

Original

11-032

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

MAY 27 2011

Facility/Project Identification

Facility Name: DSI Markham Renal Center	HEALTH FACILITIES & SERVICES REVIEW BOARD	
Street Address: 3053-55 West 159th Street		
City and Zip Code: Markham, Illinois 60428		
County: Cook	Health Service Area 7	Health Planning Area:

Applicant /Co-Applicant Identification

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

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

Type of Ownership of Applicant/Co-Applicant

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

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

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

Primary Contact

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

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

Additional Contact

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

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

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: DSI Markham Renal Center		
Street Address: 3053-55 West 159th Street		
City and Zip Code: Markham, Illinois 60428		
County: Cook	Health Service Area 7	Health Planning Area:

Applicant /Co-Applicant Identification

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

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

Type of Ownership of Applicant/Co-Applicant

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

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

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

Post Permit Contact

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

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

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Canterbury Chicago, LLC
Address of Site Owner: 2959 West 159 th Street, Markham, Illinois 60428
Street Address or Legal Description of Site: 3053-55 West 159th Street, Markham, IL 60428
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 Markham Renal Center is a 24 station in-center hemodialysis facility located at 3053-55 West 159th Street, Markham, Illinois 60428. 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	\$100,000		\$100,000
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$100,000		\$100,000
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$100,000		\$100,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$100,000		\$100,000
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

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

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

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

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

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

None or not applicable Preliminary
 Schematics Final Working

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

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

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

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

State Agency Submittals

Are the following submittals up to date as applicable:

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization NOT APPLICABLE

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

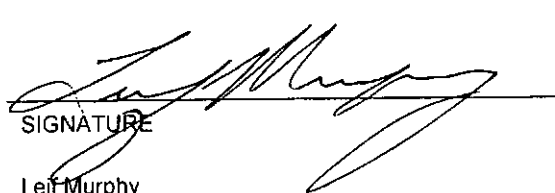
FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:					
		From:		to:	
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	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

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of 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.



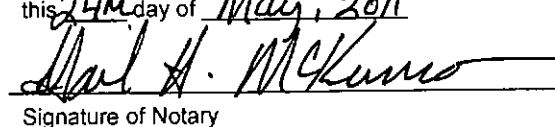
 SIGNATURE

Leif Murphy

 PRINTED NAME

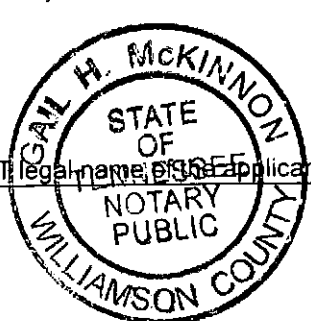
Chief Executive Officer

 PRINTED TITLE

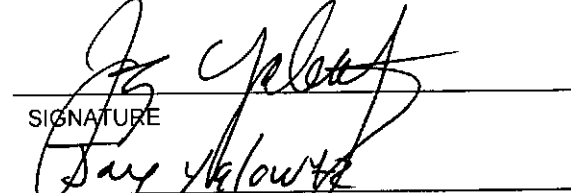
Notarization:
 Subscribed and sworn to before me
 this 24th day of May, 2011


 Signature of Notary

Seal



*Insert EXACT legal name of applicant



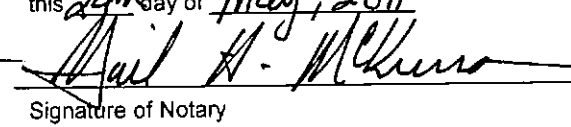
 SIGNATURE

Day Yelowitz

 PRINTED NAME


Exp-Secretary

 PRINTED TITLE

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


 Signature of Notary

Seal



CERTIFICATION

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

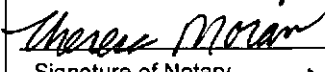
Kent Thiry

PRINTED NAME

Chief Executive Officer

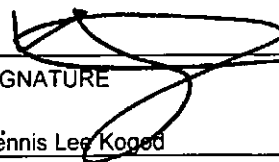
PRINTED TITLE

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



Signature of Notary

Seal My Commission Expires
9-4-13



SIGNATURE

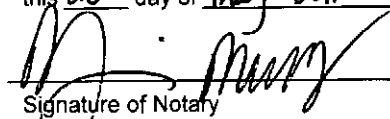
Dennis Lee Koged

PRINTED NAME

Chief Operating Officer

PRINTED TITLE

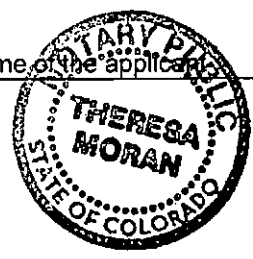
Notarization:
Subscribed and sworn to before me
this 20 day of May 2011



Signature of Notary

Seal My Commission Expires
July 28, 2014

*Insert EXACT legal name of the applicant



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:

\$100,000	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.
\$100,000	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

2. Variance

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

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

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

XI. Safety Net Impact Statement

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

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

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

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

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

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

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

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

XII. Charity Care Information

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

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

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

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

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

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

Section I, Identification, General Information, and Certification
Applicants

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

Delaware

PAGE 1

The First State

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

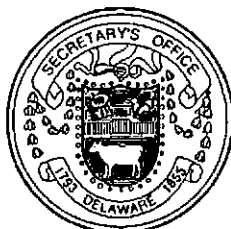
AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

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


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

2391269 8300

101133217



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


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8386715

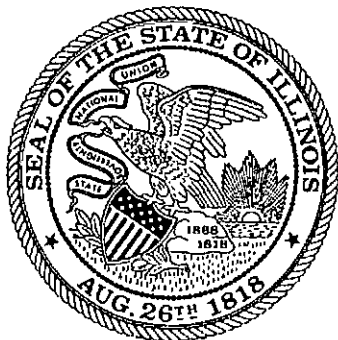
DATE: 11-30-10



To all to whom these Presents Shall Come, Greeting:

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

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



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

Jesse White

Authentication #: 1113901624

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

SECRETARY OF STATE

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

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

CONSENT TO LEASE ASSIGNMENT

THIS CONSENT TO ASSIGNMENT (this "Consent") is entered into as of March 2006 by and among CANTERBURY CHICAGO, LLC ("Landlord"), DIALYSIS CENTERS OF AMERICA-ILLINOIS, INC. ("Assignor"), and NATIONAL RENAL INSTITUTES, INC., a Delaware corporation ("Assignee");

WITNESSETH:

WHEREAS, Landlord, as Successor, and Assignor are parties to that certain Lease dated December 12, 1996 as it may have been amended (collectively, the "Lease"), whereby Assignor leases certain premises located at 3053 West 159th Street, Markham, Illinois (the "Premises"); capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Lease;

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

WHEREAS, Assignee has agreed to assume the Lease;

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

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

- 1 -

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

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

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

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

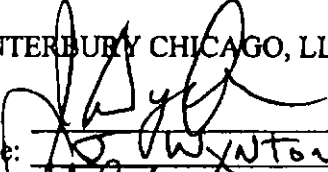
10. Landlord and Tenant agree that the renewal option, provided for in the Lease, is exercised and the Assignor hereby agrees to promptly pay Landlord, upon Landlord's execution of this Consent, a \$15,000 payment with respect to Tenant's exercise of such renewal option.

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

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

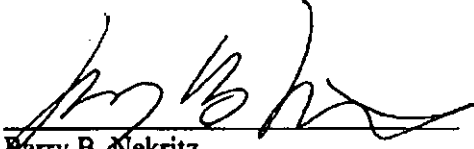
LANDLORD

CANTERBURY CHICAGO, LLC

By: 
Name: D. P. Leobing
Title: D.P. Leobing

ASSIGNOR

DIALYSIS CENTERS OF AMERICA-ILLINOIS,
INC.

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

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

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

LANDLORD

CANTERBURY CHICAGO, LLC

By: 

Name: D.P. Leobius

Title: D.P. Leobius

ASSIGNOR

DIALYSIS CENTERS OF AMERICA-ILLINOIS,
INC.

By: 

Name: Barry B. Nekritz

Title: Authorized Representative

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,
a Delaware corporation

By: 

Name: Judy L. Kowitz

Title: CEO & Secretary

Lease Agreement

For DSI

Sent 09/12/06

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") made as of the 31st day of May, 1997, by and between Indianwood Limited Partnership, an Illinois limited partnership, being the sole beneficiary of Firststar Bank Illinois, as successor trustee to Colonial Bank, not personally but as Trustee under a Trust Agreement dated June 11, 1986 and known as Trust No. 999-C (hereinafter referred to as "Landlord") and Dialysis Centers of America-Illinois, Inc. (hereinafter referred to as "Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant entered into that certain lease dated December 12, 1996 (hereinafter referred to as the "Lease") for the premises in the Canterbury Shopping Center (the "Shopping Center") designated as Store Nos. 10 and 11 on Exhibit A to the Lease, commonly known as 3053 West 159th Street, Markham, Illinois (hereinafter referred to as the "Leased Premises"); and

WHEREAS, at the time of execution of the Lease, the Floor Area of the Leased Premises was estimated to be 7,000 square feet, subject to adjustment to be determined by field calculation, and said field calculation has been performed and it has been determined that the actual Floor Area of the Leased Premises is 6,879 square feet.

NOW, THEREFORE, in consideration of the covenants and agreements herein set forth, Landlord and Tenant hereby covenant and agree as follows:

1. Floor Area

The Basic Lease Provision entitled "FLOOR AREA" set forth in Section 1.1 of the Lease is hereby amended and restated in its entirety to read as follows:

"FLOOR AREA: Six Thousand Eight Hundred Seventy-Nine (6,879) square feet, being the rentable area of the Leased Premises, as outlined in Exhibit A."

2. Fixed Minimum Rent

The Basic Lease Provision entitled "FIXED MINIMUM RENT" set forth in Section 1.1 of the Lease is hereby amended and restated to read in its entirety as follows:

"FIXED MINIMUM RENT:

<u>Lease Year</u>	<u>Annual Fixed Minimum Rent</u> (per square foot)	<u>Annual Fixed Minimum Rent</u> (total)
1, including partial month, if any, preceding first Lease Year	\$6.50	\$44,713.50
2-3	\$7.00	\$48,153.00
4-5	\$7.75	\$53,312.25
6	\$8.75	\$60,191.25
7-8	\$9.50	\$65,350.50
9-10	\$10.50	\$72,229.50
11 (option year)	\$12.00	\$82,548.00
12-13 (option years)	\$13.00	\$89,427.00
14-15 (option years)	\$14.00	\$96,306.00"

3. Defined Terms

All capitalized terms used herein shall, unless otherwise specified, have the meaning ascribed to such terms in the Lease.

4. Confirmation and Republication

As amended hereby, the Lease is hereby ratified, confirmed and republished, and all of the terms, provisions and conditions of the Lease shall remain in full force and effect and shall continue to be binding upon and inure to the benefit of the successors and assigns of each party hereto. Tenant hereby acknowledges that the Lease is in full force and effect and that there is no existing default on the part of the Landlord under the terms of the Lease.

5. Exculpation of Landlord

This Lease is executed by Indianwood Limited Partnership, as beneficiary of Firststar Bank Illinois, as successor trustee to Colonial Bank, as trustee under a Trust Agreement dated June 11, 1986 and known as Trust No. 999-C. It is specifically understood and agreed that there shall be no personal liability of Indianwood Limited Partnership or any partner thereof in respect of any of the covenants, conditions or provisions of this Lease Amendment; in the event of a breach or a default by Landlord of any of its obligations under the Lease, Tenant shall look solely to the equity of Landlord in the shopping Center for satisfaction of Tenant's remedies.

IN WITNESS WHEREOF, the parties have executed or caused to be executed by proper parties thereunto duly authorized so to do (by its Board of Directors, if Tenant is a corporation), as of the day and year first above written.

TENANT:

Dialysis Centers of
America-Illinois, Inc.,
a corporation

By: [Signature]

Wesley B. Adams, Sr.
Printed Name

Title: Senior Vice President
DCA, Inc.

LANDLORD:

Indianwood Limited Partnership, an
Illinois limited partnership, by
Inland Real Estate Investment
Corporation, a Delaware
corporation, its managing general
partner

By: [Signature]

Its: Senior Vice President

as beneficiary under a land trust
of which Firststar Bank Illinois,
as successor trustee to Colonial
Bank, is trustee under its Trust
No. 999-C.

EXECUTED LEASE
Renal Care Group MidAmerica
~~**NORTH CENTRAL DIALYSIS CENTER**~~
CANTERBURY SHOPPING CENTER

LEASE FOR
CANTERBURY SHOPPING CENTER
Markham, Illinois

ARTICLE 1. BASIC LEASE PROVISIONS AND ENUMERATION OF EXHIBITS.

Section 1.1. Basic Lease Provisions.

DATE: December 12, 1996.

LANDLORD: Inlandwood Limited Partnership, an Illinois limited partnership, being the sole beneficiary of Firstar Bank Illinois, as successor trustee to Colonial Bank, not personally but as Trustee under a Trust Agreement dated July 11, 1986 and known as Trust No. 999.

ADDRESS OF LANDLORD: c/o Tri-Land Properties, Inc., One Westbrook Corporate Center, Suite 820, Westchester, Illinois 60154-5764.

TENANT: Dialysis Centers of America-Illinois, Inc.

ADDRESS OF TENANT: 161 North Clark, Suite 1200, Chicago, Illinois 60601.

NOTICE ADDRESS OF TENANT: 161 North Clark, Suite 1200, Chicago, Illinois 60601.

TENANT'S TRADE NAME: North Central Dialysis Center.

LEASED PREMISES: Store Nos. 10 and 11, as shown in Exhibit "A", commonly known as 3053 West 159th Street, Markham, Illinois 60428.

FLOOR AREA: Seven thousand (7000) square feet, being the approximate rentable area of the Leased Premises, as outlined in Exhibit "A". The actual square footage of the Leased Premises shall be determined by a field calculation made by Landlord's architect within thirty (30) days following the Lease Execution Date.

LEASE TERM: Ten (10) Lease Years (plus a partial month, if any, prior to the first Lease Year).

EXTENSION OPTION: Specified in Section 2.6.

COMMENCEMENT DATE: Defined in Section 2.3.

LEASE EXECUTION DATE: The date on which a fully executed counterpart of this Lease is delivered to Tenant or Tenant's representative.

FIXED MINIMUM RENT:

<u>Lease Year</u>	<u>Annual Fixed Minimum Rent (per square foot)</u>	<u>Annual Fixed Minimum Rent (total)*</u>
1, including partial month, if any, preceding first Lease Year	\$6.50	\$45,600.00
2-3	\$7.00	\$49,000.00
4-5	\$7.75	\$54,250.00
6	\$8.75	\$61,250.00
7-8	\$9.50	\$66,500.00
9-10	\$10.50	\$73,500.00
11 (option year)	\$12.00	\$84,000.00
12-13 (option years)	\$13.00	\$91,000.00
14-15 (option years)	\$14.00	\$98,000.00

* Actual Annual Fixed Minimum Rent will be based on the actual square footage of the Leased Premises as determined by a field calculation made by Landlord's architect within thirty (30) days following the Lease Execution Date.

PERMITTED USES: Providing dialysis treatment services and no other uses, subject to all of the terms, covenants and conditions set forth in this Lease including, without limitation, the covenants set forth in Article VIII. Landlord shall have the right to cause Tenant to discontinue the sale or providing of any item, merchandise or commodity, the supplying of any service, or the carrying on of any business, which in the sole and absolute opinion of Landlord, does not fall within the Permitted Uses. Notwithstanding the foregoing to the contrary, Tenant may, with Landlord's prior written consent which shall not be unreasonably withheld, use the Leased Premises as a medical clinic or other medical use reasonably related thereto, provided that such use is permitted under applicable zoning regulations to which the Shopping Center is subject.

INITIAL OPERATING COST PAYMENT: \$1.43 per square foot of Floor Area per year (\$.18 of which represents the initial estimated insurance costs per square foot).

MERCHANTS' ASSOCIATION DUES: \$300.00 per year.

INITIAL REAL ESTATE TAX PAYMENT: \$3.27 per square foot of Floor Area per year.

Section 1.2. Significance of Basic Lease Provisions. Each reference in this Lease to any of the Basic Lease Provisions contained in Section 1.1 of this Article shall be deemed and construed to incorporate all of the terms provided under each such Basic Lease Provision.

Section 1.3. Enumeration of Exhibits. The exhibits enumerated in this Section and attached to this Lease are incorporated in this Lease by this reference.

Exhibit A. Site Plan of Canterbury Shopping Center.

Exhibit B. INTENTIONALLY OMITTED

Exhibit C. Description of Tenant's Work

Exhibit D. Sign Criteria.

ARTICLE II. LEASED PREMISES AND TERM

Section 2.1. Shopping Center. Landlord is the owner of the tract of land located in Markham, Illinois, commonly known as Canterbury Shopping Center ("Landlord's Tract"). Landlord's Tract is depicted on Exhibit A. Landlord's Tract and any improvements and appurtenances constructed thereon from time to time are sometimes hereinafter referred to as the "Shopping Center." The description of the Shopping Center on Exhibit A does not constitute a representation, covenant or warranty by Landlord and Landlord reserves the right from time to time during the Lease Term to change the dimensions of the Shopping Center, the number and location of buildings, building dimensions, the number of floors in any of the buildings, store dimensions, the size, location and types of Common Areas and Facilities, and the identity and type of other stores and tenants, and to construct kiosks, enclosed malls or courts (provided only that reasonable access to the Leased Premises shall not be materially impaired), and to redesign or redecorate any or all of the Shopping Center, provided, however, that there shall at all times during the Lease Term be sufficient parking spaces in the Common Areas and Facilities to comply with applicable code requirements. Landlord covenants and agrees that there shall be four (4) handicapped parking spaces in the area designated on Exhibit A for "handicapped parking" at all times during the Lease Term.

Section 2.2. Leased Premises. Landlord hereby leases and demises to Tenant, and Tenant hereby leases from Landlord, subject to and with the benefit of the provisions of this Lease (including, without limitation, such rights to use Common Areas of the Shopping Center as are provided in Sections 5.1 and 5.2 hereof), the Leased Premises.

Section 2.3. Lease Contingency. Commencement of the Term.

