



December 13, 2016

**RECEIVED**

DEC 14 2016

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 West Jefferson, 2<sup>nd</sup> Floor  
Springfield, IL 62761

**Re: Modification, Project #16-034, Fresenius Kidney Care Woodridge**

Dear Ms. Avery:

I am writing to request a Type A Modification, specifically a change of the site, of the above mentioned project. The following pages are replacement pages for the original application pertaining to the new site. These include:

**Of Application:**

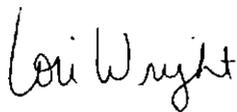
- Page 1 Identification
- Page 3 Site Ownership
- Page 5 Narrative
- Page 6 Project Costs and Sources of Funds
- Page 7 Completion Date
- Page 8 Cost Space Requirements
- Page 16 Availability of Funds
- Page 18 Economic Feasibility

**Of Attachments:**

- Page 3-8 Attachment 2 Site Owner - Letter of Intent for Leased Space
- Page 12 Attachment 5 Flood Plain Determination
- Page 13-14 Attachment 6 Historic Determination
- Page 15 Attachment 7 Itemized Costs
- Page 17 Attachment 9 Cost Space Requirements
- Page 28 Attachment 14 Size
- Page 63-67 Attachment 36 Available Funds – LOI for leased space
- Page 70 Attachment 39 Economic Feasibility

Since the public hearing requirements will be applicable to this modification, a check for \$2,000 is enclosed. Please notify me of any additional information or fees required.

Sincerely,



Lori Wright  
Senior CON Specialist  
Phone 630-960-6807

cc: Clare Ranalli

**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: <i>Fresenius Kidney Care Woodridge</i>			
Street Address: <i>7550 Janes Avenue</i>			
City and Zip Code: <i>Woodridge 60517</i>			
County:	<i>DuPage</i>	Health Service Area	<i>7</i>
		Health Planning Area:	

**Applicant Identification**

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

Exact Legal Name: <i>Fresenius Medical Care Naperbrook, LLC d/b/a Fresenius Kidney Care Woodridge</i>	
Address: <i>920 Winter Street, Waltham, MA 02451</i>	
Name of Registered Agent: <i>CT Systems</i>	
Name of Chief Executive Officer: <i>Ron Kuerbitz</i>	
CEO Address: <i>920 Winter Street, Waltham, MA 02451</i>	
Telephone Number: <i>800-662-1237</i>	

**Type of Ownership of Applicant**

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input checked="" type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
<input type="checkbox"/>	Other		<input type="checkbox"/>

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.

**APPENDIX DOCUMENTATION IS ATTACHED TO THE SUBMITTER'S IDENTIFICATION NUMBER ON PAGE OF THE APPLICATION FORM.**

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

**Additional Contact**

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

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

**Site Ownership**

Provide this information for each applicable site]

Exact Legal Name of Site Owner: <i>Net 3 (Woodridge), LLC</i>
Address of Site Owner: <i>2803 W. Butterfield Road, Suite 310, Oak Brook, IL 60523</i>
Street Address or Legal Description of Site: <i>7550 Janes Ave., Woodridge, IL 60517</i>

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

**Operating Identity/Licensee**

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

Exact Legal Name: <i>Fresenius Medical Care Naperbrook, LLC d/b/a Fresenius Kidney Care Woodridge</i>
Address: <i>920 Winter Street, Waltham, MA 02451</i>

- |   |  |
|---|--|
| <input type="checkbox"/> Non-profit Corporation               | <input type="checkbox"/> Partnership         |
| <input type="checkbox"/> For-profit Corporation               | <input type="checkbox"/> Governmental        |
| <input checked="" type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| <input type="checkbox"/> Other                                | <input type="checkbox"/>                     |

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

**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.

*Fresenius Medical Care Naperville, LLC, proposes to establish a 12-station in-center hemodialysis facility, Fresenius Kidney Care Woodridge, located at 7550 Janes Avenue, Woodridge. The facility will be in leased space with the interior to be built out by the applicant.*

*The site is located in HSA 7 where there is a determined need for an additional 60 stations as of the June 2016 station inventory.*

*This project is "substantive" under Planning Board rule 1110.10(b) as it entails the establishment of a health care facility that will provide in-center chronic renal dialysis services.*

