



CN App #21-13

Date
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Certificate of Need Application Ambulatory Surgical Facilities Ambulatory Surgery Centers

Received 09/28/20 -KN

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.

Responsible Officer: Arther Giebel, MD, Owner
Phone Number: 509-540-3937
Email Address: art.giebel@lifestyleeye.com

Signature:

A handwritten signature in dark ink, consisting of a large, stylized 'A' followed by a long, horizontal stroke.

Date: 7/27/2020

Legal Name of Applicant: Blue Mountain Eye PLLC

Number of ORs: 3 operating rooms (1 of which is a procedure room)

Address of Applicant: 1610 Penny Ln, Walla Walla, WA 99362-4477

Estimated Capital Expenditure: \$1,915,268

Planning Area (as defined in WAC 246-310-270(3): Walla Walla

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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\(6\)](#)

Arthur Giebel, MD
Owner Lifestyle Eye PLLC
1610 Penny LN
Walla Walla, WA 99362-4477
PH: 509-540-3937
art.giebel@lifestyleeye.com

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

Current structure is:
Blue Mountain Eye PLLC, DBA Lifestyle Eye Center

UBI: 603-057-855

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

Arthur Giebel, MD
Owner Lifestyle Eye PLLC
1610 Penny LN
Walla Walla, WA 99362-4477
PH: 509-540-3937
art.giebel@lifestyleeye.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).

Richard Thomas
Practice Administrator
1610 Penny LN
Walla Walla, WA 99362-4477
PH: 509-540-3937

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

Exhibit AD.5 Organizational Chart

PROJECT DESCRIPTION

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

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

This is a new construction, so there is no existing surgical facility.

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.

1595 Heritage Rd
Walla Walla WA 99362

Parcel Number: 350724420024

3. Provide a detailed description of the proposed project.

Blue Mountain Eye PLLC, DBA Lifestyle Eye Center seeks to establish Lifestyle Surgery Center, an 4251 square foot ASF to provide Ophthalmic surgical services in a safe, efficient, cost-effective, and user-friendly environment in the Walla Walla Health Services Planning Area. It will be licensed by WA DOH, accredited by The Joint Commission and certified by CMS. Ophthalmic procedures performed are limited to those which can be safely and effectively provided on an outpatient basis and are typically elective and non-emergent in nature. It will provide 3 operating rooms (1 of which is a procedure room) and related support spaces and facilities. Patient population age is 18 years and older. The facility will operate on a part time basis 1-2 days per week.

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	Already Done
Construction Commenced	ASAP but not later than 1/1/2021
Construction Completed	10/1/2021
Facility Prepared for Survey	11/1/2021
Project Completion	12/31/2021

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.

☐ Ear, Nose, & Throat

☐ Gastroenterology

☐ General Surgery

☐ Gynecology

☐ Maxillofacial

☒ **Ophthalmology**

☐ Oral Surgery

☐ Orthopedics

☐ Pain Management

☒ **Plastic Surgery**

☐ Podiatry

☐ 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:

Lifestyle Surgery Center will not perform gastroenterology procedures. It will be a single specialty Ophthalmic surgery center.

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

Lifestyle Surgery Center is not an existing facility.

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.

3 Operations Rooms (1 of which is a procedure room)

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\(9\)](#)

No. Lifestyle Surgery Center will be a single specialty Ophthalmic surgery center.

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

Lifestyle Surgery Center will provide services to patients 18 years of age and older who require elective ophthalmic surgery, without an overnight stay, and can be safely and effectively cared for in an ambulatory 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](#).

Exhibit PD.11 Letter of Intent

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

Exhibit PD.12 Facility Drawing

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.

Lifestyle Surgery Center will be licensed by WA DOH and certified by Medicare and Medicaid.

Lifestyle Surgery Center is not an existing facility with identification numbers.

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

Yes, The Joint Commission

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.

Yes. Project # 60910157

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.

- Providence St Mary Medical Center
- Walla Walla Clinic

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

Providence St Mary Medical Center provides ophthalmic surgical services in a hospital outpatient department.

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

Dr .Giebel currently operates at St Mary Medical Center and travels out of town to do cataract surgery. Outpatient ophthalmic surgery can be done more efficiently and cost effectively for the patients in an ASF than in a hospital. There is no ASF in Walla Walla that provides ophthalmic surgical services.

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

Blue Mountain Eye PLLC determined the existing capacity in the Walla Walla County secondary health service planning area to be 0 dedicated outpatient ORs and 5

mixed use ORs. Based on the methodology outlined in [WAC 246-310-270](#), Blue Mountain Eye PLLC projects a need for 11.26 dedicated outpatient ORs in the planning area for year 2021.

Exhibit A.4 Need Determination Methodology

Exhibit A.4 Demand Rate

- 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.

Not applicable. Based on the methodology outlined in [WAC 246-310-270](#), Blue Mountain Eye PLLC projects a need for 11.26 dedicated outpatient ORs in the planning area for year 2021.

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

Lifestyle Surgery Center is not an existing facility.

- 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.**

Lifestyle Surgery Center Projected Surgical Volume

Surgical Volume by Type	Year 1	Year 2	Year 3
Cataract Procedures	1,130	1,187	1,246
Other Ophthalmic Procedures	84	88	93
Laser Ophthalmic Procedures	255	268	281
Total Surgical Volume	1,469	1,542	1,620

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

Currently ophthalmic surgical services are only offered at Providence St Mary Medical Center. The cost of outpatient surgery in the hospital setting is significantly more expensive than if it were performed in an ASF. For instance, the fee for cataract surgery in a hospital is \$2093.07. The fee for the same procedure in an ASF is \$1042.75. This is a barrier to access for some patients because they are responsible for 20% of this CMS allowable rate.

Lifestyle Surgery Center will be the only ASF in the Walla Walla planning area that performs ophthalmic surgery and accepts Medicare and Medicaid.

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.

Lifestyle Surgery Center will be accessible to all residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly.

10. Provide a copy of the following policies:

- a) Admissions policy**
- b) Charity care or financial assistance policy**
- c) Patient Rights and Responsibilities policy**
- d) Non-discrimination policy**
- e) Any other policies directly related to patient access to care.**

- a) Exhibit A.10ad Admission and Non-Discrimination Policy
- b) Exhibit A.10b Charity Care Policy
- c) Exhibit A.10c Patient Rights and Responsibilities Policy
- d) Exhibit A.10ad Admission and Non-Discrimination Policy
- e) Exhibit A.10e Expected Patient Outcomes

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:

- a) Utilization projections.** These should be consistent with the projections provided under “Need” in section A. Include the basis for all assumptions.
- b) Pro Forma revenue and expense projections** for at least the first three full calendar years of operation. Include the basis for all assumptions.
- c) 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.
- d) 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.

- a) Exhibit B.1a Utilization Projections
- b) Exhibit B.1b Pro Forma Revenue and Expenses 3 Years
- c) Exhibit B.1c Pro Forma Balance Sheet 3 Years
- d) This is not an existing facility

2. Provide the following applicable agreements/contracts:

- a) Management agreement**
- b) Operating agreement**
- c) Medical director agreement
- d) Development agreement**
- e) 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.

- a) Exhibit B.2a Management Agreement
- b) Exhibit B.2b Blue Mountain Eye Corporate Documents
- c) Medical Director agreement is not applicable as medical director is an employee of Lifestyle Surgery Center.
- d) Exhibit B.2d Development Agreement
- e) Joint Venture agreement is not applicable to the ownership model of Lifestyle Surgery Center.

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\(7\)](#)**

Item	Year 1	Year 2	Year 3
Total Surgical Volume	1,469	1,542	1,620
Charity Care % Cases	1.10%	1.10%	1.10%
Charity care Cases	16	17	18
Total Revenue	\$1,474,957	\$1,548,705	\$1,626,140
Charity Care % Revenue	1.00%	1.00%	1.00%
Charity dollars	14,750	15,487	16,261

According to the published 2016 Washington State Charity Care in Washington Hospitals dated February 2018: As a percent of total hospital patient services revenue, charity care charges dropped from 2.9 percent to 0.9 percent from 2013 to 2016

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.**

Exhibit B.4 Land Deed

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

Zoning is CH – Highway Commercial – Tax Parcel No. 350724420024

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.**

Exhibit B.6 Estimated Capital Expenditure

Exhibit B.6a Special Inspections IMT Testing Cost Estimate

- 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.**

Arthur Giebel, MD is 100% responsible for the capital expenditure for this project.

- 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.**

Exhibit B.8 Start-up Costs

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

Exhibit B.9 Contractor Estimate Construction Cost

This estimate is for a building project that includes both Lifestyle Eye Center and Lifestyle Surgery Center. Refer to Exhibit B.6 Estimated Capital Expenditures for construction cost estimate specific to Lifestyle Surgery Center.

- 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 will positively impact costs and charges to patients in the Walla Walla area. Currently ophthalmic surgical services are only offered at St Mary Medical Center. The cost of outpatient surgery in the hospital setting is significantly more expensive than if it were performed in an ASF. For instance, the fee for cataract surgery in a hospital is \$2093.07. The fee for the same procedure in an ASF is \$1042.75. This is a barrier to access for some patients because they are responsible for 20% of this CMS allowable rate.

Lifestyle Surgery Center will be the only ASF in the Walla Walla planning area that performs ophthalmic surgery and accepts Medicare.

- 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](#)**

The Lifestyle Surgery Center fee schedule will be based on CMS allowable reimbursement and will not be impacted in any way by the costs incurred in developing this ASF. Reimbursement rates will be negotiated with other third-party payers in the area. The costs incurred in developing this ASF will have no bearing on patient charges. Lifestyle Surgery Center standard fee schedule will be based on a multiple of CMS allowable reimbursement rates for ASCs.

Exhibit B.11 CMS Fee Schedule

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	% by Revenue	% by Patient
Medicare	66.00%	63.01%
Medicaid	1.00%	2.97%
Other Payers - Commercial	31.50%	31.44%
Aetna	2.00%	1.87%
Anthem BC BS	0.24%	0.10%
Cigna	1.00%	0.91%
Humana	2.00%	2.15%
Kaiser Permanente	1.54%	2.73%
Moda	2.50%	3.83%
Pacificsource Health	1.00%	0.57%
Premiera	5.00%	4.45%
Providence Health PI	1.23%	0.86%
Regence	12.00%	11.58%
Tricare West Region	0.49%	0.19%
United Healthcare	2.50%	2.20%
Charity	1.00%	1.10%
Other Payers - Minor Plan	0.50%	1.48%
Total	100.00%	100.00%

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.

Lifestyle Surgery Center is not an existing facility.

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.

Exhibit B.14 Equipment List and Cost Estimate

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](#).

Exhibit B.15 Letter of Financial Commitment

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

Exhibit B.16a Construction TI Loan Schedule

Exhibit B.16b Equipment Loan Schedule

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

Exhibit B.17a Form 1040 - Tax Return 2017

Exhibit B.17b Form 1120S - Tax Return 2018

Exhibit B.17c Form 1120S - Tax Return 2019

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.**

Applicant does not own or operate any other licensed healthcare facilities.

- 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.**

Exhibit C.2 FTE By Classification

This table identifies projected staffing, by FTE for each of the first 3 years of operation.

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

The number and types of FTEs assumed to staff this ASF is based on:

- Annual procedure volume projections (based on historical surgical volume)
- Operating 2 ORs 1 day/week to accommodate the projected volume

- 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.**

Art Giebel, MD
License number MD00046257

Dr. Giebel will be an employee Medical Director

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

Exhibit C.5 Medical Director Job Description

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

No staff has been hired for this project yet.

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 \(5\)](#).

Arthur Giebel, MD License # MD00046257 is the only surgeon who will utilize the ASF.

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

Lifestyle Surgery Center is not an existing facility.

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\(1\)](#)

The proposed ASF intends to employ a sufficient number of qualified health workforce, including selected administrative, clinical, and technical staff, as needed. Lifestyle Surgery Center will offer an attractive work environment, hours, and pay, thereby attracting and retaining residents who are highly qualified. The proposed ASF will utilize variable means to secure new staff, including, but not limited to: agency recruitment, advertisement online and print media, and active recruitment of friends and colleagues from staff and surgeons for individuals both inside and outside of our geographical area. The ASF does not expect any staffing challenges that would disrupt our ability to achieve its goals and objectives.

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

Lifestyle Surgery Center is not an existing facility.

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

Lifestyle Surgery Center will provide all ancillary and support services onsite. The following services will be subcontracted through local vendors:

Anesthesia Services
Anesthesia Machine Preventative Maintenance
Biomedical Engineering
Cleaning House
Compounding Pharmacy

Consulting Pharmacist
Fire Safety Equipment
Generator
HVAC
Hazardous Waste Disposal
Housekeeping
Laboratory/Pathology
Linen
Maintenance
Medical Gas Lines
Pest Control
Shredding
Software
Transcription
Vacuum Pump

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)

Lifestyle Surgery Center does not have any existing ancillary or support agreements.

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)

Lifestyle Surgery Center is not currently operating.

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)

There are no existing working relationships because Lifestyle Surgery Center is not an existing facility.

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

Dr. Arthur Giebel will continue to maintain operating privileges at Providence St. Mary Medical Center. Lifestyle Surgery Center will seek an agreement for lab and pathology services and a patient transfer agreement from Providence St. Mary Medical Center.

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

The local hospital is unwilling to sign a patient transfer agreement until after the facility is approved. Letter of Intent to execute patient transfer agreement after ASC is approved has been provided.

