

Original

12-017

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT

RECEIVED

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

FEB 21 2012

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

## Facility/Project Identification

|                                                      |                          |                       |
|------------------------------------------------------|--------------------------|-----------------------|
| Facility Name: Crystal Springs Dialysis              |                          |                       |
| Street Address: 720 Cog Circle                       |                          |                       |
| City and Zip Code: Crystal Lake, Illinois 60014-7301 |                          |                       |
| County: McHenry                                      | Health Service Area: 008 | Health Planning Area: |

## Applicant /Co-Applicant Identification

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

|                                                              |  |
|--------------------------------------------------------------|--|
| Exact Legal Name: DaVita Inc.                                |  |
| Address: 601 Hawaii Street, El Segundo, California 90245     |  |
| Name of Registered Agent: Corporation Service Company        |  |
| Name of Chief Executive Officer: Kent Thiry                  |  |
| CEO Address: 601 Hawaii Street, El Segundo, California 90245 |  |
| Telephone Number: (310) 792-2600 ext. 2100                   |  |

## Type of Ownership of Applicant/Co-Applicant

|                                                                                                                                                                                                                                                                                                                                         |                                              |                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------|
| <input type="checkbox"/> Non-profit Corporation                                                                                                                                                                                                                                                                                         | <input type="checkbox"/> Partnership         |                                |
| <input checked="" type="checkbox"/> For-profit Corporation                                                                                                                                                                                                                                                                              | <input type="checkbox"/> Governmental        |                                |
| <input type="checkbox"/> Limited Liability Company                                                                                                                                                                                                                                                                                      | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |
| <ul style="list-style-type: none"><li>Corporations and limited liability companies must provide an <b>Illinois certificate of good standing</b>.</li><li>Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li></ul> |                                              |                                |
| APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.                                                                                                                                                                                                                           |                                              |                                |

## Primary Contact

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

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

## Additional Contact

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

|                                                                            |
|----------------------------------------------------------------------------|
| Name: Kelly Ladd                                                           |
| Title: Group Director                                                      |
| Company Name: DaVita Inc. - Chicago                                        |
| Address: 2659 N. Milwaukee Avenue, 2 <sup>nd</sup> Floor, Chicago IL 60647 |
| Telephone Number: (773) 276-2380 Ext. 29                                   |
| E-mail Address: Kelly.Ladd@davita.com                                      |
| Fax Number: (773) 276-4176                                                 |

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT****SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.****Facility/Project Identification**

|                                                      |                         |                       |
|------------------------------------------------------|-------------------------|-----------------------|
| Facility Name: Crystal Springs Dialysis              |                         |                       |
| Street Address: 720 Cog Circle                       |                         |                       |
| City and Zip Code: Crystal Lake, Illinois 60014-7301 |                         |                       |
| County: McHenry                                      | Health Service Area 008 | Health Planning Area: |

**Applicant /Co-Applicant Identification****[Provide for each co-applicant [refer to Part 1130.220].**

|                                                                 |  |
|-----------------------------------------------------------------|--|
| Exact Legal Name: Seasons Dialysis, LLC                         |  |
| Address: 801 Adlai Stevenson Drive, Springfield, Illinois 62703 |  |
| Name of Registered Agent: Illinois Corporation Service Company  |  |
| Name of Chief Executive Officer: Kent Thiry                     |  |
| CEO Address 601 Hawaii Street, El Segundo, California 90245     |  |
| Telephone Number: (310) 792-2600 ext. 2100                      |  |

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

|                                                                                                                                                                                                                                                                                                                                             |                                              |                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------|
| <input type="checkbox"/> Non-profit Corporation                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> Partnership         |                                |
| <input type="checkbox"/> For-profit Corporation                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> Governmental        |                                |
| <input checked="" type="checkbox"/> Limited Liability Company                                                                                                                                                                                                                                                                               | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |
| <ul style="list-style-type: none"><li>o Corporations and limited liability companies must provide an <b>Illinois certificate of good standing</b>.</li><li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li></ul> |                                              |                                |
| <b>APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>                                                                                                                                                                                                                        |                                              |                                |

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

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

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

|                   |
|-------------------|
| Name:             |
| Title:            |
| Company Name:     |
| Address:          |
| Telephone Number: |
| E-mail Address:   |
| Fax Number:       |

**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: Kelly Ladd                                               |
| Title: Group Director                                          |
| Company Name: DaVita Inc. - Chicago                            |
| Address: 2659 N. Milwaukee Avenue, 2nd Floor, Chicago IL 60647 |
| Telephone Number: (773) 276-2380 Ext. 29                       |
| E-mail Address: Kelly.Ladd@davita.com                          |
| Fax Number: (773) 276-4176                                     |

**Site Ownership**

[Provide this information for each applicable site]

|                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exact Legal Name of Site Owner: APEX 720, LLC                                                                                                                                                                                                                                                                 |
| Address of Site Owner: 500 East 22 <sup>nd</sup> Street, Suite B, Lombard, Illinois 60148                                                                                                                                                                                                                     |
| Street Address or Legal Description of Site: 720 Cog Circle, Crystal Lake, Illinois 60014-7301                                                                                                                                                                                                                |
| <b>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.</b> |
| <b>APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>                                                                                                                                                                                         |

**Operating Identity/Licensee**

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Exact Legal Name: Seasons Dialysis, LLC                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                               |
| Address: 801 Adlai Stevenson Drive, Springfield, Illinois 62703                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                               |
| <input type="checkbox"/> Non-profit Corporation<br><input type="checkbox"/> For-profit Corporation<br><input checked="" type="checkbox"/> Limited Liability Company                                                                                                                                                                                                                                                                                              | <input type="checkbox"/> Partnership<br><input type="checkbox"/> Governmental<br><input type="checkbox"/> Sole Proprietorship |
| <input type="checkbox"/> Other                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |
| <ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul> |                                                                                                                               |
| <b>APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>                                                                                                                                                                                                                                                                                                                                            |                                                                                                                               |

**Organizational Relationships**

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

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

**Flood Plain Requirements NOT APPLICABLE**

[Refer to application instructions.]

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

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

**Historic Resources Preservation Act Requirements NOT APPLICABLE**

[Refer to application instructions.]

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

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

**DESCRIPTION OF PROJECT****1. Project Classification**

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

|                                                                                                                                         |                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part 1110 Classification:</b><br><br><input type="checkbox"/> Substantive<br><br><input checked="" type="checkbox"/> Non-substantive | <b>Part 1120 Applicability or Classification:</b><br>[Check one only.]<br><br><input type="checkbox"/> Part 1120 Not Applicable<br><input checked="" type="checkbox"/> Category A Project<br><input type="checkbox"/> Category B Project<br><input type="checkbox"/> 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.

Crystal Springs Dialysis is a 12 station in-center hemodialysis facility located at 720 Cog Circle, Crystal Lake, Illinois, 60014. The current operator of this facility is Total Renal Care, Inc. The Applicants propose to change the operating entity from a corporation to a limited liability company resulting in a new operating entity, Seasons Dialysis, LLC, operating the facility. Total Renal Care, Inc. will be the sole corporate member of Seasons Dialysis, LLC and will transfer all of the assets of Crystal Springs Dialysis to Seasons Dialysis, LLC. DaVita Inc. will maintain final control over the operator. There will be no change in the gross square footage, services, or day-to-day operations as a result of this transaction.

There is no cost associated with this transaction.

This project is "non-substantive" under 77 Ill. Admin. Code 1110.40(b) as it involves the change of ownership of an existing in-center hemodialysis facility.

**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.

| <b>Project Costs and Sources of Funds</b>                                                                                                             |                 |                    |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------|--------------|
| <b>USE OF FUNDS</b>                                                                                                                                   | <b>CLINICAL</b> | <b>NONCLINICAL</b> | <b>TOTAL</b> |
| Preplanning Costs                                                                                                                                     |                 |                    |              |
| Site Survey and Soil Investigation                                                                                                                    |                 |                    |              |
| Site Preparation                                                                                                                                      |                 |                    |              |
| Off Site Work                                                                                                                                         |                 |                    |              |
| New Construction Contracts                                                                                                                            |                 |                    |              |
| Modernization Contracts                                                                                                                               |                 |                    |              |
| Contingencies                                                                                                                                         |                 |                    |              |
| Architectural/Engineering Fees                                                                                                                        |                 |                    |              |
| Consulting and Other Fees                                                                                                                             |                 |                    |              |
| Movable or Other Equipment (not in construction contracts)                                                                                            |                 |                    |              |
| Bond Issuance Expense (project related)                                                                                                               |                 |                    |              |
| Net Interest Expense During Construction (project related)                                                                                            |                 |                    |              |
| Fair Market Value of Leased Space or Equipment                                                                                                        |                 |                    |              |
| Other Costs To Be Capitalized                                                                                                                         |                 |                    |              |
| Acquisition of Building or Other Property (excluding land)                                                                                            |                 |                    |              |
| <b>TOTAL USES OF FUNDS</b>                                                                                                                            | <b>\$0</b>      | <b>\$0</b>         | <b>\$0</b>   |
| <b>SOURCE OF FUNDS</b>                                                                                                                                | <b>CLINICAL</b> | <b>NONCLINICAL</b> | <b>TOTAL</b> |
| Cash and Securities                                                                                                                                   |                 |                    |              |
| Pledges                                                                                                                                               |                 |                    |              |
| Gifts and Bequests                                                                                                                                    |                 |                    |              |
| Bond Issues (project related)                                                                                                                         |                 |                    |              |
| Mortgages                                                                                                                                             |                 |                    |              |
| Leases (fair market value)                                                                                                                            |                 |                    |              |
| Governmental Appropriations                                                                                                                           |                 |                    |              |
| Grants                                                                                                                                                |                 |                    |              |
| Other Funds and Sources                                                                                                                               |                 |                    |              |
| <b>TOTAL SOURCES OF FUNDS</b>                                                                                                                         | <b>\$0</b>      | <b>\$0</b>         | <b>\$0</b>   |
| <b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b> |                 |                    |              |

**Related Project Costs**

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

Land acquisition is related to project ☐ Yes ☒ No

Purchase Price: \$ \_\_\_\_\_

Fair Market Value: \$ \_\_\_\_\_

The project involves the establishment of a new facility or a new category of service

☐ Yes ☒ No

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

Estimated start-up costs and operating deficit cost is \$ 0

**Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:

☒ None or not applicable

☐ Preliminary

☐ Schematics

☐ Final Working

Anticipated project completion date (refer to Part 1130.140): May 1, 2012

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.

☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies

☒ Project obligation will occur after permit issuance.

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

**State Agency Submittals**

Are the following submittals up to date as applicable:

☐ Cancer Registry **NOT APPLICABLE**

☐ APORS **NOT APPLICABLE**

☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted

☒ All reports regarding outstanding permits

**Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.**

**Cost Space Requirements- NOT APPLICABLE**

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

| Dept. / Area                                                                                                           | Cost | Gross Square Feet |          | Amount of Proposed Total Gross Square Feet That Is: |            |       |               |
|------------------------------------------------------------------------------------------------------------------------|------|-------------------|----------|-----------------------------------------------------|------------|-------|---------------|
|                                                                                                                        |      | Existing          | Proposed | New Const.                                          | Modernized | As Is | Vacated Space |
| <b>REVIEWABLE</b>                                                                                                      |      |                   |          |                                                     |            |       |               |
| Medical Surgical                                                                                                       |      |                   |          |                                                     |            |       |               |
| Intensive Care                                                                                                         |      |                   |          |                                                     |            |       |               |
| Diagnostic Radiology                                                                                                   |      |                   |          |                                                     |            |       |               |
| MRI                                                                                                                    |      |                   |          |                                                     |            |       |               |
| Total Clinical                                                                                                         |      |                   |          |                                                     |            |       |               |
|                                                                                                                        |      |                   |          |                                                     |            |       |               |
| <b>NON REVIEWABLE</b>                                                                                                  |      |                   |          |                                                     |            |       |               |
| Administrative                                                                                                         |      |                   |          |                                                     |            |       |               |
| Parking                                                                                                                |      |                   |          |                                                     |            |       |               |
| Gift Shop                                                                                                              |      |                   |          |                                                     |            |       |               |
|                                                                                                                        |      |                   |          |                                                     |            |       |               |
| Total Non-clinical                                                                                                     |      |                   |          |                                                     |            |       |               |
| <b>TOTAL</b>                                                                                                           |      |                   |          |                                                     |            |       |               |
| APPEND DOCUMENTATION AS <u>ATTACHMENT-9</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |      |                   |          |                                                     |            |       |               |



**Facility Bed Capacity and Utilization - NOT APPLICABLE**

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

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

## CERTIFICATION

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

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

This Application for Permit is filed on the behalf of DaVita Inc. <sup>\*</sup>  
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.

Luis Borgen

SIGNATURE

Luis Borgen

PRINTED NAME

Chief Financial Officer

PRINTED TITLE

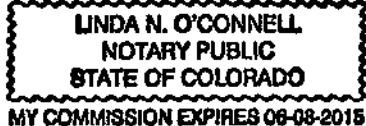
Notarization:

Subscribed and sworn to before me  
this 15<sup>th</sup> day of February, 2012

Linda N O'Connell

Signature of Notary

Seal



Arturo Sida

SIGNATURE

Arturo Sida

PRINTED NAME

Assistant Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_

Signature of Notary

Seal

See attached

\*Insert EXACT legal name of the applicant

# CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- ☒ See Attached Document (Notary to cross out lines 1-6 below)  
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

1 \_\_\_\_\_  
 2 \_\_\_\_\_  
 3 \_\_\_\_\_  
 4 \_\_\_\_\_  
 5 \_\_\_\_\_  
 6 \_\_\_\_\_

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

State of California

County of

Los Angeles

Subscribed and sworn to (or affirmed) before me

on this 16 day of FEBRUARY 2012

by

(1) Arthur Sim  
 Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) X

(and

(2) \_\_\_\_\_  
 Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature

Evette Johnson  
 Signature of Notary Public

Place Notary Seal Above



## OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

### Further Description of Any Attached Document

Title or Type of Document:

Application for Petition  
Writ of Habeas Corpus

Document Date:

Number of Pages:

Signer(s) Other Than Named Above:

LUIS BURGUE

RIGHT THUMBPRINT OF SIGNER #1  
 Top of thumb here

RIGHT THUMBPRINT OF SIGNER #2  
 Top of thumb here

CALIFORNIA  
 JURAT WITH AFFIANT  
 STATEMENT

## 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 manager 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 Seasons Dialysis, 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.

Luis Borge

SIGNATURE

Luis Borge

PRINTED NAME

Chief Financial Officer

PRINTED TITLE

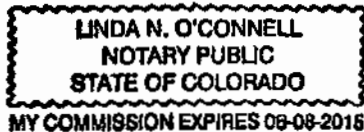
Notarization:

Subscribed and sworn to before me  
this 15<sup>th</sup> day of February, 2012

Linda N. O'Connell

Signature of Notary

Seal



\*Insert EXACT legal name of the applicant

Arturo Sida

SIGNATURE

Arturo Sida

PRINTED NAME

Assistant Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_

Signature of Notary

Seal

See attached

# CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- ☒ See Attached Document (Notary to cross out lines 1-6 below)  
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

1 \_\_\_\_\_  
 2 \_\_\_\_\_  
 3 \_\_\_\_\_  
 4 \_\_\_\_\_  
 5 \_\_\_\_\_  
 6 \_\_\_\_\_

Signature of Document Signer No. 1 \_\_\_\_\_ Signature of Document Signer No. 2 (if any) \_\_\_\_\_

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me

on this 16 day of February, 2012

by Astero Sina  
 (1) \_\_\_\_\_  
 Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) ☒

(and

(2) \_\_\_\_\_  
 Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature Evette Tuana Johnson  
 Signature of Notary Public

Place Notary Seal Above



## OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

### Further Description of Any Attached Document

Title or Type of Document: Application for Permit  
(Seasons 5141515)  
 Document Date: 16 Feb 12 Number of Pages: 1

Signer(s) Other Than Named Above: Luis Bergen

RIGHT THUMBPRINT OF SIGNER #1  
 Top of thumb here

RIGHT THUMBPRINT OF SIGNER #2  
 Top of thumb here

**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:**

|                              |    |                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ___N/A___                    | a) | Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:                                                                                                                                                                                               |
|                              | 1) | the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and                                                                                                                                                                           |
|                              | 2) | interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;                                                                                                                                                                               |
| ___N/A___                    | 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.                                                                               |
| ___N/A___                    | c) | Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;                                                                                                                                                                                         |
| ___N/A___                    | d) | Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:                                         |
|                              | 1) | For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;                                                                                       |
|                              | 2) | For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;                                                                                                                                                                                                                                    |
|                              | 3) | For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;                     |
|                              | 4) | For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;                                                                                                                                           |
|                              | 5) | For any option to lease, a copy of the option, including all terms and conditions.                                                                                                                                                                                                                                                 |
| ___N/A___                    | 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; |
| ___N/A___                    | f) | Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;                                                                                                                                                                                                             |
| ___N/A___                    | g) | All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.                                                                                                                                                                                                            |
| <b>TOTAL FUNDS AVAILABLE</b> |    |                                                                                                                                                                                                                                                                                                                                    |

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

**IX. 1120.130 - Financial Viability**

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

**Financial Viability Waiver**

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

**2. Variance**

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

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

**X. 1120.140 - Economic Feasibility**

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

**A. Reasonableness of Financing Arrangements**

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

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

**B. Conditions of Debt Financing**

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

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

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

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

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

\* Include the percentage (%) of space for circulation

**D. Projected Operating Costs**

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

**E. Total Effect of the Project on Capital Costs**

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

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

**XI. Safety Net Impact Statement**

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

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

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

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

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

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

|                    |  |  |  |
|--------------------|--|--|--|
| Medicaid (revenue) |  |  |  |
| Inpatient          |  |  |  |
| Outpatient         |  |  |  |
| Total              |  |  |  |

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

## XII. Charity Care Information

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

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

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

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

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

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

**Section I, Identification, General Information, and Certification**  
**Applicants**

Certificates of Good Standing for DaVita, Inc. and Seasons Dialysis, LLC are attached at Attachment – 1. As the entity acquiring final control over the operator, DaVita, Inc. is named as an applicant for this CON application. DaVita, Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita, Inc. from the state of incorporation, Delaware, is attached.

# Delaware

PAGE 1

## *The First State*

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

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

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

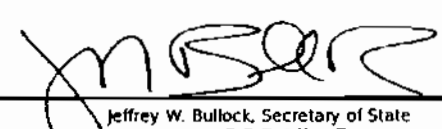
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

101133217

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8386715

DATE: 11-30-10

Attachment - 1



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

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

SEASONS DIALYSIS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 23, 2010, 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.



Authentication #: 1204602486

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

*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 15TH day of FEBRUARY A.D. 2012 .*

*Jesse White*

SECRETARY OF STATE



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

A copy of the lease between Total Renal Care, Inc. and LaSalle 115 Holdings, LLC - Series 1 is attached at Attachment – 2.

6/23/11

#5550-Skyline

pdf Marcie D  
PDAUC  
Janet  
Linda

✓ 6/23 RmH

CLARK STREET HOLDINGS, LLC - SERIES 1

111 West Monroe/ 4W

Chicago, IL 60603

Attention: Thomas H. Bessler

Facsimile: (312) 293-4066

June 21, 2011

CONTRACT ID #

96579

VIA FEDERAL EXPRESS

Total Renal Care, Inc.  
c/o DaVita Inc.  
601 Hawaii Street  
El Segundo, California 90245  
Attention: General Counsel

VIA FEDERAL EXPRESS

✓ Davita Inc.  
2611 North Halsted Street  
Chicago, IL 60614

Re: Sale of the real property commonly known as Pingree Circle Center, 720 Cog  
Circle, Crystal Lake, IL (the "Property")

Dear Tenant:

Notice is hereby given that effective as of the date hereof, the undersigned ("Seller") has sold the Property to APEX 720, LLC, an Illinois limited liability company ("New Owner"). All of Seller's interest in your lease (the "Lease") at the Property has been assigned to New Owner, including without limitation any security deposit under the Lease to the extent not applied in accordance with the terms of the Lease. Seller, however has retained all rights, liabilities and obligations under the first two paragraphs of paragraph 36 of the Lease regarding payment of the Allowance, as defined in the Lease. Seller has deposited with Chicago Title Insurance Company an amount sufficient to pay the Allowance and has instructed Chicago Title to pay the Allowance upon compliance of the provisions attached in Exhibit A. New Owners has not assumed any liability or responsibility to pay the Allowance to Tenant. Please provide all documents to Seller regarding paragraph 36 of the Lease at the same address as previous documents have been submitted. All rent and other payments due under the Lease shall be paid to New Owner at the following address:

APEX 720, LLC  
500 East 22<sup>nd</sup> Street, Suite B  
Lombard, IL 60148  
Attn: Mr. Satish C. Patel  
Phone: (630) 627-1800  
Fax: (630) 627-1165

Total Renal Care, Inc.  
DaVita Inc.  
June 21, 2011  
Page 2

All notices, demands, communications and other correspondence to be delivered under the Lease should be sent to New Owner at the following address:

APEX 720, LLC  
500 East 22<sup>nd</sup> Street, Suite B  
Lombard, IL 60148  
Attn: Mr. Satish C. Patel  
with a copy to: Rajesh K. Goyal (At same address above)

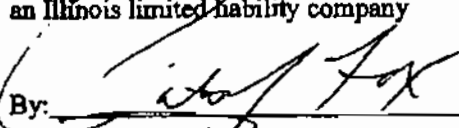
except any notices, demands, communication and other correspondence related to the Allowance and the first two paragraphs in paragraph 36 of the Lease, which shall continue to be sent to Seller.

Please also note that neither New Owner nor the principals of New Owner are physicians and will not be referring any patients to Total Renal Care, Inc and to our knowledge, should not be considered a Referral Source as that term is defined in the Lease. Should you have any questions, please feel free to contact Satish Patel at the telephone number set forth above.

Very truly yours,

SELLER:

CLARK STREET HOLDINGS, LLC- SERIES 1,  
an Illinois limited liability company

By: 

Print Name: Patrick J Fox

Title: Vice President

Total Renal Care, Inc.  
DaVita Inc.  
June 21, 2011  
Page 3

NEW OWNER:

New Owner countersigns below to confirm the foregoing:

APEX 720, LLC, an Illinois limited liability company

By: Satish C Patel  
Satish C. Patel, Manager

## EXHIBIT A

1. Final lien waivers from all subcontractors and the general contractor matching the amounts on the GC Statement.
2. Description by the GC of what the Change Orders were for. For change orders involving labor and materials- CTT will require waivers for those line items disclosing their material information in the affidavit.
3. Description by the GC of what work was done on their line for "Alternate #2 and Alternate #3". If these items involve labor and materials, CTT will require waivers for these items.
4. On DeKalb's line on the GC Statement they should include also that they are furnishing Aluminum Entrances and Door Hardware in addition to Glass and Glazing.

