent to Tenant's right to receive and Landlord to provide this Construction Allowance. Tenant agrees that no part or portion of said Construction Allowance shall vest in Tenant, nor shall Tenant receive, transfer, assign, encumber or create a security interest in such Construction Allowance prior to full and complete compliance with all of the provisions of this Section. Any term used and not defined in this Exhibit D-1 shall have the same meaning as assigned to such term elsewhere in this Lease.

EXHIBIT E

**SOUTHGATE MARKET - 1101 S. CANAL ST.
LOWER LEVEL**



Roosevelt Road




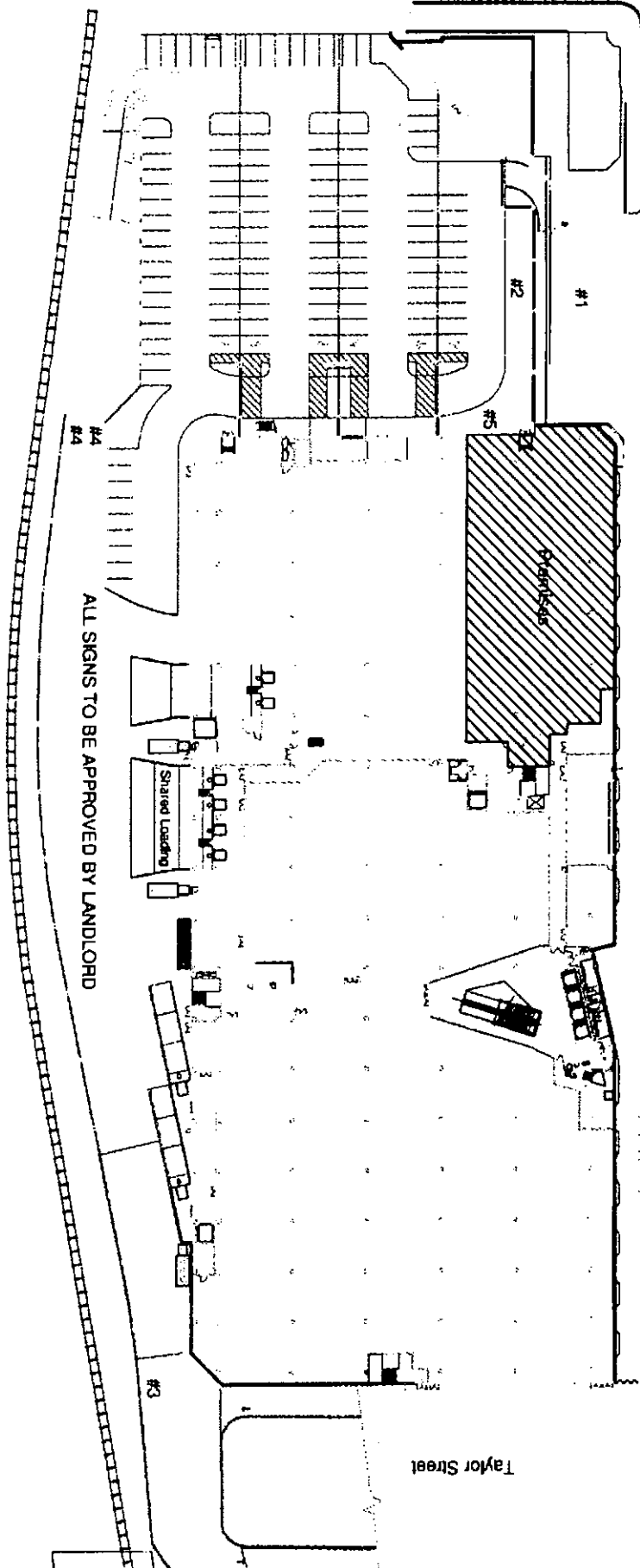
- Signage Key
- Sign #1- DSI 
 - Sign #2- DSI Parking Only 
 - Sign #3- DSI 
 - Sign #4- Emergency Vehicle Parking Only
 - Sign #5- Premises Identification Sign and Patient Drop-Off Area

Exhibit 'E'
 Southgate Market- 1101 S. Canal St
 Lower Level

Canal Street



Taylor Street

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EXHIBIT F

SUBORDINATION, NONDISTURBANCE AND ATTORNMENMENT AGREEMENT

This SUBORDINATION, NONDISTURBANCE, AND ATTORNMENMENT AGREEMENT (this "Agreement") is entered into as of _____, 20__ (the "Effective Date"), between _____, a _____, whose address is _____, Attention: _____ ("Mortgagee"), and _____, a _____, whose address is _____ ("Tenant"), with reference to the following facts:

A. _____, a _____, whose address is _____ ("Landlord"), owns the real property located at _____ (such real property, including all buildings, improvements, structures and fixtures located thereon, "Landlord's Premises"), as more particularly described in Schedule A.

