

Original

 ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
 APPLICATION FOR PERMIT

11-034

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 Scottsdale Renal Center			HEALTH FACILITIES & SERVICES REVIEW BOARD
Street Address: 4651 West 79 th Street, Suite 100			
City and Zip Code: Chicago, Illinois 60652			
County: Cook	Health Service Area: 6	Health Planning Area:	

Applicant /Co-Applicant Identification

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

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

Type of Ownership of Applicant/Co-Applicant

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

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

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

Primary Contact

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

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

Additional Contact

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

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

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: DSI Scottsdale Renal Center		
Street Address: 4651 West 79 th Street, Suite 100		
City and Zip Code: Chicago, Illinois 60652		
County: Cook	Health Service Area 6	Health Planning Area:

Applicant /Co-Applicant Identification

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

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

Type of Ownership of Applicant/Co-Applicant

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

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- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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Title: Attorney
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Address: 161 North Clark Street, Suite 4200, Chicago, Illinois 60601
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Address: 15253 Bake Parkway, Irvine, California 92618
Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

Post Permit Contact

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

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

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Scottsdale Center, L.L.C.
Address of Site Owner: c/o A & R Katz Management, Inc., 3175 Commercial Ave. Suite 100, Northbrook, IL 60062
Street Address or Legal Description of Site: 4651 West 79 th Street, Suite 100
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 Scottsdale Renal Center is a 35 station in-center hemodialysis facility located at 4651 West 79th Street, Suite 100, Chicago, Illinois 60652. 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	\$22,295,899		\$22,295,899
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$22,295,899		\$22,295,899
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$22,295,899		\$22,295,899
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$22,295,899		\$22,295,899
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

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

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

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

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

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

- None or not applicable Preliminary
 Schematics Final Working

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

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

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

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

State Agency Submittals

Are the following submittals up to date as applicable:

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization NOT APPLICABLE

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

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

CERTIFICATION

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

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

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



SIGNATURE

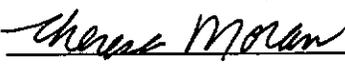
Kent Thiry

PRINTED NAME

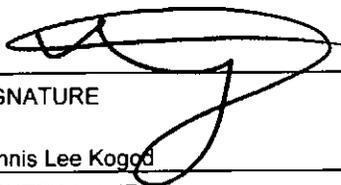
Chief Executive Officer

PRINTED TITLE

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



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



SIGNATURE

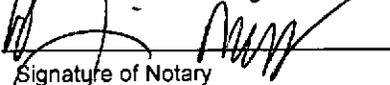
Dennis Lee Kogod

PRINTED NAME

Chief Operating Officer

PRINTED TITLE

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



Signature of Notary
Seal My Commission Expires
July 28, 2014

*Insert EXACT legal name of the applicant



CERTIFICATION

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

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

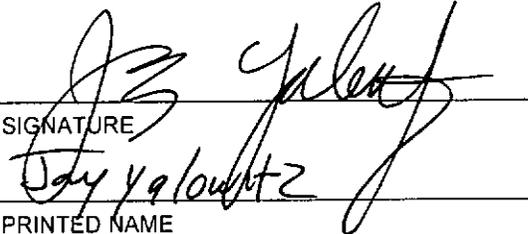
This Application for Permit is filed on the behalf of DSI Renal, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant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



 SIGNATURE
 Leif Murphy

 PRINTED NAME
 Chief Executive Officer

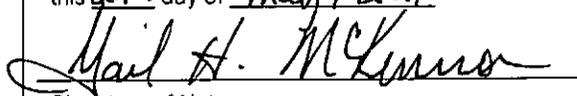
 PRINTED TITLE



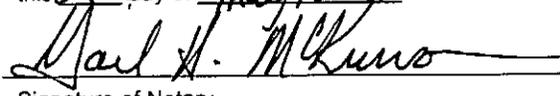
 SIGNATURE
 Jay Yablouitz

 PRINTED NAME
 Exp-secretary

 PRINTED TITLE

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


 Signature of Notary

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


 Signature of Notary

Seal

 *Insert EXACT legal name of the applicant

Seal


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

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

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

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

PURPOSE OF PROJECT

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

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

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

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

ALTERNATIVES

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

Alternative options must include:

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

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

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

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

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

A. Criterion 1110.240(b), Impact Statement

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

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

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

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

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

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

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

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

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

VIII. - 1120.120 - Availability of Funds

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

\$22,295,899	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$22,295,899	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



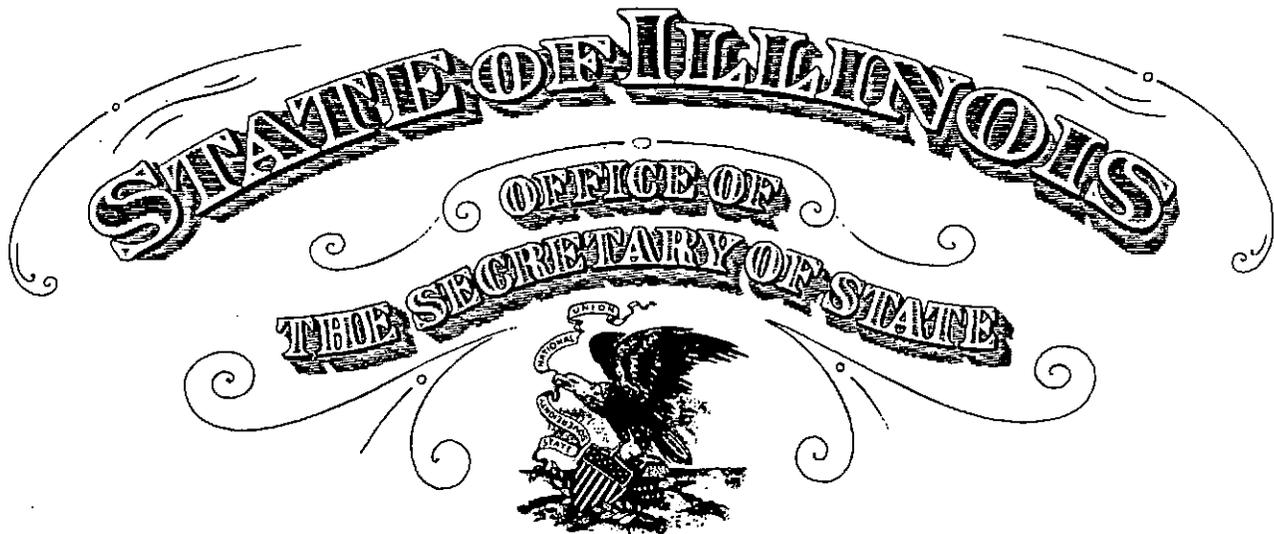
You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8386715

DATE: 11-30-10

Attachment 1

21



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 Scottsdale Center, LLC by and through its authorized agent A & R Katz Management, Inc. and DSI Renal, Inc. is attached at Attachment – 2.

SECOND AMENDMENT TO LEASE AND RELOCATION AGREEMENT

THIS SECOND AMENDMENT TO LEASE AND RELOCATION AGREEMENT (the "Agreement") is made and entered into this 24th day of December, 2007, by and between DSI Renal, Inc. ("Tenant") and Scottsdale Center, L.L.C., by and through its authorized agent A & R Katz Management, Inc. ("Landlord").

WITNESSETH:

WHEREAS, Tenant, as assignee from Dialysis Centers of America - Illinois, Inc., and Landlord are parties to a Lease dated July 6, 1999 and a First Amendment to Lease and Relocation Agreement dated February 10, 2006 (collectively, the "Lease") with respect to certain premises located at 7969 South Cicero Avenue, Chicago, Illinois 60652 (the "Leased Premises") and 4651 West 79th Street, Chicago, Illinois 60652 (the "Relocation Space");

WHEREAS, the parties desire to amend the Lease to reflect certain additional understandings between the parties with respect to the construction and occupancy of the Leased Premises and the Relocation Space;

WHEREAS, capitalized terms not defined herein shall have the meaning ascribed to such terms in the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and the parties' continued performance of their mutual obligations under the Lease, the parties hereto agree that the Lease shall be amended as follows:

1. Landlord acknowledges and agrees that Tenant's surrender of the Leased Premises upon completion of the Relocation Space satisfies Tenant's obligations with respect to such surrender as set forth in the Lease, including but not limited to Section 6 thereof and Exhibit B attached thereto. In connection with such surrender and in consideration of the promises and covenants of Tenant contained in this Agreement Landlord agrees to fully release Tenant and its affiliates and subsidiaries from and against any liabilities, losses, claims, damages and actions which may arise from, relate or be incurred by Landlord with respect to Tenant's surrender, or failure to surrender, the Leased Premises to Landlord prior to the actual date of surrender and/or Landlord's inability, by reason of Tenant's failure to surrender the Leased Premises or otherwise, to ready the site (the "Site") on which the Leased Premises are located for Landlord's subsequent tenant and/or such tenant's refusal to accept the Site for any reason.

2. For purposes of Section 6 of Exhibit B to the Lease, Landlord's financial responsibility for the costs associated with the construction of the Relocation Space shall be limited to \$739,910, a reduction of \$360,090 (the "Reduction Amount"). The parties acknowledge and agree that included in the Reduction Amount is an amount equal to Eighty Thousand Dollars (\$80,000) (the "Overtime Amount") to be used in connection with overtime charges Landlord anticipates incurring in connection with the readying the Site with respect to the new tenant's occupancy of such site. In the Landlord's additional

costs associated with the readying of the site is less than the Overtime Amount, Landlord shall pay Tenant, within fifteen (15) days of the calculation of the same, the difference between the Overtime Amount and such actual costs as additional reimbursement of the costs associated with the construction of the Relocation Space. Landlord agrees to provide Tenant with documentation evidencing the Overtime Amount incurred by Landlord. Landlord shall be responsible for any additional costs associated with the development of the Site in excess of the Overtime Amount.

3. This Agreement shall be governed by the laws of the State of Illinois.

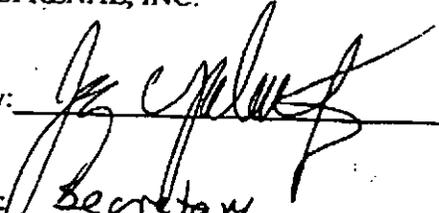
4. This Agreement may be executed in two or more counterparts and shall be binding upon the parties hereto as if all the parties executed the original hereof.

5. All other terms of the Lease shall remain the same and are not affected by this Agreement. In the event of any conflict between the terms of this Agreement and the Lease, the terms of this Agreement shall control.

* * * * *

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

DSI RENAL, INC.

By: 

Its: Secretary

SCOTTSDALE CENTER, L.L.C

By: A & R KATZ MANAGEMENT, INC.,
Authorized Agent

By:  11/4/08

Abraham Katz, President

FIRST AMENDMENT TO LEASE AND RELOCATION AGREEMENT

THIS FIRST AMENDMENT TO LEASE AND RELOCATION AGREEMENT ("Agreement") is made and entered into by and between **Dialysis Centers of America - Illinois, Inc.**, an Illinois corporation ("Tenant") and **Scottsdale Center, L.L.C.**, an Illinois limited liability company, by and through its authorized agent, **A & R Katz Management, Inc.** ("Landlord").

WITNESSETH:

WHEREAS, Tenant entered into a Lease ("Lease") with Landlord on July 6, 1999 for approximately 12,805 square feet of space ("Leased Premises"), more commonly known as Spaces 9-15 in the Scottsdale Shopping Center ("Center") located at 7969 South Cicero Avenue, Chicago, Illinois 60652; and

WHEREAS, the parties hereto acknowledge that "Renal Care Group, Inc. d/b/a Renal Care Group MidAmerica" was incorrectly used in the Lease to reference Tenant's legal entity name and that the correct legal entity name for Tenant is "Dialysis Centers of America - Illinois, Inc."; and

WHEREAS, Landlord is desirous of redeveloping the Center and relocating Tenant, provided that certain events occur involving Lowe's Home Improvement Center and the City Council of the City of Chicago.

NOW, THEREFORE, in consideration of the terms, covenants and conditions contained herein, the receipt and sufficiency of which is acknowledged by the parties hereto, Landlord and Tenant agree to amend the Lease as follows:

1. **Recitals.** The above recitals are incorporated herein by reference.
2. **Relocation Option.** In the event that Landlord signs a lease with Lowe's Home Improvement Center and the City Council of the City of Chicago adopts an ordinance authorizing the Allocation and Tax Increment Financing ("TIF") for the Scottsdale Shopping Center on or before May 31, 2006, Landlord shall have the option ("Relocation Option") to relocate Tenant into Suite 100 containing approximately 11,000 square feet (hereinafter, "Relocation Space") to be located in Building B ("Building") which is to be constructed at 4651 West 79th Street, Chicago, Illinois 60652 (a schematic of which is attached as **Exhibit A** hereto), provided Landlord gives prior written notice to Tenant of not less than ninety (90) days (the "Relocation Notice").
3. **Contingencies.** The Relocation Option, if exercised by Landlord, is expressly contingent on the occurrence of each of the following events:
 - (a) **Term of Lease.** The term of the Lease shall be extended for an additional period of five (5) years, expiring on February 28, 2015 (the "Extended Term").
 - (b) **Option to Renew.** Tenant shall have two (2) consecutive options to renew the Lease (as extended by the Extended Term) for two (2) additional terms of five (5) years each

("Renewal Term(s)") under the same terms and conditions of the Lease (except as amended by this Agreement), each exercisable by providing Landlord written notice at least one hundred eighty (180) days prior to the expiration date of the Extended Term or applicable Renewal Term.

(c) Rent. Commencing on March 1, 2010, Tenant shall pay Minimum Rent at a rate equal to the total amount of Minimum Rent due during Lease year 10 plus two percent (2%). Minimum Rent is due and payable, in advance, without demand throughout the extended Term and applicable Renewal Term(s). Minimum Rent shall be paid by Tenant in equal monthly installments due on or before the first (1st) day of each calendar month during the Extended Term and any Renewal Term(s) (if exercised by Tenant), but Minimum Rent shall not be deemed to be late until after the tenth (10th) day of the month. Minimum Rent shall increase in increments of two percent (2%) annually during the Extended Term and Renewal Term(s) (if exercised by Tenant).

(d) Relocation Costs. Landlord shall, at its sole cost and expense, pay for all reasonable costs incurred by Tenant as a result of such relocation (including any "Redevelopment Project Costs" as defined under the Illinois Tax Increment Allocation Redevelopment Act, as amended) ("Relocation Costs"). Relocation Costs shall also include the cost of Tenant's work as contemplated in Paragraph 5 of this Agreement.

(e) Right of First Refusal. Tenant shall have a right of first refusal to lease that space (or any portion thereof) adjacent to the Relocation Space located in the Building upon the same terms and conditions contained in this Lease, excluding Minimum Rent (the "Refusal Space"). At such time as any portion of the Refusal Space hereafter becomes available, prior to occupying such space or putting such space on the market available for third-party leasing during the term hereof, Landlord shall first notify Tenant in writing of Landlord's willingness to make the Refusal Space available to Tenant (an "Offer"). Tenant shall have twenty (20) business days from its receipt of such notice of the Offer to exercise, without any obligation, its right and option to lease the Refusal Space. If the Offer is submitted to Tenant and accepted by Tenant during the term, then the subject Refusal Space as leased by Tenant shall be made available to Tenant upon the same terms and conditions embodied in the Lease except that Minimum Rent for the Refusal Space shall be set at the then current Market Rent (as defined herein). The Refusal Space will, subject to the terms and conditions of the Lease, be delivered in its "AS-IS" physical condition with the Tenant's obligation to pay Minimum Rent and additional rent (if any) for the Refusal Space to begin on the date of Landlord's tender of delivery of the Refusal Space (partitioned from any other space in the Building as required or appropriate per applicable laws, codes and ordinances), which tendering by Landlord shall be: (i) a date within fifteen (15) business days immediately following Tenant's notice to Landlord of Tenant's exercise of its rights hereunder as to the Refusal Space, or applicable portion thereof, if such space is not occupied by another tenant or (ii) a date promptly following the prior tenant's vacation of the space, if occupied by a tenant. The commencement date of the portion of the term pertaining to the Refusal Space as leased to Tenant hereunder shall be delayed, and Tenant's obligations (including those to pay any Rent sums or other amounts hereunder) shall be delayed and abated, pending the delivery of the Refusal Space by Landlord, so long as Landlord's failure or inability to deliver the subject Refusal Space is through no fault of Tenant. Should Landlord thereafter continue to fail or otherwise be unable to deliver the Refusal Space to Tenant within thirty (30) days of the date Tenant advises Landlord that Tenant accepts the Refusal Space identified in the Offer, then Tenant shall have the right to terminate this Lease as to the Refusal Space with no

obligation or liability to Landlord hereunder. Landlord and Tenant shall execute such amendment(s) to this Lease as they and their counsel shall deem reasonably and mutually necessary to document the addition of the Refusal Space to Leased Premises and to, among other things, confirm the revised Tenant's proportionate share percentage for future determinations of additional rent. If Tenant elects not to exercise its right of first offer contained herein as to an Offer, then Landlord may lease the Refusal Space not elected by Tenant to any third-party, and Tenant shall have no further rights under this provision until such space next becomes available. Landlord shall permit Tenant access to the offered Refusal Space for inspections as Tenant may deem reasonably necessary or appropriate during the period of time which Tenant has under this provision to determine if it intends to exercise or not exercise its option rights, subject to any existing tenant's rights and to make any alternations to the Refusal Space accepted prior to the commencement date of Tenant's rental obligations as pertains to such space provided the Refusal Space is not occupied by an existing tenant. Tenant shall not have the right to exercise its right of first refusal on any space to which the existing tenant desires to extend or renew its lease term beyond the date originally set as the expiration date. The term "Market Rent" as used herein means Minimum Rent determined with reference to the average of normal values being achieved by landlords in lease renewals entered into with private sector tenants for comparable space (i.e., the Relocation Space in its "as is" condition at the time Tenant exercised its rights to renew this Lease as provided herein) in comparable buildings in similarly desirable locations within the same market assuming operating expense and real estate pass-throughs and fixed minimum rent increases corresponding to those contained herein.

(f) Consent to Assignment. Landlord hereby consents to the assignment and assumption of this Lease to National Renal Institute, Inc., a Delaware corporation ("Assignee"). Tenant acknowledges and agrees that it will not be released from the performance of its obligations under this Lease by reason of such assignment to Assignee and that both will remain jointly and severally liable under this Lease.

4. Landlord's Construction and Delivery of the Relocation Space. Landlord agrees that it shall undertake and complete, prior to the Beneficial Occupancy Date (as defined herein) at its sole cost and expense and free of mechanic's/materialmen's or other similar liens, each of the items as described in Schedule I of the Work Letter attached as Exhibit B hereto. Landlord shall deliver all certificates of occupancy as are necessary or appropriate for Tenant to receive possession of the Relocation Space on the Beneficial Occupancy Date. For purposes of this Agreement, "Beneficial Occupancy Date" means that date being no later than one hundred twenty (120) days after Landlord obtains the necessary building permits to begin construction of the Building and being the date (i) upon which Landlord shall have substantially completed the construction and other work of and to the Relocation Space required of it pursuant to the Work Letter in accordance with the Landlord's Plans (as defined in the Work Letter) and all applicable laws, codes and regulations, (ii) following the date Tenant receives written notice from Landlord that Tenant shall be delivered of the Relocation Space for purposes of constructing its work thereon, such date not to be less than thirty (30) days from the date of the notice and (iii) upon which Tenant shall be delivered possession of the Leased Premises for the purposes of installing and constructing Tenant's work pursuant to Section 4 of the Work Letter.

5. Tenant's Work to the Relocation Space. Landlord, at its sole direct cost and expense, shall pay for all of Tenant's work to the Relocation Space to the extent such work is reasonable and necessary to bring the Relocation Space to substantially the same condition as is

present at the Leased Premises as the time the Relocation Option is exercised by Landlord. Such work to the Relocation Space shall be performed by Tenant's contractor in accordance with the provisions of the Work Letter attached as Exhibit B hereto.

6. Surrender of Leased Premises. Notwithstanding anything to the contrary contained in the Lease and in the event that Landlord exercises its Relocation Option, Landlord agrees that Tenant shall have no obligation to remove any signs, floor covering, or other additions, improvements, fixtures, installations, alterations, or changes from the Leased Premises. Landlord agrees that Tenant may return the Leased Premises in "AS IS" condition to Landlord in lieu of making repairs to the Leased Premises if any such repairs are necessitated by Tenant's removal of its personal property, including but not limited to, trade fixtures, furniture, equipment and any other items Tenant has the right to remove pursuant to Section 9.4 of the Lease. Tenant shall have no right to holdover and shall surrender the Leased Premises to Landlord upon such date that all of the following have been satisfied: (a) the Relocation Space has been completed and Landlord has timely delivered the Relocation Space to Tenant in accordance with the terms of the Work Letter attached as Exhibit B hereto, (b) all of the work to the Relocation Space contemplated under the Work Letter attached hereto has been substantially completed to Tenant's reasonable satisfaction, (c) Tenant has received all necessary and appropriate Consents (as defined hereafter) to conduct its business at the Relocation Space and (d) Tenant has commenced with serving its patients at the Relocation Space for the permitted use. During the period of time between Landlord's delivery of the Relocation Space to Tenant and Tenant's surrender of the Leased Premises, Landlord hereby permits Tenant to occupy both the Leased Premises and Relocation Space and pay Minimum Rent for the Leased Premises only. For purposes of this Paragraph, the term "Consents" means all third-party consents and all federal, state and local governmental and regulatory licenses approvals and permits and all other necessary permits and approvals, without limitation, as determined by Tenant in its sole discretion relative to Tenant's intended use and occupancy of the Relocation Space, free and clear of any legal disqualifications or other restrictions that would limit Tenant's full operation of the Leased Premises for the permitted use.