Regarding the following sub's partial waivers, the following corrects are required on the final lien waivers:

1. Commercial Floor Covering: please remove the invoice number on the top right corner. We cannot accept waivers with invoice numbers on them
2. The Right Approach: they need to list their principle supplier in the affidavit and submit a final material waiver from them
3. Classic Air: they need to list their principle supplier in the affidavit and submit a final material waiver from them
4. IBEK Construction: their waiver should state they are furnishing "Carpentry, Framing/Drywall and Acoustical Ceilings". Also, they need to list their principle supplier in the affidavit and submit a final material waiver from them
5. All Tech Plumbing: they need to list their principle supplier in the affidavit and submit a final material waiver from them
6. DeKalb Contract Glazing: please have them list the name and address of their principle supplier after the stock notation in the affidavit.

CONTRACT #  
96579

**ESTOPPEL CERTIFICATE**

THIS ESTOPPEL CERTIFICATE is made as of the 1st day of June, 2011 by **TOTAL RENAL CARE, INC.**, a California corporation ("Lessee") in connection with that certain Lease Agreement dated December 29, 2010 by and between Lessee and **LASALLE 115 HOLDINGS, LLC - SERIES 1**, an Illinois limited liability company, AS ASSIGNEE OF HARRIS N.A., MORTGAGEE IN POSSESSION PURSUANT TO COURT ORDER DATED OCTOBER 22, 2010, the predecessor in interest of **CLARK STREET HOLDINGS, LLC - SERIES 1**, an Illinois limited liability company, as Lessor (the "Lease") for the premises located at 720 Cog Circle, Crystal Lake, IL (the "Premises").

Lessee hereby certifies to Apex 500, LLC and CLARK STREET HOLDINGS, LLC - SERIES 1 as follows:

1. A true and correct copy of the Lease together with all amendments is attached hereto as Exhibit "A". There are no other oral or written agreements or understandings between Lessor and Lessee relating to the Premises.
2. The information set forth below is true and correct as of the date hereof:
  - (a) Approximate square footage of the Premises: 6,746 rentable square feet
  - (b) Monthly installment of Rent as of the date hereof: \$9,978.46
  - (c) Commencement Date: February 1, 2011
  - (d) Termination Date: January 31, 2021
  - (e) Security deposit: NONE
  - (f) Prepaid rent in the amount of: NONE
  - (g) Renewal Options: three (3) additional periods of 5 years each
  - (h) Allowance of \$175,396.00 has not been paid
3. Lessee has accepted possession of the Premises and is in occupancy thereof under the Lease. As of the date hereof, the Lease is in full force and effect.
4. To the best of Lessee's actual knowledge and belief, without inquiry or investigation, there exists no default, no facts or circumstances exist that, with the passage of time or giving of notice, will or could constitute a default, event of default, or breach on the part of either Lessee or Lessor.
5. No rent has been or will be paid more than thirty (30) days in advance.
6. Lessee has no right of first refusal, option, or other right to purchase the Building or any part thereof, including, without limitation, the Premises.

[Signature page follows]

IN WITNESS WHEREOF, Lessee has executed this Estoppel Certificate as of the date first above written.

LESSEE:

**TOTAL RENAL CARE, INC.,** a California corporation

By: Kelly B Ladd  
Name: Kelly B. Ladd  
Title: Regional Operations  
Date: 6/8/11

FOR LESSEE'S INTERNAL PURPOSES ONLY:  
APPROVAL AS TO FORM ONLY:

By: \_\_\_\_\_  
Marcie Marcus Damisch  
Group General Counsel

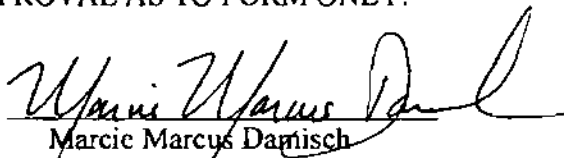
IN WITNESS WHEREOF, Lessee has executed this Estoppel Certificate as of the date first above written.

**LESSEE:**

**TOTAL RENAL CARE, INC.,** a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FOR LESSEE'S INTERNAL PURPOSES ONLY:  
APPROVAL AS TO FORM ONLY:

By:   
Marcie Marcus Damisch  
Group General Counsel



**EXHIBIT A TO ESTOPPEL CERTIFICATE**

COPY OF LEASE

(attached)

**FORM OF ESTOPPEL CERTIFICATE**

THIS ESTOPPEL CERTIFICATE is made as of the 19<sup>th</sup> day of May, 2011, by TOTAL RENAL CARE, INC., a California corporation ("Lessee") in connection with that certain Lease Agreement dated December 29, 2010 by and between Lessee and LASALLE 115 HOLDINGS, LLC - SERIES 1, an Illinois limited liability company, AS ASSIGNEE OF HARRIS N.A., MORTGAGEE IN POSSESSION PURSUANT TO COURT ORDER DATED OCTOBER 22, 2010, as Lessor (the "Lease") for the premises located at 720 Cog Circle, Crystal Lake, IL (the "Premises").

Lessee hereby certifies to Lessor as follows:

1. A true and correct copy of the Lease together with all amendments is attached hereto as Exhibit "A". There are no other oral or written agreements or understandings between Lessor and Lessee relating to the Premises.
2. The information set forth below is true and correct as of the date hereof:
  - (a) Approximate square footage of the Premises: 6,746 rentable square feet
  - (b) Monthly installment of Rent as of the date hereof: \$9,978.46
  - (c) Commencement Date: February 1, 2011
  - (d) Termination date: January 31, 2021
  - (e) Security deposit: -0-
  - (f) Prepaid rent in the amount of: -0-
  - (g) Renewal Options: three (3) additional periods of five (5) years each
3. Lessee has accepted possession of the Premises and is in occupancy thereof under the Lease. As of the date hereof, the Lease is in full force and effect.
4. To the best of Lessee's actual knowledge and belief, without inquiry or investigation, there exists no default, no facts or circumstances exist that, with the passage of time or giving of notice, will or could constitute a default, event of default, or breach on the part of either Lessee or Lessor.
5. No rent has been or will be paid more than thirty (30) days in advance.
6. Lessee has no right of first refusal, option, or other right to purchase the Building or any part thereof, including, without limitation, the Premises.

[Signature page follows]

IN WITNESS WHEREOF, Lessee has executed this Estoppel Certificate as of the date first above written.

LESSEE:

**TOTAL RENAL CARE, INC.**

By: Helly B. Ladd  
Name: Helly B. Ladd  
Title: Regional Director  
Date: 5/24/11

*FOR LESSEE'S INTERNAL PURPOSES ONLY:  
APPROVAL AS TO FORM ONLY*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Group General Counsel

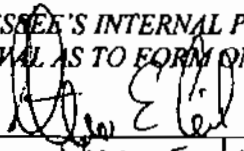
IN WITNESS WHEREOF, Lessee has executed this Estoppel Certificate as of the date first above written.

LESSEE:

**TOTAL RENAL CARE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*FOR LESSEE'S INTERNAL PURPOSES ONLY:  
APPROVAL AS TO FORM ONLY*

By:  \_\_\_\_\_  
Name: Shawn E. Loh  
Title: Group General Counsel

CONTRACT ID #

96579

**LEASE AGREEMENT**

**BY AND BETWEEN**

**LASALLE 115 HOLDINGS, LLC – SERIES 1, AS ASSIGNEE OF HARRIS N.A.,  
MORTGAGEE IN POSSESSION PURSUANT TO COURT ORDER DATED  
OCTOBER 22, 2010 ("LESSOR")**

**AND**

**TOTAL RENAL CARE, INC. ("LESSEE")**

**Dated: December 29, 2010**

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SUMMARY OF LEASE INFORMATION

Possession Date: \_\_\_\_\_  
Commencement Date: \_\_\_\_\_  
Termination Date: \_\_\_\_\_  
Lessor: LaSalle 115Holdings, LLC, an Illinois limited liability corporation  
Address of Lessor: c/o Harris Bank, 111 West Monroe Street, Suite 4W  
Chicago, Illinois 60603  
Attn: Patrick Fox, Vice President  
  
Lessee: Total Renal Care, Inc., a California corporation  
Address of Lessee: c/o DaVita Inc.  
601 Hawaii Street  
El Segundo, CA 90245  
Attn: General Counsel  
  
Premises Address: 720 Cog Circle, Crystal Lake, Illinois  
  
Premises Rentable Area: approximately 6,746 square feet  
Building Rentable Area: approximately 17,828 square feet  
Monthly Base Rent: \$9,978.46  
Lessee's Proportionate Share: 37.84%



THIS LEASE AGREEMENT (the "Lease"), made and entered into this 29<sup>th</sup> day of December, 2010, by and between LASALLE 115 HOLDINGS, LLC – SERIES 1, an Illinois limited liability company, AS ASSIGNEE OF HARRIS N.A., MORTGAGEE IN POSSESSION PURSUANT TO COURT ORDER DATED OCTOBER \_\_, 2010 (hereinafter called "Lessor"), (hereinafter called "Lessor"), and TOTAL RENAL CARE, INC., a California corporation (hereinafter called the "Lessee").

WITNESSETH:

WHEREAS, the Lessor desires to demise, lease and rent unto Lessee, and the Lessee desires to rent and lease from Lessor space located at 720 Cog Circle, Crystal Lake, IL, as more particularly described on Exhibit A (the "Building"), together with the non-exclusive right to use all improvements thereon and appurtenant rights thereto including, without limitation, parking areas, easements, declarations and rights of way; and

WHEREAS, the Building contains approximately 17,828 rentable square feet (the "Building Rentable Area") and the leased premises (the "Premises") shall consist of approximately 6,746 rentable square feet (the "Premises Rentable Area") as more fully depicted on the floor plan attached hereto as Exhibit B.

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and agreements herein contained, Lessor does hereby demise, lease and rent unto the Lessee and Lessee does hereby rent and lease from Lessor the Premises, under and pursuant to the following terms and conditions:

1. Term. This Lease shall be effective upon full execution and delivery (the "Effective Date"). Lessor shall deliver exclusive possession of the Premises to Lessee upon the Effective Date (such date being referred to herein as the "Possession Date"). In the event the Possession Date does not occur within thirty (30) days following the Effective Date, Lessee may elect to terminate this Lease by written notice to Lessor.

The term of the Lease shall be for one hundred twenty (120) months ("Term") and shall commence upon February 1, 2011 (the "Commencement Date"). The expiration date of the Term of the Lease shall be January 31, 2021 (as the same may be extended the "Termination Date"), unless renewed as hereinafter provided. Each twelve (12) month period beginning on the Commencement Date or any anniversary thereof shall hereinafter be called a "Lease Year."

2. Rent. Beginning on the Commencement Date, Lessee agrees to pay as an initial annual base rent ("Rent") of One Hundred Twenty-Seven Thousand Eight Hundred and 00/100 Dollars (\$119,741.50), based on a Seventeen and 75/100 Dollar (\$17.75) per rentable square foot in the Premises. Beginning on the Commencement Date, Lessee shall pay Rent in the amount of \$9,978.46 per month in advance on the first day of each calendar month during the Term, without demand, such monthly installment to be prorated for any partial calendar month in which the Commencement Date or Termination Date shall occur. Rent shall be paid without any setoff or deduction except as otherwise expressly provided herein. The Rent due for the first month of the

Term shall be paid by Lessee to Lessor within ten (10) days of the Effective Date. The Rent shall be adjusted in accordance with the provisions of Section 3. All amounts (unless otherwise provided herein) other than the Rent and the adjustments thereto described in Section 3 hereof owed by Lessee to Lessor hereunder shall be deemed additional rent. Prior to the Commencement Date, Lessor shall complete and deliver to Lessee a Form W-9 - Request for Taxpayer Identification and Certification in the form attached hereto as Exhibit D.

Except as otherwise provided in this Lease, it is the intention of the parties that Lessor shall receive the rents, additional rents, and all sums payable by Lessee under this Lease free of all taxes, expenses, charges, damages and deductions of any nature whatsoever (except as otherwise provided hereinafter) and Lessee covenants and agrees to pay all sums (including rent taxes) which except for this Lease would have been chargeable against the Premises and payable by Lessor. Lessee shall pay, as additional rent, all, rent, sales and use taxes, or other similar taxes, if any, levied or imposed by any city, state, county or other governmental body having authority, applicable to Lessee's use of the Premises, and such payments to be in addition to all other payments required to be paid by Lessee under this Lease. Such payments shall be paid concurrently with the payments of the Rent on which the tax is based. Lessee shall, however, be under no obligation to pay principal or interest on any mortgage on the fee of the Premises, penalties or interest for late or partial payment nor any income, franchise, margin, inheritance, estate, transfer, excise, gift or capital gain taxes, that are or may be payable by Lessor or that may be imposed against Lessor, or succession tax by reason of any present, future or retroactive law which may be enacted during the Term of this Lease.

3. Rent Adjustments. Beginning on the fifth (5<sup>th</sup>) anniversary of the Commencement Date and continuing on every subsequent anniversary of the Commencement Date, the Rent shall be increased by three percent (3%) annually over the Rent for the prior Lease Year. As such, Rent for Lease Years 6-10 shall be in accordance with the following rent schedule:

| <u>Lease Year</u> | <u>Annual Rental Rate</u> | <u>Annual Rent</u> | <u>Monthly Rent</u> |
|-------------------|---------------------------|--------------------|---------------------|
| Lease Year 6      | \$18.28 psf               | \$ 123,333.75      | \$ 10,277.81        |
| Lease Year 7      | \$18.83 psf               | \$ 127,033.76      | \$ 10,586.15        |
| Lease Year 8      | \$19.40 psf               | \$ 130,844.77      | \$ 10,903.73        |
| Lease Year 9      | \$19.98 psf               | \$ 134,770.11      | \$ 11,230.84        |
| Lease Year 10     | \$20.58 psf               | \$ 138,813.22      | \$ 11,567.77        |

4. Renewals. Lessee shall have the right and option to renew this Lease for three (3) additional periods of five (5) years each, next immediately ensuing after the expiration of the initial Term of this Lease and the subsequent renewal periods by notifying Lessor in writing not more than fifteen (15) months and not less than nine (9) months before the expiration of the immediately preceding initial Term or subsequent renewal Term of this Lease of Lessee's intention to exercise its option to renew, time being of the essence for the giving of the notice. In the event that Lessee so elects to extend this Lease, then, for such extended period of the Term, all of the terms, covenants and conditions of this Lease shall continue to be, and shall be, in full force and effect during such extended period of the Term hereof, except for the Rent. Lessor shall have thirty (30) days from receipt of Lessee's renewal notice to respond to Lessee's renewal

Rent proposal. If Lessor and Lessee fail to agree upon the terms of the renewal proposal within such thirty (30) day timeframe, the fair market rental value (the "FMRV") appraisal process as described below shall be used to determine the FMRV. The Rent for any such extended period shall be 95% of the annual FMRV of the Premises (after taking into consideration 100% of the rental inducements then given to renewal tenants in comparable buildings in the surrounding area) as determined by the two (2) appraisers, one selected by Lessee and one selected by Lessor as of the date which is not more than sixty (60) days from receipt of Lessee's renewal notice. If either party fails to appoint an appraiser within such timeframe, the appraiser appointed by such other party shall make the FMRV determination. The appraisers shall issue their reports within ten (10) days. If the higher of the two (2) appraisals is less than or equal to one hundred ten percent (110%) of the lower, FMRV shall be the average of the two; if not, the two (2) appraisers shall then mutually select the third (3rd) appraiser within ten (10) days. The third (3rd) appraiser so selected shall determine which of the two (2) appraisers' determination is closer to FMRV within ten (10) days and the appraisal closer to the third (3rd) appraiser's determination of FMRV shall be deemed to be the FMRV. Lessor shall pay the cost of the appraisal by the appraiser selected by Lessor. Lessee shall pay the cost of the appraisal by the appraiser selected by Lessee. Lessor and Lessee shall equally bear the cost of the third appraisal. The Rent during any such extended period shall increase by three percent (3%) annually beginning on the first (1<sup>st</sup>) anniversary of such extended period.

Lessee's exercise of a renewal option is subject to the conditions that (i) the Lease is in full force and effect, (ii) Lessee is not in default hereunder at the time of exercise beyond any applicable notice or cure period, (iii) Lessee has not assigned the Lease (other than a Permitted Transfer, as defined in Section 7 below), and (iv) Lessee has not sublet more than twenty-five percent (25%) of the Premises (other than a Permitted Transfer). Lessor shall have no obligation to make improvements, decorations, repairs, alterations or additions to the Premises in excess of Lessor's obligations under the terms of this Lease, as a condition to Lessee's obligations to pay Rent during a renewal period unless otherwise agreed to by the parties at the time the amendment set forth below is executed. If Lessee delivers written notice exercising a renewal option, such notice shall be irrevocable. In the event that Lessee exercises a renewal option, Lessee agrees to enter into an amendment to the Lease incorporating the renewal period and the Rent applicable thereto in form and content acceptable to Lessee within thirty (30) days following determination of the Rent for such renewal period; provided, however, such thirty (30) day period shall be extended as necessary for the parties to finalize amendment negotiations.

5. Condition of Premises. Lessee agrees to accept the Premises in its current "as-is" condition and configuration, without representation or warranty by Lessor or anyone acting on Lessor's behalf (except as specifically provided herein), it being agreed that Lessor shall not be required to perform any initial work or, except as provided in Section 36, incur any costs in connection with the initial construction or demolition of any improvements in the Premises. Lessor warrants to Lessee for a period of ninety (90) days after the Commencement Date, that the existing systems and equipment constituting a part of the Premises, will be in good order and condition, ordinary wear and tear excepted. Lessee shall give written notice to Lessor within such ninety (90) day period of any existing condition with the existing systems and equipment of the Premises which Lessee reasonably determines to be defective or other than as represented by

Lessor herein. Lessor will, upon receipt of such notice from Lessee, repair such defective condition at Lessor's cost and expense. Lessor represents and warrants that the following minimum base building improvements exist at the Premises as of the Effective Date:

- Heaters and air conditioners stubbed into units
- Four 200 amp 3ph panels
- Sprinklers
- Central fire alarm system in control room of Building
- 4 inch sewer across rear interior of unit (no cement covering line)
- Four 3' entrance doors
- 2" dedicated waterline

Lessor shall use reasonable efforts to cause any warranties affecting the Building's mechanical systems to be extended, if necessary, to expire no earlier than the first anniversary of the Commencement Date, provided that the cost of such extension shall be shared evenly by Lessor and Lessee.

Notwithstanding anything to the contrary contained in this Lease, prior to the Commencement Date, Lessor shall take reasonable and appropriate corrective measures to prevent water infiltration in the Building at the west wall on the concrete masonry units.

6. Use of Premises. Lessee may exclusively occupy and use the Premises during the Term for purposes of the operation of an outpatient renal dialysis clinic, renal dialysis home training, aphaeresis services and similar blood separation and cell collection procedures, general medical offices, clinical laboratory, including all incidental, related, and necessary elements and functions of other recognized dialysis disciplines which may be necessary or desirable to render a complete program of treatment to patients of Lessee (the "Permitted Use"), and for no other purpose(s) without Lessor's consent; provided however, in no event shall Lessee use or permit the use of the Premises for any purpose which is illegal or not permitted by any governmental authority. Lessee may operate during such days and hours as Lessee may determine, without the imposition of minimum or maximum hours of operation by Lessor and Lessee shall have full-time access to the Premises, and may operate, up to twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year.

Lessor shall not sell, rent or permit any property owned, leased or controlled by Lessor or any affiliate of Lessor within the Center to be occupied or used by a business that derives more than ten percent (10%) of its revenues from renal dialysis, renal dialysis home training, any aphaeresis service(s) or similar blood separation or cell collection procedures, except services involving the collection of blood or blood components from volunteer donors.

7. Assignment/Subletting. Lessee shall not assign this Lease, or sublet the Premises, or any part thereof, without Lessor's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed. Prior to any sublease or assignment, Lessee shall first notify Lessor in writing of its election to sublease all or a portion of the Premises or to assign this Lease or any interest thereunder. At any time within thirty (30) days after service of

said notice, Lessor shall notify Lessee that it consents or refuses to consent to the sublease or assignment. A failure by Lessor to respond within such thirty (30) day period shall be deemed to be a consent.

Lessor shall not have the right to recapture any sublease or assignment space. Any denial of such sublease or assignment by Lessor as hereinabove provided must be predicated upon a commercially reasonable basis for such denial. Lessee shall pay Lessor fifty percent (50%) of any net profits paid in connection with a sublease or assignment in excess of Lessee's Rent obligations hereunder, which profits shall be calculated after deducting all reasonable costs incurred by Lessee in connection with the space subject to the transfer. Such payment to Lessor shall be paid within ten (10) days following receipt thereof by Lessee.

Notwithstanding the foregoing, and provided that Lessee is not in default under this Lease beyond any applicable notice and cure period, no consent of Lessor is required for Lessee to assign or otherwise transfer (by operation of law or otherwise) this Lease or any of its rights hereunder (hereinafter collectively referred to as a "Permitted Transfer") to: (a) any person, corporation, partnership or other entity which controls, is controlled by or is under common control with Lessee; (b) any affiliate (within the meaning of such term as set forth in Rule 501 of Regulation D under the Federal Securities Act of 1933) of Lessee; or (c) any physician, person, corporation, partnership or other entity subleasing a portion of the Premises for purposes consistent with Lessee's Permitted Use. Lessee shall give Lessor written notice within at least ten (10) days prior to the effective date of the Permitted Transfer.

No sublease, assignment or other transfer, in whole or in part, of any Lessee's rights or obligations under this Lease shall be or operate as a release of Lessee hereunder and Lessee shall remain responsible for performing Lessee's obligations hereunder should Lessee's assignee or transferee fail to perform any such obligations, unless specifically provided otherwise by Lessor in writing.