Notwithstanding any other provision of this Lease to the contrary, Landlord and Tenant agree that this Lease and the obligations of the parties hereunder shall be expressly contingent upon Tenant obtaining at its sole cost and expense, any and all necessary licenses, permits and approvals from the State of Illinois required in order to operate Tenant's business in the Leased Premises for the Permitted Use (as a dialysis

treatment center) (the "State Approvals"). In the event that the State Approvals are not obtained, notwithstanding the good faith efforts of Tenant, Tenant shall terminate this Agreement by written notice to Landlord on or before the ninetieth (90th) day after the Lease Execution Date. The period from the Lease Execution Date to the ninetieth (90th) day following the Lease Execution Date is hereinafter referred to as the "Approval Contingency Period." In the event that Tenant fails to provide such written notice within such ninety-day period, such contingency shall be deemed waived by Tenant.

The Lease Term, and the obligations of the Tenant to pay Rent hereunder and to commence operations in the Leased Premises, shall commence and accrue on the earlier of (a) the date that Tenant first opens the Leased Premises for business or (b) the ninetieth (90th) day following the earlier of (i) the expiration of the Approval Contingency Period, or (ii) the day the Tenant obtains the State Approvals (the "State Approval Date"). Such date of commencement of the Lease Term as hereinabove provided, is referred to as the "Commencement Date."

Landlord shall deliver possession of the Leased Premises for commencement of Tenant's Work as of the earlier to occur of the State Approval Date or the expiration of the Approval Contingency Period (the "Delivery Date"). In the event Landlord is unable to deliver possession of the Leased Premises on the Delivery Date because of the failure or refusal of the current occupant of the Leased Premises to vacate and surrender the same, this Lease shall remain in full force and effect except the Delivery Date shall be postponed until Landlord is able to deliver possession of the Leased Premises to Tenant and no Rent shall be due from Tenant until ninety (90) days after possession of the Leased Premises is delivered to Tenant. Notwithstanding the foregoing to the contrary, in the event that Landlord has failed to deliver possession of the Leased Premises in conformity with the requirements of this Lease within thirty (30) days following the required Delivery Date, provided that Tenant is not then in default hereunder, Tenant may terminate this Lease by giving written notice to Landlord within ten (10) days following the expiration of such thirty (30) day period, however, in the event that Landlord is diligently proceeding in its efforts to deliver the Leased Premises to Tenant, Landlord may, by written notice to Tenant within fifteen (15) days after receipt of Tenant notice to Landlord terminating the Lease, extend the period for delivery of the Leased Premises to Tenant by an additional thirty (30) days following the aforementioned thirty (30) day period.

Upon the Commencement Date and from time to time thereafter, upon the request of either party, the other party will execute and deliver such further instruments as may be appropriate, setting forth the Commencement Date and the date of expiration of the Lease Term.

Subject to the provisions of Section 3.2, Tenant shall have the right, prior to the Commencement Date, to enter the Leased Premises for the purpose of fixturing and otherwise preparing the Leased Premises for the conduct of Tenant's business therein.

Such entry by Tenant on the Leased Premises shall be subject to all of the provisions of this Lease, except, however, the provisions relating to payment of Fixed Minimum Rent and charges for real estate taxes, operating costs and Landlord's insurance premiums. During such fixturing and other work performed by or for Tenant in or about the Leased Premises or the Shopping Center, Tenant, its agents, employees, and contractors shall work in harmony with and subject to the schedule of Landlord, its agents, employees and contractors.

Upon any termination of the Lease pursuant to this Section 2.3, the parties shall be released of all future obligations under this Lease; provided, however, that all obligations of either party which accrue under this Lease on or before any such termination shall survive such termination.

Section 2.4. Condition of Leased Premises. Tenant acknowledges that Tenant has thoroughly inspected the Leased Premises prior to signing this Lease and by taking possession thereof, Tenant accepts the Leased Premises "AS-IS" with all faults as the same is as of the Lease Execution Date. Tenant agrees to keep the Leased Premises in as good a condition as upon delivery, and free from defects and in good, clean and sanitary order, condition and repair such condition, reasonable wear and tear thereof and casualty excepted. No agreements or representations of Landlord to alter, improve, repair, decorate or clean the Leased Premises or the remainder of the Shopping Center, and no promise respecting the condition of the Leased Premises or the Shopping Center has been made by or on behalf of Landlord.

Section 2.5. Term of Lease. The Lease Term shall be for the period specified in Section 1.1 *supra*, unless otherwise terminated or extended as provided herein.

Section 2.6. Extension Option. Provided Tenant is not otherwise in default hereunder, Tenant shall have the option to extend the Lease Term for one (1) additional period of five (5) Lease Years, subject to the terms, conditions, covenants and provisions of this Lease. Tenant shall exercise such option by giving Landlord written notice thereof at least one hundred and eighty (180) days prior to the expiration of the then current Lease Term. If Tenant shall fail to give Landlord timely notice of its exercise of any option herein contained, such option shall become null and void and all subsequent options shall be null and void.

ARTICLE III. CONSTRUCTION.

Section 3.1. Intentionally Omitted.

Section 3.2. Construction by Tenant.

A. Plans. All work is to be done by Tenant, by bonded contractors reasonably approved by Landlord, at Tenant's expense and in strict accordance with the outline description set forth in the schedule entitled Tenant's Work and attached hereto as Exhibit C, the Sign Criteria set forth in Exhibit D and the plans and specifications approved by Landlord as hereinafter described in this Section 3.2. Tenant agrees to submit to Landlord, within thirty (30) days following the Lease Execution Date, complete plans and specifications, including engineering, mechanical and electrical work covering Tenant's Work as described in Exhibit C in such detail as Landlord may reasonably require, in compliance with Exhibits C and D and all applicable statutes, ordinances, regulations and codes, including without limitation, such statutes, ordinances, regulations governing the handling, care and removal of any materials involved in or affected by said construction, certified by both a licensed registered architect and a licensed registered professional engineer, and further including an interior sample board illustrating the materials to be used for floor and wall coverings, countertops, lighting fixtures and other furnishings proposed to be installed by Tenant in the Leased Premises. Within ten (10) days of receipt, Landlord shall notify Tenant of any failure of Tenant's plans and specifications or interior sample board to conform to the applicable Exhibits or otherwise to meet with Landlord's approval, which approval shall not be unreasonably withheld. Tenant shall, within ten (10) days after receipt of any such notice, cause Tenant's plans and specifications or interior sample board to be revised and resubmitted to Landlord for Landlord's approval. Tenant shall not commence any work upon or within the Leased Premises or be entitled to possession thereof until (a) Landlord has approved Tenant's plans and specifications and interior sample board and (b) Tenant has provided Landlord with evidence satisfactory to Landlord that the insurance coverage described in Section 8.1J of this Lease is in effect. If said plans and specifications and interior sample board are not so submitted within the aforesaid thirty (30) day period or resubmitted with revisions within the aforesaid ten (10) day period, Landlord may upon an additional ten (10) days' written notice terminate this Lease. In the event of such termination, Landlord shall have the immediate right to recover as its liquidated damages, and not as a penalty, a sum of money equal to the Fixed Minimum Rent and charges for real estate taxes, operating costs and Landlord's insurance premiums payable for six (6) months.

B. Prosecution of Tenant Work. In addition to the requirements set forth in subparagraph A of this Section 3.2, before commencement of any work or delivery of any materials into the Leased Premises or the Shopping Center, Tenant shall furnish to Landlord for approval the names and addresses of all contractors, copies of all contracts, necessary permits and licenses, certificates of insurance and instruments of indemnification and waivers of lien against any and all costs, claims, expenses, damages and liabilities which may arise in connection with such work, all in such form and amount as is satisfactory to Landlord in its reasonable

judgment. Upon completion of such work, Tenant shall furnish Landlord with contractor's affidavits accompanied by full and final waivers of lien, receipted bills covering all labor and materials expended and used in connection with such work and copies of all permits and inspection reports which are required to evidence the proper completion of such work. All such work shall comply with all insurance requirements and with all laws, ordinances, rules and regulations of all governmental authorities and all occupancy permits applicable to the Leased Premises, and shall be done in a good and workmanlike manner using good grades of materials, and without interfering with other tenants' operations. Tenant shall pay the reasonable cost for Landlord's architect to review Tenant's plans and specifications.

C. Landlord's Approval. Landlord's approval of Tenant's Work or the specifications, plans, working drawings and samples for Tenant's alterations shall create no responsibility or liability on the part of Landlord for their completeness, design efficiency, or compliance with laws, rules and regulations of governmental agencies or authorities.

Section 3.3. Obligations of Tenant Before Lease Term Begins. Tenant shall perform diligently such of its obligations contained in Exhibit C as are to be performed by it prior to the Lease Term, and shall (subject to delays caused by Landlord) complete its work not later than the Commencement Date. Tenant shall also observe and perform all of its obligations under this Lease (except its obligations to pay Fixed Minimum Rent and its Pro-Rate Share for charges for real estate taxes, operating costs, and insurance premiums) from the date Tenant commences work upon or within or otherwise takes possession of the Leased Premises, in the same manner as though the Lease Term began when the Leased Premises were so made available to Tenant.

ARTICLE IV. METHOD OF RENT PAYMENT AND DETERMINATION OF RENT.

Section 4.1. Fixed Minimum Rent. Tenant agrees to pay to Landlord, or to such other persons as Landlord may direct, without demand, at the Address of Landlord or such place as Landlord may by notice in writing to Tenant from time to time direct, the following sums in United States Dollars at the following rates and times:

(a) Fixed Minimum Rent in the amount specified in Section 1.1, payable in advance in equal successive monthly installments commencing on the Commencement Date for the first month of the Lease Term and thereafter on the first day of each calendar month of the Lease Term. If the Commencement Date falls on a day other than the first day of the month, the monthly rent payment for the first month shall be prorated on the basis of one-thirtieth (1/30th) of said monthly payment for each day of said month that is included in the Lease Term; and

(b) Until notified to the contrary by Landlord, Tenant shall pay all amounts payable under this Lease to Tri-Land Properties, Inc., One Westbrook Corporate Center, Suite 520, Westchester, Illinois 80154.

Section 4.2. Definition of Lease Year. The term "Lease Year" means a period of twelve (12) consecutive calendar months. The first Lease Year shall commence on the first day of the next month immediately following the Commencement Date, unless the Commencement Date is the first day of the calendar month, in which case the first Lease Year shall commence on the Commencement Date, and each succeeding Lease Year shall commence upon the anniversary date of the first Lease Year.

Section 4.3. Intentionally Omitted.

Section 4.4. Intentionally Omitted.

Section 4.5. Intentionally Omitted.

Section 4.6. Delinquency Charge For Late Rent Payment. On the first two (2) occasions in any twelve month period when Landlord does not receive a payment of Rent when the same is due, there shall be added a delinquency charge equal to five percent (5%) of said installment as additional Rent hereunder beginning five (5) days after written notice from Landlord to Tenant of any delinquency in any payment of rent, unless the same is paid by Tenant within such five-day period. On the third and any subsequent occasion in any twelve month period when Landlord does not receive a payment of Rent when the same is due, there shall be added a delinquency charge equal to five percent (5%), payable immediately without the necessity of notice or demand by Landlord as additional Rent hereunder. Any delinquency charge imposed by Landlord is in addition to the Landlord's right to treat Tenant in default in accordance with the provisions of Article XI, and shall be cumulative of all of Landlord's remedies. Any delinquency charge owing hereunder shall be considered Rent due hereunder and the failure of the Tenant to pay any delinquency charge due hereunder shall constitute a default in the payment of Rent by Tenant in accordance with Section 11.1.

Section 4.7. Definition of Rent. The term "Rent" means all amounts due Landlord from Tenant under or pursuant to this Lease, including, without limitation, Fixed Minimum Rent, amounts due on account of real estate taxes, Operating Costs, insurance premiums Delinquency Charges and contributions to any advertising and promotional service or Merchant's Association dues and amounts arising from any obligation of Tenant to reimburse or indemnify or pay liquidated damages to Landlord under any provision of this Lease.

ARTICLE V. OPERATION OF THE SHOPPING CENTER.

Section 5.1. Common Areas and Facilities. Landlord shall make available from time to time such areas and facilities of the Shopping Center for the common benefit of the tenants and occupants of the Landlord's Tract as Landlord shall deem appropriate. Landlord shall, subject to the other provisions of this Lease, operate, manage, equip, heat, ventilate, cool, light, insure, secure, repair and maintain such common areas and facilities of the Shopping Center for their intended purposes in such manner as Landlord shall in its sole discretion determine, and may from time to time, subject to the provisions of Section 2.1 hereof, change the size, location, use and nature of any common area and facility, sell or lease any portion thereof, or assign the exclusive use thereof to one or more tenants; and may make installations therein and move and remove such installations, including the installation of kiosks, enclosed malls or courts.

Section 5.2. Use of Common Areas. Tenant and its permitted concessionaires, officers, employees, agents, customers and invitees shall have the non-exclusive right, in common with Landlord and all others to whom Landlord has or may hereafter grant rights, to use such portions of the common areas as designated from time to time by Landlord, subject to such reasonable regulations as Landlord may from time to time impose (written notice of such imposition to be given by Landlord to Tenant) including the designation of specific areas in which cars owned by Tenant, its permitted concessionaires, officers, employees and agents must be parked. Tenant agrees to abide by such regulations and to use its reasonable efforts to cause its permitted concessionaires, officers, employees, agents, customers and invitees to conform thereto. Landlord may at any time close temporarily any common area to make repairs or changes to prevent the acquisition of public rights in such area or to discourage noncustomer parking; and may do such other acts in and to the common areas as in its reasonable judgment may be desirable to improve the convenience thereof. Tenant shall upon request furnish to Landlord the license numbers and description of the cars operated by Tenant and its permitted concessionaires, officers, employees, and agents. Tenant shall not at any time interfere with the rights of Landlord and other tenants, and their permitted concessionaires, officers, employees, agents, customers and invitees, to use any part of the parking areas and other common areas. Landlord reserves the right to grant to other tenants and third persons such exclusive and non-exclusive rights in the common areas as from time to time the Landlord deems appropriate.

Section 5.3. Operating Cost Payment. Each Lease Year during the Lease Term, and during any period that Tenant shall transact business in the Leased Premises prior to the Commencement Date, Tenant shall pay to Landlord on account of Tenant's obligation under Section 5.5, the Operating Cost Payment which shall be payable in equal monthly installments on the first day of every calendar month during the Lease Term and a pro-rata sum for the partial month, if any, preceding the first Lease Year, payable on the Commencement Date. Following each Landlord Fiscal Year, the Operating Cost Payment shall be adjusted upwards or downwards in the manner set forth below, but never less than the amount specified in Section 1.1. The amount of the Operating Cost Payment for each

Landlord Fiscal Year or partial Landlord Fiscal Year, shall be determined as follows: the actual costs (whether paid or incurred), as defined in Section 5.5 hereof for the preceding Landlord Fiscal Year shall be multiplied by a factor of 1.10, and the product thereof shall be the Operating Cost Payment for the forthcoming Landlord Fiscal Year, in addition to the appropriate administrative charges and reserves as herein provided, which shall be payable retroactively to the first day of such Landlord Fiscal Year.

Section 5.4. Enclosed Mall. In the event Landlord shall decide, in its sole discretion, to enclose the common areas or any portion thereof, Tenant shall contribute such sums as may be agreed upon by Landlord and Tenant toward the costs and expenses of maintaining such newly enclosed areas (to the extent not otherwise paid pursuant to this Article V) including, but not limited to, the costs of operating and maintaining air-conditioning and heating systems. If Landlord and Tenant are unable to agree upon any of the aforesaid sums to be contributed by Tenant after attempting to do so in good faith, either party may cancel and terminate this Lease upon three (3) months notice to the other.

Section 5.5. Landlord's Operating Costs. Tenant shall pay as additional Rent "Tenant's Pro-Rata Share" (as such term is defined in Section 12.1 of this Lease) of all costs and expenses of every kind and nature paid or incurred by Landlord during the Lease Term (including appropriate reserves) in operating, managing, equipping, policing (if and to the extent provided by Landlord), protecting, insuring, heating, cooling, lighting, painting, cleaning, ventilating, repairing, replacing and maintaining the Shopping Center, including roofs, enclosed malls or courts and any stoplights and other traffic control or fire safety devices adjacent to the Landlord's Tract (collectively, "Operating Costs"). Operating Costs shall include, but not be limited to: maintaining any enclosed malls or courts or other enclosed common area as shall be required in Landlord's judgment to preserve the utility thereof in the same condition and status as such areas were at the time of completion of the original construction and installation thereof; security, traffic control and fire protection on Landlord's Tract and the public ways and other structural and non-structural items; cleaning; repairing, replacing and maintaining foundations, interior and exterior walls, roofs, fascias, soffits, canopies, security alarm systems, sprinkler systems and other fire protection devices and equipment and other structural and non-structural items in the Shopping Center; removal of rubbish and other refuse; pedestrian traffic direction and control; line painting; exterior illumination of buildings and common areas and illumination and maintenance of signs, whether or not the lights or signs are located on Landlord's Tract; dirt, debris, snow and ice clearance; planting, maintaining, replanting and replacing flowers and other landscaping; water and sewage charges; premiums for mischief, vandalism, workers compensation, employees' liability and other insurance; wages and salaries; wage unemployment taxes; social security taxes; special assessments; real estate and personal property taxes; fees for audits, attorneys and accountants; management fees; required licenses and permits; supplies and hand tools; operation of loudspeakers and any other equipment supplying music to the common

areas; all charges for utility services, including maintaining lighting fixtures (including the cost of light bulbs and electric current); all reasonable costs, expenses, noncharges, or other impositions or assessments incurred by Landlord in connection with environmental protection legislation or regulation or imposed on the Shopping Center or any part thereof with regard thereto; all reasonable costs of any bus or livery service to the Shopping Center which Landlord determines to provide; reasonable depreciation of, or rents paid for the leasing of, equipment used in the operation of the Shopping Center. Costs of equipment properly chargeable to Landlord's capital account and depreciation of the original cost of constructing the Shopping Center shall be excluded. The following costs and expenses shall be excluded from Operating Costs hereunder: (a) repairs required to be undertaken by Landlord pursuant to Section 7.1 hereof; (b) repairs of damage or destruction caused by fire or other casualty or taking under the power of eminent domain, in which event the obligations of Landlord shall be governed by ARTICLE X; (c) leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with other tenants, occupants or prospective tenants or occupants of the Shopping Center; (d) interest, principal or other payments under any mortgage or other financing of Landlord's Tract; (e) advertising or promotional expenses and; (f) services or work provided to other tenants of the Shopping Center which do not benefit the entire Shopping Center, and (g) any expense for which Landlord is reimbursed directly by other tenants in the Shopping Center. Landlord may, in its sole and absolute discretion defer billing to Tenant, all or any portion of any Operating Cost incurred in one Landlord Fiscal Year to future Landlord Fiscal Years. In the event that any Operating Costs are incurred or increased as a result of the particular needs of Tenant, Landlord reserves the right to charge Tenant for the full amount of any Operating Costs incurred or increased as a result of Tenant's particular needs. Any Operating Cost which is incurred or increased as a result of the requirements of more than one tenant may be allocated among such tenants in a manner deemed equitable by Landlord.

