

ORIGINAL

15-045

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

SEP 14 2015

This Section must be completed for all projects.

Facility/Project Identification

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility Name: Nephron Dialysis Center, Ltd.		
Street Address: 5149 N. California, Suite 510		
City and Zip Code: Chicago, IL 60625		
County: Cook	Health Service Area VI	Health Planning Area: 6

Applicant /Co-Applicant Identification

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

Exact Legal Name: Nephron Dialysis Center, Ltd.
Address: 5149 N. California, Suite 510
Name of Registered Agent: John M. Varde P.C..
Name of Chief Executive Officer: Anthony J. Kocalis, M.D
CEO Address: 5140 N. California, Suite 510 Chicago, IL 60625
Telephone Number: 773-293-2100

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none">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: Anthony J. Kocalis, M.D.
Title: President and CEO
Company Name: Nephron Dialysis Center, Ltd.
Address: 5140 N. California, Suite 510 Chicago, IL 60625
Telephone Number: 773-293-2100
E-mail Address: ajkocalis@nephrondialysis.com
Fax Number: 773-293-2101

Additional Contact

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

Name: Michael I Copelin
Title: President
Company Name: Copelin Healthcare Consulting INC.
Address: 42 Birch Lake Drive Sherman, Illinois 62684
Telephone Number: 217-496-3712
E-mail Address: micbball@aol.com
Fax Number: 217-496-3097

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: : Anthony J. Kocalis, M.D

Title: President and CEO

Company Name: Nephron Dialysis Center, Ltd.

Address: 5140 N. California, Suite 510 Chicago, IL 60625

Telephone Number: 773-293-2100:

E-mail Address: ajkocalis@nephrondialysis.com

Fax Number: : 773-293-2101

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Swedish Covenant Hospital

Address of Site Owner: 5145 N. California Ave. Chicago, IL 60625

Street Address or Legal Description of Site: 5140 N. California Ave, Chicago, IL 60625

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.

APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Nephron Dialysis Center, Ltd

Address: 5140 N. California Ave. Chicago, IL 60625

☒ Non-profit Corporation

☐ For-profit Corporation

☐ Limited Liability Company

Other

☐

Partnership

☐

Governmental

☐

Sole Proprietorship

☐

- 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 ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

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

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

Flood Plain Requirements

[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>). **NOT APPLICABLE**

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. **NOT APPLICABLE**

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 applicant is proposing to add 2 ESRD stations to an existing ESRD facility which currently has 14 stations. This project will be completed without any new construction or additional space.

The only cost for the proposed project is the cost for the two new Dialysis machines.

This is a non-substantive project

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	\$0		
Site Survey and Soil Investigation	\$0		
Site Preparation	\$0		
Off Site Work	\$0		
New Construction Contracts	\$0		
Modernization Contracts	\$0		
Contingencies	\$0		
Architectural/Engineering Fees	\$0		
Consulting and Other Fees	\$0		
Movable or Other Equipment (not in construction contracts)	\$30,000		
Bond Issuance Expense (project related)	\$0		
Net Interest Expense During Construction (project related)	\$0		
Fair Market Value of Leased Space or Equipment	\$0		
Other Costs To Be Capitalized	\$0		
Acquisition of Building or Other Property (excluding land)	\$0		
TOTAL USES OF FUNDS	\$30,000		
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$30,000		
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$30,000		
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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	
The project involves the establishment of a new facility or a new category of service		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 there are active permits please provide the permit numbers.	
Indicate the stage of the project's architectural drawings:	
<input checked="" type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>March 31, 2016</u>	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies	
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.	
APPEND DOCUMENTATION AS <u>ATTACHMENT-8</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

State Agency Submittals

Are the following submittals up to date as applicable:
<input type="checkbox"/> Cancer Registry
<input type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input type="checkbox"/> All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

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

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

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

NOT APPLICABLE

Facility Bed Capacity and Utilization

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. NOT APPLICABLE.**

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.

X This Application for Permit is filed on the behalf of Nephron Dialysis Center, Ltd. * 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 for all services in which the Illinois Health Facilities and Services Review Board has target occupancy standards that these services will reach target occupancy by the second year after project completion and will maintain that standard going forward. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Anthony J. Kocalis, MD
SIGNATURE

SIGNATURE

Anthony J. Kocalis, MD
PRINTED NAME

PRINTED NAME

President / CEO
PRINTED TITLE

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 10TH day of SEPT., 2015

Notarization:

Subscribed and sworn to before me
this ____ day of _____

Laura D. Weiss
Signature of Notary

Signature of Notary

Seal

Seal

OFFICIAL SEAL
LAURA D WEISS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 10/27/17
*Insert EXACT legal name of the applicant

Certification

Note Dr. Kocalis is the only officer of the corporation so his signature is the only one available

SECTION II - BACKGROUND OF THE APPLICANT

Information regarding the Background of the Applicant must be provided for **ALL** applications for permit except **Discontinuation of a Category of Service or Facility**

A) Background of Applicant – Review Criterion

- 1) An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFSRB shall consider whether adverse action has been taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed healthcare facility, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by that person or entity (see 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action", "ownership interest" and "principal shareholder").
- 2) The applicant shall submit the following information:
 - A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;
 - B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;
 - C) A certified listing from the applicant 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;
 - D) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to:
 - i) the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or
 - ii) has been the subject of any juvenile delinquency or youthful offender proceeding;
 - E) Unless convictions have been expunged, all convictions shall be detailed in writing and any police or court records regarding any matters disclosed shall be submitted for HFSRB's consideration;
 - F) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility who

- has been charged with fraudulent conduct or any act involving moral turpitude. Any such matter shall be disclosed in detail;
- G) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility who has any unsatisfied judgments against him or her;
 - H) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility. Any matter shall be discussed in detail;
 - I) A certified listing of each applicant, corporate officer or director, LLC member, partner and owner of at least 5% of the proposed facility who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency. Any matter shall be discussed in detail;
 - J) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH 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 the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB. Any fees paid will be forfeited.
- 3) 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 requirements of this subsection (b). In these instances, the applicant shall attest that 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.
- 4) The documentation for the "Background of the Applicant" is required one time per application, regardless of the number of categories of service involved in a proposed project.

APPEND DOCUMENTATION AS ATTACHMENT-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III - DISCONTINUATION

This Section is applicable to any project that involves discontinuation of a health care facility or a category of service. **NOTE:** If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.130 - Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV – PURPOSE OF THE PROJECT SAFETY NET IMPACT STATEMENT 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 – Purpose of the Project, Safety Net Impact Statement, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

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.

- b) **Safety Net Impact Statement – Information Requirements**
All health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

- 1) A safety net impact statement shall describe, if reasonably known by the applicant, all of the following information:
 - A) *The project's material impact, if any, on essential safety net services in the community;*
 - B) *The project's impact on the ability of another provider or health care system to cross-subsidize safety net services; and*

- C) *How the discontinuation of a facility or service might impact the remaining safety net providers in a given community.*
- 2) A safety net impact statement shall also include all of the following:
- A) Certification describing the amount of charity care provided by the applicant for the three fiscal years prior to submission of the application. *The amount calculated by hospital applicants shall be in accordance with the reporting requirements in the Illinois Community Benefits Act [210 ILCS 76]. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board. (See 77 Ill. Adm. Code 1120.20(c).)*
- B) Certification describing the amount of care provided to Medicaid patients for the three fiscal years prior to submission of the application. Hospital and non-hospital applicants shall provide Medicaid information consistent with data reported in IDPH's "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Revenue by Payor Source".
- C) *Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service. [20 ILCS 3960/5.4(d)(3)]*

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			

NOTE: Information regarding the "Safety Net Impact Statement" will be included in the State Board report.

APPEND DOCUMENTATION AS ATTACHMENT-13, 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-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION V - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. **Not Applicable**

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. **Not Applicable**

G. Criterion 1110.1430 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize In-Center Hemodialysis must submit the following information:
2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations
■ In-Center Hemodialysis	14	16

3. READ the applicable review criteria outlined below and submit the required documentation for the criteria:

PROJECT TYPE	REQUIRED REVIEW CRITERIA
Establishment of Services or Facility	(b)(1) & (3) - Background of the Applicant
	(c)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)
	(c)(2) - Planning Area Need - Service to Planning Area Residents
	(c)(3) - Planning Area Need - Service Demand - Establishment of In-Center Hemodialysis
	(c)(5) - Planning Area Need - Service Accessibility
	(d)(1) - Unnecessary Duplication of Services
	(d)(2) - Maldistribution
	(d)(3) - Impact of Project on Other Area Providers
	(f) - Staffing
	(g) - Support Services
	(h) - Minimum Number of Stations
	(i) - Continuity of Care
	(j) - Relocation (if applicable)
	(k) - Assurances
Expansion of Existing Services	(b)(1) & (3) - Background of the Applicant
	(c)(2) - Planning Area Need - Service to Planning Area Residents
	(c)(4) - Planning Area Need - Service Demand - Expansion of In-Center Hemodialysis
	(f)(1) - Staffing - Availability
	(g) - Support Services
	(k) - Assurances
In-Center Hemodialysis Modernization	(e)(1) - Deteriorated Facilities
	(e)(2) & (3) - Documentation
	(g) - Support Services

APPEND DOCUMENTATION AS ATTACHMENT-27, 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)

SECTION 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:

\$30,000	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.
\$30,000	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT-34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION 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-35, 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 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION 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 - 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI. 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.

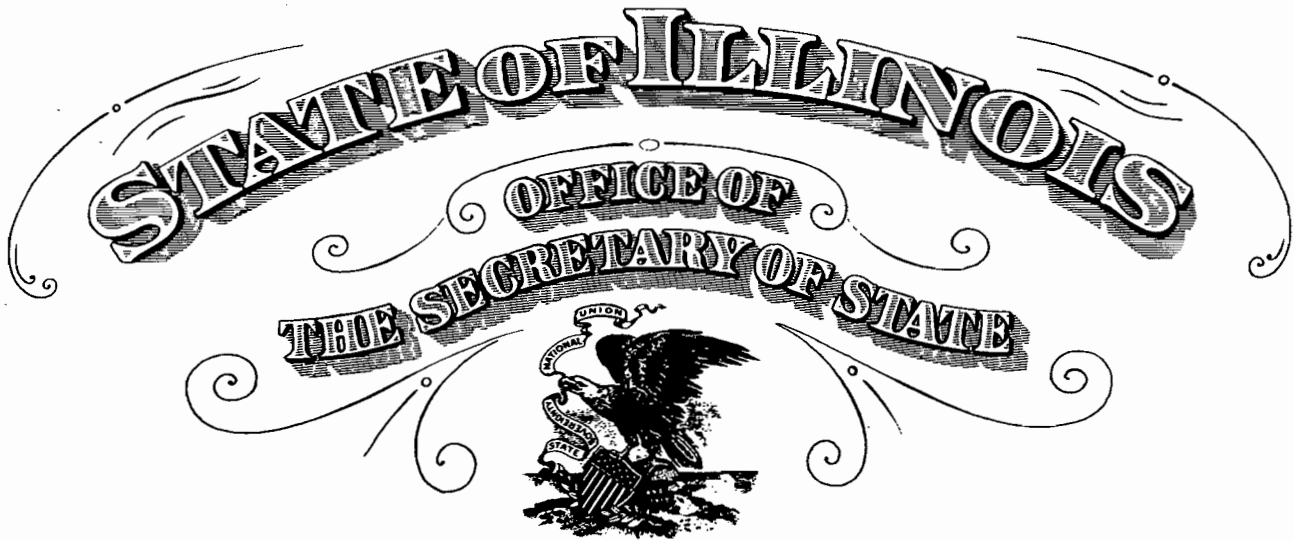
Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

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-38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Page left blank intentionally.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

NEPHRON DIALYSIS CENTER, LTD., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 14, 1998, 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 IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1524500330 verifiable until 09/02/2016

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 2ND
day of SEPTEMBER A.D. 2015 .***

Jesse White

SECRETARY OF STATE

**AGREEMENT
FOR
PROFESSIONAL OFFICE LEASE**

SWEDISH COVENANT HOSPITAL, an Illinois not for profit corporation ("Landlord"), hereby leases to NEPHRON DIALYSIS CENTER, LTD., an Illinois corporation ("Tenant"), and Tenant hereby accepts, subject to the terms and conditions of this Lease, that certain office space known as Suite No. 510 (the "Premises") located in the building at 5140 N. California Ave., Chicago, Illinois 60625 (the "Building"), together with the use (subject to reasonable rules and regulations established by Landlord) in common with other tenants of the Building of the public hallways, public corridors, public lobbies, stairways and other common areas and facilities of said Building and the real estate described on Exhibit "A" attached hereto (the "Land") on which said Building is situated (the Land and Building, together with Landlord's interests therein and the parking lots and easements appurtenant thereto being herein called the "Property"), for a term (the "Term") of five (5) years commencing upon the issuance of a Medicare Certification to perform dialysis from the Illinois Department of Public Health (the "Commencement Date"). Tenant shall have the option to renew this Lease for up to five additional 5-year terms for a Base Rent as set forth in Exhibit "D", exercisable upon written notice to Landlord at least 180 days prior to the expiration of any 5-year lease term.

The Premises consist of Suite 510 of the Building and the total Useable Area of the Premises is approximately 3,840 square feet.

In consideration of the above demise, and the acceptance of the mutual covenants herein contained, Landlord and Tenant covenant and agree as follows:

ARTICLE I

RENT

1.1 Rent. Tenant shall pay to Landlord, at such place as Landlord may designate, and in the absence of such designation, at the address set forth in Section 9.1 hereof, the rent and other payments reserved and required under this Article I, which rent and other payments, together with all other amounts becoming due from Tenant to Landlord pursuant to any provision of this Lease, are herein collectively referred to as the "Rent". All Rent shall be paid without notice or demand, and without abatement, deduction, counterclaim or set-off. Tenant's covenant to pay Rent shall be independent of every other covenant contained in this Lease.

1.2 Base Rent. Subject to adjustments in accordance with Section 1.3 and 1.4 hereof, Tenant shall pay to Landlord an annual Base Rent (the "Base Rent") of Eighty Two Thousand Five Hundred Sixty and No/100 Dollars (\$82,560.00), based on \$21.50 per square foot of Useable Area of the Premises, payable in monthly installments of Six Thousand Eight Hundred Eighty and No/100 Dollars (\$6,880.00) each commencing on the Commencement Date. Base Rent shall be paid in advance on the first day of each and every calendar month during the Term. If the Term commences other than on the first day of a month, then the Base Rent for such month shall be prorated, based on the number of days remaining in said month, and paid on the Commencement Date to Landlord.

