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RECEIVED

By CERTIFICATE OF NEED PROGRAM at 8:32 am, Sep 23, 2021

September 22, 2021

CN22-06

VIA EMAIL ONLY

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

Re: Iron Bridge Surgery Center, LLC
Application for Certificate of Need

Ladies and Gentlemen:

Please find enclosed an electronic version of Iron Bridge Surgery Center, LLC's Certificate of Need Application seeking approval for a new ambulatory surgery facility in Spokane, Washington. You have confirmed receipt of check 31162 from Iron Bridge Surgery Center, LLC in the amount of \$20,427.00 for the review fee.

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

Enclosures

cc: Iron Bridge Surgery Center, LLC

IRON BRIDGE SURGERY CENTER, LLC

CERTIFICATE OF NEED APPLICATION
SEEKING APPROVAL FOR NEW AMBULATORY SURGICAL
FACILITY IN SPOKANE, WASHINGTON

Table of Contents

	Page
Application Form	1
Applicant Description	2
Project Description.....	3
Certificate of Need Review Criteria	
A. Need	5
B. Financial Feasibility	11
C. Structure and Process of Care	15
D. Cost Containment.....	19

Table of Exhibits

	Page
Exhibit 1: Iron Bridge Surgery Center Organizational Chart	25
Exhibit 2: Letter of Intent	27
Exhibit 3: Iron Bridge Surgery Center Single Line Drawings	29
Exhibit 4: Numeric Need Methodology Calculation	31
Exhibit 5: Historical and Projected Resident Population Statistics for Spokane County Secondary Health Services Planning Area	34
Exhibit 6: Admissions Policy.....	39
Exhibit 7: Charity Care Policy	42
Exhibit 8: Patient Rights and Responsibilities Policy.....	45
Exhibit 9: Non-discrimination Policy	50
Exhibit 10: Iron Bridge Surgery Center Pro Forma Revenue and Expense Projections.....	53
Exhibit 11: ASC Medical Director Job Description	55
Exhibit 12: Iron Bridge Surgery Center, LLC Operating Agreement.....	58
Exhibit 13: Lease Agreement between Iron Bridge Urologic, LLC and Iron Bridge Urological LLC	91
Exhibit 14: Property and Assignment Overview	116
Exhibit 15: Contractor's Estimate.....	118

Certificate of Need Application
Iron Bridge Surgery Center, LLC

Exhibit 16: Listing of New Equipment	121
Exhibit 17: Bank Commitment Letter.....	128
Exhibit 18: Transfer Agreement between Iron Bridge Surgery Center, LLC and Providence Health & Services – Washington d/b/a Providence Sacred Heart Medical Center	135

Table of Tables

	Page
Table 1: Spokane County Secondary Health Services Planning Area Hospitals.....	6
Table 2: Spokane County Secondary Health Services Planning Area Ambulatory Surgical Facilities.....	6
Table 3: National Center for Health Statistics Ambulatory Surgery Use Rates per 10,000 Residents, by Major Age Cohort.....	8
Table 4: Iron Bridge Surgery Center Projected Utilization: 2022-2025	10
Table 5: Iron Bridge Surgery Center Estimated Total Staffing 2022-2025	16
Table 6: Physicians to Provide Surgical Services at Iron Bridge Surgery Center	17



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CN22-06

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

Contents:

1.	260-020	Contents List/Mailing Information.....	1 Page
2.	260-020	Definitions.....	2 Pages
3.	260-020	Application Instructions.....	1 Page
4.	260-020	ASF/ASC Application.....	11 Pages
5.	RCW/WAC and Website Links.....		1 Page

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:

Department of Health
Certificate of Need Program
P O Box 47852
Olympia, Washington 98504-7852

Other Than By Mail:

Department of Health
Certificate of Need Program
111 Israel Road SE
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:  Renee Calabrese, Chief Operating Officer	Phone Number (509) 747-3147
Dated: September 20, 2021	Email Address: reneec@spokaneurology.com
Legal Name of Applicant: Iron Bridge Surgery Center, LLC	Number of Surgery Rooms requested – include operating room and procedure rooms: 5
Address of Applicant: 1401 Trent Avenue, Suite 100 Spokane, WA 99202	Estimated Capital Expenditure: \$4,380,081

Identify the Planning Area for this project as defined in [WAC 246-310-270\(3\)](#):

Spokane 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 Iron Bridge Surgery Center, LLC (“Iron Bridge Surgery Center”). Its address is 1401 East Trent Avenue, Suite 100, Spokane, WA 99202. Iron Bridge Surgery Center is owned by the following physicians, each of whom is an owner of Spokane Urology, P.S.: Levi A. Deters, M.D. (MD60353727); Raymond S. Lance, M.D. (MD00039663); Michael A. Maccini, M.D. (MD60834533); David J. Mikkelsen, M.D. (MD00027440); Shane M. Pearce, M.D. (MD60939502); and Bryan B. Voelzke, M.D. (MD60011684). Each physician holds a 16.66% interest in Iron Bridge Surgery Center.

Iron Bridge Surgery Center is seeking certificate of need (“CN”) approval for a 5-operating room (“OR”) ambulatory surgical facility (“ASF”) in the Spokane County secondary health services planning area.

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

Iron Bridge Surgery Center is a Washington limited liability company. Its UBI is 604 724 042.

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 1 for an organizational chart for Iron Bridge Surgery Center.

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.

There is no existing facility. Iron Bridge Surgery Center proposes to establish a 5-OR ASF at 1401 East Trent Avenue, Suite 100, Spokane, WA 99202.

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.

Iron Bridge Surgery Center proposes to establish a 5-OR ASF at 1401 East Trent Avenue, Suite 100, Spokane, WA 99202. The proposed ASF will operate as “Iron Bridge Surgery Center”.

3. Provide a detailed description of the proposed project.

Iron Bridge Surgery Center proposes to establish a 5-OR ASF at 1401 East Trent Avenue, Suite 100, Spokane, WA 99202.

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 30, 2021
Construction Commenced	August 15, 2021
Construction Completed	January 30, 2022
Facility Prepared for Survey	March 15, 2022

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 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 checked="" type="checkbox"/> Urology |

☐ Other? Describe in detail: _____

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: N/A

☐ 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.

N/A

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 proposed ASF will have 5 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\(9\)](#)

None of the ORs will be exclusively dedicated to endoscopy, cystoscopy, or pain management 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.).

The proposed ASF will offer and provide care to patients ages 18 years to 99 years who require ambulatory surgery for urologic care, 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 2 for the Letter of Intent for the proposed ASF.

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

Please see Exhibit 3 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.

ASF License #: The proposed ASF will be licensed by the Department of Health pursuant to chapter 70.230 RCW.

Medicare #: The proposed ASF will be Medicare-certified.

Medicaid #: The proposed ASF will serve Medicaid beneficiaries.

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

The proposed ASF will seek accreditation from the Accreditation Association for Ambulatory Health Care.

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.

Iron Bridge Surgery Center has consulted with CRS, and its project number is #61166009.

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 Spokane County secondary health services planning area are listed in Table 1 below.¹

Table 1

Spokane County Secondary Health Services Planning Area Hospitals

Hospitals	
MultiCare Deaconess Hospital	HAC.FS.60769397
MultiCare Valley Hospital	HAC.FS.60769398
Providence Holy Family Hospital	HAC.FS.00000139
Providence Sacred Heart Medical Center and Children's Hospital	HAC.FS.00000139
Shriners Hospitals for Children	HAC.FS.00000042
St. Luke's Rehabilitation Institute	HAC.FS.00000157

ASFs in the Spokane County secondary health services planning area are listed in Table 2 below.²

Table 2

Spokane County Secondary Health Services Planning Area ASFs

ASFs	
CN-Exempt ASFs	
Advanced Dermatology and Skin Surgery	ASF.FS.60102980
Carol L Hathaway MD	ASF.FS.60100034
Columbia Surgery Center	ASF.FS.60099962
Empire Eye Surgery Center	ASF.FS.60100027
Inland Northwest Surgery Center	ASF.FS.60107244

¹ Source: CN historic files, ILRS.

² *Id.*

NEOS Surgery Center	ASF.FS.60417825
Northwest Orthopaedic Specialists	ASF.FS.60100039
Northwest Surgery Center	ASF.FS.60100929
Pacific Cataract and Laser Institute	ASF.FS.60699501
Plastic Surgery Northwest Surgery Center	ASF.FS.60100936
Rockwood Digestive Health and Endoscopy Services*	ASF.FS.60298108
Shape Cosmetic Surgery and Medspa	ASF.FS.60903051
South Perry Endoscopy*	ASF.FS.60700933
Spokane Digestive Disease Center*	ASF.FS.60101130
Spokane Surgery Center	ASF.FS.60100919
Spokane Valley Ambulatory Surgery Center	ASF.FS.60129513
SRM Spokane	ASF.FS.60443322
The Spokane Eye Surgery Center	ASF.FS.60101697
Women's Health Connection	ASF.FS.60102759
CN-Approved ASFs	
Chesnut Institute of Cosmetic and Reconstructive Surgery	ASF.FS.60776003
MultiCare Rockwood Eye Surgery Center	ASF.FS.60833960
Providence Surgery and Procedure Center	ASF.FS.60475161

* These ASFs are endoscopy centers.

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

Iron Bridge Surgery Center would be the only ASF offering urology procedures in the Spokane County secondary health services planning area.

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

The establishment of the proposed ASF is being undertaken to provide additional capacity for outpatient surgical services in the Spokane County secondary health services planning area. The proposed ASF will not duplicate services. Instead, establishing the proposed ASF is necessary to expand access to outpatient urologic surgical services to patients and providers in a health planning area, which has need for additional outpatient ORs and currently has no access to outpatient urologic surgical services in the ASF setting.

No CN-approved ASF in the Spokane County secondary health services planning area offers urologic surgery. Accordingly, the ability of patients in the Spokane County secondary health services planning area to obtain these services at an ASF, an outpatient surgical setting that is significantly more cost-effective for patients and payors, does not exist. The proposed ASF would alleviate this access issue.

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.

Iron Bridge Surgery Center is seeking CN approval for a 5-OR ASF. Based on the Department's numeric need methodology set forth in WAC 246-310-270(9), the Spokane County secondary health services planning area is projected to need 22.36 additional outpatient ORs by 2024. Please see [Exhibit 4](#) for Iron Bridge Surgery Center's numeric need methodology analysis.

CN approval of the proposed ASF will make the facility available to all physicians in the community who are credentialed, privileged, and in good standing and who perform outpatient urologic surgical services. Local physicians gaining access to Iron Bridge Surgery Center will improve Spokane County secondary health services planning area residents' access to outpatient urologic surgical 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 Spokane County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients and payors.

The Spokane County secondary health services planning area has shown steady population growth from 2000 to 2020 and is forecasted to continue growing steadily through 2025. Please see [Exhibit 5](#) for additional historical and projected resident population statistics for the Spokane County secondary health services planning area.

The ASF forecast provided below uses a comprehensive, statistically valid survey of ambulatory surgery cases by the National Center for Health Statistics, which is based on 2006 survey statistics and was published in a revised report in September 2009. This survey includes surgery use rates by major age cohort groups. It demonstrates use rates for persons 65-74 years old are 2.6 times the average use rate, and 2.4 times higher for persons 75 years of age and older. These use rates are presented in [Table 3](#) below. Considering the much higher growth in the 65+ age cohort, these use rate differences signify demand for health services will be much higher in the future as populations age.

Table 3³

**National Center for Health Statistics Ambulatory Surgery Use Rates
per 10,000 Residents, by Major Age Cohort**

	Overall Average	Persons < 15 years old	Persons 15- 44 years old	Persons 45- 64 years old	Persons 65- 74 years old	Persons > 75 years old
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³ Source: "Ambulatory Surgery in the United States, 2006," U.S. Department of Health and Human Services, National Center for Health Statistics, Report Number 11, January 28, 2009, revised September 4, 2009. [Table 10](#), page 18.

Use Rate	1,788.3	537.5	1,019.2	2,695.9	4,584.0	4,325.3
Use Rate/Overall Use Rate	1	0.3	0.6	1.5	2.6	2.4

There is an increasing need for additional outpatient surgery capacity in the Spokane County secondary health services planning area and surrounding areas. There continues to be significant shifting of surgeries to outpatient settings, where costs are lower and patient satisfaction is higher due to patients' preference for outpatient-based care. Having a local ASF not only reduces travel time and costs, it also reduces anxiety and inconvenience when patients are able to obtain both clinical and surgical care in the same location.

Iron Bridge Surgery Center's proposed ASF will respond to projected planning area demand for outpatient ORs and is validated by the numeric need methodology, as shown below.

Need Methodology

The numeric portion of the need methodology analysis requires a calculation of the annual capacity of the existing providers' inpatient and outpatient OR's in a planning area. The proposed ASF is located in the Spokane County secondary health services planning area. According to the Department's records, there are 25 planning area providers with OR capacity. Of the 25 providers, six are hospitals, and 19 are ASFs.

Because there is no mandatory reporting requirement for utilization of hospital or ASF ORs, the Department sends an annual utilization survey to all hospitals and known ASFs in the state. When this application was submitted in August 2021, the most recent utilization survey collected data for year 2020. However, not all providers submitted responses. The data provided in the utilization survey is used, if available.

Table 1 shows a listing of the six hospitals in the planning area. For the six hospitals, all known OR capacity and inpatient/mixed-use procedures are included in the methodology calculations for the planning area.

Table 2 shows a listing of the 22 ASFs in the planning area. Of the 22 ASFs shown above, three are endoscopy facilities, each designated with an asterisk. The numeric need methodology deliberately excludes the OR capacity and procedures for these ASFs from the analysis. For the remaining 19 ASFs, 16 are located within a solo or group practice (considered CN-exempt ASFs). Therefore, these 16 facilities do not meet the definition of "ambulatory surgical facility" in WAC 246-310-010. For CN-exempt ASFs, the number of surgeries, but not ORs, is included in the analysis for the planning area. The remaining three ASFs are CN-approved facilities. For these three ASFs, OR capacity and utilization are included in the analysis.

In summary, data will be used for 16 CN-exempt ASFs and three CN-approved ASFs.

Based on the information above, the numeric need methodology analysis indicates a need

for 22.36 outpatient ORs in year 2024.

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.

N/A. Based on the Department's numeric need methodology set forth in WAC 246-310-270(9), the Spokane County secondary health services planning area is projected to need 22.36 additional outpatient ORs by 2024. Please see [Exhibit 4](#) for Iron Bridge Surgery Center's numeric need methodology calculation. However, if the Department were to find no numeric need for additional ORs, the Proposed Project nevertheless should be approved in order to provide patients access to an ASF for outpatient urologic surgical services in the health planning area. Currently, no CN-approved ASF in the Spokane County secondary health services planning area offers urologic surgery.

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

N/A

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

Iron Bridge Surgery Center Projected Utilization: 2022-2025

	2022 (Year 1)	2023 (Year 2)	2024 (Year 3)	2025 (Year 4)
Procedure Volumes	2,267	3,200	3,296	3,395

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

See answer to Question #5 above.

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.

No CN-approved ASF in Spokane County secondary health services planning area offers outpatient urologic surgery. Therefore, the Proposed Project is critical for providing patients in the planning area a meaningful choice for outpatient urologic surgical services in a cost-effective setting. In addition, please see [Exhibit 7](#) for Iron Bridge Surgery Center’s Charity Care Policy and [Exhibit 9](#) for Iron Bridge Surgery Center’s Non-discrimination Policy.

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 6](#), Admission and Pre-Procedural Risk Policy;
- [Exhibit 7](#), Charity Care Policy;
- [Exhibit 8](#), Patient Rights and Responsibilities Policy; and
- [Exhibit 9](#), Non-discrimination 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.

Please see [Table 4](#), Iron Bridge Surgery Center Projected Utilization, above.

Please see Exhibit 10 for the pro forma revenue and expense projections 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 11, Medical Director Job Description; and
- Exhibit 12, Iron Bridge Surgery Center, LLC Operating Agreement.

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	2.65%
Projected Facility Charity Care as a Percentage of Total Revenue	2.65%

Consistent with WAC 246-310-270(7), Iron Bridge Surgery Center 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 13 for the Lease Agreement between Iron Bridge Urologic, LLC, and Iron Bridge Surgery Center, LLC.

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

Please see Exhibit 14 for Property and Assignment Overview.

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	N/A
b. Utilities to Lot Line	N/A
c. Land Improvements	N/A
d. Building Purchase	N/A
e. Residual Value of Replaced Facility	N/A
f. Building Construction	\$2,675,109
g. Fixed Equipment (not already included in the construction contract)	N/A
h. Movable Equipment	\$828,000
i. Architect and Engineering Fees	\$192,500
j. Consulting Fees	\$398,000
k. Site Preparation	N/A
l. Supervision and Inspection of Site	N/A
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	N/A
1. Land	N/A
2. Building	\$88,057
3. Equipment	\$22,014
4. Other	N/A
n. Washington Sales Tax	\$176,400
Total Estimated Capital Expenditure	\$4,380,081

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.

Iron Bridge Urologic, LLC is responsible for 100% of construction costs. Iron Bridge Surgery Center will fund all other capital expenditures.

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 will be no start-up costs in addition to those reflected in answer to Question #6 above.

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

Please see Exhibit 15 for contractor's estimate.

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

The proposed project would provide patients in the Spokane County secondary health services planning area the ability to obtain outpatient urologic surgical services at an ASF, an outpatient surgical setting that is significantly more cost-effective for patients and payors.

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

Please see Exhibit 15 for documentation of the project costs. Because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the Spokane 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	55%	46%
Medicaid	11%	7%
Other Payers:		
Other Government Payors	4%	4%
Worker's Compensation	1%	0%
Commercial Payors	28%	41%
Self-pay	1%	2%
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.

N/A

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 16 for listing 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.

Please see Exhibit 17 for Bank Commitment Letter.

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

See answer to Question #15 above.

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

N/A

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.

N/A

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

Iron Bridge Surgery Center Estimated Total Staffing: 2022-2025

Position	2022	2023	2024	2025
Administrator	1	1	1	1
Admitter/Registration/Records	1	2	2	2
Receptionist/Scheduler	1	1	1	1
Clinical Director (RN)	1	1	1	1
Operating Room RN	3	3	3	3
Pre/Post Op RN	9	10	10	10
Certified Surgical Technician	3	3	3	3
Radiology Technician	1	1	1	1
Processing Technician	1	1	1	1
Total	21	23	23	23

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

Iron Bridge Surgery Center's assumptions used to project the number and types of FTEs identified for this project are as follows:

- Projected number of surgical cases based on the surgeons' historical volumes of cases that can be performed in an ASF setting (indicated in [Table 4](#) above);
- Proposed number of operating rooms (indicated in answer to Question #8 above);
- Anticipated hours of operation, 6:30 a.m. to 5:00 p.m.

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.

Michael A. Maccini, M.D. (MD60834533) will be the Medical Director of Iron Bridge Surgery Center.

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

N/A

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

The Director of Nursing of Iron Bridge Surgery Center has not yet been identified.

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 \(5\)](#).

See [Table 6](#) for physicians who will provide surgical services at Iron Bridge Surgery Center.

Table 6

Physicians to Provide Surgical Services at Iron Bridge Surgery Center

Physician	License	Specialty
Levi A. Deters, M.D.	MD60353727	Urology
Evan C. Carlos, M.D.	MD61120255	Urology
Raymond S. Lance, M.D.	MD00039663	Urology
David J. Mikkelsen, M.D.	MD00027440	Urology
Bryan B. Voelzke, M.D.	MD60011684	Urology
Michael A. Maccini, M.D.	MD60834533	Urology
Shane M. Pearce, M.D.	MD60939502	Urology
Duncan W. Sloan, M.D.	MD61167280	Urology
Carl J. Walker, M.D.	MD61157938	Urology
Susan S. Cain, ARNP	AP30005667	Urology
Rachael J. Galazka	AP60998217	Urology
Madison M. McDonald, PA-C	PA60976632	Urology
Bianca R. Vavrica PA-C	PA61135861	Urology

The physicians listed in [Table 6](#) above are members or employees of Spokane Urology. In addition, Iron Bridge Surgery Center has been engaged in discussions with physicians who are not members or employees of Spokane Urology who intend to provide services at Iron Bridge Surgery Center if a CN is granted.

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

N/A

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 Iron Bridge Surgery Center on a daily, weekly and monthly basis and utilizing agency staff when necessary. Iron Bridge Surgery Center managers will be also working managers and participate in patient care as necessary. Iron Bridge Surgery Center will also delegate non-nursing tasks to appropriate personnel, utilizing our nursing staff for patient care to the extent possible.

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

Please see Exhibit 18 for a copy of the executed Transfer Agreement between Iron Bridge Surgery Center, LLC and Providence Health & Services – Washington d/b/a Providence Sacred Heart Medical Center.

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

Radiology - Inland Imaging, L.L.C.
Laboratory - Incyte Pathology, P.S.
Pharmacy - Sixth Avenue Medical Building Pharmacy, Inc.

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\(2\)](#)

See answer to Question #11 above.

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

N/A

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\(4\)](#)

N/A

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

See answer to Questions #10 and #11 above.

16. Provide a copy of the existing or proposed transfer agreement with a local hospital. [WAC 246-310-230\(4\)](#)

Please see Exhibit 18 for a copy of the executed Transfer Agreement between Iron Bridge Surgery Center, LLC and Providence Health & Services – Washington d/b/a Providence Sacred Heart Medical Center.

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 improve access to affordable, high-quality ambulatory surgical services to the Spokane County secondary health services planning area residents. Approval of the proposed ASF will allow Iron Bridge Surgery Center to offer a more convenient, lower-cost alternative to hospital-based outpatient urologic surgical services. CN approval will also make Iron Bridge Surgery Center available to all physicians in the community who are credentialed, privileged and in good standing and who perform ambulatory surgical services. Local physicians gaining access to Iron Bridge Surgery Center will improve Spokane County secondary health services planning area residents' access to the procedures expected to be performed at the Iron Bridge Surgery Center. Further, because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the Spokane 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 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
 - A revocation of a license to operate a healthcare facility; or
 - A revocation of a license to practice as a health profession; or
 - 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 Iron Bridge Surgery Center 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.

There is significant need for outpatient surgery ORs in the Spokane County secondary

health services planning area. The proposed ASF will improve access, a key criterion for a CN. The proposed ASF will also provide a low cost, freestanding ambulatory surgical facility 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.

Spokane Urology has a presence in the Spokane County secondary health services planning area, and the proposed ASF will build upon this presence and offer other patients convenient access to surgical services. Iron Bridge Surgery Center is committed to providing high quality, affordable care in the Spokane County secondary health services planning area, and the proposed ASF will help accomplish this goal. The proposed project promotes continuity of care with Spokane Urology's other services, and it offers cost containment as well. Making the proposed ASF available to qualified, credentialed and privileged physicians in good standing is significantly less costly than building a new ASF to address the need for surgical services.

Iron Bridge Surgery Center is requesting a CN for the proposed ASF so that other qualified, credentialed and privileged physicians in good standing can use the facility. As part of its due diligence, Iron Bridge Surgery Center examined alternatives to the proposed project and evaluated those alternatives. The alternatives are addressed below.

Alternative 1: "Do Nothing"

Iron Bridge Surgery Center rejected a "do nothing" alternative. The Spokane County secondary health services planning area currently has too few outpatient ORs. Planning area residents are underserved relative to the forecasted demand for surgical services and must travel or wait to obtain care. Spokane Urology has a presence in the Spokane 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 travel or wait times for surgical 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. A CN-approved ASF would afford increased access and local choice for the health planning area residents and local, independent physicians. It would increase physicians' and patients' ease of access and improve their ability to deliver and receive high quality care. This alternative model reduces the overall cost of care and passes these relative cost and efficiency advantages of a freestanding ambulatory surgical facility to patients and payers.

There are no disadvantages to granting Iron Bridge Surgery Center's request for CN

approval. The data demonstrates there would not be a duplication of services, given a projected net demand of over 22.36 outpatient ORs in the health planning area.

A CN-approved ASF would better serve the interests of the planning area residents and achieve Spokane 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 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. The proposed ASF will be available to Spokane Urology's physicians and their patients as well as to other qualified, credentialed and privileged physicians in good standing and their patients.

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 \(3\)](#).

The design and specifications for the interior build out of the ASF space will provide the following benefits and efficiencies:

- Patient traffic flow is in a circular pattern from pre-op to surgery and return to post-op care. Cross traffic is minimized, thereby reducing patient stress.
- Staff and surgeons enter and leave the facility from the building's north end, away from the main entrance and waiting room. Staff and surgeons enter from directly into the staff lounge. The staff lounge is connected to the men and women lockers and change rooms. The change rooms connect directly to the OR semi-restricted corridor. This is a highly efficient flow which promotes infection control. Staff and surgeons do not travel through patient care areas as they arrive and depart.
- The central nurse station is located directly across from patient pre and post bays providing excellent visual and acoustical observation of patients.
- The ASF is located on the ground floor of the building with parking directly adjacent to the building. This provides patients and family with an easily accessible entrance and discharge and minimal travel distances.

- The Special Procedure Rooms and accompanying pre/post op bays are located such that patients can enter and be discharged without crossing the OR patients.
- The services rooms (water, electric, medical gases, vacuum pump, etc.) are located so they can be serviced without entering into the patient care areas or semi-restricted corridors.

The ASF also incorporates the following architectural and engineering elements:

- LED lighting throughout, including occupancy sensors;
- State of the art, energy efficient HVAC system providing required air changes and filtration and energy conservation;
- Digitally controlled, cloud based, heating, air conditioning and humidification computer system to maximize efficient operation of the HVAC units; and
- Recirculated hot water system meeting or exceeding energy standards.



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 1
IRON BRIDGE SURGERY CENTER
ORGANIZATIONAL CHART

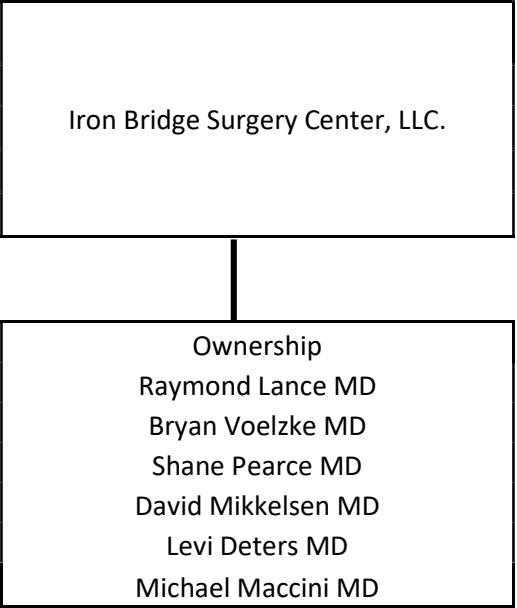


EXHIBIT 2
LETTER OF INTENT

Iron Bridge Surgery Center LLC.
1401 E. Trent, Suite 100
Spokane, WA 99202

March 23, 2021

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

Re: Letter of Intent
Iron Bridge Surgery Center, LLC

Dear Mr. Hernandez:

In accordance with WAC 246-310-080, Iron Bridge Surgery Center, LLC ("Iron Bridge Surgery Center") hereby submits this Letter of Intent proposing to operate a certificate of need approved ambulatory surgery center ("ASC") in the Spokane secondary health services planning area.

