

ORIGINAL

11-092

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

SEP 26 2011

This Section must be completed for all projects.

Facility/Project Identification

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility Name:	RAI-North Main		
Street Address:	160 North Main Street		
City and Zip Code:	Breese, IL 62230		
County:	Clinton	Health Service Area	XI Health Planning Area: XI

Applicant /Co-Applicant Identification

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

Exact Legal Name:	Liberty Dialysis Holdings, Inc.		
Address:	7650 SE 27 <sup>th</sup> Street Suite 200 Mercer Island, WA 98040		
Name of Registered Agent:			
Name of Chief Executive Officer:	Mark E. Caputo		
CEO Address:	7650 SE 27 <sup>th</sup> Street Suite 200 Mercer Island, WA 98040		
Telephone Number:	206/236-5001		

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
X	For-profit Corporation	<input type="checkbox"/>	Governmental	
	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:	Ryan Pardo
Title:	Vice president, General Counsel
Company Name:	Liberty Dialysis, LLC
Address:	7650 SE 27 <sup>th</sup> Street Suite 200 Mercer Island, WA 98040
Telephone Number:	206/816-6506
E-mail Address:	rpardo@libertydialysis.com
Fax Number:	206/816-6556

Additional Contact

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

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

**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:	RAI-North Main
Street Address:	160 North Main Street
City and Zip Code:	Breese, IL 62230
County:	Clinton Health Service Area XI Health Planning Area: XI

**Applicant /Co-Applicant Identification**

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

Exact Legal Name:	RAI Care Centers of Illinois I, LLC
Address:	7650 SE 27 <sup>th</sup> Street Suite 200 Mercer Island, WA 98040
Name of Registered Agent:	
Name of Chief Executive Officer:	Mark E. Caputo
CEO Address:	7650 SE 27 <sup>th</sup> Street Suite 200 Mercer Island, WA 98040
Telephone Number:	206/236-5001

**Type of Ownership of Applicant/Co-Applicant**

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

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**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:	RAI-North Main		
Street Address:	160 North Main Street		
City and Zip Code:	Breeze, IL 62230		
County:	Clinton	Health Service Area	XI Health Planning Area: XI

**Applicant /Co-Applicant Identification**

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

Exact Legal Name:	Fresenius Medical Care Holdings, Inc.
Address:	920 Winter Street Waltham, MA 02451
Name of Registered Agent:	CT Systems
Name of Chief Executive Officer:	Mats Wahlstrom
CEO Address:	920 Winter Street Waltham, MA 02451
Telephone Number:	781/669-9000

**Type of Ownership of Applicant/Co-Applicant**

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

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E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

**Additional Contact**

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

Name:	Honey Jacobs Skinner
Title:	Partner
Company Name:	Sidley Austin.
Address:	1 South Dearborn Street Chicago, IL 60603
Telephone Number:	312/853-7577
E-mail Address:	mskinner@sidley.com
Fax Number:	312/853-7036

### 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:	Ms. Lori Wright
Title:	Senior CON Specialist
Company Name:	Fresenius Medical Care
Address:	One Westbrook Corporate Center, Tower One, Suite 1000, Westchester, IL 60154
Telephone Number:	708/498-9121
E-mail Address:	lori.wright@fmc-na.com
Fax Number:	708/498-9334

### Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	160 North Main, LLC
Address of Site Owner:	160 North Main Breese, IL 62230
Street Address or Legal Description of Site:	160 North Main Breese, IL 62230
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

### Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	RAI Care Centers of Illinois I, LLC	
Address:	7650 SE 27 <sup>th</sup> Street Mercer Island, WA 98040	
<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none"><li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li><li>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.</li><li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li></ul>		
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

### Organizational Relationships

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

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

**Flood Plain Requirements Not Applicable**

[Refer to application instructions.]

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

Fresenius Medical Care Holdings, Inc. ("FMC") has entered into an agreement to acquire Liberty Dialysis Holdings, Inc., ("Liberty") which directly or indirectly owns and operates, among other services, approximately 260 End State Renal Disease (ESRD) facilities in 32 states. Three (3) of the ESRD facilities are located in Illinois. The acquisition will be in the form of a reverse triangular merger transaction through which PB Merger Subsidiary, Inc. ("PB Merger") will merge with Liberty, with Liberty being surviving entity. PB Merger is, according to the Illinois Health Facilities and Service Review Board's definition "controlled" by Bio-Medical Applications Management Company, Inc., which is "controlled" by FMC. Upon the close of the transaction FMC will have ultimate control of the three (3) Illinois ESRD facilities.

This *Application for Permit* addresses the resultant change of ownership of RAI-North main, an 8-station ESRD facility located in Breese, Illinois. Similar *Applications for Permit* have been filed to address the change of ownership of the other two Illinois ESRD facilities owned by Liberty.

No changes to the services provided or the facilities' number of ESRD stations are addressed with any of the three *Applications*. There will also be no change to the entity holding the ESRD facility's Medicare certification.

Subsequent to the change of ownership, the name of the facility will be changed to Fresenius Medical Care Breese, and the IHFSRB will be notified of the name change.

This is a "non-substantive" project, pursuant to the definition of non-substantive" projects provided in Section 1110.40.

## 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	100,000		100,000
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			
Acquisition of ESRD Facility	925,220		925,220
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>\$1,025,220</b>		<b>\$1,025,220</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	925,220		925,220
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$1,025,220</b>		<b>\$1,025,220</b>

**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 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Purchase Price:    \$ _____
Fair Market Value: \$ _____
The project involves the establishment of a new facility or a new category of service Yes <input checked="" type="checkbox"/> No
If yes, provide the dollar amount of all <b>non-capitalized</b> 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 \$ <u>none</u> .

**Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:
<input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>April 30, 2012</u>
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.
<input checked="" type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
<input type="checkbox"/> Project obligation will occur after permit issuance.
<b>APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>

**State Agency Submittals**

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

## Cost Space Requirements    Not Applicable

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
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							

**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**.

<b>FACILITY NAME:</b>		<b>CITY:</b>			
<b>REPORTING PERIOD DATES:</b>		<b>From:</b>	<b>to:</b>		
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
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)					
<b>TOTALS:</b>					

**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 Liberty Dialysis Holdings, 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]  
SIGNATURE  
Mark Caputo  
PRINTED NAME  
CEO  
PRINTED TITLE

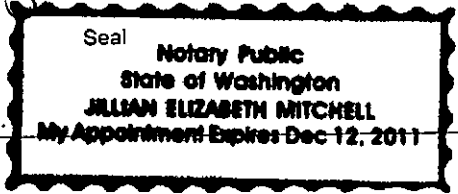
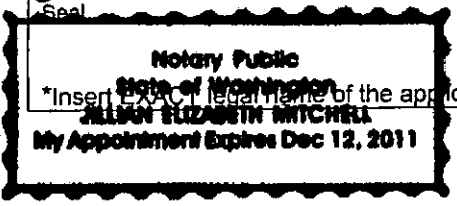
[Signature]  
SIGNATURE  
Ryan Pardo  
PRINTED NAME  
Vice President  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 5<sup>th</sup> day of September 2011

Notarization:  
Subscribed and sworn to before me  
this 5<sup>th</sup> day of September 2011

[Signature]  
Signature of Notary

[Signature]  
Signature of Notary




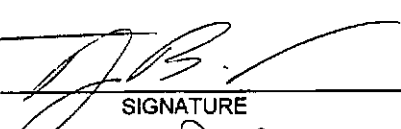
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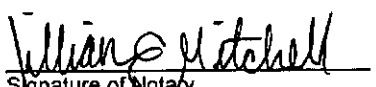
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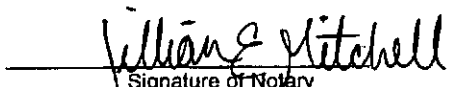
  
SIGNATURE  
Mark Caputo  
PRINTED NAME  
CEO  
PRINTED TITLE

  
SIGNATURE  
Ryan Pardo  
PRINTED NAME  
Vice President  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 8<sup>th</sup> day of September 2011

Notarization:  
Subscribed and sworn to before me  
this 8<sup>th</sup> day of September 2011

  
Signature of Notary

  
Signature of Notary

Seal  
Notary Public  
State of Washington  
JILLIAN ELIZABETH MITCHELL  
My Appointment Expires Dec 12, 2011

Seal  
Notary Public  
State of Washington  
JILLIAN ELIZABETH MITCHELL  
My Appointment Expires Dec 12, 2011

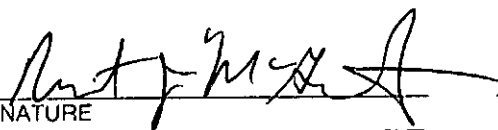
\*Insert EXACT COPY


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 SIGNATURE  
 Robert J. McGorty, SVP  
 PRINTED NAME

  
 SIGNATURE  
 Mark Fawcett  
 Vice President & Asst. Treasurer,  
 PRINTED NAME

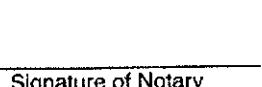
PRINTED TITLE

PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 16 day of Sept 2011

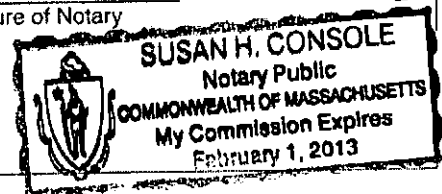
Notarization:  
Subscribed and sworn to before me  
this 16 day of Sept 2011

  
 Signature of Notary

  
 Signature of Notary

Seal

Seal



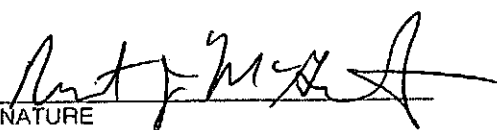
\*Insert EXACT legal name of the applicant

**CERTIFICATION**

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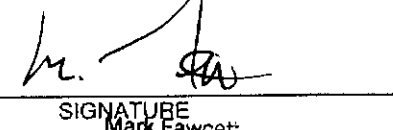
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SIGNATURE

Robert J. McGorty, SVP

PRINTED NAME

PRINTED TITLE

  
SIGNATURE

Mark Fawcett  
Vice President & Asst. Treasurer

PRINTED NAME

PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 16 day of Sept 2011

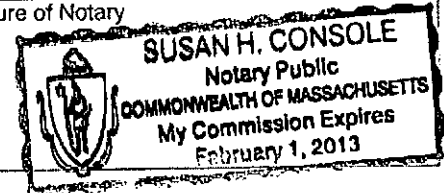
Notarization:  
Subscribed and sworn to before me  
this 16 day of Sept 2011

  
Signature of Notary

Seal

Signature of Notary

Seal



\*Insert EXACT legal name of the applicant

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

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

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

READ THE REVIEW CRITERION and provide the following required information:

##### BACKGROUND OF APPLICANT

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

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

##### PURPOSE OF PROJECT

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

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

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

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



## ALTERNATIVES

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

Alternative options **must** include:

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

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

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

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

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

### A. Criterion 1110.240(b), Impact Statement

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

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

### B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

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

### C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

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

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

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

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

**VIII. - 1120.120 - Availability of Funds**

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

\$925,220_	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol>
_____	<p>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.</p>
_____	<p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
_____	<p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>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.;</li> <li>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;</li> <li>5) For any option to lease, a copy of the option, including all terms and conditions.</li> </ol>
_____	<p>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;</p>
_____	<p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p>
_____	<p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
\$925,220	<b>TOTAL FUNDS AVAILABLE</b>

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

**IX. 1120.130 - Financial Viability not applicable, no debt financing used**

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 not applicable, no debt financing used**

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 not applicable, no construction or modernization**

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									
<b>TOTALS</b>									

\* 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 NOT APPLICABLE**

**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			
<b>Total</b>			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
Medicaid (revenue)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			

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

**XII. Charity Care Information RAI North Main**

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*			
	2008	2009	2010
Net Patient Revenue	\$2,797,160	\$2,773,814	\$1,094,830
Amount of Charity Care (charges)	\$0	\$0	\$97,942
Cost of Charity Care	\$0	\$0	\$6,000

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

**\* All information provided in this table has been provided by Liberty Dialysis Holdings, Inc.**



**XII. Charity Care Information RAI Lincoln Highway**

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*			
	2008	2009	2010
Net Patient Revenue	\$5,971,539	\$4,980,651	\$4,469,116
Amount of Charity Care (charges)	\$0	\$0	\$1,272,289
Cost of Charity Care	\$0	\$0	\$113,625

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

\* All information provided in this table has been provided by Liberty Dialysis Holdings, Inc.

**XII. Charity Care Information RAI-Centre West-Springfield**

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*			
	2008	2009	2010
Net Patient Revenue	\$1,125,583	\$871,710	\$3,109,571
Amount of Charity Care (charges)	\$0	\$0	\$364,441
Cost of Charity Care	\$0	\$0	\$29,859

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

**\* All information provided in this table has been provided by Liberty Dialysis Holdings, Inc.**



*To all to whom these Presents Shall Come, Greeting:*

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

RAI CARE CENTERS OF ILLINOIS I, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON SEPTEMBER 22, 2005, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED 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 1ST day of DECEMBER A.D. 2010*



Authentication #: 1033502410  
Authenticate at: <http://www.cyberdriveillinois.com>

*Jesse White*

SECRETARY OF STATE ATTACHMENT 1

**TENANT ESTOPPEL CERTIFICATE**  
(RAI Care Centers of Illinois I, LLC)

September 12, 2006

160 North Main, L.L.C.  
Post Office Box 925  
Brentwood, Tennessee 37024

**Re: Lease between 160 North Main, LLC as Lessor and Gambro Healthcare, Inc as Lessee dated October 7, 2002, for 5,000 square feet at 160 North Main Street, Breese, Illinois, and subsequently assigned to RAI Care Centers of Illinois I, LLC. (collectively the "Lease")**

Dear Sir:

RAI Care Centers of Illinois I, LLC is the Tenant of all of the space described in the referenced Lease, a true, correct, and complete copy of which is attached as Exhibit "A". The undersigned understands that you plan to sell the referenced property to the parties named herein ("Buyer") and, accordingly, the undersigned certifies to you and the Buyer as of the date first above written with respect to the Lease as follows:

1. The Lease attached as Exhibit "A" is a true, correct, and complete copy of the Lease. The Lease is in full force and effect and has not been amended, modified, or terminated except by the documents or other agreements attached as part of Exhibit "A".

2. The Lease commenced as of possession by Tenant, on or about February 1, 2003, and is scheduled to expire as of January 31, 2013.

3. The Tenant is presently obligated to pay the rent specified in the Lease without offset, deduction, or credit. No adjustments to the Minimum Rent (as that term is defined in the Lease) are required.

4. The Tenant is not in default of its obligations under the Lease, and rent is paid through August 31, 2006.

5. To the best of the Tenant's knowledge, the Landlord is not in default of its obligations under the attached Lease attached as Exhibit "A".

6. The Tenant has not notified the Landlord of any defects in the real property and/or improvements that are subject to the Lease.

ATTACHMENT 2

September 12, 2006

Page 2

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7. The Tenant has not prepaid any rent or other sums due under the Lease, except the current month's rent, and a security deposit of \$0.00.

The undersigned understands and agrees that Kid's College Two, LLC ("Buyer") will rely on this certificate in acquiring the referenced property, and their lender, if any, will rely upon this certificate in the making of a loan to finance said acquisition and such acquisition and the financing thereof shall be deemed good and valuable consideration to the undersigned for the representations made herein.

Sincerely,

RAI Care Centers of Illinois I, LLC

By: RAI Care Centers Holdings I, LLC

By: Renal Advantage Inc.

By: Michael D. Klein

Name: Michael D. Klein

Title: President

Date: September 12, 2006

ATTACHMENT 2

Scott T. Larson  
Senior Vice President and General Counsel  
Direct: 303 626-6154  
E-mail: Scott.Larson@us.gambro.com

August 29, 2005

**VIA OVERNIGHT COURIER**

Bond E. Oman  
Chief Manager  
160 North Main, LLC  
P.O. Box 925  
Brentwood, TN 37024

Gambro Healthcare Inc.  
1627 Cole Boulevard  
2nd Floor  
Lakewood, CO 80401 USA  
[www.gambro.com](http://www.gambro.com)  
Tel 303 232 8800

Re: Consent to Assignment of Lease Agreement at 160 North Main Street, Breese,  
Illinois (the "Leased Premises")  
Gambro Healthcare - Breese (PCN 617)

Dear Mr. Oman:

Gambro Healthcare, Inc., a Tennessee corporation ("Gambro" or "Tenant"), is the named "Tenant" under that certain Lease Agreement dated October 7, 2002 (the "Lease") for the premises located at the Leased Premises described above. 160 North Main, LLC, a Tennessee limited liability company is the current "Landlord" under the Lease.

Gambro expects to sell the assets related to the operation of the dialysis facility located at the Leased Premises (the "Transaction") to RenalAmerica, Inc. or a subsidiary thereof (the "Purchaser"). The Purchaser is a Delaware corporation that, together with its subsidiaries, would be purchasing the assets related to the operation of approximately 70 dialysis facilities from Gambro and DaVita Inc., a dialysis company engaged in a transaction with Gambro, including the facility located at the Leased Premises. As part of that transaction, Gambro is seeking your consent to the assignment of the Lease to the Purchaser.

Accordingly, by this letter, we hereby request your written consent to the assignment and transfer of the Lease to the Purchaser. As we have discussed, the actual assignment will be effectuated pursuant to an Asset Purchase Agreement among DaVita Inc., Gambro Healthcare, Inc., and RenalAmerica Inc. and a related Assignment and Assumption and Bill of Sale substantially in the form attached hereto. Therefore, in connection with the Asset Purchase Agreement, and the Assignment and Assumption and Bill of Sale, Purchaser would be assuming certain liabilities of the Tenant, including its obligations under the Lease. The assignment will not constitute a release of Gambro with respect to its obligations under the Lease during the stated term of the Lease. Gambro will remain liable for and will guarantee all obligations of Purchaser under the Lease during the its stated term. This guarantee will survive the assignment to and assumption of the Lease by Purchaser. The assignment will not constitute the Landlord's consent to any subsequent assignment, conveyance, or transfer of the Lease.

160 North Main, LLC  
August 29, 2005  
Page 2 of 2

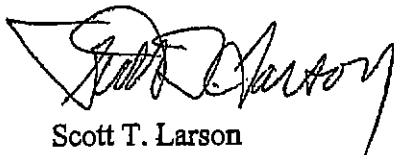
Please indicate the Landlord's consent to the assignment of the Lease by signing where indicated below on the enclosed duplicate original of this letter and returning that duplicate original to us by facsimile at (303) 209-7700 or in the enclosed self-addressed stamped envelope.

As the closing of the transaction described above is scheduled to occur at the end of September, 2005, we would appreciate it if you would return the Landlord's executed consent to us as soon as reasonably possible. If you anticipate any difficulties complying with our request, we would appreciate your contacting us promptly.

If for any reason the closing of the transaction does not occur, this request for consent will be withdrawn and any consent provided will be of no force or effect.

If you have any questions, please contact Cheryl L. Cody, Regional Vice President, Corporate Counsel, Gambro Healthcare, Inc., at (317) 582-0197.

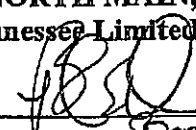
Very truly yours,



Scott T. Larson  
Senior Vice President and  
General Counsel  
Gambro Healthcare, Inc.

**CONSENT TO ASSIGNMENT HEREBY  
ACCEPTED AND AGREED TO:**

**160 NORTH MAIN, LLC**  
a Tennessee Limited Liability Company

By:   
Print: Donald E. Oman  
Title: Chief Manager

Date: 8/31/05

cc: Cheryl L. Cody, Regional Vice President  
Jon Kweller, Division General Counsel  
Gary B. Gertler, Esq.  
RenalAmerica, Inc.

