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September 6, 2024

Department of Health
Certificate of Need Program
111 Israel Road S.E.
Tumwater, WA 98501

VIA EMAIL: fslcon@doh.wa.gov

Re: Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C.
Application for Certificate of Need

Ladies and Gentlemen:

On behalf of The Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C. ("Olympia Multi-specialty Clinic Ambulatory Procedures Center"), please find enclosed a Certificate of Need Application. A check from Olympia Multi-specialty Clinic Ambulatory Procedures Center in the amount of the \$20,427.00 review fee was hand-delivered to the Department of Health on September 5, 2024 (Receipt #: REC0116289).

Per a May 6, 2021 email from the Certificate of Need Program of the Department of Health, it is our understanding that the Department no longer wishes to receive submissions in hard copy. If that is incorrect, please advise us. If you have any questions or need any additional information, please let us know. Thank you for your assistance.

Regards,

STUDEBAKER NAULT, PLLC



Emily R. Studebaker

cc: Marshall E. McCabe, III, M.D.

OLYMPIA MULTI-SPECIALTY CLINIC
AMBULATORY PROCEDURES CENTER, P.L.L.C.

CERTIFICATE OF NEED APPLICATION SEEKING APPROVAL TO RELOCATE AND
EXPAND AMBULATORY SURGICAL FACILITY FROM TWO OPERATING ROOMS TO
FOUR OPERATING ROOMS

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Certificate of Need Application
 Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C.

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**Ambulatory Surgical Facility (ASF)
Ambulatory Surgery Center (ASC)
Certificate of Need Application
Packet**

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Submission Instructions:

Provide one paper copy of the application and one electronic copy on a CD or thumbdrive.

To be accepted, the application must include:

- A completed and signed Certificate of Need application, including the face sheet
- A check or money order for the review fee of \$20,427 payable to Department of Health.
- Mail or deliver the application and review fee to:

Mailing Address:	Other Than By Mail:
Department of Health	Department of Health
Certificate of Need Program	Certificate of Need Program
P O Box 47852	111 Israel Road SE
Olympia, Washington 98504-7852	Tumwater, Washington 98501

Contact Us:

Certificate of Need Program Office 360-236-2955



Definitions

The Certificate of Need (CN) Program will use the information you provide to determine if your project meets the applicable review criteria. These criteria are included in state law and rules. Revised Code of Washington ([RCW 70.38](#)) and Washington Administrative Code ([WAC 246-310](#)).

"Ambulatory surgical facility" or **"ASF"** means any free-standing entity, including an ambulatory surgery center that operates primarily for the purpose of performing surgical procedures to treat patients not requiring hospitalization. This term does not include a facility in the offices of private physicians or dentists, whether for individual or group practice, if the privilege of using the facility is not extended to physicians or dentists outside the individual or group practice. [WAC 246-310-010\(5\)](#)

"Ambulatory surgical center" or **"ASC"** is also a term used interchangeably with "ASF" to describe a facility that provides ambulatory surgical procedures. The Centers for Medicare and Medicaid Services state that an ASC is a distinct entity that operates exclusively for the purpose of furnishing outpatient surgical services to patients.

"Ambulatory surgical facility" or **"ASF"** as defined by licensing rules, and relied on by the CN Program for consistency, means any distinct entity that operates for the primary purpose of providing specialty or multispecialty outpatient surgical services in which patients are admitted to and discharged from the facility within twenty-four hours and do not require inpatient hospitalization, whether or not the facility is certified under Title XVIII of the federal Social Security Act. An ambulatory surgical facility includes one or more surgical suites that are adjacent to and within the same building as, but not in, the office of a practitioner in an individual or group practice, if the primary purpose of the one or more surgical suites is to provide specialty or multispecialty outpatient surgical services, irrespective of the types of anesthesia administered in the one or more surgical suites. An ambulatory surgical facility that is adjacent to and within the same building as the office of a practitioner in an individual or group practice may include a surgical suite that shares a reception area, restroom, waiting room, or wall with the office of the practitioner in an individual or group practice. [WAC 246-330-010\(5\)](#)

"Assumptions," as referred to in this application, means the basis for any projection you provide.

"Invasive procedure" as defined by licensing rules means a procedure involving puncture or incision of the skin or insertion of an instrument or foreign material into the body including, but not limited to, percutaneous aspirations, biopsies, cardiac and

vascular catheterizations, endoscopies, angioplasties, and implantations. Excluded are venipuncture and intravenous therapy. [WAC 246-330-010\(20\)](#)

“Operating room” as defined by licensing rules means a room intended for invasive procedures. [WAC 246-330-010\(29\)](#)

“Procedure room” for Certificate of Need purposes has the same meaning as “operating room,” but is often used by providers in reference to rooms dedicated to specific procedure types, such as endoscopy or pain management.

“Person” means an individual, a trust or estate, a partnership, any public or private corporation (including associations, joint stock companies, and insurance companies), the state, or a political subdivision or instrumentality of the state, including a municipal corporation or a hospital district. [WAC 246-310-010\(42\)](#)

Application Instructions

The Certificate of Need (CN) Program will use the information in your application to determine if your project meets the applicable review criteria. These criteria are included in state law and rules. Revised Code of Washington (RCW) 70.38 and Washington Administrative Code (WAC) 246-310.

General Instructions:

- Include a table of contents for application sections and appendices/exhibits.
- Number all pages consecutively.
- Do not bind or 3-hole punch the application.
- Make the narrative information complete and to the point.
- Cite all data sources.
- Provide copies of articles, studies, etc. cited in the application.
- Place extensive supporting data in an appendix.
- Provide a detailed description of the basis used for all projections.
- Do not include a general inflation rate for any dollar amounts.
- Include known contract cost increases.
- Do not include a capital expenditure contingency.
- **If any of the documents provided in the application are in draft form, a draft is only acceptable if it includes the following elements:**
 - a. identifies all entities associated with the agreement,
 - b. outlines all roles and responsibilities of all entities,
 - c. identifies all costs associated with the agreement,
 - d. includes all exhibits that are referenced in the agreement, and
 - e. any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.

Do not skip any questions in this application. If you believe a question is not applicable to your project, provide rationale as to why it is not applicable.

Please answer the following questions in a manner that makes sense for your project. In some cases, a table may make more sense than a narrative. The department will follow up in screening if there are questions.

Program staff members are available to provide technical assistance (TA) at no cost to you before submitting your application. While TA isn't required, it's highly recommended and can make any required review easier. To request a TA meeting, call 360-236-2955 or [email us at FSLCON@doh.wa.gov](mailto:FSLCON@doh.wa.gov).

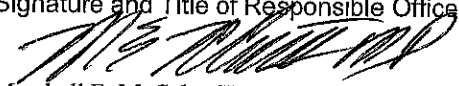


Date
Stamp
Here

**Certificate of Need Application
Ambulatory Surgical Facilities
Ambulatory Surgery Centers**

Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code (WAC) 246-310-990.

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington (RCW) 70.38 and WAC 246-310, rules and regulations adopted by the Washington State Department of Health. I attest that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer:  Marshall E. McCabe, III, M.D.	Phone Number: (360) 754-1735
Dated: September 3, 2024	Email Address: mmccabe@omsc.net
Legal Name of Applicant: Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C.	Number of Surgery Rooms requested – include operating room and procedure rooms: Olympia Multi-specialty Clinic Ambulatory Procedures Center is seeking approval to relocate its certificate of need exempt ASF and expand it from 2 ORs to 4 ORs
Address of Applicant: 3920 Capital Mall Drive S.W., Suite 300 Olympia, WA 98502	Estimated Capital Expenditure: \$5,371,554
Identify the Planning Area for this project as defined in <u>WAC 246-310-270(3)</u> : Thurston County Secondary Health Services Planning Area	

Applicant Description

Answers to the following questions will help the department fully understand the role of applicants. Your answers in this section will provide context for the reviews under Financial Feasibility ([WAC 246-310-220](#)) and Structure and Process of Care ([WAC 246-310-230](#)).

1. Provide the legal name(s) and address(es) of the applicant(s)
Note: The term “applicant” for this purpose includes any person or individual with a ten percent or greater financial interest in the partnership or corporation or other comparable legal entity. WAC 246-310-010(6)

The applicant is Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C. (“OMCAPC”). Its address is 3920 Capital Mall Drive S.W., Suite 300, Olympia, WA 98502. The following have a 10% or greater financial interest in OMCAPC and therefore are also applicants:

- Marshall E. McCabe, III (MD00023393);
- Marshall E. McCabe, IV (OP60945227);
- Darien Heap (MD00044714);
- John R. Kuczynski (MD60202111); and
- Michelle B. Thompson (OP60726268).

2. Identify the legal structure of the applicant (LLC, PLLC, etc.) and if known, provide the UBI number.

OMCAPC is a Washington professional limited liability company. Its UBI# is 601 673 777.

3. Provide the name, title, address, telephone number, and email address of the contact person for this application.

Please direct questions regarding this application to the following:

Emily R. Studebaker, Esq.
Studebaker Nault, PLLC
11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
Tel: (425) 279-9929
E-mail: estudebaker@studebakernault.com

4. Provide the name, title, address, telephone number, and email address of any other representatives authorized to speak on your behalf related to the screening of this application (if any).

Emily R. Studebaker, Esq.
Studebaker Nault, PLLC

11900 N.E. 1st Street, Suite 300
Bellevue, WA 98005
Tel: (425) 279-9929
E-mail: estudebaker@studebakernault.com

5. Provide an organizational chart that clearly identifies the business structure of the applicant(s) and the role of the facility in this application.

Please see [Exhibit A](#) for an organizational chart.

Project Description

Answers to the following questions will help the department fully understand the type of facility you are proposing as well as the type of services to be provided. Your answers in this section will provide context for the reviews under Need ([WAC 246-310-210](#)) and Structure and Process of Care ([WAC 246-310-230](#))

1. Provide the name and address of the existing facility.

The name of the existing ambulatory surgical facility (“ASF”) is Olympia Multi-specialty Clinic Ambulatory Procedures Center. It is located at 3920 Capital Mall Drive S.W., Suite 300, Olympia, WA 98502.

2. Provide the name and address of the proposed facility. If an address is not yet assigned, provide the county parcel number and the approximate timeline for assignment of the address.

The name of the proposed ASF will be Olympia Multi-specialty Clinic Ambulatory Procedures Center. It will be located at 406-A Black Hills Lane S.W., Olympia, WA 98502.

3. Provide a detailed description of the proposed project.

OMCAPC currently operates a certificate of need (“CN”) exempt endoscopy center with two operating rooms (“ORs”) located at 3920 Capital Mall Drive S.W., Suite 300, Olympia, WA 98502. The term of the lease agreement for the existing ASF ends on December 31, 2026, and the lessor, MultiCare Health System, is not renewing the lease. As a result, OMCAPC needs to relocate the endoscopy center.

In addition, in order to address increased demand and a patient backlog, OMCAPC proposes to expand from two ORs to four ORs. OMCAPC will continue to provide the same surgical services, which include endoscopic gastroenterology services.

Having only two ORs is constraining OMCAPC’s ability to fully address patient demand. Five of OMCAPC’s gastroenterology physicians currently use the two-OR ASF, which operates an average of 11.5 hours per day, five days per week. The lack of additional ORs is a constraint that prevents OMCAPC from addressing patient demand and reducing

its patient backlog, and it also impedes growth.

The new location is expected to be completed, to be licensed, certified and accredited, and to be opened by March of 2026. The first full year of operation will be 2027. The capital expenditure for the project is \$5,371,554.

4. With the understanding that the review of a Certificate of Need application typically takes at least 6-9 months, provide an estimated timeline for project implementation, below:

Event	Anticipated Month/Year
Design complete	May 2024
Construction Commenced	April 2025
Construction Completed	February 2026
Facility Prepared for Survey	March 2026
Project Completion	March 2026

5. Identify the surgical specialties to be offered at this facility by checking the applicable boxes below. Also attach a list of typical procedures included within each category.

- | | | |
|--|--|--|
| <input type="checkbox"/> Ear, Nose, & Throat | <input type="checkbox"/> Maxillofacial | <input type="checkbox"/> Pain Management |
| <input checked="" type="checkbox"/> Gastroenterology | <input type="checkbox"/> Ophthalmology | <input type="checkbox"/> Plastic Surgery |
| <input type="checkbox"/> General Surgery | <input type="checkbox"/> Oral Surgery | <input type="checkbox"/> Podiatry |
| <input type="checkbox"/> Gynecology | <input type="checkbox"/> Orthopedics | <input type="checkbox"/> Urology |

Other? Describe in detail: N/A

6. If you checked gastroenterology, above, please clarify whether this includes the full spectrum of gastroenterological procedures, or if this represents a specific sub-specialty: This includes the full spectrum of endoscopic gastroenterology procedures.

Endoscopy Bariatric Surgery Other: _____

7. For existing facilities, provide a discussion of existing specialties and how these would or would not change as a result of the project.

The facility (current and after relocation and expansion) will provide only endoscopic gastroenterology services.

8. Identify how many operating rooms will be at this facility at project completion. Note, for certificate of need and credentialing purposes, “operating rooms” and “procedure rooms” are one and the same.

The existing ASF has two ORs. The proposed ASF will have four ORs.

9. Identify if any of the operating rooms at this facility would be exclusively dedicated to endoscopy, cystoscopy, or pain management services. [WAC 246-310-270\(9\)](#)

All of the ORs will be exclusively dedicated to endoscopy services.

10. Provide a general description of the types of patients to be served by the facility at project completion (e.g. age range, etc.).

OMCAPC offers and provides care to patients ages 16 years old and older who require ambulatory surgery, are not expected to require hospitalization, and can be treated appropriately in an outpatient surgery setting.

11. If you submitted more than one letter of intent for this project, provide a copy of the applicable letter of intent that was submitted according to [WAC 246-310-080](#).

Please see [Exhibit B](#) for the Letter of Intent.

12. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion.

Please see [Exhibit C](#) for single line drawings of the proposed ASF.

13. Confirm that the facility will be licensed and certified by Medicare and Medicaid, which is a requirement for CN approval. If this application proposes the expansion of an existing facility, provide the existing facility's identification numbers.

The existing ASF is licensed as an ambulatory surgical facility by the Washington State Department of Health (the "Department") and is certified by the Centers for Medicare and Medicaid Services ("CMS"). OMCAPC will submit the appropriate notices to the Department and to CMS for the change of location.

ASF License #: ASF.FS.60100042

Medicare #: G115143800

Medicaid #: 7076672

14. Identify whether this facility will seek accreditation. If yes, identify the accrediting body.

The existing ASF is accredited by the Accreditation Association for Ambulatory Health Care, Inc. ("AAAHC"). OMCAPC will submit the appropriate notice to AAAHC for the change of location for the ASF's accreditation.

15. **OPTIONAL** – The Certificate of Need program highly recommends that applicants consult with the office of Construction Review Services (CRS) early in the planning process. CRS review is required prior to construction and licensure ([WAC 246-330-500](#), [246-330-505](#), and [246-330-510](#)). Consultation with CRS can help an applicant reliably predict the scope of work required for licensure and certification. Knowing the required construction standards can help the applicant to more accurately estimate the capital expenditure associated with a project.

If your project includes construction, please indicate if you’ve consulted with CRS and provide your CRS project number.

The CRS project number is 61494291.

Certificate of Need Review Criteria

A. Need (WAC 246-310-210)

[WAC 246-310-210](#) provides general criteria for an applicant to demonstrate need for healthcare facilities or services in the planning area. [WAC 246-310-270](#) provides specific criteria for ambulatory surgery applications. Documentation provided in this section must demonstrate that the proposed facility will be needed, available, and accessible to the community it proposes to serve. Some of the questions below only apply to existing facilities proposing to expand. For any questions that are not applicable to your project, explain why.

Some of the questions below require you to access facility data in the planning area. Please contact the Certificate of Need Program for any planning area definitions, facility lists, and applicable survey responses with utilization data.

1. List all surgical facilities operating in the planning area – to include hospitals, ASFs, and ASCs.

Hospitals in the Thurston County secondary health services planning area are listed in [Table 1](#) below.¹

Table 1

Thurston County Secondary Health Services Planning Area Hospitals

Hospitals	
MultiCare Capital Medical Center	HAC.FS.61279406
Providence St. Peter Hospital	HAC.FS.00000159

ASFs in the Thurston County secondary health services planning area are listed in [Table 2](#) below.²

¹ Source: CN historic files, ILRS.

² *Id.*

Table 2

Thurston County Secondary Health Services Planning Area ASFs

ASFs	
CN-Exempt ASFs	
Ear, Nose and Throat Associates	N/A
Foley Plastic Surgery Center	ASF.FS.60102721
Gastroenterology Associates Endoscopy Center*	ASF.FS.61032369
Olympia Multi-specialty Clinic Ambulatory Procedures Center*	ASF.FS.60100042
Olympia Orthopaedic Associates (Nineth Avenue)	N/A
Olympia Orthopaedic Associates (Britton Parkway)	N/A
Olympia Orthopaedic Associates (Britton Parkway)	N/A
Olympia Orthopaedic Associates (Capital Mall Drive)	N/A
Pacific Cataract and Laser Institute	ASF.FS.60101112
Pain Care Physicians	ASF.FS.60979461
Pearl Plastic Surgery	ASF.FS.60927357
CN-Approved ASFs	
Laser and Surgery Center	ASF.FS.60101649
MultiCare Health System NEWDIV [NOT YET OPERATIONAL]	N/A
Olympia Surgery Center	ASF.FS.60320652

* These ASFs are endoscopy centers.

- Identify which, if any, of the facilities listed above provide similar services to those proposed in this application.

The existing ASF provides only outpatient endoscopic gastroenterology services. The proposed ASF will continue to provide only outpatient endoscopic gastroenterology services.

Gastroenterology Associates Endoscopy Center is the only ASF that provides similar services, *i.e.*, endoscopic gastroenterology services, in the Thurston County secondary health services planning area.

- Provide a detailed discussion outlining how the proposed project will not represent an unnecessary duplication of services.

OMCAPC is proposing to relocate and expand its existing endoscopy center for the reasons noted earlier in this application. This application simply requests approval to relocate the center and add two additional endoscopy rooms at the new location.

With only two endoscopy rooms, the existing ASF is performing approximately 6,000

procedures per year and currently has a backlog of procedures caused in part by COVID, which cannot be accommodated with only two endoscopy rooms. Numerous studies demonstrate what has been experienced in Thurston County: the COVID pandemic reduced the volume of diagnostic endoscopies, and later stage cases are being identified. There is an urgency to mitigate the backlog. The urgency, coupled with new guidelines issued in May of 2021 from the American Cancer Society that reduce the age for a first colonoscopy from 50 years to 45 years, are increasing demand. The recommended age was lowered because colorectal cancer cases are on the rise among young and middle-aged people. Deaths of people under age 55 increased 1% per year from 2008 to 2017. For the reasons above, this project is not an unnecessary duplication of services.

4. Complete the methodology outlined in [WAC 246-310-270](#), unless your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management. If your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management, so state. If you would like a copy of the methodology template used by the department, please contact the Certificate of Need Program.

The existing ASF is exclusively dedicated to endoscopy procedures. The proposed ASF will also be exclusively dedicated to endoscopy procedures. This question is not applicable.

5. If the methodology does not demonstrate numeric need for additional operating rooms, [WAC 246-310-270\(4\)](#) gives the department flexibility. WAC 246-310-270(4) states: "Outpatient operating rooms should ordinarily not be approved in planning areas where the total number of operating rooms available for both inpatient and outpatient surgery exceeds the area need."

These circumstances could include but are not limited to: lack of CN approved operating rooms in a planning area, lack of providers performing widely utilized surgical types, or significant in-migration to the planning area. If there isn't sufficient numeric need for the approval of your project, please explain why the department should give consideration to this project under [WAC 246-310-270\(4\)](#). Provide all supporting data.

The existing ASF is exclusively dedicated to endoscopy procedures. The expanded facility will also be exclusively dedicated to endoscopy procedures. This question is not applicable.

6. For existing facilities, provide the facility's historical utilization for the last three full calendar years.

Table 3

Historical Utilization

	2023	2022	2021
Procedure Volumes	6,843	6,878	6,963

7. Provide projected surgical volumes at the proposed facility for the first three full years of operation, separated by surgical type. For existing facilities, also provide the intervening years between historical and projected. Include the basis for all assumptions used as the basis for these projections.

Table 4

Projected Utilization

	2027	2028	2029
Procedure Volumes	9,200	10,000	11,000

Volume projections associated with the addition of two endoscopy rooms assume use of the additional rooms five days per week, with volumes increasing per day from 13 patients per room per day in 2023 to 11 patients per room per day in 2029.

8. Identify any factors in the planning area that could restrict patient access to outpatient surgical services. [WAC 246-310-210\(1\) and \(2\)](#)

The only factor in the Thurston County secondary health services planning area that will restrict access is an inadequate number of available and accessible endoscopy procedure rooms. The endoscopy rooms at the existing ASF run at capacity, based on an 11.5-hour day, five days per week schedule. The endoscopy rooms in the hospitals are typically used for more complex cases and for patients who do not meet ASGE guidelines for sedation and anesthesia in a freestanding setting as endorsed by the American Association for the Study of Liver Diseases, the American College of Gastroenterology, and the American Gastroenterological Association.

9. In a CN-approved facility, [WAC 246-310-210\(2\)](#) requires that “all residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.” Confirm your facility will meet this requirement.

OMCAPC is committed to serving all persons regardless of income, race, ethnicity, gender, disability, or other status protected under applicable law. Please see [Exhibit D](#) for OMCAPC’s Non-discrimination Policy.

For ASF applications, the Department requests that the proposed facility provide charity care at the average of the hospitals in the planning area. According to charity care data

produced by the Department, the three-year charity care average for the Thurston County Secondary Health Services Planning Area is 1.0% of total revenue and 1.0% of adjusted revenue.

10. Provide a copy of the following policies:

- Admissions policy
- Charity care or financial assistance policy
- Patient Rights and Responsibilities policy
- Non-discrimination policy
- Any other policies directly related to patient access to care.

Please see the following exhibits:

- Exhibit E, Admissions policy;
- Exhibit F, Charity care or financial assistance policies; and
- Exhibit G, Patient rights and responsibilities policy.

B. Financial Feasibility (WAC 246-310-220)

Financial feasibility of a project is based on the criteria in [WAC 246-310-220](#).

1. Provide documentation that demonstrates that the immediate and long-range capital and operating costs of the project can be met. This should include but is not limited to:

- Utilization projections. These should be consistent with the projections provided under “Need” in section A. Include the basis for all assumptions.
- Pro Forma revenue and expense projections for at least the first three full calendar years of operation. Include the basis for all assumptions.
- Pro Forma balance sheet for the current year and at least the first three full calendar years of operation. Include the basis for all assumptions.
- For existing facilities, provide three years of historical revenue and expense statements, including the current year. Ensure these are in the same format as the pro forma projections. For incomplete years, identify whether the data is annualized.

See Table 4, Projected Utilization, above. Please also see Exhibit H for the pro forma revenue and expense projections and pro forma balance sheet for the proposed ASF.

2. Provide the following applicable agreements/contracts:

- Management agreement
- Operating agreement
- Medical director agreement
- Development agreement
- Joint Venture agreement

Note that all agreements above must be valid through at least the first three full years following completion of the project or have a clause with automatic renewals. Any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.

Please see the following exhibits:

- Exhibit I, Amended Operating Agreement of Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C.; and
- Exhibit J, Services Agreement between Olympia Multi-specialty Clinic and Olympia Multi-specialty Clinic APC P.L.L.C.

3. Certificate of Need approved ASFs must provide charity care at levels comparable to those at the hospitals in the ASF planning area. You can access charity care statistics from the Hospital Charity Care and Financial Data (HCCFD) website. Identify the amount of charity care projected to be provided at this facility, captured as a percentage of gross revenue, as well as charity care information for the planning area hospitals. The table below is for your convenience but is not required. WAC 246-310-270(7)

Planning Area Hospital 3-year Average Charity Care as a Percentage of Total Revenue	1.00%
Projected Facility Charity Care as a Percentage of Total Revenue	1.00%

Consistent with WAC 246-310-270(7), OMCAPC will offer charity care in an amount equal to or greater than the average percentage of total patient revenue, other than Medicare or Medicaid, that affected hospitals in the planning area utilized to provide charity care in the last available reporting year.

4. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years following project completion. The costs identified in these documents should be consistent with the Pro Forma provided in response to question 1.

Please see Exhibit K, Medical Building Lease between APC Properties, LLC and Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C. dated June 30, 2024.

5. For new facilities, confirm that the zoning for your site is consistent with the project.

Please see Exhibit L for zoning information.

6. Complete the table below with the estimated capital expenditure associated with this project. Capital expenditure is defined under WAC 246-310-010(10). If you

have other line items not listed below, please include the items with a definition of the line item. Include all assumptions used as the basis the capital expenditure estimate.

Item	Cost
a. Land Purchase	\$0
b. Utilities to Lot Line	\$0
c. Land Improvements	\$0
d. Building Purchase	\$0
e. Residual Value of Replaced Facility	\$0
f. Building Construction	\$3,896,904
g. Fixed Equipment (not already included in the construction contract)	\$86,700
h. Movable Equipment	\$733,474
i. Architect and Engineering Fees	\$138,451
j. Consulting Fees	\$50,000
k. Site Preparation	\$0
l. Supervision and Inspection of Site	\$0
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	\$0
1. Land	\$0
2. Building	\$0
3. Equipment	\$0
4. Other	\$0
n. Washington Sales Tax	\$466,025
Total Estimated Capital Expenditure	\$5,371,554

7. Identify the entity or entities responsible for funding the capital expenditure identified above. If more than one entity is responsible, provide breakdown of percentages and amounts for all.

The capital expenditure will be funded by OMCAPC, which has secured loans through Heritage Bank. Please see Exhibit M for a letter of financial commitment.

8. Please identify the amount of start-up costs expected for this project. Include any assumptions that went into determining the start-up costs. If no start-up costs are needed, explain why.

There are no start-up costs, because the ASF is currently operational and is proposed only to be relocated and expanded.

9. Provide a non-binding contractor's estimate for the construction costs for the project.

Please see Exhibit N for a non-binding contractor’s estimate for construction costs.

10. Explain how the proposed project would or would not impact costs and charges to patients for health services. WAC 246-310-220

The capital costs associated with the proposed project will not be passed on to payers in the form of higher charges. The proposed ASF will be operated as a free-standing ASF, and rates will not be based on costs.

The availability of additional lower cost outpatient endoscopy services is beneficial to the community and will serve to reduce the total cost of health care and potentially reduce total out-of-pocket costs for patients.

11. Provide documentation that the costs of the project, including any construction costs, will not result in an unreasonable impact on the costs and charges to patients for health services in the planning area. WAC 246-310-220

As noted in response to Question #10, the capital cost will not be passed on to payers in the form of higher charges because the proposed ASF will be operated as a freestanding ASF, and rates will not be based on costs. The availability of additional lower cost freestanding endoscopy services is beneficial to the community and will serve to reduce the total cost of health care and potentially reduce total out-of-pocket costs for patients.

Because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the Thurston County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients and payors.

12. Provide the projected payer mix by gross revenue and by patients using the example table below. If “other” is a category, define what is included in “other.”

Payer	Percentage by Patient	Percentage by Revenue
Medicare	28%	29%
Medicaid	1%	6%
Commercial Payers	70%	64%
Charity Care	1%	1%
Total	100%	100%

13. If this project proposes CN approval of an existing facility, provide the historical payer mix by revenue and patients for the existing facility for the most recent year. The table format should be consistent with the table shown above.

Payer	Percentage by Patient	Percentage by Revenue
Medicare	29.5%	30%
Medicaid	2.5%	10%
Commercial Payers	68%	60%
Total	100%	100%

14. Provide a listing of new equipment proposed for this project. The list should include estimated costs for the equipment. If no new equipment is required, explain.

Please see Exhibit O for a list of new equipment.

15. Provide a letter of financial commitment or draft agreement for each source of financing (e.g. cash reserves, debt financing/loan, grant, philanthropy, etc.). WAC 246-310-220.

The proposed project will be funded by OMCAPC, which has secured loans through Heritage Bank. Please see Exhibit M for a letter of financial commitment.

16. If this project will be debt financed through a financial institution, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized. WAC 246-310-220

The proposed project will be funded by OMCAPC, which has secured loans through Heritage Bank. Please see Exhibit P for loan documents from Heritage Bank along with repayment schedules.

17. Provide the applicant's audited financial statements covering the most recent three years. WAC 246-310-220

Please see Exhibit Q for OMCAPC's historical financial statements.

C. Structure and Process of Care ([WAC 246-310-230](#))

Projects are evaluated based on the criteria in [WAC 246-310-230](#) for staffing availability, relationships with other healthcare entities, relationships with ancillary and support services, and compliance with federal and state requirements. Some of the questions within this section have implications on financial feasibility under [WAC 246-310-220](#) and will be marked as such.

1. Identify all licensed healthcare facilities owned, operated by, or managed by the

applicant. This should include all facilities in Washington State as well as out-of-state facilities, and should identify the license/accreditation status of each facility.

Ambulatory Surgery Center (current location)
 3920 Capital Mall Drive S.W.
 Olympia, WA 98502
 License: ASF.FS.60100042
 Medicare certification: G115143800
 Medicaid certification: 7076672
 Accreditation (Accreditation Association for Ambulatory Health Care): 17377

2. Provide a table that shows FTEs [full time equivalents] by classification (e.g. RN, LPN, Manager, Scheduler, etc.) for the proposed facility. If the facility is currently in operation, include at least the last three full years of operation, the current year, and the first three full years of operation following project completion. There should be no gaps in years. All staff classifications should be defined.

Table 5

**Olympia Multi-specialty Clinic Ambulatory Procedures Center
 Estimated Total Staffing: 2027-2029**

Position	2021	2022	2023	2027	2028	2029
Registered Nurse	6	5	5.75	8	8	9
Surgical Technologists	6	5	5	6	6	7
ASF Manager	1	1	1	1	1	1
Receptionist/Scheduler	2	2	2	2	2	2
Total	15	13	13.75	17	17	19

3. Provide the basis for the assumptions used to project the number and types of FTEs identified for this project.

The FTEs for the proposed project are based on historical experience at OMCAPC and the projected increase in procedures shown in Table 4 above.

4. Provide the name and professional license number of the current or proposed medical director. If not already disclosed under [WAC 246-310-220\(1\)](#) above, identify if the medical director is an employee or under contract.

Marshall E. McCabe, III, M.D. (MD00023393) is the Medical Director of the existing ASF and will be the Medical Director of the proposed ASF.

5. If the medical director is/will be an employee rather than under contract, provide the medical director’s job description.

Marshall E. McCabe, III, M.D. is an owner of OMCAPC and provides medical director

services pursuant to the job description at [Exhibit R](#).

6. Identify key staff by name, if known (e.g. nurse manager, clinical director, etc.)

Lindsey A Gonia, R.N. (RN60087839) is the Nurse Manager of the existing ASF and will be the Nurse Manager of the proposed ASF.

7. Provide a list of physicians who would use this surgery center, including their names, license numbers, and specialties. [WAC 246-310-230\(3\) and \(5\)](#).

Table 6

**Physicians to Provide Surgical Services
at Olympia Multi-specialty Clinic Ambulatory Procedures Center**

Provider	Specialty	License Number
Darien Heap, M.D.	Gastroenterology	MD00044714
John R. Kuczynski, M.D.	Gastroenterology	MD60202111
Marshall E. McCabe III, M.D.	Gastroenterology	MD00023393
Marshall E. McCabe IV, D.O.	Gastroenterology	OP60945227
Michelle B. Thompson, D.O.	Gastroenterology	OP60726268

8. For existing facilities, provide names and professional license numbers for current credentialed staff. [WAC 246-310-230\(3\) and \(5\)](#).

See [Table 6](#) for physicians who will provide surgical services at OMCAPC.

9. Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project. [WAC 246-310-230\(1\)](#)

Timely patient care is provided by carefully anticipating the needs of the proposed ASF on a daily, weekly, and monthly basis and utilizing agency staff when necessary. OMCAPC managers will be working managers and participate in patient care as necessary. OMCAPC will also delegate non-nursing tasks to appropriate personnel, utilizing nursing staff for patient care to the extent possible.

- a. To recruit staff needed for the proposed ASF and to recruit staff in the event of staff turnover, OMCAPC will advertise through multiple job websites and work with local area schools for externship placement and future job opportunities.
- b. To respond to staffing shortages, OMCAPC has per diem staff that it utilizes in addition to a staffing agency that it works with, when needed.
- c. OMCAPC does its best to employ sufficient staff to allow for events such as employee medical leaves, vacations, and departures.

10. For existing facilities, provide a listing of ancillary and support services already in place. [WAC 246-310-230\(2\)](#)

Please see [Exhibit S](#) for a copy of the executed Transfer Agreement between Olympia Multi-specialty Ambulatory Procedure Center, P.L.L.C. and Providence Health & Services – Washington dated June 12, 2024.

OMCAPC provides anesthesiology and pathology on site. OMCAPC works with Quest Diagnostics for laboratory and South Sound Radiology and Tacoma Radiology for radiology services.

11. For new facilities, provide a listing of ancillary and support services that will be established. [WAC 246-310-230\(2\)](#)

The ancillary and support services in place at the proposed ASF will be the same as the ancillary and support services in place at the existing ASF.

12. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project. [WAC 246-310-230\(2\)](#)

No, the ancillary and support services in place at the proposed ASF will be the same as the ancillary and support services in place at the existing ASF.

13. If the ASF is currently operating, provide a listing of healthcare facilities with which the ASF has working relationships. [WAC 246-310-230\(4\)](#)

See answer to Question #10.

14. Identify whether any of the existing working relationships with healthcare facilities listed above would change as a result of this project. [WAC 246-310-230\(4\)](#)

See answer to Question #12.

15. For a new facility, provide a listing of healthcare facilities with which the ASF would establish working relationships. [WAC 246-310-230\(4\)](#)

Please see [Exhibit S](#) for a copy of the executed Transfer Agreement between Olympia Multi-specialty Ambulatory Procedure Center, P.L.L.C. and Providence Health & Services – Washington dated June 12, 2024.

OMCAPC provides anesthesiology and pathology on site. OMCAPC works with Quest Diagnostics for laboratory services and South Sound Radiology and Tacoma Radiology for radiology services.

16. Provide a copy of the existing or proposed transfer agreement with a local hospital.

[WAC 246-310-230\(4\)](#)

Please see [Exhibit S](#) for a copy of the executed Transfer Agreement between Olympia Multi-specialty Ambulatory Procedure Center, P.L.L.C. and Providence Health & Services – Washington dated June 12, 2024.

17. Provide an explanation of how the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services. [WAC 246-310-230\(4\)](#)

The proposed ASF will maintain needed access and also improve access to affordable, high-quality ambulatory surgical services to the Thurston County secondary health services planning area residents. Approval of the proposed ASF will allow OMCAPC to continue to offer a more convenient, lower-cost alternative to hospital-based outpatient endoscopic gastroenterology services. Further, because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the Thurston County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients.

18. Provide an explanation of how the proposed project will have an appropriate relationship to the service area's existing health care system as required in [WAC 246-310-230\(4\)](#).

See answer to Question #17 above.

19. Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements. [WAC 246-310-230\(3\)](#) and [\(5\)](#)
- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or
 - b. A revocation of a license to operate a healthcare facility; or
 - c. A revocation of a license to practice as a health profession; or
 - d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.

No facility or practitioner associated with OMCAPC has any history with respect to criminal convictions related to the ownership or operation of a health care facility, license revocation, or other sanction described in WAC 246-310-230(3) or (5).

D. Cost Containment ([WAC 246-310-240](#))

Projects are evaluated based on the criteria in WAC 246-310-240 in order to identify the

best available project for the planning area.

1. Identify all alternatives considered prior to submitting this project.

The proposed ASF will maintain and also improve access, a key criterion for a CN. The proposed ASF will also provide a low cost, freestanding ASF in the health planning area to meet the needs of patients and help residents of the planning area avoid wait times for procedures and lower health care costs.

OMCAPC has a presence in the Thurston County secondary health services planning area, and the proposed ASF will build upon this presence and offer other patients convenient access to surgical services. OMCAPC is committed to providing high quality, affordable care in the Thurston County secondary health services planning area, and the proposed ASF will help accomplish this goal. The proposed project promotes continuity of care with OMCAPC's other services, and it offers cost containment as well.

Alternative 1: "Do Nothing"

OMCAPC rejected a "do nothing" alternative. Planning area residents are underserved relative to the demand for endoscopic and gastroenterology services and must travel or wait to obtain care. OMCAPC's existing ASF is at capacity and cannot simply close due to the termination of its lease; the adverse impact of access would be significant. Therefore, OMCAPC seeks to relocate the ASF and expand it. OMCAPC has a presence in the Thurston County secondary health services planning area and can add value to community health services by extending its continuum of care to additional residents of the community and other patients. A "do nothing" alternative strategy is detrimental to the community, in that such a strategy would do nothing to reduce the wait times or travel for endoscopic gastroenterology services, would further restrict needed health care services within the health planning area, and would not improve the cost effectiveness of care delivery. There is no advantage to the "do nothing" alternative, so it was not considered feasible.

Alternative 2: Request Approval for a Freestanding ASF, i.e., The Proposed Project

In contrast to the "do nothing" approach, the advantages of a CN-approved ASF are clear. The relocation and expansion of the facility would afford increased access and local choice for the health planning area residents. It would increase patients' ease of access and improve their ability to receive high quality care. This model reduces the overall cost of care and passes these relative cost and efficiency advantages of a freestanding ASF to patients and payers.

There are no disadvantages to granting OMCAPC's request for CN approval.

A CN-approved ASF would better serve the interests of the planning area residents and achieve Thurston County secondary health services planning area's desire to reduce wait

times for outpatient surgical services.

The primary objective of the proposed project is to maintain and provide needed access to a high quality, low cost ASF in the planning area where there is clearly demonstrated need. Patients who need outpatient surgery will have the option to have their procedure in an ASF where they can obtain the same quality surgical experience, but at a lower cost. The proposed ASF will offer care that is both affordable and local.

2. Provide a comparison of the project with alternatives rejected by the applicant. Include the rationale for considering this project to be superior to the rejected alternatives. Factors to consider can include, but are not limited to: patient access to healthcare services, capital cost, legal restrictions, staffing impacts, quality of care, and cost or operation efficiency.

See answer to Question #1 above.

3. Identify any aspects of the facility's design that lead to operational efficiency. This could include but is not limited to: LEED building, water filtration, or the methods for construction, etc. [WAC 246-310-240\(2\) and \(3\)](#).

OMCAPC will be upgrading the mechanical system at the proposed ASF to a high efficiency VRF Heat Recovery System for the heating and cooling and an 85-90% DOAS Heat Recovery System on all the exhaust/ventilation of the space. It will be approximately 60-70% more efficient than OMCAPC's existing ASF's existing system. OMCAPC will be using lower flow plumbing fixtures at the proposed ASF. OMCAPC is decreasing the overall window count, which will increase the wall insulation values as compared to the existing ASF. The new system is all electric, which reduces the overall gas usage and carbon footprint, as compared to the existing ASF.



Certificate of Need Program Revised Code of Washington (RCW) and Washington Administrative Code (WAC)

Certificate of Need Program laws [RCW 70.38](#)

Certificate of Need Program rules [WAC 246-310](#)

Commonly Referenced Rules for Ambulatory Surgery Projects:

WAC Reference	Title/Topic
246-310-010	Certificate of Need Definitions
246-310-160	Regular Review Process
246-310-200	Bases for findings and action on applications
246-310-210	Determination of Need
246-310-220	Determination of Financial Feasibility
246-310-230	Criteria for Structure and Process of Care
246-310-240	Determination of Cost Containment
246-310-270	Ambulatory Surgery

Certificate of Need Contact

Information: [Certificate of Need Program Web Page](#) Phone: (360) 236-2955
Email: FSLCON@doh.wa.gov

Construction Review Services Resources:

[Construction Review Services Program Web Page](#) Phone: (360) 236-2944
Email: CRS@doh.wa.gov

Licensing Resources:

[Ambulatory Surgical Facilities Laws, RCW 70.230](#)
[Ambulatory Surgical Facilities Rules, WAC 246-330](#)
[Ambulatory Surgical Facilities Program Web Page](#)

Hospital Charity Care and Financial Data (HCCFD) Program Resources

[HCCFD Web Page](#)
Email: CharityCare@doh.wa.gov

EXHIBIT A
OLYMPIA MULTI-SPECIALTY CLINIC AMBULATORY PROCEDURES
CENTER, P.L.L.C. - ORGANIZATIONAL CHART

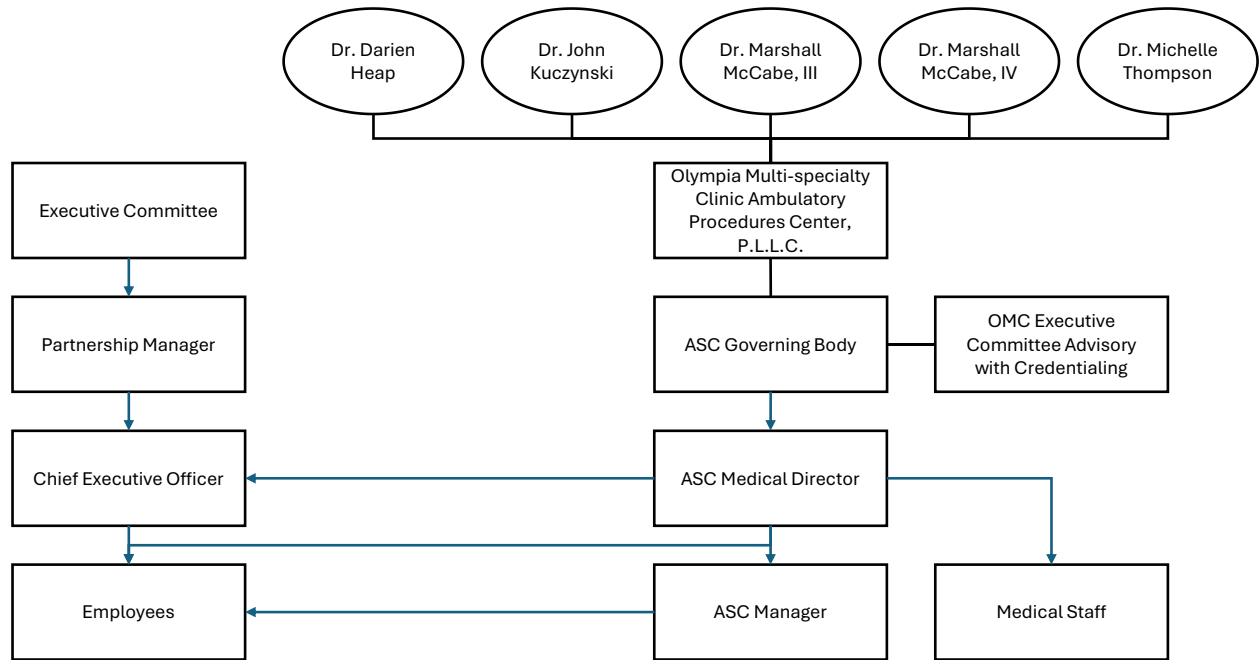


EXHIBIT B
LETTER OF INTENT



Olympia Multi-specialty Clinic
Ambulatory Procedure Center, P.L.L.C.



July 30, 2024

Eric Hernandez, Manager
Certificate of Need Program
Department of Health
111 Israel Road S.E.
Tumwater, WA 98501

Sent via email: eric.hernandez@doh.wa.gov; fslcon@doh.wa.gov

Re: Letter of Intent
Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C.

Dear Mr. Hernandez:

In accordance with WAC 246-310-080, Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C. ("Olympia Multi-specialty Clinic Ambulatory Procedures Center") hereby submits this Letter of Intent proposing to operate a certificate of need approved ambulatory surgery center ("ASC") in the Thurston County secondary health services planning area.

Olympia Multi-specialty Clinic Ambulatory Procedures Center submits the following information:

1. *Description of proposed services:* Olympia Multi-specialty Clinic Ambulatory Procedures Center proposes to relocate its existing certificate of need exempt endoscopy center and expand it from two operating rooms to four operating rooms.
2. *Estimated cost of proposed project:* The estimated capital expenditure associated with the proposed project is \$4,720,930.
3. *Identification of service area:* The service area for the proposed project is the Thurston County secondary health services planning area.

Thank you for your assistance in this matter. If you have any questions, please contact our attorney, Emily R. Studebaker, at estudebaker@studebakernault.com or (425) 279-9929.

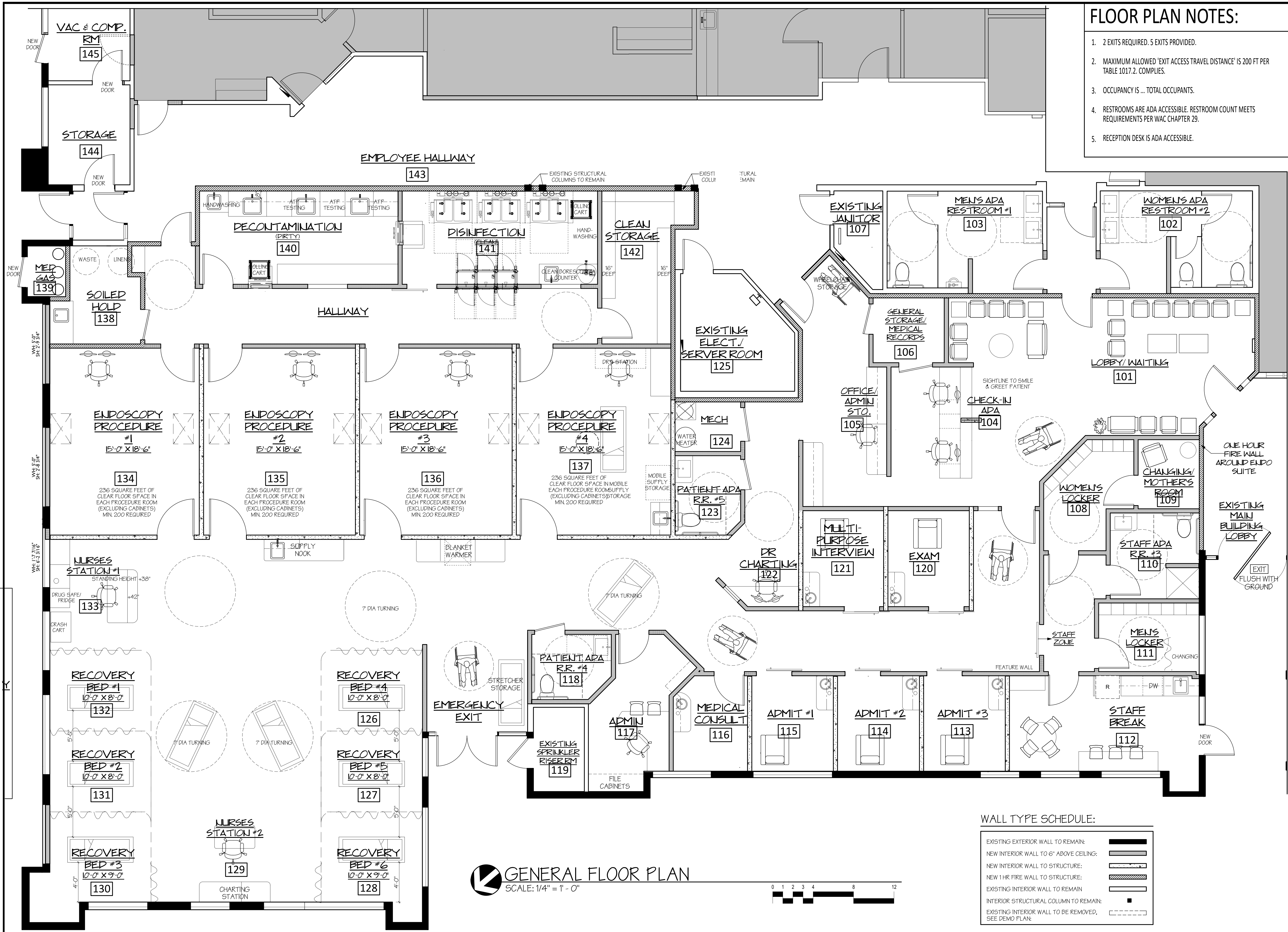
Sincerely,

A handwritten signature in black ink, appearing to read "ME McCabe, MD". The signature is written in a cursive, somewhat stylized font.

Marshall E. McCabe, M.D.

cc: Emily R. Studebaker, Esq.

EXHIBIT C
SINGLE LINE DRAWINGS



- ### FLOOR PLAN NOTES:
- 2 EXITS REQUIRED. 5 EXITS PROVIDED.
 - MAXIMUM ALLOWED 'EXIT ACCESS TRAVEL DISTANCE' IS 200 FT PER TABLE 1017.2. COMPLIES.
 - OCCUPANCY IS ... TOTAL OCCUPANTS.
 - RESTROOMS ARE ADA ACCESSIBLE. RESTROOM COUNT MEETS REQUIREMENTS PER WAC CHAPTER 29.
 - RECEPTION DESK IS ADA ACCESSIBLE.



PERNULA
PLANNING + DESIGN

6511 KIMBERLY LN NW
OLYMPIA, WA 98502
T: 360-742-6559

REVISIONS:

**OLYMPIA MULTI-SPECIALTY CLINIC
AMBULATORY PROCEDURE CENTER, PLLC**
406 BLACK HILLS LN SW
OLYMPIA, WA 98502

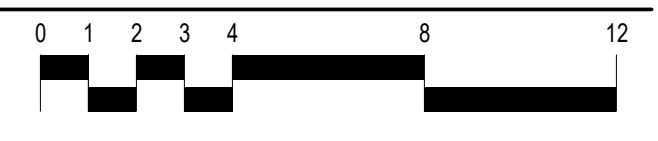
ISSUE DATE:
01-31-2024

GENERAL
FLOOR PLAN

SHEET:

A1.1

GENERAL FLOOR PLAN
SCALE: 1/4" = 1' - 0"



WALL TYPE SCHEDULE:

EXISTING EXTERIOR WALL TO REMAIN:	
NEW INTERIOR WALL TO 6" ABOVE CEILING:	
NEW INTERIOR WALL TO STRUCTURE:	
NEW 1 HR. FIRE WALL TO STRUCTURE:	
EXISTING INTERIOR WALL TO REMAIN:	
INTERIOR STRUCTURAL COLUMN TO REMAIN:	
EXISTING INTERIOR WALL TO BE REMOVED, SEE DEMO PLAN:	

EXHIBIT D
NON-DISCRIMINATION POLICY

SUBJECT: Non Discrimination Policy	POLICY #
DEPARTMENT: APC	Page 1 of 1
	EFFECTIVE: 7/30/2024
APPROVED BY: Marshall E McCabe III, MD	REVIEWED:

It is the policy and commitment of the Olympia Multi-specialty Clinic that it does not discriminate on the basis of race, age, color, sex, national origin, physical or mental disability, or religion.

Equal Employment Opportunity

The Olympia Multi-specialty Clinic is committed to a policy of equal employment opportunity and does not discriminate in the terms, conditions, or privileges of employment on account of race, age, color, sex, national origin, physical or mental disability, or religion or otherwise as may be prohibited by federal and state law. Any employee, board member, volunteer or client who believes that s/he or any other affiliate of the Olympia Multi-specialty Clinic has been discriminated against is strongly encouraged to report this concern promptly to the Medical Director.

Discriminatory Harassment

Harassment or intimidation of a client, staff person or guest because of that person’s race, age, color, sex, national origin, physical or mental disability, or religion is specifically prohibited and may be grounds for termination. Harassment and intimidation includes abusive, foul or threatening language or behavior. The Olympia Multi-specialty Clinic is committed to maintaining a workplace that is free of any such harassment and will not tolerate discrimination against staff members, volunteers or agency clients. Issues of discriminatory treatment, harassment, or intimidation on any of these bases should immediately be reported to the Medical Director or immediate supervisor and, if substantiated, prompt action will be taken.

EXHIBIT E
ADMISSIONS POLICY

SUBJECT: CRITERIA FOR SCHEDULING ENDOSCOPY PROCEDURES	POLICY # 4006
DEPARTMENT: APC	PAGE: 1 OF: 1
	EFFECTIVE: 05-01-96
APPROVED BY:	REVIEWED: 02/10/2021

PURPOSE:

To establish a standard criteria for the scheduling of endoscopy procedures.

POLICY:

1. All endoscopy procedures will be scheduled through the Physicians office Monday through Friday during regular office hours. Add-ons or emergent procedures must be scheduled with the Director of the APC as soon as scheduler is aware of the procedure.
2. Procedures are scheduled during physician's block times as assigned by the Medical Director.
3. The first procedure of the day will begin at 7:30. The last colonoscopy will start at 4:30 P.M. and the last EGD at 4:30 P.M. Except on Fridays, last procedure will be scheduled no later than 4:00 P.M. The goal is to have all staff clocked out by 6PM.
4. Cancellations or changes in the schedule will be communicated to the APC Nurse Manager as soon as possible.
5. Orders we be created and found in the DRS GI chart section. This will include the physician's estimate of the ASA status to give CRNAs an idea of the patient's status. This is an estimate and may be changed by the provider performing sedation, either the physician or CRNA. Our goal is to limit services to ASA 3 or less.
6. Patients should generally be ambulatory upon admission. They should be able to get out of bed and walk to a bathroom with minimal assistance.
7. Patient's may be scheduled without being seen in in a provider's office first if they have had contact with the office staff for screening and counseling. See Policy 4012 "Open Access Endoscopy Scheduling"
8. The basic categories of procedures scheduled at the APC are Upper GI Endoscopies and Colonoscopies.

EXHIBIT F
CHARITY CARE POLICY OR FINANCIAL ASSISTANCE POLICIES

Policy Detail

Pre-Collections Process

In order to collect on required co-payments and deductibles; and to help prevent accounts from eventually becoming past due, we have several processes in place.

- 1) Talk to Patients – Business office (BO) staff review the appointments scheduled for procedures and other diagnostic tests a week prior for unmet deductibles. They contact the applicable patients to provide them an estimate of their out of pocket expense that is due prior to the service, based on the unmet deductible. Patients are required to pay prior to the service or agree to a mutually acceptable payment plan.
- 2) Deductibles & Copays – When patients present for office visits and other services, the front desk is required to collect any applicable copayments at that time. In addition, unmet deductibles are reviewed and collected on for office visits. If the patient can't pay at the time of service, the front desk staff contact the BO staff to discuss with the patient.
 - Although limited, there are situations where the patient may be allowed to be seen without paying at the time of service. These cases should be reviewed by the supervisor or Administration for approval, but may include cases where the patient forgets their wallet/purse, is short on funds, already on budget plan, etc; however, this should only be allowed when the account is in good standing.

- The amount of payment and date on when the patient will be able to pay should be obtained and documented in the patient's record.

Collections Process

Occasionally patients will fall behind in their payments to the clinic. When this situation occurs it is the Business Office staffs' duty to work out payment arrangements or put them on a payment (budget) plan. The overall process consists of various actions that are not necessarily sequential. The actions taken may depend on the outstanding balance and/or overall account circumstances. The various actions that may occur include:

- 1) Sending a series of monthly patient statements with escalating levels of messages.
 - Statements are sent monthly on the last day of each month. The messages are as follows:
 - 0 – 30 days – *Please remit payment upon receipt*
 - 31 – 60 days – *Balance past due. Please remit payment or contact our business office.*
 - 61 & over – *Your account is PAST DUE. Please remit payment immediately to avoid collection process.*
- 2) Patient phone calls regarding outstanding balances.
 - A patient aging is reviewed each month by the assigned business office (BO) staff to ensure account addresses and phone numbers are correct, that system settings are correct so patients are getting their statements, and that insurance information is entered and charges have been correctly billed when applicable.

3) Financial Hardship review and/or adjustments

- When a patient informs us they cannot pay their balance due to a financial hardship, staff should first attempt to see if the patient can pay anything and/or if they could make payments more affordable to their situation.
- If not, due to recent, catastrophic or longstanding financial issues – staff can send a financial hardship application to the patient, letting them know to send the completed forms back to us with the accompanying requested information.
- Financial hardships are forwarded to Administration for review and any subsequent approvals and adjustments to the account are forwarded to the BO Staff.

4) Set-up of patient budget payment plans.

- When payments are needed, BO staff can arrange a budget plan with patients not to exceed 6 months. They should attempt to obtain an initial payment from the patient of as much as possible (in order to reduce the monthly budget payment amount).
- If budget payments need to go beyond 6 months, BO staff will forward the request to their supervisor or Administration for approval.
- A budget letter will be sent to patients for them to acknowledge and sign. Once the letter is received back, the system will be updated with their budget payment information and status.

5) Referring accounts to outside collection agency.

- When patients cannot be contacted, fail to make budget or other payments as agreed upon, or refuse to pay, their account will be considered for collection activity.

- Collection review is done on a claim-by-claim (“sequence”) basis, whereas the patient may continue to be seen in the future even if prior claims have been sent to collections (case-by-case basis).
- Balances under \$25 are reviewed for bad debt write-offs.
 - If a balance is written off as a bad-debt, the account status is changed to “Previous Write-off, Payment Required”. If the patient wishes to be seen in the future, the business office staff are alerted and will request payment for the past balance prior to the patient being seen.
- Patient balances over \$25 are reviewed for collection activity beginning at 150+ days past due.
 - Balances sent to collection are adjusted in the system and the claim/sequence reflects collection activity. The patient’s status is updated to “COLLECTON” and staff will be alerted in the future if any appointments are requested so the account can be reviewed and updated as necessary.
 - Once an account has had collection activity, future appointments, payment plans, etc., are reviewed by Administration and only approved on a limited, case-by-case basis depending on various factors (collections paid or not, length of time in collections, payment history, etc.).

Purpose

To provide guidance and consistency when evaluating patients' ability to pay in full, or for copays/cost-sharing amounts, when financial hardship or extenuating circumstances may exist and to determine the appropriateness of any financial assistance.

It is illegal for providers to routinely waive patients' copayments or deductibles for Medicare patients. Most private payers also have contract language prohibiting this as well. One important exception to this is in the case of financial hardship

Policy Detail

It is the practice of OMC to bill for all services provided and to make good faith efforts to collect on such services. If, however, during the billing and collection process, a patient is identified as having a financial hardship, then this policy may apply. Financial assistance should not be suggested or offered on a routine or regular basis.

Decisions to waive or lower any patient amounts owed will be considered on a case-by-case basis and must be approved by the CFO.

Financial hardship must be demonstrated by the patient by filling out a financial worksheet and providing proof of their hardship. In addition, the patient may need to produce a prior year tax return, copies of paycheck stubs, unemployment benefits, or other financial information to support their hardship.

Prior to considering a financial hardship form, patients should be queried about any other sources that may be responsible for their medical bills (Medicaid, etc.) or referred for any local or state assistance that may be available.

The decision to waive or lower patient amounts may be made as a one-time only decision, or may be set-up to span over a period of time; however reviews of any patients with ongoing assistance should occur at least every six months.

Determination of Need

The most current poverty guidelines may be used as guidance in determining financial need, along with the patient’s demonstrated need, taking income and expenses into consideration.

2020 Federal Poverty Guidelines

Household Size	100%	133%	150%	200%	250%	300%	400%
1	\$12,760.00	\$16,970.80	\$19,140.00	\$25,520.00	\$31,900.00	\$38,280.00	\$51,040.00
2	\$17,240.00	\$22,929.20	\$25,860.00	\$34,480.00	\$43,100.00	\$51,720.00	\$68,960.00
3	\$21,720.00	\$28,887.60	\$32,580.00	\$43,440.00	\$54,300.00	\$65,160.00	\$86,880.00
4	\$26,200.00	\$34,846.00	\$39,300.00	\$52,400.00	\$65,500.00	\$78,600.00	\$104,800.00
5	\$30,680.00	\$40,804.40	\$46,020.00	\$61,360.00	\$76,700.00	\$92,040.00	\$122,720.00
6	\$35,160.00	\$46,762.80	\$52,740.00	\$70,320.00	\$87,900.00	\$105,480.00	\$140,640.00
7	\$39,640.00	\$52,721.20	\$59,460.00	\$79,280.00	\$99,100.00	\$118,920.00	\$158,560.00
8	\$44,120.00	\$58,679.60	\$66,180.00	\$88,240.00	\$110,300.00	\$132,360.00	\$176,480.00

For families with more than 8 persons, add \$4,480 for each additional person.

EXHIBIT G
PATIENT RIGHTS AND RESPONSIBILITIES POLICY

POLICY:

PATIENT RIGHTS

- A. This facility and medical staff have adopted the following list of patient rights. This list shall include but not be limited to the patient's right to:
- To be treated and cared for with dignity and respect.
 - Be protected from abuse, neglect and harassment.
 - Access protective services and be provided a safe environment.
 - Confidentiality, privacy, security and care that is not restricted from communication with others.
 - That if communicating restrictions are necessary for patient care and safety, the facility must document and explain the restrictions to the patient and family.
 - Participate in an informed consent process and to agree to or refuse treatment.
 - Participate in decisions regarding their medical care.
 - Have family input in care decisions, in compliance with existing legal directives of the patient or existing court-issued legal orders.
 - Reasonable responses to medical requests.
 - Leave the facility against medical advice.
 - Request a change in provider.
 - Be aware of the recommended plan when they are discharged.
 - Receive an explanation about their bill.
 - Exercise these rights without being subjected to discrimination or reprisal.
 - Voice concerns or complaints regarding their treatment without fear of retribution or denial of care, and be part of the resolution. Our goal is to resolve the grievance within 14 days.
 - Be provided a written statement of our patient rights.
 - Be made aware of physician's financial interest or ownership of our facility.
 - Be provided with advanced directive information.
 - Be informed of any unanticipated outcomes of their care.
- B. A list of these patient's rights shall be posted within the facility so that such rights may be read by the patient. If patient is not able to read, the rights will be explained and understanding of the rights demonstrated.

- C. A copy of the patient's rights, including contact information for patients wanting to make a formal complaint/grievance, will be provided to the patients prior to their procedure.
- D. All personnel shall observe these patient rights,.

PATIENT RESPONSIBILITIES

The care received by a patient depends partially on the patient them self. Therefore, in addition to the patient rights, a patient has certain responsibilities as well when being seen at the Olympia Multi-specialty Clinic Ambulatory Procedure Center.

- The patient must provide accurate and complete information concerning his/her present complaints, past medical history, and other matters about his/her health.
- The patient is responsible for making it known whether he/she clearly comprehends the course of his/her treatment and what is expected of him/her.
- The patient is responsible for following the treatment plan established by his/her physician, including the instructions of nurses and other health professionals as they carry out the physician's orders.
- The patient is responsible for keeping appointments and for notifying the facility or physician when he/she is unable to do so within 72 hours.
- The patient is responsible for his/her actions should he/she refuse treatment or not follow his/her physician's orders.
- The patient is responsible for assuring that the financial obligations of his/her care are fulfilled as promptly as possible.
- The patient is responsible for following facility policies and procedures.
- The patient is responsible for being considerate of the rights of other patients and facility personnel.
- The patient is responsible for being respectful of his/her personal property and that of other persons in the facility.
- The patient is responsible for informing his/her provider about any living will, medical power of attorney or other directives that could affect his/her care.

When a patient is incapacitated or incompetent in making decisions based on their care and treatment the Patient Rights handout will be provided to the legal representative of this patient prior to their procedure date.

A written Power of Attorney, Advanced Directive or similar documentation will be requested by our facility. The copy of this documentation will be placed in the patient's chart, and staff and physicians involved in patients care will be notified by the admitting nurse of this situation.

If there is no written advance directive on file or presented, and an individual asserts that they are the patient's spouse, domestic partner (whether or not formally established and including a same-sex domestic partner), parent (including someone who has stood in loco parentis for the patient who is a minor child) or other family member and thus is the patient's representative, we will accept this assertion, without demanding supporting documentation, and must involve the individual as the patient's representative in the development and implementation of the patient's care.

If more than one individual claim to be the patient's representative, we will ask for documentation supporting his/her claim. This will be reviewed and decision as to the true representative, will be based on evidence of proof.

If the physician refuses to care for the incompetent patient due to them not having a representative present, this must be documented in patients' chart, along with the reason for the refusal.

