Original

E-002-16

RECEIVED

JAN 08 2016

HEALTH FACILITIES & SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

1. **INFORMATION FOR EXISTING FACILITY**

Current Facility Name Aledo Kidney Center, LLC
Address 409 N. W. 9th Avenue
City Aledo Zip Code 61231 County Mercer
Name of current licensed entity for the facility Aledo Kidney Center, LLC
Does the current licensee: own this facility X OR lease this facility ____ (if leased, check if sublease □)
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental X Limited Liability Company ____ Other, specify ____

Illinois State Senator for the district where the facility is located: Sen. Neil Anderson
State Senate District Number 36th Mailing address of the State Senator 1825 Avenue of The Cities, Suite Suite One, Moline, IL 61265

Illinois State Representative for the district where the facility is located: Rep. Mike Smiddy
State Representative District Number 71st Mailing address of the State Representative 201 N. Main Street, Unit 2, Port Byron, IL 61275

2. **OUTSTANDING PERMITS**. Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes □ No X. If yes, refer to Section 1130.520(f), and indicate the projects by Project # ____

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant Fresenius Medical Care Quad Cities, LLC
Address 920 Winter Street
City, State & Zip Code Waltham, MA 02451
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental X Limited Liability Company ____ Other, specify ____

NAME OF Co-APPLICANT

Exact Legal Name of Co-Applicant Fresenius Medical Care Holdings, Inc.
Address 920 Winter Street
City, State & Zip Code Waltham, MA 02451
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation X For Profit Corporation ____ Partnership ____ Governmental ____ Limited Liability Company ____ Other, specify ____

NAME OF APPLICANT

Exact Legal Name of Co-Applicant Aledo Kidney Center, LLC
Address 400 John Deere Road
City, State & Zip Code Moline, IL 61265
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship ____ Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental X Limited Liability Company ____ Other, specify ____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed Fresenius Medical Care Quad Cities, LLC d/b/a Fresenius Medical Care Aledo
Address 920 Winter Street
City, State & Zip Code Waltham, MA 02451
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
X Limited Liability Company _____ Other, specify _____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND** MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

Exact Legal Name of Entity That Will Own the Site Genesis Medical Center
Address 409 N.W. 9th Avenue
City, State & Zip Code Aledo, IL 61231
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
X Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

6. **TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:**

- ✓ Purchase resulting in the issuance of a license to an entity different from current licensee;
- o Lease resulting in the issuance of a license to an entity different from current licensee;
- o Stock transfer resulting in the issuance of a license to a different entity from current licensee;
- o Stock transfer resulting in no change from current licensee;
- ✓ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
- o Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
- o Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
- o Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
- o Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
- o Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
- o Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

7. **APPLICATION FEE.** Submit the application fee in the form of a check or money order for $2,500 payable to the Illinois Department of Public Health and append **SEPARATELY**

8. **FUNDING.** Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #1.**

9. **ANTICIPATED ACQUISITION PRICE: $** 1,266,000

10. **FAIR MARKET VALUE OF THE FACILITY: $** 1,266,000
(to determine fair market value, refer to 77 IAC 1130.140)

11. **DATE OF PROPOSED TRANSACTION:** On or before 04/30/2016

12. **NARRATIVE DESCRIPTION.** Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #2. NOTE:** For transactions involving related parties the reason the change of ownership is taking place must be provided.

13. **BACKGROUND OF APPLICANT** (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Limited Liability Companies and Partnerships must provide the name and address of each partner/ member and specify the percentage of ownership of each. Append this information to the application as **ATTACHMENT #3.**

14. **FINANCIAL STATEMENTS.** (Co-applicants must also provide this information) Provide a copy of the applicants latest audited financial statements AND footnotes and an "A" or better bond rating, and append it to this application as **ATTACHMENT #4.** If the applicant is a newly formed entity and financial statements are not available, please indicate by checking YES X , and indicate the date the entity was formed 10/22/2015

15. **LETTER OF INTENT**: A signed and notarized letter of intent must be provided that contains the following information: the terms of the transaction, name and background of the parties, structure of the transaction, the person who will be the licensed or certified entity after the transaction is complete; the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, the fair market value of assets to be transferred, the purchase price or other form of consideration to be provided for these assets and a statement that the transaction will not be completed until after approval of the Illinois Health Facilities and Services Review Board. Append as **ATTACHMENT #5.**
NOTE: For transactions involving related parties a letter of intent is not required.