CONTRACT ID #  
7205

MEMORANDUM OF LEASE

1. Lessor: 160 North Main, LLC  
Address: Post Office Box 925  
Brentwood, Tennessee 37024
2. Lessee: GAMBRO Healthcare, Inc.  
Address: 5200 Virginia Way  
Brentwood, Tennessee 37027
3. Premises: 160 North Main Street, Breese, Illinois 62230, and more particularly described on Exhibit A attached hereto and made a part of this Memorandum.
4. Date of execution of lease: OCTOBER 7, 2002
5. Term: Ten (10) years.
6. Commencement of term: Subject to satisfaction of all contingencies, this Lease shall commence on the earlier of (i) the date of the first dialysis treatment in the Premises; or (ii) February 1, 2003 (the "Commencement Date")
7. Rights of extension or renewal: Three (3) consecutive periods of five (5) years each.
8. Exclusive Use: Landlord shall not sell, rent or permit any property owned, leased or controlled by Landlord within a radius of ten (10) miles from the Premises to be occupied or used by a business that derives more than ten percent (10%) of its revenues from renal dialysis and/or renal dialysis home training, nor shall Landlord display or permit to be displayed upon any such property within said area any advertisement for any such business other than Tenant's. Landlord further covenants that in any lease, deed or other agreement hereafter executed by Landlord affecting any property owned, leased or controlled by Landlord within such area, Landlord will insert a restrictive clause preventing such property from being used for any purposes herein prohibited.

In the event of any conflict between the terms of this notice and the term of the lease, the terms of the lease shall control.



EXECUTED ON OCTOBER 7, 2002.

LESSOR:

160 NORTH MAIN, LLC

[Signature]  
Witness

By: [Signature]  
Name: DOUGLAS OMAN  
Title: Chief Manager

LESSEE:

GAMBRO HEALTHCARE, INC.

[Signature]  
Witness

By: [Signature]  
Name: Michael D. Klein  
Title: President, North Central Division

Approved as to form:

By: [Signature]  
Name: R. DOUGLAS MEFFORD  
Title: NORTH CENTRAL DIVISION COUNSEL

Prepared by:  
R. Douglas Mefford  
North Central Division Counsel  
Gambro Healthcare, Inc.  
5200 Virginia Way  
Brentwood, TN 37027

Return to:  
R. Douglas Mefford  
North Central Division Counsel  
Gambro Healthcare, Inc.  
5200 Virginia Way  
Brentwood, TN 37027



**LEASE COMMENCEMENT AGREEMENT**

To Lease Agreement, dated October 7, 2002 ("Lease"), between **160 NORTH MAIN, LLC** ("Landlord"), and **GAMBRO HEALTHCARE, INC.** ("Tenant") for 5,000 square feet of the premises located at 160 North Main Street, Breese, Illinois, 62230 ("Premises").

Pursuant to the provisions of the Lease, Landlord and Tenant hereby agree as follows:


- a) The initial term of the Lease shall commence on February 1, 2003 and shall terminate on January 31, 2013, unless sooner terminated or extended as therein provided.
- b) Rent shall commence on February 1, 2003.
- c) Except for latent defects and other defects of which Tenant has notified Landlord, to the best of their knowledge, Landlord and Tenant agree that, as of and through the date hereof, the parties have fully complied with and performed all of their respective obligations as set forth in the Lease.

**IN WITNESS WHEREOF**, the parties have executed and delivered this supplement to the Lease as of dates below.

LANDLORD:

**160 NORTH MAIN STREET**

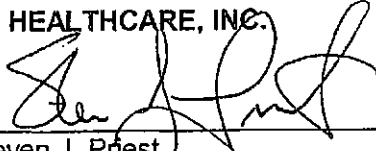
Date: 2/4/03

By:   
Name: Bond E. Oman  
Title: Chief Manager

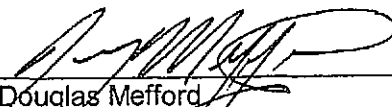
TENANT:

**GAMBRO HEALTHCARE, INC.**

Date: 2/6/03

By:   
Name: Steven J. Priest  
Title: Vice President

**Approved as to Form:**

By:   
Name: R. Douglas Mefford  
Title: North Central Division Counsel

LEASE SUMMARY  
(SINGLE TENANT)

Facility: Breese, IL

P/C #: 617

S.F.: 5,000 sq. ft.

Date of Lease:

Tenant's receipt of a fully executed lease.

OCTOBER 7, 2002 - to be completed by Tenant,  
confirmation to be sent to Landlord.]

Property Address:

160 North Main Street  
Breese, Illinois 62230

Landlord's Name and Address:

160 North Main, LLC  
Post Office Box 925  
Brentwood, Tennessee 37024

Landlord's Taxpayer ID No. \_\_\_\_\_

Tenant's Name and Address:

Gambro Healthcare, Inc.  
5200 Virginia Way  
Brentwood, Tennessee 37067  
Attn: North Central Division Counsel

Term:

Initial Term:

Ten (10) years after the Commencement Date. "Lease Year" shall mean each twelve (12) consecutive months following the Commencement Date.

Commencement Date:

See Section 3.1.

Renewal Options:

Three (3) consecutive periods of five (5) years each  
(Section 3.2)

Renewal Notice Date:

See Section 3.2.

Method of Exercise:

See Section 3.2.

Leasehold Improvements:

See Exhibit B

Build-Out Allowance:

None.

Rent:

Minimum Rent:	<u>Year</u>	<u>Per Month</u>	<u>Per Year</u>	<u>Per Square Foot</u>
Initial Term:	1-5	\$2,408.33	\$28,900.00	\$ 5.78
	6-10	\$2,770.83	\$33,250.00	\$ 6.65
Renewal Term:	11-15	\$3,187.50	\$38,250.00	\$ 7.65
	16-20	\$3,666.66	\$44,000.00	\$ 8.80
	21-25	\$4,216.66	\$50,600.00	\$10.12

Additional Rent:

Base Year:	2002
Proportionate Share:	100%
Est. Insurance:	\$2,000.00 per year
Est. Taxes:	\$2,500.00 per year
Payable:	Monthly based on estimate, with annual reconciliation.

Rent Due Date: First (1<sup>st</sup>) day of the month.

Security Deposit: None.

Permitted Use:

Outpatient renal dialysis clinic, renal dialysis home training, general medical offices, clinical laboratory, including all incidental, related, and necessary elements and functions of other recognized dialysis disciplines which may be necessary or desirable to render a complete program of treatment to patients of Tenant, and such other purposes as shall be permitted by applicable law, ordinances and regulations, provided other permitted uses do not conflict with the uses of any other tenants in the Building.

Exclusive Use:

Landlord shall not sell, rent or permit any property owned, leased or controlled by Landlord within a radius of ten (10) miles from the Premises to be occupied or used by a business that derives more than ten percent (10%) of its revenues from renal dialysis and/or renal dialysis home training, nor shall Landlord display or permit to be displayed upon any such property within said area any advertisement for any such business other than Tenant's. Landlord further covenants that in any lease, deed or other agreement hereafter executed by Landlord affecting any property owned, leased or controlled by Landlord within such area, Landlord will insert a restrictive clause preventing such property from being used for any purposes herein prohibited.

Subletting and Assignment: See Section 18.1.

Holdover Tenancy: See Section 20.2.

Utilities: See Article V.

Tenant's Insurance: (Section 10.1.)

CGI Insurance \$1,000,000 per occurrence/\$3,000,000 in the aggregate.  
Other Required See Section 10.1.

Maintenance:

Tenant See Article VII.  
Landlord See Article VIII.

Parking Spaces: Tenant shall have the exclusive use of all available parking  
for the Premises.  
(Section 6.1)

Exhibits

Exhibit A	Legal Description
Exhibit A-1	Site Plan
Exhibit B	Landlord's Work
Exhibit C	Lease Commencement Agreement
Exhibit D	Sign Requirements
Exhibit E	Subordination, Nondisturbance and Attornment Agreement
Exhibit F	Memorandum of Lease

## LEASE

### ARTICLE I: PARTIES AND PREMISES

1.1 Parties. This Lease is made by and between 160 NORTH MAIN, LLC ("Landlord") and GAMBRO HEALTHCARE, INC. ("Tenant").

1.2 Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord certain premises consisting of five thousand (5,000) square feet located in the building or shopping center described in the Lease Summary (the "Building"), which Premises are located on the real property located at 160 North Main Street, Brcese, Illinois 62230 and more particularly described on Exhibit A and are shown on the site plan attached as Exhibit A-1 (the "Premises"). Landlord has agreed to perform the work with respect to the Premises as set forth in Exhibit B ("Landlord's Work").

1.3 Adjustments. The net rentable area of the Premises shall be measured from the center line of the demising walls without deduction for columns, supports, partitions, interior walls, or other items in the interior of the Premises. The net rentable area of the Premises at the Commencement Date of the Lease shall be determined by an architect, engineer or surveyor acceptable to Landlord and Tenant. If the net rentable area is found to be greater or less than the square footage shown on the Lease Summary, the Minimum Rent shall be adjusted accordingly.

Comment: I'm not exactly sure if this should be inserted here, somewhere else in the Lease, or if it should be in here at all.

### ARTICLE II: CONSTRUCTION OF PREMISES

2.1 Plans. Within forty-five (45) days after Tenant receives a fully executed copy of this Lease, Tenant shall submit its plans and specifications for the Premises to Landlord. Landlord shall notify Tenant of any objections to the plans and specifications within fifteen (15) days after receipt. If Landlord notifies Tenant of any objections, Tenant shall modify and resubmit the plans, and Landlord shall review the same and notify Tenant of any objections, as provided above. Landlord and Tenant agree to cooperate in good faith to complete the plans and specifications.

2.2 Contingency. Tenant's obligations under this Lease will be subject to obtaining all required building permits and other necessary federal, state and local approvals relative to the Permitted Use as reflected on the Lease Summary, including but not limited to approval of the plans and specifications, within one hundred twenty (120) days after Tenant's receipt of a fully executed Lease. If all such permits and approvals are not obtained within such one hundred twenty (120) day period, Tenant shall have the right to cancel this Lease and the parties shall have no further obligation under this Lease save and except for the obligation of Landlord to refund any prepaid rental and security deposit, if any to Tenant within thirty (30) days after Landlord's receipt of such notice.

2.3 Construction. Landlord shall, at its expense, commence and substantially complete Landlord's Work in accordance with the final drawings and specifications approved by Tenant. Landlord shall complete the Landlord's Work within thirty (30) days after receipt of building permit (the "Completion Deadline"). For each day after the Completion Deadline delivery of the Premises is delayed, Tenant shall be entitled to one (1) day of free Rent after the Commencement Date. If Landlord's Work is not completed within sixty (60) days following the Completion Deadline, Tenant shall have the option to terminate this Lease upon written notice to Landlord, which termination shall be effective as of the date of Tenant's mailing and the parties

shall have no further obligation under this Lease save and except for the obligation of Landlord to refund any prepaid rental and security deposit, if any, to Tenant within thirty (30) days after Landlord's receipt of such notice. Landlord hereby assigns to Tenant all construction and other warranties Landlord's receives in connection with Landlord's Work.

2.4 Tenant's Work. After completion of Landlord's Work, Tenant shall be responsible for constructing and completing the balance of the improvements to the Premises necessary to complete the same according to Tenant's approved plans (the "Tenant's Work"). Within five (5) days after completion of Landlord's Work, Landlord shall deliver to Tenant and Tenant's project manager a notice of completion signed by Landlord's architect certifying that the Landlord's Work is complete and that the Premises are ready for Tenant to perform Tenant's Work (the "Notice of Completion"). If Tenant does not notify Landlord of any objections to the Notice of Completion within seven (7) business days following receipt of such notice, the Notice of Completion shall be deemed approved. Thereafter, Tenant shall promptly commence Tenant's Work and shall diligently proceed toward the completion of the same.

2.5 Alterations, Additions and Improvements. After completion of Tenant's Work, Tenant shall not make any alterations, additions or improvements to the Premises that are structural or that cost more than \$50,000 without Landlord's prior written consent, which will not be unreasonably withheld or delayed.

### ARTICLE III: TERM

3.1 Initial Term. The initial term of this Lease shall be as set forth in the Lease Summary. Subject to the provision of Section 2.2 hereof, this Lease shall commence on the earlier of (i) the date of the first dialysis treatment in the Premises; or (ii) February 1, 2003 (the "Commencement Date"). Landlord and Tenant agree to execute a document acknowledging the Commencement Date in the form attached as Exhibit C. Tenant shall have the right to enter the Premises prior to the Commencement Date for purposes of completing the Tenant's Work.

3.2 Renewal Options. Tenant shall have the right to renew this Lease for the periods and at the rents set forth in the Lease Summary. If Tenant has not previously exercised the next available renewal option, Landlord shall notify Tenant of such renewal option not more than one hundred eighty (180) days prior to the expiration of the then current term. Tenant's right to exercise the applicable option shall continue until thirty (30) days after Tenant receives such notice from Landlord, and the otherwise expiring term of this Lease shall continue on a month-to-month basis at the Minimum Rent in effect immediately prior to the Lease expiration until the expiration of the then expiring term or until such thirty (30) day period has expired, whichever shall last occur.

### ARTICLE IV: RENT

4.1 Rent. Rent shall commence on the Commencement Date. All Rent shall be paid to Landlord at the address set forth in the Lease Summary, or at such other address as Landlord may, from time to time, designate in writing. "Rent" shall mean the sum of the following:

- (a) Minimum Rent. Tenant shall pay Minimum Rent in the amount set forth in the Lease Summary in equal monthly installments. The first payment of Minimum Rent shall be due and payable on the Commencement Date. Each subsequent installment



of Minimum Rent shall be due and payable monthly in advance on the first (1st) day of each succeeding month. If the first and/or last months of this Lease are partial calendar months, then the first and/or last payments of Minimum Rent shall be proportionately adjusted.

(b) Additional Rent. Tenant shall pay to Landlord Insurance and Taxes as follows (collectively, the "Additional Rent"):

(i) "Insurance" shall mean the reasonable and customary amounts of coverage and premium costs that a prudent landlord of a Premises of comparable size, age and location in the ten (10) mile radius surrounding the Premises would reasonably incur. Landlord shall use insurance companies with a minimum A.M. Best's financial rating of A-/VII. Landlord shall maintain the Insurance with companies licensed to do business in the state in which the Premises is located in the following minimum amounts: (1) commercial general liability insurance covering the Premises and naming Tenant as an additional insured, with a combined single limit of not less than Three Million Dollars (\$3,000,000.00) for bodily injury and property damage; and (2) property insurance on the Premises with Causes of Loss - Special Form coverage at full replacement value, together with earthquake insurance if the Premises are located in an earthquake prone area and flood insurance if the Premises are located in a flood zone.

(ii) "Taxes" shall mean real property taxes, public charges and assessments assessed or imposed upon the Premises, provided, however, that any one time (as opposed to on-going) special assessments for public improvements having a useful economic life exceeding the remaining term of this Lease shall be prorated between Landlord and Tenant using a straight-line method, based on the proportion of that economic life falling within the remaining term of the Lease. Taxes shall not include any penalties or interest for late or partial payment nor any income, franchise, inheritance, estate, transfer, excise, gift or capital gain taxes, that are or may be payable by Landlord or that may be imposed against Landlord or against the rents payable hereunder. Landlord shall take advantage of any savings in Taxes that may be achieved by early payment or payment in installments. Should Landlord choose not to contest any Taxes, Tenant shall have the right to contest the Taxes in Landlord's name and with Landlord's reasonable cooperation, at no expense to Landlord.

(iii) Landlord will bill Tenant on a monthly basis one-twelfth (1/12) of the estimated Additional Rent for the current year by sending a statement to Tenant. Tenant shall pay to Landlord the amount reflected on said statement with the next installment of rent falling due at least thirty (30) days after receipt of such statement. The actual amount of the Additional Rent shall be calculated at the end of each calendar year, and Tenant shall pay any shortfall or Landlord shall refund any overcharge, as applicable, within thirty (30) days of submission of Landlord's final statement for such year. Landlord shall submit a final statement of Additional Rent for each calendar year within ninety (90) days of the close of such year, and the failure to do so shall be deemed a waiver of the right to increase any amounts to be paid by the Tenant for the calendar year in question. In the event this Lease commences or terminates on a day other than the first or

last day of a calendar year, the Additional Rent for such partial year shall be adjusted proportionately.

(iv) Landlord shall make available at the Premises, true and accurate records of items that constitute Additional Rent. Such records shall be open for inspection from time to time by Tenant or its duly authorized representative for a period of one (1) year after the close of each calendar year. If any audit of Landlord's submitted reports shall disclose an overcharge, Landlord shall promptly pay to Tenant, within thirty (30) days, the amount of such overcharge, and if such audit discloses an overcharge of more than five percent (5%), Landlord shall also pay the cost of said audit.

#### **ARTICLE V: UTILITIES**

Tenant shall pay all charges for water, sewer, electricity, gas, telephone and other utilities supplied to the Premises, which shall be separately metered. In the event any utility is disrupted to such an extent that Tenant cannot, in its reasonable discretion, operate for business for a period of more than twenty-four (24) hours, the Rent payable under this Lease shall abate during the remaining period of disruption.

#### **ARTICLE VI: COMMON AREAS**

6.1 Use and Management. If the Premises are a part of a larger project involving shared access or parking, Landlord will maintain all areas available for the common use of occupants of the project, including but not limited to the parking lots, driveways, sidewalks, benches, guard shacks, walkways, landscaping, and other facilities and areas available for the common use by or for the common benefit of tenants and/or their customers (the "Common Areas") in first class condition. Landlord will provide parking spaces for Tenant's use at no charge, as shown on the Lease Summary, at a mutually acceptable location with additional pick-up and drop off space for patient use. The Premises shall be accessible for loading and unloading patient vans. Tenant shall have a non-exclusive right to use the Common Areas with other tenants, their employees and invitees.

6.2 Additions and Alterations. Landlord shall not alter any Common Areas in a manner as to deprive Tenant of the benefit and enjoyment of the Premises, unreasonably block patient access to or view of the Premises, unreasonably interfere with Tenant's right to use Tenant's reserved parking spaces or unreasonably impair or adversely impact upon the Premises, or materially interfere with Tenant's operations. If any remodeling results in a temporary disruption and exceeds one (1) week in duration, then the Rent shall abate in an equitable amount during the remaining period of disruption.

#### **ARTICLE VII: TENANT'S MAINTENANCE RESPONSIBILITIES**

Tenant shall keep the interior, non-structural portions of the Premises, all HVAC systems, and the non-structural elements of all doors and entrances, in good clean order, condition and repair, and shall deliver same to Landlord at the termination of this Lease in good order and condition, normal wear and tear and damage by fire or other casualty excepted. Tenant shall be responsible for trash removal, pest control, janitorial services, sidewalks, driveways and landscaping.

## ARTICLE VIII: LANDLORD'S MAINTENANCE RESPONSIBILITIES

At Landlord's expense, Landlord shall maintain, repair and replace as necessary, all other portions of the Premises, that are not Tenant's responsibility under Article VII, including but not limited to the roof (specifically keeping the roof free of leaks), foundations, floor slabs, columns, exterior walls, imbedded utility lines, gutters, downspouts and subfloors, parking lot, and all other exterior and structural elements, so as to keep the same in good order and repair throughout the term of this Lease.

## ARTICLE IX: RIGHT OF ENTRY

Upon reasonable prior notice, Landlord and Landlord's agents shall have the right during business hours, to enter the Premises accompanied by a representative of Tenant for the purposes of inspecting the Premises, making repairs, as required under this Lease, and showing the Premises for rental purposes; provided, however, that Landlord shall at all times use its best efforts not to disrupt the operation of Tenant's business, and that Tenant shall have the right to restrict Landlord's access as reasonably necessary to protect patient privacy.

## ARTICLE X: INSURANCE AND INDEMNITY

10.1 Tenant's Insurance. Tenant shall keep in full force and effect a policy of commercial general liability insurance for the Premises, with a combined single limit as shown on the Lease Summary. Tenant shall furnish Landlord a certificate of insurance evidencing such coverage and naming Landlord as an additional insured therein. Tenant's insurer shall agree to furnish Landlord at least ten (10) days' advance notice of any cancellation of coverage. Renewal certificates shall be supplied upon the renewal or replacement of such policies. Tenant's insurance carrier shall be reasonably acceptable to Landlord.

10.2 Tenant's Indemnity. Tenant shall indemnify Landlord from all liability, loss or other damage claims for obligations resulting from any injuries or losses to persons or property occurring in or on the Premises, including reasonable attorney's fees and court costs incurred by Landlord in defending any such claims, except when caused by the negligence of Landlord, or its agents, employees, contractors or invitees.

10.3 Landlord's Indemnity. Landlord shall indemnify Tenant from all liability, loss or other damage claims for obligations resulting from any injuries or losses to persons or property by reason of its breach of the provisions of this Lease or occurring in the Common Areas, including reasonable attorney's fees and court costs, except when caused by the negligence of Tenant or its agents, employees, contractors or invitees.