7. Brokerage Commissions. Landlord and Tenant each represent and warrant to the other that neither of them has employed or dealt with any broker, agent or finder in connection with this Agreement, other than Mohr Partners, Inc. (on behalf of Tenant) and Katz & Katz Real Estate (on behalf of Landlord) (collectively, the "Brokers"). No commissions are due Brokers from either party in conjunction with this Agreement. Each party shall indemnify and hold the other harmless, including costs of any action and attorneys' fees, from any claim or claims for brokerage or other compensation asserted by any broker, agent or finder employed by the other party or with whom the other party has dealt, including the Brokers.

8. Continuing Obligations. It is expressly understood and agreed that this Agreement shall not release Tenant from any liability under the covenants of the Lease, including its rental obligations due thereunder except as otherwise set forth herein and agreed upon by the parties to this Agreement.

9. Notices. All notices required or permitted under the Lease or this Agreement shall be given in accordance with Section 24.7 of the Lease and addressed to Landlord or Tenant, as the case may be, at the address set forth below:

If to Landlord: Scottsdale Center, LLC.
 c/o A & R Katz Management, Inc.
 3175 Commercial Avenue, Suite 100
 Northbrook, Illinois 60062-1923
 Telephone: (847) 205-1200
 Fax: (847) 205-1212

If to Tenant: Dialysis Centers of America - Illinois, Inc.
 c/o Renal Care Group, Inc.
 2525 West End Avenue, Suite 600
 Nashville, Tennessee 37203
 Telephone: (615) 345-5500
 Fax: (615) 345-5503

10. Capitalized/Defined Terms. Capitalized/defined terms not defined in this Agreement shall have the same meanings ascribed to them by the Lease.

11. Lease. In all other respects, the terms of the Lease shall remain in full force and effect. In the event any inconsistencies exist between the terms of this Agreement and the Lease, the terms of this Agreement shall prevail.

12. Governing Law. This Agreement shall be governed by the laws of the State of Illinois.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Agreement as of the dates set forth below.

LANDLORD:

CENTER, LLC. A/R
SCOTTSDALE LEASE ~~PARTNERSHIP~~

By: A & R KATZ MANAGEMENT, INC.,
Authorized Agent

By: 
Name: Abraham Katz
Title: *Pres*
Date: *2/16/06*

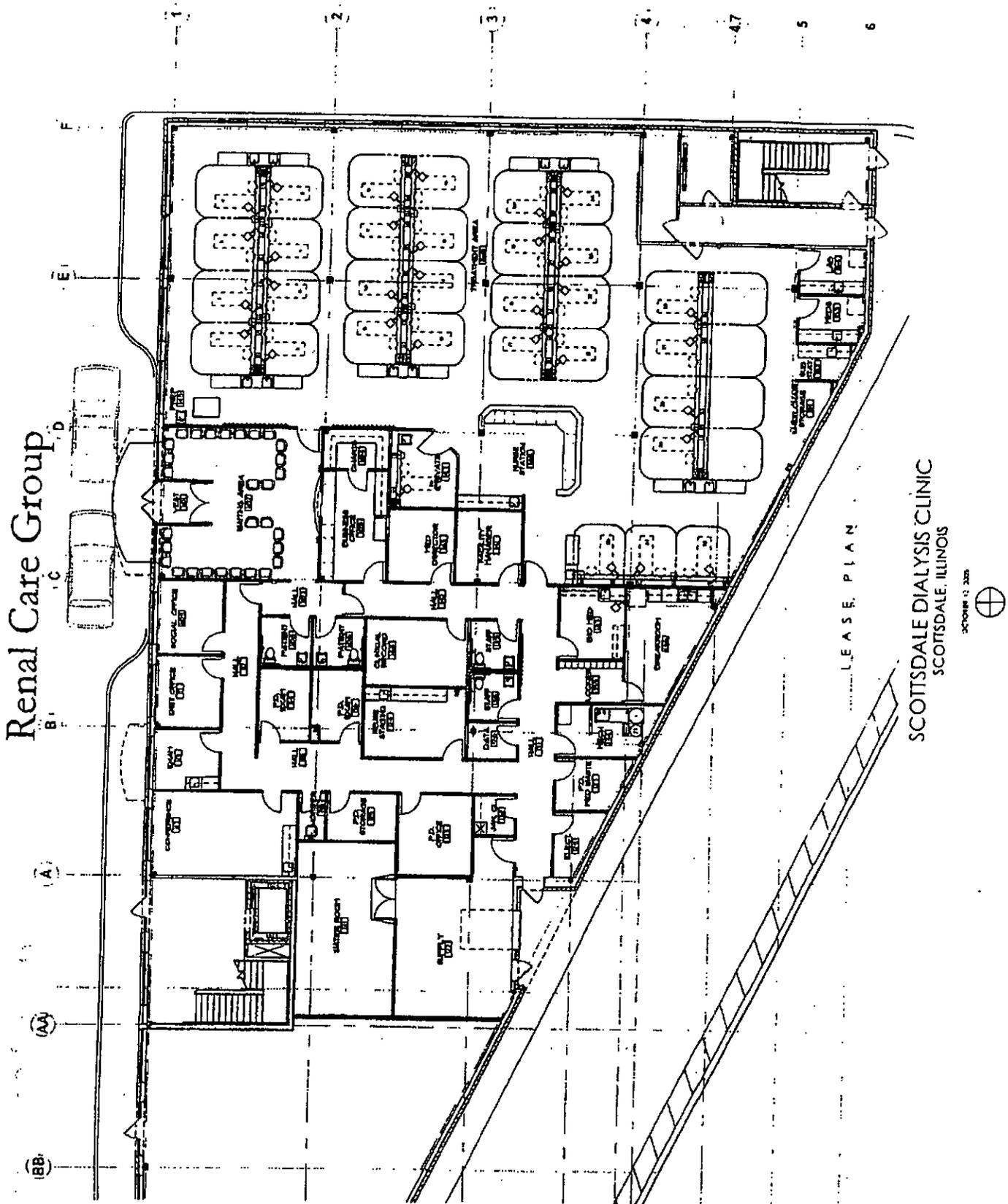
TENANT:

DIALYSIS CENTERS OF AMERICA-ILLINOIS,
INC.

By: 
Name: *Anthony Repetto*
Title: _____
Date: _____

EXHIBIT A

SCHEMATIC OF RELOCATION SPACE



Renal Care Group

SCOTTSDALE DIALYSIS CLINIC
SCOTTSDALE, ILLINOIS

A-1

EXHIBIT B

WORK LETTER AGREEMENT

This Work Letter shall set forth the terms and conditions relating to the construction and build out of the Relocation Space. This Work Letter is essentially organized chronologically and addresses the issues pertaining to construction of the Relocation Space and its build out, in sequence, as such issues will arise.

SECTION 1

CONSTRUCTION DRAWINGS FOR THE RELOCATION PREMISES

Landlord shall construct, at its sole cost and expense, the Relocation Space pursuant to the proposed plans and specifications (collectively, the "Landlord's Plans") which have been approved by Tenant and attached hereto as Schedules I-A and I-B. The quantities, specifications and materials used in the construction of the Relocation Space shall be as determined by Landlord, unless specifically noted to the contrary on the Landlord's Plans. The Relocation Space shall be completed by Landlord and Landlord's contractor(s) in a good, workmanlike manner and in accordance with all applicable laws, regulations and requirements of any governmental agencies and authorities having jurisdiction thereof.

SECTION 2

RETENTION OF CONTRACTOR; WARRANTIES AND GUARANTIES

Landlord hereby assigns to Tenant, to the extent assignable, on a non-exclusive basis, all warranties and guaranties by the contractor who constructs the Relocation Space ("Landlord's Contractor") and Tenant hereby waives all claims against Landlord relating to, or arising out of the construction of, the Relocation Space except any claims pertaining to the willful misconduct or negligent acts of Landlord or Landlord's Contractor. Landlord's Contractor shall be designated and retained by Landlord to construct the Building, including the Relocation Space. During construction of the Landlord's Work, Landlord shall maintain, or cause its contractor(s) to maintain, builder's risk insurance on an "all risks" basis, including stored materials, broad form public liability insurance, worker's compensation insurance and such other insurance as Landlord or Landlord's Contractor deems necessary, all in such amounts as mutually agreed upon by Landlord and Landlord's Contractor, but not less than that required by applicable law. Notwithstanding the foregoing and without limiting or amending Landlord's obligations elsewhere under the Lease, Agreement or this Work Letter, Landlord warrants to Tenant for twelve (12) months following the Beneficial Occupancy Date (as defined in Paragraph 4 of the Agreement) or such longer period of time as may be provided by applicable laws as to defects (including defects thereafter found to exist by Tenant) and for the term of any warranties for materials, supplies or equipment, less ordinary wear and tear, that Landlord's Work shall be completed by Landlord and Landlord's Contractor in a good and workmanlike manner, free from faulty materials, in accordance with all legal requirements and sound engineering standards and in accordance with all applicable plans, installation instructions and specifications fit for Tenant's undertaking of Tenant's work thereto, and thereafter as pertains to the Relocation Space, for the permitted use. Such warranty includes, without limitation, the repair or replacement (including labor), at Landlord's sole cost, of all materials, fixtures and equipment that are defective or that are defectively installed by Landlord, Landlord's Contractor (as pertains to the Landlord's Work) and any subcontractors. Landlord shall, at Tenant's option, assign to Tenant, or enforce for the benefit of Tenant, all warranties from subcontractors and material suppliers for such materials, workmanship, fixtures and equipment in effect after the expiration of such twelve (12) month warranty period. The foregoing warranty shall not include any

repairs or replacements necessitated due to the negligence or intentionally wrongful acts of Tenant, or its employees, agents and/or contractors.

SECTION 3
COMPLETION AND DELIVERY OF THE RELOCATION SPACE

Except in the event of an Unavoidable Delay (as defined herein), Landlord shall complete construction of the Relocation Space as provided in this Work Letter and the Agreement and shall promptly deliver the Relocation Space to Tenant on the Beneficial Occupancy Date (as defined in Paragraph 4 of the Agreement). In the event of any such Unavoidable Delay, Landlord shall notify Tenant within ten (10) days after the commencement of such Unavoidable Delay of the nature of such Unavoidable Delay and the steps, if any, that Landlord has taken or plans to take to eliminate such Unavoidable Delay. For purposes of this Work Letter, "Unavoidable Delay" means delays due to acts of God, acts of war, acts of terrorism, civil commotion, any pending or actual action or ruling by a court of administrative body prohibiting Landlord from performing its obligations in accordance with the terms of the Agreement and this Work Letter, riot, governmental regulations not in effect at the date of execution of the Agreement, conditions that could not have been reasonably foreseen by Landlord, fire or unavoidable casualty, provided such matters are beyond the reasonable control of Landlord.

SECTION 4
CONSTRUCTION AND INSTALLATION OF TENANT'S WORK TO THE RELOCATION SPACE

Following Landlord's delivery of the Relocation Space to Tenant and Tenant's acceptance thereof on the Beneficial Occupancy Date (as defined in Paragraph 4 of the Agreement), Tenant shall promptly proceed with the installation and construction of the proposed work in and to the Relocation Space as contemplated in the plans and specifications attached as Schedule II hereto (hereinafter, "Tenant Work Plans"). All of Tenant's work shall be made in full compliance with all laws, regulations and requirements of all governmental agencies and authorities having jurisdiction thereof. Tenant shall have exactly one hundred twenty (120) days to complete its build out of the Relocation Space. The cost of the work made to the Relocation Space by Tenant shall be borne solely by Landlord, subject to the provisions of Section 6 below. Notwithstanding the foregoing, Landlord agrees that Tenant and its designated representatives, agents and contractors shall have the right, without obligation, to enter upon the Relocation Space to commence construction of its work prior to the Beneficial Occupancy Date upon obtaining the prior consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned and so long as Tenant's early access to and activity upon the Relocation Space prior to the Beneficial Occupancy Date does not unreasonably interfere with the completion by Landlord of Landlord's Plans.

SECTION 5
LANDLORD'S DISPERSEMENT OF FUNDS FOR PAYMENT OF TENANT'S WORK TO THE RELOCATION SPACE

Landlord shall obtain a construction loan from LaSalle National Bank or such other institution as is acceptable to Landlord. On a monthly basis during the construction of Tenant's work, Tenant's contractor(s) shall submit invoices for work completed to Tenant's Representative for approval, who shall review all such invoices and submit a pay request to Landlord by the twenty-fifth (25th) day of each month. Sworn contractors' statements, lien waivers, material waivers and other such reasonable documentation as may be required by the title company or other institution escrowing Landlord's construction funds shall accompany each pay request submitted by Tenant's Representative to Landlord.

Landlord shall disperse payment to Tenant's contractor(s) within twenty-one (21) days following each pay request made by Tenant's Representative. Tenant shall submit no more than one (1) pay request every thirty (30) days to Landlord during the construction of Tenant's work. All such pay requests made by Tenant's Representative pursuant to this Section 5 shall be given in writing, delivered to Landlord via regular U.S. postal service; certified return receipt requested and postage prepaid or a nationally recognized overnight courier service, postage prepaid.

SECTION 6
OVER-ALLOWANCE AMOUNT

Following the full execution of this Agreement, if any revisions, changes, or substitutions are made to the Tenant Improvement Plans by Tenant and such revisions, changes or substitutions result in additional construction costs to be incurred by Landlord in excess of One Million One Hundred Thousand and No/100ths Dollars (\$1,100,000.00), then such costs shall be considered to be an "Over-Allowance Amount." The Over-Allowance Amount shall be paid by Tenant to Landlord, as additional rent, within ten (10) business days following Tenant's receipt of invoice therefor. Notwithstanding the foregoing, if any revisions, changes or substitutions are made to the Tenant Improvement Plans by Tenant at Landlord's request following the full execution of this Agreement, then, in such event, Landlord shall be solely responsible for such costs and such costs shall not be included in the overall costs for the Relocation Space when figuring the Over-Allowance Amount due Landlord by Tenant (if applicable).

SECTION 7
MISCELLANEOUS

6.1 Tenant's Representative. Tenant has designated Kurt Holko as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of Tenant as required in this Work Letter.

6.2 Landlord's Representative. Landlord has designated Abe Katz as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of Landlord as required in this Work Letter.

6.3 Time is of the Essence in this Tenant Work Letter. Unless otherwise indicated, all references herein to a specific number of days shall mean and refer to calendar days.

6.4 Landlord's Cooperation. Landlord agrees to reasonably assist Tenant in (i) the procurement of any licenses, permits, "sign-offs," approvals or certificates that may be required by an governmental or quasi-governmental agency or authority with respect to Tenant's work permitted hereunder in and to the Relocation Space and (ii) obtaining any services, utilities or facilities from any utility company or companies supplying the same to the Building.

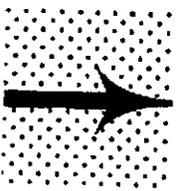
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES FOLLOW]

AGREED UPON AND ACKNOWLEDGED by the parties as of the dates set forth below.

LANDLORD:

CENTER, LLC. AK
SCOTTSDALE LIMITED PARTNERSHIP

By: A & R KATZ MANAGEMENT, INC.,
Authorized Agent



By: _____
Name: Abraham Katz
Title: *PM*
Date: *2/16/01*

TENANT:

DIALYSIS CENTERS OF AMERICA-ILLINOIS, INC.

By: _____
Name: *David M. Dill*
Title: *Vice President*
Date: *10/18/05*

SCHEDULE I-A

**SCOTTSDALE PROFESSIONAL BUILDING CORE AND SHELL FIRST (1ST) FLOOR
REQUIREMENTS**

Landlord shall provide a cold dark shell consisting of:

A. Building Shell

1. Steel structure
2. Exterior walls consisting of masonry, EIFS and other materials determined by Landlord
3. Finished storefront system with aluminum and insulated glass. One power actuated double entrance each leaf 3'0" wide.
4. Insulated overhead door. Service doors not adjacent to or part of the aluminum storefront will be insulated hollow metal.

B. Utility Distribution

1. Plumbing System

(a) Sanitary sewer service - 6" diameter, stubbed into the Relocation Space. (NOTE: The building's sanitary sewer service is supplied from the east side of the building. Stub will be located along column line E in general proximity to the sprinkler room.)

(b) Domestic water service - 3" diameter, stubbed into the Relocation Space. (NOTE: The building's electrical room is on the east side of the building. Stub will be located along column line E in general proximity to the sprinkler room.)

2. Electrical System

(a) 1200 amp 120/208V 3 phase 4 wire service, conduit stubbed into the Relocation Space. (NOTE: The building's electrical room is on the east side of the building. Stub will be located along column line E in general proximity to the electrical room.)

(b) Electric unit heaters dispersed throughout the Relocation Space for temporary use, if needed.

(c) Basic emergency lighting and exit signs.

3. HVAC

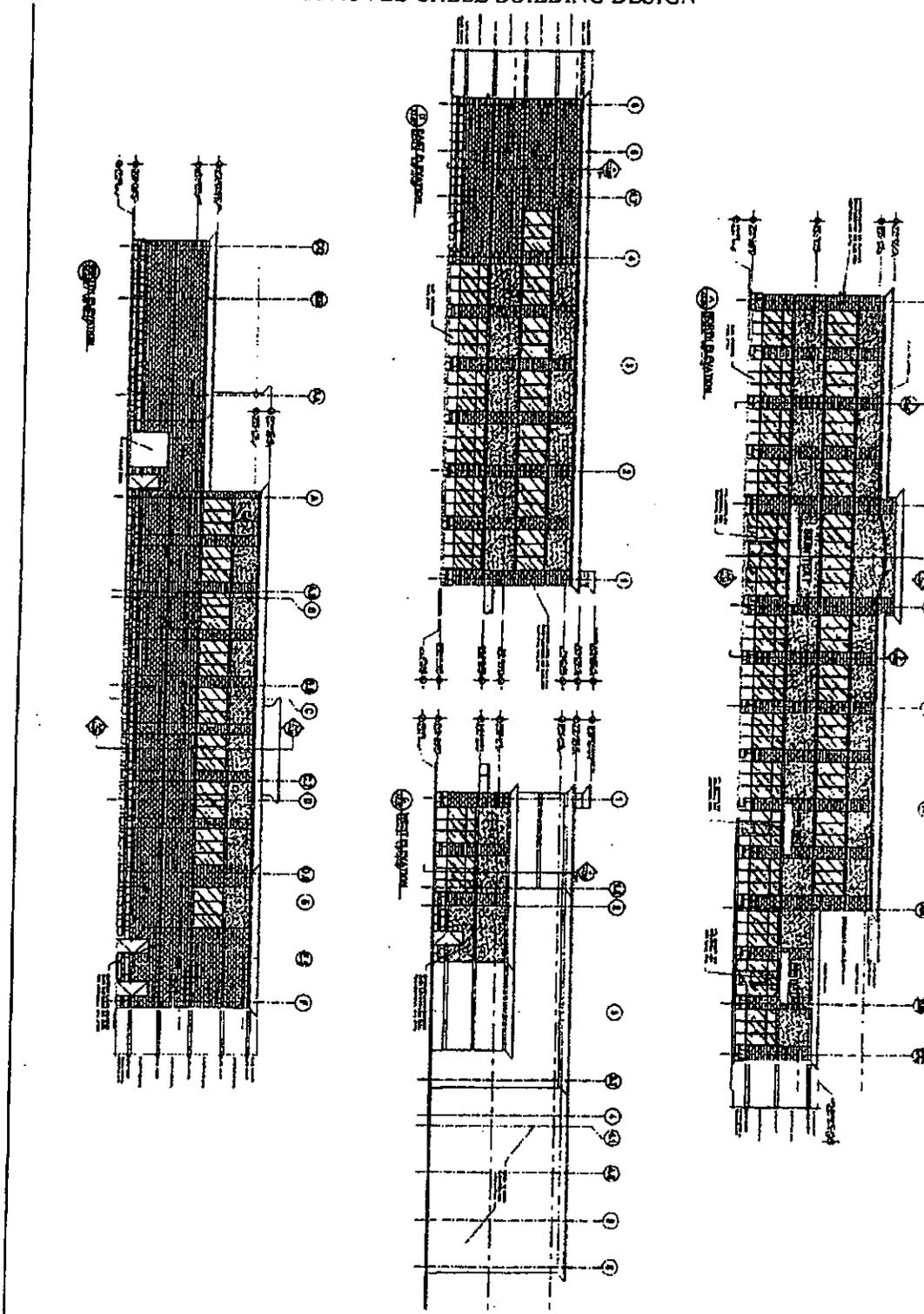
(a) None installed. Landlord will provide roof structure to support rooftop VAV system. Tenant to provide HVAC loads to Landlord.

4. Sprinkler System

(a) Provide sprinkler system on a grid pattern spacing approved by code with upturned heads.