**Project Costs and Sources of Funds**

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

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NON-CLINICAL</b>	<b>TOTAL</b>
Preplanning Costs	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	988,484	261,440	1,249,924
Contingencies	97,699	25,840	123,539
Architectural/Engineering Fees	106,334	28,266	134,600
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	305,000	70,000	375,000
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	3,579,566 213,550	3,028,407	764,709
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
<b>TOTAL USES OF FUNDS</b>	<b>\$4,525,924</b>	<b>\$1,150,255</b>	<b>\$5,676,179</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NON-CLINICAL</b>	<b>TOTAL</b>
Cash and Securities	1,497,517	385,546	1,883,063
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	3,028,407	764,709	3,793,116
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	N/A	N/A	N/A
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$4,525,924</b>	<b>\$1,150,255</b>	<b>\$5,676,179</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**Related Project Costs**

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

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	

The project involves the establishment of a new facility or a new category of service  
 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 \$ 146,458.

**Project Status and Completion Schedules**

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

Indicate the stage of the project's architectural drawings:

None or not applicable                       Preliminary

Schematics     Final Working

Anticipated project completion date (refer to Part 1130.140): March 31, 2018

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 ATTACHMENTS IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**State Agency Submittals**

Are the following submittals up to date as applicable:

Cancer Registry

APORS

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

All reports regarding outstanding permits

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

### Cost Space Requirements

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

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
In-Center Hemodialysis	\$4,525,924		5,747		5,747		
Total Clinical	\$4,525,924		5,747		5,747		
<b>NON REVIEWABLE</b>							
Non-Clinical (Administrative, Mechanical, Staff, Waiting Room Areas)	\$1,150,255		1,520		1,520		
Total Non-clinical	\$1,150,255		1,520		1,520		
<b>TOTAL</b>	<b>\$5,676,179</b>		<b>7,267</b>		<b>7,267</b>		

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:**

<u>1,883,063</u>	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol>
<u>N/A</u>	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.
<u>N/A</u>	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
<u>3,793,116</u>	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: <ol style="list-style-type: none"> <li>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;</li> <li>2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>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.;</li> <li>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;</li> <li>5) For any option to lease, a copy of the option, including all terms and conditions.</li> </ol>
<u>N/A</u>	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;
<u>N/A</u>	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
<u>N/A</u>	g) All-Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<u>\$5,676,179</u>	<b>TOTAL FUNDS AVAILABLE</b>

**APPEND DOCUMENTATION AS ATTACHMENTS, IN NUMERIC SEQUENTIAL 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)	
ESRD		172.00			5,747			988,484	988,484
Contingency		17.00			5,747			97,699	97,699
<b>Total Clinical</b>		<b>\$189.00</b>			<b>5,747</b>			<b>\$1,086,183</b>	<b>\$1,086,183</b>
Non Clinical		172.00			1,520			261,440	261,440
Contingency		17.00			1,520			25,840	25,840
<b>Total Non</b>		<b>\$189.00</b>			<b>1,520</b>			<b>\$287,280</b>	<b>\$287,280</b>
<b>TOTALS</b>		<b>\$189.00</b>			<b>7,267</b>			<b>\$1,373,463</b>	<b>\$1,373,463</b>

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

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: <i>Net3 (Woodridge), LLC</i>
Address of Site Owner: <i>2803 W. Butterfield Road, Suite 310, Oak Brook, IL 60523</i>
Street Address or Legal Description of Site: <i>7550 Janes Avenue, Woodridge, IL 60517</i>



December 8, 2016

**Fresenius Medical Care**

Attn: Mr. Bill Popken

(781) 699-9994

Via email: [William.Popken@fmc-na.com](mailto:William.Popken@fmc-na.com)

**RE: 7550 Janes Avenue  
Woodridge, Illinois  
Fresenius Medical Care Turn Key – Letter of Intent**

Dear Bill:

We are pleased to present to you this letter of intent. Net3 (Woodridge), LLC (“Landlord”) is willing to negotiate a lease for the premises in the referenced location. This letter is not intended to be a binding contract, a lease, or an offer to lease, but is intended only to provide the basis for negotiations of a lease document between Landlord and **Fresenius Medical Care Naperbrook LLC** (“Tenant”).

