

ORIGINAL

11-094

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.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

| | | | | | |
|--------------------|----------------------------|---------------------|----|-----------------------|----|
| Facility Name: | RAI-Lincoln Highway | | | | |
| Street Address: | 821 Lincoln Highway | | | | |
| City and Zip Code: | Fairview Heights, IL 62208 | | | | |
| County: | St. Clair | 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 th Street Suite 200 Mercer Island, WA 98040 |
| Name of Registered Agent: | |
| Name of Chief Executive Officer: | Mark E. Caputo |
| CEO Address: | 7650 SE 27 th 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 th 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 |

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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 th Street Suite 200 Mercer Island, WA 98040 | | |
| Name of Registered Agent: | | | |
| Name of Chief Executive Officer: | Mark E. Caputo | | |
| CEO Address: | 7650 SE 27 th Street Suite 200 Mercer Island, WA 98040 | | |
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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 <input checked="" type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental | |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |

o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.

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| 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: | Lincoln Land Trust |
| Address of Site Owner: | 2015 Fairfield Place O'Fallon, IL 62269 |
| Street Address or Legal Description of Site: | 821 Lincoln Highway Fairview Heights, IL 62208 |
| 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 th 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">o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | | |
| APPEND DOCUMENTATION AS 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 or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements Not Applicable

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

- Substantive
- Non-substantive

Part 1120 Applicability or Classification:
[Check one only.]

- Part 1120 Not Applicable
- Category A Project
- Category B Project
- DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

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-Lincoln Highway, a 20-station ESRD facility located in Fairview Heights, 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 Fairview Heights, 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 | 6,685,175 | | 6,685,175 |
| Acquisition of Building or Other Property (excluding land) | | | |
| TOTAL USES OF FUNDS | \$6,785,175 | | \$6,785,175 |
| SOURCE OF FUNDS | CLINICAL | NONCLINICAL | TOTAL |
| Cash and Securities | 6,685,175 | | 6,685,175 |
| Pledges | | | |
| Gifts and Bequests | | | |
| Bond Issues (project related) | | | |
| Mortgages | | | |
| Leases (fair market value) | | | |
| Governmental Appropriations | | | |
| Grants | | | |
| Other Funds and Sources | | | |
| TOTAL SOURCES OF FUNDS | \$6,785,175 | | \$6,785,175 |

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 type="checkbox"/> No <input checked="" type="checkbox"/> | | |
| If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100. | | |
| Estimated start-up costs and operating deficit cost is \$ <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. | |
| APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. | |

State Agency Submittals

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

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 |
| REVIEWABLE | | | | | | | |
| Medical Surgical | | | | | | | |
| Intensive Care | | | | | | | |
| Diagnostic Radiology | | | | | | | |
| MRI | | | | | | | |
| Total Clinical | | | | | | | |
| NON REVIEWABLE | | | | | | | |
| Administrative | | | | | | | |
| Parking | | | | | | | |
| Gift Shop | | | | | | | |
| Total Non-clinical | | | | | | | |
| TOTAL | | | | | | | |

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

Facility Bed Capacity and Utilization Not Applicable

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

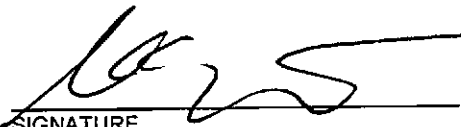
| FACILITY NAME: | | CITY: | | | |
|---------------------------------------|------------------------|-------------------|---------------------|--------------------|----------------------|
| REPORTING PERIOD DATES: | | From: | to: | | |
| Category of Service | Authorized Beds | Admissions | Patient Days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


CERTIFICATION

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

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

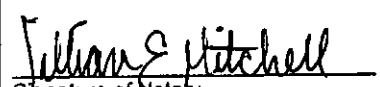
This Application for Permit is filed on the behalf of Liberty Dialysis Holdings, Inc. in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf 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
Mark Caputo
PRINTED NAME
CEO
PRINTED TITLE

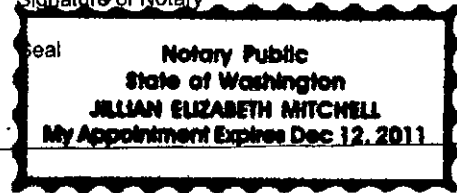
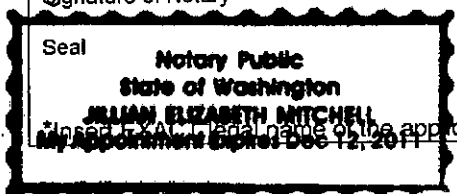

SIGNATURE
Ryan Parks
PRINTED NAME
Vice President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 5th day of September 2011

Notarization:
Subscribed and sworn to before me
this 5th day of September 2011


Signature of Notary


Signature of Notary

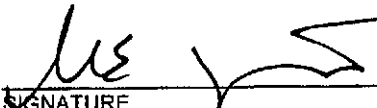



CERTIFICATION

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- 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 **_RAI Care Centers of Illinois I, LLC_** 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
Mark Caputo
PRINTED NAME
CEO
PRINTED TITLE

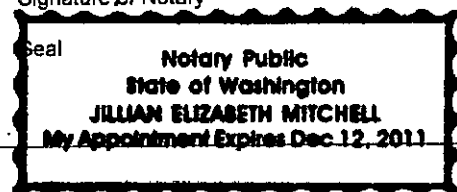
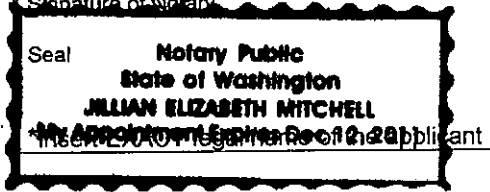

SIGNATURE
Ryan Parde
PRINTED NAME
Vice President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of September 2011

Notarization:
Subscribed and sworn to before me
this 8th day of September 2011


Signature of Notary


Signature of Notary

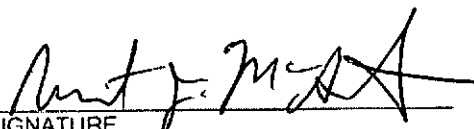
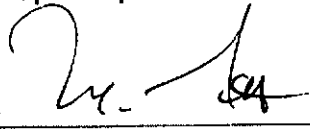


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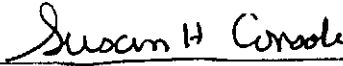
- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of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

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| | |
|--|---|
|  SIGNATURE |  SIGNATURE |
| Robert J. McGorty PRINTED NAME | Mark Fawcett Vice President & Asst. Treasurer PRINTED NAME |
| Robert J. McGorty, SVP PRINTED TITLE | PRINTED TITLE |

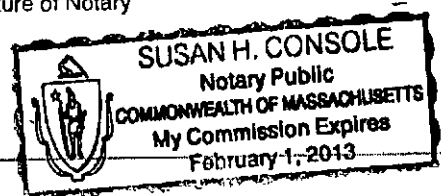
Notarization:
Subscribed and sworn to before me
this 16 day of Sept 2011

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

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:

| | |
|--------------|---|
| \$6,785,175_ | <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"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion; |
| _____ | <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"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions. |
| _____ | <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> |
| \$6,785,175 | TOTAL FUNDS AVAILABLE |

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

IX. 1120.130 - Financial Viability 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 NUMERIC 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 | | | | | | | | | |
| TOTALS | | | | | | | | | |

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

XI. Safety Net Impact Statement 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 | | | |
| Total | | | |
| Charity (cost in dollars) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| MEDICAID | | | |
| Medicaid (# of patients) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| Medicaid (revenue) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |

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

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 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-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.

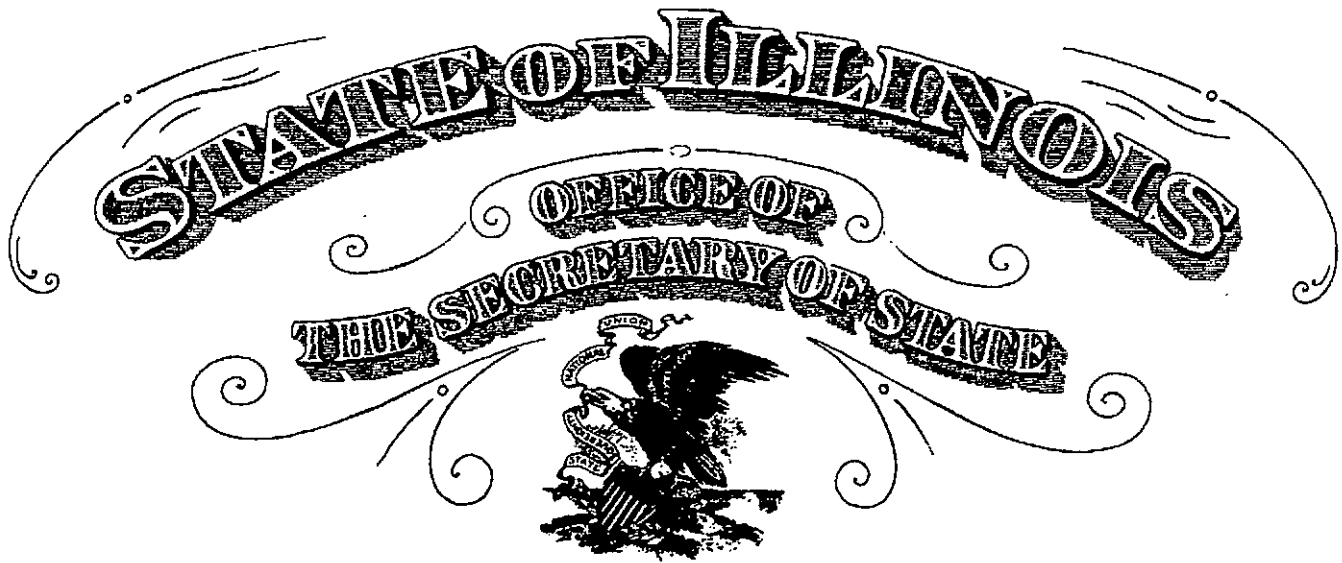
Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

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

Jesse White

SECRETARY OF STATE ATTACHMENT 1

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



RENAL ADVANTAGE INC.