B. Mortgagee has made a loan to Landlord in the original principal amount of \$ _____ (the "Loan").

C. To secure the Loan, Landlord has encumbered Landlord's Premises by entering into that certain Deed of Trust, Assignment, Security Agreement and Fixture Filing dated _____, 20__, for the benefit of Mortgagee (as amended, increased, renewed, extended, spread, consolidated, severed, restated, or otherwise changed from time to time, the "Mortgage") [to be] recorded [on _____, at Book _____, Page _____,] in the land records of _____ County, _____ (the "Land Records").

D. Pursuant to a Lease, dated as of _____, 20__, as amended on _____, 20__ and _____, 20__ (the "Lease"), Landlord demised to Tenant [a portion of] Landlord's Premises ("Tenant's Premises"). Tenant's Premises are commonly known as _____.

[E. A memorandum or short form of the Lease [is to be recorded in the Land Records prior to the recording of this Agreement.] [was recorded in the Land Records on _____, at Book _____, Page _____.]

F. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in Landlord's Premises and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Mortgagee agree:

1. Definitions.

The following terms shall have the following meanings for purposes of this Agreement.

1.1 Construction-Related Obligation. A "Construction-Related Obligation" means any obligation of Landlord under the Lease to make, pay for, or reimburse Tenant for any alterations, demolition, or other improvements or work at Landlord's Premises, including Tenant's Premises. "Construction-Related Obligations" shall not include: (a) reconstruction or repair following fire, casualty or condemnation; or (b) day-to-day maintenance and repairs.

1.2 Foreclosure Event. A "Foreclosure Event" means: (a) foreclosure under the Mortgage; (b) any other exercise by Mortgagee of rights and remedies (whether under the Mortgage or under applicable law, including bankruptcy law) as holder of the Loan and/or the Mortgage, as a result of which Successor Landlord becomes owner of Landlord's Premises; or (c) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in Landlord's Premises in lieu of any of the foregoing.

1.3 Former Landlord. A "Former Landlord" means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

1.4 Offset Right. An "Offset Right" means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or other applicable law) from Landlord's breach or default under the Lease.

1.5 Rent. The "Rent" means any fixed rent, base rent or additional rent under the Lease.

1.6 Successor Landlord. A "Successor Landlord" means any party that becomes owner of Landlord's Premises as the result of a Foreclosure Event.

1.7 Termination Right. A "Termination Right" means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease.

2. Subordination.

The Lease shall be, and shall at all times remain, subject and subordinate to the Mortgage, the lien imposed by the Mortgage, and all advances made under the Mortgage.

3. Nondisturbance, Recognition and Attornment.

3.1 No Exercise of Mortgage Remedies Against Tenant. So long as the Lease has not

been terminated on account of Tenant's default that has continued beyond applicable cure periods (an "*Event of Default*"), Mortgagee shall not name or join Tenant as a defendant in any exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies. In the latter case, Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant's rights under the Lease or this Agreement in such action.

3.2 *Nondisturbance and Attornment.* If the Lease has not been terminated on account of an Event of Default by Tenant, then, when Successor Landlord takes title to Landlord's Premises: (a) Successor Landlord shall not terminate or disturb Tenant's possession of Tenant's Premises under the Lease, except in accordance with the terms of the Lease and this Agreement; (b) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (c) Tenant shall recognize and attorn to Successor Landlord as Tenant's direct landlord under the Lease as affected by this Agreement; and (d) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant.

3.3 *Further Documentation.* The provisions of this Article shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Article in writing upon request by either of them.

4. *Protection of Successor Landlord.*

Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

4.1 *Claims Against Former Landlord.* Any Offset Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of attornment. (The foregoing shall not limit either (a) Tenant's right to exercise against Successor Landlord any Offset Right otherwise available to Tenant because of events occurring after the date of attornment or (b) Successor Landlord's obligation to correct any conditions that existed as of the date of attornment and violate Successor Landlord's obligations as landlord under the Lease.)

4.2 *Prepayments.* Any payment of Rent that Tenant may have made to Former Landlord more than thirty days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

4.3 Payment, Security Deposit. Any obligation: (a) to pay Tenant any sum(s) that any Former Landlord owed to Tenant or (b) with respect to any security deposited with Former Landlord, unless such security was actually delivered to Mortgagee. This paragraph is not intended to apply to Landlord's obligation to make any payment that constitutes a "Construction-Related Obligation."

4.4 Modification, Amendment, or Waiver. Any modification or amendment of the Lease, or any waiver of any terms of the Lease, made without Mortgagee's written consent.

4.5 Surrender, Etc. Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of the Lease.

4.6 Construction-Related Obligations. Any Construction-Related Obligation of Landlord under the Lease, except as expressly provided for in **Schedule B** (if any) attached to this Agreement.

5. Exculpation of Successor Landlord.

Notwithstanding anything to the contrary in this Agreement or the Lease, upon any attornment pursuant to this Agreement the Lease shall be deemed to have been automatically amended to provide that Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in Landlord's Premises from time to time, including insurance and condemnation proceeds, Successor Landlord's interest in the Lease, and the proceeds from any sale or other disposition of Landlord's Premises by Successor Landlord (collectively, "*Successor Landlord's Interest*"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord.