**Premises:** 7,267 square foot building located at:  
7550 Janes Avenue, Woodridge, Illinois  
Parcel # 08-25-307-033

**Landlord:** Net3 (Woodridge), LLC

**Tenant:** Fresenius Medical Care Naperbrook, LLC

**Guarantor:** Fresenius Medical Care Holdings, Inc.

**Lease:** The Lease shall be on Tenant’s standard form to be platformed on the Mora, MN lease.

**Use:** Tenant shall use and occupy the Premises for the purpose of an outpatient dialysis facility and related office uses and for no other purposes except those authorized in writing by Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant may operate on the Premises, at Tenant's option, on a seven (7) days a week, twenty-four (24) hours a day basis, subject to zoning and other regulatory requirements.

**Primary Term:** 15 years

**Option Term(s):** Three (3) Five (5) year options to renew the lease at 1.7% annual increase in base rent.



**Base Rent over initial Term:** Annual Rent: Starts at \$29.50/sq. ft. and increases by 1.7% in Year 2 of the Primary Term

<u>Years</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
1	\$214,376.50	\$17,864.71
2	\$218,020.90	\$18,168.41
3	\$221,727.26	\$18,477.27
4	\$225,496.62	\$18,791.38
5	\$229,330.06	\$19,110.84
6	\$233,228.67	\$19,435.72
7	\$237,193.56	\$19,766.13
8	\$241,225.85	\$20,102.15
9	\$245,326.69	\$20,443.89
10	\$249,497.24	\$20,791.44
11	\$253,738.70	\$21,144.89
12	\$258,052.25	\$21,504.35
13	\$262,439.14	\$21,869.93
14	\$266,900.61	\$22,241.72
15	\$271,437.92	\$22,619.83

**Tenant Contribution:** The costs of the Tenant Improvements shall be paid by Tenant to Landlord. These costs include permitting, architecture and interior Tenant construction.

**Taxes, Insurance & CAM:** Tenant will pay.

**Utilities:** Tenant will be responsible to pay for all of their own utilities.

**Tenant's Share:** 100%

**Condition of Premises Upon Delivery:** Landlord shall deliver the Premises to Tenant in a modified turnkey condition in accordance with agreed upon plans and specifications as defined in (Exhibit A). In addition, Landlord shall be responsible for all civil costs, parking infrastructure and any other development costs.

**Rent Commencement Date:** Tenant will not pay rent until the date that is the earlier of (a) the Delivery Date, or (b) the date Tenant commences to treat patients at the Premises.

**Delivery Date:** The date upon which Landlord's Work is substantially completed



which is estimated to be 210 days from the date that Landlord obtains the building permit and all other applicable permits required to achieve substantial completion.

***Construction Drawings  
For Landlord's Work:***

Landlord will agree upon issuance of the CON to have construction drawings no later than 90 days after CON is awarded and apply for building permits immediately thereafter.

***Tenant's Work:***

Tenant shall install Tenant's trade fixtures, equipment and personal property in order to make the Premises ready for Tenant's initial occupancy and use.

***Security Deposit:***

None, subject to Landlord's review of current Tenant financial statements.

***Landlord Maintenance:***

Landlord shall without expense to Tenant, maintain and make all necessary repairs to the structural portions of the Building to keep the building weather and water tight and structurally sound including, without limitation: foundations, structure, load bearing walls, exterior walls, the roof and roof supports, columns, structural retaining walls, gutters, downspouts, flashings and footings.

***Signage:***

Tenant may, at its sole cost and expense, install and maintain signs in and on the Premises to the maximum extent permitted by local law and subject to Tenant obtaining (i) all necessary private party approvals, if any, and governmental approvals, permits and licenses; and (ii) Landlord's prior written approval which will not be unreasonably withheld, and in accordance with Landlord's sign criteria (if applicable).

***Confidentiality:***

The parties hereto acknowledge the sensitive nature of the terms and conditions of this letter and hereby agree not to disclose the terms and conditions of this letter or the fact of the existence of this letter to any third parties and instead agree to keep said terms and conditions strictly confidential, disclosing them only to their respective agents, lenders, attorneys, accountants and such other directors, officers, employees, affiliates, and representatives who have a reason to receive such information and have been advised of the sensitive nature of this letter and as otherwise required to be disclosed by law.

***Zoning and Restrictive***

***Covenants:***

Landlord will represent that the current property zoning is acceptable for use as outpatient dialysis facility and there is no other restrictive covenants imposed on the land, owner, and/or municipality.