10.4 Waiver of Subrogation. Landlord and Tenant waive all rights to recover against each other for any loss or damage arising from any cause that would be covered by any insurance required or actually carried under this Lease. Landlord and Tenant will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements, and shall supply each other with appropriate information from their respective insurers confirming such waiver to be in effect.

## ARTICLE XI: USE AND OPERATION

11.1 Use of Premises. Tenant shall use the Premises for the use shown on the Lease Summary. Landlord hereby grants to Tenant an Exclusive Use as shown on the Lease Summary.

11.2 Hours of Operation. Tenant shall have the right, but not the obligation, to conduct clinical operations twenty-four (24) hours per day, seven (7) days per week.

## ARTICLE XII: SIGNS

Tenant shall have the right to place signs on the interior and exterior of the Premises in accordance with Exhibit D. Landlord hereby grants Tenant the right, upon the termination, cancellation, or expiration of this Lease, to enter upon the Premises and remove any and all such signs and other identifying devices.

## ARTICLE XIII: DESTRUCTION - CASUALTY

13.1 Landlord's Obligations Upon Damage or Destruction. In the event that the Premises shall be damaged or destroyed by a fire or other casualty, Landlord shall, within ninety (90) days following the casualty, repair or rebuild the Premises, including Tenant's leasehold improvements, but excluding Tenant's trade fixtures, equipment and personal property to substantially the same condition as immediately prior to such casualty.

13.2 Landlord's Right to Terminate. Notwithstanding anything herein to the contrary, in any of the following events, Landlord shall have the right to terminate this Lease, effective as of the date of the casualty, by written notice to Tenant within sixty (60) days following such casualty:

- (a) The Premises are substantially damaged (i.e. repair costs exceed \$100,000.00) within the last one hundred eighty (180) days of the then current term and Tenant does not exercise its next available renewal option, if any;
- (b) The Premises are substantially damaged (i.e., repair costs exceed \$100,000.00) and the damage is not covered by Landlord's insurance; or
- (c) The Premises are damaged to the extent of fifty percent (50%) or more of the monetary value thereof.

13.3 Tenant's Right to Terminate. Notwithstanding anything herein to the contrary, in any of the following events, Tenant shall have the right to terminate this Lease, effective as of the date of the casualty:

- (a) The Premises are damaged to an extent that repair cannot be or is not completed within ninety (90) days following the casualty;
- (b) The Premises are substantially damaged (i.e., repair costs exceed \$100,000.00) within the last one hundred eighty (180) days of the then current term; or

(c) The Common Areas, if any, are damaged resulting in a material interference with the operations of or access to Tenant's business, and repair cannot be or is not completed within ninety (90) days following the casualty.

13.4 Abatement of Rent. In the event this Lease is not terminated, the Rent and other sums payable hereunder shall be reduced during the period of repair or restoration to the extent the Premises are rendered unusable by Tenant, in Tenant's sole judgment, in the conduct of its business. Such abatement shall continue until the earlier to occur of (a) the date Tenant reopens for business; or (b) thirty (30) calendar days after substantial completion of Landlord's repair or restoration work.

#### ARTICLE XIV: EMINENT DOMAIN

14.1 Taking. If by any lawful authority through condemnation or under the power of eminent domain: (a) the whole of the Premises shall be taken; (b) less than the entire Premises shall be taken, but the remainder of the Premises are not, in Tenant's sole judgment, fit for Tenant to carry on its business therein; (c) Tenant determines, in its sole judgment, that after such taking adequate parking space will not be available near the Premises; (d) there is any substantial impairment of ingress or egress from or to or visibility of the Premises; or (e) all or any portion of the Common Areas, if any, shall be taken resulting in a material interference with the operations of Tenant's business, then in any such event, Tenant may terminate this Lease, effective as of the date of such taking, and the Rent and other sums paid or payable hereunder shall be prorated as of the date of such termination.

14.2 Rent Adjustment. Unless this Lease is canceled as above provided, commencing with the date possession is acquired by the condemning authority the Rent and other sums payable hereunder shall be reduced in proportion to the ratio that the value of the Premises immediately following such taking bears to the value of the Premises immediately prior to such taking, and Landlord shall restore the Premises, at Landlord's cost and expense, to a complete architectural unit. During such restoration the Rent shall be abated to the extent the Premises are rendered untenable.

14.3 Awards. All compensation awarded or paid in any such eminent domain proceeding shall belong to and be the property of Landlord without any participation by Tenant except that nothing contained herein shall preclude Tenant from prosecuting any claim directly against the condemning authority in such eminent domain proceeding for its relocation costs, its unamortized leasehold improvements and trade fixtures, loss of business and the like.

#### ARTICLE XV: DEFAULT

15.1 By Tenant. If Tenant (a) fails to pay any installment of Rent within fifteen (15) days after receipt of notice of such failure from Landlord; (b) fails to perform any of its other obligations herein contained within thirty (30) days after receipt of notice of such failure from Landlord or such additional period as is reasonably necessary to effect cure; or (c) if a petition in bankruptcy shall be filed by or against Tenant (provided Tenant shall have ninety (90) calendar days to stay any involuntary proceeding), then Landlord may, at Landlord's option: (1) proceed for past due installments of Rent due, reserving its right to proceed later for the remaining installments; or (2) declare the rights of Tenant under this Lease terminated, and thereafter

recover possession of the Premises through legal process. In the event of any default by Tenant under this Lease, Landlord shall use reasonable efforts to mitigate its damages.

15.2 By Landlord. If Landlord fails to perform any of its obligations under this Lease, within thirty (30) days after receipt of notice of such failure from Tenant (except in the event of an emergency, in which case only reasonable notice shall be required), then Tenant may, at Tenant's option: (1) cure such violation in Landlord's behalf and offset the cost thereof against the Rent and other sums due hereunder; or (2) seek and enforce any other lawful remedies to which it may be entitled.

#### ARTICLE XVI: ESTOPPEL CERTIFICATES

Within twenty (20) days after request by either party, but no more frequently than twice per calendar year, the other party agrees to deliver a certificate certifying (a) the time periods through which Rent has been paid; (b) that this Lease is in full force and effect; (c) that there are no defenses or offsets to its obligations hereunder (or stating those that are claimed); and (d) as to such other matters as the first party may reasonably request. Tenant shall further, in the event of any foreclosure, attorn to the purchaser as a Landlord under this Lease.

#### ARTICLE XVII: SUBORDINATION

This Lease shall be subject and subordinate to any mortgages, or ground leases now or hereafter constituting a lien upon the Premises from time to time on the condition that the holder of such mortgage or ground lease shall agree in writing that in the event of foreclosure of such mortgage or termination of such ground lease, Tenant shall remain undisturbed under this Lease so long as Tenant complies with all of Tenant's obligations hereunder. Landlord represents and warrants to Tenant that all current financing secured by the Premises is with \_\_\_\_\_ . Landlord shall use its best efforts to obtain from any and all existing and future mortgagees and ground lessors a non-disturbance agreement in the form attached as Exhibit E. Notwithstanding anything to the contrary herein contained, if Landlord fails to obtain such agreements from all of the parties in question, Tenant may terminate this Lease and any agreement to subordinate its interest under this Section shall be of no force and effect.

#### ARTICLE XVIII: ASSIGNMENT AND SUBLETTING

18.1 Transfers by Tenant. Tenant shall not assign or transfer its interest in this Lease or sublet the Premises (a "Transfer") without Landlord's consent, which shall not be unreasonably withheld or delayed. Landlord's consent shall not be required for a Transfer (a) to a parent, subsidiary or affiliate company of Tenant; (b) in connection with a merger or consolidation; or (c) in connection with a sale of substantially all of Tenant's assets. If Tenant is a corporation, partnership, or limited liability company, a sale of an interest in such entity shall not be deemed a Transfer. Tenant shall receive one hundred percent (100%) of any rent or other consideration received by Tenant in excess of the Rent and other sums payable hereunder (the "Excess Rent") on account of a Transfer; provided, however, if Landlord elects to terminate the liability of Tenant (and any guarantor of the obligations of Tenant) under this Lease, Landlord shall be entitled to the Excess Rent.

18.2 Transfers by Landlord. If Landlord sells or transfers its interest in the Building, the Premises or this Lease, Tenant shall not be required to recognize such party as its landlord hereunder until Tenant is furnished the name and address of the transferee and a true and correct copy of a fully executed instrument of conveyance evidencing that such party has succeeded to and assumed the rights and obligations of Landlord.

#### ARTICLE XIX: NOTICES

All notices, demands, requests and other instruments that are required or may be given under this Lease or the law, shall be given either in person, by nationally recognized overnight courier or by U.S. mail, postage prepaid, registered or certified, return receipt requested, addressed at the addresses set forth in the Lease Summary. Either Tenant or Landlord may change its address by providing written notice of such change. Notice shall be deemed to have been given when actually delivered in person or by public courier or three (3) days after when mailed, as shown by a postal mailing receipt.

#### ARTICLE XX: MISCELLANEOUS

20.1 Surrender of Premises. At the expiration or termination of this Lease, Tenant shall surrender the possession of the Premises in the condition required under this Lease. Tenant shall have the right to remove all of Tenant's trade fixtures, furnishings and equipment from the Premises, including but not limited to the nurses' stations, dialysis equipment and primary water treatment and concentrate systems, provided Tenant shall repair any damage to the Premises incurred in connection with such removal.

20.2 Holdover. If Tenant fails to surrender the possession of the Premises at the expiration or termination of this Lease, Tenant shall pay, as holdover rental, an amount equal to the Minimum Rent prorated for each day that Tenant fails to surrender possession of the Premises, and this Lease shall thereafter continue on a month-to-month basis, terminable by either party upon thirty (30) days' notice.

20.3 Governing Law. This Lease shall be construed according to the laws of the State in which the Premises are located.

20.4 Short Form Lease. Each party hereto agrees on the request of the other party and at the expense of the requesting party, to execute a short form or memorandum of lease in recordable form as attached in Exhibit F.

20.5 No Broker. Except for Bond E. Oman, Holladay Property Services, Inc. (Landlord's agent) each party represents and warrants to the other party that it has incurred no other claims for brokerage commissions or finder's fees in connection with this Lease and agrees to indemnify the other party against and to hold the other party harmless from all liabilities arising from any such claims.

20.6 Entire Agreement. This Lease, the Lease Summary and the Exhibits contain the entire agreement between the parties, all previous or contemporaneous agreements being merged herein and waived hereby, and no modifications hereof or assent or consent of either party to any waiver of any part of this Lease, in spirit or letter, shall be deemed as given or made unless the same is done in writing after the date hereof.

20.7 Force Majeure. Whenever a day is appointed herein on which, or a period of time is appointed within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is interfered with, the doing or completion of such act, matter or thing because of strikes, lock-outs, embargoes, unavailability of labor or materials, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control. Notwithstanding the foregoing, in no event shall the Completion Deadline be delayed by more than thirty (30) days.

20.8 Attorney's Fees. In any action to enforce the terms of this Lease or in any other litigation concerning this Lease, the prevailing party shall be entitled to an award for its reasonable attorneys' fees.

20.9 Landlord Consent. Unless otherwise expressly stated herein, whenever Landlord's consent is required under this Lease, such consent shall not be unreasonably withheld or delayed, and Landlord's reasonable satisfaction shall be sufficient for any matters under this Lease.

20.10 No Construction Against Preparer of Lease. This Lease has been prepared by Tenant and reviewed by Landlord. Tenant and Landlord believe that this Lease is the product of their efforts, that it expresses their agreement, and that it should not be interpreted in favor of either Tenant or Landlord or against either Tenant or Landlord merely because of their efforts in preparing it.

20.11 [INTENTIONALLY DELETED]

20.12 Hazardous Material. Landlord warrants to Tenant that to the best knowledge of Landlord, the Premises are free and clear of Hazardous Materials. For the purposes of this Lease, "Hazardous Materials" means substances regulated under federal law or by the laws of the state or municipality in which the Premises are located, and including but not limited to asbestos, radioactive and petroleum-related products. Tenant shall not be responsible for any Hazardous Materials located on the Premises at the time Landlord delivers possession of the Premises to Tenant.

20.13 Collateral Assignment. Notwithstanding anything to the contrary contained in this Lease, Tenant may from time to time, upon prior written notice to Landlord, assign its interest in the Lease as collateral to institutional lenders as security for loans. Landlord shall promptly execute any instrument reasonably required by Tenant's lender evidencing its approval of an assignment consistent with this provision. If Landlord fails to execute any such instrument within ten (10) days following receipt, Landlord shall be deemed to have consented to the same. Furthermore, Landlord hereby waives any statutory lien it may have on Tenant's property.

20.14 Right of First Refusal. Tenant shall have the continuing right to lease any space adjoining the Premises ("Expansion Space") as the same becomes available. If Landlord receives a bona fide third party offer to lease any Expansion Space, Landlord shall notify Tenant of the terms of such offer, and Tenant shall have seven (7) days from the date of Landlord's notice to Tenant to accept the Expansion Space, which shall thereafter become a part of the Premises upon the same terms and conditions set forth in this Lease, except for the Minimum



Rent, the Landlord's Work, and the date of delivery for the Expansion Space, all of which shall be as set forth in such offer. Any Additional Rent payable hereunder shall be adjusted to reflect the Expansion Space. Prior to delivery of possession of the Expansion Space, the parties shall execute an amendment to this Lease reflecting the addition of the Expansion Space, the new Minimum Rent, the change in Tenant's Proportionate Share and any other revisions necessary because of such additional space.

20.15 [INTENTIONALLY DELETED]

20.16 [INTENTIONALLY DELETED]

20.17 Quiet Enjoyment. Landlord warrants that if Tenant shall pay all rental and other sums as provided herein to be paid by Tenant and perform all the covenants of the Lease to be performed by Tenant, then Tenant shall, during the Term hereof, freely, peaceably and quietly occupy and enjoy the full possession of the Premises, together with all appurtenances and all other rights and privileges herein granted, without hindrance or interruption by Landlord or any other person(s).

Notwithstanding anything to the contrary contained herein, in the event Tenant's quiet enjoyment of the Premises is disturbed, then, in addition to any other remedies available to Tenant hereunder or at law or in equity, Tenant shall be entitled to an equitable proration of rent and other sums Tenant is required to pay hereunder according to the duration of the disturbance.

20.18 Landlord Warranties, Covenants and Restrictions with Respect to Referral Sources.

Landlord represents and warrants to Tenant that Landlord is not a "referring physician" or a "referral source" as to Tenant for services paid for by Medicare or a state health care program, as the terms are defined under any federal or state health care anti-referral or anti-kickback, regulation, interpretation or opinion ("Referral Source").

(a) Landlord covenants, during the term of this Lease, it will not knowingly (i) take any action that would cause it to become a Referral Source as to Tenant, or (ii) sell, exchange or transfer the Premises to any individual or entity who is a Referral Source as to Tenant.

(b) Landlord and Tenant agree that (i) the aggregate space rented does not exceed that which is reasonably necessary to accomplish the commercially reasonable business purposes of the Tenant; (ii) the rental charge is consistent with fair market value; and (iii) the rental charge is not determined in a manner that takes into account the volume or value of any referrals or business otherwise generated between the parties for which payment may be made in whole or in part under Medicare or a state health care program.

20.19 Lease Summary and Exhibits. The Lease Summary and all Exhibits attached hereto are incorporated herein by reference.

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Lease on the day and year shown opposite each party's signature.

LANDLORD:

160 NORTH MAIN, LLC

Date: 10/1/02

By: [Signature]  
Name: Bond E. Oman  
Title: Chief Manager

TENANT:

GAMBRO HEALTHCARE, INC.

Date: 10/8/02

By: [Signature]  
Name: Michael D. Klein  
Title: President, North Central Division  
Approved as to form:  
By: [Signature]  
Name: R. DOUGLAS MEEFORD  
Title: NORTH CENTRAL DIVISION COUNSEL

EXHIBIT A  
LEGAL DESCRIPTION

[Attached]

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EXHIBIT A-1

SITE PLAN

[Attached]

## EXHIBIT B

### LANDLORD'S WORK

The following items are conditions precedent to Tenant entering a lease. Landlord's failure to satisfy any of these items shall, at Tenant's election, constitute grounds for termination of this letter of intent by Tenant.

1. Landlord to supply Tenant with adequate as-built documents for the site and building.
2. Minimum floor to exposed structure height of eleven (11) feet.
3. Floor to have a minimum eighty (80) pound per square foot load factor; 30 pounds per square foot dead load, and 50 pounds per square foot live load.
4. Premises must be accommodated with a four inch (4") sewer/waste line.
5. Landlord will provide cable TV service terminated on the exterior of the Building, if available in the area.
6. Tenant will provide separately metered tap and any required valves and backflow prevention dedicated to the Premises, and a minimum 1 1/2" domestic waterline with a minimum 60 psi static water pressure. Stub up location to be specified by Tenant.
7. Landlord to provide adequate space for disposal of Tenant's refuse as dictated by local codes.
8. Landlord shall make available to Tenant the benefit of all warranties with respect to Landlord's Work for a period of one (1) year.
9. Landlord to provide adequate parking as dictated by local codes and meeting all ADA requirements, with a minimum of three (3) parking spaces per one thousand (1,000) square feet.
10. Landlord to provide site/security lighting meeting current accepted standards.
11. Should our permitted use require fire sprinkler protection, Landlord will provide the distribution main with adequate flow to Tenant's space to include required valves, backflow prevention and any required alarms and graphic panels.
12. Tenant will convert the two existing service panels inside the Premises to provide the required 208 Volts, 3 Phase 4 wire 800 amp service panel.
13. Tenant to provide digitally controlled heating/cooling capacity of three tons per 800 Sq. Ft. of Tenant space.
14. Landlord to provide delivery access with (five foot minimum width) accessible opening with adequate space for (semi-tractor trailer) delivery trucks, and the required maneuvering and parking space.

Landlord will deliver the Premises in good condition, and in conformity with all applicable codes.

EXHIBIT C

LEASE COMMENCEMENT AGREEMENT

With respect to that certain lease dated \_\_\_\_\_, 20\_\_ ("Lease") between \_\_\_\_\_ ("Landlord") and \_\_\_\_\_ ("Tenant").

Pursuant to the provisions of the Lease, Landlord and Tenant hereby, agree as follows:

- (1) The initial term of the Lease commenced on \_\_\_\_\_, 20\_\_ and shall terminate on \_\_\_\_\_, \_\_\_\_\_ unless sooner terminated or extended as therein provided.
- (2) Rent commenced on \_\_\_\_\_, 20\_\_.
- (3) Except for latent defects and other defects of which Tenant has notified Landlord, to the best of their knowledge, Landlord and Tenant agree that, as of and through the date hereof, the parties have fully complied with and performed each and every of their respective obligations as set forth in the Lease.

IN WITNESS WHEREOF, the parties have executed and delivered this supplement to the Lease as of dates below.

LANDLORD:

[SPECIMEN - DO NOT SIGN]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

TENANT:

[SPECIMEN - DO NOT SIGN]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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## EXHIBIT D

### SIGN REQUIREMENTS

Tenant may use the maximum interior and exterior signage permitted for the Premises by local code. Landlord shall provide Tenant with a monument sign for the Premises. All signage, except for Tenant's sign on the fascia of the Premises, if any, shall be at Landlord's expense.

EXHIBIT E

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ (the "Lender") and \_\_\_\_\_, a \_\_\_\_\_ (the "Tenant")

WHEREAS, Lender has made a loan or is about to make a loan to \_\_\_\_\_ (the "Landlord") secured by a mortgage or deed of trust (hereinafter called the "Mortgage") covering a parcel of land described on Exhibit A, together with the improvements now or hereafter erected thereon (the "Real Property"); and

WHEREAS, by a certain lease heretofore entered into between Landlord and Tenant dated as of \_\_\_\_\_ (the lease and all amendments, extensions and renewals thereto are hereinafter called the "Lease"), Landlord leased to Tenant a portion of the Real Property; and

WHEREAS, a Memorandum of Lease dated \_\_\_\_\_ was recorded in the land records of \_\_\_\_\_, on \_\_\_\_\_, as Document No. \_\_\_\_\_; and

WHEREAS, as a condition precedent of Tenant's agreement to enter into the Lease, Tenant has required that Lender agree not to disturb Tenant's rights under the Lease, in return for which Tenant has agreed that the Lease will be subordinate to the lien of the Mortgage;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants here contained the parties agree as follows:

1. Subordination. Subject to Section 2, below, the Lease, the leasehold estate created thereby, and the rights of Tenant in, to or under the Lease and the portion of the Real Property, are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate and junior to the lien of the Mortgage, as fully and with the same effect as if the Mortgage had been duly executed, acknowledged and recorded, and the indebtedness secured thereby had been fully disbursed, prior to the execution of the Lease, or possession of the portion of the Real Property by Tenant.