#### 8. Operating Expenses and Utilities.

(a) Lessee shall pay "Lessee's Proportionate Share" (as defined herein) of all Taxes (as defined below), common area maintenance charges for the Building ("CAM Charges") and insurance premiums for the Building ("Insurance"), in advance, in equal monthly installments at the time of the payment of Rent, based on Lessor's estimate of the Taxes, CAM Charges and Insurance for the calendar year in question (which estimate may be revised by Lessor from time to time). For reference purposes, Taxes, CAM Charges and Insurance are collectively referred to as the "Operating Expenses" for the Building and Premises. For purposes of determining Operating Expenses, the "Building" shall include the land on which the Building is located, all other improvements thereon including, without limitation, parking areas, easements, declarations and rights of way. Promptly after the actual Operating Expenses for a calendar year are determined by Lessor, Lessor shall provide Lessee with a statement of such actual Operating Expenses for such calendar year and Lessee, within 30 days, shall pay to Lessor any deficiency, which obligation shall survive the expiration or termination of this Lease. If such statement shows an overpayment by Lessee, then any surplus paid by Lessee shall be credited to Lessee's

next monthly installment of Operating Expenses or, if this Lease has expired or been terminated for reasons other than Lessee's breach or default, be paid to Lessee within 30 days of the end of the Term.

"CAM Charges" shall be the total of all items of cost and expense in operating, managing, equipping, protecting, policing, lighting, repairing and maintaining the Building and the common areas, including, but not limited to, all costs and expenses of (i) maintaining and repairing the common areas; (ii) security and fire protection and control; (iii) cleaning and removal of rubbish, dirt, debris, snow and ice; (iv) utility services and lighting; and (v) commercially reasonable management fees, and shall include any other cost, expense or charge, whether or not hereinbefore mentioned, which in accordance with generally accepted accounting and management principles, would be considered as an expense of owning, managing, operating, maintaining or repairing the Building and common areas, unless such costs are specifically excluded from CAM or Operating Expenses or shall be made at the sole cost of Lessor as provided elsewhere in this Lease.

"Taxes" shall mean real property taxes, public charges and assessments assessed or imposed upon the Building, provided, however, that any one time (as opposed to on-going) special assessments for public improvements having a useful economic life exceeding the remaining term of this Lease shall be prorated between Lessor and Lessee using a straight-line method, based on the proportion of that economic life falling within the remaining term of the Lease. Taxes shall not include any penalties or interest for late or partial payment nor any income, franchise, margin, inheritance, estate, transfer, excise, gift or capital gain taxes, that are or may be payable by Lessor. Taxes shall include all reasonable costs and fees incurred in connection with seeking reductions in or refunds in Taxes including, without limitation, any costs incurred by Lessor to challenge the tax valuation of the Building or property; provided that such costs shall not be more than the savings achieved by such challenge. Lessor shall take advantage of any savings in Taxes that may be achieved by early payment or payment in installments. Should Lessor choose not to contest any Taxes, Lessee shall have the right to contest the Taxes in Lessor's name and with Lessor's reasonable cooperation, at no expense to Lessor. Lessor, at Lessee's sole expense, shall join in any such contestation proceedings if any Law shall so require.

"Lessee's Proportionate Share" is the quotient obtained by dividing the Premises Rentable Area by the Building Rentable Area. Lessee's Proportionate Share as of the Commencement Date will be 37.84%. Lessee's Proportionate Share shall be adjusted in the event the Building Rentable Area increases at any time. Lessor represents that the Building Rentable Area has been determined without reference to whether such area is actually leased, leasable, occupiable or occupied.

(b) Lessee acknowledges that Lessor has not made and does not hereby make any representation or warranty whatsoever to Lessee that the above estimated amount shall be the actual Operating Expenses for the initial Lease Year. After the initial Lease Year, the "Controllable Operating Expenses" portion of Lessee's Operating Expenses shall not increase by more than five percent (5%) per year compounded through the applicable calendar year.

"Controllable Operating Expenses" shall mean only those items included in Operating Expenses where the cost or expense thereof shall be within the reasonable ability of Lessor to control. Specifically excluded from Controllable Operating Expenses, without limitation, are the costs and expenses of snow plowing, Taxes, Insurance, and utilities for the Building.

(c) Lessee shall pay the net cost (after applying any discounts or incentives) of all utilities and other services necessary in the operation of the Premises, including but not be limited to, gas, fuel oil, electrical, telephone and other utility charges. The Premises shall be separately metered or submetered for gas, water and electricity.

(d) Lessor shall make available at the Building or other designated place in the Chicagoland area, true and accurate records of items that constitute Operating Expenses. Such records shall be open for inspection from time to time by Lessee or its duly authorized representative for a period of one (1) year after the close of each calendar year. If any audit of Lessor's submitted reports shall disclose an overcharge, Lessor shall promptly pay to Lessee, within thirty (30) days, the amount of such overcharge, and if such audit discloses an overcharge of more than five percent (5%), Lessor shall reimburse Lessee its actual costs incurred in connection with such audit, not to exceed \$2,000.00. Lessee agrees that any information obtained during an inspection by Lessee of Lessor's records of items that constitute Operating Expenses shall be kept in confidence by Lessee and its agents and employees and shall not be disclosed to any other parties, except to Lessee's attorneys, accountants and other consultants. Any parties retained by Lessee to inspect Lessor's records shall not be compensated on a contingency fee basis. During the pendency of any dispute over Operating Expenses, Lessee shall pay, under protest and without prejudice, Lessee's Proportionate Share of Operating Expenses as calculated by Lessor.

(e) All sums (other than the Rent) which may be due and payable under this Lease shall be deemed to be additional rent hereunder and in the event that Rent shall be prorated or shall abate pursuant to the terms of this Lease then such additional rent shall be prorated or abate to the same extent and in the same manner, unless otherwise specifically provided for in this Lease.

(f) Notwithstanding the foregoing, the term "Operating Expenses" does not include the following: (i) depreciation of the Building, and all equipment, fixtures, improvements and facilities used in connection therewith; (ii) payments of principal, interest, loan fees, penalties, attorney's fees or amortization relating to any debt Lessor may have incurred or will incur in the future relating to the ownership, operating and maintenance of the Building; (iii) the cost of leasehold improvements, including redecorating or otherwise improving, painting, decorating or redecorating space or vacant space for other lessees of the Building, except in connection with general maintenance of the Building; (iv) cost of any "tap fees" or any sewer or water connection fees for the benefit of any lessees in the Building; (v) fees and expenses (including legal and brokerage fees, advertising, marketing and promotional costs) paid by Lessor in connection with the lease of any space within the Building, including subleasing and assignments; (vi) any validated parking for any entity; (vii) all costs incurred by Lessor in connection with any negotiations or disputes and/or litigation with lessees or occupants within the Building or



prospective lessees of the Building; (viii) expenses or costs incurred by Lessor relating to any violation by Lessor or any other lessee of the terms and conditions of any law or any lease covering the Building; (ix) the cost of any work or service performed for any lessee in the Building (other than Lessee) to a materially greater extent or in a materially more favorable manner than that furnished generally to lessees (including Lessee) in the Building; (x) the cost of any repair or replacement which would be required to be capitalized under generally accepted accounting principles, including without limitation the cost of renting any equipment or materials, which cost would be so capitalized if the equipment or materials were purchased, not rented; (xi) the costs and expenses of any item included in Operating Expenses to the extent that Lessor is actually reimbursed for such cost by an insurance company, a condemning authority, another lessee or any other party; (xii) payments of ground rents and related sums pursuant to a ground lease in favor of a ground lessor; (xiii) wages, salaries or other compensation paid to any employees at or above the grade of building manager; (xiv) Lessor's general overhead and administrative expenses which are not chargeable to Operating Expenses of the Building or the equipment, fixtures and facilities used in connection with the Building, in accordance with generally accepted accounting principles, including salaries and expenses of Lessor's executive officers; (xv) the cost of correcting defects (latent or otherwise) in the construction of the Building or in the Building equipment, except that conditions (other than construction defects) resulting from ordinary wear and tear shall not be considered defects for purposes hereof; (xvi) the cost of installing, operating and maintaining any specialty service (e.g., observatory, broadcasting facility, luncheon club, retail stores, newsstands or recreational club); (xvii) any expenses incurred by Lessor for the use of any portions of the Building to accommodate events, including but not limited to shows, promotions, kiosks, displays, filming, photography, private events or parties, ceremonies and advertising beyond the normal expenses otherwise attributable solely to Building services, such as lighting and HVAC to such public portions of the Building in normal operations during standard Building hours of operation; (xviii) any costs representing an amount paid to an entity related to Lessor which is in excess of the commercially reasonable amount which would have been paid absent such relationship; (xix) any entertainment, dining, or travel expenses of Lessor for any purpose; (xx) costs related to maintaining Lessor's existence, either as a corporation, partnership, or other entity; (xxi) any expenses for repairs or maintenance to the extent covered by warranties or service contracts; (xxii) any type of utility service which is separately metered to or separately charged or paid by Lessee or any other lessee in the Building; (xxiii) the cost of any environmental remediation for which Lessor is responsible under Section 10 of this Lease; (xxiv) intentionally omitted; (xxv) all items and services for which Lessee pays third parties; (xxvi) the cost of any item which is an expense or cost to Lessor in connection with Lessor's work to prepare the Premises for occupancy by Lessee including any allowances or credits granted to Lessee in lieu of a payment by Lessor; and (xxvii) any item which is included in the Operating Expenses which, but for this provision, would be included twice.

9. Alterations/Signage. Lessee shall not make any alterations, or additions or leasehold improvements to the Premises following the Commencement Date ("Alterations") without Lessor's prior written consent in each and every instance, such consent not to be unreasonably withheld or delayed. Notwithstanding the foregoing, Lessee shall have the right to make non-structural Alterations to the Premises which (a) do not exceed in cost Fifty Thousand Dollars (\$50,000.00) in the aggregate during each Lease Year, and (b) do not affect any



mechanical or electrical or life safety systems, structural components or plumbing in the Building without Lessor's consent; provided Lessee shall give Lessor prior notice of such Alterations. Within five (5) business days of receipt of such notice, Lessor shall notify Lessee if Lessor shall require Lessee to remove such Alterations when Lessee surrenders the Leased Premises. All Alterations which may be made by Lessee shall be the property of Lessee and Lessee shall be entitled to remove from the leased Premises during the Term all Alterations, tenant improvements and any and all furniture, removable trade fixtures, equipment and personal property ("Fixtures") installed or located on or in the Premises, provided that Lessee repair any and all damages done by the removal of the foregoing. All Alterations and tenant improvements which Lessee does not elect to remove at the expiration of the Term shall be surrendered with the Premises at the termination of this Lease, unless Lessor notified Lessee that the removal thereof shall be required as provided above.

Prior to commencing any Alterations and as a condition to obtaining Lessor's consent, Lessee shall deliver to Lessor plans and specifications reasonably acceptable to Lessor; names and addresses of contractors reasonably acceptable to Lessor; copies of contracts; necessary permits and approvals; evidence of contractor's and subcontractor's insurance in accordance with the terms of this Lease. Lessee shall be responsible for ensuring that all such persons procure and maintain insurance coverage against such risks, in such amounts and with such companies as Lessor may reasonably require. Lessor, to the extent reasonably necessary to avoid any disruption to the tenants and occupants of the Building, shall have the right to designate the time when any Alterations may be performed and to otherwise designate reasonable rules, regulations and procedures for the performance of work in the Building. Upon completion of the Alterations, Lessee shall deliver to Lessor "as-built" plans, contractor's affidavits and full and final waivers of lien and receipted bills covering all labor and materials. All Alterations shall comply with applicable codes, ordinances, laws and regulations. Lessee shall reimburse Lessor upon demand for all reasonable sums, if any, expended by Lessor for third party examination of the architectural, mechanical, electrical and plumbing plans for any Alterations that affect the structure or systems of the Building.

In the event any mechanic's lien or materialmen's lien or other claim for payment of the Alterations is asserted against the Premises, Lessee shall pay same within thirty (30) days of such claim or provide a bond in form reasonably acceptable to Lessor to release such claims within said thirty (30) day period. Lessee shall hold harmless and indemnify Lessor from any damages, claims, or liabilities arising from any such Alterations and shall provide adequate insurance (or evidence of such insurance) during the period of construction naming Lessor as an additional insured in commercially reasonable amounts with insurers reasonably acceptable to Lessor.

To the maximum extent permitted by applicable Laws, Lessor hereby waives any rights which Lessor may have, as to any of Lessee's furniture, fixtures, equipment, personal property, tenant improvements and Alterations, in the nature of a Lessor's lien, security interest or otherwise and further waives the right to enforce any such lien or security interest.

Lessee shall have the right to affix Lessee's standard signage, in accordance with the rules and regulations of the Building, including a sign on the exterior of the Building and a monument

sign. All such signs shall comply with all applicable zoning Laws and Lessor's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed. Lessor, at Lessor's expense, shall timely provide space for Lessee's designated name(s) on any directory boards located in the Building or complex.

10. Environmental. Lessee shall not cause or permit any hazardous or toxic substances, materials or waste, including, without limitation, medical waste and asbestos ("Hazardous Substances") to be used, generated, stored or disposed of in, on or under, or transported to or from the Premises unless such Hazardous Substances are reasonably necessary for Lessee's business conducted in the Premises; provided, however, Lessee shall at all times and in all material respects comply with all local, state, and federal laws, ordinances, rules, regulations and orders, whether now in existence or hereafter adopted relating to Hazardous Substances or otherwise pertaining to the environment (the "Environmental Laws") and further provided that Lessee shall periodically cause to be removed from the Premises such Hazardous Substances placed thereon by Lessee or Lessee's agents, servants, employees, guests, invitees and/or independent contractors in accordance with good business practices, such removal to be performed by persons or entities duly qualified to handle and dispose of Hazardous Substances. Without limiting the generality of the foregoing, Lessor acknowledges that the following Hazardous Substances, among others, are required for Lessee's business operations: bleach, cidex, hibiclona, metrocide, hydrogen peroxide, and formaldehyde (the "Required Substances"). Lessee shall maintain, store and dispose of the Required Substances in accordance with all applicable Environmental Laws. Upon the expiration or earlier termination of this Lease, Lessee shall cause all Hazardous Substances placed on the Premises by Lessee to be removed, at Lessee's cost and expense, from the Premises and disposed of in strict accordance with the Environmental Laws.

Lessee shall indemnify, defend (by counsel reasonably acceptable to Lessor), protect, and hold Lessor harmless, from and against any and all claims, liabilities, penalties, fines, judgment, forfeitures, losses, costs (including clean-up costs) or expenses (including attorney's fees, consultant's fees and expert's fees) for the death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (a) the presence in, on, under, or about the Premises of any Hazardous Substances caused by Lessee or its agents, servants, employees, guests, invitees and/or independent contractors; (b) any discharge or release by Lessee or its agents, servants, employees, guests, invitees and/or independent contractors in or from the Premises of any Hazardous Substances; (c) Lessee's use, storage, transportation, generation, disposal, release or discharge of Hazardous Substances, to, in, on, under, about or from the Premises; or (d) Lessee's failure after the Possession Date to comply with any Environmental Law. Lessee agrees to remediate at Lessee's expense immediately upon receipt of notice from Lessor any condition described in (a) through (d) of the previous sentence.

Lessor shall indemnify, defend (by counsel reasonably acceptable to Lessee), protect, and hold Lessee harmless, from and against any and all claims, liabilities, penalties, fines, judgment, forfeitures, losses, costs (including clean-up costs) or expenses (including attorney's fees, consultant's fees and expert's fees) for the death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (a) the

use, storage, transportation, generation, disposal, release or discharge of Hazardous Substances by Lessor to, in, on, under, about or from the Premises or Building; or (b) Lessor's failure to comply with any Environmental Law. Lessor agrees to remediate at Lessor's expense immediately upon receipt of notice from Lessee any condition described in (a) and (b) of the previous sentence.

Lessor represents and warrants to Lessee that (i) to the best of Lessor's knowledge, there are no Hazardous Substances on the Premises, including without limitation asbestos or mold, and (ii) to the best of Lessor's knowledge, has received no notice from any governmental or private entity relating to Hazardous Substances on the Premises.

Lessor hereby covenants and agrees that if within thirty (30) days after the Possession Date Lessee discovers mold at the Premises attributable to the period prior to the Possession Date or which has been caused by Lessor's acts or omissions, Lessor shall, upon written notice from Lessee, promptly remediate the mold. If Lessor shall not commence such remediation within ten (10) days following written notice from Lessee and Lessee determines in Lessee's sole discretion that such remediation is necessary for the safety of Lessee's patients and employees, Lessee may, at its option, cause such remediation work to be performed at Lessor's cost and expense. Upon the completion of the remediation work, Lessee shall furnish Lessor with a written statement of the cost of the remediation work and Lessor shall reimburse Lessee for such cost of such remediation work within ten (10) days of Lessor's receipt of Lessee's statement. Notwithstanding the foregoing, in the event that the remediation work cannot be substantially completed or is not completed within ninety (90) days and Lessee is unable to utilize the Premises in Lessee's reasonable discretion, Lessee may elect to terminate the Lease upon thirty (30) days written notice to Lessor.

Lessee shall promptly deliver to Lessor copies of all notices made by Lessee to, or received by Lessee from, any state, county, municipal or other agency having authority to enforce any environmental law ("Enforcement Agency") or from the United States Occupational Safety and Health Administration concerning environmental matters or Hazardous Substances at the Premises. Lessor shall promptly deliver to Lessee copies of all notices received by Lessor from any Enforcement Agency or from the United States Occupational Safety and Health Administration concerning environmental matters or Hazardous Substances at the Premises.

11. Damage to Premises by Fire or Casualty. In the event the Premises shall be damaged by fire or other casualty during the Term of this Lease, whereby the same shall be rendered untenable, then:

(a) if the damage to the Premises is so substantial that the repair, restoration or rehabilitation of such damage cannot reasonably be expected to be substantially completed within two hundred forty (240) days from the date of such damage, as reasonably determined by Lessor's architect, then Lessor or Lessee may elect to terminate this Lease by giving written notice to the other within thirty (30) days of the date of such fire or casualty,

(b) if the damage to the Premises is so substantial that (i) the estimated repair costs exceed One Hundred Thousand (\$100,000.00) and such damage has occurred within the last one hundred eighty (180) days of the then current term and Lessee does not exercise its next available renewal option, if any or (ii) the Building is damaged to the extent of fifty percent (50%) or more of the monetary value thereof, then Lessor may elect to terminate this Lease by giving written notice to Lessee within thirty (30) days of the date of such fire or casualty; or

(c) if not so terminated, Lessor shall proceed with all due diligence to repair, restore or rehabilitate the Premises, to substantially their former condition immediately prior to such damage or destruction, at Lessor's expense, in which latter event this Lease shall not terminate. Notwithstanding the foregoing, Lessor's obligation to restore the Building, and the improvements located within the Premises shall not require Lessor to expend for such repair and restoration work more than the insurance proceeds actually received by Lessor as a result of the casualty. When the repairs have been completed by Lessor, Lessee shall complete the restoration of all furniture, fixtures and equipment which are necessary to permit Lessee's reoccupancy of the Premises.

If the Premises are rendered untenable by fire or other casualty, there shall be an abatement of Rent due Lessor by Lessee for the period of time during which the Premises are untenable. If the restoration is not substantially completed within two hundred forty (240) days of such damage, Lessee shall have the option to terminate this Lease by written notice to Lessor within thirty (30) days after such 240-day period. In the event of any termination of this Lease, Rent shall be paid only to the date of such fire or casualty.

In the event that the Premises are partially but not substantially damaged by fire or other casualty, then Lessor shall immediately proceed with all due diligence to repair and restore the Premises and the Rent shall abate in proportion to the untenability of the Premises during the period of restoration.

Notwithstanding the foregoing provisions of this Section 11, in the event that insurance proceeds applicable to Alterations or tenant improvements constructed by Lessee at its expense are made available to Lessee, Lessee shall be responsible for restoring such Alterations; provided, however, that the Rent abatement provided for shall continue during such period of restoration so long as Lessee is diligently pursuing the completion of such restoration. In the event that Lessor does not restore the Premises, Lessee may retain all insurance proceeds applicable to Alterations and tenant improvements constructed by Lessee at its expense.

## 12. Eminent Domain.

(a) Taking. If by any lawful authority through condemnation or under the power of eminent domain: (i) the whole of the Premises shall be permanently taken; (ii) less than the entire Premises shall be permanently taken, but the remainder of the Premises, are not, in Lessee's sole judgment, fit for Lessee to carry on its business therein; (iii) Lessee determines, in its sole judgment, that after such taking adequate parking space will not be available near the Premises; (iv) there is any substantial impairment of ingress or egress from or to or visibility of

the Premises; or (v) all or any portion of the common areas shall be taken resulting in a material interference with the operations of or access to Lessee's business, then in any such event, Lessee or Lessor may terminate this Lease, effective as of the date of such taking, and the Rent and other sums paid or payable hereunder shall be prorated as of the date of such termination.

(b) Rent Adjustment. Unless this Lease is terminated as above provided, commencing with the date possession is acquired by the condemning authority the Rent and other sums payable hereunder shall be reduced by the then applicable per square foot Rent as by the number of square feet in the Premises taken and Lessor shall restore the Premises, at Lessor's cost and expense to a complete architectural unit, and Operating Expenses will be recalculated based on the applicable square footage. During such restoration the Rent shall be abated to the extent the Premises are rendered untenantable.

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

13. Right of Entry by Lessor. Lessor, or any of its agents, shall have the right to enter said Premises during all reasonable hours and upon prior notice (except in cases of emergency), to perform its obligations under this Lease, examine the same or to exhibit said Premises. Lessor shall have the right to put or keep upon the doors or windows thereof a notice "FOR RENT" at any time within six (6) months before the expiration of this Lease. Any work done by Lessor to Premises shall be performed during hours that Lessee is not open for business (except in emergencies) unless Lessee, in the exercise of its reasonable discretion otherwise agrees. Any restoration work or alteration work at the Premises which is necessitated by or results from Lessor's entry, including, without limitation, any work necessary to conceal any element whose presence is permitted hereunder, shall be performed by Lessor at its expense or, at Lessee's election, by Lessee on Lessor's behalf and at Lessor's sole cost and expense. Lessor shall be liable for all loss, damage, or injury to persons or property and shall indemnify and hold Lessee harmless from all claims, losses, costs, expenses and liability, including reasonable attorney's fees resulting from Lessor's entry except to the extent caused by the negligent or intentional act of Lessee or its contractors, agents, employees or licensees. If Lessor's entry into the Premises pursuant to this Lease interferes with the conduct by Lessee of its business to such an extent that Lessee, in the exercise of its reasonable business judgment, must close the Premises or is unable to use seventy-five percent (75%) of the Premises for business for two (2) or more business days, then Rent and Operating Expenses shall totally abate for each day or portion thereof that such interference continues.