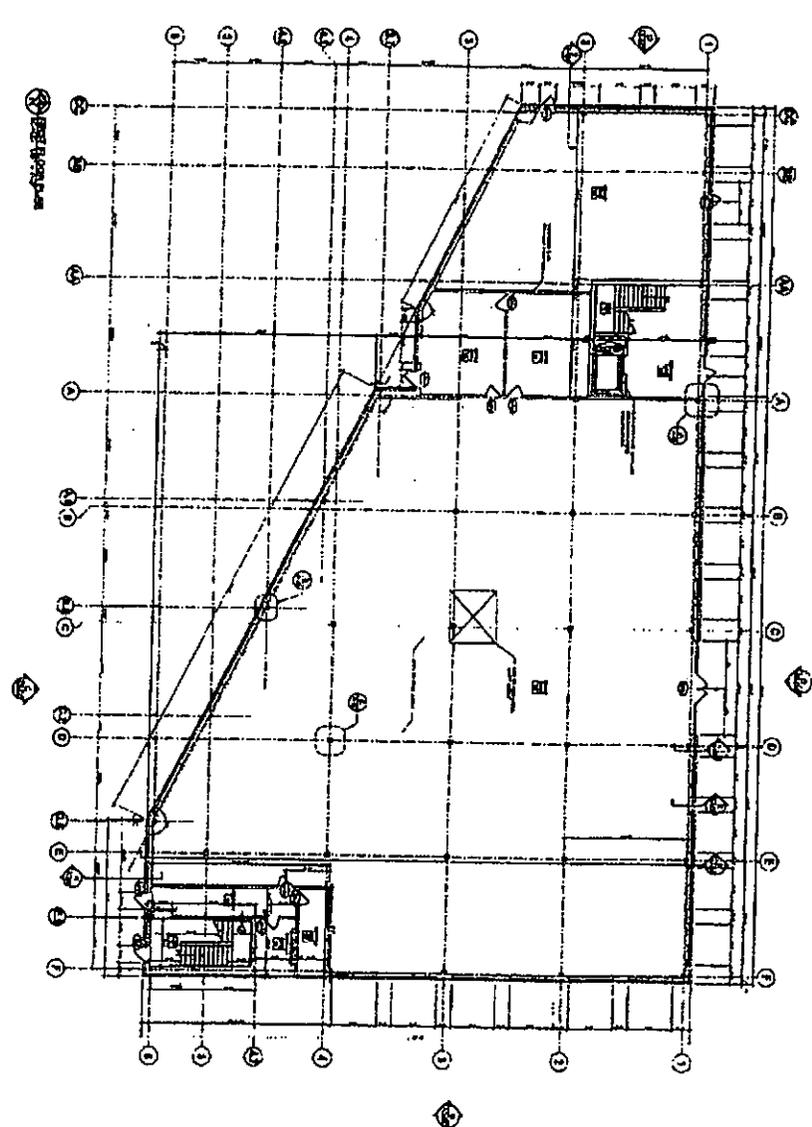
SCHEDULE I-B

APPROVED SHELL BUILDING DESIGN



<p>A3.00</p>	<p>SCOTTSDALE SHOPPING CENTER Building 'B' 4851 W. 79th Street Chicago, Illinois 60652</p>	<p>RONALD P. BORGE ARCHITECTS, P.C. 121 S. WELLS ST. SUITE 400 CHICAGO, ILL. 60606 PHONE: 312.467.8800 FAX: 312.467.8801 WWW.RPBAARCHITECTS.COM</p>
	<p>DATE: 10/15/03</p> <p>BY: [Signature]</p> <p>CHECKED: [Signature]</p> <p>SCALE: AS SHOWN</p>	<p>PROJECT NO. 03-001</p> <p>SHEET NO. 10 OF 12</p>

Schedule I-B-1



GENERAL NOTES

1. See General Notes to Schedule I-B-1 for general conditions and specifications.
2. All work shall be in accordance with the latest edition of the Building Code of Chicago.
3. All materials shall be of the highest quality and shall be approved by the architect.
4. All work shall be completed within the specified time frame.
5. The contractor shall be responsible for obtaining all necessary permits.
6. The contractor shall maintain access to all existing utilities.
7. All work shall be done in a neat and professional manner.
8. The contractor shall be responsible for the safety of all workers and the public.
9. All work shall be done in accordance with the approved shop drawings.
10. The contractor shall be responsible for the removal and disposal of all debris.
11. All work shall be done in accordance with the approved schedule.
12. The contractor shall be responsible for the protection of all existing work.
13. All work shall be done in accordance with the approved specifications.
14. The contractor shall be responsible for the maintenance of all records.
15. All work shall be done in accordance with the approved drawings.
16. The contractor shall be responsible for the completion of all work.
17. All work shall be done in accordance with the approved contract.
18. The contractor shall be responsible for the payment of all bills.
19. All work shall be done in accordance with the approved terms and conditions.
20. The contractor shall be responsible for the fulfillment of all obligations.

WALL TYPE LEGEND

Symbol	Description
1	1/2" Gypsum Board on 2x4 Stud
2	1/2" Gypsum Board on 2x6 Stud
3	1/2" Gypsum Board on 2x8 Stud
4	1/2" Gypsum Board on 2x10 Stud
5	1/2" Gypsum Board on 2x12 Stud
6	1/2" Gypsum Board on 2x14 Stud
7	1/2" Gypsum Board on 2x16 Stud
8	1/2" Gypsum Board on 2x18 Stud
9	1/2" Gypsum Board on 2x20 Stud
10	1/2" Gypsum Board on 2x22 Stud
11	1/2" Gypsum Board on 2x24 Stud
12	1/2" Gypsum Board on 2x26 Stud
13	1/2" Gypsum Board on 2x28 Stud
14	1/2" Gypsum Board on 2x30 Stud
15	1/2" Gypsum Board on 2x32 Stud
16	1/2" Gypsum Board on 2x34 Stud
17	1/2" Gypsum Board on 2x36 Stud
18	1/2" Gypsum Board on 2x38 Stud
19	1/2" Gypsum Board on 2x40 Stud
20	1/2" Gypsum Board on 2x42 Stud
21	1/2" Gypsum Board on 2x44 Stud
22	1/2" Gypsum Board on 2x46 Stud
23	1/2" Gypsum Board on 2x48 Stud
24	1/2" Gypsum Board on 2x50 Stud
25	1/2" Gypsum Board on 2x52 Stud
26	1/2" Gypsum Board on 2x54 Stud
27	1/2" Gypsum Board on 2x56 Stud
28	1/2" Gypsum Board on 2x58 Stud
29	1/2" Gypsum Board on 2x60 Stud
30	1/2" Gypsum Board on 2x62 Stud
31	1/2" Gypsum Board on 2x64 Stud
32	1/2" Gypsum Board on 2x66 Stud
33	1/2" Gypsum Board on 2x68 Stud
34	1/2" Gypsum Board on 2x70 Stud
35	1/2" Gypsum Board on 2x72 Stud
36	1/2" Gypsum Board on 2x74 Stud
37	1/2" Gypsum Board on 2x76 Stud
38	1/2" Gypsum Board on 2x78 Stud
39	1/2" Gypsum Board on 2x80 Stud
40	1/2" Gypsum Board on 2x82 Stud
41	1/2" Gypsum Board on 2x84 Stud
42	1/2" Gypsum Board on 2x86 Stud
43	1/2" Gypsum Board on 2x88 Stud
44	1/2" Gypsum Board on 2x90 Stud
45	1/2" Gypsum Board on 2x92 Stud
46	1/2" Gypsum Board on 2x94 Stud
47	1/2" Gypsum Board on 2x96 Stud
48	1/2" Gypsum Board on 2x98 Stud
49	1/2" Gypsum Board on 2x100 Stud
50	1/2" Gypsum Board on 2x102 Stud
51	1/2" Gypsum Board on 2x104 Stud
52	1/2" Gypsum Board on 2x106 Stud
53	1/2" Gypsum Board on 2x108 Stud
54	1/2" Gypsum Board on 2x110 Stud
55	1/2" Gypsum Board on 2x112 Stud
56	1/2" Gypsum Board on 2x114 Stud
57	1/2" Gypsum Board on 2x116 Stud
58	1/2" Gypsum Board on 2x118 Stud
59	1/2" Gypsum Board on 2x120 Stud
60	1/2" Gypsum Board on 2x122 Stud
61	1/2" Gypsum Board on 2x124 Stud
62	1/2" Gypsum Board on 2x126 Stud
63	1/2" Gypsum Board on 2x128 Stud
64	1/2" Gypsum Board on 2x130 Stud
65	1/2" Gypsum Board on 2x132 Stud
66	1/2" Gypsum Board on 2x134 Stud
67	1/2" Gypsum Board on 2x136 Stud
68	1/2" Gypsum Board on 2x138 Stud
69	1/2" Gypsum Board on 2x140 Stud
70	1/2" Gypsum Board on 2x142 Stud
71	1/2" Gypsum Board on 2x144 Stud
72	1/2" Gypsum Board on 2x146 Stud
73	1/2" Gypsum Board on 2x148 Stud
74	1/2" Gypsum Board on 2x150 Stud
75	1/2" Gypsum Board on 2x152 Stud
76	1/2" Gypsum Board on 2x154 Stud
77	1/2" Gypsum Board on 2x156 Stud
78	1/2" Gypsum Board on 2x158 Stud
79	1/2" Gypsum Board on 2x160 Stud
80	1/2" Gypsum Board on 2x162 Stud
81	1/2" Gypsum Board on 2x164 Stud
82	1/2" Gypsum Board on 2x166 Stud
83	1/2" Gypsum Board on 2x168 Stud
84	1/2" Gypsum Board on 2x170 Stud
85	1/2" Gypsum Board on 2x172 Stud
86	1/2" Gypsum Board on 2x174 Stud
87	1/2" Gypsum Board on 2x176 Stud
88	1/2" Gypsum Board on 2x178 Stud
89	1/2" Gypsum Board on 2x180 Stud
90	1/2" Gypsum Board on 2x182 Stud
91	1/2" Gypsum Board on 2x184 Stud
92	1/2" Gypsum Board on 2x186 Stud
93	1/2" Gypsum Board on 2x188 Stud
94	1/2" Gypsum Board on 2x190 Stud
95	1/2" Gypsum Board on 2x192 Stud
96	1/2" Gypsum Board on 2x194 Stud
97	1/2" Gypsum Board on 2x196 Stud
98	1/2" Gypsum Board on 2x198 Stud
99	1/2" Gypsum Board on 2x200 Stud

<p>A1.00</p>	<p>SCOTTSDALE SHOPPING CENTER Building B 4651 W. 79th Street Chicago, Illinois 88652</p>	<p>RONALD P. BORSE ARCHITECTS, P.C. 181 N. WILSON RD. SUITE 400 ARLINGTON HTS., IL 60004 PHONE: 847.399.1100 FAX: 847.399.1101 AL. REARD, AIA, LEED RPP@RPAARCHITECTS.COM</p>

Schedule I-B-2

SCHEDULE II

TENANT WORK PLANS

Following receipt by Tenant of Landlord's notice to exercise the Relocation Option contemplated in Paragraph 2 of the Agreement, Tenant shall promptly submit its proposed plans and specifications ("Tenant Work Plans") for the Relocation Space to Landlord for approval. Provided the Tenant Work Plans do not materially undermine the structural integrity of the Building to be constructed by Landlord, Landlord hereby acknowledges, consents to and approves such plans and specifications. Landlord's failure to deliver its written objections, if any, to the Tenant Work Plans impacting the structural components of the Building within ten (10) business days of receipt of same shall constitute approval thereof by Landlord. If Landlord does submit written objections as to structural matters within the time parameters contemplated hereby, the parties shall cooperate in good faith to resolve their differences as to such matters so that the Tenant Work Plans can promptly proceed.

See History

Abstract

Chicago-Cicero

Report Date 12/20/2005 2:49:56 PM

Lease Information			
Lease ID	2,869	City	Chicago
Client Lease ID		State	IL
Branch Number		Zip	60652
Tenant Legal Name	Renal Care Group, Inc. d/b/a Renal Care Group Midamerica	Country	United States
Division/Region	Renal Care-> MidAmerica-> 07-> 00	Building Owner	
Facility	SCD	Building Rentable Area	180,000 00
Relationship	Unrelated	Abstract Prepared by	Rebecca Vanko
Lease Type	Lessee	Abstract Reviewed by	
Lease Abstract Name	Chicago-Cicero	Date Lease Prepared	12/14/2004
Suite#	9, 10, 11, 12, 13, 14, 15	Last Modified Info	11/11/2005 10:49:46 AM
Building Name	Chicago-Cicero	Closed?	no
Address	7927 S Cicero Spacos 9, 10, 11, 12, 13, 14 & 15		

Term, Lease Index & Notes			
Lease Agreement Date	7/6/1999	Lease Status	Active
Execution	7/6/1999	Lease Recovery Type	NNN
Original Commencement Date	3/1/2000	Month to Month	
Current Commencement Date	3/1/2000	Portion of space is subleased	
Date of Occupancy		Date Rent Due	1st
Lease Expiration Date	2/28/2010		
Vacate Notice Date			

Contacts						
Type	Company Name	Attention To	Address	Phone	Fax	Email
Landlord	Scottsdale Limited Partnership					
	Notes			Fed ID	Vendor ID	

Tenant Space Information		
Usable SF	0 00	Rentable SF 12,805 00

Space Utilization

Abstract

Chicago-Cicero

Report Date 12/20/2005 2 49 56 PM

Space Type	Description	Usable Area	Rentable Area
Other	Medical	0 00	12,805 00

Rent Schedule			
Current Monthly Base Rent	\$16,316 58	Current Annual Base Rent PSF	\$15 29
Current Monthly Expenses	\$5,644 00	Current Annual Expenses PSF	\$5 29
Current Monthly Total	\$21,960 58	Current Annual Total PSF	\$20 58

Lease Rent							
Code	Rent Begin	End Date	Frequency	Amount	Yearly Amount	Am't / SF	Total SF
Base Rent	03/01/2000	02/28/2001	Monthly	\$14,074 83	\$168,897 96	\$13 19	12,805
	GL Code			Description			
Base Rent	03/01/2001	02/28/2002	Monthly	\$14,497 08	\$173,964 96	\$13 59	12,805
	GL Code			Description			
Base Rent	03/01/2002	02/28/2003	Monthly	\$14,932 00	\$179,184 00	\$13 99	12,805
	GL Code			Description			
Base Rent	03/01/2003	02/28/2004	Monthly	\$15,379 92	\$184,559 04	\$14 41	12,805
	GL Code			Description			
Base Rent	03/01/2004	02/28/2005	Monthly	\$15,841 33	\$190,095 96	\$14 85	12,805
	GL Code			Description			
CAM	01/01/2005	12/31/2005	Monthly	\$2,687 00	\$32,244 00	\$2 52	12,805
	GL Code			Description	2005 CAM		
RE Tax	01/01/2005	12/31/2005	Monthly	\$2,957 00	\$35,484 00	\$2 77	12,805
	GL Code			Description	2005 RE Tax		
Base Rent	03/01/2005	02/28/2006	Monthly	\$16,316 58	\$195,798 96	\$15 29	12,805
	GL Code			Description			
Base Rent	03/01/2006	02/28/2007	Monthly	\$16,806 08	\$201,672 96	\$15 75	12,805
	GL Code			Description			
Base Rent	03/01/2007	02/28/2008	Monthly	\$17,310 25	\$207,723 00	\$16 22	12,805
	GL Code			Description			
Base Rent	03/01/2008	02/28/2009	Monthly	\$17,829 58	\$213,954 96	\$16 71	12,805
	GL Code			Description			
Base Rent	03/01/2009	02/28/2010	Monthly	\$18,364 50	\$220,374 00	\$17 21	12,805

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Abstract

Chicago-Cicero

Report Date 12/20/2005 2:49:56 PM

GL Code	Description
---------	-------------

Allocations

Cost Center	Cost Percent	Space Percent	Total Expense/CC	Head Count	Status	Use Type
Total	0.00	0.00	\$0.00	0		

Financial Notes

CPI	CPI Adjustment	CPI Adjustment Date
-----	----------------	---------------------

Expenses & Taxes

Tax Base Year	Tax Stop Amt.	\$0.00
Op Base Year	Op Stop Amt.	\$0.00
	Prorata Share (%)	7.11

Options

Lease Options

Type	Begin	End	Notification	Reminder	Status	Action Taken
Renewal	03/01/2010	02/28/2015	09/02/2009	09/02/2009		
Description: One 5 year renewal option upon 180 days prior written notice, at the greater of the 10th year rate plus 3% or market rate, thereafter increasing 3% annually						
Action Date			Action Notes			

Clauses

Clause Type	Clause
ADA Requirements	Not specified Doc Sec Page
After Hours HVAC	Not specified Doc Sec Page
Audit Rights	LL's records are available for inspection by TT or TT's agent, for six months after LL notifies TT of its shares for such period, only during regular business hours and upon reasonable notice Doc Lease Sec 6.2 Page 8
Holdover	If with LL's written consent, TT to pay the greater of double the last paid minimum monthly rent, or minimum annual rent plus percentage rent. If without LL consent, then at LL's option, TT may be MTM under provisions of Lease "except as to minimum rent" - but then section does not clarify what the rent would be in this situation Doc Lease Sec 22.1 Page 22

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Abstract

Chicago-Cicero

Report Date 12/20/2005 2 49 56 PM

Indemnification	TT & LL will defend, indemnify and hold each other harmless against any and all losses, claims, liability, expenses and damages	Doc Lease	Sec 11	Page 13 - 15
Landlord Maintenance & Repair	LL to maintain the foundation, roof, common areas, and structural portions of the walls of the premises and all utility systems passing through, over and under the premises which do not serve the premises exclusively LL responsible for normal maintenance on parking lot	Doc Lease	Sec 9 1	Page 10
Landlord Services	Not specified	Doc	Sec	Page
Legal Notices	In writing, and by registered or certified mail, return receipt requested, bearing adequate postage, postage prepaid, or sent by overnight express carrier (e.g. Federal Express, Courier, Express Mail) with a request that the addressee sign a receipt evidencing delivery. May be sent by facsimile and shall be deemed given as of date that such notice is sent to the fax number. Notice deemed given as of the earlier of the date occurring 3 business days after the date of mailing or the day of delivery shown of the return receipt.	Doc Lease	Sec 24 7	Page 24
Operating Expenses	TT to pay pro rata share of OE	Doc Lease	Sec 6 2	Page 8
Real Estate Taxes	LL to pay all RE Taxes when due TT to pay LL proportionate share	Doc Lease	Sec 4 5	Page 6
Tenant Improvements	TT to maintain exterior/interior entrances/doors/ vestibules/door frames, partitions, exterior/interior windows and frames moldings glass, plate glass fixtures, equipment, appurtenances including lighting electrical, plumbing HVAC (including a maintenance contract), fixtures and systems, fire extinguishers and all parts of premises not required to be maintained by LL	Doc Lease	Sec 9 2	Page 10 & 11
Utilities	TT to pay sewer, gas, electricity, heat, water and all other utility services to premises	Doc Lease	Sec 7 1	Page 8

Notes (Other)

General Notes / Comments

Headcount			
Current Headcount	0 00	Future Headcount	0 00
Security Deposit			
Security Deposit Amount	\$0 00		
Guarantor	None		
Deposit Notes			
Security Deposit Return Date			
Leasehold Improvements			
Landlord Improvements	\$100,000 00		

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Abstract

Chicago-Cicero

Report Date 12/20/2005 2:49:56 PM

Tenant Improvements \$0.00

Documents Index

Lease Amendments

Description	Type	Execution Date	Effective Date
Letter	Other		01/01/2005
	Comments	Sets forth monthly 2005 CAM & RE Taxes	
Lease	Lease	07/06/1999	07/06/1999
	Comments	Lease dated 07/06/1999	

Additional Memos

Lease Memos

Memo Description	Memo
------------------	------

SCOTTSDALE SHOPPING CENTER

LEASE

THIS LEASE made this 6th day of July, 1999, by and between SCOTTSDALE LIMITED PARTNERSHIP, an Illinois limited partnership, by and through its authorized agent, A & R Katz Management, Inc. ("Landlord"), and REGAL CARE GROUP, INC. d/b/a/ REGAL CARE GROUP MIDAMERICA ("Tenant").

WITNESSETH THAT, in consideration of the mutual promises, rents, covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged such parties enter into the following agreement

ARTICLE I

EXHIBITS

The exhibits listed below and attached to this Lease are incorporated herein by this reference

- EXHIBIT "A" Legal description of real estate, a shopping center (hereinafter called "Landlord's Tract")
- EXHIBIT "B" Plot Plan of Landlord's Tract, showing existing and proposed improvements (Landlord's Tract with existing and future improvements being hereinafter called the "Center" or "Shopping Center")
- EXHIBIT "C" Description of Landlord's Work and Tenant's Work
- EXHIBIT "D" Sign Criteria
- EXHIBIT "E" Center Rules and Regulations

Notwithstanding Exhibits A and B or anything else in this Lease contained, Landlord reserves the right to change or modify and add to or subtract from the size and dimensions of the Center or any part thereof, the number, location and dimensions of buildings and stores, dimensions of hallways, malls and corridors, the number of floors in any building, the locations, size and number of tenant's spaces which may be erected in the Center, the identity, type and location of other stores and tenants, and the size, shape, location and arrangement of Common Areas, and to design and decorate any portion of the Center as it desires, but the general character of the Center and the size and the approximate location of the Premises shall not be substantially changed. Notwithstanding the foregoing to the contrary, Landlord may not reduce or increase the square footage of the Leased Premises without Tenants consent

ARTICLE II

LEASED PREMISES, TERM AND USE

Section 2.1 Leased Premises.

Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord the space (in the Center) designated as outlined in red on Exhibit "B", Space #9,10, 11 - 14 and 15, having the common street address of 7927 S. Cicero, Chicago, Illinois 60652 (herein called the "Premises" or "Leased Premises"), with a front width of approximately ___ feet and a depth of approximately ___ feet measured to the center line of all party or common walls and to the exterior faces of all other walls containing approximately 12,805 square feet (the actual number of square feet within the Premises are herein called "the Store Floor Area")

Irregular

Tenant's percentage is 7 1/4% which shall be used to compute its Common Area Maintenance and Real Estate Tax proportionate contribution.

Section 2.2 Roof and Walls.

Landlord shall have the exclusive right to use all or any part of the roof, side and rear walls of the Premises for any purpose, including but not limited to erecting signs or other structures thereon and erecting aids to the construction and installation of the same, provided that Tenant's use of the Leased Premises and quiet enjoyment of the Leased Premises is not adversely effected. Tenant shall have no right whatsoever in the exterior or the exterior walls or the roof of the Premises or any portion of the Center outside the Premises, except as provided in Section 5.2 hereof, without Landlord's written consent.

Section 2.3 Term of Lease.

The term of this Lease shall commence the later of ninety (90) days from receipt of State of Illinois approval of a Certificate of Need or upon substantial completion of the Premises and final sign-off on permits, ("Commencement Date") and shall end ten (10) years after commencement ("Termination Date") (collectively the "Lease Term"), unless sooner terminated as herein provided. Landlord will not commence Landlord's work until the Certificate of Need is received or Tenant waives this condition. This Lease shall be null and void unless the State of Illinois approves a Certificate of Need. Tenant will make all reasonable efforts to obtain the Certificate of Need. If the Certificate of Need, after all reasonable efforts is not received by October 12, 1999, either party may cancel this Lease upon five (5) days notice.

Tenant shall have the right as of its Possession Date set forth below to enter the Demised Premises for the purpose of fixturing and otherwise preparing the Demised Premises and for the conduct of Tenant's business therein. Such entry by Tenant on the conditions of the Lease, except, however, the covenants relating to payment of Rent, Common Area Maintenance and Real Estate Tax charges. Therefore, Tenant shall be responsible for the payment of all utilities and the complete maintenance of the Demised Premises pursuant to the terms of this Lease, which includes, but is not limited to, the maintenance and/or replacement of all mechanical systems which include, but are not limited to, electrical, plumbing and HVAC, from Tenant's Possession Date. Tenant must also furnish all required insurance pursuant to Article XI of this Lease and abide by all rules and regulations and all other covenants in this Lease from the Possession Date.

Section 2.4 Lease Year Defined.

"Lease Year", as used herein, means a period of twelve (12) consecutive months during the Lease Term commencing on a yearly anniversary date of the first Lease Year, the first Lease Year commencing on the first day of the calendar month following the calendar month in which the Commencement Date occurs. "Partial Lease Year" means that portion of the Lease Term prior to the first Lease Year.

Section 2.5 Permitted Use of Premises.

The Premises shall be occupied and used by Tenant solely for the purpose of conducting therein the business of a Dialysis Center and related medical activities.

Landlord shall not enter into a lease with any other Tenant whose sole business is the operation of a dialysis center, except for Tenants over 20,000 sq. Ft. and existing Tenants with Lawful Use clauses.

This exclusive section shall also apply to any other use which Landlord has granted an exclusive to another Tenant at said shopping center. (i) if Tenant has been given written notice of said exclusive use or, (ii) if Tenant wishes to change its use and it notifies Landlord and Landlord notifies Tenant that there is an exclusive use as to the new intended use. The Premises shall not be occupied and used for the purpose of conducting therein the

business of a deep discount variety store engaged in the sale and/or distribution of keep discount variety items, health and beauty aids as now being sold in Waldo's \$ Mart. No part of the center shall be used as a theater, auditorium, meeting hall or other place of public assembly, a school, a gymnasium, a health club, or an exercise or dance studio, a dance hall, a bar (other than a bar as an ancillary part of a restaurant, an off track betting parlor, betting business, a billiard-pool hall for Bingo or similar games of chance, a massage parlor, a games arcade, a bowling alley, skating rink, a car wash, repair or car rental agency, a nightclub, a blood bank (Tenant does store and use blood for clients which is not considered a prohibited use) or adult book or video tape store or sit down restaurant. Tenant shall not be permitted to operate as a branded shoe store, sell or offer banded shoes, nor to operated a non-branded store comprising of less than 3,000 square feet and at no part of the Premises shall be leased or used for the manufacturer's sale at wholesale or retail of doughnuts, doughnut products, bakery products, pancakes, except that the sale of doughnuts, doughnut and pancake mix at retail, if not manufactured on the Premises, may be made in connection with the operation of super markets. Tenant shall not be permitted to sell or buy used or new Nintendo games or Sega/Genesis or similar type games embodied in a machine or product which cannot be copied during the ordinary operation or use of that machine or product. The space cannot be used for the operation of any hair salon or hair cutting use of any type, nor its primary use is to sell hair care products.

Tenant acknowledges that for up to ten (10) days per year a carnival occupies a portion of the South part of the shopping center parking lot, in front of the center. The carnival consists of rides, games, arcade machines, video games and operations consisting of these standard to a carnival.

Section 2.6 Possession of the Premises.

Landlord shall make available and Tenant shall be granted possession and occupancy of the Premises upon completion of Landlord's work, ninety (90) days from receipt of permits ("Possession Date"). Tenant's taking of possession of the Leased Premises shall be conclusive evidence that the Leased Premises are in good order and satisfactory condition at the time of possession thereof.

The possession of the Premises is subject to Landlord obtaining a release of the existing lease on a portion of the proposed Premises. Should Landlord fail to obtain the release, Tenant may terminate this Lease and Landlord is responsible for Tenant's out of pocket expenses and costs pertaining to its Certificate of Need Hearing and for all engineering, architectural and other related expenses incurred in preparing for occupancy of the Leased Premises.

Section 2.7 Option to Renew.

Tenant shall have the right to renew this Lease for one (1) additional period of five (5) years commencing upon the expiration of the original Lease Term or the expiration of the initial renewal term, as the case may be. Such option shall be deemed effectively exercised only if Tenant has given Landlord written notice as provided for in Section 2.7 hereof not later than one hundred eighty (180) days prior to the expiration of the original term or initial renewal term, and only if Tenant is not in default hereunder at the time of such exercise and at the time of the commencement of the renewal term. All terms and provisions of this Lease shall be applicable during such renewal term or terms except the terms and provisions of this Section 2.7, and except that the Minimum Annual Rent payable pursuant to the provisions of Article IV, Section 4.1... (i), shall be as follows:

Five Year Option.

The 11th year rate shall be the greater of the 10th year rate plus three percent (3%) or market rate. Each year thereafter shall have an annual three percent (3%) increase.

ARTICLE III

LANDLORD'S AND TENANT'S WORK

Section 3.1 Landlord's Work.

Tenant is taking the Premises "as is" except Landlord to deliver vanilla box which shall include all demolition work, rework storefront, 30 tons HVAC (not distributed), \$1 00 per sq Ft. (or credit for same) credit for lay-in ceiling, repair front sidewalk, provide ADA access ramps at rear and front of Premises, paint and power wash breezeway on south side of Premises, inside perimeter walls finished and ready to receive paint. If the HVAC unit is not replaced Landlord will put same in good working order and warrant its operation for one (1) year. All work performed by Landlord which is not covered by said Exhibit "C" shall be performed only upon the written request of Tenant and shall be paid for by the Tenant, at the prices agreed upon prior to performance of the work by Landlord, prior to Tenant taking possession of the Premises. Landlord's interior work to be done within fourteen (14) days after the Certificate of Needs is issued. All other work to be done within thirty (30) days. If equipment is on order, Landlord will work simultaneously with Tenant in completing Landlord's work.

The Landlord will provide additional funds for Tenant's work in an amount not exceed \$100,000. The total cost for Additional Tenant Improvements shall be amortized over the initial ten (10) year term of the Lease at the prime rate plus one percent (1%). The funds will be immediately paid to Tenant for Tenant Improvements and related Tenant expenses, upon Tenant's demand in writing made to Landlord and presentation of proper lien waivers.

In the event of a dispute, Landlord's architect shall determine whether the work has been done in accordance with the plans and specifications and such decision shall be conclusive and binding on the Landlord and Tenant.

Section 3.2 Tenant's Work.

Tenant shall have ninety (90) days subsequent to substantial completion of Landlord's improvements to complete his work. Tenant warrants and represents that Tenant has sufficient funds to pay all costs and expenses necessary to complete Tenant's Work. Tenant's work shall include a 3" water line to the premises including installation of a water vault, 800 AMP electrical service and one (1) 2' x 4' lay-in light fixture for every 100 square feet. For this work Tenant shall receive \$36,250 upon completion of the work and presentation of a proper lien waiver (See July 2, 1999 Letter). In addition, the cost of skim coating the floor will be split equally between the Landlord and Tenant. This amount will be paid upon submission of an invoice and lien waiver.

All work not provided herein to be done by Landlord shall be performed and furnished by Tenant at Tenant's sole cost and expense and deemed to be Tenant's Work, including but not limited to all work designated as Tenant's Work in Exhibit "C", and Tenant shall do and perform at its sole cost and expense all Tenant's Work diligently and promptly and in accordance with the following provisions. Tenant shall comply with all federal, state and municipal laws, ordinances and regulations and all covenants, conditions and restrictions of record, whether now or hereafter in force, applicable to Tenant's use or occupancy of the Premises.

ARTICLE IV

RENT

Section 4.1. Minimum Guaranteed Rent.

Tenant covenants and agrees to pay to Landlord, without notice or demand, at Landlord's Notice Address (Landlord's and Tenant's Notice Addresses being the addresses specified in Section 24.7 hereof) (or to such other person and at such other address as the Landlord may from time to time direct in writing) as Rent for the Premises the sum of the following.

- (1) A guaranteed and fixed minimum Annual Rent payable in equal monthly installments, in advance upon the first day of each and every month (or prorata for the first month if the Commencement Date begins on other than the first day of the month) commencing upon the Commencement Date (such monthly installment being hereafter called "monthly Rent"), as follows

*Based on Landlord providing additional Tenant Improvements of \$100,000

<u>Term</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
Year 1	\$14,074.83	\$168,898
Year 2	\$14,497.08	\$173,965
Year 3	\$14,932.00	\$179,184
Year 4	\$15,379.92	\$184,559
Year 5	\$15,841.33	\$190,096
Year 6	\$16,316.58	\$195,799
Year 7	\$16,806.08	\$201,673
Year 8	\$17,310.25	\$207,723
Year 9	\$17,829.58	\$213,955
Year 10	\$18,364.50	\$220,374

Plus Common Area Maintenance Estimated Real Estate Taxes. \$3.52 p.s.f
CAM/Insurance \$1.93 p.s.f per year

Section 4.2 Minimum Rent.

Any Rent or other amounts to be paid by Tenant which are not paid when due shall carry a late charge of five percent (5%) of the amount due if not paid by the seventh (7th) of the month and thereafter shall bear interest at the greater of eighteen percent (18%) per annum or the highest legal rate which may be paid in the state in which the Center is located, with such rate in an amount as determined by Landlord. Such late charge being due to cover Landlord's costs and time required to process the late payment. If the Commencement Date is other than the first day of a month, Tenant shall pay on the Commencement Date a prorated partial minimum monthly Rent for the period prior to the first day of the next calendar month, and thereafter minimum monthly Rent payments shall be made not later than the first day of each calendar month. If Rent begins on other than the first day of a month the term shall be deemed to have commenced as of the first day of the next succeeding month.

Section 4.3 Percentage Rent.

Section 4.4 Gross Sales Defined. Intentionally Omitted

Section 4.5 Real Estate Taxes.

Landlord shall pay or cause to be paid all Real Estate Taxes assessed or imposed upon the Center which become due and payable during the Lease Term. Landlord's statement that the taxes have been paid is sufficient evidence of payment. As used in this Section 4.5, the term "Real Estate Taxes" shall mean and include all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, all costs and fees incurred by Landlord in contesting or negotiating with public authorities as to any of the same, and all sewer and other taxes and charges, but shall not include Tenant's machinery, equipment, inventory or other personal property or assets of Tenant, Tenant agreeing to pay all taxes upon or attributable to such excluded property without apportionment. In no event shall taxes be reduced or deemed to be reduced on account of amounts received by Landlord as a reimbursement of Real Estate Taxes, capital expenditures or otherwise in connection with so-called Tax Increment Financing.

Should the State of Illinois, or any political subdivision thereof or any governmental authority having jurisdiction thereof, impose a tax and/or assessment upon or against the rentals payable by Tenant in the Shopping Center to Landlord, either by way of substitution for Real Estate Taxes and assessments levied or assessed against such land and such buildings, or in addition thereto, such tax and/or assessment shall be deemed to constitute a tax and/or assessment against such land and building for the purposes of this Section.

Tenant shall pay to Landlord, as Additional Rent, its proportionate share of all Real Estate Taxes upon the Center which become due and payable during Lease Term (such proportionate share to be prorated for periods at the beginning and end of the Lease Term, which do not fall within the Lease Term and do not constitute full calendar years). On the first day of each month, Tenant shall pay Landlord one-twelfth (1/12) of the amount of the Real Estate Taxes in an amount estimated by Landlord. Within sixty (60) days after the actual amount of Real Estate Taxes are determined, any excess paid by Tenant over the amount it is obligated to pay shall be immediately refunded to Tenant. Any shortfall shall be paid by Tenant to Landlord within thirty (30) days.

Tenant's proportionate share of Real Estate Taxes shall be that portion thereof which bears the same ratio to the total of such taxes as the floor area of the Premises bears to all rentable floor area in the Center as of the first day of the calendar year in which such taxes are payable. Any governmental tax or charge (other than income tax) levied, assessed or imposed on account of the payment by Tenant or receipt of Landlord of, or based in whole or in part upon, the Rents in this Lease reserved or upon the Center of Landlord's Tract or the value thereof shall be by Tenant.

Landlord may, if in its sole opinion it deems it necessary or advisable contest any and all such Real Estate Taxes, or assessments made upon the Shopping Center. It is agreed that any savings in taxes is intended to be a benefit to Tenant, and, upon written notice, Tenant shall promptly reimburse Landlord its proportionate share of all costs and expenses, including attorneys' fees, incurred by Landlord in such proceedings.

Section 4.6 Additional Rent.

All amounts required or provided to be paid by Tenant under this Lease shall be deemed Rent, and the failure to pay the same shall be treated in all events as the failure to pay Rent. Payments shall be due when and as billed to Tenant except as otherwise stated in this Lease. Tenant's obligations under this Article and Article VI shall survive the expiration of the term of this Lease.

Section 4.7 Payments for Tenant.

If Landlord pays any monies or incurs any expense to correct a breach of this Lease by Tenant or to do anything in this Lease required to be done by Tenant, all amounts so paid or incurred shall, on written notice to Tenant be considered Additional Rent payable by Tenant.

with the first minimum Monthly Rent installment thereafter becoming due and payable, and may be collected as by law provided in the case of Rent.

ARTICLE V

PARKING AND COMMON USE AREA AND FACILITIES

Section 5.1 Common Areas.

All parking areas, access roads and facilities furnished, made available to or maintained by Landlord in or near the Center, including employee parking areas, truckways, driveways, loading docks and area, delivery areas, multi-story parking facilities (if any), package pickup stations, elevators, escalators, pedestrian sidewalks, malls, courts, and ramps, landscaped areas, retaining walls, stairways, bus stops, first-aid and comfort stations, lighting facilities, and other areas and improvements provided by Landlord for the general use in common of tenants and their customers (all herein called "Common Areas") shall at times be subject to the exclusive control and management of Landlord.

Landlord shall have the right from time to time to change the sizes, locations, layout, i.e., shapes and arrangements of parking areas and other Common Areas, PROVIDED, HOWEVER, that the size of the parking areas on Landlord's Tract, as shown upon Exhibit "B", shall not be substantially reduced unless other parking areas are provided, restrict parking by employees to designated areas, construct surface, subsurface or elevated parking areas and facilities, establish and from time to time change the level or grade of parking surfaces; and to do and perform such other acts in and to said areas and improvements as Landlord in its sole discretion, reasonably applied, deems advisable for the use thereof by tenants and their customers

For the welfare of the tenants or the benefit of the Landlord, the Landlord has promulgated rules and regulations in Exhibit "E" attached hereto and made a part hereof, and Landlord further expressly reserves the right to promulgate from time to time additional rules and regulations relating to the use of the Leased Premises and/or all the Common Areas or Easement Areas, if any, or any part thereof. Said rules and regulations shall be binding upon Tenant upon delivery of a copy thereof to Tenant

Section 5.2 Use of Common Areas.

Tenant and its business invitees, employees and customers shall have the nonexclusive right, in common with Landlord and all others to whom Landlord has granted or hereafter grants rights, to use the Common Areas subject to such reasonable regulations as Landlord may from time to time impose and the rights of Landlord set forth above. Tenant authorizes Landlord to cause any car of Tenant, concessionaires, employees and agents of Tenant to be towed from the Center and Tenant shall reimburse Landlord the cost thereof upon demand, and otherwise indemnify and hold Landlord harmless with respect thereto. Tenant shall abide by all rules and regulations and cause its concessionaires, officers, employees, agents, customers and invitees to abide thereby. Landlord may at any time close temporarily any Common Areas to make repairs or changes, but must at all times permit access to Tenant's Leased Premises during Tenant's normal business hours, discourage noncustomer parking, or for other reasonable purposes. Tenant shall not interfere with Landlord's or other tenant's right to use any part of the Common Areas.

ARTICLE VI

COST AND MAINTENANCE OF COMMON AREAS

Section 6.1 Expense of Operating and Maintaining the Common Facilities.

Landlord shall operate, maintain and repair (or cause to be operated, maintained and repaired) the Common Areas of the Center (except that Tenant shall sweep and keep clean and free of ice and snow and debris sidewalks adjoining the Premises) "Landlord's Common Area

Costs" shall hereinafter mean all costs of operating and maintaining the Common Areas in a manner deemed by Landlord appropriate (in the Landlord's sole discretion) for the best interests of tenants and other occupants in the Center. Included among the costs and expenses which constitute Landlord's Common Area Costs, but not limited thereto, shall be all costs and expenses of protecting, operating, repairing, repaving, roofing, lighting, cleaning, painting, striping, insuring (including but not limited to fire and extended coverage insurance, insurance against liability for personal injury, death and property damage and workmen's compensation insurance), stop light maintenance and repair, Center sign maintenance and repair, management fees, removing of snow, ice and debris, police protection, security and control, equipment used in the operation of the Common Areas, depreciation of such machinery and equipment, cost and expense of installing roofing, supplies, Center management office expense, including salary of office staff, maintaining and repairing burglar or fire alarm systems in the Center if installed, costs incurred for any capital improvement which is necessary to keep the Center in compliance with all governmental rules and regulations applicable from time to time hereof, cost and expense of landscaping and shrubbery, expenses of utilities, payroll taxes, and administrative and overhead costs equal to fifteen percent (15%) of Landlord's Common Area Costs other than administrative and overhead costs.

Section 6.2 Tenant to Bear Prorata Share of Expenses.

Tenant shall pay Landlord, in addition to all other amounts in the Lease provided, in and for each Calendar Year, that portion of Landlord's Common Area Costs which bears the same ratio to the total of Landlord's Common Area Costs as the floor area of the Premises bears to all rentable floor area in the Center at the commencement of such calendar year other than rentable floor area occupied by tenants in free-standing premises who are obligated to maintain the Common Areas upon a specific parcel of land. Such amount shall never be less than the amount set forth in Section 2.1.

Tenant's share of Landlord's Common Area Costs shall be paid in monthly installments in amounts equal to one-twelfth (1/12th) of the amounts estimated by Landlord to be incurred during the corresponding calendar year, one such installment being due on the first day of each month of each calendar year. Within sixty (60) days after the end of each calendar year the total Landlord's Common Area Costs for such year shall be determined by Landlord and Tenant's share paid for such period shall be immediately adjusted by refund to Tenant of any overpayment, or payment of any deficiency. Landlord's records of Landlord's Common Area Costs for a period shall be available for inspection by Tenant or Tenant's designated agent for six (6) months after Landlord notifies Tenant of Tenant's share of Landlord's Common Area Costs for such period. No other periods shall be made available for inspection. Such inspection shall only be during regular business hours of the management company at the management office and upon reasonable notice. If Tenant is in default, Tenant has no right to inspect the books and records. Tenant shall pay for copying any documents.

ARTICLE VII

UTILITIES AND SERVICES

Section 7.1 Utilities.

Tenant shall not install any equipment which exceeds the capacity of any utility facilities and if any equipment installed by Tenant requires additional facilities, the same shall be installed at Tenant's expense in compliance with all code requirements and plans and specifications which must be approved in writing by Landlord. Tenant shall be solely responsible for and promptly pay all charges for use or consumption of sewer, gas, electricity, heat, water and all other utility services used or furnished to the Leased Premises. Tenant shall at all times keep the Premises sufficiently heated so as to prevent freezing and deterioration thereof and/or the equipment and facilities contained therein. Tenant's space will be separately metered or sub-metered. Landlord shall have the right to require the Tenant to install and pay for the cost of a separate water meter for the

Premises In no event shall Landlord be liable for an interruption or failure in the supply of any utility to the Leased Premises

ARTICLE VIII

CONDUCT OF BUSINESS BY TENANT

Section 8.1 Prompt Occupancy and Use.