**CON Contingency**

Landlord and FMC understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, FMC cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless FMC obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). FMC agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, FMC does not expect to receive a CON permit prior to March 13, 2017. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award FMC a CON permit to establish a dialysis center on the Premises by March 13, 2017, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

***Acquisition Contingency:***

Tenant acknowledges that Landlord is not the owner of the Land. Accordingly, the parties agree that the lease agreement shall contain a contingency provision which provides that Landlord's obligations under the lease agreement shall be subject to and contingent upon Landlord obtaining fee title to the Land and in the event that Landlord does not acquire fee title to the Land on or before the date which is 100 days after the date upon which the CON is obtained by Tenant then Tenant then either Landlord or Tenant may elect to terminate the lease agreement; provided, however, that in the event



Tenant elects to terminate the lease agreement then Landlord shall have thirty (30) days from the date of Tenant's notice of election to terminate to satisfy the contingency at its election in which event Tenant's election to terminate shall be null and void. In the event the lease is terminated under this provision then each of the parties shall be released from its obligations and liability under the lease agreement.

The parties agree that this letter shall not be binding on the parties and does not address all essential terms of the lease agreement contemplated by this letter. Neither party may claim any legal right against the other by reason of any action taken in reliance upon this non-binding letter. A binding agreement shall not exist between the parties unless and until a lease agreement has been executed and delivered by both parties.

If you are in agreement with the foregoing terms, please execute and date this letter in the space provided below and return same to Landlord within five (5) business days from the date above.

Sincerely,

**NET 3 REAL ESTATE, L.L.C.,  
As Agent for Purchaser**

David E. Cunningham  
Manager

AGREED TO AND ACCEPTED BY:

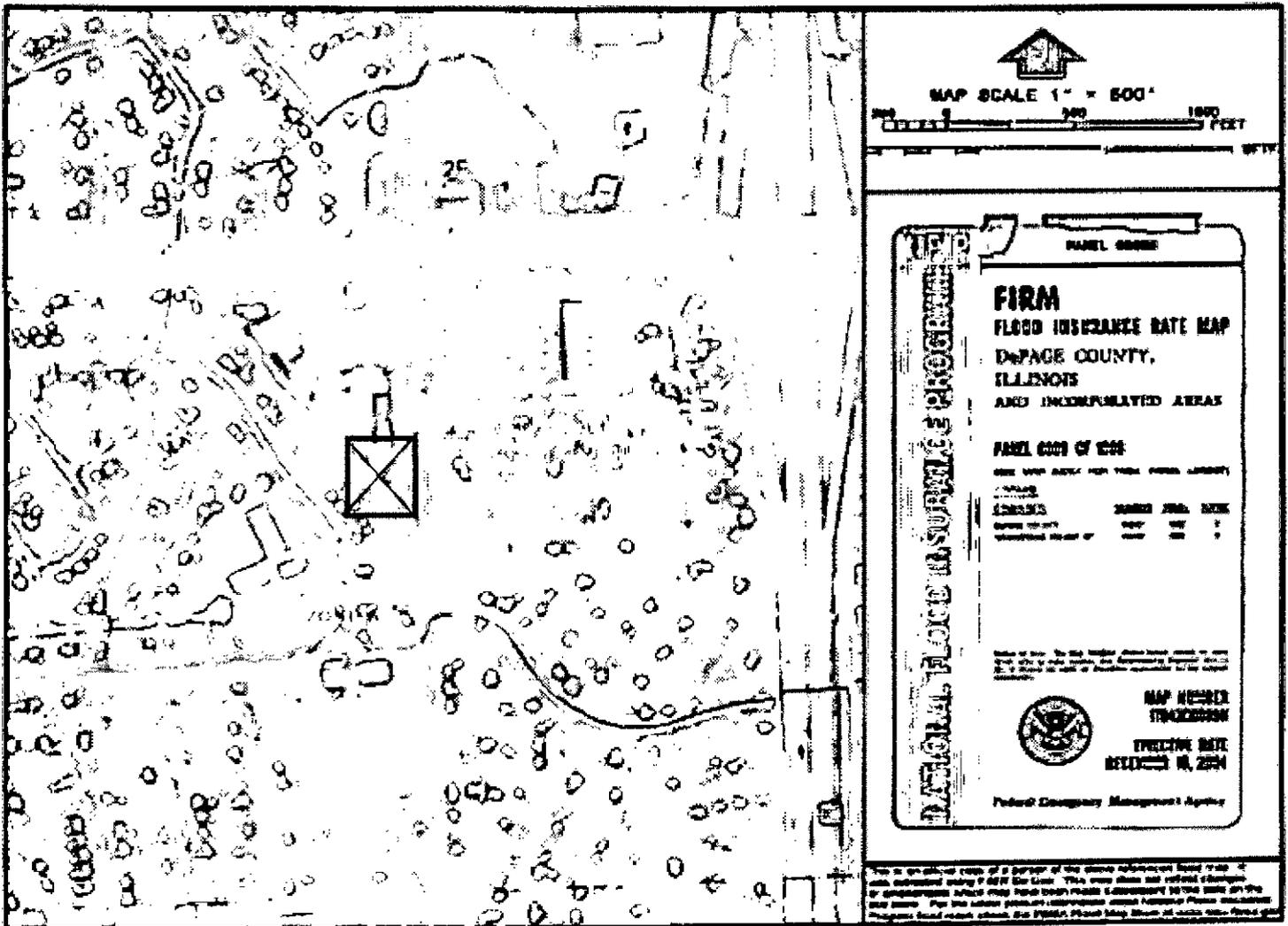
**Fresenius Medical Care Naperville LLC**