EXHIBIT H
PRO FORMA REVENUE AND EXPENSE STATEMENT AND BALANCE SHEET

Pro Forma Expense and Revenue Statement (with assumptions)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Revenue	\$3,000,651	\$3,845,034	\$3,595,142	\$4,055,718	\$4,151,000	4151000	4,563,646	5,037,791	5,452,668	5,930,000	6,523,000	Predicted Revenue based on net revenue 2023
Salaries	\$744,333	\$953,195	\$786,291	\$881,276	\$800,000	\$832,000	\$1,040,280	\$1,081,891	\$1,125,167	\$1,345,174	\$1,398,980	Expenses increase by 4% per yer
FUTA	\$940	\$1,025	\$997	\$920	\$920	\$957	\$995	\$1,035	\$1,076	\$1,119	\$1,164	
FICA	\$56,941	\$72,843	\$60,151	\$67,417	\$67,417	\$70,114	\$81,918	\$88,603	\$95,833	\$128,154	\$133,280	Starting 2026 one more RN and one more tech
SUTA	\$4,741	\$6,780	\$6,321	\$5,688	\$5,688	\$5,916	\$6,872	\$7,147	\$7,433	\$8,450	\$8,788	
Health Insurance	\$26,527	\$41,001	\$41,091	\$51,109	\$53,153	\$55,279	\$64,091	\$66,654	\$69,320	\$78,093	\$81,217	Increase supply costs by 10% each year due to growth
Pension	\$8,500	\$14,900	\$3,900	\$36,514	\$38,705	\$41,027	\$43,489	\$46,098	\$48,864	\$51,796	\$54,904	Increase Linen costs by 10% each year due to growth
ST Excise Tax	\$50,777	\$61,791	\$62,819	\$70,882	\$70,882	\$70,567	\$77,582	\$85,642	\$92,695	\$100,810	\$110,891	Staff
pavillion suite 302	\$83,208	\$83,208	\$83,208	\$83,208	\$83,208	\$83,208	\$0	\$0	\$0	\$0	\$0	2025
Profesiional liability	\$5,032	\$5,032	\$5,032	\$5,032	\$5,183	\$5,338	\$5,499	\$5,664	\$5,833	\$6,008	\$6,189	2026
Property Tax	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$0	\$0	\$0	\$0	\$0	2027
Commercial insurance	\$880	\$880	\$880	\$880	\$906	\$934	\$962	\$990	\$1,020	\$1,051	\$1,082	2028
Software consulting	\$0	\$0	\$0	\$69,000	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	2029
Billing Services	\$70,956	\$80,283	\$79,303	\$78,900	\$80,710	\$80,710	\$88,781	\$98,005	\$106,076	\$115,300	\$126,830	2030
Withheld OMC	\$1,055,035	\$1,323,138	\$1,132,193	\$1,353,026	\$1,358,973	\$1,248,250	\$1,410,468	\$1,481,730	\$1,553,318	\$1,835,955	\$1,923,326	Nurses
Funds to APC	\$2,138,938	\$2,436,903	\$2,667,551	\$2,541,998	\$2,792,027	\$2,902,750	\$3,153,178	\$3,556,061	\$3,899,350	\$4,094,045	\$4,599,674	7
												8
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												9
Bank Service Charges	\$415	\$338	\$138	\$588	\$612	\$636	\$661	\$688	\$715	\$744	\$774	Reception
Biomececal	\$525	\$0	\$503	\$820	\$853	\$887	\$922	\$959	\$998	\$1,038	\$1,079	2
Cash Discounts	-\$373	-\$498	-\$67	-\$37	-\$38	-\$40	-\$42	-\$43	-\$45	-\$47	-\$49	2
Computer Supplies	\$5,528	\$8,866	\$8,475	\$8,500	\$8,840	\$9,194	\$9,561	\$9,944	\$10,342	\$10,755	\$11,185	Rooms
Dues/Subscriptions	\$7,106	\$10,943	\$11,501	\$21,104	\$21,948	\$22,826	\$23,739	\$24,689	\$25,676	\$26,703	\$27,771	2
Haz Materials	\$62	\$63	\$63	\$132	\$137	\$143	\$148	\$154	\$161	\$167	\$174	3
Insurance	\$882	\$0	\$0	\$5,032	\$5,233	\$5,443	\$5,660	\$5,887	\$6,122	\$6,367	\$6,622	3
Interest Expense	\$817	\$1,279	\$106	\$326	\$339	\$353	\$367	\$381	\$397	\$412	\$429	3
Internet	\$972	\$1,130	\$1,037	\$1,227	\$1,276	\$1,327	\$1,380	\$1,435	\$1,493	\$1,553	\$1,615	4
Janitorial	\$30,558	\$44,931	\$49,191	\$48,014	\$49,935	\$51,932	\$54,009	\$84,254	\$87,625	\$91,130	\$94,775	4
Late Payment	\$30	\$33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4
Laboratory fees	\$206	\$466	\$204	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4
Licenses and Fees	\$19,751	\$265	\$35	\$22,485	\$23,384	\$24,320	\$27,822	\$28,935	\$30,092	\$31,296	\$32,548	4
Permits	\$300	\$300	\$1,209	\$300	\$312	\$324	\$337	\$351	\$365	\$380	\$395	4
Linen	\$82,838	\$92,445	\$88,795	\$59,733	\$62,122	\$64,607	\$73,911	\$84,554	\$96,730	\$110,659	\$126,593	4
Medical Supplies	\$662,306	\$678,811	\$554,936	\$527,588	\$548,692	\$570,639	\$652,811	\$746,816	\$854,358	\$977,385	\$1,118,128	4
Medical Waste	\$1,892	\$3,901	\$3,620	\$4,456	\$4,634	\$4,820	\$5,012	\$5,213	\$5,421	\$5,638	\$5,864	4
Miscellaneous	\$5,499	\$2,639	\$1,575	\$864	\$899	\$935	\$972	\$1,011	\$1,051	\$1,093	\$1,137	4
Postage and shipping	\$8,106	\$11,047	\$9,948	\$11,044	\$11,486	\$11,945	\$12,423	\$12,920	\$13,437	\$13,974	\$14,533	4
Professional Development	\$8,354	\$4,538	\$4,127	\$3,986	\$4,145	\$4,311	\$4,484	\$4,663	\$4,850	\$5,044	\$5,245	4
Accounting	\$2,250	\$4,600	\$278	\$4,769	\$4,960	\$5,158	\$5,364	\$5,579	\$5,802	\$6,034	\$6,276	4
Consulting	\$75	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	4
Legal Fees	\$200	\$977	\$777	\$6,555	\$6,817	\$7,090	\$1,000	\$1,040	\$1,082	\$1,125	\$1,170	4
Medical Director	\$50,001	\$50,000	\$54,190	\$144,833	\$10,000	\$75,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	4
Records Storage	\$3,487	\$4,473	\$5,659	\$4,345	\$4,519	\$4,700	\$4,888	\$5,083	\$5,286	\$5,498	\$5,718	4
Rent	\$95,916	\$90,322	\$107,660	\$120,946	\$125,784	\$130,815	\$468,000	\$486,720	\$506,189	\$526,436	\$547,494	4

Building Repairs	\$6,718	\$1,087	\$173	\$721	\$750	\$780	\$811	\$843	\$877	\$912	\$949
Equipment Repairs	\$6,117	\$9,231	\$1,512	\$9,375	\$9,750	\$10,140	\$10,546	\$10,967	\$11,406	\$11,862	\$12,337
Office Supplies	\$20,531	\$38,819	\$44,270	\$26,517	\$27,578	\$28,681	\$29,828	\$31,021	\$32,262	\$33,552	\$34,895
Sales Tax Pd	\$51,784	\$57,451	\$49,864	\$80,388	\$83,604	\$86,948	\$90,426	\$94,043	\$97,804	\$101,716	\$105,785
Property	\$1,995	\$4,251	\$3,365		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Use Tax	\$1,648	\$4,235	\$0	\$1,160	\$1,206	\$1,255	\$1,305	\$1,357	\$1,411	\$1,468	\$1,526
Meals	\$111	\$0	\$0	\$178	\$185	\$193	\$200	\$208	\$217	\$225	\$234
Alarm	\$195	\$235	\$188	\$727	\$756	\$786	\$818	\$850	\$885	\$920	\$957
Water	\$146	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	-\$843,476	-\$882,815	-\$630,510	-\$1,103,305							
Total Expenses QB	\$1,076,947	\$1,127,178	\$1,003,332	\$1,116,676	\$1,161,343	1,207,797	1,256,109	1,306,353	1,358,607	1,412,951	1,469,469
Total Expenses OMC	\$1,055,035	\$1,323,138	\$1,132,193	\$1,353,026	\$1,407,147	1,463,433	1,521,970	1,582,849	1,646,163	1,712,009	1,780,490
Total Expenses	\$2,131,981	\$2,450,316	\$2,135,525	\$2,469,702	\$2,568,490	2,671,229	2,778,079	2,889,202	3,004,770	3,124,961	3,249,959
Net	\$868,670	\$1,394,718	\$1,459,617	\$1,586,016	\$1,582,510	1,479,771	1,785,567	2,148,589	2,447,898	2,805,039	3,273,041
Charity Care							\$ (17,855.67)	\$ (21,485.89)	\$ (24,478.98)	\$ (28,050.39)	\$ (32,730.41)
Number Procedures	6154	6963	6878	6843	7000	7000	7700	8500	9200	10000	11000.00
Revenu/Procedure	\$488	\$552	\$523	\$593	\$593	\$593	\$593	\$593	\$593	\$593	\$593
Cost/Procedure	\$346	\$352	\$310	\$361	\$367	\$382	\$361	\$340	\$327	\$312	\$295
Net/Procedure	\$141	\$200	\$212	\$232	\$226	\$211	\$232	\$253	\$266	\$281	\$298

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	\$ 3,000,651.00	\$ 3,845,034.00	\$ 3,595,142.00	\$ 4,055,718.00	\$ 4,151,000.00	\$ 4,151,000.00	\$ 4,563,645.86	\$ 5,037,790.88	\$ 5,452,667.78	\$ 5,930,000.00	\$ 6,523,000.00
Total Expenses QB	\$ 1,076,946.76	\$ 1,127,177.94	\$ 1,003,332.00	\$ 1,116,676.00	\$ 1,161,343.04	\$ 1,207,796.76	\$ 1,256,108.63	\$ 1,306,352.98	\$ 1,358,607.10	\$ 1,412,951.38	\$ 1,469,469.44
Total Expenses OMC	\$ 1,055,034.62	\$ 1,323,138.39	\$ 1,132,193.34	\$ 1,353,025.81	\$ 1,407,146.84	\$ 1,463,432.72	\$ 1,521,970.02	\$ 1,582,848.83	\$ 1,646,162.78	\$ 1,712,009.29	\$ 1,780,489.66
Total Expenses	\$ 2,131,981.38	\$ 2,450,316.33	\$ 2,135,525.34	\$ 2,469,701.81	\$ 2,568,489.88	\$ 2,671,229.48	\$ 2,778,078.66	\$ 2,889,201.80	\$ 3,004,769.88	\$ 3,124,960.67	\$ 3,249,959.10
Net	\$ 868,669.62	\$ 1,394,717.67	\$ 1,459,616.66	\$ 1,586,016.19	\$ 1,582,510.12	\$ 1,479,770.52	\$ 1,785,567.20	\$ 2,148,589.08	\$ 2,447,897.90	\$ 2,805,039.33	\$ 3,273,040.90
Charity Care							\$ (17,855.67)	\$ (21,485.89)	\$ (24,478.98)	\$ (28,050.39)	\$ (32,730.41)

Rooms	2
Working days	241
Procedures per day	14
Maximum Capacity	6748

Year	2020	2021	2022	2023
Volume	6154	6963	6878	6843

Rooms	4
Working days	241
Procedures per day	14
Maximum Capacity	13496

Year	2025	2026	2027	2028	2029
Projected Volume	7700	8500	9200	10000	11000

Staff	2025	2026	2027	2028	2029	2030
Nurses	7	8	8	8	9	9
Techs	5	6	6	6	7	7
Receptiom	2	2	2	2	2	2
Rooms	2	3	3	3	4	4
Total FTE	14	16	16	16	18	18

Pro Forma Balance Sheet

	2025	2026	2027	2028	2029	2030
	0	0	0	0	0	0
Revenue	\$ 4,151,000.00	\$ 4,563,645.86	\$ 5,037,790.88	\$ 5,452,667.78	\$ 5,930,000.00	\$ 6,523,000.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	\$ 832,000.00	\$ 1,040,280.00	\$ 1,081,891.20	\$ 1,125,166.85	\$ 1,345,173.52	\$ 1,398,980.46
FUTA	\$ 956.80	\$ 995.07	\$ 1,034.87	\$ 1,076.27	\$ 1,119.32	\$ 1,164.09
FICA	\$ 70,113.68	\$ 81,918.23	\$ 88,602.75	\$ 95,832.74	\$ 128,154.00	\$ 133,280.16
SUTA	\$ 5,915.52	\$ 6,872.14	\$ 7,147.03	\$ 7,432.91	\$ 8,450.22	\$ 8,788.23
Health Insurance	\$ 55,279.49	\$ 64,090.67	\$ 66,654.30	\$ 69,320.47	\$ 78,093.29	\$ 81,217.02
Pension	\$ 41,027.15	\$ 43,488.78	\$ 46,098.11	\$ 48,864.00	\$ 51,795.84	\$ 54,903.59
ST Excise Tax	\$ 70,567.00	\$ 77,581.98	\$ 85,642.44	\$ 92,695.35	\$ 100,810.00	\$ 110,891.00
pavillion suite 302	\$ 83,208.00	\$ -	\$ -	\$ -	\$ -	\$ -
Profesiolanl liability	\$ 5,338.45	\$ 5,498.60	\$ 5,663.56	\$ 5,833.47	\$ 6,008.47	\$ 6,188.73
Property Tax	\$ 2,200.00	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial insurance	\$ 933.59	\$ 961.60	\$ 990.45	\$ 1,020.16	\$ 1,050.77	\$ 1,082.29
Software consulting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing Services	\$ 80,710.00	\$ 88,781.00	\$ 98,005.00	\$ 106,076.00	\$ 115,300.00	\$ 126,830.00
Withheld OMC	\$ 1,248,249.69	\$ 1,410,468.08	\$ 1,481,729.72	\$ 1,553,318.21	\$ 1,835,955.43	\$ 1,923,325.57
	\$ 2,810,799.88	\$ 2,923,231.87	\$ 3,040,161.15	\$ 3,161,767.59	\$ -	\$ -
Funds to APC	\$ 2,902,750.31	\$ 3,153,177.78	\$ 3,556,061.16	\$ 3,899,349.56	\$ 4,094,044.57	\$ 4,599,674.43
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Service Charges	\$ 635.98	\$ 661.42	\$ 687.88	\$ 715.39	\$ 744.01	\$ 773.77
Biomeccal	\$ 886.91	\$ 922.39	\$ 959.28	\$ 997.66	\$ 1,037.56	\$ 1,079.06
Cash Discounts	\$ (40.02)	\$ (41.62)	\$ (43.28)	\$ (45.02)	\$ (46.82)	\$ (48.69)
Computer Supplies	\$ 9,193.60	\$ 9,561.34	\$ 9,943.80	\$ 10,341.55	\$ 10,755.21	\$ 11,185.42
Dues/Subscriptions	\$ 22,826.09	\$ 23,739.13	\$ 24,688.70	\$ 25,676.24	\$ 26,703.29	\$ 27,771.42
Haz Materials	\$ 142.77	\$ 148.48	\$ 154.42	\$ 160.60	\$ 167.02	\$ 173.70
Insurance	\$ 5,442.61	\$ 5,660.32	\$ 5,886.73	\$ 6,122.20	\$ 6,367.09	\$ 6,621.77
Interest Expense	\$ 352.60	\$ 366.71	\$ 381.37	\$ 396.63	\$ 412.49	\$ 428.99
Internet	\$ 1,327.12	\$ 1,380.21	\$ 1,435.42	\$ 1,492.83	\$ 1,552.55	\$ 1,614.65
Janitorial	\$ 51,931.94	\$ 54,009.22	\$ 84,254.38	\$ 87,624.56	\$ 91,129.54	\$ 94,774.72

Late Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Laboratory fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Fees	\$ 24,319.78	\$ 27,821.82	\$ 28,934.70	\$ 30,092.08	\$ 31,295.77	\$ 32,547.60
Permits	\$ 324.48	\$ 337.46	\$ 350.96	\$ 365.00	\$ 379.60	\$ 394.78
Linen	\$ 64,607.21	\$ 73,910.65	\$ 84,553.79	\$ 96,729.53	\$ 110,658.58	\$ 126,593.42
Medical Supplies	\$ 570,639.18	\$ 652,811.22	\$ 746,816.04	\$ 854,357.55	\$ 977,385.04	\$ 1,118,128.48
Medical Waste	\$ 4,819.61	\$ 5,012.39	\$ 5,212.89	\$ 5,421.41	\$ 5,638.26	\$ 5,863.79
Miscellaneous	\$ 934.50	\$ 971.88	\$ 1,010.76	\$ 1,051.19	\$ 1,093.24	\$ 1,136.97
Postageand shipping	\$ 11,945.19	\$ 12,423.00	\$ 12,919.92	\$ 13,436.71	\$ 13,974.18	\$ 14,533.15
Professional Development	\$ 4,311.26	\$ 4,483.71	\$ 4,663.06	\$ 4,849.58	\$ 5,043.56	\$ 5,245.30
Accounting	\$ 5,158.15	\$ 5,364.48	\$ 5,579.06	\$ 5,802.22	\$ 6,034.31	\$ 6,275.68
Consulting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Fees	\$ 7,089.89	\$ 1,000.00	\$ 1,040.00	\$ 1,081.60	\$ 1,124.86	\$ 1,169.86
Medical Director	\$ 75,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
Records Storage	\$ 4,699.55	\$ 4,887.53	\$ 5,083.04	\$ 5,286.36	\$ 5,497.81	\$ 5,717.72
Rent	\$ 130,815.19	\$ 468,000.00	\$ 486,720.00	\$ 506,188.80	\$ 526,436.35	\$ 547,493.81
Building Repairs	\$ 779.83	\$ 811.03	\$ 843.47	\$ 877.21	\$ 912.30	\$ 948.79
Equipment Repairs	\$ 10,140.00	\$ 10,545.60	\$ 10,967.42	\$ 11,406.12	\$ 11,862.37	\$ 12,336.86
Office Supplies	\$ 28,680.79	\$ 29,828.02	\$ 31,021.14	\$ 32,261.99	\$ 33,552.46	\$ 34,894.56
Sales Tax Pd	\$ 86,947.66	\$ 90,425.57	\$ 94,042.59	\$ 97,804.29	\$ 101,716.47	\$ 105,785.12
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use Tax	\$ 1,254.66	\$ 1,304.84	\$ 1,357.04	\$ 1,411.32	\$ 1,467.77	\$ 1,526.48
Meals	\$ 192.52	\$ 200.23	\$ 208.23	\$ 216.56	\$ 225.23	\$ 234.24
Alarm	\$ 786.32	\$ 817.78	\$ 850.49	\$ 884.51	\$ 919.89	\$ 956.68
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses QB	\$ 1,207,796.76	\$ 1,256,108.63	\$ 1,306,352.98	\$ 1,358,607.10	\$ 1,412,951.38	\$ 1,469,469.44
Total Expenses OMC	\$ 1,463,432.72	\$ 1,521,970.02	\$ 1,582,848.83	\$ 1,646,162.78	\$ 1,712,009.29	\$ 1,780,489.66
Total Expenses	\$ 2,671,229.48	\$ 2,778,078.66	\$ 2,889,201.80	\$ 3,004,769.88	\$ 3,124,960.67	\$ 3,249,959.10
Net	\$ 1,479,770.52	\$ 1,785,567.20	\$ 2,148,589.08	\$ 2,447,897.90	\$ 2,805,039.33	\$ 3,273,040.90
Charity Care	\$ -	\$ (17,855.67)	\$ (21,485.89)	\$ (24,478.98)	\$ (28,050.39)	\$ (32,730.41)

Number Procedures	\$	7,000.00	\$	7,700.00	\$	8,500.00	\$	9,200.00	\$	10,000.00	\$	11,000.00
Revenu/Procedure	\$	593.00	\$	592.68	\$	592.68	\$	592.68	\$	593.00	\$	593.00
Cost/Procedure	\$	339.00	\$	320.51	\$	301.96	\$	290.14	\$	277.61	\$	262.46
Net/Procedure	\$	254.00	\$	272.17	\$	290.72	\$	302.54	\$	315.39	\$	330.54

EXHIBIT I
AMENDED OPERATING AGREEMENT OF OLYMPIA MULTI-SPECIALTY CLINIC
AMBULATORY PROCEDURES CENTER, P.L.L.C.

**AMENDED
OPERATING AGREEMENT
OF
OLYMPIA MULTI-SPECIALTY CLINIC
AMBULATORY PROCEDURES CENTER, P.L.L.C.**

This AMENDED OPERATING AGREEMENT (“Agreement”) dated as of January 1, 2014, is made by and between the Members who have executed the signature page hereof. This Agreement amends, restates, and supersedes in its entirety that certain Operating Agreement of Olympia Multi-Specialty Clinic Ambulatory Procedures Center, P.L.L.C. dated as of February 13, 1995, together with its Addendums dated September 21, 2001, December 11, 2008 and December 23, 2009.

ARTICLE 1. DEFINITIONS

1.01 Definitions

As used in this Agreement, the following terms have the following meanings:

- “Act” means the Washington Limited Liability Company Act, Chapter 25.15 RCW, and any successor statute, as amended from time to time.
- “Adjusted Book Value” means the Company’s Net Book Value, adjusted as follows:

(a) Net Book Value shall be increased by:

- (i) the percentage of accounts receivable equal to the percentage of collections, for the six-month period immediately preceding the date of calculation;
- (ii) unrealized gain attributable to any marketable securities owned by the Company; and
- (iii) unrealized gain attributable to any real estate owned by the Company, as established by the most recent appraisal of the property performed within the immediately preceding 3 years or, if none, by an appraisal performed by an M.A.I. appraiser selected by the Company, the cost of which shall be borne by the decedent or withdrawing Member as an offset against the Adjusted Buy-Out Price; and

(b) Net Book Value shall be decreased by:

- (i) accounts payable;
- (ii) accrued salaries and other accrued expenses; and
- (iii) the amount that the Company will be required to contribute to a qualified retirement plan to satisfy the minimum funding standard of Code Sec. 412, prorated for

the portion of the fiscal year that has elapsed as of the date of the computation of Adjusted Book Value.

- “Adjusted Buy-Out Price” means, with respect to a Member who has died, become disabled (as defined in Paragraph 3.05(b)), has been expelled from the Company without cause or is excluded from participation as described in Paragraph 3.08(c), the product of (1) the Company’s Adjusted Book Value as of the last day of the month preceding the month in which his death, disability or withdrawal occurred and (2) such Member’s Sharing Ratio as of such date.

The Members further agree that if the Company is sold as a going concern or if all or substantially all of its assets are sold to an outside person or entity, the net sale proceeds (after payment of expenses and liabilities) shall be shared by the Members based on a formula which takes into consideration each Member’s percentage of years of ownership. For example, as of August 2013 the years of ownership were Dr. McCabe 17, Dr. O’Meara 17, Dr. Buckner 11, and Dr. Heap 3, giving a total years of ownership of 48. The percentage of total years of ownership are then Dr. McCabe 35.42, Dr. O’Meara 35.42, Dr. Buckner 22.92, and Dr. Heap 6.25. These percentages would be used to calculate the percentage of proceeds from any buyout. Exhibit B appended hereto is an example of the above calculations applied to an assumed sale price.

- “Adjusted Capital Account Deficit” means. with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of a fiscal year, after giving effect to the following adjustments:

- (a) A credit to such Capital Account of any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to Treas. Reg. Sec. 1.704-2(g) and (1)(5); and
- (b) Debits to such Capital Accounts of the items described in Treas. Reg. Sec. 1.704-1 (b)(2)(ii)(d)(4)-(6).

This definition is intended to comply with the provisions of Treas. Reg. Sec. 1.704-1 (b)(2)(ii)(d) and shall be interpreted consistently therewith.

- “Adverse Act” means, with respect to any Member, any of the following:

- (a) A failure of such Member to make any Capital Contribution required pursuant to any provision of this Agreement; or
- (b) Any action or failure to act of such Member with respect to any matter that is within the scope of his duties hereunder, that results, or can reasonably be expected to result, in such Member becoming liable to indemnify the Company for a material sum pursuant to any provision of this Agreement, or that would justify a decree of dissolution of the Company under the Act.

- “Agreement” has the meaning set forth in the introductory paragraph.

- “Bankrupt Member” means (except to the extent a Required Interest consents otherwise) any Member (a) that (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceedings; (iv) files a petition or answer seeking for the Member a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law; (v) files an answer or other pleading admitting or falling to contest the material allegations of a petition filed against the Member in a proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member’s or of all or any substantial part of the Member’s properties; or (b) against which, a proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law has been commenced and 120 days have expired without dismissal thereof or with respect to which, without the Member’s consent or acquiescence, a trustee, receiver, or liquidator of the Member or of all or any substantial part of the Member’s properties has been appointed and 90 days have expired without the appointment’s having been vacated or stayed, or 90 days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

- “BCA” means the Washington Business Corporation Act, Title 238. RCW and any successor statute, as amended from time to time.

- “Business Day” means any day other than a Saturday, a Sunday, or a holiday on which national banking associations in the State of Washington are closed.

- “Buy-Out Price” means, with respect to a Member who has voluntarily withdrawn or has been expelled for cause, the product of (1) the Company’s Net Book Value as of the last day of the month preceding the month in which such event occurs and (2) such Member’s Sharing Ratio as of such date.

- “Capital Account” has the meaning given that term in Paragraph 4.05(a).

- “Capital Contribution” means the amount of money and the initial Gross Asset, Value of any property contributed by a Member to the capital of the Company.

- “Cash Flow Available for Distribution” means all of the Company’s liquid funds in excess of the amount set aside for reserves by the Members and after the payment of any Bonus Distributions authorized for such fiscal year.

- “Certificate” has the meaning given that term in Paragraph 2.01.

- “Clinic Agreement” means the Amended and Restated Articles of Partnership for the Olympia Multi-Specialty Clinic, LLP.

- “Code” means the internal Revenue Code of 1986 and any successor statute as amended from time to time.

- “Commitment” means, subject in each case to adjustments on account of Dispositions of Membership Interests permitted by this Agreement, (a) in the case of a Member executing this Agreement as of the date of this Agreement or a Person acquiring that Membership Interest, the aggregate amount specified for that Member as his Capital Contribution on Exhibit A, and (b) in the case of a Membership Interest issued to a new member pursuant to Paragraph 3.11, the Commitment established pursuant thereto.

- “Company” means Olympia Multi-Specialty Clinic Ambulatory Procedures Center, P.L.L.C., a Washington professional limited liability company.

- “Company Property” or “Property” means all real and personal property acquired by the Company and any improvements thereto. and shall include both tangible and intangible property.

- “Depreciation” means for each fiscal year or other period, the cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined referring to such beginning Gross Asset Value using any reasonable method selected by the Members.

- “Dispose,” “Disposing,” or “Disposition” means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including, without limitation, by operation of law), or the acts thereof.

- “Draw” or “Draws” means the amount paid to each Member as a draw against his share of the Total Distributions for that calendar year. A Member’s Draw shall be an amount equal to his share of the Company’s Drawable income for such year, determined in accordance with the Sharing Ratios in effect during such year.

- “Drawable Income” means an amount determined annually by the Members. The total amount of Drawable Income may be adjusted from time to time by the Members during any year.; provided, however, that such amount does not exceed 90% of the Company’s projected Total Distributions for Such year.

- “Former Member” means a Member who has died or has otherwise voluntarily or involuntarily withdrawn or been expelled from the Company. “Former Member” shall also mean a Member whose interest has been acquired by the Company pursuant to Paragraph 3.07.

- “Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

- (a) The Initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;
- (b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Members, as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Treas. Reg. Sec. 1.704-1 (b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Members determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;
- (c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and
- (d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Sec. 734(b) or 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treas. Reg. Sec. 1.704-1 (b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection to the extent the Members determine that an adjustment pursuant to subsection (b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

- “Leaving Member” has the meaning set forth in Article 12.

- “Medical Practice Act” means the Washington Physicians Act, Chapter 18.71 RCW, as amended from time to time.

- “Member” means any Person executing this Agreement as of the date of this Agreement as a Member or hereafter admitted to the Company as a Member as provided in this Agreement, but does not include any Person who has ceased to be a Member in the Company.

- “Membership Interest” or “Interest” means the Interest of a Member in the Company, including without limitation, rights to distributions (liquidating or otherwise), allocations, Information, and to consent or approve certain actions as provided herein.

- “Net Book Value” means an amount equal to the Company’s net book value as reflected on its books and records on a cash basis.

- “Payment Terms” has the meaning given that term in Paragraph 3.08.

- “Permanent Capital” means the aggregate permanent capital which the Company shall be required to maintain, as determined by the Members from time to time.

- “Person” means any individual, corporation, trust, partnership, joint venture, limited liability company or other entity.

- “Points” means the number of points allocated to each Member. Currently, there are 100 Points, which have been allocated to each Member as of the date hereof in the manner set forth on Exhibit A. Points are adjusted from time to time in accordance with Paragraph 4.02.

- “Prime Rate” means a rate equal to the prime lending rate charged by Seafirst Sank, determined quarterly as of the first day of each quarter.

- “Proceeding” means any action, suit or proceeding, whether civil, criminal, administrative, arbitrate or investigative, or any inquiry or investigation that could lead to any of the foregoing.

- “Profits” and “Losses” mean, for each fiscal year, an amount equal to the Company’s taxable income or loss for such year, determined in accordance with Code Sec. 703(a) (including all Items required to be stated separately) with the following adjustments:

- (a) Any income exempt from federal income tax shall be included;
- (b) Any expenditures of the Company described in Code Sec. 705(a)(2)(8) (including expenditures treated as such pursuant to Treas. Reg. Sec. 1.704-1 (b)(2)(iv)(1)) not otherwise taken into account in computing Profits or Losses shall be subtracted;
- (c) In the event any of the Company Property is revalued pursuant to Paragraph 4.05(b), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such Property;
- (d) Gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;
- (e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period; and
- (f) Any items which are specially allocated pursuant to Paragraph 5.03 shall not be taken into account in computing Profits or Losses.

- “Required Interest” means one or more Members entitled to vote having among them more than two-thirds (2/3) of the total outstanding Points.

- “Sharing Ratios” means, for purposes of each Member, a fraction, the numerator of which is the number of Points assigned to such Member and the denominator of which is the total number of Points assigned to all Members. The Sharing Ratios will be adjusted from time to time whenever there is an adjustment to the Points and at any other time set forth in this Agreement.

- “Total Distributions” means, with respect to a particular fiscal year, the sum of all amounts distributed to a Member pursuant to Paragraph 6.05 with respect to that fiscal year.
- “Treasury Regulations,” “Treas. Reg.,” or “Reg.” means the income tax regulations promulgated under the Code as amended from time to time (including corresponding provisions of succeeding regulations).

Other terms defined herein have the meanings so given them.

1.02 Construction

Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter. All references to Articles and Paragraphs refer to articles and sections of this Agreement, and all references to Exhibits are to Exhibits attached hereto each of which is made a part hereof for all purposes.

ARTICLE 2. ORGANIZATION

2.01 Formation

The Members have agreed to form and operate an ambulatory surgical center as a Washington professional limited liability company. The Company has been organized as a Washington professional limited liability company by the filing of the Certificate of Formation (“Certificate”) under and pursuant to the Act.

2.02 Name

The name of the Company, and the name under which the business of the Company shall be conducted, is Olympia Multi-specialty Clinic Ambulatory Procedures Center, P.L.L.C.

(In all cases, the use of an individual Member’s name in the Company name is subject to, and conditioned upon, the Company being, and continuing to be, in good standing in the medical profession, and if such is not the case, the Company shall have no further right or claim to the continued use of a Member’s name thereafter.)

2.03 Registered Office; Registered Agent; Principal Office in United States; Other Offices

The registered office of the Company required by the Act to be maintained in the State of Washington shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Members may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Washington shall be the initial registered agent named in the Certificate or such other Person or Persons as the Members may designate from time to time in the manner provided by law. The principal office of the Company in the United States shall be at such place as the Members may designate from time to time, and the Company shall maintain records there as required by the Act.

2.04 Purposes

The purpose of the Company is to provide medical or surgical treatment and gastroenterological endoscopy services and to otherwise engage in the practice of medicine; provided, however, that all such activities shall be conducted in compliance with the Medical Practice Act, and the Code of Professional Ethics.

2.05 Term

The Company commenced upon the filing of its Certificate and shall continue in existence for the period fixed in the Certificate for the duration of the Company, or until such earlier time as this Agreement may specify.

2.06 Mergers and Exchanges

The Company may be a party to (a) a merger, or (b) an exchange or acquisition of the type described in the BCA.

2.07 No State-Law Partnership

The Members intend that the Company not be a partnership (including without limitation, a limited partnership) or Joint venture, and that no Member be a partner or joint venturer of any other Member for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise.

ARTICLE 3. MEMBERSHIP; DISPOSITIONS OF INTERESTS

3.01 Initial Members

This Agreement was made by Marshall E. McCabe III, M.D. and Thomas F. O'Meara, M.D., signers of the Certificate of Formation, each of whom has executed this Agreement and who collectively constituted the Initial Members.

3.02 Representations, Warranties and Covenants

Each Member hereby represents and warrants to the Company and each other Member that (a) he is and will remain licensed to practice medicine in the State of Washington; (b) he has duly executed and delivered this Agreement; (c) his execution, delivery, and performance of this Agreement do not conflict with any other agreement or arrangement to which he is a party or by which he is bound; and (d) he will comply with all of the provisions of the Code of Professional Ethics, and the Medical Practice Act, and any other laws, rules and regulations governing the practice of medicine or the performance of other professional services rendered by the Member. Each Member covenants and agrees that he will at all times satisfy his obligations to obtain continuing professional education as is required to fulfill the minimum requirements of the Medical Practice Act or any other agency or authority governing the Company's or the Member's practice of medicine and he will take all other steps necessary to maintain his license to practice medicine in the State of Washington.

3.03 Restrictions on Disposition of Interest

The parties have agreed that it is not desirable that any of the Membership Interests be sold or transferred because the Members desire to provide for continuity of management of the Company. The parties desire to ensure that no stranger becomes a Member or the holder of a Membership Interest without the consent of the other Members. The parties believe it is in the best interest of the Company and the Members to restrict the Disposition of Membership Interests in the following manner. No Member may Dispose of an interest in the Company without the unanimous written consent of all of the other Members. Any attempted Disposition of an Interest, or any part thereof, without compliance with this Agreement shall be, and is hereby declared, null and void ab initio. The Members agree that the foregoing transfer restriction is intended to permit the harmonious operation of the Company's business, is reasonable in view of the Company's purpose and the relationship of the Members, and may be specifically enforced by the Company and each Member.

3.04 Voluntary Withdrawal of Member

- (a) Upon sixty (60) days' prior written notice to the Company, a Member may withdraw from the Company. If a Member shall voluntarily withdraw from the Company prior to retirement under Article V, Section F of the Clinic Agreement, or a determination of Permanent Disability under Article V, Section D of the Clinic Agreement, the Company shall pay to said withdrawing Member an amount equal to the Buy-Out Price, which shall be paid in accordance with the terms of Paragraph 3.08. If a Member voluntarily withdraws from the Company in conjunction with or after retirement or a determination of Permanent Disability under the above referenced sections of the Clinic Agreement, the Company shall pay to said Withdrawing Member an amount equal to the Adjusted Buy-Out Price in accordance with the terms of Paragraph 3.08.
- (b) A withdrawing Member shall for the purposes of Article 12 hereof be considered a Leaving Member and the provisions of such paragraph shall apply to such withdrawing Member.