Iron Bridge Surgery Center submits the following information:

1. *Description of proposed services:* Iron Bridge Surgery Center proposes to operate a five-operating room ambulatory surgery center to provide urological surgical services.
2. *Estimated cost of proposed project:* The estimated capital expenditure associated with the proposed project is \$4,380,081.
3. *Identification of service area:* The service area for the proposed project is the Spokane 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@studebakemault.com or (425) 279-9929.

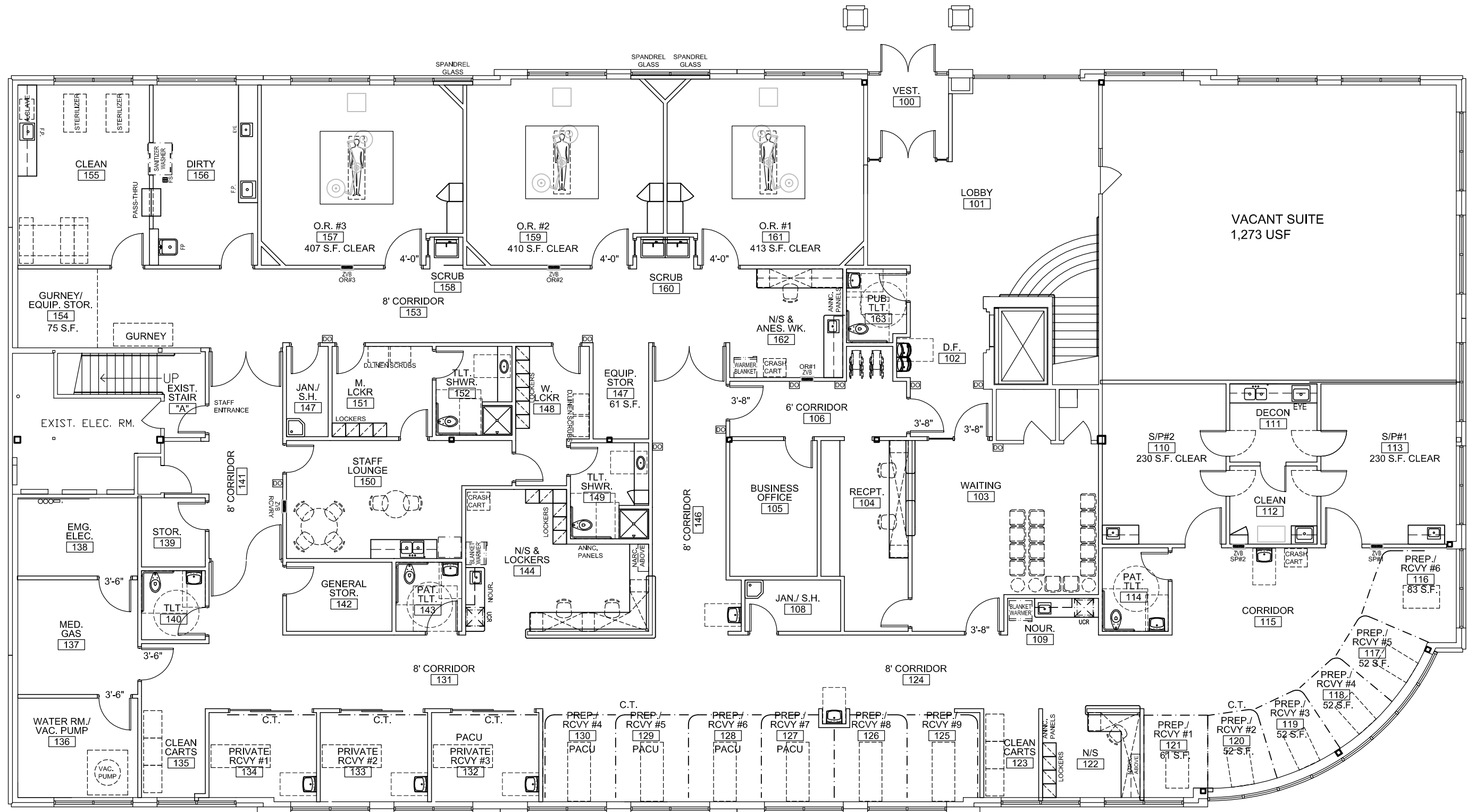
Sincerely,



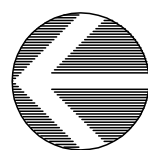
Levi Deters MD

President

EXHIBIT 3
IRON BRIDGE SURGERY CENTER
SINGLE LINE DRAWINGS



O.R.'S - 3 (3 RECOVERIES PER O.R.) (9 TOTAL)
 S/P - 2 (3 RECOVERIES PER S/P) (6 TOTAL)
 2006 FGI GUIDELINES



NORTH

PROPOSED FLOOR PLAN (option #2)

3/32" @ (11x17)

9,709 USF (VACANT 1,714 USF)

AMB Design Associates

4/26/2021

EXHIBIT 4

NUMERIC NEED METHODOLOGY CALCULATION

a.i.	Minutes/year/mixed-use OR	94,250			
a.ii.	Minutes/year/dedicated outpatient OR	68,850			
a.iii.	Outpatient OR capacity	8	dedicated outpatient ORs x 68850 minutes =	550,800 mins dedicated OR capacity	13,108 Outpatient surgeries
a.iv.	Mixed-use OR capacity in minutes	87	mixed-use ORs x 94250 minutes =	8,199,750 mins mixed-use OR capacity	80,128 Mixed-use surgeries
b.i.	Projected surgeries	66,232 49,737	projected inpatient surgeries -----> projected outpatient surgeries ----->	6,777,762 minutes inpatient surgeries 2,089,988 minutes outpatient surgeries	
b.ii.	Forecast # of outpatient surgeries - capacity of dedicated outpatient ORs	49,737	-	13,108 =	36,629 outpatient surgeries
b.iii.	Average time per surgery	Average time of inpatient surgeries = 102.33 Average time of outpatient surgeries = 42.02			
b.iv.	Projected OR capacity need in minutes	Inpatient surgeries x average time = 6,777,762 minutes Remaining outpatient surgeries x avg time = 1,539,188 minutes 8,316,950 minutes			
c.i.	Determination of excess mixed-use OR capacity	if b.iv < a. iv., divide (a. iv. - b.iv.) by 94250 to determine surplus of mixed-use ORs			
	Condition not met (b.iv > a.iv). DO NOT USE. PROCEED TO STEP c.ii.	8,199,750 (8,316,950) (117,200)	/	94,250 =	(1.24)
c.ii.	Determination of inpatient and outpatient OR shortage	if b.iv > a. iv., divide (inpatient part of b. iv. - a.iv.) by 94250 to determine shortage of inpatient ORs			
		6,777,762 (8,199,750) (1,421,988)	/	94,250 =	(15.09)
		divide outpatient part of b.iv. by 68850 to determine shortage of dedicated outpatient ORs			
		1,539,188	/	68,850 =	22.36

EXHIBIT 5

HISTORICAL AND PROJECTED RESIDENT
POPULATION STATISTICS FOR SPOKANE
COUNTY SECONDARY HEALTH SERVICES
PLANNING AREA

Pop-Facts Demographic Trend Spokane County

Population Summary

Population by:	Aggregate	
	Total Population	Age 15+
2026 Projection	560,685	459,785
2021 Estimate	529,659	432,592
2010 Census	468,971	378,920
Growth 2010 - 2021	12.94%	14.16%
Growth 2021 - 2026	5.86%	6.29%

Census Data

	2010	468,971	378,920
Estimated Population			
	2014	490,190	397,619
	2015	495,643	402,437
	2016	501,157	407,313
	2017	506,732	412,247
	2018	512,369	417,242
	2019	518,069	422,297
	2020	523,832	427,413
	2021	529,659	432,592
	2022	535,724	437,899
	2023	541,858	443,271
	2024	548,063	448,709
	2025	554,338	454,213
2010-2021 Growth Rate		1.11%	1.21%
2021-2026 Growth Rate		1.15%	1.23%

Trend Spokane County

Pop-Facts: Demographic Trend

Description	Aggregate					
	2000* / 2010**		2021		2026	
	Census	%	Estimate	%	Projection	%
Population by Age**	468,971		529,659		560,685	
Age 0 - 4	30,125	6.42%	32,262	6.09%	33,594	5.99%
Age 5 - 9	29,608	6.31%	32,203	6.08%	33,608	5.99%
Age 10 - 14	30,319	6.46%	32,602	6.16%	33,698	6.01%
Age 15 - 17	18,959	4.04%	19,736	3.73%	21,422	3.82%
Age 18 - 20	23,945	5.11%	21,997	4.15%	23,260	4.15%
Age 21 - 24	29,673	6.33%	26,772	5.05%	28,058	5.00%
Age 25 - 34	62,145	13.25%	76,377	14.42%	71,641	12.78%
Age 35 - 44	57,393	12.24%	68,351	12.90%	77,737	13.86%
Age 45 - 54	67,421	14.38%	61,403	11.59%	64,520	11.51%
Age 55 - 64	58,766	12.53%	66,130	12.49%	63,671	11.36%
Age 65 - 74	31,965	6.82%	56,732	10.71%	69,696	12.43%
Age 75 - 84	19,335	4.12%	25,075	4.73%	28,941	5.16%
Age 85 and over	9,317	1.99%	10,018	1.89%	10,840	1.93%
Age 16 and over	372,706	79.47%	426,126	80.45%	452,759	80.75%
Age 18 and over	359,960	76.76%	412,855	77.95%	438,364	78.18%
Age 21 and over	336,015	71.65%	390,858	73.79%	415,104	74.04%
Age 65 and over	60,617	12.93%	91,826	17.34%	109,478	19.53%
Age 15+	378,920		432,592		459,785	
Median Age	36.7		38.3		39.5	
Population by Sex**	468,971		529,659		560,685	
Male	231,601	49.38%	262,517	49.56%	277,801	49.55%
Female	237,371	50.62%	267,142	50.44%	282,885	50.45%
Pop. by Single-Classification Race by Hispanic/Latino**						
Hispanic or Latino	21,209		34,784		42,153	
White Alone	11,611	54.74%	19,030	54.71%	23,056	54.70%
Black or African American Alone	341	1.61%	558	1.60%	677	1.60%
American Indian and Alaska Native Alone	816	3.85%	1,339	3.85%	1,622	3.85%
Asian Alone	158	0.74%	258	0.74%	313	0.74%
Native Hawaiian & Other Pacific Islander Alone	85	0.40%	139	0.40%	169	0.40%
Some Other Race Alone	5,261	24.81%	8,634	24.82%	10,465	24.83%
Two or More Races	2,937	13.85%	4,826	13.88%	5,852	13.88%
Not Hispanic or Latino	447,762		494,875		518,532	
White Alone	406,502	90.79%	440,255	88.96%	456,768	88.09%
Black or African American Alone	7,696	1.72%	10,116	2.04%	11,411	2.20%
American Indian and Alaska Native Alone	6,489	1.45%	7,600	1.54%	8,176	1.58%

Trend Spokane County

Pop-Facts: Demographic Trend

Description	Aggregate					
	2000* / 2010**		2021		2026	
	Census	%	Estimate	%	Projection	%
Asian Alone	9,757	2.18%	12,677	2.56%	14,233	2.74%
Native Hawaiian & Other Pacific Islander Alone	1,813	0.40%	3,286	0.66%	4,090	0.79%
Some Other Race Alone	615	0.14%	681	0.14%	712	0.14%
Two or More Races	14,891	3.33%	20,260	4.09%	23,142	4.46%
Households by Age of Householder**	186,302		212,940		226,272	
Householder Under 25 Years	12,643	6.79%	10,397	4.88%	11,029	4.87%
Householder 25 to 34 Years	29,720	15.95%	34,375	16.14%	31,452	13.90%
Householder 35 to 44 Years	30,666	16.46%	36,637	17.21%	41,390	18.29%
Householder 45 to 54 Years	37,933	20.36%	33,872	15.91%	35,844	15.84%
Householder 55 to 64 Years	35,190	18.89%	38,614	18.13%	36,891	16.30%
Householder 65 to 74 Years	20,439	10.97%	35,384	16.62%	43,108	19.05%
Householder 75 to 84 Years	13,277	7.13%	16,796	7.89%	19,191	8.48%
Householder 85 Years and over	6,434	3.45%	6,865	3.22%	7,367	3.26%
Median Age of Householder	50.3		52.4		53.2	
Households by Household Income*	163,099		212,940		226,272	
Income Less than \$15,000	28,157	17.26%	20,064	9.42%	18,467	8.16%
Income \$15,000 - \$24,999	24,540	15.05%	18,357	8.62%	16,748	7.40%
Income \$25,000 - \$34,999	23,852	14.62%	17,913	8.41%	17,359	7.67%
Income \$35,000 - \$49,999	28,581	17.52%	29,003	13.62%	27,689	12.24%
Income \$50,000 - \$74,999	31,366	19.23%	37,242	17.49%	37,082	16.39%
Income \$75,000 - \$99,999	13,808	8.47%	30,018	14.10%	30,586	13.52%
Income \$100,000 - \$124,999	6,173	3.78%	20,701	9.72%	23,958	10.59%
Income \$125,000 - \$149,999	2,607	1.60%	13,310	6.25%	16,937	7.49%
Income \$150,000 - \$199,999	1,944	1.19%	12,424	5.83%	16,783	7.42%
Income \$200,000 - \$249,999	1,051	0.64%	5,661	2.66%	8,550	3.78%
Income \$250,000 - \$499,999	772	0.47%	5,732	2.69%	8,083	3.57%
Income \$500,000 or more	247	0.15%	2,514	1.18%	4,030	1.78%
Average Household Income	\$47,963		\$85,607		\$97,651	
Median Household Income	\$37,624		\$64,186		\$72,163	
Median HH Inc. by Single-Classification Race*						
White Alone	\$38,357		\$65,694		\$73,956	
Black or African American Alone	\$28,909		\$38,727		\$43,483	
American Indian and Alaska Native Alone	\$28,275		\$39,330		\$47,936	
Asian Alone	\$31,350		\$63,325		\$71,373	
Native Hawaiian & Other Pacific Islander Alone	\$33,053		\$45,783		\$53,385	

Trend Spokane County


Pop-Facts: Demographic Trend

Description	Aggregate					
	2000* / 2010**		2021		2026	
	Census	%	Estimate	%	Projection	%
Some Other Race Alone	\$27,621		\$52,395		\$58,481	
Two or More Races	\$26,834		\$56,083		\$62,747	

EXHIBIT 6
ADMISSION AND PRE-PROCEDURAL
RISK POLICY

IRON BRIDGE SURGERY CENTER LLC.

Policy/Procedure – Admission and Pre-Procedural Risk Assessment Policy

Approved Date: <u>3/11/2021</u>	Revision Date: _____
Date Effective: _____	Date Obsolete: _____
Approved By Signature: 	Approved By: <u>Michael Maccini MD</u>

PURPOSE

To describe appropriate preoperative selection of patients and outline the admission process for patients undergoing procedures at Iron Bridge Surgery Center.

To meet requirements of 42 C.F.R. § 416.42(a)(1), 42 C.F.R. § 416.52(2), and WAC 246-330-205.

POLICY

The procedure below outlines the basis of criteria used to accept or exclude patients for procedures at Iron Bridge Surgery Center and describe the admission process.

PROCEDURE

All patients selected for care at Iron Bridge Surgery Center will have equipment and medications appropriate to their condition and planned procedure and will be provided appropriate pre-operative instructions, including dietary restrictions, bathing instructions, and supplies to reduce the risk of infection.

All procedures will be limited to those planned to not exceed 23 hours and 59 minutes combined preoperative, operative, and recovery time.

All procedures will be undertaken with the plan to discharge the patient home and not to transfer the patient to a hospital. Patients may return to other low acuity settings, such as assisted living, nursing, and/or convalescent setting with appropriate surgical after care in place.

All patients will have an identification band placed upon admission to Iron Bridge Surgery Center, and the surgical site will be marked by both patient and surgeon to prevent wrong site surgery.

All patients undergoing procedures at Iron Bridge Surgery Center will receive a pre-procedure evaluation by a physician under which the patients are being directly cared for.

The pre-procedure review will include the following:

1. Review of allergies and other adverse reactions to drugs and biologicals;

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2. An exam to determine if the patient's condition has significantly changed since the comprehensive H&P done within 30 days of surgery date;
3. A note documenting changes or no changes in the patient's condition since the comprehensive H&P;
4. Assessment and documentation of the patient's American Society of Anesthesiologists' (ASA) Physical Status Classification Score and other relevant criteria as an evaluation of anesthetic risk; and
5. Assessment on day of surgery by qualified anesthesia provider with note documenting anesthesia assessment including relevant history, allergies, and physical findings.

EXHIBIT 7
CHARITY CARE POLICY

IRON BRIDGE SURGERY CENTER LLC.

Policy/Procedure – Charity Care Policy

Approved Date: 3/11/2021 Revision Date: _____

Date Effective: _____ Date Obsolete: _____

Approved By Signature:  Approved By: Michael Maccini MD

POLICY

Iron Bridge Surgery Center provides a charity care program to serve the needs of its community. As part of the program, patients who reside in the Spokane County secondary health services planning area and who meet eligibility requirements may receive a partial or full adjustment on medical service charges related to facility fees. Iron Bridge Surgery Center will use reasonable efforts to provide charity care in an amount comparable to the average amount of charity care provided by local hospitals. Charity care qualification criteria will be reviewed annually.

Patients may be referred to this program by provider or employee recommendation, patient/family initiation, or individual request. Iron Bridge Surgery Center does not discriminate based on age, color, creed, disability, national origin, race, religion, sex, or any other grounds unrelated to an individual's need for service.

PURPOSE

To provide for surgical services rendered at Iron Bridge Surgery Center to persons whose family income is at or below 200% of the federal poverty level. Charity care is considered secondary to all other financial resources available to the patient.

PROCEDURE

A. Eligibility Determination

All patient accounts that are preparing to receive services at Iron Bridge Surgery Center are eligible for charity care consideration. Patient eligibility will be identified prior to surgical services being provided. Patient eligibility approval will be for a one-time adjustment of facility fees at Iron Bridge Surgery Center. Services eligible for charity care are defined as facility fees related to appropriate ASC-based surgical services.

A confidential financial statement application will be completed by the patient, including the following:

1. Most recent income tax return or Social Security award letter;
2. Most recent paystub;
3. Proof of all other income; and

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4. Determination notice from the Department of Social and Health Services.

The application must be returned to Iron Bridge Surgery Center for review. To be considered for the program, a patient's household income cannot exceed 200% of the federal poverty level income guidelines. A patient's household income and corresponding sliding discount schedule are shown on the next page. Please note, the discount percentage applies to the patient responsibility portion of the facility fees.

B. Ineligible Services

Medical service charges related to provider professional fees at Iron Bridge Surgery Center.

C. Review Process

Applications and other information obtained by Iron Bridge Surgery Center will be reviewed as received. Iron Bridge Surgery Center will notify the applicant of the decision in writing within 30 business days after the complete application has been received.

PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE
For families/households with more than 8 persons, add \$4,420 for each additional person.	
1	\$12,490
2	\$16,910
3	\$21,330
4	\$25,750
5	\$30,170
6	\$34,590
7	\$39,010
8	\$43,430

EXHIBIT 8

PATIENT RIGHTS AND RESPONSIBILITIES POLICY

IRON BRIDGE SURGERY CENTER LLC

Patient Rights and Responsibilities

You or your representatives have the right to:

- Be informed of your rights before patient care is given or discontinued whenever possible.
- Receive complete and current information regarding your health status in terms you can understand.
- Participate in care planning treatment and discharge recommendations.
- Receive an explanation of any proposed procedure or treatment, including risks, serious side effects and treatment alternatives.
- Make informed decisions regarding care and treatment.
- Participate in managing your pain effectively.
- Request a specific treatment.
- Refuse or discontinue a treatment to the extent permitted by law and to be informed of the consequences of such refusal.
- Request a second opinion
- Have persons of your choice and your physicians promptly notified of admission.
- Write a Living Will, Medical Power of Attorney, and/or a CPR Directive.
- Accept, refuse or withdraw from clinical research.
- Choose or change your healthcare provider.
- Receive care and/or a referral according to the urgency of your situation. When medically stable, you may be transferred to another facility if recommended by your physician.

Quality of Care

You have the right to:

- Respectful treatment, which recognizes and maintains your dignity and values.
- Care in a safe setting.
- Identification of all healthcare providers.
- Know who is primarily responsible for your care.
- Pastoral and/or spiritual support.
- Interpreters and/or special equipment to assist language needs.

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- Information about continuing healthcare requirements following discharge.

Confidentiality and Privacy

You have the right to:

- Personal Privacy.
- Personal information being shared only with those who are involved in your care.
- Confidentiality of your medical and billing records.

Grievance Process

You and your representative have the right to:

- Fair, fast, and objective review of any complaint you have against your health plan, physician or healthcare personnel without fear of reprisal.
- Submit a formal complaint either verbally or in writing as shown below. You will receive a written notice of decision within 15 business days from when the complaint was made known.

Medical Director of ASC serving as Compliance Officer: Michael Maccini MD 509-747-3147

Washington Department of Health 360-236-2750 or

email: <https://www.doh.wa.gov/LicensesPermitsandCertificates/FileComplaintAboutProviderorFacility>

CMS Ombudsman <http://www.medicare.gov/claims-and-appeals/medicare-rights/get-help/ombudsman.html> CMS 1-800-MEDICARE (1-800-633-4227)

Office of Inspector General <https://www.oig.hhs.gov/hotlineoperations> OIG 800-447-8477 or
US Department of Health & Human Services, Attn: OIG Hotline Operations, P.O.BOX 23489,
Washington D.C. 20026

Office of Civil Rights <https://www2.ed.gov/about/offices/list/ocr/docs/howto.html>

Accreditation Association of Ambulatory Health Care www.aaahc.org

Advance Directives

You and your representative have the right to know that:

- Patients treated at Iron Bridge Surgery Center are expected to be in reasonably good health and of low surgical/procedure risk; making resuscitation appropriate for conditions of preserving life, until transfer to hospital occurs.

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- Your advance directives will not prevent treatment of a life threatening condition should one occur while you are receiving care at Iron Bridge Surgery Center. In the event of a life threatening condition, you will be treated, stabilized and transferred via EMS to the closest appropriate acute care facility.

Access to Medical Records

You have the right to:

- Review and get a copy of your Medical Records at any time (Behavioral Health records are an exception).

Seclusion and Restraints

You have the right to:

- To be free of any sort of restraint unless medically necessary.
- Be free from seclusion or restraint for behavioral management unless there is a need to protect your physical safety or the safety of others.

Billing

You have the right to:

- A complete explanation of your bill.

Please know that we support you in meeting your responsibilities during your stay.

PATIENT RESPONSIBILITIES

Providing Information

You have the responsibility to:

- Provide accurate and complete information about present complaints, past illnesses, hospitalizations, medications, and other health-related matters.
- Report perceived risks in your care and unexpected changes in your condition.
- Understand your treatment plan, and ask questions when needed.
- Provide accurate and updated information for insurance and billing.

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Involvement

You have the responsibility to:

- Actively participate in your treatment by following your recommended treatment plan.

Respect and Consideration

You have the responsibility to;

- Act in a respectful and considerate manner toward healthcare providers, other patients, and visitors. Physical or verbal threats are not tolerated.
- Respect the property of others.
- Be mindful of noise levels.

Insurance Billing

You have the responsibility to:

- Know the extent of your insurance coverage.
- Know your insurance requirements such as pre-authorization, deductibles and co-payments.
- Fulfill your financial obligations as promptly as possible.

EXHIBIT 9
NON-DISCRIMINATION POLICY

IRON BRIDGE SURGERY CENTER LLC.

Policy/Procedure – Non-Discrimination Policy

Approved Date: 3/11/2021 Revision Date: _____

Date Effective: _____ Date Obsolete: _____

Approved By Signature:  Approved By: Michael Maccini MD

PURPOSE

To outline conformity with Washington state and federal laws regarding non-discrimination and assure that only relevant factors are considered in offering access to medical care and employment opportunities and that consistent and equitable standards of care, conduct and performance are applied.

POLICY

Iron Bridge Surgery Center does not discriminate in offering access to medical care or employment opportunities on the basis of age, color, creed, disability, gender, gender identity, gender expression, national origin, race, religion, sexual orientation, or veteran's status.

PROCESS

In the event a concern regarding discrimination arises, the Iron Bridge Surgery Center the Client Patient Grievance Complaint form will be completed and the below process will be followed, dependent upon how the issue presents, and the concern will be thoroughly investigated.

Each patient has the right to file complaints regarding their safety or satisfaction. This policy lists the ways by which patients may file complaints. Iron Bridge Surgery Center will investigate and address each complaint, grievance, or concerns as described in this policy.

A patient has the right to file a complaint or grievance either verbally or in writing. They may make these known to any employee who will then refer the patient to the proper management to handle complaints as listed below:

President- Raymond Lance M.D. Phone Number 509-747-3147

Medical Director- Michael Maccini M.D. Phone Number 509-747-3147

Once a complaint or grievance is received, it will be investigated, documented, and responded to by appropriate management:

- a) Verbally within 5 days
- b) In writing within 14 days

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Documentation of complaint resolution will include:

- a) Demographic information of patient
- b) Nature of Complaint
- c) Date of complaint
- d) Date of investigation
- e) Findings of investigation
- f) Conclusions
- g) Corrective Action Plan (if necessary)
- h) Date of patient contact

EXHIBIT 10

IRON BRIDGE SURGERY CENTER
PRO FORMA REVENUE AND EXPENSE
PROJECTIONS

Financial Projections

	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Outpatient Revenue, net of allowances	\$ 4,083,333	\$ 5,600,000	\$ 5,768,000	\$ 5,941,040
Total Gross Revenue	4,083,333	5,600,000	5,768,000	5,941,040
Deductions From Revenue				
B&O Tax	61,250	84,000	86,520	89,116
Charity Care (2.75% of non Medicare/Medicaid)	56,146	77,000	79,310	81,689
Bad debt	102,083	140,000	144,200	148,526
Total Net Revenue	3,863,854	5,299,000	5,457,970	5,621,709
Personnel Costs				
Salaries and wages, including benefits	1,605,992	1,654,172	1,703,797	1,754,911
Other Personnel Costs (please list)				
Total Personnel Costs	1,605,992	1,654,172	1,703,797	1,754,911
Other Expenses				
Medical supplies	583,333	824,000	848,720	900,407
Office supplies	11,667	16,480	17,484	18,548
Laboratory	15,000	15,450	15,914	16,391
Pharmacy	35,000	36,050	37,132	38,245
Medical director fees	30,000	30,900	31,827	32,782
Equipment lease & maintenance	40,500	41,715	42,966	44,255
Building rent or lease	326,445	334,606	342,971	351,546
Depreciation / amortization	132,857	132,862	132,868	132,873
Insurance	65,000	66,950	68,959	71,027
Utilities	72,284	74,091	75,944	77,842
Laundry and linens	18,667	26,368	27,974	29,677
Legal, billings, services and management fees	277,917	320,800	329,534	348,500
Marketing and public relations	10,000	10,300	10,609	10,927
Data and voice	30,000	30,900	31,827	32,782
Transcription	17,500	24,720	26,225	27,823
Minor equipment and instruments	-	35,000	35,000	35,000
Interest expense	25,997	22,371	18,625	14,755
Miscellaneous	25,000	25,750	26,523	27,318
Total Other Expenses	1,717,167	2,069,313	2,121,099	2,210,699
Total All Expenses	3,323,159	3,723,485	3,824,896	3,965,610
Profit/(Loss)	\$ 540,695	\$ 1,575,515	\$ 1,633,074	\$ 1,656,099

EXHIBIT 11
ASC MEDICAL DIRECTOR JOB DESCRIPTION

Spokane Urology PS and Iron Bridge Surgery Center LLC.