115 East Park Drive, Suite 300
Brentwood, TN 37027
tel: 615-661-1100
fax: 615-661-1109
www.renaldvantage.com

Via United States Mail Return Receipt Requested

May 14, 2007

Robbie Mize
Lincoln Place Land Trust
c/o Concord Management
2015 Fairfield Place
O'Fallon, IL 62269

Re: RAI-Lincoln Hwy.-Fairview Heights
821 Lincoln Highway
Fairview Heights, IL 62208

Dear Mr. Mize:

Pursuant to Section 4A of the Lease Agreement, dated as of September 1, 1997, by and between Lincoln Place Land Trust (Landlord) and Gambro Healthcare Renal Care, Inc. (Gambro) (which Lease was assigned to RAI Care Centers of Illinois I, LLC, (RAI) effective as of October 1, 2005), this letter shall serve as written notice that RAI hereby exercises the final renewal option to extend the term of the Lease for one (1) additional five (5) year period. The Second Renewal Term shall run from September 1, 2007 through August 30, 2012. Pursuant to Section 4A(d), the Base Rent during the Second Renewal Term shall be \$90,000 per year, payable in equal monthly payments of \$7,500.

Derrick Byl, the Regional Director for this location, has discussed with someone in your office the leasing of space adjacent to the premises that we are currently leasing. We would like to prepare an Amendment to the Lease Agreement which would give us the right of first refusal to lease the adjacent property.

Please feel free to contact me at my direct dial telephone number 615-507-3307 if you have any questions and to discuss an Amendment to the Lease Agreement.

Very truly yours,

Jon M. Sundock
Vice President & General Counsel

cc: Derrick Byl

ATTACHMENT 2

DRAFT

Scott T. Larson
Senior Vice President and General Counsel
Direct: 303 626-6154
E-mail: Scott.Larson@us.gambro.com
Gambro Healthcare Inc.
1627 Cole Boulevard
2nd Floor
Lakewood, CO 80401 USA
www.gambro.com
Tel 303 232 6800

August 30, 2005

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Lincoln Place Land Trust
c/o Concord Management
Attn: Robbie Mize
2015 Fairfield Place
O'Fallon, IL 62269

Re: Consent to Assignment of Lease Agreement at 821 Lincoln Highway, Fairview Heights, Illinois (the "Leased Premises")
Gambro Healthcare - Fairview Heights (PCN 3505)

Dear Sir or Madam:

Gambro Healthcare Renal Care, Inc., a Nevada corporation ("Tenant"), is the named "Tenant" under that certain Lease Agreement dated September 1, 1997 and renewed on June 10, 2002 (the "Lease") for the premises located at the Leased Premises described above. Lincoln Place Land Trust is the current "Landlord" under the Lease. Tenant is a subsidiary of Gambro Healthcare, Inc. ("Gambro").

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

Accordingly, by this letter, we hereby request your written consent to the assignment and transfer of the Lease to the Purchaser. 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. 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 Tenant with respect to its obligations under the Lease during the stated term of the Lease. Tenant 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.

Lincoln Place Land Trust
August 30, 2005
Page 2 of 2

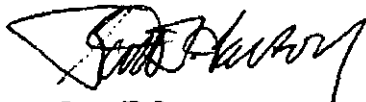
Please indicate the Landlord's consent to the assignment of the Lease by signing where indicated below on the enclosed duplicate original of this letter and returning that duplicate original to us by facsimile at (303) 209-7700 or in the enclosed self-addressed stamped envelope.

Because 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, 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:**

Lincoln Place Land Trust

By: _____

Print: _____

Title: _____

Date: _____

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



confidential
Jon Sundock
WLDD
Sep 08, 2006 10:20 EDT

CONTRACT ID #

1766

5200 Virginia Way
Brentwood, TN 37027

P.O. Box 6015
Brentwood, TN 37024-6015
USA
1-800-457-4736
www.gambro.com

Writer's Direct Dial:
615-320-4505
Fax: 615-320-4442

June 10, 2002

VIA OVERNITE DELIVERY

Robble Mize
Lincoln Place Trust
c/o Concord Management
2015 Fairfield Place
O'Fallon, Illinois 62269

Re: Lease Agreement dated September 1, 1997 ("Lease") between Lincoln Place Trust ("Landlord") and GAMBRO Healthcare Renal Care, Inc. ("Tenant") for the premises located at 821 Lincoln Highway, Fairview Heights, IL, 62208 ("Premises") (Fairview Heights Facility; PC#3505)

Dear Mr. Mize:

Per our telephone conversation of this date and pursuant to Section 4(A) of the Lease, Tenant hereby exercises a five-year option to renew the Lease, commencing September 1, 2002 and ending August 31, 2007 ("First Renewal Term").

Pursuant to Section 4(A)(c) of the Lease, rent payable during the First Renewal Term shall increase to Seventy-Eight Thousand Dollars (\$78,000.00) annually, payable in equal monthly installments of Six Thousand Five Hundred Dollars (\$6,500.00). All other provisions of the Lease not expressly addressed herein remain in full force and effect.

Thank you for your assistance with this matter.

Sincerely,

Marvelyn P. Kinzer
Contract Specialist
North Central Division

cc: R. Douglas Mefford, Division Counsel
Bill Wynn, Regional Vice President
Cindy Milner, Regional Director
Brian Beardsley, Regional Controller

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Jon Sundock
WLDD
Sep 08, 2006 10:20 EDT

ATTACHMENT 2

LEASE AGREEMENT

THIS LEASE, made this 1st day of Sept, 1997, by and between Lincoln Place Land Trust #1-00005-22 (hereinafter referred to as "Landlord"), and GAMBRO Healthcare Renal Care, Inc. (hereinafter referred to as "Tenant");

01-90-0374-00

WITNESSETH:

1. **LEASED PREMISES.** Landlord hereby demises and leases to Tenant certain space in Landlord's Center known as Lincoln Centre, located in Fairview Heights, Illinois 62208, which space contains approximately 4400 square feet of space, and is more fully described on Exhibit "A", attached hereto and made a part hereof (hereinafter referred to as the "Premises"), plus the use of all common areas designated by Landlord from time to time in and about Landlord's Center (hereinafter referred to as the "Property").

Tenant acknowledges that it has inspected the Premises and the common areas of the Property, and accepts same in their present "AS IS" condition, and as suitable for the purposes for which they are leased. Tenant further acknowledges that Landlord has made no representations to Tenant with respect to any alterations, repairs or improvements to be constructed within the Premises, unless otherwise set forth in this Lease. See Additional Provisions, Paragraph 32.

2. **USE.** The Premises shall be used only for the purpose of hemodialysis and uses reasonably incidental thereto and for general office purposes. Outside storage including, without limitation, drop shipments, dock storage, trucks and other vehicles, is prohibited without Landlord's prior written consent. Tenant shall obtain, at Tenant's sole cost and expense, any and all licenses and permits necessary for Tenant's contemplated use of the Premises. Tenant shall comply with all existing and future governmental laws, ordinances and regulations applicable to the use of the Premises, as well as all requirements of Landlord's insurance carrier. Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action which would constitute a nuisance or which would disturb or endanger any third-party tenants of the Property, or unreasonably interfere with such third-party tenant's use of their respective space. Tenant shall not receive, store or otherwise handle any product, material or merchandise which is explosive or highly inflammable. Tenant shall comply with all statutes, ordinances, rules, codes, regulations and requirements of any federal, state, municipal or other governmental or quasi-governmental authority with respect to any hazardous wastes stored, produced, manufactured, treated, or disposed of by Tenant within the Premises; and Tenant agrees to indemnify, defend and hold Landlord harmless from and against any and all liabilities or claims by reason of any injury to persons or damage to property arising out of the discharge, disbursement, release, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, hazardous wastes, liquid or gasses, waste materials or other irritants, contaminants or pollutants into or about the Premises or Property, which originate from any products stored, produced, manufactured, treated, or disposed of by Tenant within the Premises. The aforesaid indemnification and defenses shall survive the term of this Lease.

3. **INITIAL TERM.** The initial term of this Lease shall be Five (5) years commencing on September 1, 1997 ("Commencement Date") and expiring at midnight of the fifth (5th) anniversary of the Commencement Date (the "Term").

4. **BASE RENT.** From and after the Commencement Date, Tenant shall pay to Landlord, as Base Rent for said Premises, in equal monthly installments on the first day of each calendar month, in advance, without set off or deduction, at the office of Landlord as set forth in Paragraph 23 of this Lease the rental as set forth below:

Until such time as the Additional Space containing approximately 1600 square feet is added to the Premises pursuant to Section 32 below, the Base Rent for the current space containing approximately 4400 square feet shall be the sum of Fifty Thousand Two Hundred Fifteen and 92/100 Dollars (\$50,215.92), per year, payable in equal monthly installments of Four Thousand One Hundred Eighty-Four and 66/100 (\$4,184.66) each, (based on a rate of approximately \$11.41 per square foot of space).

Upon addition of the Additional Space bringing the Premises to a total of approximately 6000 square feet, the Base Rent shall increase to Sixty Eight Thousand Four Hundred Sixty and no/100 Dollars (\$68,460.00), per year, payable in equal monthly installments of Five Thousand Seven Hundred Five and no/100 Dollars (\$5,705.00) each (based on a rate of approximately \$11.41 per square foot of space).

4A. **OPTIONS TO EXTEND.** Tenant shall have the right and option to extend the initial Term of this Lease for two (2) renewal periods consisting of five (5) years each, the first of which (the "First Renewal Term"), if exercised, shall commence upon the expiration of the initial Term and expire five (5)

years thereafter and the second of which (the "Second Renewal Term"), if exercised, shall commence upon the expiration of the First Renewal Term and shall expire five (5) years thereafter, upon the following additional terms and conditions:

(a) Tenant shall not have received a notice of Default from Landlord which has not been cured by Tenant or waived by Landlord at the time Tenant exercises its option or at the time the Initial Term expires.