Lessor acknowledges that Lessee is subject to the provisions of the Health Insurance Portability and Accountability Act of 1996 and related regulations ("HIPAA"), and that HIPAA requires Lessee to ensure the safety and confidentiality of patient medical records. Lessor further acknowledges that, in order for Lessee to comply with HIPAA, Lessee must restrict access to the portions of the Premises where patient medical records are kept or stored. Lessor hereby agrees

that, notwithstanding the rights granted to Lessor pursuant to this Section 13 and under this Lease, except when accompanied by an authorized representative of Lessee, neither Lessor nor its employees, agents, representatives or contractors shall be permitted to enter those areas of the Premises designated by Lessee as locations where patient medical records are kept and/or stored to the extent such entry is prohibited by applicable state or federal health care privacy laws. Lessor further agrees to comply with the provisions of HIPAA and all applicable medical privacy laws in connection with Lessor's entry into the Premises.

14. Indemnity; Waiver. Lessee agrees to indemnify Lessor and save Lessor harmless from any and all liability, claims and loss for personal injury or property damage, or both, sustained or claimed to have been sustained by any person or persons, or property in, upon or about the Premises or Building, or otherwise caused or brought about by the act or neglect of Lessee, its agents, servants or employees. Lessor agrees to indemnify Lessee and save Lessee harmless from any and all liability, claims and loss for personal injury or property damage, or both, sustained or claimed to have been sustained by any person or persons, or property in, upon or about the Premises or Building caused or brought about by the act or neglect of Lessor, its agents, servants or employees. The indemnities set forth in this Section 14 shall survive the expiration of the term of this Lease.

To the extent not expressly prohibited by law, Lessor shall not be liable to Lessee or Lessee's employees, contractors, agents, invitees or customers, for any damage to property sustained by Lessee or any such party or any other person claiming through Lessee resulting from any accident or occurrence in the Premises or any other portion of the Building caused by the Premises or any other portion of the Building by defect in or failure of equipment, pipes, or wiring, or by broken glass, or by the backing up of drains, or by gas, water, steam, electricity, or oil leaking, escaping or flowing into the Premises (except where due to Lessor's grossly negligent or willful failure to make repairs required to be made pursuant to other provisions of this Lease, after the expiration of a reasonable time after written notice to Lessor of the need for such repairs), nor shall Lessor be liable to Lessee for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of the Building or of any other persons whomsoever, including, but not limited to riot, strike, insurrection, war, court order, requisition, order of any governmental body or authority, acts of God, fire or theft.

15. Default and Remedies.

(a) Lessee Default and Lessor Remedies. In the event that (i) Lessee defaults in the payment of Rent hereunder and such Rent remains due and unpaid for five (5) days following written notice of such default from Lessor to Lessee; (ii) or should Lessee default in the performance of any other provisions of this Lease and such default is not cured within thirty (30) days following written notice from Lessor specifying such default (unless such default is not reasonably capable of being cured within such thirty (30) day period and Lessee is diligently prosecuting such cure to completion); or (iii) if a petition in bankruptcy shall be filed by or against Lessee (provided Lessee shall have sixty (60) calendar days to stay any involuntary proceeding); or (iv) should Lessee make an assignment for the benefit of its creditors, or should a receiver be appointed for the said Lessee and such receiver is not dismissed within thirty (30)

days of his appointment, then, in any of these events, Lessor shall have the following rights and remedies, in addition to those allowed by law or equity, any one or more of which may be exercised without further notice to or demand upon Lessee and which may be pursued successively or cumulatively as Lessor may elect:

1. Landlord may re-enter the Premises and attempt to cure any default of Lessee, in which event Lessee shall, upon demand, reimburse Lessor as additional rent for all reasonable costs and expenses which Lessor incurs to cure such default; and
2. Landlord may terminate this Lease by giving to Lessee notice of Lessor's election to do so, in which event the Lease Term shall end, and all right, title and interest of Lessee hereunder shall expire, on the date stated in such notice; and
3. Landlord may terminate the right of Lessee to possession of the Premises without terminating this Lease by giving notice to Lessee that Lessee's right to possession shall end on the date stated in such notice, whereupon the right of Lessee to possession of the Premises or any part thereof shall cease on the date stated in such notice; and
4. Lessor may enforce the provisions of this Lease by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including recovery of all moneys due or to become due from Lessee under any of the provisions of this Lease.

If Lessor exercises either of the remedies provided in items (2) or (3) above, Lessee shall surrender possession and vacate the Premises and immediately deliver possession thereof to Lessor, and Lessor may re-enter and take complete and peaceful possession of the Premises, with process of law, and Lessor may remove all occupants and property therefrom, using such force as may be necessary to the extent allowed by law, without being deemed guilty in any manner of trespass, eviction or forcible entry and detainer and without relinquishing Lessor's right to Rent or any other right given to Lessor hereunder or by operation of law.

If Lessor terminates the right of Lessee to possession of the Premises without terminating this Lease, Lessor shall have the right to immediate recovery of all amounts then due hereunder. Such termination of possession shall not release Lessee, in whole or in part, from Lessee's obligation to pay Rent hereunder for the full Lease Term, and Lessor shall have the right, from time to time, to recover from Lessee, and Lessee shall remain liable for, all Rent accruing as it becomes due under this Lease during the period from the date of such notice of termination of possession to the stated end of the Lease Term. In any such case, Lessor shall make a commercially reasonable effort to mitigate its damages and relet the Premises or any part thereof to any person, firm or corporation other than Lessee for such rent, for such time and upon such terms as Lessor in Lessor's reasonable discretion shall determine. In attempting to relet the Premises, Lessor may make repairs, alterations and additions in or to the Premises and redecorate



the same to the extent reasonably deemed by Lessor necessary or desirable, and Lessee upon demand shall pay the reasonable cost of all of the foregoing together with Lessor's reasonable expenses of reletting. The rents from any such reletting shall be applied first to the payment of the expenses of reentry, redecoration, repair and alterations and the expenses of reletting (including reasonable attorneys' fees and brokers' fees and commissions) and second to the payment of Rent herein provided to be paid by Lessee. Any excess or residue shall operate only as an offsetting credit against the amount of Rent due and owing as the same thereafter becomes due and payable hereunder, and Lessee shall pay to Lessor the amount of each monthly deficiency upon demand.

If this Lease is terminated by Lessor, Lessor shall be entitled to recover from Lessee all Rent accrued and unpaid for the period up to and including such termination date, as well as all other additional sums payable by Lessee, or for which Lessee is liable or for which Lessee has agreed to indemnify Lessor, which may be then owing and unpaid, and all reasonable costs and expenses, including court costs and reasonable attorneys' fees incurred by Lessor in the enforcement of its rights and remedies hereunder. In addition, Lessor shall be entitled to recover as damages for loss of the bargain and not as a penalty (1) the unamortized portion of any out-of-pocket costs of leasing commissions and tenant improvements, (2) all Rent and additional rent which becomes due during the remainder of the Term as and when due, which if accelerated at Lessor's election shall equal the present value (at the discount rate of the Federal Reserve Bank for the district in which the leased premises is located) of the amount by which rent for the remainder of the term exceeds the then fair market rental value of the Premises for the remainder of the Term, and (3) any actual damages in addition thereto, including without limitation reasonable attorneys' fees and court costs, which Lessor sustains as a result of the breach of any of the covenants of this Lease other than for the payment of Rent.

If it is necessary for Lessor to employ an attorney to enforce any of the provisions of this Lease, then Lessor shall be reimbursed by Lessee for reasonable attorney's fees and costs incurred, including, without limitation, court costs as well as other expenses of litigation incurred in enforcing this Lease.

(b) Lessor Default and Lessee Remedies. Subject to the terms and provisions hereinbelow, and in addition to any other remedy expressly available to Lessee pursuant to this Lease or at law or in equity, should Lessor fail to perform any term or covenant under this Lease (each and any such failure being herein sometimes referred to as a "Lessor Default") and if any such Lessor Default shall not be cured and shall accordingly be continuing thirty (30) days following written notice by Lessee to Lessor of such Lessor Default (unless such default is not reasonably capable of being cured within such thirty (30) day period and Lessor is diligently prosecuting such cure to completion), then Lessee shall have the option (at Lessee's sole discretion) of remedying such Lessor Default and, in connection therewith, incurring expenses for the account of Lessor, and any and all such sums expended or obligations incurred by Lessee in connection therewith shall be paid by Lessor to Lessee upon demand. Notwithstanding the foregoing, in all events Lessee shall have the right to remedy any Lessor Default without prior notice in the event of an emergency (so long as Lessee gives notice within a reasonable period of time thereafter) and invoice Lessor in the manner set forth in the preceding sentences of this Section 15.



16. Insurance.

(a) Lessor's Insurance. During the Term of this Lease, Lessor shall procure and maintain in full force and effect with respect to the Building (i) a policy or policies of property insurance (including, to the extent required, sprinkler leakage, vandalism and malicious mischief coverage, and any other endorsements required by the holder of any fee or leasehold mortgage and earthquake, terrorism and flood insurance to the extent Lessor reasonably deems prudent and/or to the extent required by any mortgagee) for full replacement value; and (ii) a policy of commercial liability insurance in a minimum amount of \$1,000,000.00 per claim and \$2,000,000.00 in the aggregate for both bodily injury and property damage insuring Lessor's activities with respect to the Premises and the Building for loss, damage or liability for personal injury or death of any person or loss or damage to property occurring in, upon or about the Premises or the Building.

(b) Lessee's Insurance. Lessee covenants and agrees to keep Lessee Improvements (as defined in Section 36 hereof), Alterations and Lessee's contents in the Premises insured for full replacement value against loss by fire and casualty, under an all risk policy with extended coverage endorsements. In addition thereto, Lessee shall obtain and keep in force with respect to the Premises comprehensive general liability insurance in a minimum amount of \$1,000,000.00 per claim and \$3,000,000.00 in the aggregate for both bodily injury and property damage. In no event shall Lessee's insurance provide coverage or indemnity to Lessor for any claim, loss, suit, action or other legal proceeding in which Lessor, its agents or designees bear responsibility for the claim, loss, suit, action or other legal proceeding. Rather, it is the intent of this section to provide general liability coverage to Lessor when it is made a party to a claim, loss, suit, action or other legal proceeding for which it bears no responsibility. In the event that both Lessor and Lessee bear responsibility for the claim, loss, suit, action or other legal proceeding, then each party will look to their own insurance for coverage. Lessee may carry any insurance required by this Lease under a blanket policy or under a policy containing a self insured retention. Each policy shall provide that the insurer shall give to Lessor twenty (20) days written notice prior to any cancellation of the policy. On or before the Commencement Date, Lessee shall furnish to Lessor, certificates of insurance evidencing the aforesaid insurance coverage. Renewal certificates must be furnished to Lessor at least thirty (30) days prior to the expiration date of such insurance policies showing the above coverage to be in full force and effect. In addition, the insurance required of Lessee under this Lease must be issued by an insurance company with a rating of no less than A-VIII in the current Best's Insurance Guide or that is otherwise reasonably acceptable to Lessor, and admitted to engage in the business of insurance in the state in which the Building is located; be primary insurance for all claims under it and provide that any insurance carried by Lessor, Lessor's Building manager, and Lessor's lenders is strictly excess, secondary and noncontributing with any insurance carried by Lessee.

17. Subrogation. Each of the parties hereto hereby releases the other and the other's partners, agents and employees, to the extent of each party's property insurance coverage, from any and all liability for any loss or damage which may be inflicted upon the property of such party even if such loss or damage shall be brought about by the fault or negligence of the other

party, its partners, agents or employees; provided, however, that this release shall be effective only with respect to loss or damage occurring during such time as the appropriate policy of insurance shall contain a clause to the effect that this release shall not affect said policy or the right of the insured to recover thereunder. If any policy does not permit such a waiver, and if the party to benefit therefrom requests that such a waiver be obtained, the other party agrees to obtain an endorsement to its insurance policies permitting such waiver of subrogation if it is commercially available and if such policies do not provide therefor. If an additional premium is charged for such waiver, the party benefiting therefrom, if it desires to have the waiver, agrees to pay to the other the amount of such additional premium promptly upon being billed therefor.

18. Repairs and Maintenance.

(a) Lessor's Maintenance Responsibilities. Lessor shall timely maintain in good condition and repair the common areas of the Building and surrounding areas and such costs shall be considered CAM Charges in accordance with Section 8 of this Lease. Notwithstanding the foregoing, Lessor shall maintain and keep in good order and repair and make any necessary replacements to the roof, roof membrane, roof covering, concrete slab, footings, foundation, structural components, exterior walls, parking areas, sidewalks, driveways, loading areas, exterior doors and windows, flooring (except for floor covering), exterior plumbing, heating, ventilation, cooling and electrical systems of the Building. The costs relating to such maintenance and repair shall be included in CAM Charges to the extent permitted under this Lease.

(b) Lessee's Maintenance Responsibilities. Except for Lessor's obligations set forth above and except for any damage caused by the acts of negligence by Lessor or its agents within the Premises, Lessee shall keep the interior, non-structural portions of the Premises, all electrical, fire safety, and HVAC systems solely serving the Premises, and the non-structural elements of all doors, windows and entrances of the Premises in the same condition, order and repair as they are at the Possession Date and shall deliver same to Lessor at the termination of this Lease in good order and condition, provided that normal wear and tear and damage by fire or other casualty are excepted. The Premises has its own HVAC unit(s), and Lessee covenants to maintain, repair and replace, if necessary, such HVAC unit(s). At all times during the Term of this Lease, Lessee covenants and warrants it shall enter into and maintain a maintenance contract with an HVAC contractor reasonably acceptable to Lessor, and which provides for quarterly inspections and maintenance. Lessee shall furnish Lessor with a copy of such HVAC maintenance contract within seven (7) business days of execution thereof, at least once a calendar year. The cost of the aforesaid contract shall be Lessee's sole responsibility.

19. Brokers. Lessor and Lessee each represent to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, except for USI Real Estate Brokerage Services Inc., representing Lessee ("Lessee's Broker"), and Chody Real Estate Corp representing Lessor. Lessor shall pay Lessee's Broker a brokerage commission pursuant to a separate agreement.

20. Emergency. If Lessor is unable or unwilling to take action which it is obligated to take hereunder where an emergency has occurred with respect to the Premises, then Lessee may take such action as is reasonably necessary to protect the Premises and persons or property in the Premises and Lessor shall, within fifteen (15) days after written notice thereof from Lessee reimburse Lessee for its reasonable out-of-pocket expenses incurred in curing such emergency.

21. Title and Parking. Lessor hereby represents that Lessor is the owner in fee simple of the Premises, including the Building and all improvements thereon and has the right and authority to enter into this Lease. Lessor hereby represents to Lessee that no covenants, restrictions, liens, or other encumbrances affecting the real property upon which the Building is constructed shall interfere or adversely affect Lessee's Permitted Use of the Premises. Lessor further represents that Lessor and those signatories executing this Lease on behalf of Lessor have full power and authority to execute this Lease.

Lessor agrees that Lessor will not make any material modifications to the Building or Premises (including, without limitation, the parking areas, driveways and walks) without Lessee's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed. Lessee shall be entitled to the use of the parking area of the Building in accordance with a parking ratio of four (4) spaces per 1,000 square feet of the Premises (including handicapped parking spaces) in close proximity to the Premises for Lessee's use.

22. Compliance with Laws. Both parties hereby agree to comply with all applicable federal, state and local laws, ordinances, rules and regulations ("Laws") throughout the Term of the Lease. Lessor represents and warrants to Lessee that as of the Commencement Date the Premises, the Building, and the parking areas are in compliance with all Laws, including, without limitation, applicable zoning laws, ordinances, rules and regulations and with applicable instruments affecting title to the Premises. Lessor further represents that to the best of Lessor's knowledge, it has received no notices or communications from any public authority having jurisdiction alleging violation of any Laws relating to the Premises or the Building or improvements thereon and has received no notices alleging violation of any title instrument.

If at any time or from time to time any Alterations, including, without limitation, structural Alterations, are required in order for the Premises or Building to comply with any generally applicable Laws from time to time applicable to the Premises or Building (unless such Alterations are due to Lessee's use of the Premises), Lessor shall immediately make such Alterations. If at any time or from time to time any Alterations, including, without limitation, structural Alterations, are required in order for the Premises to comply with any Laws specifically applicable to the Premises due to Lessee's use as a dialysis facility and not due to any act by Lessor or another lessee, Lessee shall immediately make such Alterations at its sole cost and expense, subject to Lessor's prior approval thereof, and otherwise in accordance with Section 9 above.

Lessor represents and warrants to Lessee that Lessor is not a "referring physician" or a "referral source" as to Lessee for services paid for by Medicare or a state health care program, as the terms are defined under any federal or state health care anti-referral or anti-kickback,

regulation, interpretation or opinion ("Referral Source"). Lessor covenants, during the Term of this Lease, it will not knowingly take any action that would cause it to become a Referral Source as to Lessee.

23. Right of First Option on Adjacent Premises. If rentable space (if any) adjacent to the Premises becomes available during the initial Term or any renewal period of this Lease, Lessor shall first notify Lessee in writing of Lessee's option to accept or decline the right to enter into a lease with Lessor on such adjacent rentable space in the Building, along with the proposed terms. At any time within twenty (20) days after service of said notice, Lessee shall notify Lessor that it will exercise or not exercise its option to lease the adjacent space. A failure by Lessee to respond within such twenty (20) day period shall be deemed to be a rejection of the option to lease the adjacent space. If Lessee exercises its option to lease the adjacent space, it shall lease the space on the same terms and conditions set forth in this Lease, except for rent and term, which shall be mutually agreed upon by Lessor and Lessee. If Lessee fails to exercise its option to lease the adjacent space, then Lessor may thereafter offer to lease such space to third parties on such terms and conditions as Lessor finds acceptable. In the event that Lessee exercises its option to lease the adjacent space set forth herein, Lessee agrees to enter into an amendment to this Lease in form and content acceptable to Lessee incorporating such space, the change in Rent applicable thereto, and any other applicable changes within thirty (30) days following the exercise thereof, provided, however, such thirty (30) day period shall be extended as necessary for the parties to finalize amendment negotiations, but in no event shall a delay in the full execution of such amendment nullify Lessee's exercise of its option to lease the adjacent space. Lessee's exercise of its option to lease the adjacent space is subject to the conditions that (i) the Lease is in full force and effect, (ii) Lessee shall have sublet not more than twenty-five percent (25%) of the Premises (other than a Permitted Transfer), (iii) Lessee shall not have assigned this Lease (other than a Permitted Transfer), and (iv) Lessee is not in default hereunder at the time of exercise beyond any applicable notice and cure period. If Lessee exercises its option to lease the adjacent space, such notice shall be irrevocable.

24. Lessee to Subordinate. Lessee shall, upon request of the holder of a mortgage or deed of trust in the nature of a mortgage, which holder is a commercial or institutional lender ("Mortgagee") subordinate any interest which it has by virtue of this Lease, and any extensions and renewals thereof to any mortgages or deeds of trust placed upon the Premises by Lessor, if and only if such Mortgagee shall execute, deliver and record in the appropriate registry of deeds a recognition and non-disturbance agreement in form and content substantially similar to Exhibit E attached hereto and incorporated herein by reference, or in such other commercially reasonable form or with such other modifications as such Mortgagee may reasonably request. Such agreements shall provide by their terms that notwithstanding any foreclosure of such mortgage or deeds of trust Lessee may continue to occupy the Premises during the Term of this Lease or any extensions or renewals thereof under the same terms, conditions and provisions of this Lease unless Lessee shall be in default beyond any applicable grace periods provided for herein. Lessor shall at or prior to the Commencement Date, secure from Lessor's present mortgagee of the Premises a non-disturbance agreement in a form reasonably acceptable to Lessee. Lessor shall also secure from any future mortgagee or lienholders of Lessor non-disturbance agreements during the initial Term or any renewal periods, if exercised.

25. Quiet Enjoyment. Lessee, upon paying the Rent, additional rent and other sums due under this Lease, and subject to all of the terms and covenants of this Lease, on Lessee's part to be kept, observed, and performed, shall quietly have and enjoy the Premises during the Term of this Lease. Lessor agrees that Lessee shall have continuous, peaceful, uninterrupted and exclusive possession and quiet enjoyment of the Premises during the Term of this Lease.

26. No Memorandum of Lease. Lessee agrees not to record this Lease or any short form or memorandum hereof.

27. Notices. All notices, demands and requests which may be or are required to be given by either party to the other shall be in writing and shall be either (i) sent by registered or certified mail, return receipt requested, postage prepaid or (ii) delivered, by hand, or (iii) sent by overnight courier such as Federal Express. All notices to Lessor should be addressed to Lessor at c/o Harris Bank, 111 West Monroe Street, Suite 4W, Chicago, Illinois 60603, Attn: Patrick Fox, Vice President; Facsimile: (312) 293-4066, or at such other place as Lessor may from time to time designate in written notice to Lessee. All notices to Lessee shall be addressed to Lessee c/o DaVita Inc., 601 Hawaii Street, El Segundo, California 90245, Attention: General Counsel, Telephone: (310) 536-2400, Facsimile: (310) 536-2679, with copy to: c/o DaVita Inc., 2611 North Halsted Street, Chicago, Illinois 60614; Attention: Group General Counsel, or to any such other place as Lessee may from time to time designate in written notice to Lessor. In addition, all correspondence to Lessee related to Taxes, Insurance, Rent or Operating Expenses shall be sent to 1423 Pacific Avenue, Tacoma, WA 98402; attention: Rent Department. All notices, demands and requests which shall be served upon Lessor and Lessee in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder.

28. Estoppel Certificate. Each of Lessor and Lessee agrees at any time and from time to time upon not less than fifteen (15) business days' prior written request by the other to execute, acknowledge and deliver to the other an estoppel certificate in the form attached hereto as Exhibit F certifying that (a) this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications), (b) the dates to which the Rent and other charges have been paid in advance, if any, and (c) all of the defaults of Lessor or Lessee hereunder, if any, (and if there are no defaults a statement to that effect) and any other information reasonably requested, it being intended that any such estoppel certificate delivered pursuant to this Section 28 may be relied upon by any prospective purchaser of the Premises or any mortgagee or assignee of any mortgage upon the fee or leasehold of the Premises or by any prospective assignee of this Lease or sublessee of the whole or any portion of the Premises and/or by other party interested in the Premises or any part thereof.