JOB DESCRIPTION			
Position Title:	Urologist/Medical Director	Reports To:	Board of Directors
Department:			
Supervisory		Effective:	2/15/2021
Responsibilities:			

General Summary:

An exempt position responsible for performing a variety of clinical duties. Primary Urology responsibilities are to diagnose, treat, and help prevent benign and malignant medical and surgical disorders of the genitourinary system and the renal glands. Provides information to patients so they may fully utilize and benefit from the clinical services. As Medical Director this position is responsible for the direction of all clinical aspects of the Urology Practice and Surgery Center. The Medical Director works collaboratively with the organization leaders of the service areas involved. They are responsible for quality, safety, and service of care provided and actively involved in performance improvement initiative to improve care, treatment and services and mitigate the risk of harm for patients served. The Medical Director will provide input to cost containment initiative and assure the patient's interests drive performance improvement. The Medical Director will provide leadership for regulatory and accreditation compliance as related to the quality and safety of care delivered. Must adhere to the position's clinical scope of practice.

This position requires a mature and flexible individual who is able to deal with a wide range of personalities and responsibilities. The individual needs to be highly organized and motivated. This position also requires the individual to be able to prioritize the workload and possess keen critical thinking skills. The job holder must demonstrate current competencies applicable to this job description.

Essential Urology Job Responsibilities:

- Diagnose or treat diseases or disorders of genitourinary System.
- Diagnose medical conditions.
- Treat chronic diseases or disorders.
- Document or review patients' histories, performs physical exams and surgical procedures.
- Order, interpret and analyze test data or images to inform diagnosis or treatment.
- Operate diagnostic or therapeutic medical instruments or equipment.
- Administer and prescribe medications.
- Provide urology consultation to physicians or other health care professionals.
- Advise medical personnel regarding healthcare issues.
- Direct the work of and supervise nurses, residents, or other staff to provide patient care.
- Refer patients to specialists when condition exceeds experience, expertise, or scope of practice.

Medical Director Job Responsibilities:

- Holds the senior medical administrative position in a medical group practice and surgery center.
- Responsible for a number of activities related to the delivery of medical care and clinical services such as cost management, utilization review, quality assurance, and medical protocol development.
- Provide oversight to the policies, procedures, and protocols for the clinical care provided.
- Develops and approves an applicable continuous quality improvement program which includes monitoring and evaluation of clinical care activities and patient services with a timeline to assess the efficiency of corrective measures.
- Analyzes audit results to assure patient care meets the expected standards.
- Facilitates discussions related to ethical patient care issues, assisting to achieve satisfactory resolution to the patient care issue.
- Provides medical education and training to provide continuous learning opportunities.

Spokane Urology PS and Iron Bridge Surgery Center LLC.

- Enhances collaboration between healthcare providers to promote teamwork and communication among the entire healthcare team.
- Builds a culture of respect, trust, and professionalism among medical staff providers which is represented by fairness, integrity and nondiscrimination.
- Attend standing meetings (board, committee, etc.).
- Handle clinical patient complaints.
- Handle physician behavior and impairment issues.

Qualifications/Requirements:

- Doctor of Medicine
- Demonstrates professionalism in all aspects.
- Education, experience related to Urology.
- Hight skilled in written and verbal communication

Other Requirements:

- Board certification from American board of Urology.

This job description is intended to provide only basic guidelines for meeting job requirements. General summary of duties, essential functions, knowledge skills, abilities, working conditions and physical demands may change as needs evolve.


Employee Acknowledgement			
Signature:		Date:	3/17/21
Printed Name:	Michael A Muccini		

EXHIBIT 12

IRON BRIDGE SURGERY CENTER, LLC

OPERATING AGREEMENT

**OPERATING AGREEMENT
OF
IRON BRIDGE SURGERY CENTER, LLC**

THIS OPERATING AGREEMENT (the "Agreement") is made and entered into as of this 14 day of September, 2021, by and between the initial Members identified on the signature page attached hereto, collectively referred to as the Members.

WHEREAS, Iron Bridge Surgery Center, LLC, a Washington limited liability company (the "Company"), was formed on March 17, 2021, for the principal purpose of owning and operating an ambulatory surgical facility (the "Center") in Spokane, Washington and to otherwise engage in any lawful activity as may be necessary, incidental or convenient to carry on such purpose; and

WHEREAS, the Members desire to jointly own the Company in order to meet the community need and to further their mission of providing health care services to communities it serves by providing additional access and convenience to their patients;

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements hereinafter set forth, the Members hereby agree as follows:

**ARTICLE I
DEFINED TERMS**

Section 1.1. Defined Terms. When used in this Agreement, the following terms shall have the meanings set forth below:

"Act" means the Washington Limited Liability Company Act, Chapter 25.15 RCW, as amended from time to time.

"Affiliate" means: (i) any, direct or indirect, shareholder, partner, member or other type of equity owner of a Member, (ii) any officer, director, manager or executive of any Member, (iii) any Person or group of Persons who, directly or indirectly, controls, is controlled by, or is under common control with, a Member or any Person or entity referred to in clause (i) or (ii) above, and (iv) any entity which, directly or indirectly, is controlled by one or more of the individuals referred to in clauses (i), (ii) or (iii) above.

"Affiliated Entity" means any limited liability company, corporation or trust the equity holders or beneficiaries of which consist exclusively of (i), in relation to a Member which is not a natural Person, such Member and/or one or more of its Affiliates, and (ii), in relation to a Member who is a natural Person, such Member and/or one or more of such Member's descendants, spouse, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law or sisters-in-law.

"Agreement" means this Operating Agreement as amended or restated from time to time.

“Audit” has the meaning specified in Section 7.3 of this Agreement.

“Base Rate” means the prime rate published in the *Wall Street Journal* as of the date the loan described in subsection (b) of Section 3.2 is made.

“Capital Account” means the capital account of a Member maintained as provided in Section 3.6 hereof.

“Capital Call” has the meaning specified in Section 3.2 of this Agreement.

“Capital Contribution” means the contributions by Members to the Company’s capital in the form of cash or property.

“Center” has the meaning specified in the Preamble to this Agreement.

“Code” means the Internal Revenue Code of 1986 (or the corresponding provisions of any succeeding law), as amended from time to time.

“Company” means Iron Bridge Surgery Center, LLC.

“Company Property” means all property, real or personal, tangible or intangible, then owned by the Company.

“Fair Market Value of the Membership Interest” shall mean the price of a Member’s Membership Interest which is subject to purchase, sale or transfer under this Agreement, which shall be a pro rata share on a per Unit basis of the Company’s EBITDA (earnings before interest, taxes, depreciation and amortization) for the most recently completed fiscal year multiplied by two (2).

“Health Care Program Adverse Event” means suspension, debarment, exclusion or termination of from the Medicare or Medicaid programs or other federal or state health care programs, or the imposition of any civil monetary penalties or other punishment by a government program.

“Major Actions” means any of the following: (i) a sale, Transfer, liquidation, or reorganization of all or, substantially all of the assets of the Company Property, a merger of the Company or a dissolution of the Company; (ii) a lease, sale, Transfer or assignment of all or substantially all of the Company Property outside of the ordinary course of business; (iii) the admission of a new or substituted Member; (iv) an amendment, modification, or repeal of this Agreement or the Charter Document (including any conversion or reformation thereof), except where such amendment or modification is determined necessary by counsel for the Company to comply with applicable law; (v) any transaction or contract (including any amendment thereto) with a Member or an Affiliate of a Member, except to the extent specifically provided for hereunder; (vi) any distribution in kind of assets of the Company; (vii) any Capital Calls except to the extent specifically provided for herein; (viii) any Transfer of all or any part of a Membership Interest; (ix) entering into, renewing, amending or terminating the Company’s real

property lease for the Center; (x) approving an annual operating and capital budget for the Company and approving material changes therein; (xi) disposing of the current Center; (xii) determining the amount and timing of distributions pursuant to and except as otherwise provided in Article IV; (xiii) approving any capital or operating expenditures not previously approved in the Company's current capital or operating budget if such expenditure exceeds the sum of \$10,000 for any item or project of related items; (xiv) hiring or terminating the executive director and medical director of the Center; (xv) approving or amending the Center medical staff bylaws; (xvi) adoption of any strategic, marketing and branding plan; (xvii) participation in any activity outside of or contrary to the scope of the Company's purpose, as described in the Preamble to this Agreement; (xviii) incurrence of any debt, or the mortgage or pledge of any asset of the Company to secure any debt, in excess of \$10,000 not authorized in an annual budget approved by the Manager; provided, however, no Member shall be required to personally guarantee any Company obligation unless such Member has approved of such personal guarantee notwithstanding the foregoing obligations subject only to a Super Majority approval as otherwise provided in this Agreement; (xix) development of a marketing and branding plan and design of Center signage; (xx) merger of the Company with another entity; (xxi) the exercise of any right of the Company to acquire any Member Interest; (xxii) on behalf of the Company, instituting proceedings to be adjudicated bankrupt or insolvent; or consenting to the institution of bankruptcy or insolvency proceedings against the Company; or filing a petition seeking, or consenting to, reorganization or relief under any applicable federal or state law relating to bankruptcy; or consenting to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or a substantial part of its property; or making any assignment for the benefit of creditors; or admitting in writing its inability to pay its debts generally as they become due; (xxiii) removal of, and the subsequent replacement of, the Manager, however, if the Manager is also a Member, the Manager's vote is not required with respect to the foregoing for purposes of consent; (xxiv) replacement of the Manager upon the voluntary resignation or withdrawal of the Manager; and (xxv) any other matter that expressly requires approval of a Super Majority of Members as set forth in this Agreement.

"Majority in Interest" means in excess of 50%.

"Majority in Interest of the Members" means those Members holding over 50% of the total Membership Interests.

"Member" means each Person who executes this Agreement or a counterpart hereof as a member of the Company and, in the case of any new Member or transferee of a Membership Interest, is admitted as a Member pursuant to the provisions of Section 5.8 and Article VIII of this Agreement.

"Membership Interest" is determined with respect to any member by dividing the number of Units held by the Member by the total number of Units then outstanding. Each Member's Membership Interest shall be set forth on Exhibit B which shall be amended from time to time to reflect changes in ownership.

"Net Cash Flow" has the meaning specified in Section 4.2(e) of this Agreement.

“Net Losses” has the meaning specified in Section 4.2(c) of this Agreement.

“Net Profit” has the meaning specified in Section 4.2(c) of this Agreement.

“Partnership Representative” has the meaning specified in Section 7.3 of this Agreement.

“Person” means any natural person; any partnership, limited partnership, trust, estate, association, limited liability company, or corporation; any custodian, nominee, trustee, executor, administrator, or other fiduciary; or any other individual or entity in its own or any representative capacity.

“Provider-Investor” means a licensed provider that has a direct or indirect ownership interest in the Company.

“Qualified Appraiser” means an independent third-party consultant knowledgeable and experienced in valuations of limited liability company units in the health care context, but with no less than ten (10) years’ experience valuing ambulatory surgery centers.

“Reserves” means the funds set aside and held by the Company, in amounts determined by the Manager, to cover (a) expenses, liabilities and obligations of the Company that have accrued, but not yet been paid; and (b) future expenses, liabilities and obligations of the Company that may be accrued in the future (whether such are known, unknown, foreseeable, unforeseeable, certain or uncertain).

“State” means the State of Washington.

“Super Majority” means at least sixty-six percent (66%).

“Super Majority of the Members” means those Members holding at least sixty-six percent (66%) of the total Membership Interests.

“Transfer” shall mean, as a noun, any voluntary or involuntary transfer, sale, assignment, pledge, hypothecation, mortgage, charge, encumbrance, or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, assign, pledge, hypothecate, mortgage, charge, encumber, or otherwise dispose.

“Treasury Regulations” means the regulation(s) in connection with the provisions of the Code.

“Unit” means a limited liability company interest in the Company, including (a) all of a Member’s share in the net profits, net losses, and other tax items of the Company, distributions of the Company’s assets pursuant to this Agreement and the Act, and all other economic interest associated with ownership of a limited liability company interest in the Company and (b) all rights that the Member may have to participate in the management or affairs of the Company under this Agreement, including voting rights and all other rights and privileges associated with ownership of a limited liability company interest in the Company.

Section 1.2. Other Terms. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Act.

ARTICLE II FORMATION; GENERAL PURPOSES

Section 2.1. Formation. The Company was formed on March 17, 2021. The Company's affairs and the conduct of its business shall be governed by the Act, except as otherwise expressly provided herein and in the Certificate of Formation. The Members further agree and acknowledge, solely to the extent permitted by law, that the provisions set forth in the Certificate of Formation shall supersede any comparable provisions contained herein and the provisions contained in the Charter Document shall govern any conflict by and between these provisions Purposes.

a. **General.** The Company is formed for the purpose of engaging in any lawful activity for which limited liability companies may be organized under the Act, including, but not limited to:

i. the establishment, ownership and operation of the Center, and the provision of related health care services; and

ii. such other activities or transactions necessary or appropriate in connection with or to effectuate the foregoing.

b. **Scope of Services.** The Center is authorized to offer services and procedures which may be performed in an ambulatory surgical facility setting. All surgeries and procedures will be performed in conformance with all applicable clinical, regulatory, and accreditation standards. The Members may by a Super Majority of the Members agree on any additional services that will be provided at the Center; provided that such additional services are services appropriately performed in an ambulatory surgical facility setting.

Section 2.2. Compliance; Representations and Warranties.

a. **Compliance with Applicable Laws; Compliance Program.** It is expressly understood by the parties hereto that the Company's operations and its Members are subject to various state and federal laws regulating permissible relationships between the Members and entities such as the Company, including 42 U.S.C. §1320a-7(b)(b) (the "Fraud and Abuse Statute") and 42 U.S.C. §1395nn (the "Stark Act"). It is the intent of the parties that the Company operate in a manner consistent with the foregoing statutes. Accordingly, notwithstanding anything else contained in this Agreement to the contrary,

i. To ensure that the Company and the Center operate in a manner consistent with applicable state and federal laws, the Company shall establish and maintain a rigorous compliance program including, but not limited to, providing compliance education and training for staff and providers ("Compliance Program").

ii. Within sixty (60) days of the date of this Agreement, the Company, at its own expense, shall have established such Compliance Program.

iii. The Company shall monitor the Company's compliance with applicable state and federal laws. The Manager shall provide annual reports to the Members regarding compliance issues, including, but not limited to, the Compliance Program and compliance education and training under such Compliance Program.

iv. No contract or other agreement may be entered into by the Company with any Member or Affiliate or any other third party, unless such contract or agreement is at arms-length and for fair market value compensation and is approved in accordance with this Agreement;

v. There is no intent to induce the referral of patients to the Company by any Person in connection with the formation and operation of the Company, and each Member, its Affiliates and its employees are not precluded or discouraged from referring patients to any provider of services other than the Company, and the referral of patients to the Company is not a condition to remaining a Member;

vi. The Company or any Member (or any Person acting on behalf of a Member) shall not loan funds to or guarantee a loan for any Member to enable such Member to make a Capital Contribution;

vii. Any distributions to Members shall be directly proportional to such Members' then Membership Interests; and

viii. The Company shall not furnish or provide services to patients who are referred by Members, their Affiliates or employees, on terms different from those offered to patients referred by any other Person.

The Company, at its own expense, shall conduct regular annual internal reviews of its Compliance Program to ensure that the Company is satisfying the requirements set forth in this Section 2.2 and to ensure that the Company's operations are consistent with the Compliance Program.

b. Representations and Warranties of Each Member. Each Member represents and warrants as follows:

i. It has not received, and will not receive, loans for the purpose of directly or indirectly investing in the Center from the Company or from any direct or indirect investor in the Company;

ii. It has not been, and will not be, excluded, precluded or suspended from participation in the Medicare and/or Medicaid programs; and

iii. It will treat patients receiving medical benefits or assistance under any Federal health care program in a nondiscriminatory manner.

c. **Representations and Warranties of Provider-Investors.** In addition to the representations and warranties in Section 2.2(b), each Provider-Investor represents and warrants to the Company that such Provider-Investor:

i. is, and will remain, licensed and actively practicing medicine and treats, and will treat, all patients covered by a government program;

ii. maintains, and will maintain compliance with the Compliance Program;

iii. has and will maintain, malpractice insurance in an amount reasonably acceptable to the Manager;

iv. has not and will not engage in gross misconduct that in the reasonable opinion of the Manager adversely affects the Company or the operation of the Center (including, but not limited to, mistreatment of employees or staff at the Center), which is not corrected within thirty (30) days of written notice from the Manager, or a failure to adhere to the Company's policies and procedures, which is not corrected within ten (10) days of written notice from the Manager;

v. has and will maintain a license to practice medicine in the State of Washington without restriction; and

vi. has not experienced and will not experience any Health Care Program Adverse Event.

d. **Member's Material Breach of the Representations and Warranties.** Upon the material breach by a Member of any representation or warranty set forth in Section 2.2(b) or (c), which material breach is not cured within thirty (30) days of providing notice of such breach, the other Members may purchase such breaching Member's entire Membership Interest in the Company in accordance with Article VIII.

e. **Stark Act.** The Members also acknowledge that the Stark Act, the regulations promulgated thereunder, and similar Washington laws and regulations may restrict the Center (as presently formed) from providing "designated health services" (as such term is defined in the Stark Act). The Center and the Members shall not provide "designated health services" at the Center. If, in the future, any of the services that the Center provides are deemed to be "designated health services," such services shall be provided by the Center only if such services may be provided in compliance with one or more exceptions to the ban on self-referrals set forth in the Stark Act, the regulations promulgated thereunder, or any successor statutes and/or regulations thereto. In addition, all ancillary services performed at the Center shall be directly and integrally related to primary procedures performed at the Center, and none shall be separately billed to Medicare or other Federal health care programs.

f. **Regulatory Compliance Counsel.** The Company shall retain legal counsel to advise on regulatory, tax, and other compliance and legal issues on an as-needed basis. For the avoidance of doubt, the Members acknowledge and agree that decisions regarding the selection of Company counsel and the terms of engagement shall be approved by the Manager.

Section 2.3. Term. The Company commenced its existence on the date the Charter Document was filed with the Washington Secretary of State and shall continue in existence until dissolved pursuant to the terms hereof or as otherwise provided by law.

Section 2.4. Title to Company Property. Company Property shall be held and owned in the name of the Company. Conveyance of Company Property shall be made in the name of the Company.

Section 2.5. Principal Office. The principal office of the Company shall be located at such office, either within or without the State, as the Manager may designate from time to time.

Section 2.6. Fiscal Year. The fiscal year of the Company shall be the calendar year unless otherwise designated by the Manager.

Section 2.7. Registered Agent/Registered Office. The Company's current registered agent and the address of its current registered office in the State of Washington are as follows:

Randall Danskin, P.S.
601 W. Riverside Avenue, Suite 1500
Spokane, WA 99201-0626

The registered office and registered agent may be changed by the Company from time to time by filing an amendment to the Certificate of Formation or filing such other forms as required by the Washington Secretary of State. The address of such registered agent and/or registered office may be identical to the principal office of the Company or may be some other address.

Section 2.8. Powers of the Company. The Company shall have the power and authority to take any and all actions permitted by the Act that are necessary, appropriate, proper, advisable, convenient or incidental to or for the furtherance of the purpose set forth in Section 2.2.

ARTICLE III

MEMBERSHIP INTEREST; CAPITAL CONTRIBUTIONS; FINANCING

Section 3.1. Financing; Guaranties. The Company may obtain a loan to fund some portion of any property improvements and additional acquisition of surgical equipment. Such loan may be secured by assets of the Company. Guaranty obligations incurred pursuant to this Section 3.1 shall not constitute Capital Contributions, unless and except to the extent that payment is made upon demand under a guaranty (and, in the case of any Excess Guaranty Payment, where an election shall not have been made to treat the same as a loan) in accordance

with Section 3.3. Notwithstanding any provision of this Section 3.1 to the contrary, no Provider-Investor shall be required to personally guaranty any loan to the Company or any Company obligation or any guaranty made by a Member relative to any loan to the Company or Company obligation.

Section 3.2. Capital Contributions. Members and transferees will not be required to make additional Capital Contributions. If additional capital is required for Company operations, upon approval of a Super Majority of the Members, the Manager may either raise additional Capital Contributions from the Members pursuant to this Section 3.2 or borrow funds from Members as discussed in Section 3.4. Subject to approval of a Super Majority of the Members, the Manager may raise additional capital but must first solicit additional Capital Contributions from existing Members and transferees, each of whom will have the right to make additional Capital Contributions in the proportion their Membership Interests bears to the sum of the Membership Interests of the Members and transferees electing to contribute. If not all Members elect to make such additional Capital Contributions, then the contributing Members will have the opportunity to make such additional Contributions, pro rata according to their respective Membership Interests, in which case, the Membership Interests of the non-contributing Members may be diluted unless a Super Majority of the Members elect to treat such additional Capital Contributions as loans to the Company which will be repayable to the loaning Members in priority to any distributions of Net Cash Flow pursuant to Section 4.2 and will accrue interest at such rate and have such repayment term as a Super Majority of the Members may approve. Such loans may be evidenced by an unsecured promissory note or notes if desired by the contributing Member(s).

Section 3.3. Guaranty Payments. Members are not obligated to personally guaranty Company obligations. With respect to any Member who has personally guaranteed Company obligations, in the event that any demand is made under one or more guarantees by a Member of obligations of the Company, all guaranty payments made by any Member, up to the extent of such guaranty payments equal to such Member's Membership Interest percentage of the total guaranty payments made by all Members, shall be deemed a Capital Contribution to the Company. To the extent that any Member shall have made a payment upon demand under a guaranty or guaranties of obligations of the Company in excess of such Member's Membership Interest percentage of the total guaranty payments made by all Members (the "Excess Guaranty Payment"), then at the option of the Member (or, as the case may be, the Majority in Interest of the Members) which shall have made Excess Guaranty Payments, (a) such Member or Members shall have a right of contribution against any Member failing to pay its Membership Interest percentage of the total guaranty payments, (b) such Excess Guaranty Payments shall be treated as loans to the Company in accordance with the provisions of Section 3.2, or (c) such Excess Guaranty Payments shall dilute the Membership Interest of each Member which shall not have made guaranty payments equal to such Member's Membership Interest percentage of the total guaranty payments made by all Members, in accordance with the provisions of Section 3.2. Any Capital Contribution by a Member resulting from a payment upon demand under such Member's guaranty of obligations of the Company, shall not be deemed to reduce any outstanding and unpaid Capital Contribution commitments of such Member.

Section 3.4. Member Loans. To the extent the Company requires additional financing

for its operations, such financing is not reasonably available from third parties, then upon a vote of Super Majority of the Members, the Company may borrow funds from Members (with each Member being given the opportunity, without obligation, to participate in such loan as a creditor in proportion to his then Membership Interest) up to the amount determined necessary, such borrowing to be in accordance with terms specified in Section 3.2 above.

Section 3.5. Membership Interest Adjustments; Obligation of Members. The Membership Interests (and corresponding Unit ownership) of the Members may be changed from time to time as Capital Contributions are made by the Members in accordance with the terms of Section 3.2. At all times, the Membership Interests (and corresponding Unit ownership) of each Member will equal the aggregate Capital Contributions of that Member divided by the aggregate Capital Contributions of all Members. If the Company admits additional Members, the Membership Interest of such additional Members will be established at the time the additional Members become Members of the Company, except that if an additional Member becomes such by acquiring part or all of the Units of existing Members, the additional Member, as to the Units acquired, will succeed to the Membership Interest of the transferred Member attributable to such Units.

If any Member or transferee fails to contribute all or any portion of an additional Capital Contribution or loan obligation after committing to do so, then such amount together with interest and costs as set forth in this Section shall be an obligation of such person to the Company. Such an obligation shall accrue interest at the same rate of any replacement capital. In order to repay such obligation, the Company may (without limiting available remedies) apply against the obligation of such person any distributions that would otherwise be payable to the defaulting person, if such person would otherwise be entitled to any distribution. Any attorney fees, legal costs, collection expenses, or other costs incurred with respect to the loan or collecting on the obligation shall be paid by the defaulting person. Any amounts paid or applied to the obligation shall be first allocated to fees, costs, and expenses, then to interest, and last to the principal amount outstanding. A person will not be entitled to any distributions, increase in Capital Account, or a Membership Interest on an additional Capital Contribution until such sum is actually paid to the Company, and sums applied to fees, costs, expenses or interest will not be included in the calculation of a person's additional Capital Contribution. All Members and transferees hereby acknowledge and agree and, by admission to the Company, acknowledge and agree, that this Section is reasonable under the circumstances existing at the time that this Agreement is made or entered into.

Section 3.6. Capital Accounts. A Capital Account shall be established and maintained by the Company for each Member in accordance with and subject to the requirements of the Code.

- a. In general, each Member's Capital Account is increased by:
 - i. the amount of money contributed by the Member;
 - ii. the fair market value of property contributed by the Member (net of liabilities secured by the property that the Company is considered to assume or take subject to

under Section 752 of the Code);

- iii. allocations of Net Profits (as defined below) to such Member
- iv. any items of income or gain specially allocated to such Member as provided elsewhere in this Agreement; and
- v. allocations to such Member of income or gain exempt from federal income tax.

b. In general, each Member's Capital Account is decreased by:

- i. the amount of money distributed to such Member by the Company;
- ii. the fair market value of property distributed to such Member (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under Section 752 of the Code);

iii. allocations to the Member of expenditures described Section 705(a)(2)(B) of the Code;

iv. any items in the nature of deductions or loss that are specially allocated to such Member as provided elsewhere in this Agreement; and

v. allocations of Net Losses (as defined below) to such Member.

c. If all or a portion of a Member's Membership Interest is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Membership Interest.

d. This Section 3.6 and other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with the requirements of Section 704(b) of the Code and Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with the Agreement and such Treasury Regulations. If the Partnership Representative designated pursuant to Section 7.3 determines that it is prudent to modify the manner in which the Capital Accounts, or any charges or credits thereto (including charges or credits relating to liabilities which are secured by contributions or distributed property or which are assumed by the Company or by Members), are computed in order to comply with such Regulations, the Partnership Representative may make such recommendations to the Manager, and the Manager may make such modification as though approved by the Members executing this Agreement, but only if it will not have a material effect on the amounts to be distributed to any Member pursuant to Section 4.2 or pursuant to Section 9.4 upon the dissolution of the Company, or otherwise materially alter the economic agreement among the Members. The Partnership Representative also shall (i) make recommendations to the Members of any adjustments that may be necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-

1(b)(2)(iv)(q), and (ii) make recommendations to the Members of any appropriate modifications in the event unanticipated events might otherwise cause any one or more of the provisions of this Agreement not to comply with Treasury Regulations Section 1.704-1(b). The Members shall then vote, within five (5) days of receipt of any such suggestions in written form. Any such adjustments or modifications shall only be made following approval of the Members as a Major Action in accordance with Section 5.10.

