

Original

11-117

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

DEC 14 2011

This Section must be completed for all projects.

Facility/Project Identification

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility Name: Silver Cross Renal Center		
Street Address: 1890 Silver Cross Boulevard		
City and Zip Code: New Lenox, Illinois 60451		
County: Will	Health Service Area 009	Health Planning Area: 009

Applicant /Co-Applicant Identification

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

Exact Legal Name: Total Renal Care, Inc.		
Address: 1551 Wewatta Street, Denver, CO 80202		
Name of Registered Agent: Illinois Corporation Service Company		
Name of Chief Executive Officer: Kent Thiry		
CEO Address: 1551 Wewatta Street, Denver, CO 80202		
Telephone Number: (303) 405-2100		

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

- 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 during the review period]

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

Additional Contact

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

Name: Kelly Ladd
Title: Regional Operations Director
Company Name: DaVita Inc.
Address: 2659 N. Milwaukee Ave., 2 nd Floor, Chicago, Illinois 60647
Telephone Number: 815-459-4694
E-mail Address: kelly.ladd@davita.com
Fax Number: 866-366-1681

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Silver Cross Renal Center			
Street Address: 1890 Silver Cross Boulevard			
City and Zip Code: New Lenox, Illinois 60451			
County: Will	Health Service Area	009	Health Planning Area: 009

Applicant /Co-Applicant Identification

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

Exact Legal Name: DaVita Inc.	
Address: 1551 Wewatta Street, Denver, CO 80202	
Name of Registered Agent: Illinois Corporation Service Company	
Name of Chief Executive Officer: Kent Thiry	
CEO Address: 1551 Wewatta Street, Denver, CO 80202	
Telephone Number: (303) 405-2100	

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

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Telephone Number: 815-459-4694
E-mail Address: kelly.ladd@davita.com
Fax Number: 866-366-1681

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960

Name: Kelly Ladd
Title: Regional Operations Director
Company Name: DaVita Inc.
Address: 2659 N. Milwaukee Ave., 2 nd Floor, Chicago, Illinois 60647
Telephone Number: 815-459-4694
E-mail Address: kelly.ladd@davita.com
Fax Number: 866-366-1681

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: SCH MSB LLC
Address of Site Owner: 1621 18th Street, Suite 250, Denver, Colorado 80202
Street Address or Legal Description of Site: 1890 Silver Cross Boulevard, New Lenox, IL 60451 Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Total Renal Care, Inc.
Address: 1551 Wewatta Street, Denver, CO 80202
<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"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.
APPEND DOCUMENTATION AS <u>ATTACHMENT-3</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

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

Part 1110 Classification:

- Substantive
 Non-substantive

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

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

2. Narrative Description

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

The proposed project contemplates a change in ownership of Silver Cross Renal Center. Total Renal Care, Inc., a subsidiary of DaVita, Inc., will acquire substantially all of the assets of Silver Cross Renal Center from Silver Cross Hospital & Medical Center. The proposed transaction includes the sale 3 in-center hemodialysis facilities to Total Renal Care, Inc. for approximately \$30 million.

Silver Cross Renal Center is a 19 station in-center hemodialysis facility located at 1890 Silver Cross Boulevard, New Lenox, Illinois 60451. The new operating entity will be Total Renal Care, Inc.

The acquisition is projected to be complete by June 30, 2012.

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

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$9,493,372		\$9,493,372
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$9,493,372		\$9,493,372
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$9,493,372		\$9,493,372
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$9,493,372		\$9,493,372
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

Land acquisition is related to project Yes No
 Purchase Price: \$ _____
 Fair Market Value: \$ _____

The project involves the establishment of a new facility or a new category of service
 Yes No

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

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

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

None or not applicable Preliminary
 Schematics Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2012

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

- Purchase orders, leases or contracts pertaining to the project have been executed.
 Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
 Project obligation will occur after permit issuance.

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

State Agency Submittals

Are the following submittals up to date as applicable:

- Cancer Registry **NOT APPLICABLE**
 APORS **NOT APPLICABLE**
 All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
 All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

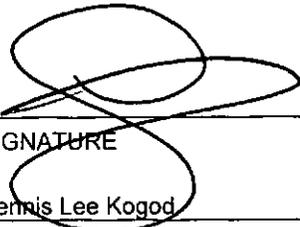
FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:		From:	to:		
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal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

CERTIFICATION

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

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

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



SIGNATURE

Dennis Lee Kogod

PRINTED NAME

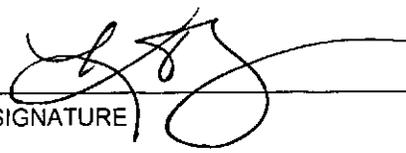
Chief Operating Officer

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this _____ day of _____

Signature of Notary

Seal *see attached*



SIGNATURE

Kim M. Rivera

PRINTED NAME

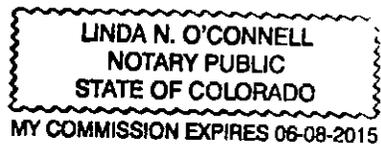
Secretary

PRINTED TITLE

Notarization:
Subscribed and sworn to before me,
this 22 day of August, 2011



Signature of Notary

Seal 

*Insert EXACT legal name of the applicant

CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

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

State of California
 County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me
 on this 19 day of AUGUST, 2011,
 by _____
 (1) DENNIS L. KOEHL
 Name of Signer



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

(2) _____
 Name of Signer

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

Signature [Handwritten Signature]
 Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

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

Further Description of Any Attached Document

Title or Type of Document: CERTIFICATION ADMIT APPLICATION COARINA

Document Date: DDMM Number of Pages: 1

Signer(s) Other Than Named Above: KIM RIVERA

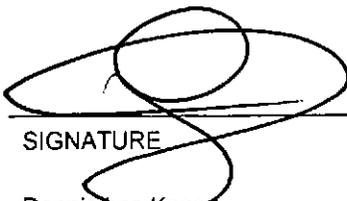
RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

CERTIFICATION

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

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

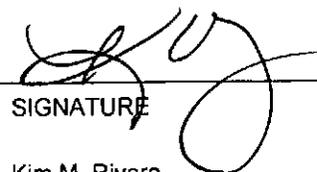
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 SIGNATURE
 Dennis Lee Koged

 PRINTED NAME
 Chief Operating Officer

 PRINTED TITLE



 SIGNATURE
 Kim M. Rivera

 PRINTED NAME
 Secretary

 PRINTED TITLE

Notarization:
 Subscribed and sworn to before me
 this _____ day of _____

Notarization:
 Subscribed and sworn to before me
 this 22 day of August, 2011

Signature of Notary
 Seal *see attached*



 Signature of Notary
 Seal


*Insert EXACT legal name of the applicant

CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

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

State of California
 County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me
 on this 18 day of AUGUST, 2011
 by _____
 (1) DENNIS L KOEHL
 Name of Signer



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

 (2) _____
 Name of Signer

proved to me on the basis of satisfactory evidence
 to be the person who appeared before me.)
 Signature Evette Johnson
 Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

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

Further Description of Any Attached Document

Title or Type of Document: Certification Affidavit Application (TRC)

Document Date: none Number of Pages: 1

Signer(s) Other Than Named Above: KIM RIVERA

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

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

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

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

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

PURPOSE OF PROJECT

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

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

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

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

ALTERNATIVES

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

Alternative options **must** include:

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

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

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

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

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

A. Criterion 1110.240(b), Impact Statement

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

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

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

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

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

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

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

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

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

VIII. - 1120.120 - Availability of Funds

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

\$9,493,372	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.
\$9,943,372	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

2. Variance

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

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

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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 -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

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

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

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

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

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

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

Section I, Identification, General Information, and Certification
Applicants

Certificates of Good Standing for DaVita Inc. and Total Renal Care, Inc. (the "Applicants" or "DaVita") are attached at Attachment – 1. Total Renal Care, Inc., a subsidiary of DaVita Inc., will acquire substantially all of the assets of Silver Cross Renal Center from Silver Cross Hospitals and Medical Centers, Inc. ("Silver Cross"). DaVita Inc., as the parent corporation of Total Renal Care, Inc., is named as an applicant. DaVita Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita Inc. from Delaware, the state of its incorporation, is attached.

Delaware

PAGE 1

The First State

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

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

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

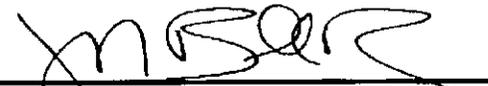
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

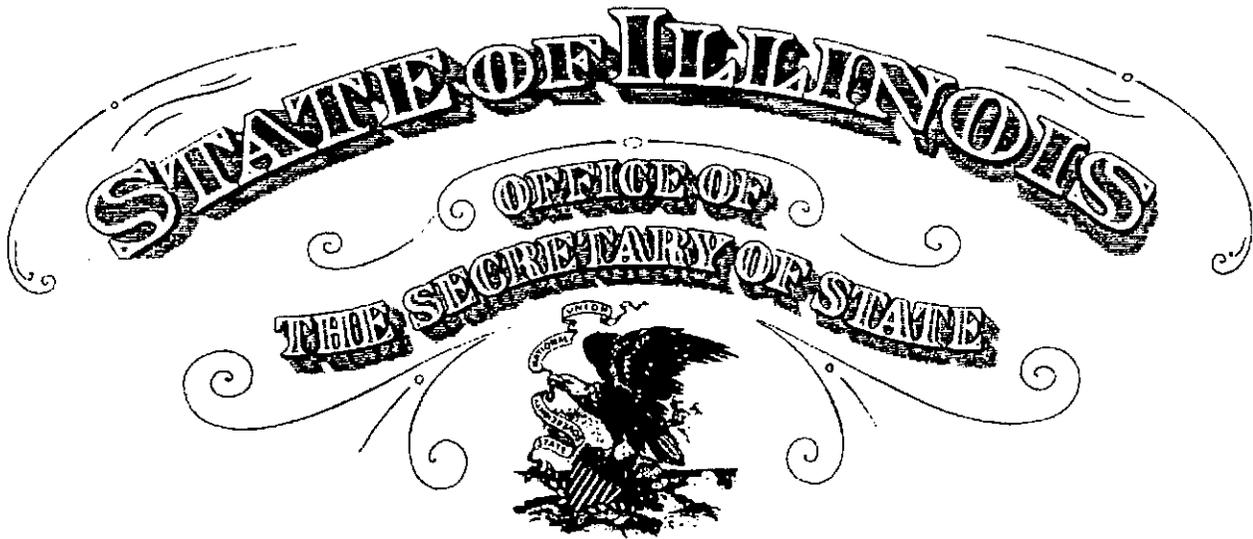
101133217



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


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8386715

DATE: 11-30-10



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

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of OCTOBER A.D. 2010



Jesse White

SECRETARY OF STATE

Authentication #: 1029100457
Verify at www.cyberdriveillinois.com

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

A copy of the lease between SCH MSB LLC and Silver Cross Hospitals and Medical Centers, Inc. is attached at Attachment – 2.

MEDICAL BUILDING LEASE SUMMARY

Lower Level, First Floor and Additional Space
Silver Cross Medical Services Building

Tenant Name:	Silver Cross Hospital and Medical Centers, an Illinois not-for-profit corporation	
Tenant's Notice Address:	1200 Maple Road Joliet, Illinois 60432 Attn: William Brownlow Phone: 815-740-1100 Fax: 815-740-3566	
With a Copy to (if applicable):	Bruce A. Salk, Esq. Cohen, Salk & Huvard, P.C. 630 Dundee Road, Suite 120 Northbrook, IL 60062 Phone: 847-480-7677 Fax: 847-480-7882	
And a Copy to:	1200 Maple Road Joliet, Illinois 60432 Attn: Vice President of Finance Phone: 815-740-1100 Fax: 815-740-3566	
Tenant's Representative	William Brownlow	
Landlord Name:	SCH MSB LLC, a Colorado limited liability company	
Landlord Notice Address:	c/o NexCore Group LP 1621 18 th Street, Suite 250 Denver, Colorado 80202 Attention: Robert D. Gross Phone: 303-244-0700 Fax: 303-244-0720	
Landlord's Representative	Gregory Venn	
If prior to the Commencement Date, with a Copy to:	Gorrell Giles PC 1331 17 th Street, Suite 1000 Denver, Colorado 80202 Attention: Teryl R. Gorrell, Esq. Phone: 303-996-7200 Fax: 303-996-2680	
Rentable Area-Premises	79,050 square feet (67,550 Primary Space; 11,500 Additional Space TBD)	
Rentable Area - Building	198,013 square feet	
Anticipated Commencement Date	December 1, 2011	
Plan Approval Deadline :	Per Exhibit D	
Term	180 full calendar months following Commencement Date	
Initial Base Rent	\$30.75/RSF/lease year/Primary Space \$18.25/RSF/lease year/Additional Space	Escalation: 3% annually/all RSF
Tenant's Pro Rata Share of Operating Expenses	39.92%	
Security Deposit	Only pursuant to Section 6.1(c)	
Tenant Improvement Allowance	\$50.00/RSF/Primary Space (None on Additional Space)	
Guarantors	None	
Parking	As set forth in Section 3.4	
Exhibits	Exhibit A Property Exhibit B Premises, Common Areas and Lobby Exhibit C Measurement Guidelines and Diagrams	

	Exhibit D	Work Letter
	Exhibit E	Premises Acceptance Letter
	Exhibit F	Tenant's Personal Property
	Exhibit G	Rules and Regulations
	Exhibit H	Additional Space

MEDICAL BUILDING LEASE

THIS MEDICAL BUILDING LEASE ("Lease") is made effective as of the ___ day of September, 2009, by and between SCH MSB LLC, a Colorado limited liability company ("Landlord"), and Silver Cross Hospital and Medical Centers, an Illinois not-for-profit corporation ("Silver Cross" and "Tenant").

RECITALS

Landlord is the ground lessee of a tract of land, located in the Village of New Lenox, Will County, Illinois, as more particularly described and depicted in Exhibit A ("Property"), pursuant to a Ground Lease Agreement by and between Silver Cross, as Ground Lessor, and Landlord, as Ground Lessee ("Ground Lease"). Silver Cross owns a seventy (70) acre (more or less) parcel of real estate in the Village of New Lenox, Illinois, part or all of which land Silver Cross desires to have developed into a medical campus (the "Campus"). As further described herein, Landlord shall construct on the Property a medical services building (the "Building") in accordance with the terms and conditions of the Ground Lease. The Building and Property will be part of the Campus, which will include a new replacement hospital constructed by Silver Cross (the "Hospital").

ARTICLE 1 BASIC PROVISIONS

1.1 Premises. The leased premises ("Premises") will be located in the Building. The lower level and first floor Premises (the "Primary Space") are depicted on Exhibit B, and the remaining 11,500 of additional space comprising the Premises ("Additional Space") will be in the Building at a location to be determined. The Building will include a three-level connector walkway between the Hospital and the Building (the "Connector"). The lower level and first floor portions of the Connector are part of the Premises. The Premises also includes a portion of the "Main Hallway" located on the first floor of the Building as well as the first floor restrooms accessible from the Main Hallway (the "First Floor Restrooms," all as identified and depicted on Exhibit B. The Building will be connected to a lobby structure (the "Lobby") that will connect the Building with an existing two-story medical office building to the south of the Building (the "MOB"). The Lobby is depicted on Exhibit B. The Lobby is not part of the Premises. It is a common amenity serving the Building and the MOB. The Connector, the Main Hallway, the First Floor Restrooms and the Lobby shall be accessible from the Premises and Common Areas of the Building, and they shall be available for non-exclusive use by Landlord and all tenants of the Building and their employees, agents, contractors, patients and invitees. Landlord and Tenant may also agree by separate document(s) to make these areas available for non-exclusive use by the landlord and tenants of the MOB and their employees, agents, contractors, patients and invitees collectively, the "MOB Occupants."

1.2 Rentable Area. The rentable area of the Primary Space will be approximately 67,550 square feet. The rentable area of the Additional Space will be 11,500 square feet. The rentable area of the entire Premises will be approximately seventy-nine thousand fifty (79,050) square feet ("Premises Rentable Area"). The rentable area of the entire Building will be approximately one hundred ninety eight thousand thirteen (198,013) square feet ("Building Rentable Area"). Following the completion of construction of the core and shell of the Building ("Shell and Core") and the Tenant Improvements (defined in the Work Letter), the actual rentable area of the Primary Space, the Premises Rentable Area and the Building Rentable Area shall be determined by Landlord's architect in accordance with the

measurement guidelines, methodology and diagrams set forth on **Exhibit C**, and they shall be set forth in the Premises Acceptance Letter (defined below).

1.3 **Commencement Date.** Landlord anticipates that the Term of this Lease will commence December 1, 2011 (the "**Anticipated Commencement Date**"). The actual "**Commencement Date**" shall mean the later of (A) December 1, 2011 or (B) the date of substantial completion of the Tenant Improvements. The term "**Substantial Completion**" shall have the same meaning for this Lease as the term "Substantial Completion of the Ground Lessee Improvements" in Article 6 of the Ground Lease. If (1) there is Tenant Delay as defined in the Work Letter, and (2) the Commencement Date would have occurred but for such Tenant Delay, and (3) Tenant is not within a notice and cure period triggered by a Ground Lessor Delay Notice as defined in Section 7.1(b) of the Ground Lease, and (4) Tenant is not at such time obligated to make a payment to Landlord pursuant to Section 7.1(c) of the Ground Lease, then the date on which the Commencement Date would have occurred but for such delay shall be deemed the Commencement Date.

1.4 **Term and Renewal Terms.** The Term of this Lease shall commence at 12:01 a.m. on the Commencement Date, and shall expire at 11:59 p.m. on the last day of the month that is 180 full calendar months after the Commencement Date (the "**Expiration Date**"), unless this Lease is terminated earlier. Provided that there exists no default by Tenant hereunder beyond any applicable cure period at the time the option is exercised, Tenant shall have the option to extend this Lease for two (2) consecutive periods of ten (10) years each (each, a "**Renewal Term**," and, collectively, the "**Renewal Terms**") by delivery of written notice of such exercise to Landlord not less than 180 days prior to the expiration of the Term or the then-current Renewal Term, as applicable. The terms and conditions applicable to each Renewal Term shall be the same as those applicable to the Term, except that the Work Letter and provisions thereof shall not apply, and Landlord shall not be obligated to perform any tenant improvements with respect to either Renewal Term.

1.5 **Base Rent.** Tenant shall pay Landlord, as "**Base Rent**" during the first Lease Year (defined below) of the Term, thirty and 75/100 dollars (\$30.75) for each square foot of Premises Rentable Area located in the lower level and first floor of the Premises Rentable Area plus eighteen and 25/100 dollars (\$18.25) for each square foot of the remaining 11,500 square feet of Premises Rentable Area. Thereafter, Tenant shall pay Landlord escalated Base Rent for each Lease Year of the Term and any Renewal Term, in the amount determined in accordance with Section 1.6. Base Rent shall be payable in advance on the Commencement Date and thereafter on the first day of each month of a Lease Year in twelve (12) equal installments. Base Rent due for any partial month prior to the commencement of the first Lease Year shall be payable in advance and shall be a prorated per diem amount determined by dividing the Base Rent payable for the first Lease Year by 365 and multiplying the quotient by the number of days from the Commencement Date to the end of the month in which the Commencement Date occurs. "**Lease Year**" shall mean each period of twelve (12) consecutive full calendar months, thereafter occurring sequentially through the Term. The first Lease Year shall commence on the Commencement Date if it is the first day of a calendar month, but if the Commencement Date is other than the first day of a calendar month, then the first Lease Year shall commence on the first day of the first full calendar month after the Commencement Date.

1.6 **Base Rent Escalation.** Beginning on the first day of the second Lease Year, and thereafter on each anniversary of that date during the Term and each Renewal Term, the then-current Base Rent shall escalate by three percent (3%) over the Base Rent for the preceding Lease Year.

1.7 **Tenant's Operating Expenses.** Tenant's pro rata share of Operating Expenses ("**Tenant's Pro Rata Share of Operating Expenses**") shall be a fraction, the numerator of which is the Premises Rentable Area and the denominator of which is the Building Rentable Area. Tenant's Pro Rata

Share of Operating Expenses will be approximately thirty-nine and 92/100 percent (39.92%), but it shall be subject to final determination when the post-construction determination of Premises Rentable Area and Building Rentable Area are determined as provided in Section 1.2. Tenant's Pro Rata Share of Operating Expenses shall be set forth in the Premises Acceptance Letter.

1.8 **Additional Rent.** All sums other than Base Rent that Tenant must pay under this Lease shall be deemed to be "**Additional Rent**" and shall be payable on demand unless other payment dates are set forth herein. "**Rent**" as used herein includes both Base Rent and Additional Rent.

1.9 **Payment of Rent.** The first payment of Base Rent and Landlord's estimate of Tenant's Pro Rata Share of Operating Expenses shall be due on the Commencement Date. All other payments of Base Rent and Tenant's Pro Rata Share of Operating Expenses shall be due in advance on the first day of each calendar month during the Term, in equal monthly installments of Base Rent and Tenant's Pro Rata Share of Operating Expenses, except that Rent for any period that is for less than one month shall be prorated on a per diem basis, and, in the case of the first payment, shall be made in advance for any remaining fraction of the month and the next full month. Payments shall be made to Landlord, in U.S. dollars, at the address set forth in the Lease Summary or such other place as Landlord may from time to time designate in writing. Upon the request of Landlord, Tenant shall make monthly payments of Base Rent and Tenant's Pro Rata Share of Operating Expenses utilizing automated clearing house (ACH) or other electronic funds transfer services that permit only Tenant to initiate payment. Landlord shall provide Tenant with all necessary information to permit Tenant to make ACH or other electronic payments of Rent. The covenants in this Lease to pay Rent shall be independent of any other covenant set forth in this Lease. Rent is payable without any setoff or deduction whatsoever, and without any abatement except as provided in Sections 5.1, 8.2 and 10.3.

1.10 **Tenant Improvements.** The interior finish of the Primary Space shall be designed and constructed in accordance with the provisions of Article 6 of the Ground Lease, as supplemented by the Work Letter attached hereto as **Exhibit D. "Tenant Improvements," "Tenant Improvement Plans and Specifications,"** and "**Tenant Delay.**" as such terms are used in this Lease are defined in the Work Letter. Landlord shall provide Tenant with a tenant improvement allowance for the construction of Tenant Improvements in the Primary Space only, as provided in the Work Letter (the "**Tenant Improvement Allowance**"). Landlord will make reasonable efforts to encourage its general contractor for the Tenant Improvements to seek subcontract bids from local contractors and to accept such bids where reasonable in the judgment of the general contractor.

1.11 **Security Deposit.** See Section 6.1(c).

1.12 **Guaranty.** [Intentionally Deleted].

1.13 **Notices; Addresses for Payments.** Any notice required or permitted to be given shall be in writing and shall be given by: (a) hand delivery and shall be deemed given on the date delivered; (b) overnight delivery and shall be deemed delivered the following Business Day; or by facsimile or electronic mail only if the recipient acknowledges by written reply that delivery of the Notice by such means has been accepted. Notices of default may only be given by hand delivery or overnight delivery and may not be given by facsimile or electronic mail. Notices and payments shall be delivered to the address set forth in the Lease Summary. "**Business Day**" shall mean any day that is not a Saturday, Sunday, or official holiday under the laws of the State of Illinois or the United States.

ARTICLE 2
DELIVERY OF PREMISES AND ALTERATIONS

2.1 **Delivery of Premises.** Landlord shall tender possession of the Premises to Tenant on the Commencement Date, unless the Commencement Date is a deemed Commencement Date under Section 1.3 as a result of Tenant Delay or any delay of Tenant in achieving "Substantial Completion of Ground Lessor's MIB Released Improvements" or "Substantial Completion of the Hospital" in which case the Premises shall be delivered the day after Substantial Completion of the Tenant Improvements.