6. Mortgagee's Right to Cure.

6.1 Notice to Mortgagee. Notwithstanding anything to the contrary in the Lease or this Agreement, before exercising any Termination Right or Offset Right, Tenant shall provide Mortgagee with notice of the breach or default by Landlord giving rise to same (the "*Default Notice*") and, thereafter, the opportunity to cure such breach or default as provided for below.

6.2 Mortgagee's Cure Period. After Mortgagee receives a Default Notice, Mortgagee shall have a period of thirty days beyond the time available to Landlord under the Lease in which to cure the breach or default by Landlord. Mortgagee shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Landlord, except to the extent that Mortgagee agrees or undertakes otherwise in writing.

6.3 Extended Cure Period. In addition, as to any breach or default by Landlord the cure of which requires possession and control of Landlord's Premises, provided only that Mortgagee undertakes to Tenant by written notice to Tenant within thirty days after receipt of the Default Notice to exercise reasonable efforts to cure or cause to be cured by a receiver such breach or default within the period permitted by this paragraph, Mortgagee's cure period shall continue for such additional time (the "Extended Cure Period") as Mortgagee may reasonably require to either (a) obtain possession and control of Landlord's Premises and thereafter cure the breach or default with reasonable diligence and continuity or (b) obtain the appointment of a receiver and give such receiver a reasonable period of time in which to cure the default.

7. Confirmation of Facts.

Tenant represents to Mortgagee and to any Successor Landlord, in each case as of the Effective Date:

7.1 Effectiveness of Lease. The Lease is in full force and effect, has not been modified, and constitutes the entire agreement between Landlord and Tenant relating to Tenant's Premises. Tenant has no interest in Landlord's Premises except pursuant to the Lease. No unfulfilled conditions exist to Tenant's obligations under the Lease.

7.2 Rent. Tenant has not paid any Rent that is first due and payable under the Lease after the Effective Date.

7.3 No Landlord Default. To the best of Tenant's knowledge, no breach or default by Landlord exists and no event has occurred that, with the giving of notice, the passage of time or both, would constitute such a breach or default.

7.4 No Tenant Default. Tenant is not in default under the Lease and has not received any uncured notice of any default by Tenant under the Lease.

7.5 No Termination. Tenant has not commenced any action nor sent or received any notice to terminate the Lease. Tenant has no presently exercisable Termination Right(s) or Offset Right(s).

7.6 Commencement Date. The "Commencement Date" of the Lease was _____.

7.7 Acceptance. Except as set forth in Schedule B (if any) attached to this Agreement: (a) Tenant has accepted possession of Tenant's Premises; and (b) Landlord has performed all Construction-Related Obligations related to Tenant's initial occupancy of Tenant's Premises and Tenant has accepted such performance by Landlord.

7.8 No Transfer. Tenant has not transferred, encumbered, mortgaged, assigned, conveyed or otherwise disposed of the Lease or any interest therein, other than sublease(s) made in compliance with the Lease.

7.9 Due Authorization. Tenant has full authority to enter into this Agreement, which has been duly authorized by all necessary actions.

8. Miscellaneous.

8.1 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and given by certified mail (return receipt requested) or by nationally recognized overnight courier service that regularly maintains records of items delivered. Each party's address is as set forth in the opening paragraph of this Agreement, subject to change by notice under this paragraph. Notices shall be effective the next business day after being sent by overnight courier service, and five business days after being sent by certified mail (return receipt requested).

8.2 Successors and Assigns. This Agreement shall bind and benefit the parties, their successors and assigns, any Successor Landlord, and its successors and assigns. If Mortgagee assigns the Mortgage, then upon delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor shall terminate.

8.3 Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

8.4 Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties and any Successor Landlord, including upon any attornment pursuant to this Agreement. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage. Mortgagee confirms that Mortgagee has consented to Landlord's entering into the Lease.

8.5 Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

8.6 Interpretation; Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State of _____, excluding its principles of conflict of laws.

8.7 Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

8.8 Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

8.9 Mortgagee's Representation. Mortgagee represents that Mortgagee has full authority to enter into this Agreement, and Mortgagee's entry into this Agreement has been duly authorized by all necessary actions.

IN WITNESS WHEREOF, this Agreement has been duly executed and sealed by Mortgagee and Tenant as of the Effective Date.

MORTGAGEE

By: _____
Name: _____
Title: _____

[BANK SEAL]

TENANT

_____,
a _____ corporation

By: _____
Name: _____
Title: _____

[CORPORATE SEAL]

[Make state-specific acknowledgments for all signatures.]

LANDLORD'S CONSENT

Landlord consents and agrees to the foregoing Agreement, which was entered into at Landlord's request. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Mortgage or the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Tenant. Landlord is not a party to the above Agreement.

LANDLORD

a _____ corporation

By: _____
Name: _____
Title: _____

Dated: _____, 20__

[CORPORATE SEAL]

[Make state-specific acknowledgments for all signatures.]