In the event Operating Costs relating to outdoor areas and facilities are incurred together with other areas within the vicinity of the Shopping Center, then the cost allocable to the Shopping Center shall be an amount equal to the product of such total cost multiplied by a fraction, the numerator of which shall be the square footage of the outdoor area within the Shopping Center and the denominator of which shall be the square footage of other outdoor areas which are a part of areas for which expenses have been incurred and included within such total cost.

Section 5.6. Reserve Fund and Administrative Charge. Tenant shall also pay each month along with its Operating Cost Payment installments, an amount necessary to maintain an appropriate reserve fund and an Administrative Charge equal to one-twelfth (1/12) of fifteen percent (15%) of the total annual costs of operating and maintaining the Shopping Center (including the reserves), as estimated by Landlord.

Section 5.7. Landlord's Statement. The Administrative Charge and reserve fund payment payable pursuant to Section 5.6 shall be an amount estimated by Landlord. In each Lease Year within six (6) months after the end of Landlord's Fiscal Year, and within six (6) months after the end of Landlord's Fiscal Year following expiration or termination of the Lease Term, Landlord shall furnish Tenant a statement, in reasonable detail, of Landlord's actual Operating Costs paid or incurred by Landlord, and thereupon there shall be an adjustment between Landlord and Tenant with payment to or repayment by Landlord, as the case may be, to the end that Landlord shall receive the entire amount of Tenant's proportionate share of such costs plus fifteen percent (15%) of the sum of the foregoing as the Administrative Charge. Any amount due from Tenant shall be payable within thirty (30) days following the rendition of Landlord's statement therefor. The obligation of Tenant hereunder shall survive the expiration or earlier termination of the Lease Term. Tenant may, at Tenant's expense, review Landlord's books and records as they pertain to operating costs. All such books and records shall be available upon reasonable notice during normal business hours at the Shopping Center office, the main office of Landlord's managing agent or in any storage area maintained by Landlord for the current period and for the immediately preceding year.

ARTICLE VI. UTILITY SERVICE.

Section 6.1. Utilities. Tenant agrees that throughout the Lease Term it will pay for its heat, air conditioning, water, gas, electricity and all other utilities, and Tenant further agrees that it will pay all water and sewage charges imposed by government authority or otherwise. Tenant will not install or use any equipment on the Leased Premises which may exceed the capacity of any utility facilities serving the Leased Premises. The Leased Premises are presently individually metered for water, gas and electrical utilities.

If Tenant receives any utilities through a meter through which such utilities are also supplied to other Tenants of the Shopping Center, then Tenant shall pay to Landlord as additional Rent within ten (10) days after demand therefor a sum equivalent to Tenant's proportionate share (as determined by Landlord) of the total utility meter charges.

Tenant acknowledges that the installation by Landlord of a covered, heated and air conditioned enclosed mall or malls in the Shopping Center shall not relieve the Tenant of its obligations to supply all heat, air conditioning and other utilities to the Leased Premises, and Tenant further covenants and agrees in furtherance thereof that it will at all times supply to the Leased Premises such heat and air conditioning as may be necessary to bring the Leased Premises to the proper temperatures and that it will not at any time obtain or seek to obtain any such conditioned or heated air by methods or means which would draw such conditioned or heated air from the air conditioned and heated enclosed mall or malls in the Shopping Center.

Tenant agrees that it will pay all utilities used in the Leased Premises from and after the date Tenant shall have entered into possession thereof as permitted under the provisions of Section 2.3 for fixturing, until the Commencement Date.

In the event Landlord elects to supply the water, gas, heat, electricity or other utilities in lieu of the same being furnished by public utilities, Tenant agrees to participate in Landlord's utility operation on the following basis: Tenant shall be solely responsible for and promptly pay as additional Rent all charges for water, gas, heat, electricity or any other utility used or consumed in the Leased Premises. Tenant agrees to purchase and pay for the same in accordance with a separate Subscriber's Service Agreement to be negotiated and entered into between Tenant and Landlord. The rates to be charged by Landlord shall not exceed the rates that would be charged to the Tenant were the same services furnished directly to the Leased Premises by governmental units or utility companies (plus reasonable maintenance charges applicable to the HVAC equipment serving the Leased Premises only and not for the maintenance of any central plant operation nor any electrical maintenance). In no event shall Landlord be liable for an interruption, curtailment or failure in the supply of any such utilities to the Leased Premises, unless the same is caused by the negligence or willful misconduct of Landlord, its employees or agents.

If toilets and washroom facilities are designed to be used in common by Tenant and its employees with occupants of other stores, Tenant agrees to share equally with the occupants of the other stores in the expense of lighting and maintaining such common facilities in a clean, orderly and sanitary manner, including the expense of the usual toilet and washroom supplies of paper, soap and towels. Landlord shall have the right to assume the obligation of maintaining such common facilities, and if it elects to do so, Tenant shall pay its proportionate share of the cost thereof as additional Rent which shall be due within ten (10) days after the rendition of a bill therefor.

Section 6.2. Agency or Independent Contractor. Any utility services which Landlord is required or elects to furnish pursuant to this Article VI may be furnished by any agent employed by Landlord or by an Independent Contractor, provided the same are provided at commercially reasonable rates.

ARTICLE VII. LANDLORD'S ADDITIONAL COVENANTS.

Section 7.1. Repairs by Landlord. Landlord covenants to keep the roof and foundations of the Leased Premises and the structural soundness of the concrete floors and exterior walls thereof (as same are defined in Article VIII, subsection 8.1F) in good order, repair and condition, unless any necessary work is required because of damage caused by any act, omission or negligence of Tenant, any permitted concessionaire or their respective employees, agents, invitees, licensees or contractors. Landlord shall not be required to commence any such repair until a reasonable time after written notice from

Tenant that the same is necessary. The provisions of this Section 7.1 shall not apply in the case of damage or destruction by fire or other casualty or a taking under the power of eminent domain, in which events the obligations of Landlord shall be controlled by Article X. Except as provided in this Section 7.1 and Section 7.2, Landlord shall not be obligated to make repairs, replacements or improvements of any kind upon the Leased Premises, or any equipment, facilities or fixtures contained therein, which shall be the responsibility of Tenant as provided in Article VIII, Subsections 8.1 F and G. In the event that Tenant gives Landlord written notice of any condition which Tenant reasonably believes requires repairs which Landlord is required to make pursuant to this Section 7.1, Landlord will respond to such notice within a reasonable period of time, and, if such repairs are, in fact, Landlord's obligation hereunder, Landlord shall diligently proceed with such repairs. Tenant agrees to provide Landlord with notice as soon as reasonably possible of any such conditions known to Tenant which may require such repair by Landlord.

Section 7.2. Maintenance and Repair of Signs. Tenant shall be responsible for the repair, maintenance and periodic clearing of Tenant's fascia and undercanopy or soffit signs at the Tenant's sole cost and expense. In the event Tenant fails to perform any such repair, maintenance or periodic clearing within ten (10) days after receipt of notice from Landlord with respect thereto, Landlord, through Landlord's contractor, may, but shall not be required to, repair, maintain or clean Tenant's fascia and undercanopy or soffit signs, for which Tenant agrees to pay Landlord a sum equal to one hundred ten percent (110%) of the cost involved to Landlord by its contractor for such work, within ten (10) days of the rendition of Landlord's statement therefor.

Section 7.3. Quiet Enjoyment. Landlord covenants that Tenant on paying the Rent and performing Tenant's obligations in this Lease shall peacefully and quietly have, hold and enjoy the Leased Premises throughout the Lease Term or until it is terminated as in this Lease provided.

Section 7.4. Landlord's Authority. Landlord has full power and authority to enter into this Lease and perform the obligations of Landlord hereunder.

Section 7.5. Environmental Matters. Landlord hereby represents to Tenant that, to the best of Landlord's knowledge (without inquiry), the Leased Premises is, and shall on the Commencement Date, be free of Hazardous Substances (as defined in Section 8.1.A.A.) in excess of levels permitted under applicable law. Landlord shall, subject to the provisions of this Lease, indemnify, defend and hold Tenant, its officers, employees and agents harmless from any liability for cleanup, removal and remedial or restoration work which may be required as a result of a determination of the presence of any Hazardous Substance in the Leased Premises or any part of Landlord's Tract except in a case where Tenant is responsible for the introduction of such Hazardous Substance onto the Premises or Landlord's Tract.

ARTICLE VIII. TENANT'S ADDITIONAL COVENANTS.

Section 8.1. Covenants. Tenant covenants at its expense at all times during the Lease Term and such further time as Tenant occupies the Leased Premises or any part thereof.

A. To perform promptly all of the obligations of Tenant set forth in this Lease, and to pay when due the Rent without notice and without any set-offs whatsoever.

B. To use the Leased Premises only for the Permitted Uses; to operate its business in the Leased Premises under Tenant's Trade Name; to conduct its business at all times in a high grade and reputable manner and to help establish and maintain a high reputation for the Shopping Center; to refrain from using or occupying the Leased Premises in any manner which would violate any certificate of occupancy or zoning ordinance or in any manner which would violate any use heretofore, or hereafter exclusively granted to any other tenant in the Shopping Center of which Tenant is given written notice; to refrain from the storage, sale, use, giving away, distribution or consumption or permitting the storage, sale, use, giving away, distribution or consumption of alcoholic beverages in, on or from the Leased Premises.

C. To refer to the Shopping Center as "Canterbury Shopping Center" in designating the location of the Leased Premises in all newspaper or other advertising, stationery, other printed material and all other references to location; to include the address and identity of its business activity in the Leased Premises in all advertisements made by Tenant in which the address and identity of any other business activity of like character conducted by Tenant within Illinois shall be mentioned and to use in such advertising only the Tenant's Trade Name.

D. To use and continuously operate for the Permitted Uses all of the Leased Premises other than such minor portions thereof as are reasonably required for storage and office purposes, except when and to the extent that the Leased Premises are untenable by reason of damage by fire or other casualty; to use such storage and office space only in connection with the business conducted by Tenant in the Leased Premises; to furnish and install all trade fixtures which shall at all times be suitable and proper for carrying on Tenant's business; to maintain adequate trained personnel for efficient service to customers; to identify the Leased Premises with fascia and under canopy signage in accordance with Exhibit D; to open for business and remain open during the entire Lease Term for a minimum of ten (10) hours per day for a minimum of five (5) days per week; and to light its signs and its display windows, if any, during the hours the Leased Premises are open for business and during those hours designated by Landlord and when any enclosed

court or mall areas or other enclosed common areas, if any, are open to the public.

E. To store all trash and refuse in adequate containers within the Leased Premises which Tenant shall maintain in a neat and clean condition and so as not to be visible to members of the public shopping at the Shopping Center and so as not to create any health or fire hazard, and to attend to the daily disposal thereof in the manner designated by Landlord; to comply with any recycling program; to keep all drains inside the Leased Premises clear; to receive and deliver goods only in the manner and at such times and in such areas as may be designated by Landlord; and to conform to all rules and regulations which Landlord may reasonably make (and notify Tenant of in writing) in the management and use of the Shopping Center requiring such conformance by Tenant employees.

F. (i) To take good care of and repair the Leased Premises and the pipes, plumbing, glass, store-fronts, electric wiring, air conditioning and heating equipment, boilers, motors, engines, tanks, machinery, fixtures, appliances and appurtenances belonging thereto installed for use in connection with the Leased Premises and to refrain from overloading the floors; to make as and when needed by contractors or mechanics reasonably approved by Landlord, all repairs in or about the Leased Premises and in and to all such equipment, fixtures, appliances and appurtenances necessary to keep the same in good order and condition. Tenant shall give Landlord prior written notification of any repair work to be performed on the Leased Premises. The interior of the Leased Premises shall be painted or otherwise decorated and refurnished (including, but not limited to, floor and wall coverings) by Tenant as and when reasonably necessary as determined by Landlord, but at least every five (5) Lease Years. All repairs made by Tenant shall be equal in quality and class to the original work, and shall be performed and completed in accordance with all applicable statutes, ordinances, regulations and codes, including those governing the handling, care and removal of any materials involved in or affected by such repairs. When used in this Lease the term "repairs" shall include all replacements, renewals, alterations, additions and betterments. As used in this Article and Article VII, the expression "exterior walls" shall not be deemed to include store front or store fronts, plate glass, window cases, or window frames, doors or door frames. Landlord shall be under no obligation to make any repairs, alterations, renewals, replacements or improvements to and upon the Leased Premises or the mechanical equipment exclusively serving the Leased Premises at any time except as in this Lease expressly otherwise provided.

(ii) To keep in effect, at its sole cost and expense, a maintenance agreement with a contractor approved by Landlord providing for periodic (at least semi-annual) servicing and repair of the heating, ventilating and air conditioning system ("HVAC") serving the Leased Premises, which shall include, without limitation, the lubrication of all parts, the inspection of all cooling towers, the

inspection and correction of all fluid levels, the replacement of all belts, bearings and filters, and other services deemed prudent by Landlord for preventive maintenance. Tenant shall provide Landlord with semi-annual reports not later than October 15 and April 15 of each Lease Year on the condition and maintenance report form provided by Landlord to Tenant, summarizing the condition of the HVAC, the maintenance performed on the HVAC during the period since the last report and the recommendations for the maintenance to be performed for the succeeding six month period. Tenant's failure to deliver such semi-annual reports on the form provided by Landlord or to have the recommended maintenance or repairs performed within twenty (20) days following written notice of such failure from Landlord shall constitute a default by Tenant thereby entitling Landlord to the remedies pursuant to Sections 11.1 and 11.3 hereof.

(iii) To replace at Tenant's sole cost and expense, Tenant's fascia sign at such time as Landlord replaces the Shopping Center fascia or otherwise undertakes a rehabilitation of the Shopping Center to such an extent that a replacement of Tenant's fascia sign is in Landlord's reasonable judgment necessary or advisable. Such fascia sign replacement shall be performed by Tenant in strict accordance with the requirements of this Lease, including but not limited to the standards governing Tenant alterations of the Leased Premises as set forth in subsection 8.1(l) and shall be coordinated by Landlord so as to be completed as quickly as is reasonably possible.

G. (i) To promptly comply with all present and future laws, ordinances, statutes, codes, orders, rules, regulations, and requirements (collectively hereinafter referred to as "Orders") of all federal, state, municipal and local governments, departments, commissions, boards and officers, and all Orders of Landlord's and Tenant's insurance carriers whether foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Leased Premises and to all or any parts thereof and/or any and all facilities used in connection therewith and the sidewalks, streets, alleyways, passageways, curbs and vaults, if any, adjoining the Leased Premises, or the use or manners of use of the Leased Premises, or the owners, tenants or occupants thereof, whether or not any such Order shall interfere with the use and enjoyment of the Leased Premises. Tenant shall not be required to make structural repairs or alterations unless it has by its use of the Leased Premises or method of operations therein violated any such Orders or unless such repairs or alterations are necessitated by Tenant's special needs. All structural repairs and alterations must be approved in writing by Landlord prior to commencement of such repair or alteration. At Landlord's option, Landlord may make such structural repair or alteration required of Tenant and Tenant shall promptly reimburse Landlord for all cost and expense of such repair and/or alteration.

(ii) To make all repairs, alterations, additions or replacements to the Leased Premises required by any Order because of any special needs of Tenant, or by reason of Tenant's use or occupancy of the Leased Premises or otherwise, including, without limitation, the updating of all mechanical and sprinkler and fire alarm systems so that they will be in compliance with applicable codes; to keep the Leased Premises equipped with all safety appliances so required because of such use; to procure any licenses and permits required for any such use; and to comply with all Orders now in effect or hereinafter enacted during the Lease Term.

(iii) To promptly give notice to Landlord of any notice of violation of any Order received by Tenant. Without diminishing the obligation of Tenant, if Tenant shall at any time fail or neglect to comply, or commence to comply as expeditiously as is reasonably feasible, with any Order and, if a stay is necessary, shall have failed to obtain a stay or continuance thereof, Landlord shall be at liberty to comply therewith without notice to Tenant, and all expenses consequent thereof shall be borne and paid by Tenant; and upon Tenant's failure so to pay, Landlord may pay the same, and any payments so made by Landlord, together with interest thereon at three percent (3%) above the Corporate Base Rate of Interest per annum established from time to time by the First National Bank of Chicago or any successor thereto (the "Default Rate") from the date of payment, shall immediately become due and payable by Tenant as additional Rent.

H. To exterminate all insects or vermin, if the same infest the Leased Premises and to employ such exterminators and such exterminating company or companies as shall be approved by Landlord.

I. To refrain from making any alterations to the Leased Premises without the Landlord's prior consent and compliance with the following requirements of this Section 8.1.I; to pay promptly when due the entire cost of any work in the Leased Premises undertaken by Tenant so that the Leased Premises, including Tenant's leasehold estate shall at all times be free of liens for labor and materials; to require each contractor to carry Workmen's Compensation Insurance and to procure and provide copies to Landlord of all necessary permits before undertaking such work; to do all of such work in a good and workmanlike manner, employing materials of good quality; to procure Builder's Risk Insurance whenever appropriate in amounts and with companies satisfactory to Landlord; to perform such work only with contractors, plans and specifications previously approved in writing by Landlord and to comply with the requirements of Section 3.2B and Exhibits C and D; to perform and complete such work in accordance with all applicable statutes, ordinances, regulations and codes, including those governing the handling, care and removal of any materials involved in or effected by such work; and to save Landlord and Landlord's beneficiaries and agents harmless and indemnified from all injury, loss,

claims or damage to any person or property occasioned by or growing out of such work.