Tenant shall occupy the Premises upon the Possession Date and thereafter, except when and to the extent that the Leased Premises are untenable by reason of damage by fire or other casualty, continuously operate and conduct in one hundred percent (100%) of the Premises during each hour of the entire Lease Term when Tenant is required under this Lease to be open for business the business permitted under Section 2.5 hereof, in the name hereinafter set forth, with a full staff and full stock of merchandise. The Premises may be used for physicians offices and examining rooms.

If Tenant does abandon the Premises and does not operate its business, Landlord may terminate Tenant's Lease upon sixty (60) days' notice. The Termination Date shall be as set forth in the notice. In consideration of terminating Tenant's Lease, in addition to all Rent due as of the Termination Date, Tenant shall pay to Landlord the lesser of (i) the remaining Rent for the balance of the Lease Term, or (ii) nine (9) months' Rent including Common Areas Maintenance and Real Estate Tax charges. Such payment shall be made prior to the Lease Termination Date set forth in such notice. In the event payment is not received, Tenant shall be liable for and pay the full amount of Rent set forth in the Lease, notwithstanding termination of possession and occupancy.

Landlord's intent hereunder is to replace Tenant's vacant space with another tenant who shall occupy the space. Landlord shall only terminate Tenant's Lease in Landlord's sole discretion.

Section 8.2 Conduct of Business. Intentionally Omitted.

Section 8.3 Operation by Tenant.

Tenant covenants and agrees that it shall not place or maintain any merchandise, vending machines or other articles in any vestibule or entry of the Premises or outside the Premises, store garbage, trash, rubbish and other refuse in rat-proof and insect-proof containers inside the Premises, and remove the same frequently and regularly and, if directed by Landlord, by such means and methods and at such times and intervals as are designated by Landlord, all at Tenant's cost; not permit any sound system audible or objectionable advertising medium visible, outside the Premises; keep all mechanical equipment free of vibration and noise and in good working order and condition, not commit or permit waste or a nuisance upon the Premises, not permit or cause odors to emanate or be dispelled from the Premises, nor solicit business in the Common Areas nor distribute advertising matter to, or upon any Common Areas, not permit the loading or unloading or the parking or standing of delivery vehicles outside any area designated therefore, nor permit any use of vehicles which shall interfere with the use of any Common Area in the Center; comply with all laws, recommendations, ordinances, rules and regulations of governmental, public, private and other authorities and agencies, including those with authority over insurance rates, with respect to the use or occupancy of the Premises, and including but not limited to the Occupational Safety and Health Act, not permit any noxious, toxic or corrosive fuel or gas, dust, dirt or fly ash on the Premises, not place a load on any floor in the Shopping Center which exceeds the floor load per square foot which such floor was designated to carry.

Section 8.4 Painting, Decorating, Displays, Alterations.

Tenant shall not paint, decorate or change the architectural treatment of any part of the exterior of the Premises, nor make any structural alterations, additions or changes in the Premises without Landlord's written approval thereto. Tenant shall not install or use any flashing display or light or any strobe-type light fixture on the exterior or interior, if visible from the exterior.

Section 8.5 Sales and Dignified Sale.

No public or private auction or any fire, "going out of business", bankruptcy or similar sales or auctions shall be conducted in or from the Premises and the Premises shall not be used except in a dignified and ethical manner consistent with the highest standards of merchandising and not in a disreputable or immoral manner or in violation of the national, state or local laws. Notwithstanding the preceding sentence, Tenant may upon advance written notice to Landlord, conduct a "Lost Our Lease" or "Moving Sale" within ninety (90) days of the expiration of the Lease Term.

ARTICLE IX

MAINTENANCE OF LEASED PREMISES

Section 9.1 Maintenance by Landlord

Landlord shall keep or cause to be kept the foundations, roof, common areas and structural portions of the walls of the Premises and all utility systems passing through, over and under the Leased Premises which do not serve the Leased Premises exclusively, in good order, repair and condition except for damage thereto due to the acts or omissions of Tenant, its employees or invitees, and except as provided in Section 9.2 hereof, Landlord shall commence repairs it is required to do hereunder as soon as reasonably practicable after receiving written notice from Tenant thereof. This paragraph shall not apply in case of damage or destruction by fire or other casualty or condemnation controlled by Articles XVI and XVII. Except as provided in this Section 9.1, Landlord shall not be obligated to make repairs, replacements or improvements of any kind upon the Premises, or to any equipment, merchandise, stock in trade, facilities or fixtures therein, all of which shall be Tenant's responsibility.

Tenant acknowledges that the parking lot by Tenant's building or delivery area on the side or rear of the building is part of the Common Areas and Landlord is responsible for the normal maintenance. Tenant, however, shall be fully responsible for any damage caused by placement or movement of trash containers containing Tenant's trash. In addition, Tenant shall be fully responsible for damage to the parking area caused by trucks or dollies delivering goods to Tenant's Premises. As it shall stand, Tenant's repair shall be promptly done by Tenant after notice to Landlord and approval by Landlord of the damage repair work. In the event Tenant does not repair same, Landlord, at Landlord's sole option, may repair same after notice to Tenant and Tenant shall be responsible for payment of all repairs done.

Section 9.2 Maintenance by Tenant.

Tenant shall at all times keep the Premises (including all exterior and interior entrances and vestibules) and all partitions, exterior and interior windows and show window frames and moldings, glass (including plate glass), exterior and interior doors, door frames, door openers, fixtures, equipment and appurtenances thereof (including lighting, heating, electrical, plumbing, ventilating and air conditioning fixtures and systems and other mechanical equipment and appurtenances whether inside or outside the Premises), replacement of broken or cracked plate glass, and all parts of the Premises not required herein to be maintained by Landlord, in good order, condition and repair and clean, sanitary and safe (including but not limited to periodic painting as reasonably determined by Landlord and to doing such things as are necessary to cause the Premises to comply with applicable laws, ordinances, rules, regulations and order of governmental and public bodies and agencies).

If replacement of equipment, fixtures and appurtenances thereto is necessary, Tenant shall replace the same with equipment, fixtures and appurtenances of the same quality, and repair all damage done in or by such replacement

Tenant shall obtain a maintenance service contract on the HVAC system. Providing, however, if any part of the HVAC is covered under a warranty, Tenant shall acquire the maintenance service contract from the contractor who installed the system. If the HVAC is not under warranty, Tenant shall acquire the maintenance service contract from a contractor who is reasonably acceptable to Landlord and the manufacturer of the system. A copy of the HVAC maintenance service contract shall be deposited with Landlord for approval and inclusion in the Tenant file. This requirement is made in order to insure that the system be maintained in good working condition and at the optimum operating capacity. If Tenant does not comply with the terms of this paragraph, Tenant shall be deemed to be in default under the terms of the Lease and shall be considered negligent in the ordinary care and maintenance of the system, and Landlord shall look to Tenant for any costs incurred as a result of Tenant's lack of care and concern in the maintenance of the system. This provision shall survive the termination of the Lease. Tenant shall perform or cause to be performed exterminating services to the Premises. The exterminating service being performed in a manner and consistency that insures the Premises or adjoining premises to be free and clear of infestation.

Tenant at its own expense shall install and maintain the fire extinguishers and other fire protection devices as may be required from time to time by any agency having jurisdiction thereof and the insurance underwriter insuring the buildings in which the Leased Premises are located

If Tenant fails to perform its obligations hereunder, Landlord without notice may, but shall not be obligated to, perform Tenant's obligations or perform work made necessary by Tenant's acts or omissions and add the reasonable cost of the same to the next installment of minimum monthly Rent due hereunder.

Section 9.1 Hazardous Waste.

"Hazardous Waste" is defined as any material or substance which is in any manner or definition deemed an environmental hazard which is prohibited, limited or regulated by any governmental authority or when, even if not so prohibited or limited or regulated, may or could pose a hazard to the health and/or safety of the occupants of the Premises or Center or occupants and/or owners of property near the Property

Tenant shall not release, use, generate, discharge, store, or dispose of any Hazardous Waste, toxic substance or related material onto the Property or surrounding areas, nor shall Tenant deposit, spill, discharge, place or dispose of at, on or near the Center, any Hazardous Waste.

In the event Tenant violates the terms of this Hazardous Waste provision in any manner whatsoever, it shall be deemed a material default under the terms of this Lease and Landlord may terminate this Lease upon ten (10) days written notice. In the event of such termination, Tenant shall remain personally liable for any and all damage caused by violation of this provision which liability shall continue notwithstanding the termination of this Lease. Notwithstanding the foregoing to the contrary, Landlord acknowledges that Tenant will in the ordinary course of its operation generate medical biological waste which Tenant will properly dispose of in the course of its business, and the generation, storage and removal of such waste from premises is not an event of default.

In addition to the above, the term Hazardous Waste shall mean any substance, material, or waste which is, or becomes, regulated by any governmental authority including, but not limited to, (i) petroleum, (ii) friable or nonfriable asbestos, (iii) polychlorinated biphenyls, (iv) those substances, materials or waste designated as a "Hazardous Substance" pursuant to Section 311 of the Clean Air Act or listed pursuant to Section 307 of the Clean Air Act or any amendment, replacement or modification to these statutes, (v) those

substances, materials, or waste defined as Hazardous Waste pursuant to Section 1004 of the Resource Conservation and Recovery Act or any amendment, replacement or modification to that statute, or (vi) those substances, materials or waste defined as Hazardous Waste pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), or any amendment or replacement to that statute, or any other similar statute, rule, regulation or ordinance now or hereafter may have (whether known or unknown, direct or contingent) in connection with or arising out of the Lease and/or the occupancy by Tenant of the Premises. If prior to, or during the course of construction of either the Landlord's Work or the Tenant's Work, as such terms are defined in Exhibit "C", any Hazardous Waste or Hazardous Substances as defined above, or asbestos is discovered on the Leased Premises, the Landlord shall promptly remove and/or remediate the Hazardous Waste or Hazardous Substances, at Landlord's sole cost and expense and at no expense to the Tenant, so the premises can be timely used for their intended purpose.

If Tenant fails to perform its obligations hereunder, Landlord without notice may, but shall not be obligated to, perform Tenant's obligations or perform work made necessary by Tenant's acts or omissions and add the reasonable cost of the same to the next installment of minimum monthly Rent due hereunder.

Section 9.4 Surrender of Premises.

On the last day of the term demised or on the sooner termination thereof, Tenant shall peaceably and quietly surrender the Leased Premises in good order, condition and repair, reasonable wear and tear excepted. All alterations, additions, improvements and fixtures including, without limitation, all items set forth as "Additional Tenant Work" (other than trade fixtures, signs and carpeting installed at Tenant's expense, all of which may be removed by Tenant), which may be made or installed by either Landlord or Tenant upon the Leased Premises, and all hard surface bonded or adhesively affixed flooring shall be the property of Landlord and shall remain upon and be surrendered with the Leased Premises as part thereof without disturbance, molestation or injury at the termination of the term of this Lease, whether by the lapse of time or otherwise, all without compensation or credit to Tenant, provided, however, if prior to said termination, or within fifteen (15) days thereafter, Landlord so directs by written notice to Tenant, Tenant shall promptly remove the additions, improvements, fixtures and installations which were placed in the Leased Premises by Tenant, including, without limitation, all those items set forth as Additional Tenant Work in the Work Letter, and make all repairs necessitated by such removal, and which are designated in said notice, and in default thereof, Landlord may effect said removals, repairs and restorations and Tenant shall pay to Landlord, upon demand, the cost thereof, from the date of such removal, repair and restoration by Landlord. On or before such Termination Date, Tenant shall remove all its property from the Leased Premises and property not so removed shall be deemed abandoned by Tenant. If the Leased Premises are not surrendered as of the Termination Date, Tenant shall indemnify Landlord against all loss or liability resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claim made by any succeeding tenant founded on such delay. Tenant shall also surrender all keys for the Leased Premises and shall inform Landlord of combinations on any locks, safes and vaults, if any, on the Leased Premises.

As of the Termination Date, and subject to the terms of this Agreement, neither party hereto shall have any liability or obligation to the other party under the terms of the Lease for any act, omission, happening or event done or occurring after the Termination Date, except that all of the provisions of the Lease pertaining or relating to Tenant's obligation to surrender the Premises to Landlord upon termination of the Lease or to the condition of the Premises at the time of such surrender shall survive the Termination Date, and except further that all provisions of the Lease which by their express terms are to survive the termination of the Lease shall survive the Termination Date. Notwithstanding the foregoing, Tenant and the undersigned shall continue to be fully obligated to Landlord under all of the terms of the Lease, with respect to any liability accrued and/or any act, omission, happening or event done or occurring prior to the Termination Date.

ARTICLE X

SIGNS, AWNINGS, CANOPIES, FIXTURES, ALTERATIONS

Section 10.1 Fixtures.

All fixtures installed by Tenant shall be new or completely reconditioned

Section 10.2 Removal and Restoration by Tenant.

All alterations, changes and additions and all improvements, including leasehold improvements, made by Tenant or made by Landlord on Tenant's behalf, whether part of Tenant's Work or not and whether or not paid for wholly or in part by Landlord, shall remain Tenant's property for the Lease Term. Any alterations, changes, additions and improvements shall immediately upon the termination of this Lease become Landlord's property, be considered part of the Premises, and 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 and personal property from the Premises prior to the end of the Lease Term, they shall become Landlord's property and this Lease shall be deemed to be a Bill of Sale for same. Tenant shall repair or pay for the repair of any damage done to the Premises resulting from removing same but not for painting or redecorating the Premises.

Section 10.3 Tenant Shall Discharge All Liens.

Tenant shall promptly pay all contractors and materialmen, and not permit or suffer any lien to attach to the Center or any part thereof, and indemnify and save harmless Landlord against the same. Landlord shall have the right to require Tenant to furnish a bond or other indemnity satisfactory to Landlord prior to the commencement of any work by Tenant on the Premises, or if any lien attaches or is claimed, to require such a bond or indemnity in addition to all other remedies.

Section 10.4 Signs, Awnings and Canopies.

Tenant shall not place or permit on any exterior door or window or any wall of the Premises or otherwise, any sign, awning, canopy, advertising matter, decoration, lettering or other thing of any kind without Landlord's written consent (See Exhibit "D")

ARTICLE XI

INSURANCE

Section 11.1 By Landlord.

Landlord shall carry comprehensive general liability insurance on the Common Areas of Landlord's Tract providing coverage of not less than \$500,000 against liability for injury to or death of any one person and \$2,000,000 for any one occurrence, and \$250,000 property damage insurance or single limit insurance in the amount of \$1,000,000. Landlord shall also carry insurance for fire, extended coverage, vandalism, malicious mischief and other endorsements deemed advisable by Landlord, insuring the improvements on the Shopping Center, including the Premises and all appurtenances thereto (excluding Tenant's leasehold improvements, merchandise, trade fixtures, furnishings, equipment, personal property and excluding plate glass) for the full insurable value thereof, with such deductibles as Landlord deems advisable.

Section 11.2 By Tenant.

Tenant agrees to save Landlord, the Owner of the underlying fee, and Landlord's and such Owner's beneficiaries and agents harmless and indemnified from all liability, injury, loss, cost, damage and/or expense (including reasonable attorneys' fees) in respect of any injury to, or death of, any person, and/or damage to, or loss or destruction of, or vandalism and other perils to any property while on the Leased Premises or any other part of the Shopping Center occasioned by any act or omission of Tenant, or anyone claiming by, through or under Tenant. Tenant shall maintain comprehensive general liability insurance insuring Landlord, Owner, Landlord's and Owner's beneficiaries and agents and Tenant, 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 or death of more than one (1) person in any one occurrence in an amount not less than \$2,000,000 and for damage to property in an amount of not less than \$500,000. Such insurance shall be maintained in responsible companies approved by Landlord and necessary to insure Tenant for matters connected with the conduct and operation of Tenant's business in the Leased Premises (Landlord shall have the right to direct Tenant to increase said amounts, terms and conditions whenever it considers them inadequate) and in such amounts, sufficient to cover Tenant's contractual liability under the aforesaid hold harmless clauses including the hold harmless provision hereunder, 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, such additional insurance as would customarily be carried for shopping centers in the same locale, and in all events including collapse, vandalism, water damage and sprinkler leakage, to maintain plate glass insurance covering all exterior plate glass in the Premises, fire insurance with usual extended coverage endorsements as Landlord may from time to time require covering all of Tenant's stock in trade, fixtures, furnishings, floor coverings and equipment in the Leased Premises at full cost replacement. All of said insurance shall be in form and in responsible companies satisfactory to Landlord (with a loss payable endorsement to Landlord) and shall provide that it shall 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 shall be deposited with Landlord on or before the Commencement Date, and renewals of such policies, not less than thirty (30) days prior to the expiration of the term of such coverage, and that 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.

Section 11.3 Mutual Waiver of Subrogation Rights.

Landlord and Tenant and all parties claiming under them mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard covered or required hereunder to be covered in whole or in part by insurance on the Premises or in connection with property on or activities conducted on the Premises and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release shall not operate in any case where the effect is to invalidate or increase the cost of such insurance coverage. Provided, that in the case of increased cost, the other party shall have the right, within thirty (30) days following written notice, to pay such increased cost, thereby keeping such release and waiver in full force and effect. Landlord shall, however, be liable for its own negligence.

Section 11.4 Waiver.

Landlord, its agents and employees, its beneficiaries and beneficiaries' agents and employees shall not be liable for, and Tenant waives all claims for damage, including but not limited to consequential damages, to person, property or otherwise, sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon any part of the Center including, but not limited to claims for damage resulting from (a) any equipment or appurtenances becoming out of repair; (b) Landlord's failure to keep any part of the Center in repair; (c) injury done or caused by wind, water or other natural element; (d) any defect in or failure of plumbing, heating or air conditioning equipment, electric wiring or installation thereof, gas, water and steam pipes, stairs, porches, railings or

falls; (e) broken glass; (f) the backing up of any sewer pipe or downspout, (g) the bursting, leaking or running of any tank, tub, washstand, water closet, water pipe, drain or (h) the escape of steam or hot water, (i) water, snow or ice upon the Premises or in the Center, (j) the falling of any fixture, plaster or stucco, (k) damage to or loss by theft or otherwise of property of Tenant or others, (l) acts or omissions of persons in the Premises, other tenants in the Center, occupants of nearby properties, or any other persons, and (m) any act or omission of owners of adjacent or contiguous property, or of Landlord, its agents or employees. All property of Tenant kept in the Premises shall be so kept at Tenant's risk only and Tenant shall save Landlord harmless from claims arising out of damage to the same, including subrogation claims by Tenant's insurance carrier. Landlord shall, however, be liable for its own negligence.

Section 11.5 Insurance--Tenant's Operation.

Tenant shall not do or suffer to be done anything which shall contravene Landlord's insurance policies or prevent Landlord from procuring such policies in amount and companies selected by Landlord. If anything done, omitted to be done or suffered to be done by Tenant in, upon or about the Premises shall cause the rates of any insurance effected or carried by Landlord on the Premises or Shopping Center to be increased beyond the regular rate from time to time applicable to the Premises for use for the purpose permitted under this Lease, or Shopping Center for the use or uses made thereof, Tenant shall pay the amount of such increase promptly upon Landlord's demand and Landlord shall have the right to correct any such condition at Tenant's expense. In the event liquor is served on the Premises or sold for removal from the Premises, Tenant shall carry Dram Shop Insurance coverage and name Landlord as a party insured. In the event that this Lease so permits and Tenant engages in the preparation of food or packaged foods or engages in the use, sale or storage of inflammable or combustible material, Tenant shall install chemical extinguishing devices (such as Ansul) approved by the Fire Insurance Rating Organization and shall keep such devices under services as required by such organization. If gas is used in the Premises, Tenant shall install gas cutoff devices (manual and automatic), provided, however, that Tenant may keep on the Premises such inflammables as are required in the operation of Tenant's business but such inflammables shall be kept in approved containers in accordance with the requirements of applicable laws and ordinances and the requirements of the Landlord's fire and extended coverage insurance policies.

Section 11.6 Indemnification.

Tenant shall indemnify and save harmless Landlord from and against any and all liability, liens, claims, demands, expenses, fees, costs, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature arising or growing out of or in any way connected with Tenant's use, occupancy, management or control of the Premises or Tenant's operations, conduct or activities in the Center.

Section 11.7 Notice of Accident.

Tenant shall give Landlord prompt written notice of any accident, casualty, damage or other similar occurrence in or to Leased Premises or Common Areas of which Tenant has knowledge.

ARTICLE XII

OFFSET STATEMENT, ATTORNEYMENT, SUBORDINATION

Section 12.1 Offset Statement and Retoppel Letter.

Within fourteen (14) days after Landlord's request pursuant to a written form of Estoppel Letter, Tenant shall deliver, executed in recordable form, a declaration to any person designated by Landlord, (a) ratifying this Lease, (b) stating the Commencement Date and Termination Date; and (c) certifying (1) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall

be stated), (2) that all conditions under this Lease to be performed by Landlord have been satisfied (stating exceptions, if any), (3) no defenses or offsets against the enforcement of this Lease by Landlord exist (or stating those claimed); (4) advance Rent, if any, paid by Tenant, (5) the date to which Rent has been paid, (6) the amount of security deposited with Landlord, and (7) such other information as Landlord reasonably requires. Persons or entities receiving such statements shall be entitled to rely upon them.