Exhibit G
Form of Estoppel Certificate

TENANT ESTOPPEL CERTIFICATE

To: _____

Attention: _____

Re: Loan No. _____

1. The undersigned, as Tenant of approximately _____ square feet of space (the "Premises") under that certain Lease dated _____, _____ (the "Lease") made with _____, Landlord, covering space in Landlord's building (the "Building") in _____ County, _____, known as _____, hereby certifies to *[identify applicable lender(s), lender's advisor or agent, fee owner/landlord]*, and their respective successors and assigns (collectively the "Benefited Parties") as follows:

(a) That attached hereto as Exhibit "A" is a true, correct and complete copy of the Lease, together with all amendments thereto;

(b) That the Lease is in full force and effect and has not been modified, supplemented or amended in any way except as set forth in Exhibit "A." The interest of the undersigned in the Lease has not been assigned or encumbered;

(c) That the Lease, as amended as indicated in Exhibit "A," represents the entire agreement between the parties as to said leasing, and that there are no other agreements, written or oral, which affect the occupancy of the Premises by the undersigned;

(d) That all insurance required of the undersigned under the Lease has been provided by the undersigned and all premiums have been paid;

(e) That the commencement date of the term of the Lease was _____, _____;

(f) That the expiration date of the term of the Lease is _____, _____, including any presently exercised option or renewal term, and that the undersigned has no rights to renew, extend or cancel the Lease or to lease additional

space in the Premises or the Building, except as expressly set forth in the Lease;

(g) That in addition to the Premises, the undersigned has the right to use or rent _____ parking spaces in or near the Building during the term of the Lease;

(h) That the undersigned has no option or preferential right to purchase all or any part of the Premises (or the land or Building of which the Premises are a part), and has no right or interest with respect to the Premises or the Building other than as Tenant under the Lease (except as specified in _____, a copy of which is attached hereto);

(i) That all conditions of the Lease to be performed by Landlord and necessary to the enforceability of the Lease have been satisfied. On this date there are no existing defenses, offsets, claims or credits which the undersigned has against the enforcement of the Lease except for prepaid rent through _____ (not to exceed one month);

(j) That all contributions required by the Lease to be paid by Landlord to date for improvements to the Premises have been paid in full. All improvements or work required under the Lease to be made by Landlord to date, if any, have been completed to the satisfaction of the undersigned. Charges for all labor and materials used or furnished in connection with improvements and/or alterations made for the account of the undersigned in the Building have been paid in full. The undersigned has accepted the Premises, subject to no conditions other than those set forth in the Lease. The undersigned has entered into occupancy of the Premises;

(k) That the annual minimum rent currently payable under the Lease is \$ _____ and such rent has been paid through _____;

[(l) That the annual percentage rent currently payable under the Lease is at the rate of _____ and such rent has been paid through _____;]

[(m) That additional rent is payable under the Lease for (i) operating, maintenance or repair expenses, (ii) property taxes, (iii) consumer price index cost of living adjustments, or (iv) percentage of gross sales adjustments (i.e., adjustments made based on underpayments of percentage rent). The base year amounts for additional rental items are as follows: (1) operating, maintenance or repair expenses \$ _____, (2) property taxes \$ _____, and (3) consumer price index _____ (indicate base year CPI level);]

(n) That the undersigned has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession (except as expressly set forth in _____)

_____, a copy of which is attached hereto). No rents have been prepaid more than one (1) month in advance and full rental, including basic minimum rent, if any, has commenced to accrue;

(o) That a reconciliation of the operating costs and taxes has been approved through the year of ____ and no dispute exists regarding the same.

(p) That there are no defaults by the undersigned or, to the best knowledge of the undersigned, Landlord under the Lease, and no event has occurred or situation exists that would, with the passage of time, constitute a default under the Lease by the undersigned or, to the best knowledge of the undersigned after due inquiry, Landlord;

(q) That the undersigned has paid to Landlord a security deposit in the amount of \$ _____;

(r) That the undersigned has not assigned the Lease or any right, title or interest therein, or sublet the Premises or any part thereof.

2. The undersigned acknowledges that *[Identify lender(s)]* is or will be the owner and holder of a mortgage (the "Mortgage") on the land and the Building of which the Premises are a part, *as administrative agent and for the benefit of certain financial institutions (collectively, the "Lenders")* providing _____ financing to Landlord with respect to such land and Building (the "Financing").