29. Holding Over. In the event Lessee remains in possession of the Premises after the expiration of the Term of this Lease, or any extensions hereof without the written consent of Lessor, this Lease shall continue on a month to month basis, terminable by either party upon thirty (30) days prior notice and Lessee shall be obligated to pay Rent at 125% of the then current rate (including all adjustments) and all other sums then payable hereunder for each month that

Lessor is kept out of possession of the Premises. If Lessee holds over for a portion of a month, Rent shall be prorated on a daily basis. No holding over by Lessee or payments of money by Lessee to Lessor after the expiration of the Term shall be construed to extend the Term or prevent Lessor from recovery of immediate possession of the Premises by summary proceedings or otherwise. Lessee shall also be liable to Lessor for all actual damages which Lessor may suffer by reason of any holding over by Lessee. Notwithstanding the foregoing, in the event that applicable Law, including without limitation applicable healthcare Law, limits the period of any such holdover, both parties agree to comply with such applicable Law; provided such holdover period shall not exceed six (6) months.

Notwithstanding the foregoing, Lessor hereby acknowledges that in order to provide a continuum of care to Lessee's patients, Lessee may delay the effective date of Lessee's termination of this Lease under any provision of the Lease giving Lessee the right to terminate until such time as Lessee has established an alternative location for the treatment of Lessee's patients and any such delay shall not operate as a waiver of Lessee's termination rights; provided, however, such delay shall not be for more than sixty (60) days and Lessee shall continue to pay Rent at the then current rental rate.

30. Binding Effect. All covenants, agreements, stipulations, provisions, conditions and obligations herein expressed and set forth shall extend to, bind and inure to the benefit of, as the case may require, the successors and assigns of Lessor and Lessee respectively, as fully as if such words were written wherever reference to Lessor or Lessee occurs in this Lease

31. Complete Agreement. Any stipulations, representations, promises or agreements, oral or written, made prior to or contemporaneously with this agreement shall have no legal or equitable consequences and the only agreement made and binding upon the parties with respect to the leasing of the Premises is contained herein, and it is the complete and total integration of the intent and understanding of Lessor and Lessee with respect to the leasing of the Premises.

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

33. Applicable Law. The laws of the State where the Premises is located shall govern the validity, performance and enforcement of this Lease, without regard to such State's conflict-of-law principles.

34. Force Majeure. Whenever a day is appointed herein on which, or a period of time is appointed within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is interfered with, the doing or completion of such act, matter or thing because of strikes, lock-outs, embargoes,

unavailability of labor or materials, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control; provided, however, that nothing contained herein is intended nor shall be construed to extend (a) the due date for any installment or payment of Rent or any other amount due hereunder, or (b) the date upon which Lessee is required to surrender and vacate the Premises.

35. Amendment. This Lease and the exhibits attached hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions and understandings between Lessor and Lessee concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by them.

36. Lessee Improvements. Lessee shall construct its tenant improvements to the Premises (the "Lessee Improvements"). Lessor shall provide Lessee with a Lessee Improvement allowance in the amount of \$175,396.00 based upon a \$26.00 per rentable square foot in the Premises (the "Allowance"). Said Allowance shall be payable to Lessee within thirty (30) days after Lessor's receipt of: (1) receipted bills covering all labor and materials expended and used in the Lessee Improvements; (2) a sworn contractor's affidavit from the general contractor and a request to disburse from Lessee containing an approval by Lessee of the work done; (3) full and final waivers of lien; (4) as-built plans of the Lessee Improvements; and (5) the certificate of occupancy from the City of Crystal Lake, Illinois. Notwithstanding anything herein to the contrary, Lessor shall not be obligated to disburse any portion of the Allowance during the continuance of an uncured default under this Lease by Lessee, and Lessor's obligation to disburse shall only resume when and if such default is cured. In no event shall the Allowance be used for the purchase of equipment, furniture or other items of personal property of Lessee. In the event Lessee does not submit to Lessor a written request for payment of the entire Allowance (together with all of the documents and certificates required for such payment) within six (6) months after the Commencement Date, any portion of the Allowance not disbursed to Lessee shall accrue to the sole benefit of Lessor, it being understood that Lessee shall not be entitled to any credit, abatement or other concession in connection therewith. Lessee shall be responsible for all applicable state sales or use taxes, if any, payable in connection with the Lessee Improvements and/or Allowance.

Lessee shall contract for the installation of the Lessee Improvements with a contractor of choice, provided that such contractor is reasonably acceptable to Lessor. Lessor and Lessee shall mutually approve the plans and specifications of the Lessee Improvements prior to the commencement of work. Lessor shall not charge Lessee any fee or other charges for the supervision and/or overhead associated with the construction of the Lessee Improvements. Lessee Improvements shall include the work involved with bringing electrical and water utilities to a point in the Premises designated by Lessee and for the separate metering for said utilities. The cost and expense of this work will be deducted from the Allowance amount.

Lessee shall be responsible for Rent and all other obligations as set forth in the Lease from the scheduled date for the Commencement Date under the Lease, regardless of the degree of



completion of the Lessee Improvements on such date, and no such delay in completion of the Lessee Improvements shall relieve Tenant of any of its obligations under the Lease.

37. Late Charge; Interest. If Lessee fails to pay any installment of Rent or additional rent or any other item of Rent when due and payable hereunder, a "Late Charge" equal to five percent (5%) of such unpaid amount will be due and payable immediately by Lessee to Lessor. To the extent allowed by Law, all installments of Rent not paid when due shall bear interest at the prime rate of interest, as reported in the Wall Street Journal (the "Prime Rate"), plus six percent (6%) per annum from the date due until paid. Notwithstanding the foregoing, Lessor will not impose a Late Charge or interest as to the first late payment in any calendar year, unless Lessee fails to pay the late payment to Lessor within five (5) business days after the delivery of a written notice from Lessor to Lessee demanding the late payment be paid. However, Lessor may impose a Late Charge or interest without advance notice to Lessee on any subsequent late payment in the same calendar year.

38. Lessor's Sale of the Building. Lessor may, at any time, without the prior consent of Lessee, contract to and/or perform any of the following transactions with respect to an interest in Lessor, the Lease, the Premises, the realty underlying the Premises, and/or any portion of or interest in the realty or improvements owned or hereafter acquired by Lessor: sale, purchase, exchange, transfer, assignment, lease, conveyance (collectively referred to herein as "Sale"); and/or encumbrance, pledge, mortgage, deed of trust, hypothecation or sale and leaseback transaction (collectively referred to herein as "Mortgage"). From and after a Sale, Lessor shall be released from all liability to Lessee and Lessee's successors and assigns arising from this Lease because of any act, occurrence or omission of Lessor occurring after such Sale, and Lessee shall look solely to Lessor's successor in connection with the same; provided however, that Lessor shall not be released from liability to Lessee and Lessee's successors and assigns from this Lease because of any act, occurrence or omission of Lessor occurring prior to such Sale, unless such liability is expressly assumed by Lessor's successor-in-interest in the Building and Premises. Within thirty (30) days following the effective date of a Sale, Lessor shall notify Lessee whether Lessor's successor-in-interest and assignee to this Lease would or would not be a Referral Source as described in Section 22 above.

39. Lessee's Satellite and Cable Rights. Lessee shall have the non-exclusive right to place one (1) satellite dish on the roof and run appropriate electrical cabling from the Premises to such satellite dish (the "Rooftop Equipment") and/or install cable service to the Premises at no additional fee. Lessor shall reasonably cooperate with Lessee's satellite or cable provider to ensure there is no delay in acquiring such services. The installation of the Rooftop Equipment shall be in accordance with plans and specifications, and installation methods and locations, approved by Lessor and provided that the Rooftop Equipment does not damage or impair the integrity of the roof, or invalidate the roof warranty, or impair or cause interference with the operation of any machinery, equipment or apparatus of the Building or other tenants of the Building. Lessee's right to install any Rooftop Equipment shall be subject to Lessee's compliance with all Laws and shall be subject to all requisite governmental approvals, and Lessor shall use commercially reasonable efforts (at no expense to Lessor) to assist Lessee in obtaining necessary governmental approvals. Lessee shall reimburse Lessor for any of Lessor's



third party consultants or contractors fees incurred in connection with the review of any drawings, plans and specifications and the Rooftop Equipment installation. Lessor shall have no responsibility and shall not be obligated to provide any utilities, including, but not limited to, electricity or other power for the operation of the Rooftop Equipment. Lessee shall pay for the cost of all utility services, including the installation, separate metering or submetering, if necessary. Lessee shall be responsible for the payment of any costs Lessor may incur as a result of the cancellation of any roof warranty or the denial of any claim under any roof warranty due to the installation or operation of the Rooftop Equipment. Lessee shall operate and maintain the Rooftop Equipment, at its own cost and expense, in good working order and condition and free from any hazard to person and property. Lessee shall not place any load upon the roof of the Building, which will exceed the load per square foot, which the roof was designed to carry. Upon termination of Lessee's use or right to the use of the Rooftop Equipment by expiration of time or otherwise, Lessee shall, at its sole cost and expense, remove the Rooftop Equipment and shall restore the roof of the Building to its condition existing prior to the installation of the Rooftop Equipment. Lessee shall further repair, at its sole cost and expense, any damage or destruction caused by the removal of the Rooftop Equipment, such work to be performed by a contractor reasonably approved by Lessor at such time and in such manner that is satisfactory to Lessor. Lessor shall have the right to perform any repairs, removal and restoration and such reasonable expense shall be reimbursed to Lessor promptly upon demand by Lessor.

40. Regulatory Compliance. In the event Lessor, or Lessor's successors or assigns become a Referral Source as described in Section 22 above, this Section 40 shall apply but shall have no effect until such time.

40.1 Referral Source. Lessor and Lessee hereby acknowledge and agree that it is not a purpose of this Lease or any of the transactions contemplated herein to exert influence in any manner over the reason or judgment of any party with respect to the referral of patients or business of any nature whatsoever. It is the intent of the parties hereto that any referrals that may be made directly or indirectly by Lessor to Lessee's business, shall be based solely upon the medical judgment and discretion of a patient's physician while acting in the best interests of the patient. Lessor and Lessee hereby agree that the Rent and any increases in the Rent reflect fair market value and do not take into account the volume or value of referrals or business that may otherwise be generated between the parties for which payment may be made in whole or in part under Medicare, Medicaid or other Federal health care programs.

40.2 Termination Due to Legislative or Administrative Changes. In the event that there shall be a change in applicable health care law or the interpretation thereof, including, without limitation, Medicare or Medicaid, statutes, regulations, or general instructions, (or the application thereof), the adoption of new legislation or regulations applicable to this Lease, the implementation of a change in payment methodology in any material third party payor reimbursement system, or the initiation of an enforcement action with respect to any applicable health care law, any of which affects the continuing legality of this Lease, then either party may, by notice, propose an amendment to conform this Lease to applicable laws. If notice of such proposed change is given and the parties hereto are unable to agree within ninety (90) days upon an amendment, then either party may terminate this Lease by ten (10) days' advance written

notice to the other party, unless a sooner termination is required under applicable law or circumstances.

40.3 Exclusions. During the term of this Lease, Lessor shall notify Lessee of any exclusion of Lessor or its affiliates from participation in any federal health care program, as defined under 42 U.S.C. §1320a-7b (f), for the provision of items or services for which payment may be made under such federal health care programs ("Exclusion") within two (2) business days of learning of any such Exclusion or any basis therefore. Lessee shall have the right to immediately terminate this Lease and any and all other agreements between Lessor and its affiliates on the one hand and Lessee and its affiliates on the other hand, upon learning of any Exclusion or any reasonable basis therefore against the other, its affiliates and/or any employee, contractor or agent engaged by any of them to provide items or services.

40.4 Medicare Access to Books and Records. In the event, and only in the event, that Section 952 of P.L. 96-499 (42 U.S.C. Section 1395x(v)(1)(I)) is applicable to this Lease, Lessee and Lessor agree as follows: (i) until the expiration of four years after the termination of this Lease, Lessor shall make available, upon written request by the Secretary of the federal Department of Health and Human Services or upon request by the Comptroller General of the United States, or any of their duly authorized representatives, this Lease, and books, documents and records of Lessor that are necessary to certify the nature and extent of the costs incurred pursuant to this Lease; (ii) if Lessor carries out any of the duties of this Lease or other contract between the parties through a subcontract, with a value or cost of \$10,000 or more over a twelve-month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary of the federal Department of Health and Human Services or upon request to the Comptroller General of the United States, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of the costs incurred pursuant to such subcontract; and (iii) Lessor shall notify Lessee immediately of the nature and scope of any request for access to books and records described above and shall provide copies of any books, records or documents to Lessee prior to the provision of same to any governmental agent to give Lessee an opportunity to lawfully oppose such production of documents if Lessee believes such opposition is warranted. In addition, Lessor shall indemnify and hold Lessee harmless from any liability arising out of any refusal by Lessor to grant access to books and records as required above. Nothing herein shall be deemed to be a waiver of any applicable privilege (such as attorney client privilege) by Lessee.

40.5. Medical Director or Other Agreements. In the event of the termination of any existing medical director or other agreement between Lessee, or any of its parent company, affiliates, or subsidiaries and Lessor, its affiliates or any person, corporation, partnership or other entity which owns or controls, directly or indirectly any of the business or assets of Lessor, including an immediate family member, Lessee shall have the right to terminate this Lease upon written notice to Lessor.

40.6. Representations and Warranties of Lessee. Lessee represents and warrants to Lessor as follows:

(a) Non-Exclusion. Neither Lessee nor any of its affiliates are excluded from participation in any federal health care program, as defined under 42 U.S.C. §1320a-7b (f), for the provision of items or services for which payment may be made under such federal health care programs; and

(b) Business Terms. To Lessee's knowledge: (a) the Premises do not exceed that which is reasonable and necessary for the legitimate business of Lessee; (b) Lessee's Proportionate Share does not exceed Lessee's pro-rata share of expenses for the Premises and common areas based upon the total Building Rentable Area; and (c) the rental charges: (i) are set in advance, (ii) are consistent with fair market value, (iii) do not take into account the volume or value of any referrals or other business generated between the parties, nor do they include any additional charges attributable to the proximity or convenience of Lessor as a potential referral source; and (iv) would be commercially reasonable even if no referrals were made between Lessee and Lessor or their respective affiliates.

40.7. Representations and Warranties of Lessor. Lessor represents and warrants to Lessee as follows:

(a) Non-Exclusion. Neither Lessor nor any of its affiliates (i) are excluded from participation in any federal health care program, as defined under 42 U.S.C. §1320a-7b (f), for the provision of items or services for which payment may be made under such federal health care programs; or (ii) have arranged or contracted (by employment or otherwise) with any employee, contractor or agent that Lessor or its affiliates know or should know are excluded from participation in any federal health care program;

(b) Advisory Opinion. Lessor shall not, directly or indirectly, request or cause an Advisory Opinion to be requested regarding or relating to the legality of this Lease or the transactions contemplated hereunder or substantially similar circumstances from any governmental body, including without limitation the U.S. Department of Health and Human Services Office of Inspector General or the Centers for Medicare and Medicaid Services without the prior written concurrence of Lessee, whether pursuant to this Section or otherwise. All submissions of any nature in connection with an Advisory Opinion request shall be approved in writing by Lessee prior to submission; and

(c) Business Terms. To Lessor's knowledge: (a) the Premises do not exceed that which is reasonable and necessary for the legitimate business of Lessee; (b) Lessee's Proportionate Share does not exceed Lessee's pro-rata share of expenses for the Premises and common areas based upon the total Building Rentable Area; and (c) the rental charges: (i) are set in advance, (ii) are consistent with fair market value, (iii) do not take into account the volume or value of any referrals or other business generated between the parties, nor do they include any additional charges attributable to the proximity or convenience of Lessee as a potential referral source, and (iv) would be commercially reasonable even if no referrals were made between Lessee and Lessor or their respective affiliates.

41. Cooperation with Lessee's Cost Reporting Responsibilities. Lessor's full cooperation with applicable authorities in connection with cost reporting is essential for Lessee's continued operation of its business. Therefore, Lessor agrees to provide to Lessee, within thirty (30) days of Lessee's request, any and all information that is reasonably necessary for Lessee to fulfill its cost reporting requirements to such applicable authorities, to the extent such information is within the possession or control of Lessor and is not reasonably deemed by Landlord to be confidential information. Lessee shall reimburse Lessor for all reasonable costs incurred by Lessor in complying with this provision.

42. Protected Health Information.

(a) Lessor acknowledges and agrees that from time to time during the Term, Lessor, its representatives or assigns may be exposed to, or have access to, Protected Health Information ("PHI"), as defined by HIPAA, 45 CFR Parts 160 and 164. Lessor agrees that it will not use or disclose PHI for any purpose unless required by a court of competent jurisdiction or by any governmental authority in accordance with the requirements of HIPAA and all other applicable medical privacy laws.

(b) Lessor shall preserve any "Confidential Information" of or pertaining to Lessee and shall not, without first obtaining Lessee's prior written consent, disclose to any person or organization, or use for its own benefit, any Confidential Information of or pertaining to Lessee during and after the Lease Term, unless such Confidential Information is required to be disclosed by a court of competent jurisdiction or by any governmental authority. As used herein, the term "Confidential Information" shall mean any business, financial, personal or technical information relating to the business or other activities of Lessee that Lessor obtains in connection with this Lease.

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

44. Interruption of Services Lessor shall not be liable to Lessee in damages or otherwise if, (a) Lessee's use of the Premises or the common areas is interrupted or terminated because of repairs, installations or improvements or causes beyond Lessor's reasonable control, and no such interruption or termination shall release Lessee from the performance of any of its obligations under this Lease; or (b) the utilities are interrupted or terminated because of repairs, installations, or improvements or any causes beyond the Lessor's reasonable control and no such interruption or termination shall relieve Lessee of the obligation to perform and observe all of its obligations hereunder. Notwithstanding the foregoing, if: (i) Lessor causes an interruption of utility service to the Building for a period in excess of three (3) consecutive Business Days after Lessee notifies Lessor of such cessation; (ii) such cessation is not caused by a fire or other casualty (in which case Section 11 shall control); (iii) the restoration of such service is reasonably within the control of Lessor; and (iv) as a result of such cessation, the Premises or a material portion thereof, is rendered untenable and Lessee in fact ceases to use the Premises,

or material portion thereof, then Lessee, as its sole remedy, shall be entitled to receive an abatement of Rent payable hereunder during the period beginning on the fourth (4th) consecutive Business Day of such cessation and ending on the day when the service in question has been restored. In the event the entire Premises has not been rendered untenable by the cessation in service, the amount of abatement that Lessee is entitled to receive shall be prorated based upon the percentage of the Premises so rendered untenable and not used by Lessee.

45. Counterparts. This Lease may be executed in any number of counterparts via facsimile or electronic transmission or otherwise, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

46. Lessee's Early Termination Option. Lessee, in Lessee's sole discretion, shall have the right to terminate this Lease ("Termination Right") at any time before the Termination Date, provided Lessee exercises such right in strict accordance with the following terms and conditions: (i) Lessee notifies Lessor in writing of Lessee's election to exercise its Termination Right ("Termination Notice") not less than one hundred eighty (180) days prior to the desired termination date, time being of the essence for the delivery of such notice; (ii) at the time of such Termination Notice, Lessee is not then in default hereunder beyond any applicable cure period; and (iii) Lessee's Termination Notice is accompanied by payment to Lessor of the Termination Fee (as defined herein). The "Termination Fee" shall be equal to the sum of (x) the unamortized cost (as of the termination date) of the Allowance and leasing commissions paid for or provided by Lessor in connection with this Lease amortized with interest at ten percent (10%) per annum, and (y) one-quarter (1/4) of Lessee's monthly rental obligations (including Rent and Operating Expenses) for the remaining portion of the then current Term of the Lease.

47. Surrender of Premises. At the end of the Term of this Lease, including any extensions, and upon any termination of this Lease as provided herein, Lessee shall surrender to Lessor the Premises together with all improvements therein, other than signs, modular partitions, furniture fixtures, Lessee's personal property, equipment and inventory. The Premises shall be surrendered in broom clean condition, normal wear and tear excepted. Lessee shall surrender to Lessor all keys to the Premises and make known to Lessor the combination of all combination locks which Lessee is required to leave on the Premises. No improvements will be removed from the Premises including but not limited to, carpeting, walls, lighting fixtures, and any other improvements, without Lessor's written approval. This Section shall not prohibit Lessee from removing its own items of personal property. The terms of this Section shall survive the expiration or earlier termination of this Lease.

48. Limitation of Liability. Neither Lessor nor any officer, director, agent, contractor or employee of Lessor nor any owner of the Premises, whether disclosed or undisclosed, shall have any personal liability with respect to any of the provisions of the Lease, or otherwise. Lessee shall look solely to the interest of Lessor in the Building, as the same may be encumbered from time to time, for the satisfaction of Lessee's remedies or judgments.

49. Financials. Lessee shall not be required to provide financial statements to Lessor; provided, however, to the extent available, within ten (10) days after Lessor's request, Lessee

shall provide information to Lessor regarding Lessee's assets if Lessor's lender or prospective purchaser of the Center, if any, so requires.

50. No Waiver. Failure of either party to declare any default immediately upon its occurrence, or delay in taking any action in connection with an event of default, shall not constitute a waiver of such default, nor shall it constitute an estoppel against the non-defaulting party, but the non-defaulting party shall have the right to declare the default at any time and take such action as is lawful or authorized under this Lease. Failure by the non-defaulting party to enforce its rights with respect to any one default shall not constitute a waiver of its rights with respect to any subsequent default.

Except as otherwise expressly provided herein, the receipt by Lessor of less than the full Rent due shall not be construed to be other than a payment on account of Rent then due, nor shall any statement on Lessee's check or any letter accompanying Lessee's check be deemed an accord and satisfaction, and Lessor may accept such payment without prejudice to Lessor's right to recover the balance of the Rent due or to pursue any other remedies provided in this Lease. The acceptance by Lessor of Rent hereunder shall not be construed to be a waiver of any breach by Lessee of any term, covenant or condition of this Lease. No act or omission by Lessor or its employees or agents during the Lease Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Lessor.

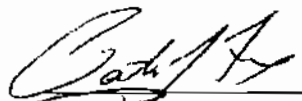
51. Waiver of Jury Trial. LESSOR AND LESSEE (AND ALL OF LESSEE'S SUBTENANTS, SUCCESSORS AND ASSGNS) EACH AGREE TO AND HEREBY DO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LESSOR AND LESSEE, LESSEE'S USE OR OCCUPANCY OF SAID PREMISES AND/OR CLAIM OF INJURY OR DAMAGE, OR ANY STATUTORY REMEDY.

[Signature page follows]

IN TESTIMONY WHEREOF, Lessor and Lessee have caused this Lease to be executed as a sealed instrument, effective as of the day and year first above written.