2.2 **Late Delivery.** Landlord understands that time is of the essence for construction of the Tenant Improvements. If the Substantial Completion of the Tenant Improvements does not occur on or before the Anticipated Completion Date, as extended by the amount of Tenant Delay hereunder or for any "Permitted Construction Delays" as defined in the Ground Lease, Tenant shall have such remedy as is provided therefore in the Ground Lease.

2.3 **Major Construction Failure.** If Landlord shall fail to comply with the timelines for the construction of the Tenant Improvements in accordance with the construction timelines established in Article 6 of the Ground Lease or the Work Letter, then Tenant shall have the remedies provided in Article 6 of the Ground Lease. If such failure ultimately results in termination of the Ground Lease by Tenant as Ground Lessor, then such failure, in Tenant's sole discretion, shall be deemed a default by Landlord under this Lease, and this Lease shall terminate.

2.4 **Acceptance of Premises.** Landlord shall deliver possession of the Premises to Tenant on the Commencement Date. Upon the Commencement Date and prior to Tenant taking possession of the Premises, Tenant shall execute an acceptance letter substantially in the form of **Exhibit E** attached hereto (the "**Premises Acceptance Letter**"). Tenant's occupancy of the Premises (or Tenant's failure to participate in the Inspection, as set forth in the Work Letter) shall be conclusive evidence that the Premises are in the condition required by the Tenant Improvement Plans and Specifications, except as to incomplete or defective items specified in the punch-list and for which Landlord is responsible and except for latent defects not observable at the time of the Inspection.

2.5 **Alterations and Additions.** Tenant shall not, without Landlord's prior written consent, make any alterations, improvements, additions or utility installations in, on or about the Premises (collectively, "**Alterations**") that cost more than \$250,000 each or more than \$500,000 cumulatively per year, or, regardless of cost, that impact or involve any structural components of the Building or Building Systems, or that involve penetrations of the exterior or roof of the Building. "**Building Systems**" means heating, ventilation, air conditioning, fire protection and life safety systems, power panels, electrical distribution systems, plumbing, gas distribution systems, pneumatic systems, lighting fixtures, and telecommunications wiring, conduit and equipment, other than those that serve the Premises exclusively and no other portion of the Building. Prior to the installation of any equipment in the Premises that would impact or involve any structural components of the Building or Building Systems or would involve the transporting of medical specimens or waste or the use or generation of Hazardous Substances, Tenant shall request Landlord's consent (which shall not be unreasonably withheld, delayed or conditioned), and concurrently with such request, provide Landlord with a list of such equipment; a list of any Hazardous Substances that will be used or generated in connection with the use of such equipment; and Tenant's proposed procedures for the use, storage and disposal of any Hazardous Substances, all of which shall be in compliance with applicable laws, rules and/or regulations of any governmental authority having jurisdiction over same including the Illinois Department of Public Health. Landlord shall have the right to reasonably review such compliance and Tenant shall at its sole cost and expense provide such evidence as Landlord may reasonably require establishing such compliance including certifications and reports for engineers and/or environmental consultants approved by Landlord regarding same. Landlord shall have

the right to reasonably approve the installation of such equipment. If Landlord shall not respond to Tenant's request within ten (10) Business days after receipt thereof, Landlord shall be deemed to have approved the installation of the equipment. All Alterations shall be in conformity with the specifications set forth in the Tenant Improvement Plans and Specifications in **Exhibit D** and shall be made in a good, workmanlike and lien-free manner, and shall not be made with materials known to be susceptible to mold growth. Prior to constructing any Alterations that involve additions or modifications to the Premises, whether or not Landlord's prior consent is required, Tenant shall deliver to Landlord drawings of the Alterations. Tenant shall use only such contractors as Landlord shall have expressly approved, which approval shall not be unreasonably withheld, delayed or conditioned and shall be conclusively deemed given in the event Landlord does not reply within ten (10) Business Days after receipt by Landlord of Tenant's notice. Should Tenant make any Alterations requiring Landlord's consent without Landlord's prior approval, or use any contractor Landlord has not expressly approved, Landlord may, in addition to declaring a default by Tenant, require that Tenant remove any part or all of the unauthorized Alterations at any time during the Term and restore the Premises to their original condition as of the Commencement Date. Tenant's contractors shall comply with the insurance requirements of Section 7.1(c). Tenant shall indemnify the Landlord Indemnitees (defined below) against, and hold them harmless from, any Claims and Costs (defined below) made against or incurred by Landlord arising from or related to the Tenant's or subtenants' activities pursuant to this Section 2.5.

2.6 **Surrender.** On the Expiration Date or earlier termination of this Lease, Tenant shall peaceably and quietly quit and surrender the Premises to Landlord in the same condition as received on the Commencement Date and subsequently approved Alterations that Landlord did not indicate at the time of approval would be required to be removed, broom-clean and free of debris, subject only to ordinary wear and tear and loss by casualty or condemnation. Prior to the end of the Term, and unless otherwise provided herein, Tenant, at its sole cost and expense, shall remove all of Tenant's personal property (the "**Personal Property**"), including without limitation its equipment, machinery, trade fixtures, computer equipment, wiring and cabling (but excluding in-wall and above ceiling wiring and cable) in the Premises and shall repair any damage resulting from such removal. Any Personal Property not so removed shall be deemed abandoned, and Landlord may keep, utilize, reuse, or dispose of the same and charge the cost of such disposal to Tenant. Tenant shall leave in place all items that are permanently attached to the Premises, including, but not limited to, floor coverings, paneling, doors, drapes, built-in items (such as cabinetry and countertops), moldings, sound attenuation systems, lighting systems, and outlets. All Tenant Improvements or Alterations, other than Personal Property Tenant is permitted to remove, shall be the property of Landlord and shall remain upon and be surrendered with the Premises. For purposes of clarity, Tenant and Landlord agree to attach as **Exhibit F** a schedule of Tenant's Personal Property that Tenant shall be permitted to remove at the end of the Term.

ARTICLE 3 PERMITTED USE; USE RESTRICTIONS

3.1 **Permitted Use.** So long as Silver Cross or any Permitted Assignee (defined below) is the "Tenant" under this Lease, the Premises shall be used exclusively for any one or more of: general office use, physicians' or medical-professional offices, surgical facilities, out-patient diagnostic general offices, diagnostic imaging, and ancillary uses (including such uses of the hallways and lobby areas in the basement and first floor levels of the Building as described below) all without any restrictions whatsoever relating to specific types of medical uses, procedures or facilities that can be conducted in the Premises, but in all cases in accordance with all applicable laws and any applicable restrictions in the Ground Lease or herein (the "**Permitted Use**"). Tenant's Permitted Use rights shall include the right to decorate, equip and furnish the lower level and first floor levels of the Connector and all hallways located on the lower level and first floor of the Building and to furnish (or allow licensees to furnish) retail uses or services that offer conveniences to other Occupants, which conveniences include, but are not limited to, a coffee

and/or sandwich shop, delicatessen, one or more beverage kiosks or counters, or a bank and/or automated teller machines. Tenant may not obstruct the circulation of Occupants throughout the Connectors, the Main Hallway, the First Floor Restrooms and the Lobby, but Tenant will have the right to exercise control of such areas, subject to compliance with applicable laws, the Ground Lease, the Declaration and such rights and obligations as Landlord and Tenant may agree by separate document. Landlord acknowledges that by virtue of the Silver Cross ownership interest in the Campus and operation of the Hospital, Silver Cross will not be subject to the use restrictions that may apply to other tenants of the Building. The Premises shall not be used for any other purpose than a Permitted Use whatsoever without the prior written consent of Landlord, which consent may be given or withheld in the reasonable discretion of Landlord. The Permitted Use, and Tenant's other rights and obligations hereunder, shall be subject to all recorded covenants, conditions, restrictions, easements, and other agreements affecting the Property, and any subsequent amendments thereto (provided such subsequent amendments do not interfere with Tenant's use and enjoyment of the Premises for the Permitted Use). Landlord reserves the right to grant to other tenants in the Building, from time to time, the exclusive right to perform certain procedures from their premises; provided, however, Landlord shall not have the right to grant any exclusive uses in the Building that would be enforceable against Tenant and Landlord shall disclose to other tenants that there are no specific restrictions on the Permitted Use and that any exclusive granted to such tenant may restrict other tenants in the Building but will not restrict Tenant. Tenant acknowledges that Tenant's agreement to use or permit the Premises only for the Permitted Use is a material inducement for Landlord's execution of this Lease.

3.2 **Common Areas.** "**Common Areas**" means portions of the Building or the Property, the Lobby, and any portions of other buildings or property, provided for use in common by Tenant and other Occupants, but excluding the Connectors, the portion of the Main Hallway located in the Premises and the First Floor Restrooms. The Common Areas are depicted on "**Exhibit B**" attached hereto. During the Term, Tenant shall have the non-exclusive right to use the Common Areas, subject to the terms of this Lease, the Rules and Regulations, and the requirements and limitations of any covenants, conditions, restrictions, easements, operating agreements or other agreements affecting the Building, the Lobby, the Property and the Common Areas.

3.3 **Use of Campus.** Under the Ground Lease, Silver Cross may grant Landlord and other parties the non-exclusive right to use and enjoy those portions of the Campus and the improvements thereon as Silver Cross may designate as such from time to time as being for the common use and enjoyment of such parties. Nothing in this Lease shall be deemed to obligate Landlord to improve the Campus with any improvements (all of which may or may not be constructed or provided by Silver Cross subject to the terms of the Ground Lease). Tenant's lease of the Premises shall entitle Tenant to make use of the Campus to the extent granted by Silver Cross to Landlord and Occupants.

3.4 **Parking.**

(a) Tenant and its physicians, patients, employees, staff, visitors and invitees shall have the right, at no separate charge or cost (other than inclusion of Ground Lease Common Area Rent) to use such parking on the Campus as is made available to Landlord pursuant to the Ground Lease and subject to the provisions of Section 2.7 of the Ground Lease.

(b) Tenant acknowledges that Landlord cannot identify specific stalls or individual spaces for the Parking Spaces, and Tenant acknowledges that the areas within which the Parking Spaces are allocated shall also be utilized on a non-exclusive basis by Landlord and other tenants and their physicians, patients, employees, staff, visitors and invitees, all subject to such parking controls and policies as from time to time enacted under the Ground Lease. Tenant shall reasonably cooperate with

Landlord and Silver Cross with respect to the implementation and operation of parking control systems as may be proposed from time to time.

(c) Tenant acknowledges that Silver Cross shall have the right, from time to time, to temporarily relocate any or all of the Parking Spaces during periods of construction or maintenance. Such construction by Silver Cross may include the construction or expansion of parking structures upon the parcels within which the existing Parking Spaces are located. To the extent that Silver Cross identifies additional or substitute Parking Spaces for Landlord on a temporary basis during such construction, Landlord agrees that Tenant and its physicians, patients, employees, staff, visitors and invitees shall enjoy the use thereof on a non-discriminatory basis with other tenants of the Building and their physicians, patients, employees, staff, visitors and invitees.

ARTICLE 4 OPERATING EXPENSES

4.1 Operating Expenses.

(a) It is the purpose and intent of Landlord and Tenant that the Rent payable hereunder shall be net to Landlord. Subject only to the express provisions of this Lease to the contrary, Tenant shall pay Tenant's Pro Rata Share of Operating Expenses of all Operating Expenses relating to the Premises, the Building the Property and the Common Areas. For purposes of this Lease, "**Operating Expenses**" means all of Landlord's costs and expenses paid or incurred in owning, operating, managing, repairing, replacing and maintaining the Premises, Building, Property, and the Common Areas for a particular calendar year, including without limitation, any ground rents, Lobby operating expenses, insurance costs and real estate or similar taxes, and operating expenses incurred pursuant to the Ground Lease and the Declaration.

(b) Operating Expenses that vary with occupancy of the Building (e.g., Common Area maintenance and janitorial expenses) and that are attributable to any part of the Term in which Building tenants occupy less than 95% of the Building Rentable Area will be adjusted by Landlord to the amount that Landlord reasonably believes they would have been if 95% of the Building Rentable Area had been occupied, and the amount so determined shall be deemed to have been the amount of Operating Expenses for such portion of the Term.

(c) Notwithstanding anything to the contrary in Section 4.1(a), Tenant's Pro Rata Share of Operating Expenses shall not include:

(i) Interest on debt or amortization payments on mortgages or deeds of trust or any other debt for borrowed money;

(ii) Costs of repair or other work occasioned by fire, windstorm or other casualty or costs of any items to the extent Landlord receives reimbursement from insurance proceeds, condemnation awards or from a third party (such proceeds to be deducted from Operating Expenses in the year in which received);

(iii) Leasing commissions, advertising expenses, and other fees and costs (including legal fees and expenses) incurred in leasing space in the Building, including improvements or alterations to tenant spaces;

(iv) Costs of repairs or rebuilding necessitated by condemnation to the extent such costs are included in the condemnation award;

(v) Tax or accounting depreciation on the Building and any bad debt, rent loss or reserves for bad debt or rent loss;

(vi) Except for Compliance Expenses (as set forth in (xvii) below), costs of remedying any building code violations other than those caused by Tenant;

(vii) Interest or penalties resulting from delinquent payment by Landlord of any taxes, fees or contract amounts;

(viii) Fines, penalties or costs, including legal fees, arising from Landlord's violation of laws or contracts with third parties (other than those caused by Tenant);

(ix) Costs for services reimbursed by other tenants, unless such reimbursement constitutes such other tenant's regular contribution to Operating Expenses;

(x) The cost to Landlord of performing any work covered by a construction warranty for which Landlord is liable;

(xi) Legal fees and costs incurred in connection with a dispute with or default of another tenant, and the amount of any damages awarded to another tenant on account of Landlord's breach of a tenant lease;

(xii) Costs for commissions, attorneys, title insurance and closing costs, legal fees and bank fees and charges incurred by Landlord to sell, finance or refinance any portion of the Building or maintain or re-structure Landlord's corporate existence;

(xiii) Costs for items (including repairs) and services that Tenant pays directly to third parties;

(xiv) Dues, fees and contributions paid to civic or political organizations;

(xv) Any income, capital levy, capital stock, succession, franchise, gift, estate or inheritance tax;

(xvi) Advertising, marketing and promotional expenditures;

(xvii) Except for Allowable Capital Expenditures, any expenses of a capital nature, "**Allowable Capital Expenditures**" shall mean: (A) those costs Landlord incurs with respect to capital improvements that are: (i) the primary purpose of which is to reduce Operating Expenses ("**Efficiency Expenses**"); or (ii) required to bring the Building into compliance with changes in applicable laws or regulations enacted or modified following the Commencement Date (the "**Compliance Expenses**"), provided that the amount of such Efficiency Expenses and Compliance Expenses are amortized over the useful life of such improvements; and (B) expenses of a capital nature (determined in accordance with Generally Accepted Accounting Principles (GAAP)) incurred by Landlord in maintaining, repairing or replacing Building Systems, equipment and other improvements so as to keep such Building Systems, equipment and improvements in good operating order, including the necessary replacement of component parts of such Building Systems, equipment or improvements ("**Operational Capital Expenditures**"); provided that the only portion of Operational Capital Expenditures that will be included in Operating Expenses in any calendar year shall not exceed \$0.25 per rentable square foot of the Premises per year, and the remainder will be amortized by Landlord over the useful life of such Allowable Capital Expenditures with interest on the amount financed at commercially reasonable rates

then prevailing for financing such expenditures and will be charged to Tenant as part of Tenant's Pro Rata Share of Operating Expenses in accordance with such amortization;

(xviii) That portion of management fees, if any, to the extent the same exceed similar fees charged by third party medical office building property managers for above-average medical office buildings located on similar properties in the Chicago metropolitan area;

(xix) Fines, interest or penalties incurred in connection with Landlord's failure to comply with laws applicable to the Property and/or the Ground Lease and any and all easements, operating agreements, declarations, restrictive covenants or instruments pertaining to the sharing of costs;

(xx) Costs of installing, equipping or operating any of the following specialty services at the Property: day care facility, health club, workout facility, athletic or recreational club (provided such limitation shall not relieve Tenant of any costs Tenant may incur for such items or services);

(xxi) Costs of acquiring sculptures, paintings and other objects of art for the Building (provided such limitation shall not relieve Tenant of any costs Tenant may incur for such items); or

(xxii) Building janitorial services provided by Landlord to other Building tenants and for Common Areas on the floors above the first floor, for so long as Tenant is providing its own janitorial services for the lower level and first floor of the Premises, the Lobby, the First Floor Restrooms and the Main Hallway.

4.2 **Payment.** Tenant shall pay monthly, with the monthly installments of Base Rent, one-twelfth (1/12) of Landlord's estimate of Tenant's Pro Rata Share of Operating Expenses for the then current calendar year. Landlord will give Tenant written notice from time to time of such estimated amounts. Beginning in the second calendar year of the Term, Landlord will use reasonable efforts to submit to Tenant by May 1 of each year a statement showing in reasonable detail Operating Expenses for the preceding calendar year along with a reconciliation of estimated payments made by Tenant as compared to Tenant's Pro Rata Share of Operating Expenses for such calendar year (each, an "**Operating Statement**"). Landlord's failure or delay in providing Tenant with an Operating Statement shall not constitute Landlord's waiver of Tenant's obligation to pay Tenant's Pro Rata Share of Operating Expenses or of Landlord's right to send an Operating Statement, nor shall it constitute a waiver of Landlord's right to reconcile payments of Operating Expenses. Within thirty (30) days after receipt of an Operating Statement, Tenant shall pay to Landlord any additional amounts owed to Landlord as shown on the Operating Statement. If the Operating Statement shows an overpayment, Tenant shall be credited against the next accruing monthly installment(s) of Rent due from Tenant or, if the Term has ended and Tenant is not then in default, the overage shall be paid to Tenant within thirty (30) days following the end of the Term. Should Tenant then be in default, Landlord may apply any overpayment to the Tenant's obligations hereunder.

4.3 **Review Rights.** Tenant shall have the right to review, at Tenant's sole cost, Landlord's books and records with respect to Operating Expenses (the "**Review Right**"). In order to exercise its Review Right, Tenant shall give notice to Landlord no later than one hundred (120) days after delivery of an Operating Statement (the "**Review Notice**"). Tenant's review shall take place no earlier than ten (10) days after delivery of its Review Notice, and only during Normal Business Hours at the location of Landlord's books and records. Unless Tenant takes written exception to any item contained in the Operating Statement within one hundred eighty (180) days after delivery of the Operating Statement (or, if applicable, within one hundred eighty (180) days after Tenant completes its review of Landlord's books

and records), the Operating Statement shall be deemed final and accepted by Tenant. Any review shall be conducted by an independent certified public accountant with a reputable accounting firm. Tenant shall not be permitted to use any firm whose fees are based upon a percentage of recovery or other contingency fee calculation. Such auditor's report shall include a certification that it was prepared in accordance with the definition of "Operating Expenses" set forth in this Lease and shall be promptly delivered to Landlord. Tenant shall endeavor to require its auditor to complete the audit within one hundred eighty (180) days after Landlord makes available its books and records reflecting such Operating Expenses. All information obtained by such auditor as a result of any audit shall be treated as confidential except in any litigation or other dispute resolution proceeding between Landlord and Tenant. Prior to finalizing its report, such auditor shall present its findings and a draft report to Landlord for review, and Landlord may discuss the findings with the auditor and offer comments, explanations and suggested changes to the report as Landlord believes appropriate. Such auditor's final report and determinations set forth therein ("**Auditor's Report**"), if prepared in accordance with this subparagraph, shall be binding on Landlord and Tenant. If the Auditor's Report decides there was an error, then within thirty (30) days after the final report is issued, Landlord will make a correcting payment to Tenant, if Tenant overpaid for Tenant's Pro Rata Share of Operating Expenses, and Tenant shall pay Landlord any deficiency, if Tenant underpaid such amount. Any payments due under this Section shall be prorated for any partial calendar year occurring during the Term. Tenant's obligation to pay Tenant's Pro Rata Share of Operating Expenses, and Landlord's obligation to refund any Tenant overpayments for the final year of the Term, shall survive the expiration or other termination of this Lease.

4.4 **Property Tax Exemption.** In the event that Tenant, at Tenant's sole cost and expense, is able to obtain a property tax exemption for its Premises that results in a quantified reduction of property taxes or assessments required to be paid by Landlord for the Building and Property, then Tenant shall receive a credit against Tenant's Pro Rata Share of Operating Expenses equal to the amount of such quantified reduction.

ARTICLE 5 OPERATION, MAINTENANCE, AND REPAIR

5.1 **Services and Maintenance.**

(a) **Landlord Care of Building and Services.** As long as Tenant is not in default hereunder beyond any applicable cure period, Landlord shall supply or provide during the Term of the Lease (the costs of which shall be Operating Expenses): (i) electrical services to the Building and the Common Areas, (ii) janitorial services in and about the Common Areas of the Building as described in **Exhibit B**, (iii) passenger and freight elevator service, (iv) cold water, and (v) heating, ventilation and air conditioning ("**HVAC**") (but excluding any HVAC installed solely to serve the Premises), all in accordance with those offered by owners and managers of comparable medical office buildings located on similar properties in the Chicago metropolitan area. Landlord will provide periodic exterior window washing. Landlord will provide cleaning and waxing of uncarpeted floors in Common Areas as described in **Exhibit B**, except for the Lobby and Main Hallway portion of the Common Areas. Landlord shall maintain as necessary, repair and replace the foundations, interior and exterior structural members, exterior walls, exterior glass, roof, and the Building Systems. Landlord shall also provide those services to the Property and Common Areas that Landlord is required to provide under the Ground Lease and any recorded covenants or maintenance and operating agreements affecting the Property or the Common Areas, or that are otherwise required in Landlord's judgment consistent with the quality and character of the Property. Landlord reserves the right to require Tenant to install separate metering for one or more utilities. If the Premises are separately metered for electricity and other utilities, Tenant shall be solely responsible for and pay before delinquency all costs and expenses associated therewith. In the event of the deregulation of any currently regulated utility, Landlord shall choose the utility service provider.

(b) Communications. Tenant shall separately arrange with the applicable local public authorities or utilities for the furnishing of and payment for any telephone, cable or other communications equipment and services as Tenant may require. Tenant and the communications provider(s) shall obtain Landlord's written consent as to the installation and location of all wires and cables. Tenant shall directly pay for such telephone, cable and communications equipment and services, including the installation and cabling, and the establishment of all connections thereof, at the rates the provider(s) charge for the equipment and services, and the failure to obtain or to continue to receive the services for any reason whatsoever shall not relieve Tenant of any of its obligations under this Lease. Landlord will provide telecommunications distribution facilities to each floor in the Building, including the floor(s) on which the Premises are located. Tenant shall be responsible, at its cost, for connecting its telecommunication equipment to Landlord's distribution facilities, and for all other costs associated therewith.

(c) Excess Usage. "**Excess Usage**" shall mean usage of Building services not paid for directly by Tenant, including but not limited to utilities and HVAC, outside Normal Business Hours or in excess of the amount of such services that Landlord reasonably determines to be typical for the Building. "**Normal Business Hours**" means 7:00 a.m. to 7:00 p.m., Monday through Friday, and 8:00 a.m. to 1:00 p.m. Saturday, excluding federal holidays which for purposes of this Lease shall mean New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. If the use of equipment outside Normal Business Hours, or the anticipated use of the Premises, will result in Excess Usage on a sustained basis, then Landlord may install, at Tenant's expense, such special equipment as may reasonably be required to accommodate or monitor such Excess Usage. With respect to Excess Usage that is not measured by a submeter (such as, for example, use of HVAC outside Normal Business Hours) Tenant shall pay Landlord an hourly fee in such amount as Landlord shall reasonably charge from time to time, which hourly fee shall be based on the estimated costs to Landlord of providing for such Excess Usage. Tenant shall pay for all Excess Usage during the Term, as Additional Rent. All invoices for Excess Usage shall be due and payable upon receipt.