(b) Tenant shall give to Landlord written notice exercising Tenant's option to extend the term of this Lease not less than three (3) months prior to the expiration of the Initial Term or the First Renewal Term, as applicable.

(c) During the First Renewal Term, the Base Rent payable by Tenant shall be increased to the sum of Seventy Eight Thousand and 00/100 Dollars (\$78,000.00), per year, (based on a rate of approximately \$13.00 per square foot of space) payable in equal monthly installments of Six Thousand Five Hundred and 00/100 (\$6,500.00) each, on the first day of each calendar month, in advance, without set off or deduction, at the office of Landlord as set forth in Paragraph 23 of this Lease.

(d) During the Second Renewal Term, the Base Rent payable by Tenant shall be increased to the sum of Ninety Thousand and 00/100 Dollars (\$90,000.00), per year, (based on a rate of approximately \$15.07 per square foot of space) payable in equal monthly installments of Seven Thousand Five Hundred and 00/100 (\$7,500.00) each, on the first day of each calendar month, in advance, without set off or deduction, at the office of Landlord as set forth in Paragraph 23 of this Lease.

(e) All other terms and conditions of this Lease shall be binding upon Landlord and Tenant and in full force and effect, as if such terms and conditions were again fully recited herein.

(f) In the event Tenant does not exercise its option to extend this Lease as herein provided, Landlord shall have the right, during the three (3) months prior to the end of the Initial Term or First Renewal Term, as applicable, to show the Premises during normal business hours to other prospective tenants.

5. **ADDITIONAL RENT.** Tenant shall pay to Landlord, as Additional Rent, Tenant's pro rata share of the taxes, insurance and common area maintenance charges (as such terms are hereinafter defined) incurred by Landlord for and on behalf of the Property.

(a) **Taxes.** Taxes shall mean any tax, assessment or governmental charge ("Tax"), which may lawfully be charged, assessed or imposed against the Property but shall exclude income, gift and estate taxes. In the event Landlord is assessed with a Tax which Landlord, in its sole discretion, deems excessive, Landlord may challenge such Tax to the extent legally permitted, so long as the validity or amount thereof is contested by Landlord in good faith, and so long as Tenant's occupancy of the Premises is not disturbed. In the event Landlord is successful in its challenge, resulting in an abatement and/or refund, Tenant's pro rata share of such Taxes shall be adjusted to reflect such abatement and/or refund, less Landlord's costs in securing same. In the event Landlord is unsuccessful in its challenge, Tenant shall pay its pro rata share of Landlord's costs to reduce or abate the contested Tax. Landlord's costs shall include, but shall not be limited to, fees of counsel and experts reasonably incurred by Landlord in connection with any such challenge, or any judicial review thereof.

In the event Landlord is assessed with a Tax which Landlord has the option to pay in installments over a period of time, and Landlord solely elects to pay such Tax in installments, the Taxes allocable to Tenant shall only include the then current installment and any applicable interest due thereon; and should Landlord elect not to pay such Tax in installments, the Taxes allocable to Tenant shall only include an amount equal to the installment that would have come due had Landlord elected the installment method of payment.

The foregoing provisions are predicated on the present system of taxation in the state where the Property is located. However, if due to a future change in the method of taxation any franchise, income, profit or other tax shall be levied against the Landlord in substitution, whole or in part, for or in lieu of any tax which would otherwise constitute a "real estate tax", such franchise, income, profit or other tax shall be deemed to be a Tax for the purposes hereof.

(b) **Insurance.** Insurance shall mean premiums for liability, property damage, fire, workers compensation, rent and any and all other insurance ("insurance") which Landlord deems necessary to carry on or for the protection of the Property. In addition thereto, in the event Tenant's use of the Premises shall result in an increase of any of Landlord's insurance premiums, Tenant shall pay to Landlord, upon demand, and as Additional Rent, an amount equal to such increase in insurance. Such payments of insurance shall be in addition to all premiums of insurance which Tenant is required to carry pursuant to Paragraph 19 of this Lease.

(c) **Common Area Maintenance.** Common area maintenance charges (hereinafter referred to as "CAM") shall mean: the maintenance, repair and replacement, if

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parking facilities, access roads, driveways, sidewalks and passageways; trunk-line plumbing (as opposed to branch-line plumbing); common utilities and exterior lighting; landscaping; snow removal; fire protection; exterior painting and interior painting of the common areas of the Property; management fees; and all other expenses incurred by Landlord for or on behalf of the Property. Notwithstanding the aforesaid, in no event shall CAM expenses include any expense chargeable to a capital account or capital improvement under generally accepted accounting principles as currently employed by Landlord; nor shall it include any expense for which Landlord is otherwise reimbursed.

(d) In addition to the aforesaid, Landlord reserves the right to perform any or all of the repairs and maintenance covenanted to be performed by Tenant pursuant to Paragraph 9, below; and, in such event, Tenant shall pay to Landlord, as Additional Rent, Landlord's actual costs of such repairs and maintenance.

(e) **Payment of Additional Rent.** Landlord shall have the right to bill Tenant monthly for all Taxes, Insurance and CAM expenses which Tenant is obligated to pay Landlord under this Lease; and, in the event Landlord so elects, Tenant shall pay to Landlord, in addition to payments of Base Rent, an amount equal to one-twelfth (1/12) of Tenant's total pro rata share of such Taxes, Insurance and CAM expenses. All monies paid in advance to Landlord by Tenant shall not accrue interest thereon. Such amounts for the first year of the lease term shall be reasonably estimated by Landlord; thereafter, such amounts shall be estimated upon the basis of the preceding year. At the end of each calendar year, Landlord shall deliver a statement to Tenant setting forth Tenant's actual pro rata share of Taxes, Insurance and CAM expenses and the total amount of monthly payments, if any, paid by Tenant to Landlord. Tenant shall thereafter pay to Landlord the full amount of any difference between Tenant's actual pro rata share and Tenant's estimated payments within thirty (30) days after receipt of Landlord's statement. Conversely, in the event Tenant's estimated payments exceed the actual amount of Tenant's actual pro rata share, Landlord shall refund the overpayment to Tenant within thirty (30) days after receipt of Landlord's statement. In the event any bills or computations are not available prior to the end of the lease term, Tenant shall pay an amount reasonably estimated by Landlord, which amount shall be equitably adjusted for any partial month or year of the term of this Lease. For purposes of this Lease, Tenant's pro rata share shall be defined as a fraction, the numerator of which shall be the square footage of the Premises, and the denominator of which shall be the square footage of the rentable area of the Property. The square footage of the Premises is 4,400 square feet therefore, Tenant's pro rata share is Twenty Five and 88/100ths percent (25.88%). See *Additional Provisions, Paragraph 32 (d)*.

Within ninety (90) days after receipt of each year-end statement, Tenant or its authorized agent shall have the right, at Tenant's sole cost and expense, to inspect and audit Landlord's records with respect to Tenant's pro rata share of expenses, which audit shall be at Landlord's office during Landlord's normal business hours, and upon five (5) days prior written notice. Except as aforesaid, Landlord shall not be obligated to provide Tenant with detailed summaries and receipts for all expenses incurred by the Property; but Landlord shall provide Tenant with a statement setting forth such expenses, categorized by class and amount. Unless Tenant asserts specific errors within said ninety (90) days, said year-end statement shall be deemed to be correct.

6. **LATE CHARGE.** In the event Tenant is late by more than five (5) days in the payment of any Base Rent or Additional Rent, Tenant shall be assessed a late charge for Landlord's increased administrative expenses, which late charge shall be equal to five (5%) percent, per month, of all outstanding rent owed Landlord.

7. **UTILITIES.** Landlord agrees to supply water, gas, electricity, sewer and telephone connections to the Premises; but Tenant shall pay for the use of all such water, gas, electricity, sewer, and telephone services, and any other utilities and/or services used by Tenant within the Premises, together with any taxes, penalties, surcharges or the like pertaining thereto. Tenant shall be liable for all maintenance and equipment with respect to the continued operation of such utilities including, without limitation, all electric light bulbs, tubes and starters. In the event any such utilities are not separately metered, Tenant shall pay to Landlord a portion of the cost of such utilities determined by Landlord's independent engineer. Landlord shall not be liable for any interruption or failure of any utility servicing the Property.

8. **LANDLORD'S REPAIRS AND MAINTENANCE.** Landlord shall maintain, repair and replace, if necessary, the structural portions of the roof, the foundation and the exterior walls, as well as maintain and repair all subfloors (but not floor coverings) at Landlord's sole cost and expense. Landlord shall maintain, repair and replace, if necessary, the heating and air conditioning systems servicing the Premises. Landlord shall maintain, repair and replace if necessary, all common areas in and about the Landlord's building, at Landlord's sole cost and expense. Notwithstanding the aforesaid, in the event any such maintenance or repairs are caused by the negligence of Tenant or Tenant's employees, agents or invitees, Tenant shall reimburse to Landlord, as Additional Rent, the cost of all such maintenance and repairs within thirty (30) days after receipt of Landlord's invoice for same. For purposes of this Paragraph, the term "exterior walls" shall not include windows, plate glass, doors, office entries, or any exterior improvement made by Tenant. Landlord reserves the right to designate all sources of services in

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connection with Landlord's obligations under this Lease. Tenant hereby grants to Landlord the right to enter upon the Premises, at reasonable times, and upon reasonable notice, except in emergencies exclusively determined by Landlord, for the purpose of making inspections and/or repairs. Tenant shall have the duty to periodically inspect the Premises and notify Landlord should Tenant observe a need for repairs or maintenance of any obligation of Landlord under this Lease. Upon receipt of Tenant's notice, Landlord shall have a reasonable period of time to make such repairs or maintenance; however, it is expressly understood that Landlord's liability with respect to such maintenance and repair shall be limited to the cost of such repairs or maintenance.

