

Original

13-060

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

SEP 11 2013

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name: Garfield Kidney Center			
Street Address: 3250 West Franklin Blvd			
City and Zip Code: Chicago, 60624-1509			
County: Cook	Health Service Area	006	Health Planning Area: 006

Applicant /Co-Applicant Identification

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

Exact Legal Name: DaVita HealthCare Partners Inc.	
Address: 2000 16 th Street, Denver, CO 80202	
Name of Registered Agent: Illinois Corporation Service Company	
Name of Chief Executive Officer: Kent Thiry	
CEO Address: 2000 16 th Street, Denver, CO 80202	
Telephone Number: (303) 405-2100	

Type of Ownership of Applicant/Co-Applicant

☐ Non-profit Corporation	☐ Partnership
☒ For-profit Corporation	☐ Governmental
☐ Limited Liability Company	☐ Sole Proprietorship
☐ Other	

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

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]

Name: Tim Tincknell
Title: Administrator, CON Projects
Company Name: DaVita HealthCare Partners Inc.
Address: 2611 North Halsted Street, Chicago, IL 60614
Telephone Number: 773-549-9412
E-mail Address: timothy.tincknell@davita.com
Fax Number: 866-586-3214

Additional Contact

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

Name: Penny Davis
Title: Division Vice President - Skyline
Company Name: DaVita HealthCare Partners Inc.
Address: 28160 W. Northwest Highway, Lake Barrington, IL 60010
Telephone Number: 872-201-9341
E-mail Address: penny.davis@davita.com
Fax Number: 866-818-5068

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: Garfield Kidney Center			
Street Address: 3250 West Franklin Blvd			
City and Zip Code: Chicago, 60624-1509			
County: Cook	Health Service Area	006	Health Planning Area: 006

Applicant /Co-Applicant Identification

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

Exact Legal Name: Total Renal Care, Inc.	
Address: 2000 16 th Street, Denver, CO 80202	
Name of Registered Agent: Illinois Corporation Service Company	
Name of Chief Executive Officer: Kent Thiry	
CEO Address: 2000 16 th Street, Denver, CO 80202	
Telephone Number: (303) 405-2100	

Type of Ownership of Applicant/Co-Applicant

☐ Non-profit Corporation ☒ For-profit Corporation ☐ Limited Liability Company	☐ Partnership ☐ Governmental ☐ Sole Proprietorship
☐ Other	
- o Corporations and limited liability companies must provide an Illinois certificate of good standing. - o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.	

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

Primary Contact

[Person to receive ALL correspondence or inquiries]

Name: Tim Tincknell
Title: Administrator, CON Projects
Company Name: DaVita HealthCare Partners Inc.
Address: 2611 North Halsted Street, Chicago, IL 60614
Telephone Number: 773-549-9412
E-mail Address: timothy.tincknell@davita.com
Fax Number: 866-586-3214

Additional Contact

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

Name: Penny Davis
Title: Division Vice President - Skyline
Company Name: DaVita HealthCare Partners Inc.
Address: 28160 W. Northwest Highway, Lake Barrington, IL 60010
Telephone Number: 872-201-9341
E-mail Address: penny.davis@davita.com
Fax Number: 866-818-5068

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: Charles Sheets
Title: Attorney
Company Name: Polsinelli P.C.
Address: 161 N. Clark Street, Suite 4200, Chicago, IL 60601
Telephone Number: 312-873-3605
E-mail Address: csheets@polsinelli.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Garfield Kidney Center, LLC
Address of Site Owner: 3280 W. Franklin Blvd., Chicago, IL 60624
Street Address or Legal Description of Site: 3250 W. Franklin Blvd, Chicago, IL 60624
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Total Renal Care, Inc.	
Address: 2000 16 th Street, Denver, CO 80202	
☐ Non-profit Corporation ☒ For-profit Corporation ☐ Limited Liability Company	☐ Partnership ☐ Governmental ☐ Sole Proprietorship
☐ Other	
- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. - Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
APPEND DOCUMENTATION AS <u>ATTACHMENT-3</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

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

Part 1110 Classification:

- ☐ Substantive
- ☒ Non-substantive

2. Narrative Description

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

The proposed project contemplates a change in ownership of Garfield Kidney Center. Total Renal Care, Inc., a subsidiary of DaVita HealthCare Partners Inc. will acquire the assets of Garfield Kidney Center for \$4.25 million.

Garfield Kidney Center is a 16 station in center hemodialysis facility located at 3250 West Franklin, Chicago, IL 60624. The new operating entity will be Total Renal Care Inc. and the facility name will remain Garfield Kidney Center.

The acquisition is projected to be completed by December 15, 2013.

This project has been classified as non-substantive because it proposes a change of ownership, which constitutes a facility conversion under 77 Ill. Admin. Code 1110.40 (b).

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$4,250,000		\$4,250,000
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$4,250,000		\$4,250,000
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$4,250,000		\$4,250,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$4,250,000		\$4,250,000
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

Land acquisition is related to project ☐ Yes ☒ No

Purchase Price: \$ _____

Fair Market Value: \$ _____

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

☐ Yes ☒ No

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

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

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

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): 12/15/2013

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

☐ APORS

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

☒ All reports regarding outstanding permits

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

Cost Space Requirements

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

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

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

CERTIFICATION

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

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- 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);
- 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);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

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

SIGNATURE

Javier Rodriguez

PRINTED NAME

President

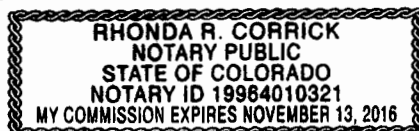
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 16 day of July, 2013

Signature of Notary

Seal



SIGNATURE

Arturo Sida

PRINTED NAME

Assistant Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this ____ day of ____, 2013

Signature of Notary

Seal

see attached

*Insert EXACT legal name of the applicant

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of Los Angeles

On 7/19/2013 before me, Michelle Dawn Esters, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Arturo Sida
Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Michelle Dawn Esters

Place Notary Seal Above

Signature of Notary Public

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.

Description of Attached Document

Title or Type of Document: Certification

Document Date: July 19, 2013 Number of Pages: 1

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

☐ Corporate Officer — Title(s): _____ ☐ Corporate Officer — Title(s): _____

☐ Individual ☐ Individual

☐ Partner — ☐ Limited ☐ General ☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact ☐ Attorney in Fact

☐ Trustee ☐ Trustee

☐ Guardian or Conservator ☐ Guardian or Conservator

☐ Other: _____ ☐ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

CERTIFICATION

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

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- 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);
- 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);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

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



SIGNATURE

Javier Rodriguez

PRINTED NAME

President

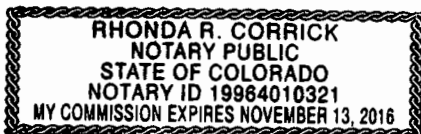
PRINTED TITLE

Notarization:

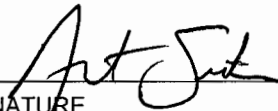
Subscribed and sworn to before me
this 16th day of July, 2013

Signature of Notary

Seal



*Insert EXACT legal name of the applicant



SIGNATURE

Arturo Sida

PRINTED NAME

Assistant Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this ____ day of ____, 2013

Signature of Notary

Seal

see attached

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of Los Angeles

On 7/19/2013 before me, Michelle Dawn Esters, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared

Arturo Sida

Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Michelle Dawn Esters

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.

Description of Attached Document

Title or Type of Document: Certification

Document Date: July 19, 2013

Number of Pages: 1

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
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 Board 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 COMPLETE 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:**

\$4,250,000	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$4,250,000	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-36, 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. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. 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
4. 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-37, 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 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

APPEND DOCUMENTATION AS ATTACHMENT -39, 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-40, 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-41, 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 the applicants are attached at Attachment – 1. Total Renal Care, Inc., a subsidiary of DaVita HealthCare Partners Inc. ("DaVita"), will acquire substantially all of the assets of Garfield Kidney Center from Garfield Kidney Center, LLC. As the person with final control over the operator, DaVita HealthCare Partners Inc. is named as an applicant for this CON application. DaVita HealthCare Partners Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita HealthCare Partners Inc. from Delaware, the state of its incorporation, is attached.

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DAVITA HEALTHCARE PARTNERS 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 TWELFTH DAY OF DECEMBER, A.D. 2012.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA HEALTHCARE PARTNERS 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.

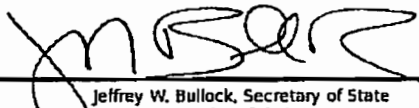
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

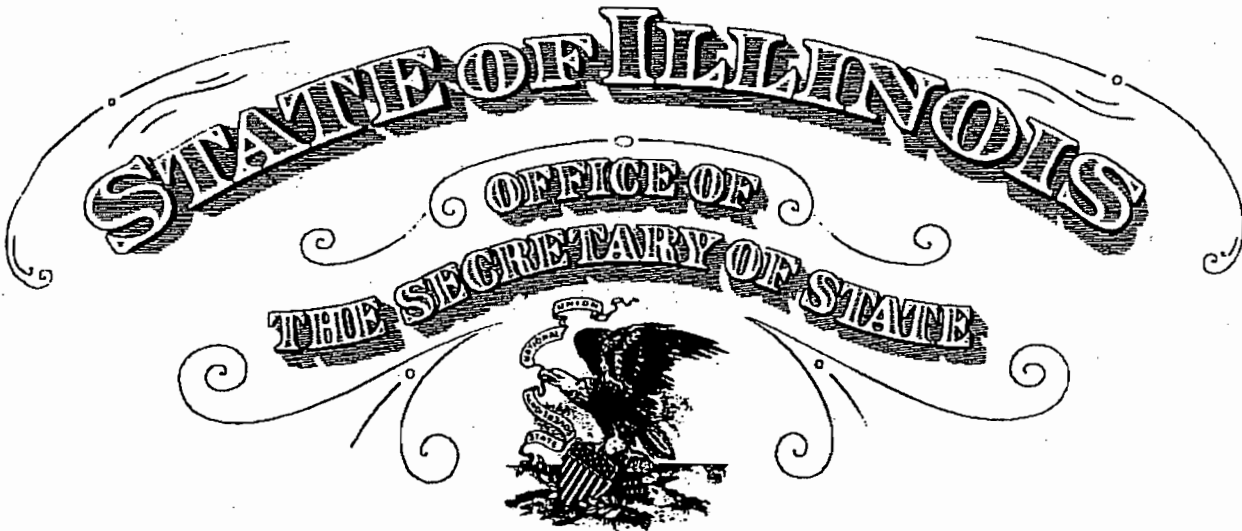
121330793



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


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 0060461

DATE: 12-12-12



To all to whom these Presents Shall Come, Greeting:

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

TOTAL RENAL CARE, INC., INCORPORATED IN CALIFORNIA AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 10, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1210102744

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 10TH
day of APRIL A.D. 2012*

Jesse White

SECRETARY OF STATE

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

A copy of the Quit Claim deed for Garfield Kidney Center is attached at Attachment - 2.

Record and Return to:

Ross D. Taylor, Attorney at Law
Krieg DeVault LLP
30 N. LaSalle Street, Suite 2800
Chicago, IL 60602

Name and Address of Taxpayer:

Garfield Kidney Center, LLC
3240 W. Franklin Boulevard
Chicago, IL 60624

QUIT CLAIM DEED

THIS INDENTURE WITNESSETH that West Side Management Corporation, an Illinois corporation, Grantor, CONVEYS AND QUIT CLAIMS to Garfield Kidney Center, LLC, an Illinois limited liability company, Grantee, with its offices located at 3240 W. Franklin Boulevard, Chicago, Illinois 60624, for no consideration, the receipt whereof is hereby acknowledged, all interest in the following Real Estate in Cook County, in the State of Illinois, to-wit:

LOTS 14 TO 17, INCLUSIVE, AND THE WEST 5.50 FEET OF LOT 18 IN
HAMBLETON'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST
1/4 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 11,
TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL
MERIDIAN, IN COOK COUNTY, ILLINOIS

hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of Illinois.

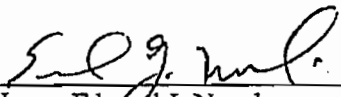
Subject to real estate taxes, covenants, conditions and restrictions of record and all applicable zoning laws and ordinances.

Permanent Index Number: 16-11-222-029-0000

Property Address: 3250 W. Franklin Boulevard, Chicago, IL 60624

IN WITNESS WHEREOF, Grantor has executed this Deed this 30th day of June, 2013.

WEST SIDE MANAGEMENT
CORPORATION, an Illinois corporation

By 
Name: Edward J. Novak
Title: President

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, CERTIFY THAT Edward J. Novak, President of West Side Management Corporation personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the instrument as his free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

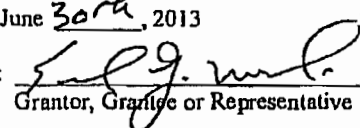
Given under my hand and notarial seal this 30th day of June, 2013.





Notary Public

My commission expires: MAY 31, 2017.

REVENUE STAMP OR
Exempt under provisions of Paragraph (e), Section 31-45, Property Tax Code.
Dated: June <u>30th</u> , 2013
Signed:  Grantor, Grantee or Representative

This Deed was prepared without the benefit of title examination. No warranty or guaranty of any kind whatsoever is made by its preparer as to state of its title.

AFTER RECORDING RETURN TO:

William S. Schwartz, Esq.
Levenfeld Pearlstein
400 Skokie Blvd
Suite 700
Northbrook, Illinois 60062

**MORTGAGE, ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT**

FROM

GARFIELD KIDNEY CENTER, LLC

MORTGAGOR

TO

BCL-M&E LLC,

MORTGAGEE

MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Mortgage") is made as of July __, 2013 by Garfield Kidney Center, LLC, with an address of 3250 W. Franklin Blvd., Chicago, Illinois ("Mortgagor") in favor of BCL-M&E LLC, having its principal office at 450 Skokie Blvd., Building 600, Northbrook, Illinois 60062 ("Mortgagee"), and pertains to the real property described on Exhibit "A" attached hereto and made a part hereof, and the Other Property described herein.

1. DEFINITIONS

(a) Specific Terms. In addition to terms defined elsewhere in this Mortgage, when used herein the following terms shall have the following meanings:

(i) "Borrower" shall mean Mortgagor, Superior Home Health, L.L.C., and West Side Community Hospital, Inc.

(ii) "Business Day" shall mean any day other than a Saturday, Sunday, federal holiday or other day on which the New York Stock Exchange is regularly closed.

(iii) "Documents" shall mean collectively the Loan Agreement, the Note, and any and all agreements, documents and instruments referenced in or contemplated by the Loan Agreement or the Note.

(iv) "Loan Agreement" shall mean that certain Loan and Security Agreement dated as of the date of this Mortgage by and among Borrower and Mortgagee, as the same may from time to time be or have been amended, renewed, restated, extended or supplemented.

(v) "Note" shall mean shall mean that certain Promissory Note in the original principal amount of \$410,000.00 dated as of the date of this Mortgage, with a maturity date and interest as provided in the Note, given by Borrower to Mortgagee, as the same may from time to time be amended, renewed, restated, extended or supplemented.

(vi) "Obligations" shall mean all indebtedness, obligations and liabilities of Borrower to Mortgagee, howsoever created, arising or evidenced, whether now existing or hereafter arising, whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint and several, and, without limiting the foregoing, shall include all present and future liabilities, indebtedness and obligations of Borrower under the Documents.

(vii) "Other Property" shall have the meaning set forth in Section 2.01 hereof.

(viii) "Real Property" shall mean the real property commonly known as 3250 W. Franklin Avenue, Chicago, Illinois and more fully described in Exhibit "A" attached hereto and made a part hereof, and all improvements thereon.

(ix) "Property" shall mean the Real Property and the Other Property, collectively.

(x) "Transfer" shall (a) mean the conveyance, assignment, sale, lease, mortgaging, encumbrance, pledging, hypothecation, granting of a security interest in, granting of options with respect

to, or other disposition of all or any portion of any legal or beneficial interest (i) in all or any portion of the Property; and/or (ii) in the ownership interest in the Mortgagor.

2. II. THE GRANT; ASSIGNMENT OF RENTS AND LEASES

(a) Grant. In order to induce Mortgagee to extend or continue to extend credit to Borrower under the Loan Agreement or otherwise, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to secure the payment and performance of the Obligations and the covenants and agreements herein contained, Mortgagor does hereby grant, bargain, sell, convey, mortgage and warrant to Mortgagee and its successors and assigns forever the Real Property, together with the appurtenances and all the estate and rights of Mortgagor in and to said premises, together with the following described property (the "Other Property"):

(i) All buildings and other improvements of every kind and description now or hereafter erected or placed on the Real Property, and all materials intended for construction, reconstruction, alteration and repair of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included as part of the Other Property immediately upon the delivery thereof to the Real Property;

(ii) All right, title, and interest of Mortgagor, including any after-acquired title or reversion, in and to the rights-of-ways, streets, avenues, sidewalks, common areas and alleys adjoining the Real Property;

(iii) Each and all of the tenements, hereditaments, easements, appurtenances, passages, waters, water courses, riparian rights, other rights, liberties and privileges of the Real Property in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity, as well as any after-acquired title, franchise or license and the reversions and remainders thereof;

(iv) All rents, issues, deposits and profits accruing and to accrue from the Real Property and Other Property and the avails thereof;

(v) All of Mortgagor's rights and claims, in and to all accounts, accounts receivable, security deposits, insurance premium rebates, writings evidencing a monetary obligation, contract rights and other creditor's interests existing in favor of, owned or acquired by Mortgagor with respect to the Real Property; all contracts relating to the use, operation, occupation, maintenance, repair or construction of the Real Property; all permits, licenses, franchises benefiting the Real Property, together with the benefit of any deposits or payments now or hereafter made by Mortgagor or on its behalf in connection with the foregoing; and all books and records, including but not limited to all lease documents, relating to the Real Property and Other Property;

(vi) All machinery, equipment, fittings, apparatus, appliances, furniture, furnishings, tools, fixtures (including, without limitation, all heating, air conditioning, ventilating, waste disposal, sprinkler and fire and theft protection equipment, and all plumbing, lighting, communications and elevator fixtures) and other property of every kind and description now or hereafter owned by Mortgagor and located upon or in, and used or useful in connection with, the operation, maintenance or occupancy of the Real Property or the Other Property, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are attached to such improvements; and

(vii) All judgments, awards of damages or settlements related to and all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including

but not limited to proceeds of insurance and/or condemnation, and all products, additions, accessions, attachments, parts, replacements and substitutes therefor.

TO HAVE AND TO HOLD the same unto Mortgagee and its successors and assigns forever, for the purposes and uses herein set forth.

Mortgagor represents and warrants that Mortgagor is lawfully seized of an indefeasible estate in fee simple in the Property, and Mortgagor will warrant and forever defend the title thereof unto the Mortgagee against all lawful claims whatsoever, subject to the encumbrances expressly permitted pursuant to the Loan Agreement or consented to by Mortgagee in accordance with the terms of the Loan Agreement.

(b) Special Terms Concerning This Mortgage. All of the Other Property is pledged hereunder primarily, on a parity with the Real Property, and not secondarily. This Mortgage is given as equal security for all of the Obligations without preference or priority of any part of the Obligations for any reason whatsoever.

The Note is also secured by other real property and assets of Borrower or Guarantor.

(c) Other Property. Mortgagor acknowledges and agrees that all of the Other Property now and hereafter owned by Mortgagor and placed by Mortgagor on the Real Property or used in connection with the operation or maintenance thereof shall, so far as permitted by law, be deemed for the purposes of this Mortgage to be part of the Real Property and covered by this Mortgage, and as to any of the Other Property which is not part of the Real Property or does not constitute a "fixture," as such term is defined in the Uniform Commercial Code (the "Code"), as enacted in the state in which the Real Property is located, this Mortgage shall be deemed to be, as well, a security agreement under the Code for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to Mortgagee as "secured party," as such term is defined in the Code. All Other Property acquired by Mortgagor after the date hereof which is required or intended by the terms of this Mortgage to be subjected to the lien and security interest of this Mortgage shall, immediately upon the acquisition thereof by Mortgagor, and without any further mortgage, conveyance, assignment or transfer, become subject to the lien and security interest of this Mortgage.

(d) Other Amounts Secured. At all times, this Mortgage secures, in addition to the Note, all other Obligations, together with moneys advanced by Mortgagee to protect and preserve the lien of this Mortgage, as aforesaid. Notwithstanding anything herein to the contrary, the maximum principal indebtedness which is or under any contingency may be secured by this Mortgage is \$6,000,000.00 together with interest thereon and all amounts, sums, costs and other expenses paid or incurred by Mortgagee in defending, maintaining, preserving or perfecting the lien of this Mortgage, the priority thereof, and/or the Property, including, without limitation and to the extent permitted by applicable law, all protective advances, and all charges and expenses of collection incurred by Mortgagee, including court costs and attorneys' fees and disbursements.

(e) Assignments of Rents and Leases. Mortgagor hereby assigns, transfers and sets over unto Mortgagee all the rents, fees or payments now or hereafter due, under or by virtue of any lease or other agreement, whether oral or written, for the use or occupancy of any part of the Property, and to all amendments and guarantees thereof, whether heretofore, now or hereafter agreed to; together with the right to let and relet the Property or any part thereof, in Mortgagee's sole discretion, and to do anything with respect to the Property as Mortgagor might do. Any proceeds received hereunder may be applied by Mortgagee as otherwise provided in this Mortgage. Mortgagor hereby directs all tenants, lessees and occupants of the Property to pay all rental, payments or fees for use and occupancy of the Property in

accordance herewith. Mortgagee agrees not to exercise its rights granted in this Section unless and until an Event of Default, as hereafter defined, shall have occurred and is continuing, provided that this assignment shall nevertheless be deemed a present assignment. Mortgagor shall execute, acknowledge, and deliver to Mortgagee, within 5 Business Days after any request by Mortgagee, such assignment of rent documents as may be required by Mortgagee, in form and substance satisfactory to Mortgagee. Mortgagor further agrees to pay to Mortgagee all reasonable costs and expenses incurred by Mortgagee in connection with the preparation, execution and recording of any such documents.

3. GENERAL AGREEMENTS

(a) **Payment of Obligations.** Mortgagor covenants that Mortgagor will pay the indebtedness, as hereinbefore provided. Mortgagor shall pay or cause the payment on or before the applicable due date of each installment payable under the Note and all other Obligations, and Mortgagor shall timely perform or cause the performance of all of its other Obligations.

(b) **Property Taxes.** Mortgagor shall pay on or before the applicable due date, all taxes, assessments and other charges that may be asserted against the Property or any part thereof or interest therein. Mortgagor shall furnish to Mortgagee duplicate receipts or other evidence of payment of such taxes, assessments and other charges within 30 days after payment thereof.

(c) **Right to Perform Obligations.** If Mortgagor shall fail to do any act or thing which it has covenanted to do under the Documents or any representation or warranty on the part of Mortgagor contained in the Documents shall be breached, Mortgagee may, in its sole discretion, after 5 Business Days written notice is sent to Mortgagor (or such lesser notice, including no notice, as is reasonable under the circumstances), do the same or cause it to be done or remedy any such breach, and may expend its funds for such purpose. Any and all reasonable amounts so expended by Mortgagee shall be payable to Mortgagee by Mortgagor on demand, with interest at the highest interest rate as provided in the Note) during the period from and including the date funds are so expended by Mortgagee to the date of repayment, and all such amounts shall be additional Obligations. The payment or performance by Mortgagee of any of Mortgagor's obligations hereunder shall not relieve Mortgagor of said obligations or of the consequences of having failed to pay or perform the same, and shall not waive or be deemed a cure of any Event of Default.

(d) **Insurance.**

(i) **Hazard.** Mortgagor shall keep the improvements now existing or hereafter erected on the Real Property insured under a replacement cost form of insurance policy against loss or damage resulting from such hazards as may be reasonably required by Mortgagee (including, but not limited to, flood insurance in an amount necessary to comply with applicable law), and shall pay promptly, when due, all premiums on such insurance. Without limiting the foregoing, during construction of any improvements on the Real Property, Mortgagor shall maintain "Builders Risk" insurance with extended coverage over fire and other casualties using completed values for the amount of the full insurable value for all such improvements under construction at any time on the Real Property, including equipment and materials delivered to the Real Property for incorporation into the Property. All such insurance shall be in form and with insurers approved in writing by Mortgagee and shall have attached thereto: (i) standard non-contributing mortgage clauses entitling Mortgagee, as its interest may appear, to collect any and all proceeds payable under such insurance, and (ii) standard waiver of subrogation endorsements, so long as such subrogation endorsement can be obtained without material additional cost to Mortgagor.

In the event of any casualty loss, Mortgagor shall give immediate notice thereof to Mortgagee. Mortgagor hereby authorizes Mortgagee, at Mortgagee's option, to adjust and compromise any such losses under any of the aforesaid insurance and, after deducting any of Mortgagee's reasonable costs of collection, to use, apply, or disburse the balance of such insurance proceeds: (i) toward repairing, restoring and rebuilding the aforesaid improvements, provided such repair, restoration or rebuilding is economically feasible and the security of this Mortgage is not thereby impaired, in which event Mortgagee shall not be obliged to see to the proper application thereof nor shall the amount so released for such purposes be deemed a payment on the indebtedness secured thereby; or (ii) as a credit upon any portion of the indebtedness secured hereby, with the excess, if any, paid to Mortgagor; provided, however, that so long as no Event of Default shall then exist and no Event of Default shall exist at any time during the period of any repair, restoration and/or rebuilding of the aforesaid improvements, and subject to the provisions of the immediately following Section, upon Mortgagor's written request to Mortgagee made on or before the disbursement of such insurance proceeds to Mortgagee, such insurance proceeds shall be used to repair, restore and/or rebuild the aforesaid improvements. Unless Mortgagor and Mortgagee otherwise agree in writing, any such application of proceeds to the sums secured by this Mortgage shall not extend or postpone the due date of any portion of the indebtedness secured hereby or change the amount of any installment due on such indebtedness.

To the extent any such insurance proceeds are used toward repairing, restoring and rebuilding such improvements, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with satisfactory evidence of the estimated cost of such repairs, restoration and rebuilding and with such architect's certificates, waivers of lien, certificates, contractors' sworn statements and other evidence of the estimated cost thereof and of payments as Mortgagee may reasonably require and approve, and if the estimated cost of the work exceeds 5% of the original principal amount of the Note, with all plans and specifications for such plans, restoration and rebuilding as Mortgagee may reasonably require and approve. Payments made prior to the final completion of the work shall not exceed 90% of the value of the work performed, from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Mortgagee shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens except the lien of this Mortgage. Mortgagee shall have the right to require that all funds shall be paid through a construction escrow with a title insurance company selected by Mortgagee. In the event of foreclosure of this Mortgage or other transfer of title to the Property in extinguishment of the Obligations, all right, title and interest of Mortgagor in and to any such insurance policies then in force, and any claims or proceeds thereunder, shall pass to Mortgagee or any purchaser or grantee therefrom. Mortgagee may, at any time and in its sole discretion, procure and substitute for any and all of such insurance policies, such other policies of insurance, in such amounts, and carried in such companies, as it may select.

(ii) **Liability.** Mortgagor shall carry and maintain such comprehensive public liability and worker's compensation insurance as may be reasonably required from time to time by Mortgagee; provided, however, that the amounts of liability coverage shall not be less than \$1,000,000.00 single limit. Mortgagee shall be named as an additional party insured.

(iii) **Proof of Insurance.** All insurance shall be in amount, form and content and with insurers approved in writing by Mortgagee. Mortgagor shall deliver to Mortgagee a copy or certificate of each policy or policies, with evidence of premiums prepaid, and, prior to any expiration or cancellation, each renewal or replacement thereof. Each policy shall contain provision for not less than 30 days' notice to Mortgagee prior to any cancellation thereof.

(e) **Condemnation and Eminent Domain.** Any and all awards heretofore or hereafter made or to be made to the present, or any subsequent, owner of the Property, by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Property or any

easement thereon or appurtenance thereof, are hereby assigned by Mortgagor to Mortgagee, which awards Mortgagee is hereby authorized to collect and receive from the condemnation authorities, and Mortgagee is hereby authorized to give appropriate receipts therefor. Mortgagor shall give Mortgagee immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Real Property, or any easement thereon or appurtenance thereof (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings. Mortgagor further agrees to make, execute and deliver to Mortgagee, at any time upon request, free, clear and discharged of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter made to Mortgagor for any taking, either permanent or temporary, under any such proceeding. In the event of any damage or taking by eminent domain of less than substantially all of the Property, Mortgagee shall make available the proceeds of any award received in compensation for any such damage or taking, less Mortgagee's reasonable costs of collection, for the purpose of rebuilding and restoring the Property, subject to the same terms and conditions as set forth in Section 3(d). If any of the foregoing conditions are not or cannot be satisfied, then Mortgagee may use or apply the award to the Obligations.

(f) Use, Maintenance and Repair.

(i) Mortgagor shall not desert or abandon the Property or, without the prior written consent of Mortgagee, cause or permit a material change in the use of the Property.

(ii) Mortgagor shall at its expense maintain the Property in good condition or repair. Mortgagor further agrees not to permit, commit or suffer any waste, impairment or deterioration of the Property or any part thereof; to effect such repairs as Mortgagee may reasonably require, and, from time to time, to make all necessary and proper replacements thereof and additions thereto so that all of the Property will, at all times, be in good condition and repair, and fit for the purposes for which originally erected or installed.

(iii) Mortgagor shall not, without the prior written consent of Mortgagee, cause or permit the demolition, removal, construction, restoration, addition or material alteration to the Property or any portion thereof, except that without such consent: (i) Mortgagor may in the ordinary course of its business or operations replace any worn, broken, unfit or obsolete personal property or fixtures included in the Other Property with like property which is new or substantially new and free of all liens other than the lien of the Mortgage.

(g) Liens and Transfers. Except upon the prior written consent of Mortgagee, Mortgagor shall not sell, transfer, convey, assign, hypothecate or otherwise transfer the title to or any interest in all or any portion of the Property, whether by operation of law, voluntarily, or otherwise, and, if title to the Property or any part thereof is now or shall hereafter become vested in a trustee, including any sale, transfer, assignment, hypothecation or other transfer of the beneficial interest or power of direction therein, nor shall Mortgagor contract to do any of the foregoing, or create, suffer or permit to be created or filed against the Property or any part thereof hereafter any mortgage lien or other lien upon the Property other than the lien of this Mortgage; provided, however, that without such consent Mortgagor may: (a) permit the existence of a lien arising from any work performed, material furnished, or other obligations incurred by Mortgagor but only if, not later than 5 Business Days after the filing thereof, Mortgagor shall have furnished to Mortgagee security and indemnification satisfactory to Mortgagee for the final payment and discharge thereof, and (b) Mortgagor may replace worn, broken, unfit or obsolete property to the extent permitted by Section 3(f) hereof.