12/12/16

**Date**

## Flood Plain Requirements

The proposed site for the establishment of Fresenius Kidney Care Woodridge complies with the requirements of Illinois Executive Order #2005-5. The site, 7550 Janes Avenue, Woodridge, is not located in a flood plain.





November 28, 2016

Rachel Leibowitz, Ph.D.  
Deputy State Historic Preservation Officer  
Preservation Services Division Manager  
Illinois Historic Preservation Agency  
1 Old State Capitol Plaza  
Springfield, Illinois 62701

Dear Ms. Leibowitz:

I am requesting an expedited review of the below mentioned site for CON submittal. Fresenius Medical Care Naperbrook, LLC is seeking a Certificate of Need permit to establish a 12-station dialysis facility at 7550 Janes Avenue, Woodridge. I am asking for expedition because the CON has been submitted and we were forced to find a new site. Fresenius Kidney Care Woodridge will be in leased space in an existing building and will build out the interior.

In accordance with the Illinois Health Facilities Planning Board requirements for the Certificate of Need, I am requesting a letter of determination concerning the applicability of the Historic Preservation Act to this Project.

Attached you will find the following:

- Aerial Map of site
- Street View

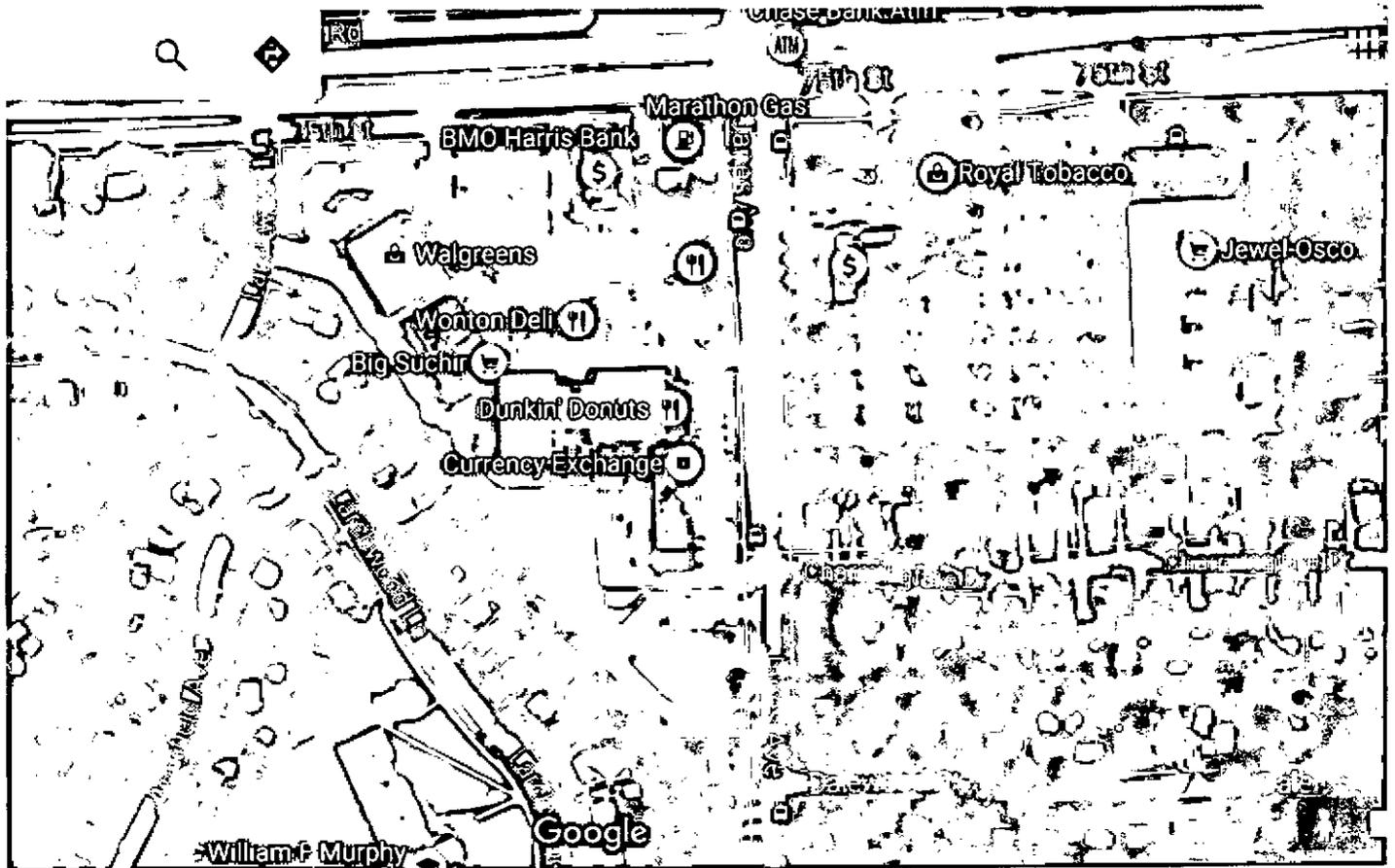
Please let me know as soon as possible if you require any additional information. Thank you for your assistance in this matter.