Exhibit C.16 Letter of Intent Patient Transfer Agreement

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\(4\)](#)

This project will particularly offer options for surgical care to complement clinical services not already associated with a surgical facility already. In addition, this will foster the ability to get subspecialists to provide services in the service area who otherwise might not come. This would allow a more seamless provision of care locally which would be of particular benefit to those who are unable to travel readily. This increased continuity of care locally would markedly decrease fragmentation of services between local and export areas.

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\(4\)](#).

This project would complement the current health care system in the service area and relieve the current system of the highly specialized services that may be best done in this project, allowing other systems to do more of what they do best. This project would appeal particularly to those clinics and specialties not already affiliated with other major systems and increase the ease of access to timely opportunities for surgical care.

19. Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements. [WAC 246-310-230\(3\) and \(5\)](#)

- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or
- b. A revocation of a license to operate a healthcare facility; or
- c. A revocation of a license to practice as a health profession; or
- d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.

There is no adverse event history associated with Arthur Giebel, MD.

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.

Providence St. Mary Medical Center (local)
Walla Walla Clinic (local)
East Oregon Surgery Center (Pendleton)
St. Anthony Hospital (Pendleton)
Precision Surgery Center (Hermiston)
Good Shepherd Medical Center (Hermiston)
Pacific Cataract & Laser Institute (Kennewick)
Columbia River Eye Center (Richland)

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.

These are the goals we seek to accomplish in establishing Lifestyle Surgery Center.

Access to Local Surgery: There is a great need for access to surgery locally. Some patients cannot travel. The volume exists to support it.

Access to Same Day Surgery: minimize time patients spend in the system waiting to get care. Maximize opportunities for patients to come from out of town to get needed care. Provide for optimized care delivery. Minimize wasted time, travel with associated costs of fuel and finding a driver,

Premium Patient experience for the Walla Walla Community: (“community” defined to include local residents, rural extensions, and visitors.)

- Close coordination with Lifestyle Eye Center as a Referral base.
- Center of excellence with access to multiple specialists
- Maximize effectiveness/efficiency of providers.
- Decreased costs and improved efficiencies in focused care.
- Teaching/research opportunities.

Below are general and specific comparisons to other facilities in the region related to achieving these goals.

GENERAL COMPARISONS

All hospitals	Hospitals tend to be less efficient, so delays are common. There is also always a risk of getting delayed or neglected due to other priority cases and procedures: trauma, deliveries, emergency C-sections.
All out of town facilities	These are not ideal for the Walla Walla centric community. There are difficulties and dangers involved in travel and arranging transportation for fragile patients, especially in inclement weather. Patients tire easily and it is a long and stressful day of surgery. Travel also incurs additional and unnecessary cost for the patient, increasing associated morbidity.
All available facilities except for Precision Surgery Center and St. Anthony Hospital	These facilities only provide 1 OR on a difficult schedule that has severe operational limitations. There are inefficiencies built-in and inherent to the nature of services provided. This greatly reduces the effectiveness, efficiency, and productivity of available talent. In this time of physician/surgeon shortage, the available talent needs to be maximized.
All available facilities except Providence St. Mary Medical Center	Do not have video. At PSMMC, the video low quality and not able to bring guests in for teaching.

DIRECT COMPARISONS

Providence St. Mary Medical Center (local)	LSC will have tighter coordination, will not cancel or delay patients due to other priority procedures, has the opportunity for 2 ORs and increased speed/efficiency.
Walla Walla Clinic (local)	This facility has only 1 OR with decreased efficiency and a difficult schedule.
East Oregon Surgery Center (Pendleton)	This facility is out of town, has only 1 OR and old equipment.
St. Anthony Hospital (Pendleton)	This facility is out of town, has other higher priority patients/procedures, and brings out of town staff/equipment, neglecting local staff training.
Precision Surgery Center (Hermiston)	This facility is out of town. We have requested items for over 1 year and they are still not available. They do not have video monitor for recording, research, or teaching. Decreased efficiency despite having 2 ORs.
Good Shepherd Medical Center (Hermiston)	This facility is out of town, has only 1 OR, is inefficient and has a very loud HVAC system

Pacific Cataract & Laser Institute (Kennewick)	This facility is out of town and does not have a CON because it is not possible under current structure.
Columbia River Eye Center (Richland)	This facility is out of town and does not have a CON because it is not possible under current structure.

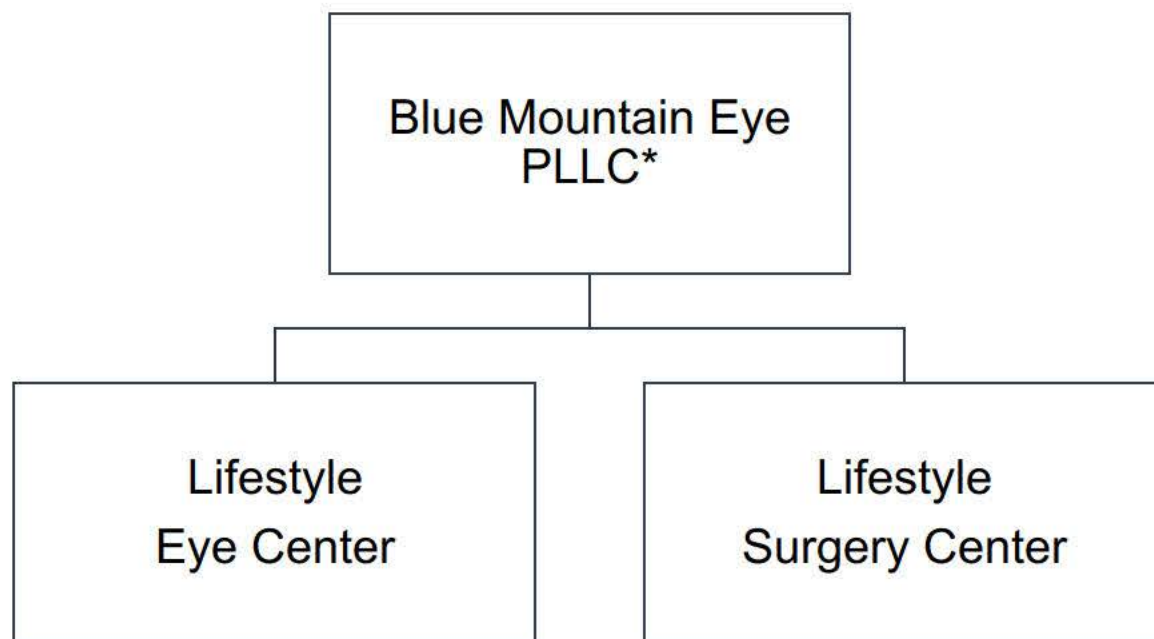
3. Identify any aspects of the facility's design that lead to operational efficiency. This could include but is not limited to: LEED building, water filtration, or the methods for construction, etc. [WAC 246-310-240\(2\) and \(3\)](#)

Operational efficiency has been considered from the ground up. The layout has been carefully planned with considerable deliberation to promote a streamlined patient flow and accommodate new and changing technologies to meet future needs. It is designed to enhance communication with staff and optimize the necessary work while maintaining safety and patient confidentiality.

We are proud that the design meets and exceeds the requirements of the progressive energy code of the state. LED lighting is used throughout to minimize energy usage. Solar tubes are employed for safety, backup, to enhance the mood, and have no energy cost. Automation is planned to minimize any waste. The building is designed to allow solar to be easily deployed.

In addition, the building is able to handle strict COVID precautions.

EXHIBIT AD.5 ORGANIZATION CHART



*Arthur Giebel, MD is 100% owner of Blue Mountain Eye PLLC

EXHIBIT PD.11 LETTER OF INTENT

July 27, 2020

Department of Health
Certificate of Need Program
111 Israel Rd. SE
Tumwater, WA 98501

Re: Letter of Intent – Lifestyle Surgery Center

Dear Sir/Madam:

In accordance with WAC 246-310-080, Blue Mountain Eye PLLC, DBA Lifestyle Eye Center, hereby submits this Letter of Intent proposing to develop its ambulatory surgical facility (ASF), Lifestyle Surgery Center, as a Certificate of Need approved ASF in Walla Walla, WA.

Pursuant to WAC 246-310-080, Blue Mountain Eye PLLC, DBA Lifestyle Eye Center submits the following information:

1. Description of proposed services: Blue Mountain Eye PLLC, DBA Lifestyle Eye Center proposes to develop and operate a 3 operating rooms (1 of which is a procedure room), ambulatory surgery facility providing ophthalmic outpatient surgery.
2. Estimated cost of proposed project:
3. Identification of service area: The service area is Walla Walla Health Services Planning Area.

Certificate of need application is in progress for submission by July 2020. Thank you for your assistance in this matter. If you have any questions, please do not hesitate to contact me;

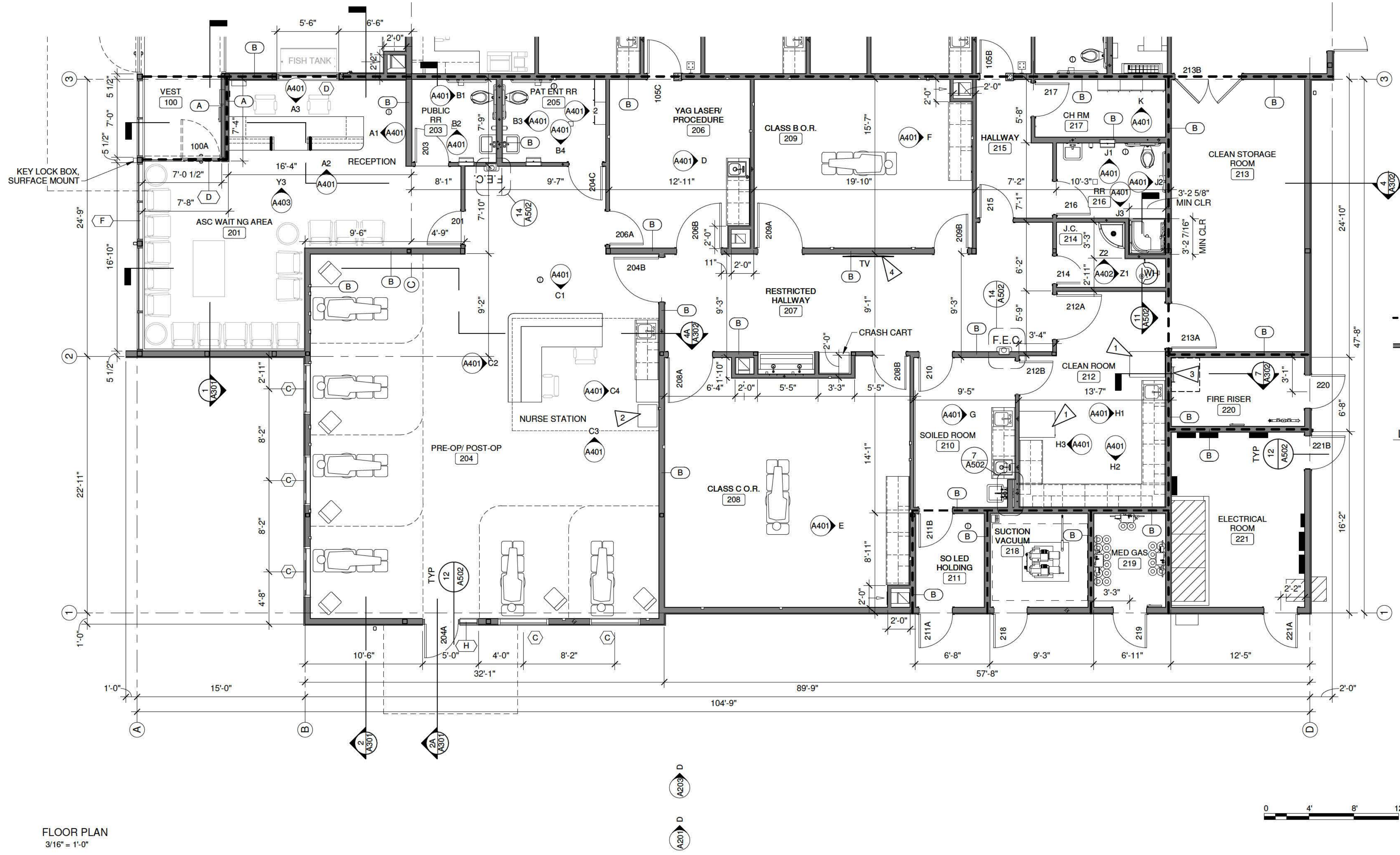
Richard Thomas
Practice Administrator
1610 Penny LN
Walla Walla, WA 99362-4477
PH: 509-540-3937

Sincerely,

Richard Thomas



EXHIBIT PD.12 FACILITY DRAWINGS



FLOOR PLAN
3/16" = 1'-0"

1. ALL DIMENSIONS TO FACE OF STUD OR AS NOTED.
2. DOOR NUMBER IS SAME AS ROOM NUMBER THE DOOR SWINGS INTO UNLESS NOTED OTHERWISE.
3. FOR GENERAL NOTES AND LEGEND, T001 AND A001.
4. ALL INTERIOR WALLS ARE TYPE A FRAMED W/ GWB TO THE UNDERSIDE OF THE ROOF/FLOOR DECK, UNO.
5. FURNITURE AND EQUIPMENT SHOWN HALFTONED IS NOT IN CONTRACT AND SHOWN FOR REFERENCE ONLY.
6. IBC LIMITS THE QUANTITY OF ELECTRICAL JUNCTION BOX PENETRATIONS IN FIRE RATED BARRIERS TO 100 SQUARE INCHES PER 100 SF OF WALL AREA. INTUMESCENT PUTTY SHALL BE PLACED ON THE BACK OF EACH BOX EXCEEDING THIS REQUIREMENT, AS APPROVED BY AHJ.
7. PROVIDE 5/8" PLYWOOD SHEATHING BEHIND GWB ON ALL ELEC/DATA WALLS; OR PROVIDE SURFACE APPLIED 5/8" PLYWOOD AT THE EXACT NEEDED LOCATIONS, REFER TO ELECTRICAL.
8. PROVIDE TILE BACKER BOARD BEHIND ALL RESTROOM AND SHOWER WALL TILE, TYP.
9. MOUNT FIRE EXTINGUISHER CABINETS (FEC) AT 5'-0" ABOVE FINISH FLOOR TO TOP OF CABINET.