9. **TENANT'S REPAIRS AND MAINTENANCE.** Tenant, at Tenant's sole cost and expense, shall have the affirmative duty to periodically inspect, maintain, service, repair and replace, if necessary, all portions of the Premises which are not expressly the responsibility of Landlord including, but not limited to, any windows, plate glass, doors, office entries, interior walls and finish work, floor coverings, hot water heaters, sprinkler systems, dock bumpers, truck doors, branch plumbing, termite and pest extermination. In the event the Property has available to it rail spur access, Tenant agrees to sign a Joint Maintenance Agreement with the railroad company servicing the Property for the use of all tenants within the Property. Notwithstanding the aforesaid, Tenant shall not be liable for any repairs or maintenance which are directly caused by the negligence of Landlord or Landlord's employees, agents or invitees. Upon the expiration or earlier termination of this Lease, Tenant shall return the Premises to Landlord in substantially the same condition as when received, reasonable wear and tear excepted. Tenant shall perform all repairs and maintenance that are the responsibility of Tenant hereunder in a good and workmanlike manner, and in compliance with all governmental and quasi-governmental laws, ordinances and regulations, as well as all requirements of Landlord's insurance carrier. In the event such repair or maintenance is not of the type which Landlord has elected to perform pursuant to Paragraph 5(c) of this Lease, and in the event Tenant fails to properly perform such repairs or maintenance within a reasonable period of time following notice from Landlord, Landlord shall have the option to perform such repairs on behalf of Tenant, in which event Tenant shall reimburse to Landlord, as Additional Rent, the costs thereof within thirty (30) days after receipt of Landlord's invoice for same.

10. **ALTERATIONS.** Tenant shall not make any structural alterations, additions or improvements to the Premises or Property without the prior written consent of Landlord. Notwithstanding the aforesaid, Tenant, at Tenant's sole cost and expense, may (i) perform the construction contemplated by Paragraph 32 of the Additional Provisions and (ii) construct interior non-structural alterations, additions or improvements to the Premises, or install such trade fixtures as Tenant may deem necessary, so long as such improvements and trade fixtures do not penetrate or disturb the structural integrity and support provided by the roof, exterior walls or subfloors. All such improvements and trade fixtures shall be constructed and/or installed in a good and workmanlike manner, and in compliance with all applicable governmental and quasi-governmental laws, ordinances and regulations, as well as all requirements of Landlord's insurance carrier.

Tenant shall remove all alterations, additions, improvements and trade fixtures installed by Tenant from the Premises upon the expiration or earlier termination of this Lease; and, upon such removal, Tenant shall restore the Premises to a condition substantially similar to that condition when received by Tenant. Notwithstanding the aforesaid, at Landlord's written election, all such alterations, additions, or improvements shall remain within the Premises upon the termination of this Lease, and shall be delivered up to Landlord along with the Premises. Landlord shall have no right to any of Tenant's trade fixtures; and, except as otherwise set forth in this Lease, Tenant may remove such trade fixtures upon the termination of this Lease, provided Tenant repairs any damage caused by such removal.

11. **DESTRUCTION.** If the Premises or the Property are damaged in whole or in part by casualty so as to render the Premises untenable, and if the damages cannot be repaired within one hundred eighty (180) days from the date of said casualty, this Lease shall terminate as of the date of such casualty. If the damages can be repaired within said one hundred eighty (180) days, and Landlord does not elect within sixty (60) days after the date of such casualty to repair same, then either party may terminate this Lease by written notice served upon the other. In the event of any such termination, the parties shall have no further obligations to the other, except for those obligations accrued through the effective date of such termination; and upon such termination, Tenant shall immediately surrender possession of the Premises to Landlord. Should Landlord elect to make such repairs, this Lease shall remain in full force and effect, and Landlord shall proceed with all due diligence to repair and restore the Premises to a condition substantially similar to that condition which existed prior to such casualty. In the event the repair and restoration of the Premises extends beyond one hundred eighty (180) days after the date of such casualty due to causes beyond the control of Landlord, this Lease shall remain in full force and effect, and Landlord shall not be liable therefor; but Landlord shall continue to complete such repairs and restoration with all due diligence. Tenant shall not be required to pay any rent for any period in which the Premises are untenable. In the event only a portion of the Premises are untenable, Tenant's rent shall be equitably abated in proportion to that portion of the Premises which are so unfit, and not used by Tenant as a result thereof. However, there shall be no rent abatement if said casualty is due to the fault or negligence of Tenant or Tenant's agents, employees or invitees.

12. **INSPECTION.** Landlord shall have the right to enter and inspect the Premises at any

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reasonable time upon reasonable notice for the purpose of ascertaining the condition of the Premises, or in order to make such repairs as may be required or permitted to be made by Landlord under the terms of this Lease. In addition thereto, during the last three (3) months of the lease term, Landlord shall have the right to enter the Premises at any reasonable time for the purpose of showing the Premises to prospective third-party tenants; and, during said three (3) months, Landlord shall have the right to erect on the Property and/or Premises a suitable sign indicating that the Premises are available for lease.

Tenant shall give Landlord thirty (30) days written notice prior to vacating the Premises, for the purpose of arranging a joint inspection of the Premises with respect to any obligation to be performed by Tenant pursuant to this Lease including, without limitation, the removal of any improvements and the restoration of the Premises. In the event Tenant fails to notify Landlord of such inspection, Landlord's inspection after Tenant vacates shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

13. **SIGNS.** Tenant shall not install any signs upon the Premises or Property without Landlord's prior written consent. Any such approval by Landlord for any signs shall be subject to any applicable governmental or quasi-governmental laws, ordinances, regulations and other requirements. Upon the expiration or earlier termination of this Lease, Tenant shall remove all such signs and repair the Premises and/or Property to the condition which existed prior to the installation of such signs including, without limitation, any discoloration caused by such installation and/or removal.

14. **SUBLETTING AND ASSIGNING.** Tenant shall not assign or sublet the Premises, nor allow the same to be used or occupied by any other person or for any other use than herein specified, without the prior written consent of Landlord. In the event Landlord grants its consent to any sublease or assignment, same shall not constitute a release of Tenant from the full performance of Tenant's obligations under this Lease. Further, in the event of any such sublease or assignment, Tenant shall reimburse Landlord for all reasonable attorneys' fees in connection with reviewing and/or drafting any appropriate documents to effect such transfer of Tenant's interests.

However, Landlord's consent shall not be required for (i) a transfer, assignment or sublease to a parent, subsidiary or affiliate company of Tenant, (ii) an assignment of all of its right, title and interest in and to this Lease to any corporation which owns 100% of its stock or to a wholly owned subsidiary of Tenant, or (iii) a merger or consolidation with another business, firm or entity in which the Tenant is the surviving corporation as a result of such transaction. Such transfer, assignment, merger or sublease shall not release Tenant of liability. The sale or transfer of stock control, if Tenant be a corporation, or if Tenant be a partnership or joint venture, a sale of an interest in such partnership or joint venture, shall not be deemed an assignment of this Lease, provided the Guarantor continues to guarantee full performance under the Lease.

15. **DEFAULT AND HOLDING OVER.** If Tenant shall (i) fail to pay any rent or other charge when the same shall be due hereunder, or (ii) shall breach any other covenant or agreement of this Lease, and such breach shall continue for a period of fifteen (15) days after receipt of notice thereof from Landlord, or if Tenant makes an assignment for the benefit of creditors, vacates or abandons the Premises for more than thirty (30) days, files or has filed against it a petition in bankruptcy, or is adjudicated insolvent (hereinafter singularly or collectively referred to as "Default"), Landlord may terminate this Lease, or terminate Tenant's right of possession and repossess the Premises, with or without process of law, and expel and remove Tenant, or any other person in occupancy, together with their property, using such force as may be necessary in the judgment of Landlord. Upon any such Default, all rent up through the expiration date of this Lease shall immediately become due together with a sum equal to the following: all broker's commissions paid by Landlord in connection with the consummation of this Lease, all tenant concessions granted to Tenant including but not limited to free or reduced Rent, all tenant finish constructed within the Premises or any contribution paid to Tenant in lieu thereof, plus such expenses, including legal fees, as Landlord incurs in recovering possession of the Premises. Landlord may relet the Premises after taking possession thereof upon terms satisfactory to Landlord. However, in such event, Tenant shall be liable for all costs of reletting, including any additional brokers' fees, legal fees, and/or tenant finish; and, in the event the rent payable under any reletting is less than the rent payable under this Lease, Tenant shall be liable for the difference thereof.

If this Lease is terminated, Tenant shall, without demand therefor, peacefully surrender the Premises to Landlord in as good condition as when delivered to Tenant, reasonable wear and tear excepted. If Tenant shall remain in possession of the Premises after the termination of this Lease, and hold over for any reason, Tenant shall be deemed guilty of forcible detainer, and Tenant shall pay to Landlord monthly rent equal to 200% of both the Base Rent and that Additional Rent which was payable hereunder during the last month prior to Landlord's notice of termination, as well as any other damages, consequential or otherwise, incurred by Landlord as a result of such holdover. Should any of Tenant's property remain within the Premises after the termination of this Lease, it shall be deemed abandoned; and Landlord shall have the right to store or dispose of same at Tenant's cost and expense. Tenant waives any and all rights of redemption in the event Tenant is evicted or dispossessed, or in the event Landlord obtains possession of the Premises by reason of any breach of any covenant of this Lease. All of the aforesaid rights of Landlord shall be in addition to any remedies which Landlord may have at law or in equity.

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No payment of money by Tenant after the termination of this Lease, service of any notice, commencement of any suit, or after final judgment for possession of the Premises, shall reinstate this Lease or effect any such notice, demand or suit, or imply consent for any action for which Landlord's consent is required. Tenant shall pay all costs and attorney's fees incurred by Landlord from enforcing the covenants of this Lease. Should Landlord elect not to exercise its rights in the event of a Default, it shall not be deemed a waiver of such rights as to subsequent Defaults.

16. RIGHT TO CURE TENANT'S DEFAULT. If Tenant is in Default under any provision of this Lease, other than for the payment of rent, and Tenant has not cured same within fifteen (15) days after receipt of Landlord's written notice, Landlord may cure such Default on behalf of Tenant, at Tenant's expense. Landlord may also perform any obligation of Tenant, without notice to Tenant, should Landlord deem the performance of same to be an emergency. Any monies expended by Landlord, including any legal fees, to remedy any Default, or resolve any deemed emergency, shall be payable by Tenant to Landlord as Additional Rent.