(h) Stamp Taxes. If at any time the United States government, or any federal, state, county or municipal governmental subdivision, requires or imposes documentary stamps, levies, or any tax on this Mortgage or on the Obligations, then Mortgagor shall pay the same on or before the applicable due date, or to the extent Mortgagee has or will make any payment related thereto, then to the greatest extent permitted by law such indebtedness shall be and become due and payable by Mortgagor to Mortgagee within 5 Business Days after the receipt by Mortgagor of written notice of such indebtedness from Mortgagee.

(i) Change in Laws. In the event of the enactment, after the date of this Mortgage, of any law of the state in which the Real Property is located imposing upon Mortgagee the payment of all or any part of the taxes, assessments, charges, or liens hereby required to be paid by Mortgagor, or changing in any ways the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagor's interest in the Property, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holder thereof, then Mortgagor, upon demand by Mortgagee, shall pay such taxes, assessments, charges or liens or reimburse Mortgagee therefor; provided, however, that if, in the opinion of counsel for Mortgagee, it might be unlawful to require Mortgagor to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured hereby to become due and payable within 60 days after the giving of such notice; provided, further, that nothing contained in this Section shall be construed as obligating Mortgagor to pay any portion of Mortgagee's federal income tax.

(j) Inspection of Property. Mortgagor shall permit Mortgagee and its representatives and agents to inspect the Property from time to time during normal business hours and as frequently as Mortgagee considers reasonable.

(k) Environmental Conditions.

(i) Mortgagor hereby represents and warrants to Mortgagee that no hazardous or toxic substances, within the meaning of any applicable statute or regulation, whether federal, state or local, are presently stored or otherwise located on the Real Property and, to the best of Mortgagor's knowledge, on any adjacent parcels of real estate, except in accordance with all applicable laws, regulations and rules.

(ii) Mortgagor covenants and agrees that all hazardous and toxic substances within the definition of any applicable statute, regulation or rule (whether federal, state or local), which may be used by any person for any purpose upon the Real Property, shall be used or stored thereon only in a safe, approved manner, in accordance with all industrial standards and all laws, regulations, and requirements for such storage promulgated by any governmental authority, that the Real Property will not be used for the principal purpose of storing such substances, and that no such storage or use will otherwise be allowed on the Real Property which cause or which will increase the likelihood of causing the release of such substances onto the Real Property. Upon the written request of Mortgagee to Mortgagor, Mortgagee, its employees, agents or other persons or entities designated by Mortgagee shall, from time to time, and at any time, be allowed to enter upon the Real Property and conduct environmental examinations and environmental audits of the Real Property, all in form, manner and type as Mortgagee may then require in its sole discretion. Mortgagor shall fully cooperate and make the Real Property available to Mortgagee at such times as Mortgagee may reasonably request in order to conduct such environmental examinations and environmental audits.

(iii) Mortgagor hereby agrees to give immediate notice of any written violation of any federal, state or local statute, rule or regulation dealing with the presence or suspected presence of any hazardous or toxic substances or conditions affecting the Real Property. Mortgagor covenants and agrees to

promptly contain and clean up any and all releases of hazardous substances on the Real Property to the extent required by law. Notwithstanding any language or provision of this Mortgage to the contrary, Mortgagor hereby unconditionally gives the Mortgagee the right, but not the obligation, and Mortgagee does not so obligate itself, to undertake to contain and clean up releases of hazardous substances on the Property in accordance with and as required by applicable law. Mortgagor hereby indemnifies and saves Mortgagee harmless of and from any and all loss, costs (including reasonable attorneys' fees), liability and damage whatsoever incurred by Mortgagee, by reason of any violation of any applicable statute, rule or regulation for the protection of the environment which occurs upon the Real Property or by reason of the imposition of any governmental lien for the recovery of environmental clean-up costs related to the Real Property expended by reason of such violation; provided that, to the extent that Mortgagee is strictly liable under any such statute, Mortgagor's obligation to Mortgagee under this indemnity shall likewise be without regard to fault on the part of Mortgagor with respect to the violation of law which results in liability to the Mortgagee; provided, further, that the undersigned shall not be liable for any violation that occurs as a result of Mortgagee's negligence or willful misconduct or while Mortgagee owns or occupies the Real Property. Mortgagor further agrees that this indemnity shall continue and remain in full force and effect beyond the term of the indebtedness or obligation which is secured by this Mortgage and shall be terminated only when there is no further obligation of any kind whether in law or in equity or otherwise of Mortgagee in connection with any such environmental clean-up costs, environmental liens, or environmental matters involving the Real Property but shall termination upon the expiration of any applicable statute of limitations period.

(l) Security Instruments. Mortgagor shall execute, acknowledge and deliver to Mortgagee, within 5 Business Days after request by Mortgagee, a security agreement, financing statements and any other similar security instrument required by Mortgagee, in form and of content satisfactory to Mortgagee, covering all property of any kind whatsoever owned by Mortgagor which, in the sole opinion of Mortgagee, is essential to the operation of the Property and concerning which there may be any doubt whether title thereto has been conveyed, or a security interest therein perfected, by this Mortgage under applicable law.

(m) Interest Laws. It being the intention of Mortgagee and Mortgagor to comply with the laws of the State of Illinois and the state in which the Property is located, it is agreed that notwithstanding any provision to the contrary in any of the Documents, no provision of any of the Documents shall require the payment or permit the collection of any amount in excess of the maximum amount of interest permitted to be charged by law ("Excess Interest"). If any Excess Interest is provided for, or is adjudicated as being provided for, in any of the Documents, then: (a) Mortgagor shall not be obligated to pay any such Excess Interest; and (b) any Excess Interest that Mortgagee may have received hereunder shall, at the option of Mortgagee, be: (i) applied as a credit against the then unpaid principal balance of the Note, or accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing.

4. EVENTS OF DEFAULT AND REMEDIES

(a) Events of Default. Each of the following events shall constitute an Event of Default under this Mortgage:

(i) Any default or Event of Default (howsoever such terms are defined) shall occur under the Documents; or

(ii) Mortgagor shall fail to comply with any term of this Mortgage or any other mortgage given by Mortgagor to Lender; or

(iii) Mortgagor shall default under any senior mortgage against the Property.

(b) Remedies Upon Default. Upon the occurrence and during the continuance of any Event of Default, Mortgagee may at its sole option do any one or more or all of the following, at such time and in such order as Mortgagee may in its sole discretion choose:

(i) Acceleration of Maturity. Mortgagee may declare the principal of and interest and any premium or other charges on the Note, and all other Obligations to be forthwith due and payable, whereupon all such amounts shall be immediately due and payable, without presentment, demand for payment, protest and notice of protest, notice of dishonor, notice of acceleration, notice of intent to accelerate or other notice or formality of any kind, all of which are hereby expressly waived.

(ii) Foreclosure of Mortgage. Mortgagee may proceed to foreclose the lien of this Mortgage by judicial proceedings in accordance with the laws of the State in which the Property is located.

(iii) Power to Sell. Mortgagee has the power to sell the Property as provided by statute.

(iv) Right of Possession. Mortgagor shall, forthwith upon demand of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take actual possession of, the Property or any part thereof, personally or by its agent or attorneys, and Mortgagee, in its discretion, may enter upon and take and maintain possession of all or any part of the Property, together with all documents, books (or copies thereof), records (or copies thereof), papers, and accounts of Mortgagor or the then owner of the Property relating thereto, and may exclude Mortgagor, such owner, and any agents and servants thereof wholly therefrom and may, as attorney-in-fact or agent of Mortgagor or such owner, or in its own name as Mortgagee and under the powers herein granted:

(1) hold, operate, manage, and control all or any part of the Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its sole and arbitrary discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Property, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(2) cancel or terminate any lease or sublease of all or any part of the Property for any cause or on any ground that would entitle Mortgagor to cancel the same;

(3) elect to disaffirm any lease or sublease of all or any part of the Property made subsequent to this Mortgage or subordinated to the lien hereof;

(4) extend or modify any then existing leases and make new leases of all or any part of the Property, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the loan evidenced by the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the Property are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale,

discharge of the indebtedness secured hereby, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and

(5) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements in connection with the Property as may reasonably necessary, to insure and reinsure the Property and all risks incidental to Mortgagee's possession, operation, and management thereof, and to receive all rents, issues, deposits, profits and avails therefrom.

(c) Application of Deposits. Mortgagee may, at its option, without being required to do so, apply any money or securities that constitute deposits made to or held by Mortgagee or any depository pursuant to any of the provisions of this Mortgage toward payment of any of the Obligations in such order and manner as Mortgagee may elect. When the Obligations have been fully paid, any remaining deposits shall be paid to Mortgagor or its successors or assigns, or to the then owner or owners of the Property, or to whoever else may then be adjudged entitled thereto.

(d) Exercise Rights of Secured Party. To the extent that this Mortgage may operate as a security agreement under the Code, Mortgagee may exercise any or all of the remedies of a secured party under the Code.

(e) Appointment of Receiver. Mortgagor covenants that the holder of this Mortgage, in any action to foreclose it, shall be entitled to the appointment of a receiver of the Property (which may be Mortgagee). Such appointment shall be without regard to the value of the Property at such time and whether or not the same is then occupied as a homestead; and without bond being required of the applicant. Such receiver shall have the power to take possession, control and care of the Property and to collect all rents, issues, deposits, profits and avails thereof during the pendency of such foreclosure suit and, in the event of a sale and a deficiency where Mortgagor has not waived its statutory rights of redemption, during the full statutory period of redemption, as well as during any further times when Mortgagor or its devisees, legatees, heirs, executors, administrators, legal representatives, successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits and avails, and shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management and operation of the Property during the whole of any such period. To the extent permitted by law, such receiver may be authorized by the court to extend or modify any then existing leases and to make new leases of the Property or any part thereof, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness secured hereby, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Property are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree, or issuance of certificate of sale or deed to any purchaser. Any receiver shall be liable to account only for the rents actually received.

(f) Foreclosure Sale. In the event of any foreclosure sale of the Property, the same may be sold in one or more parcels. Mortgagee may be the purchaser at any foreclosure sale of the Property or any part thereof.

(g) Application of Proceeds. The proceeds of any foreclosure sale of the Property, or any part thereof, shall, unless otherwise required by applicable law, be distributed and applied in the following order of priority:

(i) first, on account of all costs and expenses incident to the foreclosure proceedings, including, without limitation, the items described in Section 4(h) hereof;

(ii) next, in any order as determined by Mortgagee in its sole discretion, on account of the outstanding balance of the Note, all other items that, under the terms of this Mortgage, constitute secured indebtedness additional to that evidenced by the Note and all other unpaid Obligations; and

(iii) the balance, to Mortgagor or its successors or assigns, as their interests and rights may appear or whoever else may then be adjudged entitled thereto.

(h) Priority of Payments. Issues, deposits, profits, and avails of the Property received by Mortgagee after taking possession of all or any part of the Property, or pursuant to any assignment thereof to Mortgagee under the provisions of this Mortgage, shall (unless otherwise required by court order) be applied in payment of or on account of the following, in the order listed:

(i) operating expenses of the Property (including reasonable compensation to Mortgagee, any receiver of the Property, any agent or agents to whom management of the Property has been delegated, and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized);

(ii) taxes, special assessments, and water and sewer charges now due or that may hereafter become a lien thereon prior to the lien of this Mortgage;

(iii) any and all reasonable repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Property (including, without limitation, the cost of placing the Property in such condition as will, in the judgment of Mortgagee or any receiver, make it readily rentable or salable);

(iv) all indebtedness secured by this Mortgage and other Obligations, including, without limitation, any deficiency that may result from any foreclosure sale pursuant hereto; and

(v) any remaining funds to Mortgagor or its successors or assigns, as their interests and rights may appear or to whoever else may then be adjudged entitled thereto.

(i) Rent. During the continuance of any Event of Default and if Mortgagee or any judicially appointed representative has a right to exclude Mortgagor from all or any part of the Property, Mortgagor agrees to pay the fair and reasonable rental value for the use and occupancy of the Property, or any portion thereof which are in its possession and being occupied for such period and, upon default of any such payment, will vacate and surrender possession of the Property to Mortgagee or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery or possession of premises for non-payment of rent, however designated.

(j) Remedies are Severable and Cumulative. All rights and remedies of Mortgagee herein are severable and cumulative and in addition to all other rights and remedies available in the other Documents, at law or in equity, and any one or more of such rights and remedies may be exercised simultaneously or successively.

(k) **Litigation Expenses.** In any proceeding to foreclose the lien of this Mortgage or enforce any other right or remedy of Mortgagee under this Mortgage or any of the other Documents, or in any other proceeding whatsoever in connection with any of the Property in which Mortgagee is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting therefrom, all expenses paid or incurred in connection with such proceeding by or on behalf of Mortgagee, including, but not limited to, reasonable attorneys' fees and expenses.

(l) **Waiver of Statutory Rights.** To the greatest extent permitted by law: (i) Mortgagor hereby waives the benefit of, and agrees that it will not apply for or avail itself of, any appraisal, valuation, redemption, reinstatement, stay, extension or exemption laws, or any so-called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage; and (ii) Mortgagor, for itself, any and all persons or entities who may claim through or under it and each and every person or entity acquiring any interest in the Property or title to the Real Property subsequent to the date of this Mortgage, hereby also waives (A) any and all rights to have the Property and estates comprising the Property marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety; and (B) any and all rights of (1) redemption in the event of foreclosure of the lien hereof pursuant to the rights herein granted; and (2) homestead in the Real Property which Mortgagor may now or hereafter have under the laws of the State in which the Property is located; and (C) all rights to void liens under Section 506 of the United States Bankruptcy Code (11 U.S.C. §506), or any amendment or successor thereto.

5. MISCELLANEOUS

(a) **Notices.** All notices hereunder shall be given and become effective in accordance with the provisions of the Loan Agreement.

(b) **Covenants Run with Land.** All of the covenants of this Mortgage shall run with the land constituting the Real Property.

(c) **Governing Law.** This Mortgage shall be governed in all respects by the laws of the State of Illinois, except that the priority and enforceability hereof governed and construed in accordance with the laws of the State in which the Property is located.

(d) **Severability.** Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Mortgage that is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Mortgage.

(e) **Non-Waiver.** No failure or delay on the part of Mortgagee in exercising any right, power or remedy pursuant to this Mortgage or any of the other Documents shall operate as a waiver thereof, and no single or partial exercise of any such right, power or remedy shall preclude any other or further exercise thereof, or the exercise of any other right, power or remedy. Neither any waiver of any provision of this Mortgage or any of the other Documents, nor any consent to any departure by Borrower or Mortgagor therefrom, shall be effective unless the same shall be in writing and signed by Mortgagee. Any waiver of any provision of this Mortgage or any of the other Documents and any consent to any departure by Borrower or Mortgagor from the terms of this Mortgage or any of the other Documents shall be effective only in the specific instance and for the specific purpose for which given. Except as otherwise expressly provided herein, no notice to or demand on Borrower or Mortgagor shall in any case entitle Borrower or Mortgagor to any other or further notice or demand in similar or other circumstances. Acceleration of maturity, once claimed hereunder by Mortgagee, may at Mortgagee's option be rescinded

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the date hereinabove first written.

GARFIELD KIDNEY CENTER, LLC

By: Paul Rundell

Its: CR

STATE OF ILLINOIS }
COUNTY OF ^{LAKE} ~~COOK~~ } SS.

I, Elizabeth Berube, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Paul Rundell Manager of Garfield Kidney Center, LLC, personally is known to me to be the same person whose name is subscribed to the foregoing instrument as such manager, appeared before me this day in person and acknowledged that such person signed and delivered the said instrument as such person's own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 6th day of July, 2013.

Elizabeth Berube
NOTARY PUBLIC

My Commission Expires: Nov. 17, 2014

[SEAL]

"OFFICIAL SEAL"
Elizabeth Berube
Notary Public, State of Illinois
My Commission Expires Nov. 17, 2014

"OFFICIAL SEAL"
Elizabeth Berube
Notary Public, State of Illinois
My Commission Expires Nov. 17, 2014

by written acknowledgment to that effect by Mortgagee and shall not affect Mortgagee's right to accelerate maturity upon or after any future Event of Default.

(f) **Headings.** Captions and headings in Sections and Paragraphs of this Mortgage are inserted only as a matter of convenience and shall not affect the interpretation hereof.

(g) **Grammar.** As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

(h) **Successors and Assigns.** This Mortgage and all provisions hereof shall be binding upon Mortgagor, and its successors, assigns, legal representatives and all other persons or entities claiming under or through Mortgagor and the word "Mortgagor," when used herein, shall include all such persons and entities and any others liable for the payment of the Obligations or any part thereof, whether or not they have executed the Note or this Mortgage. The word "Mortgagee," when used herein, shall include Mortgagee's successors, assigns, and legal representatives, including all other holders, from time to time, of the Note.

(i) **Release.** Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon presentation of satisfactory evidence that all Obligations have been fully paid.

(j) **Further Assurances.** Mortgagor will execute or procure any further necessary assurance of the title to said Property.

(k) **Time of the Essence.** Time is of the essence to this Mortgage, and all provisions pertaining thereto shall be strictly construed.

(l) **Receipt of Mortgage.** THE MORTGAGOR HEREBY ACKNOWLEDGES RECEIPT OF A TRUE COPY OF THIS MORTGAGE, WITHOUT CHARGE.

(m) **Exculpation.** This Mortgage is executed by Mortgagor, not personally but as trustee as aforesaid, in the exercise of the power and authority conferred and fixed in its as such trustee, and it is expressly understood and agreed that nothing herein contained shall be constituted as creating any liability on Mortgagor as trustee as aforesaid, or on Mortgagor personally, to pay the Obligations or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability on Mortgagor, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder. Each and all of the representations, warranties, covenants, undertakings and agreements made by the Mortgagor as trustee as aforesaid are made for the purpose of binding (and shall be enforceable against) Borrower, Guarantor and their successors and assigns. So far as Mortgagor as trustee as aforesaid, and its successors, and the Mortgagor, personally, are concerned, Mortgagee and the holder or holders of the Note and the owner or owners of the indebtedness accruing hereunder shall look solely to the property hereby conveyed for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in the Note provided, or by action to enforce the personal liability of Borrower or any Guarantor.

EXHIBIT A ATTACHED TO AND HEREBY MADE A PART OF
MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

LOTS 14 TO 17, INCLUSIVE, AND THE WEST 5.50 FEET OF LOT 18 IN HAMBLETON'S
SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF THE
NORTHEAST 1/4 OF SECTION 11, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD
PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PIN: 16-11-222-029-0000

Property Address: 3250 W. Franklin Boulevard, Chicago, IL 60624

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

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



To all to whom these Presents Shall Come, Greeting:

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

TOTAL RENAL CARE, INC., INCORPORATED IN CALIFORNIA AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 10, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1210102744

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 10TH
day of APRIL A.D. 2012*

Jesse White

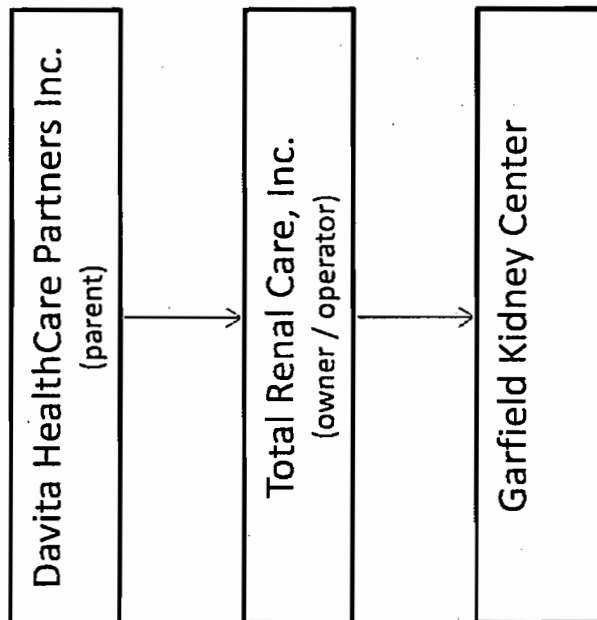
SECRETARY OF STATE

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

The organizational chart for DaVita HealthCare Partners Inc. and Total Renal Care, Inc. is attached at Attachment – 4.

Organizational Structure

Garfield Kidney Center



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

The Applicants propose a change of ownership of Garfield Kidney Center. 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 ownership of Garfield Kidney Center. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

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

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ESRD	\$4,250,000	7,705				7,705	
Total Clinical	\$4,250,000	7,705	0	0	0	7,705	0
NON CLINICAL	\$0	0	0	0	0	0	0
Total Non-clinical	\$0	0	0	0	0	0	0
TOTAL	\$4,250,000	7,705	0	0	0	7,705	0

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

Background of the Applicant

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. The proposed project involves the acquisition of Garfield Kidney Center.

DaVita HealthCare Partners Inc. ("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 2012 Community Care report, some of which is outlined below, details DaVita's commitment to quality, patient centric focus and community outreach, was previously submitted on July 15, 2013 as part of Applicants' application for Proj. No. 13-045. The proposed project involves the change of ownership of Garfield Kidney Center's existing 16-station dialysis facility located at 3250 West Franklin, Chicago, IL.

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 Kidney Smart, IMPACT, CathAway, and transplant assistance programs. Information on the Kidney Smart, IMPACT and CathAway programs, in addition to two press releases: "DaVita Celebrates Extraordinary 2012" and "DaVita Celebrates Giving Back in 2012" are attached at Attachment – 11A.

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

- Between 1988-1994 and 2005-2010, the overall prevalence estimate for CKD rose from 12.3 to 14.0 percent. The largest relative increase, from 25.4 to 40.8 percent, was seen in those with cardiovascular disease.⁴
- Many studies have shown that diabetes, hypertension, cardiovascular disease, higher body mass index, and advancing age are associated with the presence of CKD.⁴
- Nearly five times the number of new patients began treatment for ESRD in 2010 (approximately 117,000) versus 1980 (approximately 20,000).⁴
- Nearly ten times more patients are now being treated for ESRD than in 1980 (approximately 600,000 versus approximately 60,000).⁴
- U.S. patients newly diagnosed with ESRD was 1 in 2,900 in 2010 versus 1 in 11,600 in 1980.
- U.S. patients being treated for ESRD was 1 in 570 in 2010 versus 1 in 3,450 in 1980.⁴
- Increasing prevalence in the diagnosis of diabetes and hypertension, the two major causes of CKD; 44% of new ESRD cases have a primary diagnosis of diabetes; 28% have a primary diagnosis of hypertension.⁴
- Nephrology care prior to ESRD continues to be a concern. Since the 2005 introduction of the new Medical Evidence form (2728), with fields addressing pre-ESRD care, there has been little progress made in this area (pre-ESRD data, however, should be interpreted with caution because of the potential for misreporting). Forty-three percent of new ESRD patients in 2010, for example, had not seen a nephrologist prior to beginning therapy. And among these patients, 88 percent of those on hemodialysis began therapy with a catheter, compared to 54 percent of those who had received a year or more of nephrology care. Among those with a year or more of pre-ESRD

nephrologist care, in contrast, 26 percent began therapy with a fistula – eight times higher than the rate among non-referred patients.⁴

Additionally, DaVita's Kidney Smart 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.¹ 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 reduced 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 Kidney Smart program, DaVita offers educational services to CKD patients that can help patients reduce, delay, and prevent adverse outcomes of untreated CKD. DaVita's Kidney Smart program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

To extend DaVita's CKD education and awareness programs to the Spanish-speaking population, DaVita launched its Spanish-language website (DaVita.com/Espanol) in November 2011. Similar to DaVita's English-language website, DaVita.com/Espanol provides easy-to-access information for Spanish-speaking kidney care patients and their families, including educational information on kidney disease, treatment options, and recipes.

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

¹ 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.

² 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>.

³ 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.

⁴ US Renal Data System, USRDS 2012 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; 2012.

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 has improved its patients' fistula-adoption rate by 91% between 2002 and 2011. At the end of 2012, 63.9% of DaVita patients were using fistulas, a 2.0% increase since 2011. In addition, only 13.9% of DaVita patients who had been on dialysis for more than 90 days were still using their typically hospital-given catheters as their form of vascular access – DaVita's best outcomes to date. DaVita is an industry leader in the rate of fistula use and has the lowest day-90 catheter rates among large dialysis providers.

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 300 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.

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

In an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is more than \$1.5 billion in savings to the health care system and the American taxpayer since 2010.

DaVita Rx, the first and largest licensed, full-service U.S. renal pharmacy, focuses on the unique needs of dialysis patients. Since 2005, DaVita Rx has been helping improve outcomes by delivering medications to dialysis centers or to patients' homes, making it easier for patients to keep up with their drug regimens. As of 2012, DaVita Rx patients have an 82% adherence rate, compared to those who use chain pharmacies and have a 32% adherence rate, and those who use independent pharmacies and have a 36% adherence rate. In addition, better adherence may lead to fewer hospitalizations for patients using DaVita Rx versus those patients not on this service. Hospitalizations (per member per 1000) was 1.4 for Non-DaVita Rx patients versus 1.0 for DaVita Rx patients in 2012.

DaVita has been repeatedly recognized for its commitment to its employees (or teammates), particularly its more than 1,700 teammates who are reservists, members of the National Guard, military veterans, and military spouses. In June 2013, DaVita received the prestigious Secretary of Defense Employer Support Freedom Award. Presented annually by the Employer Support of the Guard and Reserve ("ESGR"), an arm of the Department of Defense, the Freedom Award recognizes employers for outstanding support of employees who serve in the Guard and Reserve. It is the highest military-friendly award presented by the U.S. government. Nearly 3,000 employers were nominated for a Freedom Award in 2013. An awards committee composed of senior Department of Defense officials, business leaders and prior honorees selected just 15 companies to receive the 2013 Freedom Award. DaVita also received the 2013 award for Best Military Recruiting Program from ERE Media and was recognized this year with Top 100 Military Friendly Employer and 2013 Top 100 Military Friendly Spouse Employer awards from GI Jobs, a Most Valuable Employers award from CivilianJobs.com and a "Best for Vets" award from Military Times EDGE.

In June 2013, DaVita was recognized as one of the best employers in four cities: Denver, Nashville, Philadelphia and the San Francisco Bay Area. For a second year in a row, WorkplaceDynamics recognized DaVita as one of the "Top Workplaces" in Denver, ranking 7th, up two positions from 2012. DaVita also debuted on the WorkplaceDynamics Top Workplaces lists in Philadelphia and the San Francisco Bay Area, ranking 14th out of 20 large companies in both cities. Finally, DaVita received Quantum Workplace's "Best Places to Work" in Nashville award for the second year in a row.

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 annually saves approximately 8 million pounds of medical waste through dialyzer reuse and it also diverts more than 85% 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. In addition, DaVita was also recognized as an "EPA Green Power Partner" by the U.S. Environmental Protection Agency.

DaVita consistently raises awareness of community needs and makes cash contributions to organizations aimed at improving access to kidney care. In 2011, DaVita donated more than \$2.5 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, or members of the "DaVita Village," assisted in these initiatives and have raised approximately \$5 million, thus far, through the annual Tour DaVita bicycle ride, with \$900,000 coming in 2012 alone. The Kidney Rock 5K Run/Walk raised an estimated \$1 million for Bridge of Life – DaVita Medical Missions in 2011 and 2012, combined. Starting in 2011, teammates at clinics across DaVita's 43-state footprint selected more than 600 charities from Ronald McDonald House to small community-support entities in their local areas, to receive approximately \$1.5 million in contributions. This new program titled "DaVita Way of Giving" continued in 2012.

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 24 Missions between 2006–2011, with more than 150 participating teammates. It provided these desperately needed services in Cameroon, India, Ecuador, Guatemala, the Philippines, South Africa, and Jamaica, and trained many health care professionals there as well.

Neither the Centers for Medicare and Medicaid Services nor 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.



DaVita Celebrates Extraordinary 2012

Year Marked by Clinical Excellence, Patient Service, Growth, and Corporate Citizenship

DENVER--(BUSINESS WIRE)--Dec. 26, 2012-- DaVita, a division of DaVita HealthCare Partners Inc.® (NYSE: DVA) and a leading provider of kidney care services, released a year-end recap of major milestones and achievements for the company in 2012.

"DaVita's performance was outstanding in 2012 – from clinical outcomes and patient care to business growth and corporate citizenship," said Kent Thiry, chairman and CEO of DaVita HealthCare Partners. "Every day, our success relies on the commitment and hard work of more than 40,000 DaVita teammates, and I'm very grateful for their belief in our DaVita community."

Major initiatives and highlights for DaVita in 2012 included:

Clinical Excellence:

- **DaVita Survival Rate Leads Kidney Care Industry** – In September, the United States Renal Data System released its 2012 Atlas of Chronic Kidney Disease (CKD) and End Stage Renal Disease (ESRD). The Atlas covers population and treatment data available in 2010; for that year, DaVita had the lowest standard mortality rate in the industry (along with DCI).¹ According to internal data, in 2011 gross mortality rate at DaVita fell to the lowest level ever, showing a 15% decrease in mortality rate since 2005. This decrease represents thousands of lives saved over a period of years.
- **DaVita Clinical Research Presents 13 Abstracts at NKF; 12 Posters at ASN; Seven HEOR Posters at ISPOR**– In 2012, researchers from DaVita Clinical Research® (DCR®) and DaVita presented the results from a number of innovative clinical improvement programs and health economic studies originating from DaVita and its research partners. The findings were shared at three premier health care meetings – the National Kidney Foundation Spring Clinical Meeting, the 17th Annual International Society for Pharmacoeconomics and Outcomes Research International Meeting, and American Society of Nephrology Kidney Week. DCR provides a collaborative bridge between DaVita services and the pharmaceutical and biotech research community; DCR also shares DaVita's dedication to improving the health and well-being of kidney patients.
- **DaVita's CathAway™ Program Continues to Save Lives** - DaVita has made remarkable progress in reducing patient central venous catheter (CVC) rates, a major risk factor for serious infection in kidney patients. In 2008, DaVita established CathAway, the company's seven-step program for reducing the number of hemodialysis patients dialyzing with CVCs. Since the inception of the program, DaVita has witnessed a more than 40 percent reduction in the number of "Day 90+" catheter patients (i.e., those patients who have been dialyzing at DaVita for 90 days or more using a catheter for dialysis access), and the company is now at an all-time low catheter rate of 14.1 percent for this patient population as of November 2012. DaVita leads major dialysis providers in the industry in the use of fistulas, the "gold standard" for dialysis access.
- **DaVita Patient Vaccination Rates Top 90%** - Two months into the 2012-2013 flu season (as of December 1, 2012), DaVita had vaccinated 91.5% of its patients for influenza and 91.8% of its patients for pneumonia. Vaccinations are critically important for people like kidney patients who are at high risk for complications, helping prevent hospitalizations and even death and supporting quality of life.
- **DaVita Launches Social Site NephLink to Connect Nephrologists** – DaVita launched NephLink™ (www.NephLink.com) this year, which is a new online physician community for kidney care. NephLink is designed to allow physicians to discuss difficult patient cases or practice-management issues, share best practices and ideas, and debate the evolving health care landscape. NephLink provides physicians with direct access to their colleagues to engage and collaborate as a group – or one-on-one – with self-service privacy controls. In addition to providing tools to connect and collaborate, NephLink provides access to news, journals, events and resources from many kidney care news syndicates and journal publishers. To register for NephLink, any licensed physician can register at www.NephLink.com. A brief online tour of NephLink is available at <http://bit.ly/NephLinkDemo>.