1.3 Landlord and Tenant Build-Out Shares. Landlord and Tenant acknowledge that costs to build-out the Premises will equal approximately \$552,700. Landlord agrees to pay \$100 per square foot (\$384,000) for build-out of the Premises, and Tenant agrees to pay the balance, currently estimated to be \$168,700 (See Exhibit "D") ("Tenant Build-out Share"). Provided Tenant exercises at least two options to renew this Lease, Tenant's Build-out Share shall be payable in equal monthly installments of Nine Hundred Thirty Seven and 22/100 Dollars (\$937.22) (or as determined upon final build-out completion) from the Commencement Date through the fifteenth year of the Lease as provided in Exhibit "D" hereto. However, in the event Tenant does not exercise at least two options to renew this Lease, or this Lease is terminated for any reason whatsoever prior to the conclusion of 15 years, Tenant shall immediately repay Landlord all sums which remain unpaid of the Tenant Build-Out Share upon expiration or termination of this Lease. This sum shall not be construed as Base Rent, and shall not be subject to the Rent Adjustment set forth in Section 1.4 hereof. Title to the furnishings shall not pass to Tenant until payment in full has been made to Landlord.

1.4 Rent Adjustment. Base Rent shall be increased annually at each anniversary date of the Term (the "Adjustment Date"). On each Adjustment Date the Base Rent for the previous year of the Term shall be increased by the lesser of (i) a percentage equal to fifty percent (50%) of the Consumer Price Index from the month to the month in which the Commencement Date occurred or the prior Adjustment Date, and (ii) three percent (3%) of the prior year's Base Rent (the "Rent Adjustment").

1.5 Rent Abatement. Base Rent equal to \$21.50 per square foot shall be abated for a period equal to 3 months, and credited to Base Rent amounts due from Tenant over the first 24 months of the Lease as set forth in Exhibit "D" hereto.

1.6 Utilities. Tenant shall pay all costs of telephone usage for the Premises. Landlord shall pay utilities as more further described in Section 2.6 herein.

ARTICLE II

TENANT'S ACCEPTANCE AND USE OF PREMISES; UTILITIES

2.1 Acceptance of Premises. The Tenant's taking possession of all or any portion of the Premises upon completion of the Landlord improvements shall be conclusive evidence as against the Tenant that the Premises were in good order and satisfactory condition when the Tenant took possession.

2.2 Use. Tenant shall occupy and use the Premises for professional office use and the provision of medicine services, including outpatient dialysis, and any other use reasonably related thereto. Tenant shall not occupy or use the Premises or permit the Premises to be occupied or used for any purpose, act, or thing which is in violation of any public law, ordinance, or governmental regulation; which may be dangerous to persons or property or which may invalidate the insurance or increase the amount of premiums for any policy of insurance carried on the Building or covering its operation or violate the terms thereof; provided, however, that if any additional amounts of insurance premiums are caused by Tenant's occupancy or use of the Premises, Tenant shall pay to Landlord said additional amounts. Tenant shall not do or permit anything to be done upon the Premises, or bring or

keep any thing thereon which is in violation of rules, regulations or requirements of the local fire department or any other similar authority having jurisdiction over the Building. Tenant shall not do or permit anything to be done upon the Premises which in any way may create a nuisance, disturb any other tenant of the Building or the occupants of neighboring property or injure the reputation of the Building. Tenant shall not use the Premises for any illegal purpose or sell any food or beverages therein, except from vending machines used solely by Tenant and its employees, agents and guests and not the general public. Tenant has received a copy of and reviewed the document entitled "Swedish Covenant Hospital: Mission, Values and Ethical Guidelines" and agrees that Tenant's use of the Premises shall be in conformity therewith.

2.3 Hazardous Substances. Tenant shall not cause or permit any Hazardous Substances (hereinafter defined), other than substances which are customarily used in connection with the provision of medical services, including Kidney dialysis, in such a manner and in such quantities as may be permitted by applicable laws, to be used, stored, generated or disposed of on or in the Premises without first obtaining Landlord's prior written consent. Tenant shall indemnify, defend and hold Landlord harmless of, from and against any and all claims, damages, fines, judgments, clean up, removal or restoration costs, investigation expenses, penalties, costs, liabilities or losses (including without limitation, decrease in the value of the Building or the Property, loss or restriction of useable area, adverse impact on the marketability of the Premises, and any and all sums paid for settlement of claims and attorneys', consultants' and experts' fees and expenses) arising from the presence of Hazardous Substances, including any drug whose use may otherwise be permitted hereunder, on or in the Premises caused by Tenant or Tenant's use of the Premises, whether before, during or after the Term. Without limiting the foregoing, if Tenant causes or permits the presence of any Hazardous Substances on or in the Premises, Tenant, at its sole cost and expense, shall promptly take any and all actions necessary or required to return the Premises to the condition existing prior to the presence of any Hazardous Substances. Tenant shall obtain Landlord's written consent prior to commencing any such remedial action. Tenant shall comply with all applicable laws, rules, ordinances and regulations with respect to the use, storage, generation or disposal of any drug whose use may otherwise be permitted hereunder, and is responsible for the proper removal of all Hazardous Substances from the Premises and the Building.

"Hazardous Substances" means any substance that is toxic, ignitable, reactive or corrosive or that is regulated by any federal, state or local governmental agency, law, rule or ordinance, and includes without limitation any and all material or substances defined as "hazardous waste", "extremely hazardous waste", or a "hazardous substance" pursuant to any federal, state or local governmental agency, law, rule or ordinance, asbestos, PCB's (polychlorinated biphenyls), petroleum products, and substances which are or may be toxic to humans, animals, plants or the environment, and any and all medical waste.

2.4 Maintenance and Repair and Replacement. Landlord shall maintain and make all necessary structural repairs, replacements and alterations to the Building and the Premises, including but not limited to foundations, roofs, exterior walls, marquees, structural columns and structural beams (excluding all windows and window frames, plate glass and doors) and heating, ventilating and air conditioning and other systems, fixtures or structures located within the Building up to the point of entry into the interior surfaces of the Premises; provided, however, that (i) the cost of repairing any damage to the Property or the Premises caused by

the act or neglect of Tenant, its agents, employees or invitees shall be paid by Tenant, including but not limited to all damage caused by any breach of Section 3.3(b) herein, and (ii) Landlord shall not be responsible for the maintenance or repair of any other system, fixture or structure located within the Premises. Tenant shall give Landlord immediate written notice of the need for such repairs or corrections and Landlord shall proceed promptly to make such repairs or corrections.

Except as otherwise provided herein, Tenant shall, at its own cost and expense (i) keep the Premises decorated, in good order and repair and in a tenantable condition during the Term, (ii) maintain in good condition and repair all electrical and plumbing fixtures located within the Premises, all systems, fixtures and structures installed as part of or in connection with Tenant's Work, and the heating, ventilating and air conditioning system serving the Premises from the point of entry into the interior surfaces of the Premises, (iii) promptly and adequately repair all damage to the Premises or the Property caused by Tenant, its agents, employees and invitees, including the replacement or repair of all damaged or broken glass, fixtures and appurtenances, which replacement or repair shall be under the direct supervision of Landlord and shall be in full compliance with all applicable laws and ordinances, and (iv) make all other repairs and replacements to the Premises.

If Tenant fails to make or commence to make such repairs or replacements promptly after written notice thereof from Landlord, Landlord may, in its sole discretion, do so and Tenant shall pay to the Landlord the cost thereof within five days of being billed therefor. Landlord may enter the Premises at all reasonable times to make such repairs and alterations to the Premises or any property or equipment located therein as Landlord shall desire, deem necessary or be required to do by any governmental authority or judicial order.

2.5 Alterations. Except as otherwise provided herein, Tenant shall not, without the prior written consent of Landlord, make any alterations, improvements or additions to the Premises. All alterations, improvements and additions whether temporary or permanent in character made by Landlord or Tenant in or upon the Premises shall, unless Landlord requests their removal, become Landlord's property and shall remain upon the Premises at the termination of this Lease by lapse of time or otherwise, without compensation to Tenant.

Tenant shall provide Landlord copies of all contracts or subcontracts let by Tenant in connection with any work performed by Tenant.

Prior to the commencement of any work by Tenant, Tenant shall (i) obtain public liability and workmen's compensation insurance to cover every contractor to be employed by Tenant and such contractor's subcontractors, and shall deliver duplicate originals of all certificates of such insurance to Landlord for approval; (ii) furnish Landlord with all necessary permits, licenses, approvals, certificates and authorizations for execution and completion of such work; (iii) abide by such reasonable requirements, rules and regulations as Landlord may impose with respect to any such work; and (iv) furnish Landlord with such other documents as may be reasonably requested by Landlord. Tenant shall also pay the cost of all signage and the installation thereof other than the initial signage at the entrance of the Premises, which shall be similar to that at the entry of other tenant's spaces, which shall be paid for by Landlord.

Landlord shall have the right, but not the duty, to inspect construction operations in connection with any work on the Premises.

Landlord and Tenant acknowledge that Landlord will be contracting with an architect and one or more contractors for build-out of the Premises. Landlord and Tenant shall cooperate with one another in making decisions regarding build-out of the Premises, which shall be a mutual effort. Neither Landlord nor Tenant shall unreasonably withhold consent to actions required for the build-out of the Premises.

2.6 Utilities. Electricity for Tenant's general office use shall be supplied by Landlord, and is more fully described in Section 3.4 hereof. Tenant shall make no alteration or additions to the utility equipment or appliances without the prior written consent of Landlord. Tenant covenants and agrees that at all times its use of such utilities shall not exceed the capacity of the feeders to the Building or wiring installation.

2.7 Member of Medical Staff. Tenant hereby covenants that its Medical Director will, at all times throughout the term of this Lease, be a member in good standing of the medical staff at Swedish Covenant Hospital. The parties agree that if the Medical Director of Tenant ceases to be on staff at Swedish Covenant Hospital, Landlord may, at its option, terminate this Lease upon sixty days written notice. Notwithstanding the foregoing, in the event Tenant has hired or is actively pursuing the hiring of a substitute Medical Director who is a member in good standing of the medical staff at Swedish Covenant Hospital at any time within the sixty day notice period, this Lease shall continue in full force and effect.

ARTICLE III

LANDLORD'S RIGHTS AND SERVICES

3.1 Rights Reserved by Landlord. Landlord reserves and shall have the following rights, exercisable, unless otherwise herein provided, without notice, without liability to Tenant for damage or injury to person, property or business, without being deemed an eviction or disturbance in any manner of Tenant's use or possession of the Premises and without relieving Tenant from its obligation to pay Rent when due or from any other obligation hereunder:

- (a) To change the Building's name or the street address thereof;
- (b) To install, affix and maintain any and all signs on the exterior and/or interior of the Building;
- (c) To designate and/or approve prior to installation, all types of window shades, blinds, drapes, awnings, and other similar items, and all internal lighting, fixtures or equipment that may be visible from the exterior of the Building, which approval shall not be unreasonably withheld;
- (d) To display the Premises to prospective tenants at reasonable hours during the last six (6) months of the Term; and, if the Premises are vacant during the Term, to decorate, remodel, repair or otherwise prepare the Premises for reoccupancy, provided it will not disrupt normal business activities;

(e) To rearrange, relocate, enlarge, reduce or change corridors, exits, elevators, stairs, lavatories, doors, entrances in or to the Building and to decorate and to make repairs, alterations, additions and improvements, structural or otherwise, in or to the Land or the Property or any part thereof, including the Premises, and any adjacent building, land, street or alley, including for the purpose of connection with or entrance into or use of the Land or the Property in conjunction with any adjoining or adjacent building or buildings or pedestrian ways, now existing or hereafter constructed, so long as Landlord uses good faith efforts to maintain reasonable access to the Premises and to minimize unreasonable interference with the conduct of Tenant's business. In that regard, Landlord may erect scaffolding and other structures reasonably required by the character of the work to be performed, and during such operations to enter upon the Premises upon reasonable prior notice and take into and upon or through any part of the Property, including the Premises, all materials that may be required to do such work or make such decorations, repairs, alterations, improvements or additions, and in connection with any of the foregoing, to close public entryways, other public spaces, stairways or corridors and interrupt or temporarily suspend any services or facilities agreed to be furnished by Landlord. Landlord may at its option do any such work and make any such decorations, repairs, alterations, improvements and additions in and about the Property and the Premises during ordinary business hours and, if Tenant desires to have the same done during other than ordinary business hours, Tenant shall pay all overtime and additional expenses resulting therefrom.

(f) To have and retain paramount title to the Premises free and clear of any act of Tenant purporting to burden or encumber it;

(g) To grant to any person the exclusive right to conduct any business or render any service in or to the Building; provided, such exclusive rights shall not operate to prohibit Tenant from using the Premises for such purposes as are permitted hereunder, and, further provided, Tenant's quiet enjoyment of the Premises shall not in any manner be unreasonably affected thereby;

(h) To prohibit the placing of vending or dispensing machines of any kind in or about the Premises, except machines for the exclusive use of Tenant, its employees, agents, and guests;

(i) To take any and all reasonable measures, including inspections, repairs, alterations, decorations, additions and improvements to the Premises or to the Building, as may be necessary or desirable in the operation thereof or for the safety, protection or preservation thereof or Landlord's interest therein;

(j) to retain at all times master keys or passkeys to the Premises;

(k) To approve the weight, size and location of printing machinery and other heavy equipment and articles in and about the Premises and the Building subject to present configurations (so as not to exceed the legal live load of the area in question), and to require all such items and furniture and similar items to be moved into and/or out of the Building and Premises only at such times and in such manner as Landlord shall reasonably direct in writing. Any engineering surveys required to determine whether or not any floor will or will not be overloaded shall be at Tenant's sole expense. Any movement of Tenant's property into or out of the Building and within the Building shall be entirely at the expense, risk and responsibility

of Tenant and Landlord reserves the right to require building permits before allowing any such property to be moved into or out of the Building.