16. **PRIMARY CONTACT PERSON**. Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: *Lori Wright*
Title: *Senior CON Specialist*
Company Name: *Fresenius Medical Care*
Address: *3500 Lacey Road, Suite 900, Downers Grove, IL 60515*
Telephone Number: *630-960-6807*
E-mail Address: *lori.wright@fmc-na.com*
Fax Number: *630-960-6812*

17. **ADDITIONAL CONTACT PERSON. Consultant, attorney, other individual who is also authorized to discuss this** application and act on behalf of the applicant.

Name: *Richard Stotz*
Title: Regional *Vice President*
Company Name: *Fresenius Medical Care*
Address: *3500 Lacey Road, Suite 900, Downers Grove, IL 60515*
Telephone Number: *630-960-6709*
E-mail Address: *richard.stotz@fmc-na.com*
Fax Number: *630-960-6812*

Name: *Clare Ranalli*
Title: *Attorney*
Company Name: *McDermott, Will & Emery*
Address: *227 W. Monroe Street, Suite 4700, Chicago, IL 60606*
Telephone Number: *312-984-3365*
E-mail Address: *cranalli@mwe.com*
Fax Number: *312-984-7500*

18. CERTIFICATION Fresenius Medical Care Quad Cities, LLC

I the undersigned certify that the above information and all attached information are true and correct to the best of my knowledge and belief.

I the undersigned certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois.

I the undersigned certify that I am fully aware that a change in ownership will void any permits for projects to establish a health care facility that have not been obligated unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(d) (2) prior to the effective date of the proposed ownership change.

I the undersigned certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

I the undersigned certify that the health care facility will not adopt a charity care policy that is more restrictive than the policy in effect during the year prior to the transaction.

I the undersigned certify that within 90 days after the closing of the transaction that I will provide a letter stating that the change of ownership has been completed in accordance with the letter of intent provided in the application for exemption. If the terms of the letter of intent have changed, those changes will be provided with this letter. I understand if the State Board determines that terms of the transaction have changed a new application for exemption will be submitted to the State Board.

Signature of Authorized Officer _____

Typed or Printed Name of Authorized Officer Bryan Mello

Title of Authorized Officer: Assistant Treasurer

Address: 920 Winter Street

City, State & Zip Code: Waltham, MA 02451

Telephone (800) 662-1237 Date: 11/24/15

Notary Signature _____ **Date:** 11/24/15

ELIZABETH D. SCULLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
October 14, 2022

CERTIFICATION **Fresenius Medical Care Holdings, Inc.**

I the undersigned certify that the above information and all attached information are true and correct to the best of my knowledge and belief.

I the undersigned certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois.

I the undersigned certify that I am fully aware that a change in ownership will void any permits for projects to establish a health care facility that have not been obligated unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(d) (2) prior to the effective date of the proposed ownership change.

I the undersigned certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

I the undersigned certify that the health care facility will not adopt a charity care policy that is more restrictive than the policy in effect during the year prior to the transaction.

I the undersigned certify that within 90 days after the closing of the transaction that I will provide a letter stating that the change of ownership has been completed in accordance with the letter of intent provided in the application for exemption. If the terms of the letter of intent have changed, those changes will be provided with this letter. I understand if the State Board determines that terms of the transaction have changed a new application for exemption will be submitted to the State Board.

Signature of Authorized Officer _____

Typed or Printed Name of Authorized Officer Bryan Mello

Title of Authorized Officer: Assistant Treasurer

Address: 920 Winter Street

City, State & Zip Code: Waltham, MA 02451

Telephone (800) 662-1237 Date: 11/24/15

Notary Signature _____ **Date:** 11/24/15

ELIZABETH D. SCULLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
October 14, 2022

CERTIFICATION Aledo Kidney Center, LLC

I the undersigned certify that the above information and all attached information are true and correct to the best of my knowledge and belief.

I the undersigned certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois.

I the undersigned certify that I am fully aware that a change in ownership will void any permits for projects to establish a health care facility that have not been obligated unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(d) (2) prior to the effective date of the proposed ownership change.

I the undersigned certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

I the undersigned certify that the health care facility will not adopt a charity care policy that is more restrictive than the policy in effect during the year prior to the transaction.