3.05 Death of Member

In the event of the death of a Member prior to withdrawal from the Company or other termination of the Member's interest in the Company, the Company shall pay to the estate of the deceased Member a sum of money equal to the Adjusted Buy-Out Price. The Adjusted Buy-Out Price will be paid in accordance with the terms of Paragraph 3.08.

3.06 Expulsion

(a) For Cause. Any Member may be expelled immediately upon the affirmative vote of Members holding more than sixty-seven percent (67%) of the total number of Points then held by all Members (other than the expelled Member) at a duly constituted meeting of the Members specifically noticed for this purpose, if any of the following reasons for expulsion exist:

(i) Suspension or other major disciplinary action determined adversely to the Member by any duly constituted authority;

(ii) Professional misconduct or violation of the Code of Professional Ethics, the Medical Practice Act, and any other laws, rules or regulations governing the Member's or the Company's practice of medicine, if such misconduct continues after its cessation has been requested by the Company;

(iii) Any action that injures the professional standing of the Company, if such action continues after its cessation is requested by the Company; or

(iv) The occurrence of any Adverse Act.

if a Member is expelled for one of the foregoing reasons, the Company shall pay said Member an amount equal to the Buy-Out Price, payable on the terms set forth in Paragraph 3.08.

- (b) Without Cause. A Member may be expelled immediately and without determination of cause upon the affirmative vote of Members holding more than sixty-seven percent (67%) of the total number of Points then held by all Members (other than the expelled Member) at a duly constituted meeting of the Members specifically noticed for this purpose. This method of expulsion may be employed notwithstanding the fact that grounds may exist for expulsion for cause. If a Member is expelled without cause, the Company shall pay said Member the Adjusted Buy-Out Price. The Adjusted Buy-Out Price shall be paid on the terms set forth in Paragraph 3.08.
- (c) Mergers. If the Company is merged with or consolidated into any other firm, any Member who is not permitted to remain or become a member, partner or shareholder of the new firm shall be deemed to have been expelled without cause and shall be paid the Adjusted Buy-Out Price, payable on the terms set forth in Paragraph 3.08.
- (d) Effects of Expulsion. Upon expulsion, a Member shall have no right or interest thereafter in the Company or any of its assets, clientele, files, records, or affairs. He shall have thereafter no further professional duties to the Company or any of its clients. He shall immediately remove himself and his personal effects from the Company's offices.

3.07 Company's Option To Purchase Member's Interest

If a Member ceases being a Partner or an employee of a Partner of OMC, LLC, for any reason, the Company shall have the option, exercisable by written notice to the Member at any time within one hundred eighty (180) days of the date the Member ceases being a Partner or an employee of a Partner of OMC, LLC, to acquire the Member's entire interest in the Company. If the Partner in OMC, LLC ceases being a Partner as a result of retirement, permanent disability, death, or expulsion without cause, the Purchase Price shall be the Adjusted Buy-Out Price, which shall be paid as set forth in Paragraph 3.08. If the Partner in OMC, LLC ceases being a Partner for any other reason, the Purchase Price shall be the Buy-Out Price which shall be paid as set forth in Paragraph 3.08.

3.08 Payment Terms

- (a) Payment of the Buy-Out Price or the Adjusted Buy-Out Price shall be made on the following terms (the “Payment Terms”) Any such payments will be made in twenty-four (24) equal consecutive monthly installments without interest. The first of which shall be paid on the last day of the month following the month in which the death, or withdrawal occurs (the “Initial Payment Date”). Notwithstanding the foregoing payment schedule, in any calendar year the aggregate amount payable by the Company pursuant to Paragraphs 3.04-3.09 to Former Members shall not exceed twenty-five percent (25%) of the Company’s Profits in the immediately preceding year. If, in any year, the Company is obligated to make payments to more than one Former Member, and the foregoing limitation applies, the amounts payable to all such Former Members (or their legal representatives) shall be reduced on a proportionate basis, in accordance with the amount due to such Former Members (or their legal representatives) in such year.
- (b) The unpaid balance of the Buy-Out Price or the Adjusted Buy-Out Price may be prepaid without penalty in full or in part at any time and from time to time. Notwithstanding the monthly payment terms set forth in Paragraph 3.09(a), if the Company receives any insurance proceeds of life or disability insurance covering a Former Member who has died or become disabled, such amounts shall be promptly paid to the Former Member (or his legal representative) as a prepayment of the amount due pursuant to Paragraph 3.06 or 3.07, and any insurance proceeds in excess of that owing to the Former Member may be retained by the Company. All partial prepayments shall be applied against the installments in their order of maturity.
- (c) If the Former Member is indebted to the Company for any reason such amounts shall be offset against the amounts payable to the Former Member, and if the Company has entered into any guarantee on his behalf, such guarantees shall be discharged before any payment is made to such Former Member and, in connection therewith, the Company shall have the right to apply any payments due to such Former Member to the payment of the amount guaranteed. Any amounts owing to the Company, in excess of the amounts owing to such Former Member, shall become immediately due and payable on demand.
- (d) All payments to a Former Member shall be treated as follows:
 - (i) A portion equal to the Former Member’s adjusted Federal income tax basis in his Membership Interest shall be treated as distributions pursuant to Section 736(b) of the Code and corresponding provisions of any applicable state law and the excess shall be treated as guaranteed payments pursuant to Section 736(a)(2) of the Code and corresponding provisions of any applicable state law;
 - (ii) All payments shall first be treated as guaranteed payments to the extent set forth in Paragraph 3.09(d)(i) and all payments made thereafter shall be treated as distributions with respect to the Former Member’s interest in Company Property; and
 - (iii) The parties shall the all required Federal and state income tax returns and reports in a manner consistent with the foregoing provisions. If a party does not

comply with this clause (iii), the breaching party shall indemnify and hold harmless the Company and the other Members from all costs and damages that may be incurred (including but not limited to legal fees and incremental tax liabilities).

- (e) On the initial Payment Date, the Company and the Former Member (or the legal representative of a deceased or incompetent Member) shall execute documents and instruments of conveyance as may be necessary or appropriate in the opinion of the Company to confirm the redemption of the Former Member's interest, the withdrawal of the Former Member as a Member as of the date of retirement, withdrawal or death, and the assumption by the Company of all liabilities of the Former Member with respect to the Company.
- (f) Except as provided in Paragraph 8.01(e), the Company shall hold the Former Member and his legal representatives harmless from and against all liabilities which occur after the date of the Former Member's retirement, death or withdrawal as Member.

3.09 Death During installment Payments

If a Former Member who is receiving installment payments under Paragraph 3.04, 3.05, 3.06 or 3.07 of this Agreement shall die before he receives all of the installment payments to which he is entitled the amount due to such Former Member will not be affected and the Company will continue to pay the remainder of the installment payments as they become due and payable to the estate of said Former Member.

3.10 Additional Members

Additional Persons may be admitted to the Company as Members and Membership Interests may be created and issued to those Persons and to existing Members at the direction of a Required Interest on such terms and conditions as they may determine at the time of admission. The terms of admission or issuance must specify the Sharing Ratios and the Commitments applicable thereto and may provide for the creation of different classes or groups of Members having different rights, powers and duties, The Members shall reflect the creation of any new class or group in an amendment to this Agreement indicating the different rights, powers and duties. Any such admission is effective only after the Company's receipt of the new Member's agreement to be bound by this Agreement, and his representation and warranty that the representation and warranties in Paragraph 3.02 are true and correct with respect to the new Member.

3.11 Information

- (a) In addition to the other rights specifically set forth in this Agreement, each Member is entitled to all information to which that Member is entitled to have access pursuant to the Act under the circumstances and subject to the conditions therein stated.
- (b) The Members acknowledge that, as Members of the Company, they may receive Confidential Information (defined below) from or regarding the Company or its patients in the nature of trade secrets or that otherwise is confidential, the disclosure of which may be damaging to the Company or Persons with which it does business. Each Member shall

hold in strict confidence any information It receives regarding the Company or its patients and may not disclose it to any Person other than another Member, except for disclosures: (i) compelled by law (but the Member must notify the Company promptly of any request for that information, before disclosing it if practicable) or (ii) of information that Member also has received from a source independent of the Company that the Member reasonably believes obtained that information without breach of any obligation of confidentiality. The Members acknowledge that breach of the provisions of this Paragraph 3.10 may cause irreparable injury to the Company for which monetary damages are inadequate, difficult to compute, or both, Accordingly, the Members agree that the provisions of this Paragraph 3.11(b) may be enforced by specific performance without posting bond.

- (c) “Confidential Information” includes, but is not limited to patient medical and personal records, patient lists, and all financial information related to the Company. The Members acknowledge and agree that the Confidential Information belongs to the Company and constitutes trade secrets under the Uniform Trade Secrets Act codified in RCW 19.108 (now and as amended).

3.12 No Liability to Third Parties

No Member shall be liable for the debts, obligations or liabilities of the Company, including but not limited to a judgment, decree, or order of a court,

ARTICLE 4. CAPITAL CONTRIBUTIONS

4.01 Initial Contributions

Each Member has agreed to contribute to the Company’s capital the sum set forth in Exhibit A. Individuals becoming Members in the Company after the effective date of this Agreement shall be required to fund their initial capital contribution in cash.

4.02 Subsequent Contributions; Points

- (a) At any time that the Company determines that additional Permanent Capital is required, the Members will contribute the additional amount to the Company in cash within thirty (30) days of notice from the Company. The additional amount shall be paid by the Members in proportion to the number of Points owned by each Member at the date of the Company’s determination that additional Permanent Capital is required. If a Member fails to timely pay his share of the additional Permanent Capital, he is in breach of this Agreement and, without limiting any other rights or remedies available in law or equity, the Company may offset such amounts against any Draws or other distributions to the breaching Member until the contribution is satisfied.
- (b) Within sixty (60) days after the beginning of each fiscal year, the Members shall determine whether to adjust the Sharing Ratios for such fiscal year.

4.03 Return of Capital Contributions

A Member is not entitled to the return of any part of his Capital Contributions or to be paid interest in respect of either his Capital Account or his Capital Contributions except as specifically provided in this Agreement. An unpaid Capital Contribution is not a liability of the Company or of any Member.

4.04 Advances by Members

If the Company does not have sufficient cash to pay its obligations, any Member(s) that may agree to do so with the Company's written consent may advance all or part of the needed funds to or on behalf of the Company. An advance described in this Paragraph 4.04 constitutes a loan from the Member to the Company, shall bear interest at the Prime Rate from the date of the advance until the date of payment, and is not a Capital Contribution. All loans from Members must be repaid in full before any distributions (other than Draws) are made pursuant to Paragraph 5.05.

4.05 Capital Accounts

- (a) Maintenance. The Company shall maintain a separate capital account ("Capital Account") for each Member. A Member's Capital Account shall be credited with his contributions to the capital of the Company and his allocable share of Company Profits, and shall be charged with his allocable share of Company Losses and the amount of any distributions made to him. Company expenditures capitalized but not depreciable for federal income tax purposes shall be charged to the respective Members' Capital Accounts in the same proportion as Losses are shared during the year in which the expenditure was incurred. There shall be excluded from the credits or charges to the Capital Accounts any income, gain, loss or deduction described in Treas. Reg. Sec. 1.704-1 (b)(41) (i). In the case of any contribution or distribution of Property other than money, the affected Member's Capital Account shall be increased or decreased by the Gross Asset Value of the Property contributed or distributed in accordance with Treas. Reg. Sec. 1.704-1 (b)(2)(iv)(d) and (e).
- (b) Valuation of Company Assets. The assets of the Company shall be revalued on the books of the Company to reflect the fair market value of such assets, and the Capital Accounts of the Members shall be adjusted in the manner provided in Treas. Reg. Sec. 1.704-1(b)(2)(iv)(f), upon the occurrence of any of the following events:
- (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution;
 - (ii) the Company's distribution to a Member of more than a de minimis amount of Property other than money, unless all Members receive simultaneous distributions of undivided interests in the distributed Property in proportion to their interests in the Company; or
 - (iii) the liquidation of the Company for federal income tax purposes pursuant to Treas. Reg. Sec. 1.704-1 (b)(2)(ii)(g);

provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Company determines that such adjustments are necessary to reflect the relative economic interests of the Members.

ARTICLE 5. ALLOCATIONS AND DISTRIBUTIONS

5.01 Allocation of Profits

Subject to the Special allocations set forth in Paragraph 5.03, Profits for each fiscal year shall be allocated among the Members as follows:

- (a) First, to the Members until the cumulative Profits allocated pursuant to this Paragraph 5.01 (a) are equal to the cumulative Losses allocated to the Members pursuant to Paragraph 5.02(a) for all prior periods;
- (b) Second, to those Members who have received Bonus Distributions until the aggregate amount allocated to each such Member pursuant to this Paragraph 5.01(b) for the current year and all previous years equals the total Bonus Distributions paid to each such Member in the current year and all previous years; and
- (c) The balance, if any, to the Members in proportion to their respective Sharing Ratios for the fiscal year in which such Profits accrued.

5.02 Allocation of Losses

Subject to the special allocations set forth in Paragraph 5.03, Losses for each fiscal year shall be allocated among the Members as follows:

- (a) Except as provided in Paragraph 5.02(b), Losses shall be allocated to the Members in proportion to their respective Sharing Ratios in effect in the year in which the Losses were incurred.
- (b) To the extent Profits have been allocated pursuant to Paragraph 5.01(b) or (a) for any prior year Losses shall be allocated first to offset any Profits allocated pursuant to Paragraph 5.01(e) and then to offset any Profits allocated pursuant to Paragraph 5.01(b).

5.03 Special Allocations

Notwithstanding the provisions of Paragraphs 5.01 and 5.02, the following special allocations shall be made in the following order:

- (a) Qualified Income Offset. If any Member's Capital Account is unexpectedly adjusted for, or such Member is unexpectedly allocated or there is unexpectedly distributed to such Member any item described in Treas. Reg. Sec. 1.704-1 (b)(2)(ii)(d)(4)-(6), and such treatment creates or increases a Member's Adjusted Capital Account Deficit, then without regard to the allocation provisions provided in Paragraphs 5.01 and 5.02, the Company shall allocate to such Member Items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, such Adjusted Capital Account Deficit as quickly as possible.
- (b) Gross Income Allocation. In the event that a Member has a deficit Capital Account at the end of any Company fiscal year which is in excess of the sum of (i) the amount the Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount the Member is deemed to be obligated to restore pursuant to Treas. Reg. Sap. 1.704-2(g)(1) and (i)(5), the Member shall be specifically allocated items of Company income and gain in the amount Of such excess as quickly as possible, provided that an allocation pursuant to this Paragraph 5.03(b) shall be made only if and to the extent that the Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article 5 have been tentatively made as if Paragraph 5.03(a) and (b) were not in this Agreement.

5.04 Other Allocation Rules

- (a) Code Section 704(c) Allocations. In accordance with Code Sec. 704(c), income gain, loss and deduction concerning any property contributed to the capital of the Company shall, safely for tax purposes, be allocated among the Members to take account of any variation between the adjusted basis of such property and the fair market value of such property upon contribution. If the value of any Company asset is adjusted under Paragraph 4.05(b) of this Agreement, subsequent allocations of income, gain loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and Its fair market value in the same manner as under Code Sec. 704(c), Allocations under this Paragraph 5.04(a) are solely for purposes of federal income taxes and shall not affect or be taken into account in computing any Member's Capital Account.
- (b) If new Members are admitted to the Company at a later date, the Profits or Losses allocated to the Members for each such fiscal year during which Members are so admitted shall be allocated among the Members in proportion to the number and class of interests each holds from time to time during such fiscal year in accordance with Code Sec. 706, using any convention permitted by law and selected by the Members.
- (c) If any Member dies or otherwise withdraws from the Company, his distributive share of Profits or Losses for the taxable year in which he dies or withdraws shall be determined on the basis of an interim closing of the books and shall not be based upon a proration for the entire year.

- (d) Solely for purposes of determining a Member's proportionate share of the Company's "excess nonrecourse liabilities" within the meaning of Treas. Reg. Sec. 1.752-3(a)(3), and solely for such purpose, the Members' Sharing Ratios are specified to be their respective interests.
- (e) Except as otherwise provided in this Agreement, all Items of Company income, gain, loss, deduction and any other allocations not otherwise provided for shall be divided among the Members in accordance with the Sharing Ratios.

5.05 Cash Distributions

Except as otherwise provided in this Agreement, the Members shall receive distributions at such times as hereinafter provided and in the following order and priority:

- (a) Draws. Each Member shall receive a Draw payable in accordance with the Company's regular payroll practices.
- (b) Bonus Distributions. Any Bonus Distributions authorized by the Members shall be paid to the Members entitled thereto at the time or times determined by the Members. Bonus Distributions, if any, will be based upon a Member's exceptional performance during such year, considering hours worked, originated fees, experience, skill, expertise, duties and responsibilities during the year.
- (c) Available Cash Flow. The Cash Flow Available for Distribution shall be paid to the Members, within sixty (60) days after the end of each fiscal year, in accordance with the Sharing Ratios in effect on the date of distribution.

ARTICLE 6. MANAGEMENT OF COMPANY

6.01 Management by Executive Committee.

- (a) Except for situations in which the approval of the Members is required by this Agreement or by nonwaivable provisions of applicable law, (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Executive Committee; and (ii) the Executive Committee may make all decisions and take all action for the Company not otherwise provided for in this Agreement. Without limiting the generality of the foregoing, the Executive Committee shall have the duty and authority to perform the following:
 - 1) Managing the Company's daily activities and establishing and administering firm policies, procedures, and long-range plans;
 - 2) Opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;
 - 3) Delegating both professional and administrative functions to other Members and staff;

- 4) Organizing operations, developing departments and specialties, and maintaining performance standards;
- 5) Developing quality control procedures;
- 6) Maintaining specialties of practice and organizational structure;
- 7) Providing Member and staff training in technical and managerial skills;
- 8) Providing and maintaining adequate insurance coverage for all appropriate areas of Company concern;
- 9) Determining whether a Member should be expelled for cause in accordance with Paragraph 3.06(a);
- 10) Developing goals, budgets and objectives;
- 11) Recommending mergers with other physician groups, and the admission of new Members to the Company;
- 12) Maintaining proper staffing levels by hiring professional staff; determining staff salary levels and benefit packages; and providing staff assignments and advancements;
- 13) Determining the Company's capital requirements and the amount of Permanent Capital which the Company shall maintain;
- 14) Determining prices for services rendered by all Members and staff;
- 15) Exercising financial controls such as making and managing budgets for the Company, and supervising the billing of fees and the collection of accounts receivable;
- 16) Entering into, making and performing contracts, agreements, and other undertaking binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;
- 17) Collecting sums due the Company;
- 18) To the extent that funds of the Company are available therefor, paying debts and obligations of the Company;
- 19) Acquiring, utilizing for Company purposes, and Disposing of any asset of the Company;
- 20) Borrowing money or otherwise committing the credit of the Company for Company activities and voluntary prepayments or extensions of debt;
- 21) Selecting, removing and changing the authority and responsibility of lawyers, accountants, and other advisors and consultants to the Company;
- 22) Obtaining professional liability insurance for the Company, and such life, disability, health and other insurance as may be determined by the Executive Committee;

- 23) Approving a Member's request to retire; and
 - 24) Determining the Bonus Distributions, if any, payable, and the number of Points assigned, to each Member.
- (b) The Executive Committee shall be chaired by the Chairman/Medical Director, who shall be selected by the members of the Executive Committee. The initial Chairman shall be Marshall E. McCabe III, M.D., who shall serve as Chairman indefinitely until either (i) he is no longer a member of the Executive Committee or (ii) he is removed and replaced by the unanimous vote of other members of the Executive Committee.
 - (c) The Chairman shall preside over meetings of the Executive Committee and the annual meeting of the Members, prepare an agenda for all meetings, and perform such other duties consistent with the office of Chairman as the Executive Committee shall prescribe. The Chairman shall appoint a Secretary for each fiscal year. The Secretary shall keep the Members advised of actions of the Executive Committee through the keeping of minutes of Executive Committee meetings and shall perform such other duties as the Chairman shall prescribe.

6.02 Appointment; Vacancies; Removal; Resignation.

The Executive Committee shall be composed of and elected by the Members. The Members herewith elect the following Members to the Executive Committee: Marshall E. McCabe III, M.D., and Thomas F. O'Meara, M.D. Each member of the Executive Committee will serve for ten (10) years and may be re-elected. A vacancy in the Executive Committee occurring between regular elections shall be filled by the Members at a special election, and the elected Member shall serve the remainder of the vacated term from the date so elected. The members of the Executive Committee may be removed from office upon the vote of a Required Interest.

6.03 Committees; Delegation of Authority and Duties.

The Executive Committee may designate Members in charge of any of the company's operating departments. The Executive Committee shall have the authority to designate committees under its direction to help perform its functions. It shall have sole discretion to appoint the members of the committees from personnel of the Company.

6.04 Meetings.

- (a) Unless otherwise required by law or provided in the Articles or this Agreement, a majority of the total number of the Executive Committee fixed by, or in the manner provided in, the Certificate or this Agreement shall constitute a quorum for the transaction of business of the Executive Committee, and the act of a majority of the members of the Executive Committee present in person or by telephone at a meeting at which a quorum is present shall be the act of the Executive Committee. An Executive Committee Member who is present at a meeting of the Executive Committee at which action on any Company matter is taken shall be presumed to have assented to the action unless his dissent shall be entered in the minutes of the meeting or unless he shall file his

written dissent to such action with the Person acting as Secretary of the meeting before the adjournment thereof or shall deliver such dissent to the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to an Executive Committee member who voted in favor of such action.

- (b) Meetings of the Executive Committee may be held at such place or places as shall be determined from time to time by resolution of the Executive Committee. At all meetings of the Executive Committee, business shall be transacted in such order as shall from time to time be determined by the Chairman. Attendance of an Executive Committee member at a meeting shall constitute a waiver of notice of such meeting, except where an Executive Committee member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- (c) In connection with any annual meeting of Members at which the Executive Committee is elected, the Executive Committee may, if a quorum is present, hold its first meeting for the transaction of business immediately after and at the same place as such annual meeting of the Members. Notice of such meeting at that time and place shall not be required.
- (d) Regular meetings of the Executive Committee shall be held, no less frequently than quarterly, at such times and places as shall be designated from time to time by resolution of the Executive Committee. Notice of such regular meetings shall not be required.
- (e) Special meetings of the Executive Committee may be called by the Chairman or any other Executive Committee member on at least twenty-four (24) hours' notice to each Executive Committee member. Such notice need not state the purpose or purposes of, nor the business to be transacted at, such meeting, except as may otherwise be required by law or provided for by the Articles of this Agreement.

6.05 Action by Written Consent or Telephone Conference.

Any action permitted or required by the Act, the Articles or this Agreement to be taken at a meeting of the Executive Committee or any committee designated by the Executive Committee may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the Executive Committee members, or the members of such committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Washington, and the execution of such consent shall constitute attendance or presence in person at a meeting of the Executive Committee or any such committee, as the case may be. Subject to the requirements of the Act, the Articles or this Agreement for notice of meetings, unless otherwise restricted by the Articles, members of the Executive Committee or any committee designated by the Executive Committee or any committee of the Executive Committee, as the case may be, by means of a conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a

Person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

6.06 Reimbursement of Expenses; Compensation of Chairman/Medical Director.

The Executive Committee shall be entitled to be reimbursed for out-of-pocket costs and expenses incurred in the course of their service hereunder, and the Chairman/Medical Director shall also be compensated for his services hereunder in the amount of \$50,000.00 per year to be paid by the Company irrespective of and in addition to any other compensation he may receive, to be effective immediately following adoption of this Agreement.

ARTICLE 7. BANKRUPTCY OF MEMBER

7.01 Bankrupt Members

Subject to Article 11, if any Member becomes a Bankrupt Member, the Company shall have the option, exercisable by notice to the Bankrupt Member (or his representative) at any time prior to the 180th day after the Company's receipt of notice of the occurrence of the event causing him to become a Bankrupt Member, to buy, and on the exercise of this option the Bankrupt Member or his representative shall sell, his Membership Interest. The purchase price shall be an amount equal to the Buy-Out Price, payable on the terms set forth in Paragraph 3.09. The payment to be made to the Bankrupt Member or his representative pursuant to this Paragraph 7.01 is incomplete liquidation and satisfaction of all the rights and interest of the Bankrupt Member and his representative (and of all Persons claiming by, through or under the Bankrupt Member and his representative) in and in respect of the Company, including, without limitation, any Membership Interest, any rights in specific Company Property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Members, and constitutes a compromise to which all Members have agreed pursuant to the Act.

ARTICLE 8. INDEMNIFICATION

8.01 Indemnification of Members

- (a) Indemnified Obligations. The Members desire to provide for Indemnification of each Member, primarily by the Company and secondarily by each of the other Members, for any claims which may be asserted against any Member for liability or damages caused by or in connection with (i) any claim arising out of, related to or in connection with services rendered or performed for or on behalf of the Company ("Professional Services"); (ii) any loans or advances to or on behalf of the Company by a Member; or (iii) any debt or obligation of the Company for which any of the Members are (or are determined to be personally liable (subsections (i), (ii) and (iii) of this paragraph are hereinafter collectively referred to as "Company Obligations").
- (b) Primary Indemnification. Except as otherwise set forth in this Paragraph 8.01, the Company hereby agrees to indemnify, defend and hold harmless each of the Members and each of the Company's officers, employees and agents ("Primary Indemnification") from any and all liabilities, costs, losses, claims, demands, expenses, damages or other

charges (including without limitation, costs, expenses and reasonable attorneys' and accountants' fees) arising from or as a result of a Company Obligation (an "Indemnified Claim"). Such Indemnification shall survive a Member's retirement, death or withdrawal from the Company.

- (c) Insurance. The Company agrees to maintain professional liability or malpractice insurance ("insurance") to cover liability asserted against the Company and/or the Members arising out of, related to, in connection with or by virtue of Professional Services rendered or performed by the Company or any of its Members or staff, in such amounts as may be determined from time to time by the Members.
- (d) Secondary Indemnification. If a Member ("Indemnified Member") is required to pay an Indemnified Claim and is not reimbursed by the Company's Primary Indemnification or by proceeds of insurance, except as otherwise set forth in this Paragraph 8.01, each of the other Members ("Indemnifying Members") hereby agrees to reimburse the Indemnified Member for the amount so paid, less the Indemnified Member's proportionate share thereof, in proportion to their respective Points at the time the Indemnified Member gives the Company the Indemnification Notice (as defined in Paragraph 8.01(f) below) ("Secondary Indemnification"). Each Indemnifying Member further agrees to indemnify and hold harmless each of the other Members, on a pro rata basis, from any and all liabilities, costs, losses, claims, demands, expenses, damages or other charges (including without limitation, costs, expenses and reasonable attorneys' and accountants' fees) incurred by such other Members by reason of the indemnifying Member's failure to comply with his obligation to provide Secondary Indemnification.
- (e) No indemnity for Wrongdoing. Anything contained herein to the contrary notwithstanding, a Member, (or Former Member) shall not be entitled to the rights afforded pursuant to the Primary Indemnification or the Secondary Indemnification with respect to any Indemnified Claim which arises from or is the result of any act or omission by that Member ("Wrongdoing Member") which constitutes gross negligence or willful misconduct. In addition, each Wrongdoing Member, which may include a Former Member, shall jointly and severally with any other Wrongdoing Member indemnify, defend and hold harmless the Company and each of the Members who are not Wrongdoing Members from any and liabilities, costs, losses, claims, demands, expenses, damages or other charges (including, without limitation, costs, expenses and reasonable attorney's and accountant's fees) arising from or as a result of such Wrongdoing Member's gross negligence or willful misconduct.
- (f) Indemnification Procedure. A Member shall give the Company notice ("Indemnification Notice") of an Indemnified Claim within thirty (30) days after the Member first acquires knowledge thereof. The Company shall thereafter at its own cost and expense, settle, discharge or undertake to defend the Member against such Indemnified Claim and all of the Members shall cooperate with the Company in connection therewith. The Company shall have the sole responsibility for the conduct of such defense. Without the prior written consent of the Company, no Member shall enter into any settlement or compromise of an Indemnified Claim or take any action which might Impair the Primary [Indemnification or the Company's rights under the policy of insurance.

- (g) If the Company or the appropriate insurance carrier, as the case may be, fails to settle, discharge or assume the defense of any Indemnified Claim within thirty (30) days after the Member gives the Indemnification Notice, any of the Members shall thereafter have the right to assume the defense of such Indemnified Claim and settle or discharge the Indemnified Claim for the account of the Company. If the Company fails to reimburse the Members for the costs thereof, each Indemnified Member shall be entitled to obtain Secondary Indemnification from the other Members.

8.02 Advance Payment

The right to Indemnification conferred in this Article 8 shall include the right to be paid or reimbursed by the Company for the reasonable expenses incurred in advance of the final disposition of the Proceeding and without any determination as to the indemnitee's ultimate entitlement to Indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Company of a written affirmation by such Person of his good faith belief that he has met the standard of conduct necessary for Indemnification under this Article 8 and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such Person is not entitled to be indemnified under this Article 8 or otherwise.

8.03 Indemnification of Officers, Employees and Agents

The Company may indemnify and advance expenses to an officer, employee or agent of the Company to the same extent and subject to the same conditions under which It may indemnify and advance expenses to a Member under this Article 8; and the Company may indemnify and advance expenses to Persons who are not or were not officers, employees or agents of the Company but who are or were serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employees, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person to the same extent that It may indemnify and advance expenses to Members under this Article 8. ,

8.04 Nonexclusivity of Rights

The right to Indemnification and the advancement and payment of expenses conferred by this Article 8 shall not be exclusive of any other right which a Member or other Person indemnified pursuant to Paragraph 8.03 may have or hereafter acquire under any law, provision of the Certificate or this Agreement, agreements, vote of Members, or otherwise.

8.05 Insurance

The Company may purchase and maintain insurance, at its expense, to protect itself, the Members and any Person who is or was serving as an officer, employee or agent of the Company or is or was serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship,

trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under this Article 8.

8.06 Member Notification

To the extent required by law, any Indemnification of or advance of expenses to a Member in accordance with this Article 8 shall be reported in writing to the Members at or before the next annual meeting of Members or with or before the next submission to Members of a consent to action without a meeting and, in any case, within the twelve (12)-month period immediately following the date of the Indemnification or advance.

8.07 Savings Clause

If this Article 8 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Member or any other Person indemnified pursuant to this Article as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article 8 that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE 9. TAXES

9.01 Tax Returns

The Company shall cause to be prepared and filed all necessary federal and state income tax returns for the Company, and shall make the elections described in Paragraph 9.02. Each Member shall furnish to the Company all pertinent information in his possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed,

9.02 Tax Elections

The Members shall make any election they may deem appropriate and in the best interests of the Company or the Members. Neither the Company nor any Member may make an election for the Company to be excluded from the application of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Code or any similar provisions of applicable state law and no provision of this Agreement (including, without limitation, Paragraph 2.07) shall be construed to sanction or approve such an election.

9.03 "Tax Matters Partner"

The Members hereby designate Marshall E. McCabe III, M.D. as the "tax matters partner" of the Company. The "tax matters partner" shall take such action as may be necessary to cause each other Member to become a "notice partner" within the meaning of Code Sec. 6223. Any Member who is designated the "tax matters partner" shall inform each other Member of all significant matters that may come to his attention in his capacity as "tax matters partner" end

shall forward to each other Member copies of all significant written communications he may receive in that capacity. Any Member who is designated the “tax matters partner” may not take any action contemplated by Code Secs. 6222 through 6232 without the consent of a majority in Interest of the Members, but this sentence does not authorize the “tax matters partner” to take any action left to the determination of an individual partner under Code Secs. 6222 through 6232.

ARTICLE 10. BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

10.01 Maintenance of Books

The Company shall keep books and records of accounts and shall keep minutes of the proceedings of its Members. The Company’s tax returns shall be prepared on a cash basis. The calendar year shall be the accounting and fiscal year of the Company. In addition, the Company shall maintain the following at its registered office:

- (a) A current list of the full name and last known business address of each Member identifying the Members in alphabetical order;
- (b) A copy of the filed Certificate of Formation and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any document has been executed;
- (c) Copies of the Company’s federal, state and local income tax returns and reports and financial statements, if any, for the three (3) most recent years;
- (d) Copies of this Agreement and any amendments thereto; and
- (e) Unless contained in this Agreement, the Certificate of Formation or in any amendments thereto, a writing setting out:
 - (i) The amount of cash, a description and statement of the agreed value of the other property or services contributed by each Member and which each Member has agreed to contribute;
 - (ii) The items as to which or events on the happening of which any additional contributions agreed to be made by each Member are to be made;
 - (iii) Any right of a Member to receive distributions which include a return of all or any part of the Member’s contribution; and
 - (iv) Any events upon the happening of which the Company is to be dissolved and its affairs wound up.

Records kept pursuant to this Paragraph 10.01 are subject to inspection and copying at the reasonable request, and at the expense, of any Member during ordinary business hours.