SHEET NOTES

- 1 PREVAC STERILIZER, FBO
- 2 BLANKET WARMER, FBO
- 3 METAL LADDER
- 4 FLAT SCREEN TV, OFCI. PROVIDE TV WALL MOUNT. COORDINATE MOUNTING HEIGHT WITH OWNER PRIOR TO INSTALLATION.

FLAG NOTES

- FULL HEIGHT WALL FRAMED TO UNDERSIDE OF ROOF DECK, REFER TO FLAG NOTES ON SHEET A101 FOR FIRE RATINGS.
- INDICATES ACOUSTIC WALL (STUD SIZE PER WALL TYPE)
CONSTRUCTION:
ONE LAYER EACH SIDE OF WALL WITH 5/8" GWB TYPE X AND ONE LAYER 1/2" GWB ON ONE SIDE ONLY
FRAME WALLS & GWB UP TO THE UNDERSIDE OF THE ROOF DECK
FILL ENTIRE WALL CAVITY WITH STONE WOOL INSULATION
CAULK AND SEAL THE STUDS TOUCHING FLOOR LEVEL
CAULK AND SEAL ALL PENETRATIONS THROUGH THESE WALLS

LEGEND



12 W. Kennewick Ave.,
Kennewick, WA 99336

P: 509.735.1589
F: 509.783.5075

www.meierinc.com

APD	DRWN	CHD	DESIGN	DATE
REV	S	ONS	NO	

4868 REGISTERED
ARCHITECT
EDWARD T. LUEBBEN
STATE OF WASHINGTON

APPROVAL

DRAWN	AVR	08.29.2018
DESIGN	ETL	08.29.2018
CHECKED	MCD	08.29.2018
APPROVED	ETL	08.29.2018

ARTHUR W. GIEBEL, MD
OPHTHALMOLOGY CLINIC & SURGERY CENTER
HERITAGE RD., WALLA WALLA, WA 99362
ENLARGED ASC FLOOR PLAN

DWG. NO.

A103

SCALE: As indicated

CD

JOB NO. 8257
REV. 0

EXHIBIT A.4 NEEDS METHODOLOGY EVALUATION

Methodology Assumptions and Data	
Assumption	Data Used
Planning Area	Walla Walla County
Population Estimates and Forecasts	Age Group: 0-85%+ Office of Financial Management Population Data Release year 2019 Year 2019 - 62,000
Use Rate	Divide the calculated surgical cases by 2019 population results in the service area use rate of 169.86/1,000 population
Year 2019 Total Number of Surgical Cases	– Outpatient – Inpatient or Mixed-Use 8,146 – Total Cases
Percent of surgery: outpatient vs. inpatient	Based on DOH survey and ILRS: 13.92% outpatient; 86.08% inpatient
Average minutes per case	Based on DOH survey and ILRS: Outpatient cases: 49.82 minutes Inpatient cases: 160.41 minutes
OR Annual capacity in minutes	68,850 outpatient surgery minutes; 94,250 inpatient or mixed-use surgery minutes (per methodology in rule)
Existing providers/ORs Department's Methodology Results	Based on listing of Walla Walla County Providers: 0 dedicated outpatient ORs 1 mixed use OR with 5 ORs
Department Methodology Results	Shortage of outpatient ORs

EXHIBIT A.4 NEEDS METHODOLOGY EVALUATION

#	WAC USE 246-310-270 Methodology	Lifestyle Eye	Notes
	Use Rate per 1,000 residents	169.860	Published 2019 Use rate
	2019 Service Area Population	62,200.00	Office of Financial Management, Forecasting and Research Division, April 2019
	Surgeries at Use / Demand Rate	10,565.00	Population divided by Use rate
a.	Inpatient minutes mixed use OR	94,250	Published Figures
a.	Outpatient Surgery Minutes	68,850	Published Figures. Ophthalmic surgical services are only offered at St Mary Medical Center.
a.	Dedicated ORs	-	There are no dedicated Ophthalmology ORs in Wacoma County
a.v	# of Mixed Use ORs	5.00	St. Mary's existing Capacity
a.v	Mixed Use Inpatient Capacity	471,250	Published Figures
b.	Mixed Use/Inpatient minutes per case	160.41	Published Figures
b.	Outpatient Minutes per case	50.00	Published Figures
	Mixed Use Surgeries	2,938.00	St. Mary's existing Capacity
	DOH Inpatient Rate	86.08%	Published Figures
	DOH Outpatient Rate	13.92%	Published Figures
b.v	Projected OR Inpatient Surgery Minutes	1,458,769	Minutes divided by cases
b.v	Projected Inpatient	73,550	Minutes divided by cases
	Grand total Minutes	1,532,319	Total Outpatient & Inpatient Minutes
b.	Inpatient/Mixed Use Surgeries	9,094.00	DOH Rate times demand
b.	Outpatient Surgeries	1,471.00	DOH Rate times demand
	Total Surgeries at Use / Demand Rate	10,565.00	Total Demand
c.	If b.iv < a.iv, divide (a.iv-b.iv)/94250 for Mixed Use OR	(11.26)	OR Shortfall

EXHIBIT A.10ad ADMISSION AND NON-DISCRIMINATION POLICY

Section 1 Policies and Procedures	Lifestyle Surgery Center	
Policy Name: ADMISSION AND NON-DISCRIMINATION	Page 1 of 1	
Approved:	Revised:	

POLICY:

It is the policy of this facility to admit and treat all persons without regard to race, color, national origin, handicap, sex, sexual orientation, religious or fraternal organization, or age. The same requirements are applied to all, and patients are assigned without regard to race, color, national origin, handicap, sex, sexual orientation, religious or fraternal organization, or age. All services are available without distinction to patients and visitors regardless of race, color, national origin, handicap, sex, sexual orientation, religious or fraternal organization, or age. All persons and organizations having occasion to refer persons for services or to recommend the center are advised to do so without regard to the person's race, color, national origin, handicap, sex, sexual orientation, religious or fraternal organization, or age.

EXHIBIT A.10b CHARITY CARE POLICY

Section 1 Policies and Procedures	Lifestyle Surgery Center	
Policy Name: CHARITY CARE	Page 1 of 2	
Approved:	Revised:	

POLICY:

Lifestyle Surgery Center is pleased to provide a charity care program to serve the needs of the local community. As part of this program, patients who reside in the facility service area and who meet eligibility requirements, may receive a partial or full adjustment on surgical service charges. Charity care qualification criteria will be reviewed annually.

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

PROCEDURE:

- Charity Care: Healthcare services rendered at Lifestyle Surgery Center to persons whose family income is at or below 200 percent of the federal poverty level. Charity care is considered secondary to all other financial resources available to the patient including, medical plans, worker's compensation, Medicare, Medicaid, federal and military programs, third party liability situations, and any other situation in which a person or entity may have a legal responsibility to pay for the cost of medical services.
- All patient accounts that are preparing to receive services at Lifestyle Surgery Center are eligible for charity care consideration. Patient eligibility will be identified prior to eligible provided services. Patient eligibility approval will be for a one-time adjustment for medical service charges rendered at Lifestyle Surgery Center. Services eligible for charity care are defined as fees related to appropriate facility-based medical services.
- A Department of Social and Health Services (DSHS) coverage determination is required to be considered for this program. A confidential financial statement application will be completed by the patient including all of the following:
 - Most current year income tax return or SSI award letter
 - Most recent pay stub
 - Information (and proof) of all other income
 - Determination notice from the Department of Social and Health Services (Medicaid)

Section 1 Policies and Procedures	Lifestyle Surgery Center
Policy Name: CHARITY CARE	Page 2 of 2

- The application and attachments must be returned to Lifestyle 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 will be based on the most recent Federal Poverty Level (FPL) Guideline Table. The discount percentage applies to the patient responsibility portion of facility related fees.
- Applications and other information obtained by Lifestyle Surgery Center will be reviewed as they are received. The facility will notify the applicant of the decision in writing, within thirty (30) business days after the complete application has been received.

EXHIBIT A.10c PATIENT RIGHTS AND RESPONSIBILITIES POLICY

Section 1 Policies and Procedures	Lifestyle Surgery Center	
Policy Name: PATIENT RIGHTS AND RESPONSIBILITIES	Page 1 of 3	
Approved:	Revised:	

POLICY:

Lifestyle Surgery Center has established this Patient's Bill of Rights as a policy with the expectation that observance of these rights will contribute to more effective patient care and greater satisfaction for the patient, his/her physician, and the facility organization. It is recognized that a personal relationship between the physician and the patient is essential for the provision of proper medical care. The traditional physician-patient relationship takes on a new dimension when care is rendered within an organized structure. Legal precedent has established that the facility itself also has a responsibility to the patient. It is in recognition of these factors that these rights are affirmed.

No catalog of rights can guarantee the patient the kind of treatment he has a right to expect. This facility has many functions to perform, including the prevention and treatment of disease, the education of both health professionals and patients. All these activities must be conducted with an overriding concern for the patient, and above all, the recognition of his/her dignity as a human being. Success in achieving this recognition assures success in the defense of the rights of the patient.

AS A PATIENT, YOU HAVE THE RIGHT TO:

- Considerate, respectful care at all times and under all circumstances with recognition of your personal dignity.
- Personal and informational privacy and security for self and property.
- Have a surrogate (parent, legal guardian, person with medical power of attorney) exercise the Patient Rights when you are unable to do so, without coercion, discrimination or retaliation.
- Confidentiality of records and disclosures and the right to access information contained in your clinical record. Except when required by law, you have the right to approve or refuse the release of records.
- Information concerning your diagnosis, treatment and prognosis, to the degree known.
- Participate in decisions involving your healthcare and be fully informed of and to consent or refuse to participate in any unusual, experimental or research project without compromising your access to services.
- Make decisions about medical care, including the right to accept or refuse medical or surgical treatment after being adequately informed of the benefits, risks and alternatives, without coercion, discrimination or retaliation.

Section 1 Policies and Procedures	Lifestyle Surgery Center
Policy Name: PATIENT RIGHTS AND RESPONSIBILITIES	Page 2 of 3

- Self-determination including the rights to accept or to refuse treatment and the right to formulate an advance directive.
- Competent, caring healthcare providers who act as your advocates and treats your pain as effectively as possible.
- Know the identity and professional status of individuals providing service and be provided with adequate education regarding self-care at home, written in language you can understand.
- Be free from unnecessary use of physical or chemical restraint and or seclusion as a means of coercion, convenience or retaliation.
- Know the reason(s) for your transfer either inside or outside the facility.
- Impartial access to treatment regardless of race, color, age, sex, sexual orientation, national origin, religion, handicap or disability.
- Receive an itemized bill for all services within a reasonable period of time and be informed of the source of reimbursement and any limitations or constraints placed upon your care.
- File a grievance with the facility by contacting the Clinical Director, via telephone or in writing, when you feel your rights have been violated.

Name, Address and Phone Number TBD

- Report any comments concerning the quality of services provided to you during the time spent at the facility and receive fair follow-up on your comments.
- Know about any business relationships among the facility, healthcare providers, and others that might influence your care or treatment.
- File a complaint of suspected violations of health department regulations and/or patient rights. Complaints may be filed at:

Washington State Department of Health
 HSQA Complaint Intake:
 PO Box 47857
 Olympia, WA 98504-7857
 Phone (360) 236-4700
 Toll Free (800) 633-6828
 Fax (360) 236-2626
 Email: HSQAComplaintIntake@doh.wa.gov

Office of the Medicare Beneficiary Ombudsman
<http://www.medicare.gov/claims-and-appeals/medicare-rights/get-help/ombudsman.html>

Section 1 Policies and Procedures	Lifestyle Surgery Center
Policy Name: PATIENT RIGHTS AND RESPONSIBILITIES	Page 3 of 3

Contact The Joint Commission via an online for:

https://www.jointcommission.org/report_a_complaint.aspx

If you do not have access to the internet, mail your complaint to:

Office of Quality and Patient Safety The Joint Commission

One Renaissance Boulevard

Oakbrook Terrace, IL. 60180

AS A PATIENT, YOU ARE RESPONSIBLE FOR:

- Providing, to the best of your knowledge, accurate and complete information about your present health status and past medical history and reporting any unexpected changes to the appropriate physician(s).
- Following the treatment plan recommended by the primary physician involved in your case.
- Providing an adult to transport you home after surgery and an adult to be responsible for you at home for the first 24 hours after surgery.
- Indicating whether you clearly understand a contemplated course of action, and what is expected of you, and ask questions when you need further information.
- Your actions if you refuse treatment, leave the facility against the advice of the physician, and/or do not follow the physician's instructions relating to your care.
- Ensuring that the financial obligations of your healthcare are fulfilled as expediently as possible.
- Providing information about, and/or copies of any living will, power of attorney or other directive that you desire us to know about.