3.2. Rules and Regulations. It is the intention of the Landlord that the Building shall be operated at all times as a first-class medical office building, and Tenant covenants that it will not engage in or permit any activities which are not consistent with such standard. In furtherance of this purpose, but not in limitation thereof, Tenant agrees, for itself, its employees, agents, clients, customers and guests to comply with such rules and regulations as Landlord may promulgate for the Building, including those attached hereto as Exhibit C.

3.3. Services. So long as the Tenant is not in default under this Lease, Landlord shall furnish:

(a) Air conditioning and heat when necessary to provide a temperature condition required, in Landlord's reasonable judgment, for comfortable occupancy of the Premises under normal business operations, Monday through Saturday from 5:30 A.M. to midnight. Additional hours will be considered by Landlord upon request of Tenant, from time to time and at no additional charge. Whenever Tenant's use or occupancy of the Premises exceeds the design loads for the heating, ventilating and air conditioning system in the Premises or the Building, or whenever lighting or heat-generating machines or equipment, including without limitation, computer or data processing equipment, are used by Tenant in the Premises, which affect the temperature otherwise maintained by the heating, ventilating and air conditioning system in the Premises or Building, Landlord may temper such excess loads by installing supplementary heating, ventilating or air conditioning units or systems in the Premises or elsewhere where necessary, and the cost of such units or systems and the expense of installation, including, without limitation, the cost of preparing working drawings and specifications, shall be paid by Tenant as additional Rent within ten days after Landlord's written demand therefor.

(b) Water for drinking, lavatory and toilet purposes, and sufficient water for dialysis as contemplated by this Lease. Tenant shall not waste or permit waste of water. Tenant shall not discard through the plumbing, sewer or septic systems serving the Premises gauze, bandages, dressings, sponges, cotton balls, diapers or other waste which may cause damage to or interfere with the proper working of such systems.

(c) Janitor service, refuse removal and grounds care for the Property. Landlord shall provide cleaning services five times per week after normal working hours (except during holiday weeks when a holiday falls on a cleaning day) by janitor or cleaning contractor or employees selected by Landlord.

(d) Window washing of all outside windows of the Premises at such times as Landlord deems necessary in its sole discretion.

Landlord does not warrant that any of the services above mentioned, or the furnishing or availability of any of the utilities or services referred to herein will be free from interruptions caused by war, insurrection, civil commotion, riots, acts of God or the enemy, governmental action, repairs, renewals, improvements, alterations, strikes, lockouts, picketing, whether legal or illegal, accidents, inability of Landlord to obtain fuel or supplies or any other cause or

causes beyond the reasonable control of Landlord. Any such interruption of such services shall never be deemed an eviction or disturbance of Tenant's use and possession of the Premises or any part thereof, or render the Landlord liable to the Tenant for damages, or relieve the Tenant from performance of the Tenant's obligations under this Lease including, without limitation, the payment of Rent.

3.4 Electricity. Electricity for Tenant's general office use shall be supplied and paid for by Landlord. Tenant shall make no alterations or additions to the electric equipment or systems in the Premises or Building without the prior written consent of Landlord in each instance. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installed thereon.

ARTICLE IV

DAMAGE-CONDEMNATION

4.1 Fire or Casualty. If the Premises or the Building are damaged by fire or other casualty, but are not made substantially untenable, then Landlord shall proceed with due diligence to repair and restore the Building or the Premises unless such damage occurs during the last 18 months of the Term of this Lease, in which event Landlord shall have the right to terminate this Lease by delivery of written notice of such termination to Tenant within 30 days following the damage. If Landlord does not elect to terminate the Lease as hereinabove provided, it shall proceed with due diligence to repair and restore the Building or the Premises.

If the Building or the Premises are made substantially untenable by fire or other casualty, then Landlord shall, no later than 60 days following the damage, give Tenant a notice in writing, electing either (i) to terminate this Lease, or (ii) to repair and restore the Building or Premises, including, at Landlord's option, demolishing and rebuilding the same.

If Landlord notifies Tenant of its election to repair and restore (or to demolish and rebuild) the Premises or the Building, said notice shall contain Landlord's reasonable estimate of the time required to substantially complete the repair and restoration (or the demolition and repair). If such estimate states that the time so required will exceed 180 days from the date of the damage, then Tenant shall have the right to terminate this Lease by delivery of written notice to Landlord, not later than 20 days after the date of the Landlord's notice. If Tenant fails to exercise its right to terminate this Lease, as herein provided, or if Landlord's estimate indicates that the repair and restoration (or demolition and rebuilding) can be substantially completed within 180 days, this Lease shall remain in full force and effect and Landlord shall proceed with due diligence to repair and restore (or, demolish and rebuild, as the case may be), the Building or Premises.

If Landlord or Tenant elects to terminate this Lease, as above provided, the terms of this Lease shall expire upon the 30th day after such notice is given. Tenant shall vacate the Premises and surrender the same to Landlord on or before said expiration date. Tenant's liability for Rent shall cease as of the date following such damage.

If all or any part of the Premises are rendered untenable by fire or other casualty and this Lease is not terminated, the Rent shall abate for that portion of the Premises rendered untenable on a per diem basis from and after the date of the fire or other casualty and until the Premises are substantially repaired and restored, unless the fire or other casualty was caused by the intentional or negligent act or failure to act of Tenant or any of Tenant's officer's, director's, employees, agents, guests, invitees, or independent contractors, in which event there shall be no rental abatement.

Landlord's obligations to repair and restore the Premises as above provided shall be restricted to the repair or restoration (at the then current cost of labor and materials) within the Premises of the alterations, additions or improvements, or the decoration thereof, in place on the date of this Lease; it shall not include the repair or replacement of Tenant's furniture, fixtures or equipment, or the restoration of Tenant's alterations, additions or improvements.

4.2. Condemnation. In the event that the whole or any substantial part of the Premises shall be taken in any proceeding by any public authority by condemnation or otherwise, or be acquired for public or quasi-public purposes (all of which are hereinafter collectively referred to as "Condemnation"), this Lease shall terminate as of the date of the taking of possession by the condemning authority and the Rent and other charges payable by Tenant shall cease as of the date Tenant vacates possession of the Premises.

In the event that 25% or more of the Premises but less than the whole or substantial part thereof shall be taken by Condemnation, either Landlord or Tenant shall have the option of terminating the Term of this Lease. If either party, pursuant to the preceding sentence, desires to exercise its option of terminating the Term of this Lease, such termination shall be effective (without any payment by Landlord to Tenant therefor) by the party desiring to terminate giving written notice to the other party provided that such notice shall be given not more than 90 days subsequent to the date on which Tenant shall have been deprived of possession of the part so taken. If this Lease is not so terminated, then Rent shall abate as to the portion of the Premises so taken. If the Lease is terminated pursuant to this paragraph, Rent and other charges payable by Tenant shall cease as of the date Tenant vacates possession of the Premises.

Tenant shall have the right to make a claim to the condemning authority for the unamortized value of any improvements, alterations or additions to the Premises paid for by Tenant; provided, that no such claim shall diminish or otherwise adversely affect Landlord's award or the award of any mortgagee. Except for any claim awarded to Tenant in accordance with the next preceding sentence, Tenant hereby assigns to Landlord, Tenant's interest in any condemnation award for leasehold value.

ARTICLE V

LANDLORD'S AND TENANT'S REMEDIES

5.1. Events of Default. Each of the following shall be an "Event of Default."

(a) If Tenant fails to pay any installment of Rent or any other payment of money to be paid by Tenant under this Lease, within five days after written notice that the same is due; or

(b) If Tenant fails to observe or perform one or more of the other terms, conditions, covenants or agreements of this Lease and such failure shall continue for a period of 20 days after written notice from Landlord specifying such failure (unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature reasonably be performed, done or removed, as the case may be, within such 20 day period, in which case no Event of Default shall be deemed to exist so long as Tenant shall have commenced the same within such 20 day period and shall diligently and continuously prosecute the same to completion); or

(c) If Tenant makes an assignment for the benefit of creditors, admits its inability to pay its debts or takes any action towards a general compromise of its debts or a composition with its creditors; or

(d) If all or any substantial part of the assets of Tenant, including the leasehold interest hereunder of Tenant, are attached, seized or become subject to a writ or distress warrant, are levied upon or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors and such attachment, seizure, writ, warrant or levy is not withdrawn or removed within 45 days after becoming effective; or

(e) If any involuntary petition or similar pleading is filed in any court under any section of the Federal Bankruptcy Code seeking to declare Tenant bankrupt, or seeking a plan of reorganization for Tenant under Chapter 11 of the Bankruptcy Code, and such petition or pleading is not withdrawn or denied within 45 days after its filing, or if any voluntary petition or similar pleading is filed in any court under any section of the Federal Bankruptcy Code seeking to declare Tenant bankrupt or seeking a plan of reorganization or arrangement for Tenant under the Bankruptcy Code; or

(f) If a notice of lien or levy is filed with respect to all or any of Tenant's assets located on the Premises by any federal, state, county or municipal body, department, agency or instrumentality for taxes or debts then owing by Tenant and such notice is not released or withdrawn within 45 days after its entry or filing; or

(g) If a judgment or other claim becomes a lien or encumbrance upon all or any of Tenant's assets located on the Premises and such judgment or claim is not vacated or satisfied within 45 days after its entry or filing; or

(h) If Tenant vacates or abandons the Premises.

Notwithstanding any provision of this Lease to the contrary, the notice from Landlord to Tenant expressly provided for in Section 5.1(a) of this Lease, provided it complies with the content and delivery requirements of the Illinois Forcible Entry and Detainer Act, shall be and constitute the Five Day Notice required thereunder, and shall be the only Five Day Notice that Landlord shall be obligated to give and that Tenant shall be entitled to receive as a condition to Landlord's right to enforce this Lease with respect to Tenant's failure to pay the Rent specified in such notice.

5.2. Landlord's Rights and Remedies. If a Default occurs, Landlord shall use commercially reasonable efforts to mitigate damages and shall have the rights and remedies hereinafter set forth, which shall be distinct, separate and cumulative and shall not operate to exclude or deprive Landlord of any other right or remedy allowed it at law or in equity:

(i) Landlord may terminate this Lease by giving to Tenant written notice of Landlord's election to do so, in which event the Term of this Lease shall end, and all right, title and interest of Tenant hereunder shall expire, on the date stated in such notice;

(ii) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of Landlord hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, and for the enforcement of any other appropriate legal or equitable remedy, including without limitation injunctive relief, recovery of all money due or to become due from Tenant under any of the provisions of this Lease and recovery of damages incurred by Landlord by reason of the Default.

(a) Surrender. If Landlord exercises the remedy provided for in subparagraph (i) above, Tenant shall surrender possession of and vacate the Premises and immediately deliver possession thereof to Landlord, and Landlord may re-enter and take complete and peaceful possession of the Premises, with process of law, full and complete license so to do being hereby granted to Landlord, and Landlord may remove all occupants and property therefrom, using such force as may be necessary and permitted by law, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer, and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by law or in equity.

(b) Termination of Lease. In the event of the termination of this Lease by Landlord as provided for by subparagraph (i) above, Landlord shall be entitled to recover from Tenant all the fixed dollar amounts of Rent accrued and unpaid for the period up to and including such termination date, as well as all other additional sums payable by Tenant, or for which Tenant is liable or in respect of which Tenant has agreed to indemnify Landlord under any of the provisions of this Lease, which may be then owing and unpaid, and all costs and expenses, including without limitation court costs and reasonable attorneys' fees and expenses incurred by Landlord in the enforcement of its rights and remedies hereunder.

(c) Forcible Entry and Detainer Act. Except as provided in Section 5.1 with regard to Five Day Notices, nothing in this Article V shall be construed as requiring Tenant to waive any right it may have under and pursuant to the Illinois Forcible Entry and Detainer Act or any other applicable statute related to tenancies in regard to the enforcement of this Lease.

5.3. Surrender of Possession. Upon termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession of the Premises without termination of the Lease, Tenant shall surrender and vacate the Premises immediately and deliver possession thereof to Landlord in clean, good and tenantable condition, ordinary wear and damage by fire or other casualty excepted. Upon any termination which occurs other than by reason of Tenant's default, Tenant shall be entitled to remove from the Premises any built-in furniture, attached data or word processing or duplicating equipment, trade fixtures, cables or appliances, medical machinery, provided that Tenant shall repair all damage resulting from such removal and shall restore the Premises to a tenantable condition. Subject

to Section 2.5, all other additions, decorations, fixtures, hardware and all improvements, temporary or permanent, in or about the Premises, whether placed there by Tenant or by Landlord shall remain Landlord's property and shall remain upon the Premises without compensation, allowance or credit to Tenant. In the event possession is not immediately delivered to Landlord or if Tenant shall fail to remove all of such property which it is entitled or directed to remove, Tenant hereby grants to Landlord to the extent permitted by law, full and free license to enter into and upon the Premises with process of law for the purpose of returning to Landlord the Premises as of Landlord's former estate, to expel or remove Tenant and any others who may be occupying the Premises and to remove any and all property therefrom using such force as may be necessary and permitted by law, without being deemed guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to Rent or any other right hereunder.

Any and all property which may be removed from the Premises by Landlord pursuant to the preceding paragraph or pursuant to law shall be conclusively presumed to have been abandoned by Tenant and title thereto shall pass to Landlord without any cost by setoff, credit or otherwise, and Landlord may, at its option, upon ten days prior written notice, (i) accept title to such property in which event Tenant shall be conclusively presumed to have conveyed such property to Landlord under this Lease as a bill of sale or (ii) at Tenant's expense, dispose of such property in any manner that Landlord shall choose. In no event, however, shall Landlord be responsible for the value, preservation or safekeeping of such property. If Tenant shall fail or refuse to remove all such property from the Premises, Tenant shall be conclusively presumed to have abandoned the same, and title thereto shall thereupon pass to Landlord without any cost to Landlord either by setoff, credit allowance or otherwise, and Landlord shall be entitled to be reimbursed by Tenant for any removal or other expenses except for storage incurred by Landlord as a result of such abandonment.