I the undersigned certify that within 90 days after the closing of the transaction that I will provide a letter stating that the change of ownership has been completed in accordance with the letter of intent provided in the application for exemption. If the terms of the letter of intent have changed, those changes will be provided with this letter. I understand if the State Board determines that terms of the transaction have changed a new application for exemption will be submitted to the State Board.

Signature of Authorized Officer Venkateswararao Alla, M.D

Typed or Printed Name of Authorized Officer Venkateswararao R. Alla, M.D

Title of Authorized Officer: Manager

Address: 400 John Deere Road

City, State & Zip Code: Moline, IL 61265

Telephone (309) 762-5570 Date:

Notary Signature Debora L Blaser **Date:** 1-6-16

OFFICIAL SEAL
DEBORA L. BLASER
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 04-26-2019

APPENDIX A

Facility Bed Capacity and Utilization

1. Complete the following chart as applicable. Complete a separate chart for each facility that is part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest 12 month period for which data is available. Any bed capacity discrepancy from the Inventory will result with 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					
Pediatrics					
Obstetrics					
Intensive Care					
Neonatal ICU		NOT APPLICABLE			
Acute Mental Illness					
Rehabilitation					
Nursing Care					
Sheltered Care					
Other (identify)					
Other (identify)					
Other (identify)					
TOTALS					

2. For Ambulatory Surgical Treatment Centers please provide the surgical specialties that have been approved by the State Board.

FUNDING - Indicate the type and source of funds which will be used to acquire the facility.

The acquisition will be funded with cash.

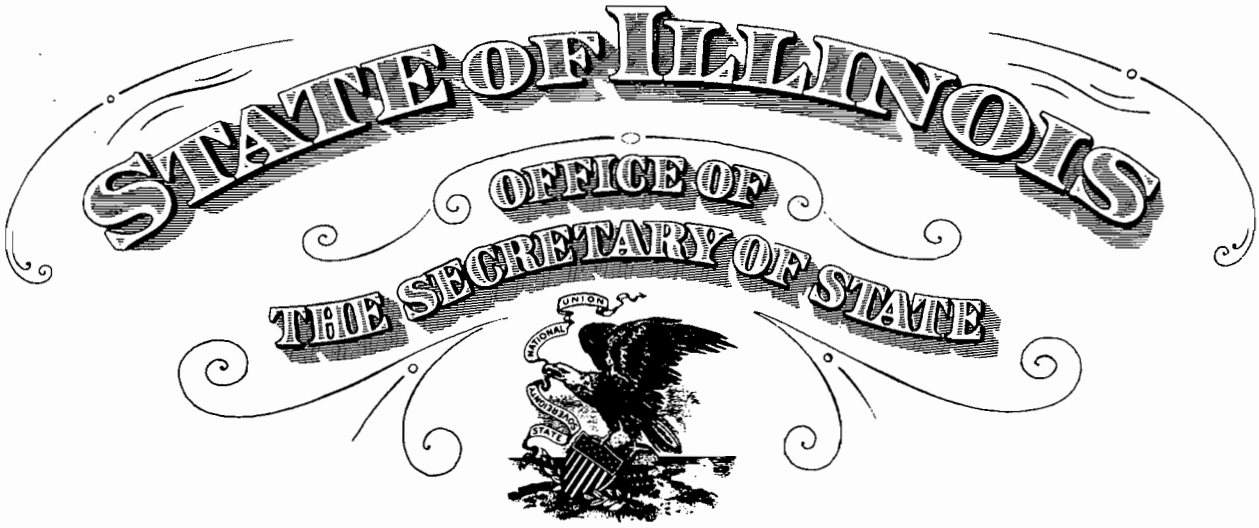
Narrative Description

Fresenius Medical Care Quad Cities, LLC, a newly formed entity, will acquire all of the assets of Aledo Kidney Center, LLC for $1,266,000 with the anticipated closing date on or before April 30, 2016 and will continue to operate the facility as it currently is operated. Following the change of ownership the facility will be named Fresenius Medical Care Aledo.

In accordance with new requirements, within 90 days of the closing date of the transaction Fresenius Medical Care Quad Cities, LLC will notify HFSRB that the closing occurred in accordance with the key terms as described in this application.

(See the attached Term Sheet (Attachment 5) which describes the transaction in more detail. However, please note the purchase price relates to the global transaction which includes Iowa clinics and also home programs that are not part of the COE application for the acquisition of the Illinois clinics. The Seller, United Dialysis Centers, LLC is not a party to the sale of the Illinois out-patient clinics.)