EXHIBIT A.10e EXPECTED PATIENT OUTCOMES POLICY

Section 1 Policies and Procedures	Lifestyle Surgery Center	
Policy Name: EXPECTED PATIENT OUTCOMES	Page 1 of 2	
Approved:	Revised:	

POLICY:

The patient, who upon a physician's order submits to an outpatient surgery procedure, can expect to be discharged from the facility with the following assurances:

- That the patient understands each form, which requires a signature, and why their signature, or that of a responsible party, is necessary.
- That the patient understands who and how financial responsibility for the procedure will be handled and who generates the bills, if other than the facility.
- That the patient's safety is assured, when appropriate, by having a responsible person available to provide transportation home.
- That the procedures were coordinated in such a way as to provide for accuracy of scheduling as well as efficiency of time.
- That the procedure was performed safely and accurately by qualified personnel and only according to the physician's specific instructions and plan of care.
- That qualified personnel were available at all times to answer questions.
- That the patient's privacy has been provided for and respected.
- That the patient suffered no undue anxiety because the procedure was insufficiently explained.
- That the patient's pain was treated as effectively as possible.
- That precaution to ensure the patient's safety has been practiced at all times.
- That, should a sudden change in the patient's condition occur requiring emergency interventions, trained personnel and necessary equipment were readily available.
- That the patient's valuables and belongings have been kept in safekeeping until discharge.

Section 1 Policies and Procedures	Lifestyle Surgery Center
Policy Name: EXPECTED PATIENT OUTCOMES	Page 2 of 2

- That the patient understands what the postop prescriptions are for, when to take them and precautions to observe when taking certain drugs which affect sensory-motor function, when applicable.
- That the patient and responsible party understand exactly how to take responsibility for home care.
- That the patient and responsible party know exactly what untoward signs and/or symptoms to look for after discharge, which would alert them to possible problems.
- That the patient knows who to call for help, if untoward signs and/or symptoms become apparent.
- That the patient was treated as a unique individual with the respect and dignity, which are recognized as a fundamental right of every patient entering this facility.

EXHIBIT B.1a UTILIZATION PROJECTIONS

Lifestyle Surgery Center

Local Wage Index 2020 - Lifestyle Surgery Center			1.0593
Annual Increase in Volume:			5.00%
Annual % Increase in Cost per Case:			3.00%
Specialty / Procedures	Year 1	Year 2	Year 3
Cataract Procedures	1,130	1,187	1,246
Cataract Revenue	\$1,305,489	\$1,370,764	\$1,439,302
Variable Cost per Case	\$250	\$258	\$265
Variable Expenses	\$282,500	\$305,524	\$330,424
Contribution Margin	\$1,022,989	\$1,065,240	\$1,108,878
Other Procedures	84	88	93
Other Revenue	\$107,746	\$113,134	\$118,790
Variable Cost per Case	\$300	\$309	\$318
Variable Expenses	\$25,200	\$27,254	\$29,475
Contribution Margin	\$82,546	\$85,880	\$89,315
Laser Procedures	255	268	281
Laser Revenue	\$61,722	\$64,808	\$68,048
Variable Cost per Case	\$5	\$5	\$5
Variable Expenses	\$1,275	\$1,379	\$1,491
Contribution Margin	\$60,447	\$63,429	\$66,557
Total Procedures	1,469	1,542	1,620
Total Revenue	\$1,474,957	\$1,548,705	\$1,626,140
Total Variable Expenses	\$308,975	\$334,156	\$361,390
Contribution Margin - All	\$1,165,982	\$1,214,549	\$1,264,750

FOONOTES:

(1) Medicare reimbursement rates is based on November 1st Published 2020 local Medicare rates and assume sequester reduction.

EXHIBIT B.1b PRO FORMA REVENUE AND EXPENSES 3 YEARS

Lifestyle Surgery Center
Financial Feasibility (WAC 246-310-220)

	Variables
Wage index	1.0593
Annual increase in Volume	5.00%
CP	3.00%
Annual % increase in Cost per Case	3.00%

INVESTMENT SUMMARY		CAPITAL NEED	
Construction Costs (1)	\$1 381 575	Capital Borrowed	\$1 792 752
Equipment and Furnishings	417 288	Working Capital	247 800
Development Costs	94 405	Cash Required	<u>200 388</u>
Working Capital (pre and post-opening)	<u>347 671</u>		
TOTAL INVESTMENT	\$2,240,940	TOTAL INVESTMENT	\$2,240,940

CASH FLOW STATEMENT	YEAR 1	YEAR 2	YEAR 3
GROSS OPERATING REVENUE			
Procedure Revenue (2)	<u>\$1 474 957</u>	<u>\$1 548 705</u>	<u>\$1 626 140</u>
TOTAL GROSS OPERATING REVENUE	\$1,474,957	\$1,548,705	\$1,626,140
COST OF GOODS SOLD			
Standard Procedure Costs (See Exhibit 2)	<u>\$308 975</u>	<u>\$334 156</u>	<u>\$361 390</u>
TOTAL COST OF GOODS	\$308,975	\$334,156	\$361,390
CONTRIBUTION MARGIN	\$1,165,982	\$1,214,549	\$1,264,750
FIXED OVERHEAD:			
Salaries and Bonus Accrual	\$204 672	\$212 859	\$221 373
Employee Benefits	0	0	0
Payroll Taxes	20 467	21 286	22 137
Insurance (3)	14 690	15 425	16 196
Interest (T Loan)	74 992	73 505	71 934
Interest (Equipment Loan)	21 090	16 884	12 441
Office Expenses	22 035	23 137	24 294
Other - Linen Bio Haz Med Gas etc (4)	44 249	45 576	46 943
Management Fee (5)	51 624	54 205	56 915
Professional Fees - Accreditation	2 500	2 500	2 500
Professional Fees - Legal & Accounting	5 000	5 150	5 305
Software License (6)	6 000	6 180	6 365
Rent (7)	59 514	61 299	63 138
Repairs and Maintenance (8)	5 000	23 137	24 294
Utilities (9)	17 004	17 514	18 040
Depreciation (10 year straight line T 5 year FF&E)	<u>236 056</u>	<u>236 056</u>	<u>236 056</u>
TOTAL FIXED OVERHEAD	\$784,893	\$814,712	\$827,931
TOTAL OPERATING EXPENSES	\$1,093,868	\$1,148,869	\$1,189,321
NET INCOME BEFORE TAXES	\$381,090	\$399,836	\$436,819
Plus Depreciation	\$236 056	\$236 056	\$236 056
Less Principal Payments (T Loan)	(26 366)	(27 853)	(29 425)
Less Principal Payments (Equipment Loan)	<u>(74 558)</u>	<u>(78 764)</u>	<u>(83 207)</u>
CASH AVAILABLE FOR DISTRIBUTION BEFORE TAXES	\$516,221	\$529,274	\$560,243

ASSUMPTIONS:

- (1) Build out costs per square foot per client include T allowance See Exhibit 1 for detail
- (2) Surgical volume annual increase 5%
- (3) Insurance expense includes professional liability property and casualty and workers' comp
- (4) Other - Linen Bio Haz etc is estimated using industry benchmarks
- (5) Estimated Management Fees at 3.5% of total collections
- (6) ASC practice management software license- estimated for one sole provider at 500 a month
- (7) Rent estimated annually at 14.00 per square foot based on Loopnet.com comparisons
- (8) Repairs and maintenance is estimated per procedure Year 1 assumes equipment is under warranty and repair costs will be minimal
- (9) Utilities estimated at \$4/SF to cover phone internet and utilities per client for year 1 Assumes 3% (CP) increase each year after
- (10) All amounts are subject to change

EXHIBIT B.1b PRO FORMA REVENUE AND EXPENSES 3 YEARS

Lifestyle Surgery Center

Facility Build Out Costs	
Number of O/Rs	2
Square Footage	4,251
Build Out Cost per Square Foot (per cent)	\$325
Total Facility Build Out Costs (1)	\$1,381,575
DEVELOPMENT COSTS - PROJECT SUPERVISION	\$56,910
DEVELOPMENT COSTS - ASC CONSULTING FEE (2)	\$37,495
Equipment and Furnishings Summary	
<i>Medical Equipment:</i>	
Pre/Post-Op	\$63,669
Operating Room	270,762
Clean/Sorted	10,754
Non Moveable fixed equipment	38,000
Estimated Sales Tax @ 8.9%	34,103
Sub-Total Medical Equipment (3)	\$417,288
TOTAL CAPITAL EXPENDITURES	\$1,893,268
Pre-Opening Start-Up Costs:	
<i>Other Equipment and Furnishings:</i>	
Office Equipment (4)	\$15,000
Furnishings	10,000
Sub-Total Office Equipment and Furnishings	\$25,000
Deemed Status Survey (5)	\$7,500
Inventory	10,000
Loan Fees @ Approximately 1%	22,000
Software Start Up and License	7,000
Start-up staffing and training (6)	28,371
Total Pre-Opening Costs	\$74,871
Post-Opening Working Capital (7)	\$247,800
TOTAL EXPENDITURES INCLUDING PRE & POST OPENING	\$2,240,940
Investment Financing Assumptions	
Interest Rate	5.5%
Amortization Period (No. of Months)	300
Total Investment Borrowed	80.0%
Capital Borrowed	\$1,792,752

FOOTNOTES

- (1) Total cost estimate per estimate from consultant
- (2) Estimated ASC consultant development fee
- (3) Assumes acquisition of new and/or refurbished equipment to outfit ASC including one OR
- (4) Includes ASC hardware, phone system, fax, and copier
- (5) Estimated pre-opening survey fees
- (6) Pre-opening staffing including orientation. See Exhibit 3 for details.
- (7) Assumes 6 months of total operating expense.
- (8) All amounts are subject to change.

EXHIBIT B.1b PRO FORMA REVENUE AND EXPENSES 3 YEARS

Lifestyle Surgery Center

Annual CPI Adjustment for Wages:	4.00%
Employee Benefits (% of Gross Wages)	16.00%
Payroll Taxes (% of Gross Wages)	10.00%

POSITION	Hourly Rate of Pay (3)	Start up & Training		Year 1		Year 2		Year 3	
		Hrs./ Week	Start Up Weeks	Hrs./ Week	Annual Salary	Hrs./ Week	Annual Salary	Hrs./ Week	Annual Salary
Clinical Director (2)	\$40	20	\$16,000	20	\$41,600	20	43,264	20	\$44,995
Scheduler/receptionist	\$15	16	1,920	16	12,480	16	12,979	16	13,498
OR RN	\$36	8	2,304	16	29,952	16	31,150	16	32,396
Pre/PACU RN	\$35	8	2,240	16	29,120	16	30,285	16	31,496
Pre/PACU RN	\$35		0	16	29,120	16	30,285	16	31,496
Pre/PACU RN	\$35		0	16	29,120	16	30,285	16	31,496
Surg Tech	\$26	16	3,328	16	21,632	16	22,497	16	23,397
Surg Tech	\$26		0		0	0	0	0	0
Expended	\$14		0	16	11,648	16	12,114	16	12,598
			0		0	0	0	0	0
TOTAL WAGES			\$25,792		\$204,672		\$212,859		\$221,373
NUMBER OF FTEs				3.3		3.3		3.3	

EMPLOYEE BENEFITS AND PAYROLL TAXES	Employee Benefits (4)	Payroll Taxes	Employee Benefits (4)	Payroll Taxes	Employee Benefits (4)	Payroll Taxes	Employee Benefits (4)	Payroll Taxes
Clinical Director (2)	\$0	\$1,600	\$0	\$4,160	\$0	\$4,326	\$0	\$4,499
Scheduler/receptionist	0	192	0	1,248	0	1,298	0	1,350
OR RN	0	230	0	2,995	0	3,115	0	3,240
Pre/PACU RN	0	224	0	2,912	0	3,028	0	3,150
Pre/PACU RN	0	0	0	2,912	0	3,028	0	3,150
Pre/PACU RN	0	0	0	2,912	0	3,028	0	3,150
Surg Tech	0	333	0	2,163	0	2,250	0	2,340
Surg Tech	0	0	0	0	0	0	0	0
Expended	0	0	0	1,165	0	1,211	0	1,260
TOTAL BENEFITS & PAYROLL TAXES	\$0	\$2,579	\$0	\$20,467	\$0	\$21,286	\$0	\$22,137

FOOTNOTES

- (1) Assumes 1 OR open 2 days per week based on reported volume on Exhibit 2 through year 5. Assumes business office functions are absorbed by the practice.
- (2) Assumes Clinical Director's clinical staffing 1.5 days per week
- (3) Wage rates based on internet research
- (4) Assumes employee benefits are paid for full time employees only (working 32 hours per week or more).
- (5) All amounts are subject to change.