5.4. Holding Over. If Tenant retains possession of the Premises or any part thereof after the termination of the Lease by lapse of time or otherwise or after the earlier termination of Tenant's right of possession, at the option of Landlord, which option shall be exercisable by giving written notice to Tenant within 30 days after the date of such termination, the Term of this Lease shall be automatically renewed for one year. Tenant shall pay to Landlord as Rent during such automatic renewal term an amount equal to one hundred twenty percent (120%) of the Base Rent plus one hundred twenty percent (120%) of the most current Rent Escalation Estimate owed by Tenant during the most recent year for the entire Premises. In the event Landlord does not exercise such option, Tenant shall pay to Landlord as Rent 1/12 of such increased amount of Base Rent and Rent Escalation Estimate for the entire Premises for each portion of any month during which Tenant shall retain possession of the Premises or any portion thereof after such termination. In addition to and without limiting any other rights and remedies which Landlord may have on account of such holding over by Tenant, Tenant shall pay to Landlord all direct and consequential damages suffered by Landlord on account of such holding over by Tenant. The provisions of this Section 5.4 shall not be deemed to limit or constitute a waiver of the right of Landlord to evict Tenant as provided herein or at law.

5.5. Landlord's Performance of Tenant's Obligations. If Tenant shall default in the performance of any of its obligations hereunder and such default shall continue after the expiration of any notice or grace period herein provided, Landlord may perform such obligation

for the account and expense of Tenant upon five days' written notice except in cases of emergency, and Tenant shall reimburse Landlord therefor upon demand.

5.6. Non-Waiver. No waiver of any agreement or condition expressed in this Lease shall be implied by any neglect of Landlord or Tenant to enforce any remedy on account of the violation of such agreement or condition if such violation be continued or repeated subsequently, and no express waiver shall affect any agreement or condition other than the one specified in such waiver and that one only for the time and in the manner specifically stated. No receipt of monies by Landlord from Tenant after the termination in any way of the Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Term or affect any notice given to Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due and the payment of said Rent shall not waive or affect said noticed suit or judgment.

5.7. Landlord's Rights and Remedies Cumulative. All rights and remedies of Landlord under this Article and elsewhere in this Lease shall be distinct, separate and cumulative and none shall exclude any other right or remedy of Landlord as set forth in this Lease or allowed by law. Tenant's obligations under this Article shall survive the expiration of the Term.

ARTICLE VI

WAIVER OF CLAIMS AND INDEMNIFICATION: RIGHTS OF RECOVERY ON INSURANCE

6.1. Waiver of Claims and Indemnity. Tenant hereby releases and waives all claims against Landlord, the managing agent of the Building, and said persons' agents, employees and servants for injury or damage to person, property or business sustained in or about the Building or the Premises by Tenant, its agents, employees or servants, which injury or damage results from any act, neglect, occurrence or conditions in or about the Building or the Premises, except to the extent that such injury or damage is caused by the negligence or willful or wanton act or omission by Landlord, the managing agent, or said persons' agent, employees or servants.

Tenant hereby agrees to indemnify and hold Landlord, its agents, employees and servants harmless against any and all claims, demands, costs and expenses of every kind and nature, including reasonable attorneys' fees for the defense thereof, arising from Tenant's occupancy of the Premises, including any actions of its patients, or from any breach or default on the part of Tenant in the performance of any agreement of Tenant to be performed pursuant to the terms of this Lease, or from any act, omission or negligence of the Tenant, its employees, patients, servants and agents, in or about the Premises. In case any such proceeding is brought against Landlord, its agents, employees or servants, Tenant covenants to defend such proceeding at its sole cost and expense by legal counsel reasonably satisfactory to Landlord.

Landlord shall have no responsibility for loss or damage to Tenant's personal property, except to the extent caused by and degree of fault attributable to Landlord's negligence

or willful misconduct, and no responsibility to insure the personal property of Tenant of whatever nature and wherever located on the Premises in the Building against any loss or damage thereto, however occasioned.

Landlord hereby agrees to indemnify and hold Tenant, its agents, employees and servants harmless against any and all claims, demands, costs and expenses of every kind and nature, including reasonable attorneys' fees for the defense thereof, arising from any breach or default on the part of Landlord in the performance of any agreement of Landlord to be performed pursuant to the terms of this Lease, or from any act, omission or negligence of the Landlord, its employees, servants and agents, in or about the Building. In case any such proceeding is brought against Tenant, its agents, employees or servants, Landlord covenants to defend such proceeding at its sole cost and expense by legal counsel reasonably satisfactory to Tenant.

6.2. Insurance Coverage.

(a) Landlord. Landlord shall obtain and maintain, during the Term of this Lease, fire and extended coverage insurance, insuring against all reasonable perils and liabilities, for what Landlord believes to be the full replacement value of the Building.

(b) Tenant. Tenant, at Tenant's sole cost and expense, shall obtain and maintain, for the Term of this Lease, as extended, insurance policies in form and content, and issued by an insurer, reasonably acceptable to Landlord, providing the following coverage: (i) all perils included in the classification "fire and extended coverage" under insurance industry practices in effect from time to time in the jurisdiction in which the Building is located covering fixtures, equipment, furnishings, merchandise, alterations, improvements, and other contents in the Premises, for the full replacement value of said items; (ii) one full year Rent coverage; and (iii) comprehensive general liability insurance (including contractual liability) naming Landlord, and any mortgagee, as additional insureds, which policy is to be in the minimum amount of \$1,000,000.00 with respect to any one person, in the minimum amount of \$3,000,000.00 with respect to any one accident, and in the minimum amount of \$500,000.00 with respect to property damage. The minimum limits hereinbefore set forth may, at Landlord's option, be increased from time to time by not more than ten percent per increase; such increase to occur not more often than once during each two consecutive Lease years during the term hereof. Tenant shall deliver to Landlord certificates of insurance with copies of each such policy or duplicate originals of each such policy. Such policies described in this Section 6.2(b) shall contain a provision that it shall (i) not be cancelable and that it shall continue in full force and effect unless Landlord has received at least 30 days' prior written notice of such cancellation or termination, and (ii) not be materially changed without prior notice to Landlord.

6.3. Rights of Recovery on Insurance. Landlord and Tenant agree to have all fire and extended coverage and material damage insurance which may be carried with respect to the Premises or to the property located therein endorsed with a clause substantially as follows: "This insurance shall not be invalidated should the insured waive in writing prior to a loss any or all rights of recovery against any party for loss occurring to the property described herein." Landlord and Tenant hereby waive all claims for recovery from each other for any loss or damage to them or to any of their property which is insured under valid and collectible

insurance policies, or which is required by this Lease to be so insured, to the extent of the proceeds collected (or collectible if so maintained as required) under such insurance policies.

ARTICLE VII

TITLE MATTERS

7.1. Non-Disturbance Agreement. If the Building is subject to a mortgage or deed of trust in a nature of a mortgage, then Landlord shall, within 120 days of a written request from Tenant, use good faith efforts to cause to be delivered to Tenant a Non-Disturbance Agreement duly executed and acknowledged from the holder of each such mortgage, which Agreement shall expressly recognize Tenant's rights under this Lease and provide that so long as Tenant is not in default under this Lease or any amendments thereto, Tenant's possession of the Premises and its rights and privileges under the Lease or any renewal thereto shall not be diminished or interfered with by the holder of such mortgage, or its successors or assigns.

7.2. Subordination of Lease. This Lease and the rights of Tenant hereunder shall be and are hereby made expressly subject and subordinate at all times to (a) the lien of any mortgage or trust deed now or hereafter existing against the Building or the Premises, and to all advances made or hereafter to be made upon the security thereof (a "Mortgage"). Tenant agrees to execute and deliver such further instruments subordinating this Lease to a Ground Lease or to a Mortgage as may be requested in writing by Landlord from time to time. Tenant agrees that it will, by appropriate instrument, subordinate this Lease to any future Ground Lease or Mortgage imposed on the Property, the Building or the Premises. In the event any proceedings are brought to terminate any Ground Lease or foreclose any Mortgage, Tenant will attorn to the lessor or the purchaser upon any foreclosure sale and recognize such lessor or purchaser as the Landlord under this Lease. Tenant agrees to execute and deliver at any time any instrument to further evidence such attornment as may be requested in writing by any such lessor or holder of such Mortgage and their successors or assigns.

Tenant acknowledges that its title is and always shall be subordinate to the title of any owner of the Premises, the Building and the Property and nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of the owner of the Premises, the Building or the Property.

7.3. Estoppel Certificate.

(a) Tenant. Tenant agrees that from time to time, within ten business days' after request by Landlord, Tenant, or Tenant's duly authorized representative having knowledge of the following facts, will deliver to Landlord, or to such person as Landlord may designate, a statement in writing certifying (i) that this Lease is unmodified and in full force and effect, or, if there have been modifications, that the Lease as modified is in full force and effect; (ii) the dates to which the Rent and other charges have been paid; (iii) that to the best of Tenant's knowledge, Landlord is not in default under any provisions of this Lease, or, if in default, the nature thereof in detail; and (iv) any other matters deemed reasonably necessary by Landlord, its lender or a potential purchaser.

(b) Landlord. Landlord agrees that from time to time, within ten business days' after request by Tenant, Landlord, or Landlord's duly authorized representative having knowledge of the following facts, will deliver to Tenant, or to such person as Tenant may designate, a statement in writing certifying (i) that this Lease is unmodified and in full force and effect, or, if there have been modifications, that the Lease as modified is in full force and effect; (ii) the dates to which the Rent and other charges have been paid; (iii) that to the best of Landlord's knowledge, Tenant is not in default under any provision of this Lease, or, if in default, the nature thereof in detail; and (iv) any other matters deemed reasonably necessary by Tenant, its lender or a potential purchaser.

7.4. Assignment and Subletting. Tenant shall not, without the prior written consent of Landlord (i) assign, convey, encumber or mortgage this Lease or any interest under this Lease; (ii) allow any transfer of or lien upon Tenant's interest under this Lease by operation of law; (iii) sublease all or any portion of the Premises; or (iv) permit the use or occupancy of the Premises by any party other than Tenant, its agents, employees, guests, invitees and licensees. Landlord's consent shall not be unreasonably withheld. Landlord shall not be deemed to have unreasonably withheld its consent to a proposed assignment of this Lease or to a proposed sublease of part or all of the Premises if its consent is withheld because: (i) Tenant is then in default hereunder; (ii) any notice of termination of this Lease or termination of Tenant's right of possession shall have been given hereunder; (iii) the proposed use of the Premises by the proposed assignee or subtenant does not conform with the use set forth in Section 2.2 hereof, or will violate any applicable governmental law, ordinance, code, rule or regulation, or will violate any exclusive right Landlord has granted or contemplates granting in the future to any tenant of any part of the Building; (iv) in the reasonable judgment of Landlord the proposed assignee or subtenant is of a character or is engaged in a business which would be deleterious to the reputation of the Building; or (v) in the reasonable judgment of Landlord, the proposed assignee or subtenant is not sufficiently financially responsible to perform its obligations under the proposed assignment or sublease; or (vi) the proposed assignee or subtenant is a competitive provider of hospital services with Landlord; provided, however, that the foregoing are merely examples of reasons for which Landlord may withhold its consent and shall not be deemed exclusive of any permitted reasons for reasonably withholding consent, whether similar or dissimilar to the foregoing examples, and Landlord may consider all relevant factors in determining whether to give or withhold its consent.

Any transfer of 50% or more of the then outstanding stock of, or partnership interest in, the Tenant, or any transfer of the then outstanding stock of, or partnership interest in, Tenant which results in the transferee owning 15% or more of such stock or partnership interest, shall be deemed to be an assignment of this Lease and the provisions herein relating shall be applicable. Notwithstanding the foregoing, such transfers to an immediate family member of the transferor, other shareholders of Tenant, or a trust for the foregoing, shall not be deemed to be an assignment of this Lease. In the event Landlord fails to exercise its right of first refusal with respect to a transfer of 50% or more of the stock of Tenant as provided in Section 9.4, Landlord may withhold its consent to an assignment or sublease only for the reasons enumerated in 7.4(i) through (vi) above.

Tenant shall, by notice in writing, advise Landlord of its intention from, on and after a stated date (which shall not be less than 60 nor more than 180 days after the date of the giving of Tenant's notice to Landlord) to assign this Lease or sublet all or any part of the Premises for the balance or any part of the Term, and, in such event, Landlord shall have the right, to be exercised by giving written notice to Tenant within 30 days after its receipt of

Tenant's notice, to terminate this Lease with respect to the space described in Tenant's notice as of the date stated in Tenant's notice for the commencement of the proposed assignment or sublease. Tenant's notice shall include the name and address of the proposed assignee or subtenant, a true and complete copy of the proposed assignment or sublease and sufficient information, as Landlord deems reasonably necessary, to permit Landlord to determine (i) the financial responsibility and character and the nature of the business of the proposed assignee or subtenant, and (ii) whether Landlord has the right under this Lease to withhold consent to the proposed assignment or sublease. If Tenant's notice covers all of the Premises and if Landlord exercises its right to terminate this Lease as to such space, then the Term of this Lease shall expire and end on the date stated in Tenant's notice for the commencement of the proposed assignment or sublease as fully and completely as if that date had otherwise been the Expiration Date. If however, Tenant's notice covers less than all of the Premises, and if Landlord exercises its right to terminate this Lease with respect to such space described in Tenant's notice, then as of the date stated in Tenant's notice for the commencement of the proposed sublease, the Base Rent shall be adjusted on the basis of the number of square feet of Rentable Area retained by Tenant, and this Lease as so amended, shall continue thereafter in full force and effect.

If Tenant shall assign this Lease or sublet the Premises, or any part thereof, at a rental or for other consideration in excess of the Rent or pro rata portion thereof due and payable by Tenant under this Lease, then Tenant shall pay to Landlord as additional Rent one-half (1/2) of any such excess rent or other consideration immediately upon receipt under any such assignment or, in the case of a sublease, (i) on the later of the first day of each month during the term of any sublease, or the day of receipt from such subtenant, one-half (1/2) of the excess of all rent and other consideration paid by the subtenant for such month over the Rent then payable to Landlord pursuant to the provisions of this Lease for said month (or if only a portion of the Premises is being sublet, one-half (1/2) of the excess of all rent and other consideration due from the subtenant for such month over the portion of the Rent then payable to Landlord pursuant to the provisions of this Lease for said month which is allocable on a Rentable Area basis to the space sublet), and (ii) immediately upon the receipt thereof, one-half (1/2) of any other consideration realized by Tenant from such subletting. Landlord shall not be responsible for any deficiency if Tenant shall assign this Lease or sublet the Premises or any part thereof at a rental less than that provided for herein. Whenever reference is made to the "excess" of rent or other consideration, such excess shall be reduced by charging against the first rent or other consideration paid by such assignee or subtenant, Tenant's reasonable out-of-pocket costs of leasing the assigned or subleased space, including without limitation marketing and brochure costs and brokerage commissions.