10.02 Reports

On or before the 90th day following the end of each fiscal year during the term of the Company, the Company shall cause each Member to be furnished with a federal income tax reporting Form K-1 or its equivalent.

10.03 Accounts

The Company shall establish and maintain one or more separate bank and investment accounts and arrangements for Company funds in the Company name with financial institutions and firms that the Members determine. The Company may not commingle its funds with the funds of any Member; however, Company funds may be invested in a manner the same as or similar to the Members' investment of their own funds or investments by their Affiliates.

ARTICLE 11. DISSOLUTION, LIQUIDATION, AND TERMINATION

11.01 Dissolution

The Company shall dissolve and its affairs shall be wound up on the first to occur of the following:

- (a) the written consent of a Required Interest;
- (b) the expiration of the period fixed for the duration of the Company set forth in the Certificate;
- (c) the death, retirement, withdrawal, resignation, removal or bankruptcy of any Member; provided, however, that if the event described in this Paragraph 11.01(c) shall occur and here shall be at least one other Member remaining, the Company shall not be wound up and shall be continued upon the written consent of Members holding a majority of the remaining Points; or
- (d) the entry of a decree of judicial dissolution

11.02 Liquidation and Termination

On dissolution of the Company, the Members shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be treated as a Company expense. Until final distribution, the Members shall continue to operate the Company's business on the terms contained herein. The steps to be accomplished by the Company are as follows:

- (a) the Company shall cause the notice described in the Act to be mailed to each known creditor of and claimant against the Company;
- (b) the Company shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including, without limitation, all expenses incurred in liquidation and any advances described in Paragraph 4.04) or otherwise make

adequate provision for payment and discharge thereof (including, without limitation) the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

- (c) all remaining Company Property shall be distributed to the Members in an amount equal to their respective Capital Account balances, as determined after taking into account adjustments to Capital Accounts for the taxable year during which the liquidation occurs; such distributions will be made by the end of the Company's taxable year during which the liquidation occurs (or within 90 days after the date of liquidation, if later).

The distribution of cash and/or property to a Member in accordance with the provisions of this Paragraph 11.02 constitutes a complete return to the Member of his Capital Contributions and a complete distribution to the Member of his Membership Interest and all the Company's property and constitutes a compromise to Which all Members have consented within the meaning of the Act. To the extent that a Member returns funds to the Company, he has no claim against any other Member for those funds.

11.03 Deficit Capital Accounts

Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, upon dissolution of the Company a deficit in a Member's Capital Account shall not be an asset of the Company and such Member shall not be obligated to contribute such amount to the Company to bring the balance of such Member's Capital Account to zero.

11.04 Articles of Dissolution

On completion of the distribution of Company assets as provided herein, the Company is terminated, and the Company shall file Articles of Dissolution with the Secretary of State of Washington, and take such other actions as may be necessary to terminate the Company.

ARTICLE 12. COVENANTS UPON LEAVING

12.01

Any Member ("Leaving Member") who shall retire pursuant to Paragraph 3.04 hereof or withdraw or be expelled pursuant to Paragraph 3.04 or 3.06 hereof or whose interest is purchased by the Company pursuant to Paragraph 3.07, shall be subject to and bound by the following:

- (a) It is the intention of the Company that any Leaving Member shall not interfere with the operation of the Company, its patients, or its personnel. Therefore, for a period of two (2) years following the date of withdrawal and in consideration of the joint undertaking hereof by each and every Member to each other and to the Company, the Members individually and collectively agree among themselves as follows:

- (i) A Leaving Member will not either directly or indirectly make known or divulge the names or addresses of any of the patients of the Company; and

(ii) A Leaving Member will not form an association with or employ or offer to employ any other Member or anyone who is a member of the staff or employed by the Company.

- (b) The Members acknowledge and agree that the Company has developed its patients and substantial goodwill over an extended period of time and at a substantial investment of time and money. The Company's business is based largely upon the personal and professional relationships developed by the Company, its Members and its staff. The Members agree that most of these patient relationships have developed into permanent or near permanent relationships. As a result, it is agreed that breach of any of the covenants contained in this Article 12 will result in irreparable harm and continuing damages to the Company and its business and that the Company's remedy at law for any such breach or threatened breach will be inadequate.
- (c) Because any breach of this Article 12 will result in Immediate and irreparable injury to the Company for which the Company will not have an adequate remedy at law, the Company shall be entitled, if any such breach shall occur or be threatened or attempted, to a decree of specific performance and to a temporary and permanent injunction enjoining such breach, and to seek any and all other remedies to which the Company may be entitled, without posting bond or furnishing other security and without proving special damages or irreparable injury. The Leaving Member will pay all of the Company's costs and expenses, including reasonable attorneys' and accountants' fees, incurred in enforcing the covenants contained in this Article 12.
- (d) If any provision of this Article 12 is found by a court to be invalid or unenforceable for any reason, including, without limitation, the scope or the duration thereof, such provision shall be construed and/or reduced or reformulated by the court (or by the parties, if the court refuses to do so) in such a way as to make It valid and enforceable to the maximum extent possible. Any invalidity or unenforceability of any provision of this Article 12 shall attach only to such provision and shall not affect or render invalid or unenforceable any other provisions of this Article 12, this Agreement or any other agreement or instrument.

ARTICLE 13. GENERAL PROVISIONS

13.01 Amendment or Modification

The Certificate and this Agreement may be amended or modified from time to time only by a written instrument executed and agreed to by Members holding 80% of the outstanding Points.

13.02 Offset

Whenever the Company is to pay any sum to any Member, any amounts that Member owes to the Company may be deducted from that sum before payment.

13.03 Notices

Except as expressly set forth to the contrary in this Agreement, all notices, requests or consents provided for or permitted to be given under this Agreement must be in writing and must be given either by depositing that writing in the United States mail, addressed to the recipient, postage paid, and registered or certified with return receipt requested or by delivering that writing to the recipient in person, by courier, or by facsimile transmission; and a notice, request, or consent given under this Agreement is effective on receipt by the person to receive it. All notices, requests and consents to be sent to a Member must be sent to or made at the addresses given for that Member on Exhibit A, the address for such Members in the Company's records or such other address as that Member may specify by notice to the other Members. Whenever any notice is required to be given by law, the Certificate, or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time for such notice, shall be deemed equivalent to the giving of such notice.

13.04 Entire Agreement; Supersedure

This Agreement constitutes the entire agreement of the Members relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

13.05 Effect of Waiver or Consent

A waiver or consent, express or implied, to or at any breach or default by any Person in the performance by that Person of his obligations hereunder or with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations. A party's failure to complain of any act of any Person or to declare any Person in default, irrespective of how long that failure continues, does not constitute a waiver by that party of its rights with respect to that default until the applicable statute of limitations period has run.

13.06 Binding Effect

Subject to the restrictions on Dispositions set forth in this Agreement, this Agreement is binding on and inures to the benefit of the Members and their respective heirs, legal representatives, successors and assigns.

13.07 Governing Law; Severability

THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF WASHINGTON. In the event of a direct conflict between the provisions of this Agreement and (a) any provision of the Certificate, or (b) any mandatory provision of the Act, the BCA (to the extent such statute is incorporated into the Act), the Medical Practice Act, or any other applicable Washington law, the applicable provision of the Certificate, the Act, the BCA, the Medical Practice Act or any other applicable Washington law shall control. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this

Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

13.08 Further Assurances

In connection with this Agreement and the transactions contemplated hereby. Each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

13.09 Indemnification

To the fullest extent permitted by law, each Member shall indemnify the Company and each other Member and hold all of them harmless from and against all losses, costs, liabilities, damages and expenses (including, without limitation, costs of suit and attorney's fees) they may incur on account of any breach by that Member of this Agreement.

IN WITNESS WHEREOF, the Members have executed this First Amended Operating Agreement as of the date first set forth above.

MEMBERS:

Marshall E. McCabe, III, M.D.

Thomas F. O'Meara, M.D.

Carole A. Buckner, D.O.

Darien Heap, M.D.

EXHIBIT A

Name and Address of Each Member	Sharing Ratio	Points
Marshall E. McCabe III, M.D. 406-A Black Hills Lane SW Olympia, WA 98502	30%	30
Thomas F. O'Meara, M.D. 406-A Black Hills Lane SW Olympia, WA 98502	23.334%	23.334
Carole A. Buckner, D.O. 406-A Black Hills Lane SW Olympia, WA 98502	23.333%	23.333
Darien Heap, M.D. 406-A Black Hills Lane SW Olympia, WA 98502	23.333%	23.333

EXHIBIT B

OMC APC

**ALLOCATION OF NET SALE PRICE FOLLOWING SALE OF COMPANY OR
SUBSTANTIALLY ALL ASSETS**

Sale in January 2013 for Net Sale Price of \$7,464,547:

	McCabe	O'Meara	Buckner	Heap	Total
Years Ownership APC	17	17	11	3	48
Percent Years	35.42%	35.42%	22.92%	6.25%	
Sale	\$2,643,694	\$2,643,694	\$1,710,625	\$466,534	\$7,464,547

EXHIBIT J
SERVICES AGREEMENT BETWEEN OLYMPIA MULTI-SPECIALTY CLINIC AND
OLYMPIA MULTI-SPECIALTY CLINIC APC P.L.L.C.

Services Agreement
Olympia Multi-specialty Clinic and
Olympia Multi-specialty Clinic APC PLLC

THIS BUSINESS SERVICES AGREEMENT ("Agreement"), dated January 1, 2005, is by and among THE OLYMPIA MULTI-SPECIALTY CLINIC LLC(OMC), a Washington Partnership, and THE OLYMPIA MULTI-SPECIALTY CLINIC AMBULATORY PROCEDURE CENTER PLLC(OMCAPC), a Washington limited liability company. The parties desire to enter into an agreement under the terms set forth below for OMC's provision of the business services required by OMCAPC.

A. DUTIES OF OMC

General. OMC shall provide OMCAPC with all Business Services reasonably required for the day-to-day operations of OMCAPC, to include employment, management, scheduling and training of the staff, and billing and collection for medical services provided.

Office Staff. OMC will employ and provide OMCAPC with nursing and administrative staff. The hiring and termination of all staff will be made in consultation with OMCAPC's Medical Director. Compensation, benefits and other costs associated with the Office Staff will be deemed an OMCAPC Expense and included in the Service Fees.

Billing and Collection Services. OMC shall be responsible for Billing and Collection Services for all services provided by OMCAPC to the patients of the OMCAPC medical staff. All Billing and Collection Services performed by OMC shall be done on OMCAPC behalf and in OMCAPC's name. OMC shall exercise reasonable efforts to bill and collect all fees and charges generated by OMCAPC in a timely fashion. OMCAPC hereby grants to OMC throughout the term of this Agreement the authority to perform all the Billing and Collection services outlined in this Agreement. Specific services to be provided by OMC in connection with the Billing and Collection function include the following:

- Preparation of bills and statements for and billing of all patients, and their respective insurance plans;
- Collection and receipt of all accounts receivable generated by OMCAPC's billings and to administer such accounts;
- Preparation and submission of financial reports to OMCAPC detailing Billing and Collection activities and results on a monthly basis.
- All funds collected by OMC will be deposited in an OMC account.

Bookkeeping and Accounting and Related Services. OMC shall provide Bookkeeping and Accounting Services and related services for OMCAPC, specifically including the following:

- Preparation of monthly and annual statements of receipts, AR, and expenses.
- Payroll administration services; and
- Such other related bookkeeping, accounting and financial services as may reasonably be required from time to time.

B. DUTIES OF OMCAPC

I. OMCAPC's Control Over Practice of Medicine. OMCAPC shall have complete and sole responsibility for, and authority and control over, all Professional Acts in connection with OMCAPC's operations, including without limitation:

- The credentialing of health care providers;
- The rendering of all professional services;

- The types of endoscopic services to be provided to patients and the drugs, supplies and equipment to be used in the rendering of endoscopic services to patients;
- The amount of fees to be charged for endoscopic services;
- The preparation and maintenance of all the Patient Records
- The entering into and termination of all leases;
- The acquisition of Furniture, Fixtures and Equipment; and

II. Patient Records and Professional Assets. The Patient Records and other Professional Assets shall be the property and remain under the control and custody of OMCAPC at all times during the term of this Agreement. OMC shall have access to the Patient Records only for the limited purposes necessary to perform its duties under this Agreement, and subject to all applicable laws and regulations governing the confidentiality of such records.

C. SERVICE FEES

Service Fees. Each month during the term of the Agreement, OMCAPC will be charged a Service Fee in consideration of OMC's performance of the Business Services under this Agreement, calculated in accordance with the formula set forth in Exhibit B. During the term of the Agreement, OMC will prepare a monthly statement of all the fees and expenses it is due pursuant to this agreement. Such statement shall be presented to OMCAPC on or before the 10th day of each month. Such invoice will include a section whereby OMCAPC can approve the statement and authorize OMC to deduct the payments due from the funds collected by OMC on behalf of OMCAPC. The Service Fee may be adjusted on an annual basis, for subsequent services, if agreed by both parties.

No Dividing of Fees. The parties mutually acknowledge and agree that the provisions herein for OMCAPC's payment of Service Fees to OMC in no way represent the division, splitting or other allocation of professional fees, and do not in any way relate to patient referrals. The parties further acknowledge and agree that the Service Fees have been negotiated between the parties in arm's length negotiations and represent fair value for the services to be provided by OMC hereunder.

D. TERMINATION

OMC and OMCAPC shall have the right to terminate this Agreement without cause and without any penalty, at any time with a minimum of 60 days' prior written notice.

E. Independent Contractors.

In performing its duties hereunder, OMC shall act and perform as an independent contractor of OMCAPC, and the provisions hereof are not intended to create any partnership, joint venture, agency or employment relationship between such parties

F. Joint and Several Liability of OMC and APC.

OMC and APC mutually agree that all obligations, duties and liabilities of OMCAPC under this Agreement shall be the joint and several obligations, duties and liabilities of OMC and APC unless expressly provided for otherwise.

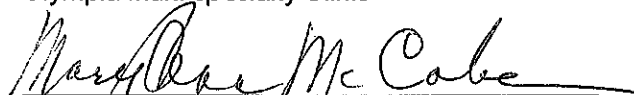
G. INSURANCE AND INDEMNITY

Indemnification. OMCAPC shall indemnify, hold harmless and defend OMC and its officers, directors, shareholders and employees from and against any and all liability, loss, damage, claim, causes of action and expenses (including reasonable attorneys' fees), to the extent not covered by insurance, caused or asserted to have been caused, directly or indirectly, by or as a result of a breach of this Agreement by OMCAPC, the

performance of medical or orthodontic services or the performance of any intentional acts, negligent acts or omissions by OMCAPC or its agents, employees and/or subcontractors (other than OMC) during the term hereof. OMC shall indemnify, hold harmless and defend OMCAPC and its employees from and against any and all liability, loss, damage, claim, causes of action and expenses (including reasonable attorneys' fees), to the extent not covered by insurance, caused or asserted to have been caused, directly or indirectly, by or as a result of a breach of this Agreement by OMC or the performance of any intentional acts, negligent acts or omissions by OMC and/or its agents, employees and/or subcontractors (other than OMCAPC or its employees) during the term of this Agreement. This Section 6.4 shall survive the termination or expiration of this Agreement until the end of all applicable statute of limitation periods.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Mary Ann McCabe
CFO
Olympia Multi-specialty Clinic


(Signature)

Marshall E. McCabe III, M.D.
Medical Director
Olympia Multi-specialty Clinic
Ambulatory Procedure Center PLLC


(Signature)

EXHIBIT B

SERVICE FEE CALCULATIONS AND DEFINITIONS

1. Definitions. For the purposes of this Exhibit specifically and the Agreement generally, the following definitions apply:

- Revenue – All receipts for services provided by OMCAPC, and collected by OMC.
- Direct Expenses – All costs for services provided by OMC, to include
 - Expenses for staff assigned to the OMCAPC to include
 - Salaries
 - FUTA, FICA, SUTA,
 - Benefits to include Pension and Profit sharing
 - State Excise Tax
 - B&O taxes
 - Other miscellaneous expenses paid for by OMC at OMCAPC request
 - Administrative and billing expenses – A fixed amount to be multiplied by the number of individual charges billed by OMC for OMCAPC = \$11.03
- OMCAPC Distribution – The funds to be distributed to OMCAPC on a monthly basis

2. Service Fee Calculations. At the end of each monthly billing cycle, the monthly service fee will be calculated as follows;

	Revenue
Minus	Direct Expenses
Minus	Administrative and billing expenses
=	<hr/> OMCAPC Distribution



January 1, 2024

Olympia Multi-specialty Clinic Ambulatory Procedure Center
3920 Capital Mall Dr., Ste. 300
Olympia, WA 98502

To Marshall E. McCabe III, M.D.:

The following addendum will be made to the Business Services Agreement dated July 1, 1998:

- Exhibit B – Services Fee Calculations and Definitions
 - Administrative and billing expenses – A fixed amount to be multiplied by the number of individual patients by Olympia Multi-specialty Clinic for Olympia Multi-specialty Clinic Ambulatory Procedure Center - \$10.53

This reflects a change from \$10.22 to \$10.53 which is effective January 1, 2024.

All other provisions of document dated July 1, 1998 to remain in effect in 2025 after Olympia Multi-specialty Clinic Ambulatory Procedure Center is located at 406-A Black Hills Ln SW Olympia, WA 98502.

Regards,

Mary Ann McCabe, CEO
Olympia Multi-specialty Clinic

CARDIOLOGY

(360) 754-1737
FAX (360) 704-3408
James Gregg Julin, M.D.
Adam K. Dunn, M.D.
Roger S. Chan, M.D.
Randall Harada, M.D.
Matthew S. Berger, D.O.

BUSINESS OFFICE

(360) 704-3450
FAX (360) 754-1783

GASTROENTEROLOGY

(360) 754-1735
FAX (360) 704-3404
Marshall E. McCabe III, M.D.
Marshall E. McCabe IV, D.O.
Darien Heap, M.D.
John R. Kuczynski, M.D.
Michelle Thompson, D.O.
Keaton R. Jones, M.D.
Melissa Anderson, R.D.N., C.D.

**AMBULATORY
PROCEDURE CENTER**

(360) 754-0287
FAX (360) 754-0298

SLEEP & NEUROLOGY

(360) 236-1451
FAX (360) 236-1450
Chike M. Linton, M.D.

SLEEP CENTER

3920 Capitol Mall Dr. SW Suite 302
Olympia, WA 98502
(360) 236-1451

Business Office Staff	\$ 447,589.56
Health Insurance	\$ 42,892.36
Telephone	\$ 9,863.52
Supplies	\$ 198,769.85
Postage	\$ 7,926.94
Janitorial	\$ 33,121.00
Utilites	\$ 12,621.58
Statements	\$ 24,789.65
Per Year	\$ 777,574.46
Claims	73,824
Per Claim 2024	\$ 10.53

EXHIBIT K
LEASE AGREEMENT BETWEEN APC PROPERTIES, LLC AND OLYMPIA MULTI-
SPECIALTY CLINIC AMBULATORY PROCEDURES CENTER, P.L.L.C.

MEDICAL BUILDING LEASE

BETWEEN

**APC PROPERTIES, LLC,
as Landlord**

and

**OLYMPIA MULTI-SPECIALTY CLINIC
AMBULATORY PROCEDURES CENTER, P.L.L.C.**

as Tenant

DATE OF LEASE: June 30, 2024

Premises:

406 A Black Hills Road SW,
Olympia, Washington

LEASE

THIS LEASE (the "Lease"), is made as of the 30th day of June, 2024 (the "Effective Date"), as set forth on the signature page below, by and between APC PROPERTIES, LLC, a liability company ("Landlord") and OLYMPIA MULTI-SPECIALTY CLINIC AMBULATORY PROCEDURES CENTER, P.L.L.C. a professional liability company ("Tenant").

1. PREMISES; TERM

Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by Tenant as set forth herein, hereby leases to Tenant and Tenant hereby leases from Landlord, the premises located at 406 A Black Hills Road SW, Olympia, Washington (the "Building"), containing approximately 8,373 rentable square feet, and shall include shared parking areas, sidewalks and other common areas serving the Building (the "Premises"). The complete legal description is set forth in Exhibit A.

Landlord hereby leases the Premises to Tenant pursuant to the terms and conditions hereof for a term of five (5) years (the "Term") commencing the day following the issuance of a Certificate of Occupancy from the City of Olympia (the "Commencement Date") and ending on the last day of the sixtieth (60th) month after the Commencement Date (the "Expiration Date"). As used in this Lease, the term "Lease Year" shall mean each consecutive twelve-month period throughout the Term, beginning on the first day of the month following the Commencement Date and each anniversary thereof.

2. RENT

During the Term of this Lease, Tenant agrees to pay Landlord rent in the annual amount of Four hundred Sixty-Eight Thousand and 00/100 Dollars (\$468,000.00), payable in advance in equal monthly installments of Thirty-Nine Thousand and 00/100 (\$39,000.00) (the "Base Rent") beginning on the Commencement Date and on the first day of each subsequent calendar month during the Term. All such installments shall be paid, without demand, offset or deduction (unless otherwise provided herein), to Landlord at such address as Landlord may designate in writing.

If the Commencement Date is on any day other than the first day of a month, the first month's rent shall be the Base Rent divided by the number of days in that month that Tenant occupies the Premises. Such prorated amount shall be payable on the first day of occupancy.

"Rent" means Base Rent plus all other sums payable by Tenant under this Lease. If any monthly installment of Base Rent or additional rent is not received by Landlord within ten (10) days after such installment or payment is due and payable, Tenant shall, upon demand, pay Landlord a late charge of 5% of the amount of such installment or payment. Any amounts payable to Landlord under this Lease, if not paid in full on or before the due date thereof, shall bear interest on the unpaid balance at the rate of interest equal to the prime rate of interest as published by The Wall Street Journal from time to time, plus four percent (4%) per annum, with each change in such prime rate being effective on the date such change is published.

Tenant is responsible for all Real Estate Taxes and Insurance Expenses (each as defined below) related to the Premises, which shall be prorated during any partial year (i.e., the first year and the last year of the Lease Term). "Real Estate Taxes" includes ad valorem taxes; general and special assessments; parking surcharges; any tax or excise on rents; any tax or charge for governmental services (such as street maintenance or fire protection); and any tax or charge which replaces any of such above described taxes; provided, however, that Real Estate Taxes does not include any franchise, estate, inheritance, general income tax or any late fee due to Landlord's failure to pay prior to delinquency. "Insurance Expenses" includes all premiums and other expenses incurred by Landlord for commercial general liability insurance and special form causes of loss or similar property insurance. Landlord shall deliver a copy of the applicable bills for Real Estate Taxes and Insurance Expenses within six (6) months following the date Landlord pays for same. In the event Landlord fails to deliver such bills or statements to Tenant within the applicable time period, then Tenant shall not be liable for any payment of same.

3. UTILITIES

Landlord shall make available to the Premises electricity, water, trash removal service, sanitary sewer service and telephone service, and Tenant shall pay for the cost of its service and usage directly to the utility provider. Landlord shall not be liable for any loss, damage, injury or other consequence of any failure to furnish any utility service to the Premises, unless such failure is caused by Landlord's gross negligence or willful misconduct. Notwithstanding the foregoing, in the event any utility service is interrupted for more than thirty (30) consecutive days through no fault of Tenant, Tenant may elect to terminate this Lease so long as such interruption of service continues by providing written notice to Landlord.

4. USE

The Premises may be used by Tenant as an ambulatory procedure center, medical offices and for general office use. Tenant shall not do nor permit to be done anything which will invalidate or increase the cost of any casualty and extended coverage insurance policy covering the Premises; provided, that Landlord represents and warrants that Tenant's use of the Premises and common areas as permitted by this Section 4 and otherwise in compliance with the terms of this Lease shall not cause an invalidation or increase in cost for such insurance (excluding increases in the ordinary course or increases due to market changes). Tenant shall procure all licenses and permits necessary for it to transact its business within the Premises. Tenant shall not, within the Premises: (a) permit any nuisance; (b) commit or suffer to be committed any waste; (c) overload the floors of the Premises; (d) allow any objectionable odors to emanate from the Premises; (e) utilize any radio, television, loudspeakers or amplifier outside the Premises or allow the same to be heard outside the Premises; (f) allow trash or garbage to be collected or stored outside of the receptacles intended for trash; or (g) violate applicable laws, regulations or ordinances in its use of the Premises and Building.

5. OCCUPANCY; TENANT IMPROVEMENTS

Landlord shall have no obligation to perform any work to prepare the Premises for Tenant's

occupancy, though Landlord represents and warrants that all building and mechanical systems are in good working order and the roof is in water-tight condition. Except for this express representation and any other express representations contained herein, by taking possession of the Premises, Tenant shall be deemed to have accepted the Premises in its "as-is" condition.

6. MAINTENANCE: SERVICES

Landlord, except as provided below, Landlord, at its sole cost and expense, shall be responsible for: (i) all repairs and replacements to the Building systems, including the plumbing, mechanical, electrical, and heating, ventilation and air conditioning ("HVAC") systems; (ii) all maintenance, repairs, and replacements to the roof, exterior walls, foundation, structural elements, and exterior doors and windows of the Building; and (iii) all capital repairs and replacements to the common areas, including parking areas, sidewalks, and landscaping. Landlord shall also repair any damage to the Building caused by any breach of this Lease by Landlord.

Subject to Landlord's obligations as set forth above, Tenant shall: (i) maintain in good condition and repair the interior of the Premises, including paint, walls, and floors; (ii) maintain and service (including repairs but excluding replacements) of the HVAC system; (iii) maintain and service (including repairs but excluding replacements), as needed, the Building systems, including the plumbing, mechanical, and electrical systems; (iv) be responsible for light bulb replacement in the Premises; (v) procure and maintain janitorial services for the Premises; and (vi) perform or cause to be performed all cleaning, maintenance, and repairs (but excluding capital repairs and replacements) of the common areas, including parking areas, sidewalks, and landscaping. Tenant shall also repair any damage to the Building caused by any breach of this Lease by Tenant.

7. ENTRY

Upon prior notice to Tenant, Landlord may enter the Premises for the purpose of making any repairs or performing any maintenance which Landlord determines is reasonably necessary, or to show it to prospective purchasers, mortgagees and, during the last six (6) months of the Term, to prospective tenants; provided that in cases of emergency affecting safety of persons or protection of the Premises, Landlord may enter the Premises at any time without notice to Tenant.

8. CONDEMNATION; FIRE AND OTHER CASUALTY

If the Premises or a material part thereof shall be taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, so that the Premises shall become totally untenable, this Lease shall terminate as of the earlier of the date when title or possession thereof is acquired or taken by the condemning authority and all rights of Tenant in this Lease shall immediately cease and terminate. If a portion of the Premises shall be taken such that the Premises becomes only partially untenable or any portion of the parking or access is taken, Tenant may terminate this Lease at its option by written notice to Landlord given within thirty (30) days after Tenant's receipt of written notice of such taking. If, in such event Tenant elects not to terminate this Lease, then Base Rent shall be proportionately abated. All compensation awarded for any taking (or the proceeds of negotiated sale under threat thereof) whether for the whole or a part of the Premises, shall be divided between Landlord and Tenant in accordance with their respective

interests in the Premises.

If the Premises shall be damaged by fire or other casualty and (i) the Premises are thereby rendered wholly unsuitable for its intended use in Tenant's reasonable opinion, or (ii) if Landlord's or Tenant's contractor, engineer or other construction consultant estimates that the required repair or restoration work cannot be completed within one hundred twenty (120) days after the occurrence of such damage, then in either such event Landlord or Tenant may terminate this Lease by giving the other party written notice within thirty (30) days after the occurrence of such damage. Upon the giving of such notice, this Lease shall terminate as of the date of the casualty, and any prepaid Rent shall be refunded to Tenant. If the Premises shall be damaged by any casualty covered by Landlord's casualty insurance maintained or required to be maintained hereunder on the Premises, but are rendered only partially untenable, or if greater damage has occurred, but this Lease has not been terminated as permitted above, then in either such event, Landlord shall promptly repair the same at its expense with reasonable promptness, and the Rent shall abate in proportion to the extent that the Premises are untenable until the repairs are substantially completed. Notwithstanding the foregoing, in the event Landlord is obligated to repair such damage as set forth above, but has not completed such repair within 180 days after the date of occurrence of the damage, Tenant may elect to terminate this Lease by written notice to Landlord given within thirty (30) days after the expiration of such 180 day period.

9. ALTERATIONS AND IMPROVEMENTS

Tenant shall not make any alterations or improvements to the Premises without Landlord's prior written consent. All alterations and improvements shall be and remain the property of Landlord at the end of the Lease Term.

10. END OF TERM; HOLDOVER

Notwithstanding anything in this Lease to the contrary, in the event that Tenant holds over and remains in possession of the Premises after the expiration of the then current Term of this Lease, such holding over shall constitute a month-to-month tenancy (the "Holdover Term") on the same terms and conditions as contained in this Lease, except that monthly Base Rent shall be equal to 150% of the monthly Base Rent payable at the end of the immediately preceding Term. Either party may terminate the Lease during a Holdover Term by giving thirty (30) days' written notice to the other party. Upon termination as provided above, Tenant shall surrender the Premises to Landlord in accordance with terms of this Lease, and both parties shall be released of all obligations and liabilities arising under this Lease following the effective date of termination; provided, however, that the parties shall remain liable for all obligations under this Lease that have accrued prior to such termination or are otherwise intended to survive termination of this Lease.

11. LIENS

Tenant will not create any lien, encumbrance or charge upon the Premises which arises by reason of any labor and material furnished or claimed to have been furnished to Tenant or by reason of any construction, addition, alteration, repair or restoration of any part of the Premises by Tenant. In the event that any such lien shall be filed against the Premises, Tenant shall cause such lien to

be released or discharged by payment or bonding within thirty (30) days after actual notice of the filing thereof. If Tenant fails to post such bond(s) or otherwise obtain discharge and release of such lien, Landlord, after notice to Tenant, may pay and/or otherwise obtain discharge of such lien, and all costs incurred thereby shall be payable as additional rental hereunder.

12. LIABILITY AND INDEMNIFICATION

Landlord shall indemnify and hold harmless Tenant and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments and any and all costs and expenses incurred by Tenant resulting from Landlord's use of the Premises and/or common areas and any accident or occurrence in the common areas, except to the extent caused by or due to the negligent act, omission, or willful act of Tenant, its employees or agents. Landlord, upon notice from Tenant, shall resist and defend at Landlord's expense any such actions or proceedings by counsel reasonably satisfactory to Tenant. The liability of Landlord to indemnify Tenant shall not apply to the extent Tenant shall be protected by insurance maintained or required to be maintained under this Lease.

Tenant shall indemnify and hold harmless Landlord and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments and any and all costs and expenses incurred by Landlord to the extent caused by Tenant's use and occupancy of the Premises and/or common areas, unless arising from or due to the negligent act, omission or willful act of Landlord, its employees, agents or contractors. Tenant, upon notice from Landlord, shall resist and defend at Tenant's expense any such actions or proceedings by counsel reasonably satisfactory to Landlord. The liability of Tenant to indemnify Landlord shall not apply to the extent Landlord shall be protected by insurance maintained or required to be maintained under this Lease.

13. INSURANCE: WAIVER OF SUBROGATION

Tenant shall provide and keep in force, with responsible insurance companies reasonably acceptable to Landlord, commercial general liability insurance with \$1,000,000 combined single limit for bodily injury and property damage per occurrence, which policy shall name Landlord as an additional insured. Tenant may provide and keep in force, with an insurance carrier authorized to do business in the State of Washington, insurance on Tenant's Property in a form and amount acceptable to Tenant, within its sole discretion. Tenant shall furnish the Landlord with a certificate of insurance showing proof of all such insurance within a reasonable time after written demand of Landlord. Notwithstanding anything to the contrary herein, Tenant may elect to provide the coverage required herein under: (i) one or more blanket policies of insurance maintained by it and its affiliates; or (ii) a program of self-insurance with Tenant's affiliates or obtain its insurance from a captive insurance affiliate.

Landlord shall keep in force, with an insurance carrier authorized to do business in the State of Washington: (i) special form direct damage coverage upon the Building and exterior common areas at least as broad as ISO Form CP1030, with an for the full replacement value thereof; and (ii) general liability insurance with \$2,000,000 combined single limit for bodily injury and property damage per occurrence.

Landlord and Tenant on behalf of themselves and all others claiming under them, including any insurer, waive all claims against each other, including all rights of subrogation, for loss or damage to their respective property (including, but not limited to, the Premises) arising from fire, smoke damage, windstorm, hail, vandalism, theft, malicious mischief and any of the other perils normally insured against in a "special causes of loss" physical loss policy, regardless of whether insurance against those perils is in effect with respect to such party's property and regardless of the negligence of either party. If either party so requests, the other party shall obtain from its insurer a written waiver of all rights of subrogation that it may have against the other party.