EXHIBIT B.1c PRO FORMA BALANCE SHEET

Lifestyle Surgery Center
Walla Walla, WA

BALANCE SHEET

	Current Year	Proposed Year 1	Proposed Year 2	Proposed Year 3
ASSETS				
Current Assets				
Cash & Investments		\$ 516,221	\$ 1,045,495	\$ 1,605,739
Pat ent Accounts Receivable				
Other Current Assets-Start Up costs	-	\$137,366	137,366	137,366
Total Current Assets	\$ -	\$ 653,587	\$ 1,182,861	\$ 1,743,105
Property, Plant & Equipment				
Land, Bu d ngs & Improvements	\$ -	\$ 1,438,485	\$ 1,438,485	\$ 1,438,485
Fxed Equipment	-	379,288	379,288	379,288
Major Moveable Equipment	-	38,000	38,000	38,000
Total Property, Plant & Equipment	\$ -	\$ 1,855,773	\$ 1,855,773	\$ 1,855,773
Less: Accumulated Depreciation				
Land, Bu d ngs & Improvements	\$ -	\$ (147,598)	\$ (295,196)	\$ (442,794)
Fxed Equipment		(80,858)	(161,715)	(242,573)
Major Moveable Equipment	-	(7,600)	(15,200)	(22,800)
Total Accumulated Depreciation	\$ -	\$ (236,056)	\$ (472,111)	\$ (708,167)
Total Net Property, Plant & Equipment	\$ -	\$ 1,619,718	\$ 1,383,662	\$ 1,147,606
Other Long-Term Assets	\$ -		\$ -	\$ -
TOTAL ASSETS	\$ -	\$ 2,273,305	\$ 2,566,524	\$ 2,890,711
LIABILITIES				
Current Liabilities				
Other Current Liab ties	-	-	-	-
Current Port on of Long-Term Debt	-	106,617	112,631	118,985
Total Current Liabilities	\$ -	\$ 106,617	\$ 112,631	\$ 118,985
Long-Term Debt				
Work ng Cap ta	\$ -	\$ -	\$ -	\$ -
Cap ta Lease Obligat ons	-	-	-	-
Other Long-Term Debt	-	1,585,210	1,472,578	1,353,594
Total Long-Term Debt	\$ -	\$ 1,585,210	\$ 1,472,578	\$ 1,353,594
Total Other Non-Current Liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ 1,691,827	\$ 1,585,210	\$ 1,472,578
Equity				
Partner Contribut ons	\$ -	\$ 200,388	\$ 200,388	\$ 200,388
Reta ned Earnings			\$ 381,090	\$ 780,926
Net Income	-	\$381,090	\$399,836	\$436,819
Total Equity	\$ -	\$ 581,478	\$ 981,314	\$ 1,418,133
TOTAL LIABILITIES & EQUITY	\$ -	\$ 2,273,305	\$ 2,566,524	\$ 2,890,711

EXHIBIT B.2a MANAGEMENT AGREEMENT

LETTER OF AGREEMENT

This agreement is made effective May 1, 2020 between Lifestyle Surgery Center having a principal place of business at 1595 Heritage Road, Walla Walla, 99362 and Lifestyle Eye Center having a principal place of business at 1610 Penny Lane, Walla Walla, WA 99362.

Whereas, Lifestyle Surgery Center operates a free-standing ambulatory surgery center in the Walla Walla area;

Whereas, Lifestyle Eye Center is specifically experienced in the areas of Facility management, Accounting, Human Resource management, Purchasing, Contracting, Patient Business Services, and Employee Health and wishes to provide contractual services;

Whereas, both parties share a mutual concern for quality in patient care and are aware of the mutual benefits that can be derived from their association, this document is offered as due consideration of the agreement as follows:

1. Lifestyle Eye Center Facilities Department will:
 - A. Manage all facility related concerns in Lifestyle Surgery Center including but not limited to; HVAC, plumbing, electricity, phones, flooring, wallpaper, paint, window coverings, Protection One security system, and any other required building maintenance and repair. Service arrangements on the facility must be coordinated through the Lifestyle Eye Center Director and scheduled in such a way as to be maximally responsive and minimally intrusive to the patient care activities conducted in the surgery center. A current copy of all contracts executed for the purposes of providing these services must be provided to the Lifestyle Surgery Center's Director to be maintained on file in Lifestyle Surgery Center. A Lifestyle Surgery Center Facility Department representative must be available on call, 24 hours a day, 7 days a weeks to respond to facility concerns.
 - B. Secure and administer service agreements for leased or purchased office equipment located in Lifestyle Surgery Center such as fax, copier, typewriter, etc.
 - C. Secure renewals of Spokane County Department of Health permits and City of Spokane business license. Provide original or copies of this documentation to the Lifestyle Surgery Center Director as acquired.
2. Lifestyle Eye Center Purchasing Department will:
 - A. Provide price quotes or resources for the purchase/acquisition of items per the request of Lifestyle Surgery Center. Provide on-site storage and inventory of frequently used supplies.
 - B. Purchase and acquisition of office supplies.

3. Lifestyle Eye Center Patient Business Services will:
 - A. Provide patient registration services for Lifestyle Surgery Center patients on the day of admission and forward copies of Conditions of Admissions, Face Sheet, and Advance Directive Inquiry to Lifestyle Surgery Center with every patient.
 - B. Provide verification of insurance for all surgery center patients prior to admission.
 - C. Provide accurate fee estimates to patients as requested.
 - D. Establish payment plans with patients as needed which are responsive to patient need and protect the financial interests of Lifestyle Surgery Center.
 - E. Process insurance claims and provide billing and collection services for Lifestyle Surgery Center. A copy of established policies and procedures for performing these functions will be supplied to the Lifestyle Surgery Center's Director for review and approval.
4. Lifestyle Eye Center Accounting Department will:
 - A. Process payroll on a biweekly basis. Bi-monthly
 - B. Provide accounts payable/accounts receivable services per the authorization of Lifestyle Surgery Center's administration.
 - C. Provide accounting/financial reporting monthly and as requested by Lifestyle Surgery Center's administration/Medical Executive Committee.
5. Lifestyle Eye Center Human Resources Department will:
 - A. Administer benefits to eligible Lifestyle Surgery Center's employees.
 - B. Conduct new employee intake process.
6. Lifestyle Eye Center Employee Health Department will:
 - A. Conduct health appraisals on new hires and all Lifestyle Surgery Center's employees annually.
 - B. Provide ergonomic evaluation at the request of Lifestyle Surgery Center's administration.
 - C. Provide follow-up management of employee injuries.
7. Lifestyle Eye Center Contracts Department will:
 - A. Negotiate and execute HMO/PPO contracts on behalf of Lifestyle Surgery Center.
 - B. Provide primary source verification for Lifestyle Surgery Center provider credentialing.
8. The agreement shall be from the date set forth above and shall continue for one year unless terminated by either party as provided in Section. The Agreement shall automatically be renewed annually, following this initial period, unless otherwise negotiated by the parties or upon 30 days written notice prior to the annual renewal date.

9. For the services outlined in this agreement, Lifestyle Surgery Center shall remit \$2,500 as billed for hours worked on a monthly basis, to Lifestyle Eye Center.
10. If the Lifestyle Surgery Center shall breach any provision or obligation of this Agreement, Lifestyle Eye Center shall have the right to terminate this Agreement at once. If this Agreement is terminated for any reason whatsoever, Lifestyle Surgery Center shall pay the Lifestyle Eye Center for all the services rendered prior to the effective date of termination. Either party may terminate this Agreement for any reason (other than material breach) upon 60 days written notice.
11. The provision of services outlined above shall be provided per the directives of and to the satisfaction of the Director of Lifestyle Surgery Center. Contracting for said services in no way relinquishes Lifestyle Surgery Center from accountability and ultimate responsibility for all services provided by Lifestyle Surgery Center.
12. This agreement is subject to the ultimate approval of the Governing Body of Lifestyle Surgery Center and may be terminated by either party upon 30 days written notice.

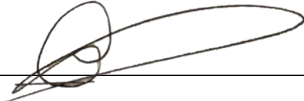
In witness whereof, the parties have executed this Agreement to be effective on the date set forth above:

Lifestyle Surgery Center
1595 Heritage Rd.
Walla Walla, WA 99362

By: 

Name Art Giebel, MD
Director, Lifestyle Surgery Center
Date: 5/1/2020

Lifestyle Eye Center
1610 Penny Lane
Walla Walla, WA 99362

By: 

Art Giebel, MD
Executive Director, Lifestyle Eye Center
Date: 5/1/2020

State of Washington

Secretary of State

CORPORATIONS DIVISION

James M. Dolliver Building
801 Capitol Way South
PO Box 40234
Olympia WA 98504-0234
360.725.0377

FILED
SECRETARY OF STATE
SAM REED

OCTOBER 21, 2010

STATE OF WASHINGTON

Professional Limited Liability Company

Office Information

Application ID 1853598

Tracking ID 1981189

Validation ID 1821572-001

Date Submitted for Filing: 10/21/2010

Contact Information

Contact Name Arthur Giebel

Contact Address PO Box 99
College Place
WA
99324

Contact Email art.giebel@flying.md

Contact Phone 877-969-5665

Certificate of Formation

Preferred Name BLUE MOUNTAIN EYE, PLLC

Alternate Name 1

Alternate Name 2

Physical Address 1017 South 2nd Ave #5
Walla Walla
WA
99362

Purpose

Vision wellness care

Duration Perpetual

Formation Date Effective Upon Filing by the Secretary of State

Expiration Date 10/31/2011

Limited Liability Company Management Members

Members Signature Attached

Registered Agent Information

Agent is Individual

Agent Name James Herman

Agent Street Address 1000 E. Jewett Blvd.
White Salmon
WA
98672

Agent Mailing Address Same as Street Address

Agent Email Address

Submitter/Agent Relationship Submitter has signed consent of specified agent

Members Information

Submitter is Only Member

Member #1

Member Name Arthur Giebel

Member Address PO Box 99
College Place
WA
99324

Signature Information

Signed By Arthur Weldon Giebel

BUSINESS INFORMATION

Business Name:

BLUE MOUNTAIN EYE, PLLC

UBI Number:

603 057 855

Business Type:

WA PROFESSIONAL LIMITED LIABILITY COMPANY

Business Status:

ACTIVE

Principal Office Street Address:

1610 PENNY LN, WALLA WALLA, WA, 99362-4477, UNITED STATES

Principal Office Mailing Address:

1610 PENNY LN, WALLA WALLA, WA, 99362-4477, UNITED STATES

Expiration Date:

10/31/2020

Jurisdiction:

UNITED STATES, WASHINGTON

Formation/ Registration Date:

10/21/2010

Period of Duration:

PERPETUAL

Inactive Date:

Nature of Business:

HEALTH CARE, SOCIAL ASSISTANCE & SERVICE ORGANIZATION, PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

REGISTERED AGENT INFORMATION

Registered Agent Name:

BASALT LEGAL, PLLC

Street Address:

6 1/2 B 2BD AVE #200, WALLA WALLA, WA, 99362-0000, UNITED STATES

Mailing Address:

6 1/2 B 2BD AVE #200, WALLA WALLA, WA, 99362-0000, UNITED STATES

GOVERNORS

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	INDIVIDUAL		ARTHUR	GIEBEL
GOVERNOR	INDIVIDUAL		LISA	GIEBEL

CONSULTING AGREEMENT

THIS AGREEMENT (Agreement), dated as of the twenty-fifth (25th) day of September 2018, is between **Progressive Surgical Solutions, a division of BSM Consulting** (Consultant), a Nevada Corporation having its principal place of business in Incline Village, NV, and **Lifestyle Eye Center** (Client), having its principal place of business in Walla Walla, WA.

WHEREAS, Client has need of specialized consulting services and other assistance with respect to their surgery center; and

WHEREAS, Client wishes to retain the services of Consultant as a specialist to provide such professional services; and

THEREFORE, in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree to the following terms:

I. Services

1.01 Retention of Consultant: Services to be Performed Client hereby retains Consultant for the term of this Agreement to perform for the benefit of Client those services described on Exhibits A and B to this Agreement.

1.02 Reporting Consultant will submit to Client, monthly, written reports of the time spent performing consulting services under this Agreement. Such reports will list in reasonable detail the dates on which services were performed, the number of hours spent on that date, and a brief description of the services rendered.

1.03 Compensation Consultant will be compensated for its services to Client in accordance with the following:

(a) Remuneration In consideration for the services to be provided hereunder, Consultant will be paid the sums set forth in accordance with the fee schedule provided on Exhibit E to this Agreement.

(b) Final Fee Payment Conditions: Notwithstanding the provisions of 1.03(a) and the payment schedule outlined on Exhibit E, if, following inspection of the surgery center by the Medicare examiner, the surgery center fails to obtain Medicare certification as a result of Consultant having failed to adequately perform one or more of the services set forth in Exhibit A and C ("Consultant's failure"), the final fee payment in the amount of \$3,500 shall not be payable by Client to Consultant until such time as Consultant's failure is corrected or Medicare certification of the surgery center is otherwise obtained. If the surgery center fails to obtain Medicare certification due to reasons not involving Consultant, the final fee payment shall be paid to Consultant, even though the surgery center may not qualify for Medicare certification.

(c) Expenses For services provided by Consultant which are delivered to Client, Consultant will be reimbursed for reasonable:

- (1) Travel expenses actually incurred; and
- (2) Meals, lodging, and related expenses.

In the event Client cancels an on-site engagement after non-refundable travel arrangements have been made, Client shall pay Consultant a cancellation fee of \$250 per consultant.

(d) Presentation Consultant will submit statements for fees charged and requests for reimbursement of expenses incurred for presentation to Client.

(e) Payment Client will remit payment within thirty days of receipt of invoice.