LESSOR:

**LASALLE 115 HOLDINGS, LLC - SERIES 1**, an Illinois limited liability company, AS ASSIGNEE OF HARRIS N.A., MORTGAGEE IN POSSESSION PURSUANT TO COURT ORDER DATED OCTOBER 22, 2010

By: 

Name: Cathryn J. Frazee

Title: Vice President

Date: 12.29.10

LESSEE:

**TOTAL RENAL CARE, INC.**, a California corporation

By: 

Name: Mark Brattland

Title: Division VP

Date: 12/21/10

*FOR LESSEE'S INTERNAL PURPOSES ONLY:  
APPROVAL BY DAVITA INC. AS TO FORM ONLY*

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

Name: Steve Lieb, Esq.

Title: Group General Counsel

IN TESTIMONY WHEREOF, Lessor and Lessee have caused this Lease to be executed as a sealed instrument, effective as of the day and year first above written.

LESSOR:

**LASALLE 115 HOLDINGS, LLC - SERIES 1**, an Illinois limited liability company, AS ASSIGNEE OF HARRIS N.A., MORTGAGEE IN POSSESSION PURSUANT TO COURT ORDER DATED OCTOBER 22, 2010

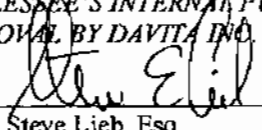
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

LESSEE:

**TOTAL RENAL CARE, INC.**, a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*FOR LESSEE'S INTERNAL PURPOSES ONLY:  
APPROVAL BY DAVITA INC. AS TO FORM ONLY*

By:  \_\_\_\_\_  
Name: Steve Lieb, Esq.  
Title: Group General Counsel

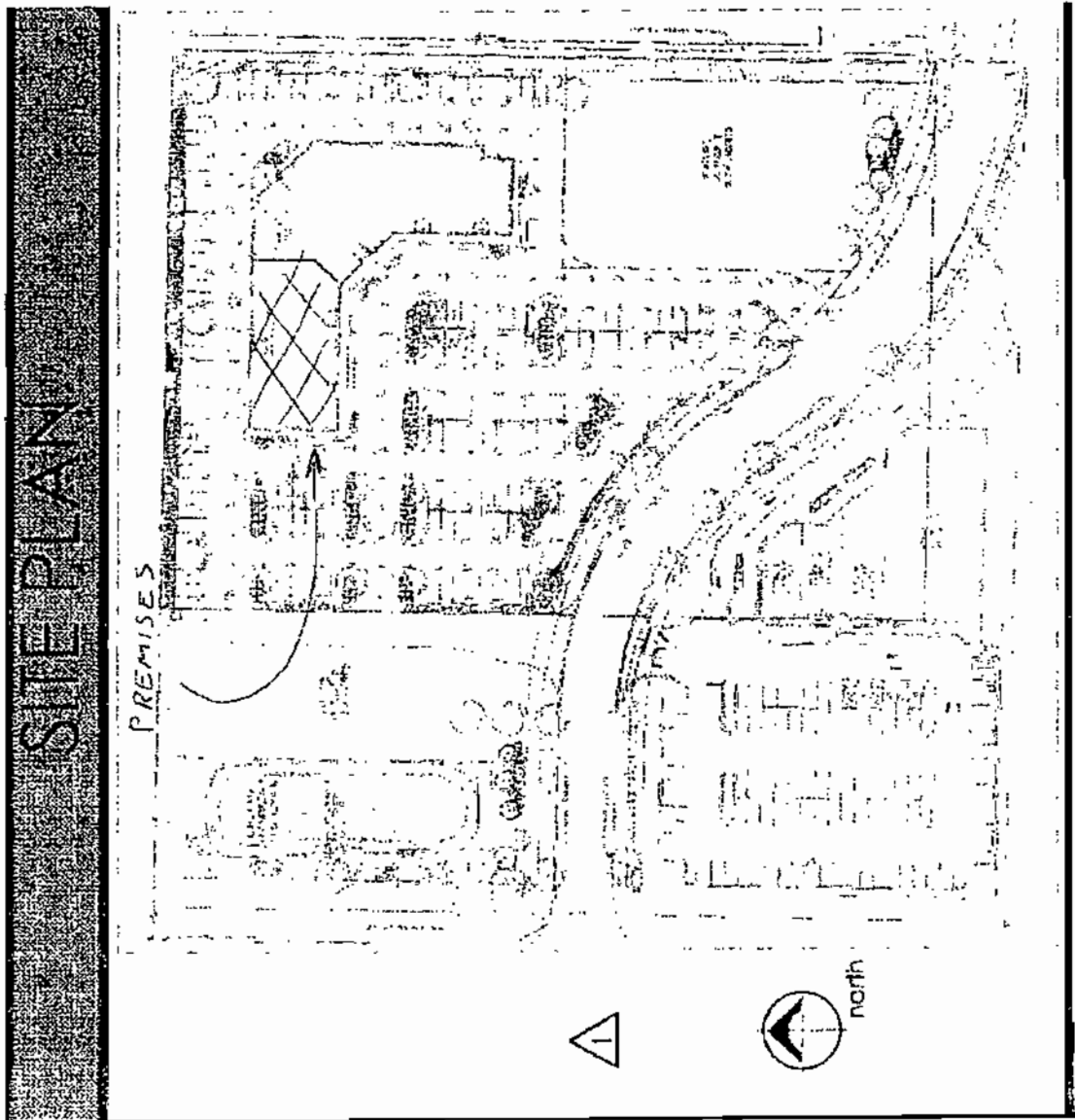


**EXHIBIT A**

**LEGAL DESCRIPTION/BUILDING SITE PLAN**

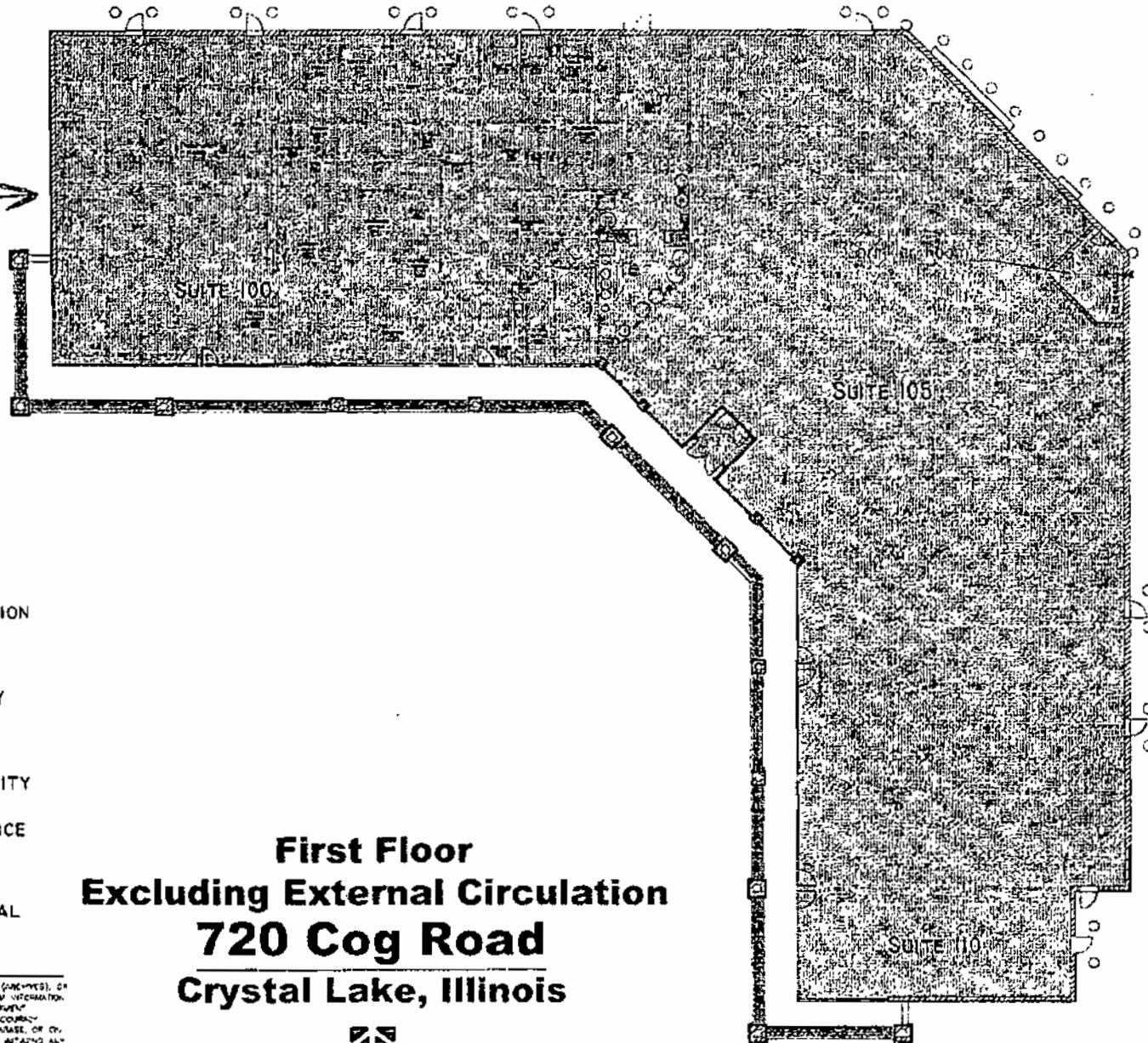
Lot 1 in Pingree Circle Subdivision, being a subdivision of that part of the southwest quarter of Section 3, Township 43 North, Range 8 East of the Third Principal meridian, according to the plat thereof recorded October 5, 2006 as Document No. 2006R0073445 and corrected by Certificate of Correction recorded as Document Number 2006R0082247, in McHenry County, Illinois.

Building Site Plan is attached.



**EXHIBIT B**  
**PREMISES FLOOR PLAN**  
**(attached)**

PREMISES →



**First Floor**  
**Excluding External Circulation**  
**720 Cog Road**  
**Crystal Lake, Illinois**



THE INFORMATION CONTAINED IN THIS CAD/DATABASE (SCHEDULE) OR AS SHOWN ON THIS DOCUMENT, HAS BEEN OBTAINED FROM INFORMATION PROVIDED BY THE CLIENT. THE ARCHITECT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION PROVIDED. THE ARCHITECT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION PROVIDED. THE ARCHITECT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION PROVIDED.

**EXHIBIT C**

**Intentionally Omitted**

**EXHIBIT D**

**FORM W-9**

**(attached)**

# Request for Taxpayer Identification Number and Certification

Give form to the  
requester. Do not  
send to the IRS.

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                              |                                         |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Print or type<br>See Specific Instructions on page 2. | Name (as shown on your income tax return)<br><b>LASALLE 115 HOLDINGS LLC</b>                                                                                                                                                                                                                                                                                                                                 |                                         |
|                                                       | Business name, if different from above                                                                                                                                                                                                                                                                                                                                                                       |                                         |
|                                                       | Check appropriate box: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership<br><input checked="" type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) <b>C</b> <input type="checkbox"/> Exempt payee<br><input type="checkbox"/> Other (see instructions) |                                         |
|                                                       | Address (number, street, and apt. or suite no.)<br><b>111 WEST MONROS STREET</b>                                                                                                                                                                                                                                                                                                                             | Requester's name and address (optional) |
|                                                       | City, state, and ZIP code<br><b>CHICAGO, IL 60603</b>                                                                                                                                                                                                                                                                                                                                                        |                                         |
| List account number(s) here (optional)                |                                                                                                                                                                                                                                                                                                                                                                                                              |                                         |

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

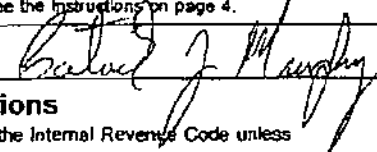
|                                                     |
|-----------------------------------------------------|
| Social security number                              |
| or                                                  |
| Employer identification number<br><b>26-4251064</b> |

## Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

**Certification Instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

|           |                                                                                                              |                     |
|-----------|--------------------------------------------------------------------------------------------------------------|---------------------|
| Sign Here | Signature of U.S. person  | Date <b>2-16-10</b> |
|-----------|--------------------------------------------------------------------------------------------------------------|---------------------|

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest, you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

**EXHIBIT E**

**FORM OF SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

**THIS SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT** (this "Agreement") is entered into as of \_\_\_\_\_, 201\_\_ (the "Effective Date"), between \_\_\_\_\_ (the "Mortgagee"), and \_\_\_\_\_ (the "Lessee").

**WHEREAS**, by Lease dated \_\_\_\_\_, \_\_\_\_\_ (hereinafter called the "Lease"), \_\_\_\_\_ (hereinafter called "Lessor") has leased to Lessee and Lessee has rented from Lessor the approximately \_\_\_\_\_ rentable square feet of leased premises ("Lessee's Premises") located within the \_\_\_\_\_ (such real property, including all buildings, improvements, structures and fixtures located thereon, "Lessor's Premises").

**WHEREAS**, Mortgagee has made a loan to Lessor in the original principal amount of \$ \_\_\_\_\_ (the "Loan"); and

**WHEREAS**, To secure the Loan, Lessor has encumbered Lessor's Premises by entering into that certain Deed of Trust and Security Agreement dated \_\_\_\_\_, in favor of Mortgagee (as amended, increased, renewed, extended, spread, consolidated, severed, restated, or otherwise changed from time to time, the "Mortgage") recorded on \_\_\_\_\_, under Clerk's File No. \_\_\_\_\_, in the Official Public Records of Real Property of the County of \_\_\_\_\_, State of \_\_\_\_\_ (the "Land Records").

**WHEREAS**, Lessee desires that Mortgagee recognize Lessee's rights under the Lease in the event of foreclosure of Mortgagee's lien, and Lessee is willing to agree to attorn to the purchaser at such foreclosure if Mortgagee will recognize Lessee's right of possession under the Lease.

**NOW, THEREFORE**, for and in consideration of their respective covenants herein made and the receipt of other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

**1. Definitions.**

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

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



1.2 *Former Lessor.* A "Former Lessor" means Lessor and any other party that was Lessor under the Lease at any time before the occurrence of any attornment under this Agreement.

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

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

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

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

## **2. Subordination.**

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

## **3. Nondisturbance, Recognition and Attornment.**

3.1 *No Exercise of Mortgage Remedies Against Lessee.* So long as the Lease has not been terminated on account of Lessee's default that has continued beyond applicable cure periods (an "Event of Default"), Mortgagee shall not name or join Lessee as a defendant in any exercise of Mortgagee's rights and remedies arising upon a default under the Mortgage unless applicable law requires Lessee to be made a party thereto as a condition to proceeding against Lessor or prosecuting such rights and remedies. In the latter case, Mortgagee may join Lessee as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Lessee's rights under the Lease or this Agreement in such action. If Mortgagee joins Lessee in such action, Lessor, by executing the Consent hereinafter set forth, agrees to indemnify, defend and hold Lessee harmless from and against any loss, cost or expense incurred or suffered by Lessee, including without limitation, legal fees, in being a party to or arising from such action.

3.2 *Nondisturbance and Attornment.* If the Lease has not been terminated on account of an Event of Default by Lessee, then, when Successor Lessor takes title to Lessor's Premises: (a) Successor Lessor shall not terminate or disturb Lessee's possession or quiet enjoyment of Lessee's Premises under the Lease, except in accordance with the terms of the Lease and this

Agreement; (b) Successor Lessor shall be bound to Lessee under all the terms and conditions of the Lease (except as provided in this Agreement); (c) Lessee shall recognize and attorn to Successor Lessor as Lessee's direct Lessor under the Lease as affected by this Agreement; and (d) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Lessor and Lessee.

3.3 *Further Documentation.* The provisions of Section 3 shall be effective and self-operative without any need for Successor Lessor or Lessee to execute any further documents. Lessee and Successor Lessor shall, however, confirm the provisions of Section 3 writing upon request by either of them.

3.4 *Consent to Lease.* Mortgagee hereby consents to the Lease and all of the terms and conditions thereof.

#### 4. **Protection of Successor Lessor.**

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

4.1 *Claims Against Former Lessor.* Any Offset Right that Lessee may have against any Former Lessor relating to any event or occurrence before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by Former Lessor that occurred before the date of attornment. (The foregoing shall not limit Lessee's right to exercise against Successor Lessor any Offset Right otherwise available to Lessee because of events occurring after the date of attornment, if any).

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

4.3 *Payment; Security Deposit.* Any obligation: (a) to pay Lessee any sum(s) that any Former Lessor owed to Lessee or (b) with respect to any security deposited with Former Lessor, unless such security was actually delivered to Mortgagee.

4.4 *Termination, Surrender, Etc.* Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Lessor and Lessee, unless effected unilaterally by Lessee pursuant to the express terms of the Lease or which results because of a default by Lessor under the Lease.

#### 5. **Miscellaneous.**

5.1 *Notices.* All notices or other communications required or permitted under this Agreement shall be in writing and given by certified mail (return receipt requested) or by nationally recognized overnight courier service that regularly maintains records of items

delivered. Notices shall be effective the next business day after being sent by overnight courier service, and three business days after being sent by certified mail (return receipt requested). Unless and until notice of a change of address is given under this Agreement, notices or other communications shall be given to Mortgagee and Lessee, respectively, at the following address:

Mortgagee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Lessee:

\_\_\_\_\_  
c/o DaVita Inc.  
601 Hawaii Street  
El Segundo, California 90245  
Attn: General Counsel

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

5.2 *Successors and Assigns.* This Agreement shall bind and benefit the parties their successors and assigns, any Successor Lessor, and its successors and assigns.

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

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

5.5 *Mortgagee's Rights and Obligations.* Except as expressly provided for in this Agreement, Mortgagee shall have no obligation to Lessee with respect to the Lease.

5.6 *Interpretation; Governing Law.* The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State where the Premises is located, including its principles of conflict of laws.

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

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

5.9 *Representations.* The parties represent that they each have full authority to enter into this Agreement. Mortgagee agrees to keep a copy of this Agreement in its permanent mortgage records with respect to the Loan.

[Signatures on the next page]

**IN WITNESS WHEREOF**, this Agreement has been duly executed by Mortgagee and Lessee as of the date(s) set forth below.

MORTGAGEE:

LESSEE:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

LESSOR'S CONSENT

Lessor consents and agrees to the foregoing Agreement (including without limitation, the provisions of Section 3.1), which was entered into at Lessor's request. The foregoing Agreement shall not alter, waive or diminish any of Lessor's obligations under the Mortgage or the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Lessee and the obligations of Lessee to enter into a subordination agreement with Mortgagee.

LESSOR:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F**

**FORM OF ESTOPPEL CERTIFICATE**

THIS ESTOPPEL CERTIFICATE is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_ ("Lessee") in connection with that certain Lease Agreement dated \_\_\_\_\_ by and between Lessee and \_\_\_\_\_, as Lessor (the "Lease") for the premises located at \_\_\_\_\_ (the "Premises").

Lessee hereby certifies to \_\_\_\_\_ as follows:

1. A true and correct copy of the Lease together with all amendments is attached hereto as Exhibit "A". There are no other oral or written agreements or understandings between Lessor and Lessee relating to the Premises.
2. The information set forth below is true and correct as of the date hereof:
  - (a) Approximate square footage of the Premises: \_\_\_\_\_ rentable square feet
  - (b) Monthly installment of Rent as of the date hereof: \$ \_\_\_\_\_
  - (c) Commencement Date: \_\_\_\_\_
  - (d) Termination Date: \_\_\_\_\_
  - (e) Security deposit: \_\_\_\_\_
  - (f) Prepaid rent in the amount of: \_\_\_\_\_
  - (g) Renewal Options: \_\_\_\_\_
3. Lessee has accepted possession of the Premises and is in occupancy thereof under the Lease. As of the date hereof, the Lease is in full force and effect.
4. To the best of Lessee's actual knowledge and belief, without inquiry or investigation, there exists no default, no facts or circumstances exist that, with the passage of time or giving of notice, will or could constitute a default, event of default, or breach on the part of either Lessee or Lessor.
5. No rent has been or will be paid more than thirty (30) days in advance.
6. Lessee has no right of first refusal, option, or other right to purchase the Building or any part thereof, including, without limitation, the Premises.

[Signature page follows]

IN WITNESS WHEREOF, Lessee has executed this Estoppel Certificate as of the date first above written.

LESSEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*FOR LESSEE'S INTERNAL PURPOSES ONLY:  
APPROVAL AS TO FORM ONLY*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Group General Counsel  
Date: \_\_\_\_\_

**EXHIBIT A TO ESTOPPEL CERTIFICATE**

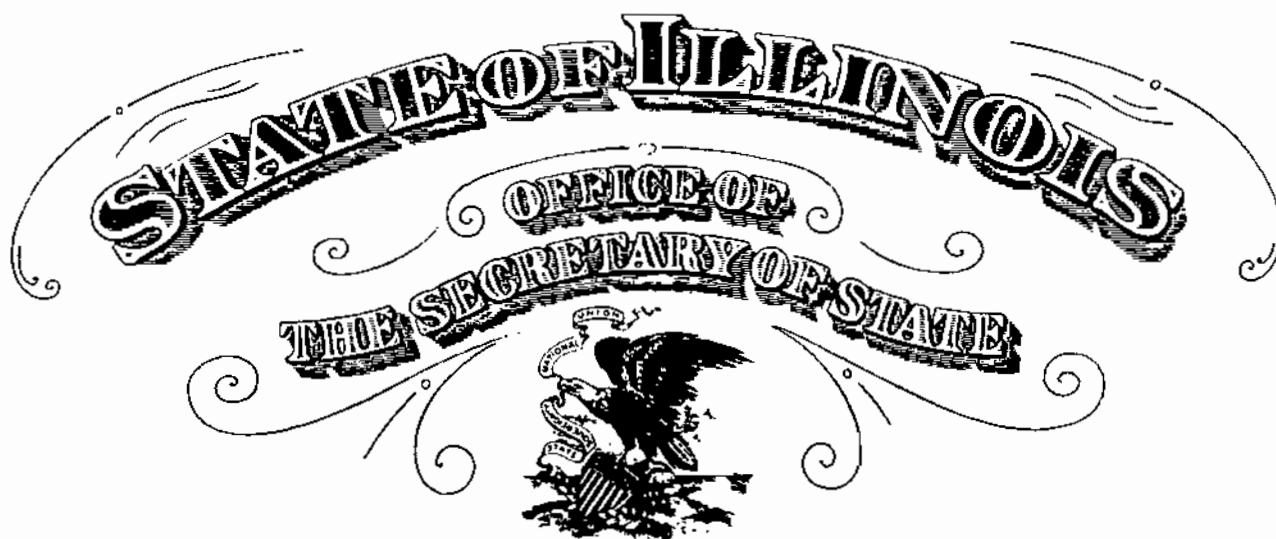
COPY OF LEASE

(attached)



**Section 1, Identification, General Information, and Certification**  
**Operating Identity/Licensee**

The Illinois Certificate of Good Standing for Seasons Dialysis, LLC is attached at Attachment – 3.