J. To save Landlord, Landlord's beneficiaries and agents and their respective successors and assigns harmless and indemnified from all injury, loss, claims or damage to any person or property while on the Leased Premises or any other part of the Shopping Center occasioned by an act or omission of Tenant, or of anyone claiming by, through or under Tenant; to maintain in responsible companies approved by Landlord, public liability insurance including such endorsements as Landlord may require, insuring Landlord, Landlord's mortgagees, beneficiaries and agents, as their interests may appear, against all claims, demands, or actions for injury to or death of any one person in an amount of not less than \$1,000,000 and for injury to or death of more than one person in any one accident in an amount of not less than \$2,000,000 and for damage to property in an amount of not less than \$500,000 (or combined single limit coverage of \$2,000,000.00) made by or on behalf of any person, firm or corporation, arising from, related to or connected with the conduct and operation of Tenant's business in the Leased Premises, and anywhere upon Landlord's Tract, (and Landlord shall have the right to direct Tenant to increase said amounts whenever it considers them inadequate) and, in addition, and in like amounts, covering Tenant's contractual liability under the aforesaid hold harmless clause; to carry like coverage for products and completed operations liability; to carry like coverage against loss or damage by boiler or compressor or internal explosion of boilers or compressors, if there is a boiler or compressor in the Leased Premises; to maintain plate glass insurance covering all exterior plate glass in the Leased Premises and property and casualty insurance with such extended coverage endorsements as Landlord may from time to time require, including but not limited to vandalism, malicious mischief, sprinkler leakage and water damage endorsements adequate to cover the replacement cost of all of Tenant's stock in trade, fixtures, furniture, furnishings, floor coverings and equipment in the Leased Premises. All of said insurance shall be in form and in responsible companies satisfactory to Landlord and shall provide that it will not be subject to cancellation, termination or change except after at least thirty (30) days prior written notice to Landlord. The policies or duly executed certificates for the same (which certificates shall evidence the insurer's waiver of subrogation) together with satisfactory evidence of the payment of premiums thereon, shall be deposited with Landlord no later than the day Tenant begins Tenant's Work, and upon renewals of such policies, not less than thirty (30) days prior to the expiration of the term of such coverage. If Tenant fails to comply with such requirements, Landlord may obtain such insurance and keep the same in effect and Tenant shall pay Landlord the premium cost thereof upon demand, together with interest at the Default Rate from the date of payment. Each such payment shall constitute additional Rent payable by Tenant under this Lease. Landlord shall not be limited in the proof of any damages which Landlord may claim

against Tenant arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of insurance premium or premiums not paid or incurred by Tenant and which would have been payable upon such insurance, but Landlord, in addition to any and all other rights and remedies provided Landlord under this Lease, shall also be entitled to recover as damages for such breach the uninsured amounts of any loss, to the extent of any deficiency in the insurance required by the provisions of this Lease.

Tenant agrees that it will not keep, use, sell or offer for sale in or upon the Leased Premises any article which may be prohibited by the standard form of property and casualty insurance policy. In the event Tenant's occupancy or operation causes any increase of premium for the fire and extended coverage and boiler and/or casualty rates on the Leased Premises or Shopping Center or any part thereof above the rate for the least hazardous type of occupancy legally permitted in the Leased Premises, Tenant shall pay the additional premium on the fire, boiler and/or casualty insurance policies by reason thereof. Tenant shall also pay, in such event, any additional premium on the rent insurance policy that may be carried by Landlord for its protection against rent loss through fire. In determining whether increased premiums are the result of Tenant's use of the Leased Premises, a schedule, issued by the organization making the insurance rate on the Leased Premises showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up the fire insurance rate on the Leased Premises. Bills for such additional premiums shall be rendered by Landlord to Tenant at such times as Landlord may elect, and shall be due from Tenant within ten (10) business days following the billing thereof, and the amount thereof shall be deemed to be, and be paid as, additional Rent.

K Except in the event caused by the sole negligence of Landlord, its employees or agents, to waive all claims for damage to person or property sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Leased Premises or the building of which they shall be a part, or any other part of the Shopping Center, including, but not limited to, claims for damage resulting from: (i) any equipment or appurtenances becoming out of repair; (ii) Landlord's failure to keep said building or the Leased Premises in repair, whether or not Landlord has assumed the obligation therefor; (iii) injury done or occasioned by wind, water, or other natural element; (iv) any defect in or failure of plumbing, heating, or air conditioning equipment, electric wiring or installation thereof, gas, water and steam pipes, stairs, mezzanines, railings, or walks; (v) broken glass; (vi) the backing up of any sewer pipe or downspout; (vii) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about such building or Leased Premises; (viii) the escape of steam or hot water (it being agreed that all of the foregoing are under the control of Tenant); (ix) water, snow or ice being upon or coming through the roof,

skylight, trapdoor, stairs, walks or any other place upon or near such building or the Leased Premises or otherwise; (x) the falling of any fixtures, plaster or stucco; and (xi) any act, omission or negligence of co-tenants or of other persons or occupants of said building or of adjoining or contiguous buildings or of owners of adjacent or contiguous property.

L. To permit Landlord, Landlord's mortgagee and their agents to enter the Leased Premises at reasonable times (and with prior notice, except in the event of an emergency) for the purpose of inspecting same, making repairs, additions or alterations thereto or to the building in which the same are located and showing the Leased Premises to prospective purchasers, lenders and tenants.

M. (i) To surrender, at the termination of this Lease, the Leased Premises in a broom-clean condition, free of debris and in the same condition (subject to the removals hereinafter required) as the Leased Premises were on the date Tenant opened the Leased Premises for business to the public, reasonable wear and tear excepted, with all holes in walls patched, taped and sanded ready for paint, and to surrender all keys for the Leased Premises to Landlord at the place then fixed for the payment of Rent, and to inform Landlord of all combinations on locks, safes and vaults, if any, in the Leased Premises; to remove, during the last thirty (30) days of the Lease Term, all of Tenant's trade fixtures, and to the extent required by Landlord by written notice, any other installations, alterations, improvements, wall coverings or floor coverings (and any adhesives relating thereto) before surrendering the Leased Premises as aforesaid and to repair any damage to the Leased Premises or the Shopping Center caused thereby. Any alterations, changes, additions and improvements (specifically including, by way of example, light fixtures and heating and air conditioning equipment) shall immediately upon the termination of this Lease, at Landlord's option, become Landlord's property, be considered part of the Leased Premises, and shall not be removed at or prior to the end of the Lease Term without Landlord's written consent unless Landlord requests Tenant to remove same. If Tenant fails to remove any shelving, decorations, equipment, trade fixtures or personal property from the Leased Premises upon the end of the Lease Term, at Landlord's option they shall become Landlord's property and Tenant shall pay for the repair of any damage done to the Leased Premises or Shopping Center and the reasonable costs incurred resulting from the removal of the same.

(ii) To remove, at the termination of this Lease, Tenant's sign from the fascia above the storefront of the Leased Premises, and to reimburse Landlord for the reasonable cost incurred by Landlord to repair, restore, repaint and/or re-stain the fascia necessitated by the removal of such sign. The under canopy soffit sign (other than Tenant's removable name panels) shall remain and upon termination of the Lease shall become the property of Landlord.

Tenant's obligations to observe or perform the foregoing covenants shall survive the expiration or other termination of the Lease Term.

N. To execute and deliver whatever instruments may be required to evidence that this Lease and the rights and interests of Tenant under this Lease are and shall be subject and subordinate to any mortgages or trust deeds which Landlord may place upon the Landlord's Tract and the Leased Premises, and to any advances made thereunder, and to the interest thereon, and all extensions thereof. In consideration for Tenant's agreement to subordinate its interest under this Lease, Landlord agrees to use reasonable efforts to obtain from all mortgagees under mortgages and trustees under trust deeds encumbering the Shopping Center, non-disturbance agreements in favor of Tenant, providing that as long as Tenant is not in default hereunder, its use and possession of the Leased Premises in accordance with the terms of this Lease shall not be disturbed by such mortgagees and/or trustees. In the event Tenant fails to execute and deliver such instruments within ten (10) days after demand in writing, Tenant does hereby make, constitute and irrevocably appoint Landlord as its attorney in fact and in its name, place and stead so to do without prejudice to Landlord's remedies under this Lease which are cumulative.

Any mortgagee or trustee may elect also to give the rights and interest of Tenant under this Lease priority over the lien of its mortgage or trust deed. Further, if any financing institution requires any modifications of the terms and provisions of this Lease as a condition to such financing as Landlord may desire, then Tenant shall within ten (10) days after Landlord's written request, execute and deliver such modification as may be required for such purposes. Such modification or modifications shall not affect any of the provisions of this Lease relating to the amount of Minimum Rent reserved, reducing the purposes for which the Leased Premises may be used, the size and/or location of the Leased Premises, the duration or Commencement Date of the Lease Term, or reducing the improvements to be made by Landlord to the Leased Premises prior to delivery of possession, if any.

O. (i) To become a member of, participate fully in, and remain in good standing in the Merchants' Association limited to tenants occupying premises in the Shopping Center, and abide by the regulations of such Association. The objects of such Association shall be to encourage its members to deal fairly and courteously with their customers, to sell their merchandise or services at fair prices, to follow ethical business practices, to assist the business of the tenants by sale promotions and centerwide advertising, and in particular to help the interests of members of said Association. Tenant agrees to pay Three Hundred Dollars (\$300) per year as Merchant's Association Dues. Nothing in the By-Laws of said Association shall be in conflict with the provisions of this Lease, including, without limiting the generality of the foregoing, any reasonable rules and regulations

adopted pursuant to the provisions of Section 8.1U hereof, or in any way shall affect the rights of the Landlord. Landlord may, at Landlord's option, establish, in lieu of the Merchants' Association, an advertising and promotional service to furnish and maintain professional advertising with service promotion for the benefit of tenants in the Shopping Center in which case Tenant agrees to participate in and subscribe to the advertising and promotional service and pay Three Hundred Dollars (\$300) per year for such services.

P. (i) To pay to Landlord Tenant's Pro-Rata Share of the real estate taxes (to the extent not paid pursuant to Article V, *supra*), during the Lease Term, and any renewal or extension thereof, including any period during which Tenant shall transact business in the Leased Premises prior to the Commencement Date. The term "Real Estate Taxes" shall include all real estate taxes, assessments, water and sewer rents (except water meter charges and sewer rent based thereon), transportation or environmental protection taxes or levies or similar taxes or levies and other governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, foreseen and unforeseen, and each and every installment thereof which shall or may, during the Lease Term, be levied, assessed, imposed, become due and payable, or liens upon, or arise in connection with, the use, occupancy or possession of or grow due or payable out of or for, the Shopping Center and every part thereof, all costs incurred by Landlord in contesting or negotiating the same with governmental authorities.

Real Estate Taxes shall not include any inheritance, estate, succession, transfer, gift, franchise, corporation, income or profit tax or capital levy that is or may be imposed upon Landlord; provided, however, that, if at any time during the Lease Term the methods of taxation prevailing at the commencement of the Lease Term shall be altered so that in lieu of or as a substitute for the whole or any part of the taxes now levied, assessed or imposed on real estate as such, there shall be levied, assessed or imposed (a) a tax on the rents received from such real estate, or (b) a license fee measured by the rents receivable by Landlord from the Shopping Center or any portion thereof, or (c) a tax or license fee imposed upon Landlord which is otherwise measured by or based in whole or in part upon the Shopping Center or any portion thereof, then the same shall be included in the computation of real estate taxes hereunder, computed as if the amount of such tax or fee so payable were that due if the Shopping Center were the only property of Landlord subject thereto.

Tenant agrees to pay to the Landlord one-twelfth (1/12) of the "Initial Real Estate Tax Payment" (as such term is herein defined) on the first day of each calendar month commencing upon the Commencement Date as its estimated payment for real estate taxes for the first calendar year or portion thereof included in the Lease Term. The term "Initial Real Estate Tax Payment" shall mean and be

equal to an amount estimated by Landlord to be Tenant's real estate tax liability for the first calendar year or portion thereof included in the Lease Term. For each calendar year thereafter, Tenant shall pay Landlord monthly one-twelfth (1/12th) of the amount estimated by Landlord to be Tenant's real estate tax liability in respect of each such calendar year. Any amount paid by Tenant which exceeds the true amount due shall be credited on the next succeeding payment due pursuant to this Section. If Tenant has paid less than the amount due, Tenant shall pay the difference within ten (10) days of receipt of notice from Landlord. This covenant shall survive the expiration or earlier termination of the Lease Term. If the Lease Term shall begin or end other than on the first or last day of a calendar year, such charges shall be billed and adjusted on the basis of such fraction of a calendar year. Should the taxing authority include in such real estate taxes, machinery, equipment, fixtures, inventory or other personal property or assets of Tenant, then Tenant shall pay the entire real estate taxes for such items.

Tenant agrees to furnish to Landlord, upon request of Landlord, written authorization to the Illinois Department of Revenue ("IDOR") permitting the IDOR to release monthly sales tax collection data with respect to Tenant's operations in the Leased Premises to the City of Markham, Illinois.

(ii) To pay to Landlord, as additional Rent, Tenant's Pro-Rata Share of premiums and other costs and expenses, including but not limited to appraisal expenses and other professional costs, reasonably incurred by Landlord during the Lease Term and during any period prior to the Lease Term in which Tenant is transacting business in the Leased Premises, in connection with all insurance applicable to the Shopping Center, with such types, amounts and deductibles as may be determined by Landlord, including, without limitation fire and extended coverage, vandalism, malicious mischief, liability, (including employer's liability and workmen's compensation), rental insurance and other forms of casualty insurance, (with all endorsements deemed advisable by Landlord). The payment by Tenant of its share of insurance premiums will be made to Landlord within ten (10) days of the rendition of each statement therefor, and this covenant shall survive the expiration or earlier termination of the Lease Term.

Q. To remain fully obligated under this Lease notwithstanding any assignment or sublease or any indulgence granted by Landlord to Tenant or to any assignee or sublessee, but nothing contained in this subparagraph shall be construed to permit any assignment or sublease by Tenant.

R. To obtain any music that Tenant elects to play in the Leased Premises from the same source as Landlord's music, in the event that Landlord contracts for a system of music for use in any enclosed malls or courts.

S. To promptly furnish Landlord, from time to time, financial statements in detail satisfactory to Landlord, reflecting the current financial condition of Tenant and any Guarantor of Tenant's obligations under this Lease, and, if Tenant is a corporation, a current certificate of good standing issued by the Illinois Secretary of State.

T. To observe and comply with the requirements of all policies of public liability, fire and all other policies of insurance at any time in force with respect to the Leased Premises or any part thereof.

U. To comply with all further rules and regulations for the use and occupancy of the Shopping Center as Landlord, in its sole discretion, from time to time promulgates (and notify Tenant or in writing) for the best interest of the Shopping Center. Landlord shall have no liability for violation by any other tenant of the Shopping Center of any rules or regulations, nor shall such violation or the waiver thereof excuse Tenant from compliance.

V. Intentionally Omitted

W. (i) Tenant acknowledges that Tenant's agreement to operate its business in the Leased Premises for the Permitted Uses specified in Section 1.1 hereof for the Lease Term was a primary inducement and precondition to Landlord's agreement to lease the Leased Premises to Tenant. Accordingly, Tenant shall not transfer, assign, sublet, enter into any license or concession agreement, change ownership or hypothecate this Lease or the Tenant's interest in and to the Leased Premises in whole or in part, or otherwise permit occupancy of all or any part thereof by anyone with, through or under it (all of the foregoing transactions for purposes of this Section 8.IV being hereinafter referred to for ease of reference as an "assignment") without first procuring the written consent of Landlord as provided in this Section 8.IV. Any such attempt to transfer, assign, sublet, or enter into any license or concession agreement, or any change of ownership or hypothecation without the Landlord's written consent shall be void and confer no rights upon any third person. The prohibitions of this Section 8.IV shall be construed to refer to any acts or events referred to whether they occur by operation of law, legal process, receivership, bankruptcy or otherwise.

(ii) With respect to any proposed assignment, Tenant shall give Landlord sixty (60) days advance written notice concerning the proposed assignment. The notice shall include all terms of the proposed assignment, the identity of the proposed assignee, relevant information concerning the business background and financial circumstances of the proposed assignee, and a copy of the instrument by which Tenant proposes to effect the assignment. Provided Tenant complies with the foregoing, and is not in default under this Lease, Landlord will not unreasonably

withhold its consent to the proposed assignment. Landlord and Tenant agree that Landlord may withhold its consent (and such withholding shall be conclusively deemed reasonable) to any proposed assignment which fails to satisfy any one of the following factors:

(a) the financial strength of the proposed assignee must be at least equal to that of Tenant and any Guarantor of Tenant as of the date Tenant has proposed the assignment;

(b) the business, management and operational reputation of the proposed assignee must be in accordance with generally acceptable commercial standards and in Landlord's reasonable judgment be at least as favorable as the business reputation of Tenant;

(c) the use of the Leased Premises by the proposed assignee must be permitted under Section 1.1 of this Lease and substantially similar to Tenant's use of the Leased Premises and must not disrupt any tenant mix or balance in the Shopping Center, and must not involve the generation, production, storage, use, discharge or disposal of Hazardous Substances (as hereinafter defined) in, on or about the Leased Premises;

(d) the proposed assignment shall not violate any provision in any other lease, financing agreement or master agreement relating to the Shopping Center;

(e) the proposed assignee must be a person or firm who has successfully operated two (2) business locations in metropolitan Chicago of similar type as the business to be conducted in the Leased Premises;

(f) in the event of a proposed sublease, the sublease must be of the entire Leased Premises and for the entire Term remaining under the Lease.

If the proposed assignment satisfies all of the conditions set forth in subparagraphs (a) through (f) above, Landlord shall elect by notice to Tenant given within forty-five (45) days of receipt of Tenant's notice of the proposed assignment either to approve the proposed assignment or to terminate this Lease effective as of the proposed effective date of the proposed assignment. In the event the proposed assignment fails to satisfy all of the conditions set forth in subparagraphs (a) through (f), Landlord shall have, in addition to the rights specified in the immediately preceding sentence, the additional right to disapprove the proposed assignment.