II. Covenants, Representations, and Warranties

2.01 Covenants Consultant covenants that in performing the Services hereunder it will: (i) comply with all federal, state, and local statutes, codes, rules, regulations, and guidelines, (ii) comply with all generally accepted standards, protocols and guidelines for the performance of services such as those to be provided hereunder, and (iii) perform the Services in a professional and workmanlike manner.

2.02 Skills; Employees Consultant shall at all time utilize appropriately qualified and skilled personnel to perform the services required by this Agreement. Consultant shall take all appropriate steps to ensure that all work by its employees or independent contract personnel under this Agreement is undertaken in a professional and workmanlike manner and in accordance with established procedures. Consultant shall be responsible for the acts and omissions of its employees and others engaged by Consultant who perform work in connection with this Agreement.

2.03 Confidential Information - Client While performing services under this Agreement, the parties recognize that Consultant may have access to information the Client, its owners, affiliates, or subsidiaries consider confidential (the Confidential Information). This Confidential Information may include information valuable to a competitor, including but not limited to the following:

- (a) Information about patients;
- (b) Information about the Client's organization;
- (c) Information about the Client's compliance status and obligations under any regulatory scheme to which Client is subject;
- (d) Information about Client's policies and procedures; and
- (e) Such other information as is indicated by Client to be confidential or sensitive in nature.

Consultant agrees to keep the Client's Confidential Information confidential and will not disclose any of such information to anyone other than appropriate Client personnel or their designees. Consultant acknowledges that disclosing Confidential Information will irreparably harm the Client and the Client is entitled to enjoin any such disclosure without posting any bond. The term of this section 2.03 shall remain in effect for five years.

2.04 Confidential Information - Consultant Client acknowledges that the written materials, techniques, and systems which may be suggested to Client by Consultant during the course of this engagement have been developed by Consultant at great expense, and such items are confidential and proprietary trade secrets of Consultant. Client agrees it will not use, resell, transfer, or otherwise disclose such items to any third party without Consultant's specific written consent and will not use, resell, transfer, or otherwise disclose such items in the development of any future ASC that Client participates in. Client further agrees to use its best efforts to ensure its employees, agents, and/or independent contractors abide by the terms of this Section 2.04.

(a) **Digital Media** After project completion and upon receipt of final fee payment as described in Exhibit E, Consultant shall deliver to Client one USB drive, containing, in Microsoft Word 9.0 or equivalent format, all written manuals delivered to Client pursuant to in Exhibit D ("Digital Media"). The Digital Media will be delivered to Client solely for the purpose of allowing Client to periodically modify the manuals, forms, programs, etc., as may be required to maintain licensure and Medicare certification and accurately reflect the evolving organization for the ASC that is the subject of this Agreement. Client hereby agrees the material contained on the digital media will be used solely by Client in connection with maintaining the licensure, Medicare certification and accreditation for the ASC that is the subject of this Agreement and will not be used for any other purpose or any future ASC that Client may develop or construct.

(b) **Reservation of Copyrights** With respect to the digital media and the written material delivered to Client as defined in Exhibit B, Consultant reserves all rights under Copyright protection laws. Except as provided in Section 2.04 and as otherwise required by Client to maintain licensure, Medicare certification and accreditation, no part of the digital media or the written material may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or any information storage or retrieval system without the express written consent of Consultant.

The parties acknowledge that breach of this Section 2.04 by either party would result in substantial irreparable harm to the other party, and that the extent of such harm could not be readily quantified. Accordingly, the parties agree that, in the event either party breaches this Section 2.04, the other party shall, in addition to any other remedies available to it, be entitled to immediate injunctive relief from any court of competent jurisdiction, without the need to prove damages or irreparable harm. Client further agrees to indemnify Consultant for any liability incurred as a result of any Client breach of Section 2.04 of this Agreement, including but not limited to all reasonable attorneys' fees that Consultant may incur as a result of Client's breach of Section 2.04 of this Agreement.

The term of this Section 2.04 shall survive expiration or termination of this Agreement.

2.05 Business Associate Consultant acknowledges and agrees that its services to Client may put it in the position of being a Business Associate of Client, as the term is defined in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and Consultant agrees to execute a Business Associate Agreement (BAA) in such form as may be presented by Client.

III. Term

3.01 Term of Agreement This Agreement shall remain in effect until the services outlined in Exhibit A of this Agreement have been completed.

3.02 Termination Either party may terminate this Agreement by giving to the other written notice of such termination at least 30 days prior to the effective date of the termination. Upon the effective date of termination, the parties will have no further obligation to each other and Client will continue to be obligated to pay Consultant for services provided prior to the effective date of termination of this Agreement.

IV. General

4.01 Entire Agreement; Modification This Agreement contains all the terms and conditions agreed on by the parties. This Agreement can be modified or changed only by written document signed by both parties.

4.02 Notices Notices under this Agreement may be delivered in person, via a reputable express carrier, or by registered or certified mail (postage prepaid) to a party's address stated below. Notice sent by U.S. mail is considered delivered three days after deposit with the U.S. Postal Services. Notice sent by a reputable express carrier is considered received on the day receipted for by the party or its agent. Either party may change its address as listed below by giving written notice to the other party.

4.03 Binding Effect This Agreement will bind and will inure to the benefit of Consultant and Client and their respective successors and assigns.

4.04 Assignment This Agreement is for the personal services of Consultant, and Consultant may not assign it to any person or entity without the Client's written consent.

4.05 Severability If any part of this Agreement is held indefinite, invalid, or otherwise unenforceable, the remainder of the Agreement will be interpreted as if such indefinite, invalid, or unenforceable were not included herein and the remaining terms and provision of the Agreement will continue in full force and effect.

4.06 Counterparts This Agreement may be executed in any number of counterparts, each of which will be considered an original.

4.07 Headings All headings are for reference purposes only and will not be construed as a part of this Agreement's interpretation.

4.08 Gender and Number If this Agreement's context requires, the singular includes the plural and vice versa, and the feminine gender includes the masculine and neuter genders and vice versa.

4.09 Choice of Law and Venue Nevada law will govern and interpret this Agreement, without regard to any choice-of-law provisions. Venue for all proceedings under this Agreement will lie exclusively in the State of Nevada.

4.10 Litigation Costs If either party arbitrates or sues in connection with this Agreement, the prevailing party is entitled to recover its reasonable attorney's fees and other costs.

4.11 Exhibits This Agreement incorporates all attached schedules and exhibits by reference as if the content of the schedule or exhibit were included in the text of this agreement, verbatim.

4.12 Independent Contractor In rendering Services hereunder, Consultant shall be acting as an independent contractor and not as an employee or agent of Client. As an independent contractor, Consultant shall not have any authority, express or implied, to commit or obligate the other in any manner whatsoever except as specifically authorized from time to time in writing by an authorized representative of Client, as the case may be, which authorization may be general or specific. Nothing contained in this Agreement shall be construed or applied to create a partnership. Consultant shall be responsible for the payment of all federal, state, or local taxes payable with respect to all amounts paid to Consultant under this Agreement; provided, however, that if Client is determined to be liable for collection or remittance of any such taxes, Consultant shall immediately reimburse Client for all such payments made by Client.

4.13 Effective Date The Effective Date of this Agreement is 9/25/2018.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.

**PROGRESSIVE SURGICAL
SOLUTIONS, a division of BSM
CONSULTING**

LIFESTYLE EYE CENTER

By: Regina Boore

By: Benjamin Higginbotham

Regina Boore, Senior Vice-President
893 Incline Way
Incline Village, NV 89451
Telephone: 855-777-4272
Facsimile: 714-922-6224

Ben Higginbotham
1610 Penny Lane
Walla Walla, WA 99362
Telephone: 509-540-3937

Exhibit A

ASC OPERATIONS SCOPE OF SERVICES

Clinical Operations to include development and implementation of systems, processes, and documentation sufficient to achieve state licensure, Medicare certification and accreditation. This phase must be in process concurrently with ASC construction in order to achieve operational status within in a timely manner after construction completion.

Consultant Responsibilities

- Direct and guide Client preparation and submission of all relevant applications including but not limited to Medicare provider enrollment, state licensure, accreditation, CLIA, DEA, Board of Pharmacy, etc.)
- Consultation with agency surveyors as appropriate
- Provide New ASC Action Plan with comprehensive 12-14 week survey preparation action plan for facility staff
- Monitor, guide and direct action plan progress
- Provide access to online PSS Client Resources
- Provide governance documents to include governing body and medical staff bylaws
- On-site training of Clinical Director/Administrator to develop facility operations compliant with all relevant regulatory requirements and standards of care
- Provide customized facility manuals as defined in Exhibit B
- Assist facility staff in securing required documentation for contracted services
- Provide sample medical record forms for facility staff consideration and review final drafts of facility medical record forms prior to adoption
- Provide specific direction and guidance for development of medical staff and allied health professional credentialing files
- Provide specific direction and guidance for development of employee personnel and health files
- Assist in recruitment and screening of ASC management candidates
- Assist with managed care contracting, as appropriate up to certification survey date
- Assist with identification of moveable equipment list and qualified vendor resources
- Review and advise regarding equipment bids and options
- Assist with vendor relations as necessary to assure timely acquisition and inservice
- Assist in development of ASC staffing plan
- Provide guidance on ASC management applications for evaluation
- Assist with development and submission of plan of correction as needed
- Direct initial governance meeting; prepare agenda and meeting minutes
- Provide on-site mock survey prior to WA licensing and Medicare survey inspections
- Provide access and support on survey days
- Development of Plan of Correction as applicable
- Ongoing phone, fax, email support throughout the engagement to assure successful survey preparation

Client Initials:

BH

Consultant Initials:

RB

Client Responsibilities

- Execute consulting agreement
- Establish legal entity for ASC project
- Provide information and clerical support for preparation of facility applications
- Provide input during the equipment planning process regarding new vs. refurbished equipment, and vendor preferences
- Award construction contract to a qualified contractor, accountable for project management
- Provide leadership/active participation as needed in the development of clinical operations
- Provide a completed New ASC Data Collection Tool to the consultant via email a minimum of 10 weeks prior to ASC occupancy
- Ensure an RN Clinical Director and adequate administrative support is available to assist in the development of clinical operations
- Provide capital for business operations, equipment, instrumentation, supplies and staff
- Provide email and high speed internet access to project point of contact for survey preparation

Client Initials: BA

Consultant Initials: RB

Exhibit B

CLIENT MANUALS

This is a representative example of the comprehensive facility manuals provided by PSS. Specific facility manuals are customized based on individual facility scope of care and applicable regulation.

ADMINISTRATION

Policies and Procedures
Staffing
Approved Abbreviations
Compliance Program

ANESTHESIA/MEDICATION MANAGEMENT

Policies and Procedures
Conscious Sedation Program
Formulary

FORMS

All manuals contain sample forms. These forms will be provided electronically on a USB organized by manual to allow for printing or data entry.

GOVERNANCE

Governing Body Bylaws
Medical Staff Bylaws, Rules & Regulations
Exempt Tissue List
Organizational Chart
Mission, Goals & Objectives
Scope of Care

HUMAN RESOURCES

Competency-based Job Descriptions
Employee Health Program
Orientation Plan
Competency Checklists

HIPAA

Policies and Procedures
Sample Forms

INFECTION CONTROL

Policies & Procedures
Tuberculosis Control Program

Client Initials: BH

Consultant Initials: RB

NURSING

Preoperative
Intraoperative
Postoperative
Emergency
Medical Records

OSHA

Bloodborne Pathogen Program
Exposure Control Plan
Injury and Illness Prevention Program
Hazard Communication Program
TB Control Program

PROFESSIONAL CREDENTIALING

Credentialing Guide
Application
Privilege Request
Sample Letters
Appointment & Reappointment Forms
Allied Health Credentialing Program

QUALITY MANAGEMENT & IMPROVEMENT PROGRAM

Performance Improvement Plan
Risk Management Plan
Peer Review Plan
Infection Control Plan

SAFETY

Fire Safety
Disaster Safety
Safety Management Program
Equipment Safety
Laser Safety
Radiation Safety

Exhibit C

ASC CONSTRUCTION MANAGEMENT SCOPE OF SERVICES

Construction Management is available to assure an optimal outcome to the ASC construction project. The Construction Manager functions as the “Owner Representative” to oversee, evaluate and coordinate the complexities of the construction project with a goal to controlling cost and maximizing efficiency and ensuring Life Safety Code compliance.

Consultant Responsibilities

- Ensure the bidding process is conducted properly and the most responsible bidder is qualified and the complete scope of work required for a complete and usable facility in compliance with all applicable building codes and requirements.
- Perform site visits to ensure compliance with design documents and specifications, etc.
- If requested, review all applications for payment.
- Ensure all Requests for Information (RFI's) are being promptly responded to by the design teams.
- Assist in developing and adhering to construction schedules by ensuring prompt procurement of materials and scheduling of medical equipment deliverables/coordination.
- Confirm all submittals for products, equipment, etc. meet all applicable design and code requirements.
- Perform a “mock” run through of all medical systems and life safety features prior to State Health Final Inspections.
- Review the integrity of all fire rated assemblies during construction and sealing of penetrations.
- Develop Punch Lists at various intervals.
- Review all proposed change orders.
- Ensure all local and federal inspections are occurring and any deficiencies are promptly corrected.

Client Initials:

BA

Consultant Initials:

RB

Exhibit D
DIGITAL MEDIA

Material contained on the digital media delivered to Client will be used solely in connection with maintaining the Medicare certification for **LIFESTYLE EYE CENTER** and will not be used for any other purpose or any future ASC that Client may develop or construct.