2. Tenant Not To Be Disturbed. So long as Tenant is not in default under the Lease (a) Lender shall not join Tenant as a party defendant in any action or proceeding foreclosing a Mortgage (unless required to foreclose the mortgage, and then only for such purpose and not for the purpose of termination of the Lease), in any eviction proceeding or in any action to terminate the Lease; (b) Lender, or any purchaser of the Real Property at foreclosure (a "Purchaser"), shall honor Tenant's rights and privileges under the Lease, including but not limited to quiet enjoyment, any extensions or renewals thereof that may be exercised in accordance with the Lease, and all provisions of the Lease with respect to use of insurance proceeds and eminent domain awards shall not be diminished or interfered with; and (c) Tenant's occupancy of the portion of the Real Property pursuant to the terms of the Lease shall not be disturbed by Lender or Purchaser. Lender, or any Purchaser, shall be bound to Tenant under all the terms, covenants and conditions of the Lease, and Tenant shall, from and after the succession to the interest of



Landlord under the Lease by Lender or such Purchaser have the same remedies against Lender or such Purchaser for the breach of an agreement contained in the Lease that Tenant might have had under the Lease against the Landlord if Lender or such Purchaser had not succeeded to the interest of Landlord.

3. Tenant to Attorn to Lender. If the interests of Landlord shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by it in lieu of or pursuant to a foreclosure, or by any other manner, and Lender succeeds to the interest of the Landlord under the Lease, Tenant shall be bound to Lender under all of the terms, covenants and condition of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, with the same force and effect as if Lender were the Landlord under the Lease; and Tenant shall attorn to Lender, as its landlord, said attornment to be effective and self-operative immediately upon Lender succeeding to the interest of Landlord without the execution of any further instruments on the part of any of the parties hereto. The respective rights and obligations of Tenant and Lender under the Lease following such attornment shall be and are the same as now set for in the Lease, it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth at length herein.

4. Notice and Cure of Landlord's Default. Tenant agrees to send Lender a copy of any notice relating to a breach or default by Landlord under the Lease. Tenant agrees that Lender, at its sole option and without obligation so to do, may cure any such default within a reasonable period, but in no event longer than sixty (60) days measured from the date that Tenant delivers a copy of such notice to Lender.

5. No Modification No modification, amendment or release of any provision of this Agreement, or of any right, obligation, claim, or cause of action arising hereunder shall be valid or binding for any purpose whatsoever, unless in writing and executed by the party against whom the same is sought to be asserted.

6. Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be effective for all purposes if hand delivered to the party designated below, or if sent by (a) certified or registered United States mail, postage prepaid, or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, addressed in either case as follows:

To Tenant:                   Gambro Healthcare, Inc.  
                                  5200 Virginia Way  
                                  Brentwood, Tennessee 37027  
                                  Attn: North Central Division Counsel

To Lender:                   \_\_\_\_\_

or to such other address and persons as shall be designated from time to time by either party in a written notice to the other in the manner provided for in this Paragraph. the notice shall be deemed to have been given at the time of delivery if hand delivered, or, in the case of registered

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or certified mail, three (3) business days after deposit in the United States mail, or if by expedited prepaid delivery, upon first attempted delivery on a business day.

7. Landlord Consent. Landlord is joining herein solely for the purpose of consenting to the terms and conditions of the Agreement and agreeing that Tenant may rely upon any and all notice from Lender relating to the rights of Lender hereunder and under the Mortgage.

8. Successors and Assigns This Agreement and each and every covenant, agreement, and other provisions hereof shall be binding upon the parties hereto and their heirs, administrators, representatives, successors and assigns.

9. Choice of Law. This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the state in which the Real Property is located.

10. Counterparts. This Agreement may be executed in any number of counter parts for the convenience of the parties, all of which, when taken together and after execution by all parties, hereto, shall constitute one and the same Agreement.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above written.

TENANT:

GAMBRO HEALTHCARE, INC.

By:       SPECIMEN, DO NOT SIGN        
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to form:

By:       SPECIMEN, DO NOT SIGN        
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

LENDER:

\_\_\_\_\_

By:       SPECIMEN, DO NOT SIGN        
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

The foregoing Agreement is hereby consented and agreed to by the undersigned as set forth in Paragraph 7 hereof.

LANDLORD:

160 NORTH MAIN, LLC

By:       SPECIMEN, DO NOT SIGN        
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

5/24

State of Tennessee            )  
County of Williamson         )

On this \_\_\_\_ day of \_\_\_\_\_ in the year 2002 before me, the undersigned, a Notary Public in and for said State and County, personally appeared Michael Klein, President, North Central Division of Gambro Healthcare, Inc., a Tennessee corporation, known to me to be the person who executed the foregoing instrument on behalf of said corporation and acknowledged to me that he executed the same for the purposes therein stated.

In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

State of Tennessee            )  
County of Williamson         )

On this \_\_\_\_ day of \_\_\_\_\_ in the year 2002 before me, the undersigned, a Notary Public in and for said State and County, personally appeared R. Douglas Mefford, North Central Division Counsel of Gambro Healthcare, Inc., a Tennessee corporation, known to me to be the person who executed the foregoing instrument on behalf of said corporation and acknowledged to me that he executed the same for the purposes therein stated.

In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

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State of Illinois )  
County of \_\_\_\_\_)

On this \_\_\_\_ day of \_\_\_\_\_, 2002, before me a notary public in and for the State and County aforesaid, the undersigned officer, personally appeared \_\_\_\_\_, who acknowledged himself/herself to be the \_\_\_\_\_ of \_\_\_\_\_, a financial institution, and that he/she as such \_\_\_\_\_, being authorized to do so, executed the foregoing instrument, for the purposes therein contained, by signing the name of the institution by himself/herself as \_\_\_\_\_.

In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

State of Illinois )  
County of \_\_\_\_\_)

On this \_\_\_\_ day of \_\_\_\_\_ in the year 2002 before me, the undersigned, a Notary Public in and for said State and County, personally appeared \_\_\_\_\_, \_\_\_\_\_ of 160 NORTH MAIN, LLC, a limited liability company, being authorized to do so, executed the foregoing instrument, for the purposes therein contained, by signing the name of the limited liability company by himself/herself as \_\_\_\_\_.

In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

EXHIBIT F  
MEMORANDUM OF LEASE

1. Lessor: 160 North Main, LLC  
Address: Post Office Box 925  
Brentwood, Tennessee 37024
2. Lessee: GAMBRO Healthcare, Inc.  
Address: 5200 Virginia Way  
Brentwood, Tennessee 37027
3. Premises: 160 North Main Street, Breese, Illinois 62230, and more particularly described on Exhibit A attached hereto and made a part of this Memorandum.
4. Date of execution of lease: \_\_\_\_\_, 2002
5. Term: Ten (10) years.
6. Commencement of term: Subject to satisfaction of all contingencies, this Lease shall commence on the earlier of (i) the date of the first dialysis treatment in the Premises; or (ii) February 1, 2003 (the "Commencement Date")
7. Rights of extension or renewal: Three (3) consecutive periods of five (5) years each.
8. Exclusive Use: Landlord shall not sell, rent or permit any property owned, leased or controlled by Landlord within a radius of ten (10) miles from the Premises to be occupied or used by a business that derives more than ten percent (10%) of its revenues from renal dialysis and/or renal dialysis home training, nor shall Landlord display or permit to be displayed upon any such property within said area any advertisement for any such business other than Tenant's. Landlord further covenants that in any lease, deed or other agreement hereafter executed by Landlord affecting any property owned, leased or controlled by Landlord within such area, Landlord will insert a restrictive clause preventing such property from being used for any purposes herein prohibited.

In the event of any conflict between the terms of this notice and the term of the lease, the terms of the lease shall control.

EXECUTED ON \_\_\_\_\_, 2002.

LESSOR:

160 NORTH MAIN, LLC

\_\_\_\_\_  
Witness

By:       SPECIMEN, DO NOT SIGN      

Name: \_\_\_\_\_

Title: \_\_\_\_\_

LESSEE:

GAMBRO HEALTHCARE, INC.

\_\_\_\_\_  
Witness

By:       SPECIMEN, DO NOT SIGN      

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to form:

By:       SPECIMEN, DO NOT SIGN      

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Prepared by:  
R. Douglas Mefford  
North Central Division Counsel  
Gambro Healthcare, Inc.  
5200 Virginia Way  
Brentwood, TN 37027

Return to:  
R. Douglas Mefford  
North Central Division Counsel  
Gambro Healthcare, Inc.  
5200 Virginia Way  
Brentwood, TN 37027

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State of Illinois )  
County of \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_ in the year 2002 before me, the undersigned, a Notary Public in and for said State and County, personally appeared \_\_\_\_\_, \_\_\_\_\_ of 160 NORTH MAIN, LLC, a limited liability company, being authorized to do so, executed the foregoing instrument, for the purposes therein contained, by signing the name of the limited liability company by himself/herself as \_\_\_\_\_.

In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

State of Tennessee )  
County of Williamson )

On this \_\_\_\_ day of \_\_\_\_\_ in the year 2002 before me, the undersigned, a Notary Public in and for said State and County, personally appeared Michael Klein, President, North Central Division of Gambro Healthcare, Inc., a Tennessee corporation, known to me to be the person who executed the foregoing instrument on behalf of said corporation and acknowledged to me that he executed the same for the purposes therein stated.

In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

State of Tennessee )  
County of Williamson )

On this \_\_\_\_ day of \_\_\_\_\_ in the year 2002 before me, the undersigned, a Notary Public in and for said State and County, personally appeared R. Douglas Mefford, North Central Division Counsel of Gambro Healthcare, Inc., a Tennessee corporation, known to me to be the person who executed the foregoing instrument on behalf of said corporation and acknowledged to me that he executed the same for the purposes therein stated.

In witness whereof, I hereunto set my hand and official seal.

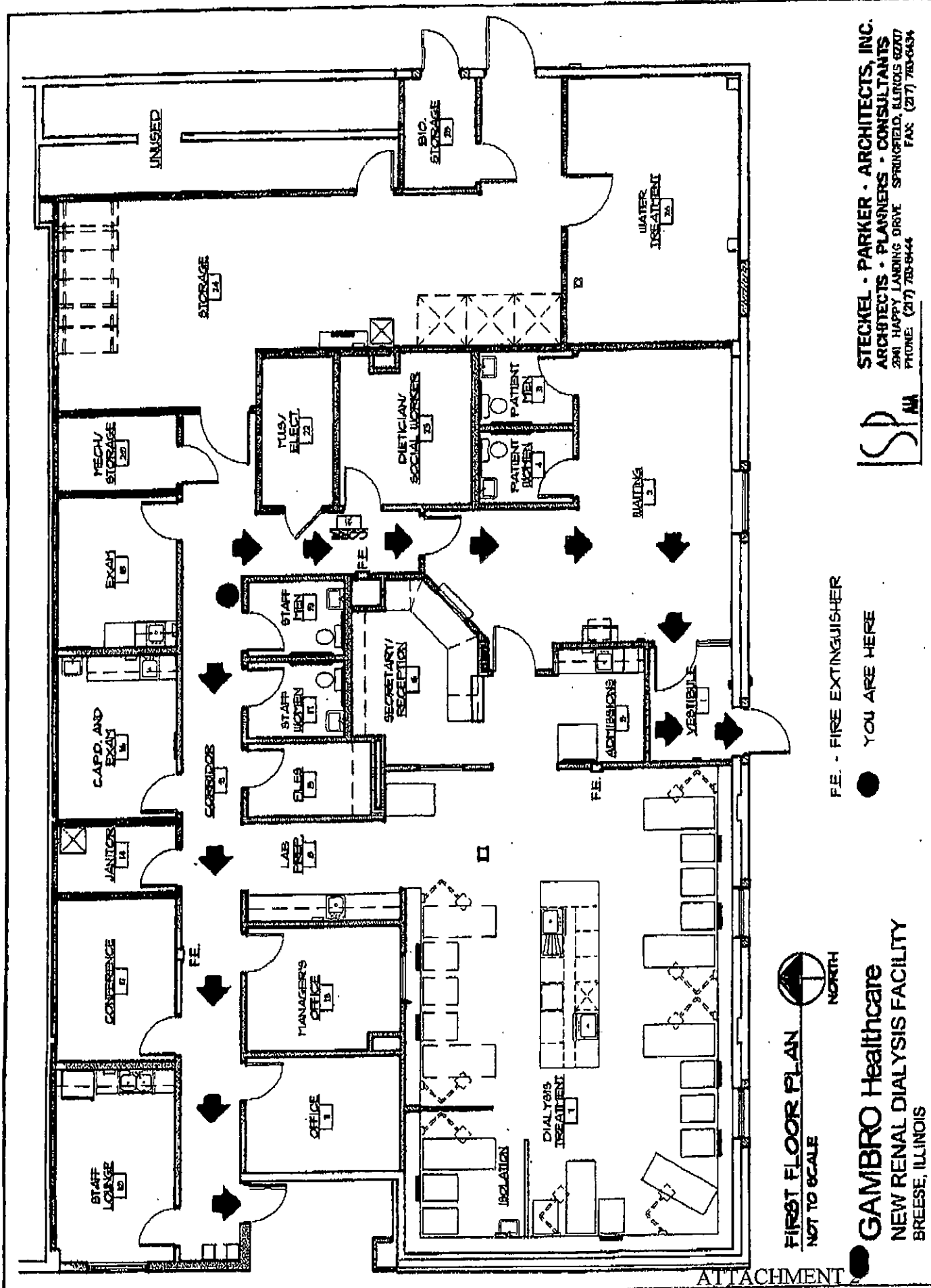
\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_



EXHIBIT A  
LEGAL DESCRIPTION

[Attached]

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**STECKEL - PARKER - ARCHITECTS, INC.**  
**ARCHITECTS - PLANNERS - CONSULTANTS**  
 2841 HAPPY LANDING DRIVE SPRINGFIELD, ILLINOIS 62707  
 PHONE: (217) 783-8444 FAX: (217) 783-8444



F.E. - FIRE EXTINGUISHER

● YOU ARE HERE



**FIRST FLOOR PLAN**  
 NOT TO SCALE

**GAMBRO Healthcare**  
**NEW RENAL DIALYSIS FACILITY**  
 BREESE, ILLINOIS

ATTACHMENT

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*To all to whom these Presents Shall Come, Greeting:*

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

RAI CARE CENTERS OF ILLINOIS I, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANACT BUSINESS IN ILLINOIS ON SEPTEMBER 22, 2005, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANACT BUSINESS IN THE STATE OF ILLINOIS.



*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 1ST day of DECEMBER A.D. 2010*

*Jesse White*

SECRETARY OF STATE ATTACHMENT 3

## ORGANIZATIONAL RELATIONSHIPS

The proposed change of ownership will not involve the changing of the Medicare certification holder, RAI Care Centers of Illinois, I, LLC. The Medicare certification holder is currently and following the change of ownership will be directly "controlled" by Liberty Dialysis Holdings, Inc., pursuant to the definition of "control" contained in Section 1130.140. Liberty Dialysis Holdings, Inc. will be "controlled" by Fresenius Medical Care Holdings, Inc.

RAI Care Centers of Illinois I, LLC, as the current and proposed Medicare certification holder, is named as an applicant. Liberty Dialysis Holdings, Inc. is named as an applicant because it currently and will "control" the Medicare certification holder.

The proposed changes of ownership of the Illinois ESRD facilities will not involve debt financing.

No individuals own a 5% or greater interest in any applicant entity.

## ITEMIZATION OF PROJECT COSTS

### Consulting and Other Fees (\$100,000)

Estimate of costs to be incurred associated with CON filing (\$22,000), legal and consulting services related to the CON process (\$40,000), feasibility, accounting, and other services (\$38,000).

### Acquisition Cost (\$925,220)

Apportionment of the acquisition described in the filed *Agreement and Plan of Merger*. Apportionment was based on 2011 EBITDA (please see Exhibit 1.1e of *Agreement*, and represents 0.16% of the ownership interest in RAI.

## BACKGROUND OF THE APPLICANT

Liberty Dialysis Holdings, Inc., directly or indirectly owns and/or operates three End Stage Renal Disease (ESRD) facilities in Illinois:

RAI-Centre West-Springfield  
Springfield  
#14-2536

RAI-Lincoln Highway  
Fairview Heights  
#14-2558

RAI-North Main  
Breese  
#14-2637

Attached also are: 1) proof of Medicare Certification for the three facilities to be acquired, and as listed above; 2) a listing of all Illinois ESRD facilities directly or indirectly owned and/or operated by Fresenius Medical Care Holdings, Inc.; and 3) applicable letters addressing the absence of "adverse actions", and allowing access to information.

No individuals hold an ownership interest of 5% or more of any entity named as an applicant.

A88

N.Muin-Breese

Midwestern Consortium  
Division of Survey and Certification



May 8, 2006

Vpdfr

Ms. GERALYN VOGEL  
Clinic Manager

~~Breese Dialysis  
600 North Main Street  
Breese, IL 62230~~

Dear Ms. Vogel:

Subject: Change of Ownership - ~~Supplier Number 14-2637~~

We were notified that the end-stage renal disease facility, Gambro Healthcare Renal Care, Inc. d/b/a Gambro Healthcare-Breese, changed ownership effective January 1, 2006. It is now operating as RAI Care Centers of Illinois I, LLC d/b/a Breese Dialysis. When a provider of services undergoes a change in ownership, the existing provider number is automatically assigned to the new owner. The new owner is then subject to all terms and conditions under which the existing agreement was issued.

Your facility has been approved for eight (8) maintenance stations. Also, your facility is approved to provide the following services:

- Staff Assisted Hemodialysis
- Staff Assisted Peritoneal Dialysis
  - o Self Administered Peritoneal Dialysis - Patient Training and Support of Continuous Ambulatory Peritoneal Dialysis (CAPD)

Highmark Carefirst (BCBS-GA) has been authorized to process your Medicare claims. Your facility has been assigned the identification number shown above. This number should be entered on all forms and correspondence relating to the Medicare program.

Again, thank you for notifying us of your change of ownership. Should there be a future change in your legal status as owner of the facility, please promptly notify the Centers for Medicare & Medicaid Services (CMS). Furthermore, you should report to the Illinois Department of Public Health any changes in staffing, services, or organization that might affect your certification status.

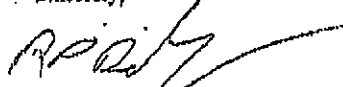
233 North Michigan Avenue  
Suite 600  
Chicago, Illinois 60601-5519

Richard Bolling Federal Building  
601 East 12<sup>th</sup> Street, Room 235  
Kansas City, Missouri 64106-2808

Ms. Vogel  
Page 2

We welcome your participation and look forward to working with you in the administration of the Medicare program. If you have any questions, please contact Sarah McBride in the Chicago office at (312) 353-9613.

Sincerely,



Robert P. Daly  
Branch Manager

cc: Illinois Department of Public Health  
Illinois Department of Public Aid  
Highmark Carefirst (BCBS-GA)  
Illinois Foundation for Quality Health Care



189

Lincoln Hwy. - Fairview Heights

Midwestern Consortium  
Division of Survey and Certification



May 8, 2006

Ms. Gemlyo Vogel  
Clinic Manager  
~~FAIRVIEW HEIGHTS, ILLINOIS 62208~~  
Fairview Heights, IL 62208

Dear Ms. Vogel:

**Subject:** Change of Ownership - ~~Supplier Number 1428532~~

We were notified that the end-stage renal disease facility, Gambro Healthcare Renal Care, Inc. d/b/a Gambro Healthcare-Fairview Heights, changed ownership effective January 1, 2006. It is now operating as RAI Care Centers of Illinois I, LLC- Fairview Heights. When a provider of services undergoes a change in ownership, the existing provider number is automatically assigned to the new owner. The new owner is then subject to all terms and conditions under which the existing agreement was issued.

Your facility has been approved for twenty (20) maintenance stations. Also, your facility is approved to provide the following services:

- Staff Assisted Hemodialysis
- Staff Assisted Peritoneal Dialysis
  - Self Administered Peritoneal Dialysis - Patient Training and Support of Continuous Ambulatory Peritoneal Dialysis (CAPD)

Blue Cross Blue Shield-GA has been authorized to process your Medicare claims. Your facility has been assigned the identification number shown above. This number should be entered on all forms and correspondence relating to the Medicare program.