Sincerely,

Lori Wright  
Senior CON Specialist

Phone 630-960-6807  
Email [lori.wright@fmc-na.com](mailto:lori.wright@fmc-na.com)

7550 Janes Avenue, Woodridge



**SUMMARY OF PROJECT COSTS**

<b>Modernization</b>	
General Conditions	62,500
Temp Facilities, Controls, Cleaning, Waste Management	3,125
Concrete	16,000
Masonry	19,000
Metal Fabrications	9,375
Carpentry	109,700
Thermal, Moisture & Fire Protection	22,250
Doors, Frames, Hardware, Glass & Glazing	85,600
Walls, Ceilings, Floors, Painting	202,000
Specialities	15,600
Casework, FI Mats & Window Treatments	7,524
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	400,000
Wiring, Fire Alarm System, Lighting	241,000
Miscellaneous Construction Costs	56,250
<b>Total</b>	<b>1,249,924</b>
<b>Contingencies</b>	
	<b>\$123,539</b>
<b>Architecture/Engineering Fees</b>	
	<b>\$134,600</b>
<b>Moveable or Other Equipment</b>	
Dialysis Chairs	30,000
Clinical Furniture & Equipment	35,000
Office Equipment & Other Furniture	35,000
Water Treatment	180,000
TVs & Accessories	30,000
Telephones	20,000
Generator	10,000
Facility Automation	20,000
Other miscellaneous	15,000
	<b>\$375,000</b>
<b>Fair Market Value of Leased Space and Equipment</b>	
FMV Leased Space (7,267 GSF)	3,579,566
FMV Leased Dialysis Machines	200,550
FMV Leased Office Equipment	13,000
	<b>\$3,793,116</b>
<b>Grand Total</b>	<b>\$5,676,179</b>

Itemized Costs  
ATTACHMENT - 7

## Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
In-Center Hemodialysis	\$4,525,924		5,747		5,747		
Total Clinical	\$4,525,924		5,747		5,747		
<b>NON REVIEWABLE</b>							
Non-Clinical (Administrative, Mechanical, Staff, Waiting Room Areas)	\$1,150,255		1,520		1,520		
Total Non-clinical	\$1,150,255		1,520		1,520		
<b>TOTAL</b>	<b>\$5,676,179</b>		<b>7,267</b>		<b>7,267</b>		

**Criterion 1110.234, Size of Project**

<b>SIZE OF PROJECT</b>				
<b>DEPARTMENT/SERVICE</b>	<b>PROPOSED BGSF/DGSF</b>	<b>STATE STANDARD 450-650 BGSF Per Station</b>	<b>DIFFERENCE</b>	<b>MET STANDARD?</b>
<b>ESRD IN-CENTER HEMODIALYSIS</b>	5,747 (12 Stations)	5,400 – 7,800 BGSF	None	Yes
<b>Non-clinical</b>	1,520	N/A	N/A	N/A

As seen in the chart above, the State Standard for ESRD is between 450 - 650 BGSF per station or 5,400 – 7,800 BGSF. The proposed 5,747 BGSF for the in-center hemodialysis space falls within this range therefore meeting the State standard.