Patient Service:

- **Launch of myDaVita.com** – DaVita announced an important update to myDaVita.com to further help dialysis patients manage their health. myDaVita.com is an online patient social networking and virtual support center where

dialysis patients can connect with other members of the kidney care community by sharing stories, meeting friends who are going through similar experiences, getting advice, and supporting and inspiring others. Other myDaVita.com resources include the DaVita Diet Helper™, which helps patients navigate nutrition challenges with planned menus and a log to track important nutrients. In the enhanced My Recipes section, patients and caregivers can save and organize favorites from more than 800 kidney-friendly recipes. These online tools allow patients to be proactive about their health, which can lead to improved clinical outcomes and an improved quality of life.

- **Launch of Patient Health Portal™** – In 2012 – in a first among major dialysis providers – DaVita launched the new DaVita Health Portal, allowing patients to securely access their test results and other treatment information. The application is accessible anywhere patients have an Internet connection through a computer, including in DaVita dialysis centers.

Business Growth:

- **Merger with HealthCare Partners** – On November 1, HealthCare Partners® merged into a subsidiary of DaVita's parent company. The parent company changed its name to DaVita HealthCare Partners Inc. HealthCare Partners, now one of the two main operating divisions of DaVita HealthCare Partners, has leading operations in the Southern California, Central Florida, Southern Nevada and Northern New Mexico areas. HealthCare Partners takes clinical and economic accountability and management responsibility for nearly all of the healthcare needs of a patient population. This includes the provision of professional services rendered by primary care and specialty physicians as well as the coordination of hospital and other services. DaVita, the other main operating division of DaVita HealthCare Partners Inc., will continue to provide comprehensive services for kidney care patients.
- **DaVita Rx®** - DaVita Rx is the world's first and largest full-service pharmacy dedicated to serving the unique needs of kidney patients. In 2012, DaVita Rx expanded their services to help manage patient medications and clinical outcomes. DaVita Rx helps patients improve compliance with their required drug regimens with refill reminders, reviews for possible drug interactions and other services, resulting in healthier patients and improved quality of life.
- **International Expansion** – As of December, 2012, DaVita had 25 clinics operating in six countries outside the U.S., employing more than 400 teammates. DaVita is managing clinics in China, Singapore and Saudi Arabia, and owns and operates clinics in India and Malaysia.
- **New Research Facility Opens in Denver Metro Area** – DaVita Clinical Research expanded to Colorado this year, opening a new facility in Lakewood. The new facility encompasses 35,000 square feet and is physically connected to St. Anthony Hospital in Lakewood, Colo. The 80-bed facility brought more than fifty specialized research jobs to the area and increased DCR's physical capacity from 42 to 122 beds in North America. The facility supports high-risk studies and has expanded ability to support both patient and healthy volunteer Phase I clinical studies.
- **DaVita Team Moves Into New World HQ Building** – This summer, more than 500 DaVita teammates moved into DaVita's new World Headquarters building at 2000 16th Street in Denver. The building was designed in collaboration with teammates, for teammates, with sustainability and a positive working experience as top priorities. Over 1,000 teammates had input into various design decisions, from outdoor spaces to workspace setup to the visual reminders of the DaVita story. The building is expected to achieve LEED® Gold certification for the environmental concepts utilized during design and construction. One such design concept incorporated into the building provides 98% of teammates with exposure to direct sunlight from their workspaces. More than 75% of total site construction waste was recycled.

Education, Empowerment, Corporate Citizenship:

- **DaVita Kidney Rock Walk™** – More than 1,200 people participated in the DaVita Kidney Rock™ event in August, helping to raise an estimated \$500,000 for Bridge of Life Medical Missions, which brings life-saving dialysis treatments to developing countries by supporting the creation of self-sustaining clinics. Hundreds of attendees also received kidney disease screenings from The Kidney TRUST.
- **Tour DaVita®** - DaVita's annual charity bike ride, Tour DaVita, raised \$900,000 to support Bridge of Life-DaVita Medical Missions™ in 2012. The proceeds from Tour DaVita will help fund nine medical missions taking place in 2013 where Bridge of Life volunteers will be able to install or repair 112 dialysis machines. Through these missions, Bridge of Life will bring dialysis treatment to more than 600 people in communities that otherwise would not have access to this life-sustaining care.
- **DaVita HQ Expected to Receive LEED® Gold Rating** – DaVita expects to receive LEED® Gold certification of its world headquarters building, designed with environmentally responsible materials and energy efficient systems, from the use of 2850 linear feet of beetle kill wood to water efficiency that saves over 1 million gallons of water each year. Flooring throughout the building is comprised of pre- and post-consumer recycled materials; more than 90% of teammates have direct views to the outdoors; and 100% of permanent teammates receive complimentary RTD EcoPasses. DaVita also diverts more than 85% of materials from landfills through internal composting and recycling efforts. DaVita was also recognized as an "EPA Green Power Partner" by the U.S. Environmental Protection Agency.
- **DaVita Jumps in Newsweek's U.S. Green Ranking List** – Newsweek's 2012 U.S. Green Ranking List placed DaVita at number 209, up 33 spots from 2011. Newsweek U.S. Green Rankings highlight the top 500 companies in

America for leadership in environmental performance. This is the fourth year Newsweek has compiled its green rankings; DaVita has been ranked each year so far.

- **Community Service** - 2012 was DaVita's best year ever for teammate volunteerism through "Village Service Days." Village Service Days include any community service performed by three or more teammates at or on behalf of DaVita. As of December 15, 2012, DaVita teammates had participated in over 200 Village Service Days, involving more than 7,000 teammates and more than 11,000 hours of service.

Awards

Healthcare excellence

Renal Dietitian of the Year – DaVita dietitian Chhaya Patel was recognized by the National Kidney Foundation.

100 Most Influential People in Health Care – DaVita CEO Kent Thiry was ranked number 12 among the most influential people in U.S. health care by *Modern Healthcare*.

National Health Information Awards – DaVita's Kidney Smart campaign was recognized in the consumer decision-making information category.

Corporate culture & operations

World's Most Admired Companies – DaVita was named one of the World's Most admired companies by *Fortune* magazine.

Most Democratic Workplaces – DaVita was ranked among the world's most democratically operated world places by WorldBlu – the only health care company and the only Fortune 500® company so recognized.

50 Top Performing Companies – DaVita was named a top performer by Bloomberg *BusinessWeek*.

InformationWeek 500 – DaVita was ranked number 176 among the *InformationWeek* 500 most innovative users of business technology.

Best Places to Work – DaVita was recognized (through teammate surveys) as a top employer in Denver by the Denver Business Journal and the Denver Post.

2013 Training Top 125 – *Training Magazine* named DaVita a leading organization that excels at employee development.

Healthiest X-Large Employer in Colorado – DaVita was recognized as the healthiest employer in Colorado – x-large business category, by the *Denver Business Journal*.

Military recruiting

Top 100 Military-Friendly® Employers – DaVita was recognized as a top 100 military- friendly employer by G.I. Jobs.

Most Valuable Employers (MVE) for Military® - DaVita was named a most valuable employer for military personnel by CivilianJobs.com.

Best for Vets – DaVita was recognized by Military Times Edge as a "Best for Vets" employer. DaVita was also included on the list for best employers for reservists.

Military Spouse – DaVita was recognized as a top employer for military spouses by *Military Spouse Magazine*.

Patriot Award – DaVita supervisor David Blank was recognized with the Department of Defense's prestigious Patriot Award for his support of military personnel (including reservists).

DaVita, HealthCare Partners, DaVita Clinical Research, DCR, Tour DaVita, DaVita Kidney Rock, DaVita Rx, NephLink, CathAway and DaVita HealthCare Partners are trademarks or registered trademarks of DaVita HealthCare Partners Inc. All other trademarks are the property of their respective owners.

About DaVita

DaVita is the dialysis division of DaVita HealthCare Partners Inc., a Fortune 500® company that, through its operating divisions, provides a variety of health care services to patient populations throughout the United States and abroad. A leading provider of kidney care in the United States, DaVita delivers dialysis services to patients with chronic kidney failure and end stage renal disease. DaVita strives to improve patients' quality of life by innovating clinical care, and by offering integrated treatment plans, personalized care teams and convenient health-management services. As of September 30, 2012, DaVita operated or provided administrative services at 1,912 outpatient dialysis centers located in the United States serving approximately 150,000 patients. The company currently operates 25 outpatient dialysis centers located in six countries outside the United States. DaVita supports numerous programs dedicated to creating positive, sustainable change in communities around the world. The company's leadership development initiatives and social responsibility efforts have been recognized by Fortune, Modern Healthcare, Newsweek and WorldBlu. For more information, please visit DaVita.com.

¹ USRDS 2012 Atlas of ESRD, p. 321

Source: DaVita

DaVita

Lauren Moughon, 303-876-6612

Lauren.Moughon@DaVita.com



DaVita Celebrates Giving Back in 2012

Company's Success Goes Hand in Hand with Supporting Communities it Serves

DENVER--(BUSINESS WIRE)--Dec. 27, 2012-- DaVita, a division of DaVita HealthCare Partners Inc. (NYSE: DVA) and a leading provider of kidney care services, today celebrated its partnerships with the communities it served in 2012.

"At DaVita, we take our responsibilities – to our patients, to each other and to our communities – very seriously," said Kent Thiry, DaVita HealthCare Partners® chairman and CEO. "This has been an incredible year for us clinically, as a business, and just as importantly, as a community partner working to make the world a little bit better."

With a commitment to being the "Provider, Partner and Employer of Choice," DaVita® received a number of awards in 2012, including recognition as one of the world's most democratic companies by WorldBlu®. DaVita was the only health care company and the only FORTUNE 500® company on the 2012 list. DaVita was also recognized in 2012 as one of the nation's top five most "likeable businesses" and was included in FORTUNE® magazine's most admired companies list for 2012.

"Community First, Company Second"

One of DaVita's most cherished principles is that DaVita is "a community first, and a company second." Employees are known as teammates or citizens, and the company itself is internally referred to as "The Village," operating with seven core values – service excellence, integrity, team, continuous improvement, accountability, fulfillment and fun. DaVita encourages its teammates to support each other and their communities, sending "ripples of citizen leadership" out into the world through every act of service.

- **DaVita Village Network** – The DaVita Village Network is a DaVita community fund supported by both teammate and corporate contributions that provides financial assistance to teammates (or their immediate dependents) for out-of-pocket expenses during times of crisis such as a natural disaster, life-threatening emergency, unexpected medical or funeral expenses, or financial hardships as a result of military deployment. Since its inception, the DaVita Village Network has provided more than \$2.1 million to teammates in times of need.
- **Denver Public Schools Outreach** – DaVita University, a continuing education and leadership program, offers a variety of classes related to team building, management and leadership. In 2012, DaVita University partnered with Denver Public Schools (DPS) to offer 21 leadership development and team-building programs for 1,793 leaders, principals, teachers and staff within Denver schools. Contributing a total of 3,951 hours, DaVita teammates also provided support as DPS developed shared core values.

Chronic Kidney Disease Awareness

More than 20 million people over the age of 20 in the U.S. have kidney disease, most of whom are unaware they are affected by the disease. High-risk groups include African-Americans, Hispanics, Pacific Islanders, Native Americans and seniors (those 60 and over). One of DaVita's goals is to bring awareness to this life-threatening disease through unique community events.

- **DaVita Kidney Rock Walk™** – More than 1,200 people participated in the DaVita Kidney Rock™ event in August, helping to raise an estimated \$500,000 for Bridge of Life – Medical Missions™, which brings life-saving dialysis treatments to developing countries by supporting the creation of self-sustaining clinics. Hundreds of attendees also received kidney disease screenings from The Kidney TRUST.
- **Tour DaVita®** – DaVita's annual charity bike ride, Tour DaVita, raised \$900,000 to support Bridge of Life in 2012. The proceeds from Tour DaVita will help fund nine medical missions taking place in 2013 where Bridge of Life volunteers will be able to install or repair 112 dialysis machines. Through these missions, Bridge of Life will bring dialysis treatment to more than 600 people in communities that otherwise would not have access to this life-sustaining care.

Charitable Giving

DaVita is committed to innovative engagement as citizens of local communities, empowering nonprofit organizations to become leaders in health, education, business and community transformation. DaVita supports local organizations that are

making a significant impact in people's lives.

- **DaVita Way of Giving** – For the second year, DaVita supported “DaVita Way of Giving” (DWOG) – a million-dollar giveaway to charities across the U.S., in which recipients are selected by clinic teammates. More than 1,900 DaVita clinics had the opportunity to come together and donate their time and money to local charities of their choice. These sponsorships stem from years of continued service by teammates and often include community-service projects known as “Village Service Days.”
- **Corporate Charitable Giving** – DaVita also continued its traditional support of local charities across the nation by giving away more than \$2.8 million. DaVita supports a comprehensive approach to giving involving monetary donations, board leadership and community service. For example, DaVita’s headquarters supported Project Angel Heart (PAH) by serving as their \$25,000 title sponsor for “Taste for Life,” an annual event that raises money for PAH’s mission of delivering nutritious meals to improve quality of life – at no cost – for those coping with life-threatening illness. Teammates also volunteered more than 500 hours in the kitchen, personally delivered meals and decorated 1,000 food-delivery bags.

Community Service

This year was DaVita’s best year ever for teammate volunteerism through “Village Service Days.” Village Service Days include any community service performed by three or more teammates at or on behalf of DaVita. Over the past several years, teammates and their friends around the country have launched a variety of local community-service projects. Between January 1 and December 15, 2012, DaVita teammates participated in more than 200 Village Service Days, involving more than 7,000 teammates and more than 11,000 hours of service.

- **Shoes That Fit** – Working with charity partner Shoes That Fit, DaVita citizens at the company’s business office in Irvine, Calif., along with field teammates across Southern California, donated 1,030 pairs of shoes to elementary school children. Every child at Lincoln Elementary School in Santa Ana – where 92 percent of the students are on free or reduced lunch and about 100 are homeless – received a new pair of athletic shoes. DaVita citizens collected these shoes (and 1,030 pairs of socks) in just two weeks so that the children would have new shoes for Spring Break.
- **Sun Valley Youth Center** – As part of an annual leadership retreat, DaVita’s most senior operational leaders spent a day helping to rehabilitate Sun Valley Youth Center in Denver by cleaning and entirely re-landscaping the center’s grounds. Sun Valley Youth Center provides day care, after-school care, youth development, mentoring and life essentials programs to youth in one of Denver’s lowest-income neighborhoods. DaVita senior leaders have planned a multi-year volunteer project with Sun Valley to support the center’s work.

Sustainability

- **DaVita HQ Expected to Receive LEED® Gold Rating** – DaVita expects to receive LEED® Gold certification of its world headquarters building, designed with environmentally responsible materials and energy efficient systems, from the use of 2,850 linear feet of beetle-kill wood to water efficiency that saves more than 1 million gallons of water each year. Flooring throughout the building is comprised of pre- and post-consumer recycled materials; more than 90 percent of teammates have direct views to the outdoors; and 100 percent of permanent teammates receive complimentary RTD EcoPasses. DaVita also diverts more than 85 percent of materials from landfills through internal composting and recycling efforts. In addition, DaVita was recognized as an “EPA Green Power Partner” by the U.S. Environmental Protection Agency.
- **Corporate Environmental Goals** – DaVita’s Village Green department is committed to reducing the Village’s environmental footprint while striving to achieve five environmental goals by 2015:
 - Reduce energy consumption by 15 percent
 - Reduce office paper consumption by 20 percent and operate paperless clinics
 - Reduce water consumption by 10 percent
 - Increase environmentally preferable procurement by 15 percent
 - Increase teammate awareness/education by implementing one new program each year
- **DaVita Jumps In Newsweek’s U.S. Green Ranking List** – Newsweek’s 2012 U.S. Green Ranking List placed DaVita at number 209, up 33 spots from 2011. Newsweek U.S. Green Rankings highlight the top 500 companies in America for leadership in environmental performance. This is the fourth year Newsweek has compiled its green rankings; DaVita has been ranked each year so far.

For more information about DaVita’s social responsibility practices, please visit DaVita.com/CommunityCare.

DaVita, DaVita Kidney Rock, Tour DaVita and DaVita HealthCare Partners are trademarks or registered trademarks of

About DaVita

Source: DaVita

DaVita
Media:
Lauren Moughon
Mobile: 206.724.3826
Lauren.Moughon@DaVita.com



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. 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

Corporate Office | 601 Hawaii Street, El Segundo, CA 90245 | 1-800-313-4872 | DaVita.com/physicians



FOR IMMEDIATE RELEASE

DaVita's IMPACT Program Reduces Mortality for New Dialysis Patients

Study Shows New Patient Care Model Significantly Improves Patient Outcomes

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

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

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

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

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

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

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

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

Incident Management of Hemodialysis Patients: Managing the First 90 Days

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

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

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

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

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

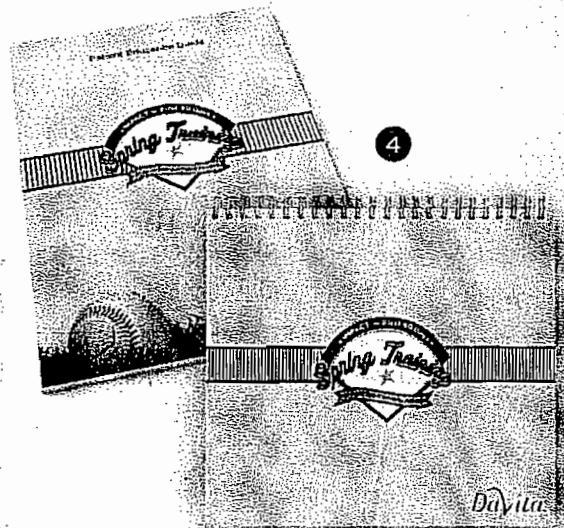
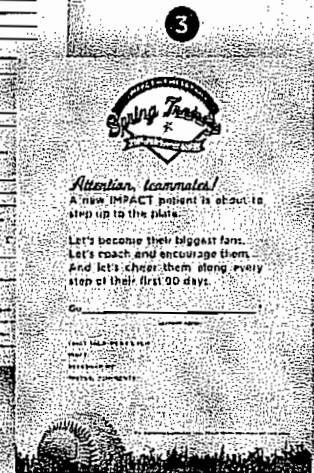
IMPACT Tools

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

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

Standard Order Template form with multiple sections for patient information, orders, and signatures.

Intake Checklist form with sections for patient information, registration, and clinical data.



IMPACT Scorecard form with a header for Facility, NYS - Sample Facility, and a table for tracking performance metrics. It includes a '90' badge in the top right corner.

IMPACT Management Checklist form with a header for Patient Name and a table for tracking progress over 90 days. It includes a '90' badge in the top right corner.



Knowledge is power.

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

Taking Control Of Kidney Disease

Learn how to slow the progression of kidney disease.

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

Making Healthy Choices

Learn how to prepare for dialysis.

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

Treatment Choices

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

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

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

EMPOWER®
1-888-MyKidney (695-4363) | DaVita.com/EMPOWER

DaVita®



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

601 Hawari Street, El Segundo, CA 90245 | 1-800-313-4872 | www.davita.com/physicians

April 30, 2009

Dear Physicians:

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



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



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

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

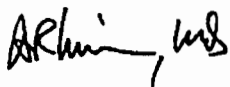
- Assess incident patients regularly in their first 90 days: Discuss patients individually and regularly. Use the IMPACT scorecard to prompt these discussions.
- Adopt "Facility Specific Orders": Create new facility specific orders using the form that will be provided to you.
- Minimize the "catheter-removal"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

Launch Kits:

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

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

Sincerely,



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

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

Davita HealthCare Partners, Inc.

Illinois Facilities

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
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
Arlington Heights Renal Center	17 WEST GOLF ROAD		ARLINGTON HEIGHTS	COOK	IL	60005-3905	14-2628
Barrington Creek	28160 W. NORTHWEST HIGHWAY		LAKE BARRINGTON	LAKE	IL	60010	14-2736
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 TONUHY AVE		NILES	COOK	IL	60714-4019	14-2712
Buffalo Grove Renal Center	1291 W. DUNDEE ROAD		BUFFALO GROVE	COOK	IL	60089-4009	14-2650
Centralia Dialysis	1231 STATE ROUTE 161		CENTRALIA	MARION	IL	62801-6739	14-2609
Chicago Heights Dialysis	177 W JOE ORR RD	STE B	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	STE A	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	1808 SOUTH WEST AVE		FREEDPORT	STEPHENSON	IL	61032-6712	
Edwardsville Dialysis	235 S BUCHANAN ST		EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Effingham Dialysis	904 MEDICAL PARK DR	STE 1	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Emerald Dialysis	710 W 43RD ST		CHICAGO	COOK	IL	60609-3435	14-2529
Evanston Renal Center	1715 CENTRAL STREET		EVANSTON	COOK	IL	60201-1507	14-2511
Grand Crossing Dialysis	7319 S COTTAGE GROVE AVENUE		CHICAGO	COOK	IL	60619-1909	14-2728
Freeport Dialysis	1028 S KUNKLE BLVD		FREEDPORT	STEPHENSON	IL	61032-6914	14-2642
Granite City Dialysis Center	9 AMERICAN VLG		GRANITE CITY	MADISON	IL	62040-3706	14-2537
Hazel Crest Renal Center	3470 WEST 183rd STREET		HAZEL CREST	COOK	IL	60429-2428	14-2622
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	STE 104	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Lake County Dialysis Services	565 LAKEVIEW PARKWAY	STE 176	VERNON HILLS	LAKE	IL	60061	14-2552
Kenwood Dialysis	43RD & SOUTH COTTAGE GROVE		CHICAGO	COOK	IL	60653	14-2717

Davita HealthCare Partners, Inc.

Illinois Facilities

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Lake Villa Dialysis	37809 N IL ROUTE 59		LAKE VILLA	LAKE	IL	60046-7332	14-2666
Lawndale Dialysis	3934 WEST 24TH ST		CHICAGO	COOK	IL	60623	
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	MONTGOMERY	IL	62056-1775	14-2583
Little Village Dialysis	2335 W CENMARK RD		CHICAGO	COOK	IL	60608-3811	14-2668
Logan Square Dialysis	2838 NORTH KIMBALL AVE		CHICAGO	COOK	IL	60618	14-2534
Loop Renal Center	1101 SOUTH CANAL STREET		CHICAGO	COOK	IL	60607-4901	14-2505
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
Markham Renal Center	3053-3055 WEST 159th STREET		MARKHAM	COOK	IL	60428-4026	14-2575
Maryville Dialysis	2130 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2634
Mattoon Dialysis	6051 DEVELOPMENT DRIVE		CHARLESTON	COLES	IL	61938-4652	14-2585
Metro East Dialysis	5105 W MAIN ST		BELLEVIEW	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
Olney Dialysis Center	117 N BOONE ST		OLNEY	RICHLAND	IL	62450-2109	14-2674
Olympia Fields Dialysis Center	4557B LINCOLN HWY	STE B	MATTESON	COOK	IL	60443-2318	14-2548
Palos Park Dialysis	13155 S LAGRANGE ROAD		ORLAND PARK	COOK	IL	60462-1162	14-2732
Pittsfield Dialysis	640 W WASHINGTON ST		PITTSFIELD	PIKE	IL	62363-1350	14-2708
Red Bud Dialysis	LOT 4 IN 1ST ADDITION OF EAST INDUSTRIAL PARK		RED BUD	RANDOLPH	IL	62278	
Robinson Dialysis	1215 N ALLEN ST	STE B	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
Schaumburg Renal Center	1156 S ROSELLE ROAD		SCHAUMBURG	COOK	IL	60193-4072	14-2654

Davita HealthCare Partners, Inc.

Illinois Facilities

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Shiloh Dialysis	1095 NORTH GREEN MOUNT RD		SHILOH	ST CLAIR	IL	62269	
Silver Cross Renal Center - Morris	1551 CREEK DRIVE		MORRIS	GRUNDY	IL	60450	14-2740
Silver Cross Renal Center - New Lenox	1890 SILVER CROSS BOULEVARD		NEW LENOX	WILL	IL	60451	14-2741
Silver Cross Renal Center - West	1051 ESSINGTON ROAD		JOLIET	WILL	IL	60435	14-2742
South Holland Renal Center	16136 SOUTH PARK AVENUE		SOUTH HOLLAND	COOK	IL	60473-1511	14-2544
Springfield Central Dialysis	932 N RUTLEDGE ST		SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Springfield Montvale Dialysis	2930 MONTVALE DR	STE A	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Springfield South	2930 SOUTH 6th STREET		SPRINGFIELD	SANGAMON	IL	62703	14-2733
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
Tazewell Dialysis	1021 COURT STREET		PEKIN	TAZEWELL	IL	61554	
Timber Creek Dialysis	1001 S. ANNIE GLIDDEN ROAD		DEKALB	DEKALB	IL	60115	
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
Waukegan Renal Center	1616 NORTH GRAND AVENUE	STE C	Waukegan	COOK	IL	60085-3676	14-2577
Wayne County Dialysis	303 NW 11TH ST	STE 1	FAIRFIELD	WAYNE	IL	62837-1203	14-2688
West Lawn Dialysis	7000 S PULASKI RD		CHICAGO	COOK	IL	60629-5842	14-2719
West Side Dialysis	1600 West 13th Street		Chicago	Cook	IL	60608	
Whiteside Dialysis	2600 N LOCUST	STE D	STERLING	WHITESIDE	IL	61081-4602	14-2648
Woodawn Dialysis	1164 E 55TH ST		CHICAGO	COOK	IL	60615-5115	14-2310

July 16, 2013

John Hayes
Vice Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Vice Chair Hayes:

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 by DaVita HealthCare Partners Inc. or Total Renal Care, Inc. in the State of Illinois during the three years prior to filing this application.

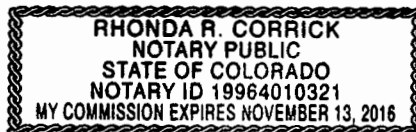
Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. 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,



Javier Rodriguez
President
DaVita HealthCare Partners Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This ~~16th~~ day of July, 2013


Notary Public

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

Purpose of the Project

1. The purpose of the proposed project is to ensure ESRD patients residing in the Garfield Park and Humboldt Park neighborhoods of Chicago have continued access to dialysis services. On July 2, 2013, Garfield Kidney Center, LLC filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code, placing the ongoing operation of the dialysis center in jeopardy. As of June 30, 2013, over 100 patients were dialyzing at Garfield Kidney Center. The center is operating at 107% capacity. As a result, Garfield Kidney Center must operate a fourth shift three days a week to accommodate all of these patients. Closure of Garfield Kidney Center will adversely affect access to much needed dialysis services to ESRD patients residing in Garfield Park and Humboldt Park.

Garfield Kidney Center is crucial to the health of the Garfield Park and Humboldt Park neighborhoods. It is a safety net provider of dialysis services to ESRD patients residing in these communities. Residents of Garfield Park and Humboldt Park are more economically challenged compared to residents in other areas of the State, with twice the number of individuals living below the Federal Poverty Level (approximately 26% of residents in Garfield Park and Humboldt Park live below the Federal Poverty Level whereas 13% of residents throughout the State live below the Federal Poverty Level). Likewise, Garfield Kidney Center serves a large Medicaid population relative to other facilities around the State. In fact, the percent of Medicaid beneficiaries served by Garfield Kidney Center is over twice the State average (27% of ESRD patients at Garfield Kidney Center are Medicaid beneficiaries compared to the statewide average of 12%).

Furthermore, Garfield Park and Humboldt Park are predominantly African-American and Hispanic communities. According to the 2010 U.S. Census, these areas are comprised of approximately 27% African-American and 43% Hispanic residents. Hispanics and African-Americans are at an increased risk of ESRD compared to the general population due to the higher prevalence of these conditions in these communities. In fact, the Patient Population by Zip Codes from The Renal Network confirms this. As of July 31, 2013, 934 ESRD patients (or 5% of the total ESRD population in the State) reside in zip codes within 10 minutes of Garfield Kidney Center. There are two other existing dialysis centers within the Garfield Park and Humboldt Park neighborhoods: FMC West Metro and FMC Congress Parkway. Both of these facilities operate at or above the State's 80% utilization standard, with average utilization of 88% as of June 30, 2013. Importantly, these facilities cannot accommodate the more than 100 patients currently dialyzing at Garfield Kidney Center. Therefore, the continued operation of Garfield Kidney Center is crucial to maintain access to dialysis for the residents of this underserved community.

Further, the acquisition will create economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Given recent trends in the delivery of dialysis services including the demands the revised federal payment policies place on dialysis operations, many independent providers in Illinois, including the University of Chicago, Sherman Hospital, and Silver Cross Hospital have reviewed options for this service line and have decided it can be best managed by a strategic partner, like DaVita, which is better positioned to serve the growing needs of patients suffering from ESRD and to preserve the services in the community.

Finally, large dialysis companies, have advantages over smaller providers. Because they purchase supplies and equipment in huge volume, they can provide dialysis services at a lower cost. The government needs to provide dialysis services at a lower cost particularly with the increased incidence and prevalence of CKD in recent years. To thrive in the new reimbursement environment, providers will need to provide dialysis in the most cost effective manner and DaVita is one of the best positioned providers to meet that challenge.

1. A map of the market area for Garfield Kidney Center is attached at Attachment – 12. The market area encompasses approximately a 19 mile radius around Garfield Kidney Center. The boundaries of the market area of are as follows:

- North approximately 30 minutes normal travel time to Northbrook
- Northwest approximately 30 minutes normal travel time to Park Ridge
- West approximately 25 minutes normal travel time to Elmhurst
- Southwest approximately 30 minutes normal travel time to Westmont
- South approximately 30 minutes normal travel time to Evergreen Park
- East approximately 20 minutes to Lake Michigan.