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

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

SEASONS DIALYSIS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 23, 2010, 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.



Authentication #: 1204602486

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

*In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 15TH  
day of FEBRUARY A.D. 2012 .*

*Jesse White*

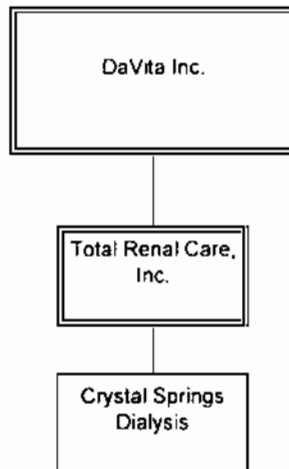
SECRETARY OF STATE

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

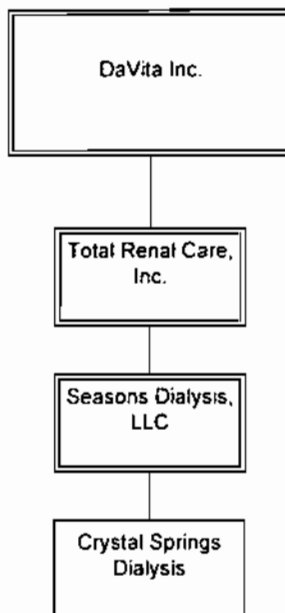
The organizational charts for DaVita, Inc. and Seasons Dialysis, LLC are attached at Attachment – 4.

# Crystal Springs Dialysis Organizational Structure

## Before



## After



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

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

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

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

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

The Applicants propose a change of the operating entity, Total Renal Care, Inc. There are no costs associated with this project. Accordingly, this criterion is not applicable.

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

The Applicants are fit, willing and able, and have the qualifications, background and character to adequately provide a proper standard of health care services for the community. DaVita is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and empowering patients, and community outreach. A copy of DaVita's 2010 Community Care report, much of which is outlined below, details DaVita's commitment to quality, patient centric focus and community outreach was previously submitted on January 24, 2012 as part of the Applicants' application for project No. 12-008.

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

There are over 26 million patients with CKD and that number is expected to rise. Current data reveals two troubling trends, which help explain the growing need for dialysis services:

- The prevalence of identified CKD stages 1 to 4 has increased from 10% to 15.1% between 1988 and 2008<sup>1</sup>
- Increasing prevalence in the diagnosis of diabetes and hypertension, the two major causes of CKD<sup>2</sup>

Additionally, DaVita's EMPOWER program helps to improve intervention and education for pre-ESRD patients. Approximately 65-75% of CKD Medicare patients have never been evaluated by a nephrologist.<sup>3</sup> Timely CKD care is imperative for patient morbidity and mortality. Adverse outcomes of CKD can often be prevented or delayed through early detection and treatment. Several studies have shown that early detection, intervention and care of CKD may result in improved patient outcomes and reduce ESRD:

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

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

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<sup>1</sup> US Renal Data System, USRDS 2011 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, Bethesda, MD: National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases; 2011.

<sup>2</sup> Int'l Diabetes Found., *One Adult in Ten will have Diabetes by 2030* (Nov. 14, 2011), available at <http://www.idf.org/media-events/press-releases/2011/diabetes-atlas-5th-edition>.

<sup>3</sup> US Renal Data System, USRDS 2011 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, Bethesda, MD: National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases; 2011.



of untreated CKD. DaVita's EMPOWER program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

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

DaVita's CathAway program seeks to reduce the number of patients with central venous catheters ("CVC"). Instead patients receive arteriovenous fistula ("AV fistula") placement. AV fistulas have superior patency, lower complication rates, improved adequacy, lower cost to the healthcare system, and decreased risk of patient mortality compared to CVCs. In July 2003, the Centers for Medicare and Medicaid Services, the End Stage Renal Disease Networks and key providers jointly recommended adoption of a National Vascular Access Improvement Initiative ("NVAII") to increase the appropriate use of AV fistulas for hemodialysis. The CathAway program is designed to comply with NVAII through patient education outlining the benefits for AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. DaVita is an industry leader in the rate of fistula use and had the lowest day-90 catheter rates among large dialysis providers in 2010.

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

In an effort to reduce the length of hospital inpatient stays and readmissions, DaVita partners with hospitals to provide faster, more accurate ESRD patient placement through its Patient Pathways program. Importantly, Patient Pathways is not an intake program. An unbiased onsite liaison, who specializes in ESRD patient care, meets with both newly diagnosed and existing ESRD patients to assess their current ESRD care and provide information about insurance, treatment modalities, outpatient care, financial obligations before discharge, and grants available to ESRD patients. Patients choose a provider/center that best meets their needs for insurance, preferred nephrologists, transportation, modality and treatment schedule.

DaVita currently partners with over 280 hospitals nationwide through Patient Pathways. Patient Pathways has demonstrated benefits to hospitals, patients, physicians and dialysis centers. The program has resulted in a 0.5 day reduction in average length of stay for both new admissions and readmissions and an 11% reduction in average acute dialysis treatments per patient. Moreover, patients are better educated and arrive at the dialysis center more prepared and less stressed. They have a better understanding of their insurance coverage and are more engaged and satisfied with their choice of dialysis facility. As a result, patients have higher attendance rates, are more compliant with their dialysis care, and have fewer avoidable readmissions.

Furthermore, in an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$509 million in savings to the health care system and the American taxpayer in 2010.

DaVita is also committed to sustainability and reducing its carbon footprint. In fact, it is the only kidney care company recognized by the Environmental Protection Agency for its sustainability initiatives. In 2010, DaVita opened the first LEED-certified dialysis center in the U.S. Furthermore, it saves

Attachment – 11

approximately 8.5 million pounds of medical waste through dialyzer reuse and it also diverts 95% of its waste through composting and recycling programs. It has also undertaken a number of similar initiatives at its offices and is seeking LEED Gold certification for its corporate headquarters.

DaVita consistently raises awareness to community needs and makes cash contributions to organizations aimed at improving access to kidney care. In 2010, DaVita donated more than \$2 million to kidney disease- awareness organizations such as the Kidney TRUST, the National Kidney Foundation, the American Kidney Fund, and several other organizations. Its own employees assisted in these initiatives by raising more than \$3.4 million through Tour DaVita and DaVita Kidney Awareness Run/Walks.

DaVita does not limit its community engagement to the U.S. alone. It founded Bridge of Life, a 501(c)(3) nonprofit organization that operates on donations to bring care to those for whom it is out of reach. In addition to contributing dialysis equipment to DaVita Medical Missions, Bridge of Life has accomplished 18 Missions since 2006, with more than 75 participating teammates spending more than 650 days abroad. It provided these desperately needed services in Cameroon, India, Ecuador, Guatemala, and the Philippines, and trained many health care professionals there as well.

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

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

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

Dialysis facilities are currently not subject to State Licensure in Illinois.

2. Certification that no adverse action has been taken against either of the Applicants or against any health care facilities owned or operated by the Applicants in Illinois within three years preceding the filing of this application is attached at Attachment – 11C.
3. An authorization permitting the Illinois Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11C.



Office of the Chief  
Medical Officer (OCMO)  
Aron R. Hershenson, MD  
Chief Medical Officer  
Harrold M. Hershenson, MD  
Robert Provenzano, MD  
John R. Hershenson, MD  
David E. Van Vleet, MD

April 30, 2009

Dear Physicians:

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



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



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

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

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

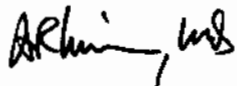
DaVita.

#### Launch Kits:

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

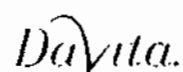
Your support of these efforts is crucial. As always, I welcome your feedback, questions and ideas. Together with you, our physician partners, we will drive catheter use to all-time lows and help give our incident patients the quality and length of life they deserve.

Sincerely,



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

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





# Knowledge is power.

EMPOWER® is an educational program by DaVita®. The program includes a series of free community based classes for patients with chronic kidney disease (CKD). These classes encourage you to take control of your kidney disease and prepare for dialysis by making healthy choices about your kidney care

## **Taking Control Of Kidney Disease**

Learn how to slow the progression of kidney disease.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

## **Making Healthy Choices**

Learn how to prepare for dialysis.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

## **Treatment Choices**

An in-depth look at all of your treatment choices.

- Kidney disease and related conditions
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

**To register for a class, call 1-888-MyKidney (695-4363).**

EMPOWER®  
1-888-MyKidney (695-4363) | [DaVita.com/EMPOWER](http://DaVita.com/EMPOWER)

*DaVita®*



Dear Physician Partners:

IMPACT™ is an initiative focused on reducing incident patient mortality. The program provides a comprehensive onboarding process for incident patients, with program materials centered on four key clinical indicators—access, albumin, anemia, and adequacy.

**Medical Directors: How can you support IMPACT in your facilities?**

- Customize the new Standard Admission Order template into facility-specific orders.
- Drive use of the standard order with your attending physicians
- Review your facility IMPACT scorecard at your monthly QIFMM meeting
- Talk about IMPACT regularly with your attending physicians

**Attending Physicians: How can you support IMPACT in your facilities?**

- Use the IMPACT scorecard to assess incident patients
- Educate teammates about the risk incident patients face and how IMPACT can help

**How was IMPACT developed? What are the initial results?**

From October 2007 to April 2009, IMPACT was piloted in DaVita® centers. Early results, presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN this April, showed an 8% reduction in annualized mortality. In addition to lower mortality, IMPACT patients showed improvements in fistula placement rates and serum albumin levels. The results are so impressive that we are implementing this program throughout the Village.

**Your support of this effort is crucial.**

If you have not seen the IMPACT order template and scorecard by the end of June, or if you have additional questions about the program, email [impact@davita.com](mailto:impact@davita.com). Together we can give our incident patients the quality and length of life they deserve.

Sincerely,

Dennis Kogod  
Chief Operating Officer

Allen R. Nissenson, MD, FACP  
Chief Medical Officer

*DaVita.*

One Life Plaza • 601 Hawn Street, E. • Secaucus, NJ 07094 • 201-991-3476 • [www.davita.com](http://www.davita.com)



*Davita*®

Attachment - 11A



FOR IMMEDIATE RELEASE

## **DaVita's IMPACT Program Reduces Mortality for New Dialysis Patients**

*Study Shows New Patient Care Model Significantly Improves Patient Outcomes*

**El Segundo, Calif., (March, 29, 2009)** DaVita Inc., a leading provider of kidney care services for those diagnosed with chronic kidney disease (CKD), today released the findings of a study revealing DaVita's IMPACT™ (Incident Management of Patients, Actions Centered on Treatment) pilot program can significantly reduce mortality rates for new dialysis patients. The study presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN details how the IMPACT patient care model educates and manages dialysis patients within the first 90 days of treatment, when they are most unstable and are at highest risk. In addition to lower mortality rates, patient outcomes improved - confirming the health of this vulnerable patient population is better supported under DaVita's *Relentless Pursuit of Quality*™ care.

The pilot program was implemented with 606 patients completing the IMPACT program over a 12 month period in 44 DaVita centers around the nation. IMPACT focuses on patient education and important clinical outcomes - such as the measurement of adequate dialysis, access placement, anemia, and albumin levels - monitoring the patient's overall health in the first 90 days on dialysis. Data reflects a reduction in annualized mortality rates by eight percent for IMPACT patients compared with non-IMPACT patients in the DaVita network. Given that DaVita has roughly 28,000 new patients starting dialysis every year, this reduction affects a significant number of lives.

In addition, a higher number of IMPACT patients versus non-IMPACT patients had an arteriovenous fistula (AVF) in place. Research shows that fistulas - the surgical connection of an artery to a vein - last longer and are associated with lower rates of infection, hospitalization and death compared to all other access choices.

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

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

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

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



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

## Incident Management of Hemodialysis Patients: Managing the First 90 Days

John Robertson<sup>1</sup>, Pooja Goel<sup>1</sup>, Grace Chen<sup>1</sup>, Ronald Levine<sup>1</sup>, Debbie Benner<sup>1</sup>, and Amy Burdan<sup>1</sup>

<sup>1</sup>DaVita Inc., El Segundo, CA, USA

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

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

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

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

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

**Headquarters**

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

**IMPACT**

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

**DaVita.com**

**Our Mission**

To be the Provider,  
Partner and Employer  
of Choice

**Core Values**

Service Excellence  
Integrity  
Team  
Continuous Improvement  
Accountability  
Fulfillment  
Fun

**DaVita Inc.  
Illinois Facilities**

| <b>Regulatory Name</b>             | <b>Address 1</b>            | <b>City</b>       | <b>County</b> | <b>State</b> | <b>Zip</b> | <b>Medicare Certification Number</b> |
|------------------------------------|-----------------------------|-------------------|---------------|--------------|------------|--------------------------------------|
| Adams County Dialysis              | 436 N 10TH ST               | QUINCY            | ADAMS         | IL           | 62301-4152 | 14-2711                              |
| Alton Dialysis                     | 3511 COLLEGE AVE            | ALTON             | MADISON       | IL           | 62002-5009 | 14-2619                              |
| Benton Dialysis                    | 1151 ROUTE 14 W             | BENTON            | FRANKLIN      | IL           | 62812-1500 | 14-2608                              |
| Beverly Dialysis                   | 8109 SOUTH WESTERN AVE      | CHICAGO           | COOK          | IL           | 60620-5939 | 14-2638                              |
| Big Oaks Dialysis                  | 5623 W TOUHY AVE            | NILES             | COOK          | IL           | 60714-4019 | 14-2712                              |
| Centralia Dialysis                 | 1231 STATE ROUTE 161        | CENTRALIA         | MARION        | IL           | 62801-6739 | 14-2609                              |
| Chicago Heights Dialysis           | 177 W JOE ORR RD            | CHICAGO HEIGHTS   | COOK          | IL           | 60411-1733 | 14-2635                              |
| Churchview Dialysis                | 5970 CHURCHVIEW DR          | ROCKFORD          | WINNEBAGO     | IL           | 61107-2574 | 14-2640                              |
| Cobblestone Dialysis               | 934 CENTER ST               | ELGIN             | KANE          | IL           | 60120-2125 | 14-2715                              |
| Crystal Springs Dialysis           | 720 COG CIRCLE              | CRYSTAL LAKE      | MCHENRY       | IL           | 60014-7301 | 14-2716                              |
| Decatur East Wood Dialysis         | 794 E WOOD ST               | DECATUR           | MACON         | IL           | 62523-1155 | 14-2599                              |
| Dixon Kidney Center                | 1131 N GALENA AVE           | DIXON             | LEE           | IL           | 61021-1015 | 14-2651                              |
| Driftwood Dialysis                 |                             |                   |               |              |            |                                      |
| DSI Arlington Heights Renal Center | 17 West Golf Road           | Arlington Heights | COOK          | IL           | 60005-3905 | 14-2628                              |
| DSI Buffalo Grove Renal Center     | 1291 W. Dundee Road         | Buffalo Grove     | COOK          | IL           | 60089-4009 | 14-2650                              |
| DSI Evanston Renal Center          | 1715 Central Street         | Evanston          | COOK          | IL           | 60201-1507 | 14-2511                              |
| DSI Hazel Crest Renal Center       | 3470 West 183rd Street      | Hazel Crest       | COOK          | IL           | 60429-2428 | 14-2622                              |
| DSI Loop Renal Center              | 1101 South Canal Street,    | Chicago           | COOK          | IL           | 60607-4901 | 14-2505                              |
| DSI Markham Renal Center           | 3053-3055 West 159th Street | Markham           | COOK          | IL           | 60428-4026 | 14-2575                              |
| DSI Schaumburg Renal Center        | Town Center, NW Corner      | Schaumburg        | COOK          | IL           | 60193-4072 | 14-2654                              |
| DSI South Holland Renal Center     | 16136 South Park Avenue     | South Holland     | COOK          | IL           | 60473-1511 | 14-2544                              |
| DSI Waukegan Renal Center          | 1616 North Grand Avenue     | Waukegan          | LAKE          | IL           | 60085-3676 | 14-2577                              |
| Edwardsville Dialysis              | 235 S BUCHANAN ST           | EDWARDSVILLE      | MADISON       | IL           | 62025-2108 | 14-2701                              |
| Effingham Dialysis                 | 904 MEDICAL PARK DR         | EFFINGHAM         | EFFINGHAM     | IL           | 62401-2193 | 14-2580                              |
| Emerald Dialysis                   | 710 W 43RD ST               | CHICAGO           | COOK          | IL           | 60609-3435 | 14-2529                              |

**DaVita Inc.  
Illinois Facilities**

| <b>Regulatory Name</b>        | <b>Address 1</b>           | <b>City</b>  | <b>County</b> | <b>State</b> | <b>Zip</b> | <b>Medicare Certification Number</b> |
|-------------------------------|----------------------------|--------------|---------------|--------------|------------|--------------------------------------|
| Freeport Dialysis             | 1028 S KUNKLE BLVD         | FREEPORT     | STEPHENSON    | IL           | 61032-6914 | 14-2642                              |
| Granite City Dialysis Center  | 9 AMERICAN VLG             | GRANITE CITY | MADISON       | IL           | 62040-3706 | 14-2537                              |
| Illini Renal Dialysis         | 507 E UNIVERSITY AVE       | CHAMPAIGN    | CHAMPAIGN     | IL           | 61820-3828 | 14-2633                              |
| Jacksonville Dialysis         | 1515 W WALNUT ST           | JACKSONVILLE | MORGAN        | IL           | 62650-1150 | 14-2581                              |
| Jerseyville Dialysis          | 917 S STATE ST             | JERSEYVILLE  | JERSEY        | IL           | 62052-2344 | 14-2636                              |
| Kankakee County Dialysis      | 581 WILLIAM R LATHAM SR DR | BOURBONNAIS  | KANKAKEE      | IL           | 60914-2439 | 14-2685                              |
| Kennedy Home Dialysis         | 5509 N CUMBERLAND AVE      | CHICAGO      | COOK          | IL           | 60656-4702 | 14-2691                              |
| Lake County Dialysis Services | 918 S MILWAUKEE AVE        | LIBERTYVILLE | LAKE          | IL           | 60048-3229 | 14-2552                              |
| Lake Park Dialysis            | 1531 E HYDE PARK BLVD      | CHICAGO      | COOK          | IL           | 60615-3039 | 14-2717                              |
| Lake Villa Dialysis           | 37809 N IL ROUTE 59        | LAKE VILLA   | LAKE          | IL           | 60046-7332 | 14-2666                              |
| Lincoln Dialysis              | 2100 WEST FIFTH            | LINCOLN      | LOGAN         | IL           | 62656-9115 | 14-2582                              |
| Lincoln Park Dialysis         | 3157 N LINCOLN AVE         | CHICAGO      | COOK          | IL           | 60657-3111 | 14-2528                              |
| Litchfield Dialysis           | 915 ST FRANCES WAY         | LITCHFIELD   |               | IL           | 62056-1775 | 14-2583                              |
| Little Village Dialysis       | 2335 W CERMAK RD           | CHICAGO      | COOK          | IL           | 60608-3811 | 14-2668                              |
| Lockport Home Dialysis        | 16626 W 159TH ST           | LOCKPORT     | WILL          | IL           | 60441-8019 | 14-2697                              |
| Logan Square Dialysis         | 2659 N MILWAUKEE AVE       | CHICAGO      | COOK          | IL           | 60647-1643 | 14-2534                              |
| Macon County Dialysis         | 1090 W MCKINLEY AVE        | DECATUR      | MACON         | IL           | 62526-3208 | 14-2584                              |
| Marion Dialysis               | 324 S 4TH ST               | MARION       | WILLIAMSON    | IL           | 62959-1241 | 14-2570                              |
| Maryville Dialysis            | 2130 VADALABENE DR         | MARYVILLE    | MADISON       | IL           | 62062-5632 | 14-2634                              |
| Maryville Home Dialysis       | 2136B VADALABENE DR        | MARYVILLE    | MADISON       | IL           | 62062-5632 | 14-2686                              |
| Mattoon Dialysis              | 200 RICHMOND AVE E         | MATTOON      | COLES         | IL           | 61938-4652 | 14-2585                              |
| Metro East Dialysis           | 5105 W MAIN ST             | BELLEVILLE   | SAINT CLAIR   | IL           | 62226-4728 | 14-2527                              |
| Montclare Dialysis Center     | 7009 W BELMONT AVE         | CHICAGO      | COOK          | IL           | 60634-4533 | 14-2649                              |
| Mount Vernon Dialysis         | 1800 JEFFERSON AVE         | MOUNT VERNON | JEFFERSON     | IL           | 62864-4300 | 14-2541                              |
| Mt. Greenwood Dialysis        | 3401 W 111TH ST            | CHICAGO      | COOK          | IL           | 60655-3329 | 14-2660                              |