No assignment of this Lease or sublease of the Premises pursuant to the provisions of this Section 7.4 shall be effective unless and until the assignee or sublessee shall have executed an appropriate instrument, in form reasonably satisfactory to Landlord, assuming all of the obligations of Tenant hereunder to the extent of the Premises assigned or subleased, and shall have delivered a copy thereof, or an executed counterpart thereof, to Landlord.

No sublease or assignment of all or any portion of the Premises, and no sublease or assignment of any of Tenant's interest under this Lease shall release or discharge Tenant from any liability, whether past, present or future, under this Lease and Tenant shall remain fully liable thereunder. Tenant shall deliver to Landlord promptly after execution, an executed copy of each sublease and assignment and any amendment thereto entered into pursuant to the terms of this Section 7.4.

Notwithstanding anything contained herein to the contrary, provided Tenant is not in default hereunder, Tenant shall have the right, free of the right of Landlord to (i) consent to or approve of such assignment or sublease, (ii) recapture the Premises (or such part thereof subject to the applicable sublease) and terminate this Lease with respect thereto, or (iii) require payment of one-half (1/2) of any excess rent or other consideration, to assign this lease, or sublet all or any part of the Premises to any entity which controls, or is controlled by or under common control with, Tenant, or any entity resulting from the merger or consolidation with Tenant, or any entity that acquires all or substantially all of Tenant's assets on a going concern basis. The rights granted Tenant hereunder shall not affect (x) Tenant's obligation to notify Landlord of a proposed assignment or sublease, or (y) the other obligations and covenants of Tenant set forth in this Section 7.4.

Any purported assignment or sublease made in violation of this Section 7.4 shall be null and void.

7.5. Covenant Against Liens. Tenant covenants and agrees not to suffer or permit any lien of mechanics or materialmen to be placed against the Property or the Premises or any part thereof arising from work done by or on behalf of Tenant. If any such lien shall attach to the Property or the Premises or any part thereof, Tenant shall either (i) immediately pay off and remove the same or (ii) if Tenant desires to contest such lien in a court of competent jurisdiction, and, in Landlord's judgment, Landlord's interest in the Property or the Premises would not be materially impaired as a result thereof, then, at Landlord's election either (1) file with Landlord a bond in an amount and with an independent surety satisfactory to Landlord, or (2) maintain a title indemnity with appropriate security to protect against an exception to title with a title insurance company designated by Landlord and in such amount and on such terms as are satisfactory to Landlord and such title insurance company. Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon the Property or the Premises or any part thereof, any and all liens and encumbrances created by Tenant shall attach only to Tenant's interest in the Premises.

7.6. Covenant of Quiet Enjoyment. Landlord covenants and represents that it has full power and proper authority to execute this Lease and to grant the rights provided to Tenant hereunder and further covenants that, upon paying the Rent and keeping the agreements of this Lease on its part to be kept and performed, Tenant shall have peaceful and quiet possession of the Premises and full enjoyment of all its rights herein granted for the Term of this Lease.

ARTICLE VIII

TRANSFER OF LANDLORD'S INTEREST IN BUILDING AND LEASE

In the event of any sale or other transfer of the Property or the Premises, Landlord and the seller or transferor shall be entirely freed and relieved of all agreements and obligations of Landlord hereunder accruing after the date of such sale or transfer, provided, such purchaser or transferee shall have assumed and agreed to perform all agreements and obligations of the Landlord hereunder accruing from and after the date of such sale or transfer. Subject to the

provisions of the preceding sentence, Tenant hereby consents to any future assignment by Landlord of any part or all of its rights under this Lease.

ARTICLE IX

GENERAL

9.1 Notices. All notices, waivers, demands, requests or other communications required or permitted hereunder shall, unless otherwise expressly provided, be in writing and be deemed to have been properly given, served and received (a) if delivered by messenger, when delivered, (b) if mailed, on the third business day after deposit in the United States Mail, certified or registered, postage prepaid, return receipt requested, or (c) if delivered by reputable overnight express courier, freight prepaid, the next business day after delivery to such courier; in every case addressed to the party to be notified as follows:

If to Landlord: Swedish Covenant Hospital
5145 N. California Ave.
Chicago, Illinois 60625

Attention: Gary Krugel

with a copy to: Edward Cucci

If to Tenant: Nephron Dialysis Center, Ltd.
5140 N. California Ave., Ste. 510
Chicago, Illinois 60625

Attention: Anthony J. Kocalis, M.D.

with a copy to: Peter N. Kamberos
Kamberos & Pappas, Ltd.
70 W. Madison St., Ste. 525
Chicago, Illinois 60602

or to such other address(es) or addressee(s) as any party entitled to receive notice hereunder shall designate to the others in the manner provided herein for the service of notices. Rejection or refusal to accept or inability to deliver because of changed address or because no notice of changed address was given, shall be deemed receipt.

9.2 Brokers. Tenant represents and warrants to Landlord that Tenant has not dealt with any broker or finder in connection with this Lease, and to its knowledge, no broker or finder initiated or participated in the negotiation of this Lease, submitted or showed the Premises to Tenant or is entitled to any commission in connection with this Lease. Tenant hereby indemnifies and holds Landlord harmless from and against any and all claims, damages and expenses based upon or arising out of any claim by any person with whom it is ultimately determined that Tenant has dealt in violation of the foregoing representations and warranties.

9.3 General.

(a) All rights and remedies of Landlord or Tenant, as the case may be, under this Lease shall be cumulative and none shall exclude any other rights and remedies allowed at law or in equity.

(b) Each of the provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit, not only of Landlord and Tenant, but also of their respective heirs, legal representatives, successors and permitted assigns, subject to Section 7.4 hereof.

(c) All of the representations, agreements and obligations of Landlord are contained herein, and no modification, waiver or amendment of this Lease or of any of its conditions or provisions shall be binding upon the Landlord unless in writing signed by Landlord.

(d) Submission of this instrument by Landlord to Tenant for examination shall not bind Landlord in any manner, and no lease, option, agreement to lease or other obligation of Landlord shall arise until this instrument is signed and delivered by Landlord to Tenant.

(e) No rights to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease.

(f) No receipt of money by Landlord from Tenant after the termination of this Lease or after the service of any notice or after the commencement of any suit, or after final judgment for possession of the Premises shall reinstate, continue or extend the Term of this Lease or affect any such notice, demand or suit.

(g) The headings or captions of Sections are for convenience only, are not part of this Lease, and shall not affect the interpretation of this Lease.

(h) This Lease may be executed in any number of counterparts, all of which when put together shall be deemed an original.

(i) This Lease shall be governed by and construed in accordance with the laws of the State of Illinois. If any provision or part of this Lease or the application thereof to any persons or circumstances shall, to any extent, be invalid, illegal or unenforceable, the remainder of this Lease, or the application of such provision or part to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

(j) The term "Landlord" as used in this Lease means only the owner of Landlord's interest in the Premises from time to time. In the event of any assignment, conveyance or sale, once or successively, of Landlord's interest in the Premises or any assignment of this Lease by Landlord, said Landlord making such assignment, conveyance or sale shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder accruing after such assignment, conveyance or sale, and Tenant agrees to look solely to such assignee, grantee or purchaser with respect thereto. The holder of a Mortgage (or assignment in connection with a Mortgage) shall not be deemed such an assignee, grantee or purchaser

under this Section unless and until the foreclosure of the Mortgage or the conveyance or transfer of Landlord's interest under this Lease in lieu of foreclosure. This Lease shall not be affected by any such assignment, conveyance or sale, and Tenant agrees to attorn to the assignee, grantee or purchaser.

(k) Force Majeure. Without limiting or being limited by any of the other provisions of this Lease, if Landlord fails to perform timely any of the terms, covenants or conditions of this Lease on Landlord's part to be performed, and such failure is due in whole or in part to any strike, lockout, labor trouble, civil disorder, riot, insurrection, act of terrorism, war, accident, fire or other casualty, adverse weather condition, act of God, governmental inaction, restrictive governmental law or regulation, inability to procure materials, electricity, gas, or other fuel or water or other utilities at the Building after reasonable effort to do so, act or event caused directly or indirectly by or by default of Tenant or any of Tenant's employees, agents, licensees, invitees or contractors, concealed subsurface condition not reasonably anticipated from test results obtained prior to commencement of work or any cause beyond the reasonable control of Landlord, then Landlord shall not be deemed in default under this Lease as a result of such failure.

9.4 Landlord's Right of First Refusal. During the term of this Lease, including any option period hereof, Landlord shall have the right of first refusal to purchase the stock of Tenant. At such time as Tenant wishes to sell more than 50% of its stock and has received an accepted purchase proposal, Tenant shall give Landlord written notice of the terms of the purchase proposal. Upon such notice, Landlord shall have the opportunity to purchase the stock on such terms as set forth in the notice. In the event Landlord does not agree to purchase the stock within thirty (30) days after receipt of Tenant's written notice, Tenant shall have the right to sell the stock to the third party. However, nothing in this section shall serve to relieve Tenant of its obligations under this Lease, including but not limited to, the obligation to pay Rent for the term hereof. Notwithstanding the foregoing, Landlord's right of first refusal shall not apply to stock transfers to immediate family members of the transferor, other shareholders of Tenant, or a trust for the foregoing.

9.5 Certificate of Need Contingency. The effectiveness of this Lease is contingent upon Tenant's receipt of Certificate of Need ("CON") approval from the State of Illinois Planning Board with respect to Tenant's intended use of the Premises, and the expenditures therefor. In the event CON approval is not received by Tenant on or before January 1, 2000, (i) either party may elect to terminate this Lease by written notice to the other party, or (ii) this lease may be extended to a date mutually agreeable to both Landlord and Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed as of the 24th day of February, 1999.

LANDLORD:

Swedish Covenant Hospital,
an Illinois corporation

By: 

Its: _____

PRESIDENT

TENANT:

Nephron Dialysis Center, Ltd.,
an Illinois corporation

By: Anthony Kocula
Its: President

SCHh9109.lea

Swedish Covenant Hospital
Galter Medical Pavilion
Dialysis Center Rent Schedule

<u>YEARS</u>	<u>BASE RENT</u>	<u>ADDT'L RENT</u>	<u>Total Rent</u>	<u>Annual Amount</u>	<u>Less: Rent Abatement (3mos @21.50) Over 2 years</u>	<u>Annual Rent</u>	<u>Monthly Amount</u>
1	21.50	2.93	24.43	93,811	(10,320)	83,491	6,957.60
2	22.15	2.93	25.08	96,288	(10,320)	85,968	7,164.00
3	22.79	2.93	25.72	98,765		98,765	8,230.40
4	23.44	2.93	26.37	101,242		101,242	8,436.80
5	24.08	2.93	27.01	103,718		103,718	8,643.20
6	24.72	2.93	27.65	106,195		106,195	8,849.60
7	25.37	2.93	28.30	108,672		108,672	9,056.00
8	26.01	2.93	28.94	111,149		111,149	9,262.40
9	26.66	2.93	29.59	113,626		113,626	9,468.80
10	27.30	2.93	30.23	116,102		116,102	9,675.20
11	27.95	2.93	30.88	118,579		118,579	9,881.60
12	28.59	2.93	31.52	121,056		121,056	10,088.00
13	29.24	2.93	32.17	123,533		123,533	10,294.40
14	29.88	2.93	32.82	126,010		126,010	10,500.80
15	30.53	2.93	33.46	128,486		128,486	10,707.20
16	31.17		31.17	119,712		119,712	9,976.00
17	31.82		31.82	122,189		122,189	10,182.40
18	32.46		32.46	124,666		124,666	10,388.80
19	33.11		33.11	127,142		127,142	10,595.20
20	33.76		33.76	129,619		129,619	10,801.60
21	34.40		34.40	132,096		132,096	11,008.00
22	35.05		35.05	134,573		134,573	11,214.40
23	35.69		35.69	137,050		137,050	11,420.80
24	36.34		36.34	139,526		139,526	11,627.20
25	36.98		36.98	142,003		142,003	11,833.60
26	37.63		37.63	144,480		144,480	12,040.00
27	38.27		38.27	146,957		146,957	12,246.40
28	38.92		38.92	149,434		149,434	12,452.80
29	39.56		39.56	151,910		151,910	12,659.20
30	40.21		40.21	154,387		154,387	12,865.60

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Parcel 1:

That part of Block 1 lying North of the North line of vacated Winona Street (except (a) the West 284.90 feet of the South 171 feet, and (b) the West 298.12 feet lying North of the South 171 feet) in Jackson's Subdivision of the Southeast 1/4 of Section 11 and the Southwest 1/4 of Section 12, Township 40 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 2:

Vacated West Winona Avenue (60 feet wide) as vacated by Ordinance recorded March 4, 1977 as Document No. 23,839,990 lying within Block 1 in Jackson's Subdivision, aforesaid.

EXHIBIT B

CERTAIN DEFINITIONS

As used in the Lease, the following terms have the following meanings:

1. "Useable Area" with respect to the Premises means (a) for any space constituting an entire floor, the area of the entire floor calculated by measuring from the outside surface of the exterior walls (or the outside edge of the floor slab if the slab does not extend to the exterior wall); and subtracting (i) the thickness of the outside walls at solid walls and one-half (1/2) the thickness of perimeter glass at curtain walls or glazed walls where more than fifty percent (50%) of the interior surface of the wall from floor to ceiling is glass; and also subtracting (ii) all shafts passing through such floor (including the thickness of all walls surrounding shafts); and (b) for any space constituting less than an entire floor, the area calculated by measuring from the center line of all demising partitions and from the outside face (corridor side) of all corridor partitions to the outside surface of exterior walls (or the outside edge of the floor slab if the slab does not extend to the exterior wall); and subtracting (i) the thickness of the outside walls at solid walls and one-half (1/2) the thickness of perimeter glass at curtain walls or glazed walls where more than fifty percent (50%) of the interior surface of the wall from floor to ceiling is glass; and also subtracting (ii) all shafts passing through the demised area on the floor (including the thickness of all walls surrounding shafts). No deduction shall be made for Building columns or projections.