(d) Interruption of Service. Landlord may temporarily discontinue any services at such times as may be necessary or advisable for purposes of maintenance, repair, replacement, testing or examination. Landlord shall provide Tenant as much advance notice of service interruptions as is reasonably possible under the circumstances, and shall use reasonable efforts to both minimize disruption caused by scheduled service interruptions and where practicable to cause such scheduled service interruptions to occur outside of Normal Business Hours. If Landlord discontinues or is unable to provide the services which it is obligated to provide hereunder for reasons within Landlord's control, and the interruption of such services renders the Premises uninhabitable or unusable for the Permitted Use for a period of three (3) or more consecutive Business Days, Base Rent shall be abated from and after such third (3rd) Business Day until the services are restored. Landlord shall not supply backup or emergency power for Building Systems or Tenant's equipment. If Tenant requires backup or emergency power for any purpose, it shall be responsible, at its sole cost and expense, for the installation and maintenance of any generators or other power sources; provided, however, that Tenant shall obtain the Landlord's approval of the size, location and method of installation, and the terms and conditions with respect to the installation, maintenance and other relevant matters shall be set forth in a separate agreement between Tenant and Landlord. Nothing contained in this Section 5.1 shall be deemed or interpreted to limit Tenant's right to assert that it has been constructively evicted from all or a portion of the Premises.

(e) Tenant shall be responsible for the provision of janitorial services for the Premises (but excluding the First Floor Restrooms), all of the Main Floor Hallway, and the Lobby. Tenant shall be responsible for providing security for the Premises, all of the Main Floor Hallway, and the Lobby.

5.2 **Care of Premises.**

(a) **Tenant's Maintenance.** To the extent Landlord is not otherwise responsible for such activities as set forth elsewhere in this Lease, Tenant shall maintain the Premises, including all Tenant Improvements, in good order and repair and unless otherwise improved, shall preserve them in the condition delivered to Tenant on the Commencement Date, normal wear and tear excepted, and shall not permit waste. Any repairs shall be in conformity with the specifications set forth in the Tenant Improvement Plans and Specifications or of comparable quality. Tenant shall perform all extraordinary cleaning of the Premises including cleaning drapes or other window coverings and carpets. If Tenant fails to maintain the Premises, then upon reasonable advance notice to Tenant, Landlord may elect to perform any maintenance, repairs or replacements that are Tenant's responsibility hereunder, and the cost shall be charged to Tenant as Additional Rent.

(b) **Mold Monitoring and Remediation.** Tenant will promptly notify Landlord (and any other persons required by law to receive such notice) if Tenant becomes aware that mold exists, or conditions that reasonably could be expected give rise to mold, including, without limitation, water damage, mold growth, or complaints of respiratory ailments from Tenant's employees (collectively the "**Mold Conditions**") exist, at the Premises. If suspected mold or Mold Conditions exist at the Premises, and the same are the result of Tenant's or its officers', agents', employees' or subtenants' act or omission, or Tenant's breach of its obligations under this Lease, Tenant, at its own cost and expense, will immediately take such action as is necessary to prevent the spread of and remove the mold to the complete satisfaction of Landlord and the appropriate governmental authorities. Any remediation plan shall be subject to the Landlord's approval and shall be conducted by trained and experienced contractors, and done in accordance with the relevant provisions of all applicable EPA and other guidelines.

(c) **Mechanic's Liens.** Tenant shall keep the Premises, the Building, the Property, the Lobby and the Common Areas free from any liens arising out of any work performed, materials furnished, or obligations incurred by or on behalf of Tenant. Should any mechanic's lien or other lien be filed because of a claim against Tenant, Tenant shall cause the lien to be canceled and discharged of record by bond or otherwise within twenty (20) days after it is filed (provided that Tenant shall have the right to contest such lien, which may be accomplished by deposit, bonding proceedings or obtaining title insurance over such lien, provided such means are effective to prevent foreclosure of the lien in Landlord's reasonable opinion.) Should Tenant fail to discharge such lien within the thirty (30) day period (or contest such lien as provided by this section), Landlord may do so by any means Landlord reasonably deems appropriate, in which event Tenant shall reimburse Landlord, on demand, as Additional Rent, for all costs Landlord incurs in connection therewith. Tenant shall indemnify Landlord and its related parties (the "**Landlord Indemnitees**") against, and hold them harmless from, any demands, causes of action, judgments, costs, losses and claims (including reasonable attorneys' fees and costs) (collectively, the "**Claims and Costs**") made against or incurred by Landlord arising from or related to the failure of Tenant or its owners, managers, employees, agents, licensees, contractors, invitees, subtenants or assignees to comply with Tenant's obligations under this Section 5.2(c). This indemnity shall survive the expiration or earlier termination of this Lease.

5.3 **Alterations by Landlord.** Landlord may from time to time, make repairs, replacements, changes or additions to the structure, Building Systems, facilities and equipment in the Premises or Building, or to the interior or exterior of the Building; change or alter the configuration or location of the Common Areas, upon not less than thirty (30) days' prior written notice, if material; and place such signs, notices or displays as Landlord reasonably deems necessary upon the roof or exterior of the Building, or in the Common Areas. In exercising its rights under this Section 5.3, Landlord shall not materially lessen access to the Premises by Tenant and its physicians, patients, employees, staff, visitors and invitees or materially interfere with Tenant's use of the Premises as contemplated by this Lease.

5.4 **Entry by Landlord.** Landlord shall have the right to enter the Premises and the Lobby at any time in case of an emergency, and at all reasonable times upon reasonable prior notice, for any purpose. Landlord shall have the right to use any and all means to open the doors to the Premises and the Lobby in an emergency in order to obtain entry and shall have no liability to Tenant for doing so. In connection with the exercise of its rights under this Section and Section 5.3, Landlord or its representatives may enter the Premises and other areas of the Building with such materials as Landlord may deem reasonably necessary, and may erect scaffolding and all other necessary structures in or about the Premises or the Building. Landlord may show the Premises to prospective purchasers or Mortgagees and prospective tenants, and may at any time post notices of non-responsibility. Tenant shall give Landlord keys for all of the doors for the Premises and the Lobby. Notwithstanding the foregoing, Tenant shall be entitled to construct and maintain a locked medicine cabinet or other, similar facility, within which Tenant may store controlled substances, including prescription medication and narcotics, provided Tenant complies with all applicable laws and regulations. Tenant shall not be required to provide Landlord with access or keys to such cabinet or facility. Landlord shall use reasonable efforts to minimize interference with the conduct of Tenant's business in connection with Landlord's activities or the provision of any services, and where practicable, to perform work during other than Normal Business Hours. Tenant waives and releases any claims for damage including loss of business resulting from the exercise of Landlord's rights under this Section, except when Rent is to be abated when such activity renders the Premises uninhabitable or unusable for the Permitted Use, as provided in Section 5.1(d).

5.5 **Landlord Reservations.** Subject to the Ground Lease, Landlord reserves and retains all rights to make use of the surface, subsurface and airspace above the surface of the Property and of the interior, exterior and roof of the Building, unless otherwise specifically granted to Tenant under this Lease. Landlord shall have the right to grant any easements, licenses or other rights of use on, over, under and above the Property and within or upon the Building for such purposes as Landlord determines, provided that such grant will not interfere with or adversely affect Tenant's use or quiet enjoyment of the Premises.

ARTICLE 6 ASSIGNMENT AND SUBLETTING

6.1 Landlord's Consent Required Except for Permitted Assignees.

(a) Tenant shall not, either voluntarily or by operation of law, whether directly or indirectly, assign this Lease or sublet the Premises in whole or in part, or sell, assign, hypothecate or transfer this Lease, in whole or in part, or sublet or license the Premises or any part thereof, without Landlord's prior written consent, which consent may be withheld in Landlord's reasonable discretion. Landlord shall be entitled to withhold its consent to any requested assignment or subletting if the anticipated use is not the Permitted Use. Without regard to or limiting any other matters that Landlord may consider with regard to Tenant's requested assignment, subletting or transfer, Landlord's consent shall be deemed reasonably withheld if: (i) any of the terms or conditions of the proposed assignment, subletting or transfer would result in a violation of the terms of this Lease; (ii) the assignee, subtenant or transferee is unable to provide satisfactory additional or replacement security for the Tenant's obligations to be performed hereunder (whether by way of Guaranty or otherwise); (iii) if such assignee, subtenant or transferee's net worth or financial condition meets commercially reasonable creditworthiness standards with regard to the obligations assumed; or (iv) if the proposed assignment, subletting or transfer would conflict with or violate the terms of any exclusive rights Landlord may have granted to another Building tenant since the Commencement Date of this Lease. Landlord's acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this Lease or to be a consent to the sublease or assignment. Tenant shall reimburse Landlord for reasonable accounting and reasonable attorneys' fees incurred in conjunction with the processing and documentation of any requested assignment, subletting,

hypothecation or other transfer of this Lease or Tenant's interest in and to the Premises. A transfer of forty-nine percent (49%) or more of the beneficial ownership interests in Tenant (if an entity) in any manner shall be deemed an event of assignment. In addition, and where applicable, any subletting or assignment transaction shall comply in all respects with the applicable provisions of the Medicare Anti-Kickback Law, 42 U.S.C. Section 1320a-7(b)(1) and (2), and the Stark Self-Referral Prohibition Act, 42 U.S.C. Section 1395nn, et seq., and all regulations promulgated thereunder, as the same may be modified, supplemented or replaced from time to time. Any sale, assignment, hypothecation, transfer or subletting of this Lease or the Premises that does not comply with this Section shall be void. No assignment or subletting shall release Tenant from its obligations hereunder or alter its primary liability to pay all Rent due and to perform all its obligations under this Lease. Upon any default under this Lease, Landlord may proceed directly against Tenant or anyone else responsible for the performance of this Lease, including the subtenant, without first exhausting Landlord's remedies against any other person or entity responsible therefor to Landlord, or any security held by Landlord or Tenant.

(b) Notwithstanding anything to the contrary contained in Section 6.1(a), Silver Cross shall have the right, without the consent of Landlord but with written notice to Landlord delivered not later than thirty (30) days prior to the effective date of such transaction, to assign or sublet the Premises to a Permitted Assignee (as hereinafter defined), provided that such assignment or subletting shall not relieve Silver Cross of primary liability for performance of Tenant's obligations hereunder, and in the event of any assignment hereunder, such Permitted Assignee assumes and Silver Cross reaffirms, pursuant to an assignment agreement in form and substance reasonably satisfactory to Landlord, the obligations of Tenant hereunder. As used herein, a "Permitted Assignee" shall mean (i) any entity owned or controlled by Silver Cross, (ii) any entity of which Silver Cross is a wholly-owned subsidiary (at any level), (iii) any entity which is under common ownership or control with Silver Cross, (iv) any entity into which Silver Cross is merged or consolidated or which consolidates into Silver Cross or (v) any entity acquiring substantially all of the assets of Silver Cross or (vi) any other party, so long as Silver Cross has investment-grade credit at the time of such assignment or sublease. In the event of any assignment or sublease hereunder, Silver Cross shall agree in a writing reasonably acceptable to Landlord prior to the effective date of such assignment or sublease to: (A) remain primarily liable for all obligations under this Lease during the Term and any renewal periods exercised by Silver Cross; (B) waive any right to approve or review any future lease modifications regarding such space; (C) waive any right to approve or consent to any future assignment by such assignee or sublessee; and (D) acknowledge and agree that Landlord may proceed directly against Silver Cross with respect to any default under this Lease notwithstanding such assignment or sublease or future modification thereof. Silver Cross shall also have the right, without the consent of Landlord but with written notice to Landlord delivered not later than thirty (30) days prior to the effective date of such transaction, to sublet from a Permitted Assignee any space in the Premises.

(c) Additionally, in the event that following an assignment to a Permitted Assignee neither Silver Cross nor the Permitted Assignee have a credit rating or credit worthiness at least equal to the lesser of (i) the credit rating or credit worthiness of Silver Cross as of the Commencement Date, or (ii) the credit rating or credit worthiness of Silver Cross immediately prior to the assignment to the Permitted Assignee, then as a condition to the effectiveness of the assignment, Tenant shall deliver to Landlord a either a cash security deposit or an irrevocable letter of credit ("**LOC**") in the face amount equal to one (1) year of Rent at the annual Base Rent and annual estimate of Tenant's Pro Rata Share of Operating Expenses then in force, as security for the payment by Tenant of all sums payable by Tenant under the Lease and for the faithful performance of all the terms, conditions and covenants of the Lease. The LOC shall be in form and substance reasonably acceptable to Landlord and shall be issued by a bank reasonably acceptable to Landlord. The LOC shall have a term of at least one (1) year beginning on the effective date of the assignment of the Lease. Thereafter, Tenant shall deliver to Landlord an extension or replacement LOC no less than thirty (30) days prior to the expiration date of the LOC, whereupon Landlord shall return to Tenant any prior LOC furnished by Tenant to Landlord. If Landlord does not

receive an extension or replacement of the LOC on or before thirty (30) days prior to the expiration date of such LOC, Landlord shall be entitled to draw down the full amount of the LOC. If, pursuant to the LOC, Landlord is notified prior to the expiration date thereof, that the LOC will not be renewed, Landlord shall be entitled to draw on the full amount of the LOC not previously drawn upon. If Landlord draws down the LOC solely because of a failure to receive an extension or replacement LOC or nonrenewal of the LOC, then the cash received by Landlord shall be held as a cash security deposit in lieu of the LOC, in a segregated interest bearing account, and the interest thereon shall accrue to the benefit of Tenant, but interest shall become part of the security deposit as it accrues. In the event the bank refuses to honor the LOC, such refusal shall be deemed a failure to pay Rent that will be subject to the notice and cure periods set forth in Section 10.1(a). If, at any time during the Term, there shall be a Tenant Event of Default in the performance of any provisions of this Lease, Landlord shall have the right, but shall not be obligated, to use the LOC, or so much thereof as necessary, in payment of any Rent in default, reimbursement of any expense incurred by Landlord, and in payment of any damages incurred by the Landlord by reason of Tenant's default. If the claims of Landlord exceed the amount of the LOC, Tenant shall remain liable for the balance of such claims. In the event the LOC has not been utilized as aforesaid, the LOC, or as much thereof as has not been utilized for such purposes, shall be delivered to Tenant, within sixty (60) days after termination of the Lease. In the event of a transfer of Landlord's interest in the Lease, Tenant agrees to cooperate with Landlord to effect an exchange of the then existing LOC for a LOC naming Landlord's transferee. If, after an LOC has been provided to Landlord pursuant to this paragraph, either the Permitted Assignee or Silver Cross achieve a credit rating or credit worthiness at least equal to the lesser of (i) the credit rating or credit worthiness of Silver Cross as of the Commencement Date, or (ii) the credit rating or credit worthiness of Silver Cross immediately prior to the assignment to the Permitted Assignee, then the requirement for the LOC shall terminate, and Landlord shall deliver the LOC (or any cash held as a security deposit in lieu of the LOC) to Tenant. The requirements of this paragraph, however, shall remain applicable to any subsequent assignment to a Permitted Assignee.

(d) In no event shall Tenant have the right to directly or indirectly, assign this Lease or sublet the Premises in whole or in part, or sell, assign, hypothecate or transfer this Lease, in whole or in part, or sublet or license the Premises or any part thereof if doing so would compete with Landlord's efforts to lease vacant space in the Building to potential tenants. In furtherance of this goal, Tenant shall not, without Landlord's prior written consent, which may be withheld in Landlord's sole and absolute discretion, assign or sublease this Lease, in whole or in part, or sublet or license the Premises or any part thereof to an unaffiliated third party if available space exists in the Building at the time of the proposed assignment or sublease of a sufficient size, configuration and location to accommodate the proposed occupant. A location available from Landlord in the Building shall not be considered as insufficient unless it is commercially necessary for the proposed third party to conduct its business from a location not available from Landlord. Notwithstanding the foregoing restriction, a sublease for the purpose of incubating a third-party physician, in connection with Silver Cross's physician guaranty program, in connection with any other programs that require physical adjacency to integrate with other Tenant functions or services, or to a third party that assumes control of an existing Hospital program located in the Premises (collectively "**Hospital Program Subleases**") would not be prohibited provided it meets the other conditions on assignment and subleasing contained in this Lease. In addition, Tenant shall not be permitted to market or advertise any portion of the Premises as being available for sublease or assignment (other than in connection with Hospital Program Subleases).

6.2 **Additional Terms and Conditions.** The following provisions shall be deemed included in all assignments or subleases (as applicable) under this Lease whether or not expressly set forth or incorporated therein:

(a) Tenant hereby assigns and transfers to Landlord all rentals and income arising from any assignment or sublease (other than assignments or subleases to Permitted Assignees); provided,

however, that so long as Tenant is not in default, Tenant shall have a license to receive and retain fifty percent (50%) of any rent (however characterized) received from any assignee or subtenant in excess of the Base Rent payable hereunder ("**Excess Rent**"). Tenant shall promptly remit to Landlord (but no later than thirty (30) days following receipt thereof) the remaining fifty percent (50%) of Excess Rent received by Tenant. Notwithstanding the foregoing, if Tenant defaults under this Lease, Landlord may collect and retain the entire amount of any rent and income received from all assignees and/or subtenants and apply it toward Tenant's obligations hereunder. In no event shall Landlord be liable to the subtenant for any failure of Tenant to perform and comply with any of the Tenant's obligations to such subtenant. Tenant hereby irrevocably authorizes and directs any subtenant, upon receipt of a written notice from Landlord stating that a default exists in the performance of Tenant's obligations under this Lease, to pay to Landlord all rents payable under the assignment or sublease. The subtenant may rely upon any such statement and request from Landlord.

(b) Any subtenant shall, by reason of entering into a sublease, be deemed to have assumed and agreed to comply with all of Tenant's obligations under this Lease for the benefit of Landlord other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which Landlord has expressly consented in writing. Without limiting the generality of the preceding sentence, all subtenants shall be required to execute estoppel certificates and subordination, attornment and non-disturbance agreements pursuant to the provisions of this Lease. No subtenant shall further assign this Lease or sublet all or any part of the Premises without Landlord's prior written consent, which may be withheld in Landlord's sole discretion.

ARTICLE 7 INSURANCE

7.1 Tenant's Insurance.

(a) Coverages. Tenant shall procure and maintain throughout the Term, at its sole cost and expense, the following insurance, and the policies described below shall name as additional insureds and loss payees Landlord, Landlord's Mortgagees and other parties with an insurable interest as Landlord may request, each as their interests may appear: (i) comprehensive commercial general liability insurance, including but not limited to premises, operations, and products liability, personal injury liability, contractual liability, and property damage liability coverage at the Building and the business conducted by Tenant therein. Such insurance shall have a combined single limit of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate for all occurrences within each policy year, or such greater amounts as Landlord may from time to time reasonably require; (ii) property and casualty insurance insuring Tenant against loss or damage (including from fire and other casualties) to its personal property and equipment in the Premises in an amount equal to the full replacement value thereof from time to time; (iii) State Worker's Compensation Insurance in compliance with all state, federal and other governmental laws, rules and regulations; and (iv) business interruption insurance in an amount that will enable Tenant to keep and perform all of Tenant's obligations under this Lease for a period of twelve (12) months.

(b) Policies. All insurance required hereunder shall be placed with companies which are rated A-:VII or better by Best's Insurance Guide and licensed to do business in Illinois. Tenant shall deliver certificates for all such policies prior to the Commencement Date, or, in the case of renewals, fifteen (15) days prior to the expiration of the prior insurance policy. If Tenant shall fail at any time to procure or maintain the insurance required herein, Landlord may, at its option, procure such insurance on Tenant's behalf with no additional notice or right to cure, and the cost thereof shall be payable upon demand, as Additional Rent. Payment by Landlord of any insurance premium or the carrying by Landlord of any such insurance policy shall not be deemed to waive or release the default of Tenant. The

foregoing minimum limits of insurance coverage shall not limit the liability of Tenant for its acts or omissions as provided in this Lease.

(c) **Tenant Construction.** Tenant shall require that any contractor or subcontractors it may retain shall carry at least the following insurance: (i) builder's risk insurance for the full cost of any Tenant Improvements or Alterations to be constructed; (ii) state worker's compensation insurance in compliance with all state, federal and other governmental laws, rules and regulations; and (iii) and commercial general liability insurance, including but not limited to premises liability, independent contractor's protective liability, completed operations and products liability, personal injury liability, contractual liability, property damage liability, and explosion, collapse and underground damage liability. Such insurance shall have a combined single limit of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate for all occurrences within each policy year, or such greater amounts as Landlord may from time to time reasonably require. Landlord (and such other parties as Landlord may request) shall be named as an additional insured under and Tenant shall provide Landlord with copies of all policies.

7.2 **Subrogation.** Landlord and Tenant hereby mutually waive and release their respective rights of recovery against one another and their officers, agents and employees for any damage to real or personal property, including resulting loss of use, interruption of business, bodily injury, and other expenses occurring as a result of the use or occupancy of the Premises or the Building to the extent that the loss or damage is covered and paid by the injured party's property insurance. Landlord and Tenant agree that all policies of property insurance obtained by them pursuant to the terms of this Lease shall contain provisions or endorsements thereto waiving the insurer's rights of subrogation with respect to claims against the other for property damage, and, unless the policies permit waiver of subrogation without notice to the insurer, each shall notify its insurance companies of the existence of the waiver and indemnity provisions set forth in this Lease.

ARTICLE 8 EMINENT DOMAIN, CASUALTY

8.1 **Eminent Domain.** If there shall be a taking (by condemnation proceedings or the exercise of eminent domain, a "Taking") of substantially all of the Building, such that the Ground Lease shall terminate, then this Lease shall terminate and Rent shall be apportioned and paid to the date of such Taking. If there is a Taking of a portion of the Building that does not result in termination of the Ground Lease and Landlord is required under the Ground Lease to repair, rebuild or replace the remainder of the Building not Taken, then Tenant may not terminate this Lease. All damages awarded shall belong to Landlord; provided, however, that Tenant may pursue a separate award to recover such damages as may represent the costs of Tenant's moving expenses and the unamortized costs of any Tenant Improvements and Alterations to the Premises paid for by Tenant, provided that such separate award is not subtracted from Landlord's award. If a portion of the Premises is taken, and no rights of termination herein conferred are timely exercised, then as of the Date of Taking this Lease shall no longer apply to the portion so taken and the Rent shall be adjusted pro rata by Landlord in order to account for the reduction in the Rentable Area of the Premises. Landlord shall restore and redemise the Premises to the extent required to exclude from the Premises that portion so taken.

8.2 **Damage or Destruction.**

(a) **Casualty.** "**Casualty**" means a fire or other casualty that damages or destroys all or any portion of the Premises or the Building, as applicable. "**Repairs**" means the repairs necessary to restore the damaged or destroyed area to its pre-Casualty condition, except for Tenant's personal property or equipment, which it shall be Tenant's responsibility to repair or replace at Tenant's sole cost and

expense. Except as provided below, following any Casualty, Landlord agrees to commence and complete Repairs whenever such Repairs are required by the terms of the Ground Lease and, if such Repairs are undertaken, Landlord shall use commercially reasonable efforts in making the Repairs, and this Lease shall continue in full force and effect. Until the Repairs are complete, the Rent shall be equitably abated in proportion to that part of the Premises that is rendered untenantable by the Casualty; however, if access to the Premises is prevented due to the Casualty, then the entire Rent for the Premises shall be abated until such time as access is restored, irrespective of whether the Premises was directly affected by the Casualty. In the event that Landlord reasonably determines there will be less than two (2) years remaining in the Term after completion of the Repairs, then Landlord shall have the right to terminate this Lease effective as of the date of such Casualty unless Tenant exercises any available Renewal Options within thirty (30) days after receiving a Casualty Notice (defined below). If Landlord is permitted under the Ground Lease not to make the Repairs and gives notice to terminate the Ground Lease, then this Lease shall terminate effective as of the date of such Casualty and Rent shall be apportioned and paid to the date of such Casualty.