2. Garfield Kidney Center is located in HSA 6. Based upon the August 15, 2013 Inventory of Other Health Services, there is currently a need for 94 stations in HSA 6. The proposed change of ownership will ensure ESRD patients residing in HSA 6 retain access to life sustaining dialysis.
3. Reference

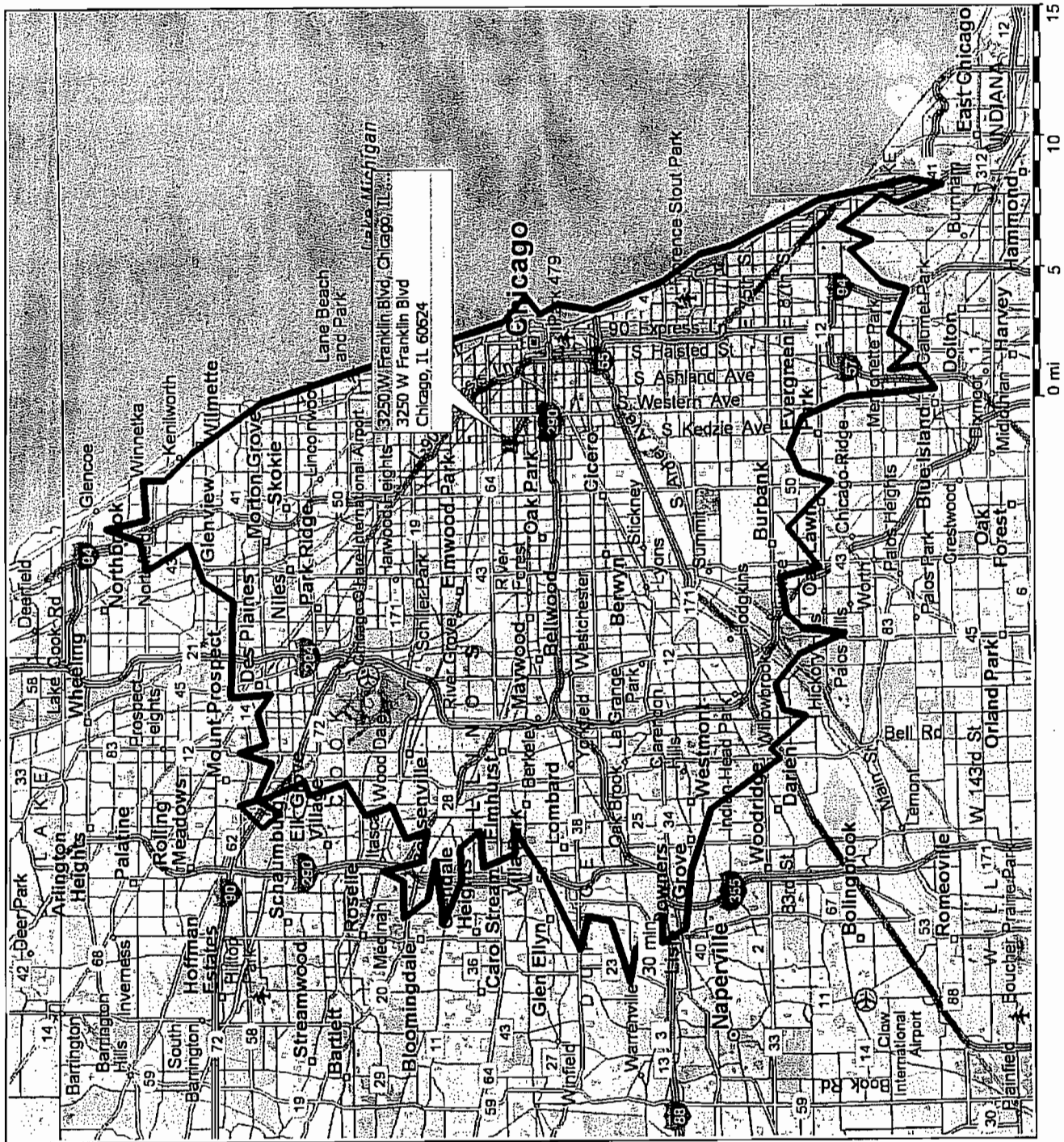
Illinois Health Facilities and Services Review Board, Inventory of Other Health Services (August 15, 2013) available at <http://www.hfsrb.illinois.gov/pdf/2013%%20Other%20Services%20Inventory%20-%20Final.pdf> (last visited August 28, 2013).

The Renal Network: ESRD Networks 9 & 10, Patient Population by Zipcodes (July 31, 2013) available at www.therenalnetwork.org/data/index.php (last visited August 29, 2013).

4. The integration of Garfield Kidney Center into DaVita will allow DaVita to improve the unit's operational efficiency, improve quality and ensure dialysis patients have continued access to life sustaining dialysis services.
5. Garfield Kidney Center will be integrated into DaVita's normal operational processes, including DaVita's quality outcomes programs, and, thus, is anticipated to have outcomes comparable to other DaVita facilities.

Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring 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 was more than \$1.5 billion in savings to the health care system and the American taxpayer since 2010.

Illinois, United States, North America



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

Alternatives

1. Do Nothing

The purpose of the proposed project is to ensure ESRD patients residing in the Garfield Park and Humboldt Park neighborhoods of Chicago have continued access to dialysis services. On July 2, 2013, Garfield Kidney Center, LLC filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code, placing the ongoing operation of the dialysis center in jeopardy. As of June 30, 2013, over 100 patients were dialyzing at Garfield Kidney Center. The center is operating at 107% capacity. As a result, Garfield Kidney Center must operate a fourth shift three days a week to accommodate all of these patients. Closure of Garfield Kidney Center will adversely affect access to much needed dialysis services to ESRD patients residing in Garfield Park and Humboldt Park.

Garfield Kidney Center is crucial to the health of the Garfield Park and Humboldt Park neighborhoods. It is a safety net provider of dialysis services to ESRD patients residing in these communities. Residents of Garfield Park and Humboldt Park are more economically challenged compared to residents in other areas of the State, with twice the number of individuals living below the Federal Poverty Level (approximately 26% of residents in Garfield Park and Humboldt Park live below the Federal Poverty Level whereas 13% of residents throughout the State live below the Federal Poverty Level). Likewise, Garfield Kidney Center serves a large Medicaid population relative to other facilities around the State. In fact, the percent of Medicaid beneficiaries served by Garfield Kidney Center is over twice the State average (27% of ESRD patients at Garfield Kidney Center are Medicaid beneficiaries compared to the statewide average of 12%).

Furthermore, Garfield Park and Humboldt Park are predominantly African-American and Hispanic communities. According to the 2010 U.S. Census, these areas are comprised of approximately 27% African-American and 43% Hispanic residents. Hispanics and African-Americans are at an increased risk of ESRD compared to the general population due to the higher prevalence of these conditions in these communities. In fact, the Patient Population by Zip Codes from The Renal Network confirms this. As of July 31, 2013, 934 ESRD patients (or 5% of the total ESRD population in the State) reside in zip codes within 10 minutes of Garfield Kidney Center. There are two other existing dialysis centers within the Garfield Park and Humboldt Park neighborhoods: FMC West Metro and FMC Congress Parkway. Both of these facilities operate at or above the State's 80% utilization standard, with average utilization of 88% as of June 30, 2013. Importantly, these facilities cannot accommodate the more than 100 patients currently dialyzing at Garfield Kidney Center. Therefore, the continued operation of Garfield Kidney Center is crucial to maintain access to dialysis for the residents of this underserved community.

There is no cost to this alternative.

2. Acquire Garfield Kidney Center, LLC

DaVita carefully considered whether to acquire Garfield Kidney Center. Garfield Kidney Center, LLC filed for bankruptcy on July 2, 2013, placing the continued operation of the center in jeopardy. This center is integral to the health of the Garfield Park and Humboldt Park communities. Closure of the center would displace the more than 100 ESRD patients that currently dialyze at Garfield Kidney Center. Acquisition of Garfield Kidney Center will ensure residents of Garfield Park and Humboldt Park have continued access to life sustaining dialysis. Further, acquisition of this facility will allow DaVita to reach a new patient-base and will improve operational efficiencies of Garfield Kidney Center. Through the acquisition, DaVita will be able to bring the broader line of chronic kidney disease services to the currently operated Garfield Kidney

Center patients with the goal to improve operational efficiencies and broaden the service options for the existing and future patients. These services will be beneficial for patients, physicians, payors, and taxpayers in providing more effective care and helping to reduce costs to the health care system. Accordingly, DaVita decided the acquisition of Garfield Kidney Center was the most feasible option.

The cost of this alternative is \$4,250,000.

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

1. Transactional Documents

The executed Asset Purchase Agreement between DaVita and Garfield Kidney Center, LLC for the acquisition of Garfield Kidney Center is attached at Attachment 19A.

2. Change in Services Currently Offered

No change in the number of ESRD stations is anticipated as a result of the proposed acquisition. 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.

3. Operating Entity

Total Renal Care, Inc. will be the operating entity of Garfield Kidney Center. The facility will be fully integrated with DaVita Healthcare Partners Inc., the parent of Total Renal Care, Inc.

4. Reason for the Transaction

The purpose of the proposed project is to ensure ESRD patients residing in the Garfield Park and Humboldt Park neighborhoods of Chicago have continued access to dialysis services. On July 2, 2013, Garfield Kidney Center, LLC filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code, placing the ongoing operation of the dialysis center in jeopardy. As of June 30, 2013, over 100 patients were dialyzing at Garfield Kidney Center. The center is operating at 107% capacity. As a result, Garfield Kidney Center must operate a fourth shift three days a week to accommodate all of these patients. Closure of Garfield Kidney Center will adversely affect access to much needed dialysis services to ESRD patients residing in Garfield Park and Humboldt Park.

Garfield Kidney Center is crucial to the health of the Garfield Park and Humboldt Park neighborhoods. It is a safety net provider of dialysis services to ESRD patients residing in these communities. Residents of Garfield Park and Humboldt Park are more economically challenged compared to residents in other areas of the State, with twice the number of individuals living below the Federal Poverty Level (approximately 26% of residents in Garfield Park and Humboldt Park live below the Federal Poverty Level whereas 13% of residents throughout the State live below the Federal Poverty Level). Likewise, Garfield Kidney Center serves a large Medicaid population relative to other facilities around the State. In fact, the percent of Medicaid beneficiaries served by Garfield Kidney Center is over twice the State average (27% of ESRD patients at Garfield Kidney Center are Medicaid beneficiaries compared to the statewide average of 12%).

Furthermore, Garfield Park and Humboldt Park are predominantly African-American and Hispanic communities. According to the 2010 U.S. Census, these areas are comprised of approximately 27% African-American and 43% Hispanic residents. Hispanics and African-Americans are at an increased risk of ESRD compared to the general population due to the higher prevalence of these conditions in these communities. In fact, the Patient Population by Zip Codes from The Renal Network confirms this. As of July 31, 2013, 934 ESRD patients (or 5% of the total ESRD population in the State) reside in zip codes within 10 minutes of Garfield Kidney Center. There are two other existing dialysis centers within the Garfield Park and Humboldt Park neighborhoods: FMC West Metro and FMC Congress Parkway. Both of these facilities operate at or above the State's 80% utilization standard, with average utilization of 88% as of June 30, 2013. Importantly, these facilities cannot accommodate the more than 100 patients currently dialyzing at Garfield Kidney Center. Therefore, the continued operation of Garfield Kidney Center is crucial to maintain access to dialysis for the residents of this underserved community.

5. Anticipated Additions or Reductions of Employees

No significant additions or reductions in employees are anticipated now or for the next two years as a result of the proposed acquisition. All current employees at Garfield Kidney Center, who pass DaVita's new employee intake screening will have the opportunity to continue their employment with DaVita after the acquisition. DaVita determines its staffing needs according to treatment needs. Going forward, staffing hours and/or positions will be added or reduced according to patient census and care needs. The Applicants anticipate no reduction in employees.

6. Cost-Benefit Analysis

As set forth throughout this application, the proposed transaction contemplates a change of ownership of Garfield Kidney Center. Total Renal Care, Inc. will acquire substantially all of the assets of Garfield Kidney Center for \$4.25 million. While DaVita will incur costs inherent in operating Garfield Kidney Center, the facility will likely achieve cost savings due to economies of scale and shared resources.

ASSET PURCHASE AGREEMENT
BY AND BETWEEN
GARFIELD KIDNEY CENTER, LLC,
AND
TOTAL RENAL CARE, INC.

Execution Date: September 6, 2013

Estimated Effective Date: December 1, 2013

Estimated Closing Date: December 1, 2013

TABLE OF CONTENTS

	Page
ARTICLE I ASSETS AND LIABILITIES.....	2
1.1. <u>Acquired Assets</u>	2
1.2. <u>Excluded Assets</u>	2
1.3. <u>Assumed Liabilities</u>	3
1.4. <u>Excluded Liabilities</u>	3
1.5. <u>Employees</u>	4
1.6. <u>Instruments of Transfer</u>	5
1.7. <u>Payment of Sales Taxes</u>	6
1.8. <u>Submission for Court Approval</u>	6
ARTICLE II PURCHASE PRICE.....	6
2.1. <u>Purchase Price</u>	6
2.2. <u>Pro-Rations</u>	6
2.3. <u>Allocation of Purchase Price</u>	6
2.4. <u>Negotiated Value</u>	6
2.5. <u>Escrow</u>	7
2.6. <u>Assumption and Assignment; Limitation on Assignment of Contracts</u>	7
ARTICLE III CLOSING.....	7
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER.....	8
4.1. <u>Organization, Good Standing and Qualification</u>	8
4.2. <u>Authorization: Binding Obligation</u>	8
4.3. <u>Consents and Approvals</u>	8
4.4. <u>No Violation</u>	9
4.5. <u>Licenses and Permits</u>	9
4.6. <u>Ownership: No Subsidiaries</u>	9
4.7. <u>Acquired Assets</u>	9
4.8. <u>Leases of Personal Property</u>	10
4.9. <u>Financial Statements</u>	10
4.10. <u>Absence of Certain Events</u>	10
4.11. <u>Legal Proceedings</u>	12
4.12. <u>Payment Programs</u>	12
4.13. <u>Compliance with Laws</u>	13
4.14. <u>Employment Matters</u>	15
4.15. <u>Benefit Plan Compliance with Provisions of Applicable Law</u>	16
4.16. <u>Intentionally Omitted</u>	17
4.17. <u>No Brokers</u>	17
4.18. <u>Taxes</u>	17
4.19. <u>Contracts</u>	17
4.20. <u>Real Properties</u>	18
4.21. <u>Financing Statements</u>	18
4.22. <u>Transactions With Affiliates</u>	19
4.23. <u>Insurance</u>	19

TABLE OF CONTENTS
(continued)

	Page
4.24. <u>Inventory</u>	19
4.25. <u>Intellectual Property</u>	19
4.26. <u>Disclosure</u>	20
4.27. <u>Accounts Receivable</u>	20
ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER	20
5.1. <u>Organization, Good Standing and Qualification</u>	20
5.2. <u>Authorization: Binding Agreement</u>	20
5.3. <u>Legal Proceedings</u>	20
5.4. <u>No Brokers</u>	21
5.5. <u>No Violation</u>	21
ARTICLE VI COVENANTS	21
6.1. <u>Conduct of Seller's Business Pending Closing</u>	21
6.2. <u>Notice by Seller of Certain Events</u>	22
6.3. <u>Consents and Approvals: Coordination with Payers</u>	23
6.4. <u>Cost Reports</u>	24
6.5. <u>Inventory</u>	24
6.6. <u>Closing Balance Sheets: Final Balance Sheets and Final Fixed Assets</u> <u>List</u>	24
6.7. <u>Payments: Collections</u>	25
6.8. <u>Preservation of and Access to Certain Records</u>	25
6.9. <u>Maintenance of Insurance Coverage</u>	26
6.10. <u>Transition Services</u>	26
ARTICLE VII CONFIDENTIALITY; NON-COMPETITION	29
7.1. <u>Confidentiality</u>	29
7.2. <u>Non-Competition and Non-Solicitation</u>	30
ARTICLE VIII CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE AND TO SELLER'S PERFORMANCE	32
8.1. <u>Conditions to Buyer's Obligations</u>	32
8.2. <u>Conditions to Seller's Obligations</u>	35
8.3. <u>No Injunction or Action</u>	35
ARTICLE IX SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION	36
9.1. <u>Survival of Representations and Warranties</u>	36
9.2. <u>Indemnification by Seller</u>	36
9.3. <u>Indemnification by Buyer</u>	37
9.4. <u>Indemnification Process</u>	37
9.5. <u>Escrow</u>	39
ARTICLE X MISCELLANEOUS	39
10.1. <u>Termination</u>	39

TABLE OF CONTENTS
(continued)

	Page
10.2. <u>Notice of Termination; Effect of Termination</u>	40
10.3. <u>Expenses</u>	40
10.4. <u>Entire Subject Matter; Amendment</u>	40
10.5. <u>Assignment</u>	40
10.6. <u>Counterparts</u>	41
10.7. <u>Governing Law</u>	41
10.8. <u>Schedules and Exhibits</u>	41
10.9. <u>Severability</u>	41
10.10. <u>Notices</u>	41
10.11. <u>Representation by Counsel</u>	42
10.12. <u>Construction</u>	42
10.13. <u>Headings</u>	42
10.14. <u>Waivers</u>	42

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of the 6th day of September, 2013 (the "Execution Date"), by and between Garfield Kidney Center, LLC, an Illinois limited liability company ("Seller") and Total Renal Care, Inc., a California corporation ("Buyer").

RECITALS

A. Seller is engaged in the business of providing dialysis and related services at 3250 W. Franklin Blvd., Chicago, Illinois 60624 (the "Center"). The business of providing dialysis and related services at the Center by Seller is referred to as "Seller's Business" herein.

B. West Side Management Corporation, an Illinois corporation ("Member"), controlled by Edward Novak ("Novak"), owns all of the issued and outstanding membership interests of Seller.

C. On July 2, 2013 (the "Petition Date"), Seller filed a voluntary petition for relief (the "Petition") under chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as amended (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Northern District of Illinois Eastern Division (the "Bankruptcy Court") (the case commenced upon the filing of the Petition is referred to herein as the "Bankruptcy Case").

D. Buyer desires to purchase and acquire from Seller certain assets and rights, and Seller desires to sell, convey, assign and transfer such assets and rights to Buyer, in the manner and subject to the terms and conditions set forth herein and as authorized under, among others, Sections 105, 363 and 365 of the Bankruptcy Code.

E. Seller desires to assign to Buyer, and Buyer desires to assume from Seller, certain liabilities in the manner and subject to the terms and conditions set forth herein and as authorized under Sections 105, 363 and 365 of the Bankruptcy Code.

F. As additional consideration, and as a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Seller desires to make certain representations, warranties, indemnities, covenants and agreements relating to the sale of Seller's Business.

G. Capitalized terms used herein shall have the meaning set forth in the Table of Definitions attached hereto as Schedule 1.0.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the covenants, agreements, representations and warranties contained herein, the parties hereto hereby agree as follows:

ARTICLE I ASSETS AND LIABILITIES

1.1. Acquired Assets.

(a) Subject to the terms and the conditions set forth in this Agreement and on the basis of the representations and warranties herein, Seller agrees to sell, convey, transfer, assign and deliver to Buyer and Buyer agrees to purchase, receive and accept from Seller all right, title and interest in and to the assets and properties of every kind, character and description (other than property and rights specifically excluded in this Agreement), used in or for the benefit of Seller's Business, whether tangible, intangible, personal or mixed, and wherever located, which are actually used or useful in or necessary for the conduct of Seller's Business or otherwise owned by Seller (collectively referred to hereinafter as the "Acquired Assets"), including but not limited to the assets set forth at Schedule 1.1 hereto.

(b) Without limitation of the foregoing, the Acquired Assets shall include all tangible property, equipment, inventories (including office supplies and at least eighteen (18) treatment days of medical supplies such as dialysis supplies, EPO and other similar drugs and inventory items used for dialysis treatments at the Center, and not less than twelve (12) treatment days' usage of each individual supply item required for dialysis treatments on site), tenant improvements (regardless of whether they are accounted for as an asset on the books of Seller, of any Affiliate of Seller, or of a landlord or other third party), goodwill, software, Intellectual Property, prepaid expenses and deposits (other than prepaid items identified for separate payment by Buyer at Closing on Schedule 2.1 hereto), Assigned Contracts, Assigned Personal Property Leases, books and records (including photocopies of patient medical records and files for all patients being treated at the Center as of the Effective Date and as of the Closing Date, and patient lists and appointment books relating to patients treated at the Center within one year prior to the Closing Date, in each case to the extent transferable under applicable Law), any Seller policies and procedures relating to the Seller's Business, telephone and facsimile numbers, all Licenses and permits (including without limitation all Medicare and Medicaid provider numbers) and certificates of need to the extent transferable to Buyer under applicable law, and all benefits, proceeds and other amounts payable under any Seller policy of insurance.

(c) The parties acknowledge and agree that the portion of Inventory consisting of prescription drugs ("Prescription Drug Inventory") shall be, immediately prior to the Effective Date, held in locked storage facilities at the Center in the custody of the medical director of the Center. To ensure continuity of patient care, on the Closing Date (but effective as of the Effective Date), the Prescription Drug Inventory maintained at the Center shall be retained by such medical director or, in the event that the medical director of the Center following the Effective Date is different than the medical director immediately prior to Effective Date, the Prescription Drug Inventory shall be deemed to be transferred by the medical director of the Center prior to the Effective Date to the custody of the new medical director of the Center, who shall retain or gain, as applicable, means to access each such locked storage facility for the benefit of Buyer.

1.2. Excluded Assets. Notwithstanding anything contained in Section 1.1, Buyer is not purchasing Seller's cash, cash equivalents, accounts receivable, original patient medical

records and files, contracts that are not Assigned Contracts and Assigned Personal Property Leases, all avoidance actions of Seller, including avoidance actions of Seller arising under Bankruptcy Code §§ 510 and 544-550 and applicable state law or any assets or properties expressly set forth on Schedule 1.2 (such assets being referred to as the "Excluded Assets" and such Schedule 1.2 being referred to herein as the "Excluded Assets Schedule").

1.3. Assumed Liabilities. As of the Effective Date, Seller shall assign to Buyer and Buyer shall assume Seller's obligations arising from events occurring on or after the Effective Date under those agreements and contracts designated specifically on Schedule 4.8 as Assigned Personal Property Leases and on Schedule 4.19 as Assigned Contracts, except to the extent that any such executory obligations result from, arise out of, relate to, or are caused by, any one or more of the following: (a) a breach of any of the Assigned Personal Property Leases or Assigned Contracts occurring prior to the Closing Date; (b) a breach of warranty, infringement or violation of Law occurring prior to the Closing Date; or (c) an event or condition occurring or existing prior to the Closing Date which, through the passage of time or the giving of notice or both, would constitute a breach or default by Seller under any of the Assigned Personal Property Leases or Assigned Contracts (collectively, the "Assumed Liabilities").

1.4. Excluded Liabilities.

(a) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BUYER DOES NOT ASSUME AND SHALL NOT BE LIABLE FOR ANY OF THE DEBTS, OBLIGATIONS OR LIABILITIES OF SELLER, SELLER'S BUSINESS, NOVAK, MEMBER OR ANY AFFILIATE OF SELLER, WHENEVER ARISING AND OF WHATEVER TYPE OR NATURE. In particular, but without limiting the foregoing, Buyer shall not assume, and shall not be deemed by anything contained in this Agreement (other than to the extent expressly provided in Section 1.3 Assumed Liabilities) to have assumed and shall not be liable for any debts, obligations or liabilities of Seller, any Affiliate of Seller or Seller's Business whether known or unknown, contingent, absolute or otherwise and whether or not they would be included or disclosed in financial statements prepared in accordance with GAAP (the "Excluded Liabilities"). Without limitation of the foregoing, the Excluded Liabilities shall include debts, liabilities and obligations: (i) under any real estate lease or any contract or agreement to which Seller is a party or by which Seller or Seller's Business is bound that has not been listed as an Assigned Contract on Schedule 4.19 hereof or any Personal Property Lease by which Seller or Seller's Business is bound that has not been listed as an Assigned Personal Property Lease on Schedule 4.8 hereof; (ii) with respect to any Assigned Contract or Assigned Personal Property Lease, arising from the period prior to the Closing Date, other than ordinary course payment obligations thereunder from and after the Effective Date which are Assumed Liabilities; (iii) arising out of any collective bargaining agreement to which Seller is a party; (iv) for, under or in connection with any Employee Benefit Plan; (v) for any obligation for Taxes; (vi) for any liability for local or state sales, use or transfer tax and taxes that may be imposed upon the sale or assignment of the Acquired Assets pursuant to this Agreement and the Assignment and Assumption and Bill of Sale, regardless of when such obligations may become known and due; (vii) for any damages or injuries to persons or property or for any tort or strict liability arising from events, actions or inactions in Seller's Business or the operation of Seller's Business prior to the Closing Date; (viii) arising out of any litigation arising with respect to the period prior to the Closing Date, whether or not threatened or pending on or before the Closing Date; (ix)

incurred by Seller or by Seller's Business for borrowed money; (x) for any accounts payable of Seller or any Affiliate of Seller; (xi) for amounts due or that may become due to Medicare, Medicaid or any other health care reimbursement or payment intermediary, or other third party payor on account of Medicare cost report adjustments or other payment adjustments attributable to any period prior to the Effective Date, or any other form of Medicare or other health care reimbursement recapture, adjustment or overpayment whatsoever, including fines and penalties, with respect to any period prior to the Effective Date; and (xii) the Cure Amounts. For purposes of this Agreement, "Cure Amounts" shall mean, with respect to each Assigned Contract and Assigned Personal Property Lease, all amounts payable in order to cure any prepetition or post petition defaults of Seller under such Assigned Contracts and Assigned Personal Property Lease and to the extent required by Bankruptcy § 365. The intent and objective of Buyer and Seller is that, except for liabilities explicitly assumed by Buyer hereunder, Buyer does not assume, and no transferee liability shall attach to Buyer pertaining to, any of the Excluded Liabilities.

(b) Buyer is not a party to, and shall not assume or be a successor under, in any form or manner, prior to, on or after the Closing Date, any Labor Contracts or other oral or written agreement, including but not limited to any work rules, past practices, memoranda of understanding or letters of understanding, between Seller and any labor union, all of which shall be deemed Excluded Liabilities. Buyer specifically disclaims and Seller shall be solely responsible for any outstanding liabilities and obligations (including, but not limited to, any pension or welfare plan contribution or funding obligations, any contribution history of Seller, and any withdrawal liability with respect to any multiemployer plan as defined in Section 3(37) of ERISA or any other benefit liability) associated with any Labor Contract.

1.5. Employees.

(a) For a period of up to thirty-one (31) days following the Effective Date (the "Employee Transition Period"), Seller shall continue to employ each employee of Seller who is principally employed in Seller's Business as of the Effective Date and who has the unrestricted ability to provide federally reimbursed services (collectively, the "Seller Employees"), unless otherwise instructed by Buyer no less than five (5) business days prior to the Closing Date. Schedule 1.5 sets forth, with respect to each of the Seller Employees, as of the last day of the most recent pay period prior to the Closing Date, such person's position, date of hire, current salary, accrued PTO and amount of any other accrued benefits to which such person may be entitled or for which such person has made either written or oral claim to Seller.

(b) During the Employee Transition Period, Seller shall, under guidelines, practices and policies established by Buyer or an Affiliate of Buyer, in its discretion, and communicated to Seller no less than five (5) business days prior to Closing, continue to direct and control the Seller Employees in the performance of their duties associated with what was formerly the Seller's Business. In addition, Seller Employees shall continue to accrue PTO in accordance with Seller's policy regarding the same during the Employee Transition Period. During the Employee Transition Period, Seller shall provide certain services in accordance with Section 6.10(a) of this Agreement.

(c) Effective as of the end of the Employee Transition Period, Buyer or an Affiliate of Buyer may, in its sole discretion, offer employment to each Seller Employee who (i) is

principally employed in what was formerly the Seller's Business as of the end of the Employee Transition Period; (ii) agrees to the release of his or her employment files to Buyer or its Affiliate prior to the end of the Employee Transition Period; (iii) passes Buyer's pre-employment drug test, background check, and physical exam, as permitted by Law, prior to the end of the Employee Transition Period; (iv) has the unrestricted ability to provide federally reimbursed services; (v) is not listed on any List of Excluded Individuals/Entities of the Office of Inspector General of the U.S. Department of Health and Human Services; and (vi) is set forth on Schedule 1.5 and who Buyer designates as a Transferring Employee thereon. Buyer will provide Seller with a list of those Seller Employees who accept the initial terms and conditions of employment offered by Buyer or its Affiliate as of the end of the Employee Transition Period (collectively, the "Transferring Employees") no less than five (5) business days prior to the end of the Employee Transition Period. Seller will terminate the employment of the Transferring Employees at the end of the Employee Transition Period and shall, on the last day of the Employee Transition Period, provide Buyer with a schedule that contains, with respect to each Transferring Employee, the information set forth on Schedule 1.5 updated through such date (the "Transferring Employee Schedule").

(d) Seller acknowledges and agrees that it is responsible for paying to the Transferring Employees all compensation and benefits accrued up to the end of the Employee Transition Period, including without limitation PTO (except to the extent assumed by Buyer pursuant hereto). With respect to each Transferring Employee, the parties agree that Seller shall transfer and Buyer shall assume up to eighty (80) hours of PTO per employee as of the Effective Date (the "Reimbursable Assumed PTO"). Seller agrees to provide Buyer with a credit in the amount of the aggregate value of such Reimbursable Assumed PTO which shall be applied as a deduction from the Purchase Price (such aggregate value, the "PTO Credit"), which is estimated to be \$15,000. Any PTO accrued as of the Effective Date that is in excess of the Reimbursable Assumed PTO shall be paid by Seller to each Transferring Employee in the final Seller payroll disbursed, whether at or following the end of the Employee Transition Period, but in any event no more than fourteen (14) business days following the end of the Employee Transition Period. Any PTO accrued during the Employee Transition Period, net of any PTO used during the Employee Transition Period, shall be assumed by Buyer upon expiration of the Employee Transition Period and shall be referred to herein as the "Non-reimbursable Assumed PTO." The Reimbursable Assumed PTO and the Non-reimbursable Assumed PTO are referred to collectively herein as the "Assumed PTO." All Transferring Employees shall be employees at will, subject to Buyer's or its Affiliate's direction and control, and employment policies. Nothing herein shall obligate Buyer or an Affiliate of Buyer to employ the Transferring Employees for any specific time period. Nothing in this Section shall be construed to grant any employee any rights as a third party beneficiary. Seller shall retain all liabilities with respect to any and all Seller Employees who are not Transferring Employees and, unless specifically assumed herein, all liabilities associated with the Transferring Employees which may have accrued prior to the end of the Employee Transition Period.

1.6. Instruments of Transfer. The sale of the Acquired Assets and the assumption of the Assumed Liabilities as herein provided shall be effected at Closing by the Assignment and Assumption and Bill of Sale in the form attached hereto as Exhibit A.

1.7. Payment of Sales Taxes. Seller covenants and agrees to pay any and all sales, use or other transfer taxes payable by reason of the transfer and conveyance of the Acquired Assets hereunder. The parties will prepare and deliver and if necessary file at or before Closing all transfer tax returns and other filings necessary to vest in Buyer full right, title and interest in the Acquired Assets.

1.8. Submission for Court Approval. As soon hereafter as is practicable, Seller shall file with the Bankruptcy Court a motion ("Sale Motion") seeking the entry of the Sale Order approving this Agreement and supporting papers following a hearing under Sections 363 and 365 of the Bankruptcy Code. Notwithstanding anything to the contrary herein, this Agreement and all of the transactions contemplated hereby are subject to the entry of the Sale Order by the Bankruptcy Court.

ARTICLE II PURCHASE PRICE

2.1. Purchase Price. Subject to any adjustments and hold-backs which may be set forth below and on Schedule 2.1 hereto, and in reliance on Seller's representations, warranties and covenants, the purchase price to be paid by Buyer to Seller for the Acquired Assets and the other rights set forth herein shall be Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000) (the "Purchase Price") less the PTO Credit and less the sum of the Lease Pay-Off Amounts, to be paid to Seller and the other entities and individuals set forth on Schedule 2.1 hereto in the amounts set forth on said Schedule in immediately available funds via wire transfer on the Closing Date.