**DaVita Inc.  
Illinois Facilities**

| <b>Regulatory Name</b>         | <b>Address 1</b>        | <b>City</b> | <b>County</b> | <b>State</b> | <b>Zip</b> | <b>Medicare Certification Number</b> |
|--------------------------------|-------------------------|-------------|---------------|--------------|------------|--------------------------------------|
| Olney Dialysis Center          | 117 N BOONE ST          | OLNEY       | RICHLAND      | IL           | 62450-2109 | 14-2674                              |
| Olympia Fields Dialysis Center | 4557B LINCOLN HWY       | MATTESON    | COOK          | IL           | 60443-2318 | 14-2548                              |
| Pittsfield Dialysis            | 640 W WASHINGTON ST     | PITTSFIELD  | PIKE          | IL           | 62363-1350 | 14-2708                              |
| Robinson Dialysis              | 1215 N ALLEN ST         | ROBINSON    | CRAWFORD      | IL           | 62454-1100 | 14-2714                              |
| Rockford Dialysis              | 3339 N ROCKTON AVE      | ROCKFORD    | WINNEBAGO     | IL           | 61103-2839 | 14-2647                              |
| Roxbury Dialysis Center        | 622 ROXBURY RD          | ROCKFORD    | WINNEBAGO     | IL           | 61107-5089 | 14-2665                              |
| Rushville Dialysis             | 112 SULLIVAN DRIVE      | RUSHVILLE   | SCHUYLER      | IL           | 62681-1293 | 14-2620                              |
| Sauget Dialysis                | 2061 GOOSE LAKE RD      | SAUGET      | SAINT CLAIR   | IL           | 62206-2822 | 14-2561                              |
| Skyline Home Dialysis          | 7009 W BELMONT AVE      | CHICAGO     | COOK          | IL           | 60634-4533 | 14-2560                              |
| Springfield Central Dialysis   | 932 N RUTLEDGE ST       | SPRINGFIELD | SANGAMON      | IL           | 62702-3721 | 14-2586                              |
| Springfield Montvale Dialysis  | 2930 MONTVALE DR        | SPRINGFIELD | SANGAMON      | IL           | 62704-5376 | 14-2590                              |
| Stonecrest Dialysis            | 1302 E STATE ST         | ROCKFORD    | WINNEBAGO     | IL           | 61104-2228 | 14-2615                              |
| Stony Creek Dialysis           | 9115 S CICERO AVE       | OAK LAWN    | COOK          | IL           | 60453-1895 | 14-2661                              |
| Stony Island Dialysis          | 8725 S STONY ISLAND AVE | CHICAGO     | COOK          | IL           | 60617-2709 | 14-2718                              |
| Sycamore Dialysis              | 2200 GATEWAY DR         | SYCAMORE    | DEKALB        | IL           | 60178-3113 | 14-2639                              |
| Taylorville Dialysis           | 901 W SPRESSER ST       | TAYLORVILLE | CHRISTIAN     | IL           | 62568-1831 | 14-2587                              |
| TRC Children's Dialysis Center | 2611 N HALSTED ST       | CHICAGO     | COOK          | IL           | 60614-2301 | 14-2604                              |
| Vandalia Dialysis              | 301 MATTES AVE          | VANDALIA    | FAYETTE       | IL           | 62471-2061 | 14-2693                              |
| Wayne County Dialysis          | 303 NW 11TH ST          | FAIRFIELD   | WAYNE         | IL           | 62837-1203 | 14-2688                              |

**DaVita Inc.  
Illinois Facilities**

| <b>Regulatory Name</b> | <b>Address 1</b>  | <b>City</b> | <b>County</b> | <b>State</b> | <b>Zip</b> | <b>Medicare<br/>Certification<br/>Number</b> |
|------------------------|-------------------|-------------|---------------|--------------|------------|----------------------------------------------|
| West Lawn Dialysis     | 7000 S PULASKI RD | CHICAGO     | COOK          | IL           | 60629-5842 | 14-2719                                      |
| Whiteside Dialysis     | 2600 N LOCUST     | STERLING    | WHITESIDE     | IL           | 61081-4602 | 14-2648                                      |
| Woodlawn Dialysis      | 1164 E 55TH ST    | CHICAGO     | COOK          | IL           | 60615-5115 | 14-2310                                      |

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1551 Wewatta Street  
Denver, CO 80202  
Tel: (303) 405-2100  
www.davita.com

February 15, 2012

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

**Re: Adverse Action and Access to Information**

Dear Chairman Galassie:

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

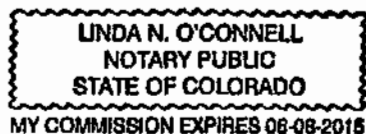
Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit.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

Sincerely,

Luis Borgen  
Chief Financial Officer  
DaVita Inc.  
Seasons Dialysis, LLC

Subscribed and sworn to me  
This 15<sup>th</sup> day of February, 2012

Notary Public



**Section III, Project Purpose, Background and Alternatives – Information Requirements**  
**Criterion 1110.230(b), Project Purpose, Background and Alternatives**

Purpose of the Project

This is a corporate reorganization to change from a corporation to a limited liability company. There will be no change of control as DaVita Inc. will remain the ultimate parent. However, Section 1130.140 of the Health Facility Review Board Rules requires a CON permit to change the operating entity from a corporation to a limited liability company.



**Section III, Project Purpose, Background and Alternatives – Information Requirements**  
**Criterion 1110.230(c), Project Purpose, Background and Alternatives.**

Alternatives

This is a corporate reorganization to change from a corporation to a limited liability company. Accordingly, a discussion of alternatives is not applicable.

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

Attached as Attachment – 19A is a copy of the Assignment and Assumption and Bill of Transfer between Total Renal Care, Inc. and Seasons Dialysis, LLC.

1. Change in Services Currently Offered

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

2. Operating Entity

Seasons Dialysis, LLC will become the new operating entity as a result of the proposed change in ownership.

3. Reason for the Transaction

The Applicants propose to change the operating entity from a corporation to a limited liability company resulting in a new operating entity, Seasons Dialysis, LLC, operating the facility. Total Renal Care, Inc. will be the sole corporate member of Seasons Dialysis, LLC and will transfer all of the assets of Crystal Springs Dialysis to Seasons Dialysis, LLC. DaVita Inc. will maintain final control over the operator. There will be no change in the gross square footage, services, or day-to-day operations as a result of this transaction.

4. Anticipated Additions or Reductions of Employees

There will be no reduction in employees at the facility for a period of two years from the date of the change of ownership other than in the normal course of business. Staffing hours and/or positions will be added or reduced according to patient census and care needs.

5. Cost-Benefit Analysis

As set forth throughout this application, the proposed transaction is a corporate reorganization to change from a corporation to a limited liability company. There are no costs associated with this transaction.

## ASSIGNMENT AND ASSUMPTION AND BILL OF TRANSFER

This Assignment and Assumption and Bill of Transfer (the "**Agreement**"), is made and entered into this 16th day of February, 2012 (the "**Execution Date**") by and among Total Renal Care, Inc., a California corporation ("**Assignor**") and Seasons Dialysis, LLC, a Delaware limited liability company ("**Assignee**").

**WHEREAS**, Assignor operates the freestanding renal dialysis center known as "Crystal Springs Dialysis" and located at 720 Cog Circle, Crystal Lake, Illinois 60014 (the "**Center**");

**WHEREAS**, Assignor desires to convey, transfer, assign and deliver to Assignee, all of the tangible and intangible assets used or useable and necessary in connection with the operation of the Center (the "**Assets**") and the Transferred Liabilities (as define in Section 2(a) below), and Assignee desires to accept and assume the Assets and the Transferred Liabilities; and

**WHEREAS**, the effective date of this Agreement is subject to the approval of the transfer or reissuance of the certificate of need for the Center by the Illinois Health Facilities and Services Review Board of the Illinois Department of Public Health which is anticipated to take place prior to May 1, 2012 (the "**Effective Date**").

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and agreements therein and hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Bill of Transfer.

(a) As of the Effective Date, Assignor hereby conveys, transfers, assigns and delivers to Assignee, its successors and assigns, the Assets, and Assignee does hereby acquire from Assignor, all right, title and interest in, to and under the Assets. The Assets shall include all rights, privileges, hereditaments and appurtenances belonging, incident or appertaining to the Assets.

(b) It is understood by both Assignor and Assignee that, contemporaneously with the execution and delivery of this Agreement, Assignor may be executing and delivering to Assignee certain further assignments and other instruments of transfer which in particular cover certain of the property and assets described herein, the purpose of which is to supplement, facilitate and otherwise implement the transfer intended hereby.

2. Assignment and Assumption of Transferred Liabilities.

(a) As of the Effective Date, Assignor hereby assigns to Assignee, its successors and assigns, and Assignee hereby assumes: (i) salaries, wages, benefits and accrued paid time off applicable to the employees of Assignor who were rendering services on behalf of the Center prior to the Effective Date, regardless of whether such employees remain Assignor employees and are leased or otherwise provided to Assignee or if such employees become Assignee employees directly; (ii) any and all existing debts, liens, claims, encumbrances, liabilities and obligations to which the Center or any of the Assets may be subject as of the Effective Date, including all accounts payable incurred or accrued in connection with the

development and, if applicable, the operation of the Center prior to the Effective Date; and (iii) all obligations arising on and after the Effective Date under all contracts and leases relating to the Center and assigned to Assignee (the "**Assigned Contracts**"). Clauses (i) – (iii) above are hereinafter referred to as the "Transferred Liabilities."

(b) Any payment that may be received by Assignor to which Assignee is entitled by reason of this Agreement shall be received by Assignor as trustee for Assignee, and will be delivered promptly to Assignee.

(c) In the event that Assignor and/or Assignee determines after execution of this Agreement that one or more contracts or agreements between Assignor and any third party necessary to operate the Assets was not designated as an Assigned Contract (each an "**Omitted Agreement**"), and the parties consent in writing to the assignment and assumption of such Omitted Agreement, which consent shall not be unreasonably withheld, then, such Omitted Agreement shall be deemed assigned by Assignor to Assignee as of 12:01 a.m. on the Effective Date.

(d) Notice of the assignment under this Agreement may be given at the option of either party to all parties to the Assigned Contracts (other than Assignor) or to such parties' duly authorized agents.

(e) The assumption by Assignee of any Transferred Liabilities shall not enlarge the rights of any third party with respect to any Transferred Liabilities, nor shall it prevent Assignee, with respect to any party other than Assignor, from contesting or disputing any Transferred Liability.

(f) Assignor hereby grants Assignee a license to use its name, provider numbers and employer identification number on the terms set forth below. From the period of time commencing on the Effective Date and until Assignee's receipt of written notification from the Center for Medicare and Medicaid Services ("CMS") and/or Assignor's fiscal intermediary indicating that CMS has processed and approved Assignee's change of ownership application (the "Medicare CHOW Approval"), to the extent permitted by law and to ensure cash flow to the Center during such period of time while the change of ownership application is processed, Assignee shall submit claims for services provided at the Center using Assignor's name, provider numbers, employer identification number and electronic funds transfer arrangements, as permitted by the Medicare Program Integrity Manual. Assignor shall not close or otherwise modify the Assignor's electronic funds transfer arrangement with third party payors until Assignee has received the Medicare CHOW Approval.

3. Consideration. In consideration of the transfer by Assignor to Assignee of the Assets, Assignee shall assume from Assignor the Transferred Liabilities.

4. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

5. Further Assurances. After the Execution Date, each party will from time to time, at the other party's request and without further cost to the party receiving the request, execute and deliver to the requesting party such other instruments and take such other action as the

requesting party may reasonably request so as to enable it to exercise and enforce its rights under and fully enjoy the benefits and privileges with respect to this Agreement and to carry out the provisions and purposes hereof.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois applicable to contracts made and to be performed in that State without giving effect to conflicts of law principle.

7. Counterparts. This Agreement may be signed in any number of counterparts and all such counterparts shall be read together and construed as one and the same document.

**[Signatures on following page.]**

IN WITNESS WHEREOF, the undersigned have caused this Assignment and Assumption and Bill of Transfer to be duly executed on their behalf on the date first written above.

**ASSIGNOR:**

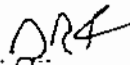
**Total Renal Care, Inc.,**  
a California Corporation

By:   
Print: David Finn  
Title: Vice President

**ASSIGNEE:**

**Seasons Dialysis, LLC,**  
a Delaware limited liability company

By its LLC Manager,  
Total Renal Care, Inc.

By:   
Print: David Finn  
Title: Vice President

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

1. Current Admissions Policy

There will be no change in the entity with final control as a result of this transaction. The admissions policy for DaVita, Inc. is attached as Attachment 19-B.

2. Proposed Admissions Policy

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

3. Admission Policy Certification

A letter from DaVita's CFO certifying the admissions policies of Seasons Dialysis, LLC will not become more restrictive is attached as Attachment 19-C.

**TITLE: ACCEPTING END STAGE RENAL DISEASE PATIENTS FOR TREATMENT**

---

**PURPOSE:** To establish requirements for admitting End Stage Renal Disease (ESRD) patients to a DaVita dialysis facility and to allow DaVita to obtain necessary information from the patient/personal representative and to enter the correct information into the appropriate information system prior to providing dialysis treatment to a patient at a DaVita dialysis facility.

**DEFINITION(S):**

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

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

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

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

**Note:** California facilities for all Medi Cal (Medicaid program for California) patients a new form must be signed the first full week in January regardless of dialysis start date. Example: First date of DaVita Dialysis 12-31-2011, need PAFR for December and one for January 2012.

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

**Personal Representative:** An individual who is legally appointed, designated and/or authorized pursuant to state law to: (a) make health care decisions on behalf of a patient, or (b) act on behalf



of a deceased individual or a deceased individual's estate. Reference *Personal Representatives of Patients* (available on the HIPAA website on the VillageWeb).

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

**POLICY:**

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

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

Property of DaVita Inc.

Confidential and Copyrighted ©2006-2011

Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010, September 2011

Page 3 of 7

**Policy: 3-01-03**

Attachment – 19B

- a. First and last name;
  - b. DOB (date of birth), and
  - c. Anticipated start date at DaVita.
13. Unless otherwise provided for under this policy, prior to the admission to the facility, all patients, including Transfer, Guest, and Permanent Patients will be given the following documents to read and sign:
  - a. Patient's Rights;
  - b. Patient's Responsibilities;
  - c. Patient Authorization and Financial Responsibility Form (PAFR);
  - d. Patient's Standards of Conduct;
  - e. Patient Grievance Procedure;
  - f. Authorization for and Verification of Consent to Hemodialysis/Peritoneal Dialysis;
  - g. Reuse Information Consent form;
  - h. Caretaker Authorization form;
  - i. HIPAA Notice Acknowledgement form; and
  - j. Affidavit of Patient Identification form (Note: This form is only given if the patient or Personal Representative on behalf of the patient is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence upon admission or within seven (7) days of admission).
14. The patient/personal representative will agree to follow the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure*. (Refer to *Patient's Standards of Conduct; Patient Grievance Procedure; Patient Rights and Responsibilities* available on the Clinical P&P website in Volume 3 on the VillageWeb.)
15. Guest Patients are only required to sign the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure* one time for each DaVita facility they visit, as long as these forms are visibly posted at the facility, unless there are changes made to any of those forms/policies, or state specifications require otherwise.

16. Listed below are the following documents that are required for in-center dialysis patients and home dialysis patients prior to admission to a DaVita Dialysis facility:

- a. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Reference DaVita's *Patient Identification and Verification Policy Attachment A: Acceptable Forms of Personal Identification* (available on the Team Quest website of the VillageWeb) for acceptable forms of personal identification.
- a. All copies of patient's current insurance cards-front and back;
- b. Copy of History and Physical (within the last year – must be legible);
- c. For Hepatitis and TB testing requirements, refer to policies: *Hepatitis Surveillance, Vaccination and Infection Control Measures* and *Tuberculosis Infection Control Policy* (available on the Clinical P&P website in Volume 1 on the VillageWeb); Note: Hepatitis C testing is recommended, but not required.
- d. If patient is a new ESRD patient, pre dialysis labs including hematocrit or hemoglobin, albumin, BUN, creatinine, and, if available, creatinine clearance and/or urea clearance drawn within 45 days prior to first day of dialysis;
- e. Monthly labs within 30 days prior to first treatment date including hematocrit, hemoglobin, URR and electrolytes;
- f. Copies of three (3) flowsheets within two (2) weeks of requested treatment(s) for patients who have previously dialyzed;
- g. Copy of current hemodialysis orders for treatment;
- h. EKG, if available, OR if patient has known heart condition;
- i. Patient demographics;
- j. Copies of most recent Plan of Care , Nursing, Dietary and Social Work Assessments and most recent progress notes for patients who have previously dialyzed;
- k. Current list of medications being administered to patient in-center and at home;
- l. Advance Directives, if applicable;
- m. Initiation of CMS 2728. Once completed, within the 45-day guideline, it should include the patient's and nephrologist's signature and date. This is the official

document of the patient's first date of dialysis ever, first dialysis modality, and provides transplant information, if applicable;

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

**ATTACHMENTS:**

Attachment A: Procedures for Accepting Patients for Treatment

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

**TITLE: PROCEDURES FOR ACCEPTING END STAGE RENAL  
DISEASE PATIENTS FOR TREATMENT**

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

**DEFINITIONS:**

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

**POLICY:**

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

**PROCEDURE(S):**

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

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

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



7. Prior to the start of the first dialysis treatment, the patient or the patient's Personal Representative must sign, and have witnessed by a Registered Nurse, the Authorization for and Verification of Consent to Hemodialysis Procedure Form or the Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form.
8. The *Patient Authorization & Financial Responsibility (PAFR) Form* must be signed and dated by the patient or the patient's Personal Representative annually at each DaVita facility the patient is treated, and witnessed, prior to the start of the first dialysis treatment.
9. The facility will give the patient or the patient's Personal Representative DaVita's *Notice of Privacy Practices* (available on the HIPAA website on the VillageWeb). The HIPAA Notice Acknowledgement Form must be signed by the patient or the patient's Personal Representative or by a teammate prior to the start of the first dialysis treatment.
10. The patient/Personal Representative or a DaVita teammate must sign the Notice of Acknowledgement Form attesting that the patient received DaVita's *Notice of Privacy Practices*.
11. All additional forms, specific to the patient's modality, are to be signed prior to, or within 30 days of the first treatment.
12. The following documents must be scanned into Registration System prior to or within seven (7) days of the first treatment:
  - a. An insurance card for each insurance;
  - b. Insurance letter for Authorization/Referral if the insurance carrier requires an authorization; and
  - c. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Reference DaVita's *Patient Identification and Verification Policy Attachment A: Acceptable Forms of Personal Identification* (available on the Team Quest website of the VillageWeb) for acceptable forms of personal identification.
13. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient will follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb).
14. A signed CMS 2728 form must be completed, signed and scanned into Registration System within 45 days of the first treatment date. This is scanned into Registration System one (1) time only.

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

- a. Patient Authorization & Financial Responsibility Form (PAFR);
- b. Authorization for and Verification of Consent to Hemodialysis Procedure Form (if applicable);
- c. Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form (if applicable);
- d. Reuse Information Consent Form (if applicable);
- e. Patient's Rights;
- f. Patient's Responsibilities;
- g. Patient's Standards of Conduct;
- h. Patient Grievance Procedure;
- i. Dialysis Emergency Form/Emergency Evacuation Acknowledgement (Hemodialysis patients);
- j. Patient's Choice of Transportation; and/or
- k. Caretaker Authorization.

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

**B. Visiting DaVita Patient Procedures:**

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

**C. Registration Teammate Procedures:**

Property of DaVita Inc.  
Origination Date: September 2006  
Revision Date: March 2008, October 2010, September 2011  
Page 4 of 5

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**Policy: 3-01-03A**

Attachment – 19B

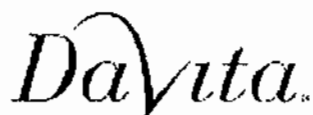
1. Registration teammate will complete the system driven tasks generated from Registration System for the new patient to continue the patient intake process within 48 hours of receipt of patient information.
  - a. Registration teammate will complete one Benefits Verification Form (BVF) for each insurance.

Registration teammate will obtain authorization if required by the insurance carrier. If no authorization can be obtained, the Registration teammate Representative will update Registration System Notes and notify the Facility Administrator with the information as described in ROPS *Patient Limited Benefit Alert process*.
  - b. Contact the facility for any additional information required to register the patient into Registration System.
  - c. Registration Teammate will respond to inquiries made by the dialysis facility within a 24-hour period.

**D. Exceptions to these Procedures:**

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

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February 15, 2012

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

**Re: Admission Policies**

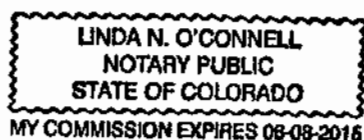
Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for Crystal Springs Dialysis will not become more restrictive as a result of the proposed reorganization of Crystal Springs Dialysis.

Sincerely,

Luis Borgen  
Chief Financial Officer  
DaVita Inc.  
Seasons Dialysis, LLC

Subscribed and sworn to me  
This 15<sup>th</sup> day of February, 2012

  
Notary Public

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

1. Impact on Other Area Providers

There will be no change in the scope of services as a result of the proposed change of ownership of the operating entity of the facility. DaVita intends to continue to provide dialysis services to patients in Crystal Lake and surrounding areas. The change of ownership will not impact other area dialysis facilities as the transaction consists only of a change of the operating entity, with control maintained by DaVita, Inc.

2. Facilities within Applicant's Health Care System

For the purposes of this application, the health care system consists of those facilities operated by DaVita, Inc. that are within 30 minutes of Crystal Springs Dialysis. There are no other existing facilities in the area. As of December 31, 2011, Crystal Springs Dialysis had a utilization of 55%.

3. Present and Proposed Referral Agreements

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

4. Time and Distance for Proposed Referrals

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

5. Use of Care System Providers

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

6. Duplication of Services

The proposed transaction contemplates a change of the operating entity, Total Renal Care, Inc. Because the proposed transaction constitutes a restructuring of the operating entity, there will be no duplication of existing services.

7. Services Not Available to the Community

DaVita will continue to provide dialysis services currently provided by Crystal Springs Dialysis, including in-center hemodialysis. No new services are planned for the facility; however, as new treatment options and technology evolve, DaVita will implement new treatment modalities as warranted.

**Section VIII, Financial Feasibility**  
**Criterion 1120.120 Availability of Funds**

This project involves a change of the operating entity, Total Renal Care, Inc. There are no costs associated with this project. Accordingly, this criterion is not applicable.

**Section IX, Financial Feasibility**  
**Criterion 1120.130 – Financial Viability Waiver**

This project involves a change of the operating entity, Total Renal Care, Inc. There are no costs associated with this project. Accordingly, this criterion is not applicable.

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

This project involves a change of the operating entity, Total Renal Care, Inc. There are no costs associated with this project. Accordingly, this criterion is not applicable.



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

This project involves a change of the operating entity, Total Renal Care, Inc. There are no costs associated with this project and no financing is required. Accordingly, this criterion is not applicable.

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

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

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

Operating Expenses: \$1,402,682

Treatments: 5,005

Operating Expense per Treatment: \$280.25

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

There are no capital costs associated with this project. Accordingly, this criterion is not applicable.

**Section XI, Safety Net Impact Statement**

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

**Section XII, Charity Care Information**

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

| CHARITY CARE                     |               |               |               |
|----------------------------------|---------------|---------------|---------------|
|                                  | 2008          | 2009          | 2010          |
| Net Patient Revenue              | \$138,864,396 | \$149,370,292 | \$161,884,078 |
| Amount of Charity Care (charges) | \$321,510     | \$597,263     | \$957,867     |
| Cost of Charity Care             | \$321,510     | \$597,263     | \$957,867     |

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

| INDEX OF ATTACHMENTS |                                                                                                        |         |
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