Again, thank you for notifying us of your change of ownership. Should there be a future change in your legal status as owner of the facility, please promptly notify the Centers for Medicare & Medicaid Services (CMS). Furthermore, you should report to the Illinois Department of Public Health any changes in staffing, services, or organization that might affect your certification status.

233 North Michigan Avenue  
Suite 600  
Chicago, Illinois 60601-5519

Richard Bolling Federal Building  
601 East 12th Street, Room 235  
Kansas City, Missouri 64106-2808

P.2/3

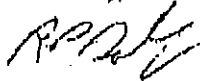
10116155073300

MAY-19-2006 13:106 FROM:RENAL ADJUSTAGE, INC 8183289903

Ms. Vogel  
Page 2

We welcome your participation and look forward to working with you in the administration of the Medicare program. If you have any questions, please contact Sarah McBride in the Chicago office at (312) 353-9613.

Sincerely,



Robert P. Daly  
Branch Manager

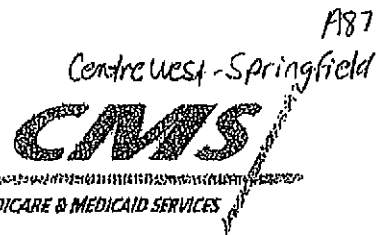
cc: Illinois Department of Public Health  
Illinois Department of Public Aid  
BCBS-GA  
Illinois Foundation for Quality Health Care

P. 2/3

To: 16159073300

MAY-19-2006 13:35 From: REMAIL ADMIN@BCBSGA.COM 6486328903

Midwestern Consortium  
Division of Survey and Certification



Supplier Number: 14-2546

December 5, 2006

Martin Valtierra, R.N.  
Center Director  
RAI Care Center of Illinois, Inc.  
1112 Centre West Drive  
Springfield, Illinois 62704

Dear Mr. Valtierra:

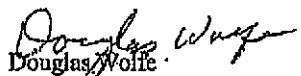
Based upon information provided by the Illinois Department of Public Health, your renal dialysis facility (ESRD) is approved to provide self-administered hemodialysis services effective November 6, 2006. Your facility is approved for a total of fourteen (14) stations and continues to be approved to provide the following services:

- Staff-Assisted Hemodialysis;
- Staff-Assisted Peritoneal Dialysis;
- Patient Training for Hemodialysis;
- Patient Training for Continuous Ambulatory Peritoneal Dialysis (CAPD);
- Patient Training for Continuous Cycling Peritoneal Dialysis (CCPD);
- Self-Administered Hemodialysis;
- Self-Administered Peritoneal Dialysis.

Regulations at 42 CFR 489.18 require that providers notify CMS when there is a change of ownership. Therefore, you must notify this office promptly if there is a change in your legal status as owner of this facility. You must also report to the State agency any changes in staffing, services, or organization which might affect your certification status.

We look forward to continuing to work with you in the administration of the Medicare program. If you have any questions regarding this letter, please contact Justin Pak of the Chicago office at (312) 3535-0519.

Sincerely,

  
Douglas Wolfe  
Program Representative  
Non-Long Term Care Branch

cc: Illinois Department of Public Health  
Illinois Department of Healthcare and Family Services  
Trailblazers Health Enterprises, Inc.  
The Renal Network, Inc.

233 North Michigan Avenue  
Suite 600  
Chicago, Illinois 60601-5519

Richard Bolling Federal Building  
601 East 12<sup>th</sup> Street, Room 235  
Kansas City, Missouri 64106-2808

ATTACHMENT 11

Fresenius Medical Care Holdings, Inc. In-center Clinics in Illinois

Clinic	Provider #	Address	City	Zip
Alsip	14-2630	12250 S. Cicero Ave Ste. #105	Alsip	60803
Antioch	14-2673	311 Depot St., Ste. H	Antioch	60002
Aurora	14-2515	455 Mercy Lane	Aurora	60506
Austin Community	14-2653	4800 W. Chicago Ave., 2nd Fl.	Chicago	60651
Berwyn	14-2533	2601 S. Harlem Avenue, 1st Fl.	Berwyn	60402
Blue Island	14-2539	12200 S. Western Avenue	Blue Island	60406
Boilingbrook	14-2605	538 E. Boughton Road	Boilingbrook	60440
Bridgeport	14-2524	825 W. 35th Street	Chicago	60609
Burbank	14-2641	4811 W. 77th Street	Burbank	60459
Carbondale	14-2514	725 South Lewis Lane	Carbondale	62901
Champaign (managed)	14-2588	1405 W. Park Street	Champaign	61801
Chatham		333 W. 87th Street	Chicago	60620
Chicago Dialysis	14-2506	820 West Jackson Blvd.	Chicago	60607
Chicago Westside	14-2681	1340 S. Damen	Chicago	60608
Congress Parkway	14-2631	3410 W. Van Buren Street	Chicago	60624
Crestwood	14-2538	4861-73 W. Cal Sag Road	Crestwood	60445
Decatur East	14-2503	1830 S. 44th St.	Decatur	62521
Deerfield	14-2710	405 Lake Cook Road	Deerfield	60015
Des Plaines		1625 Oakton Place	Des Plaines	60018
Downers Grove	14-2503	3825 Highland Ave., Ste. 102	Downers Grove	60515
DuPage West	14-2509	450 E. Roosevelt Rd., Ste. 101	West Chicago	60185
DuQuoin	14-2595	#4 West Main Street	DuQuoin	62832
East Belmont	14-2531	1331 W. Belmont	Chicago	60613
East Peoria	14-2562	3300 North Main Street	East Peoria	61611
Elgin		2130 Point Boulevard	Elgin	60123
Elk Grove	14-2507	901 Biesterfield Road	Elk Grove	60007
Evanston	14-2621	2953 Central Street	Evanston	60201
Evergreen Park	14-2545	9730 S. Western Avenue	Evergreen Park	60805
Garfield	14-2555	5401 S. Wentworth Ave.	Chicago	60609
Glendale Heights	14-2617	520 E. North Avenue	Glendale Heights	60139
Glenview	14-2551	4248 Commercial Way	Glenview	60025
Greenwood	14-2601	1111 East 87th St., Ste. 700	Chicago	60619
Gurnee	14-2549	101 Greenleaf	Gurnee	60031
Hazel Crest	14-2607	17524 E. Carriageway Dr.	Hazel Crest	60429
Hoffman Estates	14-2547	3150 W. Higgins, Ste. 190	Hoffman Estates	60195
Jackson Park	14-2516	7531 South Stony Island Ave.	Chicago	60649
Joliet		721 E. Jackson Street	Joliet	60432
Kewanee	14-2578	230 W. South Street	Kewanee	61443
Lake Bluff	14-2669	101 Waukegan Rd., Ste. 700	Lake Bluff	60044
Lakeview	14-2679	4008 N. Broadway, St. 1200	Chicago	60613
Lombard		1940 Springer Drive	Lombard	60148
Lutheran General	14-2559	8565 West Dempster	Niles	60714
Macomb	14-2591	523 E. Grant Street	Macomb	61455
Marquette Park	14-2566	6515 S. Western	Chicago	60636
McLean Co	14-2563	1505 Eastland Medical Plaza	Bloomington	61704
McHenry	14-2672	4312 W. Elm St.	McHenry	60050
Melrose Park	14-2554	1111 Superior St., Ste. 204	Melrose Park	60160
Merrionette Park	14-2667	11630 S. Kedzie Ave.	Merrionette Park	60803
Metropolis	14-2705	20 Hospital Drive	Metropolis	62960
Midway	14-2713	6201 W. 63rd Street	Chicago	60638
Mokena	14-2689	8910 W. 192nd Street	Mokena	60448
Morris	14-2596	1401 Lakewood Dr., Ste. B	Morris	60450
Mundelein		1400 Townline Road	Mundelein	60060
Naperville	14-2543	100 Spalding Drive Ste. 108	Naperville	60566
Naperville North	14-2678	516 W. 5th Ave.	Naperville	60563
Niles	14-2500	7332 N. Milwaukee Ave	Niles	60714
Norridge	14-2521	4701 N. Cumberland	Norridge	60656
North Avenue	14-2602	805 W. North Avenue	Melrose Park	60160
North Kilpatrick	14-2501	4800 N. Kilpatrick	Chicago	60630
Northwestern University	14-2597	710 N. Fairbanks Court	Chicago	60611
Oak Park	14-2504	773 W. Madison Street	Oak Park	60302
Orland Park	14-2550	9160 W. 159th St.	Orland Park	60462

Facility List

Oswego	14-2677	1051 Station Drive	Oswego	60543
Ottawa	14-2576	1601 Mercury Court	Ottawa	61350
Palatine		Dundee Road	Palatine	60074
Pekin	14-2571	600 S. 13th Street	Pekin	61554
Peoria Downtown	14-2574	410 R.B. Garrett Ave.	Peoria	61605
Peoria North	14-2613	10405 N. Juliet Court	Peoria	61615
Plainfield	14-2707	2300 Michas Drive	Plainfield	60544
Polk	14-2502	557 W. Polk St.	Chicago	60607
Pontiac	14-2611	804 W. Madison St.	Pontiac	61764
Prairie	14-2569	1717 S. Wabash	Chicago	60616
Randolph County	14-2589	102 Memorial Drive	Chester	62233
River Forest		103 Forest Avenue	River Forest	60305
Rockford	14-2615	1302 E. Slate Street	Rockford	61104
Rogers Park	14-2522	2277 W. Howard St.	Chicago	60645
Rolling Meadows	14-2525	4180 Winnetka Avenue	Rolling Meadows	60008
Roseland	14-2690	135 W. 111th Street	Chicago	60628
Ross-Englewood	14-2670	6333 S. Green Street	Chicago	60621
Round Lake	14-2616	401 Nippersink	Round Lake	60073
Sandwich	14-2700	1310 Main Street	Sandwich	60548
Saline County	14-2573	275 Small Street, Ste. 200	Harrisburg	62946
Skokie	14-2618	9801 Wood Dr.	Skokie	60077
South Chicago	14-2519	9200 S. Chicago Ave.	Chicago	60617
South Holland	14-2542	17225 S. Paxton	South Holland	60473
South Shore	14-2572	2420 E. 79th Street	Chicago	60649
South Side	14-2508	3134 W. 76th St.	Chicago	60652
South Suburban	14-2517	2609 W. Lincoln Highway	Olympia Fields	60461
Southwestern Illinois	14-2535	Illinois Rts 3&143, #7 Eastgate Plz.	East Alton	62024
Spoon River	14-2565	210 W. Walnut Street	Canton	61520
Spring Valley	14-2564	12 Wolfer Industrial Drive	Spring Valley	61362
Steger		219 34th Street	Steger	60475
Streator	14-2695	2356 N. Bloomington Street	Streator	61364
Uptown	14-2692	4720 N. Marine Dr.	Chicago	60640
Villa Park	14-2612	200 E. North Ave.	Villa Park	60181
Waukegan Harbor		101 North West Street	Waukegan	60085
West Batavia		Branson Drive	Batavia	60510
West Belmont	14-2523	4848 W. Belmont	Chicago	60641
West Chicago	14-2702	1855-1863 N. Neltnor	West Chicago	60185
West Metro	14-2536	1044 North Mozart Street	Chicago	60622
West Suburban	14-2530	518 N. Austin Blvd., Ste. 5000	Oak Park	60302
West Willow		14404 W. Willow	Chicago	60620
Westchester	14-2520	2400 Wolf Road, STE 101A	Westchester	60154
Williamson County	14-2627	900 Skyline Drive, Ste. 200	Marion	62959
Willowbrook	14-2632	6300 S. Kingery Hwy, STE 408	Willowbrook	60527

# LIBERTY DIALYSIS

PATIENT FOCUSED • PHYSICIAN DRIVEN

7650 SE 27<sup>th</sup> Street, Suite 200  
Mercer Island, WA 98040

Tel 206.236.5001  
Fax 206.236.5002

September 9, 2011

Illinois Health Facilities  
and Services Review Board  
Springfield, IL

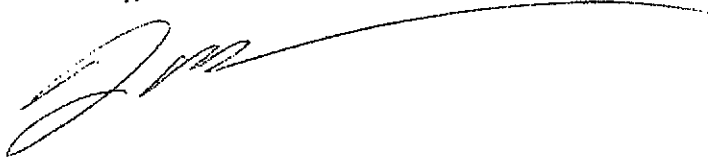
To Whom It May Concern:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

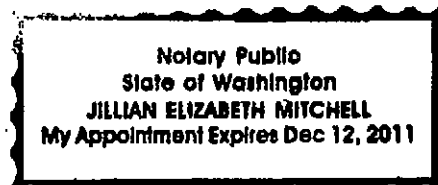
1. Neither Liberty Dialysis Holdings, Inc. nor any affiliated entity has had any adverse actions against any Illinois facility owned and operated by Liberty Dialysis Holdings, Inc. or a related entity during the three (3) year period prior to filing for this application, and
2. Liberty Dialysis Holdings, Inc. authorizes the State Board and Agency access to information related to itself and related entities to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,



NOTARIZED:



*Jillian Elizabeth Mitchell*

ATTACHMENT 11

*Committed to giving our patients the liberty to lead extraordinary lives*

Certification & Authorization

Fresenius Medical Care Holdings, Inc.

In accordance with Section III, A (2) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby certify that no adverse actions have been taken against Fresenius Medical Care Holdings, Inc. by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities & Services Review Board; and

In regards to section III, A (3) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: [Signature]  
ITS: Robert J. McGorty, SVP

By: [Signature] Mark Fawcett  
Vice President & Asst. Treasurer  
ITS: \_\_\_\_\_

Notarization:  
Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 2011

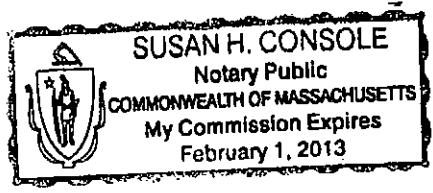
Notarization:  
Subscribed and sworn to before me  
this 16 day of Sept, 2011

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Signature of Notary

Seal

Seal



## PURPOSE

The project addressed in this application is limited to a change of ownership, and does not propose any change to the services provided, including the number of dialysis stations located at RAI-North Main. The facility will continue to provide ESRD services to residents of Breese, Clinton County and the surrounding primarily rural communities traditionally serviced by the ESRD facility.

The table on the following page identifies each ZIP Code/community that provided more than one of the facility's patients, during the analysis period. The facility's primary patient population resides in Clinton County. No significant change in the patient origin distribution is anticipated as a result of the proposed change of ownership, or for any other reason. Also, and as can be seen in the patient origin analysis below, RAI-North Main is a primary provider of ESRD services in the area. RAI-North Main is the only ESRD facility located in St. Clair County.



RAI-North Main  
2010 Patient Origin

<u>ZIP Code Area</u>	<u>Community</u>	<u>%</u>
62231	Carlyle	14.6%
62249	Highland	12.5%
62253	Keyport	12.5%
62230	Breese	8.3%
62293	Trenton	6.3%
62216	Aviston	6.3%
62258	Mascoutah	4.2%
62215	Albers	4.2%
62269	O'Fallon	4.2%
62275	Pocahontas	4.2%
62801	Centralia	4.2%
		81.3%
others, 1 patient, each		18.7%
		100.0%

The proposed change of ownership will address the health care status of the population that has traditionally looked to this facility for care, by continuing to provide the ESRD services currently being provided, and with the continued utilization of the facility serving as a measurement of success.

## ALTERNATIVES

Section 1110.230(c) requests that an applicant document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served.

This project is limited to a change of ownership, and more specifically, Liberty Dialysis Holdings, Inc. ("Liberty"), which owns three ESRD facilities in Illinois, is being acquired by Fresenius Medical Holdings, Inc. ("Fresenius"). Included in the acquisition are Liberty's ESRD facilities located in Springfield, Fairview Heights and Breese.

In order to best respond to Section 1110.230(c), given the particular circumstances and limited nature of the project, when developing an *Application for Permit* for a similar project, the applicant's consultants conducted a technical assistance conference with State Agency Staff (July 12, 2010). That technical assistance conference was documented according to the agency's practice. Through the technical assistance process, the applicants were directed by State Agency staff to set forth the factual background in response to Section 1110.230(c): On March 22, 2011 the IHFSRB approved Liberty's acquisition of three dialysis facilities owned by Renal Advantage Holdings, Inc. ("RAI") (Permits 10-083, -084, and -085), as a component of Liberty's acquisition of RAI. In April 2011 Fresenius indicated an interest in acquiring Liberty,

and its RAI subsidiary. That interest, and the subsequent offer, was not solicited by Liberty, nor had Liberty solicited offers from others. In May 2011 Fresenius acquired a minority interest in RAI, and in late July 2011, Liberty accepted Fresenius' offer to acquire Liberty (including the remaining interest in RAI) for approximately \$1.7 billion. An Agreement and Plan of Merger ("Agreement") has been negotiated and signed, and is being filed with the IHFSRB concurrent to the filing of this *Application for Permit*.

With the agreement to proceed with the transaction, the only alternative faced by the applicants related to the three Illinois facilities. Because the changes of ownership of the three Illinois ESRD facilities are subject to the approval of the IHFSRB, and because the timing of that approval may not coincide with the anticipated closing date of the transaction, the applicants have elected to "carve out" the three Illinois facilities from the larger transaction in deference to the IHFSRB's review process and schedule (please see Section 7.13 of the Agreement).

The three Illinois ESRD facilities will continue to operate, to provide the same services currently being provided, and provide the same number of ESRD stations currently being provided. As a result, the health care needs of the patient populations that rely on the three facilities for their ESRD care will be maintained.

MERGERS, CONSOLIDATIONS, and  
ACQUISITIONS/CHANGES OF OWNERSHIP

A. Impact Statement

The proposed change of ownership will not have any impact on the manner in which ESRD services are provided at RAI-North Main. The facility will continue to operate its existing eight stations, and no expansion or contraction is anticipated, nor are any changes in the clinical services provided by the facility anticipated.

The operating entity will continue to be RAI Care Centers of Illinois I, LLC.

The change of ownership is a result of the anticipated acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care Holdings, Inc. through a reverse triangular merger transaction. The change of ownership of Liberty's three Illinois ESRD facilities have been carved out of the larger transaction, to allow compliance with the requirements of the Illinois Health Facilities and Services Review Board.

No changes to the staffing of RAI-North Main, other than those normally associated with the ongoing operations of an ESRD facility are anticipated.

The cost associated with the proposed change of ownership is limited to those costs identified in ATTACHMENT 7; and the primary benefit of the project is the ongoing operation of the facility.

B. Access

The proposed change of ownership will not result in reductions in accessibility to ESRD services for residents of the area. The admissions policies under which the Illinois Liberty facilities currently operate are attached, as are Fresenius' policies, which will be implemented soon after the change of ownership. Confirmation that access will not become more restrictive, as required by review criterion 1110.240(c) is attached.

C. Health Care System

The proposed change of ownership will not have any impact on any other area provider.

The table below identifies the three Illinois ESRD facilities currently operated by Liberty. The services provided at each of the facilities is limited to ESRD/chronic dialysis.

<b>Name/Location</b>	<b>Stations</b>	<b>YE 6/30/11 Treatments</b>
RAI-Centre West-Springfield 1112 Centre West Drive Springfield, IL 62704	14	9,301
RAI-Lincoln Highway 821 Lincoln Highway Fairview Heights, IL 62208	20	14,359
RAI-North Main 160 North Main Street Breese, IL 62230	8	4,476

Attached is a transfer agreement with Memorial Medical Center in Springfield, which is located 106 miles/ 1 hour 56 minutes (per MapQuest) from RAI-North Main.

Because of the limited nature of the clinical services provided in ESRD facilities, the use of other health care system facilities, the duplication of services, and the provision of currently unavailable services noted in the *Application for Permit* form (page 17), are not applicable to the proposed change of ownership.

**Liberty/RAI Financial Assistance  
and Charity Care Policies**



## PATIENT FINANCIAL INDIGENCE

---

### 1. PURPOSE:

The purpose of this policy is to ensure that RAI has a process for patients with limited financial resources to receive financial assistance for their share of deductibles and co-insurance relating to our services.