File Number 0539000-1



To all to whom these Presents Shall Come, Greeting:

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

FRESENIUS MEDICAL CARE QUAD CITIES, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON NOVEMBER 13, 2015, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

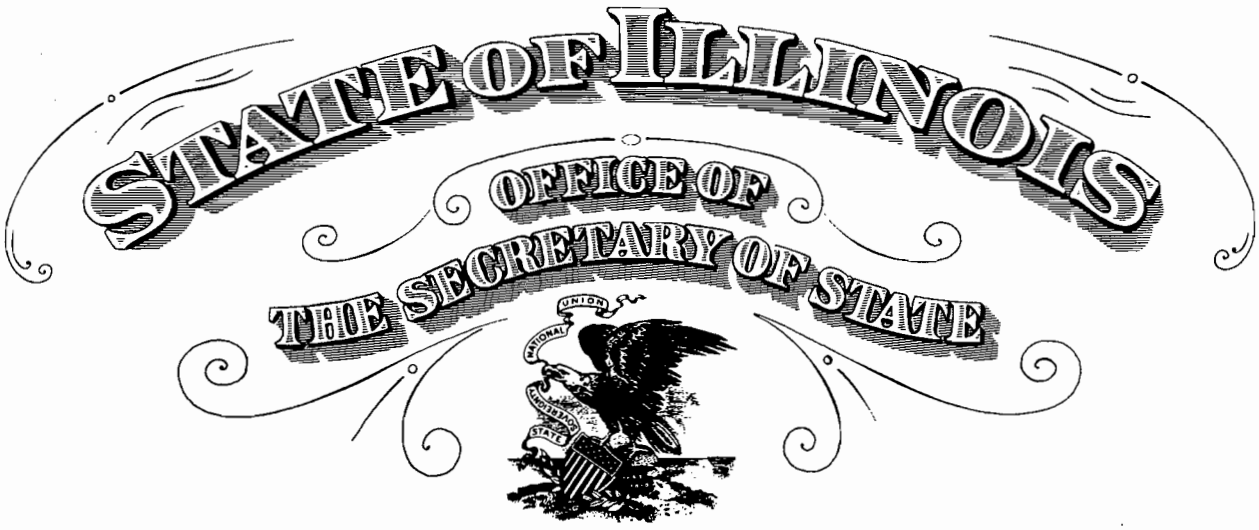
In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 18TH *day of* NOVEMBER *A.D.* 2015 .

Authentication #: 1532203638 verifiable until 11/18/2016
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 3

File Number 0108179-9



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

ALEDO KIDNEY CENTER, L.L.C., HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JANUARY 02, 2004, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY 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* NOVEMBER *A.D.* 2015 .

Authentication #: 1532203670 verifiable until 11/18/2016
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 3

Financial Statements

Fresenius Medical Care Quad Cities, LLC is a newly formed entity and does not have financial statements available.

2014 Financial Statements for Fresenius Medical Care Holdings, Inc. were submitted previously to the Board with #15-022, Fresenius Medical Care Blue Island and are the same financials that pertain to this application. In order to reduce bulk these financials can be referred to if necessary.

Likewise, 2013 Financial Statements were submitted with #14-029 and 2013 Financial Statements were submitted with #13-040.

PERSONAL AND CONFIDENTIAL
VIA E-MAIL (rakesha.qckc@gmail.com)

December 1, 2015

Quad Cities Kidney Center, Ltd.
United Dialysis Centers, L.L.C.
400 John Deere Rd
Moline, IL 61265
Attn: V.R. Alla, M.D., President & CEO

Re: Term Sheet With Regard to the Change of Ownership of Quad Cities Kidney Center, Ltd. and United Dialysis Centers, L.L.C. (collectively, the "**Seller**")

Dear Dr. Alla,

This term sheet will serve to express our mutual understandings with respect to the proposed acquisition by Fresenius Medical Care Quad Cities, LLC, a Delaware limited liability company ("Buyer") of certain assets (the "**Assets**") of Seller relating to (i) the chronic renal dialysis programs located at the clinics shown on **Schedule 1** attached hereto (each a "**Center,**" and collectively, the "**Centers**"), (ii) the Seller's inpatient acute dialysis programs (the "**Acute Programs**") to the extent assignable, and (iii) the Seller's home dialysis programs (the "**Home Programs**"). It will be submitted in support of the Certificate of Exemption Application to be filed with the Illinois Health Facilities and Services Review Board.