17. HOLD HARMLESS.

Landlord hereby releases, discharges and shall indemnify, hold harmless and defend Tenant, at Landlord's sole cost and expense, for all losses, claims, liability, damages, and expenses (including reasonable attorney's fees) sustained by Tenant for any damage or injury to persons or property of the parties hereto or of third persons occurring within the common areas of the Property, or which are caused by Landlord, or which are caused by Landlord's breach of any term or condition of this Lease, unless such losses, claims, liability, damages, and expenses are due to the negligence of Tenant or Tenant's agents, invitees, or employees.

Tenant hereby releases, discharges and shall indemnify, hold harmless and defend Landlord, at Tenant's sole cost and expense, for all losses, claims, liability, damages, and expenses (including reasonable attorney's fees) sustained by Landlord for any damage or injury to persons or property of the parties hereto or of third persons occurring within the common areas of the Property, or which are caused by Tenant, or which are caused by Tenant's breach of any term or condition of this Lease, unless such losses, claims, liability, damages, and expenses are due to the negligence of Landlord or Landlord's agents, invitees, or employees.

18. CONDEMNATION. If the whole or any part of the Property or the Premises shall be taken in condemnation or transferred by agreement in lieu of condemnation, either Landlord or Tenant may terminate this Lease by serving the other party with written notice of same, effective as of the taking date. However, Tenant may only elect to terminate this Lease if the remaining portion of the Premises and/or Property may no longer be adequately used for the purpose set forth in Paragraph 2 of this Lease. In the event only a portion of the Premises and/or Property is taken in condemnation, and Tenant elects not to terminate this Lease, such taking shall be deemed a "casualty" pursuant to Paragraph 11 of this Lease; and Landlord shall be afforded all of the rights set forth in said Paragraph 11 to restore the Premises. If neither Landlord nor Tenant elect to terminate this Lease as aforesaid, then this Lease shall terminate on the taking date only as to that portion of the Premises and/or Property so taken; and the rent and other charges payable by Tenant shall be reduced proportionally. Landlord shall be entitled to the entire condemnation award for all realty and improvements. Tenant shall not be entitled to any award for Tenant's leasehold interest, but shall be entitled to any award for Tenant's trade fixtures and personal property, business interruption and moving expenses, provided Tenant independently petitions for same. Notwithstanding the aforesaid, if any condemnation takes a portion of the parking area, and does not affect any portion of the Premises, and same does not result in a reduction of the minimum required parking ratio below that established by local Code or Ordinance, this Lease shall continue in full force and effect without modification.

19. INSURANCE. Landlord shall maintain in full force and effect policies of insurance covering the Property in an amount not less than eighty (80%) percent of the "replacement cost" thereof as such term is defined in the Replacement Cost Endorsement attached to such policy, insuring against physical loss or damage generally included in the classification of "all risk" coverage. Except as set forth below, such insurance shall be for the sole benefit of Landlord, and under Landlord's sole control.

Tenant, at Tenant's sole cost and expense, shall maintain in full force and effect policies providing "all risk" insurance coverage protecting against physical damage (including, but not limited to, fire, lightning, extended coverage perils, vandalism, sprinkler leakage, water damage, collapse, and other special extended perils) to the extent of 100% of the replacement cost of Tenant's property and improvements during the term of this Lease, as well as broad form comprehensive or commercial general liability insurance insuring Landlord and Tenant jointly against any liability (including bodily injury, property damage and contractual liability) arising out of Tenant's use or occupancy of the Premises, with a combined single limit of not less than \$1,000,000, or for a greater amount as may be reasonably required from time to time, and in policy form and content satisfactory to Landlord. Landlord shall be named as an additional insured on all insurance carried by Tenant, and all such policies shall be primary and non-contributing with or in excess of any insurance carried by Landlord. All policies shall be with

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companies licensed to do business in the state where the Property is located, and rated A+XIV in the most current issue of Best's Key Rating Guide. Tenant shall furnish Landlord with certificates of all such policies at least thirty (30) days prior to occupancy, or otherwise upon Landlord's request; and, further, such insurance shall provide that not less than thirty (30) days written notice be given to Landlord before any such policies be canceled or substantially changed to reduce the insurance provided thereby. Tenant shall not do any act which may make void or voidable any insurance carried by Landlord on the Premises or Property; and, in the event Tenant's use of the Premises shall result in an increase in Landlord's insurance premiums, Tenant shall pay to Landlord upon demand, as Additional Rent, an amount equal to such increase in insurance.

Landlord and Tenant hereby mutually waive any and all right of recovery against one another, directly or by way of subrogation or otherwise, due to the negligence of either party, their agents or employees, for real or personal property damage occurring to the Premises, the Property, or any personal property located therein, from perils agreed to be insured against in the aforesaid policies (whether or not such insurance is actually carried). Each party shall have the affirmative duty to inform their respective insurance carriers of this Paragraph and the mutual waiver of subrogation contained herein.

20. **MORTGAGES.** This Lease is subject and subordinated to any mortgages, deeds of trust or underlying leases as well as to any extensions or modifications thereof (hereinafter collectively referred to as "Mortgages"), now of record or hereafter placed of record. In the event Landlord exercises its option to further subordinate this Lease, Tenant shall at the option of the holder of said Mortgage attorn to said holder. Any subordination shall be self-executing, but at the written request of Landlord, Tenant shall execute such further assurances as Landlord deems desirable to confirm such subordination. In the event any existing or future lender, holding a mortgage, deed of trust or other commercial paper, requires a modification of this Lease which does not increase Tenant's Rent hereunder, or does not materially change any obligation of Tenant hereunder, Tenant agrees to execute appropriate instruments to reflect such modification, upon request by Landlord. In the event Tenant should fail or refuse to execute any instrument required under this Paragraph, within fifteen (15) days after Landlord's request, such failure shall be a Default by Tenant subject to Paragraph 15 hereof.

21. **LIENS.** Tenant shall not mortgage or otherwise encumber or allow to be encumbered its interests herein without the prior written consent of Landlord. Any consent by Landlord to allow any construction by Tenant within the Premises shall not be construed as a waiver of any prohibition in this Paragraph. Should Tenant cause any mortgage, lien or other encumbrance (hereinafter referred to as "Encumbrance") to be filed against the Premises or the Property, Tenant shall demise or bond against same within fifteen (15) days after the filing thereof. If Tenant fails to remove said Encumbrance within said fifteen (15) days, Landlord shall have the absolute right to cause same to be cured by whatever measures Landlord shall deem convenient including, without limitation, payment of such Encumbrance, in which event Tenant shall reimburse Landlord for same as Additional Rent. All of the aforesaid rights of Landlord shall be in addition to any remedies at law or in equity available to either Landlord or Tenant.

22. **GOVERNMENT REGULATIONS.** Tenant, at Tenant's sole cost and expense, shall conform with all laws and requirements of any Municipal, State or Federal authorities now in force, or which may hereafter be in force, pertaining to the Premises as well as any requirement of Landlord's insurance carrier with respect to Tenant's use of the Premises. The judgment of any court, or an admission of Tenant in any action or proceeding at law, whether Landlord be a party thereto or not, shall be conclusive of the fact as between Landlord and Tenant.

23. **NOTICES.** All rents which are required to be paid by Tenant shall be delivered by the United States mail, postage prepaid, addressed to Landlord at its address below, and all notices that are required to be given hereunder shall be in writing and delivered by United States registered or certified mail, postage prepaid, return receipt requested, addressed to the parties hereto at their respective addresses below:

LANDLORD:

01-90-W774-00
Lincoln Place Land Trust #90069-22
5 Canty Lane
Fairview Heights, Illinois 62208

TENANT:

GAMBRO Healthcare Patient Services, Inc.
1919 Charlotte Avenue
Nashville, Tennessee 37203
Attention: Legal Department

Either party may designate a different address by giving notice to the other party of same at the address set forth above. Notices shall be deemed given on the date shown on the return receipt, or if no receipt is obtained, five (5) days after mailing.

24. **PARKING.** Tenant shall be liable for all vehicles owned, rented or used by Tenant or Tenant's agents and invitees in the operation of Tenant's business. Tenant will not store any equipment or inventory in any trucks, nor shall Tenant store any trucks, on the parking lot of the Property. Tenant

-7-

shall abide by all parking restrictions now or hereafter placed upon the parking lot; and Tenant shall only park its vehicles in those areas designated for Tenant's use. Tenant shall not park any trucks or other vehicles in any driveways, streets or other areas not specifically designated for parking; and, upon request by Landlord, Tenant shall move its trucks and vehicles if in Landlord's reasonable opinion said vehicles are in violation of any of the above restrictions. Unless otherwise set forth in this Lease, parking shall be provided on an unallocated basis.

25. **OWNERSHIP.** Notwithstanding anything in this Lease to the contrary, the term "Landlord" as used in this Lease, shall be defined as the current owner(s) of the Property. In the event of any transfer of the Property, the party conveying same shall thereafter be automatically relieved of all personal liability with respect to Landlord's performance of any obligations thereafter occurring or covenants thereafter to be performed, it being intended hereby that all obligations under this Lease shall be binding upon the owner(s) of the Property only during that owner(s)' respective period(s) of ownership of said Property. It is expressly understood and agreed that none of Landlord's covenants under this Lease are personal in nature, and that Tenant agrees to look solely to the Property for recovery of any damages or breach or non-performance of any of the obligations of Landlord hereunder.

26. **SECURITY DEPOSIT.** Tenant has deposited with Landlord the sum of Three Thousand Three Hundred Sixty-Six and 67/100 Dollars (\$3,366.67) as security for the full and faithful performance of Tenant's obligations under this Lease. The parties agree that unless otherwise required by law, Landlord shall not be required to keep said security deposit separate from its general funds, nor pay any interest thereon to Tenant. Such security deposit shall not be construed as an advance rent payment, or as a measure of Landlord's damages in the event of a Default by Tenant. If Tenant should be placed in Default with respect to any provision of this Lease, Landlord may apply all or any part of said security deposit for the payment of any sum in Default or for the payment of any amount which Landlord expended by reason of such Default. If any portion of said deposit is so applied, Tenant shall deposit with Landlord, within ten (10) days after written demand therefor, an amount sufficient to restore the security deposit to its original amount.