(b) Notices. Landlord, within thirty (30) days of a Casualty, shall provide written notice to Tenant of Landlord's determination of the time required to make the Repairs (a "**Casualty Notice**"). With respect to a Casualty that Landlord reasonably and in good faith determines will either terminate the Ground Lease or give Landlord the option to terminate the Lease as set forth in Section 8.2(a) above, Landlord's Casualty Notice shall also notify Tenant whether the Lease is terminated. If, in Landlord's reasonable opinion, it will take longer than one year following the occurrence of a Casualty to make the Repairs, then notwithstanding Landlord's obligations under the Ground Lease with respect to making the Repairs, the Tenant shall have the right to terminate this Lease effective as of the date of such Casualty by giving notice to Landlord. Tenant shall have thirty (30) days from its receipt of Landlord's Casualty Notice in which to notify Landlord of its election to terminate this Lease, if applicable. Tenant's failure to timely respond shall be deemed its election not to terminate this Lease.

ARTICLE 9 PROHIBITED ACTIVITIES; COMPLIANCE

9.1 Generally.

(a) Use of the Premises. Tenant shall use and maintain the Premises and conduct its business in a lawful manner. Tenant shall not do or knowingly permit anything to be done in or about the Premises that will violate the Rules and Regulations or obstruct or interfere with the rights of other Building tenants or occupants. Tenant shall not use the Premises, or allow the Premises to be used, for any purpose or in any manner that would invalidate any policy of insurance covering the Building or the Property or increase the rate of premiums payable on any such insurance policy. Tenant shall give immediate notice to Landlord of any casualty or accidents in the Premises. Tenant, at its sole expense, shall use and cause the Premises to be used in compliance with all laws, rules, restrictions, regulations, directions and ordinances of any governing body as then in effect and as promulgated and amended from time to time having jurisdiction over the Premises ("**Legal Requirements**"). Tenant shall immediately discontinue or cause to be discontinued any use of the Premises which is declared by either any governing body having jurisdiction to be a violation of any Legal Requirement; provided that Tenant's duty to cause the Premises to be used in compliance with Legal Requirements shall not be interpreted to require Tenant to perform any remedial action necessitated by Landlord's failure to construct the Building in accordance with Legal Requirements in effect at the time of construction and the requirements of the Ground Lease or to furnish any repairs, replacements or other work which Landlord is obligated to provide pursuant to Section 5.1 above.

(b) Hazardous Substances. Without limiting the applicability of Section 9.1(a), Tenant shall not cause or permit the storage, generation, release or disposal of any Hazardous Substances, as hereinafter defined, on or about the Premises, the Building, the Property or the Common Areas by Tenant or its agents, employees, contractors, suppliers, subtenants, licensees, invitees or subtenants. Tenant shall be solely responsible for and shall promptly pay the cost of actions to prevent the further spread of and removing all such Hazardous Substances, which activities shall be performed in accordance with all applicable governmental requirements. "**Hazardous Substances**" shall mean any substance, waste, matter or material regulated by any local or state government, the United States government, or any agency, authority and/or instrumentality thereof and shall include without limitation those substances which are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300F, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601, et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq., and the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651, et seq., and as further set forth in any state or local laws and ordinances, and their corresponding regulations. Tenant shall comply with all rules and policies set by Landlord, and with all federal, state and local laws, regulations and ordinances which govern the use, storage, handling and disposal of Hazardous Substances. Notwithstanding the foregoing, (i) Tenant shall be entitled to have at the Premises small quantities of Hazardous Substances for cleaning and maintaining the Premises or in connection with the Permitted Use, provided Tenant stores, uses and disposes of such quantities in strict accordance with all applicable laws, (ii) the foregoing provisions shall not restrict the use of medical, diagnostic or related machinery, equipment, products and drugs, including such items as radioactive isotopes, as are used by physicians, hospitals and medical offices in the treatment and care of patients in accordance with all Legal Requirements, and (iii) Medical Wastes (as defined below) are governed by Section 9.1(c).

(c) Medical Wastes.

(i) Tenant shall store and dispose of any substance or material which may be deemed to be medical or infectious waste including, but not limited to, virulent infectious wastes and materials, bandages, dressings, sharps, needles, syringes, lancets, human blood and blood products, bodily fluids, radioactive wastes, human tissues and any other medical wastes or by-products which pose risk of injury or disease to human beings (collectively, "**Medical Wastes**") in accordance with all applicable federal and state laws, rules, regulations and ordinances including the Illinois Department of Public Health and all rules and standards of medical or professional associations having jurisdiction over Tenant.

(ii) Tenant agrees that it shall promptly upon written request provide Landlord with copies of all relevant Medical Waste records and provide a written certification regarding the amounts and the methods of storage, treatment, use and disposal thereof. Tenant shall not permit the mixing or disposal of any Hazardous Substances or any Medical Wastes with the general office refuse of the Premises or Building and neither Landlord nor the janitorial service shall have any duty or obligation to remove any Hazardous Substances or any Medical Wastes from the Premises, except to the extent the janitorial service is obligated under its arrangements with respect to any waste disposal program that Landlord may implement for the Building.

(d) Privacy Laws. Tenant agrees to reasonably safeguard "protected health information" as defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 (the "**Privacy Standards**"), as promulgated by the Department of Health and Human Services pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 ("**PHI**") from any intentional or unintentional disclosure in violation of the Privacy Standards by implementing appropriate

administrative, technical and physical safeguards to protect the privacy of PHI. Tenant further agrees to implement appropriate administrative, technical and physical safeguards to limit incidental disclosures of PHI, including disclosures to Landlord, its subcontractors and agents. The parties agree that neither Landlord nor its contractors, subcontractors or agents shall need access to, nor shall they use or disclose, any PHI of Tenant. However, in the event PHI is disclosed to Landlord, its, contractors, subcontractors or agents, regardless as to whether the disclosure is inadvertent or otherwise, Landlord agrees to take reasonable steps to maintain, and to require its contractors, subcontractors and agents to maintain, the privacy and confidentiality of such PHI. The parties agree that the foregoing does not create, and is not intended to create, a "business associate" relationship between the parties as that term is defined by the Privacy Standards.

(e) ADA. With respect to the Americans with Disabilities Act of 1990 and the regulations promulgated thereunder, as the same shall be amended or supplemented from time to time ("ADA"), the Landlord shall be responsible for ADA compliance with respect to the Common Areas. Tenant, at its sole cost and expense, shall be responsible for ADA compliance with respect to: (i) Tenant's use, occupancy or Alterations of the Premises; and (ii) any Tenant Improvements constructed or installed pursuant to Exhibit D.

ARTICLE 10 EVENTS OF DEFAULT, REMEDIES

10.1 Events of Default. In addition to any other events specified in this Lease, the occurrence of any of the following shall constitute a material default and Tenant's breach of this Lease, each of which shall be deemed an "Event of Default":

(a) Tenant's failure to pay Rent (or cure any other default which is curable by the payment of money) after Landlord has delivered to Tenant notices of monetary default as follows: (i) Landlord shall deliver written notice to Tenant of the monetary default that shall state the nature of the default and the sum that is due and payable, (ii) if Tenant has not cured the monetary default within five (5) days of the delivery of Landlord's first notice, then Landlord shall deliver a second written notice to Tenant of the monetary default that shall state the nature of the default and the sum that is due and payable, and that shall also state in capital letters more conspicuous than the surrounding text the statement that "**THIS NOTICE IS BEING GIVEN FOR THE PURPOSE OF CONSTITUTING A SECOND NOTICE UNDER SECTION 10.1 OF THE LEASE AND MAY RESULT IN THE LEASE BEING TERMINATED.**" Tenant's failure to cure the monetary default within seven (7) days of the delivery of Landlord's second notice of monetary default shall be deemed an Event of Default. Notwithstanding anything to the contrary set forth herein, if any Rent or other sum due is not paid within five (5) days of the due date, Tenant shall pay to Landlord an additional one-time late charge equal to five percent (5%) of the amount of the late payment and such payments shall bear interest at twelve percent (12%) per year from and after the (sixth) 6th day after the due date until paid. Without limiting Landlord's other remedies: (i) any payment of Rent that is more than thirty (30) days past due, shall bear interest at eighteen percent (18%) per year from the original date due until paid; and (ii) if Landlord is required to provide more than two (2) notices in any twelve (12) consecutive month period during the Term notifying Tenant of its failure to timely pay Rent, then in addition to the late charges all subsequent late Rent payments shall bear interest at eighteen percent (18%) per year from the original due date until paid.

(b) Tenant's failure to perform or comply with any other obligations under this Lease (other than any monetary defaults), and, except as expressly provided elsewhere in this Lease, such default shall continue after Landlord has delivered to Tenant notices of such default as follows: (i) Landlord shall deliver written notice to Tenant of the non-monetary default that shall state the nature of the non-monetary default; (ii) if Tenant has not cured the non-monetary default within thirty (30) days

after written notice thereof from Landlord to Tenant, or, in the case of a default which cannot with due diligence be cured within thirty (30) days, Tenant fails to commence such cure within such thirty (30) day period and thereafter diligently prosecute such cure to completion within a reasonable time period, then Landlord shall deliver a second written notice to Tenant of the monetary default that shall state the nature of the default and that shall also state in capital letters more conspicuous than the surrounding text the statement that **"THIS NOTICE IS BEING GIVEN FOR THE PURPOSE OF CONSTITUTING A SECOND NOTICE UNDER SECTION 10.1 OF THE LEASE AND MAY RESULT IN THE LEASE BEING TERMINATED."** Tenant's failure to diligently prosecute such cure and to effect such cure within ninety (90) days of the delivery of Landlord's second notice of non-monetary default (or such longer period for which Landlord has given prior written consent, which consent shall not unreasonably be withheld), shall be deemed an Event of Default. Notwithstanding the above, Tenant must immediately take remedial action to cure any default that imminently threatens an injury or harm to any person or property or that precludes access to the Building through the Lobby or Common Area.

(c) Tenant or any Guarantor becomes insolvent within the meaning of the United States Bankruptcy Code, as amended from time to time (the "**Code**"); ceases to pay its debts in the ordinary course of business; is unable to pay its debts as they become due; makes a general assignment for the benefit of creditors; files, takes any action to file a petition, case or proceeding under any section or chapter of the Code, or under any similar law or statute of the United States or any state thereof relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts; is adjudicated as a bankrupt or insolvent; seeks to or consents to or acquiesces in the appointment of any receiver, trustee, liquidator or other custodian of Tenant or any material part of its properties, whether or not the same shall relate to their interests in this Lease; or notifies Landlord that it anticipates the occurrence of any of the foregoing conditions; provided, however, in the event that any provision of this Section 10.1(c) is contrary to any applicable law, such provision shall be of no force or effect, and shall not affect the validity of the remaining provisions.

(d) The discovery that any financial statements required to be provided by Tenant under this Lease and certified by Tenant to be true contain materially false or misleading statements (due to material violations of generally accepted accounting principles, generally accepted auditing standards or other professional regulatory standards). The provisions of this Section 10.1(d) shall not apply to any financial statement of Tenant which is an audited statement. No Event of Default shall exist if Tenant corrects or amends any unaudited financial statements that are found to contain materially false or misleading statements within a reasonable time after such errors are discovered, provided that Landlord or parties to whom Landlord is authorized to furnish such statements shall not have detrimentally relied upon them.

(e) Any execution or attachment is issued against Tenant or any of its property whereupon the Premises or Tenant's rights in the Lobby shall be taken or occupied or attached, or attempted to be taken or occupied or attached by someone other than Tenant, which execution or attachment is not discharged as to the Premises or vacated within sixty (60) days after it is entered.

(f) Tenant does or permits to be done anything which creates a lien upon the Premises, the Building, or the Lobby, and such lien is not discharged by Tenant within twenty (20) days after the filing thereof (unless such lien is validly contested by Tenant in accordance with Section 5.2(c)).

(g) Tenant's interest in this Lease shall be transferred to or shall pass to or devolve upon any other person or party except as specifically permitted in this Lease.

10.2 **Landlord's Remedies Upon Default.**

(a) Termination or Possession. Upon the occurrence of any uncured Event of Default, Landlord may exercise one or more of the following described remedies, in addition to all other rights and remedies available by law or in equity, whether or not stated in this Lease.

(i) Landlord may continue this Lease in full force and effect and shall have the right to collect Rent when due. Landlord may re-enter the Premises, to the extent permitted by law, and relet them or any part of them, to third parties for Tenant's account, and Tenant hereby expressly waives any and all claims for damages by reason of such re-entry, as well as any and all claims for damages for any method which Landlord may employ to recover Rents. Tenant shall be liable immediately to Landlord for all of Landlord's reasonable and actual expenses incurred in reletting the Premises including, without limitation, all repossession costs, market-rate brokerage commissions, legal expenses, reasonable attorney fees, expenses of employees, reasonable alteration and repair costs and expenses of preparation for such reletting (collectively, "Reletting Costs"). In determining the amount of alteration and repair costs that will be assessed against Tenant as Reletting Costs, all such costs incurred shall be pro-rated over the life of any new lease entered into for the Premises or any part thereof, and only that portion of such pro-rated costs occurring during the remainder of the then current Term of this Lease shall be assessed against Tenant as part of Reletting Costs. Reletting can be for a period shorter or longer than the remaining Term of the Lease. On the dates Rent is due, Tenant shall pay to Landlord a sum equal to the Rent due under this Lease, less the Rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate the Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate the Lease.

(ii) Landlord may terminate this Lease at any time, but only by delivering notice expressly stating its intent to do so. Upon termination, Landlord shall have the right to collect an amount equal to: (A) all expenses incurred by Landlord in recovering possession of the Premises, including reasonable attorneys' fees and costs; all reasonable costs and charges for the care of the Premises while vacant; (B) all Reletting Costs; (C) all past due Rent which is unpaid, plus interest thereon at the default rate specified herein; and (D) Base Rent and Additional Rent in accordance with the remainder of this paragraph. In determining the amount of alteration and repair costs that will be assessed against Tenant as Reletting Costs, all such costs incurred shall be pro-rated over the life of any new lease entered into for the Premises or any part thereof, and only that portion of such pro-rated costs occurring during the remainder of the then current Term of this Lease shall be assessed against Tenant as part of Reletting Costs. Upon termination, Landlord shall be entitled to collect all Base Rent and Additional Rent and other damages from Tenant monthly on the days on which such Base Rent and/or Additional Rent would have been payable hereunder if this Lease had not been terminated, less the Rent Landlord receives from any reletting; or, at the option of Landlord, Landlord shall be entitled to recover forthwith against Tenant, as liquidated damages and not as a penalty, an amount that at the time of such termination represents the present worth of the excess, if any (assuming a discount rate per annum equal to the rate per annum then being paid on U.S. Treasury Notes with a maturity date nearest to the expiration date of this Lease assuming this Lease had not been terminated), of the aggregate of the Base Rent and Additional Rent payable by Tenant hereunder that would have accrued for the balance of the Term over the aggregate rental value of the Premises for the balance of the Term (such rental value to be computed on the bases of tenant not only paying Base Rent to Landlord for the use and occupancy of the Premises but also the Additional Rent and other payments and charges as are required to be paid by Tenant under the terms of this Lease). Tenant shall bear the burden of proof in any proceeding to determine the rental value for purposes of the above calculation. If Landlord terminates the Lease and relets the Premises, the amount of rent and other sums payable by the tenant under such reletting shall be deemed prima facie evidence of the rental value for the Premises (or the portion thereof so relet) for the term of such reletting. Tenant shall in no event be entitled to any rents collected or payable in respect of any reletting, whether or not such rents shall exceed any Base Rent or Additional Rent payable in this Lease.

(iii) In the event Landlord terminates the Lease or Tenant's right to possession hereunder, Landlord shall use commercially reasonable efforts to relet the Premises but shall not be obligated to: (1) attempt to relet the Premises if Landlord has other space available in the Building; (2) relet the Premises at a rate substantially below the current rate being charged to other tenants; or (3) incur substantial expense to remodel or refurbish the Premises in order to accommodate prospective tenants. Landlord shall not have any responsibility or liability nor shall it affect Tenant's liability, if Landlord, after using commercially reasonable efforts, fails to relet the Premises. In no event shall Landlord be responsible for any failure to collect Rent during any reletting.

(b) Miscellaneous. Should any of these remedies, or any portion thereof, not be permitted by the laws of the state in which the Building is located, then such remedy or the portion thereof shall be considered modified to the least extent possible so as to provide Landlord with the greatest possible claim for damages or other remedies, and the remaining remedies shall be in addition to any other remedies or damages allowed by law. All rights, options and remedies of Landlord provided herein or elsewhere by law or in equity shall be deemed cumulative and not exclusive of one another. Regardless of whether or not a default exists, Tenant shall indemnify the Landlord Indemnitees against and hold them harmless from, any and all Claims and Costs arising from, involving or related to Tenant's use of the Premises, and from all costs, reasonable attorneys' fees and disbursements incurred in the defense of any Claims against Landlord, but only to the extent not paid by the Landlord Indemnitees' insurance. Upon notice from Landlord, Tenant shall defend any such Claim at Tenant's expense by counsel satisfactory to Landlord in its reasonable discretion. The provisions of this indemnification shall survive the termination of this Lease, and shall not be deemed to limit Tenant's specific indemnification obligations set forth elsewhere in this Lease.

(c) Enforcement Rights; Interpretation.

(i) Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver shall not of themselves constitute a termination of Tenant's right to possession.

(ii) If Tenant shall fail to perform any act or to pay any sum of money (other than Base Rent) required to be performed or paid by it hereunder, or shall fail to cure any default, and such failure shall continue beyond any applicable notice and grace period set forth herein (or none, if an emergency), then Landlord may, at its option, and without waiving or releasing Tenant from any of its obligations hereunder, make such payment or perform such act on Tenant's behalf. Tenant shall pay to Landlord on demand all sums Landlord may pay or costs it may incur in taking such action, plus interest thereon at 18% per year.

(iii) Landlord's failure to insist upon the strict performance of any agreement, term, covenant or condition of this Lease or to exercise any right or remedy upon a breach, or its acceptance of full or partial payment of Rent during the continuance of any breach, shall not constitute a waiver of any Event of Default, and no breach shall be waived, altered or modified except by Landlord's written agreement. No waiver of any breach shall affect or alter this Lease, but each and every agreement, term, covenant and condition shall continue in full force and effect with respect to any other then existing or subsequent breach. Notwithstanding any termination of this Lease, the same shall continue in force and effect as to any provisions which require Tenant's observance or performance after such termination.

(iv) No payments of money by Tenant to Landlord after the expiration or other termination of this Lease shall reinstate or extend the Term, or make ineffective any notice given to Tenant prior to the payment of such money. After the service of notice or the commencement of a suit, or after final judgment granting Landlord possession of the Premises, Landlord may receive and collect any

sums due under this Lease, and the payment thereof shall not make ineffective any notice, or in any manner affect any pending suit or any judgment theretofore obtained.

(v) If Tenant is in default under the terms hereof, Landlord shall have the right to remove all the Tenant's property from the Premises and dispose of said property in such a manner as determined best by Landlord, including disposing or selling it, at the sole cost and expense of Tenant and without liability of Landlord for the actions so taken. Landlord shall be under no duty to preserve or protect Tenant's property.

10.3 **Landlord Default.**

(a) If Tenant believes that Landlord is in default, or that Tenant has a claim against Landlord that Tenant has not waived pursuant to the terms of this Lease, Tenant shall give Landlord written notice of default or claim. Tenant shall give a copy of such notice to any Mortgagee and any collateral assignee of this Lease (provided that Tenant has been notified of the names and addresses of such persons). If Landlord does not cure such default within thirty (30) days after notice, or, if the default cannot reasonably be cured within a thirty (30) day period, if Landlord has not begun within thirty (30) days to take curative action or is not diligently pursuing completion of such curative action, then Tenant shall have the right to cure such default (a "**Claimed Default**") for the account of Landlord. In exercising its self help rights, Tenant shall have the right to use contractors of its choosing. Landlord hereby grants to Tenant and Tenant's contractors a license, effective during the Term, to enter those portions of the Building, Property and Premises that are reasonably necessary for Tenant to take such action. Any reasonable amount paid or any liability reasonably incurred by Tenant in exercising its self-help rights pursuant to this Section 10.3 (a "**Curative Payment**") shall be deemed paid or incurred for the account of Landlord, and Landlord shall reimburse Tenant therefor on or before the date (the "**Due Date**") which is ten (10) days after Landlord's receipt of a notice from Tenant submitting invoices and evidence of Tenant's payment of such invoices and requesting reimbursement.

(b) If Landlord shall fail to reimburse Tenant as provided herein, interest shall accrue on the Curative Payment from the Due Date until paid at the rate of eighteen percent (18%) per annum, unless such interest rate violates applicable usury laws, in which case interest shall accrue at the maximum legal rate.

(c) If Landlord disputes its obligation to reimburse Tenant for a Curative Payment, whether because Landlord disputes the Claimed Default or the nature or cost of the curative action or otherwise, it shall give written notice to Tenant, on or before the Due Date, explaining the basis for Landlord's position and identifying any relevant provisions of this Lease and pertinent law. If Landlord fails to give such notice to Tenant, or if Tenant disputes Landlord's explanation, Tenant or Landlord may cause the dispute to be resolved by one of two methods, as described below. If the amount in controversy is less than the Threshold Amount (defined below), Tenant or Landlord may only cause the dispute to be resolved by mandatory binding arbitration as provided in Section 10.3(d) below ("Arbitration"). If the amount in controversy exceeds the Threshold Amount, Tenant and Landlord may mutually agree to arbitration but neither may require arbitration, and either may resolve the dispute by exercise of any available remedy provided by law or in equity, subject to any limitations upon remedies provided in this Lease. For purposes of this Lease, "**Threshold Amount**" means \$100,000 in 2009 Equivalent Dollars; and the term "**2009 Equivalent Dollars**" means the equivalent purchasing power at any time of the value of One Dollar (\$1.00) which is legal tender in the United States for debts in calendar year 2009. The parties will determine 2009 equivalent dollars of any amount by multiplying such amount by one (1) plus a fraction expressed as a decimal (but not less than zero), the numerator of which is the difference obtained by subtracting (x) the Consumer Price Index for December, 2008 from (y) the monthly Consumer Price Index last published prior to the date of such determination, and the denominator of

which is the Consumer Price Index for December, 2008. As used herein, the term "Consumer Price Index" shall mean Consumer Price Index for Urban Wage Earners and Clerical Workers, City of Chicago, All Items (Base Year 1982-4=100), for the applicable month published by the Bureau of Labor Statistics of the United States Department of Labor or similar index agreed to by Landlord and Tenant if such index is no longer available.

(d) If Landlord fails to reimburse Tenant for a Curative Payment and if the amount claimed by Tenant is below the threshold Amount, Tenant and Landlord shall each have one hundred twenty (120) days after the Due Date to submit the Claimed Default to Arbitration, or the right to compel arbitration shall be deemed waived. If arbitration is initiated by Tenant or Landlord, it shall proceed as follows:

(i) **Initiation of Arbitration; Rules** The Arbitration shall be initiated by Tenant or Landlord delivering to the other party a Notice of Intention to Arbitrate as provided for in the AAA Commercial Arbitration Rules, unless the parties otherwise agree (as may be amended by agreement of the parties, the "AAA Rules"). The Arbitration shall be conducted in accordance with the AAA Rules, but the arbitration shall not be required to be conducted through the AAA. In the event of a conflict between the AAA Rules and this Section 10.3, the provisions of this Section 10.3(d) shall govern.

(ii) **Appointment of Arbitrator.** The parties shall appoint a single Arbitrator by mutual agreement. If the parties have not agreed within twenty (20) days of the delivery date of the Notice of Intention to Arbitrate on the selection of an arbitrator willing to serve, then the arbitration must be conducted through the AAA, and the AAA shall appoint a qualified Arbitrator to serve. Any arbitrator chosen in accordance with this Section 10.3(d) is referred to as the "Arbitrator."