(iii) The consent by Landlord to any transfer, assignment, subletting, license or concession agreement, change of ownership or hypothecation shall not constitute a waiver of the necessity for such consent to any subsequent attempted transfer,

assignment, subletting, license or concession agreement, change of ownership or hypothecation. Receipt by Landlord of Rent due hereunder from any party other than Tenant shall not be deemed to be a consent to any such assignment or subletting, nor relieve Tenant of its obligation to pay Rent or other charges for the full Lease Term. Tenant shall have no claim, and hereby waives the right to any claim, against Landlord for damages by reason of any refusal, withholding or delaying by Landlord of any consent, and, in such event, Tenant's only remedies therefor shall be an action for specific performance or injunction to enforce any such requirement of consent.

(iv) Each transfer, assignment, subletting, license or concession agreement and hypothecation to which there has been consent shall be by instrument in writing, in form satisfactory to Landlord, and shall be executed by the transferor, assignor, sublessor, licensor, concessionaire, hypothecator or mortgagor, and the transferee, assignee, sublessee, licensee, concessionaire or mortgagee shall agree in writing for the benefit of the Landlord to assume, be bound by and perform the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant. One executed copy of such written instrument shall be delivered to Landlord. Failure to first obtain in writing Landlord's consent or failure to comply with the provisions of this Section 8.1W shall operate to prevent any such transfer, assignment, subletting, license, concession agreement or hypothecation from becoming effective. Notwithstanding any such transfer, assignment, subletting, license, concession or hypothecation agreement, Tenant shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

(v) It shall be a condition to any consent by Landlord to any such requested transfer, assignment, subletting, licensing or concession agreement, change of ownership or hypothecation of this Lease or Tenant's interest in and to the Premises that Tenant shall reimburse Landlord for administrative and/or legal expenses incurred by Landlord for the review and/or preparation of necessary documents. Tenant agrees to make such reimbursement whether or not Landlord consents to the proposed transaction.

(vi) If the Fixed Minimum Rent or any additional rental and/or charges required to be paid arising from any assignment, subletting, licensing or concession agreement exceeds the rental and/or charges reserved hereunder, then Tenant shall pay to Landlord, on demand, the entire amount of such excess, which shall be deemed additional Rent due hereunder.

(vii) Notwithstanding any other provision of this Section 8.1(W) to the contrary, provided that (a) Tenant remains fully and primarily liable for the performance of all obligations imposed upon Tenant hereunder and (b) the business to be operated from the Leased Premises is a permitted use under Section 1.1, Tenant may assign its interest in this Lease or sublet the whole of the Leased Premises, upon thirty (30)

days' prior notice to Landlord, to (a) any business organization affiliated with Tenant, (b) any business organization resulting from the consolidation or merger of Tenant with any other business organization or organizations or the acquisition of Tenant by another business organization, or (c) any purchaser of all of Tenant's business operations in the Chicago metropolitan area. A business organization shall be deemed to be affiliated with any corporation or partnership either directly by ownership of a majority of its voting stock or general partnership interests, or, if publicly held, of such minority thereof as to give it substantial control of such corporation, or indirectly by ownership of such majority of voting stock or partnership interests of another business corporation or partnership, or if such business organization and such corporation or partnership are substantially controlled by the same stockholder or partners.

X. Not to suffer any mechanic's lien to be filed against the Leased Premises or the Shopping Center by reason of any work, labor, services or materials performed at or furnished to the Leased Premises, to Tenant, or to anyone holding the Leased Premises through or under the Tenant. If any such mechanic's lien shall at any time be filed, Tenant shall forthwith cause the same to be discharged of record by payment or order of a court of competent jurisdiction or otherwise, but Tenant shall have the right to contest any and all such liens, provided security satisfactory to Landlord is deposited with Landlord within fifteen (15) days after the filing of such lien. If Tenant shall fail to cause such a lien to be discharged within thirty (30) days after the filing thereof and before judgment or sale thereunder, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same by paying the amount claimed to be due or by bonding or other proceeding deemed appropriate by Landlord in Landlord's absolute discretion, and the amount so paid by Landlord and all costs and expenses incurred by Landlord in procuring the discharge or bonding of such lien, shall be deemed to be additional Rent and together with interest thereon at 20% per annum from date of payment shall be due and payable by Tenant to Landlord within ten (10) days of the rendition of Landlord's statement therefor. Nothing herein shall be construed as a consent on the part of Landlord to subject Landlord's estate in the Leased Premises to any lien or liability under the mechanic's lien law of Illinois.

Y. To conduct its labor relations and its relations with its employees and agents in such a manner as to use its best efforts to avoid all strikes, picketing and boycotts of, on or about the Leased Premises and the Shopping Center. Tenant further agrees that if any of its employees or agents strike, or if picket lines or boycotts or other visible activities objectionable to Landlord, are established or conducted or carried out against Tenant or its employees or agents, or any of them, in or about the Leased Premises or the Shopping Center, Tenant shall, upon Landlord's request, immediately close the Leased Premises to the public and remove all employees therefrom until the dispute giving rise to such strike, picket line, boycott or objectionable activity has been settled to Landlord's satisfaction.

2. To pay on demand Landlord's costs, charges and expenses, including reasonable attorneys' fees, expenses and administrative hearing and court costs incurred either directly or indirectly: (i) in any negotiations or transactions in which Landlord, without its fault, becomes involved or concerned by reason of this Lease; (ii) in enforcing any obligation of Tenant under this Lease; (iii) in curing any default by Tenant; (iv) in connection with appearing, defending or otherwise participating in any action or proceeding arising from the filing, imposition, contesting, discharging or satisfaction of any lien or claim for lien of Tenant or any contractor or material supplier of Tenant or any subcontractor or material supplier to any such contractor or material supplier; (v) in defending or otherwise participating in any legal proceedings initiated by or on behalf of Tenant wherein Landlord is not adjudicated to be in default under this Lease; (vi) or otherwise arising from or incurred because of Tenant's failure to comply with any provisions of this Lease; or (vii) in connection with any investigation or review of any conditions or documents in the event Tenant requests Landlord's approval or consent to any action of Tenant which may be desired by Tenant or required of Tenant hereunder.

A.A. Not to cause, nor to permit any Hazardous Substances (as hereinafter defined) to be brought upon, generated, produced, stored, used, discharged or disposed of in, on or about the Leased Premises by Tenant, its agents, employees, contractors or invitees without the prior written consent of Landlord, which consent, and any conditions imposed in connection with any such consent, shall be granted or denied in Landlord's sole and absolute discretion. Tenant further covenants that it shall not cause or permit to occur any violation of any federal, state or local law, ordinance, or regulation now or hereafter enacted, related to environmental conditions on, under or about the Leased Premises or arising from Tenant's use or occupancy of the Leased Premises. (a) The term "Hazardous Substances," as used in this Lease, shall include any hazardous or toxic substance, material or waste which is declared to be "toxic" or "hazardous" (or words of similar import), or is otherwise regulated as such under any law, ordinance or regulation now or hereafter enacted or promulgated by any lawful authority. (b) Tenant shall indemnify, defend and hold Landlord, the property manager, and their respective officers, directors, beneficiaries, shareholders, partners, agents and employees from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including without limitation, diminution in value of the Leased Premises and/or Landlord's Tract, damages for the loss or restriction on use of rentable or usable space on Landlord's Tract, and all sums paid in clean-up and settlement of claims, including attorneys', consulting and expert fees resulting from or arising out of the generation, production, storage, use, discharge or disposal in, on or about the Leased Premises, by Tenant, its agents, employees, contractor's or invitees. (c) Tenant's obligations and liabilities under this Section 8.1AA shall survive the expiration of this Lease.

ARTICLE IX. RULES AND REGULATIONS.

SECTION 9.1. TENANT TO ABIDE BY RULES AND REGULATIONS. Tenant covenants and agrees with Landlord that:

A. No sign, advertisement, display, notice, or other lettering shall be exhibited, inscribed, painted or affixed on any part of the outside of the Leased Premises or inside, if visible from the outside, or outside the building of which they form a part, and no symbol, design, mark, or insignia adopted by Landlord for the Shopping Center or the tenants therein shall be used in connection with the conduct of Tenant's business in the Leased Premises or elsewhere without, in each instance, the prior written consent of Landlord. All such signs, displays, advertisements, and notices of Tenant so approved by Landlord shall be maintained by Tenant in good and attractive condition at Tenant's expense and risk. The distribution of handbills, leaflets or other printed materials including but not limited to the use of handbills for advertising, shall be prohibited at the Shopping Center.

B. No awning or other projections shall be attached to the outside walls of the Leased Premises or the building of which they form a part without, in each instance, the prior written consent of Landlord.

C. All loading and unloading of goods shall be done only at such times, in the areas and through the entrances designated for such purpose by Landlord.

D. All garbage and refuse shall be kept in the kind of container specified by Landlord, and prepared for collection in the manner and at the times and places specified by Landlord. If Landlord shall provide or designate a service for picking up refuse and garbage, Tenant shall use same at Tenant's cost, provided such cost shall be competitive to any similar service available to Tenant. Tenant will not install or cause to be installed any automatic garbage disposal equipment without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

E. Tenant shall be allowed to install one television antenna on the roof of the Leased Premises, and penetrate the roof for the same, provided that the installation and maintenance of such equipment is in conformity with all applicable zoning provisions, and provided that such installation is approved by Landlord and performed in accordance with the requirements of Section 8.11 hereof. Without limiting the foregoing, Tenant acknowledges and agrees that Landlord shall have the right in its sole discretion, to approve the size and specifications for such equipment, and that all such work shall be performed solely by Landlord or by Landlord's designated contractors. Except as provided herein, no radio or television or other similar device shall be installed, and no aerial shall be erected on the roof or exterior walls of the Leased Premises, or on the grounds without, in each instance, the prior written consent of Landlord. Any aerial so installed without such written consent shall be subject to removal without notice at Tenant's expense at any time.

F. No loud speakers, television sets, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Leased Premises without the prior written consent of Landlord;

G. INTENTIONALLY OMITTED

H. Tenant shall keep Tenant's display windows illuminated and the signs and exterior lights lighted each and every day of the term hereof during the hours reasonably designated by Landlord;

I. Tenant shall keep the Leased Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures;

J. The outside areas immediately adjoining the Leased Premises shall be kept clean by the Tenant and Tenant shall not place or permit any obstructions or merchandise in such areas or in the service corridors;

K. Tenant and Tenant's employees shall park their cars only in those portions of the parking area located behind the Leased Premises. Tenant shall furnish Landlord the automobile license numbers assigned to Tenant's cars and the cars of Tenant's employees within five days after taking possession of the Leased Premises and shall thereafter notify the Landlord of any changes within five days after such changes occur;

L. Tenant shall not make or permit any noise or odor which Landlord reasonably deems objectionable to emanate from the Leased Premises and no person shall use the Leased Premises as sleeping quarters, sleeping apartments or lodging rooms;

M. Tenant shall obtain all permits and licenses necessary to conduct its business; and

N. Tenant shall not operate any coin or token operated vending machine or similar device for the sale of any goods, wares, merchandise, food, beverages, or services, including but not limited to, pay telephones, pay lockers, pay toilets, scales, amusement devices and machines for the sale of beverages, foods, chewing gum, candy, cigarettes or other commodities or any moving sign or fixture of any kind without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

The foregoing covenants and agreements of this Section 9.1 shall be referred to as "Rules and Regulations."

Section 9.2. Amendments to Rules and Regulations. Tenant agrees that Landlord may amend, modify and delete present Rules and Regulations or promulgate additional reasonable rules and regulations for the use and care of the Leased Premises, the building of which the Leased Premises are a part, the common areas and all of the Shopping Center. Tenant agrees to comply with all such Rules and Regulations upon written notice to Tenant from Landlord or upon the posting of same in such place within the Shopping Center as Landlord may designate.

Section 9.3. Default by Tenant. The breach of any Rules and Regulations herein set forth or any amendments or additions thereto shall constitute a default under this Lease, and in such event, Landlord shall have all remedies in this Lease provided for default by Tenant.

ARTICLE X. DAMAGE OR TAKING AND RESTORATION.

Section 10.1. Fire, Explosion or Other Casualty. In the event the Leased Premises are damaged by fire, explosion or any other casualty to an extent which is less than twenty five percent (25%) of the insurable value of the Leased Premises, the damage shall be promptly repaired by Landlord at Landlord's expense upon receipt by Landlord of insurance proceeds for such damage; provided that Landlord shall not be obligated to expend for such repair an amount in excess of the insurance proceeds recovered as a result of such damage and that in no event shall Landlord be required to repair or replace Tenant's stock in trade, fixtures, furniture, furnishings, floor coverings and equipment, and further provided, that in the event that the repair of the damage is not substantially completed within one hundred eighty (180) days of the casualty (or is not, in Landlord's commercially reasonable judgment, capable of repair within one hundred eighty (180) days, in which event Tenant may terminate the Lease by written notice to Landlord within thirty (30) days after such determination by Landlord), Tenant may terminate this Lease by written notice to Landlord at any time after expiration of such one hundred eighty (180) day period and prior to the substantial completion of such repair. Landlord agrees that in the event of a casualty described in the immediately preceding sentence, Landlord shall advise Tenant, by written notice within thirty (30) days after the occurrence of such casualty, as to whether the casualty can be repaired within one hundred eighty (180) days from the date of the casualty. Nothing herein shall be deemed to limit Landlord's obligation to maintain commercially reasonable casualty insurance with respect to the building in which the Leased Premises are situated. In the event of any such damage and (a) Landlord is not required to repair as hereinabove provided or (b) the Leased Premises shall be damaged to the extent of twenty-five percent (25%) or more of the insurable value, or (c) the building which the Leased Premises are a part is damaged to the extent of twenty-five percent (25%) or more of the insurable value, or (d) the buildings (taken in the aggregate) in the Shopping Center shall be damaged to the extent of twenty-five percent (25%) or more of the aggregate insurable value, Landlord may elect either to repair or rebuild the Leased Premises or the building or buildings, or to terminate this Lease upon

giving notice of such election in writing to Tenant within ninety (90) days after the occurrence of the event causing the damage. In the event that Landlord elects to repair and such repair has not been substantially completed within two hundred seventy (270) days after the casualty, Tenant may terminate this Lease at any time prior to substantial completion of such repair. If the casualty, repairing or rebuilding shall render the Leased Premises untenable, in whole or in part. The damage shall not have been due to the default or neglect of Tenant, a proportionate abatement of the Fixed Minimum Rent shall be allowed from the date when the damage occurred until the date Landlord completes its work, said proration to be computed on the basis of the relation which the gross square foot area of the space rendered untenable bears to the Floor Area. No abatement of rent, proportionate or otherwise, pursuant to this Section 10.1 shall have any effect upon or be viewed as a waiver by either party of any rental value insurance maintained by such party relative to this Lease. If Landlord is required or elects to repair the Leased Premises as herein provided, Tenant shall repair or replace its stock in trade, fixtures, furniture, furnishings, floor coverings and equipment, and if Tenant has closed, Tenant shall promptly reopen for business.

Section 10.2. Eminent Domain. If the whole of the Leased Premises shall be taken by any public authority under the power of eminent domain, the Lease Term shall cease as of the day possession shall be taken by such public authority, and Tenant shall pay Rent up to that date with an appropriate refund by Landlord of such Rent as may have been paid in advance for any period subsequent to the date possession is taken. If less than all of the Floor Area shall be so taken, the Lease Term shall cease only on the parts so taken as of the date possession shall be taken by such public authority, and Tenant shall pay Rent up to that date with appropriate refund by Landlord of such Rent as may have been paid in advance for any period subsequent to the date possession is taken and thereafter the Fixed Minimum Rent shall be equitably adjusted, provided, however, if more than twenty-five percent (25%) of the Floor Area is so taken, then Tenant shall have the right to terminate this Lease by written notice to Landlord within thirty (30) days following Tenant being given written notice of such taking. Landlord may, however, suspend such notice by giving Tenant notice within five (5) days of receipt of Tenant's notice that Landlord will remedy the impairment of Tenant's use of the Leased Premises by reconstructing the same in a manner reasonably acceptable to Tenant. Landlord shall at its expense make all necessary repairs or alterations to the basic building and exterior work so as to constitute the remaining Leased Premises a complete architectural unit, provided that Landlord shall not be obligated to undertake any such repairs and alterations if the cost thereof exceeds that portion of the award attributable to the Leased Premises, and Tenant shall, at Tenant's expense, perform any work required to place the Leased Premises in the condition contemplated by Section 3.2. If the Floor Area so taken leaves space no longer suitable for the Permitted Uses, then the Lease Term shall cease and Tenant shall pay Rent up to the date possession is taken, with an appropriate refund by Landlord of such Rent as may have been paid in advance for any period subsequent to the date of the taking of possession. If more than twenty-five percent (25%) of the

aggregate floor area of all the buildings in the Landlord's Tract shall be taken under the power of eminent domain, Landlord may, by notice in writing to Tenant delivered on or before the date of surrendering possession to the public authority, terminate this Lease and Rent shall be paid or refunded as of the date of termination. All compensation awarded for any taking under the power of eminent domain, whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the Leased Premises or otherwise shall be paid to Landlord and Tenant hereby assigns to Landlord all of the Tenant's right, title and interest in and to any and all such compensation; provided, however, that Landlord shall not be entitled to any award specifically made to Tenant for the taking of Tenant's trade fixtures, furniture or leasehold improvements to the extent of the cost to Tenant of said improvements (exclusive of Landlord's contribution), less depreciation computed from the date of said improvements to the expiration of the Lease Term.

ARTICLE XI. DEFAULTS BY TENANT AND REMEDIES.