3. *f(A)(i)* Tenant is not now, and will not at any time during the term of the lease become, a "party in interest" (within the meaning of Section 3(14) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) or a "disqualified person" (within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code")) with respect to the Metropolitan life Retirement Plan for United States Employees, taking into account the assets of any other plan maintained by the same employer or employee organization in Tower Fund (the "Plan"), or *(ii)* if Tenant is (or becomes) a party in interest or disqualified person with respect to the Plan, it is solely by reason of providing services to Landlord with respect to an asset or assets owned on behalf of the Plan or by reason of a relationship to a person providing such services; *(B)* neither landlord or any person controlling or controlled by Landlord owns a 25% or greater interest in Tenant, and *(C)* no portion of or interest in the Lease will be treated as the asset of any *(i)* "employee benefit plan" (within the meaning of Section 3(3) of ERISA), *(ii)* "plan" (within the meaning of Section 4975(e)(1) of the Code) or *(iii)* entity whose underlying assets include "plan assets" by reason of a plan's investment in such entity.*j**

4. The undersigned acknowledges the right of the Benefited Parties to rely upon the certifications and agreements in this Certificate. The undersigned hereby agrees to furnish Lender with such other and further estoppel certificates as Lender may reasonably request. The undersigned understands that Landlord's interest in the rentals due under

* *The inclusion of this paragraph is desirable but not required.*

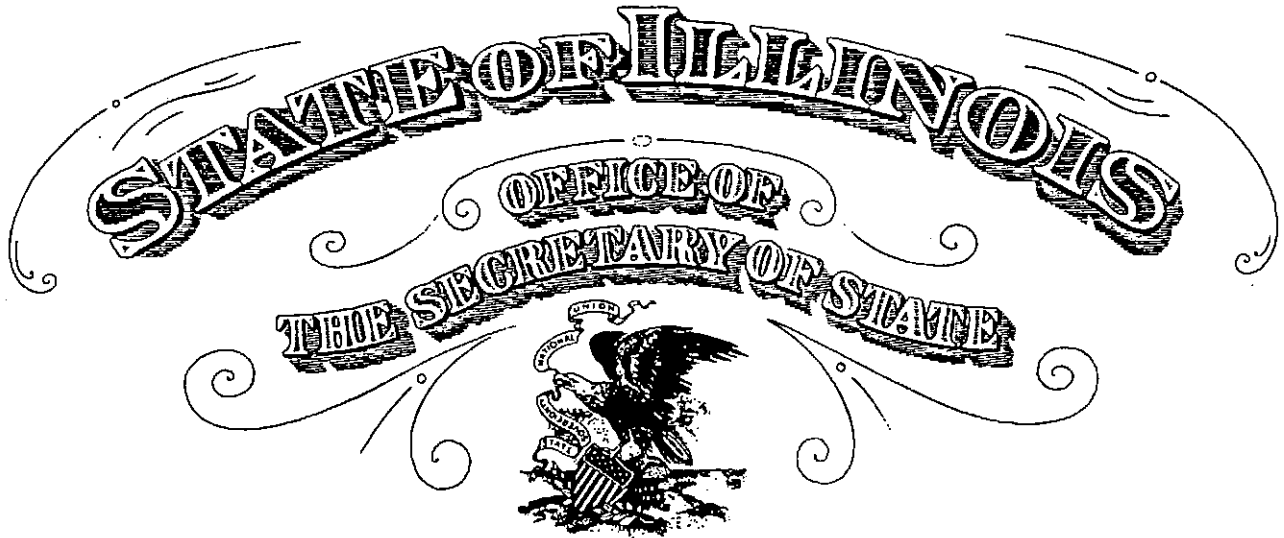
the Lease may be assigned. The undersigned agrees that if a Benefited Party other than Landlord shall notify the undersigned that a default has occurred under the documents evidencing such assignment and shall demand that the undersigned pay rentals and other amounts due under the Lease to such Benefited Party, the undersigned will honor such demand notwithstanding any contrary instructions from Landlord.

EXECUTED this ____ day of _____, 20__.

By: _____
Name: _____
Title: _____

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.