December 8, 2016

**Fresenius Medical Care**

Attn: Mr. Bill Popken

(781) 699-9994

Via email: [William.Popken@fmc-na.com](mailto:William.Popken@fmc-na.com)

**RE: 7550 Janes Avenue  
Woodridge, Illinois  
Fresenius Medical Care Turn Key – Letter of Intent**

Dear Bill:

We are pleased to present to you this letter of intent. Net3 (Woodridge), LLC (“Landlord”) is willing to negotiate a lease for the premises in the referenced location. This letter is not intended to be a binding contract, a lease, or an offer to lease, but is intended only to provide the basis for negotiations of a lease document between Landlord and **Fresenius Medical Care Naperbrook LLC** (“Tenant”).

- Premises:** 7,267 square foot building located at:  
7550 Janes Avenue, Woodridge, Illinois  
Parcel # 08-25-307-033
- Landlord:** Net3 (Woodridge), LLC
- Tenant:** Fresenius Medical Care Naperbrook, LLC
- Guarantor:** Fresenius Medical Care Holdings, Inc.
- Lease:** The Lease shall be on Tenant’s standard form to be platformed on the Mora, MN lease.
- Use:** Tenant shall use and occupy the Premises for the purpose of an outpatient dialysis facility and related office uses and for no other purposes except those authorized in writing by Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant may operate on the Premises, at Tenant's option, on a seven (7) days a week, twenty-four (24) hours a day basis, subject to zoning and other regulatory requirements.
- Primary Term:** 15 years
- Option Term(s):** Three (3) Five (5) year options to renew the lease at 1.7% annual increase in base rent.

**Base Rent over initial Term:** Annual Rent: Starts at \$29.50/sq. ft. and increases by 1.7% in Year 2 of the Primary Term

<u>Years</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
1	\$214,376.50	\$17,864.71
2	\$218,020.90	\$18,168.41
3	\$221,727.26	\$18,477.27
4	\$225,496.62	\$18,791.38
5	\$229,330.06	\$19,110.84
6	\$233,228.67	\$19,435.72
7	\$237,193.56	\$19,766.13
8	\$241,225.85	\$20,102.15
9	\$245,326.69	\$20,443.89
10	\$249,497.24	\$20,791.44
11	\$253,738.70	\$21,144.89
12	\$258,052.25	\$21,504.35
13	\$262,439.14	\$21,869.93
14	\$266,900.61	\$22,241.72
15	\$271,437.92	\$22,619.83

**Tenant Contribution:** The costs of the Tenant Improvements shall be paid by Tenant to Landlord. These costs include permitting, architecture and interior Tenant construction.

**Taxes, Insurance & CAM:** Tenant will pay.

**Utilities:** Tenant will be responsible to pay for all of their own utilities.

**Tenant's Share:** 100%

**Condition of Premises Upon Delivery:** Landlord shall deliver the Premises to Tenant in a modified turnkey condition in accordance with agreed upon plans and specifications as defined in (Exhibit A). In addition, Landlord shall be responsible for all civil costs, parking infrastructure and any other development costs.

**Rent Commencement Date:** Tenant will not pay rent until the date that is the earlier of (a) the Delivery Date, or (b) the date Tenant commences to treat patients at the Premises.

**Delivery Date:** The date upon which Landlord's Work is substantially completed



which is estimated to be 210 days from the date that Landlord obtains the building permit and all other applicable permits required to achieve substantial completion.

***Construction Drawings  
For Landlord's Work:***

Landlord will agree upon issuance of the CON to have construction drawings no later than 90 days after CON is awarded and apply for building permits immediately thereafter.

***Tenant's Work:***

Tenant shall install Tenant's trade fixtures, equipment and personal property in order to make the Premises ready for Tenant's initial occupancy and use.

***Security Deposit:***

None, subject to Landlord's review of current Tenant financial statements.