For purposes of this Term Sheet, the Centers, the Acute Programs and the Home Program shall be referred to collectively as the "**Business**."

The Centers will be owned and operated by Buyer, which is a joint venture owned 85% by Fresenius Medical Care Ventures, LLC ("**Fresenius**") and 15% by Midwest Dialysis Ventures, LLC.

The intended transactions (the "**Transactions**") are as follows:

1. **Purchase Price**. Subject to further due diligence, the purchase price (the "**Purchase Price**") for Fresenius's interest in Buyer shall be Forty Seven Million Three Hundred Eight-Six Thousand Dollars ($47,386,000) plus an amount equal to 85% of the cost of usable inventory of disposable dialysis supplies and pharmaceuticals and prepaid expenses, which shall be payable in cash at the closing of the Transactions (the "**Closing**"). The Purchase Price is based upon the due diligence investigation undertaken by Fresenius prior to the execution of this Term Sheet, and it is contingent upon the absence of any material adverse changes to such information or material adverse additional information.

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, including, without limitation, all real property

leasehold rights, improvements, furniture, fixtures, equipment, supplies, inventory, prepaid expenses, claims and rights under contracts and real estate leases to be assigned to Buyer as set forth below, patient files, lists and records, telephone numbers, Medicare and Medicaid provider numbers and agreements, National Provider Identifier (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 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. 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 Business, and such acquired equipment shall constitute part of the Assets; provided, however, the leased dialysis equipment located in patient homes will not be acquired, but such leases may be assumed by Buyer, if permissible under the terms of such leases. Notwithstanding the foregoing, the Assets will not include cash, accounts receivable, 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. **No Liabilities**. Except for obligations arising on or after the Closing Date under contracts assigned to Buyer and for any employee vacation time assumed by Buyer, Buyer will not assume any of Seller's Liabilities (as defined below), including, without limitation, any Liabilities arising out of the operation of the 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; (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. Seller's indemnification obligations for any Liability shall be subject to customary baskets and caps as reasonably agreed to by the parties.

4. **Employees**. To assist in effecting an orderly transition and to the extent reasonably possible, but ultimately subject to Fresenius's reasonable discretion, direct patient care employees of Seller will be offered positions with comparable levels of responsibility and compensation subject to: (i) such employee's acceptance of new terms and conditions of employment, (ii) the receipt of a formal employment application; (iii) a negative result from each such employee's pre-employment drug screen test; (iv) confirmation that each employee is not, and has never been, excluded, suspended, sanctioned or otherwise restricted from participating in any federal or state health care programs, including but not limited to Medicare or Medicaid; (v)

confirmation that each employee agrees to release his or her personnel file to Fresenius; and (vi) satisfaction of Fresenius's other standard hiring criteria. Fresenius will treat service by employees of the Business as service with Fresenius for the same length of time solely for purposes of vesting in benefits offered by Fresenius to its employees. Accrued benefits related to the employees' employment with Seller shall remain the responsibility of Seller, except that Fresenius shall assume up to 80 hours, per employee, of accrued vacation time, and the employees shall be paid for any excess hours. Fresenius shall receive a credit against the Purchase Price for the hours assumed by Fresenius. Seller shall lease the employees to Fresenius for a transitional period of up to 90 days after the Closing to permit Fresenius to hire the employees in an orderly fashion. Fresenius shall reimburse Seller for all costs and expenses of such employees during the transition period.

5. **Execution and Closing**. The execution of the Purchase Agreement shall take place on a mutually-agreed date subject to the satisfaction of the Closing conditions. If a delayed Closing is required, the Closing shall take place on the first business day of the month following the receipt of the certificate of need approvals required in the State of Illinois. The date the Closing takes place is referred to herein as the "**Closing Date**".

6. **Conditions to Closing**. Fresenius's obligation to close the Transactions shall be subject to the satisfaction of the following conditions:

(a) **Due Diligence**. Fresenius shall have completed to its satisfaction its due diligence review of the Business, including, without limitation, its assets and liabilities, and Seller shall have furnished to Fresenius and its representatives such information and access to such books and records and personnel as Fresenius may reasonably request for such purpose.

(b) **Documentation**. The negotiation, execution, and delivery of the Purchase Agreement and related documents, setting forth the terms and conditions of the Transactions and containing such customary provisions, representations, warranties, covenants, and indemnifications, and providing for the receipt by the parties of such ancillary documents, as shall be reasonably acceptable to the parties and their respective counsel.