Section 3.7. Contingency Reserves. The Manager shall have the right to set aside Company funds in such Reserves as it in its reasonable discretion determines to be prudent for the operation of the Company's business, including any sums the Manager deems necessary to reserve for the future payment or reduction of any Company obligations.

Section 3.8. Return of Capital Contributions. Except as otherwise provided in this Agreement, no Member shall be entitled to demand the return of the Member's Capital Account or Capital Contribution at any particular time, except upon dissolution of the Company. Except as otherwise provided in this Agreement, no Member shall be entitled at any time to demand or receive property other than cash. Unless otherwise provided by law, no Member shall be personally liable for the return or repayment of all or any part of any other Member's Capital Account or Capital Contribution, it being expressly agreed that any such return of capital pursuant to this Agreement shall be made solely from the assets (which shall not include any right of contribution from a Member) of the Company.

Section 3.9. No Third Party Beneficiary Rights. The provisions of this Agreement are not intended to be for the benefit of any creditor or any other Person (other than a Member in its capacity as such) to whom any debts, liabilities or obligations are owed by (or who otherwise has any claim against) the Company or any of the Members or any Affiliate; and no such creditor or other Person shall obtain any right under any of such provisions or shall by reason of any of such provisions make any claim in respect of any debt, liability or obligation (or otherwise) against the Company or any of the Members or any Affiliate.

ARTICLE IV DISTRIBUTIONS AND ALLOCATIONS

Section 4.1. Company Expenses. The Company will pay all expenses of the Company, including without limitation (i) all costs of borrowed money, taxes, insurance and assessments with respect to the assets and operation of the Company; (ii) legal and accounting fees incurred by the Company in the operation of its business (but not legal expenses incurred by the Members in connection with the negotiation of this Agreement and related initial agreements for the establishment of the Company); and (iii) expenses for the acquisition, financing, operation, construction and disposition of the assets of the Company. Except upon express agreement, no Member shall have any liability for the expenses of the Company.

Section 4.2. Allocation and Distribution of Profits and Losses.

a. The Company's Net Profits (as hereinafter defined), if any, shall be allocated no less often than annually to Members proportion to holdings of Membership Interests.

b. The Company's Net Losses (as hereinafter defined), if any, shall be allocated no less often than annually to Members in proportion to holdings of Membership Interests.

c. For purposes of this Agreement, "Net Profits" shall mean the gross revenues of the Company, less all losses, deductions and expenses of the Company, all as determined by generally accepted accounting principles applicable to partnerships. "Net Losses" shall mean, for purposes of this Agreement, losses as determined by generally accepted accounting principles applicable to partnerships.

d. If any items to be allocated pursuant to this Article IV include any ordinary income attributable to the recapture of any prior income tax deductions including, without limitation, the recapture of depreciation, as specified in Sections 1245 and 1250 of the Code, such items of recapture, insofar as may be practicable, shall be allocated among the Members in the same proportions as the original allocations of the deductions giving rise to such recapture items.

e. Distributions to Members and transferees shall be made only out of available Net Cash Flow and at such times and in such amounts as is determined by a Super Majority of the Members and in proportion to their Membership Interests.

Section 4.3. Allocation Rules.

a. For purposes of determining the Net Profits, Net Losses or any other items allocable to any period, Net Profits, Net Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Partnership Representative using any method that is permissible under § 706 of the Code and the regulations thereunder.

b. 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 the same proportions as they share Net Profits and Net Losses for the fiscal year in question.

c. The Members are aware of the income tax consequences of the allocations made by this ARTICLE IV and hereby agree to be bound by the provisions of this ARTICLE IV in reporting their shares of Company income and loss for income tax purposes.

Section 4.4. Tax Allocations; Section 704(c) of the Code.

a. In accordance with Section 704(c) of the Code and Reg. 1.704-3 of the Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company, or revalued by the Company, shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of contribution or revaluation.

b. Any elections or other decisions relating to allocations under this Section 4.4, including the selection of any allocation method permitted under Regulation Section 1.704-3, shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. If the Manager fails to select an allocation method, the default method shall be the “traditional method” set forth in Reg. 1.704-3(b). Allocations pursuant to this are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, either Member’s Capital Account or share of Net Profits, Net Losses, other items or distributions pursuant to any provision of this Agreement.

Section 4.5. Retroactive Allocation Not Permitted. The income, gains, losses, deductions and credits of the Company are allocable to a Member only if they are earned, paid or incurred by the Company during the portion of the fiscal year that such Member is a Member of the Company.

Section 4.6. Distribution Rules.

a. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment, distribution or allocation to the Company or the Members shall be treated as amounts distributed to the Members pursuant to this ARTICLE IV for all purposes of this Agreement. The Manager is authorized to withhold from distributions and to pay over to any federal, state or local government any amounts required to be so withheld pursuant to the Code or any provision of any other federal, state or local law and shall allocate such amounts to those Members with respect to which such amounts were withheld.

b. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to any Member with respect to such Member’s Membership Interest if such distribution would violate Section 25.15.231 of the Act or other applicable law.

c. If a Member receives a distribution in violation of the Act, such Member agrees to return the full amount of such distribution to the Company promptly after such Member’s discovery of (or receipt from the Company of notice of) the improper distribution.

**ARTICLE V
MEMBERS**

Section 5.1. Members. The Company shall have one class of Members. The criteria for participation in the Company as a Member shall be determined from time to time by the Members.

Section 5.2. Acknowledgement. Each of the parties hereto agrees that nothing contained herein shall be construed as restricting or limiting any Member’s (or Affiliate’s) right, to the extent applicable, to practice medicine, consistent with the Member’s (or Affiliate’s) medical judgment and medical standards and ethics, or limit the ability of the Member (or Affiliate) to provide out-patient ambulatory surgery services to a Member’s patient.

Section 5.3. Other Business Interests of the Members. Each Member shall devote such time to the business and affairs of the Company as is necessary to carry out the Member’s

duties set forth in this Agreement. Except as expressly provided for herein, this Agreement shall not be construed to restrict any right, privilege or option to a Member to participate in any manner in any other business, corporation, joint venture, limited partnership, general partnership, limited liability company, limited liability partnership or investment in which the other Members may participate, including those which may be the same as or similar to the Company's business and no Member shall be accountable to the Company or to any other Member with respect to any such business or activity. The organization of the Company shall be without prejudice to the Members' respective rights (or the rights of their respective Affiliates) to maintain, expand, or diversify such other interests and activities and to receive and enjoy profits or compensation therefrom. Nothing in this Agreement shall be deemed to require any Member to consent to any alteration or expansion of the business of the Company.

Section 5.4. Liability of Members/Duty of Care. (a) No Member shall have any personal liability whatsoever whether to the Company, to any of the other Members, or to the creditors of the Company (except to the extent specifically assumed by such Member) for the debts of the Company or any of the Company's losses beyond its, his or her Capital Contribution to the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or the management of its business or affairs under this Agreement or the Act shall not be grounds for the imposition of personal liability on the Members for the Company's liabilities.

(b) In discharging their respective duties, the Members shall be fully protected in relying in good faith upon the records required to be maintained under this Agreement and upon such information, opinions, reports or statements by any of its agents, or by any other Person, as to matters the Member reasonably believes are within such other Person's professional or expert competence and who has been selected by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to the Members might properly be paid.

Section 5.5. Admission of Additional Members. Additional and substituted Members may be admitted to the Company upon the approval of the Members as a Major Action pursuant to Section 5.10, which approval may be withheld for any reason or no reason. The vote to admit a new Member shall set forth the Membership Interest that the new Member shall acquire and the Capital Contribution required for acquisition of such Membership Interest. Upon approval of a new Member by the Members, such new Member shall be admitted to the Company upon execution and delivery of a counterpart of this Agreement, delivery of the required Capital Contribution and execution and/or delivery of such other documents, instruments and items as the Members may require. Exhibit B shall be amended from time to time to reflect the admission of new Members.

Section 5.6. Meetings. Meetings of the Members shall be held on such dates as shall be mutually agreed to by the Members holding a Majority in Interest of the Membership Interests for the transaction of such business as may come before the meeting.

Section 5.7. Notice of Meetings. Written notice stating the place, date, and hour of the

meeting shall be delivered not less than five (5) nor more than sixty (60) days before the date of the meeting or, in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of substantially all of the Company's assets, not less than twenty (20) nor more than sixty (60) days before the meeting, to each Member of record entitled to vote at such meeting. Except as otherwise specified in the notice thereof, or as required by the Act, the Charter, or this Agreement, any and all business may be transacted at any meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

Section 5.8. Quorum. The Members holding a Majority in Interest of the Membership Interests entitled to vote upon a matter, present in person or represented by proxy, shall constitute a quorum at any meeting of Members; provided, however, any voting requirement set forth in this Agreement shall require the vote of the percentage indicated of all of the Company's outstanding Membership Interests not simply those represented by Members present at the meeting. Any one or more Members may participate in a meeting of the Members by means of a conference telephone, video conference, or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. In the case that a Member is a Person other than an individual, such Member may be represented at any meeting of the Members by a duly authorized representative of the Member. Withdrawal of Members from any meeting subsequent to the establishment of the necessary quorum of Member shall not cause failure of a duly constituted quorum at that meeting.

Section 5.9. Proxies. Each Member entitled to vote at a meeting of Members or to express consent or dissent to action in writing without a meeting may authorize another Person or Persons to act for such Member by proxy. Such proxy shall be filed with the Company before or at the time of the meeting and will be effective for the period of time stated in the proxy, but in no event longer than eleven (11) months.

Section 5.10. Voting of Membership Interests. There shall be no cumulative voting of Membership Interests. Except as specifically set forth in this Agreement or as otherwise required by the Act, at a meeting of Members at which a quorum is present, in person or represented by proxy, the affirmative vote of the Members holding of at least a Majority in Interest of the Membership Interests entitled to vote on the matter shall be the act of the Members. Notwithstanding the foregoing or anything to the contrary in this Agreement, Major Actions must be approved by a Super Majority of the Member.

Section 5.11. Action by Consent of Members without a Meeting. Any action required to be taken at a meeting of the Members or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by the Members holding the Membership Interests required to vote affirmatively at a meeting at which all Members are present with respect to the subject matter thereof.

Section 5.12. Voting by Ballot. Voting on any question may be by voice unless the presiding officer shall order or any Member shall demand that voting be by ballot.

ARTICLE VI GOVERNANCE

Section 6.1. Manager. Except with respect to Major Actions as set forth in Section 3.2 or as otherwise set forth in this Agreement, all decisions concerning the business and affairs of the Company will be made solely by a manager (“Manager”), and the Manager has the power, on behalf of the Company, to do all things necessary or convenient to carry out the business and affairs of the Company. Subject to the terms of this Agreement, the Manager shall manage the Company and in the capacity as Manager, shall have full responsibility and exclusive and complete discretion in the management and control of the business and affairs of the Company for the purposes stated herein, shall make all decisions affecting the Company’s business and affairs, and shall have full, complete and exclusive discretion to take any and all action the Company is authorized to take and to make all decisions with respect thereto.

The Manager shall be the then-outgoing President of Spokane Urology, P.S. The Manager’s term shall be a two (2) year term. The initial Manager, Levi Deters, MD, who is the current outgoing President of Spokane Urology, P.S., shall serve as the initial Manager. Each newly elected President of Spokane Urology, P.S. shall automatically become the Manager without the need of any vote of Members or consent of the then-current Manager. The Manager can be removed by a Super Majority vote of the Members (exclusive of the Manager if the Manager is also a Member). The Manager may also voluntarily withdraw or resign. Other than as provided in this Section, the Manager shall serve the Company until the Company is dissolved and wound up. Notwithstanding anything to the contrary herein, in the event that the Manager is determined by a court of competent jurisdiction to lack the mental capacity to manage the Company, or otherwise upon the death or the resignation of the Manager, the Company shall become Member-managed unless one or more Managers are appointed by Majority in Interest of the Members (it being acknowledged that all Members will have the right to vote on any replacement Manager in the foregoing scenarios) within ninety (90) days after the occurrence of such an event, all in accordance with RCW 25.15.185.

Section 6.2. Rights and Powers of Manager.

a. Except for powers expressly reserved to the Members under this Agreement or the Act, the Manager shall have full and complete power to manage and control the business, affairs, and properties of the Company, to make all decisions regarding those matters, and to perform any and all other acts or activities customary or incident to the management of the Company’s business and to authorize any Person to enter into and perform any agreement, instrument or other document on behalf of the Company, subject to any approval rights reserved for the Members under this Agreement.

b. Except as otherwise expressly provided under this Agreement or as authorized by the Manager in accordance with this Agreement, no Member (in his, her or its capacity as such) shall take part in the day-to-day management, or the operation or control of the business and affairs of the Company. Except and only to the extent expressly delegated by the Manager, no Member or other Person shall be an agent of the Company or have any right, power or authority

to transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

Section 6.3. Filing of Documents. The Manager shall file or cause to be filed all certificates or documents as may be determined by the Manager to be necessary or appropriate for the formation, continuation, qualification and operation of a limited liability company in the State and any other state in which the Company may elect to do business. To the extent that the Manager determines the action to be necessary or appropriate, the Manager do all things to maintain the Company as a limited liability company under the laws of the State of Washington and any other state in which the Company may elect to do business.

Section 6.4. Compensation

a. The Company will not pay the Manager any fees or other compensation for the Manager's services except as set forth in this Agreement; provided, however, that the foregoing sentence shall not preclude the Manager from receiving compensation from the Company for other services rendered to the Company.

b. The Company will reimburse Manager for all actual out-of-pocket third-party expenses reasonably incurred by them in connection with the carrying out of the duties set forth in this Agreement.

ARTICLE VII ACCOUNTING, REPORTS, TAXES, ETC.

Section 7.1. Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such banks, trust companies or other financial institutions as the Manager may select.

Section 7.2. Tax Elections. Except as otherwise expressly provided to the contrary in this Agreement, all tax elections permitted to be made by the Company under federal or state laws shall be made by the Manager.

Section 7.3. Partnership Representative. The Members hereby agree that the then-current Secretary of Spokane Urology, P.S. shall serve as the "Partnership Representative" (as defined in Code Section 6231). The initial Partnership Representative shall be Michael Maccini, MD. The Partnership Representative is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including, without limitation, administrative and judicial proceedings (collectively, "Audits"), and to expend Company funds for professional services and costs associated therewith. The Members agree to cooperate with each other and to do any and all things reasonably required to conduct such proceedings. The Partnership Representative shall, at least thirty (30) days prior to any applicable tax filing deadline, provide each Member with a copy of any proposed tax documents to be filed and will otherwise cooperate from time to time in providing information reasonably requested by a Member related to tax matters. The Partnership Representative shall, within ten (10) days of the receipt of any notice from the Internal Revenue

Service in any administrative proceeding at the Company level relating to the determination of any Company item of income, gain, loss, deduction or credit, mail a copy of such notice to each Member. The Company shall indemnify and hold harmless the Partnership Representative and its directors, officers, employees and agents from and against any loss, expense, damage or injury suffered or sustained by them by reason of any acts, omissions or alleged acts or omissions undertaken by the Partnership Representative in good faith and arising out of its activities on behalf of the Company as Partnership Representative. Except for any such actions (or omissions) which constitute fraud, gross negligence or intentional misconduct and subject to the immediately preceding sentence, the Members specifically acknowledge that the Partnership Representative shall not be liable, responsible or accountable in damages or otherwise to the Company or any Member with respect to any action taken by the Partnership Representative with respect to an Audit.

Notwithstanding the foregoing, if eligible, the Company shall opt out of the audit rules set forth in the Bipartisan Budget Act (26 U.S.C. Section 6221(a)), pursuant to 26 U.S.C. Section 6221(b), on an annual basis. The Partnership Representative shall advise the Company's accountant to make the annual election opting out of such audit rules. The following shall apply in the event that the Company opts out of the audit rules in any given year. The Partnership Representative shall take such action as may be necessary to cause each Member to become a notice member within the meaning of Section 6223 to the Code and shall keep each Member fully informed of material events in any administrative or judicial proceeding involving Company or Member tax matters. Any Member designated as the Partnership Representative may not take any action contemplated by Code §§ 6222 through 6233 without the consent of the other Members, which consent shall not be unreasonably withheld.

Section 7.4. Company Books, Records and Information. At all times during the existence of the Company, the Company shall keep or cause to be kept complete and accurate books and records necessary, appropriate and adequate for the Company's business in accordance with generally accepted accounting principles consistently applied, and, to the extent inconsistent therewith, in accordance with this Agreement. To the maximum extent permitted by the Act, the Company shall permit each Member and its authorized representatives to inspect, audit and/or copy books, records and other information about the Company or its business for any purpose reasonably related to the Member's Membership Interest in the Company. A Member desiring to exercise such rights shall do so by written notice to the Company stating the purpose of the request. The cost of inspecting, auditing and copying records shall be borne by the requesting Member. The Company may not deny or delay a Member's access to records on the basis of confidentiality or any other grounds except to the extent provided by law; provided that the requesting Member shall undertake not to disclose to any Person other than the Company, other Members and the requesting Member's professional advisors who agree to be bound by such undertaking any secret or confidential information, patient lists or other data or proprietary information of or pertaining to the Company to the extent such information is not generally ascertainable or known or is not a matter of public knowledge. At a minimum the Company shall keep at its principal place of business the following records:

- a. A current list and past list, setting forth the full name and last known mailing address of each Member and Manager;

- b. A copy of the Charter Document and all amendments thereto;
- c. Copies of this Agreement and all amendments hereto;
- d. Copies of the Company's federal, state, and local tax returns and reports, if any, for the three most recent years;
- e. Minutes of every meeting of the Members and the Manager and any written consents obtained from Members for actions taken by Members or the Manager without a meeting; and
- f. The following financial information which shall be transmitted by the Company to each Member within three (3) months after the close of each fiscal year:
 - i. balance sheet of the Company as of the beginning and close of such fiscal year;
 - ii. statement of Company Profits and Losses for such fiscal year;
 - iii. statement of such Member's Capital Account as of the close of such fiscal year, and changes therein during such fiscal year; and
 - iv. a statement indicating such Member's share of each item of Company income, gain, loss, deduction or credit for such fiscal year for income tax purposes.

Section 7.5. Reports to Members. The Company shall use its best efforts to provide each Member, by the first day of March of each year, information regarding the Company needed by such Member in the preparation of such Member's federal and state tax returns for the prior fiscal year and by the first day of March of each year a copy of an accountant's report for the prior fiscal year or a summary thereof.

Section 7.6. Taxation as a Partnership. The Members and the Partnership Representative acknowledge that the Company shall be taxed for federal income tax purposes as a partnership, and that they shall take all actions and file all elections consistent with assuring such treatment.

Section 7.7. Accounting Principles. The Company's books and records shall be kept, and its income tax returns prepared, under such permissible method of accounting, consistently applied, as the Manager determines is in the best interest of the Company and its Members.

Section 7.8. Interest on and Return of Capital Contributions. No Member shall be entitled to interest on its Capital Contribution or to return of its Capital Contribution, except as otherwise specifically provided for herein or in such other written agreement of the Company and Members.

ARTICLE VIII
MEMBERSHIP INTERESTS AND THEIR TRANSFER; RESTRICTIONS

Section 8.1. Restriction on Transfers.

a. Except as expressly permitted herein, no Member may Transfer all or any part of such Member's Membership Interest without the prior written approval of a Super Majority of the Members. For purposes hereof, the term "Transfer" shall mean (the term "Transferred" having the corresponding meaning in the past tense) any transfer, sale, gift, bequest, pledge, encumbrance, hypothecation, assignment, or other act or action, either voluntary or involuntary, by operation of law or otherwise, whereby or as a result of which, a Member's ownership, interest or rights in any Membership Interest are disposed of, impaired or affected in any way, regardless of whether any change in the record of ownership of the Membership Interest occurs. Any Membership Interest Transferred in contravention of this ARTICLE VIII shall be null and void and shall constitute a material breach of this Agreement for which the Company and the other Members shall have the remedies provided under this Agreement, the Act, and applicable law. For purposes of this Article VIII, a Transfer of a controlling interest in a Member that is an entity shall constitute a Transfer of such entity's Membership Interest, and as used herein a "controlling interest" means thirty percent (30%) or more of (i) the voting rights of any Member, the (ii) the interests of the manager of any Member that is a limited liability company, or (iii) the interest or managing partner of any Member that is a partnership.

b. **Triggering Events for Company Purchase.** Except as otherwise provided herein, the Company shall purchase all of a Member's Units upon the terms and conditions set forth below upon the occurrence of the following events:

(i) with respect to a Provider-Investor, (aa) in the reasonable discretion of the Manager or a Super Majority of the Members, the disability of such that the Provider-Investor such that the Provider-Investor is unable to perform ordinary tasks associated with a medical practice; (bb) death of such Member; (cc) the loss of the Provider-Investor's medical license in the State of Washington; (dd) retirement, meaning that such Provider-Investor ceases to practice medicine in the State of Washington (for reason other than those identified in subparagraphs (aa) through (cc) above) and either provides written notice of the same to the Company or as otherwise reasonably determined by the Manager and a Super Majority of the Members; and

(ii) with respect to all Members (including any Provider-Investors), a general assignment by the Member for the benefit of its creditors, any voluntary or involuntary filing, petition, or application by the Member under any law relating to insolvency or bankruptcy, whether for a declaration of bankruptcy, a reorganization, an arrangement, or otherwise, the appointment of a trustee or receiver to take possession of all or substantially all of the Member's assets, or the attachment, execution, or other judicial seizure of all or substantially all of the Member's assets, unless the appointment, attachment, execution, or seizure is discharged within thirty (30) days; and with respect to any Member that is an entity, the dissolution of such entity, or the sale or transfer of all or substantially all of such Member's assets other than in the ordinary course.

(iii) Notwithstanding the foregoing, in addition to other rights and remedies available under this Agreement, at law or in equity, upon the occurrence of the following events, the Company will have the right, but not the obligation, to purchase all of a Member's Membership Interests: (xx) any Transfer or attempted Transfer of a Member's Membership Interest contrary to the terms of this Agreement; (yy) the attempted withdrawal of a Member in violation of this Agreement; and (zz) any breach of this Agreement by a Member, except for those events set forth expressly in this Section above, unless such breach is cured within thirty (30) days following delivery of written notice of such breach.

Section 8.2. Transfer of Membership Interest. Upon the triggering of a Company purchase obligation or a Company purchase right, as applicable, under Section 8.1, the following terms will apply:

a. **Purchase Over Five Years.** The following triggering events fall within the terms of this Section: Section 8.1(1)(aa) (disability), (bb) (death) and (dd) (retirement).

i. The purchase price shall be the Fair Market Value of the Membership Interest of such Member ("Purchase Price").

ii. The Purchase Price with interest at per annum at then applicable federal rate for mid-term loans shall be payable pursuant to an unsecured promissory note with equal monthly installments over a five (5) year term from closing. The Company may prepay all or any portion of the note at any time without penalty. Notwithstanding the foregoing, the Company may elect to pay the Purchase Price in cash at closing. Notwithstanding anything to the contrary herein, upon the death of a Member, if such Member's personal representative, heirs or devisees request a longer payment term, the repayment obligation will be amortized over a term of five (5) years but will be paid out over the requested longer term so that the overall payment obligations of the Company shall remain the same but be spread out over a requested longer term.

b. **Purchase Over Ten Years.** The following triggering events shall fall within the terms of this Section: Section 8.1(cc) (loss of medical license), 8.1(ii) (insolvency and bankruptcy matters, dissolution or sale of assets), and 8.1(iii)(xx)-(zz) (various breaches of this Agreement).

i. The Purchase Price shall be as set forth in Section 8.2.a.i. above.

ii. The Purchase Price with interest per annum at the then applicable federal rate for long-term loans shall be payable pursuant to an unsecured promissory note with equal monthly installments over a ten (10) year term from closing, or a lesser term if elected by the Company, in the Company's sole discretion. The Company may prepay all or any portion of the note at any time without penalty. Notwithstanding the foregoing, the Company may elect to pay the Purchase Price in cash at closing.

c. **Terms of all Transfers.** If the Company purchases a Member's Membership

Interest under this Agreement, the Company shall arrange to release such Member from all recourse obligations on behalf of the Company for which such Member may have been individually liable, or if such arrangements cannot be made, the Company shall indemnify such Member for all losses incurred and payments made by such Member after the purchase as a result of the Member's personal liability.

i. The closing shall be within thirty (30) days from the date the Purchase Price was determined.

ii. At closing, the Member/transferor shall deliver documents necessary to convey the Units and clear of all liens, claims and encumbrances, and of which shall be paid by the transferor/Member.

d. **Company Payment Modifications.** If at any time the Company is obligated to make payments to one or more former Members pursuant to this Article VIII, and such payment(s) may impair the operating cash flow of the Company, payments to such Member(s) shall be modified under the terms and conditions as recommended by the Company's certified public accountant. In making its recommendations, the Company's certified public accountant shall act in good faith and take into consideration the fact that the former Member(s) are outstanding creditors of the Company. It will also consider the Company's past and projected cash flow, lenders' agreements, projections for operating capital improvements, maintenance and similar items and whether or not the payment obligations to former Member(s) will indeed impair the proper functioning of the Company. The Company, through its certified public accountant, will promptly notify the former Member(s) of any such modifications to the payment terms. The unpaid balance shall continue to bear interest as provided above, and the terms of the note(s) will be extended as necessary to satisfy this modification.

e. **Offset.** In all cases, the Company has the right to offset and deduct from the Purchase Price or other sums due to any Member any all sums that the Member owes to the Company.

f. **Minimum Investment Period; Initial Member Matters.** Notwithstanding anything to the contrary in this Agreement, the initial Members of the Company at formation shall hold their Membership Interests for a minimum of five (5) years from the date of initial investment and admission of each such initial Member. The foregoing provisions concerning the Company purchase obligation and Company purchase right shall not apply to initial Members during the initial five (5) year investment period. After the expiration of the initial investment period, all of the foregoing Company purchase obligations and rights shall apply.