27. **ESTOPPEL CERTIFICATES.** Tenant agrees, upon written request by Landlord, to execute and return to Landlord, within twenty (20) days, a statement in writing certifying that this Lease is unmodified and in full force and effect, that Tenant has no defenses, offsets or counterclaims against its obligations to pay the rent and to perform its other covenants under this Lease, that there are no uncured Defaults of Landlord or Tenant, and setting forth the dates to which the rent and other charges have been paid, as well as any other information reasonably requested by Landlord. In the event Tenant fails to return such statement within said twenty (20) days, setting forth the above or, alternatively, setting forth those Lease modifications, defenses and/or uncured Defaults, Tenant shall be in Default hereunder or, at Landlord's election, it shall be deemed that Landlord's statement is correct with respect to the information therein contained. Any such statement delivered pursuant to this Paragraph may be relied upon by any prospective purchaser, mortgagee, or assignee of any mortgagee of the Property.

28. **PERSONAL PROPERTY TAXES.** Tenant shall timely pay all taxes assessed against Tenant's personal property and all improvements to the Premises in excess of Landlord's standard installations. If said personal property and improvements are assessed with the property of Landlord, Tenant shall pay to Landlord an amount equal to Tenant's share of such taxes, within ten (10) days after receipt of Landlord's statement for same.

29. **BROKERAGE.** The parties warrant that they have dealt with no other broker or person in connection with this transaction. This provision shall survive the termination of this Lease.

30. **RIGHT OF FIRST REFUSAL.** In the event that the Landlord receives a bona fide offer to purchase the Property, Landlord shall send a written notice incorporating the terms and conditions of such offer to Tenant prior to selling the same to such party. Tenant shall have the right to purchase the Property on the same terms and conditions set forth in Landlord's notice to Tenant, provided Tenant is not then in default of any of the terms and conditions contained in this Lease and provided further that Tenant shall notify Landlord of Tenant's intention to purchase the Property within fifteen (15) days of Tenant's receipt of Landlord's notice. If the purchase option granted herein is exercised by Tenant in the manner above provided, the parties agree to close the sale and purchase contemplated by this Section 30 within fifteen (15) days following delivery of the notice from Tenant to Landlord indicating Tenant's desire to exercise the purchase option (the "Closing Date"). At closing, Landlord shall deliver a Special Warranty Deed to Tenant which deed shall be subject to all easements, covenants and restrictions of record as of the Closing Date. Tenant shall pay all closing costs and shall pay all costs of providing a standard title insurance policy on the Property. This Lease shall terminate automatically upon closing of the sale contemplated by this Section 30.

31. **MISCELLANEOUS.**

(a) All of the covenants of Tenant and Landlord hereunder shall be deemed and construed to be "conditions" as well as "covenants" as though both words were used in each separate instance.

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(b) Should any provision of this Lease be unenforceable, it shall be severable from this Lease, and this Lease shall remain in full force and effect and be binding upon the parties hereto as though said provision had not been included.

(c) This Lease shall not be recorded by Tenant without the prior written consent of Landlord.

(d) In addition to the terms and conditions herein contained, Landlord reserves the right to establish and enforce reasonable rules and regulations for all tenants of the Property, provided such rules and regulations hereafter established shall not materially impair Tenant's rights under this Lease, and further provided that all rules shall be applied consistently to Tenant and the other tenants of the Property.

(e) The paragraph headings appearing in this Lease are inserted only as a matter of convenience, and in no way define or limit the scope of any paragraph.

(f) Submission of this Lease shall not be deemed to be an offer, or an acceptance, or a reservation of the Premises; and Landlord shall not be bound hereby until Landlord has delivered to Tenant a fully executed copy of this Lease, signed by both of the parties hereto on the last page of this Lease in the spaces herein provided. Until such delivery, Landlord reserves the right to exhibit and lease the Premises to other prospective tenants.

(g) This Lease demises real estate located in the State of Illinois, and shall be governed by the laws of such State.

(h) All of the terms of this Lease shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(i) This Lease is modified and affected by the following Exhibits which are attached hereto and made a part hereof.

Exhibit "A": Legal Description and/or Floor Plan
Exhibit "B": Additional Provisions

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

WITNESS/ATTEST:

This instrument is executed by the undersigned Land Trustee, not personally but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that all the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee are undertaken by it solely in its capacity as Trustee and not personally. No personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Trustee on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the Trustee in this instrument.

F:\FILE\ROOM\YELLOW\WAYM\ZEV\WAS\LEA
August 23, 1987

LANDLORD:
MAGNA TRUST COMPANY, TRUSTEE
LINCOLN PLACE LAND TRUST #1-80365-22
01-90-4074-00

By: [Signature]
Name: Jennifer M. Felsam
Title: Asst. Trust Officer

TENANT:
GAMBRO HEALTHCARE RENAL CARE, INC.

By: [Signature]
Name: Ralph Lezy, Jr.
Title: Vice President

EXHIBIT "A"

Lincoln Centre
Fairview Heights, Illinois

The Premises shall consist of the following:

Approximately 4400 square feet of Lincoln Centre comprised of the easterly 8' of Bay 3, and all of Bays 4, 5, 6 and 7, as shown below; plus

Approximately 1800 square feet of Lincoln Centre comprised of Bay 2 and the westerly 12' of Bay 3, as shown below.

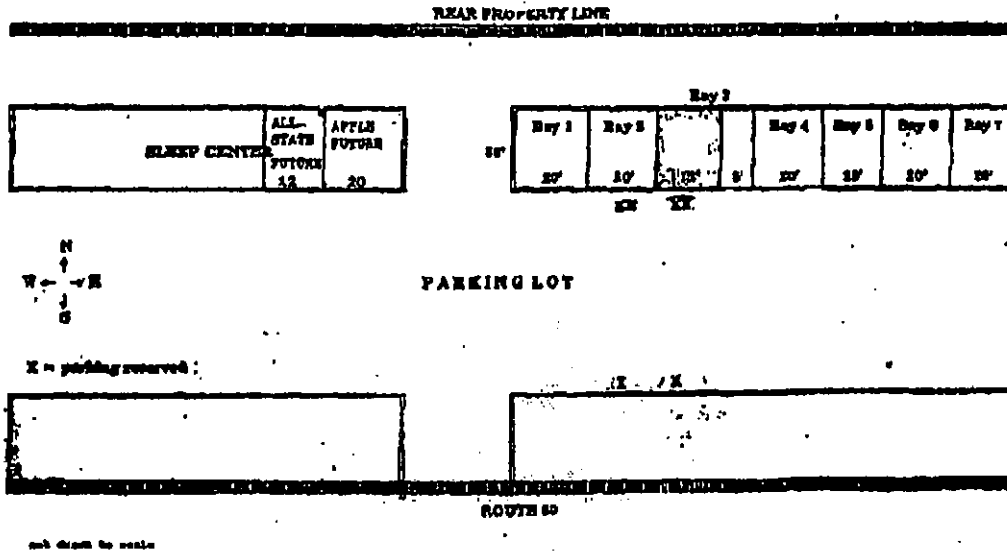


EXHIBIT "B"

ADDITIONAL PROVISIONS TO LEASE BY AND BETWEEN
LINCOLN PLACE LAND TRUST # 00305-22, AS LANDLORD,
AND VIVRA RENAL CARE, AS TENANT

32. **ADDITIONAL SPACE.** In addition to the approximate 4,400 square feet of space described in Paragraph 1 as the Premises, Tenant shall have the affirmative obligation to also lease certain additional space within the Property, shown as Bay 2 and a portion of Bay 3 on Exhibit "A", together containing approximately 1,600 square feet of space (hereinafter collectively referred to as the "Additional Space"), when such space shall be made available to Tenant by Landlord. Tenant acknowledges that, as of the date of this Lease, the Additional Space is leased to certain third party tenants. In the event Landlord should relocate said third party tenants, or in the event said third party tenants should otherwise vacate the Additional Space, Tenant shall have the affirmative obligation to thereafter lease said Additional Space, upon the terms and conditions set forth below. Tenant shall be responsible for the payment of one half (1/2) of the total cost to relocate the aforesaid third party tenants provided, however, in no event shall the cost to Tenant for such relocation exceed the sum of Five Thousand and 00/100 Dollars (\$5,000.00). Tenant's share of the relocation cost as set forth above shall be payable within ten (10) days following Landlord's demand therefor. The Additional Space shall be merged with Tenant's existing 4,400 square feet of space, thereby increasing Tenant's demised space to approximately 6,000 square feet, which combined space shall also be known as the Premises. Tenant shall lease the Additional Space upon the same terms and conditions as the original Premises, except as herein set forth.