14. REMEDIES IN EVENT OF DEFAULT

If any of the following events (each, an "Event of Default") shall occur: (i) Tenant fails to pay the Rent or any other sums payable by Tenant under this Lease, and the failure continues for a period of ten (10) days after written notice from Landlord, (ii) Tenant fails to perform any other obligation under this Lease to be performed by Tenant and the failure continues for thirty (30) days after written notice from Landlord, or for a reasonable period of time if thirty (30) days is not sufficient time to repair, remedy or correct the obligation breached, or (iii) Tenant becomes bankrupt or insolvent or files or has filed against it a petition in bankruptcy or for reorganization or arrangement or other relief under the National Bankruptcy Act or makes an assignment for the benefit of creditors; then in any such event, Landlord may re-enter the Premises, with or without terminating this Lease. Tenant's obligation to pay the Rent shall survive any termination of this Lease due to the Event of Default, provided, however, that Landlord shall use reasonable efforts to mitigate damages by reletting the Premises. If Landlord at any time terminates this Lease for any Event of Default, then, Landlord shall be entitled to recover from Tenant damages as may be permitted under applicable law. Landlord may elect to keep this Lease in effect and recover monthly from Tenant an amount equal to the Base Rent and other charges due Landlord less the amount, if any, of any rentals which Landlord may receive by reletting the Premises. If Tenant shall fail to make any payment or perform any act required to be made or performed under this Lease after written notice from Landlord, then Landlord, without waiving or releasing any obligation or default, may (but shall be under no obligation to), at any time, and upon reasonable notice to Tenant, make the payment or perform the act for the account of and at the expense of Tenant, and may enter upon the Premises for that purpose and take all actions as may be necessary to correct Tenant's breach. No such entry shall be deemed an eviction of Tenant. All reasonable sums so paid by Landlord and all costs and expenses so incurred shall constitute additional rent and shall be paid by Tenant to Landlord.

Landlord shall not be deemed in default under this Lease, nor shall Tenant be entitled to claim a constructive eviction, unless Landlord fails to fulfill any of its obligations after thirty (30) days' notice from Tenant specifying the failure; or, if the failure is of such a nature that it cannot reasonably be cured within such thirty (30) day period, Landlord fails to cure the same within a reasonable time. In the event of default by Landlord beyond the applicable cure period, then Tenant, without waiving or releasing any obligation or default, may (but shall be under no obligation to), at any time, and upon reasonable notice to Landlord, make the payment or perform the act for the account of and at the expense of Landlord and take all actions as may be necessary to correct Landlord's breach. Tenant may offset the amount of all reasonable sums so paid by Tenant and all costs and expenses against Base Rent due to Landlord.

15. ASSIGNMENT AND SUBLETTING

Tenant shall not, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed, assign this Lease or any interest hereunder, or sublet the Premises or any part thereof.

16. SUBORDINATION AND ATTORNMENT

This Lease shall be subject to and subordinate to the lien of any mortgage, deed of trust or other security instrument (a "Mortgage") against all or a part of the real property upon which the Premises is located, and to all Mortgage renewals and modifications; provided, however, that the holder of such Mortgage (the "Mortgagee") shall furnish to Tenant a Subordination, Non-Disturbance and Attornment Agreement (an "SNDA") in form reasonably acceptable to Tenant stating that, in the event the Mortgage is foreclosed or such Mortgagee otherwise succeeds to the interest of Landlord hereunder, such Mortgagee shall honor this Lease and not disturb Tenant's possession except upon an Event of Default beyond any applicable cure period. Tenant shall, if requested by Landlord, execute such SNDA, at no cost to Tenant, within twenty (20) days after the same is presented to Tenant. If requested by Tenant, Landlord shall provide to Tenant, within thirty (30) days after the Effective Date, an SNDA reasonably acceptable to Tenant in connection with any Mortgage existing as of the date hereof.

17. TENANT'S CERTIFICATE

Tenant, within twenty (20) days following written request made by Landlord, shall execute a certificate evidencing whether or not: (a) this Lease is in full force and effect; (b) this Lease has been amended in any way; (c) there are any existing defaults hereunder to the knowledge of Tenant and specifying the nature of such defaults if any; (d) the amount of Base Rent and the date to which Base Rent has been paid; and (e) improvements to the Premises or allowances for such improvements required of Landlord have been made or paid and accepted by Tenant. Each certificate delivered pursuant to this Section may be relied on by any prospective purchaser or transferee or the holder or prospective holder of any Mortgage.

18. TITLE: QUIET ENJOYMENT

Landlord covenants that it has good and sufficient right to enter into this Lease and that Landlord alone has the right to lease the Premises. So long as the Tenant observes and performs the covenants contained herein, it shall at all times peacefully and quietly have and enjoy possession of the Premises.

19. NOTICES

All notices to be given hereunder by either party shall be in writing and may be sent by reputable overnight delivery service or by United States Certified Mail, postage prepaid, addressed as follows:

To Landlord:

406 Blake Lake Road SW, Suite A
Olympia, WA 98502
Attn: Marshall McCabe III MD

To Tenant:

406 Blake Lake Road SW, Suite A
Olympia, WA 98502
Attn: Marshall McCabe III MD

or to such other address as the other party may have furnished the other. Any notice shall be deemed given upon the date of its receipt or the date the recipient refuses acceptance of such notice as confirmed by return receipt.

20. TENANT'S PROPERTY: WAIVER OF LANDLORD'S LIEN: SURRENDER

All trade fixtures, furnishings, equipment and other personal property owned by Tenant (the "Tenant's Property") placed or maintained on the Premises shall be at Tenant's sole risk, and Landlord shall not be liable for any loss or damage to such property unless caused by the negligence or intentional act of Landlord, its agents, employees or contractors. Landlord hereby expressly waives any liens (statutory, contractual or otherwise) that it may acquire in any of Tenant's Property. Prior to the expiration of the Term or earlier termination thereof pursuant to the terms of this Lease, Tenant shall remove Tenant's Property and shall surrender the Premises in substantially as good a state and condition as of the Commencement Date, reasonable wear, tear and casualty excepted.

21. SIGNS

Any and all signs placed on the Premises by Tenant shall be maintained in compliance with all applicable governmental laws and regulations, and Tenant shall be responsible to Landlord for any material damage caused by installation, use or maintenance of its signs.

22. BROKERS

Landlord and Tenant agree that no brokerage commissions or similar compensation is due in connection with this transaction. Each party agrees to indemnify the other against all claims for brokerage commissions or other compensation for services rendered at its instance in connection with this transaction.

23. NON-WAIVER

No waiver of any condition or covenant of this Lease by either party shall be deemed to imply or constitute a further waiver of the same or any other condition or covenant.

24. ENVIRONMENTAL MATTERS

"Hazardous Materials" as such term is used in this Lease means any hazardous or toxic substance, material or waste, regulated or listed pursuant to any federal, state or local environmental law having jurisdiction over the Premises and/or the land upon which the Premises is located on, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act and the Occupational Safety and Health Act ("Applicable Environmental Laws").

"Medical Waste," as such term is used in this Lease, means all of the following: (i) pathological waste, (ii) blood, (iii) sharps, (iv) wastes from surgery or autopsy, (v) dialysis waste, including contaminated disposable equipment and supplies, (vi) cultures and stocks of infectious agents and associated biological agents, (vii) contaminated animals, (viii) isolation wastes, (ix) contaminated equipment, (x) laboratory waste, (xi) various other biological waste and discarded materials contaminated with or exposed to blood, excretions, secretions or tissue from human beings or animals, or (xii) any other substances or materials of a similar nature regulated under any federal, state or local law regulating such substances or materials.

Tenant shall at all times comply with all federal, state and local laws, ordinances, regulations and orders applicable to the Premises or the use thereof relating to industrial hygiene, the handling, storage and disposal of Medical Waste, environmental protection, or the use, analysis, generation, manufacture, storage, disposal or transportation of any Hazardous Material, toxic material or Medical Waste. If Tenant becomes aware of the presence of any Hazardous Materials in or on the Premises (except for those Hazardous Materials or other toxic material or Medical Waste brought, kept or used in the Premises by Tenant in commercial quantities similar to those quantities usually kept on similar premises by others in the same business, profession or medical specialty and which are used and kept in compliance with applicable public health, safety and environmental laws) or if the Premises become subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise cleanup the Premises due to Tenant's breach of its obligations under this Section, Tenant shall, at its own cost and expense, carry out and complete any repair, closure, detoxification, decontamination or other cleanup of the Premises.

Tenant shall indemnify, save harmless and defend Landlord from and against any and all claims, actions, administrative proceedings, judgments, damages, and costs incurred by, sought from or asserted directly or indirectly against Landlord during the Term as a result of: (i) the presence or release of any Hazardous Materials on, in, under, about or from the Premises, which Hazardous Materials were brought, kept, stored or used on, in, under or about the Premises by Tenant; (ii) any violation of Applicable Environmental Laws by Tenant; or (iii) any breach by Tenant of its obligations and/or covenants under this Section.

Landlord hereby represents and warrants that as of the Effective Date, there are no Hazardous Materials on or about the Premises in violation of Applicable Environmental Laws. Landlord shall indemnify, save harmless and defend Tenant against any and all claims, actions or damages incurred by Tenant as a result of the presence of any Hazardous Materials on or about the Premises

which are not present due to the actions of Tenant, its agents, employees or contractors.

25. REGULATORY PROVISIONS

Nothing in this Lease shall be construed to require Tenant or its affiliated health care professionals to refer patients to the Landlord or any affiliate of the Landlord or to utilize the Landlord or any affiliate of the Landlord to provide inpatient, outpatient or other services to patients or otherwise generate business for Landlord or any affiliate of the Landlord. The parties further acknowledge that Tenant and its affiliated health care professionals are not restricted from establishing staff privileges at, referring any patient to, utilizing the services of, or otherwise generating any business for any other facility of Tenant's choosing. Landlord and Tenant enter into this Lease with the intent of conducting their relationship and implementing the agreements contained herein in full compliance with applicable federal, state and local law, rules and regulations, including without limitation, the Medicare/Medicaid Anti-Kickback statute, 42 U.S.C. §1320a-7b(b) (the "Anti-Kickback Law") and 42 U.S.C. §1395nn (the "Stark Law"), as amended. The parties further intend that this Lease comply with: (i) as many as reasonably practicable of the conditions for meeting the space rental safe harbor to the Anti-Kickback Law which is set forth in 42 C.F.R. § 1001.952(b); and (ii) all of the requirements for meeting the rental of office space exception to the Stark Law, 42 U.S.C. §1395nn(e)(1) as interpreted in 42 C.F.R. 411.357(a), as such regulations may be amended. Notwithstanding any unanticipated effect of any of the provisions of this Lease, neither party will intentionally conduct itself under the terms of this Lease in a manner that would constitute a violation of such statutes and regulations, this Lease shall be construed in a manner consistent with compliance with such statutes and regulations, and the parties hereto shall take such actions necessary to construe and administer this Lease therewith. The Rent paid to Landlord hereunder has been set without reference to the volume or value of any referrals or other business generated between the parties. Consistent with the methodology established by an independent third party and the value of similar property in the community, the Rent paid to Landlord was determined to equal the fair market value of the Premises and the Rent has been negotiated by the parties through good-faith and arm's length bargaining. In the event any court or administrative agency of competent jurisdiction determines this Lease violates any of such statutes or regulations or that the Rent is not fair market value, then the parties hereto shall take such actions as necessary to amend this Lease to comply with the applicable statutes or regulations, as provided herein. Furthermore, Tenant represents that the size of the Premises does not exceed the amount of space which is reasonable and necessary for Tenant's legitimate business purposes. Notwithstanding any contrary provisions of the Lease, the parties acknowledge that Tenant is to have exclusive use and possession of the Premises while this Lease is in effect, and that the Premises may not be shared with or used by Landlord or any person or entity affiliated with Landlord.

If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either party to be in violation of such laws due to the existence of any provision of this Lease, then Landlord and Tenant agree to negotiate in good faith for a period of 30 days to modify the terms of this Lease to comply with applicable law. Should the parties hereto fail to agree upon modified terms to this Lease within this time, either Landlord or Tenant may immediately terminate this Agreement by giving written notice to the other party.

Landlord represents and warrants to Tenant that it is not an Ineligible Person. An "Ineligible

Person," as such term is used in this Lease, is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the Federal health care programs as defined in 42 USC§ 1320a-7b(f) (the "Federal Health Care Programs") or in Federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended or otherwise declared ineligible to participate in the Federal Health Care Programs. The foregoing representation shall be an ongoing representation and warranty during the term of this Lease, and Landlord shall immediately notify Tenant of any change in the status of the representation and warranty set forth in this Section, at which time Tenant will have the right to immediately terminate this Lease.

For purposes of this Section of this Lease, "protected health information", or PHI, shall have the meaning 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 ("HHS") pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996. Tenant agrees to reasonably safeguard 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 the 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 by Tenant or its agents 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.

Landlord represents that the following physicians are all of the physician members of Landlord:

26. HEADINGS, CERTAIN DEFINITIONS AND MISCELLANEOUS

The headings used in this Lease are inserted for convenience and are not to be considered in the construction of the provisions of this Lease. The transfer of Landlord's interest in the real property shall not affect the terms of this Lease. All exhibits referred to herein are attached hereto and made a part hereof. This Lease and the exhibits hereto contain the entire agreement of the parties in respect to the Premises, and all prior understandings and agreements are hereby superseded. This Lease cannot be amended unless the amendment is in writing and executed by the party against whom the enforcement of the amendment is sought. This Lease shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of Landlord and Tenant. This Lease shall be governed by the laws of the state where the Premises is located. If any provision of this Lease or its application to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of that provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

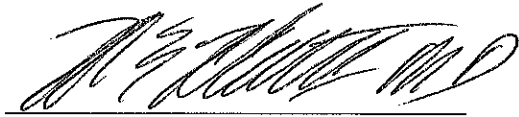
27. COUNTERPARTS

This Lease may be signed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same document.

IN WITNESS WHEREOF, the parties hereby have executed this Lease as of the date set forth above.

LANDLORD:

APC PROPERTIES, LLC,



Marshall McCabe III, M.D., Authorized Member

TENANT:

OLYMPIA MULTI-SPECIALTY CLINIC
AMBULATORY PROCEDURES CENTER, P.L.L.C.



Marshall McCabe III, M.D., Authorized Member

**EXHIBIT A
LEGAL DESCRIPTION**

TRACT I:

PARCEL J OF CAPITAL MEDICAL CENTER BINDING SITE PLAN
RECORDED FEBRUARY 4, 1994, UNDER RECORDING NO. 9402040215,
RECORDS OF THURSTON COUNTY AUDITOR;

TRACT II:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS OVER
AND ACROSS PARCEL T OF CAPITAL MEDICAL CENTER BINDING
SITE PLAN RECORDED FEBRUARY 4, 1994, UNDER RECORDING NO.
9402040215, AS GRANTED IN DECLARATION OF COVENANTS,
CONDITIONS RESTRICTIONS, EASEMENTS AND RESERVATION
RECORDED FEBRUARY 4,
1994 UNDER RECORDING NO. 9402040217, AS AMENDED
UNDER RECORDING NO. 9402150223 AND RECORDING NO.
9404110152.

SITUATE IN THE COUNTY OF THURSTON, STATE OF WASHINGTON.

TOGETHER WITH ALL IMPROVEMENTS LOCATED ON PARCEL J
AND ALL OTHER EASEMENTS AND LICENSES BENEFITING PARCEL
J TO THE EXTENT ASSIGNABLE BY SELLER.

EXHIBIT L
ZONING DOCUMENTATION



July 29, 2024

Pernula Planning and Design
2014 Roxburg Ct SE
Olympia WA 98513
Attention: Alona

SUBJECT: Zoning Confirmation
Permit # 24-4534
406 Black Hills Ln SW
Olympia WA 98501
Parcel Number: 38440001000

We received your zoning confirmation request for the above-referenced property. Please see the following responses to your request.

The property located at 406 Black Hills Ln SW, is within the Medical Service (MS) zoning district. The adjacent properties to the north, south, east, and west are located in the same MS zoning district. Enclosed is a zoning map of the surrounding properties for your reference.

A medical office is permitted in the MS zoning district. This property is not currently located in a Design Review District. However, this does not eliminate the possibility that it could be added to a Design Review District in the future. I have included OMC 18.100 Design Review and OMC 18.06 Commercial Districts for your reference.

A request to Code Enforcement determined there are no open or current code violations for this site.

A request to the Fire Department determined there is one code violation for the site dated 2-14-2023, the property has not been reinspected as of today's date. I have attached the violation for your reference.

If you have any questions regarding this letter, please contact me at 360.753-8474 or at rbrock@ci.olympia.wa.us.

Kind regards,
Rebecca Brock
Program Specialist
Community Planning and Development

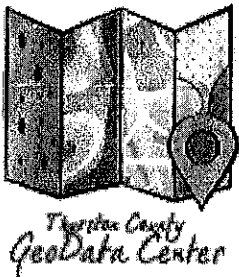
Zoning Letter 24-4534
July 29, 2024
Page 2

RB:rb

Enclosures

OMC 18.100 Design Review
OMC 18.06 Commercial Districts
ESO Fire - Inspections
Zoning Vicinity Map

alona@perniadesign.com
miked@kaufmanord.com



Data for Parcel No. 38440001000



View parcel in Online Map
[View Google Map](#) , [View Bing Map](#)
 View Assessor's Data for Parcel

! Please make sure to READ our DATA DISCLAIMER prior to utilizing our website for research.

Owner(s):
 OMC PROPERTIES LLC

Address: 406 BLACK HILLS LN SW # A
 City: OLYMPIA
 State: WA, 98502

Site Address: 406 BLACK HILLS LN SW
 Site City: OLYMPIA
 Site Zip: 98502

Section: S17182W
 Abbreviated Legal: Section 17 Township 18 Range 2W Binding Site Plan CAPITAL MEDICAL CTR - BSP AMENDED TR J Document 3380741

Usecode: 65
 Tax Code Area: 110
 Taxable: Yes
 Annual Tax: View Property Taxes for Parcel
 Property Type: MED
 Total Acres: 0.49
 Land Value: View Assessor's Data for Parcel
 Building Value: View Assessor's Data for Parcel
 Total Value: View Assessor's Data for Parcel
 Current Use: N
 Exemptions: None

Wetlands: Unknown
 Flood Zone: OUT
 Flood of 1999: Unknown
 Winter Flooding of 1996: Unknown
 High Groundwater Flood Hazards: High Groundwater Review Area

Zoning:	MS, Medical Service
Commissioner District:	Tye Menser - District 3
Historic Site:	No
Permitting Jurisdiction:	OLYMPIA
Jurisdiction of Influence:	Same as Permitting Jurisdiction
No Shooting Zone:	No
Animal Control:	Contact Animal Services (360-352-2510).
Weed Containment Zone:	No
Landslide Hazard Review Area - Slope A:	Unknown
Landslide Hazard Review Area - Slope B:	Unknown
Landslide Hazard Review Area - Slope C, D, E:	Not mapped by GeoData
Ground Water Sensitive Areas:	No
DNR Natural Heritage Data:	Unknown
Prairie Indicator Soils:	Unknown
Map Name:	Unknown

EXHIBIT M
LETTER OF FINANCIAL COMMITMENT



RE: Letter of Financial Commitment

We, Members of the Governing Board of Olympia Multi-specialty Clinic Ambulatory Procedure Center, PLLC, have full financial commitment to finance the relocation of our Ambulatory Procedure Center to 406-A Black Hills Ln SW, Olympia, WA 98502 through Heritage Bank.

Marshall E. McCabe III, M.D.

Marshall E. McCabe IV, D.O.

Darien Heap M.D.

John Kuczynski, M.D.

Michelle Thompson, D.O.

CARDIOLOGY

(360) 754-1737
FAX (360) 704-3408
James Gregg Julin, M.D.
Adam K. Dunn, M.D.
Roger S. Chan, M.D.
Randall Harada, M.D.
Matthew S. Berger, D.O.

BUSINESS OFFICE

(360) 704-3450
FAX (360) 754-1783

GASTROENTEROLOGY

(360) 754-1735
FAX (360) 704-3404
Marshall E. McCabe III, M.D.
Marshall E. McCabe IV, D.O.
Darien Heap, M.D.
John R. Kuczynski, M.D.
Michelle Thompson, D.O.
Keaton R. Jones, M.D.
Melissa Anderson, R.D.N., C.D.

**AMBULATORY
PROCEDURE CENTER**

(360) 754-0287
FAX (360) 754-0298

SLEEP & NEUROLOGY

(360) 236-1451
FAX (360) 236-1450
Chike M. Linton, M.D.

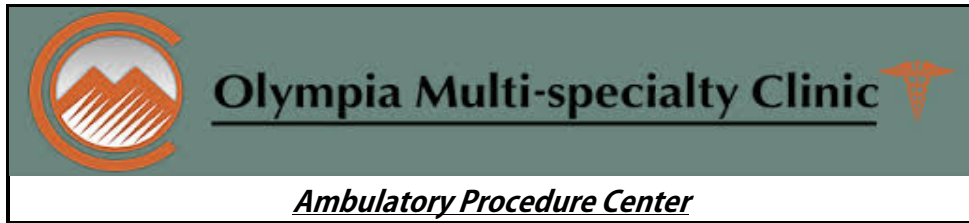
SLEEP CENTER

3920 Capitol Mall Dr. SW Suite 302
Olympia, WA 98502
(360) 236-1451

EXHIBIT N
NON-BINDING CONTRACTOR'S ESTIMATE



June 17, 2024



BUDGET PROPOSAL

CLARIFICATIONS AND ASSUMPTIONS

**406 BLACK HILLS LANE SW
OLYMPIA, WA 98502**

Approximate Square Footage: 8,373

This proposal is based on the Olympia Multi-Specialty Clinic APC plans dated May 23, 2024, by Pernula Planning + Design with our clarifications and assumptions as stated below. Our proposal assumes work during normal business hours unless specifically noted within scope. Due to the market volatility, prices are hard to predict more than 30 days out. Our proposal is subject to review related to labor and material price escalations.

We look forward to working through the final design and construction with you and your team in order to provide a facility that suits all of your needs while maintaining the budget at hand.

**CSI
Division**

1	GENERAL CONDITIONS	\$ 190,581.77
	Mobilization and demobilization. Project management. Project supervision. Project foreman. OSHA/ Project safety. Project quality control. Temporary utilities/ temp. power. Temp facilities and controls. Project clean up. As-built drawings. Liability and umbrella insurance. B&O Tax. Company vehicles and equipment. Administrative project costs.	
2	SITework	\$ 206,723.96
	Demolition: Demolish and remove walls, ceilings, concrete, mechanical, and electrical as required. <div style="border: 1px solid black; padding: 2px; text-align: center;"><i>Concrete saw cutting to be done after hours due to the amount of noise it will create.</i></div>	
	Building Earthwork Trenching for plumbing and electrical. Footing excavation and backfill.	
3	CONCRETE	\$ 129,632.83
	Building Concrete Pourback at all trenching. Budget for concrete footings at light boom structure and new bearing wall columns. Generator pad concrete.	
5	METALS	\$ 80,129.61
	Structural Steel/ Misc. Steel Budget for structural steel columns at OR light boom structure and bearing wall revisions.	
6	WOODS AND PLASTICS	\$ 266,644.13
	Rough Carpentry Furnish and install miscellaneous backing and blocking per plan.	

Furnish and install wood framing at existing walls and ceilings where required (new doors/ mechanical platform/ truss revisions).

Finish Carpentry

Finish carpentry per IWP proposal attached, dated 6/7/24 (includes lockers).

7	THERMAL AND MOISTURE PROTECTION	\$ 31,179.66
	Insulation Furnish and install insulation at walls and hardlids.	
	Caulk and Seal Furnish and install fire caulk and seal as needed.	
	Roofing Roof penetrations as required.	
8	DOORS & WINDOWS	\$ 182,735.36
	Doors, Frames & Hardware Furnish and install doors, frames, and hardware. Budget included for push button opener at barn door into Disinfection 141.	
	Glass and Storefront No scope included.	
9	FINISHES	\$ 637,569.85
	Metal Stud Framing and Drywall Furnish and install framing and drywall, assumes a level four finish in all areas, with level five in waiting area only. Includes 20 manhours of touch up at existing walls.	
	ACT Furnish and install acoustic ceiling.	
	Flooring/ Wainscot Furnish and install flooring and wainscot.	
	Paint Paint walls, ceilings, and doors/frames as needed.	
10	SPECIALTIES	\$ 46,038.40
	Furnish and install fire extinguishers. Furnish and install restroom accessories and partitions. Furnish a final construction cleaning upon completion of the project.	
11	EQUIPMENT	\$ -
	No scope of work in this division.	
12	FURNISHINGS	\$ -
	No scope of work in this division.	
15	MECHANICAL	\$ 1,029,395.10
	Fire Protection Revise, furnish, and install fire protection per Knight Fire proposal attached, dated 6/7/24.	
	Plumbing Revise, furnish, and install plumbing per Eagle Harbor proposal attached, dated 6/14/24.	
	HVAC Revise, furnish, and install plumbing per Eagle Harbor proposal attached, dated 6/14/24.	
16	ELECTRICAL	\$ 795,835.22
	Electrical Revise, furnish, and install electrical per Capital Electric proposal attached, dated June 14, 2024.	
	Fire Alarm Furnish and install code compliant fire alarm.	

The cost to complete the contents of this proposal comes to:
\$3,596,465.87
 (Three Million Five Hundred Ninety Six Thousand Four Hundred Sixty Five and 87/100 DOLLARS), plus tax.

ALTERNATES (add to the base price if selected)
 (Fully burdened excluding WSST)

1)	<u>INCREASED EXHAUST/INTAKE:</u> Increase Exhaust/Intake Airflows above FGI/ASHRAE Standards to Doctor's request/recommendation including ducted exhaust to exam rooms and negative pressure procedure rooms (Requires increased HVAC equipment, dehumidification, Humidification, and a second DOAS unit).	Add	\$ 140,140.69
2)	<u>ADD REDUNDANCIES TO THE HVAC VRF OUTDOO UNITS:</u> (2 units that split the overall space in half with each one serving 2 procedure rooms so if a unit goes down, half of the procedure rooms are still functional).	Add	\$ 25,121.25
3)	<u>ADDED HVAC ZONES</u> Add 7 HVAC zones (one fo reach of the exam/office spaces).	Add	\$ 59,274.19
4)	<u>ADD FULL REDUNDANCY TO THE LAB GRADE AIR COMPRESSOR.</u>	Add	\$ 52,515.38
5)	<u>ADD HIGHER END PLUMBING FIXTURES.</u>	Add	\$ 8,971.88
6)	<u>ADD REDUNDANCY TO THE HOT WATER HEATER.</u>	Add	\$ 14,414.81

EXCLUSIONS:

- Anything not listed above.
- Washington State Sales Tax
- Acoustical engineering.
- Temporary power.
- Permits, plan check, later comments, impact or other fees.
- Special inspections.
- Low voltage wiring not listed above.
- Nurse call system.
- Security.
- Phone/data cabling.
- Emergency Radio System (to be determined by testing upon project completion).
- Furniture.
- Municipality fees or meters.
- Specialized equipment.
- Appliances.
- Air barrier testing.
- Civil engineering/soils report.
- Special inspections.
- Bonds of any kind.

Proposal Submitted By:

Mike Drennon
 C:360.791.1301

miked@kaufmancd.com



7908 SWEET IRON CT SE, TUMWATER, WA 98501

"Please don't hesitate to call with any questions!"

EXHIBIT O
EQUIPMENT LIST

Fixed Equipment

Low Voltage	26,000
Nurse Call	25,000
Pass Thru	30,000
Signage	5,700

Moveable Equipment

Furniture	15,000
Steris	434,074
Mobile Medical Equipment	50,000
Televisions patients rooms	3,000
Curtains	18,000
Staff misc furniture	4,800
Booms	200,000
Artwork	6,100
Appliances	2,500

EXHIBIT P
LOAN DOCUMENTS AND REPAYMENT SCHEDULES



March 27, 2024

Olympia Multi-Specialty Clinic
Ambulatory Procedures Center PLLC
406A Black Hills Lane SW
Olympia, WA 98502

Dear Dr. Marshall E. McCabe III,

Heritage Bank is prepared to fund a loan for new surgery center.

Borrower[s]:	Ambulatory Procedures Center PLLC / Ambulatory Procedure Properties
Guarantor[s]:	Unlimited guaranty of owners of 20% or more of operating company.
Credit Facility:	Real Estate Term Loan in the amount of the lessor of \$4,594,400 or 80% of the As-Complete appraised Fair Market Value of the subject property.
Purpose:	The proceeds of the Credit Facility shall be used for permanent financing of a real property commonly known as Olympia Multi-Specialty Clinic Ambulatory Procedures Center.
Interest Rate:	Rate shall be set at closing. The indicative rate today is 6.25% fixed for 5 years. Thereafter the interest rate on this Note is subject to change from time to time based on changes in the independent index which is the 5 Year FHLB Rate plus 2.00%. (Federal Home Loan Bank of Des Moines (FHLB))
Interest Calculation:	All calculations of interest and fees shall be made on the basis of a 365/360 day year.
Term:	Loan Maturity 10 years
Amortization:	Loan Amortization 25 years
Loan Fee:	Borrower agrees to pay a loan fee of 0.5% of the loan amount.
Repayment:	The Credit Facility shall be repaid monthly installments of Principal and Interest.
Collateral:	A first Deed of Trust and Assignment of Rents on real property commonly known as Olympia Multi-Specialty Clinic Ambulatory Procedures Center located in Thurston County, Washington.

Required Deposits

It shall be a condition of the Credit Facility that Borrower maintains Heritage Bank as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts.

Financial Covenants:

The following covenants will be measured on an annual basis.

- **Debt Service Coverage Ratio.** Maintain on a consolidated basis a Debt Service Coverage Ratio of at least 1.0:1.0.

Reporting Requirements:

Financial Information from Borrower and all related entities. Borrower to provide financial information and statements in form and content acceptable to Heritage Bank.

- Annual Federal Tax Return
- Annual Rent Roll
- Copies of Leases

Financial Information from Guarantor. Guarantor to provide financial information and statements in form and content acceptable to Heritage Bank. indicated below:

- Annual Federal Tax Return
- Annual Personal Financial Statement

Conditions Precedent:

- Heritage Bank must order, review and accept an appraisal on the subject property, which must support a Loan-To-Value (LTV) not to exceed 80% of the As-Complete value. The property must support a minimum Debt Service Coverage Ratio of 1.0:1.0 using the applicable Net Operating Income (NOI), and the Bank's current underwriting rate.
- Heritage Bank review and acceptance of environmental reports on the subject property which must show no environmental concerns.
- Flood insurance is required if the improvements are located in a special flood hazard area.
- Prior to closing, Borrower shall provide Bank with a certificate of insurance in an amount not less than 100% of the full replacement cost of improvements, naming Heritage Bank as Mortgagee/Loss Payee.
- Heritage Bank requires liability protection on all commercial real estate loans as follows:

Loan Amount	Single Limit	Aggregate Limit
Up to \$5 Million	\$500,000	\$1,000,000
Above \$5 Million	\$1,000,000	\$2,000,000

- Secondary financing will not be permitted without Lender's prior written consent during the term of the loan, with the exception of Bank originated.
- Additional information may be required.
- Credit Approval.



Heritage
BANK

Expenses:

Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Credit Facility, including, without limitation, Heritage Bank's attorneys' fees (including the allocated cost of internal counsel), whether or not the Credit Facility is closed.

I appreciate the opportunity to present you with this financing proposal. If you find this proposal acceptable, please sign the acknowledgement below and return it to me by June 15, 2024. Please call me if you have questions or need additional information.

Sincerely,

Heritage Bank

Ben Howeller
SVP Business Banking
360-570-7363

Accepted by:

Authorized Signer

Date

Loan Amortization Schedule - Estimate

Ambulatory Procedures Center PLLC / Ambulatory Procedure Properties
 This document has been prepared based on the data provided in the Heritage Bank financing proposal dated 3/27/2024.