Authentication #: 1113901624

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

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

Jesse White

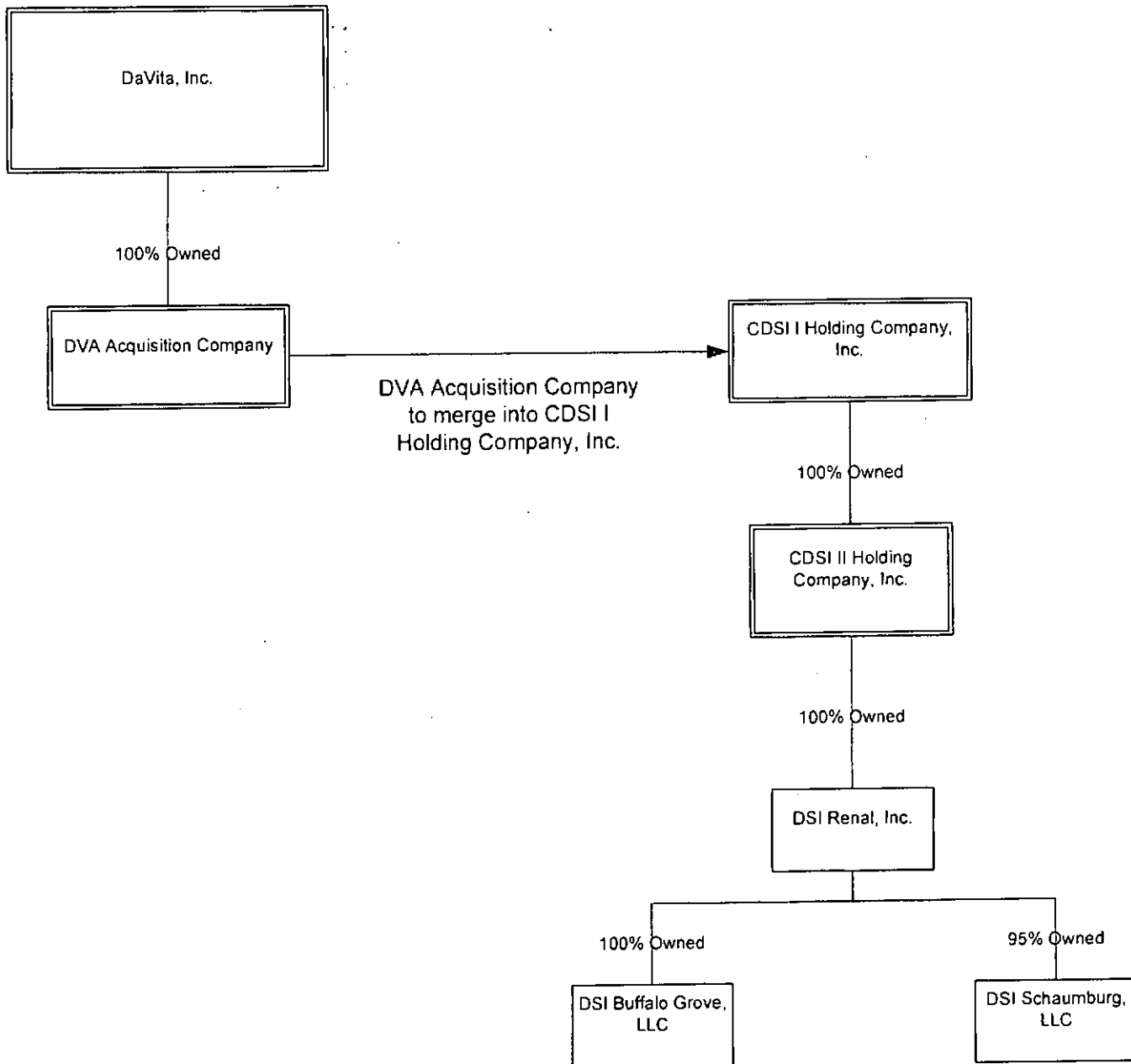
SECRETARY OF STATE

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.

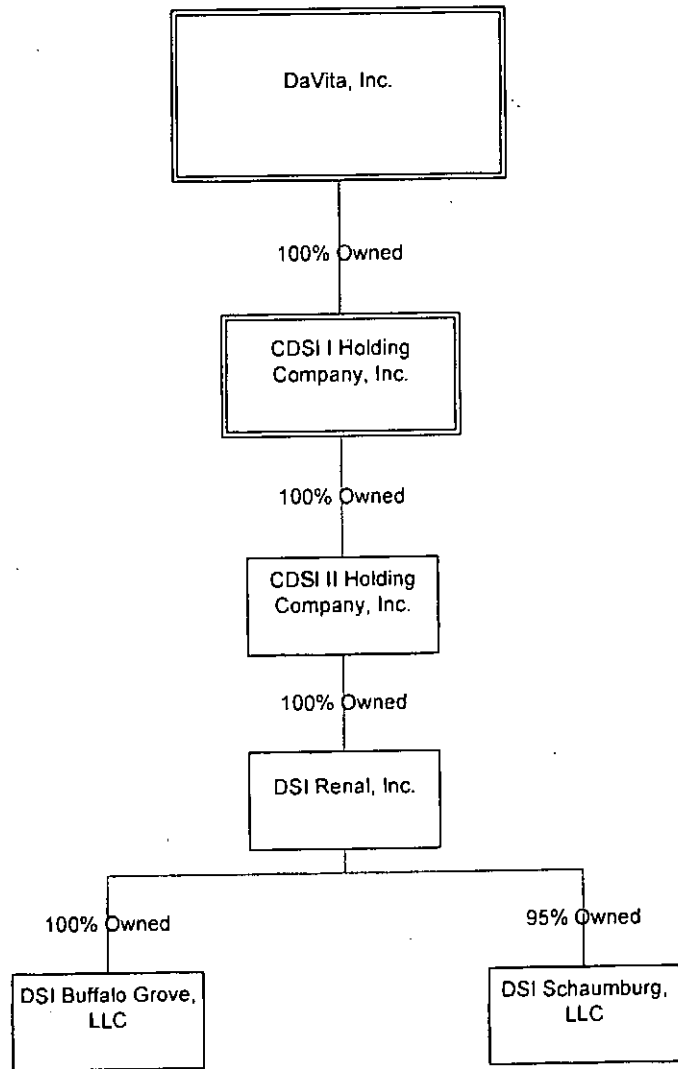
DaVita – DSI Renal, Inc.

Pre-Merger Organizational Chart



DaVita, Inc. – DSI Renal, Inc.