(iii) **Qualifications of Arbitrator.** The Arbitrator shall be neutral and impartial. The Arbitrator shall be fully active in such Arbitrator's occupation or profession, knowledgeable as to the subject matter involved in the dispute, and experienced in arbitration proceedings. The foregoing shall not preclude otherwise qualified retired lawyers or judges from acting as the Arbitrator.

(iv) **Disclosure.** Any candidate for the role of Arbitrator shall promptly disclose to the parties all actual or perceived conflicts of interest involving the dispute or the parties. No Arbitrator may serve if such person has a conflict of interest involving the subject matter of the dispute or the parties. If an Arbitrator resigns or becomes unwilling to continue to serve as an Arbitrator, a replacement shall be selected in accordance with the procedure set forth in Subsection 10.3(d)(ii) above.

(v) **Compensation.** The Arbitrator shall be fully compensated for all time spent in connection with the arbitration proceedings in accordance with the Arbitrator's usual hourly rate unless otherwise agreed to by the parties, for all time spent by the Arbitrator in connection with the arbitration proceeding. Pending the final award, the Arbitrator's compensation and expenses shall be advanced equally by the parties.

(vi) **Preliminary Hearing.** Within thirty (30) days after the Arbitrator has been appointed, a preliminary hearing among the Arbitrator and counsel for the parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which shall be addressed include, in addition to those set forth in the AAA Rules, the following: (A) definition of issues; (B) scope, timing and types of discovery, if any; (C) schedule and place(s) of hearings; (D) setting of other timetables; (E) submission of motions and briefs; (F) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the parties can

be obviated or minimized; (G) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (H) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding.

(vii) **Management of the Arbitration.** The Arbitrator shall actively manage the proceedings as the Arbitrator deems best so as to make the proceedings expeditious, economical and less burdensome than litigation.

(viii) **Confidentiality.** All papers, documents, briefs, written communication, testimony and transcripts as well as any and all arbitration decisions shall be confidential and not disclosed to anyone other than the Arbitrator, the parties or the parties' attorneys and expert witnesses (where applicable to their testimony), except that upon prior written consent of all parties, such information may be divulged to additional third parties. All third parties shall agree in writing to keep such information confidential.

(ix) **Hearings.** Hearings may be held at any place within the State of Illinois designated by the Arbitrator and, in the case of particular witnesses not subject to subpoena at the usual hearing site, at a place where such witnesses can be compelled to attend.

(x) **Final Award.** The Arbitrator shall promptly (but, in no event later than sixty (60) days following the conclusion of the proceedings or such longer period as the parties mutually agree) determine the claims of the parties regarding the Claimed Default and render a final award in writing (the "**Arbitration Award**"). The Arbitrator shall have no right to vary, modify or waive any provision of the Lease. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration, and other relevant factors. The Arbitrator shall not have jurisdiction to award any punitive damages. The Arbitrator shall not have jurisdiction to award indirect, consequential or special damages regardless of whether the possibility of such damage or loss was disclosed to, or reasonably foreseen by the party against whom the claim is made. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party. The decision of the Arbitrator shall be final and conclusive upon all parties. Tenant shall be entitled to offset and deduct the Arbitration Award from future payments of Base Rent and Additional Rent.

(e) If Landlord fails to reimburse Tenant for a Curative Payment and if the amount claimed by Tenant exceeds the Threshold Amount, then Tenant and Landlord may exercise all rights and remedies available by law or in equity, subject to any limitations upon remedies provided in this Lease, to achieve such recovery; provided however, that with respect to any such proceeding, the parties agree that their mutual waiver set forth in this Lease of the right to resolve the dispute by jury trial shall remain in full force and effect and neither party may seek or recover consequential or punitive damages. If a court of competent jurisdiction then enters a final judgment order in favor of Tenant, holding that Landlord is required to pay all or any portion of the damages sought by Tenant (the "**Court Damages**"), then from and after the date of such judgment, Tenant shall be entitled to offset and deduct the Court Damages from future payments of Base Rent and Additional Rent; provided, that if Landlord exercises its right to appeal such judgment, then Landlord agrees that the Court Damages shall be deposited with the court as a bond to secure Landlord's full performance. In addition, if Tenant should prevail on appeal, Tenant shall be awarded post-judgment interest on the Court Damages at the rate of eighteen percent (18%) per annum, unless such interest rate violates applicable usury laws, in which case interest shall accrue at the maximum legal rate.

(f) In addition to exercising its remedy of self-help in the event of Landlord's default, Tenant may bring an action for specific performance, damages, or both, subject to any limitation

upon remedies set forth in this Lease. However, after any Claimed Default is submitted to Arbitration, the parties waive their right to have such Claimed Default resolved by a court.

(g) Nothing in this Lease shall be deemed or interpreted to limit Tenant's right to assert that it has been constructively evicted from all or a portion of the Premises, nor is Tenant precluded from seeking a termination of this lease in any judicial proceedings for constructive eviction. In the event of a Casualty, if Landlord fails to make repairs as required under the Ground Lease, as a result of which the Ground Lease is terminated, then this Lease may thereafter also be terminated by Tenant, by delivery of a notice of termination to Landlord.

ARTICLE 11 MISCELLANEOUS PROVISIONS

11.1 **Holding Over.** If Tenant remains in possession of the Premises after the expiration or other termination of this Lease without Landlord's written consent, then Tenant shall be in default of this Lease, and in addition to all other remedies Landlord may have for such default, Tenant shall be liable to Landlord for monthly Rent during the holdover period equal to one hundred twenty-five percent (125%) of the monthly Rent payable hereunder during the last month of the Term, and for all consequential damages resulting from the loss of prospective tenants. Landlord's acceptance of holdover payments shall not extend or modify the Term of this Lease. In the event Tenant remains in possession of the Premises for more than thirty (30) days after the expiration or other termination of this Lease without Landlord's written consent, then Tenant shall indemnify the Landlord Indemnitees against and hold them harmless from any and all Claims and Costs resulting from Tenant's failure to surrender possession by such date including, without limitation any claims made by a prospective tenant. Tenant's indemnification obligations shall survive the expiration or earlier termination of this Lease.

11.2 **Relocation.** [Intentionally deleted].

11.3 **Right to Remeasure.** Tenant's Pro Rata Share of Operating Expenses shall be as determined under Section 1.7; provided, however, at any time and from time to time during the Term, Landlord may elect to remeasure the Rentable Area of the Premises and the Building using a commercially reasonable measurement method. If the Rentable Area of the Premises or the Building changes, then Rent and Tenant's Pro Rata Share of Operating Expenses shall be recalculated accordingly. The determination of Rentable Area of the Premises as agreed to by Tenant in the Premises Acceptance Letter shall be correct for all purposes hereunder.

11.4 **Authority of Tenant.** If Tenant is an entity, then each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease in accordance with a duly adopted resolution in accordance with the governing documents of Tenant (a copy of which shall be provided on Landlord's request).

11.5 **Financial Statements.** Concurrently with the execution of this Lease, Tenant shall deliver current audited financial statements for the prior three years (provided, however, that if audited statements are not available, such financial statements shall be certified as true and correct by Tenant) plus year-to-date financial statements. On each anniversary of the Commencement Date, Tenant shall deliver to Landlord updated audited financial statements (provided, however, that if audited statements are not available, such financial statements shall be certified by an officer of Tenant as being true and correct in all material respects and in accordance with Tenant's accounting policies and procedures). At any other time during the Term that Landlord or any Mortgagee makes a written request, Tenant shall deliver such updated financial information as shall be described in the request, but not more than two (2) times during any calendar year during the Term. Landlord agrees to treat Tenant's financial statements as

confidential, except that Landlord may disclose them to its advisors, consultants, prospective lenders or purchasers of the Property.

11.6 **Personal Property Taxes.** Tenant shall pay or cause to be paid before delinquency any taxes upon personal property (other than Landlord's personal property) located in the Premises. If Tenant's personal property shall be assessed and taxed with the Property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after Landlord's delivery of a statement to Tenant.

11.7 **Entire Agreement.** This Lease contains the entire agreement of the parties. Neither Landlord nor Landlord's agent or attorneys have made, nor has Tenant relied upon, any representations, warranties or promises with respect to the subject matter of this Lease except as expressly set forth in this Lease. The submission of this document for examination and review does not constitute an option, an offer to lease space, or an agreement to lease space. No amendment or modification of this Lease shall be binding or valid unless expressed in writing and executed and delivered by Landlord and Tenant.

11.8 **Force Majeure.** Any non-monetary obligation of Landlord or Tenant which is delayed or not performed due to Acts of God, acts of terrorism, strike, riot, shortages of labor or materials, war (whether declared or undeclared), governmental laws, regulations or restrictions, governmental action or inaction, any moratorium or other limit on issuing building permits or certificates of occupancy, or any other causes of any kind whatsoever which are beyond Landlord's or Tenant's reasonable control, including, without limitation, delay by a third party in completion of off-site improvements for the Property, shall not constitute a default hereunder and shall be performed within a reasonable time after the end of such cause for delay or nonperformance. If Landlord is delayed in constructing or reconstructing the Building or Premises due to Force Majeure, then the time within which such construction or reconstruction is to be completed shall be extended, day for day, by the number of days of such delay, subject to the terms and conditions of the Work Letter. A lack of funds shall not be considered an event of Force Majeure.

11.9 **Severability.** If a court of competent jurisdiction shall declare any term or provision of this Lease or the application thereof to any person or circumstances illegal, invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and all other terms and provisions of this Lease shall be valid and enforced to the fullest extent permitted by law.

11.10 **Interpretation.** This Lease shall be construed in accordance with the laws of the state in which the Building is located. Time is of the essence in all instances where Tenant is required by the terms and provisions of this Lease to pay any sum of money or to do any act at a particular time or within any indicated period. If any time period stated herein ends on a Saturday, Sunday, or legal holiday, then it will automatically be extended to the next day that is not a Saturday, Sunday, or legal holiday. All terms and conditions of this Lease shall apply with equal force and effect, and shall be deemed incorporated into any sublease of the Premises, unless the context otherwise requires.

11.11 **Definition of Landlord; Limitation of Landlord Liability; Waivers.**

(a) The term "Landlord" shall mean the owner of the Property and the Building, or if applicable, the tenant or lessee under any ground lease pursuant to which Landlord leases the Property, at the time in question. If Landlord transfers its interest therein, it shall be freed and relieved of all covenants and obligations to be performed thereafter without further agreement between the parties or their successors in interest. This Lease shall not be affected by such transfer or lease, and Tenant agrees to attorn to the successor landlord, with such attornment to be self-operative and binding without any further documentation. Notwithstanding anything to the contrary provided in this Lease, neither

Landlord, nor any owner, officer, director, employee or agent of Landlord, or any Mortgagee in possession, shall have any personal liability with respect to any provisions of this Lease. If Landlord is in breach or default with respect to its obligations or otherwise, Tenant shall look solely to Landlord's interest in the Property and Building for the satisfaction of Tenant's remedies and any judgment or award entered against Landlord.

(b) In no event shall Landlord be liable to Tenant and Tenant hereby waives any claims against Landlord arising under this Lease for: (i) any failure of any person or entity to occupy their spaces or operate their businesses within the Building, or for any loss or damage that may be occasioned by or through the acts or omissions of other tenants; (ii) the failure, interruption, defect or change in the quantity or character or supply of any utility or service furnished to the Premises or the Building, or for any loss or damage resulting from such interruption, defect or change (unless caused by Landlord's gross negligence or willful misconduct), and no such interruption or change shall be construed as a constructive eviction of Tenant, or excuse Tenant from performing any of its obligations hereunder (except for abatement Rent provided to Tenant pursuant to Section 5.1(d)), (iii) for any latent defect in the Premises (except as set forth in **Exhibit E**) or Building, (iv) any loss or damage resulting from fire, explosion, smoke, steam, gas, electricity, mold, water or rain, unless caused by Landlord's gross negligence or willful misconduct; (v) any loss or damage for which Tenant is required to insure or has insured, (vi) any consequential, special or punitive damages, (vii) any loss or damage resulting from any construction, Alterations or repair Tenant is required or permitted to performed under this Lease.

(c) Except as expressly provided in Section 11.11, Landlord and Tenant hereby waive any claims against each other arising under or in connection with this Lease for any consequential, special or punitive damages.

11.12 **Memorandum of Lease.** Upon the reasonable request of either party, together with the right to review and comment upon the form of such memorandum, either party may record a memorandum of this Lease executed by Landlord and Tenant to provide notice to third parties of certain terms and conditions of this Lease.

11.13 **Rules and Regulations.** Landlord has adopted the rules and regulations set forth in **Exhibit G** (the "**Rules and Regulations**") for the safety and convenience of all tenants and other persons in the Building. At all times the Premises, the Building and the Property shall be smoke free. Tenant shall at all times comply with, and shall cause its employees, agents, contractors, licensees, invitees, and subtenants to comply with, the Rules and Regulations from time to time in effect. Landlord may, from time to time, amend, delete or add to the Rules and Regulations. Landlord shall not be liable to Tenant for failure of any person to comply with such Rules and Regulations.

11.14 **Estoppel Certificate.** At any time and from time to time upon written request by Landlord, Tenant shall execute and deliver, within ten (10) days, a certificate to Landlord or to any present or proposed Mortgagee or purchaser designated by Landlord, in the form supplied, certifying: (a) that Tenant has accepted the Premises (or, if Tenant has not done so, specifying the reasons therefor); (b) that this Lease is in full force and effect and has not been modified (or if modified, setting forth all modifications), or, if this Lease is not in full force and effect, specifying the reasons therefor; (c) the Commencement Date, the Expiration Date and the terms of any extension options of Tenant; (d) the date to which the Base Rent and any Additional Rent have been paid under this Lease and the amount thereof then payable; (e) the amount of the Security Deposit and prepaid Rent, if any, being held by Landlord; (f) whether there are then any existing defaults by Landlord in the performance of its obligations under this Lease, and, if so, specifying the nature and extent thereof; (g) that Tenant has not received notice of any default under this Lease which has not been cured, except as to defaults specified in the certificate; (h) the capacity of the person executing such certificate, and that such person is duly authorized to execute it on

behalf of Tenant; and (i) any other information reasonably requested by Landlord, its present or proposed purchaser, or the present or proposed Mortgagee.

11.15 **Intentionally Deleted.**

11.16 **Subordination, Nondisturbance and Attornment.**

(a) **Subordination and Nondisturbance.** This Lease, unless Landlord or Landlord's Mortgagee provides Tenant written notice to the contrary, shall be subordinate to any Mortgage and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding the preceding sentence, such subordination shall be upon the express condition that the validity of this Lease shall be recognized by the holder of such Mortgage, who shall agree that notwithstanding any default by the Landlord under the Mortgage or any foreclosure or enforcement thereof, Tenant's right to quiet possession of the Premises shall not be disturbed so long as no continuing Event of Default on Tenant's part is continuing under this Lease, unless this Lease is otherwise terminated pursuant to its terms. Although the subordination shall be self-operating, Tenant, or its successors in interest, shall upon Landlord's request, execute and deliver any and all instruments reasonably desired by Landlord or the holder of any Mortgage, subordinating, in the manner reasonably requested by Landlord, this Lease to any Mortgage; provided that such Mortgage holder concurrently executes and delivers to Tenant a reasonable and customary non-disturbance agreement that accords with the provisions of this Section in a form reasonably acceptable to Tenant. If Tenant fails to execute such instruments within ten (10) days after Landlord's delivery of such instruments to Tenant, and Tenant thereafter fails to execute such instruments within ten (10) days after a second notice is delivered to Tenant that shall also state in capital letters more conspicuous than the surrounding text the statement that "**THIS NOTICE IS BEING GIVEN FOR THE PURPOSE OF CONSTITUTING A SECOND NOTICE UNDER SECTION 11.16 OF THE LEASE AND MAY RESULT IN THE LEASE BEING TERMINATED,**" then Tenant shall be deemed to be in default pursuant to this Lease and shall not be entitled to any opportunity to cure such default that may be provided for elsewhere in this Lease. If the holder of any Mortgage shall elect to have this Lease and any options granted hereby prior to the lien of its Mortgage, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such Mortgage, whether this Lease is dated prior or subsequent to the date of such Mortgage or the date of recording thereof.

11.17 **Attorneys' Fees.** If any party breaches this Lease, the non-breaching party shall be entitled to collect its costs of enforcement and collection, including without limitation its reasonable attorneys' fees, arbitration fees, court costs, expert witness fees, and other incidental expenses incurred to enforce this Lease, whether or not a suit has been commenced, all in addition to any other remedies or damages that may be available or may be awarded by the court or arbitrator. In the event of any action, suit or proceeding to enforce this Lease, the court or arbitrator shall award the prevailing party its cost of collection, including without limitation its reasonable attorneys' fees, court costs, and expert witness fees, in addition to any other relief granted.

11.18 **Landlord's Consent.** If Tenant requests Landlord's consent hereunder and Landlord fails or refuses to give such consent, Tenant shall not be entitled to any damages for the withholding of Landlord's consent. Tenant's sole remedy shall be an action for specific performance or injunction, and such remedy shall be available only in those cases where Landlord has expressly agreed in writing not to unreasonably withhold its consent or where, as a matter of law, Landlord may not unreasonably withhold its consent.

11.19 **No Merger.** The voluntary or other surrender of possession of the Premises by Tenant, or a mutual cancellation of this Lease, shall not result in a merger of Landlord's and Tenant's estates, and

shall, at the option of Landlord, either terminate any or all existing subleases or subtenancies, or operate as an assignment to Landlord of any or all of such subleases or subtenancies.

11.20 **JURY TRIAL WAIVER.** LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY.

11.21 **Brokers.** Tenant represents and warrants that it has not dealt with any broker or agent (other than Landlord's broker or agent) in connection with the negotiation or execution of this Lease. Tenant agrees to indemnify and hold Landlord harmless from and against any and all damage, loss, cost or expense including, without limitation, all attorneys' fees, as a result of any claim for commissions or other compensation arising from Tenant's dealings with anyone other than Landlord's broker or agent, and such obligations shall survive the expiration or earlier termination of this Lease.

11.22 **Confidentiality.** Landlord and Tenant shall have the same confidentiality obligations with respect to this Lease as they have under the Ground Lease.

11.23 **Ground Lease Conditions.** If as a result of any failure of conditions in the Ground Lease, the Ground Lease is terminated in the "Pre-Commencement Period" or the "Commencement Date" does not occur, as those terms are defined in the Ground Lease, then this Lease shall terminate.

11.24 **Additional Space Supplementary Provisions.** Supplementary terms and provisions regarding the leasing of the Additional Space by Tenant are set forth in **Exhibit H** attached hereto.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK.
THE SIGNATURE PAGE(S) FOLLOW(S).]

Signature Page for Medical Building Lease

IN WITNESS WHEREOF, Landlord and Tenant have respectively executed this Lease as of the day and year first above written.

LANDLORD

Silver Cross Hospital and Medical Centers, an Illinois not-for-profit corporation

By: _____

Name: _____

Title: _____

TENANT:

SCH MSB LLC, a Colorado Limited Liability company

By: NMI-SCH Inc., a Colorado corporation,
Manager

By: _____
Gregory C. Venn, President

Exhibit A

Property

(Preliminary—Amended Description to be Inserted)

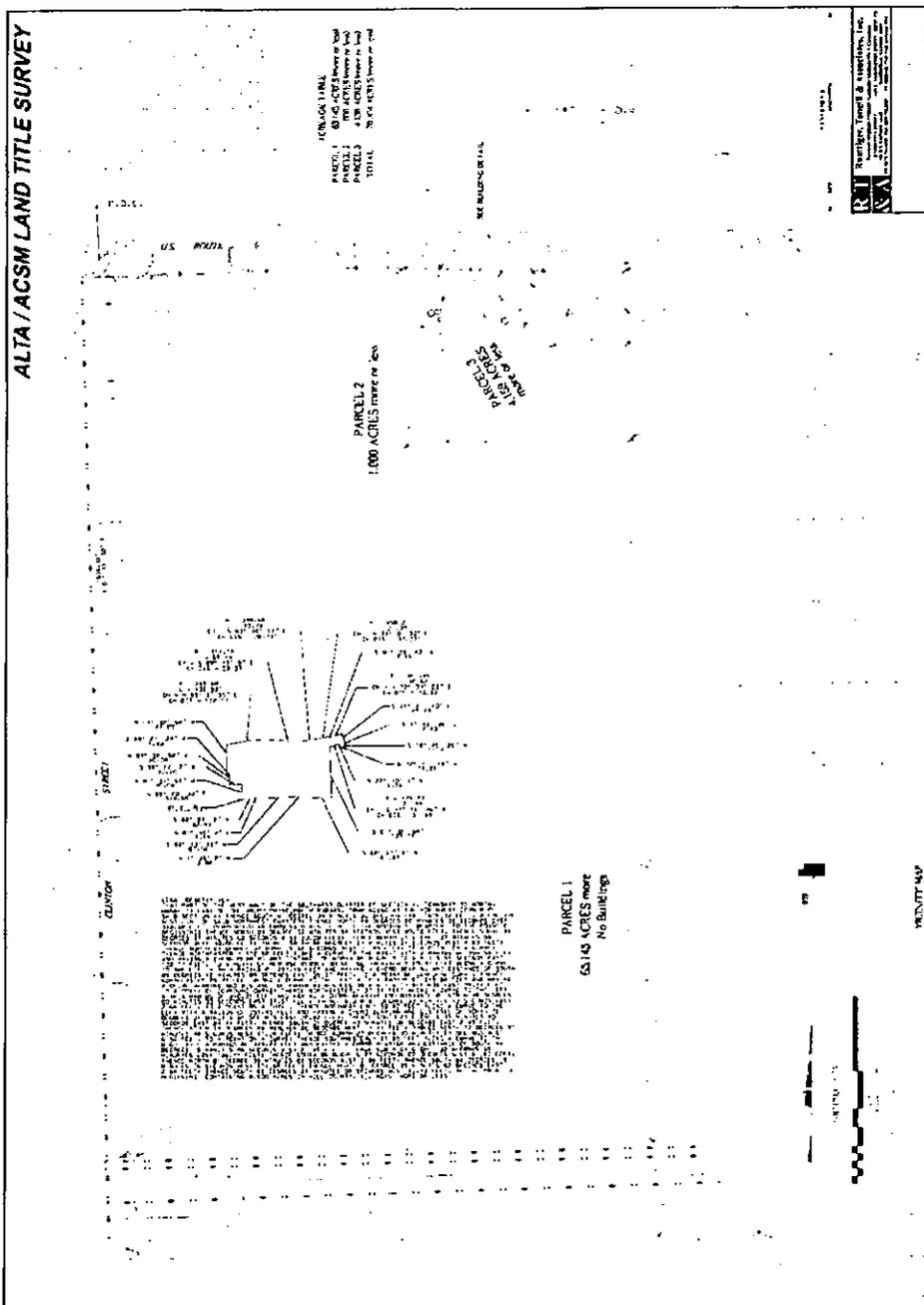


Exhibit B

Premises, Common Areas and Lobby

(To Be Inserted)

Exhibit C

Measurement Guidelines and Diagrams

(To Be Inserted)

Exhibit D

Work Letter

(To Be Inserted)

Exhibit E

Premises Acceptance Letter

(To Be Inserted)

Exhibit F

Tenant's Personal Property

(To Be Inserted)

Exhibit G

Rules and Regulations

(To Be Inserted)

Exhibit H

Additional Space

(To Be Inserted)

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

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



To all to whom these Presents Shall Come, Greeting:

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

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of OCTOBER A.D. 2010



Jesse White

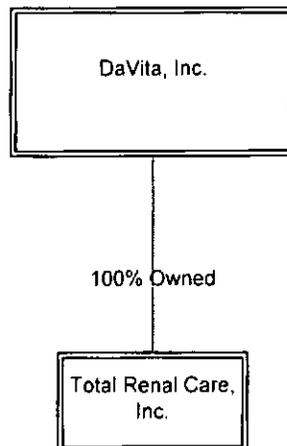
SECRETARY OF STATE

Authentication #: 1029100457
Verify at www.cyberdriveillinois.com

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

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

DaVita Organizational Chart



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

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

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

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

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

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ESRD	\$9,493,372	8,685				8,685	
Total Clinical	\$9,493,372	8,685	0	0	0	8,685	0
NON CLINICAL	\$0	0	0	0	0	0	0
Total Non-clinical	\$0	0	0	0	0	0	0
TOTAL	\$9,493,372	8,685	0	0	0	8,685	0

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

Background of the Applicants

The Applicants are fit, willing and able, and have the qualifications, background and character to adequately provide a proper standard of health care services for the community. DaVita is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and empowering patients, and community outreach. A copy of DaVita's 2010 Community Care report, some of which is outlined below, details DaVita's commitment to quality, patient centric focus and community outreach, was previously submitted on July 11, 2011 as part of Applicants' applications for Proj. Nos. 11-027 to 11-036. The proposed project includes the acquisition of three Silver Cross in-center dialysis facilities (collectively "Silver Cross Renal Centers") by Total Renal Care, Inc., a subsidiary of DaVita. The facilities will maintain their current locations, but will be fully integrated with DaVita and will implement DaVita's operational processes and quality initiatives.