EXHIBIT C

RULES AND REGULATIONS

1. **Access to Building:** On Saturdays, Sundays and holidays, and on other days between the hours of 8:00 P.M. and 8:00 A.M. the following day, access to the Property or any part thereof, such as but not limited to the halls, corridors, elevators, stairways, loading and parking areas in the Building and the Premises, may be restricted and access shall be gained only by exhibiting an appropriate security pass or by otherwise complying with the established Building security regulations. Landlord may from time to time establish security controls and regulations for the purpose of regulating access to the Building. Tenant shall abide by all such security controls and regulations so established.

2. **Protecting Premises:** Before leaving the Premises unattended, Tenant shall close and securely lock all doors or other means of entry to the premises and shut off all utilities, lights and machines in the premises. Tenant shall be responsible for protecting the Premises and all property and persons in the Premises from theft, robbery, pilferage, personal assault and other crimes and keeping the Premises secure.

3. **Building Directories:** Landlord will provide a building directory or directories displaying the names and locations of tenants of the Building, at Landlord's expense. Landlord will include in such directory or directories, at Landlord's expense, Tenant's name and location within the Building. Any additional names requested by Tenant to be displayed in the directory or directories must be approved by Landlord in writing, and, if so approved, will be provided at the sole expense of the Tenant.

4. **Movement of Property:** Furniture, freight and other large or heavy articles may be brought into the Building only at times and in the manner (including use of freight elevators and the loading area) designated by Landlord. All damage done to the Building by moving or maintaining such furniture, freight or articles shall be repaired at the expense of Tenant. If requested by Landlord, all furniture, equipment, cartons and similar articles desired by Tenant to be removed from the Premises or the Building shall first be listed in writing by Tenant with Landlord and Tenant shall first obtain a removal permit therefor. Movements of any of Tenant's property, whether of a large or heavy nature or otherwise, into or out of the Building or the Premises or within the Building, shall be entirely at the risk and responsibility of Tenant.

5. **Signs:** Tenant shall not paint, display, inscribe, maintain or affix any sign, placard, picture, advertisement, name, notice, lettering or direction on any part of the outside or inside of the Building, or on any part of the outside of the Premises, or any part of the inside of the Premises which can be seen from the outside of the Premises, without the prior written consent of Landlord, and then only such name or names or content and in such color, size, style, character, material and manner of affixing as may be first approved by Landlord in writing. Landlord reserves the right to remove at Tenant's expense all sign matter which requires Landlord's consent or approval and which has not been consented to or approved by Landlord.

6. Advertising: Tenant shall not in any manner use the name of the Building for any purpose or use any picture or likeness of the Building in any letterheads, envelopes, circulars, notices, advertisements, containers, or wrapping material without Landlord's prior written consent.

7. Unsightliness and Overloading: Tenant shall not place anything or allow anything to be placed in the Premises near the glass of any door, partition, wall or window which may be unsightly from outside the Premises, and Tenant shall not place or permit to be placed any article of any kind on any window ledge or on the outside of the exterior walls of the Premises or the Building. Blinds, shades, awnings or other forms of outside window ventilators or similar devices shall not be placed in or about the outside windows in the Premises. No blinds, shades, draperies or other forms of inside window covering other than those provided or designated by Landlord may be installed in the Premises. Tenant shall not overload any floor or part thereof in the Premises in excess of the live load therefor, and Tenant shall not overload any facility, corridor, elevator or other area of the Building in excess of the live load therefor while bringing in or removing any large or heavy articles or otherwise. Landlord may direct and control the location of safes and all other heavy articles and, if considered necessary by Landlord, require supplementary supports at the expense of Tenant of such materials and dimensions as Landlord may deem necessary to properly distribute the weight.

8. Obstruction of Common Areas: Tenant shall not take or permit to be taken in or out of public entrances of the Building, or take or permit on passenger elevators, any item normally or required by Landlord to be taken in or out through service doors or in or on freight elevators; and Tenant shall not, whether temporarily, accidentally or otherwise, allow anything to remain in, place or store anything in, or obstruct in any way, any common area of the Building, including without limitation any sidewalk, court, passageway, entrance, exit, loading area, shipping area, hall, corridor, elevator, stairway or parking area. Tenant shall lend its full cooperation to keep such areas free from all obstruction and in a clean and sightly condition, and move all supplies, furniture and equipment as soon as received directly to the premises, and shall move all such items and waste (other than waste customarily removed by Building employees) that are at any time being taken from the Premises directly to the areas designated for disposal. All courts, passageways, entrances, exits, loading areas, shipping areas, elevators, stairways, corridors, halls, roofs and other areas designated by Landlord from time to time are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord shall be prejudicial to the safety or security of the Building, its occupants or others. Neither Tenant nor any employee, agent, licensee, invitee or contractor of Tenant shall enter into areas reserved for the exclusive use of another tenant or of Landlord, any of Landlord's beneficiaries, the managing agent of the Property or any of their respective agents, employees, licensees or invitees.

9. Communication or Utility Connections: If Tenant desires signal, communication, alarm or other utility or similar service connections installed or changed, Tenant shall not install or change the same without the prior written approval of Landlord, and then only under direction of Landlord and at Tenant's expense. Tenant shall not install in the Premises any equipment which requires a substantial amount of electrical current, including without limitation computer or data processing equipment, without the advance written consent of Landlord, and Tenant shall ascertain from Landlord the maximum amount of load or demand for or use of electrical current which can safely be permitted in the Premises, taking into

account the capacity of the electric wiring, the Building and Premises and the needs of other tenants of the Building, and shall not in any event connect a greater load than such safe capacity.

10. Management Office: Service requirements of Tenant will be attended to only upon application at the management office for the Building. Employees of Landlord, any beneficiaries of Landlord or the managing agent of the Property shall not perform any work or do anything outside of their duties unless under special instructions from Landlord.

11. Outside Services: Tenant shall not obtain for use upon the Premises ice, drinking water, towel or other similar services on the Premises, except from persons authorized by Landlord and at the hours and under regulations fixed by Landlord.

12. Toilet Rooms: The toilet rooms, urinals, wash bowls and the other bathroom apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees, agents, licensees, invitees or contractors, shall have caused it.

13. Intoxication: Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or other drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

14. Vending Machines: No vending machines of any description shall be installed, maintained or operated in the Premises or the Building without the prior written consent of the Landlord.

15. Nuisances and Certain Other Prohibited Uses: Tenant shall not (i) conduct itself or permit its employees, agents, licensees, invitees or contractors to conduct themselves in a manner inconsistent with the comfort or convenience of other tenants or the first-class character of the Building; (ii) except as hereinafter provided in this Paragraph 15, install or operate any internal combustion engine, boiler, machinery, refrigerating, heating or air-conditioning apparatus or space heater in or about the Premises; (iii) carry on any business in or about the Premises or the Building or sell any article, thing or service except those ordinarily embraced within the permitted use of the Premises specified in Section 2.2; (iv) use the Premises for housing, lodging or sleeping purposes; (v) except as hereinafter provided in this Paragraph 15, permit preparation or warming of food in the Premises; (vi) place any radio or television antennae on the roof or on or in any part of the inside or outside of the Building other than the inside of the Premises; (vii) operate or permit to be operated any radio, television, video cassette recorder, record or compact disk-player, stereo, tape player, musical instrument or other sound producing instrument, device or equipment inside or outside the Premises which may be heard outside the Premises; (viii) use any illumination or power for the operation of any equipment or device other than electricity; (ix) operate any electrical or other device from which may emanate electrical or other waves which may interfere with or impair radio or television broadcasting or reception to, from or in the Building or elsewhere or telephone transmission to, from or in the Building or elsewhere; (x) bring or permit to be in the Building any bicycle or other vehicle, or dog (except in the company of a blind, deaf or

disabled person) or other animal or bird; (xi) make or permit any objectionable noise or odor to emanate from the Premises; (xii) disturb, solicit or canvass any occupant of the Building; (xiii) do anything in or about the Premises tending to create or maintain a nuisance or do any act tending to injure the reputation of the Building; or (xiv) throw or drop or permit to be thrown or dropped any article from any window or other opening in the Building. Notwithstanding the foregoing to the contrary, Tenant may, at Tenant's expense, subject to Section 2.5 and the Workletter, install in the Premises a standard office kitchen and employee eating area which shall be for the exclusive use of Tenant and its employees only, and for no other person, containing a standard residential size or smaller sink, a standard residential size or smaller refrigerator, a standard residential size or smaller microwave oven and a standard residential size or smaller coffee maker.

16. Room-to-Room Canvass: Tenant shall not make any room-to-room canvass to solicit business from other tenants or occupants of the Building or for any other purpose and shall not exhibit, sell or offer to sell, use, rent or exchange any products or services in or from the premises unless ordinarily embraced within the permitted use of the Premises specified in Section 2.2.

17. Waste: Tenant shall not waste electricity, water, heat or air-cooling and agrees to cooperate fully with Landlord to assure the most effective and energy efficient operation of the Building, and shall not allow the adjustment (except by landlord's authorized building personnel) of any electricity, water, heat, air cooling or ventilation controls. Tenant shall keep corridor doors closed and shall not open any windows, except that if the air circulation shall not be in operation, windows which are openable may be opened with Landlord's prior written consent. Tenant shall lower and adjust any venetian blinds, shades or draperies on the windows in the Premises if such lowering and adjustment reduces the sunlight and additional heat load created thereby in the Premises.

18. Keys and Additional Locks: Tenant shall not attach or permit to be attached additional locks or similar devices to any door or window, change existing locks or the mechanisms thereof, or make or permit to be made any keys or other entry devices for any door other than those provided by Landlord. If more than two keys or other entry devices for one lock are desired, Landlord will provide them to Tenant upon payment therefor by Tenant. Upon termination of this Lease or of Tenant's possession, Tenant shall surrender all keys and other entry devices to the Premises and all keys and other entry devices for offices, rooms or toilet rooms which have been furnished to Tenant or which Tenant shall have made.

**AMENDMENT NO. 2 TO
AGREEMENT FOR PROFESSIONAL OFFICE LEASE**

This Amendment No. 2 to Agreement for Professional Office Lease is dated January 6, 2014, and amends the Agreement for Professional Office Lease dated February 24, 1999 (the "Original Lease") between Swedish Covenant Hospital ("Landlord") and Nephron Dialysis Center, Ltd. ("Tenant").

RECITALS

WHEREAS, Landlord and Tenant previously entered into an Agreement for Professional Office Lease, dated February 24, 1999, in which Tenant leased an office space commonly known as Suite 510, 5140 N. California Avenue, Chicago, Illinois 60625, which Agreement was previously amended on November 1, 2000; and

WHEREAS, Landlord and Tenant desire to lease the office space adjoining the Premises to Tenant for the remaining term of the Original Lease, and any extensions thereto, on the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. **Expansion of Premises:** The Premises defined in the Original Lease is hereby expanded to include the space adjoining the original Premises and formerly known as Suite 540, 5140 N. California Avenue, Chicago, Illinois 60625. Henceforth, the Useable Area of the Premises shall be deemed to be 4,578 square feet.
2. **Base Rent:** After the completion of the build-out and the approval thereof by Landlord and Tenant, but in no event effective later than May 1, 2014, and beginning on the first day of the first month thereafter, the Base Rent will henceforth be determined based on the Useable Area of the Premises being 4,578 square feet.
3. **Build-Out of Premises:** Landlord and Tenant acknowledge that Landlord will be contracting with one or more contractors for the build-out of the expanded Premises, based on that certain set of drawings titled "Nephron Dialysis Center Expansion" by BSA Life Structures, dated December 9, 2011. Landlord and Tenant shall cooperate with one another in making decisions regarding the build-out of the expanded Premises, which shall be a mutual effort. Any modifications from said drawings must be approved by Landlord and Tenant. Neither Landlord nor Tenant shall unreasonably withhold consent to actions required for the build-out of the Premises.
4. **Landlord and Tenant Build-Out Shares:** Landlord and Tenant acknowledge that costs to build-out the expanded Premises are estimated to be \$308,978. Landlord agrees to pay \$100 per square foot, thus the sum of \$151,800 toward the build-out of the expanded Premises, and Tenant agrees to pay the remaining balance of approximately \$157,178 at the time of the completion of the build-out and the approval thereof by the Tenant.
5. **Full Force and Effect:** The Original Lease, as previously amended, shall remain in full force and effect except as modified herein.

6. Capitalized Terms: All capitalized terms herein which are not defined herein shall have the meaning given them in the Original Lease.
7. Recitations: The Recitals at the beginning of this Amendment No. 2 are incorporated herein by this reference.

Dated: 1-10-14

Landlord:

SWEDISH COVENANT HOSPITAL,
an Illinois corporation

By: Mark Newton
Mark Newton, President and CEO

Tenant:

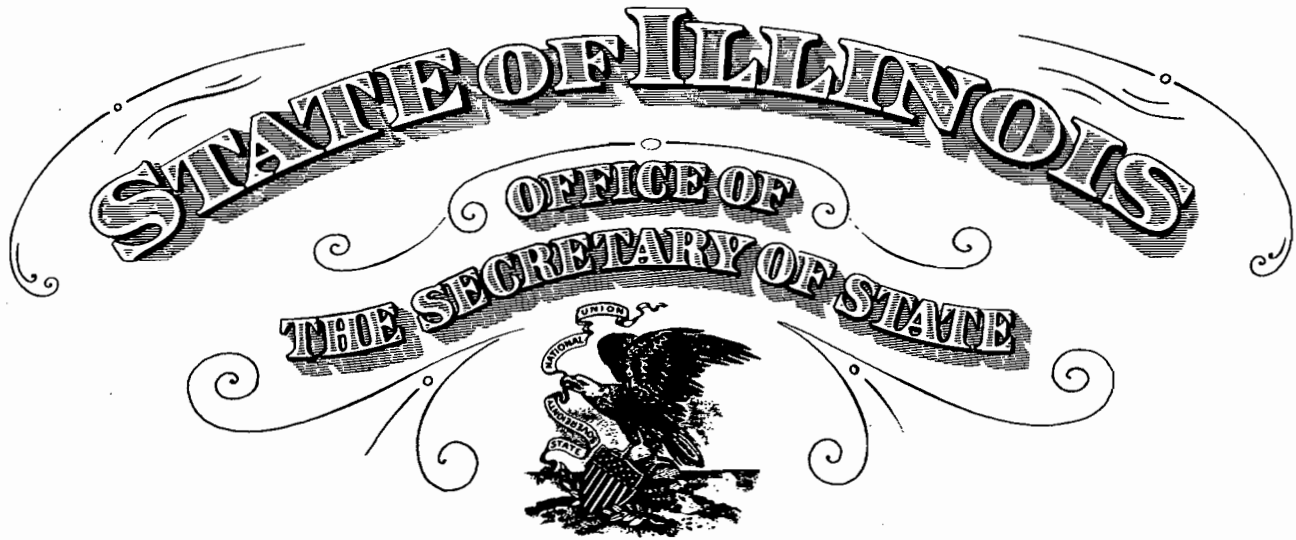
NEPHRON DIALYSIS CENTER, LTD.,
an Illinois corporation

By: Anthony J. Kocalis
Anthony J. Kocalis, President and CEO

Operating Identity/Licensee

The Operating entity is a for-profit corporation which has two share holders.