Post-Merger Organizational Chart



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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	\$5,633,602	14,720					
Total Clinical	\$5,633,602	14,720	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	\$5,633,602	14,720	0	0	0	0	0

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

Background of the Applicants

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

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

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

- The prevalence of CKD stages 1 to 4 has increased from 10% to 13.1% between 1988 and 2004¹
- Increasing prevalence of diabetes and hypertension, the two major causes of CKD

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

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

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

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

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

² Id.

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

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

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

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

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

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

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

Dialysis facilities are not subject to State Licensure.

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

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



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

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

April 30, 2009

Dear Physicians:

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



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



CathAway: Higher catheter use is associated with increased infection, morbidity, mortality and hospitalizations ^{(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 | 1-800-431-4872 | davita.com/physicians



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±SD), 42.8% Caucasian, 61% male with 25% having a fistula. Results showed a reduction in 90-day mortality almost 2 percentage points lower (6.14% vs. 7.98%; $p < 0.10$) among IMPACT versus nonIMPACT patients. Changes among the 4As showed higher albumin levels from 3.5 to 3.6 g/dL (note that some IMPACT patients were on protein supplementation during this period) and patients achieving fistula access during their first 90-days was 25% vs. 21.4%, IMPACT and nonIMPACT, respectively ($p \leq 0.05$). However, only 20.6% of IMPACT patients achieved Hct targets ($33 \leq 3xHb \leq 36$) 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

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

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

Patient Announcement card with the 'Spring Trees' logo and text: 'Attention, teammates! A new IMPACT patient is about to step up to the plate. Let's become their biggest fans. Let's coach and encourage them. And let's cheer them along every step of their first 90 days.'

Patient Education Book and Flip Chart with the 'Spring Trees' logo and 'Dayita' branding.

IMPACT Scorecard showing facility performance metrics for Access, Albumin, Adequacy, and Anemia.

Indicator	Access	Albumin	Adequacy	Anemia
Target	90%	3.5 g/dL	1.35	100%
Actual	92%	3.6 g/dL	1.38	102%

IMPACT Management Checklist for patient tracking over 90 days.

Patient Name	Access	Albumin	Adequacy	Anemia
Patient 1	90%	3.5 g/dL	1.35	100%
Patient 2	92%	3.6 g/dL	1.38	102%



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		FREERPORT	STEPHENSON	IL	61032-6914	14-2642
Rockford Dialysis	3339 N ROCKTON AVE		ROCKFORD	WINNEBAGO	IL	61103-2839	14-2647
Whiteside Dialysis	2600 N LOCUST	STE D	STERLING	WHITESIDE	IL	61081-4602	14-2648
Chicago Heights Dialysis	177 W JOE ORR RD	STE B	CHICAGO HEIGHTS	COOK	IL	60411-1733	14-2635
Benton Dialysis	1151 ROUTE 14 W		BENTON	FRANKLIN	IL	62812-1500	14-2608
Centralia Dialysis	1231 STATE ROUTE 161		CENTRALIA	MARION	IL	62801-6739	14-2609
Marion Dialysis	324 S 4TH ST		MARION	WILLIAMSON	IL	62959-1241	14-2570
Mount Vernon Dialysis	1800 JEFFERSON AVE		MOUNT VERNON	JEFFERSON	IL	62864-4300	14-2541
Metro East Dialysis	5105 W MAIN ST		BELLEVILLE	SAINT CLAIR	IL	62226-4728	14-2527
Olney Dialysis Center	117 N BOONE ST		OLNEY	RICHLAND	IL	62450-2109	14-2674
Stony Creek Dialysis	9115 S CICERO AVE		OAK LAWN	COOK	IL	60453-1895	14-2661
Beverly Dialysis	8109 SOUTH WESTERN AVE		CHICAGO	COOK	IL	60620-5939	14-2638
Maryville Dialysis	2130 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2634
Montclare Dialysis Center	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2649
Roxbury Dialysis Center	622 ROXBURY RD		ROCKFORD	WINNEBAGO	IL	61107-5089	14-2665
Dixon Kidney Center	1131 N GALENA AVE		DIXON	LEE	IL	61021-1015	14-2651
Sycamore Dialysis	2200 GATEWAY DR		SYCAMORE	DEKALB	IL	60178-3113	14-2639

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Mt. Greenwood Dialysis	3401 W 111TH ST		CHICAGO	COOK	IL	60655-3329	14-2660
Lake Villa Dialysis	37809 N IL ROUTE S9		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	21368 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2686
Kennedy Home Dialysis	5509 N CUMBERLAND AVE	STE 515	CHICAGO	COOK	IL	60656-4702	14-2691

DSI Renal Inc. Illinois Facilities

Facility	Address	City	Services	Number of Stations 3/20/2011	Average Utilization 04/01/2010 to 03/31/2011
DSI Loop Renal Center	1101 South Canal Street	Chicago	In-Center Hemo, HHD	28	45.68%
DSI Scottsdale Renal Center	4651 West 79th Street, Suite 100	Chicago	In-Center Hemo, HHD	35	42.26%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	55.09%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	92.29%
DSI Markham Renal Center	3053-3055 West 199th 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