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

While most patients are not aware of it, there are over 26 million people with CKD in the United States and that number is expected to rise. Current data reveals two trends, which help explain the growing need for dialysis services:

- The prevalence of identified CKD stages 1 to 4 has increased from 10% to 13.1% between 1988 and 2004¹
- Increasing prevalence in the diagnosis of diabetes and hypertension, the two major causes of CKD²

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

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

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

¹ US Renal Data System, USRDS 2007 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, Bethesda, MD: National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases; 2007.

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

³ Id.

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

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

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

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

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

DaVita is also committed to sustainability and reducing its carbon footprint. In fact, it is the only kidney care company recognized by the Environmental Protection Agency for its sustainability initiatives. In 2010, DaVita opened the first LEED-certified dialysis center in the U.S. Furthermore, it saves approximately 8.5 million pounds of medical waste through dialyzer reuse and it also diverts 95% of its waste through composting and recycling programs. It has also undertaken a number of similar initiatives at its offices and is seeking LEED Gold certification for its corporate headquarters.

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

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

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

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

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

Dialysis facilities are not subject to State Licensure.

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



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

April 30, 2009

Dear Physicians:

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



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



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

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

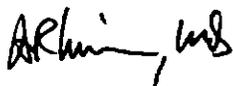
- **Assess incident patients regularly in their first 90 days:** Discuss patients individually and regularly. Use the IMPACT scorecard to prompt these discussions.
- **Adopt "Facility Specific Orders":** Create new facility specific orders using the form that will be provided to you.
- **Minimize the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

Launch Kits:

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

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

Sincerely,



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

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



Knowledge

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

Taking Control Of Kidney Disease

Learn how to slow the progression of kidney disease.

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

Making Healthy Choices

Learn how to prepare for dialysis.

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

Treatment Choices

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

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

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

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

DaVita®



Dear Physician Partners:

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

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

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

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

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

How was IMPACT developed? What are the initial results?

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

Your support of this effort is crucial.

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

Sincerely,

Dennis Kogod
Chief Operating Officer

Allen R. Nissenson, MD, FACP
Chief Medical Officer





DaVita.



FOR IMMEDIATE RELEASE

DaVita's IMPACT Program Reduces Mortality for New Dialysis Patients

Study Shows New Patient Care Model Significantly Improves Patient Outcomes

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

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

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

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

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

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

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

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

Incident Management of Hemodialysis Patients: Managing the First 90 Days

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

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

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

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

Data as of July, 2008 is reported. Patients in the IMPACT group were 60.6 ± 15.1 years old (mean±3SD), 42.8% Caucasian, 61% male with 25% having a fistula. Results showed a reduction in 90-day mortality almost 2 percentage points lower (6.14% vs. 7.98%; $p < 0.10$) among IMPACT versus nonIMPACT patients. Changes among the 4As showed higher albumin levels from 3.5 to 3.6 g/dL (note that some IMPACT patients were on protein supplementation during this period) and patients achieving fistula access during their first 90-days was 25% vs. 21.4%, IMPACT and nonIMPACT, respectively ($p \leq 0.05$). However, only 20.6% of IMPACT patients achieved Hct targets ($33 \leq 3xHb \leq 36$) vs. 23.4% for controls ($p < 0.10$); some IMPACT patients may still have >36 -level Hcts. Mean calculated Kt/V was 1.54 for IMPACT patients vs. 1.58 for nonIMPACT patients ($p \leq 0.05$).

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

IMPACT Tools

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

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

3

Attention, teammates!
A new IMPACT patient is about to step up to the plate.
Let's become their biggest fans. Let's coach and encourage them. And let's cheer them along every step of their first 90 days.

Go _____

IMPACT TEAM MEMBER NAME _____
TITLE _____
DEPT. & PH. _____
EXT. NO. _____



6

IMPACT SCORECARD

Facility: STZ - BARDIA FACILITY
Group: Sample Group
Division: Sample Division
Region: Sample Region 1
Period: March 2008

90

Indicator	Actual	Target	Score
Access	100%	95%	100%
Albumin	100%	95%	100%
Adequacy	100%	95%	100%
Anemia	100%	95%	100%

DVA IMPACT Goals by Month

90 - 120 Days IMPACT Evaluation

61 - 90 Days

31 - 60 Days

0 - 30 Days

5

IMPACT Education Checklist

90

IMPACT Management Checklist

90

Indicator	Target	Actual	Score
Access	100%	100%	100%
Albumin	100%	100%	100%
Adequacy	100%	100%	100%
Anemia	100%	100%	100%

4

IMPACT TEAM MEMBER NAME _____
TITLE _____
DEPT. & PH. _____
EXT. NO. _____

DaVita



Headquarters

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

IMPACT

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

DaVita.com

Our Mission

To be the Provider,
Partner and Employer
of Choice

Core Values

Service Excellence
Integrity
Team
Continuous Improvement
Accountability
Fulfillment
Fun

86

**Davita Inc.
Illinois Facilities**

Regulatory Name	Address 1	City	County	State	Zip	Medicare Certification Number
Adams County Dialysis	436 N 10TH ST	QUINCY	ADAMS	IL	62301-4152	14-2711
Alton Dialysis	3511 COLLEGE AVE	ALTON	MADISON	IL	62002-5009	14-2619
Benton Dialysis	1151 ROUTE 14 W	BENTON	FRANKLIN	IL	62812-1500	14-2608
Beverly Dialysis	8109 SOUTH WESTERN AVE	CHICAGO	COOK	IL	60620-5939	14-2638
Big Oaks Dialysis	5623 W TOUHY AVE	NILES	COOK	IL	60714-4019	14-2712
Centralia Dialysis	1231 STATE ROUTE 161	CENTRALIA	MARION	IL	62801-6739	14-2609
Chicago Heights Dialysis	177 W JOE ORR RD	CHICAGO HEIGHTS	COOK	IL	60411-1733	14-2635
Churchview Dialysis	5970 CHURCHVIEW DR	ROCKFORD	WINNEBAGO	IL	61107-2574	14-2640
Cobblestone Dialysis	934 CENTER ST	ELGIN	KANE	IL	60120-2125	14-2715
Crystal Springs Dialysis	720 COG CIRCLE	CRYSTAL LAKE	MCHENRY	IL	60014-7301	14-2716
Decatur East Wood Dialysis	794 E WOOD ST	DECATUR	MACON	IL	62523-1155	142599
Dixon Kidney Center	1131 N GALENA AVE	DIXON	LEE	IL	61021-1015	14-2651
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	COOK	IL	60005-3905	14-2628
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	COOK	IL	60089-4009	14-2650
DSI Evanston Renal Center	1715 Central Street	Evanston	COOK	IL	60201-1507	14-2511
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	COOK	IL	60429-2428	14-2622
DSI Loop Renal Center	1101 South Canal Street,	Chicago	COOK	IL	60607-4901	14-2505
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	COOK	IL	60428-4026	14-2575
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	COOK	IL	60193-4072	14-2654
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	COOK	IL	60473-1511	14-2544
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	LAKE	IL	60085-3676	14-2577
Edwardsville Dialysis	235 S BUCHANAN ST	EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Effingham Dialysis	904 MEDICAL PARK DR	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Emerald Dialysis	710 W 43RD ST	CHICAGO	COOK	IL	60609-3435	14-2529
Freeport Dialysis	1028 S KUNKLE BLVD	FREERPORT	STEPHENSON	IL	61032-6914	14-2642

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DaVita Inc.
Illinois Facilities

Regulatory Name	Address 1	City	County	State	Zip	Medicare Certification Number
Granite City Dialysis Center	9 AMERICAN VLG	GRANITE CITY	MADISON	IL	62040-3706	14-2537
Illini Renal Dialysis	507 E UNIVERSITY AVE	CHAMPAIGN	CHAMPAIGN	IL	61820-3828	14-2633
Jacksonville Dialysis	1515 W WALNUT ST	JACKSONVILLE	MORGAN	IL	62650-1150	14-2581
Jerseyville Dialysis	917 S STATE ST	JERSEYVILLE	JERSEY	IL	62052-2344	14-2636
Kankakee County Dialysis	581 WILLIAM R LATHAM SR DR	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Kennedy Home Dialysis	5509 N CUMBERLAND AVE	CHICAGO	COOK	IL	60656-4702	14-2691
Lake County Dialysis Services	918 S MILWAUKEE AVE	LIBERTYVILLE	LAKE	IL	60048-3229	14-2552
Lake Park Dialysis	1531 E HYDE PARK BLVD	CHICAGO	COOK	IL	60615-3039	14-2717
Lake Villa Dialysis	37809 N IL ROUTE 59	LAKE VILLA	LAKE	IL	60046-7332	14-2666
Lincoln Dialysis	2100 WEST FIFTH	LINCOLN	LOGAN	IL	62656-9115	14-2582
Lincoln Park Dialysis	3157 N LINCOLN AVE	CHICAGO	COOK	IL	60657-3111	14-2528
Litchfield Dialysis	915 ST FRANCES WAY	LITCHFIELD		IL	62056-1775	14-2583
Little Village Dialysis	2335 W CERMAK RD	CHICAGO	COOK	IL	60608-3811	14-2668
Lockport Home Dialysis	16626 W 159TH ST	LOCKPORT	WILL	IL	60441-8019	14-2697
Logan Square Dialysis	2659 N MILWAUKEE AVE	CHICAGO	COOK	IL	60647-1643	14-2534
Macon County Dialysis	1090 W MCKINLEY AVE	DECATUR	MACON	IL	62526-3208	14-2584
Marion Dialysis	324 S 4TH ST	MARION	WILLIAMSON	IL	62959-1241	14-2570
Maryville Dialysis	2130 VADALABENE DR	MARYVILLE	MADISON	IL	62062-5632	14-2634
Maryville Home Dialysis	2136B VADALABENE DR	MARYVILLE	MADISON	IL	62062-5632	14-2686
Mattoon Dialysis	200 RICHMOND AVE E	MATTOON	COLES	IL	61938-4652	14-2585
Metro East Dialysis	5105 W MAIN ST	BELLEVILLE	SAINT CLAIR	IL	62226-4728	14-2527
Montclare Dialysis Center	7009 W BELMONT AVE	CHICAGO	COOK	IL	60634-4533	14-2649
Mount Vernon Dialysis	1800 JEFFERSON AVE	MOUNT VERNON	JEFFERSON	IL	62864-4300	14-2541
Mt. Greenwood Dialysis	3401 W 111TH ST	CHICAGO	COOK	IL	60655-3329	14-2660
Olney Dialysis Center	117 N BOONE ST	OLNEY	RICHLAND	IL	62450-2109	14-2674

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**DaVita Inc.
Illinois Facilities**

Regulatory Name	Address 1	City	County	State	Zip	Medicare Certification Number
Olympia Fields Dialysis Center	4557B LINCOLN HWY	MATTESON	COOK	IL	60443-2318	14-2548
Pittsfield Dialysis	640 W WASHINGTON ST	PITTSFIELD	PIKE	IL	62363-1350	14-2708
Robinson Dialysis	1215 N ALLEN ST	ROBINSON	CRAWFORD	IL	62454-1100	14-2714
Rockford Dialysis	3339 N ROCKTON AVE	ROCKFORD	WINNEBAGO	IL	61103-2839	14-2647
Roxbury Dialysis Center	622 ROXBURY RD	ROCKFORD	WINNEBAGO	IL	61107-5089	14-2665
Rushville Dialysis	112 SULLIVAN DRIVE	RUSHVILLE	SCHUYLER	IL	62681-1293	14-2620
Sauget Dialysis	2061 GOOSE LAKE RD	SAUGET	SAINT CLAIR	IL	62206-2822	14-2561
Skyline Home Dialysis	7009 W BELMONT AVE	CHICAGO	COOK	IL	60634-4533	14-2560
Springfield Central Dialysis	932 N RUTLEDGE ST	SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Springfield Montvale Dialysis	2930 MONTVALE DR	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Stonecrest Dialysis	1302 E STATE ST	ROCKFORD	WINNEBAGO	IL	61104-2228	14-2615
Stony Creek Dialysis	9115 S CICERO AVE	OAK LAWN	COOK	IL	60453-1895	14-2661

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

August 18, 2011

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

Dear Chairman Galassie:

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

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

Sincerely,

Dennis Lee Kogod
Chief Operating Officer
DaVita Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This ___ day of ___
2011

Notary Public

*He attached
W. H. Hest
E. Hest Johnson
M. Hest*

CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], ~~not~~ Notary)

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

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

State of California
 County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me
 on this 10 day of AUGUST, 2011
 by _____
Date Month Year

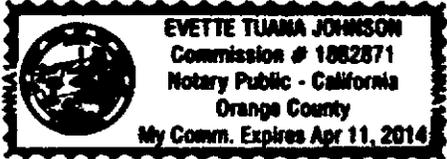
(1) JENNIS KOGROD
Name of Signer

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

(and)
 (2) NONE
Name of Signer

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

Signature Etette Johnson
Signature of Notary Public



Place Notary Seal and/or Stamp Above

OPTIONAL

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

Further Description of Any Attached Document

Title or Type of Document: APPLICATION FOR

Document Date: 10 AUG 2011 Number of Pages: 1

Signer(s) Other Than Named Above: NONE

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

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

Purpose of the Project

1. The purpose of the proposed acquisition of the Silver Cross Renal Centers is to ensure ESRD patients in Will County, Illinois have continued access to life sustaining dialysis services. The acquisition will create economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Given recent trends in the delivery of dialysis services including the demands the revised federal payment policies place on dialysis operations, many hospitals in Illinois, including the University of Chicago and Sherman Hospital, have reviewed options for this service line and have decided it can be best managed by a strategic partner, like DaVita, which is better positioned to serve the growing needs of patients suffering from end stage renal disease ("ESRD") and to preserve the services in the community.

Dialysis companies, have advantages over smaller providers. Because they purchase supplies and equipment in huge volume, they can provide dialysis services at a lower cost. To thrive in the new reimbursement environment, providers will need to provide dialysis in the most cost effective manner and DaVita is one of the best positioned providers to meet that challenge.

2. A map of the market area for Silver Cross Renal Center is attached at Attachment – 12. The market area encompasses approximately a 17 mile radius around the proposed facility. The boundaries of the market area of are as follows:

- North approximately 30 minutes normal travel time to Westmont
- Northwest approximately 30 minutes normal travel time to Naperville
- West approximately 30 minutes normal travel time to Shorewood
- Southwest approximately 30 minutes normal travel time to Channahon
- South approximately 30 minutes normal travel time to Wilmington
- Southeast approximately 30 minutes normal travel time to Monee
- East approximately 30 minutes to Lansing

- Silver Cross Renal Center is located in HSA 9. Based upon the November 17, 2011 Update to Inventory of Other Health Services, there is currently an excess of 30 stations in HSA 9. The proposed change of ownership will ensure ESRD patients residing in HSA 9 retain access to life sustaining dialysis.

3. Reference

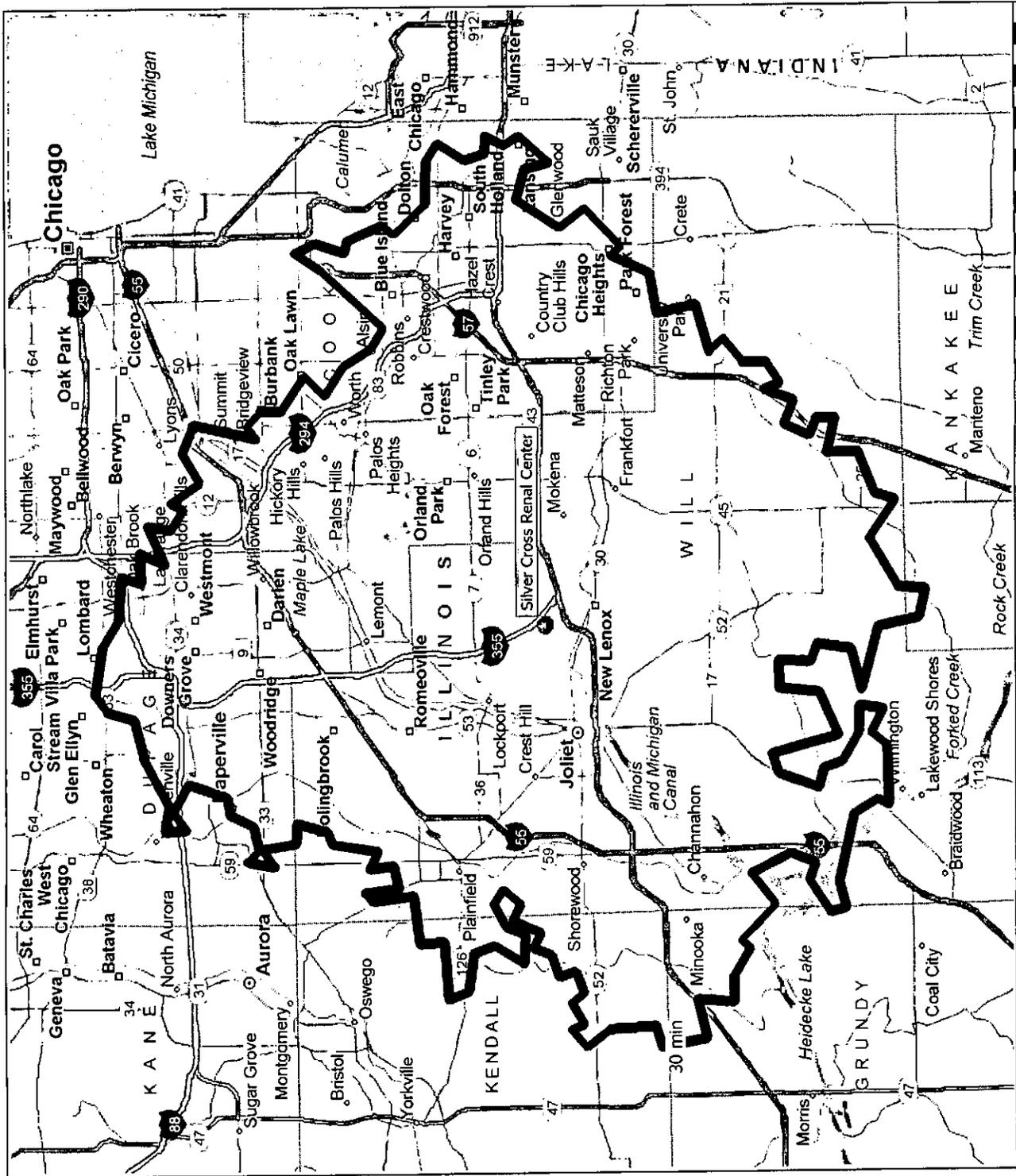
Illinois Health Facilities and Services Review Board, Update to Inventory of Other Health Services 2 (Nov. 17, 2011) available at <http://www.hfsrb.illinois.gov/pdf/Other%20Services%20Update%2011-17-2011.pdf> (last visited Nov. 30, 2011).

4. The integration of Silver Cross Renal Centers into DaVita will allow DaVita to increase its operational efficiency in this new payment environment, improve quality and ensure dialysis patients have continued access to life sustaining dialysis services.
5. The acquired facilities will be integrated into DaVita's normal operational processes, including DaVita's quality outcomes programs, and, thus, are anticipated to have outcomes comparable to other DaVita facilities.

Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to

penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which was \$509M in hospitalization savings to the health care system and the American taxpayer in 2010.

Silver Cross Renal Center GSA



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 rights reserved.

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

Alternatives

1. Do Nothing

Silver Cross operates three dialysis facilities in Illinois. These facilities are located in HSA 9. Given recent trends in the delivery of dialysis services including the demands the revised federal payment policies place on dialysis operations, many hospitals in the State, including Silver Cross, have decided their dialysis service line would be better managed by a strategic partner who is better positioned to serve the growing needs of patients suffering from ESRD and have opted to divest this service. Acquisition of the Silver Cross Renal Centers will permit Silver Cross to divest this service line while allowing DaVita to create greater economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Without an acquisition, these objectives cannot be achieved and, therefore, this option was rejected.

There is no cost associated with this alternative.

2. Joint Venture With Silver Cross Hospital and Medical Center

DaVita is open to joint venture relationships. Given Silver Cross' intent to divest their dialysis centers, this option was rejected. Additionally, even if a joint venture were possible, in DaVita's experience, joint ventures often pose significant hurdles in achieving the desired efficiencies and success. For these reasons, this option was rejected.

There is no cost associated with this alternative.

3. Acquire Silver Cross Renal Centers.

DaVita carefully considered whether to acquire the Silver Cross Renal Centers. Acquisition of these facilities will allow DaVita to reach a new patient base and will improve operational efficiency of the Silver Cross Renal Centers. Through the acquisition, DaVita will be able to bring the broader line of chronic kidney disease services to Silver Cross patients. These services will be beneficial for patients, physicians, payors, and taxpayers in providing more effective care and helping to reduce costs to the health care system. Accordingly, DaVita decided the acquisition of the Silver Cross Renal Centers was the most feasible option.

The cost of this alternative is \$9,493,372.

Table 1110.230(c)				
Alternative to the Proposed Project				
Cost-Benefit Analysis				
Alternative	Community Need	Access	Cost	Status
Do Nothing	Not met	Decreased	\$0	Reject
Joint Venture with Silver Cross	Not met	Decreased	\$0	Reject
Acquire Silver Cross Renal Center	Met	Maintained	\$9,493,372	Accept

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

1. Transactional Documents

Attached at Attachment 19-A is the executed letter of intent between DaVita and Silver Cross for the acquisition of the Silver Cross Renal Centers.

2. Change in Services Currently Offered

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

3. Operating Entity

Total Renal Care, Inc. will be the operating entity of Silver Cross Renal Center. The facility will be fully integrated with DaVita, the parent of Total Renal Care, Inc.

4. Reason for the Transaction

As set forth in Criterion 1110.230(b), the purpose for the transaction is to ensure ESRD patients have continued access to dialysis services. Given recent trends in the delivery of dialysis services including the demands the revised federal payment policies place on dialysis operations, many hospitals in the State, including Silver Cross, have decided their dialysis service line would be better managed by a strategic partner who is better positioned to serve the growing needs of patients suffering from ESRD and have opted to divest this service. Acquisition of the Silver Cross Renal Centers will permit Silver Cross to divest its dialysis facilities while allowing DaVita to create greater economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives.

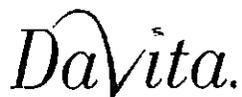
5. Anticipated Additions or Reductions of Employees

No significant additions or reductions in employees are anticipated now or for the next two years as a result of the proposed acquisition. All current employees at Silver Cross Renal Center will have the opportunity to continue their employment with DaVita after the acquisition. DaVita determines its staffing needs according to treatment needs. Staffing hours and/or positions will be added or reduced according to patient census and care needs. The Applicants anticipate no reduction in employees.