2.2. Pro-Rations. All ordinary course of business expenses incurred, such as utilities, will be pro-rated as of the Effective Date, such that Buyer is responsible for amounts incurred on or after the Effective Date and Seller is responsible for amounts incurred prior to the Effective Date.

2.3. Allocation of Purchase Price. Buyer and Seller acknowledge and agree that the Purchase Price shall be allocated to the Acquired Assets in accordance with Schedule 2.3 hereto, which allocation shall include asset valuation and an amount attributable to the covenant not to compete set forth herein of seven percent (7%). Seller further acknowledges and agrees that (a) the covenant not to compete is a material inducement to Buyer to enter into this Agreement, and Buyer is doing so in reliance upon full compliance by Seller agreeing to be bound by such covenant; and (b) in light of such reliance, the amount allocated herein to the covenant not to compete is not intended by the parties as a measure of damages that might be incurred by Buyer in the event of a breach of such covenant. Buyer and Seller agree to report the transactions contemplated by this Agreement for federal and state income tax purposes in accordance with such allocation. The parties shall execute all forms required to be filed for tax purposes with any taxing authority in a manner consistent with the allocation on Schedule 2.3 hereto.

2.4. Negotiated Value. The parties agree that the Purchase Price and the Purchase Price allocation set forth on Schedule 2.3 reflect the fair value of the Seller's Business and the fair values of the Acquired Assets, respectively, agreed to by the parties hereto as a result of

arms' length negotiations. The parties agree that no consideration is or will be paid for the value of any patient referrals (direct or indirect) to or from Buyer, Seller or any of their Affiliates.

2.5. Escrow. Simultaneously with the full execution of this Agreement, Buyer, Seller and the Escrow Agent will enter into an escrow agreement in substantially the form attached hereto as Exhibit B or such other form as mutually agreed by the parties (the "Escrow Agreement"), and Buyer shall deposit Four Hundred Twenty Five Thousand Dollars (\$425,000) of the Purchase Price (the "Escrow Deposit") in an account with the Escrow Agent to secure Seller's obligations pursuant to Article IX of this Agreement. Buyer shall direct the Escrow Agent to release the Escrow Deposit, or the portion remaining thereof, to Seller in accordance with the terms and conditions of the Escrow Agreement and this Agreement, such payment to be considered part of the Purchase Price and not in addition to the Purchase Price. The period from the Closing Date until Buyer shall direct the Escrow Agent to release the Escrow Deposit, or the portion remaining thereof, to Seller shall be the "Escrow Period." Interest earned on the Escrow Deposit will be available to satisfy any Buyer indemnification claims pursuant to Article IX and will be payable to Seller at the end of the Escrow Period, if not already paid to Buyer in connection with any escrow claims.

2.6. Assumption and Assignment: Limitation on Assignment of Contracts. In the Sale Motion, Seller shall seek Bankruptcy Court authority for Seller to assume all of the Assigned Contracts and Assigned Personal Property Leases and assign the Assigned Contracts and Assigned Personal Property Leases to Buyer at Closing pursuant to the terms of Bankruptcy Code § 365. Buyer shall cooperate with Seller in such efforts, including by providing prior to the filing of the motion appropriate evidence of adequate assurance of future performance of the Assigned Contracts and Assigned Personal Property Leases, as such terms are used in Bankruptcy Code § 365(f)(2)(B). In furtherance thereof, Buyer shall furnish such affidavits, non-confidential financial information or other documents or information for filing with the Bankruptcy Court as Seller may reasonably request, and make Buyer's employees and representatives available to testify before the Bankruptcy Court. In the event that an Assigned Contract or Assigned Personal Property Lease is not assigned to Buyer as a result of Buyer's failure to provide such adequate assurance, such non-assignment shall not constitute a default by Seller hereunder. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign (and Seller shall not assign to Buyer, nor shall Buyer assume from Seller) any Assigned Contract or Assigned Personal Property Lease or any right or obligations thereunder which, after giving effect to Bankruptcy Code § 365, is not assignable or transferrable without the consent of any person, to the extent that such consent shall not have been given prior to Closing.

ARTICLE III CLOSING

The closing of the sale and purchase of the Acquired Assets (the "Closing") shall take place on the first (1st) day of November, 2013, or such date and time as mutually agreeable to Buyer and Seller (the "Closing Date") at the offices of Sheppard Mullin Richter & Hampton LLP, 1901 Avenue of the Stars, Suite 1600, Los Angeles, CA 90067-6017 or by facsimile or electronic transmission and United States or overnight mail. For all financial accounting, Medicare change of ownership, and all other necessary regulatory and licensure purposes

between the parties, the Closing shall be deemed to have occurred at 12:01 a.m. local time at the location of Seller's Business on the first day of the month following the Closing Date unless the actual Closing Date is the first day of the month (the "Effective Date"). Accordingly, all accounts receivable and other claims for reimbursement and all ordinary business expenses arising out of the operation of the Seller's Business from and after the Effective Date shall be for the account of Buyer. Buyer and Seller shall use their respective good faith efforts to close this transaction as promptly as possible after the Effective Date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents, warrants and covenants to Buyer, as of the Execution Date, the Effective Date and the Closing Date (except for those representations and warranties that are made as of the Closing Date only, which are true and correct as of the Closing Date), as follows:

4.1. Organization, Good Standing and Qualification. Seller is a limited liability company duly organized, validly existing and in good standing under the provisions of the Laws of the State of Illinois, and is qualified and licensed to do business in every other jurisdiction in which it conducts business or the nature of its business and operations would require qualification as a foreign limited liability company. Seller has all requisite power and authority to own and operate its properties and to carry on its business as now conducted. Seller has all power and authority to enter into all of the Acquisition Agreements to which Seller is a party and to carry out and perform its obligations under the Acquisition Agreements.

4.2. Authorization; Binding Obligation. Seller have full legal (in the case of Seller) right, power, and authority to execute and deliver the Acquisition Agreements to which Seller is a party, and to carry out the transactions contemplated thereby. The execution and delivery by Seller of the Acquisition Agreements and all of the documents and instruments required thereby and the consummation of the transactions contemplated thereby have been duly authorized by all requisite action on the part of Seller. Subject only to Bankruptcy Court approval pursuant to the Sale Order, and assuming execution and delivery by Buyer, the Acquisition Agreements to which Seller is a party and each of the other documents and instruments required thereby or delivered in connection therewith have been duly executed and delivered by Seller, and constitute the legal, valid and binding obligations of Seller, enforceable against it in accordance with their respective terms.

4.3. Consents and Approvals.

(a) Governmental Consents and Approvals. Except as set forth on Schedule 4.3(a), no registration or filing with, or consent or approval of, or other action by, any federal, state or other governmental agency or instrumentality is or will be necessary for the valid execution, delivery and performance of the Acquisition Agreements by Seller, Member and Novak, the transfer of the Acquired Assets to Buyer, the operation of the Seller's Business by Buyer after Closing and Buyer's receipt of continued reimbursement for the Seller's Business without change following Closing (each, a "Governmental Approval").

(b) Third Party Consents. Except as set forth on Schedule 4.3(b), no consent, approval or authorization of any non-governmental third party is required in order to consummate the transactions or perform the related covenants and agreements contemplated hereby as of the Effective Date or as of the Closing Date, as applicable, or to vest full right, title and interest in the Acquired Assets free and clear of any Lien upon Buyer, all without any change in the Acquired Assets and all rights therein after Closing (each, a "Third Party Consent").

4.4. No Violation. Upon entry of the Sale Order, the execution, delivery, compliance with and performance by Seller, Novak and the Member of the Acquisition Agreements and each of the other documents and instruments delivered in connection therewith do not and will not (a) violate or contravene the organizational certificates, documents and agreements, as amended to date, of Seller or Member (b) violate or contravene any Law to which Seller, Novak or the Member is subject, (c) conflict with or result in a breach of or constitute a default by any party under any contract, agreement, instrument or other document to which Seller, Novak or the Member is a party or by which Seller, Novak or the Member or any of their assets or properties are bound or subject or to which any entity in which Seller, Novak or the Member has an interest, is a party, or by which any such entity is bound, or (d) result in the creation of any Lien upon the Acquired Assets or Seller's Business or any interest of the Member therein.

4.5. Licenses and Permits. Schedule 4.5 attached hereto contains a true, correct and complete list and summary description of all Licenses which have been issued to Seller in connection with the Acquired Assets or Seller's Business (the "Seller Licenses"). Each Seller License is valid and in full force and effect as of the Execution Date, the Effective Date, and the Closing Date, no Seller License is subject to any Lien, limitation, restriction, probation or other qualification and there is no default under any Seller License or any basis for the assertion of any default thereunder. Schedule 4.5 specifies the holder of each Seller License and whether or not such Seller License is transferable to Buyer. Other than as set forth on Schedule 4.5, to the Knowledge of Seller, there is no investigation or proceeding, threatened or pending, that could result in the termination, revocation, limitation, suspension, restriction or impairment of any Seller License or the imposition of any fine, penalty or other sanctions for violation of any legal or regulatory requirements relating to any Seller License or, to the best of Seller's Knowledge, any basis therefor. Seller has, and has had at all relevant times, all Licenses that are or were necessary in order to enable Seller to own the Acquired Assets and conduct and be reimbursed for Seller's Business.

4.6. Ownership: No Subsidiaries. All of Seller's owners, whether direct or indirect and including without limitation the Member and Novak, are listed on Schedule 4.6 hereto. Seller does not own and has not owned, either directly or indirectly, any interest or investment (whether debt or equity) in or been a member of any corporation, partnership, joint venture, business trust or other entity, except as set forth on Schedule 4.6 hereto.

4.7. Acquired Assets. Seller is the sole and exclusive legal and equitable owner of all right, title and interest in, and upon the entry of the Sale Order, has good, clear, indefeasible, insurable and marketable title to, all of the Acquired Assets free of all Liens except as set forth on Schedule 4.7 hereto. All of the Acquired Assets have been maintained in accordance with normal industry practice, and are in good operating condition and repair. Since the engagement

of the Chief Restructuring Officer, there has not been any interruption of the operations of the Seller's Business due to the condition of any of the Acquired Assets. The Acquired Assets include all assets, properties and rights used or found useful by Seller in connection with the Seller's Business and which are necessary or desirable in order for Buyer to continue the Seller's Business as historically and currently conducted following Closing. On the Closing Date, effective as of the Effective Date, Seller will convey to Buyer all of the Acquired Assets free and clear of any Lien, including the conveyance to Buyer of any item not owned free of any Lien by Seller on the Execution Date, which items are set forth on Schedule 4.7 which Liens shall attach to the proceeds of the transactions contemplated herein.

4.8. Leases of Personal Property. For the purposes of this Agreement, "Personal Property Leases" means any lease, conditional or installment sale contract, Lien or similar arrangement to which any tangible personal property used by Seller in connection with the operation of Seller's Business is subject. Except as set forth on Schedule 4.8, none of the tangible personal property used by Seller in connection with the operation of Seller's Business is subject to a Personal Property Lease. Seller has delivered to Buyer a complete and correct copy of each Personal Property Lease listed on Schedule 4.8. All of such Personal Property Leases are valid, binding and enforceable in accordance with their respective terms and are in full force and effect. Each Personal Property Lease is separately designated on Schedule 4.8 as either a Personal Property Lease that Seller has agreed to seek authority to assign and if granted, that Buyer has agreed to assume (each, an "Assigned Personal Property Lease") or as a Personal Property Lease that shall be paid off by Seller prior to Closing at its own expense or paid off at Closing with a portion of the Purchase Price (each, a "Terminated Personal Property Lease"). Schedule 4.8 sets forth either (i) the pay-off amount in effect as of the Effective Date for each Assigned Personal Property Lease (the "Lease Pay-Off Amounts") or the proposed Cure Amount for each Assigned Personal Property Lease.

4.9. Financial Statements. Set forth on Schedule 4.9 are (a) the unaudited balance sheets of Seller and the Center as of June 30, 2013, and the related statements of income and cash flow for the 12-month period then ended, prepared in accordance with GAAP (the "Year-End Financial Statements"). The Year-End Financial Statements together with the Closing Balance Sheets, as defined in Section 6.6(a) below, are referred to herein collectively as the "Financial Statements." The Financial Statements fairly present the financial condition and the results of operations and cash flow of Seller's Business (and no other business of Seller) as of the respective dates of and for the periods referred to in such financial statements, all in accordance with GAAP, subject to the absence of footnotes, provided that any disclosure omitted due to the absence of such footnotes does not either individually or in the aggregate have a Seller Material Adverse Effect. The Financial Statements reflect the consistent application of GAAP throughout the periods involved.

4.10. Absence of Certain Events. Since the Petition Date, other than as related to the Bankruptcy Case, Seller's Business has been conducted only in the ordinary course and in a manner consistent with past practices. As amplification and not in limitation of the foregoing, since the date of the Interim Financial Statements, with respect to Seller's Business, there has not been:

(a) any decrease in the value of the Acquired Assets other than ordinary depreciation consistent with past practices;

(b) any voluntary or involuntary sale, assignment, license or other disposition, of any kind, of any property or right included in the Acquired Assets, except as specifically contemplated by this Agreement and except for the utilization of supplies and drugs in the ordinary course of business;

(c) any Lien imposed or created on the Acquired Assets, other than post petition financing from BCL M&E, LLC or adequate protection liens granted to FirstMerit Bank;

(d) any Seller Material Adverse Effect;

(e) any damage or destruction of any of the assets utilized in Seller's Business by fire or other casualty, whether or not covered by insurance;

(f) any termination of any provider agreement or other contract pursuant to which Seller receives compensation or reimbursement for patient care services in connection with Seller's Business;

(g) any sale, transfer, assignment, termination, modification or amendment of any Contract, except for terminations, modifications and amendments of Contracts made in the ordinary course of business consistent with past practice and which would not have a Seller Material Adverse Effect;

(h) any notice (written or oral) to Seller that any Contract has been breached or repudiated or will be breached or repudiated;

(i) except in the ordinary course of business, or otherwise as necessary to comply with any applicable minimum wage Law, any increase in the salary or other compensation of any employee engaged in Seller's Business, or any increase in or any addition to other benefits to which any such employee may be entitled;

(j) any extraordinary compensation, bonus or distribution to Seller or to any Affiliate of Seller;

(k) any failure to pay or discharge when due any liabilities which arose out of the ownership or operation of Seller's Business;

(l) any change in any of the accounting principles adopted by Seller, or any change in Seller's policies, procedures, or methods with respect to applying such principles;

(m) any transaction or Contract outside the ordinary course of business or involving an amount in excess of \$5,000;

(n) any termination of key personnel such as registered nurses, social workers, dietitians, or medical directors;

(o) any dividends or distributions paid to Member or to any other Affiliates of Seller;
or

(p) any action that if taken after the earlier of the Effective Date or Execution Date would constitute a breach of any of the covenants in Section 6.1 hereof.

4.11. Legal Proceedings. Other than in connection with the Bankruptcy Case and as set forth on Schedule 4.11, there is no action, suit, litigation, proceeding or investigation pending or, to the Knowledge of Seller, threatened by or against Seller, and Seller has not received any written or oral claim, complaint, incident, report, threat or notice of any such proceeding or claim and there is no basis therefor. Neither Seller, nor to the Knowledge of Seller, Novak nor the Member has received any opinion or memorandum or advice from legal counsel to the effect that Seller is exposed, from a legal standpoint, to any liability or claim relating to the Acquired Assets or to the business, prospects, financial condition, operations, property or affairs of Seller's Business. There are no outstanding orders, writs, judgments, injunctions or decrees of any court, governmental agency or arbitration tribunal against, involving or affecting Seller or the Acquired Assets, and except as set forth on Schedule 4.11, there are no facts or circumstances which may result in the institution of any such action, suit, claim or legal, administrative or arbitration proceeding or investigation against, involving or affecting Seller, the Acquired Assets or the transactions contemplated hereby. Seller is not in default with respect to any order, writ, injunction or decree known to or served upon it from any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign. There are no actions, suits, litigation, or proceedings pending or, to the Knowledge of Seller, threatened against Seller which could materially adversely affect Seller's ability to perform its obligations under this Agreement or the consummation of the transactions contemplated by the Acquisition Agreements.

4.12. Payment Programs.

(a) All Payment Programs in which Seller has participated at any time during the last three (3) years are listed on Schedule 4.12 (the "Seller Payment Programs"). Seller is a participating provider, in good standing, in each Seller Payment Program. Except as set forth on Schedule 4.12, there is no threatened, pending or concluded investigation, or civil, administrative or criminal proceeding relating to Seller's participation in any Payment Program. Seller is not subject to, nor has it been subjected to, any pre-payment utilization review or other utilization review by any Payment Program. No Payment Program has requested or, to the Knowledge of Seller, threatened any recoupment, refund, or set-off from Seller and there is no basis therefor. No Payment Program has imposed a fine, penalty or other sanction on Seller. Seller has not been excluded from participation in any Payment Program. Seller has not submitted to any Payment Program any false or fraudulent claim for payment, nor has Seller at any time violated any condition for participation, or any rule, regulation, policy or standard of, any Payment Program. All Medicare Costs Reports for all periods prior to the Effective Date have been accurately completed and timely filed.

(b) Except as disclosed on Schedule 4.12, neither Seller nor any of its directors, or corporate members, officers, employees or agents has, directly or indirectly: (i) offered to pay to or solicited any remuneration from, in cash, property or in kind, or made any financial

arrangements with, any past or present patient or customer, past or present medical director, physician, other health care provider, supplier, contractor, third party, or Payment Program in order to induce or directly or indirectly obtain business or payments from such person, including without limitation any item or service for which payment may be made in whole or in part under any federal, state or private health care program, or for purchasing, leasing, ordering or arranging for or recommending, purchasing, leasing, or ordering any good, facility, service or item for which payment may be made in whole or in part under any federal, state or private health care program; (ii) given or received, or agreed to give or receive, or is aware that there has been made or that there is any agreement to make or receive, any gift or gratuitous payment or benefit of any kind, nature or description (including without limitation in money, property or services) to any past, present or potential patient or customer, medical director, physician, other health care provider, supplier or potential supplier, contractor, Payment Program or any other person; (iii) made or agreed to make, or is aware that there has been made or that there is any agreement to make, any contribution, payment or gift of funds or property to, or for the private use of, any governmental official, employee or agent where either the contribution, payment or gift or the purpose of such contribution, payment or gift is or was illegal under the Laws of the United States or under the Laws of any state thereof or any other jurisdiction in which such payment, contribution or gift was made; (iv) established or maintained any unrecorded fund or asset for any purpose or made any false or artificial entries on any of its books or records for any reason; or (v) made or received or agreed to make or receive, or is aware that there has been made or received or that there has been any intention to make or receive, any payment to any person with the intention or understanding that any part of such payment would be used for any purpose other than that described in the documents supporting such payment. All billing practices of Seller and all predecessors in interest thereof with respect to all Payment Programs have been true, fair and correct and in compliance with all applicable Laws, and all regulations and policies of all such Payment Programs. Seller has not billed for or received any payment or reimbursement in excess of amounts permitted by Law or the rules and regulations of Payment Programs or contracts therewith.

(c) On or before November 1, 2010, Seller chose to opt in fully to the new Medicare bundled rate commencing January 1, 2011 for the Center.

4.13. Compliance with Laws.

(a) Schedule 4.13(a) lists all claims, statements, and other matters (including, but not limited to, all correspondence or communications with governmental agencies, intermediaries or carriers) concerning or relating to any federal or state government funded health care program that involves, relates to or alleges: (i) any violation of any applicable rule, regulation, policy or requirement of any such program or any irregularity with respect to any activity, practice or policy of Seller or Seller's Business; or (ii) any violation of any applicable rule, regulation, policy or requirement of any such program or any irregularity with respect to any claim for payment or reimbursement made by Seller or any payment or reimbursement paid to Seller. Except as set forth on Schedule 4.13(a), there are no such violations or irregularities nor are there any grounds to anticipate the commencement of any investigation or inquiry, or the assertion of any claim or demand by any government agency, intermediary or carrier with respect to any of the activities, practices, policies or claims of Seller or Seller's Business, or any payments or reimbursements claimed by Seller or Seller's Business. Seller is not currently subject to any

outstanding audit by any such government agency, intermediary or carrier, and there are no grounds to anticipate any such audit in the foreseeable future.

(b) Seller has not violated and is in compliance with all applicable Laws. Seller has not received any notice to the effect that, or otherwise been advised that, it is not in compliance with any Laws, and Seller has no reason to anticipate that any existing circumstances are likely to result in a violation of any Law.

(c) Seller has not submitted any claim to any Payment Program in connection with any referrals that violated any applicable self-referral Law, including without limitation the Federal Ethics in Patient Referrals Act, 42 U.S.C. § 1395nn (known as the "Stark Law"), or any applicable state self-referral Law.

(d) Seller has complied with all disclosure requirements of all applicable self-referral Laws, including without limitation the Stark Law and any applicable state self-referral Law.

(e) Seller has not knowingly or willfully solicited, received, paid or offered to pay any remuneration, directly or indirectly, overtly or covertly, in cash or kind for the purpose of making or receiving any referral which violated any applicable anti-kickback Law, including without limitation the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b) (known as the "Anti-Kickback Statute"), or any applicable state anti-kickback Law.

(f) Seller has not submitted any claim for payment to any Payment Program in violation of any Laws relating to false claim or fraud, including without limitation the Federal False Claim Act, 31 U.S.C. § 3729, or any applicable state false claim or fraud Law.

(g) Seller has delivered to Buyer copies of all current Medicare or Medicaid survey reports (which detail, at a minimum, all outstanding deficiencies) relating to Seller's Business, copies of which are attached to Schedule 4.13(g). Except as set forth on Schedule 4.13(g), there is no Medicare or Medicaid survey in progress with respect to Seller's Business.

(h) Seller has complied with all Environmental Laws and Seller has not received any notice alleging any violation of any Environmental Laws with respect to Seller's Business, the Premises or the Acquired Assets. Any past noncompliance with Environmental Laws by or with respect to Seller's Business, the Premises or any of the Acquired Assets is identified by Seller on Schedule 4.13(h), and has been resolved without any pending, ongoing or future obligation, cost or liability. There has been no Release of Hazardous Materials in violation of any Environmental Law on the Premises. There is no asbestos or asbestos-containing material on the Premises. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will require any Remedial Action or notice to or consent of any governmental authority or third party pursuant to any applicable Environmental Law.

(i) Seller has complied with all applicable requirements of the Occupational Safety and Health Act and all applicable state equivalents, and with all applicable regulations promulgated under any such legislation, and with all orders, judgments, and decrees of any tribunal under such legislation, that apply to Seller's Business, the Acquired Assets or the Premises, and, except as set forth on Schedule 4.13(i), Seller has not received any notice alleging any violation thereof.

(j) Seller has complied with all applicable security and privacy standards regarding protected health information under the Health Insurance Portability and Accountability Act of 1996 and the implementing regulations at 45 CFR Parts 160 and 164, as amended by the Health Information Technology for Economic and Clinical Health Act (collectively "HIPAA"), and all applicable state privacy and security Laws.

(k) Seller has maintained and complied with a compliance plan regarding dialysis services, and such compliance plan includes appropriate training and a comprehensive ethical code of conduct.

(l) The Compliance Questionnaire completed by or on behalf of Seller on August 23, 2013 and delivered to Buyer in connection with its due diligence investigation are complete and correct.

4.14. Employment Matters.

(a) Schedule 1.5 hereto contains a true and accurate list of each Seller Employee, together with such person's position, date of hire, current salary, accrued paid time off, and amount of any other accrued benefits to which such person may be entitled or for which such person has made either written or oral claim to Seller, whether or not such Seller Employee is designated as a Transferring Employee. Seller has paid or made provision for the payment of all accrued benefits and wages for all Seller Employees through the Effective Date.

(b) Except as indicated on Schedule 1.5, no Seller Employee (i) has an employment agreement with Seller, whether written or oral or (ii) has indicated that he or she intends to terminate his or her employment with Seller or seek a material change in his or her duties or status. Each Seller Employee, including without limitation each Transferring Employee, who is required to be licensed by applicable Law is so licensed, and copies of such Licenses are attached to Schedule 1.5 hereto.

(c) In the 12-month period immediately preceding the Closing Date, Seller has had adequate levels of employee staffing to conduct Seller's Business in accordance with Buyer's staffing patterns and practices. The Seller Employees constitute sufficient personnel to continue the operations of Seller's Business uninterrupted following the Closing Date.

(d) Except as listed on Schedule 4.14(d), (i) Seller is not a party to any collective bargaining contracts or any other contracts, agreements or understandings with any labor unions or other representatives of the Seller Employees (a "Labor Contract"); (ii) Seller is not subject to any union organizing activities; (iii) Seller has not breached or otherwise failed to comply with any provision of any Labor Contract, and there are no grievances outstanding against Seller under any Labor Contract; (iv) there are no unfair labor practice complaints pending against Seller with respect to the Seller Employees before the National Labor Relations Board or any current union representation questions involving the Seller Employees; and (v) there is no strike, slowdown, work stoppage or lockout or, to the best of Seller's Knowledge, threat thereof, by or with respect to the Seller Employees. The consent of any labor union which is a party to any Labor Contract is not required to consummate the transactions contemplated by this Agreement.

(e) Buyer shall not assume any liability or responsibility for any benefit or other obligations arising out of or under any Employee Benefit Plan to which any Transferring Employee or Seller Employee is or may be entitled to without regard to whether such obligation or responsibility arises under the terms of such Employee Benefit Plan or applicable Law. Seller shall retain all liability and responsibility for benefits, administration and compliance with the terms of any and all Employee Benefit Plans and applicable Laws with regard to any and all Employee Benefit Plans.

(f) No person employed by or affiliated with Seller has employed or proposes to employ any trade secret or any information or documentation proprietary to any former employer and, no person employed by or affiliated with Seller has violated any confidential relationship which such person may have had with any third party while working on behalf of Seller, and Seller has no reason to believe that any such event could occur.

4.15. Benefit Plan Compliance with Provisions of Applicable Law.

(a) Except as described in Schedule 4.15(a), Seller, for the benefit of any of Seller Employees or Transferring Employees, does not maintain or contribute to, nor does Seller have any liability or responsibility with respect to, any Employee Benefit Plan. Seller has not incurred any liability (other than normal claims for benefits under its welfare plans) under any provision of ERISA or other applicable Law relating to any Employee Benefit Plan. Each Employee Benefit Plan has been established, maintained and administered in compliance with its terms and complies, both in form and operation, with the applicable provisions of ERISA (including without limitation the funding and prohibited transactions provisions thereof), the Code, and all other state and federal applicable Laws.

(b) Except as described in Schedule 4.15(b), (i) no Employee Benefit Plan is funded through a trust intended to be exempt from tax pursuant to Section 501 of the Code; (ii) neither Seller nor any ERISA Affiliate has ever maintained or contributed to any plan or arrangement subject to Title IV of ERISA or Section 412 of the Code, a multiemployer plan as described in Section 3(37) of ERISA or a "multiple employer plan" as described in Section 3(40) of ERISA or Section 413(c) of the Code, and Seller has never had any liability with respect to any such plan sponsored or maintained by an ERISA Affiliate; (iii) no Employee Benefit Plan provides benefits, including, without limitation, death or medical benefits (through insurance or otherwise) with respect to employees or former employees beyond their retirement or other termination of service other than coverage mandated by applicable Law; (iv) no Employee Benefit Plan which is a group health plan, as described in Section 5000(b)(1) of the Code is self-insured; and (v) no Employee Benefit Plan liability, contingent or otherwise, shall affect any of the Acquired Assets, including but not limited to subjecting such Acquired Assets to attachment, forfeiture, seizure liquidation or use as collateral.

(c) Buyer will not assume or become the sponsor of any Employee Benefit Plan and Seller will not terminate any Group Health Plan in such a way that Buyer will have any liability for COBRA under Q&A-8 of Treasury Regulation §54.4980B-9 or as a successor to Seller. Buyer shall: (i) not recognize any collective bargaining unit and specifically rejects any collective bargaining unit which covers any Seller Employee; (ii) not assume any liability with respect to any Labor Contract or other collective bargaining agreement or other labor agreement;

and (iii) have no obligation to contribute to a multi-employer plan as described in Section 3(37) of ERISA or pension plan subject to Title IV of ERISA in which Seller participates or to which Seller contributes.

4.16. Intentionally Omitted.

4.17. No Brokers. Neither Seller nor any Affiliate of Seller has employed, either directly or indirectly, or incurred any liability to, any broker, finder or other agent in connection with the transactions contemplated by this Agreement. Seller and its Affiliates agree to indemnify and hold harmless Buyer for any claims brought by any broker, finder or other agent claiming to have acted on behalf of Seller or an Affiliate of Seller in connection with the purchase and sale of the Acquired Assets or Seller's Business.

4.18. Taxes. There are no Liens for Taxes on any Acquired Assets of Seller, no basis exists for the imposition of any Liens and the consummation of the transactions contemplated by this Agreement will not give rise to any Liens for Taxes on any Acquired Assets. Buyer shall have no liability for any Taxes related to the ownership or operation of the Acquired Assets or the Seller's Business for the periods prior to the Closing Date.

4.19. Contracts.

(a) For purposes of this Agreement, "Contracts" means all agreements, contracts and commitments, written or oral, to which Seller is a party or by which Seller or any of its properties, the Acquired Assets or the Seller's Business is bound including, without limitation: (i) notes, loans, credit agreements, mortgages, indentures, security agreements, operating leases, capital leases and other agreements and instruments relating to the borrowing of money or extension of credit and any contract of suretyship or guaranty; (ii) all employment and consulting agreements and arrangements (including but not limited to agreements for medical director services), and all bonus, compensation, pension, insurance, retirement, deferred compensation and other plans, agreements, trusts, funds and other arrangements for the benefit of employees; (iii) agreements with health care providers, including without limitation, visiting nurses associations, health maintenance organizations, hospitals and long-term care facilities; (iv) agreements, orders or commitments for the purchase by Seller of inventories and supplies which involve annual purchases exceeding \$5,000; (v) agreements, orders or commitments for the sale or lease to customers of goods or services which involve annual sales exceeding \$5,000 (including without limitation agreements to provide dialysis services); (vi) licenses of patents, copyrights, trademarks and other intangible property rights; (vii) agreements or commitments for capital expenditures in excess of \$5,000 for any single project; (viii) provider and supplier agreements with Payment Programs; (ix) any joint venture, partnership or other agreement involving a share of profits or losses; (x) any contract, agreement or arrangements with any Affiliate; (xi) any agreement restricting competition or the business activities of any person or entity; (xii) any agreement for the purchase or sale of any Acquired Asset; (xiii) all leases of real property; and (xiv) any other agreements or obligations material to Seller's Business or the Acquired Assets. Schedule 4.19 hereto contains a complete and correct list of Contracts, including a complete description for any oral Contracts. Each Contract is separately designated on Schedule 4.19 as either a Contract that Seller has agreed to seek authority to assign and if granted that Buyer has agreed to assume (each, an "Assigned Contract") or as a Contract that

shall be retained or rejected by Seller, in its discretion and at its own expense (each, a "Retained Contract"). Schedule 4.19 shall also identify all proposed Cure Amounts for each Assigned Contract.