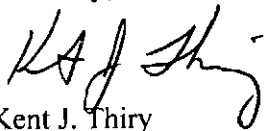
Re: Adverse Action and Access to Information

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

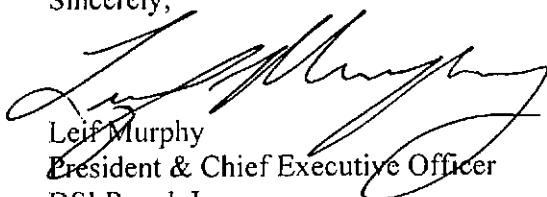
Re: Adverse Action and Access to Information

Dear Chairman Galassie:

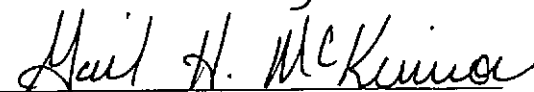
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DSI Renal, Inc. during the three years prior to filing this application.

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



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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 Loop Renal Center is attached at Attachment – 12. The market area encompasses a 30 minute normal travel time radius around the facility;
3. DSI Loop Renal Center is located in HSA 6. Based upon the May 20, 2011 Update to Inventory of Other Health Services, there is currently a need for 53 stations in HSA 6. The proposed merger of DaVita and DSI Renal, Inc. will ensure ESRD patients residing in HSA 6 retain access to life sustaining dialysis.
4. Reference

Illinois Health Facilities and Services Review Board, Update to Inventory of Other Health Services 8 (May 20, 2011) available at <http://www.hfsrb.illinois.gov/pdf/Other%20Services%20Update%2005-20-2011.pdf> (last visited May 23, 2011).
5. DaVita and DSI Renal, Inc. are leading providers of dialysis in the United States. The merger of DSI Renal, Inc. into DaVita will allow DaVita to increase its operational efficiency in this new payment environment, improve quality and ensure dialysis patients have continued access to life sustaining dialysis services.
6. The acquired facilities will be integrated into DaVita's normal operational processes, including DaVita's quality outcomes programs, and, thus, are anticipated to have outcomes comparable to other DaVita facilities.

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

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

DSI Loop 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 \$5,633,602.

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	\$5,633,602	Accept

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

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

1. Change in Services Currently Offered

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

2. Operating Entity

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

3. Reason for the Transaction

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

4. Anticipated Additions or Reductions of Employees

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

5. Cost-Benefit Analysis

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

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

1. Current Admissions Policy

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

2. Proposed Admissions Policy

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

3. Admission Policy Certification

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

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.



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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Policy: 3-01-03

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

POLICY:

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

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

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

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

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

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

ATTACHMENTS:

Attachment A: Procedures for Accepting Patients for Treatment

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

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

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

DEFINITIONS:

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

POLICY:

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

PROCEDURE(S):

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

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

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

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

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

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

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

15. The dialysis facility will fax the following required documents to 1-888-720-4008 for electronic imaging:
- a. CMS 382 Beneficiary Selection (PD patients)-this is faxed one (1) time only or if modality changes and then is faxed in January;
 - b. Patient Authorization & Financial Responsibility Form (PAFR);
 - c. Authorization for and Verification of Consent to Hemodialysis Procedure Form;
 - d. Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form (if applicable);
 - e. Reuse Information Consent Form (if applicable);
 - f. Patient's Rights;
 - g. Patient's Responsibilities;
 - h. Patient's Standards of Conduct;
 - i. Patient Grievance Procedure;
 - j. Dialysis Emergency Form/Emergency Evacuation Acknowledgement (Hemodialysis patients);
 - k. Patient's Choice of Transportation; and/or
 - l. Caretaker Authorization.

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

B. Visiting DaVita Patient Procedures:

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

C. Registration Teammate Procedures:

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

D. Exceptions to these Procedures:

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

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

May 18, 2011


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

Re: Admission Policies

Dear Chairman Galassie:

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

Sincerely,



Kent J. Thiry
Chief Executive Officer
DaVita, Inc.

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



Notary Public



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

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

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Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

Included as a supplement to this application is 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 \$5,633,602 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

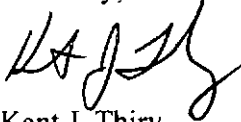
Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

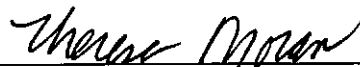
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment 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: \$3,033,400

Treatments: \$11,076

Operating Expense per Treatment: \$273.87

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

Capital Costs: \$362,850

Treatments: \$11,076

Capital Costs per Treatment: \$32.76

Section XI, Safety Net Impact Statement

The Applicants propose a change of control of the operating entity of DSI Loop 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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4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	93-95
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6	Historic Preservation Act Requirements	97
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14	Size of the Project	
15	Project Service Utilization	
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	122-144
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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	
34	Children's Community-Based Health Care Center	
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	
38	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
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