Section 11.1. Defaults by Tenant. If (i) Tenant vacates or abandons the Leased Premises or permits the same to remain vacant or unoccupied or fails to be continuously open for business for a period of five (5) days, or (ii) Tenant shall violate any covenant set forth in Section 8.1.W. of this Lease, or (iii) Tenant shall falsify any report required to be furnished to Landlord under the terms of this Lease, or (iv) Fixed Minimum Rent, additional Rent, or any part thereof shall be unpaid for five (5) days after written notice thereof to Tenant, or (v) default shall be made in the prompt and full performance of any covenant, condition or agreement of this Lease to be kept or performed by Tenant and such default or breach of performance shall continue thirty (30) days (unless the default involves a hazardous condition, which shall be cured immediately) or such lesser paid period that may be required by any governmental agency or Landlord's mortgagee after written notice to Tenant, specifying such default or breach of performance, or (vi) any proceedings shall be commenced to declare Tenant or any Guarantor bankrupt or insolvent or to obtain relief under any chapter or provision of any bankruptcy or debtor relief law or act or to reduce or modify the debts or obligations of Tenant or any Guarantor or to delay or extend the payment thereof, or if any assignment of the property of Tenant or any Guarantor be made for the benefit of creditors, or if a receiver or trustee be appointed for Tenant or a Guarantor or the property or business of Tenant or a Guarantor, or (vii) Tenant during the Term hereof shall have been in default in the payment of Rent or other charges due hereunder or in the performance or observance of any covenant, condition or agreement herein contained to be kept, performed or observed two (2) or more times and because of such defaults Landlord shall have served two (2) or more default notices whether or not Tenant shall have cured any such default (a default under this clause being non-curable), or (viii) there shall be a material adverse change in the financial condition of Tenant or any Guarantor in Landlord's absolute opinion affecting the ability of such party to meet its obligations under this Lease or any Guaranty hereof, or (ix) any Guarantor shall die, then Landlord may treat the occurrence of any one or more of the foregoing events as a breach

of this Lease and thereupon at its option, without further notice or demand of any kind to Tenant or any other person, may have, in addition to all other legal or equitable remedies, the following described remedies:

A. Landlord may elect to terminate this Lease and the Lease Term created hereby in which event Landlord forthwith may repossess the Leased Premises and Tenant shall pay at once to Landlord as liquidated damages a sum of money equal to the rental provided in this Lease for the balance of the stated term of this Lease less the fair rental value of the Leased Premises for said period.

B. Landlord may elect to terminate Tenant's right of possession without termination of this Lease, in which event Tenant agrees to surrender possession and vacate the Leased Premises immediately and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Leased Premises, in whole or in part, with or without process of law and to repossess Landlord of the Leased Premises or any part thereof and to expel or remove Tenant and any other person, firm or corporation who may be occupying or within the Leased Premises or any part thereof and remove any and all property therefrom without terminating this Lease or releasing Tenant in whole or in part from Tenant's obligation to pay Rent and perform any of the covenants, conditions and agreements to be performed by Tenant as provided in this Lease and without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to rental or any other right of Landlord in this Lease or by operation of law. In any such case, Tenant shall pay forthwith to Landlord, if Landlord so elects, a sum equal to the entire amount of Fixed Minimum Rent and additions thereto calculated based on the then current Merchant's Association dues, Advertising and Promotional Service fees, and operating costs, insurance and real estate tax payments, for the residue of the Lease Term plus any other sums then due hereunder, without prejudice to Landlord's rights to collect additional sums which may hereafter become due including without limitation actual increases in Merchant's Association dues, Advertising and Promotional Service fees, and Tenant's pro rata share of operating costs and insurance expenses and real estate taxes for the balance of the Lease Term.

Tenant hereby expressly waives the service of any notice of any election made by Landlord under this Section 11.1, demand for payment of Rent or for possession, except the particular demands and notices as may in this Lease be specified.

Upon and after entry into possession without terminating the Lease, Landlord shall use reasonable efforts to relet the Leased Premises in accordance with the requirements of Illinois law for the account of Tenant for such rent and upon such terms and to such person, firm or corporation and for such period or periods as Landlord in Landlord's reasonable discretion shall determine and Landlord shall not be required to accept any

tenant offered by Tenant, to observe any instruction given by Tenant about such reletting. For the purpose of such reletting, Landlord may decorate or make repairs, changes, alterations or additions in or to the Leased Premises to the extent deemed by Landlord desirable or convenient. If the consideration collected by Landlord upon any such reletting for Tenant's account is not sufficient to pay the Rent reserved in this Lease together with an amount equal to five percent (5%) of the rentals and other charges provided for in any new lease as liquidated damages, plus the cost of repairs, alterations, additions, redecorating and Landlord's other expenses, Tenant agrees to pay to Landlord the deficiency upon demand. Any surplus realized upon any reletting shall be the sole property of Landlord.

The service of any default notice, demand for possession, a notice that the tenancy hereby created will be terminated on the date therein named, institution of an action of forcible detainer or ejectment or the entering of a judgment for possession in such action, or any other act or acts resulting in the termination of Tenant's right to possession of the Leased Premises shall not relieve Tenant from Tenant's obligation to pay the Rent hereunder during the balance of the Lease Term or any extension thereof, except as herein expressly provided. The Landlord may collect and receive any Rent due from Tenant and the payment hereof shall not constitute a waiver of any existing default by Tenant or effect any notice or demand given, suit instituted or judgment obtained by Landlord, or be held to waive, effect, change, modify or alter the rights or remedies which Landlord has in equity or at law or by virtue of this Lease. Payment by Tenant or receipt by Landlord of a lesser amount than any installment or payment due shall be deemed on account of, but not satisfaction of, the amount due, and no endorsement or statement on any check or any transmittal document accompanying any check or payment of any amount due shall be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of any amount due or pursue any other remedies available to Landlord.

The acceptance of liquidated damages by Landlord under any of the provisions of this Lease shall not preclude Landlord from the enforcement of any of the covenants or agreements of this Lease, nor shall any other act which infers recognition of the tenancy operate as a waiver of Landlord's right to terminate this Lease, or operate as an extension of this Lease.

The parties hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with the Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Leased Premises and/or any claim for injury or damage.

Notwithstanding the foregoing to the contrary, in the event that this Lease is attempted to be assumed under federal bankruptcy law by a trustee in bankruptcy for Tenant or by

Tenant as debtor in possession (hereinafter collectively referred to "Tenant's Trustee") and there exists a default or such state of facts which with the giving of notice and the passage of time would constitute a default (such state of facts, together with any default being referred to as a "Default"), such attempted assumption shall not be effective unless Tenant's Trustee:

- (1) cures, or provides adequate assurance that it will promptly cure, such Default; and
- (2) compensates, or provides adequate assurance that it will promptly compensate, Landlord for any actual pecuniary loss to Landlord resulting from such Default; and
- (3) provides "adequate assurance of future performance" (as such term is herein defined) of Tenant's obligations and covenants under this Lease.

For purposes of the foregoing sentence, "adequate assurance of future performance" shall be deemed to include, without limitation, adequate assurance of the following:

- (i) the source of rental and other consideration due under this Lease;
- (ii) that assumption or assignment of this Lease shall not breach any provision in any other lease, financing agreement or master agreement relating to the Shopping Center;
- (iii) that assumption or assignment of this Lease shall not disrupt any tenant mix or balance in the Shopping Center and shall not violate the provisions of this Lease governing Permitted Uses; and
- (iv) that assumption or assignment of this Lease shall not alter or affect materially any other obligation or duty of Tenant, nor be used to circumvent the remainder of the provisions of this Lease.

Furthermore, Tenant's Trustee may assign this Lease only if: (1) Tenant's Trustee assumes the Lease in accordance with the above provisions of this paragraph 11.1; and (2) the assignee of Tenant's Trustee provides adequate assurance of future performance of Tenant's obligations and covenants under this Lease (whether or not a default has occurred under the Lease), including, without limitation, the items listed in (i) through (v) above.

If Landlord shall not be permitted to terminate this Lease as provided herein because of the provisions of Title 11 of the United States Code relating to Bankruptcy, as amended

("Bankruptcy Code"), the Tenant as a debtor in possession or any trustee for Tenant agrees promptly, within no more than fifteen (15) days upon request by Landlord to the Bankruptcy Court, to assume or reject this Lease, and Tenant, on behalf of itself and any trustee, agrees not to seek or request any extension or adjournment of any application to assume or reject this Lease by Landlord with such Court. In no event after the assumption of this Lease shall any then existing default remain uncured for a period in excess of the earlier of (a) ten (10) days and (b) the time period set forth herein. In the event of a filing of a petition under the Bankruptcy Code, Landlord shall have no obligation to provide Tenant with any service or utilities as herein required unless Tenant shall have paid and is current in all payments of Operating Costs.

Section 11.2. Holdover by Tenant. In the event Tenant remains in possession of the Leased Premises after the expiration of the tenancy created hereunder, and without the execution of a new lease, Tenant, at the option of Landlord, shall be deemed to be occupying the Leased Premises as a tenant from month-to-month, at 150% of the Fixed Minimum Rent, subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy. Additionally, and regardless of whether Landlord exercises the option set forth in the immediately preceding sentence, Tenant shall be liable for any consequential damages, including reasonable attorneys' fees, incurred by Landlord as a result of Tenant's failure to surrender possession of the Leased Premises upon expiration of the Lease Term.

Section 11.3. Landlord's Right to Cure. Landlord may, but shall not be obligated to, cure, at any time, without notice, any failure by Tenant to perform any obligation under this Lease; and whenever Landlord so elects, all costs and expenses incurred by Landlord, including, without limitation reasonable attorneys' fees together with interest on the amount of costs and expenses so incurred at the Default Rate shall be paid by Tenant to Landlord on demand.

Section 11.4. Effect of Waivers of Default. No consent or waiver, express or implied, by Landlord to or of any breach of any covenant, condition or duty of Tenant shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 11.5. INTENTIONALLY OMITTED.

Section 11.6. Default Under Other Leases - Prior Tenancy. Tenant hereby covenants to pay and perform all of the covenants, agreements and obligations on the part of Tenant to be performed under any other lease, whether previously, presently or hereafter existing, for any space in the Shopping Center. If, under the terms of any lease, other than this Lease, made by Tenant for any space in the Shopping Center, Landlord shall become entitled to terminate such other lease or Tenant's right to possession thereunder because of any default by Tenant under such other lease, Landlord shall thereupon, at Landlord's

option, be entitled to terminate the term of this Lease or Tenant's right to possession of the Leased Premises hereunder, upon immediate notice to Tenant. In the event Tenant has occupied the Leased Premises or any other portion of the Shopping Center under any lease, the term of which has expired, and Tenant fails to pay any sum required to be paid or to perform any obligation required to be performed under the terms of such expired lease, such failure shall constitute a default under this Lease for which Landlord shall have all of its remedies under this Lease.

ARTICLE XII. MISCELLANEOUS PROVISIONS

Section 12.1. Calculation of Pro-Rata Share(s). "Tenant's Pro-Rata Share(s)" of real estate taxes, Operating Costs, insurance premiums, Merchant's Association dues or contributions to any advertising and promotional service shall be equal to the product of (a) the amount of said real estate taxes, Operating Costs, insurance premiums, Merchant's Association dues or contributions to any advertising and promotional service whichever is the case, and (b) a fraction, the numerator of which is the Floor Area of the Leased Premises and the denominator of which is the total leasable floor area in the Shopping Center to which such amount relates.

Section 12.2. Mutual Waiver of Subrogation. Whenever (a) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease in connection with the Leased Premises, and (b) such party is then covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage, or expense to the extent of any amount recovered by reason of such insurance and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release of liability and waiver of the right of subrogation shall not be operative in any case where the effect thereof is to invalidate such insurance coverage or increase the cost thereof.

Section 12.3. Intentionally Omitted.

Section 12.4. Intentionally Omitted.

Section 12.5. Landlord Access. Tenant agrees that Landlord, its agents, employees or servants or any person authorized by Landlord may enter the Leased Premises: (i) to place in and upon the Leased Premises at such places as may be determined by Landlord "for rent" signs or notices during the last six (6) months of the Lease Term or any extension thereof, and "For Sale" signs at any time, and Tenant undertakes and agrees that neither Tenant nor any person within Tenant's control will interfere with such signs or notices; or (ii) upon the failure of Tenant to operate in the Leased Premises for a period of forty-eight consecutive hours, and provided Tenant has vacated the Leased Premises, in whole or

in part, during such period, Tenant hereby authorizes Landlord to enter the Leased Premises and to take such action as Landlord deems necessary or prudent to secure the Leased Premises. The authority herein granted shall include, without limitation, the right to change locks to prevent unauthorized entry by third parties, regulate temperature, and to otherwise take such action which may prevent injury to the Leased Premises, all at Tenant's expense. The parties hereby acknowledge that Landlord's entry hereunder shall not affect Landlord's other rights and remedies in this Lease nor are the rights herein granted to Landlord intended to abridge any requirements of applicable law for Landlord to gain possession of the Leased Premises by process of law, it being the intention of the parties that Landlord have this limited right of access to assist Tenant with respect to Tenant's obligation to secure, protect and preserve the Leased Premises.

Section 12.6. Tenant's Covenants. Tenant hereby covenants, warrants and represents that by executing this Lease and by the operation of the Leased Premises under this Lease, it is not violating, has not violated and will not be violating any restrictive covenant or agreement contained in any other lease or contract affecting Tenant or any affiliate, associate or any other person or entity with whom or with which Tenant is related or connected financially or otherwise, of which Tenant has knowledge. Tenant hereby covenants and agrees to indemnify and save harmless Landlord, any future owner of the fee or any part thereof, and any mortgagee thereof against and from all liabilities, obligations, damages, penalties, claims, costs and expenses, including attorneys' fees, paid, suffered or incurred by them or any of them as a result of any breach of the foregoing covenant. Tenant's liability under this covenant extends to the acts and omissions of any subtenant, and any agent, servant, employee or licensee of any subtenant of Tenant.

Section 12.7. Notices. Any notice or demand from Landlord to Tenant or from Tenant to Landlord shall be mailed by registered or certified mail or by commercial delivery service, or delivered by personal delivery, addressed, if to Tenant, at the Notice Address of Tenant or such other address as Tenant shall have last designated by notice in writing to Landlord, and, if to Landlord, to Tri-Land Properties, Inc., One Westbrook Corporate Center, Suite 520, Westchester, Illinois 60154-5764, or such other address as Landlord shall have last designated by notice in writing to Tenant. The customary receipt signed or refused by the party to whom notice is directed shall be conclusive evidence of such service. Notice shall be deemed given when delivered, if given by personal delivery, otherwise when deposited in the mail or with the commercial delivery service, as applicable.

Section 12.8. Brokerage. Tenant and Landlord each represent and warrant to the other that they have had no dealings with any broker or agent in connection with this Lease other than Landlord's broker and Equinox Corporation and each covenant to hold harmless and indemnify the other from and against any and all costs, expenses, and liabilities for any compensation, commission and charges claimed by any other broker or other agent with respect to this Lease and the negotiation thereof, claiming to have acted

on behalf of the indemnifying party. Landlord agrees to pay Landlord's broker, who shall pay Equinox Corporation.

Section 12.9. Voting Control of Tenant. If Tenant is a corporation, and if at any time during the Lease Term there is a transfer by sale, assignment, bequest, inheritance, operation of law or other disposition so as to result in a change of ownership or control of a majority of the voting shares of Tenant, such transfer shall be deemed an assignment of this Lease subject to the provisions of Section 8.1.W. hereof.

Section 12.10. Relationship of the Parties. Nothing contained herein shall be deemed or construed by the parties hereto nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of Rent nor any other provision contained herein, nor any acts of the parties hereto, shall be deemed to create any other relationship than Landlord and Tenant. Whenever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders.

Section 12.11. Estoppel Certificates. At any time and from time to time, Tenant agrees, upon request in writing from Landlord or any mortgagee or purchaser of Landlord, to execute, acknowledge and deliver to Landlord a statement in writing certifying: that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications); the dates to which the Fixed Minimum Rent and other charges have been paid; and any other matters reasonably requested by Landlord, or any mortgagee or purchaser of Landlord.

Section 12.12. Short Form Lease. Tenant agrees not to record this Lease and both Landlord and Tenant agree to execute, acknowledge and deliver at any time after the date of this Lease, at the request of the other, a "short form lease" suitable for recording, setting forth those items, except rental, contained herein.

Section 12.13. Applicable Law and Construction. The laws of the State of Illinois shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision. The headings of the several articles contained herein are for convenience only and do not define, limit or construe the contents of such articles.

Section 12.14. Execution of Lease by Landlord. Employees or agents of Landlord, or of Landlord's broker, if any, have no authority to make or agree to make or modify this lease or any other agreement or undertaking in connection herewith. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Leased Premises and this document becomes effective and binding only upon the execution and delivery hereof by Landlord and Tenant. All

negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement in writing between Landlord and Tenant, and no act or omission of any employee or agent of Landlord or of Landlord's broker shall alter, change, waive or modify any of the provisions hereof.

Section 12.15. Binding Effect of Lease. The covenants, agreements and obligations herein contained except as herein otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and assigns. Landlord, at any time and from time to time, may make an assignment of its interest in this Lease, and, in the event of such assignment and the assumption by the assignee of the covenants and agreement to be performed by Landlord herein, Landlord and its successors and assigns (other than the assignee of this Lease) shall be released from any and all liability hereunder.

Section 12.16. Landlord's Partners and Agents. Wherever in this Lease Landlord is granted a right of consent or approval; a right of inspection; a right to add improvements to the Shopping Center; a right to designate repairs, maintenance or Improvements required to be made by Tenant or changes in any plans submitted by Tenant or any other act which involves the exercise of discretion on the part of the Landlord hereunder, such right or exercise of discretion may be exercised by Landlord, Landlord's partners or managing agent of Landlord. Any obligation set forth in this Lease of the Landlord, or any obligation of Tenant which Landlord is given the right to perform on Tenant's behalf, shall be conclusively deemed to have been performed by Landlord if the same shall have been performed by Landlord, Landlord's partners or their agents or employees. Any obligation of Tenant contained in this Lease to indemnify Landlord (or Landlord and any other party), or to maintain and pay for insurance for the benefit of Landlord (or Landlord and any other party), or to waive any claim against Landlord (or Landlord and any other party) is hereby extended so that such obligations shall run in favor of Landlord, Landlord's partners, their agents and employees. Wherever in this Lease it is acknowledged or stated that Landlord has made no representation or warranties or promises with respect to any matter, such provisions shall be deemed to acknowledge or state that neither Landlord nor any partners nor any agent nor employee of Landlord or its partners has made such representations or warranties or promises. All rights to enforce any provision of this Lease on the part of Landlord or any rights to exercise any remedies of Landlord, either specifically provided for herein or at law or equity, may be exercised by Landlord's partners or by any agent of Landlord, in their own name, along or in conjunction with Landlord or any of the foregoing parties.

Section 12.17. Intentionally Omitted.

Section 12.18. Objection to Statements. Tenant's failure to object to any statement, invoice or billing rendered by Landlord within a period of thirty (30) days after receipt

thereof shall constitute Tenant's acquiescence with respect thereto and shall render such statement, invoice or billing an account stated between Landlord and Tenant.