Notwithstanding anything to the contrary in this Agreement and excluded from the terms hereof the initial Members and their interests as noted above in this Section during the initial investment period of five (5) years, at no time is it intended for the total Membership Interests owned by Members who are not physicians employed by Spokane Urology, P.S. on a full-time basis to exceed forty percent (40%) of the total outstanding Membership Interests. If and when that occurs, all of the Membership Interests of the Members who are not full-time employee-physicians of Spokane Urology, P.S. shall be subject to the Company purchase obligation under

the terms of Section 8.2(a), pro rata in proportion to each such Member's Membership Interest with respect to all such Membership Interests of all non-physician employees of Spokane Urology, P.S. so that at least sixty percent (60%) of Membership Interests outstanding at all times shall be owned by full-time physicians of Spokane Urology, P.S.

g. Upon the closing of the sale Membership Interest under this Article VIII, the selling and purchasing parties shall execute and deliver to each other the various documents which shall be required to carry out their undertakings hereunder including the payment of cash and/or delivery of notes. Upon the closing and such deliveries, the departing Member shall transfer to the Company such departing Member's Membership Interest free and clear of any liens, charges or other encumbrances.

Section 8.3 Additional Limitations on Transfer. Notwithstanding any other provision in this Agreement to the contrary: a Transfer shall not be valid or of any force or effect if it would, in the opinion of counsel for the Company, result in (i) a violation of any applicable United States federal or state securities laws or (ii) the Company being treated for income tax purposes as an association taxable as a corporation. As a condition to the Company recognizing the effectiveness of any Transfer, the Members may require the transferor or transferee, as the case may be, to execute, acknowledge and deliver to the Company such instruments of transfer, assignment and assumption and such other certificates, representations and documents, and to perform all such other acts, which the Members may deem necessary or desirable to: (i) verify the Transfer, (ii) confirm that the proposed transferee has accepted, assumed and agreed to be subject and bound by all of the terms, obligations and conditions of this Agreement, (iii) maintain the status of the Company as an association taxable as a partnership for federal tax purposes, and (iv) assure compliance with any applicable state and federal laws, including securities laws and regulations.

Section 8.4. All Membership Interests Subject to Restriction. In the case of any approved transfer or disposition of a Membership Interest or the addition of a new Member, each such transferee or new Member shall execute an appropriate instrument agreeing to be bound by this Agreement as a Member and any guaranty or other instrument which has been executed by the other Members in connection with their ownership in the Company or financing which the Company has obtained. Any transferees of a Membership Interest shall receive and hold such Membership Interest subject to this Agreement and all of the restrictions, obligations and rights created hereunder, and the Members and each transferee shall be bound by their obligations under this Agreement with respect to each subsequent transferee.

Section 8.5. Assignee of a Member's Membership Interest. If a Member Transfers all or any portion of its Membership Interest (whether voluntarily, involuntarily or by operation of law or otherwise) and a Person acquires such Membership Interest but is not admitted as a substitute Member pursuant to the terms of this Agreement, such Person shall:

a. be treated as an assignee of a Member's Membership Interest; have no right to participate in the business and affairs of the Company or to exercise any rights of a Member under this Agreement or the Act;

b. and share in the Company's distributions or allocations of income, gains, losses, deductions, credit, or similar items on the same basis as the transferring Member.

Section 8.6. Withdrawal. Except as otherwise provided in this Agreement, no Member may withdraw from the Company without the consent of all of the other Members. Any other withdrawal shall be null and void and constitutes a material breach of this Agreement for which the Company shall have all remedies provided under this Agreement and applicable law. Withdrawal shall not release a withdrawing Member from any obligations or liabilities under this Agreement accrued or incurred before the effective date of withdrawal.

Section 8.7. Section 754 Elections. In the event of a Transfer of all or any part of the interest of a Member, the Manager may elect pursuant to Section 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Company's assets. Notwithstanding an election pursuant to Section 754 having been made with respect to the interest of any Member, however, the determination of profits, losses, and capital account balances shall, for all purposes of this Agreement, be made without taking into account adjustments resulting from such election and such adjustments shall be taken into account on the income tax returns of the Members affected thereby.

ARTICLE IX DISSOLUTION, TERMINATION AND LIQUIDATION

Section 9.1. Events Causing Dissolution of the Company. The first to occur of the following events shall cause a dissolution of the Company:

- a. the unanimous consent of the Members to the dissolution of the Company;
- b. the sale or exchange of all or substantially all of the Company Property; or
- c. as may be compelled by regulatory requirement, judicial mandate, or other government action.

The Company shall continue in existence notwithstanding, and shall not be dissolved by, the termination of any Member's membership in the Company, so long as there remains another Member of the Company.

Section 9.2. Effect of Dissolution. If the Company is dissolved, the Company shall be wound up and terminated in accordance with this ARTICLE IX.

Section 9.3. Final Accounting. Upon dissolution of the Company, an accounting shall be made of the Capital Account of each Member, of the Company Property and of the Company's liabilities and operations, from the date of the last previous accounting to the date of such dissolution.

Section 9.4. Distribution. Following prompt liquidation of the assets of the Company

and the payment of all debts and liabilities of the Company (other than loans or advances that have been made by any of the Members) and all expenses of liquidation, and subject to the right of the Manager to set up cash Reserves as deemed reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, the proceeds of the liquidation and any other funds of the Company shall be distributed in the following order of priority:

a. First, to the repayment of any loans or advances that may have been made by any of the Members to the Company, but if the amount available for repayment of such loans or advances shall be insufficient, then to the Members on account thereof in proportion to their respective advances;

b. Second, after allocation of all income, profits, losses and deductions in accordance with Article IV hereof and after adjustment to the Capital Accounts required by Treasury Regulation §1.704-1(b), to the Members in payment of the amount of their Capital Accounts, but if the amount available for such repayment shall be insufficient, then to the Members on account thereof in proportion to their respective Capital Accounts; and

c. Then, to the Members in accordance with their Membership Interests. Each Member shall look solely to the Company Property for all distributions with respect to the Company and shall have no recourse against any other Member therefor. No Member shall have any rights to demand or receive Company Property other than cash upon distribution and liquidation of the Company, but the Members may, in their discretion by vote, distribute Company Property other than cash to a Member.

Section 9.5. Negative Capital Account Balance. No Member shall have any obligation to make any Capital Contribution to the Company to eliminate the negative balance, if any, of such Member's Capital Account, and any such negative balance shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

Section 9.6. Termination. A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. Each of the Members shall be furnished with a statement prepared by the Company's accountant, which shall set forth the property and liabilities of the Company as of the date of complete liquidation. Upon compliance with the distribution plan set forth herein, the Members shall cease to be such, and the Members or an authorized person shall execute, acknowledge and cause to be filed an appropriate certificate or articles of dissolution of the Company in accordance with the Act. Upon completion of the dissolution, winding up, liquidation and distribution of the liquidation proceeds, the Company and this Agreement shall terminate.

ARTICLE X

LIMITATION OF LIABILITY; INDEMNIFICATION; INSURANCE

Section 10.1. Limitation of Liability. No Member, Manager, or officer of the Company (each, an "Indemnified Person") shall have liability to the Company or the Members for monetary damages for conduct as a Member, Manager, or officer of the Company, except for acts or omissions that involve a breach of this Agreement, intentional misconduct, a knowing

violation of law, or conduct violating RCW 25.15.231. If the Act is hereafter amended to authorize Company action further limiting the personal liability of members, managers, and agents of limited liability companies, then the liability of each Indemnified Person shall be eliminated or limited to the full extent permitted by the Act, as so amended. No repeal or modification of the Act or this Section 10.1 shall adversely affect any right or protection of an Indemnified Person existing at the time of such repeal or modification for or with respect to an act or omission of such Indemnified Person occurring prior to such repeal or modification.

Section 10.2. Indemnification. The Company shall indemnify each Indemnified Person to the fullest extent allowed under RCW 25.15.041 from and against any judgments, settlements, penalties, fines or expenses incurred in a proceeding to which a Indemnified Person is a party because he, she or it is, or was, a Member, Manager, or officer of the Company; *provided, however,* that an Indemnified Person shall not be indemnified from or on account of acts or omissions of the Indemnified Person finally adjudicated to be intentional misconduct or a knowing violation of law by the Indemnified Person, or conduct of an Indemnified Person adjudged to be in violation of RCW 25.15.231. The right to indemnification conferred in this Section 10.2 shall be a contract right and shall include the right to be paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition; *provided, however,* that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Indemnified Person, to repay all amounts so advanced if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified under this Section 10.2 or otherwise; *provided, further,* no Indemnified Person shall be entitled to be paid such expenses in advance of final disposition in a proceeding between such Indemnified Person and the Company or one of its Members. The right to indemnification and payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 10.2 shall not be exclusive of any other right any Indemnified Person may have or hereafter acquire under any statute, this Agreement, vote of Members or otherwise. No repeal or modification of the Act or this Section 10.2 shall adversely affect any right of an Indemnified Person to indemnification existing at the time of such repeal or modification for or with respect to indemnification related to an act or omission of such Indemnified Person occurring prior to such repeal or modification.

In addition, each Member shall indemnify the other Member and the Company for payment of that portion or any and all claims, liabilities, injuries, suits, demands and expenses (including reasonable attorneys' fees and costs) that may result from, or arise out of, a finally adjudicated or settled claim establishing such Member's breach of one or more representations or warranties in Section 2.2.b), Section 2.2.c), or Section 2.2.d).

ARTICLE XI MISCELLANEOUS

Section 11.1. Notices and Addresses. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day; (c) three (3) days after having been sent by registered

or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. Such notices as are mailed shall be mailed to the Members at the addresses set forth on Exhibit B hereof or such other email or other address of which a Member may notify the Company and the other Members in writing in accordance with this Section. Any notices to be sent to the Company shall be mailed to the principal office of the Company.

Section 11.2. Governing Law; Attorneys' Fees. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington without regard to the conflict of law provisions thereof. In any action or proceeding brought by a party against another relating in any way to this Agreement or the relationship between the parties, the prevailing party shall, in addition to other allowable costs, be entitled to an award of reasonable attorneys' fees.

Section 11.3. Amendments. This Agreement may be amended only as set forth for Major Actions in Section 5.10 hereof, provided no amendment shall be made which adversely affects a Member without such Member's prior written consent.

Section 11.4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Members, their permitted assigns and their respective legal representatives, heirs, successors and assigns. This Agreement is entered into between the Company and the Members for the exclusive benefit of the Company, its Members and their successors and assigns.

Section 11.5. Counterparts. This Agreement may be executed in multiple and separate counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

Section 11.6. Entire Agreement. This Agreement and the Exhibits attached hereto constitute the entire understanding of the parties hereto with respect to the subject matter hereof and no amendment, modification or alteration of the terms hereof shall be binding unless the same be in writing and adopted in accordance with the provisions of this Agreement.

Section 11.7. Partition Action. Each of the parties hereto irrevocably waives any right which such party may have to maintain an action for partition with respect to Company Property.

Section 11.8. Validity and Severability. If any provision herein shall be held invalid or unenforceable, such provision shall not affect the validity or enforceability of any other provisions hereof, all of which other provisions shall, in such case, remain in full force and effect.

Section 11.9. Statutory References. Each reference in this Agreement to a particular statute or regulation, or a provision thereof, shall, at any particular time, be deemed to be a reference to such statute or regulation, or provision thereof, or to any similar or superseding statute or regulation, or provision thereof, as at such time is in effect.

Section 11.10. Securities Laws; Other Restrictions. THE MEMBERSHIP INTERESTS

HAVE BEEN ACQUIRED BY THE MEMBERS FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION. SUCH MEMBERSHIP INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF COMPLIANCE WITH THIS AGREEMENT, THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS AND, IF THE COMPANY SO REQUESTS, AN OPINION REASONABLY ACCEPTABLE TO THE COMPANY THAT THE PROPOSED DISPOSITION WILL NOT VIOLATE THE SECURITIES ACT OR ANY OTHER APPLICABLE SECURITIES LAWS AND THE TRANSFER HAS BEEN ACCOMPLISHED IN ACCORDANCE WITH THE OTHER TERMS OF THIS AGREEMENT.

Section 11.11. Section Titles. Section titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

Section 11.12. Dispute Resolution.

a. **Mediation of Disputes.** Any controversy or claim arising out of or relating to this Agreement, or the making, performance, or interpretation thereof, shall be subject to a good faith effort at resolution through mediation.

i. Any party may initiate mediation by giving the other party written notice describing the issue(s) the initiating party wishes to mediate. Within thirty (30) days of the notice of mediation, the parties shall mutually agree to a mediator and retain such person to mediate the issue in a timely manner. In the event that the parties cannot mutually agree to a mediator within thirty (30) days of the notice of mediation, the party requesting the mediation shall within ten (10) days after the expiration of the initial thirty day period submit a list of 3 retired judges, justices or attorneys unrelated to the party by current or prior personal, business or professional relationship, with experience mediating similar issues, and the other party shall within ten (10) days of receipt of such list select the mediator from such list.

ii. The cost of the mediation shall be borne equally by the parties.

iii. No party shall initiate legal proceedings or other dispute resolution processes under this Agreement or otherwise to any dispute to which this Section applies without first, in good faith, participating in the mediation process provided for in this Section and if any party shall commence a court action without first attempting to resolve the matter in good faith through mediation, that party shall not be entitled to recover attorney's fees even if they would otherwise be available to that party in such action.

b. **Arbitration of Disputes Following Mediation.** Any controversy or claim in law or equity arising out of or relating to this Agreement, or the making, performance, or interpretation thereof, which is not resolved through the mediation process under the preceding provision shall be resolved by arbitration to take place in Spokane County, Washington. The arbitration shall be before one arbitrator selected by mutual agreement of the parties. In the event that the parties cannot mutually agree to an arbitrator within thirty (30) days of the notice

of arbitration, the party requesting the arbitration shall within ten (10) days after the expiration of the initial thirty day period submit a list of 3 arbitrators who are members of JAMS and unrelated to the party by current or prior personal, business or professional relationship, with experience arbitrating similar issues, and the other party shall within ten (10) days of receipt of such list select the arbitrator from such list. Any party requesting arbitration under this Agreement shall make a demand on the other party by registered or certified mail. The arbitration shall be conducted under the then current Commercial Arbitration Rules of the American Arbitration Association, except that the arbitrator shall be bound to apply and follow Washington substantive law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The fees and expenses of the arbitrator shall be shared equally by both parties. The arbitrator may elect to award to the prevailing party its reasonable attorneys' fees.

Section 11.13. Limited Renegotiation. This Agreement shall be construed to be in accordance with any and all applicable federal and state laws, including without limitation Medicare, Medicaid and other federal and state statutes, rules, regulations, principles and interpretations. In the event there is a change in Medicare, Medicaid or other federal or state statutes, rules, regulations, principles or interpretations that renders any of the material terms of this Agreement unlawful or unenforceable as determined by qualified health law counsel for a Member or the Company, any Member shall have the immediately right to initiate the good faith renegotiation of the affected term or terms of this Agreement, upon notice to the other Members, to remedy such condition. Should the parties be unable in good faith to renegotiate the term or terms so affected so as to bring it/them into compliance with the statute, rule, regulation, principle or interpretation that rendered it/them unlawful or unenforceable, within ninety (90) days of the date on which notice of a desired renegotiation is given, then the Company shall be dissolved pursuant to Section 9.1 of the Agreement.

Section 11.14. Waiver. The failure of any person to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

Section 11.15. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive the right to use any or other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

Section 11.16. Counterparts and Faxed/E-Mailed Signatures. This Agreement may be executed in any number of counterparts and all counterparts shall be deemed to constitute a single agreement. The execution of one counterpart by any party shall have the same force and effect as if that party had signed all other counterparts. This Agreement shall not be binding until all parties have signed at least one counterpart. Signature of this Agreement transmitted by facsimile or scanning and electronic mail shall be effective and binding in the same manner as delivery of an original signature. The signing party shall promptly mail a copy of this document with an original signature to the appropriate address following the facsimile or electronic mail transmission.

Section 11.17. Authority. Each Member signing below represents and warrants that it has authority to execute this Agreement and to perform its obligations hereunder, and that all necessary consents, approvals, resolutions, and other actions relating thereto have been obtained. Each person signing on behalf of such Member represents and warrants that he has been duly authorized to execute this Agreement on behalf of such Member.

Section 11.18. Spouses. As a condition to admission, each Member's spouse, as applicable, shall sign and deliver a spousal consent in the form approved by the Company. It is the intent of the Members that they conduct business with each other and not with their respective spouses or third parties unless otherwise admitted to membership pursuant to the terms of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement effective as of the date first above written.



Levi Deters, MD, Initial Member

Phone: 509-999-5837
Date: 9/14/21



David Mikkelsen, MD, Initial Member

Phone: 509-994-0456
Date: 9/14/21



Raymond Lance, MD, Initial Member

Phone: 509-919-2209
Date: 9/14/21



Michael Maccini, MD, Initial Member

Phone: 509-863-7496
Date: 9/14/21



Bryan Voelzke, MD, Initial Member

Phone: 206-715-0466
Date: 9/14/21



Shane Pearce, MD, Initial Member

Phone: 608-234-7401
Date: 9/14/21

EXHIBIT 13

LEASE AGREEMENT BETWEEN IRON BRIDGE UROLOGIC, LLC AND IRON BRIDGE UROLOGICAL LLC

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is entered into and effective as of this date _____, between Iron Bridge Urologic, LLC, a Washington limited liability company ("Landlord"), and Iron Bridge Surgery Center, LLC, a Washington limited liability company ("Tenant"). Landlord and Tenant agree as follows:

1. LEASE SUMMARY.

- a. **Leased Premises.** The leased commercial real estate i) consists of an agreed area of 9,948 rentable square feet ("Premises Area") and is outlined on the floor plan attached as Exhibit A (the "Premises"); ii) is located on the land legally described on attached Exhibit B; and iii) is commonly known as Suite 100, 1401 E Trent Ave Spokane, WA 99202 (suite number and address). The Premises do not include, and Landlord reserves, the exterior walls and roof of the Premises; the land beneath the Premises; the pipes and ducts, conduits, wires, fixtures, and equipment above the suspended ceiling; and the structural elements of the building in which the Premises are located (the "Building"). The Building, the land upon which it is situated, all other improvements located on such land, and all common areas appurtenant to the Building are referred to as the "Property." The Building and all other buildings on the Property as of the date of this Lease consist of an agreed area of 23,654 rentable square feet ("Total Building Area").
- b. **Lease Commencement Date.** The term of this Lease shall be for a period of one hundred twenty (120) months and shall commence on Substantial Completion of the Tenant Improvements as defined on Exhibit C hereto (the "Commencement Date"). Tenant shall have no right or option to extend this Lease, unless otherwise set forth in a rider or amendment attached to this Lease.
- c. **Lease Termination Date.** The term of this Lease shall expire at midnight the end of the one hundred twentieth (120th) month after the Commencement Date, or such later date as provided in Section 3 (the "Termination Date").
- d. **Base Rent.** The base monthly rent shall be \$29,015.00 ("Base Rent"). Rent shall be payable at Landlord's address shown in Section 1(h) below, or such other place designated in writing by Landlord. The base rent to increase to two and one half percent (2.5%) annually.
- e. **Prepaid Rent.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$0.00 as prepaid rent.
- f. **Security Deposit.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$29,015.00 to be held as a security deposit pursuant to Section 5 below. The security deposit shall be in the form of check or wire transfer.
- g. **Permitted Use.** The Premises shall be used only as an ambulatory surgical center pursuant to a Certificate of Need, and business office, and for no other purpose without the prior written consent of Landlord (the "Permitted Use").
- h. **Building Expenses and Tenant's Share.**
 - I. As used in this Lease, the term "Building Expenses" includes all costs incurred in connection with the maintenance, operation, or repair of the Building and the Property, except for those that are the responsibility of individual tenants with respect to their individual premises within the Building. "Building Expenses" includes repairs or maintenance, the complete replacement of HVAC systems, all insurance premiums paid by Landlord, and all Real Property Taxes & Assessments (defined below) applicable to the Building and the Property, as those terms are hereinafter defined. The term "Building Expenses" also includes all reasonable costs and expenses

incurred by Landlord in connection with the maintenance, operation, management, repair, or replacement of the Building, including the Premises, and the Common Areas (defined in Section 11), such as (a) general maintenance and repair of the Building; (b) snow removal, ash removal, sweeping, and other janitorial services; (c) maintenance and repair of lighting systems, sprinkler systems, storm drainage systems, landscaping, sidewalks, curbs, directional signs or other markers; (d) maintenance, repair, and replacement of trash receptacles and other facilities located in or affiliated with the Building; (e) the rental of machinery or equipment for maintenance, operation, or management of the Building and the Property; (f) expenses incurred in conjunction with any rules and regulations of governing authorities; (g) personal property taxes or assessments imposed against any personal property utilized by Landlord in conjunction with the maintenance, operation, management, or repair of the Building; (h) pylon and other signage operations, maintenance and repair; (i) reasonable reserves for future maintenance and repair work, and future replacements, that Landlord anticipates will be necessary; (j) additional reasonable and necessary property management fees and charges paid to third parties; (k) charges for utilities including gas, electricity, water, garbage service, sewer fees and use, security alarms, and other charges; and (l) maintenance and repairs to the roof and roof skin related to any of Tenant's Work on or through the roof. Landlord may, at its election, include in Building Expenses in any single lease year an amortized portion of any capital improvement costs, amortized over Landlord's estimate of the useful life of any such capital improvement.

As used herein, the term "Real Property Taxes and Assessments" means all real estate taxes, levies, and current installments of assessments, whether special or general—including any assessments by road improvement districts, water improvement districts, or local improvement districts; utility installation, hook-up, tie-in, or similar charges, and any subsequent increase in any such taxes, levies, or assessments imposed for any reason. The term "Real Property Taxes & Assessments," shall not include (i) federal or state income tax calculated on Rent, (ii) any one-time transfer tax (as opposed to an increase) which may be levied or assessed against Landlord or (iii) any business and occupation tax assessed against the Landlord; provided however, that should the federal government, State of Washington, the City of Spokane or any other political subdivision impose a gross or net rent tax, or any other similar tax, Tenant shall be responsible for the payment thereof.

- II. As used in this Lease, "Tenant's Share" means a percentage, expressed as a fraction, the numerator of which is the Tenant's Premises Area and the denominator of which is the Total Building Area. Landlord and Tenant agree that as of the Effective Date, the Total Building Area is 9,948 rentable square feet. As of the Effective Date, therefore, **Tenant's Share is 42.06%**. Notwithstanding anything to the contrary in this Lease, if, after the Effective Date, (a) the Premises are expanded or reduced in rentable square footage, or (b) the Total Building Area is expanded or reduced in rentable square footage, Landlord shall appropriately adjust the relevant number of square feet of Tenant's Premises Area or the Total Building Area, and the calculation of Tenant's Share shall be adjusted accordingly.

2. NOTICE AND PAYMENT ADDRESSES.

Landlord: Iron Bridge Urologic, LLC
1401 E Trent Avenue, #200
Spokane, WA 99202
Email:

Tenant: Iron Bridge Surgery Center, LLC

Email: _____

3. PREMISES.

- a. **Lease of Premises.** Landlord leases to Tenant, and Tenant leases from Landlord the Premises upon the terms specified in this Lease.
- b. **Acceptance of Premises.** Except as specified elsewhere in this Lease, Landlord makes no representations or warranties to Tenant regarding the Premises, including the suitability of the Premises for Tenant's proposed use, zoning or land use matters, and the structural condition of the Premises or the condition of all mechanical, electrical, and other systems on the Premises. Tenant shall be responsible for performing any work necessary to bring the Premises into a condition satisfactory to Tenant. By signing this Lease, Tenant acknowledges that it has had adequate opportunity to investigate the Premises; acknowledges responsibility for making any corrections, alterations and repairs to the Premises; and acknowledges that the time needed to complete any such items shall not delay the Commencement Date.
- c. **Tenant Improvements.** Attached Exhibit C sets forth all of all tenant improvements to be completed by Tenant (the "Tenant's Work"), that will be performed by Tenant in the Premises. Responsibility for design, payment and performance of all such work shall be as set forth on attached Exhibit C. Except with respect to completion of the Tenant's Work, Tenant accepts the Premises in its current condition, as-is where-is and with all faults.

4. TERM. The term of this Lease shall commence on the Commencement Date specified in Section 1, or on such earlier or later date as may be specified by notice delivered by Landlord to Tenant advising Tenant that the Premises are ready for possession and specifying the Commencement Date, which shall not be less than ten (10) days following the date of such notice, and expire on the Termination Date, unless earlier terminated as provided in this Lease.

- a. **Early Possession.** If Landlord permits Tenant to possess and occupy the Premises prior to the Commencement Date specified in Section 1, then such early occupancy shall not advance the Commencement Date, or the Termination Date set forth in Section 1, but otherwise all terms and conditions of this Lease shall nevertheless apply during the period of early occupancy before the Commencement Date.
- b. **Delayed Possession.** Landlord shall act diligently to make the Premises available to Tenant; provided, however, neither Landlord nor any agent or employee of Landlord shall be liable for any damage or loss due to Landlord's inability or failure to deliver possession of the Premises to Tenant as provided in this Lease. If possession is delayed, the Commencement Date set forth in Section 1 shall also be delayed. In addition, the Termination Date set forth in Section 1 shall be modified so that the length of the Lease term remains the same. If Landlord does not deliver possession of the Premises to Tenant within one hundred twenty (120) days after the Commencement Date specified in Section 1, Tenant may elect to cancel this Lease by giving notice to Landlord within ten (10) days after such time period ends. If Tenant gives notice of cancellation, the Lease shall be cancelled, all prepaid rent and security deposits shall be refunded to Tenant, and neither Landlord nor Tenant shall have any further obligations to the other. The first "Lease Year" shall commence on the Commencement Date and shall end on the date which is twelve (12) months from the end of the month in which the Commencement Date occurs. Each successive Lease Year during the initial term and any extension terms shall be twelve (12) months, commencing on the first day following the end of the preceding Lease

Year. To the extent that the tenant improvements are not completed in time for the Tenant to occupy or take possession of the Premises on the Commencement Date due to the failure of Tenant to fulfill any of its obligations under this Lease, the Lease shall nevertheless commence on the Commencement Date set forth in Section 1.

5. RENT.

- a. **Payment of Rent.** Tenant shall pay Landlord without notice, demand, deduction or offset, in lawful money of the United States, the monthly Base Rent stated in Section 1 in advance on or before the first day of each month during the Lease term beginning on the Commencement Date and shall also pay any other additional payments due to Landlord ("Additional Rent") (collectively, "rent" or "Rent") when required under this Lease. Payments for any partial month at the beginning or end of the Lease shall be prorated. All payments due to Landlord under this Lease, including late fees and interest, shall also constitute Additional Rent, and upon failure of Tenant to pay any such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent.