Enter values	
Loan amount	\$ 4,594,400.00 **
Interest Rate	6.25% **
Interest Calculation Method	365/360
Effective Interest Rate	6.337% **
Loan period in years	25 **
Number of payments per year	12
Start date of loan	2/1/2025 **
Optional extra payments	

Loan summary	
Scheduled payment	\$ 30,554.84
Scheduled number of payments	300
Actual number of payments	300

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	3/1/2025	\$ 4,594,400.00	\$ 30,554.84	\$ -	\$ 30,554.84	\$ 6,293.33	\$ 24,261.52	\$ 4,588,106.67
2	4/1/2025	4,588,106.67	30,554.84	-	30,554.84	6,326.56	24,228.28	4,581,780.11
3	5/1/2025	4,581,780.11	30,554.84	-	30,554.84	6,359.97	24,194.87	4,575,420.14
4	6/1/2025	4,575,420.14	30,554.84	-	30,554.84	6,393.55	24,161.29	4,569,026.59
5	7/1/2025	4,569,026.59	30,554.84	-	30,554.84	6,427.32	24,127.53	4,562,599.27
6	8/1/2025	4,562,599.27	30,554.84	-	30,554.84	6,461.26	24,093.59	4,556,138.01
7	9/1/2025	4,556,138.01	30,554.84	-	30,554.84	6,495.38	24,059.47	4,549,642.64
8	10/1/2025	4,549,642.64	30,554.84	-	30,554.84	6,529.68	24,025.17	4,543,112.96
9	11/1/2025	4,543,112.96	30,554.84	-	30,554.84	6,564.16	23,990.69	4,536,548.80
10	12/1/2025	4,536,548.80	30,554.84	-	30,554.84	6,598.82	23,956.02	4,529,949.98
11	1/1/2026	4,529,949.98	30,554.84	-	30,554.84	6,633.67	23,921.18	4,523,316.31
12	2/1/2026	4,523,316.31	30,554.84	-	30,554.84	6,668.70	23,886.15	4,516,647.62
13	3/1/2026	4,516,647.62	30,554.84	-	30,554.84	6,703.91	23,850.93	4,509,943.70
14	4/1/2026	4,509,943.70	30,554.84	-	30,554.84	6,739.31	23,815.53	4,503,204.39
15	5/1/2026	4,503,204.39	30,554.84	-	30,554.84	6,774.90	23,779.94	4,496,429.49
16	6/1/2026	4,496,429.49	30,554.84	-	30,554.84	6,810.68	23,744.17	4,489,618.81
17	7/1/2026	4,489,618.81	30,554.84	-	30,554.84	6,846.64	23,708.20	4,482,772.17
18	8/1/2026	4,482,772.17	30,554.84	-	30,554.84	6,882.80	23,672.05	4,475,889.37
19	9/1/2026	4,475,889.37	30,554.84	-	30,554.84	6,919.14	23,635.70	4,468,970.23
20	10/1/2026	4,468,970.23	30,554.84	-	30,554.84	6,955.68	23,599.16	4,462,014.55
21	11/1/2026	4,462,014.55	30,554.84	-	30,554.84	6,992.41	23,562.43	4,455,022.13
22	12/1/2026	4,455,022.13	30,554.84	-	30,554.84	7,029.34	23,525.51	4,447,992.80
23	1/1/2027	4,447,992.80	30,554.84	-	30,554.84	7,066.46	23,488.39	4,440,926.34
24	2/1/2027	4,440,926.34	30,554.84	-	30,554.84	7,103.77	23,451.07	4,433,822.57
25	3/1/2027	4,433,822.57	30,554.84	-	30,554.84	7,141.28	23,413.56	4,426,681.28
26	4/1/2027	4,426,681.28	30,554.84	-	30,554.84	7,179.00	23,375.85	4,419,502.29
27	5/1/2027	4,419,502.29	30,554.84	-	30,554.84	7,216.91	23,337.94	4,412,285.38
28	6/1/2027	4,412,285.38	30,554.84	-	30,554.84	7,255.02	23,299.83	4,405,030.37
29	7/1/2027	4,405,030.37	30,554.84	-	30,554.84	7,293.33	23,261.52	4,397,737.04
30	8/1/2027	4,397,737.04	30,554.84	-	30,554.84	7,331.84	23,223.00	4,390,405.20
31	9/1/2027	4,390,405.20	30,554.84	-	30,554.84	7,370.56	23,184.29	4,383,034.64
32	10/1/2027	4,383,034.64	30,554.84	-	30,554.84	7,409.48	23,145.37	4,375,625.17
33	11/1/2027	4,375,625.17	30,554.84	-	30,554.84	7,448.61	23,106.24	4,368,176.56
34	12/1/2027	4,368,176.56	30,554.84	-	30,554.84	7,487.94	23,066.90	4,360,688.62
35	1/1/2028	4,360,688.62	30,554.84	-	30,554.84	7,527.48	23,027.36	4,353,161.14
36	2/1/2028	4,353,161.14	30,554.84	-	30,554.84	7,567.23	22,987.61	4,345,593.91
37	3/1/2028	4,345,593.91	30,554.84	-	30,554.84	7,607.19	22,947.65	4,337,986.72
38	4/1/2028	4,337,986.72	30,554.84	-	30,554.84	7,647.36	22,907.48	4,330,339.36
39	5/1/2028	4,330,339.36	30,554.84	-	30,554.84	7,687.75	22,867.10	4,322,651.61
40	6/1/2028	4,322,651.61	30,554.84	-	30,554.84	7,728.34	22,826.50	4,314,923.27
41	7/1/2028	4,314,923.27	30,554.84	-	30,554.84	7,769.15	22,785.69	4,307,154.12
42	8/1/2028	4,307,154.12	30,554.84	-	30,554.84	7,810.18	22,744.67	4,299,343.94
43	9/1/2028	4,299,343.94	30,554.84	-	30,554.84	7,851.42	22,703.42	4,291,492.51
44	10/1/2028	4,291,492.51	30,554.84	-	30,554.84	7,892.88	22,661.96	4,283,599.63
45	11/1/2028	4,283,599.63	30,554.84	-	30,554.84	7,934.56	22,620.28	4,275,665.07
46	12/1/2028	4,275,665.07	30,554.84	-	30,554.84	7,976.46	22,578.38	4,267,688.61
47	1/1/2029	4,267,688.61	30,554.84	-	30,554.84	8,018.58	22,536.26	4,259,670.02
48	2/1/2029	4,259,670.02	30,554.84	-	30,554.84	8,060.93	22,493.92	4,251,609.10
49	3/1/2029	4,251,609.10	30,554.84	-	30,554.84	8,103.49	22,451.35	4,243,505.60
50	4/1/2029	4,243,505.60	30,554.84	-	30,554.84	8,146.29	22,408.56	4,235,359.32
51	5/1/2029	4,235,359.32	30,554.84	-	30,554.84	8,189.30	22,365.54	4,227,170.01
52	6/1/2029	4,227,170.01	30,554.84	-	30,554.84	8,232.55	22,322.30	4,218,937.46
53	7/1/2029	4,218,937.46	30,554.84	-	30,554.84	8,276.02	22,278.82	4,210,661.44
54	8/1/2029	4,210,661.44	30,554.84	-	30,554.84	8,319.73	22,235.12	4,202,341.72
55	9/1/2029	4,202,341.72	30,554.84	-	30,554.84	8,363.66	22,191.19	4,193,978.06
56	10/1/2029	4,193,978.06	30,554.84	-	30,554.84	8,407.82	22,147.02	4,185,570.23
57	11/1/2029	4,185,570.23	30,554.84	-	30,554.84	8,452.22	22,102.62	4,177,118.01
58	12/1/2029	4,177,118.01	30,554.84	-	30,554.84	8,496.86	22,057.99	4,168,621.15
59	1/1/2030	4,168,621.15	30,554.84	-	30,554.84	8,541.73	22,013.12	4,160,079.43
60	2/1/2030	4,160,079.43	30,554.84	-	30,554.84	8,586.83	21,968.01	4,151,492.60
61	3/1/2030	4,151,492.60	30,554.84	-	30,554.84	8,632.18	21,922.67	4,142,860.42

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
62	4/1/2030	4,142,860.42	30,554.84	-	30,554.84	8,677.76	21,877.08	4,134,182.66
63	5/1/2030	4,134,182.66	30,554.84	-	30,554.84	8,723.58	21,831.26	4,125,459.08
64	6/1/2030	4,125,459.08	30,554.84	-	30,554.84	8,769.65	21,785.19	4,116,689.42
65	7/1/2030	4,116,689.42	30,554.84	-	30,554.84	8,815.96	21,738.88	4,107,873.46
66	8/1/2030	4,107,873.46	30,554.84	-	30,554.84	8,862.51	21,692.33	4,099,010.95
67	9/1/2030	4,099,010.95	30,554.84	-	30,554.84	8,909.31	21,645.53	4,090,101.64
68	10/1/2030	4,090,101.64	30,554.84	-	30,554.84	8,956.36	21,598.48	4,081,145.27
69	11/1/2030	4,081,145.27	30,554.84	-	30,554.84	9,003.66	21,551.19	4,072,141.62
70	12/1/2030	4,072,141.62	30,554.84	-	30,554.84	9,051.20	21,503.64	4,063,090.41
71	1/1/2031	4,063,090.41	30,554.84	-	30,554.84	9,099.00	21,455.84	4,053,991.41
72	2/1/2031	4,053,991.41	30,554.84	-	30,554.84	9,147.05	21,407.80	4,044,844.37
73	3/1/2031	4,044,844.37	30,554.84	-	30,554.84	9,195.35	21,359.49	4,035,649.02
74	4/1/2031	4,035,649.02	30,554.84	-	30,554.84	9,243.91	21,310.94	4,026,405.11
75	5/1/2031	4,026,405.11	30,554.84	-	30,554.84	9,292.72	21,262.12	4,017,112.39
76	6/1/2031	4,017,112.39	30,554.84	-	30,554.84	9,341.79	21,213.05	4,007,770.59
77	7/1/2031	4,007,770.59	30,554.84	-	30,554.84	9,391.12	21,163.72	3,998,379.47
78	8/1/2031	3,998,379.47	30,554.84	-	30,554.84	9,440.72	21,114.13	3,988,938.75
79	9/1/2031	3,988,938.75	30,554.84	-	30,554.84	9,490.57	21,064.27	3,979,448.18
80	10/1/2031	3,979,448.18	30,554.84	-	30,554.84	9,540.69	21,014.16	3,969,907.49
81	11/1/2031	3,969,907.49	30,554.84	-	30,554.84	9,591.07	20,963.78	3,960,316.43
82	12/1/2031	3,960,316.43	30,554.84	-	30,554.84	9,641.71	20,913.13	3,950,674.71
83	1/1/2032	3,950,674.71	30,554.84	-	30,554.84	9,692.63	20,862.21	3,940,982.08
84	2/1/2032	3,940,982.08	30,554.84	-	30,554.84	9,743.81	20,811.03	3,931,238.27
85	3/1/2032	3,931,238.27	30,554.84	-	30,554.84	9,795.27	20,759.58	3,921,443.00
86	4/1/2032	3,921,443.00	30,554.84	-	30,554.84	9,846.99	20,707.85	3,911,596.01
87	5/1/2032	3,911,596.01	30,554.84	-	30,554.84	9,898.99	20,655.85	3,901,697.02
88	6/1/2032	3,901,697.02	30,554.84	-	30,554.84	9,951.26	20,603.58	3,891,745.75
89	7/1/2032	3,891,745.75	30,554.84	-	30,554.84	10,003.81	20,551.03	3,881,741.94
90	8/1/2032	3,881,741.94	30,554.84	-	30,554.84	10,056.64	20,498.20	3,871,685.30
91	9/1/2032	3,871,685.30	30,554.84	-	30,554.84	10,109.75	20,445.10	3,861,575.55
92	10/1/2032	3,861,575.55	30,554.84	-	30,554.84	10,163.13	20,391.71	3,851,412.42
93	11/1/2032	3,851,412.42	30,554.84	-	30,554.84	10,216.80	20,338.04	3,841,195.62
94	12/1/2032	3,841,195.62	30,554.84	-	30,554.84	10,270.75	20,284.09	3,830,924.87
95	1/1/2033	3,830,924.87	30,554.84	-	30,554.84	10,324.99	20,229.85	3,820,599.88
96	2/1/2033	3,820,599.88	30,554.84	-	30,554.84	10,379.51	20,175.33	3,810,220.36
97	3/1/2033	3,810,220.36	30,554.84	-	30,554.84	10,434.32	20,120.52	3,799,786.04
98	4/1/2033	3,799,786.04	30,554.84	-	30,554.84	10,489.42	20,065.42	3,789,296.62
99	5/1/2033	3,789,296.62	30,554.84	-	30,554.84	10,544.81	20,010.03	3,778,751.80
100	6/1/2033	3,778,751.80	30,554.84	-	30,554.84	10,600.50	19,954.35	3,768,151.31
101	7/1/2033	3,768,151.31	30,554.84	-	30,554.84	10,656.48	19,898.37	3,757,494.83
102	8/1/2033	3,757,494.83	30,554.84	-	30,554.84	10,712.75	19,842.10	3,746,782.08
103	9/1/2033	3,746,782.08	30,554.84	-	30,554.84	10,769.32	19,785.52	3,736,012.76
104	10/1/2033	3,736,012.76	30,554.84	-	30,554.84	10,826.19	19,728.66	3,725,186.57
105	11/1/2033	3,725,186.57	30,554.84	-	30,554.84	10,883.36	19,671.49	3,714,303.22
106	12/1/2033	3,714,303.22	30,554.84	-	30,554.84	10,940.83	19,614.01	3,703,362.39
107	1/1/2034	3,703,362.39	30,554.84	-	30,554.84	10,998.60	19,556.24	3,692,363.78
108	2/1/2034	3,692,363.78	30,554.84	-	30,554.84	11,056.68	19,498.16	3,681,307.10
109	3/1/2034	3,681,307.10	30,554.84	-	30,554.84	11,115.07	19,439.77	3,670,192.03
110	4/1/2034	3,670,192.03	30,554.84	-	30,554.84	11,173.77	19,381.08	3,659,018.26
111	5/1/2034	3,659,018.26	30,554.84	-	30,554.84	11,232.77	19,322.07	3,647,785.49
112	6/1/2034	3,647,785.49	30,554.84	-	30,554.84	11,292.09	19,262.76	3,636,493.40
113	7/1/2034	3,636,493.40	30,554.84	-	30,554.84	11,351.72	19,203.13	3,625,141.68
114	8/1/2034	3,625,141.68	30,554.84	-	30,554.84	11,411.66	19,143.18	3,613,730.02
115	9/1/2034	3,613,730.02	30,554.84	-	30,554.84	11,471.92	19,082.92	3,602,258.10
116	10/1/2034	3,602,258.10	30,554.84	-	30,554.84	11,532.50	19,022.34	3,590,725.59
117	11/1/2034	3,590,725.59	30,554.84	-	30,554.84	11,593.40	18,961.44	3,579,132.19
118	12/1/2034	3,579,132.19	30,554.84	-	30,554.84	11,654.62	18,900.22	3,567,477.57
119	1/1/2035	3,567,477.57	30,554.84	-	30,554.84	11,716.17	18,838.68	3,555,761.40
120	2/1/2035	3,555,761.40	30,554.84	-	30,554.84	11,778.04	18,776.81	3,543,983.36

Term Maturity



March 27, 2024

Olympia Multi-Specialty Clinic
Ambulatory Procedures Center PLLC
406A Black Hills Lane SW
Olympia, WA 98502

Dear Dr. Marshall E. McCabe III,

Heritage Bank is prepared to fund a loan for equipment and improvements for new surgery center.

Borrower[s]: Ambulatory Procedures Center PLLC

Guarantor[s]: Unlimited guaranty of owners of 20% or more of operating company.

Credit Facility: \$1,131,230 Term Loan Facility (the "Term Loan")

Purpose: The proceeds of the Credit Facility shall be used for equipment and improvements Olympia Multi-Specialty Clinic Ambulatory Procedures Center.

Interest Rate: Rate shall be set at closing. The indicative rate today is 6.25% fixed for 5 years. Thereafter the interest rate on this Note is subject to change from time to time based on changes in the independent index which is the 5 Year FHLB Rate plus 2.00%. (Federal Home Loan Bank of Des Moines (FHLB))

Interest Calculation: All calculations of interest and fees shall be made on the basis of a 365/360 day year.

Term: Loan Maturity 10 years

Amortization: Loan Amortization 10 years

Loan Fee: Borrower agrees to pay a loan fee of 0.5% of the loan amount.

Repayment: The Credit Facility shall be repaid monthly installments of Principal and Interest.

Collateral: Heritage Bank shall receive a first priority perfected security interest in the following collateral:

ACCOUNT RECEIVABLE, INVENTORY, EQUIPMENT & FIXTURES All Borrower's [and its subsidiaries'] account receivable, inventory, equipment & fixtures whether now owned or hereafter acquired.



Required Deposits

It shall be a condition of the Credit Facility that Borrower maintains Heritage Bank as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts.

Financial Covenants:

The following covenants will be measured on an annual basis.

- **Debt Service Coverage Ratio.** Maintain on a consolidated basis a Debt Service Coverage Ratio of at least 1.0:1.0.

Reporting Requirements:

Financial Information from Borrower and all related entities. Borrower to provide financial information and statements in form and content acceptable to Heritage Bank.

- Annual Federal Tax Return

Financial Information from Guarantor. Guarantor to provide financial information and statements in form and content acceptable to Heritage Bank, indicated below:

- Annual Federal Tax Return
- Annual Personal Financial Statement

Expenses:

Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Credit Facility, including, without limitation, Heritage Bank's attorneys' fees (including the allocated cost of internal counsel), whether or not the Credit Facility is closed.

I appreciate the opportunity to present you with this financing proposal. If you find this proposal acceptable, please sign the acknowledgement below and return it to me by June 15, 2024. Please call me if you have questions or need additional information.

Sincerely,

Heritage Bank


Ben Howeller
SVP Business Banking
360-570-7363



Heritage
BANK

Accepted by:

Authorized Signer

Date

Loan Amortization Schedule - Estimate

Ambulatory Procedures Center PLLC

This document has been prepared based on the data provided in the Heritage Bank financing proposal dated 3/27/2024.

Enter values	
Loan amount	\$ 1,131,230.00 **
Interest Rate	6.25% **
Interest Calculation Method	365/360
Effective Interest Rate	6.337%
Loan period in years	10 **
Number of payments per year	12
Start date of loan	2/1/2025 **
Optional extra payments	

Loan summary	
Scheduled payment	\$ 12,751.16
Scheduled number of payments	120
Actual number of payments	120

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	3/1/2025	\$ 1,131,230.00	\$ 12,751.16	\$ -	\$ 12,751.16	\$ 6,777.50	\$ 5,973.65	\$1,124,452.50
2	4/1/2025	1,124,452.50	12,751.16	-	12,751.16	6,813.29	5,937.86	1,117,639.21
3	5/1/2025	1,117,639.21	12,751.16	-	12,751.16	6,849.27	5,901.89	1,110,789.93
4	6/1/2025	1,110,789.93	12,751.16	-	12,751.16	6,885.44	5,865.72	1,103,904.49
5	7/1/2025	1,103,904.49	12,751.16	-	12,751.16	6,921.80	5,829.36	1,096,982.70
6	8/1/2025	1,096,982.70	12,751.16	-	12,751.16	6,958.35	5,792.81	1,090,024.34
7	9/1/2025	1,090,024.34	12,751.16	-	12,751.16	6,995.10	5,756.06	1,083,029.25
8	10/1/2025	1,083,029.25	12,751.16	-	12,751.16	7,032.03	5,719.12	1,075,997.21
9	11/1/2025	1,075,997.21	12,751.16	-	12,751.16	7,069.17	5,681.99	1,068,928.05
10	12/1/2025	1,068,928.05	12,751.16	-	12,751.16	7,106.50	5,644.66	1,061,821.55
11	1/1/2026	1,061,821.55	12,751.16	-	12,751.16	7,144.03	5,607.13	1,054,677.52
12	2/1/2026	1,054,677.52	12,751.16	-	12,751.16	7,181.75	5,569.41	1,047,495.77
13	3/1/2026	1,047,495.77	12,751.16	-	12,751.16	7,219.68	5,531.48	1,040,276.09
14	4/1/2026	1,040,276.09	12,751.16	-	12,751.16	7,257.80	5,493.36	1,033,018.29
15	5/1/2026	1,033,018.29	12,751.16	-	12,751.16	7,296.13	5,455.03	1,025,722.17
16	6/1/2026	1,025,722.17	12,751.16	-	12,751.16	7,334.65	5,416.50	1,018,387.51
17	7/1/2026	1,018,387.51	12,751.16	-	12,751.16	7,373.39	5,377.77	1,011,014.13
18	8/1/2026	1,011,014.13	12,751.16	-	12,751.16	7,412.32	5,338.83	1,003,601.80
19	9/1/2026	1,003,601.80	12,751.16	-	12,751.16	7,451.46	5,299.69	996,150.34
20	10/1/2026	996,150.34	12,751.16	-	12,751.16	7,490.81	5,260.34	988,659.53
21	11/1/2026	988,659.53	12,751.16	-	12,751.16	7,530.37	5,220.79	981,129.16
22	12/1/2026	981,129.16	12,751.16	-	12,751.16	7,570.14	5,181.02	973,559.02
23	1/1/2027	973,559.02	12,751.16	-	12,751.16	7,610.11	5,141.05	965,948.91
24	2/1/2027	965,948.91	12,751.16	-	12,751.16	7,650.30	5,100.86	958,298.61
25	3/1/2027	958,298.61	12,751.16	-	12,751.16	7,690.70	5,060.46	950,607.92
26	4/1/2027	950,607.92	12,751.16	-	12,751.16	7,731.31	5,019.85	942,876.61
27	5/1/2027	942,876.61	12,751.16	-	12,751.16	7,772.13	4,979.02	935,104.47
28	6/1/2027	935,104.47	12,751.16	-	12,751.16	7,813.18	4,937.98	927,291.30
29	7/1/2027	927,291.30	12,751.16	-	12,751.16	7,854.44	4,896.72	919,436.86
30	8/1/2027	919,436.86	12,751.16	-	12,751.16	7,895.91	4,855.24	911,540.95
31	9/1/2027	911,540.95	12,751.16	-	12,751.16	7,937.61	4,813.55	903,603.34
32	10/1/2027	903,603.34	12,751.16	-	12,751.16	7,979.52	4,771.63	895,623.82
33	11/1/2027	895,623.82	12,751.16	-	12,751.16	8,021.66	4,729.49	887,602.15
34	12/1/2027	887,602.15	12,751.16	-	12,751.16	8,064.02	4,687.14	879,538.13
35	1/1/2028	879,538.13	12,751.16	-	12,751.16	8,106.60	4,644.55	871,431.53
36	2/1/2028	871,431.53	12,751.16	-	12,751.16	8,149.41	4,601.74	863,282.12
37	3/1/2028	863,282.12	12,751.16	-	12,751.16	8,192.45	4,558.71	855,089.67
38	4/1/2028	855,089.67	12,751.16	-	12,751.16	8,235.71	4,515.45	846,853.96
39	5/1/2028	846,853.96	12,751.16	-	12,751.16	8,279.20	4,471.96	838,574.76
40	6/1/2028	838,574.76	12,751.16	-	12,751.16	8,322.92	4,428.24	830,251.84
41	7/1/2028	830,251.84	12,751.16	-	12,751.16	8,366.87	4,384.29	821,884.97
42	8/1/2028	821,884.97	12,751.16	-	12,751.16	8,411.05	4,340.10	813,473.92
43	9/1/2028	813,473.92	12,751.16	-	12,751.16	8,455.47	4,295.69	805,018.45
44	10/1/2028	805,018.45	12,751.16	-	12,751.16	8,500.12	4,251.04	796,518.34
45	11/1/2028	796,518.34	12,751.16	-	12,751.16	8,545.00	4,206.15	787,973.33
46	12/1/2028	787,973.33	12,751.16	-	12,751.16	8,590.13	4,161.03	779,383.20
47	1/1/2029	779,383.20	12,751.16	-	12,751.16	8,635.49	4,115.67	770,747.71
48	2/1/2029	770,747.71	12,751.16	-	12,751.16	8,681.09	4,070.07	762,066.62
49	3/1/2029	762,066.62	12,751.16	-	12,751.16	8,726.93	4,024.22	753,339.69
50	4/1/2029	753,339.69	12,751.16	-	12,751.16	8,773.02	3,978.14	744,566.67
51	5/1/2029	744,566.67	12,751.16	-	12,751.16	8,819.34	3,931.81	735,747.33
52	6/1/2029	735,747.33	12,751.16	-	12,751.16	8,865.92	3,885.24	726,881.41

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
53	7/1/2029	726,881.41	12,751.16	-	12,751.16	8,912.73	3,838.42	717,968.68
54	8/1/2029	717,968.68	12,751.16	-	12,751.16	8,959.80	3,791.36	709,008.88
55	9/1/2029	709,008.88	12,751.16	-	12,751.16	9,007.11	3,744.04	700,001.77
56	10/1/2029	700,001.77	12,751.16	-	12,751.16	9,054.68	3,696.48	690,947.09
57	11/1/2029	690,947.09	12,751.16	-	12,751.16	9,102.49	3,648.66	681,844.60
58	12/1/2029	681,844.60	12,751.16	-	12,751.16	9,150.56	3,600.60	672,694.04
59	1/1/2030	672,694.04	12,751.16	-	12,751.16	9,198.88	3,552.28	663,495.16
60	2/1/2030	663,495.16	12,751.16	-	12,751.16	9,247.46	3,503.70	654,247.70
61	3/1/2030	654,247.70	12,751.16	-	12,751.16	9,296.29	3,454.87	644,951.41
62	4/1/2030	644,951.41	12,751.16	-	12,751.16	9,345.38	3,405.78	635,606.03
63	5/1/2030	635,606.03	12,751.16	-	12,751.16	9,394.73	3,356.43	626,211.30
64	6/1/2030	626,211.30	12,751.16	-	12,751.16	9,444.34	3,306.82	616,766.96
65	7/1/2030	616,766.96	12,751.16	-	12,751.16	9,494.21	3,256.94	607,272.75
66	8/1/2030	607,272.75	12,751.16	-	12,751.16	9,544.35	3,206.81	597,728.40
67	9/1/2030	597,728.40	12,751.16	-	12,751.16	9,594.75	3,156.41	588,133.65
68	10/1/2030	588,133.65	12,751.16	-	12,751.16	9,645.42	3,105.74	578,488.24
69	11/1/2030	578,488.24	12,751.16	-	12,751.16	9,696.35	3,054.81	568,791.89
70	12/1/2030	568,791.89	12,751.16	-	12,751.16	9,747.55	3,003.60	559,044.33
71	1/1/2031	559,044.33	12,751.16	-	12,751.16	9,799.03	2,952.13	549,245.31
72	2/1/2031	549,245.31	12,751.16	-	12,751.16	9,850.77	2,900.38	539,394.53
73	3/1/2031	539,394.53	12,751.16	-	12,751.16	9,902.79	2,848.37	529,491.74
74	4/1/2031	529,491.74	12,751.16	-	12,751.16	9,955.08	2,796.07	519,536.66
75	5/1/2031	519,536.66	12,751.16	-	12,751.16	10,007.65	2,743.50	509,529.01
76	6/1/2031	509,529.01	12,751.16	-	12,751.16	10,060.50	2,690.66	499,468.50
77	7/1/2031	499,468.50	12,751.16	-	12,751.16	10,113.63	2,637.53	489,354.88
78	8/1/2031	489,354.88	12,751.16	-	12,751.16	10,167.03	2,584.12	479,187.84
79	9/1/2031	479,187.84	12,751.16	-	12,751.16	10,220.72	2,530.43	468,967.12
80	10/1/2031	468,967.12	12,751.16	-	12,751.16	10,274.69	2,476.46	458,692.43
81	11/1/2031	458,692.43	12,751.16	-	12,751.16	10,328.95	2,422.20	448,363.47
82	12/1/2031	448,363.47	12,751.16	-	12,751.16	10,383.50	2,367.66	437,979.98
83	1/1/2032	437,979.98	12,751.16	-	12,751.16	10,438.33	2,312.83	427,541.65
84	2/1/2032	427,541.65	12,751.16	-	12,751.16	10,493.45	2,257.71	417,048.20
85	3/1/2032	417,048.20	12,751.16	-	12,751.16	10,548.86	2,202.29	406,499.34
86	4/1/2032	406,499.34	12,751.16	-	12,751.16	10,604.57	2,146.59	395,894.77
87	5/1/2032	395,894.77	12,751.16	-	12,751.16	10,660.57	2,090.59	385,234.21
88	6/1/2032	385,234.21	12,751.16	-	12,751.16	10,716.86	2,034.30	374,517.34
89	7/1/2032	374,517.34	12,751.16	-	12,751.16	10,773.45	1,977.70	363,743.89
90	8/1/2032	363,743.89	12,751.16	-	12,751.16	10,830.34	1,920.81	352,913.55
91	9/1/2032	352,913.55	12,751.16	-	12,751.16	10,887.54	1,863.62	342,026.01
92	10/1/2032	342,026.01	12,751.16	-	12,751.16	10,945.03	1,806.13	331,080.98
93	11/1/2032	331,080.98	12,751.16	-	12,751.16	11,002.83	1,748.33	320,078.16
94	12/1/2032	320,078.16	12,751.16	-	12,751.16	11,060.93	1,690.23	309,017.23
95	1/1/2033	309,017.23	12,751.16	-	12,751.16	11,119.34	1,631.82	297,897.89
96	2/1/2033	297,897.89	12,751.16	-	12,751.16	11,178.06	1,573.10	286,719.83
97	3/1/2033	286,719.83	12,751.16	-	12,751.16	11,237.08	1,514.07	275,482.75
98	4/1/2033	275,482.75	12,751.16	-	12,751.16	11,296.42	1,454.73	264,186.33
99	5/1/2033	264,186.33	12,751.16	-	12,751.16	11,356.08	1,395.08	252,830.25
100	6/1/2033	252,830.25	12,751.16	-	12,751.16	11,416.04	1,335.11	241,414.21
101	7/1/2033	241,414.21	12,751.16	-	12,751.16	11,476.33	1,274.83	229,937.88
102	8/1/2033	229,937.88	12,751.16	-	12,751.16	11,536.93	1,214.23	218,400.95
103	9/1/2033	218,400.95	12,751.16	-	12,751.16	11,597.85	1,153.30	206,803.10
104	10/1/2033	206,803.10	12,751.16	-	12,751.16	11,659.10	1,092.06	195,144.00
105	11/1/2033	195,144.00	12,751.16	-	12,751.16	11,720.66	1,030.49	183,423.34
106	12/1/2033	183,423.34	12,751.16	-	12,751.16	11,782.56	968.60	171,640.78
107	1/1/2034	171,640.78	12,751.16	-	12,751.16	11,844.78	906.38	159,796.00
108	2/1/2034	159,796.00	12,751.16	-	12,751.16	11,907.33	843.83	147,888.68
109	3/1/2034	147,888.68	12,751.16	-	12,751.16	11,970.20	780.95	135,918.47
110	4/1/2034	135,918.47	12,751.16	-	12,751.16	12,033.42	717.74	123,885.06
111	5/1/2034	123,885.06	12,751.16	-	12,751.16	12,096.96	654.20	111,788.10
112	6/1/2034	111,788.10	12,751.16	-	12,751.16	12,160.84	590.32	99,627.26
113	7/1/2034	99,627.26	12,751.16	-	12,751.16	12,225.06	526.10	87,402.20
114	8/1/2034	87,402.20	12,751.16	-	12,751.16	12,289.61	461.54	75,112.59
115	9/1/2034	75,112.59	12,751.16	-	12,751.16	12,354.51	396.64	62,758.08
116	10/1/2034	62,758.08	12,751.16	-	12,751.16	12,419.75	331.40	50,338.32
117	11/1/2034	50,338.32	12,751.16	-	12,751.16	12,485.34	265.82	37,852.99
118	12/1/2034	37,852.99	12,751.16	-	12,751.16	12,551.27	199.89	25,301.72
119	1/1/2035	25,301.72	12,751.16	-	12,751.16	12,617.55	133.61	12,684.18
120	2/1/2035	12,684.18	12,751.16	-	12,684.18	12,617.19	66.98	0.00

EXHIBIT Q
HISTORICAL FINANCIAL STATEMENTS

OLYMPIA MULTI-SPECIALTY CLINIC
 MONTHLY STATEMENT
 1 DEC 2021
 30 DEC 2021

ACCOUNT NUMBER	DESCRIPTION	PERIOD TO DATE	YEAR TO DATE	PERIOD LAST YEAR	LAST YEAR YEAR TO DATE
R E V E N U E					
62140000	SERVICES APC	333,681.03	3,845,045.15	(3,000,651.89)	.00
65140000	MISC INCOME APC	.00	.00	(104,474.69)	.00
	TOTAL REVENUE	333,681.03	3,845,045.15	(3,105,126.58)	.00
D I R E C T E X P E N S E S					
41011400	SALARIES OMC APC	99,869.98	952,195.77	(744,333.90)	.00
41021400	FUTA EXPENSE APC	16.08	1,025.53	(940.33)	.00
41031400	FICA EXPENSE APC	7,640.05	72,843.00	(56,941.53)	.00
41041400	SUTA EXPENSE APC	406.43	6,780.80	(4,741.03)	.00
41051400	TRANSCRIPTION APC	.00	.00	.00	.00
41071400	HEALTH INS EXPENSE APC	3,385.95	41,001.09	(26,527.63)	.00
41081400	PENSION EXPENSE APC	2,500.00	14,900.00	(8,500.00)	.00
41091400	ST EXCISE TAX EXPENSE APC	5,364.08	61,791.38	(50,777.67)	.00
41111400	ADJUSTMENTS CASH APC	.00	.00	.00	.00
41151400	MISC DIR EXP APC	19,719.35	259,388.33	(170,457.09)	.00
	TOTAL DIRECT EXPENSES	(138,901.92)	(1,409,925.90)	1,063,219.18	.00
I N D I R E X P E N S E S					
42151140	IND EXP MEMO APC	.00	.00	.00	.00
	TOTAL INDIRECT EXPENSES	.00	.00	.00	.00
	TOTAL EXPENSES	(138,901.92)	(1,409,925.90)	1,063,219.18	.00
	CASH PROFIT/LOSS APC	194,779.11	2,435,119.25	(2,041,907.40)	.00
31410000	DRAWING OMC APC	(194,799.11)	(2,435,139.25)	2,041,907.40	.00
	CASH DISTRIBUTION DUE	(20.00)	(20.00)	.00	.00