~~**Section 12.19. Landlord's Security Interest.** Tenant hereby grants to Landlord an express contract lien on and security interest in all equipment, inventory, fixtures, consumer goods, goods and any and all other personal property of any kind or character of Tenant which may be placed in or on the Leased Premises and also upon all proceeds thereof (including the proceeds of any insurance which may accrue to Tenant by reason of damage to or destruction of any such property). This lien and security interest are given in addition to, and not in lieu of, Landlord's statutory lien, and shall be cumulative thereto. To the extent permitted by law, this lien and security interest may be foreclosed with or without court proceedings, by public or private sale, with or without notice, and Landlord shall have the right to become purchaser at any such sale upon being the highest bidder and may bid its claim on any portion thereof in lieu of cash. Upon request of Landlord, Tenant shall promptly execute Uniform Commercial Code Financing Statements relating to the aforesaid security interest. Prior to the installation of fixtures equipment or improvements permanently affixed to the Leased Premises or which would otherwise become the property of Landlord under the terms of this Lease, Tenant shall notify the holder of any security interest in the same of Landlord's rights to such property under the terms of this Lease, and at the request of Landlord, Tenant shall furnish Landlord with evidence of such notification. Tenant's obligation to observe and perform any of the provisions of this Section 12.19 shall survive the expiration of the Lease Term or the earlier termination of this Lease.~~

Section 12.20. Exculpation. This Lease is executed by Indianwood Limited Partnership, as beneficiary of Colonial Bank, as trustee under a Trust Agreement dated June 11, 1966 and known as Trust No. 999. It is specifically understood and agreed that there shall be no personal liability of Indianwood Limited Partnership or any partner thereof in respect of any of the covenants, conditions or provisions of this Lease; in the event of a breach or a default by Landlord of any of its obligations under this Lease, Tenant shall look solely to the equity of Landlord in the Shopping Center for satisfaction of Tenant's remedies.

P. Chellay
1/22/98

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease the day and year first above written.

TENANT:

Dialysis Centers of America-Illinois, Inc.

By: [Signature]
Its: Senior Vice President - DEA
November 20, 1994

LANDLORD:

Indianwood Limited Partnership,
an Illinois limited partnership.

By: Inland Real Estate Investment
Corporation, a Delaware
corporation,

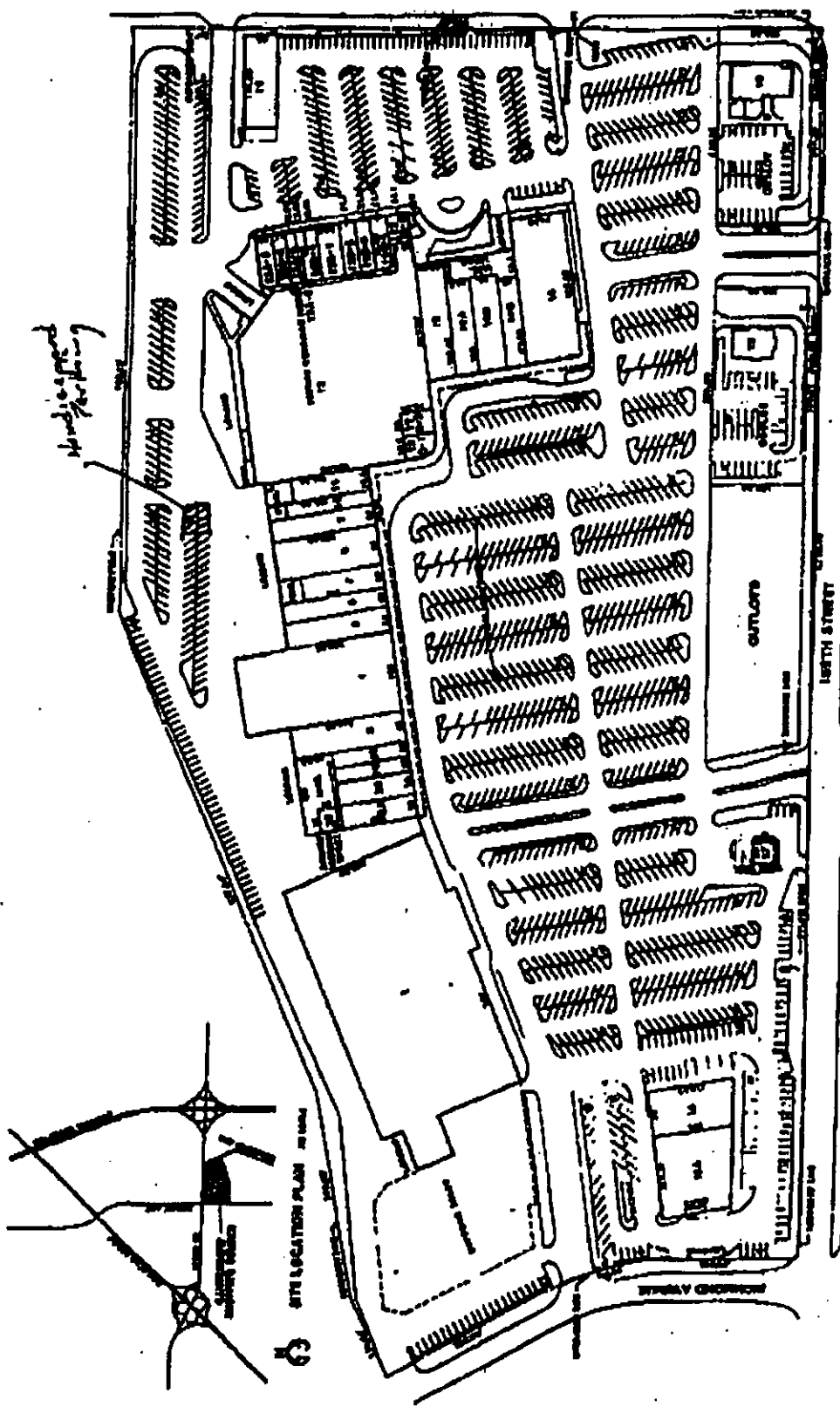
Its: Managing General Partner

By: Patricia A. Chelley
Its: Senior V.P.

as beneficiary under a land trust of
which Firstar Bank Illinois, as
successor trustee to Colonial
Bank, is trustee under its Trust No.
999.

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Exhibit A. Site Plan of Canterbury Shopping Center.



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CANTERBURY SHOPPING CENTER MARKHAM, ILLINOIS



REDEVELOPMENT - MANAGEMENT - LEASING (708)531-8210



Exhibit C. Description of Tenant's Work.

EXHIBIT C

DESCRIPTION OF TENANT'S WORK

All work required to complete and place the Leased Premises in finished condition for opening for business, except work to be done by the Landlord described in Exhibit B, is to be done by the Tenant, at the Tenant's expense, and in accordance with this Exhibit, Exhibit D, and the Lease to which this Exhibit is attached.

I. TENANT'S WORK includes, but is not limited to, the following:

- 1.1 All floor finishes, sealants and coverings.
- 1.2 Painting and decorating, except as described in Exhibit B.
- 1.3 All trade fixtures and furnishings.
- 1.4 All tenant signs, except as described in Exhibit D.
- 1.5 Interior partitions and doors, except as described in Exhibit B.
- 1.6 Storefront display platforms or backgrounds.
- 1.7 All additions, deletions or modifications to existing conditions or to Landlord's Work (proposed or in place) as described in Exhibit B.
- 1.8 Temporary Services and Facilities during construction shall be the responsibility of the Tenant from the date Tenant commences Tenant work, including costs or charges for any utility or other services to the Leased Premises.

II. CHANGES & ALTERATIONS

Landlord reserves the right to require changes in Tenant's Work when necessary by reason of code requirements, or building facility necessity, or directives of governmental authorities having jurisdiction over the Leased Premises, or directives of Landlord's insurance underwriters.

III. GENERAL PROVISIONS

All work done by Tenant shall be governed in all respect by, and be subject to, the following:

- 3.1 Tenant agrees not to commence Tenant's Work until Tenant has secured Landlord's written approval of all contractors to be used in performing Tenant's Work and of the plans and specifications required to be submitted by Tenant to Landlord. Landlord agrees to notify Tenant within a reasonable time in advance of the day when Tenant must commence Tenant's Work and Tenant agrees that Landlord may require Tenant to commence work, subject to such notice to commence Tenant's Work before Landlord's Work has been fully completed, provided that the Leased Premises and the building of which the Leased Premises are a part are completed to the

extent that it is practicable for Tenant to commence Tenant's Work. Tenant's Work shall be coordinated with the work being done by the Landlord and/or other tenants of Landlord to such a degree that such work will not interfere with or delay the completion of work by Landlord and/or other tenants of Landlord.

3.2 Tenant's Work shall be performed in a first-class workmanlike manner and shall be in good and usable condition at the date of completion thereof. Tenant shall require any party performing any such work to guarantee the same to be free from any and all defects in workmanship and materials for one (1) year from the date of completion thereof. Tenant shall also require any such party to be responsible for the replacement or repair without additional charge of any and all work done or furnished by or through such party which shall become defective within one (1) year after substantial completion of the work. The correction of such work shall include, without charge, all expenses and damages in connection with such removal, replacement, or repair of any part of the work which may be damaged or disturbed thereby. All warranties or guarantees as to materials or workmanship on or with respect to Tenant's Work shall be contained in the contract or subcontract which shall be so written that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests appear, and can be directly enforced by either. Tenant covenants and agrees to give Landlord any assignment or other assurances necessary to effect the same.

3.3 Landlord shall have the right (but shall not be obligated) to perform by its own contractor or subcontractor, on behalf of and for the account of Tenant, any of Tenant's Work which Landlord determines should be so performed. Generally, such work shall be work which affects any structural or roofing components, or work of other tenants of, or the general utility systems for, the building in which the Leased Premises are located. If Landlord so determines, it shall so notify Tenant prior to the commencement of such work. Tenant shall promptly, on demand, reimburse Landlord for all costs of planning and performing such work when and as incurred by Landlord, and for all permits in connection therewith.

3.4 Compliance with Laws: All Tenant's Work shall conform to applicable statutes, ordinances, regulations, codes and the requirements of Landlord's fire underwriter. Tenant shall obtain and convey to Landlord copies of all permits, certifications and approvals indicating compliance.

3.5 Approvals: No approvals by Landlord shall be deemed valid unless the same shall be in writing signed by the Landlord.

3.6 Drawing submittal: The Tenant shall, before it commences Tenant's Work, furnish Landlord with one set of reproducible plans and specifications for all its architectural, mechanical, electrical systems. Such plans shall include the data for all electrical and cooling loads, in form approved by Landlord.

C-N

3.7 Tenant's plans and specifications shall be prepared by an Illinois or Michigan architect or professional engineer and shall bear the signature and seal thereof.

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Exhibit D. Sign Criteria.

EXHIBIT D
SIGN CRITERIA

I. GENERAL

1.1 This exhibit shall govern the design, construction and installation of all signs to be installed by the Tenant at any time in conjunction with the provisions of the Tenant's Lease. The Landlord shall make all final and controlling determinations concerning any questions of interpretation of this sign policy.

1.2 It is intended that the signing of stores in Canterbury Shopping Center shall be designed and executed in a manner to result in an attractive and coordinated total effect. Lettering shall be well proportioned, and its design, spacing and legibility shall be a major criterion for approval.

1.3 Tenant shall be required to identify its premises by erecting two (2) signs which shall be attached respectively directly to the building fascia and canopy soffit as described hereinafter. Where the Leased Premises is a corner store, Tenant may install a fascia sign on each fascia when the parallel lease frontage exceeds fifteen (15) feet, and the criteria shall govern each frontage respectively. In no event shall the preceding sentence be construed to permit the installation of fascia signage on sides of a building lacking fascia.

1.4 Landlord shall supply and install a uniform identification sign on the Tenant's service door at the Tenant's expense. Tenant shall not post any additional signs in the service area.

1.5 The content of Tenant identification signs shall be limited to the store name and shall not include crests, shields, logos or names of items for sale.

1.6 All lines of lettering shall run horizontally.

1.7 All lettering shall be upper case or lower case block type letters or combinations thereof. Script shall not be allowed, except as the Landlord shall otherwise determine.

1.8 Moving, rotating, flashing, noise-making or odor-producing signs shall not be allowed.

1.9 The names, stamps or decals of manufacturers or installers shall not be visible except for technical data (if any) required by governing authorities.

1.10 Tenant shall not be permitted to open for business without approved required signs in place. Failure to open for this reason shall not excuse Tenant from the performance of its obligations under the Lease.

II. CRITERIA FOR BUILDING FASCIA SIGNS

2.1 Letters shall be individual and individually mounted to the fascia material with minimum practical sized, noncorrosive, concealed fastenings weathersealed at point of fascia penetration.

2.2 Length of signs shall be limited to 70% of the Leased frontage. The assigned position for each Tenant sign shall be as close to a center-of-frontage location as possible subject to allowance for positioning corner store signs and suitable space between adjacent tenant signs, as determined by the Landlord.

2.3 The principal base of all sign letters shall be aligned on a base line located as determined by the Landlord for each Tenant Sign.

2.4 The maximum height of upper case letters, lower case letters and ascenders and descenders of lower case letters shall be limited as shown in the following chart:

<u>Lease Frontage</u>	<u>Upper Case</u>	<u>Lower Case</u>	<u>Ascenders</u> <u>Descenders</u>
Less than 20'	24"	16"	8"
20' to less than 30'	30"	20"	10"
30' to less than 50'	36"	24"	12"
50' to less than 80'	42"	28"	14"
80' and over	48"	32"	16"

2.5 Letters shall be of minimum practical depth. Maximum depth shall be 5".

2.6 Letters shall be channel type formed of steel or aluminum back and sides with white porcelain or baked enamel or anodized aluminum exterior finish. Sides and trim caps (if any) shall be white in color. Open end of the channel shall be glazed with acrylic plastic facing of color selected by the Tenant.

2.7 Sign letters shall be self-illuminated. Internal illumination shall be provided by neon-type tubing with wiring and transformers concealed behind the fascia construction. Electrical penetrations of the fascia shall be of minimum practical size and number, non-corrosive, concealed and weathersealed at point of fascia penetration. Landlord shall provide an access panel in the canopy soffit to the sign wiring area.

2.8 Tenant shall install any blocking behind the canopy fascia that may be necessary to properly support the individual letters. Blocking shall be installed in a manner that will not damage canopy structure or fascia.

D-^N

**Last page of
Lease Agreement**

III. CRITERIA FOR CANOPY SOFFIT SIGNS

3.1 Landlord shall establish a design for a self-illuminated standard canopy soffit sign with space for Tenant identification of standard size and color. Letter style shall match Tenant's fascia sign.

3.2 All canopy soffit signs shall be fabricated and installed by a sign company selected by Landlord. Tenant shall order said sign(s) from and make payment directly to Landlord in the sum of \$1,100.00.

3.3 Signs shall be mounted and located as determined by Landlord.

IV. CRITERIA FOR STOREFRONT SIGNS

4.1 Tenant may install not more than a total of two identification signs on the doors, windows or sidewall returns of the storefront. Signs shall be non-illuminated, shall not exceed 2' in height and letters shall be either painted, or cut from self-adhering vinyl fabric or 1/4" thick wood, metal or plastic.

4.2 Tenant shall not apply any other signs to the interior or exterior face of the storefront glass or other material.

V. APPROVAL OF LOCAL GOVERNMENT AUTHORITIES

5.1 Tenant shall be responsible for complying with the regulations and ordinances governing the installation and maintenance of signs with the City of Markham, Illinois. Application for necessary permits and the payment of fees shall be directed to the appropriate City Department.

VI. PROCEDURE AND SCHEDULE FOR COMPLETION OF SIGN DRAWINGS

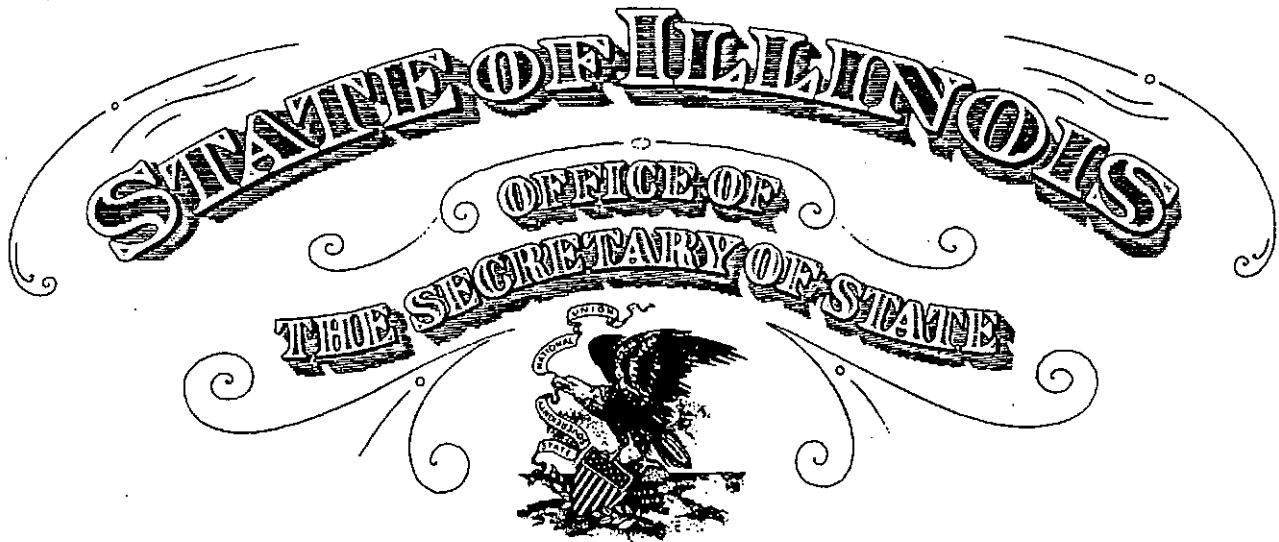
6.1 Prior to awarding a contract for fabrication and installation, Tenant shall submit drawings and specifications, in quadruplicate, including samples of materials and colors, for all its proposed building fascia, canopy soffit and storefront sign work. The drawings shall clearly show location of sign and indicate graphics, color, materials, construction and attachment details. Landlord shall return one (1) set to Tenant with its required modifications and/or approval.