Tenant shall pay Tenant's Share of all Building Expenses. Upon the Commencement Date, Landlord will estimate Tenant's Additional Rent, including Tenant's Share of all Building Expenses for the balance of the current calendar year and shall submit a statement of such amounts to Tenant. Tenant shall pay as monthly Additional Rent, one-twelfth (1/12) of the estimated annual Additional Rent, in advance, without deduction, setoff, prior notice or demand, on or before the first day of each month, along with the payment of monthly Base Rent. Tenant shall continue to make said monthly payments of Additional Rent until notified by Landlord of a change in the amount. Within ninety (90) days after the end of each calendar year, Landlord shall give Tenant a statement showing the expenses described in this Section for the previous calendar year, upon which Tenant's Share of Building Expenses is based, and the calculation of Tenant's monthly Additional Rent. At the same time, Landlord shall provide Tenant with a calculation of Tenant's estimated Additional Rent for the current calendar year. In the event the total of the monthly payments of Additional Rent that Tenant has made for the prior calendar year is less than Tenant's actual Additional Rent for such calendar year, Tenant shall pay the difference in a lump sum within thirty (30) days after receipt of such statement. Any overpayment by Tenant shall first be credited towards the next installment of monthly Additional Rent and then credited towards the next installment of monthly Base Rent. Even though the Term may have expired and Tenant may have vacated the Premises, when the final determination is made of Additional Rent for the year in which this Lease terminates, Tenant shall timely pay any balance due over the estimated Additional Rent previously paid and, conversely, any overpayment made shall be refunded by Landlord to Tenant within thirty (30) days.

- b. **Late Charges; Default Interest.** If any sums payable by Tenant to Landlord under this Lease are not received within five (5) business days after their due date, Tenant shall pay Landlord an amount equal to the greater of \$100 or five percent (5%) of the delinquent amount for the cost of collecting and handling such late payment in addition to the amount due and as Additional Rent. All delinquent sums payable by Tenant to Landlord and not paid within five (5) business days after their due date shall, at Landlord's option, bear interest at the rate of fifteen percent (15%) per annum, or the highest rate of interest allowable by law, whichever is less (the "Default Rate"). Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.
- c. **Less Than Full Payment.** Landlord's acceptance of less than the full amount of any payment due from Tenant shall not be deemed an accord and satisfaction or compromise of such payment unless Landlord specifically consents in writing to payment of such lesser sum as an accord and satisfaction or compromise of the amount which Landlord claims. Any portion that remains to be paid by Tenant shall be subject to the late charges and default interest provisions of this Section.

- 6. SECURITY DEPOSIT.** Upon execution of this Lease, Tenant shall deliver to Landlord the security deposit specified in Section 1 above. Landlord's obligations with respect to the security deposit are those of a debtor and not of a trustee, and Landlord may commingle the security deposit with its other funds. If Tenant breaches any covenant or condition of this Lease, including but not limited to the payment of Rent, Landlord may apply all or any part of the security deposit to the payment of any sum in default and any damage suffered by Landlord as a result of Tenant's breach. Tenant acknowledges, however, that the security deposit shall not be considered as a measure of Tenant's damages in case of default by Tenant, and any payment to Landlord from the security deposit shall not be construed as a payment of liquidated damages for Tenant's default. If Landlord applies the security deposit as contemplated by this Section, Tenant shall, within five (5) days after written demand therefor by Landlord, deposit with Landlord the amount so applied. If Tenant complies with all of the covenants and conditions of this Lease throughout the Lease term, the security deposit shall be repaid to Tenant without interest within thirty (30) days after the surrender of the Premises by Tenant in the condition required by Section 12 of this Lease.
- 7. USES.** The Premises shall be used only for the Permitted Use specified in Section 1 above, and for no other business or purpose without the prior written consent of Landlord. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises, the Building, or the Property, or cause the cancellation of any insurance on the Premises, the Building, or the Property. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant shall not do or permit anything to be done on the Premises, the Building, or the Property which will obstruct or interfere with the rights of other tenants or occupants of the Property, or their employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, or to injure or annoy such persons.
- 8. COMPLIANCE WITH LAWS.** Tenant shall not cause or permit the Premises to be used in any way which violates any law, ordinance, or governmental regulation or order. Landlord represents to Tenant that as of the Commencement Date, to Landlord's knowledge but without duty of investigation, and with the exception of any Tenant's Work, the Premises comply with all applicable laws, rules, regulations, or orders, including without limitation, the Americans With Disabilities Act, if applicable, and Landlord shall be responsible to promptly cure at its sole cost any noncompliance which existed on the Commencement Date. Tenant shall be responsible for complying with all laws applicable to the Premises as a result of the Permitted Use, and Tenant shall be responsible for making any changes or alterations as may be required by law, rule, regulation, or order for Tenant's Permitted Use at its sole cost and expense. Otherwise, if changes or alterations are required by law, rule, regulation, or order unrelated to the Permitted Use, Landlord shall make changes and alterations at its expense.
- 9. UTILITIES AND SERVICES.** Tenant shall be responsible for other utilities (including, but not limited to, water, electricity, HVAC, telephone, Internet, and cable service if available) and other services which Tenant requires with respect to the Premises, and shall pay, at Tenant's sole expense, the cost of all utilities separately metered to the Premises, and of all other utilities and other services which Tenant requires with respect to the Premises. Tenant shall also arrange for janitorial services for the Premises, at Tenant's sole cost. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities or services due to any cause whatsoever, and Rent shall not abate as a result thereof.
- 10. TAXES.** Tenant shall pay all taxes, assessments, liens and license fees ("Taxes") levied, assessed or imposed by any authority having the direct or indirect power to tax or assess any such liens, related to or required by Tenant's use of the Premises as well as all Taxes on Tenant's personal property located on the Premises. Landlord shall pay all Taxes with respect to the Building and the Property, including any Taxes resulting from a reassessment of the Building or the Property due to a change of ownership or otherwise.

11. COMMON AREAS

Definition. The term "Common Areas" means all areas, facilities and building systems that are provided and designated from time to time by Landlord for the general, non-exclusive use and convenience of Tenant with other tenants and which are not leased or held for the exclusive use of a particular tenant. To the extent that

such areas and facilities exist within the Property, Common Areas include hallways, entryways, stairs, elevators, driveways, walkways, terraces, docks, loading areas, restrooms, trash facilities, parking areas and garages, roadways, pedestrian sidewalks, landscaped areas, security areas, lobby or mall areas, common heating, ventilating and air conditioning systems, common electrical service, equipment and facilities, and common mechanical systems, equipment and facilities. Tenant shall comply with reasonable rules and regulations concerning the use of the Common Areas adopted by Landlord from time to time. Without advance notice to Tenant and without any liability to Tenant, Landlord may change the size, use, or nature of any Common Areas, erect improvements on the Common Areas or convert any portion of the Common Areas to the exclusive use of Landlord or selected tenants, so long as Tenant is not thereby deprived of the substantial benefit of the Premises. Landlord reserves the use of exterior walls and the roof, and the right to install, maintain, use, repair and replace pipes, ducts, conduits, and wires leading through the Premises in areas which will not materially interfere with Tenant's use thereof.

- a. **Use of the Common Areas.** Tenant shall have the non-exclusive right, in common with such other tenants to whom Landlord has granted or may grant such rights, to use the Common Areas. Tenant shall abide by rules and regulations adopted by Landlord from time to time and shall use its best efforts to cause its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, to comply with those rules and regulations, and not interfere with the use of Common Areas by others.
- b. **Maintenance of Common Areas.** Landlord shall maintain the Common Areas in good order, condition and repair. In performing such maintenance, Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises.

12.ALTERATIONS. Tenant may make alterations, additions or improvements to the Premises, including any Tenant Work identified on attached Exhibit C (the "Alterations"), only with the prior written consent of Landlord, which, with respect to Alterations not affecting the structural components of the Premises or utility systems therein, shall not be unreasonably withheld, conditioned, or delayed. Landlord shall have thirty (30) days in which to respond to Tenant's request for any Alterations so long as such request includes the names of Tenant's contractors and reasonably detailed plans and specifications therefor. The term "Alterations" shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures that may be performed without damaging existing improvements or the structural integrity of the Premises, the Building, or the Property, and Landlord's consent shall not be required for Tenant's installation or removal of those items. Tenant shall perform all work at Tenant's expense and in compliance with all applicable laws and shall complete all Alterations in accordance with plans and specifications approved by Landlord, using contractors approved by Landlord, and in a manner so as to not unreasonably interfere with other tenants. Tenant shall pay, when due, or furnish a bond for payment (as set forth in Section 19) all claims for labor or materials furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Premises or the Property or any interest therein. Tenant shall remove all Alterations at the end of the Lease term unless Landlord conditioned its consent upon Tenant leaving a specified Alteration at the Premises, in which case Tenant shall not remove such Alteration, and it shall become Landlord's property. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.

13.REPAIRS AND MAINTENANCE; SURRENDER. Tenant shall, at its sole expense, maintain the Premises in good condition and promptly make all non-structural repairs and replacements necessary to keep the Premises safe and in good condition, including HVAC components and other utilities and systems to the extent exclusively serving the Premises. Landlord shall maintain and repair the Building structure, foundation, subfloor, exterior walls, roof structure and surface, and HVAC components and other utilities and systems serving more than just the Premises and the Common Areas. Tenant shall not damage any demising wall or disturb the structural integrity of the Premises, the Building, the Common Areas or the Property and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Tenant or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. Notwithstanding anything in this Section to the contrary, Tenant shall not be responsible for any repairs to the Premises made necessary by the negligence or willful misconduct of Landlord or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees therein. If Tenant fails to perform Tenant's obligations under this Section, Landlord may at Landlord's option enter upon

the Premises after ten (10) days' prior notice to Tenant and put the same in good order, condition and repair and the cost thereof together with interest thereon at the default rate set forth in Section 4 shall be due and payable as Additional Rent to Landlord together with Tenant's next installment of Base Rent. Upon expiration of the Lease term, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises, together with all keys, to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty excepted.

14.ACCESS AND RIGHT OF ENTRY. After twenty-four (24) hours' notice from Landlord (except in cases of emergency, when no notice shall be required), Tenant shall permit Landlord and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, inspections, alterations or improvements, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises. This Section shall not impose any repair or other obligation upon Landlord not expressly stated elsewhere in this Lease. After reasonable notice to Tenant, Landlord shall have the right to enter the Premises for the purpose of (a) showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within one hundred fifty (150) days prior to the expiration or sooner termination of the Lease term, and (b) posting "for lease" signs within one hundred fifty (150) days prior to the expiration or sooner termination of the Lease term.

15.SIGNAGE. Tenant shall obtain Landlord's reasonable written consent as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Tenant shall install any approved signage at Tenant's sole expense and in compliance with all applicable laws. Tenant shall not damage or deface the Premises in installing or removing signage and shall repair any injury or damage to the Premises caused by such installation or removal.

16.DESTRUCTION OR CONDEMNATION

- a. **Damage and Repair.** If the Premises or the portion of the Building or the Property necessary for Tenant's occupancy are partially damaged but not rendered untenable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and the portion of the Property necessary for Tenant's occupancy to the extent required below and this Lease shall not terminate. Tenant may, however, terminate the Lease if Landlord is unable to restore the Premises within six (6) months of the casualty event by giving twenty (20) days' notice of termination.

The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be deemed untenable if twenty-five percent (25%) or less of each of those areas are damaged. If insurance proceeds are not available or are not sufficient to pay the entire cost of restoring the Premises, or if Landlord's lender does not permit all or any part of the insurance proceeds to be applied toward restoration, then Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty.

If the Premises, the portion of the Building or the Property necessary for Tenant's occupancy, or fifty percent (50%) or more of the rentable area of the Property are entirely destroyed, or partially damaged and rendered untenable, by fire or other casualty, Landlord may, at its option: (a) terminate this Lease as provided herein, or (b) restore the Premises and the portion of the Property necessary for Tenant's occupancy to their previous condition to the extent required below; provided, however, if such casualty event occurs during the last six (6) months of the Lease term (after considering any option to extend the term timely exercised by Tenant) then either Tenant or Landlord may elect to terminate the Lease. If, within sixty (60) days after receipt by Landlord from Tenant of notice that Tenant deems the Premises or the portion of the Property necessary for Tenant's occupancy untenable, Landlord fails to notify Tenant of its election to restore those areas, or if Landlord is unable to restore those areas within six (6) months of the date of the casualty event, then Tenant may elect to terminate the Lease upon twenty (20) days' notice to Landlord unless Landlord, within such twenty (20) day period, notifies Tenant that it will in fact restore the Premises or actually completes such restoration

work to the extent required below, as applicable.

If Landlord restores the Premises or the Property under this Section, Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises, provided that there shall be a Rent abatement only if the damage or destruction of the Premises or the Property did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises or the Property. Landlord shall have no obligation to carry insurance of any kind for the protection of Tenant; any alterations or improvements paid for by Tenant; any Tenant Work identified in Exhibit C (regardless of who may have completed them); Tenant's furniture; or on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord's restoration obligations hereunder shall not include any obligation to repair any damage thereto or replace the same.

- b. **Condemnation.** If the Premises, the portion of the Building or the Property necessary for Tenant's occupancy, or 50% or more of the rentable area of the Property are made untenable by eminent domain, or conveyed under a threat of condemnation, this Lease shall terminate at the option of either Landlord or Tenant as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises or the portion of the Property taken by the condemning authority. All Rents and other payments shall be paid to that date. If the condemning authority takes a portion of the Premises or of the Building or the Property necessary for Tenant's occupancy that does not render them untenable, then this Lease shall continue in full force and effect and the base monthly rent shall be equitably reduced based on the proportion by which the floor area of any structures is reduced. The reduction in Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be deemed untenable if twenty-five percent (25%) or less of each of those areas are condemned. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building or the Property and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses if Tenant may terminate the Lease under this Section, provided that in no event shall Tenant's claim reduce Landlord's award.

17.INSURANCE.

- a. **Tenant's Liability Insurance.** During the Lease term, Tenant shall pay for and maintain commercial general liability insurance with broad form property damage and contractual liability endorsements. This policy shall name Landlord, its property manager (if any), and other parties designated by Landlord as additional insureds using an endorsement form acceptable to Landlord, and shall insure Tenant's activities and those of Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees with respect to the Premises against loss, damage or liability for personal injury or bodily injury (including death) or loss or damage to property with a combined single limit of not less than \$2,000,000. Tenant's insurance will be primary and noncontributory with any liability insurance carried by Landlord. Landlord may also require Tenant to obtain and maintain business auto liability coverage, and, if applicable to Tenant's Permitted Use, liquor liability insurance and/or warehouseman's coverage.
- b. **Tenant's Property Insurance.** During the Lease term, Tenant shall pay for and maintain special form clauses of loss coverage property insurance (with coverage for earthquake if required by Landlord's lender and, if the Premises are situated in a flood plain, flood damage)

for all of Tenant's personal property, fixtures and equipment in the amount of their full replacement value.

- c. **Miscellaneous.** Tenant's insurance required under this Section shall be with companies rated A-/VII or better in Best's Insurance Guide, and which are admitted in the state in which the Premises are located. No insurance policy shall be cancelled or reduced in coverage and each such policy shall provide that it is not subject to cancellation or a reduction in coverage except after thirty (30) days prior notice to Landlord. Tenant shall deliver to Landlord upon commencement of the Lease and from time to time thereafter, copies of the insurance policies or evidence of insurance and copies of endorsements required by this Section. In no event shall the limits of such policies be considered as limiting the liability of Tenant under this Lease. If Tenant fails to acquire or maintain any insurance or provide any policy or evidence of insurance required by this Section, and such failure continues for three (3) days after notice from Landlord, Landlord may, but shall not be required to, obtain such insurance for Landlord's benefit and Tenant shall reimburse Landlord for the costs of such insurance upon demand. Such amounts shall be Additional Rent payable by Tenant hereunder and in the event of non-payment thereof, Landlord shall have the same rights and remedies with respect to such non-payment as it has with respect to any other non-payment of Rent hereunder.
- d. **Landlord's Insurance.** Landlord shall carry special form clauses of loss coverage property insurance of the Building shell and core in the amount of their full replacement value, and such other insurance of such types and amounts as Landlord, in its discretion, shall deem reasonably appropriate.
- e. **Waiver of Subrogation.** Landlord and Tenant hereby release each other and any other tenant, their agents or employees, from responsibility for, and waive their entire claim of recovery for any loss or damage arising from any cause covered by property insurance required to be carried or otherwise carried by each of them. Each party shall provide notice to the property insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective property insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such property policies or to the extent of liabilities exceeding the limits of such policies.

18. INDEMNIFICATION

- a. **Indemnification by Tenant.** Tenant shall defend, indemnify, and hold Landlord harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Tenant or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises or the Property, or arising from any breach of this Lease by Tenant. Tenant shall use legal counsel reasonably acceptable to Landlord in defense of any action within Tenant's defense obligation.
- b. **Indemnification by Landlord.** Landlord shall defend, indemnify and hold Tenant harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Landlord or Landlord's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises or the Property, or arising from any breach of this Lease by Landlord. Landlord shall use legal counsel reasonably acceptable to Tenant in defense of any action within Landlord's defense obligation.
- c. **Waiver of Immunity.** Landlord and Tenant each specifically and expressly waive any immunity that each may be granted under the Washington State Industrial Insurance Act, Title 51 RCW. Neither party's indemnity obligations under this Lease shall be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under

the Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts.

- d. **Exemption of Landlord from Liability.** Except to the extent of claims arising out of Landlord's gross negligence or intentional misconduct, Landlord shall not be liable for injury to Tenant's business or assets or any loss of income therefrom or for damage to any property of Tenant or of its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, other licensees or invitees, or any other person in or about the Premises or the Property.
- e. **Survival.** The provisions of this Section shall survive expiration or termination of this Lease.

19. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Lease (collectively referred to as a "Transfer") or any part of the Premises, without first obtaining Landlord's written consent, which shall not be unreasonably withheld, conditioned, or delayed. Unless said subtenant or assignee has a use other than medical and/or office. Subletting or assigning the lease for a urology practice will be prohibited. No Transfer shall relieve Tenant of any liability under this Lease notwithstanding Landlord's consent to such Transfer. Consent to any Transfer shall not operate as a waiver of the necessity for Landlord's consent to any subsequent Transfer. In connection with each request for consent to a Transfer, Tenant shall pay the reasonable cost of processing same, including attorneys' fees, upon demand of Landlord, up to a maximum of \$1,250. If Tenant is a partnership, limited liability company, corporation, or other entity, any transfer of this Lease by merger, consolidation, redemption or liquidation, or any change in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interest in Tenant, shall constitute a Transfer under this Section.

As a condition to Landlord's approval, if given, any potential assignee or sublessee otherwise approved by Landlord shall assume all obligations of Tenant under this Lease and shall be jointly and severally liable with Tenant and any guarantor, if required, for the payment of Rent and performance of all terms of this Lease. In connection with any Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption agreement and documents.

20. LIENS. Tenant shall not subject the Landlord's estate to any liens or claims of lien. Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability for any such liens including, without limitation, liens arising from any Alterations. If a lien is filed against the Premises by any person claiming by, through or under Tenant, Tenant shall, within ten (10) days after Landlord's demand, at Tenant's expense, either remove the lien or furnish to Landlord a bond in form and amount and issued by a surety satisfactory to Landlord, indemnifying Landlord and the Premises against all liabilities, costs and expenses, including attorneys' fees, which Landlord could reasonably incur as a result of such lien.

21. DEFAULT. The following occurrences shall each constitute a default by Tenant (an "Event of Default"):

- a. **Failure to Pay.** Failure by Tenant to pay any sum, including Rent, due under this Lease following five (5) days' notice from Landlord of the failure to pay.
- b. **Vacation/Abandonment.** Vacation by Tenant of the Premises (defined as an absence for at least fifteen (15) consecutive days without prior notice to Landlord), or abandonment by Tenant of the Premises (defined as an absence of five (5) days or more while Tenant is in breach of some other term of this Lease). Tenant's vacation or abandonment of the Premises shall not be subject to any notice or right to cure.
- c. **Insolvency.** Tenant's insolvency or bankruptcy (whether voluntary or involuntary); or appointment of a receiver, assignee or other liquidating officer for Tenant's business; provided, however, that in the event of any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding shall constitute an Event of Default only if such proceeding is not dismissed or vacated within sixty (60) days after its institution or commencement.

- d. **Levy or Execution.** The taking of Tenant's interest in this Lease or the Premises, or any part thereof, by execution or other process of law directed against Tenant, or attachment of Tenant's interest in this Lease by any creditor of Tenant, if such attachment is not discharged within fifteen (15) days after being levied.
- e. **Other Non-Monetary Defaults.** The breach by Tenant of any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section or elsewhere in this Lease, which breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach.
- f. **Failure to Take Possession.** Failure by Tenant to take possession of the Premises on the Commencement Date or failure by Tenant to commence any Tenant's Work in a timely fashion.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event less than thirty (30) days after notice by Tenant to Landlord. If Landlord fails to cure any such default within the allotted time, Tenant's sole remedy shall be to seek actual money damages (but not consequential or punitive damages) for loss arising from Landlord's failure to discharge its obligations under this Lease. Nothing herein contained shall relieve Landlord from its duty to perform of any of its obligations to the standard prescribed in this Lease.

Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

22.REMEDIES. Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

- a. **Termination of Lease.** Landlord may terminate Tenant's interest under the Lease, but no act by Landlord other than notice of termination from Landlord to Tenant shall terminate this Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease term, less the net proceeds, if any, of any re-letting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's Reletting Expenses (as defined below). Landlord shall be entitled to either collect damages from Tenant monthly on the days on which rent or other amounts would have been payable under the Lease, or alternatively, Landlord may accelerate Tenant's obligations under the Lease and recover from Tenant: (i) unpaid rent which had been earned at the time of termination; (ii) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rent loss that Tenant proves could reasonably have been avoided; (iii) the amount by which the unpaid rent for the balance of the term of the Lease after the time of award exceeds the amount of rent loss that Tenant proves could reasonably be avoided (discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%); and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, or which in the ordinary course would be likely to result from the Event of Default, including without limitation Reletting Expenses described below.
- b. **Re-Entry and Reletting.** Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting

shall be applied: first, to pay Landlord all Reletting Expenses (defined below); second, to pay any indebtedness of Tenant to Landlord other than rent; third, to the rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises and after deducting Landlord's Reletting Expenses. "Reletting Expenses" are defined to include all expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs of securing new tenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

- c. **Waiver of Redemption Rights.** Tenant, for itself, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, hereby waives and surrenders all rights and privileges which they may have under any present or future law, to redeem the Premises or to have a continuance of this Lease for the Lease term or any extension thereof.
- d. **Nonpayment of Additional Rent.** All costs which Tenant is obligated to pay to Landlord pursuant to this Lease shall in the event of nonpayment be treated as if they were payments of Rent, and Landlord shall have the same rights it has with respect to nonpayment of Rent.
- e. **Failure to Remove Property.** If Tenant fails to remove any of its property from the Premises at Landlord's request following an uncured Event of Default, Landlord may, at its option, remove and store the property at Tenant's expense and risk. If Tenant does not pay the storage cost within five (5) days of Landlord's request, Landlord may, at its option, have any or all of such property sold at public or private sale (and Landlord may become a purchaser at such sale), in such manner as Landlord deems proper, without notice to Tenant. Landlord shall apply the proceeds of such sale: (i) to the expense of such sale, including reasonable attorneys' fees actually incurred; (ii) to the payment of the costs or charges for storing such property; (iii) to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and (iv) the balance, if any, to Tenant. Nothing in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law or to foreclose Landlord's lien for unpaid rent.

23. MORTGAGE SUBORDINATION AND ATTORNMEN. This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements or extensions ("Landlord's Mortgage"). Tenant shall attorn to the holder of any Landlord's Mortgage or any party acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided the acquiring party assumes the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than fifteen (15) days after request, execute, acknowledge and deliver documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section to subordinate in the future are conditioned on the holder of each Landlord's Mortgage and each party acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy and other rights under this Lease, so long as no uncured Event of Default by Tenant exists.

24. NON-WAIVER. Landlord's waiver of any breach of any provision contained in this Lease shall not be deemed to be a waiver of the same provision for subsequent acts of Tenant. The acceptance by Landlord of Rent or other amounts due by Tenant hereunder shall not be deemed to be a waiver of any previous breach by Tenant.

25.HOLDOVER. If Tenant shall, with the written consent of Landlord, remain in possession of the Premises and fail to return the Premises to Landlord after the expiration or termination of this Lease, the tenancy shall be a holdover tenancy and shall be on a month-to-month basis, which may be terminated according to Washington law. During such tenancy, Tenant agrees to pay to Landlord 150% of the rate of rental last payable under this Lease, unless a different rate is agreed upon by Landlord. All other terms of the Lease shall remain in effect. Tenant acknowledges and agrees that this Section does not grant any right to Tenant to holdover, and that Tenant may also be liable to Landlord for any and all damages or expenses which Landlord may have to incur as a result of Tenant's holdover.

26.NOTICES. All notices under this Lease shall be in writing and effective (i) when delivered in person or via overnight courier to the other party, (ii) three (3) days after being sent by registered or certified mail to the other party at the address set forth in Section 1; or (iii) upon confirmed transmission by facsimile to the other party at the facsimile numbers set forth in Section 1. The addresses for notices and payment of rent set forth in Section 1 may be modified by either party only by notice delivered in conformance with this Section.

27.COSTS AND ATTORNEYS' FEES. If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding.

28.ESTOPPEL CERTIFICATES. Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the total rentable square footage of the Premises; (ii) the date the Lease term commenced and the date it expires; (iii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iv) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (v) that this Lease represents the entire agreement between the parties; (vi) that all obligations under this Lease to be performed by either party have been satisfied; (vii) that there are no existing claims, defenses or offsets which the Tenant has against the enforcement of this Lease by Landlord; (viii) the amount of Rent, if any, that Tenant paid in advance; (ix) the amount of security that Tenant deposited with Landlord; (x) if Tenant has sublet all or a portion of the Premises or assigned its interest in the Lease and to whom; (xi) if Tenant has any option to extend the Lease or option to purchase the Premises; and (xii) such other factual matters concerning the Lease or the Premises as Landlord may reasonably request. Tenant acknowledges and agrees that any statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or assignee of any mortgage or new mortgage of Landlord's interest in the Premises. If Tenant shall fail to respond within ten (10) days to Landlord's request for the statement required by this Section, Landlord may provide the statement and Tenant shall be deemed to have admitted the accuracy of the information provided by Landlord.

29.TRANSFER OF LANDLORD'S INTEREST. This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for security purposes only, upon the assumption of this Lease by the transferee, Landlord shall be automatically relieved of obligations and liabilities accruing from and after the date of such transfer, including any liability for any retained security deposit or prepaid rent, for which the transferee shall be liable, and Tenant shall attorn to the transferee.

30.LANDLORD'S LIABILITY. Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Landlord personally or the assets of Landlord but are made and intended for the purpose of binding only the Landlord's interest in the Premises, as the same may from time to time be encumbered. In no event shall Landlord or its partners, shareholders, or members, as the case may be, ever be personally liable hereunder.

31.RIGHT TO PERFORM. If Tenant shall fail to timely pay any sum or perform any other act on its part to be performed hereunder, Landlord may make any such payment or perform any act on Tenant's behalf. Tenant

shall, within ten (10) days of demand, reimburse Landlord for its expenses incurred in making such payment or performance. Landlord shall (in addition to any other right or remedy of Landlord provided by law) have the same rights and remedies in the event of the nonpayment of sums due under this Section as in the case of default by Tenant in the payment of Rent.