Anthony J. Kocalis is the primary shareholder with 51% of the shares. The only other shareholder in the applicant corporation is Hamid Humayun, M.D. who has a 49% ownership.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

NEPHRON DIALYSIS CENTER, LTD., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 14, 1998, 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 IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1524500330 verifiable until 09/02/2016

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 2ND
day of SEPTEMBER A.D. 2015 .***

Jesse White

SECRETARY OF STATE

Organizational Relationships

The applicant is a corporation whose sole purpose is to provide dialysis treatment. No other entity is affiliated with or owned by the applicant facility, nor is the facility owned by any other entity.

Project Costs and Sources of Funds

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$0		
Site Survey and Soil Investigation	\$0		
Site Preparation	\$0		
Off Site Work	\$0		
New Construction Contracts	\$0		
Modernization Contracts	\$0		
Contingencies	\$0		
Architectural/Engineering Fees	\$0		
Consulting and Other Fees	\$0		
Movable or Other Equipment (not in construction contracts)	\$30,000		
Bond Issuance Expense (project related)	\$0		
Net Interest Expense During Construction (project related)	\$0		
Fair Market Value of Leased Space or Equipment	\$0		
Other Costs To Be Capitalized	\$0		
Acquisition of Building or Other Property (excluding land)	\$0		
TOTAL USES OF FUNDS	\$30,000		
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$30,000		
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$30,000		
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

ATTACHMENT-7

Cost Space Requirements

The applicant currently has 4,578 GSF in the existing facility and that figure will not change as a part of this project no construction or modernization will be included in this project the space is currently large enough to accommodate the two new stations and the necessary plumbing and electrical is already in place.

Background of Applicant – Review Criterion

The applicant does not currently operate any other health care facility.

A letter giving the Health facilities Review Board and its staff the right to look at any and all licensure or certification files is appended to this application. The applicant was cited for one problem within the facility, the lack of an isolation station. However, a waiver was granted regarding that deficiency and a copy of that waiver is appended to this attachment.

Every other evaluation of the facility has resulted in the facility achieving the highest ranking available.

Nephron Dialysis Center, Ltd.

Galter Medical Pavilion

5140 N. California Ave. Suite 510

Chicago, IL 60625

(773) 293-2100

Fax: (773) 293-2101

September 4, 2015

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

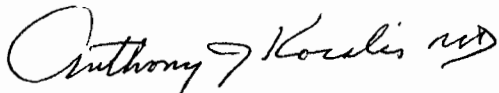
Dear Ms. Avery,

Please accept this letter as attestation that Nephron Dialysis Center, Ltd., nor, any facility owned by Nephron Dialysis Center, Ltd, has been the recipient of any adverse actions taken by IDPH or DHHS during the past three years.

During the recent Survey by IDPH the facility was cited for not having an isolation chair. The facility applied for and was granted a waiver by CMS, which resolved the citation. A copy of the waiver is attached.

Furthermore, the Illinois Health Facilities Planning Board and/or its staff is herein granted authorization to review the records of Nephron Dialysis Center, Ltd., as related to licensure and certification.

Sincerely,



Anthony J. Kocalis, MD
President and CEO

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Midwest Division of Survey and Certification
Chicago Regional Office
233 North Michigan Avenue, Suite 600
Chicago, IL 60601-5519



National Provider Number (NPI): 1356362941
CMS Certification Number (CCN): 14-2600

September 1, 2015
(Via Certified Mail)

Diana Guilaume
Administrator
Nephron Dialysis Center, Ltd.
5140 N. California Avenue, Suite 510
Chicago, IL 60625

Dear Ms. Guilaume:

In response to the allegation that Nephron Dialysis Center, Ltd. is in compliance with the Medicare Conditions for Coverage for end stage renal disease, the Illinois Department of Public Health received an acceptable plan of correction dated July 27, 2015. The plan of correction revealed that your facility is now again in compliance with the Conditions for Coverage. Therefore, we are rescinding our decision to terminate your participation in the Medicare program.

This letter also serves to approve your recertification and the addition of two in-center dialysis stations, bringing the total stations to fourteen (14). Your facility continues to be approved to provide the following services:

- In-center hemodialysis
- Home Peritoneal Dialysis training and support

If you have any questions concerning this letter, please contact Lauren Anderson at (312) 353-4710.

Sincerely,

A handwritten signature in cursive script that reads "Pamela J. Para".

Pamela J. Para
Nurse Consultant
Non-Long Term Care Certification & Enforcement
Branch

cc: Illinois Department of Public Health
Illinois Department of Healthcare and Family Services
KePro



U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
CENTERS for MEDICARE & MEDICAID SERVICES

End-Stage Renal Disease Quality Incentive Program

2015 Certificate – Dialysis Facility Performance Score – Part 1

Facility CMS Certification Number: 142600



** To obtain scores and rates, CMS compares data from 2011 and 2012 to data from 2013. **

NEPHRON DIALYSIS CENTER, LTD., CHICAGO, IL

TOTAL PERFORMANCE SCORE: 100 out of 100

National Average: 81 out of 100

Clinical Measures of Quality	Facility Percent in 2013	National Median in 2011	Facility Percent in 2012	Facility Score
Hemoglobin > 12g/dL (Shows how well a facility keeps red blood cell counts at an acceptable level – lower score desirable)	0%	1%	0%	10 of 10
Kt/V Dialysis Adequacy – Hemodialysis (Shows how well a facility cleans blood during a dialysis treatment – higher score desirable)	100%	93%	100%	10 of 10
Kt/V Dialysis Adequacy – Peritoneal Dialysis (Shows how well a facility cleans blood during a dialysis treatment – higher score desirable)	N/A	84%	N/A	N/A
Kt/V Dialysis Adequacy – Pediatric Hemodialysis (Shows how well a facility cleans blood during a dialysis treatment – higher score desirable)	N/A	93%	N/A	N/A
Vascular Access Type – Fistula (Compares access to a patient's bloodstream via fistula – higher score desirable)	83%	60%	82%	10 of 10
Vascular Access Type – Catheter (Compares access to a patient's bloodstream via catheter – lower score desirable)	1%	13%	6%	10 of 10

Quality Reporting Measures	Facility Performance in 2013	Facility Score
Did the facility report the required anemia management information?	12 of 12 months	10 of 10
Did the facility report infection information to the Centers for Disease Control and Prevention?	12 of 12 months	10 of 10
Did the facility report the required patient calcium and phosphorus levels?	12 of 12 months	10 of 10
Was the patient experience of care survey administered?	Yes	10 of 10

NEPHRON DIALYSIS CENTER, LTD.
5140 NORTH CALIFORNIA AVENUE
SUITE 510
CHICAGO, IL 60625

Facility Medical Director

Director, Center for Clinical Standards and Quality

/s/ Patrick Conway

CMS Chief Medical Officer



U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
CENTERS for MEDICARE & MEDICAID SERVICES



End-Stage Renal Disease Quality Incentive Program

2015 Certificate – Dialysis Facility Performance Score – Part 2

Facility CMS Certification Number: 142600

What is the purpose of the End-Stage Renal Disease (ESRD) Quality Incentive Program (QIP)?

The ESRD QIP links a dialysis facility's payment to performance on measures of its quality of care. When a facility doesn't meet established ESRD QIP performance standards, CMS will lower that facility's payments by up to two percent for an entire year.

How are facilities scored?

The Total Performance Score is a single number that tells how a facility performed overall. The highest possible Total Performance Score is 100 points.

Each facility earns points for its clinical performance in 2013 based on two factors:

- How close its rate in 2013 (Facility Percent) comes to the national rate 2011 (National Median)
- Its improvement relative to previous performance in 2012

Even if a facility's performance rate on a clinical measure of quality does not meet the National Median, a facility can still receive a high score if its performance rate from this year is considerably better than its previous performance rate. For example, two facilities with similar performance rates on a measure might receive different scores based on differences in their prior performance. *Therefore, Total Performance Scores should not be used to compare different facilities.*

Please see the Dialysis Facility Compare website for more information about comparing facilities in your area.

Quality reporting points are earned if the facility reported required information. Points are earned for reporting anemia information, reporting infection information to the Centers for Disease Control and Prevention, confirming that patient surveys were administered, and reporting calcium and phosphorus levels of patients.

Note: Individual measure scores might not add up to the Total Performance Score. Measures are assigned different levels of importance that determine their contribution to the Total Performance Score.

NOTE: Dialysis facilities are required to post both parts of this Certificate prominently in a patient area.

How are facilities scored? (continued)

Some facilities may not have enough data to calculate a specific measure score or Total Performance Score, or some measures will not apply to every facility. This does not reflect the quality of care provided in those facilities.

Low-volume facilities treating between 11 and 25 eligible cases may be eligible for an adjustment to their scores.

Which facilities will receive an ESRD QIP Certificate?

Only facilities that were active during calendar year 2013 will receive a Total Performance Score and a Performance Score Certificate (PSC) in December 2014.

Facilities that began to care for Medicare patients after June 30, 2013, won't receive a Total Performance Score.

How can I get more information?

To learn more about the ESRD QIP and other CMS quality initiatives, please do one of the following:

- Visit the ESRD Network Coordinating Center (NCC) website at: <http://www.esrdncc.org/>
- Visit the Dialysis Facility Compare website at: <http://www.medicare.gov/DialysisFacilityCompare>
- Visit the ESRD QIP section of the CMS.gov website at: <http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/ESRDQIP/index.html>

This Certificate expires December 31, 2015.

Medicare.gov | Dialysis Facility Compare

The Official U.S. Government Site for Medicare

[Print all results](#)

Dialysis facility results

4 dialysis facilities within 25 miles from the center of 60625 based on your selected criteria.

Choose up to 3 dialysis facilities to compare. So far you have none selected.

[Compare Now](#)

List View

Customize your list view

- ☒ Distance
- ☒ Shifts Starting After 5 PM
- ☒ In-Center Hemodialysis
- ☒ Peritoneal Dialysis
- ☒ Home Hemodialysis Training

[Select All](#)

Scroll and on the table to view all data. Rotate screen for better viewing .

Viewing 1 - 4 of 4 results

1

Dialysis facility information	Overall Rating	Distance	Shifts starting after 5PM	In-center hemodialysis/No. of stations	Peritoneal dialysis	Home hemodialysis training
<u>(NEPHRON)</u> <u>(DIALYSIS CENTER)</u> <u>(LTD.)</u> 5140 N. CALIFORNIA AVE. SUITE 510 CHICAGO, IL 60625 (773) 293-2100	(5 out of 5 stars)	1.9 Miles	No	Yes/ 8	Yes	No

[Add to Compare](#)
[Add to my Favorites](#)

<u>DAVITA - LITTLE</u> <u>VILLAGE DIALYSIS</u> 2335 W. CERMAK ROAD CHICAGO, IL 60608 (773) 523-2939	5 out of 5 stars	(10.4) Miles	No	Yes/ 0	No	No
--	------------------	-------------------	----	--------	----	----

[Add to Compare](#)
[Add to my Favorites](#)

<u>DAVITA - BUFFALO</u> <u>GROVE DIALYSIS</u> 1291 W. DUNDEE ROAD BUFFALO GROVE, IL 60089 (847) 253-9400	5 out of 5 stars	(23.3) Miles	No	Yes/ 0	No	No
--	------------------	-------------------	----	--------	----	----

[Add to Compare](#)
[Add to my Favorites](#)

Dialysis facility information	Overall Rating	Distance	Shifts starting after 5PM	In-center hemodialysis/No. of stations	Peritoneal dialysis	Home hemodialysis training
<u>DAVITA - SCHAUMBURG RENAL CENTER</u> 1156 S. ROSELLE RD. SCHAUMBURG, IL 60193 (847) 524-4310	5 out of 5 stars	(24.5) Miles	No	Yes/ 0	No	No

[Add to Compare](#)[Add to my Favorites](#)

Viewing 1 - 4 of 4 results

1

Choose up to 3 dialysis facilities to compare. So far you have none selected.

[Compare Now](#)

If footnotes appear in the table, tap the footnote number to see the footnote text. [View more footnote details.](#)

[Map View](#)[Modify your search](#)[Location](#)☒ ZIP Code or City, State

Distance☐ **State****County (Optional)****Dialysis facility name****Filter by:****Overall Star Rating**☒ (4)☐ (17)☐ (35)☐ (14)☐ (16)**Dialysis Facility Characteristics**☐ Shifts starting after 5PM☐ In-center hemodialysis☐ Peritoneal dialysis☐ Home hemodialysis training

Medicare.gov

A federal government website managed by the
Centers for Medicare & Medicaid Services 7500
Security Boulevard, Baltimore, MD 21244



PURPOSE OF PROJECT

The purpose of the project is to reduce the high volume being experienced at the existing facility and to accommodate patients who are presently being turned away due to a lack of treatment spaces. The applicant added two new stations to the facility in September of 2014 and those two stations quickly filled to the point where the applicant is currently treating 42 patients per day six days per week with equals a 100% occupancy rate. Any vacancy which has occurred during the year has been filled in a few days and patients are again being turned away.

The two proposed stations can be accommodated within the existing building without increasing the space or having to remodel the existing space which makes the proposed project the most expedient way to reduce the facilities volume. It is anticipated that the proposed additional stations will also fill but the proposed project will provide some respite to the high occupancy pressure currently occurring at the facility.

Safety Net Impact Statement

This criterion is not applicable to the proposed project

ALTERNATIVES

The applicant considered only two alternatives: Do Nothing or Do the proposed project.

The alternative of doing nothing failed to relieve the high occupancy pressure at the existing facility and required the applicant to continue to refuse care to patients in need of dialysis due to the inability to provide the service. The proposed project adds two additional stations at a very low cost which will allow the applicant to accommodate at least 12 more patients per week.