D-N

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

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





To all to whom these Presents Shall Come, Greeting:

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

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



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

Jesse White

Authentication #: 1113901624

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

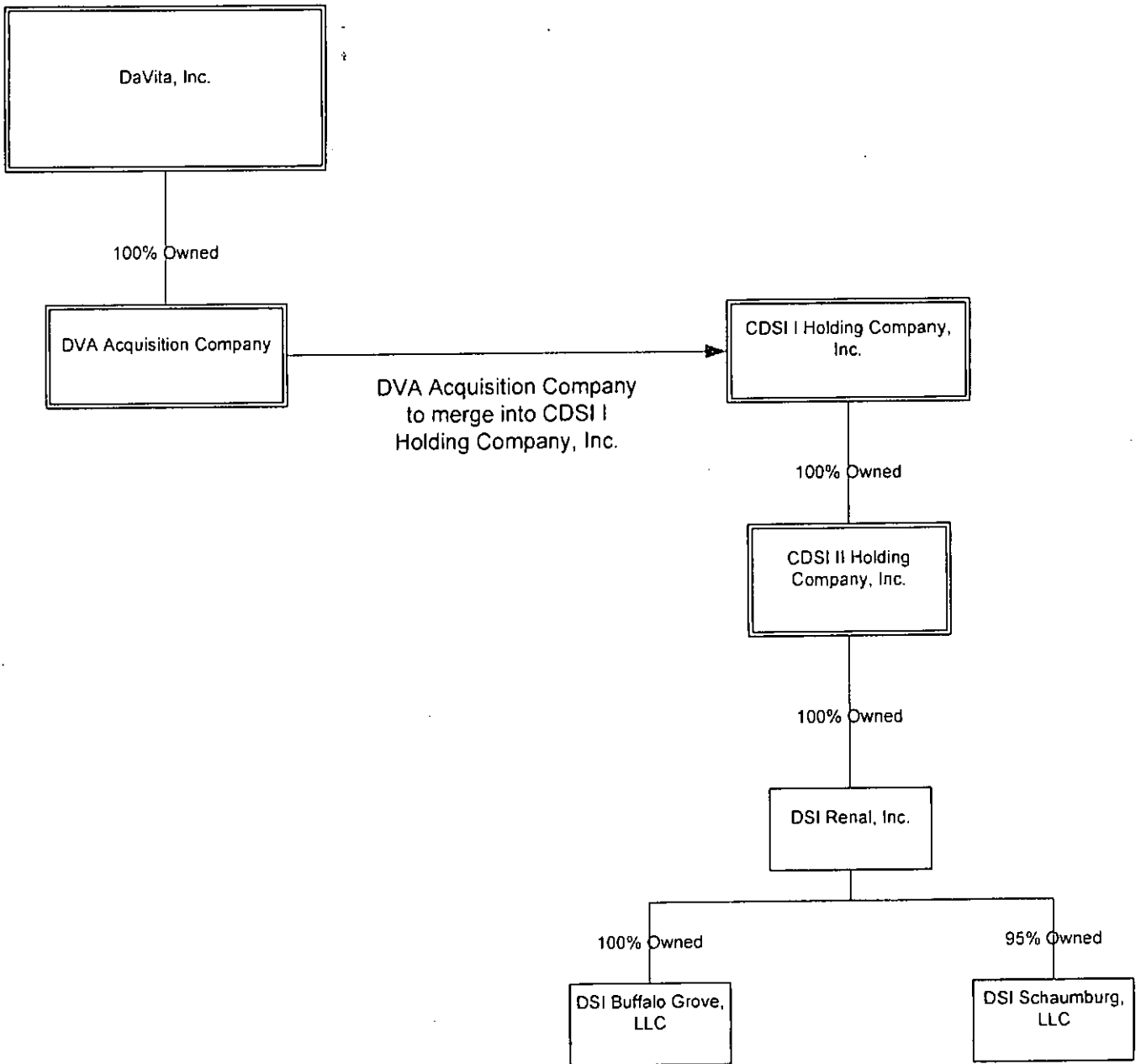
SECRETARY OF STATE

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

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

DaVita – DSI Renal, Inc.

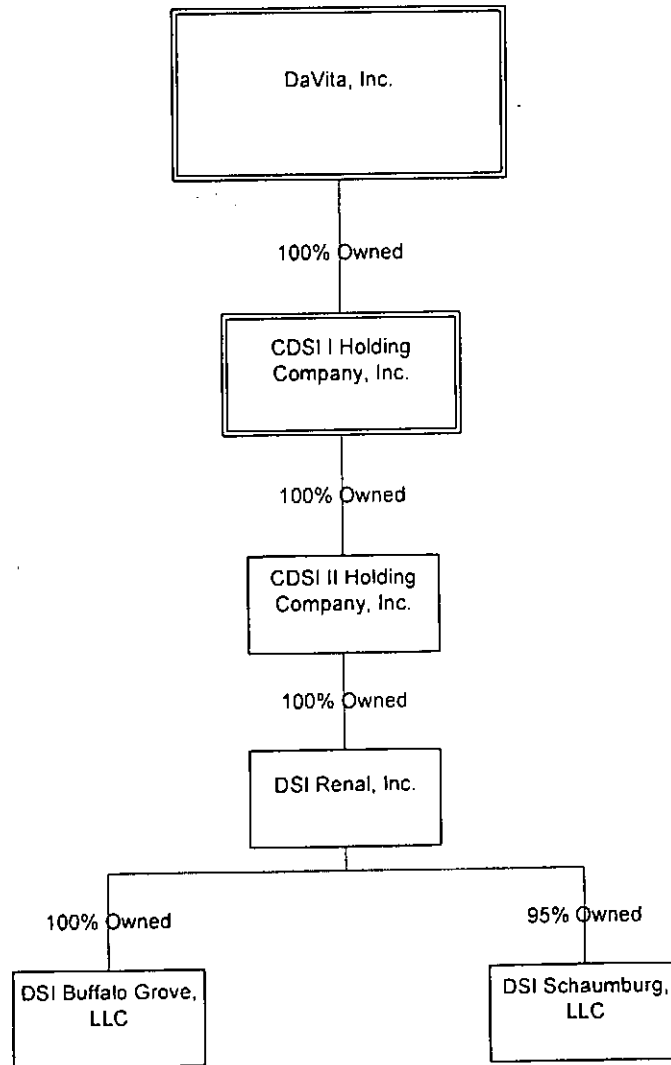
Pre-Merger Organizational Chart



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DaVita, Inc. – DSI Renal, Inc.

Post-Merger Organizational Chart



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

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

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

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

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

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ESRD	\$100,000	6,879					
Total Clinical	\$100,000	6,879	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	\$100,000	6,879	0	0	0	0	0

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

Background of the Applicants

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

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

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

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

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

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

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

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

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

² Id.

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

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

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

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

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

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

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

Dialysis facilities are not subject to State Licensure.

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

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



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

601 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,

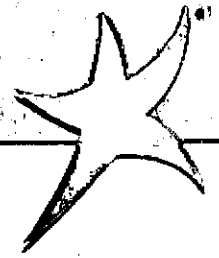


Allen R. Nissenson, MD, FACP
Chief Medical Officer, DaVita

- (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





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 GOL; and
- (4) Data Monitoring Reports.

Data as of July, 2008 is reported. Patients in the IMPACT group were 60.6 ± 15.1 years old (mean±3SD), 42.8% Caucasian, 61% male with 25% having a fistula. Results showed a reduction in 90-day mortality almost 2 percentage points lower (6.14% vs. 7.98%; $p < 0.10$) among IMPACT versus nonIMPACT patients. Changes among the 4As showed higher albumin levels from 3.5 to 3.6 g/dL (note that some IMPACT patients were on protein supplementation during this period) and patients achieving fistula access during their first 90-days was 25% vs. 21.4%, IMPACT and nonIMPACT, respectively ($p \leq 0.05$). However, only 20.6% of IMPACT patients achieved Hct targets ($33 \leq 3xHb \leq 36$) vs. 23.4% for controls ($p < 0.10$); some IMPACT patients may still have >36 -level Hcts. Mean calculated Kt/V was 1.54 for IMPACT patients vs. 1.58 for nonIMPACT patients ($p \leq 0.05$).

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

IMPACT Tools

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

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

Standard Order Template form with multiple sections for patient information, medical history, and treatment orders. It includes a header with '1' and a footer with 'IMPACT'.

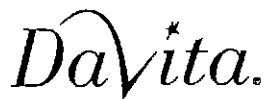
Intake Checklist form with sections for patient information, medical history, and clinical data. It includes a header with '2' and a footer with 'IMPACT'.

Patient Announcement flyer with the 'Spring Training' logo. 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." Includes a date field and a signature line.

Patient Education Book and Flip Chart with the 'Spring Training' logo. It features a baseball field illustration and the 'Dayita' logo at the bottom right.

IMPACT Scorecard form with a header '90' and a table for tracking monthly center summary and patient level detail. It includes a table with columns for 'Access', 'Albumin', 'Adequacy', and 'Anemia' and rows for 'Facility', 'Dialysis Unit', and 'Patient'.

IMPACT Management Checklist form with a header '90' and a table for tracking progress over the first 90 days. It includes a table with columns for 'Access', 'Albumin', 'Adequacy', and 'Anemia' and rows for 'Patient' and 'Team'.



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

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

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

DSI Renal Inc. Illinois Facilities

Facility	Address	City	Services	Number of Stations 3/20/2011	Average Utilization 04/01/2010 to 03/31/2011
DSI Loop Renal Center	1101 South Canal Street,	Chicago	In-Center Hemo, HHD	28	45.68%
DSI Scottsdale Renal Center	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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May 18, 2011

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

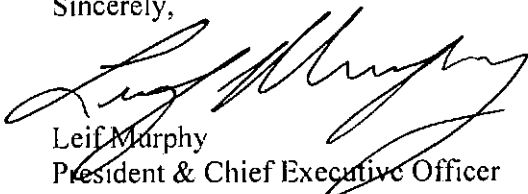
Re: Adverse Action and Access to Information

Dear Chairman Galassie:

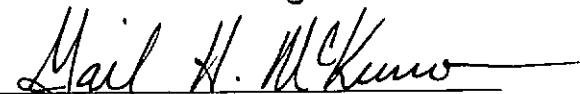
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DSI Renal, Inc. during the three years prior to filing this application.

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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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



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Attachment 11D

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.

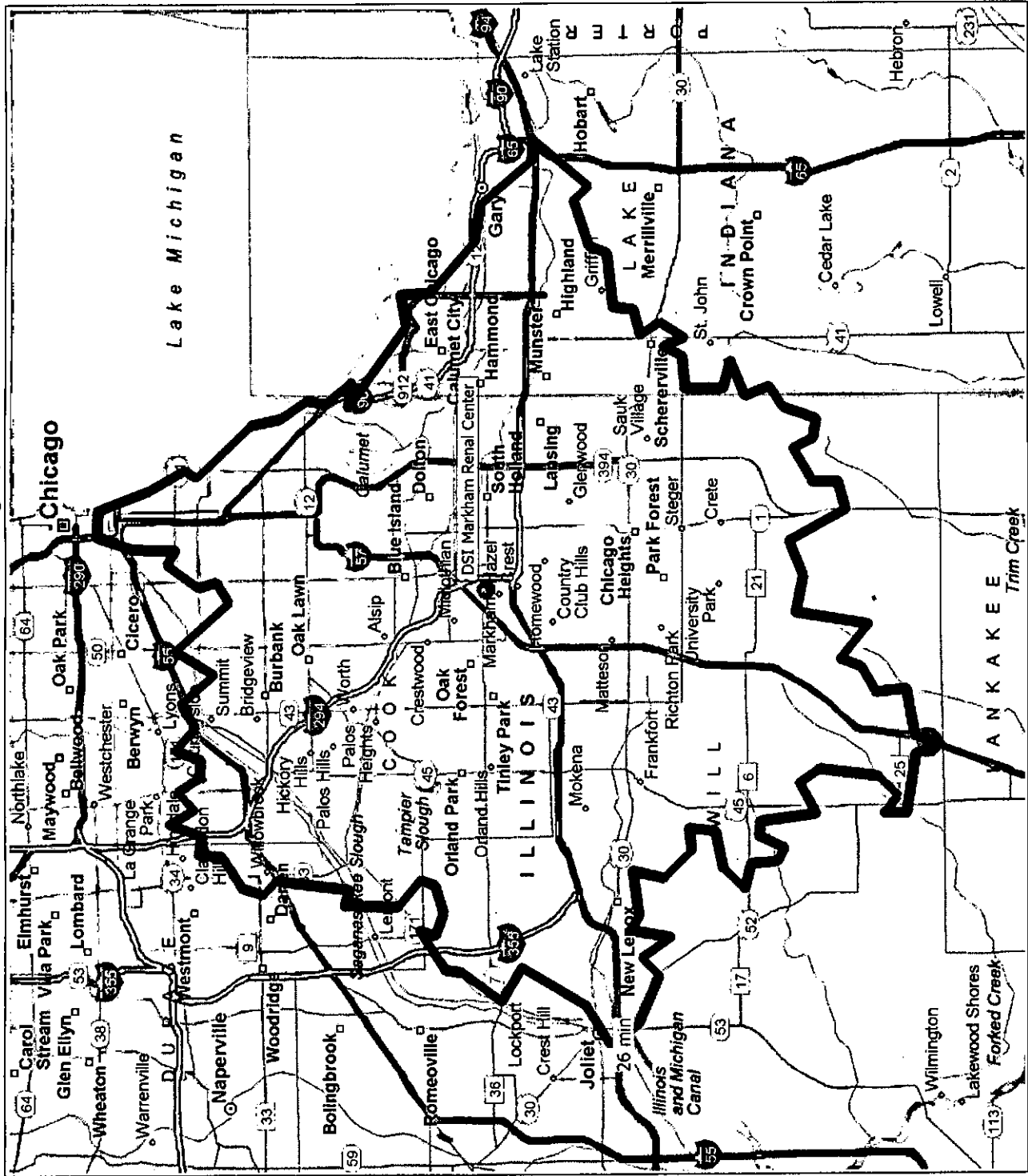
2. A map of the market area for DSI Markham Renal Center is attached at Attachment – 12. The market area encompasses a 30 minute normal travel time radius around the facility.
3. DSI Markham Renal Center is located in HSA 7. Based upon the May 20, 2011 Update to Inventory of Other Health Services, there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

Illinois Health Facilities and Services Review Board, Update to Inventory of Other Health Services 8 (May 20, 2011) available at <http://www.hfsrb.illinois.gov/pdf/Other%20Services%20Update%205-20-2011.pdf> (last visited May 23, 2011).
5. DaVita and DSI Renal, Inc. are leading providers of dialysis in the United States. The merger of DSI Renal, Inc. into DaVita will allow DaVita to increase its operational efficiency in this new payment environment, improve quality and ensure dialysis patients have continued access to life sustaining dialysis services.
6. The acquired facilities will be integrated into DaVita's normal operational processes, including DaVita's quality outcomes programs, and, thus, are anticipated to have outcomes comparable to other DaVita facilities.

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

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

DSI Markham 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 \$100,000.

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	\$100,000	Accept

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

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

1. Change in Services Currently Offered

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

2. Operating Entity

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

3. Reason for the Transaction

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

4. Anticipated Additions or Reductions of Employees

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

5. Cost-Benefit Analysis

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

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

1. Current Admissions Policy

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

2. Proposed Admissions Policy

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

3. Admission Policy Certification

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



DSI Renal, Inc.

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

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

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

POLICY:

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

PROCEDURE:

Ensure that the following are met:

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

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

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

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

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

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

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

TITLE: ACCEPTING PATIENTS FOR TREATMENT

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

DEFINITION(S):

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

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

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

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

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

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

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

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Origination Date: September 2006

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

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

POLICY:

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

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

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

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

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

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

ATTACHMENTS:

Attachment A: Procedures for Accepting Patients for Treatment

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

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

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

DEFINITIONS:

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

POLICY:

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

PROCEDURE(S):

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

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

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

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

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

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

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

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

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

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

B. Visiting DaVita Patient Procedures:

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

C. Registration Teammate Procedures:

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

D. Exceptions to these Procedures:

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

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

May 18, 2011

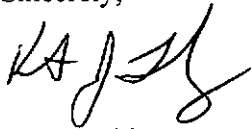
Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Admission Policies

Dear Chairman Galassie:

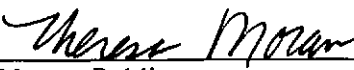
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for DSI Renal Inc. d/b/a DSI Markham Renal Center will not become more restrictive as a result of the proposed merger of DaVita, Inc. and DSI Renal, Inc.

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

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

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

1. Impact on Other Area Providers

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

2. Facilities within Applicant's Health Care System

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

3. Present and Proposed Referral Agreements

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

4. Time and Distance for Proposed Referrals

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

5. Use of Care System Providers

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

6. Duplication of Services

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

7. Services Not Available to the Community

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

Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

Included as a supplement to this application is copy of DaVita's December 31, 2010 10-K Statement, which include 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 \$100,000 in cash. A copy of DaVita's most recent 10-K Statement, which includes audited financial statements, evidencing sufficient funds to finance the project is included as a supplement to this application.

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

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

May 18, 2011

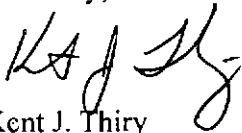
Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

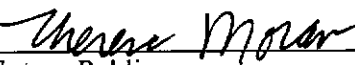
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment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

Sincerely,

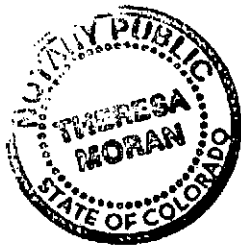


Kent J. Thiry
Chief Executive Officer
DaVita, Inc.

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



Notary Public



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

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

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

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

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

Operating Expenses: \$2,682,093

Treatments: 15,626

Operating Expense per Treatment: \$171.64

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

Capital Costs: \$263,923

Treatments: 15,626

Capital Costs per Treatment: \$16.89

Section XI, Safety Net Impact Statement

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	20-22
2	Site Ownership	23-87
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	88-89
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	90-92
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6	Historic Preservation Act Requirements	94
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14	Size of the Project	
15	Project Service Utilization	
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17	Assurances for Unfinished/Shell Space	
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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	
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40	Financial Waiver	143
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