Section 12.2 Attornment.

Tenant shall, in the event of a sale or assignment of Landlord's interest in the Premises or the building in which the Premises are located, or if the Premises or such building comes into the hands of a mortgagee, ground lessor or any other person, whether because of a mortgage foreclosure, termination of the ground lease, or otherwise, attorn in writing to the purchaser or such mortgagee or other person and recognize the same as Landlord hereunder. Tenant shall execute, at Landlord's request, any attornment agreement required by any mortgagee, ground lessor or other such person, to be executed, containing such provisions as such person requires.

Section 12.3 Subordination.

(a) Mortgage. Tenant agrees that upon the written declaration executed by the mortgagee or trustee under any mortgages or deeds of trust hereafter placed upon the Leased Premises, or any other part of the Shopping Center from time to time owned by Landlord, this Lease shall be subordinate to any such mortgages or deeds of trust, and to any and all advances to be made thereunder and to the interest thereon and all renewals, replacements and extensions thereof, provided the mortgagee or trustee named in said mortgages or trust deeds shall have the right to recognize this Lease in the event of foreclosure or transfer in lieu of foreclosure, in which event Tenant shall attorn to such mortgagee or trustee, and/or purchaser or grantee at any foreclosure sale or taking by deed in lieu of foreclosure (and such mortgagee, trustee, purchaser or grantee is hereby appointed as attorney-in-fact on behalf of Tenant upon failure of Tenant so to do). Tenant shall execute a Subordination Agreement acknowledging and reaffirming the subordination and other agreements therein, if requested by Landlord or the mortgagee.

(h) Easements. This Lease is and shall be subject and subordinate to any and all easements and easement agreements which may be or have been entered into with or granted to any persons or upon the Center or not, and Tenant shall execute such instruments as Landlord requests to evidence such subordination.

Section 12.4 Failure to Execute Instruments.

Tenant's failure to execute instruments or certificates provided for in this Article XII within fifteen (15) days after the mailing by Landlord of a written request shall be a default under this Lease or Landlord may execute said instrument or certificate on behalf of Tenant. Landlord is hereby appointed as attorney-in-fact or Tenant and is hereby given authority and power to execute said instrument or certificate on behalf of Tenant. Said execution shall be as though Tenant executed said document.

ARTICLE XIII

ASSIGNMENT, SUBLETTING AND CONCESSIONS

Section 13.1 Consent Required.

Tenant shall not sell, assign, mortgage, pledge or in any manner transfer this Lease or any interest therein, nor sublet all or any part of the Premises, nor license concession or lease departments therein without Landlord's written consent. Consent to any assignment shall not be given if such consent violates any existing exclusive or non-use provision existing as of the time such consent is to be given. Consent by Landlord to any assignment or subletting shall not waive the necessity for consent to any subsequent assignment or

subletting Landlord hereby consents to Tenant subletting or assigning space to doctors or other medical personnel however, such sublease shall not release Tenant from its obligations under the Lease. Any assignment is subject to the terms and prohibitions contained in the exclusive language of Section 2.5 as of the Effective Date of this Lease and also shall include exclusives existing as of the date of the proposed assignment or sublease even though entered into subsequent to the Effective Date of this Lease. An assignment shall not be made which shall violate Section 2.5. This prohibition shall include a prohibition against any subletting or assignment by operation of law. If this Lease is assigned or any part of the Premises subleased or occupied by anybody other than Tenant, Landlord may collect Rent from the assignee or sublessee or occupant and apply the same to the Rent herein reserved but no such assignment, sublease, occupancy or collection of Rent shall be deemed a waiver of this covenant or the acceptance of the assignee, sublease or occupant as Tenant, or a release of Tenant from the performance by Tenant of any covenants on the part of Tenant herein contained. Notwithstanding any assignment or subletting, Tenant shall remain fully liable on this Lease and for the performance of all terms, covenants and provisions of this Lease. Landlord shall be entitled to all monies payable by said assignee, subtenant or person taking over responsibility for rental payments under this Lease. Said amounts payable shall include monies paid for the value of this Lease, Additional Rent, or such other sums payable to Tenant resulting from the favorable terms of this Lease. If the fair market value of the Leased Premises (as determined by Landlord) are greater than the actual rental being paid under this Lease, said difference shall be payable to Landlord by Tenant. Tenant retains right of re-entry upon default of sublessee/assignee.

Section 13.2 Corporate Ownership.

If any corporate stock of Tenant is transferred by sale, assignment, operation of law or other disposition so as to result in a change in the effective voting control of Tenant as it exists on the date hereof, Tenant shall promptly give Landlord written notice of such change and Landlord may terminate this Lease at any time after change in control by giving Tenant ninety (90) days' written notice of such termination. Landlord's right hereunder shall only continue for a thirty (30) day period after Landlord receives written notice of the above. Notwithstanding the above, Tenant may assign this Lease to a Parent Company, subsidiary of related entity so long as Tenant shall remain liable hereunder if the result of the assignment is to impair or jeopardize Landlord's ability to receive rent as provided in this Lease such transactions shall be a default hereunder.

ARTICLE XIV

MERCHANTS' ASSOCIATION AND SECURITY

Section 14.1 Merchants Association and Advertising. Not Used

ARTICLE XV

SECURITY DEPOSIT

Section 15.1 Amount of Deposit.

Tenant herewith has deposited with Landlord \$0 which shall be held by Landlord without liability for interest, as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease.

ARTICLE XVI

DAMAGE AND DESTRUCTION

Section 16.1 Damage to Premises.

In the event the Leased Premises are damaged by fire, explosion or any other casualty to an extent which is less than fifty (50%) percent of the cost of replacement of the Leased Premises, the damage shall be repaired with reasonable dispatch by Landlord at Landlord's expense, provided that Landlord shall not be obligated to expend for such repairs an amount in excess of the insurance proceeds recovered or recoverable 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. In the event (a) the Leased Premises shall be damaged to the extent of fifty (50%) percent or more of the cost of replacement, or (b) the building of which the Leased Premises are a part is damaged to the extent of twenty-five (25%) percent or more of the cost of replacement, or (c) the Center shall be damaged to the extent of more than forty percent (40%) of the aggregate cost of replacement, Landlord may elect either to repair or rebuild the Leased Premises or the building or the Center, or to terminate this Lease upon giving notice of such election in writing to Tenant within sixty (60) days after the occurrence of the event causing the damage irrespective of any damage to the Leased Premises. Notwithstanding anything in this Section to the contrary, Landlord shall not be required to rebuild if the Lender retains any of the insurance proceeds.

If the casualty, repairing, or rebuilding shall render the Leased Premises untenable, in whole or in part, and the damage shall not have been due to the fault or neglect of Tenant, a proportionate abatement of the guaranteed minimum Rent shall be allowed from the date when the damage occurred until the date Landlord completes its work, said proportion to be computed on the basis of the relation which the gross square foot area of the space rendered untenable bears to the floor space of the Leased Premises. If the Landlord is required or elects to repair the 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 16.2 Loss and Damage.

Landlord shall not be liable for any damage to property of Tenant or of any others located on the Leased Premises, nor for the loss of or damage of any property of Tenant or of others by theft or otherwise, Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, gas, plaster, electricity, water, rain nor snow nor leaks from any part of the Leased Premises or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatever nature. Landlord shall not be liable for any such damage caused by other tenants or persons in the Leased Premises, occupants of adjacent property, of the Shopping Center, or the public, or caused by operation and construction of any private, public or quasi-public work. Landlord shall not be liable for any latent defects in Leased Premises or in the building of which they form a part. All property of Tenant kept or stored on the Leased Premises shall be so kept or stored at the risk of Tenant only and Tenant shall hold Landlord harmless from any claim arising out of damage to the same including subrogation claims by Tenant's insurance carrier, unless such damage shall be caused by the willful or gross negligence of Landlord.

ARTICLE XVII

EMINENT DOMAIN

Section 17.1 Condemnation.

If ten percent (10%) or more of the Premises or fifteen percent (15%) or more of the Center shall be acquired or condemned by right of eminent domain for any public or quasi-public use or purpose, then Landlord at its election may within thirty (30) days after possession of such portions of the Premises or the Center are denied to Tenant, Landlord or other tenants, terminate this Lease by giving notice to Tenant of its election, and in such event rentals shall be apportioned and adjusted as of the Termination Date. If the Lease shall not be terminated as aforesaid, then it shall continue in full force and effect, and Landlord shall within thirty (30) days after possession if physically taken (subject to delays due to shortage of labor, materials or equipment, labor difficulties, breakdown of equipment, government restrictions, fires, other casualties or other causes beyond the reasonable control of Landlord) repair or rebuild what remains of the Premises for Tenant's occupancy, and a just proportion of the minimum annual Rent shall be abated, based upon the number of square feet taken, until such repairs and rebuilding are completed, and thereafter for the balance of the Lease Term.

Section 17.2 Damages.

Landlord reserves, and Tenant assigns to Landlord, all rights to damages on account of any taking or condemnation or any act of public or quasi-public authority for which damages are payable. Tenant shall execute such instruments of assignment as Landlord requires, join with Landlord in any action for the recovery of damages, if requested by Landlord, and turn over to Landlord any damages recovered in any proceedings. If Tenant fails to execute instruments required by Landlord, or undertake such other steps as requested, Landlord shall be deemed the duly authorized irrevocable agent and attorney-in-fact of Tenant to execute such instruments and undertake such steps on behalf of Tenant. However, Landlord does not reserve any damages payable for trade fixtures installed by Tenant at its own cost which are of part of the realty.

ARTICLE XVIII

DEFAULT BY TENANT

Section 18.1 Right to Re-Enter.

The following shall be considered for all purposes to be defaults under and breaches of this Lease: (a) any failure of Tenant to pay any Rent or other amount when due hereunder within five (5) days after notice, (b) if Tenant shall default in the performance of the provisions of Section 9.3, after written notice and thirty (30) days failure to timely cure, or (c) if Tenant shall default in the performance of any of the other covenants, promises, or agreements herein contained to be kept and performed by Tenant and such default shall continue for thirty (30) days after Landlord shall have notified Tenant in writing of the existence of such default, (d) Tenant violating the use restriction set forth in Sections 7.5 or 9.3 of this Lease for more than thirty (30) days after written notice and failure to timely cure, (e) Landlord determining that Tenant has knowingly submitted any false report required to be furnished hereunder which have a material and adverse effect on Landlord; (e) Tenant shall become bankrupt or insolvent or have filed against it a petition in bankruptcy or for reorganization or arrangement or for the appointment of a receiver or trustee of all or a portion of Tenant's property, or Tenant makes an assignment for the benefit of creditors, (f) if Tenant abandons or vacates or does not do business in the Premises for thirty (30) days and does not pay rent, (h) Tenant's leasehold interest herein or in the Premises or any improvements thereon or any property of Tenant are executed upon or attached, or (g) the Premises comes into the hands of any person other than expressly permitted under this Lease. In any such event, and without additional grace period, demand or notice, except as hereinabove provided, Landlord, in addition to all other rights or remedies it may have,

shall have the right thereupon or at any time thereafter to terminate this Lease by giving notice to Tenant stating the date upon which such termination shall be effective. The term of Section 9.3 shall control if in conflict with the provisions herein. Landlord's remedies shall include the right of equitable relief if Tenant violates the use restriction provision of Sections 2.5 or 9.3. Landlord shall have the right without terminating this Lease, or either before or after any such termination, if so elected, or upon termination of this Lease for any other reason, to peaceably re-enter and take possession of the Premises, remove all persons and property from the Premises and store such property at Tenant's expense. It further being understood that under no circumstances is the Lease to be an asset of Tenant's creditors by operation of law or otherwise. Landlord shall be entitled to the benefits of all provisions of law respecting the speedy recovery of lands and tenements held over by Tenant or proceeding in forcible entry and detainer.

Section 18.2 Right to Relet.

If Landlord elects to re-enter as above provided, or if it takes possession pursuant to legal proceedings or otherwise, Landlord may terminate this Lease or it may, from time to time, without terminating this Lease, make such alterations and repairs as it deems able to relet the Premises, and relet the Premises or any part thereof for such term or terms (which may extend beyond the Lease Term) and at such rentals and upon such other terms and conditions as Landlord in its sole discretion deems advisable, upon each such reletting, all rentals received by Landlord therefrom shall be applied, first, to any indebtedness other than Rent due hereunder from Tenant to Landlord, second, to pay any costs and expenses of reletting, including brokers and attorneys' fees and costs of alterations and repairs, third, to Rent due hereunder, and the residue, if any, shall be held by the Landlord and applied in payment of future Rent as it becomes due hereunder. Nothing herein shall imply any obligation on the part of Landlord to make any payment or perform any act required of Tenant, and the exercise of the right to do so shall not constitute a release of any obligation or a waiver of any default.

If rentals received from such reletting during any month are less than that to be paid during that month by Tenant hereunder, Tenant shall immediately pay any such deficiency to Landlord. No re-entry or taking possession of the Premises by Landlord shall be construed as an election to terminate this Lease unless a written notice of such termination is given by Landlord.

Notwithstanding any such reletting without termination, Landlord may at any time thereafter terminate this Lease for any prior breach or default. If Landlord terminates this Lease at any time for any breach or default, in addition to any other remedies it may have, it may recover from Tenant all damages incurred by reason of such breach or default, including all costs of retaking the Premises and including the excess, if any, of the total Rent and charges reserved in this Lease for the remainder of the Lease Term over the then reasonable rental value of the Premises for the remainder of the Lease Term, all of which shall be immediately due and payable by Tenant to Landlord. In determining the Rent payable by Tenant hereunder subsequent to default, the minimum annual Rent for each year of the unexpired portion of the Lease Term shall equal the average minimum annual Rent and Percentage Rent which Tenant was obligated to pay from the commencement of the Lease Term to the time of default, or during the preceding three (3) full calendar years, whichever period is shorter. Landlord shall use its best efforts to re-let and mitigate damages.

Section 18.3 Counterclaim.

If Landlord commences any proceedings for nonpayment of Rent, Percentage Rent, or Additional Rent, Tenant shall not interpose any counterclaim of any nature or description in such proceedings. This shall not, however, be construed as a waiver of Tenant's right to assert such claims in a separate action brought by Tenant. The covenants to pay Rent and other amounts hereunder are independent covenants and Tenant shall have no right to hold back, offset or fail to pay any such amounts for default by Landlord or any other reason whatsoever except to the extent of final adjudicated matters.

Section 18.4 Waiver of Rights of Redemption.

To the extent permitted by law, Tenant waives any and all rights of redemption granted by or under any present or future laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise

Section 18.5 Costs and Fees.

Tenant shall pay upon demand all of Landlord's costs, charges and expenses, including fees of attorneys, agents and others retained by Landlord incurred in enforcing any of the obligations of Tenant under this Lease or in any litigation, negotiation or transaction in which Landlord, shall become involved on account of this Lease Notwithstanding anything in this Lease to the contrary, in any litigation between the parties hereto, both Landlord and Tenant hereby waives any right to a jury trial All matters shall be heard through a bench trial or as otherwise mutually agreed between the parties hereto.

ARTICLE XIX

DEFAULT BY LANDLORD

Section 19.1 Default Defined. Notice.

Landlord shall in no event be charged with default in any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice to Landlord by Tenant specifically describing such failure

Section 19.2 Notice to First Mortgagee.

If the holder of any mortgage covering the Premises shall have given written notice to Tenant of the address to which notices to such holder are to be sent, such address to be provided to Tenant by Landlord, Tenant shall give such holder written notice simultaneously with any notice given to Landlord of any default of Landlord, and, if Landlord fails to cure any default asserted in said notice within the time provided above, Tenant shall notify such holder in writing of the failure to cure, and said holder shall have thirty (30) days after receipt of such second notice to cure such default before Tenant may take any action by reason of such default

ARTICLE XX

TENANT'S PROPERTY

Section 20.1 Taxes on Leasehold.

Tenant shall be responsible for and shall pay before delinquent all municipal, county, federal or state taxes coming due during or after the term of this Lease against any leasehold interest of Tenant or personal property of any kind owned or placed in, upon or about the Premises by Tenant

Section 20.2 Assets of Tenant. Intentionally Omitted

ARTICLE XXI

ACCESS BY LANDLORD

Section 21.1 Right of Entry.

Landlord, its agents and employees shall have the right to enter the Premises from time to time during business hours and after notice to examine the same, upon written notice to Tenant, show them to prospective purchasers and other persons, and make such repairs, alterations, improvements or additions as Landlord deems desirable or necessary and Landlord shall be allowed to take all material on the Premises as may be required therefore without the same constituting an eviction of Tenant in whole or in part. Landlord shall make all reasonable efforts to cause the least amount of disruption to Tenant. Landlord shall not disturb the dialysis patients during any entry. Rent shall in no wise abate while any such repairs, alterations, improvements, or additions are being made. During the last six (6) months of the Lease Term, Landlord may exhibit the Premises to prospective tenants and place upon the Premises notices deemed advisable by Landlord of the Premises being for Rent, all without molestation by Tenant. In addition during any apparent emergency, Landlord or its agents may enter the Premises forcibly without liability therefore and without in any affecting Tenant's obligations under this Lease. Nothing herein contained, however, shall be deemed to impose upon Landlord any obligation, responsibility or liability whatsoever, for any care, maintenance or repair except as otherwise herein expressly provided.

ARTICLE XXII

HOLDING OVER, SUCCESSORS

Section 22.1 Holding Over.

If Tenant holds over or occupies the Premises beyond the Lease Term (it being agreed there shall be no permitted holding over of occupancy without Landlord's written consent), Tenant shall pay Landlord, as and for Rent, for each day of such holding over a sum equal to the greater of (a) double the last paid minimum monthly Rent prorated for the number of days of such hold over, or (b) minimum annual Rent plus Percentage Rent prorated for the number of days of such holding over, plus a prorata portion of all other amounts which Tenant would have been required to pay hereunder had this Lease been in effect. If Tenant holds over with or without Landlord's written consent, then at Landlord's sole option, Tenant shall occupy the Premises either as a tenancy from month to month or day to day and all other terms and provisions of this Lease shall be applicable to such period except as to minimum Rent. The provisions of this paragraph shall not constitute a waiver by Landlord of any right of re-entry as herein set forth nor shall receipt of any Rent or any other act in apparent affirmance of tenancy operate as a waiver of the right to terminate this Lease for a breach of any covenant herein or of any other right or remedy provided for in this Lease.

Section 22.2 Successors.

All rights and liabilities herein given to or imposed upon the respective parties hereto shall bind and inure severally to the respective heirs, successors, administrators, executors, and assigns of the parties, and, if Tenant is more than one person, they shall be bound jointly and severally by this Lease. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment was approved by Landlord in writing as provided in Section 13.1 hereof.

ARTICLE XXIII

QUIET ENJOYMENT

Section 23.1 Landlord's Covenant.

If Tenant pays all Rent and other amounts herein provided, and observes and performs all the covenants, terms and conditions, Tenant shall peaceably and quietly hold and enjoy the Premises for the Lease Term without interruption by Landlord or any person or persons claiming by, through or under Landlord, subject, nevertheless, to the terms and conditions of this Lease, covenants, conditions and restrictions of record, and rights of utilities and public bodies

ARTICLE XXIV

MISCELLANEOUS

Section 24.1 Waiver.

No waiver by Landlord or Tenant of any breach of any term, covenant or condition hereof shall be deemed a waiver of the same or any subsequent breach of the same or any other term, covenant or condition. The acceptance of Rent by Landlord shall not be deemed a waiver of any earlier breach by Tenant of any term, covenant or condition hereof, regardless of Landlord's knowledge of such breach when such Rent is accepted. No covenant, term or condition of this Lease shall be deemed waived by Landlord or Tenant unless waived in writing.

Section 24.2 Accord and Satisfaction.

Landlord is entitled to accept, receive and cash or deposit any and all payment made by Tenant for any reason or purpose or in any amount whatsoever, and apply the same at Landlord's option to any obligation of Tenant or which Tenant might owe and the same shall not constitute payment of any amount owed or to be owed except that to which Landlord has applied the same.

No endorsement or statement on any check or letter of Tenant shall be deemed an accord and satisfaction or otherwise recognized for any purpose whatsoever. The acceptance of any such check or payment shall be without prejudice to Landlord's right to recover any and all amounts owed by Tenant or which Tenant might owe hereunder and Landlord's right to pursue any other available remedy.

Section 24.3 Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and undertakings between the parties. There are no representations, covenants, warranties, promises, agreements, conditions or undertakings, oral or written, between Landlord and Tenant other than herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless in writing and signed by them.

Section 24.4 No Partnership.

Landlord does not, in any way or for any purpose, become a partner, employer, principal, master, agent or joint venturer of or with Tenant.

Section 24.5 Force Majeure.

If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure material, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under this Lease, the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Notwithstanding the foregoing, the provisions of this Section 24.5 shall at no time operate to excuse Tenant from any obligations for payment of Rent, Percentage Rent, Additional Rent or any other payments required by the terms of this Lease when the same are due and all such amounts shall be paid when due

Section 24.6 Submission of Lease.