UNAUDITED

OLYMPIA MULTI-SPECIALTY CLINIC
MONTHLY STATEMENT
1 DEC 2022
30 DEC 2022

ACCOUNT NUMBER	DESCRIPTION	PERIOD TO DATE	YEAR TO DATE	PERIOD LAST YEAR	LAST YEAR YEAR TO DATE

R E V E N U E					
62140000	SERVICES APC	298,292.29	3,893,435.24	333,681.03	3,845,045.15
65140000	MISC INCOME APC	.00	.00	.00	.00
	TOTAL REVENUE	298,292.29	3,893,435.24	333,681.03	3,845,045.15
D I R E C T E X P E N S E S					
41011400	SALARIES OMC APC	101,047.95	887,339.18	99,869.98	952,195.77
41021400	FUTA EXPENSE APC	43.35	1,041.10	16.08	1,025.53
41031400	FICA EXPENSE APC	7,730.17	67,881.47	7,640.05	72,843.00
41041400	SUTA EXPENSE APC	670.95	6,992.68	406.43	6,780.80
41051400	TRANSCRIPTION APC	.00	.00	.00	.00
41071400	HEALTH INS EXPENSE APC	3,645.71	44,737.63	3,385.95	41,001.09
41081400	PENSION EXPENSE APC	.00	3,900.00	2,500.00	14,900.00
41091400	ST EXCISE TAX EXPENSE APC	5,934.64	68,754.41	5,364.08	61,791.38
41111400	ADJUSTMENTS CASH APC	.00	.00	.00	.00
41151400	MISC DIR EXP APC	11,015.80	145,237.50	19,719.35	259,388.33
	TOTAL DIRECT EXPENSES	(130,088.57)	(1,225,883.97)	(138,901.92)	(1,409,925.90)
I N D I R E X P E N S E S					
42151140	IND EXP MEMO APC	.00	.00	.00	.00
	TOTAL INDIRECT EXPENSES	.00	.00	.00	.00
	TOTAL EXPENSES	(130,088.57)	(1,225,883.97)	(138,901.92)	(1,409,925.90)
=====					
	CASH PROFIT/LOSS APC	168,203.72	2,667,551.27	194,779.11	2,435,119.25
=====					
31410000	DRAWING OMC APC	(168,203.72)	(2,667,551.27)	(194,799.11)	(2,435,139.25)
=====					
	CASH DISTRIBUTION DUE	.00	.00	(20.00)	(20.00)

UNAUDITED

OLYMPIA MULTI-SPECIALTY CLINIC
 MONTHLY STATEMENT
 1 DEC 2023
 30 DEC 2023

ACCOUNT NUMBER	DESCRIPTION	PERIOD TO DATE	YEAR TO DATE	PERIOD LAST YEAR	LAST YEAR YEAR TO DATE

R E V E N U E					
62140000	SERVICES APC	(3,752,091.33)	.00	(3,595,142.95)	.00
	TOTAL REVENUE	(3,752,091.33)	.00	(3,595,142.95)	.00
D I R E C T E X P E N S E S					
41011400	SALARIES OMC APC	(805,128.54)	.00	(786,291.23)	.00
41021400	FUTA EXPENSE APC	(847.10)	.00	(997.75)	.00
41031400	FICA EXPENSE APC	(61,592.32)	.00	(60,151.30)	.00
41041400	SUTA EXPENSE APC	(5,324.70)	.00	(6,321.73)	.00
41071400	HEALTH INS EXPENSE APC	(46,382.49)	.00	(41,091.92)	.00
41081400	PENSION EXPENSE APC	.00	.00	(3,900.00)	.00
41091400	ST EXCISE TAX EXPENSE APC	(64,154.14)	.00	(62,819.77)	.00
41151400	MISC DIR EXP APC	(226,663.09)	.00	(134,221.70)	.00
	TOTAL DIRECT EXPENSES	1,210,092.38	.00	1,095,795.40	.00
I N D I R E X P E N S E S					
	TOTAL INDIRECT EXPENSES	.00	.00	.00	.00
	TOTAL EXPENSES	1,210,092.38	.00	1,095,795.40	.00
=====					
	CASH PROFIT/LOSS APC	(2,541,998.95)	.00	(2,499,347.55)	.00
=====					
31410000	DRAWING OMC APC	2,541,998.95	.00	2,499,347.55	.00
=====					
	CASH DISTRIBUTION DUE	.00	.00	.00	.00

UNAUDITED

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Cash Basis

OMC Ambulatory Procedure Center
Balance Sheet
As of December 31, 2021

	Dec 31, 21
ASSETS	
Current Assets	
Checking/Savings	
1000 · Heritage Checking	698,240.23
1100 · Heritage Savings 1752	5,367.76
1150 · Petty Cash	200.00
Total Checking/Savings	703,807.99
Other Current Assets	
1300 · Distribution Due From OMC	194,799.11
Total Other Current Assets	194,799.11
Total Current Assets	898,607.10
Fixed Assets	
1600 · Furniture	115,239.30
1650 · Endo & Medical Equipment	516,363.82
1699 · Accumulated Depreciation	-630,510.25
Total Fixed Assets	1,092.87
Other Assets	
1211 · Receivable - Heap	34,606.93
1212 · Receivable - Kuczynski	34,606.93
1213 · Receivable - McCabe III	34,606.94
1214 · Receivable - Thompson	2,450.13
Total Other Assets	106,270.93
TOTAL ASSETS	1,005,970.90
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2100 · Capital One Spark	15,995.22
Total Credit Cards	15,995.22
Total Current Liabilities	15,995.22
Long Term Liabilities	
2300 · N/P - O'Meara	11,816.24
Total Long Term Liabilities	11,816.24
Total Liabilities	27,811.46
Equity	
3010 · Partner One Equity-M	
3011 · Partner One Draws	-423,039.36
3012 · Partner One Capital	258,720.15
Total 3010 · Partner One Equity-M	-164,319.21
3040 · Partner Four Equity-H	
3041 · Partner Four Draws	-328,440.00
3042 · Partner Four Capital	211,356.99
Total 3040 · Partner Four Equity-H	-117,083.01
3050 · Partner Five Equity-K	
3051 · Partner Five Draws	-328,440.00
3052 · Partner Five Capital	211,231.54
Total 3050 · Partner Five Equity-K	-117,208.46

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Cash Basis

OMC Ambulatory Procedure Center
Balance Sheet
As of December 31, 2021

	<u>Dec 31, 21</u>
3060 · Partner Six Equity-T	
3061 · Partner Six Draws	-139,300.13
3063 · Partner Six Investments	<u>139,300.13</u>
Total 3060 · Partner Six Equity-T	0.00
Net Income	1,376,770.12
Total Equity	<u>978,159.44</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,005,970.90</u></u>

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 Cash Basis

OMC Ambulatory Procedure Center
Balance Sheet
 As of December 31, 2022

	<u>Dec 31, 22</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Heritage Checking	1,070,902.71
1100 · Heritage Savings 1752	5,344.24
1150 · Petty Cash	200.00
Total Checking/Savings	<u>1,076,446.95</u>
Other Current Assets	
1300 · Distribution Due From OMC	168,203.72
Total Other Current Assets	<u>168,203.72</u>
Total Current Assets	<u>1,244,650.67</u>
Fixed Assets	
1600 · Furniture	115,239.30
1650 · Endo & Medical Equipment	515,233.82
1699 · Accumulated Depreciation	<u>-630,471.54</u>
Total Fixed Assets	<u>1.58</u>
Other Assets	
1211 · Receivable - Heap	34,606.93
1212 · Receivable - Kuczynski	34,606.93
1213 · Receivable - McCabe III	34,606.94
Total Other Assets	<u>103,820.80</u>
TOTAL ASSETS	<u><u>1,348,473.05</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2100 · Capital One Spark	5,479.65
2110 · TIB Independent BankersBank	2,270.72
Total Credit Cards	<u>7,750.37</u>
Total Current Liabilities	<u>7,750.37</u>
Long Term Liabilities	
2300 · N/P - O'Meara	11,816.24
Total Long Term Liabilities	<u>11,816.24</u>
Total Liabilities	<u>19,566.61</u>
Equity	
3010 · Partner One Equity-M	
3011 · Partner One Draws	-451,389.88
3012 · Partner One Capital	314,521.46
Total 3010 · Partner One Equity-M	<u>-136,868.42</u>
3040 · Partner Four Equity-H	
3041 · Partner Four Draws	-328,666.60
3042 · Partner Four Capital	241,978.63
Total 3040 · Partner Four Equity-H	<u>-86,687.97</u>
3050 · Partner Five Equity-K	
3051 · Partner Five Draws	-328,666.00
3052 · Partner Five Capital	241,853.18
Total 3050 · Partner Five Equity-K	<u>-86,812.82</u>

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Cash Basis

OMC Ambulatory Procedure Center
Balance Sheet
As of December 31, 2022

	<u>Dec 31, 22</u>
3060 · Partner Six Equity-T	
3061 · Partner Six Draws	-314,981.60
3062 · Partner Six Capital	179,806.17
3063 · Partner Six Investments	<u>157,962.00</u>
Total 3060 · Partner Six Equity-T	22,786.57
Net Income	<u>1,616,489.08</u>
Total Equity	<u>1,328,906.44</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,348,473.05</u></u>

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 Cash Basis

OMC Ambulatory Procedure Center
Balance Sheet
 As of December 31, 2023

	<u>Dec 31, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Heritage Checking	470,572.25
1100 · Heritage Savings 1752	358,456.56
1150 · Petty Cash	200.00
Total Checking/Savings	<u>829,228.81</u>
Total Current Assets	829,228.81
Fixed Assets	
1600 · Furniture	115,239.30
1650 · Endo & Medical Equipment	988,065.74
1699 · Accumulated Depreciation	<u>-630,471.54</u>
Total Fixed Assets	472,833.50
Other Assets	
1211 · Receivable - Heap	34,606.93
1212 · Receivable - Kuczynski	34,606.93
1213 · Receivable - McCabe III	<u>34,606.94</u>
Total Other Assets	103,820.80
TOTAL ASSETS	<u><u>1,405,883.11</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	<u>-1,944.78</u>
Total Accounts Payable	-1,944.78
Credit Cards	
2110 · TIB Independent BankersBank	<u>5,798.06</u>
Total Credit Cards	5,798.06
Total Current Liabilities	3,853.28
Long Term Liabilities	
2300 · N/P - O'Meara	<u>11,816.24</u>
Total Long Term Liabilities	11,816.24
Total Liabilities	15,669.52
Equity	
3010 · Partner One Equity-M	
3011 · Partner One Draws	-902,204.53
3012 · Partner One Capital	<u>314,521.46</u>
Total 3010 · Partner One Equity-M	-587,683.07
3040 · Partner Four Equity-H	
3041 · Partner Four Draws	-655,071.25
3042 · Partner Four Capital	<u>241,978.63</u>
Total 3040 · Partner Four Equity-H	-413,092.62
3050 · Partner Five Equity-K	
3051 · Partner Five Draws	-655,070.40
3052 · Partner Five Capital	<u>241,853.18</u>
Total 3050 · Partner Five Equity-K	-413,217.22

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Cash Basis

OMC Ambulatory Procedure Center
Balance Sheet
As of December 31, 2023

	<u>Dec 31, 23</u>
3060 · Partner Six Equity-T	
3081 · Partner Six Draws	-641,386.25
3062 · Partner Six Capital	179,806.17
3063 · Partner Six Investments	157,962.00
	<hr/>
Total 3060 · Partner Six Equity-T	-303,618.08
3070 · Partner Seven Equity - M4	
3071 · Partner Seven Draws	-150,648.00
3073 · Partner Seven Investments	158,888.10
3070 · Partner Seven Equity - M4 - Other	-12,554.00
	<hr/>
Total 3070 · Partner Seven Equity - M4	-4,313.90
3900 · Retained Earnings	1,616,489.08
Net Income	1,495,649.40
	<hr/>
Total Equity	1,390,213.59
	<hr/>
TOTAL LIABILITIES & EQUITY	1,405,883.11

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 Cash Basis

OMC Ambulatory Procedure Center
Profit & Loss
 January through December 2021

	<u>Jan - Dec 21</u>
Ordinary Income/Expense	
Income	
4000 · OMC Revenue	2,436,903.98
4015 · Fees	<u>-202.12</u>
Total Income	<u>2,436,701.86</u>
Gross Profit	2,436,701.86
Expense	
6010 · Bank Service Charges	338.57
6030 · Cash Discounts	-498.83
6040 · Computer Supplies	8,866.08
6070 · Depreciation Expense	2,189.17
6080 · Dues and Subscriptions	10,943.24
6100 · Hazmat	63.00
6120 · Interest Expense	
6121 · Finance Charge	<u>1,279.59</u>
Total 6120 · Interest Expense	1,279.59
6130 · Internet	1,130.75
6140 · Janitorial	
6141 · Janitorial Services	34,780.86
6142 · Janitorial Supplies	<u>10,150.94</u>
Total 6140 · Janitorial	44,931.80
6150 · Late Payment	32.94
6160 · Laboratory Fees	465.98
6170 · Licenses & Fees	265.00
6180 · Licenses and Permits	300.00
6190 · Linen Service	92,445.45
6200 · Medical Supplies	
6202 · Anesthesia and Sedation Supplie	32,856.42
6203 · Balloon Dilation	9,837.06
6204 · Biopsy supplies	21,307.15
6205 · Endoscope Cleaning supplies	148,504.38
6208 · IV Supplies	49,507.68
6211 · Medications	84,614.94
6212 · Miscellaneous Medical supplies	33,623.07
6213 · Nutritional Supplies	10,139.49
6214 · Oxygen	13,692.44
6215 · Polypectomy supplies	29,538.09
6216 · PPE	45,438.23
6217 · Procedure Supplies	174,144.07
6219 · Sclerotherapy	6,536.50
6200 · Medical Supplies - Other	<u>19,071.72</u>
Total 6200 · Medical Supplies	678,811.24
6230 · Medical Waste	
6231 · Medical Waste Medium	3,011.07
6230 · Medical Waste - Other	<u>890.82</u>
Total 6230 · Medical Waste	3,901.89
6240 · Miscellaneous	
6241 · Air Filters HVAC	842.00
6240 · Miscellaneous - Other	<u>1,797.74</u>
Total 6240 · Miscellaneous	2,639.74
6260 · Postage and Delivery	11,047.43
6280 · Professional Development	4,538.82

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Cash Basis

OMC Ambulatory Procedure Center
Profit & Loss
January through December 2021

	Jan - Dec 21
6290 · Professional Fees	
6291 · Accounting	4,600.00
6293 · Legal Fees	977.00
6294 · Medical Director	50,000.64
Total 6290 · Professional Fees	55,577.64
6300 · Records Storage	4,743.03
6320 · Rent	90,322.21
6330 · Repairs	
6331 · Building Repairs	1,087.51
6333 · Equipment Repairs	9,231.00
Total 6330 · Repairs	10,318.51
6350 · Supplies	
6352 · Office	38,819.83
6353 · Staff	34.53
6350 · Supplies - Other	32.83
Total 6350 · Supplies	38,887.19
6360 · Taxes	
6362 · Sales Tax Pd	57,451.19
6363 · Property	4,251.06
6365 · Delivery Tax	16.65
6368 · Use Tax	4,235.93
6360 · Taxes - Other	2,068.50
Total 6360 · Taxes	68,023.33
6370 · Telephone	985.70
6380 · Travel & Ent	
6381 · Entertainment	109.20
Total 6380 · Travel & Ent	109.20
6400 · Utilities	
6401 · Alarm	235.04
Total 6400 · Utilities	235.04
Total Expense	1,132,893.71
Net Ordinary Income	1,303,808.15
Other Income/Expense	
Other Income	
7010 · Interest Income	1.62
9010 · PPP Loan Forgiveness	103,820.80
Total Other Income	103,822.42
Other Expense	
8000 · Full Service Contract	30,736.31
8010 · Other Expenses	124.14
Total Other Expense	30,860.45
Net Other Income	72,961.97
Net Income	1,376,770.12

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 Cash Basis

OMC Ambulatory Procedure Center
Profit & Loss
 January through December 2022

	<u>Jan - Dec 22</u>
Ordinary Income/Expense	
Income	
4000 · OMC Revenue	2,667,551.27
4015 · Fees	-100.61
4020 · Consultation	-4,500.00
	<hr/>
Total Income	2,662,950.66
	<hr/>
Gross Profit	2,662,950.66
Expense	
6010 · Bank Service Charges	138.34
6020 · Biomedical	503.25
6030 · Cash Discounts	-67.46
6040 · Computer Supplies	8,475.04
6050 · Contract Labor	563.75
6070 · Depreciation Expense	11,501.29
6080 · Dues and Subscriptions	6,920.69
6090 · Equipment Rental	1,000.00
6100 · Hazmat	63.00
6120 · Interest Expense	
6121 · Finance Charge	106.18
	<hr/>
Total 6120 · Interest Expense	106.18
6130 · Internet	1,037.82
6140 · Janitorial	
6141 · Janitorial Services	33,320.22
6142 · Janitorial Supplies	15,871.66
	<hr/>
Total 6140 · Janitorial	49,191.88
6160 · Laboratory Fees	204.00
6170 · Licenses & Fees	35.00
6180 · Licenses and Permits	1,209.00
6190 · Linen Service	88,795.45
6200 · Medical Supplies	
6202 · Anesthesia and Sedation Supplie	30,929.19
6203 · Balloon Dilation	-3,117.73
6204 · Biopsy supplies	24,752.51
6205 · Endoscope Cleaning supplies	138,911.85
6208 · IV Supplies	57,319.34
6211 · Medications	44,067.25
6212 · Miscellaneous Medical supplies	2,584.20
6213 · Nutritional Supplies	13,153.43
6214 · Oxygen	11,686.70
6215 · Polypectomy supplles	34,762.64
6216 · PPE	50,340.92
6217 · Procedure Supplies	128,305.26
6218 · Savory	410.00
6219 · Sclerotherapy	4,084.50
6200 · Medical Supplies - Other	16,746.01
	<hr/>
Total 6200 · Medical Supplies	554,936.07
6230 · Medical Waste	
6231 · Medical Waste Medium	3,174.82
6230 · Medical Waste - Other	445.28
	<hr/>
Total 6230 · Medical Waste	3,620.10
6240 · Miscellaneous	1,575.70
6260 · Postage and Delivery	9,948.30
6280 · Professional Development	4,127.72

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Cash Basis

OMC Ambulatory Procedure Center
Profit & Loss
January through December 2022

	<u>Jan - Dec 22</u>
6290 - Professional Fees	
6291 - Accounting	278.70
6293 - Legal Fees	777.00
6294 - Medical Director	54,190.33
Total 6290 - Professional Fees	<u>55,246.03</u>
6300 - Records Storage	5,859.96
6320 - Rent	107,660.04
6330 - Repairs	
6331 - Building Repairs	172.66
6332 - Computer Repairs	27.17
6333 - Equipment Repairs	593.44
6330 - Repairs - Other	919.31
Total 6330 - Repairs	<u>1,712.58</u>
6340 - Salaries	203.54
6350 - Supplies	
6352 - Office	44,270.07
6353 - Staff	2,259.80
6350 - Supplies - Other	2,908.82
Total 6350 - Supplies	<u>49,438.69</u>
6360 - Taxes	
6362 - Sales Tax Pd	49,864.61
6363 - Property	3,365.30
6365 - Delivery Tax	41.60
6360 - Taxes - Other	67.19
Total 6360 - Taxes	<u>53,338.70</u>
6390 - Uniforms	71.99
6400 - Utilities	
6401 - Alarm	188.40
Total 6400 - Utilities	<u>188.40</u>
6999 - Reconciliation Discrepancies	<u>0.00</u>
Total Expense	<u>1,017,405.05</u>
Net Ordinary Income	1,645,545.61
Other Income/Expense	
Other Income	
7010 - Interest Income	1.48
Total Other Income	<u>1.48</u>
Other Expense	
8000 - Full Service Contract	29,058.01
Total Other Expense	<u>29,058.01</u>
Net Other Income	<u>-29,056.53</u>
Net Income	<u><u>1,616,489.08</u></u>

1:10 PM
 07/30/24
 Cash Basis

OMC Ambulatory Procedure Center
Profit & Loss
 January through December 2023

	<u>Jan - Dec 23</u>
Ordinary Income/Expense	
Income	
4000 · OMC Revenue	2,541,998.95
4010 · Fee Refunds	288.82
4015 · Fees	<u>-7,954.49</u>
Total Income	<u>2,534,333.28</u>
Gross Profit	2,534,333.28
Expense	
6010 · Bank Service Charges	588.82
6020 · Biomedical	820.00
6030 · Cash Discounts	-37.10
6080 · Dues and Subscriptions	21,104.65
6100 · Hazmat	132.00
6110 · Insurance	
6113 · Liability Insurance	<u>5,032.00</u>
Total 6110 · Insurance	5,032.00
6120 · Interest Expense	
6121 · Finance Charge	232.62
6120 · Interest Expense - Other	<u>93.76</u>
Total 6120 · Interest Expense	326.38
6130 · Internet	1,227.96
6140 · Janitorial	
6141 · Janitorial Services	32,299.05
6142 · Janitorial Supplies	15,652.39
6140 · Janitorial - Other	<u>63.00</u>
Total 6140 · Janitorial	48,014.44
6170 · Licenses & Fees	
6171 · AAAHC Accreditation	1,220.00
6170 · Licenses & Fees - Other	<u>21,265.97</u>
Total 6170 · Licenses & Fees	22,485.97
6180 · Licenses and Permits	300.00
6190 · Linen Service	59,733.25
6200 · Medical Supplies	
6202 · Anesthesia and Sedation Supple	50,490.96
6203 · Balloon Dilation	3,563.73
6204 · Biopsy supplies	27,444.32
6205 · Endoscope Cleaning supplies	94,831.08
6208 · IV Supplies	64,166.21
6211 · Medications	29,989.82
6212 · Miscellaneous Medical supplies	7,379.79
6213 · Nutritional Supplies	10,169.60
6214 · Oxygen	6,670.95
6215 · Polypectomy supplies	37,261.82
6216 · PPE	30,834.75
6217 · Procedure Supplies	146,251.99
6218 · Savory	1,600.00
6219 · Sclerotherapy	2,504.50
6200 · Medical Supplies - Other	<u>14,428.88</u>
Total 6200 · Medical Supplies	627,588.40

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Cash Basis

OMC Ambulatory Procedure Center
Profit & Loss
January through December 2023

	Jan - Dec 23
6230 · Medical Waste	
6231 · Medical Waste Medium	2,850.76
6230 · Medical Waste - Other	1,605.43
Total 6230 · Medical Waste	4,456.19
6240 · Miscellaneous	864.81
6260 · Postage and Delivery	11,044.59
6280 · Professional Development	3,986.47
6290 · Professional Fees	
6291 · Accounting	4,769.82
6293 · Legal Fees	6,555.00
6294 · Medical Director	144,833.92
Total 6290 · Professional Fees	156,158.74
6300 · Records Storage	4,346.65
6320 · Rent	120,946.18
6330 · Repairs	
6331 · Building Repairs	721.17
6333 · Equipment Repairs	9,375.08
6330 · Repairs - Other	534.03
Total 6330 · Repairs	10,630.28
6340 · Salaries	2,372.90
6350 · Supplies	
6352 · Office	24,960.95
6353 · Staff	36.12
6350 · Supplies - Other	1,520.00
Total 6350 · Supplies	26,517.07
6360 · Taxes	
6362 · Sales Tax Pd	80,388.90
6368 · Use Tax	1,160.18
Total 6360 · Taxes	81,549.08
6380 · Travel & Ent	
6383 · Travel	178.13
Total 6380 · Travel & Ent	178.13
6400 · Utilities	
6401 · Alarm	727.51
Total 6400 · Utilities	727.51
6999 · Reconciliation Discrepancies	-7,452.35
Total Expense	1,103,642.02
Net Ordinary Income	1,430,691.26
Other Income/Expense	
Other Income	
7010 · Interest Income	3,112.32
7030 · Other Income	6,735.85
7090 · Gain on Sale or Trade In	86,250.01
Total Other Income	96,098.18

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07/30/24
Cash Basis

OMC Ambulatory Procedure Center
Profit & Loss
January through December 2023

	<u>Jan - Dec 23</u>
Other Expense	
8000 - Full Service Contract	31,140.04
Total Other Expense	<u>31,140.04</u>
Net Other Income	<u>64,958.14</u>
Net Income	<u><u>1,495,649.40</u></u>

EXHIBIT R
MEDICAL DIRECTOR JOB DESCRIPTION

SUBJECT: SCOPE OF RESPONSIBILITY MEDICAL DIRECTOR OF APC	POLICY # 1018
DEPARTMENT: APC	PAGE: 1 OF: 4
	EFFECTIVE: 5-1-96
APPROVED BY: Dr. Marshall McCabe, III	REVIEWED: 02/25/2024

QUALIFICATION REQUIREMENTS:

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

EDUCATION AND/OR EXPERIENCE:

MD or DO Board Certified in Gastroenterology.

MAJOR FUNCTIONS AND RESPONSIBILITIES:

1. The scope of responsibility of the Medical Director is based on the OMC APC by-laws. In the absence of Medical Director, the Assistant Medical Director assumes this responsibility and accountability.
2. The philosophy, purpose and objective of the APC are formulated and shared with APC personnel and are based on the philosophy, purpose, and objectives of the organization.
3. The Administrative functions, accountability and responsibility of the Medical Director of the APC are outlined as follows:
 - A. Fiscal Management
 1. Prepares, implements, and monitors APC finances.
 2. Provides balance between cost effectiveness and quality care issues.
 3. Forecasts fiscal impact of trends and current and future technological changes affecting the preparation and implementation of the APC budget.

SUBJECT: SCOPE OF RESPONSIBILITY MEDICAL DIRECTOR OF APC	POLICY # 1018
DEPARTMENT: APC	PAGE: 2 OF: 4
	EFFECTIVE: 5-1-96
APPROVED BY:	REVIEWED: 2/25/2024

B. Policies and Procedures

1. Assures clear, concise, and current written policies and procedures are available to assist the nursing staff and minimize risk factors.
2. Encourages participation of APC personnel in the formulation of policies and procedures, annual review, and revisions.
3. Interprets policy and procedures to all appropriate personnel.
4. Enforces compliance with policy and procedure as applicable.

C. Staffing Requirements Selection of Personnel Utilization of Human Resources

1. Determine staffing requirements and patterns based on scope of services, complexity of patient acuity and fiscal resources.
2. Acts as consultant in selection of personnel, determined by hiring policies of the facility and department, job requirements, qualifications, vacancies, availability, and objectives relating to the quality of care to be delivered.

SUBJECT: SCOPE OF RESPONSIBILITY MEDICAL DIRECTOR OF APC	POLICY # 1018
DEPARTMENT: APC	PAGE: 3 OF: 4
	EFFECTIVE: 5-1-96
APPROVED BY:	REVISED: 02/25/2024

D. Staff Development

1. Reviews and approves the Staff Development programs and policies prepared by the Manager

E. Supervision of Anesthesia Services

F. Ambulatory Care Services and Environment

Promotes a safe, therapeutic operating room environment for patients and healthcare providers.

1. Promotes occupational safety for personnel through:
 - a. Surveillance of safety program.
 - b. Surveillance of infection control program.
 - c. Minimizing exposure to hazardous and toxic substances.
2. Promotes electrical safety.
3. Promotes physical facilities maintenance.
 - a. Temperature and humidity control within acceptable ranges.
 - b. Adequate circulation and filtration systems are properly maintained.
 - c. Vacuum and gas systems are constantly monitored.

SUBJECT: SCOPE OF RESPONSIBILITY MEDICAL DIRECTOR OF APC		POLICY # 1018
DEPARTMENT: APC		PAGE: 4 OF: 4
		EFFECTIVE: 5-1-96
APPROVED BY: McCabe, III	Dr Marshall	REVIEWED: 02/25/2024

G. Ambulatory Care Services Quality Assessment and Improvement Program

1. Ensures that the quality assessment and improvement program for the APC interfaces with and supports the CQIP as outlined for OMC.
2. Reviews minutes of APC quality assessment and improvement meetings.
3. Reviews monthly quality assessment and improvement compliance report with established APC indicators.
4. Meets with the CQIP coordinator weekly to review incident reports and quality program reports such as GIQuIC, EQRS, observation studies.
5. Participates in identification and selection of alternatives when negative outcomes require corrective action.

H. Inspections, Surveys, Licensing

1. Works with the APC Manager in preparing for and participating in inspections, surveys and licensing.

I. Risk Management and Disaster Planning

1. Develops and periodically reviews the Risk Management Program to include disaster planning.

EXHIBIT S
PATIENT TRANSFER AGREEMENT BETWEEN OLYMPIA MULTI-SPECIALTY
AMBULATORY PROCEDURE CENTER, P.L.L.C. AND
PROVIDENCE HEALTH & SERVICES - WASHINGTON

PATIENT TRANSFER AGREEMENT

This Patient Transfer Agreement (“Agreement”) is entered into this 12 day of June, 2024 (the “Effective Date”), between Providence Health & Services – Washington dba Providence St Peter Hospital (“Hospital”), and Olympia Multi-Specialty Ambulatory Procedure Ctr, PLLC (“Transferring Facility”).

To facilitate continuity of patient care and the timely transfer of patients and records from Transferring Facility to Hospital, the parties agree as follows:

1. If a determination is made by the attending physician that a patient requires transfer from the Transferring Facility to the Hospital, Hospital agrees to admit the patient as promptly as possible, as long as it has the available space, qualified personnel and appropriate services for the treatment of the patient, and the requirements of (i) Hospital’s applicable polices/protocols, and (ii) applicable federal and state laws and regulation are met.

2. Transferring Facility has the responsibility for transferring the patient to the Hospital and agrees to use qualified personnel and necessary equipment, including medically appropriate life support measures, during the transfer.

3. Transferring Facility agrees to provide the Hospital with appropriate documentation as necessary to ensure continuity of patient care. This information should include, as a minimum, the patient’s medical record (i.e., summary of physician findings, nursing notes, flow sheets, lab and radiological findings, including films or underlying studies, copy of EKG, relevant transfer forms, signed consent for transfer, etc.). This documentation will be sent to the Hospital at the time of transfer unless doing so would jeopardize the patient; in which case, the documentation will be sent as promptly as possible after the transfer.

4. To the extent possible, patients will be stabilized prior to transfer to ensure the transfer will not, within reasonable medical probability, result in harm to the patient or jeopardize their survival.

5. All transfers will be done in accordance with (i) Hospital’s applicable polices/protocols, (ii) applicable federal and state laws and regulations and (iii) in accordance with the standards of The Joint Commission.

6. Transferring Facility will be responsible for the transfer or other appropriate disposition of the patient’s personal effects, particularly money and valuables.

7. Charges for services performed by either party shall be collected by the party rendering the service from the patient, third party payor, or other sources normally billed by the party. Neither party shall have any liability to the other for such charges, except to the extent such liability would exist separate from this Agreement. The parties shall cooperate with each other in exchanging information about financial responsibility for services rendered by them to patients transferred to the Hospital.

8. Transferring Facility shall indemnify, hold harmless and defend the Hospital, its agents and employees from and against any claim, loss damage, cost, expense or liability, including reasonable attorney's fees, arising out of or related to the performance or nonperformance by the Transferring Facility, its agents and employees of any duty or obligation of the Transferring Facility under this Agreement.

9. Hospital shall indemnify, hold harmless and defend the Transferring Facility, its agents and employees from and against any claim, loss damage, cost, expense or liability, including reasonable attorney's fees, arising out of or related to the performance or nonperformance by the Hospital, its agents and employees of any duty or obligation of the Hospital under this Agreement.

10. The parties shall maintain at their own expense comprehensive general and professional liability insurance and property damage insurance adequate to insure them against risks arising out of this Agreement, with limits no less than those customarily carried by similar facilities. Upon request, each party shall furnish the other party with evidence of such insurance. During the term of this Agreement, each party shall immediately notify the other of any material change in such insurance.

11. Neither party shall discriminate in the performance of their obligations under this Agreement against any individual on the basis of race, color, religious belief, national origin, ancestry, sex, marital status, disability, age, or on any other basis prohibited by local, State or Federal laws.

12. Nothing in this Agreement shall be construed as limiting the rights of either party to contract with any other facility or entity on a limited or general basis.

13. Transferring Facility represents and warrants that neither Transferring Facility nor Transferring Facility's shareholders, owners, principals, partners or members (if applicable) are presently debarred, suspended, proposed for debarment, declared ineligible, or excluded from participation in any federally funded health care program, including Medicare and Medicaid. Transferring Facility agrees to immediately notify Hospital of any threatened, proposed, or actual debarment, suspension, or exclusion from any federally funded health care program, including Medicare and Medicaid.

14. This Agreement shall be in effect on the date it is signed by both parties and shall continue until terminated as follows: (i) either party may terminate this Agreement immediately upon a breach of its terms by the other party, or (ii) either party may terminate this Agreement without cause by giving the other party not less than ninety (90) days written notice.

15. This Agreement may be signed in counterparts each of which will be considered an original.

16. This Agreement shall be interpreted and construed in accordance with laws of the state in which Hospital is located. Venue for any action to enforce its terms shall be in the county in which Hospital is located. This Agreement embodies the entire agreement of the parties relating to transfer of patients from Transferring Facility to Hospital, and supersedes all prior agreements, representations and understandings of the parties. This Agreement may only be modified or amended in writing. Amendments and modifications must be signed by both parties to be effective.

SIGNATURES APPEAR ON NEXT PAGE.

HOSPITAL:
PROVIDENCE

DocuSigned by:
By: Melissa A. Grant, MD
Name: Melissa A. Grant, MD
Title: Chief Medical officer, SPS

TRANSFERRING FACILITY:

DocuSigned by:
By: Maryann McCabe
Name: Maryann McCabe
Title: CEO

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Transfer\2016\PROVIDENCE-Patient Transfer Agreement
(Providence Transferee).doc
Version 10/17/16