Client Initials: BA

Consultant Initials: RB

Exhibit E
SCHEDULE OF FEES AND PAYMENTS

Payment Schedule	Professional Fees
Upon securing project funding	\$6,500
Submission of Data Collection Tool	\$6,500
Submission of Medicare application	\$6,500
Delivery of facility manuals	\$6,500
Mock Survey ⁽¹⁾	\$6,500
Activation of eSupport membership ⁽²⁾	\$1,495
Upon successful completion of Medicare survey	\$3,500
TOTAL PROFESSIONAL FEES	\$37,495
Construction Management Consulting ⁽³⁾	\$225/hour \$2250/day

In addition to professional fees, Client shall pay the costs and expenses incurred by the consultant in connection with rendering the services outlined in Exhibit A, including but not limited to air travel, meals and lodging, parking, fees, tips, ground transportation.

FOOTNOTES:

- (1) Onsite mock survey will require 2 consultants.
- (2) Progressive Surgical eSupport membership requires a credit card for online activation
- (3) Consulting Fees will be based on actual time spent, in increments of 0.1 hours, on an hourly basis.

Client Initials: BH

Consultant Initials: RB

EXHIBIT B.4 LAND DEED

AFTER RECORDING MAIL TO:

Basalt Legal, PLLC
6 ½ N. Second Ave., Suite 200
Walla Walla, WA 99362
509-529-0630

4-52165

DEED OF TRUST

Grantor:	Arthur W. Giebel
Beneficiary/Grantee:	Konen Properties, LLC
Trustee:	Walla Walla Title Company
Tax Parcel #:	35-07-24-42-0024 35-07-24-43-0067

THIS DEED OF TRUST, made this 28th day of January, 2020, between Arthur W. Giebel, a married man ("Grantor"), whose address is 103 Indian Trail Road, Walla Walla, WA 99362, Columbia Title Company ("Trustee") whose address is 5 E. Main Street, Walla Walla WA 99362, and Konen Properties, LLC ("Beneficiary") whose address is 186 Brickwood Dr., Walla Walla, WA 99362 .

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Walla Walla County, Washington:

Parcel 1 of Binding Site Plan recorded July 14, 2015, in Volume 12 of Surveys, page 199, under Auditor's File No. 2015-06021, records of Walla Walla County. (Being a portion of Adjusted Parcel 2 of Boundary Adjustment Survey recorded October 15, 2013, in Volume 12 of Surveys, page 99, under Auditor's File No. 2013-10349, records of Walla Walla County).
Situate in the County of Walla Walla, State of Washington.

Tax Parcel Numbers: 35-07-24-42-0024
35-07-24-43-0067

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

DEED OF TRUST, p. 1

This deed is for the purpose of securing performance of the agreement of Grantor herein contained, and payment of Two Hundred Twenty-four Thousand Nine Hundred Thirteen and 57/100 (\$224,913.57) with interest in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiaries to Grantor, or any successors or assign, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure, or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred as provided by statute.
6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property herein above

described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

7. Beneficiaries may also make principal payments to any lender that is more senior to Beneficiaries in any amount at any time. Such payments shall also be secured by this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion thereof as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee, or Trustee's authorized agent, shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, (as amended), at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto or shall be deposited (less clerk's filing fee) with the clerk of the superior court of the county in which sale takes place.

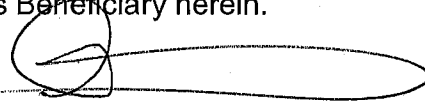
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of their execution of this Deed of Trust, and such as they may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for

value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

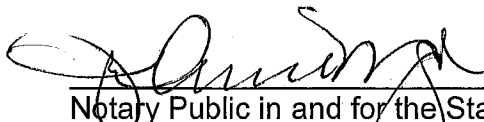
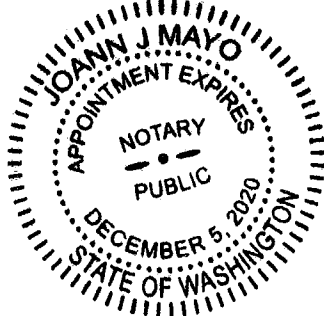


Arthur W. Giebel

STATE OF WASHINGTON)
) ss.
County of Walla Walla)

On this 28 day of January, 2020, personally appeared before me Arthur W. Giebel, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed said instrument as his free voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official the day and year first above written.



Notary Public in and for the State of
Washington, residing at Walla Walla
My appointment expires: 12/05/2020

DEED OF TRUST, p. 4

EXHIBIT B.4 LAND DEED

2020-00834 DT
01/29/2020 12:14:05 PM Page 4 of 4 Fees: \$107.50
eRecorded
Karen Martin County Recorder Walla Walla County, WA

EXHIBIT B.6 ESTIMATED CAPITAL EXPENDITURE

Item	Notes	ASC
a. Land Purchase	1	
b. Utilities to Lot Line	2	
c. Land Improvements	3	
d. Building Purchase		N/A
e. Residual Value of Replaced Facility		N/A
f. Building Construction	4	\$1,381,575
g. Fixed Equipment (not already included in the construction contract)	5	\$38,000
h. Movable Equipment	6	\$379,288
i. Architect and Engineering Fees	7	
j. Consulting Fees	8	\$37,495
k. Site Preparation	9	
l. Supervision and Inspection of Site including Special Inspections	10	\$56,910
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)		\$22,000
1. Land		N/A
2. Building		N/A
3. Equipment		N/A
4. Other		N/A
n. Washington Sales Tax rate	11	8.90%
Total Estimated Capital Expenditure		\$1,915,268

Notes

- (1) Land for the project is owned by Arthur Giebel, MD
- (2) Landowner is responsible for Utilities to Lot Line as needed
- (3) Landowner is responsible for Land Improvements
- (4) ASC Building construction is assumed at \$325/SF X 4251SF
- (5) Fixed equipment not included in the construction bid is \$38,000 (refurbished pre-vac sterilizer).
- (6) Moveable Equipment list is Exhibit B.14 Equipment List and Cost Estimate
- (7) A&E fees have already been paid at the expense of the land owner
- (8) Consulting Agreement is Exhibit B.2d Development Agreement
- (9) Landowner is responsible for Site Prep
- (10) Supervision assumes weekly supervision cost of \$2500 for 9 month build (\$97,500) for new clinic and ASC. 40% is allocated to the ASC + \$17,910 special inspections for the ASC only Special inspection bid is *Exhibit B.6a Special Inspections IMT Testing Cost Estimate*.
- (11) Washington State Sales Tax is included in the numbers above

EXHIBIT B.6a SPECIAL INSPECTIONS IMT TESTING COST ESTIMATE



Intermountain Materials Testing
PO Box 2801
Pasco, Washington 99302-2801
(509) 545-9217 fax (509) 545-9243

Cost Estimate for Materials Testing and Sampling Services

To: John Crowder
Progressive Surgical Solutions

Project: Lifestyle Eye Clinic **Proposal No.:** 069M8
Walla Walla, Washington **Proposal Date:** 11/7/2018

Item	Description	Units	Price	Totals
<u>Soils/Aggregate Sampling & Testing (1, 2)</u>				
	Technician & equipment for sampling & testing, per hr. (3)	72 hrs	64.00	4608.00
	Maximum density/Optimum Moisture, per test	5 each	120.00	600.00
	Sieve Analysis, per test	5 each	100.00	500.00
<u>Asphalt Concrete Sampling & Testing (1, 2)</u>				
	Technician & equipment for sampling & testing, per hr. (3)	10 hrs	64.00	0.00
	Theoretical Maximum ("Rice") Density, per test	2 each	75.00	0.00
	Oil Content, ignition, per test	2 each	100.00	0.00
	Sieve Analysis, per test	2 each	100.00	0.00
<u>Concrete/Reinforcing Steel/Anchor Examination, Sampling & Testing (1, 2)</u>				
	Technician & equipment for inspection, sampling and testing, per hr.(3)	40 hrs	69.00	2760.00
	(includes: slump, air, temp., cylinders cast & report, floor flatness, vapor emission)			
	Compressive strength test, per cyl.	50 each	20.00	1000.00
<u>Structural Masonry Examination (1, 2)</u>				
	Technician & equipment for special inspection, sampling & testing, per hr. (3)	8 hrs	69.00	552.00
	Compressive Strength, Masonry Prism, per specimen	3 each	55.00	165.00
<u>Structural Steel/Wood Examination (Shop Welding Not Included) (1, 2)</u>				
	Field, Technician & equipment for special inspection & visual examination, per hr. (3	24 hrs	74.00	1776.00
	NDE Testing (UT, MT, PT), per hour, subcontract, 4 hour minimum	0 hrs	100.00	0.00
<u>Other Items</u>				
	Overtime surcharge, per hr., hourly rate plus (excess of 8 hr./day, 40 hr./week, weekends, & holidays)	0 hrs	32.00	0.00
	Project Manager, per hr. (normally 1/2 hour each week)	8 hrs	85.00	680.00
	Vehicle Mileage, per mile	5400 mi	0.65	3510.00
	On-call sample collection or prep., per hr., 1 hour minimum except on days when we are onsite performing other services	30 hrs	55.00	1650.00
Total Estimate				17801.00

1 Services will be provided from portal to portal, on an on-call, part-time basis in accordance with the unit prices listed above.

2 Services require 24 hours advance notice.

3 A 3 hour minimum charge applies to field testing services.

Thank you for the opportunity to submit this estimate. Please call if you have any questions or require additional information.

By:

Scott L. Walters
Construction Services Manager

CONFIDENTIAL AND NOT FOR DISTRIBUTION

EXHIBIT B.8 START-UP COSTS

Pre-Opening Start-Up Costs:	
<i>Other Equipment and Furnishings:</i>	
Office Equipment	\$15,000
Furnishings	10,000
Sub-Total Office Equipment and Furnishings	\$25,000
<hr/>	
Deemed Status Survey	\$7,500
Inventory	10,000
Loan Fees @ Approximately 1%	22,000
Software Start Up and License	7,000
Start-up staffing and training	28,371
<hr/>	
Total Pre-Opening Costs	\$74,871

Project name Ophthalmology Summary

EXHIBIT B.9 CONTRACTOR ESTIMATE CONSTRUCTION COST

This estimate is for a building project that includes both Lifestyle Eye Center and Lifestyle Surgery Center.
Refer to Exhibit B.6 Estimated Capital Expenditures for construction cost estimate specific to Lifestyle Surgery Center.

Item	Description	Takeoff Qty			Total
					Amount
01330.100	Survey Data				
1200	Professional Surveyor	1.00	LS		15,150
	Survey Data				15,150
02300.999	SITEWORK				
02300.100	Sitework & Excavation	1.00	LS		347,950
	SITEWORK				347,950
02740.000	Paving: Asphalt				
1	Asphalt Paving & Striping	1.00	LS		69,018
	Paving: Asphalt				69,018
02900.000	Landscaping				
1	Landscape & Irrigation	1.00	LS		197,305
	Landscaping				197,305
03040.000	Concrete SF Costs				
03040.050	Concrete Complete	1.00	LS		199,800
	Concrete SF Costs				199,800
03390.044	Concrete Finish Sub-Basic				
22	Acid Stained Concrete Floors	1.00	LS		17,663
	Concrete Finish Sub-Basic				17,663
04100.000	Masonry: General				
0	Masonry Complete	1.00	LS		6,725
	Masonry: General				6,725
05100.000	Structural: Framing				
1	Structural Steel Erection	1.00	LS		41,300
02	Structural Steel Supply	1.00	LS		42,224
	Structural: Framing				83,524
06050.000	Rough Carpentry				
0	Rough Carpentry Complete	1.00	LS		306,397
	Rough Carpentry				306,397
06200.100	Finish Carpentry Labor				
1	Finish Carpentry Complete	1.00	LS		30,680
	Finish Carpentry Labor				30,680
06410.000	Custom Casework				
1	Casework & Countertops	1.00	LS		126,575

Item	Description	Takeoff Qty			Total
					Amount
06410.000	Custom Casework Custom Casework				126,575
07130.000	Waterproofing 2 Fluid Applied Membrane Waterproofing	1.00	LS		19,975
07150.000	Dampproofing on Concrete 10 Foundation Dampproof Dampproofing on Concrete	1.00	LS		1,920
07200.000	Insulation 01 Building Insulation Insulation	1.00	LS		30,000
07460.000	Pre-Formed Siding 010 Prefinished Metal Wall Panel Pre-Formed Siding	1.00	LS		114,928
07466.000	Wood Siding 01 Wood Siding Wood Siding	1.00	LS		101,822
07530.000	Membrane Roofing 01 Mmembrane Roofing Membrane Roofing	1.00	LS		133,130
07620.000	Sheetmetal: Flashing 01 Sheetmetal Flashings & Trim Sheetmetal: Flashing	1.00	LS		1,200
07700.000	Roof Specialties & Acc's 0 Roof Specialties Roof Specialties & Acc's	1.00	LS		3,840
07920.000	Sealant-Jt Filler Gaskt 0 Penetrating Firestopping 01 Joint Sealants Sealant-Jt Filler Gaskt	1.00 1.00	LS LS		1,800 1,200 3,000
08000.050	Doors & Frames - general budget 0 Doors, Frames & Hardware	1.00	LS		125,910