Submission of this Lease to Tenant does not constitute an offer to lease, this Lease shall become effective only upon execution and delivery thereof by Landlord and Tenant. Upon execution of this Lease by Tenant, Landlord is granted an irrevocable option for twenty (20) days to execute this Lease within said period and thereafter return a fully executed copy to Tenant. The Effective Date of this Lease shall be the date filled in on Page One (1) hereof by Landlord, which shall be the date of execution by the last of the parties to execute this Lease.

Section 24.7 Notices.

All notices from Tenant to Landlord required or permitted by any provision of this agreement shall be directed to Landlord as follows

A & R Katz Management, Inc.
3175 Commercial Avenue
Northbrook IL 60062-1923
Telephone (847) 205-1200
Fax (847) 205-1212

Rent shall be directed to A & R Katz Management, Inc. at 135 S LaSalle, Dept 1135, Chicago, Illinois 60674-1135, with the check made payable to Scottsdale Limited Partnership or as otherwise directed in writing by Katz

Prior to the Commencement Date such notices shall only be effective if given to Landlord at the address shown above.

All notices from Landlord to Tenant required or permitted hereunder shall be directed as follows, namely

Renal Care Group Midamerica
161 N. Clark Street
Suite 1200
Chicago, Illinois 60601
Telephone: (312) 634-6850
Fax: (312) 634-6855

All notices to be given hereunder by either party shall be written and sent by registered or certified mail, return receipt requested, bearing adequate postage, postage prepaid, addressed to the party intended to be notified at the address set forth above. Notice may also be sent by overnight express carrier (e.g., Federal Express, Courier, Express Mail) with a request that the addressee sign a receipt evidencing delivery and addressed as above. Notice may further be given by facsimile (fax) and shall be deemed given and be

Effective as of the date that such notice is sent to the fax number as noted above. Either party may, at any time or from time to time, notify the other in writing of a substitute address for that above set forth, and thereafter notices shall be directed to such substitute address. Notice given as aforesaid shall be sufficient service thereof and shall be deemed given as of the earlier of (a) the date occurring three (3) business days after the date of mailing the same, or (b) the day of delivery shown on the return receipt. A duplicate copy of all notices from Tenant shall be sent to any mortgagee as provided for in Section 19.2.

Section 24.8 Captions, Section Numbers, and Named Tenants.

This Lease shall be construed without reference to titles of Sections, which are inserted only for convenience of reference. If the names of any other tenants or occupants in the Shopping Center or the nature of the business to be conducted by any other tenant or occupant of the Shopping Center are named or shown in this Lease, the same are shown only for illustrative purposes and no representation or warranty is made with respect to other tenants or occupants in the Shopping Center or other businesses which may be conducted therein.

Section 24.9 Number and Gender.

The use herein of a singular term shall include the plural and use of the masculine, feminine or neuter genders shall include all others.

Section 24.10 Rule of Construction.

This Lease shall not be construed more strictly against one party than the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both the Landlord and Tenant have both substantially and materially contributed to the preparation hereof.

Section 24.11 Limitation of Liability.

Anything to the contrary herein contained notwithstanding, there shall be absolutely no personal liability on persons, firms or entities who constitute Landlord or beneficiary of Landlord with respect to any of their terms, covenants, conditions and provisions of this Lease, and Tenant shall look solely to the interest of Landlord, its successors and assigns, in Shopping Center for the satisfaction of each and every remedy of Tenant in the event of default by Landlord hereunder; such exculpation of personal liability is absolute and without any exception whatsoever.

Section 24.12 Broker's Commission.

Landlord shall pay a \$4.50 sq ft Commission, to be split 50/50 between Hiffman Shaffer Associates, Inc (HSA), and Transwestern Commercial Services (TCS). Each party represents and warrants that it has caused or incurred no claims for brokerage commissions or finder's fees in connection with the execution of this Lease, and each party shall indemnify and hold the other harmless against and from all liabilities arising from any such claims caused or incurred by it (including without limitation, the cost of attorneys fees in connection therewith).

Section 24.13 Partial Invalidity.

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

Section 24.14 Recording.

The parties agree not to place this Lease of record but each party shall, at the request of the other, execute and acknowledge so that the same may be recorded, a Short Form Lease or Memorandum of Lease, indicating the Lease Term and any options to extend such Term, but omitting Rent and other terms, and specifying the Commencement Date and Termination Date of the Lease Term, PROVIDED, HOWEVER, that the failure to record said short form lease or Memorandum of Lease shall not affect or impair the validity and effectiveness of this Lease. If Tenant requests same to be recorded, Tenant shall pay all costs, taxes, fees and other expenses in connection with or prerequisite to recording.

Section 24.15 Applicable Law.

This Lease shall be construed in accordance with the laws of the State of Illinois.

Section 24.16 Mortgagee's Approval.

If any mortgagee of the property containing the Premises requires any modification of the terms and provisions of this Lease as a condition to such financing as Landlord may desire, then Landlord shall have the right to cancel this Lease if Tenant fails or refuses to approve and execute such modification(s) within thirty (30) days after Landlord's request therefore, provided that said request is made at least thirty (30) days to the time such change is required. Upon such cancellation by Landlord, this Lease shall be null and void and neither party shall have any liability either for damages or otherwise to the other by reason of such cancellation. In no event, however, shall Tenant be required to agree, and Landlord shall not have any right of cancellation for Tenant's refusal to agree to any modification of the revisions of this Lease relating to the amount of Rent or other charges reserved herein, the size and/or location of the Demised Premises, the duration and/or Commencement Date of the term, or the reducing of improvements to be made by Landlord to the demised Premises prior to delivery of possession.

Section 24.17 Joint and Several Liability.

If Tenant is a partnership or other business organization, the members of which are subject to personal liability, the liability of each such member shall be deemed to be joint and several.

Section 24.18 Exculpatory Clause.

In the event of any sale or other transfer of the land, building or this Lease, or a lease of the Shopping Center, the named Landlord hereunder shall be entirely relieved of all obligations hereunder from and after the date of the transfer.

This Lease is executed by A & R Katz Management, Inc., not personally but as agent for the owner of the real estate and in the exercise of the power and authority conferred upon and vested in A & R Katz Management, Inc., as agent. It is expressly understood and agreed that nothing herein shall be construed as creating any liability whatsoever against said A & R Katz Management, Inc., personally and in particular without limiting the generality of the foregoing, there shall be no personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained, or to keep, preserve or sequester any property and that all personal liability of A & R Katz Management, Inc. of every sort, if any, is hereby expressly waived by said Lessee, and by every person now or hereafter claiming any right or security hereunder, and that so far as A & R Katz Management, Inc. is concerned the owner of any indebtedness or liability accruing hereunder shall look solely to the Premises hereby leased for the payment thereof.

IN WITNESS WHEREOF, Landlord and Tenant have signed and sealed this Lease as of the day and year first above written.

(LANDLORD)

A & R KATZ MANAGEMENT, INC., As Authorized Agent
for Scottsdale Limited Partnership, an Illinois
limited partnership

By David Katz

(TENANT)

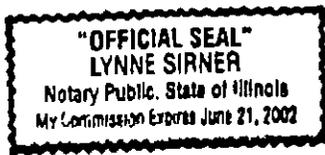
RENAL CARE GROUP, INC. d/b/a RENAL CARE GROUP
MIDAMERIA

By Gerald Cullen
GERALD CULLEN, COO

STATE OF ILLINOIS)
) SS
COUNTY OF)

Before me, a Notary Public in and for said County and State, appeared
of Dana Roth, a Vice President
of H.R. Roth Management, Inc. who executed the foregoing
Lease for and on behalf of said corporation

WITNESS my hand and notarial seal this 16 day of July
19 99



Lynne Sirner
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF)

Before me, a Notary Public in and for said County and State, appeared
of _____, a _____
who executed the foregoing
Lease for and on behalf of said _____

WITNESS my hand and notarial seal this _____ day of _____
19 _____

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF)

Before me, _____ a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing instrument, and acknowledged to me that he (they) executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and official seal this _____ day of _____, 19_____

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF)

Before me, _____ a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing instrument, and acknowledged to me that he (they) executed the same for the purposes and consideration herein expressed and in the capacity therein stated

Given under my hand and official seal this _____ day of _____, 19_____

Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION:

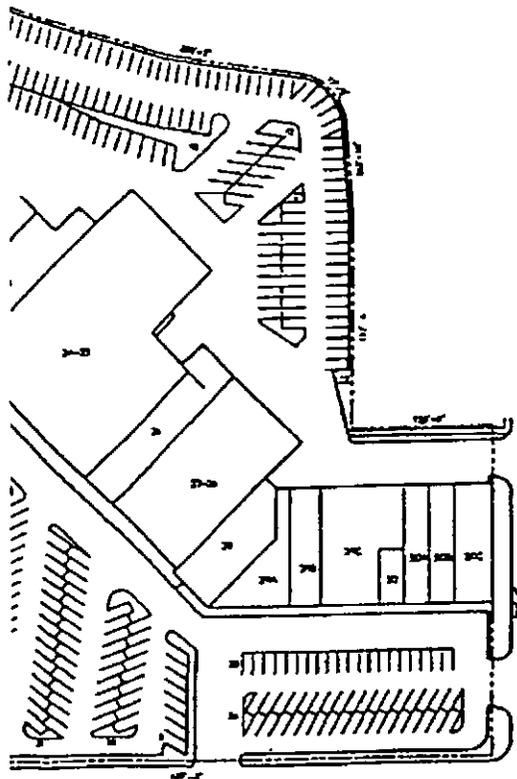
LOT A IN SCOTTSDALE FOURTH ADDITION BEING RAYMOND I. LUTGERTS RESUBDIVISION OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, EXCEPT THAT PART OF SAID LOT "A" DEEDED TO THE STATE OF ILLINOIS AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE PRESENT SOUTH LINE OF WEST 79TH STREET WITH THE PRESENT EAST LINE OF SOUTH CICERO AVENUE, SAID POINT OF INTERSECTION BEING DISTANT, 50 FEET SOUTH, MEASURED AT RIGHT ANGLES FROM THE NORTH LINE OF SAID SECTION 34 AND ALSO DISTANT, 50 FEET EAST MEASURED AT RIGHT ANGLES FROM THE WEST LINE OF SECTION 34; THENCE EAST ALONG SAID SOUTH LINE OF WEST 79TH STREET, 64.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF A CIRCLE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 50 FEET, A DISTANCE OF 78.54 FEET TO A POINT OF TANGENCY, DISTANT 14 FEET EAST MEASURED AT RIGHT ANGLES FROM SAID EAST LINE OF SOUTH CICERO AVENUE; THENCE SOUTH PARALLEL WITH SAID EAST LINE OF SOUTH CICERO AVENUE (TO WHICH THE LAST DESCRIBED LINE IS TANGENT) 271.50 FEET THENCE SOUTHWESTERLY IN A STRAIGHT LINE 428.73 FEET TO AN INTERSECTION WITH SAID EAST LINE OF SOUTH CICERO AVENUE; THENCE NORTH ALONG SAID EAST LINE OF SOUTH CICERO AVENUE, 750 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

SCOTTSDALE

Space #	Tenant
1	VACANT
2	VACANT
3	5 Minute Heel Service
4	Al-Salam Bakery
5	Mutual Financial Group
6	Lee Nails
7	Walgreen's
8-9A	VACANT
9-10	Columbia Michael Reese
11-14	VACANT
15	VACANT
16	VACANT
17	Royce Group
18	VACANT
19	J.C. Beauty Supply
20	Goldblatt's
20A&B	Harlem Furniture
21	Payless Shoe/Volume Shoe
22	Sizes Unlimited #921
23	Bargain Books
24/25	Office Depot
26	Fashion Factory Outlet
27-8	Factory Card Outlet
29	Dollar Bills
29A	Parade of Shoes
29B	Pet Lov
29C	China King Buffet & Grill
30	SSA Currency Exchange
30A	H&R Block
30B	Jenny Craig
30C	VACANT
35	Dunkin' Donuts
36	Bac 'N Eggs
37	Tires Plus
38	Burger King/American
39	VACANT
40	Scottsdale Dental Clinic
41	First National Bank
42	Nabill Malley Travel
43	Dr. Nathan Sirota
44	Dr. Curt R. Lang
45	Fadi Zannayed
45A	VACANT
46	VACANT
47	Eller Media Company
48	CTA
49	Scottsdale Car Wash
50	FuncoLand #58
51	Veterans Foundation Drop Box
52	Kenny's Rib & Chicken
53	Hair Cattery #2116
	Check Now

advised/insert



TOTAL PARKING = 1,245

SITE PLAN 

SCOTTSDALE SHOPPING CENTER
 79TH STREET & CIGERO AVENUE
 CHICAGO, ILLINOIS

BASIL ASSOCIATES, INC.
 PROJECT ARCHITECTS
 100 NORTH LAKE STREET, SUITE 1000, CHICAGO, IL 60602

SITE PLAN

9158

EXHIBIT "C"

DESCRIPTION OF LANDLORD'S AND TENANT'S WORK

A. GENERAL

1. None

B. BUILDINGS

C. TENANT'S WORK—to be done by Tenant at Tenant's own expense.

1. Coves and Ceilings.

All coves and special ceilings.

2. Show Windows.

All show window backgrounds, floors, ceilings and show window lighting installation.

3. Wall and Wall Finishes.

All interior partitions and walls within the Premises and all walls and columns except the finishes required on metal studs, dry wall, gypsum board or masonry partitions erected as part of Landlord's Work.

4. Doors

All doors and hardware within the Premises except as provided for in Landlord's Work.

5. Floor Covering

All floor covering and floor finishes, not included under Landlord's Work, except toilet.

6. Interior Painting.

All interior painting and decoration, and decoration not included under Landlord's Work, except toilet.

7. Plumbing

All plumbing including connections to the utility systems except as installed under Landlord's Work. Any work which disturbs subgrade compaction to be recompacted to 95% modified proctor. Any excess material to be disposed of by Tenant.

8. Roof Opening

Roof openings, including necessary curbs and flashings to accommodate the installation of the Tenant's Work. Roof openings shall be located as directed by Landlord. Tenant shall employ Landlord's roofer for such work and the work shall be done in such manner that the Landlord's roofing guarantee will not be affected. Roof hatches are not allowed.

9 Electrical Systems, Equipment and Lighting Fixtures with Lamping

Electrical, power and lighting distribution system including lighting panels, conduits, outlet boxes, switches, outlets, wiring and lighting fixtures with lamping not covered by Landlord's work. Any work which disturbs subgrade compaction to be recompact to 95% modified proctor. Any excess material to be disposed of by Tenant.

10. Utility Meters.

- a. Water meters (and gas meters, if gas is supplied)—shall be located at a location to be determined by the Landlord.
- b. Electrical meters—shall be located at a location to be determined by Landlord.
- c. Deposits for connection charges by any utility company furnishing service to a Tenant to be borne by the Tenant.

11. Telephone Conduit.

Conduits, cabinets and outlets within the Premises as required by the utility company supplying the service for the telephone service required by the Tenant.

12. Garbage and Rubbish.

Storage area for dry rubbish collection containers and wet garbage cans within the Premises readily accessible for pick up.

13. Temporary Services

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

14. Store Signs.

All store signs must also comply with the general architectural and construction standards attached hereto, and must be approved by Landlord in writing. Tenant shall furnish one (1) complete set of its design drawings to the Landlord for checking, general comment and approval. (See Exhibit "D"). In the event Landlord requires Tenant to remove and replace Tenant's sign, Tenant shall do so at Tenant's sole cost. It is anticipated that this will be done only during repairing or remodeling by Landlord.

15 General Provisions.

The provisions of this Section 0 wherein Tenant is required to furnish a payment or performance bond or other security, or where Landlord's approval is required for a contractor or other person, or Landlord's approval of the initial work or other major work to be done or Tenant is required to give Landlord formal drawings, or where Tenant is required to obtain Builder's Risk Insurance or Liability Insurance or Automobile Insurance, are not required for Tenant's initial work to be done on the Premises or for non-major subsequent work to be on the Premises unless Tenant has been in default under the terms of the Lease or there are pending material disagreements between Landlord and Tenant.

- a. Landlord shall have the right to require Tenant to furnish payment and performance bonds or other security in form satisfactory to Landlord for the prompt and faithful performance of Tenant's Work and conditioned that Landlord will be held harmless from payment of any claim either by way of damages or liens on account of bills for labor or material in connection with Tenant's Work. Tenant shall not commence Tenant's Work, nor employ any contractor or person to do Tenant's Work without Landlord's prior written approval of such contractor or other person.
- b. It is understood and agreed between Landlord and Tenant that costs incurred by Landlord, if any, as a result of Tenant's failure or delay in providing the information as required in this Exhibit "C" and in the Lease to which this Exhibit is attached, shall be the sole responsibility of Tenant and it will pay such costs, if any, promptly upon Landlord's demand.
- c. Compliance with Requirements—All Tenant's Work shall conform to applicable statutes, ordinances, regulations and codes, ADA requirements and requirements of Landlord's insurance company. Tenant shall obtain and convey to Landlord all approvals with respect to electrical, gas, water, heating, cooling, and telephone work, all as may be required by the utility company supplying the service.
- d. Approvals—No approval by Landlord shall be deemed valid unless in writing and signed by Landlord. Prior to commencement of Tenant's Work, Tenant shall furnish to Landlord three (3) complete sets of drawings for such work for Landlord's prior approval, which shall not be unreasonably delayed or denied.
- e. Insurance—Prior to commencement of Tenant's Work and until completion thereof, or commencement of the Lease Term, whichever is the last to occur, Tenant shall effect and maintain Builder's Risk Insurance covering Landlord, Tenant and Tenant's contractors, as their interest may appear, against loss or damage by fire, vandalism and malicious mischief and such other risks as are customarily covered by a so-called "Extended Coverage Endorsement" upon all Tenant's Work in place and all materials, equipment, supplies and temporary structures of all kinds incidental to Tenant's Work, and equipment, all while forming a part of or contained in such improvements or temporary structures, or while on the Premises or within 100' thereof, or alleys, all to the full insurable value thereof at all times.

(25)

In addition, Tenant agrees to indemnify and hold Landlord harmless against any and all claims for injury to persons or damage to property by reason of the use of the Premises for the performance of Tenant's Work, and claims, fines and penalties arising out of any failure of Tenant's or its agents, contractors and employees to comply with any law, ordinance, code requirements, regulations or other requirement applicable to Tenant's Work and Tenant agrees to require all contractors and subcontractors engaged in the performance of Tenant's Work to effect and maintain and deliver to Tenant and Landlord, certificates evidencing the existence of, and covering Landlord, Tenant and Tenant's contractors, prior to commencement of Tenant's Work and until completion thereof, the following insurance coverages:

- (1) Worker's Compensation Insurance in accordance with the laws of the State of Illinois, including Employer's Liability Insurance to the limit of \$100,000
- (2) Comprehensive General Liability Insurance, excluding "automobile liability" against personal injury, including death resulting therefrom, to the limits of \$100,000 for any one person and \$300,000 for more than one person in any accident and against property damage to the Landlord's center of \$50,000.
- (3) Automobile insurance including "non-owned" automobiles against personal injury, including death resulting therefrom, to the limits of \$100,000 for any one person and \$300,000 for more than one person in any one accident and against property damage to the limit of \$50,000.

EXHIBIT "D"

SIGN CRITERIA

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

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

36" Capital Letters

30" Small Letters

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

- d. Painted or printed signs on the exterior surface of any building shall be prohibited, except small-scale signs relative to store name and stating store hours which are neatly lettered on the glass of the storefront but subject to Landlord's approval and, in addition, any non-customer door for receiving merchandise will have in two inch (2") block letters, the name and address of the Tenant.
- e. Public safety decals or artwork on glass in minimum sizes to comply with applicable code, subject to the approval of Landlord may be used, as required by building codes or other governmental regulations.
- f. Paper signs, stickers, banners or flags are prohibited.
- g. No exposed raceways, ballast boxes or electrical transformers will be permitted except as required by Code.
- h. Sign company names or stamps shall be concealed (code permitting).
- i. Except as otherwise approved in writing by Landlord, only one sign for Tenant will be permitted.

- j. Sign letters may be back-lighted with lamps or tubes entirely concealed within the depth of the letter or may be opaque or translucent plastic face with no visible openings. Maximum brightness allowed for interior (enclosed mall) signs will be one hundred foot (100) lamberts taken at the letter face and must comply with all building and electrical codes.
- k. Exposed sign illumination or illumination sign cabinets or modules are not permitted.
- l. Signs and identifying marks shall be placed entirely within the boundaries of Tenant's Premises.
- m. Tenant shall not install any roof-top or under-canopy signs.
- n. Tenant shall install no pylon signs, other than at the locations shown therefor on the site plan which shall be subject to the approval of the parties hereto as to the design and size.
- o. No signs will be permitted at the rear of any building, except as otherwise approved.
- p. All signs shall be lighted and subject to the Landlord's approval before fabrication.
- q. Three (3) complete sets of sign drawings must be submitted to the Landlord for approval before fabrication. Tenant's sign drawings must including the following:
 - i. Elevation view of storefront showing sign (drawn to accurate scale) with dimensions of height of letters and length of letters.
 - ii. Color sample of sign letters.
 - iii. Cross section view through sign letter and sign panel showing location of sign relative to the canopy face and showing the dimensioned projection of the face of the letter from the face of the sign panel.

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

EXHIBIT "E"

RULES AND REGULATIONS

Tenant agrees as follows

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

2. The delivery or shipping of merchandise, supplies and fixtures to and from the leased premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the leased premises or Shopping Center.