6. Cost-Benefit Analysis

As set forth throughout this application, the proposed transaction contemplates a change of ownership of Silver Cross Renal Center. Total Renal Care, Inc. will acquire substantially all of the assets of the Silver Cross Renal Center. The proposed transaction is part of a larger transaction, involving the acquisition of three in-center hemodialysis facilities for approximately \$30 million. While DaVita will incur costs inherent in operating the Silver Cross Renal Centers, the facilities will likely achieve cost savings due to economies of scale and shared resources

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August 12, 2011

Silver Cross Hospitals and Medical Centers, Inc.
1200 Maple Road
Joliet, Illinois 60432
Attention: Mr. Paul Pawlak, President and Chief Executive Officer

Dear Mr. Pawlak:

This letter of intent will serve to express our mutual understandings with respect to the proposed acquisition by DaVita Inc. or one of its subsidiaries ("Buyer") of substantially all of the assets (the "Assets") of Silver Cross Hospitals and Medical Centers, Inc. ("Seller") relating to the renal dialysis centers described on Attachment A (each, a "Center" and collectively, the "Centers").

The intended transaction (the "Transaction") is as follows:

1. Purchase Price; Adjustments.

(a) Purchase Price. Subject to further due diligence, the purchase price (the "Purchase Price") for the Assets shall be Thirty Million Dollars (\$30,000,000) plus the value of up to twenty one (21) treatment days of useable inventories and supplies (including, without limitation, EPO and other drugs and supplies used for dialysis treatments) on site at each of the Centers. The Purchase Price, less the Deposit (as defined below), shall be payable in cash via wire transfer at the closing (the "Closing") of the Transaction.

(b) Non-Refundable Deposit. Within three (3) business days of the full execution and delivery of this letter of intent, Buyer shall pay to Seller the sum of Four Hundred Fifty Thousand Dollars (\$450,000) in consideration of Seller's agreement to negotiate exclusively with Buyer (the "Deposit"). This Deposit shall be applied against Buyer's obligation to pay the Purchase Price at Closing. If the Closing does not occur, Seller shall retain the deposit unless the reason why the Closing does not occur is due to one or more of the following reasons: (i) Seller's board of directors or trustees fails to approve the Transaction; (ii) Seller's management does not recommend approval of a Transaction materially consistent with the terms of this letter of intent and with other standard terms for a transaction of this size and nature to Seller's board of directors or trustees; (iii) Seller breaches any of its binding obligations set forth in this letter of intent; (iv) Seller fails to use commercially reasonable efforts to cooperate with Buyer's diligence activities and the regulatory approval process and to consummate the Transaction; (v) Seller fails to satisfy the conditions to Closing set forth in the Purchase Agreement (as defined in Paragraph 4 below) for which Seller is responsible; or (vi) the operations of the Dialysis Business (as defined in Paragraph 2 below) are materially

inconsistent with the information provided by Seller to Buyer during its preliminary due diligence in April 2011. If the Transaction does not close due to one or more of the foregoing, Seller shall return the deposit to Buyer no more than three (3) business days following such event.

2. **Assets.** The Assets to be acquired by Buyer at Closing will include all of the tangible and intangible assets which comprise or are used or are held for use in connection with or are necessary to the operation of the business at the Centers (the "Dialysis Business"), including, without limitation, all real property leasehold rights, improvements, furniture, fixtures, equipment, supplies, inventory, claims and rights under contracts and leases to be assigned to Buyer as set forth below, trade names, trademarks, and service marks, patient lists, copies of patient files and records, telephone numbers for the Center, trade secrets, other proprietary rights or intellectual property, goodwill, all Medicare provider numbers and agreements distinct to the Dialysis Business (if Buyer shall elect, in its sole discretion, to accept them), and, to the extent permitted by law, all permits, licenses and other rights held by Seller with respect to the ownership or operation of any or all of the Dialysis Business, and all of Seller's books and records to the extent relating to the foregoing, in each case, regardless of whether they are on Seller's or a related party's books. All of the Assets shall be transferred to Buyer free and clear of all liens, claims and encumbrances. At or prior to the Closing, Seller shall acquire all right, title and interest in and to any leased equipment that is used in connection with the Centers, and such acquired equipment shall constitute part of the Assets. Notwithstanding the foregoing, the Assets will not include cash and accounts receivable of the Centers, contracts and leases that are not to be assigned to Buyer as set forth below, and inventory and supplies disposed of from the date hereof until Closing in the ordinary course of business consistent with past practice.

3. **Liabilities.** Except for obligations arising on or after the Closing Date under contracts assigned to Buyer or otherwise relating to the operation of the Dialysis Business on or after the Closing Date (such obligations, "Post-Closing Obligations"), Buyer will not assume any of Seller's Liabilities (as defined below), including, without limitation, any Liabilities arising out of the operation of the Dialysis Business (or any part thereof) or the ownership or use of any of the Assets prior to the Closing Date. "Liability" means any claim, lawsuit, liability, obligation or debt of any kind or nature whatsoever, including without limitation, (a) any malpractice, tort or breach of contract claim asserted by any patient, former patient, employee or any other party that is based on acts or omissions or events occurring before the Closing Date; (b) any amount (including, if applicable, any penalty or interest) due or that may become due to Medicare or Medicaid or Blue Cross/Blue Shield or any other health care reimbursement or payment intermediary or other person or entity on account of any overpayment or duplicate payment or otherwise attributable to any period prior to the Closing Date ("Reimbursement Liabilities"); (c) any obligation or liability attributable to any period prior to the Closing Date that arises out of any contract, whether or not such contract is assigned to Buyer; and (d) any account payable of Seller.

4. **Purchase Agreement.** Buyer and Seller shall execute an asset purchase agreement for the Transaction (the "**Purchase Agreement**"), which shall provide for the purchase and sale of the Assets and assumption of the Liabilities as specified in Paragraphs 1 through 3, above, and contain such representations, warranties and other terms as are customary for a transaction of this nature, including, without limitation, representations and warranties relating to good and valid title, sufficiency of assets, no brokers, continuation of the business in the ordinary course and further assurances.

5. **Contracts.**

(a) **Contract Review and Assignment.** Prior to the execution of the Purchase Agreement, Seller shall provide Buyer with copies of all contracts and leases of Seller relating to the Centers except for third-party payor contracts, including, without limitation, employment agreements, and vendor agreements. Prior to the execution of the Purchase Agreement, Buyer shall designate which of the listed contracts and leases it shall assume at the Closing (it being anticipated that Buyer will designate relatively few, if any, of said contracts and leases). To the extent the contracts and leases are transferrable, Seller shall be responsible for obtaining and delivering any necessary consents for the assignment of such designated contracts and leases to Buyer at the Closing.

(b) **Real Property Leases.** At Closing, Buyer will enter into a new lease with Seller, as landlord, for each of the Centers (each, a "**Lease**" and collectively, the "**Leases**") for the current Center premises except for the Center premises located in Morris, Illinois, which premises are not owned or controlled by Seller. It is anticipated that each Lease will have a term of ten (10) years from the Closing Date and two (2) successive renewal options of five (5) years each, and other terms mutually acceptable to the parties. Notwithstanding the foregoing, the parties acknowledge that Seller is building a new facility at 1890 Silver Cross Boulevard, New Lenox and when complete, the Center currently located at 1200 Maple Road, Joliet will relocate to space within such new premises, whereupon the current lease will terminate and a new lease will be executed with the owner of that space. The parties further acknowledge that the rental amount under each Lease must reflect fair market value and will be supported by a broker's opinion of value, which Buyer will obtain at its own expense.

(c) **Acute Services Agreement.** It will be a condition to Closing that Buyer and Seller shall enter into an Acute Service Agreement (the "**Acute Services Agreement**") for dialysis treatments rendered at Seller's acute care hospital. The Acute Services Agreement will have terms and conditions mutually acceptable to Buyer and Seller and the rate per treatment thereunder shall reflect fair market value of the services provided.

6. **Employees.** On or before the Closing, Buyer shall offer to hire, effective as of the Closing Date, all of Seller's employees (other than physicians) who are employed principally in the Dialysis Business as of the Closing (the "**Dialysis**

Employees") on terms that in the aggregate are equal to or better than the terms currently offered such employees by Seller, subject, in each case, to Buyer's confirmation thereof during its due diligence review; provided, however, Buyer may elect not to offer employment to Dialysis Employees who (i) do not have the unrestricted ability to provide federally reimbursed services; (ii) do not release their personnel files to Buyer prior to Closing; (iii) are on a corrective action plan with Seller at any time within sixty (60) days prior to Closing; (iv) are former employees of Buyer who left their employment on unfavorable terms; or (v) do not pass a pre-employment drug test, background check and physical exam. At Closing, Buyer will assume up to eighty (80) hours of vacation and other payable time off ("**PTO**") accrued as of the Closing Date by each Dialysis Employee who accepts employment with Buyer and elects to transfer all or some of said PTO to Seller, and Seller shall pay to Buyer an amount equal to such accrued and transferred PTO or, alternatively, shall apply a credit to Buyer against the Purchase Price hereunder. Seller will be responsible for paying any accrued PTO in excess of eighty (80) hours or any non-transferred PTO to each Dialysis Employee in the next Seller disbursed payroll at or following the Closing. If Buyer is unable to process the transition of the Dialysis Employees who accept the offers from Buyer to Buyer's payroll and benefit plans by the Closing, then Seller will maintain such Dialysis Employees on its payroll and in its benefit plans until such transition is completed, in each case, solely at the cost and expense of Buyer.

7. **Medical Director Agreement.** Seller will use commercially reasonable efforts (provided, however, that Seller shall not be required to spend any funds or otherwise offer any consideration to any party in connection with such commercially reasonable efforts) to assist Buyer in negotiating a ten (10) year medical director agreement for each of the Centers (each, a "**Medical Director Agreement**"), to be effective as of the Closing Date, with a qualified, board-certified nephrologist acceptable to Buyer to serve as medical director for each Center, at fair market value rates and under reasonable terms and conditions.

8. **Naming Rights.** Seller agrees that Buyer shall retain the right to designate the name of the Centers; provided, however, that following the Closing, Buyer shall incorporate the name of the founder of Silver Cross Renal Center - East, Dr. Satish Kathpalia, into the Center names and/or on a memorial located within the Centers. Nothing in this Paragraph 8 shall preclude Buyer from identifying each Center as a Buyer facility following the Closing.

9. **Non-Competition and Non-Solicitation Covenant.** Pursuant to the Purchase Agreement, Seller, on its own behalf and on behalf of its affiliates, shall agree not to compete with the business of the Centers, directly or indirectly (whether through a subsidiary, employee, agent, affiliate or otherwise), or otherwise take any action that may result in owning any interest in, leasing, operating, managing, extending credit to, or otherwise participating (e.g., as a medical director, contractor, consultant, or employee) in a competitor of Buyer or the Centers, anywhere within a radius of twenty (20) miles of each Center (the "**Restricted Area**"), for a period of ten (10) years following the Closing

Date (the "**Restricted Period**"). Seller shall further agree, on its own behalf and on behalf of its affiliates, that they will not, during the Restricted Period, directly or indirectly (whether through a subsidiary, employee, agent, affiliate or otherwise), take any action that may induce any patient, customer, employee or vendor of any Center (either individually or in the aggregate) to discontinue his, her or its affiliation with such Center; provided that the foregoing is not intended to prohibit any physician employed by Seller from engaging in the professional practice of nephrology or exercising such person's independent medical judgment, without consideration for any pecuniary interests of said physician, nor to require the referral of any patients for any dialysis service provided by, or to any dialysis center owned by, Buyer or any of Buyer's affiliates. Five percent (5%) of the Purchase Price will be allocated to the covenant not to compete. The Parties agree that the non-competition and non-solicitation terms of this Paragraph 9 shall not apply if Buyer discontinues the Dialysis Business within the Restricted Period.

10. Closing. Subject to the satisfaction of the Closing conditions (including approval from the Illinois Health Facilities Planning Board for Buyer to acquire the Centers), the Closing shall take place as soon as possible, and in any event no later than March 31, 2012 (the "**Closing Date**"). The parties will use good faith efforts to complete and execute the Definitive Agreements (as defined in Paragraph 12(b) below) no later than October 14, 2011.

11. Due Diligence. Within ten (10) business days of the execution of this letter of intent, Buyer shall provide Seller with a list of all due diligence information requested by Buyer. Buyer shall have a period of forty five (45) days following the provision to Buyer by Seller of all requested diligence information to complete to its satisfaction its due diligence review of the Dialysis Business, including, without limitation, the assets and liabilities relating thereto and copies of any licenses, permits, and other regulatory materials and approval requirements pertaining to the Dialysis Business. During this review period, Buyer may request that Seller provide reasonable supplemental information from time to time. Seller shall furnish to Buyer and its representatives such information and access to such books and records and personnel as Buyer may reasonably request for such purpose, including, without limitation, with respect to financial matters, litigation and loss contingencies, employee matters, tax and ERISA matters, vendors and patient information, legal and healthcare regulatory compliance, licenses, insurance, contracts, and other matters as Buyer may reasonably request.

12. Conditions to Closing. Buyer's obligation to close the Transaction shall be subject to Buyer's completion to its satisfaction of its due diligence review of the Dialysis Business as set forth in Paragraph 11 above, and subject to the satisfaction of the conditions set forth below. Satisfaction of the conditions in subsections (a) and (c) below also shall be conditions to Seller's obligation to close the Transaction.

(a) **Documentation.** The parties will negotiate, execute and deliver the Purchase Agreement, Leases, Acute Services Agreement, and related documents, setting forth the terms and conditions of the Transaction and containing customary provisions, representations, warranties, covenants, and indemnifications in accordance with this letter of intent, and providing for the receipt by the parties of such ancillary documents as shall be reasonably acceptable to the parties and their respective counsel. Further, Seller shall have supplemented or amended all of its disclosure schedules to the Purchase Agreement through the Closing Date to reflect any fact necessary to make the representations true and correct, and no such supplement or amendment shall have resulted in a material adverse effect on the Dialysis Business. In addition, Buyer will have completed its negotiation of the Medical Director Agreements. All of the foregoing documents, inclusive of the Medical Director Agreements, are referred to hereafter as the "Definitive Agreements."

(b) **Regulatory Matters.** Seller shall be in material compliance with all standards of licensure and other applicable legal requirements, including, without limitation, all building, zoning, occupational safety and health, environmental, and health care laws, ordinances, and regulations relating to the Dialysis Business, its assets, its personnel and its operations. In addition, Buyer shall have obtained or been issued a certificate of need from the Illinois Health Facilities Planning Board and all other licenses, permits, and other regulatory approvals for its operation of the Centers after the change of control contemplated hereunder, provided that Buyer shall exercise its best efforts to obtain all such necessary licenses, permits and other regulatory approvals. Furthermore, the sale of the Assets to Buyer shall be in compliance with all applicable federal and state laws.

(c) **Board and Lender Approvals.** Buyer and Seller, to the extent necessary, shall have received all necessary corporate approvals and all required lender approvals.

(d) **Personnel.** A sufficient number of Dialysis Employees shall have accepted employment with Buyer on the terms and conditions offered by Buyer to operate the Centers in the same manner as they were operated prior to the Closing, and each of such employees shall have all licenses and permits required to carry out his or her obligations and none of them shall be on the OIG List of Excluded Individuals/Entities.

(e) **Inventory.** The Assets shall include that quantity of useable inventories and supplies, including, without limitation, EPO and other drugs and supplies used for dialysis treatments, as shall be sufficient to operate the Centers for a period of eighteen (18) days in a manner consistent with prior practice.

(f) **Material Adverse Change.** There shall not have been any material adverse change in the condition (financial or otherwise) of the assets, properties or operations of the Dialysis Business or the Assets.

13. Indemnification. The Purchase Agreement will provide that Seller will indemnify and hold harmless Buyer with respect to all losses arising out of any breach of any representation, warranty or covenant of Seller made pursuant to the Purchase Agreement, or arising out of any Liabilities, including without limitation, Reimbursement Liabilities. The Purchase Agreement will also provide that Buyer will indemnify and hold harmless Seller with respect to all losses arising out of any breach of any representation, warranty or covenant of Buyer made pursuant to the Purchase Agreement, or arising out of any Post-Closing Obligations. Any claim for indemnification for any breach of a representation or warranty must be asserted by written notice within five (5) years following the Closing Date, except that, with regard to those representations and warranties pertaining to Seller's payment programs, compliance with laws, benefit plans, and taxes, a claim for indemnification may be asserted at any time within the applicable statute of limitations. The indemnification provisions shall contain other provisions usual and customary for transactions of this nature, including a cap and basket, to be agreed upon following completion of Buyer's due diligence review of the Dialysis Business.

14. Maintenance of Business. Between the date of this letter and the Closing Date or the termination of the exclusivity period referred to in Paragraph 18 below, whichever occurs first, Seller (a) shall continue to operate the Dialysis Business and maintain the Assets in the usual and customary manner consistent with past operations; (b) shall use its reasonable efforts to preserve the business operations of the Dialysis Business intact, to keep available the services of its current personnel, and to preserve the good will and relationships of its suppliers, patients and others having business relations with the Dialysis Business; (c) shall notify Buyer in writing of any event involving the Dialysis Business or the Assets that has had or may be reasonably expected to have a material adverse effect on the business or financial condition of the Dialysis Business or the Assets; and (d) shall not sell, encumber, or otherwise dispose of any Assets without Buyer's consent, except in the ordinary course of business consistent with past practice.

15. Transition Period. From the date hereof, through the Closing Date and thereafter for a reasonable period of time, the parties will work cooperatively with each other to develop specific transition and integration plans to assure continued quality of care and operating effectiveness following the Closing, including but not limited to a plan to ensure that Buyer does not experience an interruption in reimbursement from Medicare after the Closing Date.

16. Public Announcements. Subject to requirements of law, any news releases or other announcements prior to Closing by Buyer, Seller, or any of their respective affiliates or agents pertaining to this letter or the transactions contemplated herein shall be approved in writing by all parties prior to release. Buyer and Seller agree that, prior to Closing, they shall keep the existence of this letter and its contents confidential, except as may be necessary to comply with applicable law. Buyer acknowledges and agrees that Seller shall have the right to disclose information to its employees regarding the transaction contemplated by this letter of intent as, when and to

the extent Seller in its sole discretion deems it reasonably necessary to further the purpose of this letter of intent and Seller's obligations hereunder, provided that Seller and Buyer shall jointly agree in advance to the timing and substance of all communications between Buyer and Seller's employees.

17. **Confidentiality.** Buyer and Seller hereby reaffirm their respective obligations under that certain Mutual Confidentiality Agreement dated as of March 24, 2011, which agreement remains in full force and effect.

18. **Exclusivity.** In consideration of Buyer's payment of the Deposit, for a period of one hundred twenty (120) days following full execution of this letter of intent (or such earlier date on which Buyer provides written notice to Seller that it has ended its active efforts to consummate the Transaction), neither Seller nor any of its affiliates or agents or representatives, shall, directly or indirectly, enter into any agreement, commitment or understanding with respect to, or engage in any discussions or negotiations with, or encourage or respond to any solicitations from, any other party with respect to the direct or indirect (including, without limitation by way of stock sale, merger, consolidation or otherwise) sale, lease or management of the Dialysis Business or any material portion of the Assets. Seller shall promptly advise Buyer of any unsolicited offer or inquiry received by it or any of its affiliates, agents or representatives while the provisions of this Paragraph 18 remain in effect, including the terms of any such offer that is equal to or greater than ninety percent (90%) of the Purchase Price.

19. **Procedure.** As soon as possible following full execution and delivery of this letter of intent, the parties will cooperate in the negotiation and preparation of the Purchase Agreement and other necessary documentation and will use all reasonable efforts to satisfy the conditions set forth in Paragraph 12 which are in their respective control.

20. **Expenses.** Each party shall bear its own expenses arising out of this letter of intent and the Transaction, with no liability for such expenses to the other party, whether or not the Transaction or any part thereof shall close.

21. **Non-Binding Effect.** It is understood that this letter of intent merely constitutes a statement of the mutual intentions of the parties with respect to the proposed Transaction, does not contain all matters upon which agreement must be reached in order for the proposed transactions to be consummated and, except in respect of Paragraphs 1(b), 14, 16, 17, 18, and 20, above, and this Paragraph 21, creates no binding rights in favor of any party. A binding commitment with respect to the Transaction will result only if Definitive Agreements are executed and delivered, and then, only subject to the terms and conditions contained therein. The parties agree to negotiate such Definitive Agreements in good faith on terms consistent with this Letter of Intent. This letter of intent may be executed in counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same letter of intent. Signatures sent by facsimile transmission shall be deemed to be original signatures.

Silver Cross Hospitals and Medical Centers, Inc.
August 12, 2011
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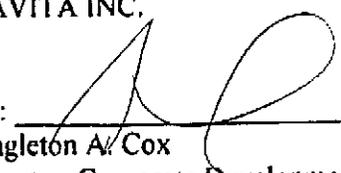
[SIGNATURES ON NEXT PAGE]

Silver Cross Hospitals and Medical Centers, Inc.
August 12, 2011
Page 10

This letter of intent will be void and the terms contained herein revoked unless accepted and returned by 5:00 p.m. (Central Time) on August 12, 2011. If the foregoing is acceptable to you, please so indicate by signing a copy of this letter of intent and returning it to the undersigned.

Very truly yours,

DAVITA INC.

By: 
Singleton A. Cox
Director, Corporate Development

Acknowledged and agreed this 12 day of August 2011

SILVER CROSS HOSPITAL AND MEDICAL CENTERS, INC.

By: 
Name: Paul Pawlak
Title: President, Chief Executive Officer

ATTACHMENT A

CENTERS

Silver Cross Renal Center – East
1200 Maple Rd
Joliet, Illinois

Silver Cross Renal Center – West
1051 Essington Road
Joliet, Illinois

Silver Cross Renal Center – Morris
1551 Creek Drive
Morris, Illinois

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

1. Current Admissions Policy

A copy of the current admissions policy and financial assistance policy for Silver Cross Renal Center is attached as Attachment 19-B.

2. Proposed Admissions Policy

A copy of the admissions policy and financial assistance policy for DaVita, Inc. is attached as Attachment 19-C.

3. Admission Policy Certification

A letter from Dennis Kogod, Chief Operating Officer of DaVita, certifying the admissions policies of Silver Cross Renal Center will not become more restrictive is attached as Attachment 19-D.

**TITLE: HOSPITAL ADMISSION PROCESS FOR DIRECT ADMITS
THROUGH THE PATIENT REGISTRATION AREA**

Policy and/or Procedure:

1. Physician or physician's office calls Admitting Case Manager for inpatient admission.
2. House Supervisor coordinates placement of the patient.
3. Admitting schedules patient as "SCH IN" via computer.
4. Upon arrival of the patient, the Patient Registration Rep will:
 - a. Review the demographic and insurance information with the patient or family member.
 - b. Confirm that the patient requests to be listed in the patient directory for phone calls and visitors.
 - c. Obtain signatures on all necessary forms.
 - d. Provide the patient with all regulatory documents.
 - e. Assign the patient to the room via computer.
 - f. Place the patient identification band on the patient and verify the accuracy of the patient name and date of birth.
 - g. Request the services of the volunteer to escort the patient to the room.
5. After hours, the patient will be admitted through the EOD.

DEPARTMENTS AFFECTED:

Admitting

EFFECTIVE DATE:

March 1, 1978

REVISED DATE (S):

08/05/98, 11/03/04, 04/25/06

APPROVED BY:

Theresa Quinn
Manager

DATE: 04/25/06

AUTHORIZED:

John Krepps
President (or designee)

DATE: 05/24/06

Manual Page A-1

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TITLE: DETERMINATION OF CHARITY - GUIDELINES

Purpose:

The hospital will provide services to all acutely ill patients requiring care, without regard of the patient's ability to pay. We will provide charity care to eligible persons who cannot afford to pay based on family income criteria pursuant to the Federal Poverty Income Guidelines.

Definition:

Charity care is the terminology used to describe persons with the inability to pay for services rendered.