a. Tenant shall accept said Additional Space in its present "AS IS" condition; and, except as set forth above in Section 8 of this Lease, Tenant acknowledges that Landlord has made no representations to Tenant with respect to any other alterations, repairs or improvements to be performed by Landlord within such space. Tenant shall have the right and option to perform certain interior finish work within the Additional Space, provided that all such work is performed in accordance with drawings and specifications prepared by Tenant and approved by Landlord prior to the commencement of such work. It is expressly understood that any plans prepared by or on behalf of Tenant shall incorporate all requirements of the Americans with Disabilities Act of 1990, and Tenant shall be solely responsible for compliance with such Act, and hold Landlord harmless therefrom, notwithstanding Landlord's approval of any such plans or any construction. Any changes, alterations, or additions made to the original approved plans shall be in writing and also approved by Landlord prior to construction. Tenant acknowledges and agrees that Tenant shall be liable for all costs of Tenant's interior finish and, prior to the commencement of any construction, Tenant shall provide Landlord with certain assurances reasonably satisfactory to Landlord that Tenant is capable of paying for all interior finish work. All construction undertaken by Tenant shall be in compliance with state, federal, and local codes, and shall be built in a good and workmanlike manner, and shall be subject to Landlord's inspection from time to time. Tenant shall indemnify and hold Landlord harmless from any and all claims and damages (including reasonable attorneys' fees), to persons or property of Landlord or third persons, caused by Tenant's construction. Tenant shall also indemnify Landlord against any mechanic's liens or other liens arising out of any construction performed by or on behalf of Tenant; and Tenant shall within thirty (30) days after any construction furnish to Landlord lien waivers for all work performed and materials furnished. In the event a lien is filed against the Property for any reason as a result of any construction performed or alleged to have been performed by or on behalf of Tenant, Tenant shall remove such lien within fifteen (15) days. Should Tenant fail to remove any such lien within said fifteen (15) days, Landlord shall have the absolute right to cause such lien to be removed by whatever measures as Landlord, in Landlord's sole discretion, shall deem convenient or necessary including, without limitation, payment to any contractor, subcontractor, laborer, supplier or materialman (and any relating attorney's fees) to extinguish such lien; and, in such event, Tenant shall pay to Landlord, as Additional Rent, all of Landlord's costs and expenses including, without limitation, any payment made by Landlord to any contractor, subcontractor, laborer, supplier or materialman, the payment of any attorneys' fees of any lienholder, as well as the payment of Landlord's attorneys' fees to extinguish such lien. Upon the termination of this Lease, all improvements made to the Additional Space by Tenant and pre-approved in writing by Landlord shall be delivered to Landlord with the Premises. All improvements made to the Additional Space by Tenant which are not pre-approved in writing by Landlord shall, at the option of Landlord, be either delivered to Landlord with the Premises or removed from the Premises prior to the lease termination date. In the event Landlord elects for Tenant to remove any such improvements, Tenant shall repair and restore the Additional Space to a condition substantially similar to the condition of the Additional Space immediately prior to the installation of such improvements; and, in the event Tenant fails to so repair and restore the Premises, Tenant shall be liable for the costs thereof, which liability shall survive the termination of this Lease.

b. The commencement date for said Additional Space shall be the earlier of (i) thirty (30) days after the date Landlord delivers said Additional Space to Tenant or (ii) the date Tenant first takes occupancy of any portion of said Additional Space for any purpose other than the construction of Tenant's interior finish.

c. Tenant shall pay to Landlord, as Base Rent for said Additional Space the sum of Eighteen Thousand Two Hundred Fifty-Five and 98/100 Dollars (\$18,255.98) per year, payable in equal monthly installments of One Thousand Five Hundred Twenty-One and 33/100 Dollars (\$1,621.33) each. Payment shall be made in the time, manner and place as set forth in Section 4 hereof.

d. Tenant's pro rata share for purposes of determining Tenant's obligation for Additional Rent or any other charge under this Lease, shall be equitably increased to reflect the additional square footage of the Additional Space.

33. QUIET ENJOYMENT. So long as Tenant is not in default of its obligations under this Lease, Tenant shall at all times during the term of this Lease peacefully and quietly have and enjoy possession of the Premises without any encumbrance or hindrance by, from or through the Landlord.

34. COUNTERPARTS. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and shall become effective when there exists copies hereof which, when taken together, bear the authorized signatures of each of the parties hereto. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Lease.

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-12-



4/2

DAVITA INC.
Gambro St. Louis Area-- REAL PROPERTY LEASE SUMMARIES
(Gambro-Owned Facilities)

| Center Name/Number | Parties | Square Footage | Rent / Sq. Ft | Annual Base Rent | Total Annual Rent | Commencement Date | Termination Date | Expiration By | Assignment | Landlord Contact Info |
|-------------------------|--|----------------|---------------|------------------|-------------------|-------------------|--|----------------------|--|--|
| Gambro Fairview Heights | L.L. Lincoln Place Land Trust T: Gambro Healthcare Renal Care, Inc. | 6,000 | \$13.00 | \$78,000 | \$78,000 | September 1, 1997 | August 31, 2007 The initial term of the lease shall be five years commencing on September 1, 1997. Tenant has the right and option to extend the initial term of the lease for two renewal periods of 5 years each. | 12/31/2006 No | Tenant shall not assign or sublet the premises | Lincoln Place Land Trust 5 Canterbury Lane Fairview Heights, IL 62208 |

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**MediTract's
Contract Cover Sheet**

1. Contracting Entity: RAI Care Centers of ILLINOIS, LLC
(Form 2)

2. Site: RAI - Lincoln Highway - Fairview Heights
(Form 3)

3. Department: LEGAL
(Form 4)

4. Contract Type: LEASES
(Form 5)

5. Primary Responsible Party: Jon Sundock
(Form 6)

6. Secondary Responsible Party: Debbie Byl
(Form 6)

7. Third Responsible Party (Optional): (Sheila Slits)
(Form 6)



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

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 (\$6,685,175)

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 1.19% 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. Main - Greese

05/16/2006 14:48 GAMBRO HEALTHCARE H0617 + 16159073300

NO. 133 002

Midwestern Consortium
Division of Survey and Certification



May 8, 2006

V polf

Ms. GERALYN VOGEL
Clinic Manager
~~Breese Dialysis~~
~~600 North Main Street~~
Greese, IL 62230

Dear Ms. Vogel:

Subject: Change of Ownership ~~Supply Number 142037~~

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 12th Street, Room 235
Kansas City, Missouri 64106-2808

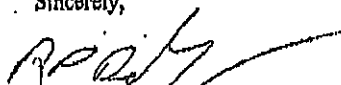
ATTACHMENT 11

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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 Hgts

Midwestern Consortium
Division of Survey and Certification



May 8, 2006

Ms. Gwendy Vogel
Clinic Manager
~~RAI Care Centers of Illinois I, LLC~~
~~Fairview Heights, IL 62208~~
Fairview Heights, IL 62208

Dear Ms. Vogel:

Subject: Change of Ownership - ~~Supplier Number 14255882~~

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

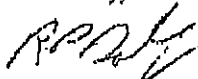
Richard Bolling Federal Building
601 East 12th Street, Room 235
Kansas City, Missouri 64106-2808

MAY-19-2006 13:26 From:RENAL ROENTAGE, INC 6186228903 To:16155073300 P.2/3

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.3/3

To: 161555073300

MPY-19-2006 13:35 From: RENTAL ADVANTAGE, INC 6186328903

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 12th 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 |
| Bolingbrook | 14-2605 | 538 E. Boughton Road | Bolingbrook | 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 Blesterfield 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. State 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 27th 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

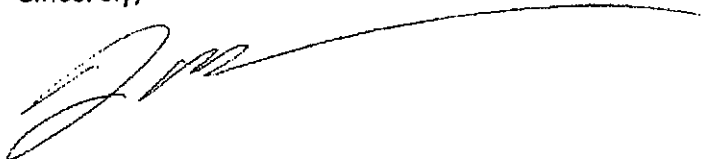
To Whom It May Concern:

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:

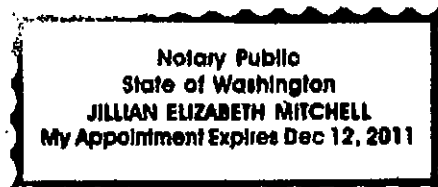
1. Neither Liberty Dialysis Holdings, Inc. nor any affiliated entity has had any adverse actions against any Illinois facility owned and operated by Liberty Dialysis Holdings, Inc. or a related entity during the three (3) year period prior to filing for this application, and
2. Liberty Dialysis Holdings, 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]
ITS: Mark Fawcett
Vice President & Asst. Treasurer

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

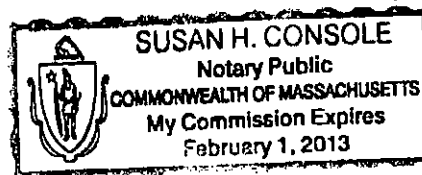
Notarization:
Subscribed and sworn to before me
this 16 day of Sept, 2011

[Signature]
Signature of Notary

[Signature]
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-Lincoln Highway. The facility will continue to provide ESRD services to residents of Fairview Heights, St. Clair 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 has historically provided 3% or more of the facility's patients. The facility's primary patient population resides in St. Clair 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-Lincoln Highway is a primary provider of ESRD services in the area. RAI-Lincoln Highway is one of two ESRD facilities located in St. Clair County.

RAI-Lincoln highway
2010 Patient Origin

| <u>ZIP Code Area</u> | <u>Community</u> | <u>%</u> |
|----------------------|------------------|--------------|
| 62269 | O'Fallon | 11.9% |
| 62208 | Fairview Heights | 8.6% |
| 62221 | Belleville | 8.6% |
| 62254 | Lebanon | 4.6% |
| 62226 | Swansea | 7.3% |
| 62207 | East St. Louis | 6.0% |
| 62204 | East St. Louis | 5.3% |
| 62220 | Belleville | 5.3% |
| 62223 | Belleville | 4.0% |
| 62206 | Caholia | 4.0% |
| 62234 | Collinsville | 4.0% |
| 62203 | East St. Louis | 3.3% |
| 62205 | East St. Louis | 3.3% |
| | | 76.2% |
| others, <3%, each | | <u>23.8%</u> |
| | | 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-Lincoln Highway. The facility will continue to operate its existing twenty 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-Lincoln Highway, 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.

| Name/Location | Stations | YE 6/30/11 Treatments |
|--|-----------------|----------------------------------|
| 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 patient transfer agreement with Memorial Hospital in Belleville. Memorial Hospital is located 5.8 miles/11 minutes (per MapQuest) from RAI-Lincoln Highway.

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

Originated:

Revised:

© 2006

ATTACHMENT 19A



4.1 Application for Assistance

| RESPONSIBILITY | ACTION |
|-----------------------------------|---|
| Insurance Verification Specialist | <ol style="list-style-type: none"> 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. 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. |
| Regional Management Designee | <ol style="list-style-type: none"> 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.). 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). 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. |

4.2 Approval Process

| RESPONSIBILITY | ACTION |
|------------------------------|---|
| Regional Management Designee | <ol style="list-style-type: none"> 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. |

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:

6F



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

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.