(b) Except as disclosed in Schedule 4.19, (i) Seller is not in default under the terms of any Assigned Contract and (ii) no event has occurred that would constitute a default by Seller under any Assigned Contract, nor has Seller received any notice of any default under any Assigned Contract. To Seller's Knowledge, the counterparties to the Assigned Contracts are not in default under the terms thereof, nor has any event occurred that would constitute a default by any such counterparty under any Assigned Contract, nor has Seller received any notice of any such counterparty's default under any Assigned Contract.

(c) Seller has made no prepayments or deposits under any Assigned Contract, or paid any fees in connection with the assignment of any Assigned Contract, except as set forth on Schedule 4.19.

(d) The Assigned Contracts are valid and binding obligations and in full force and effect and have been entered into in the ordinary course of business, consistent with past practice. Seller has not received any notice from any other party to a Assigned Contract of the termination or threatened termination thereof, nor any claim, dispute or controversy thereon, and has no Knowledge of the occurrence of any event which would allow any other party to terminate any Contract, nor has Seller received notice of any asserted claim of default, breach or violation of, any Assigned Contract and there is no basis therefor.

(e) Consummation of the transactions contemplated by this Agreement will not constitute a default under any Assigned Contract (including without limitation the Assigned Contracts), nor will it trigger any other provision in a Assigned Contract that would result in a change in such Assigned Contract, including without limitation the requirement for a transfer fee or new deposit, or termination thereof.

4.20. Real Properties. Schedule 4.20 sets forth a true and complete description of all real property used in connection with the Center (the "Premises"). Seller has sufficient title to those Premises which it owns, if any, and has the right to use those Premises which it leases from third parties, to conduct Seller's Business as currently conducted. Upon the entry of the Sale Order, Seller holds the Premises free and clear of all claims or rights of any third parties and, except as set forth on Schedule 4.20, the possession of the Premises by Seller has not been disturbed and no claim has been asserted against Seller adverse to its rights in such Premises. All improvements, fixtures and all structures on the Premises and the current uses of the Premises conform to all applicable federal, state and local Laws, building, health and safety and other ordinances, Laws, rules and regulations. Applicable zoning Laws permit the presently existing improvements and the conduct and continuation of Seller's Business as being conducted on the Premises.

4.21. Financing Statements. There are no financing statements under the Uniform Commercial Code which name Seller as debtor or lessee filed in any state, except as set forth on Schedule 4.21. Except for those no longer in effect, Seller has not signed any financing

statement or any security agreement under which a secured party thereunder may file any such financing statement.

4.22. Transactions With Affiliates. No member, corporate member, director, officer or employee of Seller or member of the family of any such person, or any corporation, partnership, trust or other entity in which any such person, or any member of the family of any such person, has a substantial interest or is an officer, director, trustee, partner or holder of any equity interest, is a party to any transaction with Seller, including any contract, agreement or other arrangement providing for the employment of, furnishing of goods or services by, rental of real or personal property from or to or otherwise requiring payments or involving other obligations to any such person or firm.

4.23. Insurance. Seller is, and will through the Closing Date be, insured with responsible insurers (including without limitation general liability insurance coverage of the Acquired Assets and Premises and professional liability coverage) against risks normally insured against by similar businesses under similar circumstances. Schedule 4.23 correctly describes, by type, carrier, policy number, limits, premium and expiration date, the insurance coverage carried by Seller, including any policies of self-insurance, which insurance will remain in full force and effect in accordance with policy terms, with respect to all events occurring prior to the Closing Date. Schedule 4.23 also states whether each such policy is carried on a "claims made" or "occurrence" basis. All such insurance policies are owned by and payable solely to Seller. Seller has not failed to give any notice or present any claim under any such policy or binder in due and timely fashion, has not received notice of cancellation or non-renewal of any such policy or binder and is not aware of any threatened or proposed cancellation or non-renewal of any such policy or binder. There are no outstanding claims under any such policy which have gone unpaid for more than thirty (30) days, or as to which the insurer has disclaimed liability.

4.24. Inventory. Seller has maintained sufficient medical and office inventory consisting of items of a quality and quantity usable or saleable in the ordinary course of business at levels consistent with those maintained by businesses of similar size and providing similar services as Seller's Business. As of the Effective Date and as of the Closing Date, the Center has eighteen (18) treatment days per Center of useable medical supplies inventory, including, without limitation, EPO and other drugs and supplies used for dialysis treatments, and not less than twelve (12) treatment days' usage of each individual supply item required for dialysis treatments on site (the "Inventory Amount").

4.25. Intellectual Property. Schedule 4.25 sets forth a list of Intellectual Property owned, controlled or used by Seller, together in each case with a brief description of the nature of such right. All Seller-owned fictitious or assumed business names, patents, copyrights and trademarks listed in Schedule 4.25 are valid and in full force and all applications listed therein as pending have been prosecuted in good faith as required by Law and are in good standing. There has been no infringement by Seller or any of its Affiliates with respect to any Intellectual Property rights of others. Seller owns or possesses adequate licenses or other rights to use all Intellectual Property necessary or desirable to conduct Seller's Business as conducted, none of which rights will be impaired by the consummation of the transactions contemplated by this Agreement, and all of the rights of Seller thereunder will be enforceable by Buyer immediately after Closing without the consent or agreement of any other party. None of the Intellectual

Property listed in Schedule 4.25 is involved in any interference or opposition proceeding, and there has been no written notice received by Seller or any other indication that any such proceeding will hereafter be commenced. Seller has not granted any person or entity any right to use any of the Intellectual Property for any purpose.

4.26. Disclosure. In connection with this Agreement, the Schedules to this Agreement, and any other agreement, document, certificate or statement made to Buyer by or on behalf of Seller in connection with the transactions contemplated hereby, including but not limited to the Compliance Questionnaire, Seller has not made and will not make any untrue statement of a material fact and has not omitted and will not omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made or necessary to provide a prospective purchaser of the Acquired Assets or Seller's Business with all information material thereto. There is no fact within the Knowledge of Seller that has not been disclosed herein to Buyer and which could have a Seller Material Adverse Effect.

4.27. Accounts Receivable. All accounts receivable of Seller as of the end of the calendar month ended not more than thirty one (31) days prior to the Effective Date (a) are reflected on the Closing Balance Sheets, (b) have arisen only from bona fide transactions in the ordinary course of Seller's Business consistent with past practice, and (c) represent valid obligations.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents, warrants and covenants to Seller, as of the Execution Date, the Effective Date and the Closing Date (except for those representations and warranties that are made as of the Closing Date only, which are true and correct as of the Closing Date), as follows:

5.1. Organization, Good Standing and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of California. Buyer has all requisite corporate power and authority to own and operate its properties and to carry on its business as now conducted, to enter into this Agreement and to carry out and perform its obligations under the Acquisition Agreements to which Buyer is a party.

5.2. Authorization: Binding Agreement. Buyer has the corporate power and authority to execute and deliver this Agreement, and to carry out the transactions contemplated hereby. The execution and delivery by Buyer of the Acquisition Agreements to which Buyer is a party and all of the documents and instruments required thereby and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. The Acquisition Agreements to which Buyer is a party and each of the other documents and instruments required thereby have been duly executed and delivered by Buyer and constitute the valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms.

5.3. Legal Proceedings. There are no actions, suits, litigation, or proceedings pending or threatened against Buyer which could materially adversely affect Buyer's ability to perform

its obligations under this Agreement or the consummation of the transactions contemplated by this Agreement.

5.4. No Brokers. Buyer has not employed, either directly or indirectly, or incurred any liability to, any broker, finder or other agent in connection with the transactions contemplated by this Agreement. Buyer agrees to indemnify Seller for any claims brought by any broker, finder or other agent claiming to have acted on behalf of Buyer in connection with this sale.

5.5. No Violation. The execution, delivery, compliance with and performance by Buyer of the Acquisition Agreements to which Buyer is a party and each of the other documents and instruments delivered in connection therewith do not and will not (a) violate or contravene the organizational certificates, documents and agreements, as amended to date, of Buyer, (b) violate or contravene any Law to which Buyer is subject, or (c) conflict with or result in a breach of or constitute a default by any party under any contract, agreement, instrument or other document or contract to which Buyer is a party or by which Buyer or any of its assets or properties are bound or to which Buyer or any of its assets or properties are subject.

ARTICLE VI COVENANTS

6.1. Conduct of Seller's Business Pending Closing. Seller agrees that, between the Execution Date and the Closing Date, unless Buyer shall consent in writing, (i) Seller's Business shall be conducted only in, and Seller shall not take any action except in, the ordinary course of business consistent with the Chief Restructuring Officer's past practice, (ii) Seller shall use its best efforts to keep available the services of Seller Employees and to preserve the current relationships of Seller's Business with such of the patients, suppliers, physicians and other persons with which Seller has significant business relations in order to preserve substantially intact Seller's Business, and (iii) Seller shall preserve intact the Acquired Assets and shall not discontinue the operations of Seller's Business. By way of amplification and not limitation, between the earlier of the Execution Date and the Effective Date, on the one hand, and the Closing Date on the other hand, Seller shall not, and shall not cause or permit any of Seller's Affiliates, officers, directors, employees and agents to, directly or indirectly, do, or agree to do, any of the following with respect to Seller's Business or the Acquired Assets, without the prior written consent of Buyer:

(a) Sell, pledge, dispose of, grant, transfer, lease, license, guarantee, encumber, or authorize the sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of Seller's Business, or any capital stock of Seller (including any capital stock held by any Member), or any of the Acquired Assets except in the ordinary course of business and in a manner consistent with past practice; provided that the aggregate amount of any such sale or disposition (other than a sale or disposition of products or other inventory in the ordinary course of business consistent with past practice, as to which there shall be no restriction on the aggregate amount), or pledge, grant, transfer, lease, license, guarantee or encumbrance of such property or assets shall not exceed \$5,000;

(b) Acquire (including, without limitation, by merger, consolidation or acquisition of stock or assets) for or in connection with Seller's Business any interest in any corporation,

partnership, other business organization, person or any division thereof or any assets, other than (i) acquisitions of any assets in the ordinary course of business consistent with past practice that are not, in the aggregate, in excess of \$5,000, (ii) acquisitions of equipment as contemplated by the last sentence of Section 1.1(b), or (iii) purchases of inventory for resale (whether for cash or pursuant to an exchange) in the ordinary course of business and consistent with past practice;

(c) [Intentionally Omitted];

(d) Enter into, amend, terminate, cancel or make any material change in any Contract or Personal Property Lease;

(e) Make or authorize any capital expenditure, dividends or distributions;

(f) Increase the compensation payable or to become payable to any Seller Employee, except for increases in the ordinary course of business in accordance with past practices in salaries or wages of such employees, or grant any rights to severance or termination pay to, or enter into any employment or severance agreement with, any Seller Employee, or establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any Seller Employee;

(g) Modify any material accounting policies, procedures or methods;

(h) [Intentionally Omitted];

(i) [Intentionally Omitted];

(j) [Intentionally Omitted];

(k) Take any action or fail to take any action that could result in a Seller Material Adverse Effect; or

(l) Permit or cause any of Seller's Affiliates to do any of the foregoing or agree or commit to do any of the foregoing.

6.2. Notice by Seller of Certain Events. Seller shall give prompt written notice to Buyer of (a) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the consummation of the transactions contemplated by this Agreement; (b) any notice or other communication from any governmental entity in connection with the transactions contemplated by this Agreement; (c) any actions, suits, claims, investigations or proceedings commenced or, to the best of Seller's Knowledge, threatened against, relating to or involving or otherwise affecting Seller, Seller's Business or the Acquired Assets or the transactions contemplated by this Agreement; (d) the occurrence of a breach or default or event that, with notice or lapse of time or both, could become a breach or default under this Agreement or any Contract or Personal Property Lease; and (e) any Seller Material Adverse Effect or change, event or circumstance which is likely to delay or impede the ability of Seller to consummate the transactions contemplated by this Agreement or to fulfill its obligations set forth herein.

6.3. Consents and Approvals: Coordination with Payors.

(a) Third Party Consents. Unless otherwise agreed to in writing by Buyer, and except for those Third Party Consents that must be obtained on or prior to the Execution Date, Seller shall obtain all Third Party Consents prior to the Closing Date. If a Third Party Consent is not obtained and delivered at or prior to Closing and Buyer waives in writing such requirement, (i) neither this Agreement nor any action taken hereunder shall be deemed to constitute an assignment of any Acquired Asset or any Contract if such assignment or attempted assignment would constitute a breach of any Contract or result in the loss or diminution of any rights thereunder or acceleration of any obligations thereunder, and (ii) Seller shall cooperate with Buyer in any reasonable arrangement proposed by Buyer designed to provide Buyer with the benefits of the Acquired Asset and Contract as to which such Third Party Consent relates, including enforcement by Seller, for the account and benefit of Buyer, of any and all rights of Seller against any other person arising out of the breach or cancellation of any such Contract by such other person or otherwise.

(b) Governmental Approvals. Buyer and Seller shall file with the Medicare and state Medicaid authorities documentation notifying same of a change of ownership of Seller's Business effective as of the Effective Date. Seller shall cooperate with Buyer to take all actions necessary to transfer or reissue to Buyer the certificate of need ("CON") and Licenses for the Center as of the Effective Date. In addition, Seller shall cooperate with Buyer to take all actions necessary to transfer or reissue to Buyer Seller's Medicare and Medicaid provider numbers (or, if applicable, to issue to Buyer a new Medicaid number); provided, however, that the actual transfer or reissuance of the provider numbers prior to or on the Effective Date shall not be a condition to Closing. Upon Buyer's receipt of written notification from the Center for Medicare and Medicaid Services ("CMS") and/or the Seller's fiscal intermediary indicating that CMS has processed and approved Buyer's change of ownership application with respect to Seller's Medicare provider number (the "Medicare CHOW Approval"), Seller will (i) terminate all electronic funds transfer arrangements with third party payors effective as of the Effective Date, and (ii) notify the Medicare and Medicaid programs to discontinue the linkage of Seller's Medicare provider number to its Medicaid provider number.

(c) Cooperation. Buyer and Seller shall continue after the Closing Date to pursue the Third Party Consents and Governmental Approvals to the extent not previously obtained in connection with the consummation of the transactions contemplated hereunder. Each of the parties hereto shall, from time to time after the Closing Date, upon the request of any other party hereto and at the expense of such requesting party, duly execute, acknowledge and deliver all such further instruments and documents reasonably required to further effectuate the interests and purposes of this Agreement.

(d) Right to Revenues. Buyer shall have the right to receive all revenues from any source relating to services provided at or with respect to the Seller's Business on and following the Effective Date and Seller shall pay to Buyer all cash received relating thereto. Seller shall have the right to retain all revenues received from any source relating to services provided at or with respect to the Seller's Business prior to the Effective Date, and any such revenue received by Buyer shall be returned to Seller in accordance with the provisions of Section 6.7(b) below.

(e) License to Use Provider Numbers. Seller hereby grants Buyer a license to use its name, provider numbers and employer identification number on the terms set forth in this Section 6.3(e). From the period of time commencing on the Effective Date and until Buyer's receipt of the Medicare CHOW Approval with respect to Medicare claims, 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 processed, Buyer shall submit claims for services provided at the Center using Seller's name, provider numbers, employer identification number and electronic funds transfer arrangements, as permitted by the Medicare Program Integrity Manual. Seller shall not close or otherwise modify the Seller's lock-box account or the electronic funds transfer arrangement with third party payors until Buyer has received the Medicare CHOW Approval.

6.4. Cost Reports. Seller shall be responsible for accurately completing and filing on a timely basis all Medicare Cost Reports for the period prior to the Effective Date. Seller shall provide Buyer with a reasonable opportunity to review such Medicare Cost Reports before filing. Buyer shall be responsible for completing and filing on time Medicare Cost Reports for the periods beginning on and after the Effective Date. Each of the parties shall provide reasonable access to their respective employees and records to the other party for the purpose of completing all such Medicare Cost Reports.

6.5. Inventory. Seller shall ensure that, as of the Effective Date and as of the Closing Date, the Inventory Amount shall be on site at the Center. In the event that the full Inventory Amount is not provided by Seller to Buyer as of the Effective Date, Seller will pay to Buyer the value of the shortfall at Closing.

6.6. Closing Balance Sheets: Final Balance Sheets and Final Fixed Assets List.

(a) At least two (2) business days prior to the Closing Date, Seller shall prepare and deliver to Buyer unaudited balance sheets for Seller and the Center as of the end of the calendar month ended not more than thirty one (31) days prior to the Effective Date, certified as true and correct by the chief financial officer of Seller (the "Closing Balance Sheets"). The Closing Balance Sheets, which shall be subject to the review of Buyer prior to Closing, will present fairly the assets and liabilities of Seller's Business (and no other business of Seller) as of the last day of such calendar month and will be prepared in accordance with GAAP applied consistently with the Year-End Financial Statements and Interim Financial Statements.

(b) As soon as practicable after the Closing, and in any event within thirty (30) days after the Effective Date, Seller shall prepare and deliver to Buyer unaudited balance sheets (the "Final Balance Sheets") and a detailed listing of the Fixed Assets (the "Final Fixed Asset List") for the Center as of midnight on the day before the Effective Date, certified as true and correct by the chief financial officer of Seller. The Final Balance Sheets will present fairly the assets and liabilities of Seller's Business (and no other business of Seller) as of midnight on the day before the Effective Date, and will be prepared in accordance with GAAP applied consistently with the Year-End Financial Statements and Interim Financial Statements. The Final Fixed Asset List shall include each individually capitalized fixed asset included in the Acquired Assets, together with Seller's original cost, in-service date, estimated useful life, and current net book value for each asset included thereon. Such Fixed Asset listing shall reflect the depreciation and amortization on a GAAP basis.

6.7. Payments: Collections.

(a) Seller shall pay to Buyer all cash received from any source relating to services provided at or with respect to the Seller's Business on and subsequent to the Effective Date. Such payments shall be made within forty five (45) days after receipt of such payments by Seller, and a copy of the remittance advice shall accompany such payments.

(b) Buyer shall pay to Seller all cash received from any source relating to services provided at or with respect to the Seller's Business prior to the Effective Date. Such payments shall be made within forty five (45) days after receipt of such payments by Buyer, and a copy of the remittance advice shall accompany such payments.

(c) If and to the extent that Medicare or any other payor withholds funds from Buyer or Buyer is required to refund any payments due on claims which are attributable to any period prior to the Effective Date, and which payment Buyer did not receive and retain on or after the Effective Date, Seller shall promptly compensate and reimburse Buyer and take any such action as may be required to satisfy Medicare or any other payor as the case may be.

6.8. Preservation of and Access to Certain Records.

(a) After the Closing Date, Buyer shall, in the ordinary course of business and to the extent required by Law, keep and preserve all medical records and other records of Seller's Business existing as of the Closing and which are delivered to Buyer by Seller. Notwithstanding any other provision of this Agreement, if and to the extent Buyer desires at any time following the Closing Date to dispose of any such records, Buyer shall first notify Seller of its intent and Seller shall have thirty (30) days following its receipt of such notice to notify Buyer of its intent to reclaim any such records in whole or in part. Seller shall reclaim such records no later than ten (10) days following Seller's delivery of such notice of intent. In addition to Buyer's obligations set forth herein, upon reasonable notice, subject to patient confidentiality and during regular business hours and at mutually agreeable times, Buyer will afford the representatives of Seller, including its counsel and accountants, full and complete access to, and copies of (at the sole cost and expense of Seller), the patient medical records transferred to Buyer at Closing; provided, however, that Seller shall indemnify Buyer and its Affiliates from any loss, liability or expense that may arise therefrom.

(b) After the Closing Date, Seller shall, in the ordinary course of business and to the extent required by Law, keep and preserve all medical records and other records of Seller's Business as of Closing which are not delivered to Buyer by Seller and which are required to be kept and preserved by applicable Law or in connection with any claim or controversy pending at Closing involving the Seller's Business. For such period as is required by Law from and after the Closing Date, Seller shall retain and make available to representatives of Buyer, including its counsel and accountants, upon reasonable notice, subject to patient confidentiality and during regular business hours and at mutually agreeable times, full and complete access to, and copies of (at sole cost of Buyer), any such records of Seller's Business prior to the Closing Date and access to such of Seller's personnel as may be reasonably necessary for Buyer to comply with applicable Law or to resolve any such pending dispute. Notwithstanding the foregoing, should Seller wish to destroy such records or any portion thereof, Seller shall first notify Buyer of its

intent and Buyer shall have thirty (30) days following its receipt of such notice to notify Seller of its intent to reclaim any such records in whole or in part. Buyer shall take possession of such records no later than ten (10) days following Buyer's delivery of such notice of intent.

(c) Seller shall cooperate and shall cause its auditors to cooperate with all reasonable requests of Buyer and its auditors necessary to audit all previously unaudited periods for activities of Seller, for the purpose of enabling Buyer to make periodic reports pursuant to the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), or to make a public offering of its securities under the Securities Act of 1933, as amended (the "Securities Act"), or for other reasonable business purposes, and Seller shall permit the historical financial statements of Seller to be included (if required by the rules and regulations of the Securities and Exchange Commission (the "Commission") in any of Buyer's filings with the Commission under either the Securities Exchange Act or the Securities Act and in any prospectus used in connection with any offering of Buyer's securities. Seller acknowledges and agrees that such audits are necessary for Buyer's compliance with federal and state securities Laws and financial and tax reporting requirements, and agrees that Seller's failure to reasonably cooperate would cause Buyer irreparable harm, and therefor will not contest Buyer in seeking a temporary restraining order, preliminary injunction and other available equitable relief in the event of a breach of these provisions, in addition to any and all other available remedies including damages. Promptly after the Closing, Seller shall deliver all books and records relating to Seller's Business or the Acquired Assets not transferred to Buyer hereunder to Buyer.

6.9. Maintenance of Insurance Coverage. For a period of two (2) years following the Closing Date, Seller shall continue its currently existing professional and general liability insurance coverages at its own expense, either by continuing applicable existing policies or by purchasing tail insurance policies covering claims made on and following the Closing Date related to services provided by and liabilities incurred by Seller prior to the Closing Date.

6.10. Transition Services.

(a) Employment Transition Services. During the Employee Transition Period, Seller will provide the following services (the "Employee Transition Services"):

(i) Employee Leasing. Seller shall lease the Seller Employees to Buyer or an Affiliate of Buyer during the Employee Transition Period, during which time the Seller Employees shall provide services to Buyer or its Affiliate consistent with the services provided to Seller prior to the commencement of the Employee Transition Period and in accordance with the guidelines, practices and policies of Buyer as set forth in Section 1.5(b) of this Agreement and in accordance with Seller's obligations as set forth in Section 1.5(b) of this Agreement.

(ii) Payroll Services. Seller shall process the payroll for the Seller Employees. Buyer or its Affiliate will reimburse Seller an amount equal to the total cost of payroll for the Seller Employees during the Employee Transition Period, which cost shall, among other things, consist of: (A) gross wages and salary; (B) employer payroll taxes; (C) fringe benefits (including without limitation paid time off (except as set forth in this Agreement),

medical insurance and life insurance); (D) state and local taxes, including without limitation any sales and use taxes on wages and benefits; and (E) any other direct payroll costs of the Seller Employees. By 10:00 a.m., Pacific Time, on Wednesday of the week in which a transition payroll is to be paid, Seller will fax to Buyer or its Affiliate, to such address as has been provided to Seller for these purposes, a copy of the payroll journal and a summary of the amount due. Buyer or its Affiliate will remit the amount due to Seller by wire transfer within three (3) business days. Seller will then deliver to Buyer or its Affiliate a complete detailed payroll report supporting the faxed payroll summary via overnight delivery.

(iii) Insurance and Benefits. Notwithstanding any other provision herein, during the period from the Closing Date until January 1, 2014, Seller shall continue to provide healthcare benefits (including, without limitation, dental benefits) available to the Transferring Employees at Seller's sole cost and expense. During the Employee Transition Period, Seller shall continue to provide healthcare benefits available to the Seller Employees and maintain workers' compensation insurance to the same extent Seller provided and maintained the same prior to the commencement of the Employee Transition Period. Seller will fax to Buyer or its Affiliate a copy of the invoice for any health or workers' compensation insurance premiums due for the Employee Transition Period when received by, or available to, Seller. Buyer or its Affiliate will remit the amount due for health or workers' compensation insurance to Seller by wire transfer within three (3) business days of receipt of the invoice. During the Employee Transition Period, Buyer or its Affiliate shall offer enrollment to the Transferring Employees in its own healthcare and other benefits programs with the participation of the Transferring Employees in such benefits programs to be effective as of the end of the Employee Transition Period, subject to the completion of the applicable enrollment procedures by the Transferring Employees.

(iv) Payment of Assumed PTO. On or prior to the last day of the Employee Transition Period, Seller shall deliver to Buyer the Transferring Employee Schedule, as described in Section 1.5(c), which shall contain the final Assumed PTO amounts (specifying the Reimbursable Assumed PTO and the Non-reimbursable Assumed PTO) and shall be certified as true and correct by an authorized officer of Seller.

(v) Tax Reporting of Employee Transition Services. For purposes of federal and state employee income and related tax filings, each of Buyer, or an Affiliate of Buyer, as applicable, and Seller shall accurately report and remit such taxes to federal and state authorities as are due and payable for the periods for which that party paid payroll to the employees. All applicable compensation paid during the Employee Transition Period by Seller shall be reported, and related taxes remitted, to the tax authorities by Seller under its federal employer identification number.

(b) Transitional Use of Manuals, Clinical Systems and Telecom Services.

(i) To the extent that they are not included within the Acquired Assets transferred to Buyer at Closing, effective as of the Effective Date, Seller grants Buyer the right to use, on a transitional basis for up to ninety (90) days after the Effective Date (the "Transition Period"), the clinical and operating policies and procedures manuals of Seller that are currently located at the Center (the "Policy Manuals"). The parties acknowledge that the Policy Manuals

may contain proprietary information of Seller, but Seller is willing to permit Buyer to retain and use the Policy Manuals as an accommodation to Buyer and in consideration of the Purchase Price, in connection with the sale of the Dialysis Business and the transition of patient care to Buyer. Accordingly, Seller hereby grants Buyer a limited license to use such Policy Manuals at the Center during the Transition Period, provided that the Policy Manuals: (A) are used by the Buyer only in connection with the ordinary operation of the Center, and (B) shall be returned to Seller promptly following the end of the Transition Period, and in any event no later than ninety-five (95) days after the Effective Date.

(ii) To the extent they are not included within the Acquired Assets transferred to Buyer at Closing, effective as of the Effective Date, Seller grants Buyer the right to use, on a transitional basis during the Transition Period, Seller's clinical systems currently used at the Center (the "Clinical Systems"). The parties acknowledge that one or more of the Clinical Systems are proprietary systems of the Seller, but Seller is willing to permit Buyer to retain and use the Clinical Systems as an accommodation to Buyer and in consideration of the Purchase Price, in connection with the sale of the Dialysis Business and the transition of patient care to Buyer. Accordingly, Seller hereby grants Buyer a limited license to use such Clinical Systems at the Center during the Transition Period, provided, that: (A) the Clinical Systems are used only in connection with the ordinary operation of the Center, (B) Buyer shall notify Seller when Buyer has discontinued its use of the Clinical Systems, and (C) Seller shall remove the Clinical Systems from the Center promptly following the end of the Transition Period, and in any event no later than ninety-five (95) days after the Effective Date, and Buyer shall cooperate therewith.

(iii) As an accommodation to Buyer and in consideration of the Purchase Price, Seller agrees to permit Buyer to transfer the internet, telephone and cable television services at the Center (collectively, "Telecom Services") to Buyer's own name after the Closing, and Seller shall reasonably cooperate with Buyer in arranging such transfer of services. Buyer shall use commercially reasonable efforts to transfer such services to its own name promptly after the Closing, and in any event prior to the end of the Transition Period, and Seller agrees not to terminate such services before the expiration of the Transition Period. Buyer shall reimburse Seller upon demand for the prorated cost of such services, without mark-up, for the period from the Effective Date through the date that such services are transferred. Seller shall provide Buyer with a copy of Seller invoice for such services to support such reimbursement. Effective as of the Effective Date, Seller agrees to permit Buyer to use the hardware and equipment currently used by the Center to operate the Telecom Services, including, but not limited to, telephones, on a transitional basis during the Transition Period.

(iv) Buyer acknowledges that Seller has not made, and Seller hereby expressly disclaims and negates, any representation or warranty, implied or expressed, relating to the Policy Manuals, Clinical Systems or Telecom Services, including, without limitation, any implied or express warranty of merchantability; any implied or express warranty of fitness for a particular purpose; and any implied or express warranty of freedom from defects, whether known or unknown. To the fullest extent permitted by Law, Buyer hereby waives and releases any and all rights, claims and causes of action that Buyer or any of its Affiliates may have against Seller or any of its Affiliates arising out of Buyer's possession or use of the Policy Manuals, Clinical Systems or Telecom Services, including any claims based on any defects in the Policy Manuals, Clinical Systems or Telecom Services.

(c) Transitional Laboratory Services. Effective as of the Effective Date, Seller agrees to permit Buyer to use the laboratory services (including STAT-laboratory services) currently used by the Center pursuant to that certain Laboratory Services Agreement between Nationwide Laboratory Services, Inc. and Seller, effective June 1, 2013, including any laboratory systems and clinical documentation systems used with respect thereto (collectively, "Interim Laboratory Services"), on a transitional basis during the Transition Period. The parties acknowledge that Seller is willing to provide the Interim Laboratory Services as an accommodation to Buyer and in consideration of the Purchase Price, in connection with the transactions contemplated by this Agreement and the transition of patient care to Buyer. Buyer shall use commercially reasonable efforts to arrange for such services in its own name promptly after the Closing Date, and in any event prior to the end of the Transition Period, and Seller agrees not to terminate such services before the expiration of the Transition Period. Buyer shall reimburse Seller upon demand for the cost of such services without mark-up for the period from the Effective Date through the date that such services are terminated. Seller shall provide Buyer with a copy of Seller's invoice for such services to support such reimbursement.

(d) Ancillary Transition Services. Effective as of the Effective Date, Seller agrees to permit Buyer to use the medical waste disposal services and the copiers, facsimile machines and computers at the Center (collectively, "Ancillary Transition Services") on a transitional basis during the Transition Period. The parties acknowledge that Seller is willing to provide the Ancillary Transition Services as an accommodation to Buyer and in consideration of the Purchase Price, in connection with the transactions contemplated by this Agreement and the transition of patient care to Buyer. Buyer shall use commercially reasonable efforts to arrange for such services in its own name promptly after the Closing, and in any event prior to the end of the Transition Period, and Seller agrees not to terminate such services before the expiration of the Transition Period. Buyer shall reimburse Seller upon demand for the cost of such services without mark-up for the period from the Effective Date through the date that such services are terminated. Seller shall provide Buyer with a copy of Seller's invoice for such services to support such reimbursement.