### 2. POLICY:

RAI will determine if assistance is available for financially indigent patients by comparing the patient's household income to nationally published poverty guidelines. Any patient with household income less than or equal to two times the poverty guideline is considered indigent and would not be responsible for self-pay balances (coinsurance and deductibles) incurred from services provided by the company.

### 3. SIGNIFICANT ACCOUNTS:

Contractual Adjustments - Charity  
Bad Debt Expense  
Allowance for Doubtful Accounts

### 4. PROCEDURES:

This policy includes procedures for the following:

1. Application for Assistance
2. Approval Process
3. Classification of Indigence in QMS
4. Account Adjustment





4.1 Application for Assistance

RESPONSIBILITY	ACTION
Insurance Verification Specialist	<ol style="list-style-type: none"> <li>1. As part of the insurance verification process, the Insurance Verification Specialist assigns primary, secondary and tertiary insurance for each patient based on the patient's existing coverage.</li> <li>2. If a new patient is admitted or an existing patient's insurance coverage changes such that the patient does not have primary insurance or does not have a secondary insurance but has Medicare primary, these patients will be forwarded to a Regional Management Designee (Financial Caseworker or Social Worker) to determine options available for underinsured patients.</li> </ol>
Regional Management Designee	<ol style="list-style-type: none"> <li>3. Underinsured patients will be identified and evaluated to determine if any alternative insurance options are available based on the patient's individual circumstances (Medicaid, Medigap, etc.).</li> <li>4. After all options for third party assistance have been explored and exhausted, the Regional Management Designee will have the patient complete an Application for Patient Assistance (see exhibit REV-E-APP).</li> <li>5. If a patient has Household Income equal to or less than two times the Poverty Guidelines, the patient is eligible for assistance. Household income is defined as the income of all dependent family members which may include earnings, unemployment compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, and other miscellaneous sources. Attempts should also be made to obtain and evaluate assets convertible to cash such as bank accounts, CD's, etc. Income is pre tax or deductions. Income of non-relatives, such as housemates, should not be considered. Non cash benefits such as food stamps and housing subsidies are not considered income.</li> </ol>

4.2 Approval Process

RESPONSIBILITY	ACTION
Regional Management Designee	<ol style="list-style-type: none"> <li>1. Once the Application for Patient Assistance has been completed, the Regional Management Designee will have the patient sign the document to confirm all data presented is correct.</li> </ol>

Originated:

Revised:



**Regional Director**

2. Once the information is validated by the Regional Management Designee, the form will be signed as approved.
3. The Regional Director must approve the Application for Patient Assistance in order to complete the application.
4. The form, along with supporting documentation, will be forwarded to the Insurance Verification Specialist for input into the QMS system.
5. These steps will be duplicated not less than annually for existing patients who previously qualified for Patient Assistance to ensure the patient's status has not changed.

**4.3 Classification of Indigence in QMS**

**RESPONSIBILITY**

**ACTION**

**Insurance Verification Specialist**

1. Upon receipt of an approved Application for Patient Assistance, the Insurance Verification Specialist will review the application and supporting documentation.
2. A Self-Pay insurance plan (PAT5) will be added to the appropriate insurance rank (primary, secondary or tertiary) for the patient. The Patient Assistance approval designation is only valid up to one year and must be reestablished annually.

**Business Office Manager**

3. The Business Office Manager will provide a monthly report of all patients currently set-up with PAT5 Self-Pay insurance to confirm with the Regional Management Designee that all approved patients are set up correctly in QMS.

**4.4 Account Write Off**

**RESPONSIBILITY**

**ACTION**

**Collection Specialist**

1. Each month, the Collection Specialist will run a QMS aging report identifying all patients with a PAT5 Self-Pay balance. The Collection Specialist will complete a Write-Off Request Form (WORF) and forward to the appropriate person for signature prior to the account being written off (see Policy Rev-F).

Originated:

Revised:



RENAL ADVANTAGE INC.

### APPLICATION FOR PATIENT ASSISTANCE

Center Name \_\_\_\_\_ Eff. Date: \_\_\_\_\_

Patient Name \_\_\_\_\_ Patient ID# \_\_\_\_\_

#### CURRENT INSURANCE COVERAGE:

Primary: \_\_\_\_\_ Eff. Date: \_\_\_\_\_

Secondary: \_\_\_\_\_ Eff. Date: \_\_\_\_\_

If no insurance, has patient applied for Medicare? OYes ONo Denied? OYes ONo

If no insurance, has patient applied for Medicaid? OYes ONo Denied? OYes ONo

**\*If denied, please attach a copy of the denial.**

#### PATIENT ASSISTANCE CALCULATIONS:

The patient's annual\* household income equals \$ \_\_\_\_\_ and the patient's family size equals \_\_\_\_\_. Based on the patient's family size, two times poverty guideline equals \_\_\_\_\_. Based on these circumstances, the patient:

DOES QUALIFY FOR PATIENT ASSISTANCE

DOES NOT QUALIFY FOR PATIENT ASSISTANCE

This Patient Assistance calculation applies to dates of services from \_\_\_/\_\_\_/\_\_\_ to \_\_\_/\_\_\_/\_\_\_.

*Must be no longer than 1 year.*

A copy of the patient's proof of income and family size (i.e. income tax return) **must** be attached to this form in order to determine financial assistance eligibility. Household income is defined as the income of all dependent family members which may include earnings, unemployment compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, and other miscellaneous sources. Income is pre tax or deductions.



RENAL ADVANTAGE INC.

Income of non-relatives, such as housemates, should not be considered. Non cash benefits such as food stamps and housing subsidies are not considered income.

\*Note the date span on the proof of income prior to annualizing the patient's household income.

\_\_\_\_\_  
Patient Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Financial Caseworker/Social Worker

\_\_\_\_\_  
Date

\_\_\_\_\_  
Regional Director

\_\_\_\_\_  
Date



RENAL ADVANTAGE INC.

### 2008 HHS Poverty Guidelines

48 Contiguous States and D.C.

Income guidelines as published in the Federal Register on 1/23/08

#### ANNUAL GUIDELINES

<u>Family Size</u>	<u>Income Guidelines</u>	<u>2x Poverty Guidelines</u>
1	\$10,400	\$20,800
2	\$14,000	\$28,000
3	\$17,600	\$35,200
4	\$21,200	\$42,400
5	\$24,800	\$49,600
6	\$28,400	\$56,800
7	\$32,000	\$64,000
8	\$35,600	\$71,200

\*For family units of more than 8 members, add \$3,600 for each additional member to determine "Income Guidelines".

Fresenius Uncompensated Care Policy



## Billing Waivers for Indigent Patients

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**Introduction** FMCNA has established an indigent waiver program to assist patients who are unable to obtain insurance coverage or who lack the financial resources to pay for medical services. The Company recognizes the financial burdens associated with ESRD and wishes to ensure that patients are not denied access to medically necessary care for financial reasons. At the same time, the Company also recognizes the limitations imposed by federal law on offering “free” or “discounted” medical items or services to Medicare and other government supported patients for the purpose of inducing such patients to receive ESRD-related items and services from FMCNA.

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**Definition** Indigent Waiver - An indigent waiver excuses a patient’s obligation to pay for items and services furnished by FMCNA.

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- Policy**
- The indigent waiver program applies only to charges for which the patient is personally liable and for which no government or private third party is obligated to pay on the patient’s behalf.
  - The indigent waiver program is intended to function as a “last resort” and should not be considered until all other coverage or payment options for the patients have been thoroughly explored.
  - When appropriate, patients may qualify for partial indigent waivers based upon a sliding scale schedule approved by the Office of Business Practices and Corporate Compliance (See Attachment).
- 

DOCUMENT NUMBER	DOCUMENT REVISION	ISSUE DATE	EFFECTIVE DATE
COR-COMP-G-0-000-010A	03	18-DEC-07	15-MAY-00
Billing Waivers for Indigent Patients			Page 1 of 4



# Fresenius Medical Care

## POLICY

### Qualifications For Indigent Waiver

In general:

If patient has	Patient may be eligible to receive a waiver for . . .
No primary insurance coverage	Up to 100% of billed charges
Primary insurance coverage but lacks secondary insurance (e.g. Medigap)	Up to 100% of the coinsurance and deductible billed charges only

In order to qualify for an indigent waiver, a patient must satisfy eligibility criteria for **both** annual income and net worth. Information used to determine whether a patient meets the eligibility criteria for annual income and net worth must be verified through the receipt of supporting documents.

Criteria	Limits
Annual Income	<ul style="list-style-type: none"> <li>A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have an annual income in excess of two (2) times the Federal Poverty Standard in effect at the time.</li> <li>Patients whose annual income is greater than two (2) times the Federal Poverty Standard may qualify for a partial indigent waiver based upon a sliding scale schedule approved by the Office of Business Practices and Corporate Compliance.</li> </ul>
Net Worth	A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have a net worth in excess of \$75,000 (or such other amount as may be established by the Office of Business Practices and Corporate Compliance based on changes in the Consumer Price Index).

*Note:* Documented uncompensated medical expenses for the patient (but not other family members) will be allowed as a deduction from income.

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Billing Waivers for Indigent Patients			Page 2 of 4

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ATTACHMENT 19a

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# Fresenius Medical Care

## POLICY

**Financial Status Changes/Retroactive Waiver Requests** Indigent waivers must be re-evaluated at any time information comes to the attention of FMCNA indicating that a patient's financial status has changed or that information relied upon in granting a indigent waiver was incorrect or incomplete.

- a. Waivers may be granted retroactively if a patient is able to demonstrate that he/she satisfied applicable annual income and net worth eligibility criteria during the entire period of time requested.
- b. All waivers requested for a retroactive period of greater than six (6) months must have the approval of the business unit's Regional Vice President(s).

**Valid Waiver Period** Indigent waivers are valid for **one (1) year** from the date of approval (subject to Item 5 above). A full review of a patient's annual income and net worth is required every twelve (12) months to extend a waiver for subsequent periods.

- The date of approval is defined as the date of the last approval signature

**Written Procedures and Training Programs** Each FMCNA division is responsible for developing appropriate written procedures and training programs for implementing this policy

**Documentation of Indigent Waiver Patients** Each FMCNA division is required to maintain a current list of all patients covered by an indigent waiver. Such list should indicate:

- a. whether the waiver applies to all charges or to coinsurance payments only (where the patient has primary but no secondary coverage);
- b. the identity of a primary insurer, if applicable;
- c. whether the waiver excuses the patient's liability for 100 percent of applicable charges or a lesser percentage based on the sliding scale schedule;
- d. the date that the waiver first became effective (including any periods of retroactive application); and
- e. the date the waiver will expire.

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COR-COMP-G-0-000-010A	03	18-DEC-07	15-MAY-00
Billing Waivers for Indigent Patients			Page 3 of 4



# Fresenius Medical Care

## POLICY

**Periodic  
Reviews and  
Document  
Retention**

Each FMCNA division is required to develop a mechanism for:

- a. The frequent, periodic review of all current patients with indigent waivers, validating that the financial information upon which the waiver was granted remains current (minimally, this review must be done annually), and
- b. A seven (7) year retention of records related to the approval of the indigent waiver.

**Document  
Retention**

If an indigent waiver is approved or renewed, copies of documents relied upon in making the determination must be retained for a period of seven (7) years.

**Advertising the  
Indigent  
Waiver  
Program**

The availability of an indigent waiver program may not be advertised to prospective patients or referral sources. Upon inquiry prospective patients may be told that, like other healthcare providers, FMCNA will perform a thorough assessment of the patient's ability to pay, which includes an assessment of a patient's eligibility for available financial assistance programs.

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COR-COMP-G-0-000-010A	03	18-DEC-07	15-MAY-00
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ATTACHMENT 19a

**Fresenius Medical Care North America  
Community Benefit/Financial**

Fresenius Medical Care North America assists all of our patients in securing and maintaining insurance coverage when possible. However, even if for whatever reason insurance (governmental or otherwise) is not available FMCNA does not deny admission for treatment due to lack of insurance coverage.

**American Kidney Foundation**

FMCNA works with the American Kidney Foundation to help patients with insurance premiums at no cost to the patient.

Applicants must be dialyzed in the US or its territories and referred to AKF by a renal professional and/or nephrologist. The Health Insurance Premium Program is a "last resort" program. It is restricted to patients who have no means of paying health insurance premiums and who would forego coverage without the benefit of HIPP. Alternative programs that pay for primary or secondary health coverage, and for which the patient is eligible, such as Medicaid, state renal programs, etc. must be utilized. Applicants must demonstrate to AKF that they cannot afford health coverage and related expenses (deductible etc.).

Our team of Financial Coordinators and Social Workers connect patients who cannot afford to pay their insurance premiums, with AKF, which provides financial assistance to the patients for this purpose. FMCNA's North Division currently has 2986 patients with primary insurance coverage and 7469 patients with secondary insurance coverage for a total of 10,455 patients receiving AKF assistance. For the state of Illinois we have 632 primary and 1503 secondary patients receiving AKF assistance. The benefit of working with the AKF is the insurance coverage which AKF facilities applies to all of the patient's insurance needs, not just coverage for dialysis services.

**Indigent Waiver Program**

FMCNA has established an indigent waiver program to assist patients who are unable to obtain insurance coverage or who lack the financial resources to pay for medical services. In order to qualify for an indigent waiver, a patient must satisfy eligibility criteria for both annual income and net worth.

**Annual Income:** A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have an annual income in excess of two (2) times the Federal Poverty Standard in effect at the time. Patients whose annual income is greater than two (2) times the Federal Poverty Standard may qualify for a partial indigent waiver based upon a sliding scale schedule approved by the Office of Business Practices and Corporate Compliance.

**Net Worth:** A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have a net worth in excess of \$75,000 (or such other amount as may be established by the Office of Business Practices and Corporate Compliance based on changes in the Consumer Price Index

FMCNA recognizes the financial burdens associated with ESRD and wishes to ensure that patients are not denied access to medically necessary care for financial reasons. At the same time, FMCNA also recognizes the limitations imposed by federal law on offering "free" or "discounted" medical items or services to Medicare and other government supported patients for the purpose of inducing such patients to receive ESRD-related items and services from FMCNA. An indigent waiver excuses a patient's obligation to pay for items and services furnished by FMCNA. Patients may have dual coverage of AKF assistance and an Indigent Waiver if their financial status qualifies them for both programs.

FMCNA North Division currently has 718 active Indigent Waivers. 21 cover primary balances which means the patient has no insurance coverage, and 697 cover patient balances where there is no supplemental insurance.

Illinois currently has 5 active Indigent Waivers that cover the supplemental balances after the primary insurance pays. There is a low number of Indigent Waivers issued in Illinois because patients are entitled to Medicaid coverage in Illinois.

#### **IL Medicaid and Undocumented patients**

FMCNA has a bi-lingual Regional Insurance Coordinator who works directly with Illinois Medicaid to assist patients with Medicaid applications. An immigrant who is unable to produce proper documentation qualifies for Medicaid coverage because ESRD is considered a medical emergency.

The Regional Insurance Coordinator will petition Medicaid if patients are denied and assist undocumented patients through the application process to get them Illinois Medicaid coverage. This role is actively involved with the Medicaid offices and attends appeals to help patients secure and maintain their Medicaid coverage for all of their healthcare needs, including transportation to their appointments.

#### **FMCNA Collection policy**

FMCNA's collection policy is designed to comply with federal law while not penalizing patients who are unable to pay for services.

FMCNA does not use a collection agency for patient collections unless the patient receives direct insurance payment and does not forward the payment to FMCNA.

#### **Medicare and Medicaid Eligibility**

**Medicare:** Patients are eligible for Medicare when they meet the following criteria: age 65 or older, under age 65 with certain disabilities, and people of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).

There are three insurance programs offered by Medicare; Part A for hospital coverage, Part B for medical coverage and Part D for pharmacy coverage. Most people do not have to pay a monthly premium, for Part A because they or a spouse paid Medicare taxes while working. If a beneficiary does not get premium-free Part A, he or she may be able to buy it if they (or their spouse) are not entitled to Medicare Part A benefits because they did not work or pay enough Medicare taxes while working or are age 65 or older or disabled but no longer get free Part A because they returned to work. Part B and Part D both require monthly premiums. Patients must obtain Part B coverage for dialysis services.

Medicare does allow members to enroll in Health Plans for supplemental coverage. Supplemental coverage (secondary) is any policy that pays balances after the primary (Medicare) pays, thus reducing any out of pocket expenses incurred by the member.

Medicare will pay 80% of what is allowed by a set fee schedule. The patient would be responsible for the remaining 20% not paid by Medicare. The supplemental (secondary) policy covers the cost of co-pays, deductibles and the remaining 20% of charges.

**Medicaid:** Low-income Illinois residents who cannot afford health insurance may be eligible for Medicaid. In addition to meeting federal guidelines, individuals must also meet the state criteria to qualify for Medicaid coverage in Illinois.

### **Self Pay**

A self-pay patient would not have any type of insurance coverage (un-insured). They may be un-insured because they do not meet the eligibility requirements for Medicare or Medicaid and can not afford a commercial insurance policy.

In addition, a patient balances become self-pay after primary insurance pays, but the patient does not have a supplemental insurance policy to cover the remaining balance. The AKF assistance referenced earlier may or may not be available to these patients, dependent on whether they meet AKF eligibility requirements.

**Liberty/RAI Patient Admissions Policies**



6. Patients may be denied for admission or transferred or discharged to another dialysis center if the center's Medical Director or Center Director or Regional Director responsible for the center determines any of the following:
  - The patient's overall status has been assessed and it has been determined that treatment in the outpatient setting is unsafe or inappropriate (e.g., the patient requires medications, treatment or monitoring that is not available in the outpatient dialysis setting, or the patient's acuity is such that care in the outpatient setting cannot be provided safely)
  - The patient's welfare or that of other patients or staff in the center are endangered by words or behavior (violent or other) exhibited repeatedly by a patient that does not respond to normal interventions.
  - The patient has a communicable disease and the center does not have the type of isolation measures recommended or required for the disease (e.g., respiratory isolation for a patient with known or suspected TB). NOTE: Patients will not be disapproved for admission, transferred or discharged to another center solely on the basis of HIV status.
7. Upon admission, RAI new patient/admission documents should be reviewed with the patient/designee by the employee with the experience/expertise to discuss that document/material. These materials must be provided to the patient with explanation/discussion by the Nurse, Social Worker, Dietitian, Unit Secretary, etc. as applicable.
8. When a patient is sent to another center on a temporary or permanent basis, current information will be sent as requested by the center and/or required/allowed by law in accordance with current RAI policies for release of patient information to third parties. For transient patients, records requested are defined in the RAI policy for Visiting (Transient) Patients.
9. Any patient who feels that he or she has been improperly disapproved for admission, or once admitted, the patient feels that he or she has been transferred or discharged to another center in an improper manner, may file an appeal as outlined in the RAI policy for Patient Grievances.
10. Upon discharge, the physician must complete a discharge summary that includes the patient's final diagnosis and prognosis (if applicable).



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## ADMISSION & DISCHARGE OF PATIENTS

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### PURPOSE:

To ensure that there is an adequate mix and number of staff to provide appropriate care for the number and acuity of the Renal Advantage Inc. RAI Care Center's patients, and that patients are referred appropriately for care of their stage 5 CKD.

### POLICY:

1. A patient will be considered by a physician for acceptance as an RAI Care Center patient upon request by the admitting physician. The requests are reviewed by the Center Director and Medical Director. All patients must, at all times, have a treating physician with admitting privileges to the center. The Center Director will assess staff availability, space availability, patient acuity and type of space available (i.e., isolation) to determine the total number and type of patients who may be accepted.
2. The center's Medical Director must ensure that the patient being considered for acceptance:
  - meets current, accepted Medicare guidelines for provision of stage 5 CKD services, OR
  - has documented medical justification for provision of stage 5 CKD services if the patient does not meet current, accepted Medicare guidelines.
3. Patients are accepted without regard to national origin, race, age, sex, religion, disability or other factors unrelated to the provision of appropriate medical care. Patients will be required to comply with current financial policies, as well as any and all other guidelines that are in effect.
4. Visiting (transient) patients are accepted for short term care whenever there is adequate staffing, space, type of space available (such as isolation for a hepatitis B antigen positive patient), and appropriate services available (hemodialysis, peritoneal dialysis, home hemodialysis, etc.).
5. Upon admission, center staff will determine if someone other than the patient has been appointed as his/her designated legal representative for health care. If the patient has a designated legal representative for health care, the documents required for this determination must be presented to the center staff on admission. A copy of these documents must be placed in the designated section of the patient's medical record. NOTE: How this is determined and the required documentation may vary by state.