3. All garbage and refuse shall be kept in the kind of container specified by Landlord, and shall be placed outside of the premises 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. Tenant shall pay the cost of removal of any of Tenant's refuse or rubbish.

4 No radio or television or other similar device shall be installed without first obtaining in each instance Landlord's consent in writing. No aerial shall be erected on the roof or exterior walls of the premises, or on the grounds, without in each instance, the written consent of Landlord. Any aerial so installed without such written consent shall be subject to removal without notice at any time.

5 No medium, device, instrument or apparatus shall be utilized which can be heard or experienced outside of the Leased Premises, including, without limiting the generality of the foregoing, flashing lights, searchlights, loud speakers, phonographs, organs, pianos, radios or televisions.

6 If the leased premises are equipped with heating facilities separate from those in the remainder of the Shopping Center, Tenant shall keep the leased premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.

7 The outside areas immediately adjoining the premises shall be kept clean and free from snow, ice, dirt and rubbish by Tenant to the satisfaction of Landlord, and Tenant shall not place or permit any obstructions or merchandise in such areas.

8. Tenant and Tenant's employees shall park their cars only in those portions of the parking area designated for that purpose by Landlord. In the event that Tenant or its employees fail to park their cars in designated parking areas as aforesaid, then Landlord at its option shall charge Tenant Twenty Dollars (\$20.00) per day per car parked in any area other than those designated, as and for liquidated damage. Tenant is urged to have employees observe parking regulations.

9 The plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision shall be borne by Tenant, who shall, or whose employees, agents or invitees shall have caused it.

10. Tenant shall use at Tenant's cost such pest extermination contractor at such intervals as Landlord may require.

11 Tenant shall not burn any trash or garbage of any kind in or about the leased premises, the Shopping Center, or within one mile of the outside property lines of the Shopping Center

12. Tenant shall have full responsibility for protecting the premises and the property located therein from theft and robbery, and shall keep all doors, windows and transoms securely fastened when not in use.

13 Blinds, shades, awnings (except awning frames), window ventilators and other similar equipment visible from outside of the premises shall be installed by Tenant only in accordance with prior written approval of the Landlord.

14. Tenant shall not install or maintain machinery or mechanical devices on the premises without the prior written consent of the Landlord.

15 Tenant shall not keep on the premises inflammables, such as gasoline, kerosene, naphtha and benzene, or explosives, or any other articles of an intrinsically dangerous nature.

16 Tenant shall not place unsightly objects against glass partitions or doors.

17 In advertising or other publicity, Tenant shall use the name

SCOTTSDALE SHOPPING CENTER

18. Tenant shall be responsible for the observance of these Regulations by Tenant's employees, agents, clients, customers, invitees and guests.

19 All floor area and other improvements, including vestibules, entrances and returns, doors, fixtures, windows and plate glass shall be maintained in a safe, neat and clean condition.

20 No portion of the Leased Premises shall be used for lodging purposes

21. Neither Tenant nor its employees, customers or invitees shall use any roadway, walkway or mall, except as a means of egress from or ingress to any store and parking areas within the Shopping Center, or adjacent public streets. Such use shall be in an orderly manner, in accordance with the directional or other signs or guides. Roadways shall not be used at a speed in excess of fifteen (15) miles per hour or lower if conditions warrant and shall not be used for parking or stopping, except, where otherwise permitted along perimeter sidewalks, for the immediate loading or unloading of passengers. No walkway or mall shall be used for other than pedestrian travel. No skateboards, rollerskates or other moveable contrivance, except for or by handicapped persons or as otherwise specifically permitted hereunder, shall be used or operated in the Shopping Center

22. Neither Tenant nor its employees, customers or invitees shall use any parking area except for ingress and egress and the parking of motor vehicles during the period of time such persons or the occupants of such vehicle are customers or business invitees or employees of the establishments within the Shopping Center. All motor vehicles shall be parked in an orderly manner within the painted lines defining the individual parking places. During peak periods of business activity, limitations may be imposed by Landlord as to the length of time for parking use. Such limitations may be made in specific areas.

23. Neither Tenant nor its employees, customers or invitees shall use any utility area, truck facilities, or other area reserved for use in connection with the conduct of business, except for the specific purpose for which permission to use such area is given.

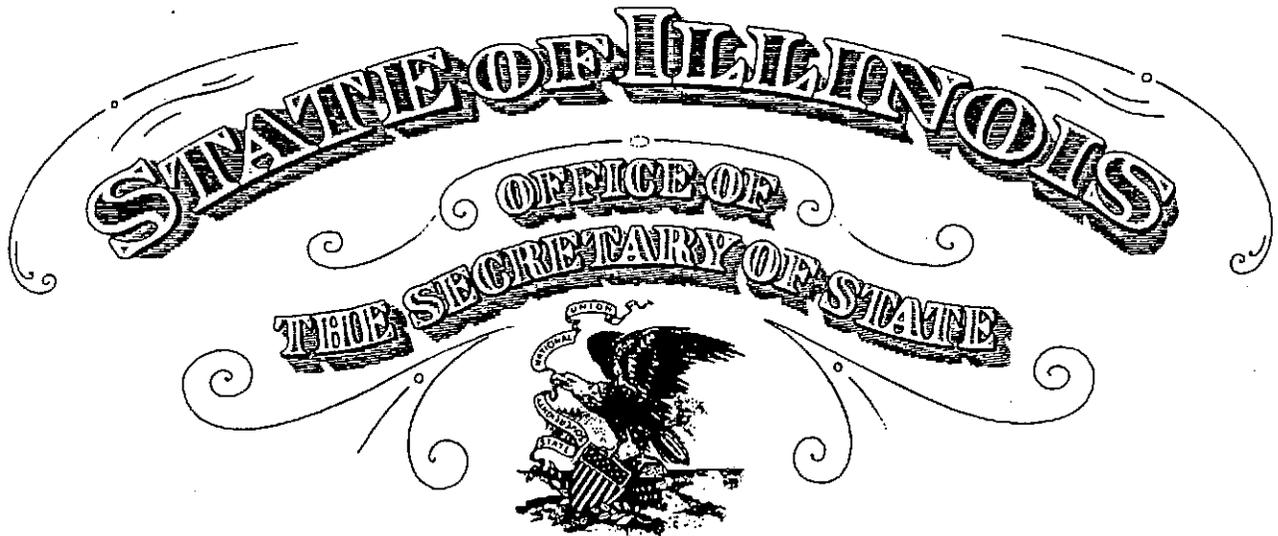
24. Neither Tenant nor its employees, customers or invitees without the express prior written consent of Landlord, which consent may be withheld in its sole and absolute discretion, shall do any of the following in or on any part of the Common Facilities:

- a. Vend, peddle or solicit orders for sale or distribution of any merchandise, device, service, periodical, book, pamphlet or other matter whatsoever.
- b. Exhibit any sign, placard, banner, notice or other written material.
- c. Distribute any circular, booklet, handbill, placard or other material.
- d. Solicit signatures or registration or opinions for any purpose; or solicit membership in any organization, group or association; or solicit contributions for any purpose; or conduct surveys.
- e. Parade, rally, patrol, picket or demonstrate; or engage in any conduct that might tend to interfere with or impede the use of any of the Common Facilities by any person, create a disturbance, attract attention or harass, annoy, disparage or be detrimental to the interest of any of the retail establishments within the Shopping Center.
- f. Throw, discard or deposit any paper, glass or extraneous matter of any kind, except in designated receptacles or create litter or hazards of any kind.
- g. Use any sound making device of any kind or create or produce in any manner noise or sound that is annoying, unpleasant, or distasteful to other persons or tenants.
- h. Deface, damage or demolish any sign, light standard or fixture, landscaping material or other improvement within the Shopping Center, or the property of any person situated within the Shopping Center.

Landlord shall have the right to alter, amend or modify the above regulations or to add new and additional regulations from time to time. Tenant shall be required to observe and abide by any altered, amended, modified or additional regulation beginning with the tenth day following the receipt of written notice from Landlord setting forth such altered, amended, modified or additional regulations. Same shall not materially effect Tenant's operation.

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

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



To all to whom these Presents Shall Come, Greeting:

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

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



Authentication #: 1113901624

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

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

Jesse White

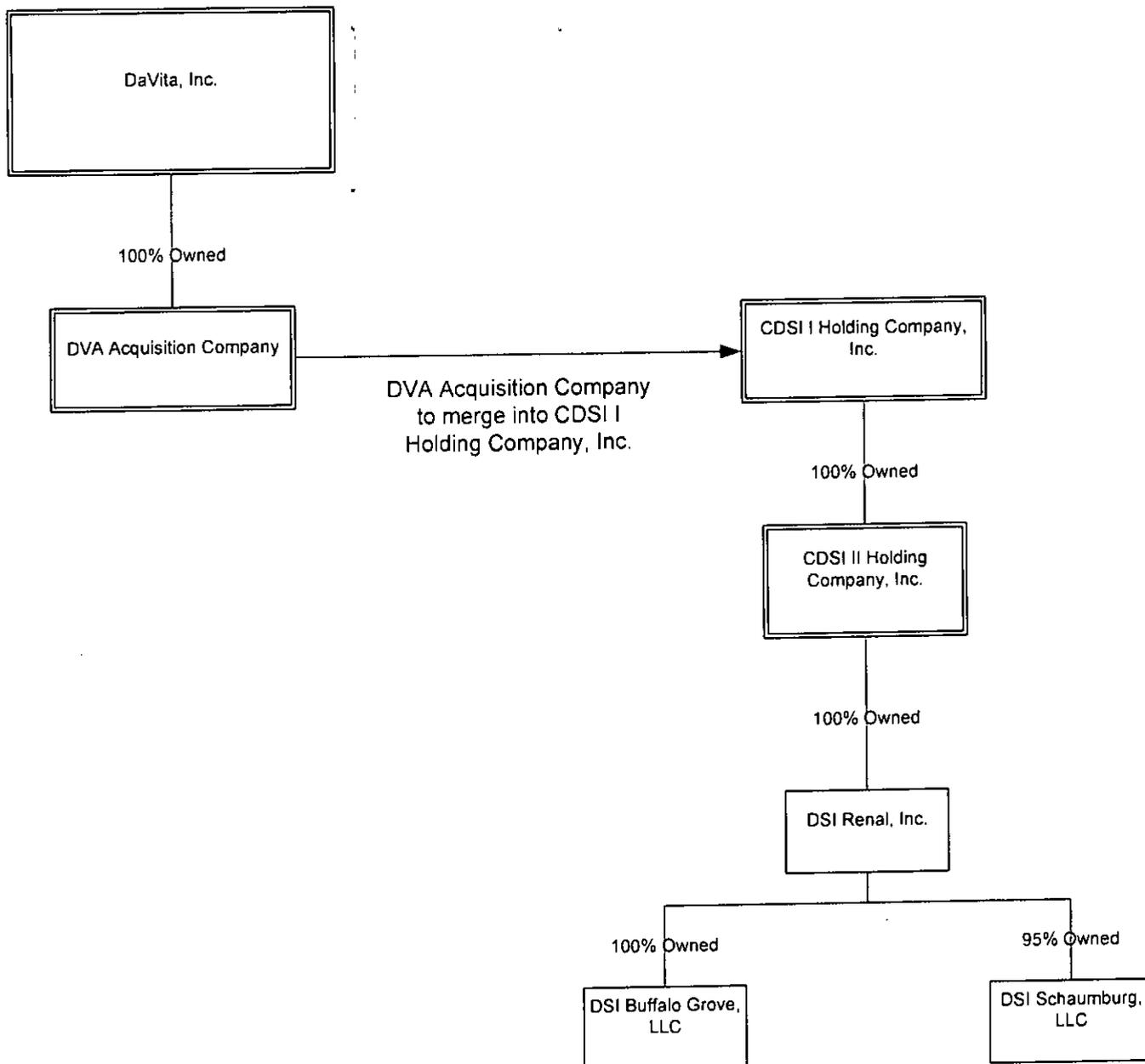
SECRETARY OF STATE

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

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

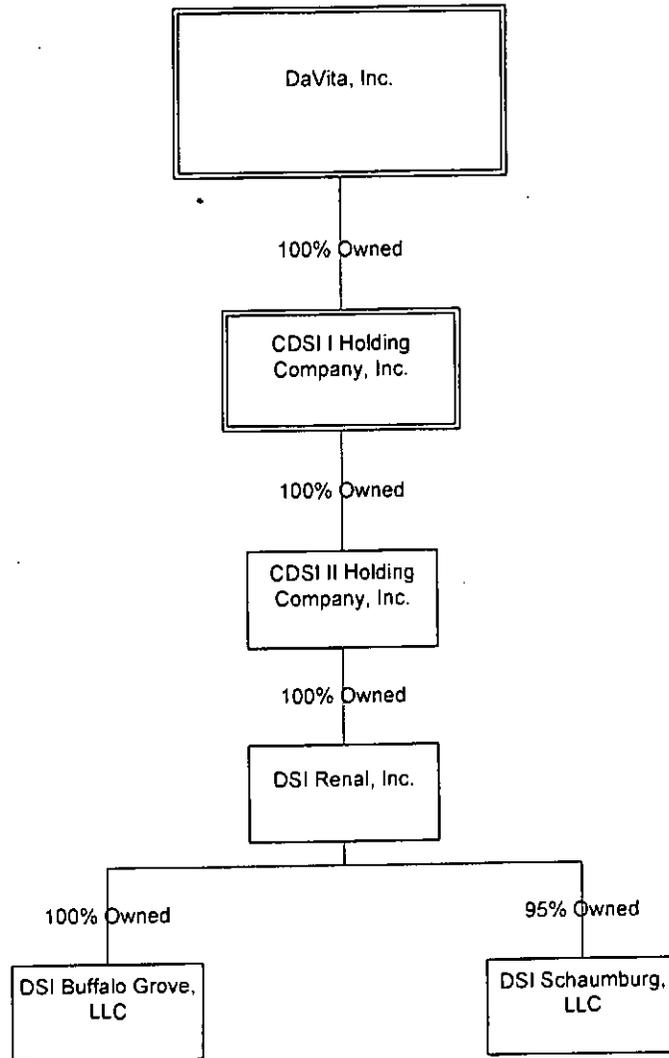
DaVita – DSI Renal, Inc.

Pre-Merger Organizational Chart



DaVita, Inc. – DSI Renal, Inc.

Post-Merger Organizational Chart



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	\$22,295,899	12,805					
Total Clinical	\$22,295,899	12,805	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	\$22,295,899	12,805	0	0	0	0	0

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

Background of the Applicants

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

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

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

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

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

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

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

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

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

² Id.

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

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

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

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

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

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

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

Dialysis facilities are not subject to State Licensure.

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

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



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

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

April 30, 2009

Dear Physicians:

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



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



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

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

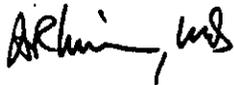
- **Assess incident patients regularly in their first 90 days:** Discuss patients individually and regularly. Use the IMPACT scorecard to prompt these discussions.
- **Adopt "Facility Specific Orders":** Create new facility specific orders using the form that will be provided to you.
- **Minimize the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

Launch Kits:

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

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

Sincerely,



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

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



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

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

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

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

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

Incident Management of Hemodialysis Patients: Managing the First 90 Days

John Robertson¹, Pooja Goel¹, Grace Chen¹, Ronald Levine¹, Debbie Benner¹, and Amy Burdan¹
¹DaVita Inc., El Segundo, CA, USA

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

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

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

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

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

IMPACT Tools

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

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

1

2

3

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.

4

6

90

IMPACT SCORECARD

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

Indicator	Target	Actual	Variance
Access	95%	92%	-3%
Albumin	3.5g/dL	3.2g/dL	-0.3g/dL
Adequacy	1.3	1.2	-0.1
Anemia	12.0g/dL	11.8g/dL	-0.2g/dL

5

IMPACT Education Checklist

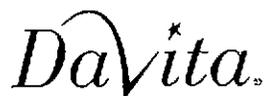
80

IMPACT Management Checklist

80

Indicator	Target	Actual	Variance
Access	95%	92%	-3%
Albumin	3.5g/dL	3.2g/dL	-0.3g/dL
Adequacy	1.3	1.2	-0.1
Anemia	12.0g/dL	11.8g/dL	-0.2g/dL

105



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

IMPACT

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

DaVita.com

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

Core Values
Service Excellence
Integrity
Team
Continuous Improvement
Accountability
Fulfillment
Fun

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

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

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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	5TE A	ELGIN	KANE	IL	60120-2125	14-2715
Lake Park Dialysis	1531 E HYDE PARK BLVD		CHICAGO	COOK	IL	60615-3039	14-2717
Stony Island Dialysis	8725 S STONY ISLAND AVE		CHICAGO	COOK	IL	60617-2709	14-2718
Woodlawn Dialysis	1164 E 55TH ST		CHICAGO	COOK	IL	60615-5115	14-2310
Woodlawn Home Program	5841 S MARYLAND AVE	RM L-026	CHICAGO	COOK	IL	60637-1447	14-3524
Lockport Home Dialysis	16626 W 159TH ST	STE 703	LOCKPORT	WILL	IL	60441-8019	14-2697
Maryville Home Dialysis	21368 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2686
Kennedy Home Dialysis	5509 N CUMBERLAND AVE	STE 515	CHICAGO	COOK	IL	60656-4702	14-2691

DSI Renal Inc. Illinois Facilities

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

May 18, 2011

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

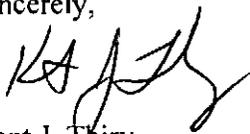
Re: Adverse Action and Access to Information

Dear Chairman Galassie:

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

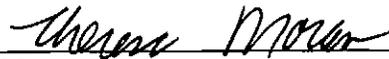
Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit.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

Sincerely,



Kent J. Thiry
Chief Executive Officer
DaVita, Inc.

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



Notary Public



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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:

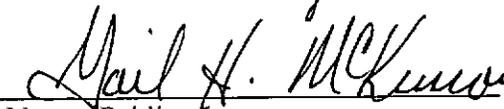
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DSI Renal, Inc. during the three years prior to filing this application.

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



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

4. Reference

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

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 \$22,295,899.

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	\$22,295,899	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

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Policy: 3-01-03

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Attachment 19B

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

POLICY:

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

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 inquiries made by the dialysis facility within a 24-hour period.

D. Exceptions to these Procedures:

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

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

May 18, 2011

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

Re: Admissions Policies

Dear Chairman Galassie:

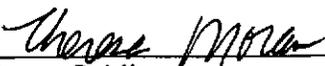
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for DSI Renal Inc. d/b/a DSI Scottsdale Renal Center will not become more restrictive as a result of the proposed merger of DaVita, Inc. and DSI Renal,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

Sincerely,

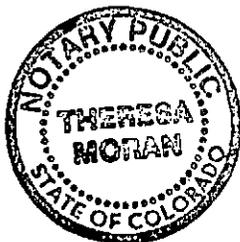


Kent J. Thiry
Chief Executive Officer
DaVita, Inc.

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



Notary Public



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

1. Impact on Other Area Providers

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

2. Facilities within Applicant's Health Care System

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

3. Present and Proposed Referral Agreements

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

4. Time and Distance for Proposed Referrals

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

5. Use of Care System Providers

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

6. Duplication of Services

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

7. Services Not Available to the Community

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

DaVita, Inc. Illinois Facilities						
Facility	Address	City	Services	Number of Stations 3/31/2011	Average Utilization 04/01/2010 to 03/31/2011	
Stonestrest 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 Spreser	Taylorville	In-Center Hemo	10	50.42%	
Springfield Montvale Dialysis	2930 Montvale Drive, Suite A	Springfield	In-Center Hemo	17	76.23%	
Springfield South Dialysis	2930 South 6th Street	Springfield	In-Center Hemo, CAPD, 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%	
Olney Dialysis Center	117 North Boone	Olney	In-Center Hemo	7	48.81%	
Wayne County Dialysis	303 NW 11th Street	Fairfield	In-Center Hemo, CAPD	8	45.31%	
Vandalia Dialysis	301 Mattes Road	Vandalia	In-Center Hemo, CAPD	8	36.46%	
Robinson Dialysis	1215 North Allen Street	Robinson	In-Center Hemo	8	21.88%	
Woodlawn Dialysis	1164 East 55th Street	Chicago	In-Center Hemo, CAPD, HDD	20	112.50%	
Lincoln Park Dialysis	3155-57 N. Lincoln Avenue	Chicago	In-Center Hemo	22	80.11%	
Emerald Dialysis	710 W 43rd Street	Chicago	In-Center Hemo, CAPD	24	87.67%	
Logan Square Dialysis	2659 North Milwaukee Ave.	Chicago	In-Center Hemo	20	91.67%	

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

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Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

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

Section IX, Financial Feasibility
Criterion 1120.130 – Financial Viability Waiver

The project will be funded with \$22,295,899 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

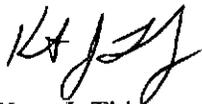
Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

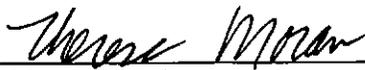
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment 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: \$5,641,671

Treatments: 25,415

Operating Expense per Treatment: \$221.98

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

Capital Costs: \$572,584

Treatments: 25,415

Capital Costs per Treatment: \$22.54

Section XI, Safety Net Impact Statement

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

Section XII, Charity Care Information

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

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

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

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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	87-88
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	89-91
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21	Comprehensive Physical Rehabilitation	
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24	Open Heart Surgery	
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