32. HAZARDOUS MATERIAL. As used herein, the term "Hazardous Material" means any hazardous, dangerous, toxic or harmful substance, material or waste including biomedical waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government, due to its potential harm to the health, safety or welfare of humans or the environment. Landlord represents and warrants to Tenant that, to Landlord's knowledge without duty of investigation, there is no Hazardous Material on, in, or under the Premises as of the Commencement Date except as may otherwise have been disclosed to Tenant in writing before the execution of this Lease. If there is any Hazardous Material on, in, or under the Premises as of the Commencement Date which has been or thereafter becomes unlawfully released through no fault of Tenant, then Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred or suffered by Tenant either during or after the Lease term as the result of such contamination.

Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises or the Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except with Landlord's prior consent and then only upon strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises or the Property; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Property, or elsewhere; damages arising from any adverse impact on marketing of space at the Premises or the Property; and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease term. These indemnifications by Landlord and Tenant include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises or the Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any unlawful release of any Hazardous Material on the Premises or the Property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises and the Property to the condition existing prior to the release of any such Hazardous Material; provided that Landlord's approval of such actions shall first be obtained, which approval may be withheld at Landlord's sole discretion. The provisions of this Section shall survive expiration or termination of this Lease.

33. QUIET ENJOYMENT. So long as Tenant pays the Rent and performs all of its obligations in this Lease, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming by, through or under Landlord.

34. MERGER. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

35. GENERAL.

- a. **Heirs and Assigns.** This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.

- b. **Brokers' Fees.** Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant that it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability or expense incurred by Tenant as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.
- c. **Entire Agreement.** This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or amended except in writing, signed by Landlord and Tenant.
- d. **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.
- e. **Force Majeure.** Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.
- f. **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington. Venue with respect to any dispute arising out of this Lease or with respect to the Premises shall be in Spokane County Superior Court.
- g. **Memorandum of Lease.** Neither this Lease nor any memorandum or "short form" thereof shall be recorded without Landlord's prior consent.
- h. **Submission of Lease Form Not an Offer.** One party's submission of this Lease to the other for review shall not constitute an offer to lease the Premises. This Lease shall not become effective and binding upon Landlord and Tenant until it has been fully signed by both of them.
- i. **No Light, Air or View Easement.** Tenant has not been granted an easement or other right for light, air or view to or from the Premises. Any diminution or shutting off of light, air or view by any structure which may be erected on or adjacent to the Building shall in no way effect this Lease or the obligations of Tenant hereunder or impose any liability on Landlord.
- j. **Authority of Parties.** Each party signing this Lease represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery, this Lease shall be binding upon and enforceable against the party on signing.
- k. **Time.** "Day" as used herein means a calendar day and "business day" means any day on which commercial banks are generally open for business in the state where the Premises are situated. Any period of time which would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Lease.
- l. **Exhibits and Riders.** Any and all Exhibits attached to this Lease and any Rider and Addendum attached hereto are incorporated into this Lease by this reference.

IN WITNESS WHEREOF this Lease has been executed the date and year first above written.

LANDLORD:

IRON BRIDGE UROLOGIC, LLC

By: _____
Printed Name: _____
Title: _____

TENANT:

IRON BRIDGE SURGERY CENTER, LLC

By: _____
Printed Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY Spokane)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that _____ signed this instrument, on oath stated that _____ was authorized to execute the instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,

residing at _____

My appointment expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF Spokane)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that _____ signed this instrument, on oath stated that _____ was authorized to execute the instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,

residing at _____

My appointment expires _____

EXHIBIT A

[Floor Plan/Outline of the Premises]

INSERT FLOOR PLAN

EXHIBIT B

[Legal Description of the Property]

LOTS 1 THROUGH 12, INCLUSIVE, IN BLOCK 10 OF AMENDED MAP OF SCHOOL SECTION 16, TOWNSHIP 25 NORTH, RANGE 43 EAST, W.M., ACCORDING TO PLAT RECORDED IN VOLUME "D" OF PLATS, PAGE 100, IN THE CITY OF SPOKANE, SPOKANE COUNTY, WASHINGTON;

EXCEPT THAT PORTION OF LOTS 9 AND 10 DEEDED TO THE STATE OF WASHINGTON FOR SR 290 HELENA STREET VICINITY, BY DEED RECORDED UNDER RECORDING NO. 4521288.

ALSO EXCEPT THAT PORTION OF LOT 8 DEEDED TO CITY OF SPOKANE FOR RIVERSIDE EXTENSION PHASE 2, BY DEED RECORDED UNDER RECORDING NO. 6396270.

EXHIBIT C

Tenant's Work

1. Tenant's Work. Following the approval of the Space Plan and CDs as discussed below, Tenant shall proceed to complete the buildout of the Premises in accordance therewith ("Tenant's Work") in a good and workmanlike manner using a general contractor and other design professionals acceptable to the Landlord. Tenant shall act in good faith and using commercially reasonable efforts to complete the Tenant's Work so that Tenant may obtain a certificate of substantial completion of the improvements for occupancy of the Premises by Tenant (issuance of such certificate shall be referred to as "Substantial Completion"). Tenant shall be solely responsible for all costs associated with the Tenant's Work, including the cost to engage professionals and to complete the Space Plan and the CDs.

2. Construction Drawings and Specifications.

(a) Tenant accepts Landlord's architect as the architect for Tenant's Work (Landlord Architect).

(b) Promptly following the Effective Date, Tenant and Landlord shall work collaboratively to develop an acceptable space plan (the "Space Plan"), and set of construction drawings (the "CDs") for the Premises in accordance with the following schedule:

Task	Duration
Development of the Space Plan by Tenant and Landlord Architect	Completed as of execution of this Lease
Approval of Space Plan by Tenant	Completed as of execution of this Lease
Schematic Drawings and other documents for Tenant's Certificate of Need application	Completed as of execution of this Lease
Development of construction drawings ("CDs") by Tenant and Landlord Architect	90 days after execution of this Lease
Approval of CDs by Tenant	5 days after receipt

(c) Notwithstanding anything to the contrary contained herein, in no event shall any general structural work for the core and shell, and electrical, plumbing and HVAC systems of the Building be included in the design of Tenant's Work, except as shown on the approved CDs.

3. Upon Substantial Completion of the Tenant's Work, Tenant shall obtain and provide to Landlord unconditional lien releases from Tenant's contractor, all subcontractors and materials suppliers for the work.

OPTION TO EXTEND RIDER

This Option to Extend Rider ("Rider") is made part of the lease agreement dated September 20, 2021 (the "Lease") between Iron Bridge Urologic, LLC ("Landlord") and Iron Bridge Surgery Center, LLC ("Tenant") concerning the leased space commonly known as Suite 100 (the "Premises"), located at the property commonly known as 1401 E Trent Ave, Spokane, WA 99202 (the "Property").

- 1. **Extension of Lease.** Provided Tenant is not in default of any provision of the Lease at the time that Tenant exercises the right to extend the Lease or at the time the new term begins, Tenant shall have five (5) successive options to extend the term of the Lease for three (3) years each. The term of the Lease shall be extended on the same terms, conditions and covenants set forth in the Lease, except that (i) the amount of the Base Rent stated in the Lease shall be adjusted as set forth below (provided, however, that Base Rent shall not be decreased); (ii) there shall be no free or abated rent periods, tenant improvement allowances or other concessions that may have been granted to Tenant at the beginning of the initial term hereof; and (iii) after exercise of Tenant's final extension term option, there shall be no further extension or renewal term options.
- 2. **Notice.** To extend the Lease, Tenant must deliver written notice to Landlord not less than one hundred fifty (150) days prior to the expiration of the then-current Lease term. Time is of the essence of this Rider.
- 3. **Monthly Rent.** The monthly Base Rent during the option periods shall increase annually two and one half percent (2.5%).

All other terms and conditions of the Lease shall remain in full force and effective during any extended term of the Lease.

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
LANDLORD _____ DATE _____ TENANT _____ DATE _____

ADDENDUM TO LEASE AGREEMENT

The following is part of the Commercial Lease Agreement dated September 20, 2021 (the "Lease") between Iron Bridge Urologic, LLC ("Landlord") and Iron Bridge Surgery Center, LLC ("Tenant") concerning the leased space commonly known as Suite 100 (the "Premises"), located at the property commonly known as 1401 E Trent Ave, Spokane, WA 99202 (the "Property")

IT IS AGREED BETWEEN THE LANDLORD AND TENANT AS FOLLOWS:

Parking: Tenant shall be entitled to the non-exclusive use of not more than one (1) parking space for every 350 square feet of Leased Premised in the parking spaces designated for use for the Building by Landlord (the "Parking Facilities"). Tenant agrees to cooperate with Landlord and other tenants in the use of the Parking Facilities. There will be no assigned parking unless Landlord, in its sole discretion, deems such assigned parking advisable. No vehicle may be repaired or serviced in the Parking Facilities and any vehicle brought into the Parking Facilities by Tenant, or any of Tenant's employees, contractors or invitees, and deemed abandoned will be towed by Landlord and all costs thereof shall be borne by Tenant. All driveways, ingress and egress, and all parking spaces are for the joint use of all tenants of the Building. There shall be no parking permitted on any of the streets or roadways serving the Building. In addition, Tenant agrees that its employees will not park in the spaces within Parking Facilities designated visitor parking. Overnight parking (between 9 pm and 5 am EST every day) is not allowed, and such vehicles will be deemed abandoned and will be towed by Landlord and all costs thereof shall be borne by Tenant.

Lab box: During the term of the Lease and Option periods the Tenant shall be allowed to locate a medical lab box outside the premises in an agreed upon location.

Security: The landlord shall ensure that all existing outdoor lighting is in operable condition throughout the term of the lease as well as providing keys/security fobs to the Tenant for building and suite access. The Tenant shall have the right to install their own security system to their premises at their expense.

EXCEPT AS PROVIDED ABOVE IN THIS ADDENDUM, THE TERMS OF THE LEASE REMAIN UNMODIFIED AND IN FULL FORCE AND EFFECT.

INITIALS:

Landlord/Lessor: _____ Date _____ Tenant/Lessee: _____ Date _____

Landlord/Lessor: _____ Date _____ Tenant/Lessee: _____ Date _____

EXHIBIT 14

PROPERTY AND ASSIGNMENT OVERVIEW

ZONING ANALYSIS

The zoning characteristics for the property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Spokane Planning & Zoning Department
Current Zoning	Light Industrial (LI) The light industrial zoning category is located in areas designated light industrial on the land use plan map of the comprehensive plan. The light industrial (LI) zone is intended to provide a wide range of employment opportunities without potential conflicts from interspersed residential uses. A full range of industrial, commercial and office use is allowed. Commercial uses are limited in size to ensure that they do not dominate the character of the industrial area or adversely affect the intended industrial use of the area. Consistent with the comprehensive plan, residential development is allowed in close proximity to the Spokane River where residents can take advantage of the river amenity. The development standards in this title are the minimum necessary to assure safe, efficient and environmentally sound development, which will have minimum adverse impacts.
Permitted Uses	Office, Vehicle Servicing and Repair, Industrial Service, Manufacturing and Production, Warehouse and Freight Movement, Wholesale Sales, Colleges, Daycare, Medical Centers, Religious Institutions, Schools, Agriculture, Rail Lines and Utility Corridors
Current Use	Office
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a conforming use within this zone.
Minimum Lot Area (SF)	None
Minimum Yard Setbacks	
Front (Feet)	0
Side (Feet)	0
R-zoned Lots	10
Maximum Building Height	150 Feet
Maximum Floor Area Ratio (FAR)	No Limit
Min Parking Requirement (Office)	
Spaces Per 500 SF	1
Spaces Required	47
Spaces Provided	106

Source: City of Spokane Planning & Zoning Department

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

EXHIBIT 15
CONTRACTOR'S ESTIMATE

**Iron Bridge Surgery Center
Schedule of Values
General Contractor Estimates**

	3/10/2021
SCOPE	9,327
Foundation & Slab	19,400
Div 3 Concrete	19,400
Masonry	-
Div 4 Masonry	-
OR Lights Support Building Structure (RTU)	3,500
Div 5 Metals	3,500
Rough Carpentry	14,400
Finish Carpentry	44,150
Architectural Casework	128,000
Div 6 Wood, Plastics and Composites	186,550
Insulation	
Roofing	
Sheet Metal Flashing & Trim	
Horizontal Fireproofing	42,500
Joint Sealants and Firestopping	21,950
Div 7 Thermal and Moisture Protection	64,450
Doors, Frames, Hardware	115,384
Aluminum & Glass	8,000
Replace/Cover Select Windows	17,000
Automatic Entrance Doors	14,350
Div 8 Openings	154,734
Steel Studs, Drywall	147,000
Relites and Glazing	7,500
Acoustical Ceiling & Wall Panels	36,005
Floor Preparation	4,200
Flooring (LVT, Carpet, Sheet, Tile)	75,500
Painting	53,350
Div 9 Finishes	323,555

**Iron Bridge Surgery Center
Schedule of Values
General Contractor Estimates**

	3/10/2021
Cubicle Curtain Tracks	7,500
Wall Protection	44,300
Toilet Accessories	9,800
Signage	3,200
Fire Extinguishers & Cabinets	1,250
Div 10 Specialties	66,050
Window Treatments	8,900
Div 12 Furnishings	8,900
Overtime Allowance	
Demolition	23,800
Div 13 Special Construction	23,800
Fire Suppression	32,800
Div 21 Fire Suppression	32,800
Div 22 Plumbing	108,000
Div 23 HVAC & Temperature Controls	243,500
Medical Gas System	54,500
Div 26 Electrical	432,765
Plumbing, HVAC, Electrical	838,765
Excavation & Backfill	-
Asphalt Paving, Sidewalks and Curbs	-
Concrete Paving, Sidewalks and Curbs	6,500
Div 31-32 Earthwork & Exterior	6,500
Site - Water, Sanitary and Storm	65,000
Div 33 Utilities	65,000
Sub Total	1,794,004
General Conditions - Staffing	\$ 8.43 78,640
Final Cleaning	\$ 0.89 8,330
Testing and Inspections	\$ 1.55 14,500
Sub Total	1,895,474
B&O Tax	1.0% 18,955
	1,914,429
Insurance	1.0% 19,144
	1,933,573
GC Fee	7.0% 135,350
	2,068,923
WA Sales Tax	9.0% 186,203
	2,255,126
Total Budget Before Contingency	2,255,126
Contingency	225,513
Total Budget	2,480,639
Architecture and Engineering	278,370
Permits, Fees and Other	87,500
	2,846,509

EXHIBIT 16
LISTING OF NEW EQUIPMENT

253 \$ 839,237.41

Room	Item	Model	QTY	Total
Business Office	Chair, Task		1	\$ 136.25
Business Office	Desk/Credenza		1	\$ 1,090.00
Clean Carts	Cart, Utility/Linen		2	\$ 359.70
Clean Carts	Cart, Utility/Linen		3	\$ 539.55
Clean Workroom OR	Cabinet, scope			\$ -
Clean Workroom OR	Cart		4	\$ 2,180.00
Clean Workroom OR	Sterilizer, High Temp	Amsco V120-sg	1	\$ 34,062.50
Clean Workroom OR	Sterilizer, Low Temp	Tuttnauer Plazmax P100	1	\$ 66,708.00
Clean Workroom OR	Wrapping Station	DS MCM 596	1	\$ 2,392.55
Clean Workroom SP	Autoclave	Midmark Ritter M11 GEN2	1	\$ 3,809.55
Clean Workroom SP	Cabinet, scope			\$ -
Clean Workroom SP	Washer Disinfector	Tuttnauer 112002042	1	\$ 8,169.55
Corridor				\$ -
Corridor				\$ -
Corridor				\$ -
Corridor				\$ -
Corridor				\$ -
Corridor	Wheel Chairs	Bariatric (Sentra EC)	1	\$ 212.55
Corridor	Wheel Chairs	Regular (Silver Sport)	2	\$ 928.68
Corridor				\$ -
Decontamination Room	Sterilizer, Low Temp	Tuttnauer Plazmax P50	1	\$ 51,584.25
Dirty Workroom OR	Cart		2	\$ 1,090.00
Dirty Workroom OR	Ultrasonic Cleaner	Steris Caviwave CAVI-20-W-E	1	\$ 10,894.55
Dirty Workroom OR	Washer Disinfector	Tuttnauer TIVA 10, 265 L Chamber	1	\$ 31,059.55
Float	Apron Thyroid Collar	DS WXR-16411	6	\$ 425.10
Float	Aprons Lead	DS WXR 650-	6	\$ 3,237.30
Float	C-Arm	GE OEC 9800 9 II	1	\$ 63,765.00
Float	Cart, Laptop	Aidata LPD008P Sit/Stand Mobile Laptop Cart	6	\$ 928.35
Float	EKG Machine	Funwill 7 inch	1	\$ 716.12
Float	Hamper, Square Tilt Lid White	DS CL H-440	3	\$ 408.75
Float	Neptune Rover	Neptune2	1	\$ 4,681.55
Float	Neptune Rover	Neptune2	1	\$ 4,681.55
Float	Stool, bariatric step, handrail	DS CL T-6150	1	\$ 141.10
Float	Stool, Pneumatic	DS CL 2135	5	\$ 354.25
IT	Backbone, Equipment	Various	1	\$ 81,750.00
Janitor / Soiled Hold	Neptune Docking Station	Neptune2	1	\$ 6,534.55
Janitor / Soiled Hold	Neptune Docking Station	Neptune2	1	\$ 6,534.55
Locker Room: Men	Bench		1	\$ 490.50
Locker Room: Men	Chair, Task		2	\$ 272.50

253 \$ 839,237.41

Room	Item	Model	QTY	Total
Locker Room: Men	Hamper, Linen	<u>Chrome</u>	1	\$ 122.08
Locker Room: Women	Bench		1	\$ 490.50
Locker Room: Women	Chair, Task		2	\$ 272.50
Locker Room: Women	Hamper, Linen	<u>Chrome</u>	1	\$ 122.08
Medical Gas Room				\$ -
Nourishment	Refrigerator, undercounter	<u>4.4 cu ft</u>	1	\$ 159.09
Nurse Station #1 & Anesthesia Work Rm	Cabinet, Narcotics	DS OM 181680	1	\$ 748.83
Nurse Station #1 & Anesthesia Work Rm	Cabinet, Warming, 2 compartment, Free Standing	Blickman 7924TG/7922TG	1	\$ 7,493.75
Nurse Station #1 & Anesthesia Work Rm	Chair, Task		2	\$ 272.50
Nurse Station #1 & Anesthesia Work Rm	Crash Cart, 6 drawer unicast lever lock steel	DS WL UTRLU 333369-Red	1	\$ 1,297.97
Nurse Station #1 & Anesthesia Work Rm	Glidescope Package	Verathon	1	\$ 5,613.50
Nurse Station #1 & Anesthesia Work Rm	Refrigerator, laboratory medical, lock	DS K204SDR	1	\$ 1,143.41
Nurse Station #2	Chair, Task		1	\$ 136.25
Nurse Station #2	Crash Cart, 6 drawer unicast lever lock steel	DS WL UTRLU 333369-Red	1	\$ 1,297.97
Nurse Station #3	Aspirator, Portable Suction	DR 18600	1	\$ 381.50
Nurse Station #3	Chair, Task		2	\$ 272.50
Nurse Station #3	Crash Cart, 6 drawer unicast lever lock steel	DS WL UTRLU 333369-Red	1	\$ 1,297.97
Nurse Station #3	Defibrillator Monitor	Medtronic Physiocontrol Life Pack	1	\$ 7,139.50
Nurse Station #3	Ice Machine, Freestanding	<u>143lb capacity</u>	1	\$ 572.25
Nurse Station #3	Refrigerator, undercounter	<u>4.4 cu ft</u>	1	\$ 159.09
Nurse Station #3	Scale, digital, eye level	Health-o-meter 500 ki	1	\$ 452.35
O.R. #1	NOT EQUIPPED			\$ -
O.R. #2	Anesthesia A4 02 Sensor, Accessories	Mindray 121-001428	1	\$ 1,084.55
O.R. #2	Anesthesia A4 System w/Gas Module	Mindray 121-001-467-00	1	\$ 25,428.61
O.R. #2	Anesthesia Cart, 6 drawer, simplex lock	DS WL UTGSU 333369-DKB	1	\$ 1,470.00
O.R. #2	Clock, Battery		1	\$ 81.75
O.R. #2	C-locker Cabinet and base w/drawers, Rolling Casters	Herman Miller CLB	1	\$ 1,035.50
O.R. #2	Electrosurgical Generator & Cart/Accessories	Valley Lab Force FXC	1	\$ 5,068.50
O.R. #2	Equipment Boom	DS ACO LP-L-11NN-N-E	1	\$ 15,015.84
O.R. #2	Hamper, Trash/Linen	<u>Chrome</u>	2	\$ 244.16
O.R. #2	Leg Positioning System & Cart	Allen 0-YFASI	1	\$ 5,613.50
O.R. #2	Lights, Surgical, anchor plate, wall control	Amico iCE LED Surgical DS ACO SL-D-30M-30M	1	\$ 18,591.04
O.R. #2	Mayo Stand	DS MCM751	1	\$ 414.20
O.R. #2	Medical Gas Column	DS ACO LP-H-NNNN	1	\$ 6,389.58
O.R. #2	Monitor, CPM12 only-multigas w/02, Invasive Press and Cardiac Output	Mindray 115-030784-00	1	\$ 5,852.21
O.R. #2	Patient Warmer System & Cart	Bair Hugger 3M 775	1	\$ 2,169.10
O.R. #2	Stand, Step	Imperial	2	\$ 403.30
O.R. #2	Stool, Anesthesia , Backrest	DSCL 2135-21	1	\$ 271.41
O.R. #2	Stool, Surgical, Arm/Backrest	Stryker 830	1	\$ 2,937.55

253 \$ 839,237.41

Room	Item	Model	QTY	Total
O.R. #2	Syringe Pump, Clamp	Medfusion 3500	1	\$ 2,174.55
O.R. #2	Syringe Pump, Clamp	Medfusion 3500	1	\$ 2,174.55
O.R. #2	Table, Instrument, SS Back w/ shelf 36"	DS MCM505	1	\$ 626.75
O.R. #2	Table, Surgical & Accessories	Steris/Amsco 4085	1	\$ 29,969.55
O.R. #3	Anesthesia A4 02 Sensor, Accessories	Mindray 121-001428	1	\$ 1,084.55
O.R. #3	Anesthesia A4 System w/Gas Module	Mindray 121-001-467-00	1	\$ 25,428.61
O.R. #3	Anesthesia Cart, 6 drawer, simplex lock	DS WL UTGSU 333369-DKB	1	\$ 1,470.00
O.R. #3	Clock, Battery		1	\$ 81.75
O.R. #3	C-locker Cabinet and base w/drawers, Rolling Casters	Herman Miller CLB	1	\$ 1,035.50
O.R. #3	Equipment Boom	DS ACO LP-L-11NN-N-E	1	\$ 15,015.84
O.R. #3	Hamper, Trash/Linen	Chrome	2	\$ 244.16
O.R. #3	Leg Positioning System & Cart	Allen 0-YFASI	1	\$ 5,613.50
O.R. #3	Lights, Surgical, anchor plate, wall control	Amico iCE LED Surgical DS ACO SL-D-30M-30M	1	\$ 18,591.04
O.R. #3	Mayo Stand	DS MCM751	1	\$ 414.20
O.R. #3	Medical Gas Column	DS ACO LP-H-NNNN	1	\$ 6,389.58
O.R. #3	Monitor, CPM12 only-multigas w/02, Invasive Press and Cardiac Output	Mindray 115-030784-00	1	\$ 5,852.21
O.R. #3	Patient Warmer System & Cart	Bair Hugger 3M 775	1	\$ 2,169.10
O.R. #3	Stand, Step	Imperial	2	\$ 403.30
O.R. #3	Stool, Anesthesia , Backrest	DSCL 2135-21	1	\$ 271.41
O.R. #3	Stool, Surgical, Arm/Backrest	Stryker 830	1	\$ 2,937.55
O.R. #3	Table, Instrument, SS Back w/ shelf 36"	DS MCM505	1	\$ 626.75
O.R. #3	Table, Surgical & Accessories	Steris/Amsco 4085	1	\$ 29,969.55
Pre/Post Op #1 Private	Chair, Visitor, Side		1	\$ 136.25
Pre/Post Op #1 Private	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #1 Private	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #1 Private	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #2 Private	Chair, Visitor, Side		1	\$ 136.25
Pre/Post Op #2 Private	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #2 Private	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #2 Private	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #3 Private	Chair, Visitor, Side		1	\$ 136.25
Pre/Post Op #3 Private	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #3 Private	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #3 Private	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #4	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #4	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #4	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #5	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #5	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40

253 \$ 839,237.41

Room	Item	Model	QTY	Total
Pre/Post Op #5	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #6	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #6	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #6	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #7	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #7	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #7	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #8	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #8	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #8	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post Op #9	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post Op #9	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post Op #9	Stretcher	Stryker Prime Series 1115	1	\$ 4,354.55
Pre/Post-Op #10	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #10	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post-Op #10	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post-Op #10	Recliner	DR D574EW-BR	1	\$ 1,629.55
Pre/Post-Op #11	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #11	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post-Op #11	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post-Op #11	Recliner	DR D574EW-BR	1	\$ 1,629.55
Pre/Post-Op #12	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #12	IV Stand - SS IV pole w/knob 2 hook up top 5-leg spider base w/3" casters	DS MCM270	1	\$ 376.05
Pre/Post-Op #12	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post-Op #12	Recliner	DR D574EW-BR	1	\$ 1,629.55
Pre/Post-Op #13	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #13	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post-Op #13	Recliner	DR D574EW-BR	1	\$ 1,629.55
Pre/Post-Op #14	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #14	Monitor, CPM8, SP02, 3/5 lead ECG NIBP, respiration, temp, and Arrhythmia	Mindray 121-001467-00 CPM8	1	\$ 2,899.40
Pre/Post-Op #14	Recliner	DR D574EW-BR	1	\$ 1,629.55
Pre/Post-Op #4	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #5	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #6	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #7	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #8	Chair, Visitor, Side		1	\$ 136.25
Pre/Post-Op #9	Chair, Visitor, Side		1	\$ 136.25
Reception	Chair, Task		2	\$ 272.50
Special Procedure #1	C-locker Cabinet and base w/drawers, Rolling Casters	Herman Miller CLB	1	\$ 1,035.50

253 \$ 839,237.41

Room	Item	Model	QTY	Total
Special Procedure #1	IV Pole for Videoscope, Urology	MAJ-1642	1	\$ 214.73
Special Procedure #1	LCD Monitor Arm for Videoscope	MAJ-2147	1	\$ 1,362.50
Special Procedure #1	Lights, Procedure, 1 Arm	Amico Mira LED 90 DS ACO L-MLED90-CM-DC-ST	1	\$ 9,019.75
Special Procedure #1	Stool , Physician, Pneumatic w/Backrest	DS CL 2135-12	1	\$ 271.41
Special Procedure #1	Table, Surgical & Accessories	Biodex 058-800	1	\$ 18,524.55
Special Procedure #1	TC-C4 Trolley for Videoscope	K10029894	1	\$ 3,597.00
Special Procedure #1	Videoscope LED Monitor, Urology	OEV-262H	1	\$ 9,374.00
Special Procedure #1	Videoscope System, Urology	CV-170	1	\$ 11,336.00
Special Procedure #1	Videoscope, Urology	CYF-V2	1	\$ 12,284.30
Special Procedure #2	C-locker Cabinet and base w/drawers, Rolling Casters	Herman Miller CLB	1	\$ 1,035.50
Special Procedure #2	IV Pole for Videoscope, Urology	MAJ-1642	1	\$ 214.73
Special Procedure #2	LCD Monitor Arm for Videoscope	MAJ-2147	1	\$ 1,362.50
Special Procedure #2	Lights, Procedure, 1 Arm	Amico Mira LED 90 DS ACO L-MLED90-CM-DC-ST	1	\$ 9,019.75
Special Procedure #2	Stool , Physician, Pneumatic w/Backrest	DS CL 2135-12	1	\$ 271.41
Special Procedure #2	Table, Surgical & Accessories	Biodex 058-800	1	\$ 18,524.55
Special Procedure #2	TC-C4 Trolley for Videoscope	K10029894	1	\$ 3,597.00
Special Procedure #2	Videoscope LED Monitor, Urology	OEV-262H	1	\$ 9,374.00
Special Procedure #2	Videoscope System, Urology	CV-170	1	\$ 11,336.00
Special Procedure #2	Videoscope, Urology	CYF-V2	1	\$ 12,284.30
Staff Lounge	Board, magnetic		1	\$ 118.70
Staff Lounge	Chair, Café		8	\$ 1,002.80
Staff Lounge	Coffeemaker	Keurig	1	\$ 70.85
Staff Lounge	Cork Board		1	\$ 81.75
Staff Lounge	Microwave, Commercial		1	\$ 327.00
Staff Lounge	Refrigerator, side by side, icemaker		1	\$ 817.50
Staff Lounge	Table, Round		2	\$ 1,144.50
Storage #1	Shelving, wire		5	\$ 817.50
Storage #3	Shelving, wire		8	\$ 1,308.00
Transfer Switch Room				\$ -
Vestibule				\$ -
Waiting Room	Chair, Visitor		15	\$ 3,678.75
Waiting Room	Educational Credenza		1	\$ 703.05
Waiting Room	Table, End		2	\$ 1,188.10
Waiting Room	Television		1	\$ 381.50
Waiting Room	Television Wall Mount Hardware		1	\$ 136.25
Water Room/Vac Pump				\$ -
Water Treatment Room				\$ -
z Bulk Discount	Didage Bulk Discount (Monitors)		1	\$ (21,800.00)
z Bulk Discount	Didage Bulk Discount (Tables)		1	\$ (43,600.00)

			253	\$	839,237.41
Room	Item	Model	QTY	Total	
				\$	839,237.41

EXHIBIT 17
BANK COMMITMENT LETTER



Commitment Letter



August 30, 2021

First Interstate Bank
421 W Riverside Ave, Floor 11
Spokane, WA 99201





Commitment Letter

Thank you for this opportunity to present to you an outline of the following terms and conditions. The following credit accommodation is subject to the following terms and conditions. I look forward to discussing this credit offer with you and look forward to working with you in the near future.