(e) Termination of Transition Services. Buyer or its Affiliate may terminate any of the Transition Services (or any part of them) and the Employee Transition Period or Transition Period, as applicable, upon three (3) days prior written notice to Seller. Seller shall have the right to terminate the Transition Services (or any part of them) immediately and without prior notice in the event Buyer or its Affiliate, as applicable, does not timely reimburse Seller for the provision of Transition Services pursuant to the above provisions of this Section 6.10, which goes uncured for ten (10) days following notice to Buyer or its Affiliate of such nonpayment.

ARTICLE VII CONFIDENTIALITY; NON-COMPETITION

7.1. Confidentiality.

(a) The parties agree that (i) all information not disclosed to the public by Seller regarding Seller's Business and the medical information of any patient currently receiving treatment or having previously received treatment at the Center, which is compiled by, obtained by, or furnished to Buyer or any of its agents or employees in the course of its due diligence

review of Seller's Business is acknowledged to be confidential information, trade secrets and the exclusive property of Seller through the Closing Date, and of Buyer thereafter, and (ii) all information not disclosed to the public by Buyer regarding Buyer's business or operations is acknowledged to be confidential information, trade secrets and the exclusive property of Buyer (collectively, "Confidential Information").

(b) Each of the parties hereto agrees not to divulge, directly or indirectly, any Confidential Information of the other party in any manner contrary to the interests of such party, use or cause or suffer to be used any Confidential Information in competition with such party, or use Confidential Information in violation of the patients' confidentiality rights under HIPAA or any applicable state Law. Each of the parties acknowledges that the breach or threatened breach of the provisions of this Section would cause irreparable injury to the other party that could not be adequately compensated by money damages. Accordingly, a party may obtain a restraining order and/or injunction prohibiting a breach or threatened breach of the provisions of this Section, in addition to any other legal or equitable remedies that may be available. If requested by legal process to disclose any Confidential Information of another party, the party in receipt of such request shall promptly give notice thereof to the other party so that such party may, at its own cost and expense, seek an appropriate protective order or, in the alternative, waive compliance to the extent necessary to comply with such request if a protective order is not obtained. If a protective order or waiver is granted, the party subject to such legal process may disclose the Confidential Information to the extent required by such court order or as may be permitted by such waiver. Notwithstanding any part of the foregoing, Buyer shall be permitted to disclose Confidential Information, including without limitation a copy of this Agreement and the Assignment and Assumption and Bill of Sale, for the purpose of complying with government filing requirements and for the purpose of issuing a press release about the transaction following the Closing Date.

(c) The term "Confidential Information" does not include information that (i) is at the time of disclosure or later becomes generally known to the public or within the industry or segment of the industry to which such information relates without violation by a party of any of its obligations hereunder and not through any action by any of its directors, officers, employees and agents which, if committed by such party, would have constituted a violation by it of any of its obligations hereunder; (ii) at the time of disclosure to the other party was already known by such other party; (iii) after the time of the disclosure to the other party, is received by such party from a third party which, to such party's best knowledge, is under no confidentiality obligation with respect thereto or (iv) required to be filed by Seller in connection with the Sale Order.

7.2. Non-Competition and Non-Solicitation.

(a) As a material inducement to Buyer to enter into this Agreement, in consideration of the compensation payable hereunder, and for other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, as well as in recognition of the fact that the value of Seller's Business, including the goodwill, would be diminished substantially if Seller, any Affiliate of Seller or Novak were to engage in any business or activities in competition with Buyer, and Seller, represents, warrants, covenants and agrees that, except as required in the performance of the duties set forth in this Agreement or another written agreement with Buyer, and as set forth in Section 7.2(b) below, neither Seller,

Novak nor any Affiliate of Seller or Novak will during the Restricted Period, directly or indirectly:

(i) become a Competitor, or otherwise take any action that could result in owning any interest in, leasing any assets to, managing, operating, extending credit to, or otherwise participating in a Competitor, anywhere within the Restricted Area. As used herein, "Restricted Area" shall mean anywhere within a thirty (30) mile radius of the Center's location as of the Effective Date and its location at any time during the Restricted Period; or

(ii) enter into any agreement which could benefit any Competitor of Buyer; or

(iii) solicit, induce or encourage any physician or employee of or affiliated with Buyer (now or within the past 12 months) to curtail or terminate such person's affiliation or employment, or take any action that results, or might reasonably be expected to have the same result.

(b) Nothing in this Section 7.2 shall be interpreted to:

(i) prevent Seller from engaging in managed care contracting as a participating provider of medical services so long as such relationship does not either (A) provide Seller with remuneration related or attributable, directly or indirectly, to Dialysis Services, or (B) involve Seller contracting with any person or entity that is, directly or indirectly, owned, managed, operated or controlled by, or affiliated with any person or entity (other than Buyer) that provides Dialysis Services; or

(ii) require the referral of any patients for any Dialysis Service provided by Buyer or any of Buyer's Affiliates, or for treatment at the Center or any dialysis facility owned, operated or managed by Buyer or any of Buyer's Affiliates, whether during or following the Restricted Period, and nothing in this Agreement shall be interpreted to prohibit any physician from referring any patients to, or treating patients at, any dialysis facility not owned by Buyer or any of its Affiliates, whether during or following the Restricted Period.

(c) If the provisions of this Section 7.2 are violated, in whole or in part, Buyer shall be entitled, upon application to any court of proper jurisdiction, to a temporary restraining order or preliminary injunction to restrain and enjoin Seller from such violation without prejudice as to any other remedies Buyer may have at law or in equity. In the event of a violation, Seller agrees that it would be virtually impossible for Buyer to calculate its monetary damages and that Buyer would be irreparably harmed. If Buyer seeks such temporary restraining order or preliminary injunction, Buyer shall not be required to post any bond with respect thereto, or, if a bond is required, it may be posted without surety thereon. If any restriction contained in this Section 7.2 is held by any court to be unenforceable, or unreasonable, as to time, geographic area or business limitation, Seller agrees that such provisions shall be and are hereby reformed to the maximum time, geographic area or business limitation permitted by applicable Laws. The parties further agree that the remaining restrictions contained in this Section 7.2 shall be severable and shall remain in effect and shall be enforceable independently of each other.

(d) Seller specifically acknowledges, represents and warrants that the covenants set forth in this Article VII are reasonable and necessary to protect the legitimate interests of Buyer, and Buyer would not have entered into this Agreement in the absence of such covenants.

ARTICLE VIII

CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE AND TO SELLER'S PERFORMANCE

8.1. Conditions to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction of the following conditions on or prior to the Closing Date (or the Execution Date or Effective Date, as noted below), all or any of which may be waived in writing by Buyer:

(a) All representations and warranties made by Seller in this Agreement and in any written statements delivered to Buyer under this Agreement shall be true and correct as of the Execution Date, the Effective Date and the Closing Date as though made on such dates, except where the failure of such representations and warranties to be true and correct would not have a Seller Material Adverse Effect.

(b) Seller shall have performed, satisfied and complied in all material respects with all obligations and covenants required by this Agreement to be performed by, or complied with, it on or prior to the Closing Date.

(c) As of the Execution Date, the Effective Date and the Closing Date, there shall not have occurred any Seller Material Adverse Effect since the date of the Interim Financial Statements.

(d) The Bankruptcy Court shall have entered the Sale Order, and the Sale Order shall not have been stayed.

(e) The Sale Order shall be in form and content acceptable to Buyer and shall provide, among other things, that (1) Seller is authorized to convey to Buyer all of its right, title, and interest in and to the Assets pursuant to Sections 105, 363(b) and 363(f) of the Bankruptcy Code, free and clear of all liens, claims and encumbrances, which liens, claims and encumbrances shall attach to the proceeds of the transactions contemplated herein under Section 363(f) of the Bankruptcy Code; (2) all other requirements and conditions under Sections 363 and 365 of the Bankruptcy Code for the assumption by Seller and assignment to Buyer of each Assigned Contract have been satisfied; (3) all Cure Amounts necessary to cure monetary defaults under the Assigned Contracts and Assigned Personal Property Lease shall be made in the appropriate amounts by Seller; (4) adequate and appropriate notice has been given to all parties entitled to notice of the transactions contemplated herein; and (5) Seller is authorized and directed to execute, upon request by Buyer, one or more assignments in form, substance, and number reasonably acceptable to Buyer, evidencing the conveyance of the Assets to Buyer.

(f) The Sale Order shall not have been modified, amended, dissolved, revoked, rescinded or stayed, and each such order shall have become a Final Order and shall be in full force and effect on the Closing Date.

(g) Seller, Novak and the Member shall have delivered to Buyer all documents required to be delivered by them, and all such documents shall have been properly executed by each of them, if applicable. Such documents shall include, without limitation:

(i) A corporate good standing certificate for Seller from the State of Illinois, dated no more than ten (10) days prior to the Effective Date;

(ii) A certificate signed by the secretary or other authorized officer of Seller and dated as of the Closing Date, certifying (A) that Board of Managers has adopted resolutions to authorize the transactions contemplated by this Agreement, and (B) a specimen signature of an officer duly authorized thereby to execute the Acquisition Agreements and such other documents to be delivered in connection with Closing on behalf of Seller;

(iii) Insurance binders showing purchase of tail coverage for professional and general liability claims, if applicable; and

(iv) Such other documents and instruments, each in a form reasonably satisfactory to Buyer and its counsel, as may be reasonably requested by Buyer in order to carry out the transaction contemplated by this Agreement and to vest good and marketable title in the Acquired Assets in Buyer, free and clear of all Liens.

(h) Seller shall have executed and delivered to Buyer the Assignment and Assumption and Bill of Sale in the form attached hereto as Exhibit A, dated and effective as of the Effective Date.

(i) Buyer shall have received all Third Party Consents in form and substance satisfactory to Buyer, effective as of the Effective Date and as of the Closing Date, as applicable.

(j) Buyer shall have received all Governmental Approvals and consents by necessary governmental authorities to the transfer or reissuance to Buyer of all CONs and all Licenses for the Center in form and substance satisfactory to Buyer, with the exception of tie-in notices with respect to Seller's Medicare and Medicaid provider numbers; provided that Buyer shall have no reason to believe that it will not receive the Medicare CHOW Approval retroactive to the Effective Date.

(k) Buyer shall have received an executed Medical Director Agreement for the Center, in form and substance satisfactory to Buyer, appointing a medical director acceptable to Buyer.

(l) Buyer shall have either (i) received from Seller title to the Center's real estate and improvements for no additional consideration or (ii) received a lease for the Center executed by Seller as landlord, in form and substance satisfactory to Buyer, dated and effective as of the Effective Date, which provides that Buyer shall have the option to acquire (or assign to a third party purchaser the right to acquire) the Center's premises at any time during the term of the lease for no additional consideration; provided, however that Buyer shall have the sole discretion to require the satisfaction of the condition set forth in subsection (i) or (ii) above.

(m) Buyer shall have received all approvals, consents and clearances from governmental authorities and others in connection with the transactions contemplated by this Agreement deemed necessary by Buyer, including receipt by Buyer of all licenses, permits, consents and approvals for Buyer to own and operate Seller's Business and be reimbursed therefor in the same manner after the Effective Date.

(n) Buyer shall have received and approved the Closing Balance Sheets two (2) days prior to the Closing Date.

(o) Buyer shall have received certificates of an authorized officer of Seller certifying, as of the Effective Date and as of the Closing Date: (i) the accuracy of Seller's representations and warranties as set forth in Article IV hereof, (ii) compliance with Seller's covenants as set forth in this Agreement, and (iii) the Inventory Amount.

(p) Seller shall have delivered to Buyer, no later than ten (10) business days before the Closing Date, a detailed listing of the Fixed Assets (as defined in GAAP) to be included in the Acquired Assets as of the Effective Date, dated as of the most recent month ended before the Effective Date, which listing shall be certified as true and complete by Seller's Chief Financial Officer and shall include each individually capitalized fixed asset included in the Acquired Assets, together with Seller's original cost, in-service date, estimated useful life, and current net book value for each asset included thereon. Such listing shall reflect depreciation and amortization on a GAAP basis, and not on a federal income tax basis.

(q) Seller shall have executed and delivered to Buyer, for submission to the appropriate authorities, (i) CMS Form 855A, duly completed to report the change of ownership of the Center, and (ii) a notification to the healthcare licensing authority of each state where the Center is located, relinquishing Seller's license to operate the Center and enclosing the original of such license.

(r) The Seller Employees as of the Closing Date shall be sufficient to operate the Center in a manner consistent with the operation as of the Execution Date of this Agreement.

(s) Seller shall have delivered to Buyer a complete copy of the medical records of each patient who is being dialyzed at the Center as of the Effective Date and as of the Closing Date, such copies to be provided in paper or electronic format, as available.

(t) Seller shall have delivered to Buyer evidence satisfactory to Buyer, in Buyer's sole discretion, proving resolution of those matters identified during Buyer's compliance audit of Seller's billing practices.

(u) Buyer shall have received a noncompetition agreement, in form and substance satisfactory to Buyer and substantially in the form attached as Exhibit C, executed by Novak dated and effective as of the Effective Date.

(v) Buyer shall have received assurances, satisfactory to Buyer in its sole discretion, from governmental investigators that (1) the Center is not a target or subject of, or implicated in, any government investigations related to Novak and Sacred Heart Hospital, (2) Buyer will not be subject to a corporate integrity agreement related to the investigation of Novak and Sacred Heart

Hospital, and (3) Buyer shall not be subject to any government claims arising from the billing practices of Seller, Novak, Sacred Heart Hospital and their Affiliates.

8.2. Conditions to Seller's Obligations. The obligations of Seller under this Agreement are subject to the satisfaction of the following conditions, on or prior to the Closing Date (or the Effective Date, as noted below), all or any of which may be waived in writing by Seller:

(a) All representations and warranties made by Buyer in this Agreement and in any written statements delivered to Seller under this Agreement shall be true and correct as of the Execution Date, the Effective Date and the Closing Date as though made on such dates, except where the failure of such representations and warranties to be true and correct would not materially adversely affect Buyer's ability to consummate the transactions contemplated hereby.

(b) Buyer shall have performed, satisfied and complied in all material respects with all obligations and covenants of Buyer required by this Agreement to be performed or complied with by it on or prior to the Closing Date. Buyer shall use commercially reasonable good faith efforts to enter into a Medical Director Agreement for the Center on or before September 30, 2013 and to maintain such agreement (or a replacement agreement) until the Closing Date or termination of this Agreement.

(c) Buyer shall have delivered to Seller all documents required to be delivered by Buyer, and all such documents shall have been properly executed by Buyer, if applicable.

(d) Buyer shall have delivered to Seller a corporate good standing certificate from the State of Illinois dated no more than ten (10) days prior to the Effective Date.

(e) Buyer shall have delivered to Seller certificates signed by an authorized representative of Buyer certifying, as of the Effective Date and as of the Closing Date, (i) the accuracy of Buyer's representations and warranties as set forth in Article V hereof, and (ii) compliance with Buyer's covenants as set forth in this Agreement.

(f) Buyer shall have executed and delivered to Seller the Assignment and Assumption and Bill of Sale, and each of the Amendment, Assignment and Assumption of Leases and leases referenced in Sections 8.1(h), (m) and (n) above, dated and effective as of the Effective Date.

(g) The Bankruptcy Court shall have entered the Sale Order on the terms set forth in Section 8.1(e) and the Sale Order shall authorize Seller to convey to Buyer any and all of Seller's right, title and interest in and to the Acquired Assets free and clear of all liens and interests (except as otherwise specified herein), and authorizing the assignment and assumption of the Assigned Contracts and Assigned Personal Property Leases as contemplated herein.

8.3. No Injunction or Action. The obligations of both Buyer and Seller under this Agreement are conditioned upon there being, as of the Closing Date, no preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental agency concerning this Agreement which would make illegal or otherwise

prevent consummation of this Agreement in accordance with its terms, and no proceeding or action brought by any governmental authority seeking the foregoing shall be pending.

ARTICLE IX

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

9.1. Survival of Representations and Warranties. All Buyer and Seller representations and warranties contained in this Agreement or any other agreement, schedule, certificate, instrument or other writing delivered by Buyer and Seller in connection with this transaction shall survive for two (2) years after the Effective Date. If a party hereto determines that there has been a breach by any other party hereto of any such representation or warranty and notifies the breaching party in writing reasonably promptly after learning of such breach, such representation or warranty and liability therefor shall survive with respect to the specified breach until such breach has been resolved, but no party shall have any liability after the second anniversary of the Closing Date for any matters not specified in a writing delivered within such two (2) year period.

9.2. Indemnification by Seller. Subject to the provisions of Section 9.4 and Section 9.5 below, Seller agrees unconditionally to indemnify, defend and hold Buyer harmless, on demand, from and against the following:

(a) Any and all Losses of every kind, nature or description which arise out of or result from or as a consequence of (i) any false, incorrect or misleading representation or warranty or breach thereof made by or on behalf of Seller in this Agreement (including the Exhibits and Schedules hereto) or in any of the Acquisition Agreements; or (ii) any failure by Seller to perform, comply with or observe any one or more of their covenants, agreements or obligations contained in this Agreement or in any other agreement, instrument or document delivered to Buyer in connection with this Agreement or any of the transactions contemplated by this Agreement; and

(b) Any and all Losses which may at any time or from time to time arise out of or result from or as a consequence of (i) the provision, delivery or sale by Seller at any time prior to the Closing Date of any services; (ii) the production, provision or sale by Seller at any time prior to the Closing Date of any property, products, materials or supplies of any kind; (iii) any Excluded Liability; (iv) any failure by Seller to comply with the provisions of this Agreement; and (v) relating to, or the failure by Seller to discharge, any obligations of Seller which were incurred by Seller on account of the period prior to the Closing Date (except for the Assumed Liabilities), including without limitation the following: (A) any audit or investigation or civil, administrative or criminal proceedings arising as a result of Seller's Business, or the business of Seller's Affiliates, prior to the Closing Date whether or not Seller or its Affiliates had Knowledge thereof as of the Closing Date (including, without limitation, any such proceedings set forth on Schedule 4.13(a)), (B) any assessments, adjustments or offsets made against Buyer as a result of such an audit or investigation or in connection with the recovery by any governmental authority or administrative agency or any third party payor of any overpayments made to Seller for services performed prior to the Effective Date, or (C) Seller's failure to obtain any Third Party Consent referred to herein which is not actually waived in writing by Buyer.

Without limiting the generality of the foregoing provisions of this Section 9.2 with respect to the measurement of damages, Buyer shall have the right to be put in the same financial position as it would have been in had the representations and warranties of Seller been true and correct, had each of the covenants of Seller been performed in full, and had Seller paid, discharged and performed all of its liabilities and obligations.

9.3. Indemnification by Buyer. Subject to the provisions of Section 9.4 and Section 9.5 below, Buyer agrees unconditionally to indemnify, defend and hold Seller harmless, on demand, from and against any and all of the following that could reasonably result in a judgment or legal action:

(a) Any and all Losses of every kind, nature or description which arise out of or result from or as a consequence of (i) any false, incorrect or misleading representation or warranty or breach thereof made by or on behalf of Buyer in this Agreement (including the Exhibits and Schedules hereto) or in any of the Acquisition Agreements; or (ii) any failure by Buyer to perform, comply with or observe any one or more of its covenants, agreements, or obligations contained in this Agreement or in any other agreement, instrument or document delivered to Seller in connection with this Agreement or any of the transactions contemplated by this Agreement; and

(b) Any and all Losses which may at any time or from time to time arise out of or result from or as a consequence of (i) the provision, delivery or sale by Buyer at any time on or after the Closing Date of any services; (ii) the production, provision or sale by Buyer at any time on or after the Closing Date of any property, products, materials or supplies of any kind; (iii) any Assumed Liability; (iv) any failure by Buyer to comply with the provisions of this Agreement; and (v) relating to, or the failure by Buyer to discharge, any obligations of Buyer which were incurred by Buyer on or after the Closing Date (except for the Excluded Liabilities), including without limitation the following: (A) any audit or investigation or civil, administrative or criminal proceedings arising as a result of the business of the Center on or after the Closing Date, and (B) any assessments, adjustments or offsets made against Seller as a result of such an audit or investigation or in connection with the recovery by any governmental authority or administrative agency or any third party payor of any overpayments made to Buyer for services performed on or after the Effective Date.

Without limiting the generality of the foregoing provisions of this Section 9.3 with respect to the measurement of damages, Seller shall have the right to be put in the same financial position as it would have been in had the representations and warranties of Buyer been true and correct, had each of the covenants of Buyer been performed in full, and had Buyer paid, discharged and performed all of its respective liabilities and obligations.

9.4. Indemnification Process. Any party seeking indemnification under this Article IX (an "Indemnified Party") shall give each party from whom indemnification is being sought (each, an "Indemnifying Party") notice of any matter which such Indemnified Party has determined has given rise to or could give rise to a right of indemnification under this Agreement, stating the amount of the loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and liabilities of an Indemnifying Party under this Article IX with respect

to Losses arising from claims of any third party which are subject to the indemnification provided for in this Article IX ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions:

(a) If any Indemnified Party shall receive notice of any Third Party Claim, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim within thirty (30) days of the receipt by the Indemnified Party of such notice; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article IX except to the extent the Indemnifying Party is materially prejudiced by such failure.

(b) If the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party hereunder against any losses that may result from such Third Party Claim, then the Indemnifying Party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnified Party within thirty (30) days of the receipt of such notice from the Indemnified Party; provided, further however, that if it would be detrimental to the defense of the Indemnified Party for the same counsel to represent both the Indemnified Party and the Indemnifying Party, then the Indemnified Party shall be entitled to retain its own counsel, in each jurisdiction for which the Indemnified Party determines counsel is required, at the expense of the Indemnifying Party.

(c) In the event the Indemnifying Party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. Similarly, in the event the Indemnifying Party declines to take such defense and the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnifying Party's expense, all such witnesses, records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as is reasonably required by the Indemnified Party.

(d) If the Indemnifying Party shall have failed to assume the defense of any claim in accordance with the provisions of this Article, then the Indemnified Party shall have the absolute right to control the defense of such claim and, if and when it is finally determined that the Indemnified Party is entitled to indemnification from the Indemnifying Party hereunder, the fees and expenses of the Indemnified Party's counsel shall be borne by the Indemnifying Party and paid by the Indemnifying Party to the Indemnified Party within five (5) business days of written demand therefor, but the Indemnifying Party shall be entitled, at its own expense, to participate in (but not control) such defense.

(e) So long as the Indemnifying Party has assumed and is conducting the defense of the Third Party Claim in accordance with Section 9.4(b) above, (i) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third

Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably provided that the Indemnified Party is completely released from all claims) unless the judgment or proposed settlement involves only the payment of money damages by the Indemnifying Party and does not impose an injunction or other equitable relief upon the Indemnified Party, and (ii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be withheld unreasonably).

9.5. Escrow. Notwithstanding anything to the contrary contained in this Article IX, all indemnification obligations of Seller to Buyer under Section 9.2 shall be limited to and drawn solely from the Escrow Deposit and all interest earned thereon during the Escrow Period, subject to the terms of the Escrow Agreement. The Escrow Agreement shall terminate, and the Escrow Deposit released to Seller, on the second (2nd) anniversary of the Closing Date; provided, however, that if any claims are made for indemnification by Buyer before such date, an amount equal to one hundred ten percent (110%) of such claim shall be retained until such claim is resolved in accordance with the terms of this Agreement; provided, further, that such claim shall be made with reasonable specificity based on facts or circumstances existing before the end of such two (2)-year period.

ARTICLE X MISCELLANEOUS

10.1. Termination.

(a) This Agreement may be terminated and the transaction contemplated hereby may be abandoned as follows:

- (i) By mutual written consent of Buyer and Seller;
- (ii) By either Buyer or Seller, if Closing shall not have occurred on or before January 1, 2014; provided, however, that the right to terminate this Agreement under this Section 10.1(b) shall not be available to the party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or resulted in, the failure of Closing to occur on or before such date;
- (iii) By either Buyer or Seller, if any final and nonappealable order or other legal restraint or prohibition preventing the consummation of the transaction contemplated by this Agreement shall have been issued by the Bankruptcy Court or any governmental authority or any Law shall have been enacted or adopted that enjoins, prohibits or makes illegal consummation of the transaction;
- (iv) By Buyer, upon a breach of, or failure to perform in any material respect (which breach or failure cannot be or has not been cured within thirty (30) days after the giving of notice of such breach or failure), any representation, warranty, covenant or agreement on the part of Seller set forth in this Agreement, such that a condition set forth in Section 8.1 would not be satisfied;

(v) By Seller, upon a breach of, or failure to perform in any material respect (which breach or failure cannot be or has not been cured within thirty (30) days after the giving of notice of such breach or failure), any representation, warranty, covenant or agreement on the part of Buyer set forth in this Agreement, such that a condition set forth in Section 8.2 would not be satisfied;

(vi) By either party if the Bankruptcy Court has not entered the Sale Order or if the Sale Order has not become a Final Order by January 1, 2014 (or such later date as the parties hereto may agree upon in writing as the outside Closing Date), provided that the failure of the Sale Order to have been entered and become a Final Order by such date is not the result of a breach of any covenant or agreement hereunder by the party seeking such termination;

(vii) By Buyer, if the Sale Order has been stayed by a court of competent jurisdiction and such stay has not be lifted during the ten day period after the stay has been ordered; or

(viii) Automatically, as it pertains to the respective assets, if the Bankruptcy Court enters an order approving a sale of the Acquired Assets to a Person or Persons other than Buyer.

10.2. Notice of Termination: Effect of Termination. In the event of termination of this Agreement by either Buyer or Seller pursuant to Section 10.1 hereof, the terminating party shall give prompt written notice thereof to the nonterminating party. In the event of termination of this Agreement pursuant to Section 10.1, except for any obligations under Section 10.1(b), this Agreement shall be of no further effect, there shall be no liability under this Agreement on the part of either Buyer or Seller and all rights and obligations of each party hereto shall cease, provided, however, that nothing herein shall relieve any party from liability for the breach of any of its representations and warranties or the breach of any of its covenants or agreements set forth in this Agreement.

10.3. Expenses. Except as set forth in Section 10.1(b), each of the parties hereto shall pay its own fees, costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

10.4. Entire Subject Matter: Amendment. This Agreement, together with its Schedules and Exhibits and all ancillary agreements and exhibits and schedules thereto to be delivered at Closing and the Sale Order, contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, either oral or written. The Agreement may not be amended, or any term or condition waived, unless signed by the party to be charged or making the waiver. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by other party(ies), or by anyone acting on behalf of any party, that are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

10.5. Assignment. No party hereto shall assign or otherwise transfer this Agreement or any of its rights hereunder, or delegate any of its obligations hereunder, without the prior written

consent of the other party; provided, however, that Buyer shall be permitted, without the consent of Seller, to assign or otherwise transfer this Agreement or any of its rights hereunder: (a) upon the purchase or sale of all or substantially all of the assets or stock of Buyer or DaVita Inc. or the transfer (by operation of law or otherwise) of the ownership or control of Buyer or DaVita Inc., to the purchaser of such assets or stock or the transferee of such interests; (b) upon the purchase, transfer or sale of all or substantially all of the Acquired Assets purchased from Seller by Buyer pursuant to this Agreement or the business or operations conducted at the Center (or any replacement location) to the purchaser or transferee of such Acquired Assets, business or operations; or (c) to any Affiliate of Buyer. Subject to the foregoing, this Agreement and the rights and obligations set forth herein shall inure to the benefit of, and be binding upon the parties hereto, and each of their respective successors, heirs and assigns.

10.6. Counterparts. This Agreement may be executed in two or more counterparts, any one of which need not contain the signatures of all parties, but all of which counterparts when taken together will constitute one and the same agreement.

10.7. Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware applicable to contracts made and to be performed in that State.

10.8. Schedules and Exhibits. The Schedules and Exhibits attached hereto are an integral part of this Agreement. All exhibits and schedules attached to this Agreement are incorporated herein by this reference and all references herein to this "Agreement" shall mean this Asset Purchase Agreement together with all such exhibits and schedules, and all ancillary agreements and exhibits and schedules thereto to be delivered at Closing.

10.9. Severability. Subject to the last two sentences of Section 7.2(e), any provision hereof which is held to be prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be adjusted rather than avoided, if possible, in order to achieve the intent of the parties to this Agreement to the extent possible without in any manner invalidating the remaining provisions hereof.

10.10. Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed properly given three (3) business days after being sent by registered or certified mail, postage prepaid, to the parties at the address listed below:

If to Seller:

Alvarez & Marsal
55 W. Monroe Street, Suite 4000
Chicago, Illinois 60603
Attn: Paul Rundell

With a copy to:

Krieg DeVault LLP
30 North LaSalle Street, Suite 2800
Chicago, Illinois 60602
Attn: Robert J. Wild

If to Buyer:

Total Renal Care, Inc.
c/o DaVita HealthCare Partners Inc.
601 Hawaii Street
El Segundo, California 90245
Attention: Chief Operating Officer

With copies to:

DaVita HealthCare Partners Inc.
601 Hawaii Street
El Segundo, California 90245
Attention: General Counsel

DaVita HealthCare Partners Inc.
601 Hawaii Street
El Segundo, California 90245
Attention: Vice President for Corporate Development

10.11. Representation by Counsel. Each party hereto acknowledges that it has been advised by legal and any other counsel retained by such party in its sole discretion. Each party acknowledges that such party has had a full opportunity to review this Agreement and all related exhibits, schedules and ancillary agreements and to negotiate any and all such documents in its sole discretion, without any undue influence by any other party hereto or any third party.

10.12. Construction. The parties have participated jointly in the negotiations and drafting of this Agreement and in the event of any ambiguity or question of intent or interpretation, no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

10.13. Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

10.14. Waivers. No waiver by any party, whether express or implied, of its rights under any provision of this Agreement shall constitute a waiver of the party's rights under such provisions at any other time or a waiver of the party's rights under any other provision of this Agreement. No failure by any party to take any action against any breach of this Agreement or default by another party shall constitute a waiver of the former party's right to enforce any provision of this Agreement or to take action against such breach or default or any subsequent breach or default by the other party. To be effective any waiver must be in writing and signed by the waiving party. At any time prior to Closing, (a) Buyer may extend the time for the performance of any obligations of Seller, (b) Seller may extend the time for the performance of any obligations of Buyer, (c) Buyer may waive any inaccuracies in the representations and warranties of Seller contained in this Agreement, (d) Seller may waive any inaccuracies in the representations and warranties of Buyer contained in this Agreement, (e) unless prohibited by applicable Laws, Buyer may waive compliance by Seller with any of the covenants or conditions contained in this Agreement, and (f) unless prohibited by applicable laws, Seller may waive compliance by Buyer with any of the covenants or conditions contained in this Agreement.