The applicant chose to provide the additional stations in order to help meet the communities need for service.

SIZE OF PROJECT

The applicant currently has a total of 4,578 GSF in the existing facility. This total will not change as a result of the proposed project. This square footage equates to 286.13 GSF per station, which is lower than the State Board's guidelines allow (470 GSF/station).

PROJECT SERVICES UTILIZATION:

The applicant currently is operating the facility at a 100% occupancy with 84 patients currently receiving treatment three times per week. The State Board standards require the facility to operate three shifts per day six days per week. This requirement means that the applicant would have to have 96 patients to achieve the same 100 % utilization. However, the State Board's standard requires an 80% occupancy rate to be maintained, which based upon the 16 stations proposed being operated 6 days per week for three shifts per day requires only 76.8 or 77 patients per week. Based upon that requirement the applicant's historical utilization already meets the State Board's requirements.

Based upon the applicant's historical experience with filling open spots on their schedule it is anticipated that the proposed project will be operating at or near 100% within the first year of operation and continue to maintain that occupancy rate into the foreseeable future.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1	ESRD	13,104 treatments (84 patients)	14,040 treatments (90 patients)	11,981 treatments (80% utilization of 16 stations)	Yes
YEAR 2	ESRD	14,040 treatments(90 patients)	14,976 treatments (96 patients)	11,981 treatments (80% utilization of 16 stations)	Yes

Planning Area Need – Service to Planning Area Residents

The facility currently provides care to 84 patients in the existing 14 station facility. This equals a 100% occupancy for the facility. Of the 84 patients current utilizing the facility only 3 are from zip codes outside of the service area. The three patients not currently residing in HAS VI are from communities immediately adjacent to the planning area (two from Skokie and one from Lincolnwood) The remaining 81 patients are from the zip codes within the planning area. A list of patient initials by zip code is appended to this attachment.

It is clear from these statistics that the primary purpose of this facility is to serve the residents of the HAS VI planning area.

[Type here]

ATTACHMENT-27a

Nephron Dialysis Center, Ltd.
 5140 N. California Ave. Suite 510
 Chicago, IL 60625-3642
 (773)293-2100
 (773)293-2101:Fax

Date Printed: 08/04/15

Page 1 of 2

Active Patient Listing: *Mon-Wed-Fri*

Shift	First	Last Initial	Zip Code
3rd	IS	A	60613
3rd	E	A	60659
1st	VI	A	60645
2nd	P	A	60625
1st	BI	B	60659
1st	J	C	60646
2nd	C	C	60634
1st	B	D	60625
3rd	J	D	60625
2nd	R	D	60630
2nd	R	D	60076
1st	U	D	60659
1st	D	E	60649
2nd	A	F	60625
2nd	M	H	60659
1st	E	J	60660
2nd	J	J	60645
1st	R	K	60625
3rd	L	K	60625
3rd	J	L	60660
1st	OL	M	60660
3rd	J	M	60626
2nd	AI	M	60712
1st	J	M	60625
3rd	M	M	60647
2nd	A	N	60618
2nd	A	N	60625
2nd	D	P	60645
3rd	T	R	60626
1st	E	R	60618
2nd	J	R	60625
2nd	IO	S	60613
2nd	S	S	60618
3rd	B	S	60625
2nd	L	S	60659
1st	T	S	60625
3rd	C	T	60659
3rd	K	T	60640
1st	C	V	60625
1st	E	W	60625

80

Nephron Dialysis Center, Ltd.
5140 N. California Ave. Suite 510
Chicago, IL 60625-3642
(773)293-2100
(773)293-2101:Fax

Date Printed: 08/04/15

Page 2 of 2

Active Patient Listing: Mon-Wed-Fri

Shift	First	Last	Initial	Zip Code
3rd	C	W		60659
3rd	C	W		60626
3rd	R	Z		60625

Total Patients: ~~48~~

42

Nephron Dialysis Center, Ltd.
5140 N. California Ave. Suite 510
Chicago, IL 60625-3642
(773)293-2100
(773)293-2101:Fax

Date Printed: 08/04/15

Page 1 of 2

Active Patient Listing: *Tue-Thu-Sat*

Shift	First	Last Initial	Zip Code
3rd	S	A	60659
2nd	S	A	60659
1st	M	A	60659
2nd	W	A	60625
2nd	E	B	60656
1st	G	B	60640
3rd	H	B	60645
3rd	A	D	60659
3rd	N	D	60626
3rd	J	E	60618
1st	F	E	60659
2nd	R	F	60625
3rd	GI	F	60712
2nd	RI	F	60645
1st	C	G	60626
3rd	A	H	60659
2nd	E	H	60625
3rd	A	K	60659
1st	L	K	60625
1st	J	L	60625
2nd	A	L	60625
3rd	M	L	60625
1st	C	L	60625
2nd	M	M	60630
3rd	T	M	60625
3rd	J	M	60076
2nd	J	M	60618
1st	D	N	60625
3rd	S	P	60630
2nd	V	P	60625
2nd	Z	S	60625
3rd	L	S	60645
2nd	C	S	60646
1st	A	S	60641
1st	F	S	60618
1st	D	S	60645
2nd	S	T	60660
1st	N	V	60659
3rd	G	V	60618
1st	W	V	60625

Nephron Dialysis Center, Ltd.
5140 N. California Ave. Suite 510
Chicago, IL 60625-3642
(773)293-2100
(773)293-2101:Fax

Date Printed: 08/04/15

Page 2 of 2

Active Patient Listing: *Tue-Thu-Sat*

Shift	First	Last Initial	Zip Code
1st	K	W	60630
2nd	J	Y	60660

Total Patients: 42

Planning Area Need – Service Demand – Expansion of In-Center Hemodialysis

The applicant operated 12 stations in 2012 and 2013 at a 99% occupancy rate in 2012 and a 99.2% occupancy rate in 2013. The facility was expanded to 14 stations in September of 2014 and still maintained an 83% occupancy rate for the year based upon the 14 stations in operation at the end of the year. The applicant is currently operating at 100% of capacity (84 patients), based upon 3 shifts per day 6 days per week,

The applicant turns away requests for patients on a weekly basis. While a list of potential patients has not been kept due to the ability to quickly fill any vacancy which occurs through the death or transfer of a patient. If the 2 additional stations are approved the applicant's occupancy would be reduced to 87.5% even if no new patients were admitted. This figure still exceeds the HFSRB target occupancy of 80%.

The applicant anticipates that the 2 new stations will be occupied within a few weeks of the completion of the project based upon past experience and the number of patients who have requested treatment in the past few months for which no spot has been available.

Staffing – Availability

The facility is currently fully staffed and no additional staff will be needed to operate the proposed two new stations.

Support Services

The required certification letter is appended to this attachment.

The applicant currently provides all of the support services required by this criterion either through contractual relationships with Swedish Covent Hospital or on site within the facility.

Nephron Dialysis Center, Ltd.

**Galter Medical Pavilion
5140 N. California Ave. Suite 510
Chicago, IL 60625
(773) 293-2100
Fax: (773) 293-2101**

September 4, 2015

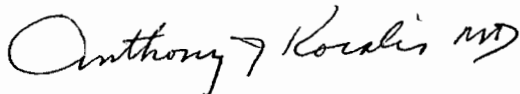
Health Facilities Services Review Board
525 W. Jefferson, 2nd Floor
Springfield, Illinois 62761

Re: Nephron Dialysis Center, Ltd. Support Services

Dear Madam Chairperson:

I am writing this letter to confirm that this facility does participate in the dialysis data system; has available on site social service professionals, and nutrition counseling and assessment. In addition, through Swedish Covenant Medical Center, are available clinical laboratory services, blood bank, rehabilitation services, and psychiatric services. The facility also provides training in self-care dialysis, self-care instruction, home and home assisted dialysis.

Sincerely,

A handwritten signature in cursive script that reads "Anthony J. Kocalis MD". The signature is written in dark ink and is positioned above the printed name and title.

Anthony J. Kocalis, MD
President and CEO

Nephron Dialysis Center, Ltd.

Galter Medical Pavilion

5140 N. California Ave. Suite 510

Chicago, IL 60625

(773) 293-2100

Fax: (773) 293-2101

September 4, 2015

Health Facilities Services Review Board
525 W. Jefferson, 2nd Floor
Springfield, Illinois 62761

Re: Nephron Dialysis Center, Ltd. Assurances

Dear Madam Chairperson:

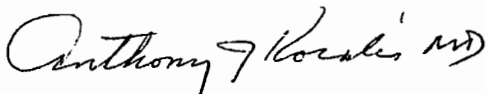
I am writing this letter to confirm that this facility will achieve by the second year of operation the Boards target occupancy level and maintain that utilization level. In fact, the facility has a patient workload to assure that the occupancy target will be met immediately upon opening the two new stations.

The facility will also achieve and maintain compliance with the following adequacy of hemodialysis out-come measures:

85% of hemodialysis patient population achieves urea reduction ratio (URR) 65% and 85% of dialysis patient population achieves Kt/V Daugirdas II 1.2.

In fact, the facility presently maintains a 100% adequacy of hemodialysis outcome measures.

Sincerely,



Anthony J. Kocalis, MD
President and CEO

1120.120 - Availability of Funds

Appended to this application is the latest bank statement for the facility which shows that the proposed \$30,000 expenditure can be made from cash currently available to the applicant.



JPMorgan Chase Bank, N.A.
Illinois Market
P O Box 659754
San Antonio, TX 78265-9754

July 01, 2015 through July 31, 2015
Primary Account: 000000616780110

CUSTOMER SERVICE INFORMATION

If you have any questions about your statement, please contact your Customer Service Professional.



00000011 DDI 111 151 21315 NNNNNNNNNN P1 000000000 61 0000

NEPHRON DIALYSIS CENTER LTD
5140 N CALIFORNIA AVE STE 510
CHICAGO IL 60625-3660

We updated your Deposit Account Agreement

We made the following changes to your agreement on July 19, 2015:

- Revised the explanation of when funds will be available after you deposit checks drawn on a Chase account in a branch or at an ATM or eATM
- Updated the language about powers of attorney to clarify our responsibilities when you use one
- Clarified that the special provisions for card transactions (Zero Liability Protection) also apply to business accounts

Also, starting September 20, 2015, ATM cards can only be used at ATMs and eATMs and can no longer be used to purchase goods and services. This doesn't change how debit cards are used.

You can view a copy of your updated agreement anytime by logging in to chase.com, or by visiting any of our branches. If you have questions, please call us at the number on this statement or visit any of our branches.

Our worksheet for balancing your checkbook is now on chase.com

Beginning July 20, your statement will no longer include our worksheet for balancing your checkbook. You can still access this form on chase.com.

To find this guide online:

1. Go to chase.com/checking/account-tips
2. Scroll down to the section titled Track Your Spending
3. Download the Balancing Your Checkbook Worksheet

Please call us at the number on this statement if you have any questions.

CONSOLIDATED BALANCE SUMMARY

ASSETS

	ENDING BALANCE PRIOR PERIOD	ENDING BALANCE THIS PERIOD
Checking		
Chase BusinessClassic 000000616780110	\$422,971.73	\$434,798.26
Total	\$422,971.73	\$434,798.26



July 01, 2015 through July 31, 2015
Primary Account: 000000616780110

CONSOLIDATED BALANCE SUMMARY	(continued)
-------------------------------------	-------------

Savings	ENDING BALANCE PRIOR PERIOD	ENDING BALANCE THIS PERIOD
Chase Business Select High Yield Savings 000002722856487	100,049.42	100,057.89
Total	\$100,049.42	\$100,057.89
<hr/>		
TOTAL ASSETS	\$523,021.15	\$534,856.15

All Summary Balances shown are as of July 31, 2015 unless otherwise stated. For details of your retirement accounts, credit accounts or securities accounts, you will receive separate statements. Balance summary information for annuities is provided by the issuing insurance companies and believed to be reliable without guarantee of its completeness or accuracy.

1120.130 - Financial Viability

The applicant is Nephron Dialysis center Limited and there are no other co-applicant's involved in this project. Since the proposed project does not include any debt financing and the applicant has documented that the funds are available to fund this project completely from cash reserves it does not appear that financial ratios are applicable to this project.

1120.140 - Economic Feasibility

- A. Reasonableness of Financing Arrangements**
- B. Conditions of Debt Financing**

These two criteria are not applicable since there is no debt financing involved in the proposed project.

- C. Reasonableness of Project and Related Costs**

The only costs associated with this project is the cost of the two new Dialysis machines, \$30,000 for which the State Board does not have any standards with which this cost can be compared. No construction or other costs are included in this project cost.

- D. Projected Operating Costs**
- E. Total Effect of the Project on Capital Costs**

Since this facility does not have equivalent patient days these two figures cannot be calculated

Charity Care Information

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue	2012	2013	2014
Amount of Charity Care (charges)	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0

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	1-2
2	Site Ownership	28-57
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	59
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	61
5	Flood Plain Requirements	NA
6	Historic Preservation Act Requirements	NA
7	Project and Sources of Funds Itemization	62
8	Obligation Document if required	NA
9	Cost Space Requirements	63
10	Background of the Applicant	64-73
11	Discontinuation	NA
12	Purpose of the Project	74
13	Safety Net Impact Statement	75
14	Alternatives to the Project	76
15	Size of the Project	77
16	Project Service Utilization	78
17	Unfinished or Shell Space	NA
18	Assurances for Unfinished/Shell Space	NA
19	Master Design Project	NA
20	Mergers, Consolidations and Acquisitions	NA
	Service Specific:	NA
21	Medical Surgical Pediatrics, Obstetrics, ICU	NA
22	Comprehensive Physical Rehabilitation	NA
23	Acute Mental Illness	NA
24	Neonatal Intensive Care	NA
25	Open Heart Surgery	NA
26	Cardiac Catheterization	NA
27	In-Center Hemodialysis	78-88
28	Non-Hospital Based Ambulatory Surgery	NA
29	Selected Organ Transplantation	NA
30	Kidney Transplantation	NA
31	Long Term Acute Care Hospital	NA
32	Clinical Service Areas Other than Categories of Service	NA
33	Freestanding Emergency Center Medical Services	NA
	Financial and Economic Feasibility:	89-91
34	Availability of Funds	NA
35	Financial Waiver	92
36	Financial Viability	93
37	Economic Feasibility	NA
38	Charity Care Information	94