Commercial Real Estate Term Financing

BORROWER:	Iron Bridge Urological LLC
GUARANTOR:	Spokane Urology PS Iron Bridge Surgery Center LLC
BANK:	First Interstate Bank (the "Bank")
PURPOSE:	To refinance existing debt and add new money for tenant improvements
LOAN AMOUNT:	Loan amount of \$8,000,000
LOAN MATURITY:	10 Years
LOAN AMORTIZATION:	25 Years
COLLATERAL:	1 st DOT & AOR on 1401 E Trent Ave, Spokane, WA 99202
INTEREST RATE:	3.50% Fixed for 10 years
REPAYMENT TERMS:	12-month interest only period converting to monthly principal and interest payments
FEES & EXPENSES:	One-time loan fee of 0.25% plus all internal and external fees including filing fees, documentation fees, etc.
PREPAYMENT PENALTY:	Refinance Penalty: 1% life of loan - Principal prepayment permitted if using cash generated by borrower and not via refinance from another financial institution.



Commercial Equipment Term Financing

BORROWER:	Iron Bridge Surgery Center LLC
GUARANTOR:	Spokane Urology PS
BANK:	First Interstate Bank (the “Bank”)
PURPOSE:	To purchase medical equipment, furniture and fixtures and voice and data systems
LOAN AMOUNT:	Loan amount of \$798,000
LOAN MATURITY:	8 Years
LOAN AMORTIZATION:	7 Years
COLLATERAL:	Bank to have priority lien position on the Borrower’s A/R, Inventory, and Equipment as well as a blanket lien on substantially all of Borrower’s business assets (via UCC filing).
INTEREST RATE:	3.25% Fixed for 8 years
REPAYMENT TERMS:	12-month interest only period converting to monthly principal and interest payments
FEES & EXPENSES:	One-time loan fee of 0.25% plus all internal and external fees including filing fees, documentation fees, etc.
PREPAYMENT PENALTY:	Refinance Penalty: 1% life of loan - Principal prepayment permitted if using cash generated by borrower and not via refinance from another financial institution.

Commercial Line of Credit Financing

BORROWER:	Iron Bridge Surgery Center LLC
GUARANTOR:	Spokane Urology PS
BANK:	First Interstate Bank (the “Bank”)



PURPOSE:	To fund A/R and Inventory and for general working capital needs.
LINE AMOUNT:	Line limit of \$750,000
TERM:	12 months
COLLATERAL:	Bank to have priority lien position on the Borrower's A/R and inventory as well as a blanket lien on substantially all of Borrower's business assets (via UCC filing).
INTEREST RATE:	Variable interest rate based on the Wall Street Journal Prime Rate + 0.00%, with a floor of 3.25%.
REPAYMENT TERMS:	Monthly interest only payments.
FEES and EXPENSES:	No loan fee at origination. All internal and external fees still apply including filing fees, documentation fees, etc.

Commercial Line of Credit Financing

BORROWER:	Spokane Urology PS
GUARANTOR:	N/A
BANK:	First Interstate Bank (the "Bank")
PURPOSE:	To fund A/R and Inventory and for general working capital needs.
LINE AMOUNT:	Line limit of \$250,000
TERM:	12 months
COLLATERAL:	Bank to have priority lien position on the Borrower's A/R and inventory as well as a blanket lien on substantially all of Borrower's business assets (via UCC filing).
INTEREST RATE:	Variable interest rate based on the Wall Street Journal Prime Rate + 0.00%, with a floor of 3.25%.
REPAYMENT TERMS:	Monthly interest only payments.
FEES and EXPENSES:	No loan fee at origination. All internal and external fees still apply including filing fees, documentation fees, etc.



**RELATIONSHIP
REPORTING
REQUIREMENTS:**

- Annual Requirements:
 - CPA Reviewed Financial Statements - within 120 days of year-end
- Quarterly Requirements
 - Accounts Receivable Aging's within 20 days of each quarter-end
 - Accounts Payable Aging's within 20 days of each quarter-end
 - Company Prepared Financial Statements within 30 days of quarter-end

**RELATIONSHIP LOAN
COVENANTS &
REQUIREMENTS:**

- FCCR post-distribution in excess of 1.00:1
- TNW in excess of \$150,000.00

NOTICE ON ORAL AGREEMENTS AND COMMITMENTS

This notice is delivered in compliance with Washington State statutes regarding Oral Agreements and Commitments. Said notice is delivered to all agricultural and commercial borrowers to avoid misunderstandings in their dealings with the Bank:

“ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON STATE LAW.”

Thank you again for giving us this opportunity. Please give us a call at your earliest opportunity and we can further discuss the terms outlined above.

Sincerely,

Ryan Lee
SVP, Commercial Banking
First Interstate Bank



Thank you!

From all of us at First Interstate Bank we sincerely appreciate the opportunity to create the next great Pacific Northwest partnership!



EXHIBIT 18

TRANSFER AGREEMENT BETWEEN IRON BRIDGE
SURGERY CENTER, LLC AND PROVIDENCE
HEALTH & SERVICES – WASHINGTON D/B/A
PROVIDENCE SACRED HEART MEDICAL CENTER

**ASC PATIENT TRANSFER AGREEMENT
(Transfers to PSHMC)**

This Patient Transfer Agreement ("Agreement") is entered into this 16th day of September, 2021 (the "Effective Date") by and between PROVIDENCE HEALTH & SERVICES – WASHINGTON, a Washington nonprofit corporation d/b/a PROVIDENCE SACRED HEART MEDICAL CENTER ("Hospital"), and IRON BRIDGE SURGERY CENTER, LLC, a Washington Limited Liability Company ("Transferring Facility") each a "Party" and collectively the "Parties".

BACKGROUND

- A. Hospital is part of the Providence Health & Services network of health care providers which owns and operates Hospital which is certified by Washington State as Level I Stroke and Cardiac Centers and as a Level II Trauma Center. The services provided at Hospital are in high demand and in order to ensure its available resources are sufficient to meet the needs of all patients who may need its services it desires it desires to enter into this Patient Transfer Agreement setting forth each Parties' respective responsibilities.
- B. Transferring Facility is required to have a current Patient Transfer Agreement with medical facilities that are able to provide a higher level of specialty and subspecialty services than it has, to ensure patients needing emergency medical care beyond the capabilities of the Facility, can be transferred to one that has a greater level of care than it can provide.
- C. Hospital and Transferring Facility both desire to be good stewards of the health care resources available to the patients in the communities and therefore enter into this Agreement with the understanding and acknowledgment that the goal is for Transferring Facility to receive the transferred patient back as soon as it is medically appropriate to do so.

NOW THEREFORE, to facilitate continuity of patient care and the timely and appropriate transfer of patients and records from Transferring Facility to Hospital, the Parties agree as follows:

- 1. **PARTIES.** Each Party operates a patient transfer center that is open that may be contacted as set forth below:

PARTY	HOURS OF OPERATION	ADDRESS	PHONE
Providence Sacred Heart Medical Center	7 days a week, 24 hours per day, 365 days of the year	101 W. 8th Ave Spokane, WA 99204	1-877-323-5055 or (509) 474-2000
Iron Bridge Surgery Center, LLC	5 days a week (M-F) for 12 hours per day	1401 East Trent Avenue, Suite 100, Spokane, WA 99202	509.747.3147, ext. 139

2. INITIATION OF TRANSFER PROCESS.

2.1. Patient Transfer Coordinators. Transferring Facility should call the Hospital's Transfer Center at the number provided above to initiate the patient transfer process. Each Party shall provide the other Party with the name and title of persons authorized to initiate, confirm, and accept the transfer of a patient on behalf of such Party. Hospital shall inform the Transferring Facility of the location to which to bring patients into its facility. The Parties agree to provide each other information about the patient care services offered by the other and to cooperate and jointly review cases in which either Party has questions about the appropriateness of a transfer.

2.2. Transferring Facility agrees it will not transfer a patient to Hospital until and unless the patient's referring/attending physician has confirmed with Hospital's physician that the patient is medically appropriate to transfer and the Hospital's Transfer Center has confirmed it has the available space, qualified personnel and appropriate services needed for the treatment of the transferred patient.

2.3. A patient with emergency medical condition within the meaning of the Emergency Medical Treatment and Labor Act (codified at 42 USC § 1395dd) may be transferred only if Hospital has agreed to accept the transfer and to provide appropriate medical treatment and has available space and qualified personnel to treat the patient. To the extent applicable, the Emergency Medical Treatment and Labor Act of 1985 (the "Act") and its implementing regulations shall supersede any contrary provision of this Agreement.

2.4. Once received at Hospital, if the attending and receiving physicians agree the patient's condition does not in fact require the transfer to the Hospital, the Transferring Facility shall arrange and be solely responsible for transportation of the patient from the Hospital back to the Transferring Facility without delay.

2.5. Patient Transfer & Transport Policy. Each Party shall follow the EMTALA guidelines for stabilization, care and transfer of patients needing a higher level of care to be received at Hospital. In addition, patients requiring transfer for medical conditions requiring specific transfer protocols, shall be subject to specific additional requirements as applicable and set forth below:

2.5.1. Adult Stroke. Patients who require a higher level of care for advanced stroke management, Neuro intensive care, endovascular thrombectomy for clot retrieval, and/or advanced neurosurgical support, hereinafter referred to as ("Stroke Patients") shall be transferred in accordance with Agreement and the additional Adult Stroke Patient Transfer Guidelines outlined in Exhibit A, attached hereto, and incorporated herein by reference.

2.5.2. Trauma. Patients transferred for Adult and Pediatric Trauma shall be transferred in accordance with Agreement and the must meet the additional requirements for Adult and Pediatric Trauma Patients as set forth in Exhibit B, attached hereto and incorporated herein by reference.

2.5.3. Behavioral Health. Patients transferred for Behavioral Health diagnosis and/or treatment shall be transferred in accordance with Agreement and must meet the additional requirements for Behavioral Health Patients as set forth in Exhibit C, attached hereto and incorporated herein by reference.

3. TRANSFERRING FACILITY OBLIGATIONS.

3.1. Stabilization of Patient. 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.

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

3.3. Documentation. The following documentation will be sent to the Hospital with the patient at the time of transfer unless doing so would jeopardize the health of the patient; in which case, the documentation will be sent as promptly as possible after the transfer.

3.3.1. Medical records. Transferring Facility agrees to provide Hospital with the patient's medical record and appropriate documentation as may be necessary to ensure continuity of patient care. At a minimum, this information should include a summary of physician findings, nursing notes, flow sheets, lab, and radiological findings (including films or underlying studies), copies of EKG or other diagnostic results.

3.3.2. Consent Forms. Transferring Facility shall provide properly completed and signed transfer forms that include patient consent for the transfer signed by the patient, or an appropriate patient representative.

3.3.3. Healthcare Directives. The original or a copy of patient's healthcare power of attorney, living will and/or healthcare directives available and applicable to include the name and address of the patient's designees.

3.3.4. Money and Valuables. Transferring Facility will be responsible for the transfer or other appropriate disposition of the patient's personal effects, including money and valuables.

3.4. Transportation Expenses. Transferring Facility is responsible for any transportation costs incurred to transfer patient to Hospital that are not covered by the patient's insurance. Under no circumstances will Hospital assume financial responsibility for the cost of transferring or transporting any patient or their attendant to or from Transferring Facility to Hospital.

4. HOSPITAL OBLIGATIONS.

4.1. Provided Transferring Facility has complied with the determination requirements set forth in Section 2 above, Hospital agrees to admit the transferred patient as promptly as possible, as long as it has the available space, qualified personnel, and appropriate services for the treatment of the patient.

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

5. FINANCIAL ARRANGEMENT. Charges for services performed by either of the Parties for patients transferred pursuant to this Agreement shall be collected by the Party rendering such services and shall be collected directly from patient, from third party payors or other sources of payment. Neither Party shall have any liability to the other for the billing, collection, or payment of charges for services performed by such other Party except as otherwise provided in this Agreement or to the extent that such liability would exist separate and apart from this Agreement.

6. INDEMNIFICATION.

6.1. 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 awarded by a court of competent jurisdiction, 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.

6.2. 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 awarded by a court of competent jurisdiction, 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.

7. INSURANCE. 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.

8. MISCELLANEOUS.

8.1. No Discrimination. Neither Party shall discriminate in the performance of their obligations under this Agreement against any individual on the basis of race, religion, gender, age, national origin, sexual orientation, marital status, handicap, disability, or medical diagnosis, or on any other basis prohibited by local, State or Federal laws.

8.2. Patient HIV Status. Neither Party may refuse to receive a patient because the patient is HIV positive or has AIDS. The portion of the medical records reflecting the patient's HIV or AIDS status will be transmitted in a secure and sealed envelope with the patient's medical records. The patient's HIV status may be disseminated only to those healthcare providers who have a medical need to know or as provided by law.

8.3. Confidentiality. Both Parties agree that the confidentiality of each patient's medical records must be maintained. To achieve that goal, the Parties agree to transport medical records in a manner designed to maintain the confidentiality of the medical record as required by applicable law, including applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Parties agree to amend or modify this Agreement at such times as may be required by the terms of HIPAA with respect to the exchange of protected health information for purposes of each Party's treatment, payment or operations associated with any transfers conducted under this Agreement.

8.4. No Limitations Construed. 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.

8.5. Federally Funded Health Care Programs. Each Party represents and warrants that neither it nor its 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. The Parties agree to immediately notify the other Party of any threatened, proposed, or actual debarment, suspension, or exclusion from any federally funded health care program, including Medicare and Medicaid.

8.6. Term and Termination. This Agreement shall be in effect as of the Effective Date, provided 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.

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

8.8. Electronic Form. This Agreement, and any amendment or modification thereto, may not be denied legal effect or enforceability solely because it is in electronic form, or because an electronic signature or electronic record was used in its formation.

8.9. Entire Agreement. 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.

8.10. Advertising and Publicity. Neither Party shall use the name of the other or the existence of this Agreement in any promotional or advertising material unless prior written approval of the material to be used and the intended use is first obtained from the other Party.

8.11. Non-waiver. The failure of either Party to exercise any of its rights under this Agreement is not a waiver of such rights or a waiver of any rights for subsequent breach.

8.12. Assignment. This Agreement may not be assigned by either Party without the prior written consent of the other Party.

8.13. Severability. If any part of this Agreement is held to be unenforceable, the remainder of this Agreement will remain in full force and effect.

8.14. Amendments. This Agreement may only be modified or amended in writing by agreement of both Parties.

8.15. Headings. The heading to the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit, or expand express provisions of this Agreement.

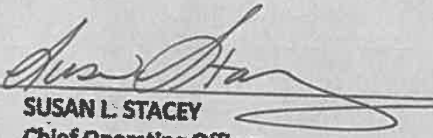
8.16. Authorization for Agreement. The execution and performance of this Agreement by each Party have been duly authorized by all necessary laws, resolutions or corporate actions and this Agreement constitutes the valid and enforceable obligation of each Party in accordance with its terms.

8.17. Compliance with Law. The Parties agree to conduct their relationship under the Agreement in full compliance with applicable federal, state, and local laws. In addition, the Parties certify that they will not violate the Anti-Kickback Statute and the Stark Law with respect to their performance of the Agreement.

*****SIGNATURES ON NEXT PAGE*****

HOSPITAL:

PROVIDENCE HEALTH & SERVICES -
WASHINGTON, a Washington nonprofit
corporation d/b/a PROVIDENCE SACRED HEART
MEDICAL CENTER

By: 
SUSAN L. STACEY
Title: Chief Operating Officer

TRANSFERRING FACILITY:

IRON BRIDGE SURGERY CENTER, LLC, a
Washington Limited Liability Company

By: 
LEVI DETERS, M.D.
Title: President

**APPROVED BY PHC COMMAND RESOURCE
CENTER:**

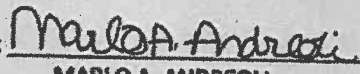
By: 
MARLO A. ANDREOLI
Its: Director of Clinical Logistics

EXHIBIT A
Additional Requirements for Stroke Patients

This Exhibit A is to that Patient Transfer Agreement between Hospital and the Transferring Facility identified therein and applies to patients transferred to Hospital for endovascular thrombectomy for clot retrieval or advanced neurosurgical support, hereinafter referred to as ("Stroke Program") and the requirements set forth below are in addition to the general requirements for patient transfers set forth in Agreement.

1. **Coordination.** The Parties shall coordinate the transfer process and communication regarding the same, through the Hospital's Transfer Center, which is operated on 7 days a week, 24 hours a day basis. The Emergency Department Physician or consulting Neurologist at the Transferring Facility shall contact the Hospital's transfer center to directly coordinate said transfer with the Hospital's NeuroHospitalist or Neurosurgeon on call at the time the Transfer is initiated.
2. **Patient Stabilization.** Transferring Facility is responsible, to the extent possible, to stabilize the patient prior to transfer to ensure the transfer will not, within reasonable medical probability, result in harm to the patient or jeopardize their survival. Transfer may be considered for an unstable patient with a medical status requiring urgent transfer. The Parties acknowledge that all acute stroke transfers post IV r-tPA and/or potential endovascular candidates should be emergently transferred to Hospital to facilitate rapid intervention and supportive care of the patient. Timing of Neurosurgical transfers will be discussed with the Hospital's Neurosurgeon on call.
3. **Periods of High Occupancy or Equipment Failures.** During times of high census where the ability to accept a patient referral is impacted by lack of bed availability or equipment failure, both Parties will work together to facilitate patient transfer as rapidly as possible.
4. **Transportation of Stroke Patients.**
 - 4.1. All transfers shall be done utilizing a medical necessity form with a qualified vendor that provides for expeditious transport by ground or air for any stroke patient that requires transfer. A qualified vendor is one whose transport staff is certified in Advanced Cardiovascular Life Support; critical care transport is preferred.
 - 4.2. The patient's medical condition, the ability of the Transferring Facility's ability to provide necessary stabilizing treatment, and the clinical judgment of the Hospital and Transferring Facility's physicians are the factors that will guide if/when a patient should be transferred.
 - 4.3. For all transfers, and to the extent possible, the following patient care protocols will be followed:
 - IV access (preference is Right Antecubital and Left arm 18 gauge if possible)
 - Use Normal saline for all fluids
 - NPO unless patient passed a documented RN swallow screen (consider gastric tube for medications; a copy of this documentation should be provided at time of transfer)
 - Systolic blood pressure support to keep SBP > 140 if endovascular candidate, and < 180/105 if IV alteplase has been administered prior to transfer.

5. **Stroke Patient Medical Records.** Transferring Facility is responsible to provide appropriate documentation of clinical care administered to facilitate continuity of patient care. This should include the patient's medical record (i.e., summary of physician findings, nursing notes and flow sheets, lab, and radiology reports, copy of EKGs, relevant transfer, and consent forms, etc.). Transferring Facility agrees to push to Hospital, or otherwise provide, all completed radiology films or videos to facilitate ongoing clinical care.
6. **Physician Communication.** Each Party will monitor all transfers to ensure that the Hospital's physician is immediately available to address the clinical reasons for the urgent transfer and patient's clinical condition.

EXHIBIT B
Additional Requirements for Adult and Pediatric Trauma Patients

This Exhibit B is to that Patient Transfer Agreement between Hospital and Transferring Facility identified herein and applies to patients Adult and Pediatric Trauma patients transferred to Hospital as an equal or higher-level trauma center and the requirements set forth below are in addition to the general requirements for patient transfers set forth in Agreement.

1. **COORDINATION.** The Parties shall coordinate the transfer process and communication regarding the same, through Hospital's Transfer Center, which is operated on 7 days a week, 24 hours a day basis. The Emergency Department Physician or Attending Physician at the Transferring Facility shall contact the Hospital's transfer center to directly coordinate said transfer with the Hospital's attending physician to determine the appropriateness of the transfer of the Trauma Patient. If the need for transfer is substantiated, the Hospital agrees to accept the Trauma Patient for transfer as promptly as possible, as long as it has available space and qualified personnel for the treatment of the patient, and requirements in accordance with Federal and State laws/regulations are met at the time the Transfer is initiated.
2. **TRANSFER ARRANGEMENT.** The Transferring Facility will have the responsibility for arranging the transfer of the Trauma Patient and agrees to use qualified personnel and equipment as needed, including the use of necessary and medically appropriate life support measures, during the transfer. All transfers must conform to all applicable State and Federal laws, regulations, and obligations. Once any necessary emergency services and medical care have been provided, transfer may be considered if the Trauma Patient is stabilized, or if unstable and the transferring physician has deemed that the transfer is for a medical reason which requires transfer. Prior to transfer of the Trauma Patient, the following conditions must be met by the Transferring Facility:
 - 2.1. **Risks Minimized.** The Transferring Facility has provided the highest level of medical treatment within its capacity to minimize the risks to the Trauma Patient's health. The need for transfer has been discussed and reviewed with the Trauma Patient and his/her authorized representative and they have been informed of the benefits/risks associated with the transfer.
 - 2.2. **Hospital/Physician.** The Transferring Facility's physician has notified a physician at Hospital and has obtained his/her consent for receipt of the transfer and confirms that Hospital has agreed to accept the Trauma Patient and will assume medical care of the patient upon arrival to the Hospital.
 - 2.3. **Appropriate Transportation Arrangements.** The Transferring Facility and Hospital physicians shall discuss and achieve consensus on the best appropriate method for transport of the Trauma Patient, including level of qualified personnel and equipment necessary to accompany the Trauma Patient during transport. The personnel and equipment should be those which a reasonable and prudent physician in his/her locality would use to affect a transfer, including necessary and appropriate medical life support measures.
 - 2.4. **Notice to Patients.** The Trauma Patient, or authorized representative of the Trauma Patient, must be notified prior to the transfer and of the reasons therefore indicated. The Trauma Patient's acknowledgment of such notification should be reflected in an appropriate written form.

Notification in advance of the transfer is not required when the Trauma Patient is unaccompanied, provided the Transferring Facility has made a reasonable effort to locate an authorized representative of the Trauma Patient, or notification of the Trauma Patient is not possible due to the Trauma Patient's mental or physical condition.

3. The Transferring Facility agrees to provide appropriate documentation of clinical care in order to ensure continuity of patient care. This information should include the Trauma Patient's medical record (i.e., summary of physician findings, nursing notes and flow sheets, lab, and radiology reports, copy of EKG and x-rays, pertinent diagnostic documentation, etc.). This information will be provided at the time of transfer, or in the case of emergency, as quickly as possible.
4. The Transferring Facility will be responsible for the transfer or other appropriate disposition of personal effects, particularly money and valuables, and information related to those items.

EXHIBIT C
Additional Requirements for Behavioral Health Patients

This Exhibit C is to that Patient Transfer Agreement between Hospital and Transferring Facility identified herein and applies to patients transferred to Hospital's behavioral health program ("Behavioral Health Program") and the requirements set forth below are in addition to the general requirements for patient transfers set forth in Agreement.

1. **Coordination.** The Parties shall coordinate the transfer process and communication regarding the same, through Hospital's Transfer Center which is operated 7 days a week on 24 hours a day basis. The Physician at the Transferring Facility shall contact the Hospital's Transfer Center at 509-474-2000 to directly coordinate said transfer with the Hospital's Psychiatric Triage Provider on call at the time the Transfer is initiated.
2. **Patient Stabilization.** Transferring Facility is responsible, to the extent possible, to stabilize the patient prior to transfer to ensure the transfer will not, within reasonable medical probability, result in harm to the patient, jeopardize their survival, or cause harm to Hospital personnel. Transfer may be considered for an unstable patient with a medical status requiring urgent transfer. Timing of Behavioral Health Program transfers for diagnostic testing will be discussed with the Hospital's Psychiatric Provider on call.
3. **Periods of High Occupancy or Equipment Failures.** During times of high census where the ability to accept a patient referral is impacted by lack of bed availability or equipment failure, both Parties will work together to accept the patient.
4. **Physician Communication.** Each Party will monitor all transfers to ensure that Hospital's physician is immediately available to address the clinical reasons for the urgent transfer and patient's clinical condition.