10.15. Exculpation. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Seller are each and every one of them made and intended not as personal representations, warranties, covenants, undertakings and agreements by Paul Rundell, Karen Davis, David McLaughlin, Kyle Liebentritt or Alvarez & Marsal Healthcare Industry Group, LLC (collectively, the "Restructuring Agents") or for the purpose or with the intention of binding any of the Restructuring Agents personally but are made and intended for the purpose of binding the Seller and Seller's estate, and this Agreement is executed and delivered by Paul Rundell as Chief Restructuring Officer and not in his own right, but solely in the exercise of the powers conferred upon him, and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against any of the Restructuring Agents of this Agreement or as a result of any representation, warranty, covenant, undertaking or agreement of the Seller in this Agreement contained, either express or implied, all such personal liability or duty owed of any Restructuring Agent, if any, is expressly waived and released by the Buyer herein and by all persons claiming by, through or under Buyer. In addition, nothing contained herein shall be construed as creating any liability on any of the Restructuring Agents, personally under any Laws.

THEREFORE, the parties hereto have executed, or caused this Asset Purchase Agreement to be executed by their duly authorized representatives, as of the date first written above.

BUYER:

TOTAL RENAL CARE, INC.


By: David R. Finn
Its: Vice President of Corporate
Development

SELLER:

GARFIELD KIDNEY CENTER, LLC

By: Paul Rundell
Its: Chief Restructuring Officer

THEREFORE, the parties hereto have executed, or caused this Asset Purchase Agreement to be executed by their duly authorized representatives, as of the date first written above.

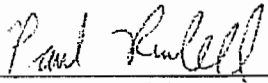
BUYER:

TOTAL RENAL CARE, INC.

By:
Its:

SELLER:

GARFIELD KIDNEY CENTER, LLC


By: Paul Rundell
Its: Chief Restructuring Officer

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

1. Current Admissions Policy

A copy of the current admissions policy for Garfield Kidney Center is attached as Attachment 19B.

2. Proposed Admissions Policy

A copy of the admissions policy and financial assistance policy for DaVita is attached as Attachment 19C. DaVita accepts patients for dialysis treatment at its outpatient dialysis facilities as long as those patients are appropriate for admission to an outpatient hemodialysis center.

3. Admission Policy Certification

A letter from Javier Rodriguez, President, DaVita HealthCare Partners, Inc., certifying the admissions policies of Garfield Kidney Center will not become more restrictive after acquisition by DaVita is attached as Attachment 19D.

GARFIELD KIDNEY CENTER**POLICY AND PROCEDURE****ADMISSION AND DISCHARGE OF PATIENTS****ADMISSION****PURPOSE:**

- To ensure adequate staffing in providing appropriate care for the number and acuity of patients.
- To ensure appropriateness of setting for individual patients and provide for safety.
- To maintain patient's continuity of care.
- To guide facility management on the admission process for all patients on dialysis.

POLICY:

1. A patient will be considered by a physician for acceptance to the chronic dialysis program upon application. The applications are reviewed by the Medical Director. All patients must at all times, have a treating physician with admitting privileges to Garfield Kidney Center. Nurse Manager or designee will assess patient to staff ratio, space availability, and type of space available (i.e. isolation) prior to admission.
2. Initial assessment performed by a medical staff must be performed before the initiation of the patient's first dialysis treatment in the facility
3. Patients are accepted without regard to national origin, race, age, sex, religion, disability, and /or factors unrelated to the provision of appropriate medical care. Patients will be required to comply with the Patient Financial Policy as well as any and all other guidelines that are in effect.
4. Patient who has exhibited inappropriate behavior in the hospital, another facility or during admission process in such a way that they reasonably constitute a danger to themselves or to others, may be denied admission to Garfield Kidney Center.
5. Patient shall be medically cleared for in-center hemodialysis treatment when treatment is deemed indicated and appropriate according to the clinical judgment of the patient's attending physician.

GARFIELD KIDNEY CENTER**POLICY AND PROCEDURE****ADMISSION AND DISCHARGE OF PATIENTS**

6. All patients must have a documented hepatitis B antigen or antibody result prior to admission. HBsAg must be within 30 days of admission. If the patient has hepatitis antibodies, then HBsAg is not required as long as there is documentation evidence of HbsAb results within the past 12 months.
7. Where applicable, proof of guardianship/power of attorney for healthcare or healthcare proxy must be provided at the time of admission, prior to treatment being provided.
8. Transient/visiting patients are accepted for short-term care whenever there is adequate staffing and space availability.
9. The Clinical Manager or designee is responsible for scheduling the patient for dialysis treatments in a manner consistent with the attending physician's dialysis prescription, patient needs, and available time slots.
10. The patient and/or his or her family shall designate a person to be notified in case of emergency.

PROCEDURE:

1. Clinical Manager or designee reviews the clinical information provided prior to the patient's dialysis treatment in the facility. In the case where it determines that patient is too acute or not appropriate for outpatient dialysis care, the Medical Director will make a decision for admission to the facility.
2. The following documentations are required to medically clear the patient:
 - Hepatitis Antigen results within 30 days, or Hepatitis Antibody results within 12 months.
 - Initial assessment(e.g. history and physical or hospital or clinic discharge summary) that can be used to evaluate the patient's current health status and patient's medical condition relating to the patient's kidney disease
 - Dialysis Orders
 - Current Medication list
 - Last three dialysis flow sheets (from hospital or in center treatment, if applicable)
 - Admission Demographic Sheet
 - Allergy Status

GARFIELD KIDNEY CENTER

POLICY AND PROCEDURE

ADMISSION AND DISCHARGE OF PATIENTS

- Nursing, Nutrition and Psychosocial assessment or Comprehensive Interdisciplinary Patient Assessment. (most recent and if available)
- Care Plans or Comprehensive Plan of Care (most recent and if available)
- EKG Report
- Chest X-ray report
- Physician's Progress Notes
- Current Lab results including Chemistries and CBC
- 2728 Form if transfer from another facility or ESRD certified hospital

DISCHARGE

PURPOSE:

- To define routine and involuntary reasons for patient discharge
- To provide the procedure that must be use when involuntary discharge is necessary and to give guidance regarding the same.
- Comply with Federal Regulations pertaining to conditions under which a facility may discharge a patient involuntarily
- Give information that must be provided to patients regarding discontinuation of services, transfer, and routine or involuntary discharge.
- Completion of medical records including discharge notes within 30 days from the date of discharge.

DEFINITIONS

Routine Discharge: The following of an established procedure to close a patient record when a patient is no longer receiving services from a dialysis facility due to discontinuation of dialysis or permanent transfer to another facility.

Administrative Discharge: The following of an established procedure to close a patient record when a patient is no longer receiving services from a dialysis facility due to prolonged absence from the facility for more than 30 days or 13 treatments. The patient may be hospitalized, on extended travel, or is lost to follow up. The patient may be readmitted at a later date.

Lost to follow-up: When a patient has been away from a dialysis facility for 30 days or 13 treatments, is not hospitalized, traveling or receiving

GARFIELD KIDNEY CENTER

POLICY AND PROCEDURE

ADMISSION AND DISCHARGE OF PATIENTS

dialysis at another facility, has not responded to facility efforts to resume dialysis and/or whereabouts of the patient is unknown.

Involuntary Discharge: The following of an established procedure to close a patient record when a patient is no longer able to receive services from a dialysis facility due to violent, abusive and/or disruptive behavior that places the welfare of the patient, other patients, facility staff or others at risk and interferes with the operations of the dialysis facility, failure to obtain coverage, nonpayment, or discharge from care of an attending physician.

POLICY

1. Patients may be discharged or transferred from the facility for routine or, in certain circumstances, involuntary reasons. The dialysis facility shall inform patients about policies for transfer, routine or involuntary discharge, and discontinuation of services as detailed in the GKC Patient Rights and Responsibilities.
2. The Medical Director shall ensure that no patient is discharged or transferred from the facility unless:
 - The patient or payer no longer reimburses the facility for the ordered services.
 - The facility ceases to operate.
 - The transfer is necessary for the patient's welfare because the facility can no longer meet the patient's documented medical needs.
 - The patient's behavior is determined to be disruptive and abusive that patient's welfare or that other patients and staff are endangered repeatedly after remediation measures are taken.

Routine Discharge:

Routine transfer or discharge of a patient may occur when the patient:

1. Is receiving dialysis at a facility that ceases to operate.
2. Has a change in insurance coverage that will not cover the patient's care in the facility and transfer to another provides is required by the payer.
3. Has regained kidney function and no longer requires dialysis
4. Relocates or transfer to another dialysis facility.
5. Changes treatment modality which requires transfer to another facility or home programs.
6. Request to withdraw from dialysis permanently

GARFIELD KIDNEY CENTER

POLICY AND PROCEDURE

ADMISSION AND DISCHARGE OF PATIENTS

7. Has died.

Administrative Discharge:

Administrative discharge of a patient occurs when:

1. The patient is hospitalized or in a rehab facility longer than 30 days or 13 consecutive treatments.
2. A patient travels and receives treatment elsewhere for longer than 30 days or 13 consecutive treatments.

Lost to follow-up:

A patient is considered as lost to follow up when he/she has not come for treatment for 30 days or 13 consecutive treatments, is not traveling or hospitalized and has not responded to facility attempts to contact the patient to return to dialysis.

Involuntary Discharge:

Involuntary transfer or discharge of a patient may occur when the patient:

1. Does not cooperate in applying for and obtaining all possible resources of coverage for dialysis services for which the patient may be entitled to or eligible for and the result is non-payment of services.
2. Fails to pay dialysis services when the patient is self pay and does not have an approved Indigent Waiver.
3. Fails to forward the checks that are sent to the patient by
 - a) The insurance provider or
 - b) The AKF to cover costs of insurance premium, resulting in no coverage or non-payment.
4. Has been discharged from his/her physician practice and no other attending physician is willing to assume the role, resulting in the absence of medical coverage.
5. Exhibits violent, abusive, and/or disruptive behavior that places the welfare of the patient, other patients, facility staff or others at risk and interferes with the operations of the dialysis facility.
6. Verbalizes a specific and serious threat of bodily harm against a particular person or persons associated with the facility.

GARFIELD KIDNEY CENTER**POLICY AND PROCEDURE****ADMISSION AND DISCHARGE OF PATIENTS****PROCEDURE****INVOLUNTARY DISCHARGE:**

1. Patient and The Renal Network will be provided with 30 days notice of the planned discharge to ensure adequate time for orderly transfer. Evidence that patient received notification to involuntarily discharge and transfer must be documented on patient's medical record.
2. Written physician's order signed by both Medical Director and patient's attending physician concurring with the patient's discharge or transfer from the facility.
3. Social Worker will attempt to contact other dialysis facility for patient's placement and all efforts will be documented.
4. Notify State survey agency of any involuntary transfer or discharge.
5. In case of immediate severe threats to the health and safety of others, facility may utilize abbreviated involuntary discharge procedure.
 - A - 30 day notice is not required in this case.
 - State agency and The Renal Network will be notified immediately
 - Patient's physician and Medical Director will be notified after the event.
 - Document exact nature of the "immediate severe threat" on patient's medical records.

ROUTINE DISCHARGE

1. When a patient is transferred to another facility on a temporary or permanent basis, current information will be sent as requested by receiving facility and / or required / allowed by law in accordance with policy regarding Releasing information to Third Parties.
2. All requested medical record information will be transferred within one working day to the receiving facility.

GARFIELD KIDNEY CENTER

POLICY AND PROCEDURE

ADMISSION AND DISCHARGE OF PATIENTS

Any patient who feels that he or she has been improperly disapproved for admission, or once admitted, requested to transfer for an unjust reason, may file an appeal as outlined in the Patient Grievance policy

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

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 photocopied and 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.

Note: All photocopies of the documents must be maintained in the patient medical record.

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:

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)*

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-Property of DaVita Inc.

Confidential and Copyrighted ©2006-2012

Origination Date: September 2006

Revision Date: March 2008, October 2010, September 2011, September 2012

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

TITLE: 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 generally only required to complete the 2728 form once, not for every facility visit or transfer (Refer to *Completion of Centers for Medicare & Medicaid Services (CMS) 2728*, available on the Clinical P&P website in Vol. 3. on the VillageWeb).

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.

**Dialysis Regulatory and Ancillary Policies & Procedures
DaVita Inc.**

Policy: 3-01-03

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.

Property of DaVita Inc.

Confidential and Copyrighted ©2006-2013

Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010, September 2011, September 2012, March 2013

Page 2 of 7

Policy: 3-01-03

Dialysis Regulatory and Ancillary Policies & Procedures
DaVita Inc.

Policy: 3-01-03

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 cashier's 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.

Property of DaVita Inc.

Confidential and Copyrighted ©2006-2013

Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010, September 2011, September 2012, March 2013

Page 3 of 7

Policy: 3-01-03

12. There are three (3) mandatory data elements for any patient to be registered in Registration System. These fields must be completed accurately prior to treatment. Required Registration System fields are:

- a. First and last name;
- b. DOB (date of birth), and
- c. Anticipated start date at DaVita.

13. 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. Patient demographics and insurance information;
- b. Copy of History and Physical (within the last year – must be legible);
- c. Hepatitis and TB Testing Results: 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 I on the VillageWeb); Note: Hepatitis C testing is recommended, but not required; and
- d. Copy of current hemodialysis orders for treatment

The following are required upon arrival of patient, prior to first treatment:

- 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;
- b. All copies of patient's current insurance cards-front and back;
- c. 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; *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;

- d. 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;
- e. DaVita's *Notice of Privacy Practices*. Each patient/personal representative will be provided with the notice.

For patients who have dialyzed before* (permanent transfers or visiting patients) the following will also be required:

- a. Copies of most recent Plan of Care, Nursing, Dietary and Social Work Assessments and most recent progress notes;
- b. Copies of three (3) flowsheets within two (2) weeks of requested treatment(s);
- c. Monthly labs within 30 days prior to first treatment date including hematocrit, hemoglobin, URR and electrolytes.

*For patients displaced by disaster/emergency event, please see policy: *Disaster and Emergency Preparedness Business Continuity Policy*

14. The following documents are to be requested (but not required) for a safe transition of care for in-center dialysis patients and home dialysis patients prior to admission to a DaVita Dialysis facility:

- a. If patient is a new end stage renal disease (ESRD) patient, pre dialysis labs including hematocrit or hemoglobin, albumin, BUN, creatinine;
- b. Consultations (Hematology, GI, Cardiology);
- c. Discharge Instruction Sheet (to be brought in by the patient);
- d. EKG, if available; and
- e. Advance Directives, if applicable.

15. The following are to be requested or asked of the patient:

- a. Current list of medications being administered to patient in-center and at home (recommended for patient to bring in current medications at time of first treatment);
- b. Allergies; and
- c. Access Information.

16. 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;

Property of DaVita Inc.

Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010, September 2011, September 2012, March 2013

Page 5 of 7

Confidential and Copyrighted ©2006-2013

Policy: 3-01-03

- 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).
17. 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.)
18. 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.
19. 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.
20. 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.

**Dialysis Regulatory and Ancillary Policies & Procedures
DaVita Inc.**

Policy: 3-01-03

21. 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.
22. 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.) 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 at 1-855-687-9645 or QUESTionLine@davita.com.

Property of DaVita Inc.

Confidential and Copyrighted ©2006-2013

Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010, September 2011, September 2012, March 2013

Page 7 of 7

Policy: 3-01-03

TITLE: FINANCIAL RESPONSIBILITIES: PATIENTS

PURPOSE: To outline the financial responsibilities and rules for patients treated in dialysis facilities owned or managed by DaVita Inc. Each of these facilities will be referred to as a DaVita facility.

POLICY:

1. DaVita will accept for treatment at each DaVita facility, from a physician with admitting privileges to the facility, all patients who (a) require dialysis services; (b) comply with the patient financial responsibilities as set forth in this policy; (c) meet all other patient responsibilities required by DaVita policies; and (d) either permanently reside in the community served by the DaVita facility or satisfy DaVita's visiting patient criteria. Acceptance for treatment shall be without regard to age, national origin, disability, race, creed, religion or other factors unrelated to the provision of appropriate medical care per DaVita policies: *Accepting Patients for Treatment and Patient Discharge*.
 - "Referring physician" means any physician who has been granted admitting privileges to a DaVita facility in accordance with the DaVita Medical Staff Bylaws/Rules and Regulations.
2. Exceptions to the above can only be made with the advance approval of the responsible DaVita Regional Director. Such exceptions will be done on a case-by case basis only.
3. DaVita's goal is to obtain compliance with this policy and other DaVita policies governing patient responsibilities, not to discharge patients. However, if all efforts to encourage and ensure cooperation fail, non-compliant patients may be discharged from the DaVita facility.
4. Visiting patients are addressed in this policy/procedure and the DaVita policy for *Financial Responsibility: Visiting Patients*. Visiting patients do not live within the facility service area; therefore, DaVita will not accept responsibility to treat these patients unless they comply with all applicable policies and procedures related to visiting patients.

Responsibility for Payment:

1. The patient (or guardian/guarantor, if applicable) is responsible for full payment of all services provided by DaVita.
2. Any deductibles, co-insurance, co-pays and uninsured amounts are the responsibility of the patient and should be paid in full within 30 days of receipt of the billing statement by the patient unless other arrangements have been made.

3. If during the course of ascertaining the appropriate patient demographic and/or third party insurance information, it is suspected that the patient is providing false information to obtain DaVita's services, the teammate will notify the Facility Administrator immediately, who will then conduct further activity in accordance with the *Potential Misuse of Public and Private Health Care Program Benefits to Obtain Health Care Services from DaVita* policy.
4. DaVita will not knowingly submit claims for payment based on false information.
5. Patients who do not have insurance coverage for 100% of their financial liability will be offered financial counseling by a DaVita Social Worker or other appropriate teammate to determine if any other programs or benefits may be available to the patient to assist in full payment for the patient's medical services and needs.
6. The patient or the guardian/guarantor is expected to pay the full amount due within 30 days of receipt of the statement. Patients who fail to pay their liabilities may be offered an option of payment terms. Payment terms and liability will be based on a patient's ability to pay as determined by the Patient Financial Report. The patient will be required to provide DaVita with full, verifiable financial disclosure. If a satisfactory payment schedule is not agreed upon or a Patient Financial Report is not completed, DaVita will pursue and expect full payment from the patient or legal guardian/guarantor.
7. If the patient receives insurance monies from the insurance company to pay a specified claim due DaVita and refuses to turn said money over to DaVita, the patient will be added to the Patient Liability Report and may be referred to an external collection agency.
8. Financial liabilities for deceased patients will be billed to the patient's estate or legal guardian/guarantor.

Patient Assistance:

1. After counseling with a DaVita Social Worker or other appropriate teammate, patients may be eligible to submit a request for financial assistance per DaVita's Patient Financial Evaluation Policy, the policy for the American Kidney Fund Health Insurance Premium Program and other assistance programs as are made available to patients.

Patient Compliance:

1. Patients are expected to cooperate fully with DaVita efforts to secure appropriate reimbursement for treatment. Cooperation includes, but is not limited to:

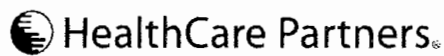
- Supplying DaVita with true, correct, accurate, and valid identification, demographic and insurance coverage information in a timely manner.
 - Applying for any and all available health care program benefits and other sources of financial aid or subsidy available to the patient that would improve the individual patient's health care coverage, including but not limited to Medicare, state Medicaid Assistance or state renal programs where applicable.
 - Paying insurance coverage premiums on time; and/or requesting assistance from the facility's Social Worker or other appropriate teammate for seeking aid from other sources, including but not limited to, the American Kidney Fund Health Insurance Premium Program.
 - Supplying true, correct, accurate, and valid information in response to all requests for information made by third party payers.
 - Notifying the facility Social Worker or other appropriate teammate of changes in insurance, demographic or financial status that may affect healthcare.
 - Providing required documentation of all home care treatments.
2. When a patient refuses to cooperate with DaVita financial policies and/or other DaVita policies governing patient responsibilities, discharge from the facility may result per this policy and the policy for *Patient Discharge*.

Other:

1. To the extent that this policy may not be in compliance with the terms and provisions of any agreement between DaVita and a third party payer, the provisions of the third party payer agreement will prevail with respect to patients served by the DaVita facilities to which the third party agreement applies.
2. To the extent that this policy may be in conflict with local, state or federal law(s), the provisions of such law(s), if any, prevail with respect to patients served by the DaVita facility.

Patient Overpayments:

1. DaVita will make every effort to refund overpayments made by patients in a timely manner.



July 16, 2013

John Hayes
Vice Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Admission Policies

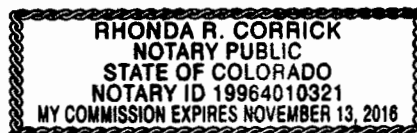
Dear Vice Chair Hayes:

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 Garfield Kidney Center will not become more restrictive as a result of the proposed change of ownership.

Sincerely,

Javier Rodriguez
President
DaVita HealthCare Partners Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This 16th day of July, 2013

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 acquisition of the Garfield Kidney Center. DaVita intends to continue to provide dialysis services to patients in Garfield Park and Humboldt Park through the existing facility. All anticipated changes will be operational to align Garfield Kidney Center with the operations and resources available within DaVita and which are customary for all DaVita facilities. The acquisition will not impact other unaffiliated area dialysis facilities as the transaction consists of a change of control of the operating entity.

2. Facilities within Applicant's Health Care System

A list of all DaVita facilities in Illinois is attached at Attachment – 19E.

3. Present and Proposed Referral Agreements

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

4. Time and Distance for Proposed Referrals

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

5. Use of Care System Providers

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

6. Duplication of Services

As set forth throughout this application, the proposed transaction contemplates a change of ownership of Garfield Kidney Center. Total Renal Care, Inc. will acquire substantially all of the assets of Garfield Kidney Center. Because the proposed transaction involves the acquisition of an existing in-center hemodialysis facility, there will be no duplication of services.

7. Services Not Available to the Community

DaVita will continue to provide dialysis services currently provided in Garfield Kidney Center. No new services are planned for the acquired facility; however, as new treatment options and technology evolve, DaVita will implement new treatment modalities as warranted.

Davita HealthCare Partners, Inc.

Illinois Facilities

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
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
Arlington Heights Renal Center	17 WEST GOLF ROAD		ARLINGTON HEIGHTS	COOK	IL	60005-3905	14-2628
Barrington Creek	28160 W. NORTHWEST HIGHWAY		LAKE BARRINGTON	LAKE	IL	60010	14-2736
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
Buffalo Grove Renal Center	1291 W. DUNDEE ROAD		BUFFALO GROVE	COOK	IL	60089-4009	14-2650
Centralla Dialysis	1231 STATE ROUTE 161		CENTRALIA	MARION	IL	62801-6739	14-2609
Chicago Heights Dialysis	177 W JOE ORR RD	STE B	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	STE A	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	1808 SOUTH WEST AVE		FREEDPORT	STEPHENSON	IL	61032-6712	
Edwardsville Dialysis	235 S BUCHANAN ST		EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Effingham Dialysis	904 MEDICAL PARK DR	STE 1	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Emerald Dialysis	710 W 43RD ST		CHICAGO	COOK	IL	60609-3435	14-2529
Evanston Renal Center	1715 CENTRAL STREET		EVANSTON	COOK	IL	60201-1507	14-2511
Grand Crossing Dialysis	7319 S COTTAGE GROVE AVENUE		CHICAGO	COOK	IL	60619-1909	14-2728
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
Hazel Crest Renal Center	3470 WEST 183rd STREET		HAZEL CREST	COOK	IL	60429-2428	14-2622
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	STE 104	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Lake County Dialysis Services	565 LAKEVIEW PARKWAY	STE 176	VERNON HILLS	LAKE	IL	60061	14-2552
Kenwood Dialysis	43RD & SOUTH COTTAGE GROVE		CHICAGO	COOK	IL	60653	14-2717

Davita HealthCare Partners, Inc.

Illinois Facilities

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Lake Villa Dialysis	37809 N IL ROUTE 59		LAKE VILLA	LAKE	IL	60046-7332	14-2666
Lawndale Dialysis	3934 WEST 24TH ST		CHICAGO	COOK	IL	60623	
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	MONTGOMERY	IL	62056-1775	14-2583
Little Village Dialysis	2335 W CERMAK RD		CHICAGO	COOK	IL	60608-3811	14-2668
Logan Square Dialysis	2838 NORTH KIMBALL AVE		CHICAGO	COOK	IL	60618	14-2534
Loop Renal Center	1101 SOUTH CANAL STREET		CHICAGO	COOK	IL	60607-4901	14-2505
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
Markham Renal Center	3053-3055 WEST 159th STREET		MARKHAM	COOK	IL	60428-4026	14-2575
Marville Dialysis	2130 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2634
Mattoon Dialysis	6051 DEVELOPMENT DRIVE		CHARLESTON	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 11TH ST		CHICAGO	COOK	IL	60655-3329	14-2660
Olely Dialysis Center	117 N BOONE ST		OLNEY	RICHLAND	IL	62450-2109	14-2674
Olympia Fields Dialysis Center	4557B LINCOLN HWY	STE B	MATTESON	COOK	IL	60443-2318	14-2548
Palos Park Dialysis	13155 S LAGRANGE ROAD		ORLAND PARK	COOK	IL	60462-1162	14-2732
Pittsfield Dialysis	640 W WASHINGTON ST		PITTSFIELD	PIKE	IL	62363-1350	14-2708
Red Bud Dialysis	LOT 4 IN 1ST ADDITION OF EAST INDUSTRIAL PARK		RED BUD	RANDOLPH	IL	62278	
Robinson Dialysis	1215 N ALLEN ST	STE B	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
Schaumburg Renal Center	1156 S ROSELE ROAD		SCHAUMBURG	COOK	IL	60193-4072	14-2654

Davita HealthCare Partners, Inc.

Illinois Facilities

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Shiloh Dialysis	1095 NORTH GREEN MOUNT RD		SHILOH	ST CLAIR	IL	62269	
Silver Cross Renal Center - Morris	1551 CREEK DRIVE		MORRIS	GRUNDY	IL	60450	14-2740
Silver Cross Renal Center - New Lenox	1890 SILVER CROSS BOULEVARD		NEW LENOX	WILL	IL	60451	14-2741
Silver Cross Renal Center - West	1051 ESSINGTON ROAD		JOLIET	WILL	IL	60435	14-2742
South Holland Renal Center	16136 SOUTH PARK AVENUE		SOUTH HOLLAND	COOK	IL	60473-1511	14-2544
Springfield Central Dialysis	932 N RUTLEDGE ST		SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Springfield Montvale Dialysis	2930 MONTVALE DR	STE A	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Springfield South	2930 SOUTH 6th STREET		SPRINGFIELD	SANGAMON	IL	62703	14-2733
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
Tazewell Dialysis	1021 COURT STREET		PEKIN	TAZEVELL	IL	61554	
Timber Creek Dialysis	1001 S. ANNIE GLIDDEN ROAD		DEKALB	DEKALB	IL	60115	
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
Waukegan Renal Center	1616 NORTH GRAND AVENUE	STE C	Waukegan	COOK	IL	60085-3676	14-2577
Wayne County Dialysis	303 NW 11TH ST	STE 1	FAIRFIELD	WAYNE	IL	62837-1203	14-2688
West Lawn Dialysis	7000 S PULASKI RD		CHICAGO	COOK	IL	60629-5842	14-2719
West Side Dialysis	1600 West 13th Street		Chicago	Cook	IL	60608	
Whiteside Dialysis	2600 N LOCUST	STE D	STERLING	WHITESIDE	IL	61081-4602	14-2648
Woodlawn Dialysis	1164 E 55TH ST		CHICAGO	COOK	IL	60615-5115	14-2310

Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

The project will be funded entirely with cash and cash equivalents. A copy of DaVita's 2012 10-K Statement evidencing sufficient internal resources to fund the project was previously submitted with the application for Project No.13-031.

Section IX, Financial Feasibility
Criterion 1120.130 – Financial Viability Waiver

The project will be funded entirely with cash. A copy of DaVita's 2012 10-K Statement evidencing sufficient internal resources to fund the project was previously submitted with the application for Project No.13-031.

Section X, Economic Feasibility Review Criteria

Criterion 1120.140(a), Reasonableness of Financing Arrangements

Attached at Attachment – 39A is a letter from Javier Rodriguez, President, DaVita HealthCare Partners Inc. attesting the total estimated project costs will be funded in total with cash.



July 16, 2013

John Hayes
Vice Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

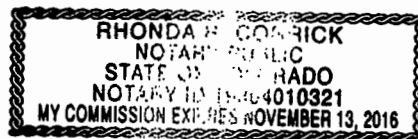
Dear Vice Chair Hayes:

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

Sincerely,

Javier Rodriguez
President
DaVita HealthCare Partners Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This 16th day of July, 2013

Notary Public

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

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

Section X, Economic Feasibility Review Criteria

Criterion 1120.310(c), Reasonableness of Project and Related Costs

The Applicants propose a change in ownership of Garfield Kidney Center. 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: \$3,238,482

Treatments: 14,761

Operating Expense per Treatment: \$219.39

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

Capital Costs:

Depreciation:	\$125,098
Amortization:	\$29,750
Total Capital Costs:	\$154,848

Treatments: 14,761

Capital Costs per Treatment: \$10.49

Section XI, Safety Net Impact Statement

The Applicants propose a change of ownership of Garfield Kidney Center. A change of ownership 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			
	2010	2011	2012
Net Patient Revenue	\$161,884,078	\$219,396,657	\$228,403,979
Amount of Charity Care (charges)	\$957,867	\$830,580	\$1,199,657
Cost of Charity Care	\$957,867	\$830,580	\$1,199,657

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	22-24
2	Site Ownership	25-43
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	44-45
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	46-47
5	Flood Plain Requirements	48
6	Historic Preservation Act Requirements	49
7	Project and Sources of Funds Itemization	-----
8	Obligation Document if required	-----
9	Cost Space Requirements	50
10	Discontinuation	-----
11	Background of the Applicant	51-74
12	Purpose of the Project	75-77
13	Alternatives to the Project	78-79
14	Size of the Project	-----
15	Project Service Utilization	-----
16	Unfinished or Shell Space	-----
17	Assurances for Unfinished/Shell Space	-----
18	Master Design Project	-----
19	Mergers, Consolidations and Acquisitions	80-159
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	-----
21	Comprehensive Physical Rehabilitation	-----
22	Acute Mental Illness	-----
23	Neonatal Intensive Care	-----
24	Open Heart Surgery	-----
25	Cardiac Catheterization	-----
26	In-Center Hemodialysis	-----
27	Non-Hospital Based Ambulatory Surgery	-----
28	Selected Organ Transplantation	-----
29	Kidney Transplantation	-----
30	Subacute Care Hospital Model	-----
31	Children's Community-Based Health Care Center	-----
32	Community-Based Residential Rehabilitation Center	-----
33	Long Term Acute Care Hospital	-----
34	Clinical Service Areas Other than Categories of Service	-----
35	Freestanding Emergency Center Medical Services	-----
	Financial and Economic Feasibility:	
36	Availability of Funds	160
37	Financial Waiver	161
38	Financial Viability	-----
39	Economic Feasibility	162-167
40	Safety Net Impact Statement	168
41	Charity Care Information	169