**Fresenius Patient Admissions Policies**

# FMCNA

POLICY MANUAL

07/14/04

ADMISSION, TRANSFER, AND DISCHARGE POLICY

138-020-010

## ADMISSION, TRANSFER, AND DISCHARGE POLICY

### 1. ADMISSION

It is the policy of this dialysis facility to admit and to treat all patients referred by physician members of its Medical Staff without regard to race, creed, color, age, sex, handicap, disability, national origin or social status. All persons and organizations having the occasion to refer patients to physician members of this facility's medical staff for admission to this dialysis facility are advised to do so without regard to the patient's race, creed, color, age, sex, handicap, disability, national origin or social status.

Each patient admitted will be followed by a physician member of the facility's Medical Staff. Prior to admission to this dialysis facility, or with reasonable concurrence thereto, there shall be documented consideration of the most appropriate mode of treatment, including full-maintenance hemodialysis, self-care hemodialysis, home training and home dialysis, renal transplantation, continuous ambulatory peritoneal dialysis, continuous cycling peritoneal dialysis and intermittent peritoneal dialysis. The patient shall be made aware and afforded access to all of the above modes of treatment provided by other facilities that are not provided by this dialysis facility.

Patients shall be medically cleared for treatment in this dialysis facility when such treatment is deemed indicated and appropriate according to the clinical judgment of that patient's attending physician. No arbitrary criteria with respect to patient's age or magnitude of complicating medical problems are established. It is intended that appropriateness of dialysis shall be a decision to be made by the patient's attending physician in accordance with his or her best clinical judgment, and in compliance with the ESRD program and the facility's policies.

Prior to admission to this dialysis facility, all appropriate paperwork must be completed as outlined in section 122-040-020 of the FMCNA Financial Procedure Manual. All appropriate medical and financial records must be received prior to the patient's admission to the facility. Upon referral, the Admissions Coordinator collects all demographic and insurance information from the referral source and the prospective patient and forwards it immediately to the designated staff at the billing group office. Within two days, the billing group staff will verify the patient's insurance coverage and identify any

coverage gaps which exist. Billing office staff will then notify the Admissions Coordinator of the results of the insurance verification and will discuss with the Coordinator the facility's plans for obtaining appropriate coverage, as necessary.

Financial approval for admission is based upon the patient's insurance coverage and his/her willingness to pursue enrollment in insurance or assistance programs for which he/she qualifies.

The billing office will deny financial clearance to individuals who a) cannot obtain Medicare or other coverage or b) indicate an unwillingness to enroll in programs for which he/she is potentially eligible or c) are uncooperative and refuse to disclose insurance information.

In such an event, the billing office representative will notify the Admissions Coordinator, the Administrator and the Region Manager. The patient's physician should be contacted to obtain his/her assistance. The final decision concerning the admission will be made in such cases by the Region Manager.

Medical clearance and financial approval are required prior to admission. Once admission approval has been granted, the Admissions Coordinator must forward the following items from the Patient Admissions Checklist to the billing group office:

- Signed Admission Agreement
- Signed Release of Information/Assignment of Benefits
- Signed LifeChem Assignment of Benefits Form
- Copies of all insurance cards
- Dates of application for Medicare and/or other Insurance

For Home Patients only:

- Signed ESRD Beneficiary Selection Form
- MPD/ERIKA Assignment of Benefits Form

Medical Records, which must be sent to the facility prior to the patient's admission, will contain at least the following:

Long Term Program, Patient Care Plan, History and Physical, Discharge Summary if transferring from hospital unit, Physician's Progress Notes, Social Service Summary, Dietary History, Current Labwork including Chemistries and CBC. **HbsAg**

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results within 30 days unless the patient has HBV antibodies, then an HbsAg is not needed, but a documented HbsAb within the past 12 months is required instead, EKG, Chest X-Ray reports if available or most recent, and Hemodialysis Sheets.

A Consent for Chronic Hemodialysis (or consent appropriate for modality chosen) must be signed by the patient prior to the patient's first treatment at the facility. The signed consent form is binding until the patient is discharged from the facility, withdraws consent for treatment, or his/her dialysis modality changes at which time a new consent must be signed. Consent forms from other FMCNA facilities or non-FMCNA's shall not be used as consent for treatment at this facility.

Each patient shall be evaluated annually by an interdisciplinary team as to appropriateness and effectiveness of the treatment modality received, and the need for continuation of or change in treatment. This team will consist of at least a physician, transplant surgeon or his/her designee, nurse, social worker, dietitian and patient.

Patients who exhibit inappropriate behavior such that they constitute a danger to themselves or to others, or who do not agree to follow the policies and procedures of this facility, may be denied admission to this dialysis facility or may be discharged for same, at the discretion of the Medical Director.

The Director of Nursing or designee shall be responsible for checking the patient's incoming medical records for completeness, and for opening the patient's medical record. The Director of Nursing or designee shall attempt to obtain missing information, and shall notify the patient's physician and/or the Medical Records Supervisor as to any unobtainable data.

The Director of Nursing or designee shall be responsible for scheduling the patient for dialysis treatments in a manner consistent with the attending physician's dialysis prescription, patient needs, and with regard to available time slots.

The patient and/or his or her family shall designate a person to notify in case of emergency. This dialysis facility shall make every effort to notify the appropriate person of any change in a patient's condition considered significant by the physician.

## 2. TRANSFER AND DISCHARGE

Patients temporarily admitted to the hospital, or in a transient

status at another out-patient hemodialysis facility, shall not be discharged from this dialysis facility. In these cases, and in the case of a patient being discharged for permanent transfer to another facility, this dialysis facility shall provide the hospital or the receiving facility with appropriate records summarizing the interim medical course and records concerning the patient's dialysis treatments. These include, but are not limited to: Long Term Program and Patient Care Plans, Hemodialysis Sheets, History and Physical, Physician Progress Notes, Social Services Summary, Dietary History, Current Labwork and Physician Order Sheets. Transfer of such records shall occur within one working day after the patient transfers. Should a patient be permanently transferred to another facility, transplanted, discontinue dialysis or expire, the patient's medical record shall be closed by the Medical Records Supervisor within 30 days from the time the patient leaves the facility. The patient's primary physician shall complete a Patient Discharge Summary within 30 days of the patient's discharge. (Exhibit-Discharge Summary). This discharge summary shall be placed at the front of the patient's closed medical record. The billing office should immediately be notified of all temporary/permanent transfers or discharges.

All patients admitted to this dialysis facility are admitted voluntarily. Any patient who insists on terminating a treatment early will be asked to sign an "Against Medical Advice" form. If a patient cancels a scheduled dialysis treatment, either by calling to inform the dialysis facility, or by not showing up for a scheduled treatment, the charge nurse or other licensed nurse shall attempt to inform the patient of the consequences of missing a scheduled treatment. The patient's physician should be notified of the cancellation, and should make the decision as to whether the treatment needs to be rescheduled. (See Early Termination or Cancellation of Treatment Policy).

If a patient chooses to withdraw from dialysis, every effort will be made to ensure the patient has been informed of his/her treatment options and understands the consequences of withdrawing from dialysis. (See Withdrawal From Dialysis Policy).

The Charge Nurse shall be responsible for immediately notifying the attending physician, the Director of Nursing and/or Administrator at any time a patient leaves the Hemodialysis Unit against medical advice.

In cases of patient emergencies occurring at this dialysis facility, the physician responsible for the patient's care at

# FMCNA

POLICY MANUAL

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ADMISSION, TRANSFER, AND DISCHARGE POLICY

138-020-010

the time of the emergency shall arrange for the transfer of the patient to the hospital. He or she shall notify the attending physician, if applicable, and this dialysis facility shall promptly provide the hospital with appropriate medical records.

When circumstances warrant, these responsibilities shall be carried out by the Charge Nurse on duty at the time of the emergency.

Personal effects of a patient who is transferred to a hospital and/or expires will be recorded on a "Patient's Personal Effects" check list, placed in an envelope or bag, and stored in a safe location in the facility. The Administrator, Director of Nursing, or Charge Nurse will contact the patient's family and request that they pick up the personal effects. (See Patient's Personal Effects Policy).

In the event of death occurring at the facility, the patient's next of kin or responsible party, as designated, shall be promptly notified. The attending physician shall sign the death certificate, as appropriate. Remains shall be released to the appropriate undertaker only after the persons responsible have signed a release form.

If required by state and/or local law, the Department of Health and/or County Coroner will be notified of a death on-site within the mandated time frame.

Request for and permission for autopsy should be referred to the Administrator. Arrangements for the examination are the responsibility of the attending physician.

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## EXHIBIT

### "DISCHARGE SUMMARY

# FMCNA

## DISCHARGE SUMMARY

ADDRESSOGRAPH

Date of Discharge: \_\_\_\_\_

Discharge to:

1. Transferred to \_\_\_\_\_ Dialysis Unit  
Address \_\_\_\_\_  
Reason for transfer \_\_\_\_\_  
Date records sent \_\_\_\_\_
2. Transplant Surgery                      Date \_\_\_\_\_                      Hospital \_\_\_\_\_
3. Discontinued Dialysis                      Date \_\_\_\_\_  
Reason \_\_\_\_\_
4. Expired                      Caused of Death: \_\_\_\_\_  
    Date of Death: \_\_\_\_\_  
    Place of Death: \_\_\_\_\_

Final Diagnosis: (includes both primary and secondary diagnoses)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Prognosis: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Brief Summary: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
PERSON COMPLETING SUMMARY/TITLE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
ATTENDING PHYSICIAN

\_\_\_\_\_  
DATE

## EMERGENCY TRANSFER GUIDELINES

Facilities may experience emergencies caused by severe weather, fire or other serious facility operating problems such as water treatment failure or other unexpected problems. These problems may require construction or repairs that are believed to be short-lived and may necessitate closure of a facility. Inability of facilities to provide services can result in the need for subsequent temporary arrangements for patients to be dialyzed at another FMCNA "host" facility. In addition, patients may require temporary care at another FMCNA facility based on their inability to safely get to their "home" facility.

Emergency Transfer is defined as:

- Not expected to extend beyond **30 days**.
- Patients are expected to return to their "home" facility to continue their treatments when operations are able to resume.

The treating clinic or "host" facility or facilities will provide services for the "home" facility according to the company wide agreement "Dialysis Unit Emergency Back Up Agreement" (established by Corporate Law Department). A fully executed "Dialysis Unit Emergency Back Up Agreement" is included with this policy.

Following the activation of the Emergency Back Up Agreement, the "home" facility patients must be assigned to a physician with privileges at the "host" facility, unless patient's attending physician already maintains privileges at the "host" dialysis facility. Dialysis treatment orders must be obtained from the assigned physician if the patient is assigned to a physician at the "host" facility.

When possible, copies of Medical Records such as Physician Order Sheets, Hemodialysis Treatment Sheets, current Lab Work, History and Physical, Multidisciplinary Progress Notes (including physician, nursing, social worker and dietary notes), Long Term Program and Patient Care Plans, Psychosocial Assessment (most recent), and Dietary Referral Sheet, must be sent to the "host" facility.

- If patient's paper medical records are destroyed due to fire, water or other serious facility damage, information



available in the Proton Information System should be printed from Proton. When the patient returns to their "home" facility, all medical record documentation that was created at the "host" facility should be copied and transferred to the patient's "home" facility medical record.

When a patient or patients require emergency transfer to another facility, the "home" facility (facility experiencing the emergency) must notify Spectra Customer Service of the emergency transfer in order for Spectra to send any laboratory reports to the "host" facility where patient is being treated.

Under normal facility operating procedures, when new patients are initially admitted into a facility, each patient is set up in the Spectra Lab system in their "home" facility so that lab resulting data and information system notification is sent to the facility of record.

Lab tests that are ordered for the patient while they are located in the "host" facility, **should be ordered with the "home" facility number**, so the lab results will be downloaded into Proton and can be used for clinical outcome reporting.

Staff can access the "home" facility Proton information and the patient lab results from **any** Proton facility database. As long as Spectra is notified that the patient is dialyzing in the "host" facility, the printed lab results can be sent directly to the "host" facility printer.

All services performed **must be entered into Proton in the "home" facility database**, as if the "home" facility provided the services. (Application Instructors should provide direction to the facility on performing the following procedures.)

- Patient information can be accessed in Proton from any facility database.
- The treatment sheet can print to the "host" facility.
- The "host" facility name must be written on the top of the treatment sheet and all medical records created at the "host" facility.
- A daily validation must be run on the "home" facility database.

NOTE: If patients are at several different local facilities, the Clinical Manager or Area Manager must communicate with each "host" facility to ensure treatment information has been entered into the correct Proton "home"

# FMCNA

POLICY MANUAL

07/14/04

ADMISSION, TRANSFER, AND DISCHARGE POLICY

138-020-010

facility information system before validating treatments.

If the facility closure/emergency transfer exceeds **30 days**, the continuation of the "Dialysis Unit Emergency Back Up Agreement" must be reviewed and approved. The Regional Vice President must contact the FMS Vice President of Operations Support and the FMS Vice President of Clinical Services and provide a report on the status of the "home" facility. The need to extend the time of the Emergency Back Up Agreement will be approved on a case-by-case basis depending on the length of time that the "home" facility can return to normal operations.

If the "Dialysis Unit Emergency Back Up Agreement" continues past thirty days, Subpart U documentation requirements (such as Short Term Care Plan, Long Term Program, Progress notes) must be completed at the "host" facility according to the usual schedule.

If it is determined that the "Dialysis Unit Emergency Back Up Agreement" must be discontinued because the "home" facility will not be operational in a reasonable period of time and therefore unable to accept patients, each patient accepted into the "host" facility because of an emergency must be formally transferred to the "host" facility and the appropriate admission, clinical and billing forms (refer to Financial Procedure Manual #122-040-020 for direction on billing forms) must be completed.

## DIALYSIS UNIT EMERGENCY BACK UP AGREEMENT

This Agreement is made and entered into July 1, 2004 by and between **Fresenius Medical Care Holdings, Inc.** (hereinafter referred to as "Facility") and **Entities listed on Exhibit A** (collectively hereinafter referred to as "Alternative Dialysis Unit").

### I. Duties of the Parties

Subject to available appropriate facilities, staffing and resources at Alternative Dialysis Unit, and applicable policies or procedures of the Alternative Dialysis Unit, in the event that Facility patients are transferred to Alternative Dialysis Unit for dialysis due to an emergency that renders Facility as either inoperable or inaccessible to some or all of its enrolled dialysis patients ("Facility patients"), Alternative Dialysis Unit agrees to provide dialysis treatments ("Services"). These Services would continue until Facility is back in total operation. The Services provided to these Facility patients will continue to be billed through the Facility. In order to receive services, Facility patients first must be assigned to a physician with privileges at Alternative Dialysis Unit, unless patient's attending physician already maintains privileges at Alternative Dialysis Unit. Alternative Dialysis Unit agrees to provide services by directly using its own employees, equipment and supplies or by contracting with an outside vendor to provide services.

In the event a patient is admitted to Alternative Dialysis Unit, Facility shall be responsible for arranging to have Facility patients transported to the Alternative Dialysis Unit and shall send appropriate interim medical records. The Facility will provide for the Alternative Dialysis Unit, within one working day, copies of the Facility patients' Long Term Program and Patient Care Plan, and of medical and other information necessary or useful in the care and treatment of Facility patients referred to the Alternative Dialysis Unit. In the event the Facility patients must be transferred directly from Facility to Alternative Dialysis Unit, Facility shall provide for the security of, and be accountable for, the patients' personal effects during the transfer. Services provided by Alternative Dialysis Unit shall be provided regardless of the Facility patients' race, color, creed, sex, age, disability, or national origin.

Each party agrees to develop, maintain and operate, in all aspects, an outpatient hemodialysis facility, providing all physical facilities, equipment and personnel necessary to treat patients suffering from chronic renal diseases. Each party shall conform to standards not less than those required by the applicable laws and regulations of any local, state or federal regulatory body, as the same may be amended from time to time. In the absence of applicable laws and regulations, each party shall conform to applicable standards of professional practice. Each party shall treat such commitment as its primary responsibility and shall devote such time and effort as may be necessary to attain these objectives. The cost of such facilities, equipment and personnel shall be borne by each party.

Each party shall engage a medical director who shall have the qualifications specified in 42 C.F.R. 405.2102. This individual must be a physician properly licensed in the profession by the state in which such facility is located. In accordance with 42 C.F. R. 405.2162, each party shall employ such duly qualified and licensed nurses, technicians, and other personnel as shall be

necessary to administer treatment at its facility, in accordance with applicable local, state, and federal laws and regulations.

## II. Insurance

Each party shall maintain in full force and effect throughout the term of this Agreement, at its own expense, a policy of comprehensive general liability insurance and professional liability insurance covering it and its staff, respectively, each having a combined single limit of not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate for bodily injury and property damage to insure against any loss, damage or claim arising out of the performance of each party's respective obligations under this Agreement. Each will provide the other with certificates evidencing said insurance, if and as requested. Both parties further agree to maintain, for a period of not less than three (3) years following the termination of this Agreement, any insurance required hereunder if underwritten on a claims-made basis. Either party may provide for the insurance coverage set forth in this Section through self-insurance.

## III. Indemnification

Each party agrees to indemnify and hold harmless the other, their officers, directors, shareholders, agents and employees against all liability, claims, damages, suits, demands, expenses and costs (including but not limited to, court costs and reasonable attorneys' fees) of every kind arising out of or in consequence of the party's breach of this Agreement, and of the negligent errors and omissions or willful misconduct of the indemnifying party, its agents, servants, employees and independent contractors (excluding the other party) in the performance of or conduct related to this Agreement.

## IV. HIPAA

The Parties expressly agree to comply with all applicable patient information privacy and security regulations set for in the Health Insurance Portability and Accountability Act ("HIPAA") final regulations for Privacy of Individually Identifiable Health Information, as amended from time to time.

## V. Term

Term. The term of this Agreement shall be for a period of one (1) year from the date first written above. This Agreement shall automatically renew, unless either party shall notify the other party of its intention to terminate this Agreement by written notice given at least sixty (60) days in advance of such renewal date. This Agreement may also be terminated by either party for cause by giving thirty (30) days written notice to the other party specifying default by such other party. This Agreement may also be terminated at any time upon the mutual consent of both parties.

## VI. General Provisions

If any provisions of this agreement shall, at any time, conflict with any applicable state or federal law, or shall conflict with any regulation or regulatory agency having jurisdiction with respect thereto, this Agreement shall be modified in writing by the parties hereto to conform to such regulation, law, guideline, or standard established by such regulatory agency.

This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all negotiations, prior discussions, agreements or understandings, whether written or oral, with respect to the subject matter hereof, as of the date first written above. This Agreement shall bind and benefit the parties, their respective successors and assigns.

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State where Alternative Dialysis Unit is located, without respect to its conflicts of law rules.

The parties agree to cooperate with each other in the fulfillment of their respective obligations under the terms of this Agreement and to comply with the requirements of the law and with all applicable ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date above written.

**Fresenius Medical Care Holdings, Inc.**

**Entities listed on Exhibit A**

By: 

By: Paul Colatone

Name: Marc S. Lieberman  
Assistant Treasurer

Name: PAUL COUNTONIO ASST TREASURER

Date: 7-1-04

Date: 7/7/04

Exhibit A

Bio-Medical Applications of Aguadilla, Inc.  
Bio-Medical Applications of Alabama, Inc.  
Bio-Medical Applications of Amarillo, Inc.  
Bio-Medical Applications of Anacostia, Inc.  
Bio-Medical Applications of Arecibo, Inc.  
Bio-Medical Applications of Arizona, Inc.  
Bio-Medical Applications of Arkansas, Inc.  
Bio-Medical Applications of Bayamon, Inc.  
Bio-Medical Applications of Blue Springs, Inc.  
Bio-Medical Applications of Caguas, Inc.  
Bio-Medical Applications of California, Inc.  
Bio-Medical Applications of Camarillo, Inc.  
Bio-Medical Applications of Capitol Hill, Inc.  
Bio-Medical Applications of Carolina, Inc.  
Bio-Medical Applications of Carson, Inc.  
Bio-Medical Applications of Clinton, Inc.  
Bio-Medical Applications of Columbia Heights, Inc.  
Bio-Medical Applications of Connecticut, Inc.  
Bio-Medical Applications of Delaware, Inc.  
Bio-Medical Applications of Dover, Inc.  
Bio-Medical Applications of East Orange, Inc.  
Bio-Medical Applications of Eureka, Inc.  
Bio-Medical Applications of Fayetteville, Inc.  
Bio-Medical Applications of Florida, Inc.  
Bio-Medical Applications of Fremont, Inc.  
Bio-Medical Applications of Fresno, Inc.  
Bio-Medical Applications of Georgia, Inc.  
Bio-Medical Applications of Glendora, Inc.  
Bio-Medical Applications of Guayama, Inc.  
Bio-Medical Applications of Hillside, Inc.  
Bio-Medical Applications of Humacao, Inc.  
Bio-Medical Applications of Illinois, Inc.  
Bio-Medical Applications of Indiana, Inc.  
Bio-Medical Applications of Irvington, Inc.  
Bio-Medical Applications of Jersey City, Inc.  
Bio-Medical Applications of Kansas, Inc.  
Bio-Medical Applications of Kentucky, Inc.  
Bio-Medical Applications of Las Americas, Inc.  
Bio-Medical Applications of Long Beach, Inc.  
Bio-Medical Applications of Los Gatos, Inc.  
Bio-Medical Applications of Louisiana, LLC  
Bio-Medical Applications of Maine, Inc.  
Bio-Medical Applications of Manchester, Inc.