***Landlord Maintenance:***

Landlord shall without expense to Tenant, maintain and make all necessary repairs to the structural portions of the Building to keep the building weather and water tight and structurally sound including, without limitation: foundations, structure, load bearing walls, exterior walls, the roof and roof supports, columns, structural retaining walls, gutters, downspouts, flashings and footings.

***Signage:***

Tenant may, at its sole cost and expense, install and maintain signs in and on the Premises to the maximum extent permitted by local law and subject to Tenant obtaining (i) all necessary private party approvals, if any, and governmental approvals, permits and licenses; and (ii) Landlord's prior written approval which will not be unreasonably withheld, and in accordance with Landlord's sign criteria (if applicable).

***Confidentiality:***

The parties hereto acknowledge the sensitive nature of the terms and conditions of this letter and hereby agree not to disclose the terms and conditions of this letter or the fact of the existence of this letter to any third parties and instead agree to keep said terms and conditions strictly confidential, disclosing them only to their respective agents, lenders, attorneys, accountants and such other directors, officers, employees, affiliates, and representatives who have a reason to receive such information and have been advised of the sensitive nature of this letter and as otherwise required to be disclosed by law.

***Zoning and Restrictive***

***Covenants:***

Landlord will represent that the current property zoning is acceptable for use as outpatient dialysis facility and there is no other restrictive covenants imposed on the land, owner, and/or municipality.

**CON Contingency**

Landlord and FMC understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, FMC cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless FMC obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). FMC agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, FMC does not expect to receive a CON permit prior to March 13, 2017. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award FMC a CON permit to establish a dialysis center on the Premises by March 13, 2017, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

***Acquisition Contingency:***

Tenant acknowledges that Landlord is not the owner of the Land. Accordingly, the parties agree that the lease agreement shall contain a contingency provision which provides that Landlord's obligations under the lease agreement shall be subject to and contingent upon Landlord obtaining fee title to the Land and in the event that Landlord does not acquire fee title to the Land on or before the date which is 100 days after the date upon which the CON is obtained by Tenant then Tenant then either Landlord or Tenant may elect to terminate the lease agreement; provided, however, that in the event



Tenant elects to terminate the lease agreement then Landlord shall have thirty (30) days from the date of Tenant's notice of election to terminate to satisfy the contingency at its election in which event Tenant's election to terminate shall be null and void. In the event the lease is terminated under this provision then each of the parties shall be released from its obligations and liability under the lease agreement.

The parties agree that this letter shall not be binding on the parties and does not address all essential terms of the lease agreement contemplated by this letter. Neither party may claim any legal right against the other by reason of any action taken in reliance upon this non-binding letter. A binding agreement shall not exist between the parties unless and until a lease agreement has been executed and delivered by both parties.

If you are in agreement with the foregoing terms, please execute and date this letter in the space provided below and return same to Landlord within five (5) business days from the date above.

Sincerely,

**NET 3 REAL ESTATE, L.L.C.,  
As Agent for Purchaser**

David E. Cunningham  
Manager

AGREED TO AND ACCEPTED BY:

**Fresenius Medical Care Naperbrook LLC**

12/12/16

Date

**Criterion 1120.310 (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)	
ESRD		172.00			5,747			988,484	988,484
Contingency		17.00			5,747			97,699	97,699
<b>Total Clinical</b>		<b>\$189.00</b>			<b>5,747</b>			<b>\$1,086,183</b>	<b>\$1,086,183</b>
Non Clinical		172.00			1,520			261,440	261,440
Contingency		17.00			1,520			25,840	25,840
<b>Total Non</b>		<b>\$189.00</b>			<b>1,520</b>			<b>\$287,280</b>	<b>\$287,280</b>
<b>TOTALS</b>		<b>\$189.00</b>			<b>7,267</b>			<b>\$1,373,463</b>	<b>\$1,373,463</b>

**Criterion 1120.310 (d) – Projected Operating Costs**

**Year 2019**

Estimated Personnel Expense: \$835,698  
 Estimated Medical Supplies: \$173,520  
 Estimated Other Supplies: \$727,866  
 \$1,737,084

Estimated Annual Treatments: 8,986

Cost Per Treatment: \$193.31

**Criterion 1120.310 (e) – Total Effect of the Project on Capital Costs**

**Year 2019**

Depreciation/Amortization: \$150,000  
 Interest: \$0  
 Capital Costs: \$150,000

Treatments: 8,986

Capital Cost per Treatment \$16.69