(c) **Medical Director**. Buyer shall have executed an Administrative Consulting Services Agreement with Quad Cities Nephrology Associates, P.L.C., LLC for the exclusive provision of medical director services on terms reasonably satisfactory to Fresenius and Quad Cities Nephrology Associates, P.L.C., LLC.

(d) **Center Leases**.

(i) The landlords for the premises for each Center that is owned by a third party shall have consented in writing to the assignment of the lease for such Center premises to Buyer, subject to Fresenius's reasonable acceptance of such lease and subject to the rent for such lease being at fair market value.

(ii) Seller shall have entered into a lease with Buyer for each of the Centers' premises that is owned by Seller or an affiliate of Seller, on terms reasonably satisfactory to Fresenius and Seller, each at a fair market value rent, triple net, as agreed by Seller and Fresenius.

(e) **Acute Agreements**. Seller shall have consented in writing to the assignment of the inpatient acute dialysis agreements for the Acute Programs and any necessary third party consents shall have been received.

(f) **Regulatory Matters**. Buyer shall have received all requisite governmental consents and approvals for the transfer of the Assets contemplated herein, including any certificate of need approvals required by the State of Illinois. Furthermore, the sale of the Assets to Buyer shall be in compliance with all applicable federal and state laws.

(g) **Board Approvals**. Fresenius shall have received prior to the Closing all necessary board of director and Fresenius Medical Care AG & Co. KGaA Management and Supervisory Board approvals. Fresenius shall use reasonable efforts to bring the Transactions before all such boards in a timely fashion, and such boards shall make their decisions in good faith.

(h) **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 Business or the Assets.

7. **Maintenance of Assets**. Between the date of this letter and the Closing Date or the termination of the exclusivity period referred to in Paragraph 14 below, whichever occurs first, Seller (a) shall continue to operate the 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 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 Business, (c) shall notify Fresenius in writing of any event involving the Business or Assets that has had or may be reasonably expected to have a material adverse effect on the business or financial condition of the Business or the Assets, and (d) shall not sell, encumber, or otherwise dispose of any assets without Fresenius's consent, except in the ordinary course of business consistent with past practices.

8. **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.

9. **Expenses**. Each party shall bear its own expenses arising out of this Term Sheet and the Transactions.

Fresenius Medical Care Quad Cities, LLC

By: Fresenius Medical Care Ventures, LLC, a Member

By: Joseph J. Ruma
Name: Joseph J. Ruma
Title: Senior Vice President

ACCEPTED AND AGREED TO:

Quad Cities Kidney Center, Ltd.

By: _____

Name: V.R. Alla, M.D.

Title: President & CEO

United Dialysis Centers, L.L.C.

By: _____

Name: V.R. Alla, M.D.

Title: President & CEO

Fresenius Medical Care Ventures, LLC

By: Joseph J. Ruma

Name: Joseph J. Ruma

Title: Senior Vice President

7998839v5 13032.02059

9. **Expenses**. Each party shall bear its own expenses arising out of this Term Sheet and the Transactions.

Fresenius Medical Care Quad Cities, LLC

By: Fresenius Medical Care Ventures, LLC, a Member

By: _____
Name: Joseph J. Ruma
Title: Senior Vice President

ACCEPTED AND AGREED TO:

Quad Cities Kidney Center, Ltd.

By: V.R. Alla MD.

Name: V.R. Alla, M.D.

Title: President & CEO

United Dialysis Centers, L.L.C.

By: V.R. Alla, MD

Name: V.R. Alla, M.D.

Title: President & CEO

Fresenius Medical Care Ventures, LLC

By: _____

Name: Joseph J. Ruma

Title: Senior Vice President

7998839v5 13032.02059

Schedule 1

Center	Address	Landlord
QCKC Moline	400 John Deere Road, Moline IL, 61265	Seller
QCKC Geneseo	600 North College Ave., Ste 150 Geneseo, IL 61254	Third party (hospital)
Dixon dialysis center	101 West Second Street, Dixon IL 61021	Third party
Aledo Kidney Center	409 Northwest 9th Avenue, Aledo, IL 61231	Third party
QCKC Silvis	880 Crosstown Ave, Silvis, IL 61282	Seller
QCKC Rock Island	2623 17th Street, Rock Island, IL 61201	Seller