Bio-Medical Applications of Maryland, Inc.  
Bio-Medical Applications of Massachusetts, Inc.  
Bio-Medical Applications of Mayaguez, Inc.  
Bio-Medical Applications of Michigan, Inc.  
Bio-Medical Applications of Minnesota, Inc.  
Bio-Medical Applications of Mission Hills, Inc.  
Bio-Medical Applications of Mississippi, Inc.  
Bio-Medical Applications of Missouri, Inc.  
Bio-Medical Applications of MLK, Inc.  
Bio-Medical Applications of Nevada, Inc.  
Bio-Medical Applications of New Hampshire, Inc.  
Bio-Medical Applications of New Jersey, Inc.  
Bio-Medical Applications of New Mexico, Inc.  
Bio-Medical Applications of North Carolina, Inc.  
Bio-Medical Applications of Northeast D.C., Inc.  
Bio-Medical Applications of Oakland, Inc.  
Bio-Medical Applications of Ohio, Inc.  
Bio-Medical Applications of Oklahoma, Inc.  
Bio-Medical Applications of Pennsylvania, Inc.  
Bio-Medical Applications of Pine Brook, Inc.  
Bio-Medical Applications of Ponce, Inc.  
Bio-Medical Applications of Puerto Rico, Inc.  
Bio-Medical Applications of Rhode Island, Inc.  
Bio-Medical Applications of Rio Piedras, Inc.  
Bio-Medical Applications of San Antonio, Inc.  
Bio-Medical Applications of San German, Inc.  
Bio-Medical Applications of San Juan, Inc.  
Bio-Medical Applications of South Carolina, Inc.  
Bio-Medical Applications of Southeast Washington, Inc.  
Bio-Medical Applications of Tennessee, Inc.  
Bio-Medical Applications of Texas, Inc.  
Bio-Medical Applications of The District of Columbia, Inc.  
Bio-Medical Applications of Trenton, Inc.  
Bio-Medical Applications of Ukiah, Inc.  
Bio-Medical Applications of Virginia, Inc.  
Bio-Medical Applications of West Virginia, Inc.  
Bio-Medical Applications of Wisconsin, Inc.  
Bio-Medical Applications of Woonsocket, Inc.  
Conejo Valley Dialysis, Inc.  
Dialysis America Georgia, LLC  
Dialysis Associates of Northern New Jersey, LLC  
Dialysis Specialists of Barbourville, Inc.  
Dialysis Specialists of Topeka, Inc.  
Dialysis Specialists of Tulsa, Inc.  
DuPage Dialysis Ltd.  
Everest Healthcare Indiana, Inc.

Everest Healthcare Ohio, Inc.  
Everest Healthcare Rhode Island, Inc.  
Everest Healthcare Texas, LP  
Fresenius Medical Care Dialysis Services - Oregon, LLC  
Fresenius Medical Care Dialysis Services of Colorado LLC  
Fresenius Medical Care Madison Parish Dialysis Center, LLC  
Home Dialysis of Eastgate, Inc.  
Home Dialysis of Muhlenberg County, Inc.  
Homestead Artificial Kidney Center, Inc.  
Integrated Renal Care of The Pacific, LLC  
Metro Dialysis Center - Normandy, Inc.  
Metro Dialysis Center - North, Inc.  
National Medical Care, Inc.  
Northern New Jersey Dialysis, LLC  
Qualicenters Albany, Ltd.  
Qualicenters Bend, LLC  
Qualicenters Coos Bay, Ltd.  
Qualicenters Eugene-Springfield, Ltd.  
Qualicenters Inland Northwest, LLC  
Qualicenters Pueblo, LLC  
Qualicenters Salem, LLC  
Qualicenters Sioux City, LLC  
Quality Care Dialysis Center of Vega Baja, Inc.  
S.A.K.D.C., Inc.  
San Diego Dialysis Services, Inc.  
Santa Barbara Community Dialysis Center, Inc.  
St. Louis Regional Dialysis Center, Inc.  
Tappahannock Dialysis Center, Inc.  
Terrell Dialysis Center, LLC  
Warrenton Dialysis Facility, Inc.  
West End Dialysis Center, Inc.  
WSKC Dialysis Services, Inc.



**ACCESS STATEMENT PER PART 1110.240**

The admission policies of RAI-Breese will not become more restrictive after the change of ownership. Facilities owned and operated by Fresenius Medical Care Holdings, Inc. accept all patients regardless of ability to pay. They are "open" facilities from the standpoint of granting privileges to any physician who wishes to admit patients to the facility.

Richard Alderson  
Signature  
Richard Alderson, Regional Vice President  
Printed Name/Title

Date: 9-13-2011

SUBSCRIBED AND SWORN TO  
BEFORE ME THIS 13<sup>th</sup> DAY  
OF September, 2011.

Jonathan E. Stogsdill  
NOTARY PUBLIC

**JONATHAN E. STOGSDILL**  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis County  
My Commission Expires: Feb. 18, 2014  
10937184

**PATIENT TRANSFER AGREEMENT**

**THIS PATIENT TRANSFER AGREEMENT** (the "Agreement") is made the 16<sup>th</sup> day of December, 2010 (the "Effective Date"), by and between MEMORIAL MEDICAL CENTER (hereinafter "Hospital"), and RAI CARE CENTERS OF ILLINOIS I, LLC (hereinafter "Company").

**WITNESSETH**

**WHEREAS**, the parties hereto desire to enter into this Agreement governing the transfer of patients between Hospital and the following Company clinic:

*RAI-North Main Breese  
160 North Main Street  
Breese, IL 62230*

**WHEREAS**, the parties hereto desire to enter into this Agreement in order to specify the rights and duties of each of the parties and to specify the procedure for ensuring the timely transfer of patients between the facilities; and

**WHEREAS**, the parties wish to facilitate the continuity of care and the timely transfer of patients and records between the facilities.

**WHEREAS**, only a patient's attending physician (not Company or the Hospital) can refer such patient to Company for dialysis treatments.

**NOW THEREFORE**, in consideration of the premises herein contained and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. DUTIES AND RESPONSIBILITIES.**

(a) Joint Responsibilities. In accordance with the policies and procedures of Company and upon the recommendation of the patient's attending physician that a transfer is medically appropriate, such patient may be transferred from the clinics operated by Company to Hospital so long as Hospital then has available bed capacity, the prerequisite staffing and the general capability to furnish the services being requested by Company, including on-call specialty physicians, and if the requested transfer satisfies all of the other applicable patient transfer criteria which Hospital has established. In such instances, Hospital and Company respectively agree to exercise their best efforts to accomplish the prompt transfer and admission of the transferred patient. The parties will periodically confer during the Term of this Agreement to review the transfer process contemplated by this Agreement, as well as the applicable transfer policies and procedures, in order to improve that process in terms of efficiency, clinical care and patient safety. The parties agree that no decision by Company to transfer a patient and no

decision by Hospital to accept or refuse a transferred patient will be predicated by either party on arbitrary, capricious or unreasonable discrimination, or the patient's ability to pay.

(b) Hospital's Duties. Hospital will accept patients who require a transfer from Company under the criteria and conditions which are specified and prescribed in Section 1(a) of this Agreement.

(c) Company's Duties. Company will request patient transfers under the criteria and conditions which are specified and prescribed in Section 1(a), and Company, in addition, will:

(i) obtain the patient's informed consent to the proposed transfer to Hospital, if the patient is competent, or, if the patient is not competent, Company will obtain the consent of the patient's legal guardian, or the agent under the patient's health care power of attorney or another appropriate surrogate acting on the patient's behalf;

(ii) furnish Hospital with advance notice of the proposed transfer, considering the patient's existing medical condition and circumstances;

(iii) concurrently deliver the patient's necessary personal effects to Hospital, after a representative of Hospital inventories the personal effects and then signs a receipt which acknowledges the delivery of the personal effects to Hospital;

(iv) effectuate the patient's transfer to Hospital through the use of qualified personnel and appropriate equipment and transportation vehicles possessing the capability of supplying and administering life support measures during the course of the patient's transit to Hospital; and

(v) transfer to Hospital, and then supplement as necessary, all relevant medical records and an abstract of all other pertinent medical information which Hospital requires to continue the patient's treatment without interruption, to include current medical and laboratory findings, the patient's history of illness or injury, diagnoses and advanced medical directives, Company's assessment of the patient's rehabilitation potential, a brief summary of the course of treatment which the patient received at the clinics operated by Company, a listing of all medications which had been administered to the patient, the patient's identified allergies, relevant nursing and dietary information, the patient's ambulation status and other pertinent administrative, third-party billing and social information which Hospital requests.

(vi) retain all legal liability and responsibility with respect to the patient who is being transferred until the patient is admitted to Hospital in compliance with Hospital's admission policies and procedures.

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2. **BILLING, PAYMENT, AND FEES.** Hospital and Company each shall be responsible for billing the appropriate payor for the services it provides, respectively, hereunder. Company shall not act as guarantor for any charges incurred while the patient is a patient in Hospital. Neither party to this Agreement is obligated to the other party with respect to the billing or the collection of any fees or charges, or any other financial matters, relating to the transfer of patients or the patients who have been transferred pursuant to this Agreement. This Agreement is not intended by the parties to induce patient referrals, and no compensation or other remuneration will be exchanged between the parties as a consequence of this Agreement.

3. **HIPAA COMPLIANCE.** Each party to this Agreement will continuously comply with the "Health Insurance Portability and Accountability Act of 1996," the "Health Information Technology for Economic and Clinical Health Act," and all of the standards which are promulgated pursuant to such statutes, including the Electronic Transactions Standards, the Privacy Standards, the Security Standards, the Breach Notification Rule, and all other standards or rules which may be prescribed by the Department of Health and Human Services during the Term of this Agreement as then being applicable to the relationship between the parties being created by this Agreement (collectively, "HIPAA"). Each party will promptly report to the other party any use or disclosure of any health information which is not permitted under HIPAA whenever that party becomes aware of such improper use or disclosure. Each party, in addition, will timely act to mitigate, to the extent practicable, any harmful effect, which is known to or which could reasonably be anticipated by that party, of a use or a disclosure of such health information in violation of HIPAA.

4. **STATUS AS INDEPENDENT CONTRACTORS.** The parties acknowledge and agree that their relationship is solely that of independent contractors. Governing bodies of Hospital and Company shall have exclusive control of the policies, management, assets, and affairs of their respective facilities. Nothing in this Agreement shall be construed as limiting the right of either to affiliate or contract with any other Hospital or facility on either a limited or general basis while this Agreement is in effect. Neither party shall use the name of the other in any promotional or advertising material unless review and approval of the intended use shall be obtained from the party whose name is to be used and its legal counsel.

5. **INSURANCE.** Each party shall secure and maintain, or cause to be secured and maintained during the term of this Agreement, comprehensive general liability, property damage, and workers compensation insurance in amounts generally acceptable in the industry, and professional liability insurance providing minimum limits of liability of \$1,000,000 per occurrence and \$3,000,000 in aggregate. Each party shall deliver to the other party certificate(s) of insurance evidencing such insurance coverage upon execution of this Agreement, and annually thereafter upon the request of the other party. Each party

shall provide the other party with not less than thirty (30) days prior written notice of any change in or cancellation of any of such insurance policies. Said insurance shall survive the termination of this Agreement.

**6. INDEMNIFICATION.** Each party is responsible as to that party's acts and omissions and is not responsible with respect to the acts and omissions of the other party. Company will indemnify, defend and hold harmless Hospital and Hospital's agents, employees, physicians, officers, directors and representatives from any and all claims and losses accruing or resulting in connection with the performance of this Agreement which are due to the negligent or willful acts or omissions of Company or any of Company's agents, employees, physicians, officers, directors or representatives. Hospital will indemnify, defend and hold harmless Company and Company's agents, employees, physicians, officers, directors and representatives from any and all claims and losses accruing or resulting in connection with the performance of this Agreement which are due to the negligent or willful acts or omissions of Hospital or any of Hospital's agents, employees, physicians, officers, directors or representatives. If either party becomes involved as a party to any litigation in connection with services which have been provided under this Agreement, that party will immediately notify the other party in writing. The party so notified, at that party's sole election, may then enter into that litigation to protect that party's interests.

**7. DISPUTE RESOLUTION.** Any dispute which may arise under this Agreement shall first be discussed directly with representatives of the departments of the parties that are directly involved. If the dispute cannot be resolved at this level, it shall be referred to administrative representatives of the parties for discussion and resolution.

(a) Informal Resolution. Should any dispute between the parties arise under this Agreement, written notice of such dispute shall be delivered from one party to the other party and thereafter, the parties, through appropriate representatives, shall first meet and attempt to resolve the dispute in face-to-face negotiations. This meeting shall occur within thirty (30) days of the date on which the written notice of such dispute is received by the other party.

(b) Resolution Through Mediation. If no resolution is reached through informal resolution, pursuant to Section 7(a) above, the parties shall, within forty-five (45) days of the first meeting referred to in Section 7(a) above, attempt to settle the dispute by formal mediation. If the parties cannot otherwise agree upon a mediator and the place of the mediation within such forty-five (45) day period, the American Arbitration Association ("AAA") in the state of Illinois shall administer the mediation. Such mediation shall occur no later than ninety (90) days after the dispute arises. All findings of fact and results of such mediation shall be in written form prepared by such mediator and provided to each party to such mediation. In the event that the parties are unable to resolve the dispute through formal mediation pursuant to this Section 7(b), the parties shall be entitled to seek any and all available legal remedies.

## 8. TERM AND TERMINATION.

(a) Term. The initial Term of this Agreement will commence on the Effective Date of this Agreement (the "Term Commencement Date") and will expire three hundred sixty-five (365) days after such Term Commencement Date in the following calendar year (the "Term Expiration Date"), unless, as prescribed in Section 8(b), this Agreement is terminated prior to that Term Expiration Date. If this Agreement is terminated prior to the occurrence of the Term Expiration Date, however, the parties may not enter into another contract which relates to the transfer of transplantation patients by Company to Hospital before the initial one (1) year Term has actually expired. Effective as of the Term Expiration Date, and subsequently on each anniversary of the Term Expiration Date, the Term of this Agreement will be deemed to have been automatically extended by the parties in successive one (1) year periods, unless either party notifies the other party, at least thirty (30) days prior to the expiration of the then current one (1) year Term, that such party is not electing to extend the Term an additional one (1) year period. Any extension of this Agreement pursuant to this Section 8(a) will likewise be characterized and identified as the "Term" under this Agreement; however, the automatic extension of the Term of this Agreement pursuant to this Section 8(a) is limited, in all events, to two (2) additional years after the expiration of the initial one (1) year Term.

(b) Termination. This Agreement may be terminated prior to the Term Expiration Date which is identified in Section 8(a), or during any of the one (1) year extensions of the Term pursuant to Section 8(a), in the following manner:

(i) Early Termination. If the parties consent and mutually agree, in writing, this Agreement may be terminated on the terms and effective as of the date stipulated by the parties. In addition, either party may terminate this Agreement, without being required to specify a cause or reason and without incurring any liability to the other party as a consequence of the termination, by the delivery of at least a sixty (60) day notice to the other party.

(ii) Change of Status. If the facilities being operated by either party, which are relevant to this Agreement, cease to be properly licensed under the applicable laws of the State of Illinois or if either party ceases to be an eligible participant in the Medicare or Medicaid programs, then, in such event, this Agreement will automatically terminate as of the date the facility ceases to be properly licensed or the party's program ineligibility is effective.

9. AMENDMENT. This Agreement may be modified or amended from time to time by mutual written agreement of the parties, signed by authorized representatives thereof, and any such modification or amendment shall be attached to and become part of this Agreement. No oral agreement or modification shall be binding unless reduced to writing and signed by both parties.



13. **ASSIGNMENT.** This Agreement shall not be assigned in whole or in part by either party hereto without the express written consent of the other party, except that Company may assign this Agreement to one of its affiliates or subsidiaries without the consent of Hospital.
14. **COUNTERPARTS.** This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of signatures sent by facsimile shall be deemed to be originals.
15. **NON-DISCRIMINATION.** All services provided by Hospital hereunder shall be in compliance with all federal and state laws prohibiting discrimination on the basis of race, color religion, sex national origin, handicap, or veteran status.
16. **WAIVER.** The failure of any party to insist in any one or more instances upon performance of any terms or conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant, or condition, and the obligations of such party with respect thereto shall continue in full force and effect.
17. **GOVERNING LAW.** The laws of the state of Illinois shall govern this Agreement.
18. **HEADINGS.** The headings appearing in this Agreement are for convenience and reference only, and are not intended to, and shall not, define or limit the scope of the provisions to which they relate.
19. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or written, between the parties (including, without limitation, any prior agreement between Hospital and Company or any of its subsidiaries or affiliates) with respect to the subject matter hereof.
20. **RECORDS ACCESS.** As and to the extent prescribed by applicable federal law, or at Hospital's request, Company agrees to allow the Comptroller General of the United States and the Department of Health and Human Services, and their duly authorized representatives, access to this Agreement, and the books, documents and records of Company which are related to the provision of the services which are encompassed by this Agreement, until the expiration of four (4) years after this Agreement has terminated.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

COMPANY:  
RAI CARE CENTERS OF ILLINOIS I, LLC

By: [Signature]

Name: Jon Sunrock

Title: V.P.

HOSPITAL:  
MEMORIAL MEDICAL CENTER

By: [Signature]

Name: Charles D. Callahan

Title: VP - OPERATIONS

This Contract Has Been  
Reviewed By Legal Counsel

Anna Evers

## AVAILABILITY OF FUNDS

The acquisition of Liberty Dialysis Holdings Inc.'s three Illinois ESRD facilities will be funded through Fresenius Medical Care Holdings, Inc.'s cash reserves and liquid assets, easily converted into cash. As evidence of the availability of funds, a copy of the 2010 Audited Financial Statement of Fresenius Medical Care Holdings, Inc. and Subsidiaries is provided under separate cover. The balance sheet included in the Audited Financial Statement identifies in excess of \$163M in cash and cash equivalents, as of December 31, 2010.



# Fresenius Medical Care

September 15, 2011

Dale Glassie  
Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, Illinois 62761

## Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

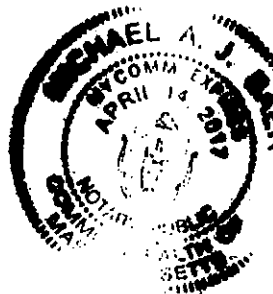
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment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

Sincerely,

Michael Brosnan  
Chief Financial Officer  
Fresenius Medical Care

Subscribed and sworn to me  
This 15 day of September, 2011

Notary Public



**Fresenius Medical Care North America**

Corporate Headquarters: 920 Winter St Waltham, MA 02451-1457 (781) 699-9000 ATTACHMENT 42A

PROJECTED OPERATING and  
CAPITAL COSTS

RAI-NORTH MAIN  
2012

Projected ESRD Treatments: 6,000

Operating Costs:

salaries	\$	331,569
benefits	\$	70,849
med. supplies	\$	162,283
	\$	564,702

Projected Operating Costs per ESRD treatment:	\$	94.12
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Capital Costs:

depreciation, interest, and amortization	\$	72,964
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Projected Capital Costs per ESRD treatment:	\$	12.16
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