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

- 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"> 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). |

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

| 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 2 of 4 |

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ATTACHMENT 19a



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.

| 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 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.

| 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 4 of 4 |

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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).



ADMISSION & DISCHARGE OF PATIENTS

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

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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

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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

FMCNA CS-I-112 (1/01)

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"

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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 COUTONIO BEST 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-Centre West Springfield 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.



Signature
Richard Stotz, Regional Vice President
Printed Name/Title

Date: 8/13/2011

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 13th DAY
OF SEPTEMBER, 2011.

Cynthia S. Turgeon
NOTARY PUBLIC



PATIENT TRANSFER AGREEMENT

THIS PATIENT TRANSFER AGREEMENT ("Agreement") is entered into as of the 20th day of December 2010, by and between **RAI CARE CENTERS OF ILLINOIS I, LLC**, a Delaware limited liability company ("RAI") for the benefit of its outpatient dialysis center located at 821 Lincoln Highway, Fairview Heights, IL 62208 (the "Center"), and **PMMCI d/b/a MH and MEMORIAL CARE CENTER** ("Hospital").

WITNESSETH:

WHEREAS, RAI recognizes that medical services may not always be adequate to provide necessary care for some of its patients at the Center and, therefore, RAI desires to enter into an agreement to facilitate the transfer of those patients to a facility that offers specialized care;

WHEREAS, the Hospital is a medical center that has the capability to provide general and specialized medical care to patients, and desires to enter into agreements with healthcare providers within the region for accepting the transfer of patients to the Hospital;

WHEREAS, the Hospital and RAI desire that the transfer of patients from the Center to the Hospital be in a coordinated and cooperative manner for the benefit of RAI's patients at the Center; and

WHEREAS, the parties to this Agreement desire to provide a full statement of their respective covenants, agreements and responsibilities in connection with the foregoing during the term of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth herein, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. RAI hereby agrees that prior to the transfer of any patient from the Center to the Hospital, the Center will first determine that the Center does not have the appropriate medical resources or personnel to adequately care for the patient. If the care needed by the patient requires life saving measures, unless the patient has a "do not resuscitate" or similar order or written instruction, the Center will implement such life saving measures in an effort to stabilize the patient's emergency medical condition before the transfer, if possible, unless immediate transfer is required as determined by the patient, a person legally responsible for the patient, or the patient's attending physician. Except in the case of an emergency, the Center shall provide the Hospital with sufficient notice of its desire to transfer the Center's patient to the Hospital and obtain acceptance by a physician at the Hospital for the transfer. The Center shall use reasonable efforts to include information concerning the patient's medical condition together with a request that the Hospital physician arrange for the admission of the Center's patient.

2. The Center, where possible, shall obtain the request or consent to transfer from the patient or the person legally responsible for the patient. A transfer may be affected without consent if the patient is not able to provide the consent or the persons legally responsible for the

patient cannot be reached.

3. The Center shall send with the patient pertinent medical information and shall make reasonable efforts to communicate medical information to the Hospital's physician. If there is an emergency situation, the Center will make reasonable efforts to provide the patient's medical information promptly.

4. The Center shall utilize the most appropriate means of transport available to timely and safely transfer the patient to the Hospital.

5. If the Center is unable to provide adequate medical care on a temporary basis (as a result of, for example, natural disaster, power outage or loss of water), the Center will attempt to transfer its patients to another dialysis center. The attending physicians for the patients will decide if a transfer to another dialysis center is appropriate or whether their patients should receive dialysis services at the Hospital on an emergency basis.

6. Nothing contained in this Agreement shall limit either party from contracting with any other hospital or health care facility on a limited or general basis while this Agreement is in effect. Either party may terminate this Agreement at any time and for any reason by providing to the other party no less than thirty (30) days' written notice of such party's intention to terminate this Agreement.

7. When the patient is determined to be in a condition which would permit less intensive or less specialized care and treatment, and such care and treatment is available at the Center, the Center agrees to accept the transfer of the patient back from the Hospital. The Center will arrange for a physician who is a member of the Center's medical staff to accept the patient upon transfer back to the Center once the transfer is deemed appropriate by the patient's attending physician. Upon the transfer back to the Center, the Hospital agrees to provide to the Center all necessary medical information, including medical records, so that the Center may provide care upon the patient's transfer back to the Center.

8. The Hospital is responsible for the costs to transfer the patient to the Hospital only if the Hospital's transport services are used or the Hospital elects to assume such responsibility.

9. When the patient arrives at the Hospital (or when the Hospital's transport services has responsibility for the patient), the Hospital shall assume responsibility for the patient's medical care and treatment.

10. Nothing in this Agreement shall be construed as allowing the Center to transfer a patient to the Hospital for economic reasons, including the patient's ability to pay for services. This Agreement shall remain in effect beginning upon the execution of this Agreement by both parties and shall remain in effect until either party to this Agreement gives no less than thirty (30) days' prior written notice to the other party of its intention to terminate this Agreement. In addition, either party may terminate this Agreement for cause by providing to the other party written notice of the breach of this Agreement and upon failure of that party to cure the breach within ten (10) days thereafter. This Agreement shall automatically terminate if either party has its facility license revoked or suspended, or if either party is excluded from participation in a government payor program, including Medicare or Medicaid.

12. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. This Agreement may only be amended in a writing signed by both parties to this Agreement.

13. The laws of the state in which the Hospital is located shall govern the terms and provisions of this Agreement without regard to its conflicts of laws provisions.

14. All notices, requests, and other communication to any party hereto shall be in writing and shall be addressed to the receiving party's address set forth below or to any other address as a party may designate by notice hereunder, and shall either be (i) delivered by hand, (ii) sent by recognized overnight courier, or (iii) by certified overnight mail, return receipt requested, postage prepaid.

If to RAI: RAI Care Centers of Illinois I, LLC
1550 W. McEwen Drive, Suite 500
Franklin, Tennessee 37067
Attention: Chief Operating Officer

With copies to: Renal Advantage Inc.
1550 W. McEwen Drive, Suite 500
Franklin, Tennessee 37067
Attention: VP & General Counsel

If to Hospital: Memorial Hospital & Memorial Care Center
4500 Memorial Drive
Belleville, IL 62226
Attention: Vice President of Nursing

With copies to: Office of the General Counsel
4500 Memorial Drive
Belleville, IL 62226

All notices, requests, and other communication hereunder shall be deemed effective (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iii) if sent by certified mail, five (5) business days following the day such mailing is made.

[Signatures Appear on the Following Page]

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

RAI CARE CENTERS OF ILLINOIS I, LLC:


By: _____
Name: Beverly Meyer
Title: Center Director

PMMCI d/b/a MH and MEMORIAL CARE CENTER:

By: Nancy Weston
Name: Nancy Weston
Title: Vice President of Nursing

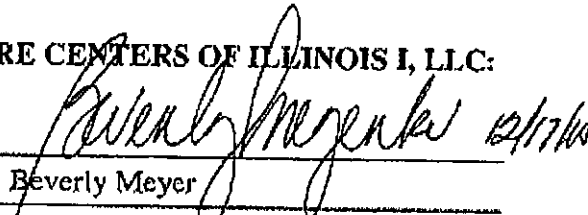
APPROVED AS TO FORM ONLY:

By: _____
Name: Jon Sundock
Title: General Counsel

By: 
Name: Margaret J. Lowery
Title: General Counsel, PMMCI

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

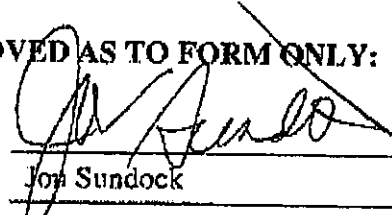
RAJ CARE CENTERS OF ILLINOIS I, LLC:

By: 
Name: Beverly Meyer
Title: Center Director

PMMCI d/b/a MH and MEMORIAL CARE CENTER:

By: _____
Name: Mark Turner
Title: President

APPROVED AS TO FORM ONLY:

By: 
Name: Jon Sundock
Title: General Counsel

By: _____
Name: Margaret J. Lowery
Title: General Counsel, PMMCI

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, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

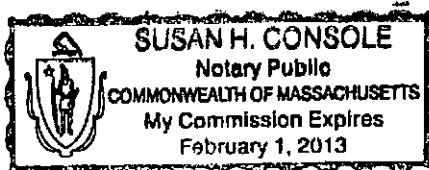
Dear Chairman Galassie:

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

Sincerely,

Michael Brosnan
Chief Financial Officer
Fresenius Medical Care

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

Notary Public

PROJECTED OPERATING and
CAPITAL COSTS

RAI-LINCOLN HIGHWAY
2012

Projected ESRD Treatments: 15,000

Operating Costs:

| | |
|---------------|--------------|
| salaries | \$ 1,018,328 |
| benefits | \$ 233,899 |
| med. supplies | \$ 752,446 |
| | \$ 2,004,673 |

| | |
|--|-----------|
| Projected Operating Costs per ESRD treatment: | \$ 133.64 |
|--|-----------|

Capital Costs:

| | |
|--|------------|
| depreciation, interest, and amortization | \$ 115,023 |
|--|------------|

| | |
|--|---------|
| Projected Capital Costs per ESRD treatment: | \$ 7.67 |
|--|---------|

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

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| 2 | Site Ownership | 27-44 |
| 3 | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | 45 |
| 4 | Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc. | 46 |
| 5 | Flood Plain Requirements | |
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| 7 | Project and Sources of Funds Itemization | 47 |
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| 27 | Non-Hospital Based Ambulatory Surgery | |
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| 30 | Selected Organ Transplantation | |
| 31 | Kidney Transplantation | |
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| 34 | Children's Community-Based Health Care Center | |
| 35 | Community-Based Residential Rehabilitation Center | |
| 36 | Long Term Acute Care Hospital | |
| 37 | Clinical Service Areas Other than Categories of Service | |
| 38 | Freestanding Emergency Center Medical Services | |
| | Financial and Economic Feasibility: | |
| 39 | Availability of Funds | 105 |
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