Procedure:

I. EVALUATION

- A. Patient, family member or agency will notify us prior to services rendered.
- B. Patient or family member will be interviewed by a financial counselor during the inpatient stay to assess the patient's eligibility for state aid.
- C. Post care communication will be performed by the collection department to determine the patient's ability to pay.

II. GUIDELINES

- A. We will provide charity care assistance to patients that maintain an income 200% above the Federal Poverty Level:

<u>Size of Family Unit</u>	<u>Federal Poverty Level</u>	<u>200% Above</u>
1	\$10,890	\$21,780
2	14,710	29,420
3	18,530	37,060
4	22,350	44,700
5	26,170	52,340
6	29,990	59,980
7	33,810	67,620
8	37,630	75,260

TITLE: DETERMINATION OF CHARITY - GUIDELINES

II. GUIDELINES (continued)

- B. For family units with more than eight members, add \$7,640.00 for each additional member.
- C. We will update our guidelines upon publication of the Department of Health and Human Services in the Federal Register.

III. QUALIFICATION

- A. The completion of the Determination of Eligibility Application Form.
- B. Proof of family income:
 - 1. Copy of previous year income tax return.
 - 2. Copy of wage statement W-2 form,
 - 3. Copy of most recent pay statement of earnings.
- C. Indigent persons
 - 1. Homeless
 - 2. Deceased adults with no spouse, no probate and no assets.
- D. Persons who are denied for state aid yet meet our guidelines.
- E. We are committed to provide in and out patient care to those who have been referred from the Will-Grundy Medical Clinic.

IV. PROCESS

- A. Receive telephone call from patient or guarantor requesting uncompensated charity care.
- B. Mail the Determination of Eligibility Application Form to the guarantor.
- C. Upon receipt of completed application form, it will be reviewed by the collector and forwarded to the manager or senior person for approval or denial.
- D. Approved application:
 - 1. The patient account will be adjusted off of the receivables with the assigned adjustment code.
 - 2. Notes are entered into the financial system.
 - 3. Decision will be mailed to guarantor within 10 working days.
 - 4. Record of patient account will be maintained for 5 years and the application for 1 year.

TITLE: DETERMINATION OF CHARITY - GUIDELINES

IV. PROCESS (continued)

- E. Denied application:
 - 1. Collection efforts will prevail.
 - 2. Notes are entered into the financial system.
 - 3. Decision will be mailed to guarantor within 10 working days.
 - 4. Application will be maintained for 1 year.

DEPARTMENTS AFFECTED: Patient Accounts

EFFECTIVE DATE: 05/15/91 REVISED DATE(S): 3/21/97, 5/1/98,11/17/99,3/9/00,
3/26/01,2/18/03,2/27/04,9/16/04
3/2/05,2/1/06,1/24/07,2/1/08,2/5/09,
1/25/11

APPROVED BY: Robert Mull, Director Patient Accounts
Department Head

DATE: 01/25/11 _____

AUTHORIZED: William Brownlow
Senior Vice President of Finance
And Managed Care

DATE: 01/25/11 _____

TITLE: ACCEPTING PATIENTS FOR TREATMENT

PURPOSE: To establish requirements for patient admission to a DaVita dialysis facility and to allow DaVita to obtain necessary information from the patient and to enter the correct information into the appropriate information system prior to providing dialysis treatment to a patient at a DaVita dialysis facility.

DEFINITION(S):

Beneficiary Selection Form (CMS 382): Required by Medicare for home dialysis patients (home hemo or peritoneal). The patient selects whether they will obtain home treatment supplies from a Durable Medical Equipment (DME) provider (Method II) or from the facility that will provide home dialysis support services (Method I). DaVita currently only supports patients selecting Method I.

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

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

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

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

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

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

Property of DaVita Inc.

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Origination Date: September 2006

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

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

POLICY:

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

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

13. Unless otherwise provided for under this policy, prior to the admission to the facility, all patients, including Transfer, Guest, and Permanent Patients will be given the following documents to read and sign:
- a. Patient's Rights;
 - b. Patient's Responsibilities;
 - c. Patient Authorization and Financial Responsibility Form (PAFR);
 - d. Patient's Standards of Conduct;
 - e. Patient Grievance Procedure;
 - f. Authorization for and Verification of Consent to Hemodialysis/Peritoneal Dialysis;
 - g. Reuse Information Consent form;
 - h. Caretaker Authorization form;
 - i. HIPAA Notice Acknowledgement form; and
 - j. Affidavit of Patient Identification form (Note: This form is only given if the patient or Personal Representative on behalf of the patient is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence upon admission or within seven (7) days of admission).
14. The patient will agree to follow the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure*. (Refer to *Patient's Standards of Conduct; Patient Grievance Procedure; Patient Rights and Responsibilities* available on the Clinical P&P website in Volume 1 on the VillageWeb.)
15. Guest Patients are only required to sign the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure* one time for each DaVita facility they visit, as long as these forms are visibly posted at the facility, unless there are changes made to any of those forms/policies, or state specifications require otherwise.
16. Listed below are the following documents that are required for hemodialysis patients and home dialysis patients prior to admission to a DaVita Dialysis facility:
- a. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:

- i. Federal or state government issued identification such as:
 - A. Driver's license;
 - B. Voter's registration card;
 - C. Passport;
 - D. ID card;
 - E. Marriage certificate;
 - F. Social Security card; or
 - G. US military photo ID card.
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for legal name change signed by a judge or county clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or

- xvii. For minors, school records such as school identification card, nursery, or daycare records
- b. All copies of patient's current insurance cards-front and back;
- c. Copy of History and Physical (within the last year – must be legible);
- d. For Hepatitis and TB testing requirements, refer to policies: *Hepatitis Surveillance, Vaccination and Infection Control Measures* and *Tuberculosis Infection Control Policy* (available on the Clinical P&P website in Volume 1 on the VillageWeb);
Note: Hepatitis C testing is recommended, but not required.
- e. If patient is a new ESRD patient, pre dialysis labs including hematocrit or hemoglobin, albumin, BUN, creatinine, and, if available, creatinine clearance and/or urea clearance drawn within 45 days prior to first day of dialysis;
- f. Monthly labs within 30 days prior to first treatment date including hematocrit, hemoglobin, URR and electrolytes;
- g. Copies of three (3) flowsheets within two (2) weeks of requested treatment(s) for patients who have previously dialyzed;
- h. Copy of current hemodialysis orders for treatment;
- i. EKG, if available, OR if patient has known heart condition;
- j. Patient demographics;
- k. Copies of most recent Long Term Program, Patient Care Plan, Nursing, Dietary and Social Work Assessments and most recent progress notes for patients who have previously dialyzed;
- l. Current list of medications being administered to patient in-center and at home;
- m. Advance Directives, if applicable;
- n. Initiation of CMS 2728. Once completed, within the 45-day guideline, it should include the patients and nephrologist's signature and date. This is the official document of the patient's first date of dialysis ever, first dialysis modality, and provides transplant information, if applicable;
- o. *Patient Authorization & Financial Responsibility Form (PAFR)*. Must be signed and witnessed prior to the start of the first dialysis treatment. This form allows DaVita to receive payment from insurance companies and informs the patient of the financial responsibilities regarding treatment provided to them. Without a signed PAFR Form, we may not be reimbursed for services provided to the patient;

- p. CMS 382 Form. Required only for home dialysis patients (home hemo or peritoneal);
 - q. Medicare Secondary Payor Form (MSP). Determines if a commercial Employer Group Health Plan (EGHP) will be primary payor. Must be completed for all patients who have Medicare coverage when they start treatment at DaVita;
 - r. DaVita's *Notice of Privacy Practices*. Each patient will be provided with the notice.
17. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient should follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb), and any other relevant policies based on the situation at hand.
18. Any conflict with the criteria established or refusal to sign appropriate consents and authorization to bill would constitute a need for prior written authorization by the facility's DVP or designee.
19. A permanent DaVita patient may be treated at a DaVita facility other than his /her home facility without completing the required documentation, excluding the PAFR, when:
- a. The attending nephrologist has privileges at both the facilities in question (the patient's home facility and the anticipated visiting facility);
 - b. A visiting record is generated by the home facility at least one hour before the scheduled treatment;
 - c. The Facility Administrator (FA) at the visiting facility agrees to treat the patient; and
 - d. The visiting facility has the space and resources to treat the patient.
 - e. PAFR is always required.
20. All other exceptions to this policy are subject to approval by the DVP for the region/division.

ATTACHMENTS:

Attachment A: Procedures for Accepting Patients for Treatment

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

**TITLE: PROCEDURES FOR ACCEPTING PATIENTS FOR
TREATMENT**

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

DEFINITIONS:

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

POLICY:

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

PROCEDURE(S):

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

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

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

7. Prior to the start of the first dialysis treatment, the patient or the patient's Personal Representative must sign, and have witnessed by a Registered Nurse, the Authorization for and Verification of Consent to Hemodialysis Procedure Form or the Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form.
8. The *Patient Authorization & Financial Responsibility (PAFR) Form* must be signed and dated by the patient or the patient's Personal Representative annually at each DaVita facility the patient is treated, and witnessed, prior to the start of the first dialysis treatment.
9. The facility will give the patient or the patient's Personal Representative DaVita's *Notice of Privacy Practices* (available on the HIPAA website on the VillageWeb). The HIPAA Notice Acknowledgement Form must be signed by the patient or the patient's Personal Representative or by a teammate prior to the start of the first dialysis treatment.
10. The patient/Personal Representative or a DaVita teammate must sign the Notice of Acknowledgement Form attesting that the patient received DaVita's *Notice of Privacy Practices*.
11. All additional forms, specific to the patient's modality, are to be signed prior to, or within 30 days of the first treatment.
12. The following documents must be scanned into Registration System prior to or within seven (7) days of the first treatment:
 - a. An insurance card for each insurance;
 - b. Insurance letter for Authorization/Referral if the insurance carrier requires an authorization; and
 - c. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:
 - i. Federal or state government issued identification such as:
 - A. Driver's license;
 - B. Voter's registration card;
 - C. Passport;
 - D. ID card;
 - E. Marriage certificate;

- F. Social Security card; or
- G. US military photo ID Card;
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for a legal name change signed by a judge or court clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or
- xvii. For minors, school records such as school identification card, nursery or daycare records

13. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient will follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb).

14. A signed CMS 2728 form must be completed, signed and scanned into Registration System within 45 days of the first treatment date. This is scanned into Registration System one (1) time only.

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

- a. CMS 382 Beneficiary Selection (PD patients)-this is faxed one (1) time only or if modality changes and then is faxed in January;
- b. Patient Authorization & Financial Responsibility Form (PAFR);
- c. Authorization for and Verification of Consent to Hemodialysis Procedure Form;
- d. Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form (if applicable);
- e. Reuse Information Consent Form (if applicable);
- f. Patient's Rights;
- g. Patient's Responsibilities;
- h. Patient's Standards of Conduct;
- i. Patient Grievance Procedure;
- j. Dialysis Emergency Form/Emergency Evacuation Acknowledgement (Hemodialysis patients);
- k. Patient's Choice of Transportation; and/or
- l. Caretaker Authorization.

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

B. Visiting DaVita Patient Procedures:

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

C. Registration Teammate Procedures:

1. Registration teammate will complete the system driven tasks generated from Registration System for the new patient to continue the patient intake process within 48 hours of receipt of patient information.
 - a. Registration teammate will complete one Benefits Verification Form (BVF) for each insurance.
 - b. Registration teammate will obtain authorization if required by the insurance carrier. If no authorization can be obtained, the Registration teammate Representative will update Registration System Notes and notify the Facility Administrator with the information.
 - c. Contact the facility for any additional information required to register the patient into Registration System.
 - d. Registration Teammate will respond to inquires made by the dialysis facility within a 24-hour period.

D. Exceptions to these Procedures:

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

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

TITLE: FINANCIAL RESPONSIBILITIES: PATIENTS

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

POLICY:

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

Responsibility for Payment:

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

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

Patient Assistance:

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

Patient Compliance:

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

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

Other:

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

Patient Overpayments:

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



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

August 18, 2011

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

Re: Admission Policies

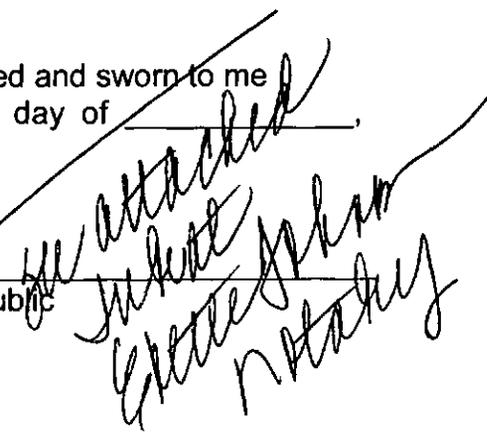
Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for Silver Cross Renal Center – East will not become more restrictive as a result of the proposed change of ownership.

Sincerely,


Dennis Lee Kogod
Chief Operating Officer
DaVita Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This ___ day of _____
2011


Notary Public

CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1 _____
 2 _____
 3 _____
 4 _____
 5 _____
 6 _____

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

State of California
 County of LOS ANGELES

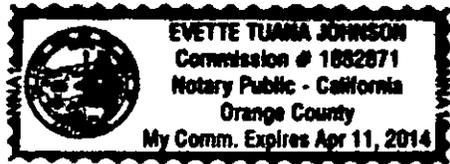
Subscribed and sworn to (or affirmed) before me
 on this 10 day of AUGUST, 2011
 by _____
 (1) DENNIS L. KOGAN
 Name of Signer

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

(2) _____
 Name of Signer

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

Signature [Handwritten Signature]
 Signature of Notary Public



Place Notary Seal and/or Stamp Above

OPTIONAL

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

Further Description of Any Attached Document

Title or Type of Document: ADMISSION POLICIES
 Document Date: 10 AUGUST 11 Number of Pages: 1
 Signer(s) Other Than Named Above: NONE

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

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

1. Impact on Other Area Providers

There will be no change in the scope of services as a result of the acquisition of the Silver Cross Renal Centers. DaVita intends to continue to provide dialysis services to patients in Grundy and Will Counties and surrounding areas through the existing facilities. All anticipated changes will be operational to align the Silver Cross facilities with the operations and resources available within DaVita and which are customary for all DaVita facilities. The merger will not impact other unaffiliated area dialysis facilities as the transaction consists of a change of control of the operating entity.

2. Facilities within Applicant's Health Care System

A list of all DaVita facilities in Illinois is attached at Attachment – 19E. The list includes the name, address, number of stations, list of services, and utilization for the most recent 12 month period.

3. Present and Proposed Referral Agreements

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

4. Time and Distance for Proposed Referrals

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

5. Use of Care System Providers

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

6. Duplication of Services

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

7. Services Not Available to the Community

DaVita will continue to provide dialysis services currently provided in the Silver Cross Renal Centers, including in-center hemodialysis, peritoneal dialysis (CAPD and CCPD), and home hemodialysis. No new services are planned for the acquired facilities; however, as new treatment options and technology evolve, DaVita will implement new treatment modalities as warranted.

DaVita Inc. Illinois Facilities						
Facility	Address	City	Services	Number of Stations 10/12/2011	Average In-Center Patients	Average Utilization 10/01/2010 to 09/30/2011
Adams County Dialysis	1005 Broadway	Quincy	In-Center Hemo, CAPD	17	46	45.10%
Alton Dialysis	3511 College Avenue	Alton	In-Center Hemo, CAPD	14	58	69.52%
Barrington Creek Dialysis	28160 West Northwest Highway	Lake Barrington	In-Center Hemo	12	0	N/A
Benton Dialysis	1151 West Route #14	Benton	In-Center Hemo, CAPD	13	51	65.64%
Beverly Dialysis	8111 South Western Avenue	Chicago	In-Center Hemo	12	62	86.39%
Big Oaks Dialysis	5623 West Touhy Avenue	Niles	In-Center Hemo	12	11	15.00%
Centralia Dialysis	1231 State Illinois Route 161 E.	Centralia	In-Center Hemo, CAPD	12	50	69.72%
Chicago Heights Dialysis	177 West Joe Orr Road	Chicago Heights	In-Center Hemo	16	78	81.25%
Churchview Dialysis	5970 Churchview Drive	East Rockford	In-Center Hemo, CAPD	24	80	55.83%
Cobblestone Dialysis	934 Center Street	Elgin	In-Center Hemo, CAPD	14	62	74.05%
Crystal Spring Dialysis	4900 South Route 31	Crystal Lake	In-Center Hemo	12	26	35.56%
Decatur East Wood Dialysis	794 East Wood Street	Decatur	In-Center Hemo, CAPD, HDD	16	61	63.13%
Dixon Kidney Center	1131 North Galena Avenue	Dixon	In-Center Hemo	8	25	52.92%
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	In-Center Hemo	18	60	55.74%
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	In-Center Hemo	16	63	66.04%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	56	51.85%
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	In-Center Hemo	17	89	86.86%
DSI Loop Renal Center	1101 South Canal Street,	Chicago	In-Center Hemo, HDD	28	74	44.17%
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	In-Center Hemo	24	91	63.47%
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	In-Center Hemo, HDD	14	70	83.10%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	110	91.67%
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	In-Center Hemo, HDD	22	94	71.36%
Edwardsville Dialysis	235 South Buchanan Street	Edwardsville	In-Center Hemo, CAPD	8	22	45.83%
Effingham Dialysis	904 Medical Park Drive, Suite #1	Effingham	In-Center Hemo, CAPD, HDD	16	52	53.96%
Emerald Dialysis	710 W 43rd Street	Chicago	In-Center Hemo, CAPD	24	126	87.78%
Freeport Dialysis Unit	1028 Kunkle Avenue	Freeport	In-Center Hemo	10	55	92.33%
Grand Crossing Dialysis	7319 South Cottage Grove	Chicago		12	0	N/A
Granite City Dialysis Center	9 American Village	Granite City	In-Center Hemo, CAPD	20	71	59.33%
Illini Renal Dialysis	507 E. University Avenue	Champaign	In-Center Hemo, CAPD, HDD	10	39	64.33%
Jacksonville Dialysis	1515 West Walnut	Jacksonville	In-Center Hemo	14	52	62.38%
Kanakee County Dialysis	581 William R. Latham Sr. Drive	Bourbonnais	In-Center Hemo, HDD	12	39	53.61%
Lake County Dialysis Services	918 South Milwaukee Avenue	Libertyville	In-Center Hemo	16	69	72.29%
Lake Park Dialysis	1531 East Hyde Park Boulevard	Chicago	In-Center Hemo, Noct Hemo	20	107	89.00%
Lake Villa	37809 N. Route 59	Lake Villa	In-Center Hemo	12	31	43.33%
Lincoln Dialysis	2100 West 5th Street	Lincoln	In-Center Hemo	14	19	22.86%
Lincoln Park Dialysis	3155-57 N. Lincoln Avenue	Chicago	In-Center Hemo	22	105	79.70%
Litchfield Dialysis	915 St. Francis Way	Litchfield	In-Center Hemo	11	43	65.15%
Little Village Dialysis	2335 W. Cermack Road	Chicago	In-Center Hemo	16	90	93.75%

Facility	Address	City	Services	Number of Stations 10/12/2011	Average In-Center Patients	Average Utilization 10/01/2010 to 09/30/2011
Logan Square Dialysis	2659 North Milwaukee Ave.	Chicago	In-Center Hemo	20	113	94.17%
Macon County Dialysis	1016 West McKinley Avenue	Decatur	In-Center Hemo	21	80	63.49%
Marion II	324 South 4th Street	Marion	In-Center Hemo, CAPD, HHD	13	54	68.72%
Maryville Dialysis	2130 Vadalaberne Drive	Maryville	In-Center Hemo, CAPD	12	57	79.72%
Mattoon Dialysis	200 Richmond Avenue, East	Mattoon	In-Center Hemo	16	45	47.29%
Metro East Dialysis	5105 West Main Street	Belleville	In-Center Hemo, CAPD, HHD	36	160	74.07%
Montecare Dialysis Center	7009-7011 West Belmont	Chicago	In-Center Hemo	16	83	86.25%
Mount Vernon Dialysis	1800 Jefferson Avenue	Mount Vernon	In-Center Hemo, CAPD, HHD	16	53	55.42%
Mt Greenwood Dialysis	3401 W. 111th Street	Chicago	In-Center Hemo	16	78	81.25%
Olney Dialysis Center	117 North Boone	Olney	In-Center Hemo	7	19	45.71%
Olympia Fields Dialysis Center	4557-B West Lincoln Highway	Matteson	In-Center Hemo	24	102	70.83%
Palos Park Dialysis	13155 S. LaGrange Road	Orland Park		12	0	N/A
Pittsfield Dialysis	640 West Washington Street	Pittsfield	In-Center Hemo	5	7	22.67%
Robinson Dialysis	1215 North Allen Street	Robinson	In-Center Hemo	8	16	34.17%
Rockford Memorial Hospital	2400 North Rockton Avenue	Rockford	In-Center Hemo	20	103	86.17%
Roxbury Dialysis	612 Roxbury Road	Rockford	In-Center Hemo	16	87	90.42%
Rushville Dialysis	Route 67 & Route 24, RR #1	Rushville	In-Center Hemo	7	23	54.76%
Sauget Dialysis	2061 Goose Lake Road	Sauget	In-Center Hemo, CAPD	16	76	78.75%
Springfield Central Dialysis	932 North Rutledge Street	Springfield	In-Center Hemo, CAPD, HHD	21	93	73.81%
Springfield Central Dialysis	932 North Rutledge Street	Springfield	In-Center Hemo, CAPD, HHD	12	0	0.00%
Springfield Montvale Dialysis	2930 Montvale Drive, Suite A	Springfield	In-Center Hemo	17	78	76.47%
Springfield South Dialysis	2930 South 6th Street	Springfield	In-Center Hemo, CAPD, HHD	7	8	19.05%
Stoney Creek Dialysis	1302 East State Street	Rockford	In-Center Hemo, CAPD	10	34	57.00%
Stoney Creek Dialysis	9115 S. Cicero	Oak Lawn	In-Center Hemo	12	67	93.06%

Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

The project will be funded entirely with cash and cash equivalents. A copy of DaVita's 2010 10-K Statement evidencing sufficient internal resources to fund the project was previously submitted with the applications for Project Nos. 11-027 through 11-036.

Section IX, Financial Feasibility
Criterion 1120.130 – Financial Viability Waiver

The project will be funded entirely with cash. A copy of DaVita's 2010 10-K Statement evidencing sufficient internal resources to fund the project was previously submitted with the applications for Project Nos. 11-027 through 11-036.

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

Attached at Attachment 42-A is a letter from Dennis Kogod, Chief Operating Officer of DaVita, Inc. attesting the total estimated project costs will be funded in total with cash.



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

August 18, 2011

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

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

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

Sincerely,

Dennis Lee Kogod
Chief Operating Officer
DaVita Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This ___ day of _____
2011

see attached
Michael
Wetter
John
Notary

Notary Public

Attachment - 42A

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

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

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

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

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

Operating Expenses: \$3,303,261

Treatments: 13,480

Operating Expense per Treatment: \$245.04

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

Capital Costs: \$382,000

Treatments: 13,480

Capital Costs per Treatment: \$28.33

Section XI, Safety Net Impact Statement

The Applicants propose a change of ownership of Silver Cross Renal Center. A change of ownership constitutes a non-substantive project. Accordingly, this criterion is not applicable.

Section XII, Charity Care Information

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

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	\$138,964,396	\$149,370,292	\$161,884,078
Amount of Charity Care (charges)	\$321,510	\$597,263	\$957,867
Cost of Charity Care	\$321,510	\$597,263	\$957,867

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

INDEX OF ATTACHMENTS		
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1	Applicant/Coapplicant Identification including Certificate of Good Standing	22-24
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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	68-69
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	70-71
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14	Size of the Project	
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16	Unfinished or Shell Space	
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19	Mergers, Consolidations and Acquisitions	96-134
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	
38	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
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