Item	Description	Takeoff Qty			Total
					Amount
08000.050	Doors & Frames - general budget				
	Doors & Frames - general budget				125,910
08400.000	Storefront Glazing				
01	Aluminum Storefront, Including Folding Glass Partition	1.00	LS		160,005
	Storefront Glazing				160,005
08510.130	Windows: Steel				
0	Pass Thru Window	1.00	LS		10,350
	Windows: Steel				10,350
09110.020	NLB Metal Stud Partitions				
40	Metal Stud Framing	1.00	LS		8,183
	NLB Metal Stud Partitions				8,183
09250.000	Drywall - Sub				
01	Drywall	1.00	LS		120,000
	Drywall - Sub				120,000
09510.000	Acoustic				
01	Acoustic Panel Ceilings	1.00	LS		26,330
	Acoustic				26,330
09600.000	Flooring Complete				
01	Flooring Complete, Including Tile	1.00	LS		61,299
	Flooring Complete				61,299
09900.000	Painting				
01	Painting	1.00	LS		45,000
	Painting				45,000
09960.000	Wall Covering				
02	FRP	1.00	LS		2,000
	Wall Covering				2,000
10010.000	Specialties (Gen)				
0	Specialties Complete	1.00	LS		23,826
	Specialties (Gen)				23,826
11000.100	Misc. Equipment				
1	OFCI Equipment Install	1.00	LS		735

Item	Description	Takeoff Qty	Total	
			Amount	
	Misc. Equipment			735
12500.000	Window Treatments			
	1 Window Treatments	1.00 LS		12,000
	Window Treatments			12,000
15000.100	Basic Mech Materl/Metho			
	1 Mechanical Complete (Plumbing & HVAC)	1.00 LS		694,912
	Basic Mech Materl/Metho			694,912
15300.000	Sprinkler			
	01 Fire Sprinklers	1.00 LS		57,637
	Sprinkler			57,637
16000.100	Electrical Complete			
	01 Electrical Complete	1.00 LS		816,695
	Electrical Complete			816,695

Estimate Totals

Description	Amount	Totals	Rate	Percent of Total	
Labor					
Material					
Subcontract	3,975,484			86.31%	
Equipment					
Other					
Direct Costs of Construction	3,975,484	3,975,484		86.31%	86.31%
General Requirements	365,375			7.93%	
Standard Contractor Fee	217,043		5.000 %	4.71%	
Gen. Liability/Builders Risk Insurance	26,712			0.58%	
B&O	21,594		0.471 %	0.47%	
Contract Value	630,724	4,606,208		13.69%	100.00%
Total		4,606,208			

Clarifications:

No hazardous material assessment or abatement.

Permit, Plan Review, and Impact Fees by Owner.

Permanent Utilities (Hook-up and Infrastructure) excluded.

Performance and Payment Bond Excluded.

WSST (8.9%) Excluded, but will be included in monthly progress payments to owner.

Pricing is for base bid only and does not include any proposed alternates.

EXHIBIT B.11 CMS FEE SCHEDULE

CPT Code	Description	CMS Allowable
0191T	iStent	\$ 2,753.25
0449T	XEN Insertion of aqueous drainage device,	\$ 2,859.22
65865	Severing adhesions of anterior segment of eye,	\$ 1,026.06
66825	Reposition of IOL	\$ 1,026.06
66840	Removal of lens material	\$ 1,026.06
66850	Removal cataract w/o implant	\$ 1,026.06
66982	Complex Cat Removal	\$ 1,026.06
66984	Cat Ext. W/IOL	\$ 1,026.06
66985	Secondary Implant	\$ 1,026.06
66986	Exchange of intraocular lens	\$ 1,026.06
67010	Anterior Vitrectomy w/removal of cortical matter	\$ 1,026.06
67121	Removal of implanted material, posterior segment;	\$ 1,026.06
65855	SLT	\$ 137.49
66761	Laser Iridotomy PI	\$ 192.33
66821	YAG Laser	\$ 259.51
0402T	Corneal Crosslinking	\$ 847.97
65400	EXCISION, LESION, CORNEA (KERATECTOMY,	\$ 413.12
65420	Pterygium w/o graft - in office	\$ 847.97
65426	Pterygium w/graft - in office	\$ 847.97
65710	KERATOPLASTY (CORNEAL TRANSPLANT); LA	\$ 1,860.03
65755	Corneal transplant, penetrating (in pseudophakia)	\$ 1,860.03
65756	Corneal transplant, endothelial	\$ 1,860.03
65820	Goniotomy	\$ 1,860.03
66250	Bleb needling	\$ 847.97
66852	Removal of lens material; pars plana approach,	\$ 1,860.03
67036	Vitrectomy, mechanical, pars plana approach	\$ 1,860.03
67875	Tarsorrhaphy	\$ 413.12
68115	Excision of lesion, conjunctiva;over 1 cm	\$ 847.97
68505	Dacryops excision	\$ 1,373.49

EXHIBIT B.13 EQUIPMENT LIST AND COST ESTIMATE

Equipment	Qty	Area	Category	Vendor	Cost/Item	TOTAL Cost
FIXED EQUIPMENT						
Autoclave Steris 16" Chamber (Remanufactured)	1	Clean Utility	Autoclave	Steris	\$38 000 00	\$38 000 00
FIXED EQUIPMENT TOTAL						\$38,000.00

MOVABLE EQUIPMENT						
Trash/Linen Hamper Stand Square Foot Pedal	1	Clean Utility	Hampers/Trash	McKesson	\$181 00	\$181 00
Refrigerator	1	Clean Utility	Refrigerator	Frigidaire	\$448 00	\$448 00
Biological Indicator Reader	1	Clean Utility	Surgical Equipment	Attest	\$ 1 000 00	\$ 1 000 00
Anesthesia Cart w/Accessories Harloff	1	OR	Anesthesia Carts	Harloff	\$1 196 00	\$1 196 00
Trash/Linen Hamper Stand Square Foot Pedal	1	OR	Hampers/Trash	McKesson	\$181 00	\$181 00
Monitor - M80 12" (w/ CO2)	1	OR	Monitor	Edan USA	\$3 285 00	\$3 285 00
Microscope Luxor w/camera system Alcon	1	OR	Ophtho - Equipment	Alcon	\$85 000 00	\$85 000 00
Phaco Machine Centurion	1	OR	Ophtho - Equipment	Alcon	\$69 500 00	\$69 500 00
Cataract Instrument Set	8	OR	Ophtho - Instrument		\$2 500 00	\$20 000 00
Extra Instruments	2	OR	Ophtho - Instrument	J&J	\$3 800 00	\$7 600 00
Phaco Handpiece Alcon	6	OR	Ophtho - Instrument	Alcon	\$3 000 00	\$18 000 00
OR Lights Single Head LED	1	OR	OR Lights	Venture Medical Luvis	\$2 995 00	\$2 995 00
Stool Surgeon	1	OR	Stools/Chairs	Stryker	\$1 082 00	\$1 082 00
Back Table Pedigo	1	OR	Surgical Equipment	Pedigo	\$639 00	\$639 00
Bovie Electrosurgical Generator (Small)	1	OR	Surgical Equipment	Bovie	\$5 856 00	\$5 856 00
V Pole	1	OR	Surgical Equipment	McKesson	\$81 50	\$81 50
Kick Bucket Pedigo	1	OR	Surgical Equipment	Pedigo	\$247 60	\$247 60
Mayo Stand McKesson	1	OR	Surgical Equipment	McKesson	\$108 75	\$108 75
Oxygen Flowmeter	1	OR	Surgical Equipment	Airgas	\$50 00	\$50 00
Prep Cart Pedigo	1	OR	Surgical Equipment	Pedigo	\$542 00	\$542 00
Suction Cannister Holder	1	OR	Surgical Equipment	Airgas	\$7 00	\$7 00
Suction Wall Hook Up	1	OR	Surgical Equipment	Airgas	\$196 00	\$196 00
Vacuum Regulator	1	OR	Surgical Equipment	Airgas	\$196 00	\$196 00
YAG/SLT /Combi Zeiss	1	OR	Ophtho - Equipment	Zeiss	\$54 000 00	\$54 000 00
Trash/Linen Hamper Stand Square Foot Pedal	1	Preop/PACU	Hampers/Trash	McKesson	\$181 00	\$181 00
Suction Wall Hook Up	6	Preop/PACU	Surgical Equipment	Airgas	\$196 00	\$1 176 00
Blanket Warmer (Large)	1	Preop/PACU	Blanket Warmer	MAC Medical	\$8 468 26	\$8 468 26
AED	1	Preop/PACU	Emergency Equipment	Zoll	\$1 595 00	\$1 595 00
Crash Cart w/ Accessory Package	1	Preop/PACU	Emergency Equipment	Harloff	\$1 375 00	\$1 375 00
Portable Suction Machine	1	Preop/PACU	Emergency Equipment	McKesson	\$190 00	\$190 00
Linen Cart w/Velcro Closure	1	Preop/PACU	Hampers/Trash	Market Lab	\$669 00	\$669 00
Monitor - M80 12" (w/o CO2)	4	Preop/PACU	Monitor	Edan USA	\$2 010 00	\$8 040 00
Rolling Stand for Edan Monitor	2	Preop/PACU	Monitor	Edan USA	\$359 00	\$718 00
Thermal Printer Edan Monitors	5	Preop/PACU	Monitor	Edan USA	\$285 00	\$1 425 00
Wall Mount for Monitor Edan	2	Preop/PACU	Monitor	Edan USA	\$329 00	\$658 00
Refrigerator Undercounter	1	Preop/PACU	Refrigerator	Magic Chef	\$450 00	\$450 00
Stretcher Eye Articulating Head Stryker	6	Preop/PACU	Stretchers	Stryker	\$5 452 00	\$32 712 00
Ice Machine Countertop (Small)	1	Preop/PACU	Surgical Equipment	EdgeStar	\$200 00	\$200 00
Narcotic Cabinet (Large)	1	Preop/PACU	Surgical Equipment	Harloff	\$250 00	\$250 00
Overbed Table	6	Preop/PACU	Surgical Equipment	McKesson	\$97 00	\$582 00
Oxygen Flowmeter	6	Preop/PACU	Surgical Equipment	Airgas	\$50 00	\$300 00
Prep Cart Pedigo	1	Preop/PACU	Surgical Equipment	Pedigo	\$542 00	\$542 00
Sharps Wall Cabinet with Glove Box	10	Preop/PACU	Surgical Equipment	McKesson	\$52 00	\$520 00
Suction Cannister Holder	6	Preop/PACU	Surgical Equipment	Airgas	\$7 00	\$42 00
Vacuum Regulator	6	Preop/PACU	Surgical Equipment	Airgas	\$196 00	\$1 176 00
Thermometer (wall mount included)	2	Preop/PACU	Thermometer	Welch Allyn	\$410 00	\$820 00
Wheelchair 450lb (w/Leg Rest)	1	Preop/PACU	Wheelchair	McKesson	\$210 00	\$210 00
Trash Can (Small) 28 Qt	4	Preop/PACU/OR	Hampers/Trash	RJ Schinner	\$51 00	\$204 00
Stool 5 Leg no Back (Plastic)	7	Preop/PACU/OR	Stools/Chairs	McKesson	\$166 62	\$1 166 34
Container System Basket Half Length	8	Soiled Utility	Container System	Carefusion	\$109 89	\$879 10
Container System Half Length	8	Soiled Utility	Container System	Carefusion	\$322 64	\$2 581 10
Eye Wash Counter Mounted	1	Soiled Utility	Emergency Equipment	Guardian	\$320 00	\$320 00
Quickrinse	1	Soiled Utility	Ophtho - Equipment	AO	\$1 995 00	\$1 995 00
Ultrasonic 3 Gallon	1	Soiled Utility	Ultrasonic	Tuttnauer	\$1 350 00	\$1 350 00
Top Track System Custom	1	Storage	Storage	Metro	\$2 000 00	\$2 000 00
MOVABLE EQUIPMENT TOTAL						\$345,186.65
EST WA Sales Tax @ .089						\$34,103.61



June 19th, 2020

Dear Dr. Giebel

We are pleased to inform you that you have been prequalified for your real estate and practice acquisition financing request. This letter is not intended to constitute a formal commitment or offer to lend on the part of Live Oak Bank, NA (“Lender”), but only to summarize for discussion purposes based of your prequalified status the credit accommodation which we are interested in considering at this time.

Borrowers:	Dr. Giebel Real Estate Entity TBD; Dr. Arthur Giebel
Guarantors:	Dr. Arthur Giebel
Use of Proceeds:	Buildout, development, and equipment costs for a new surgery center.
Total Project Price:	\$2,240,940
Interest Rate:	5.5%
Repayment:	12 months of interest only plus 300 months of principal and interest payments.
Maturity Date:	312 months from the date of loan closing.

I appreciate your consideration of this prequalification letter for discussion and look forward to working with you on your request for financing.

Sincerely,

Bert Smith

Vice President – Healthcare Financing

The preliminary outline of terms and conditions for the transaction under discussion are satisfactory. Proposed Borrowers and Guarantors hereby direct LOB to proceed with evaluation and due diligence to be undertaken in the loan approval process. Borrowers and Guarantors authorize LOB to conduct such investigations and inquiries as may be necessary or desirable (in the sole and absolute discretion of LOB) in connection with considering your application. The terms and conditions of this letter have been reviewed and accepted

EXHIBIT B.16a CONSTRUCTION TI LOAN SCHEDULE

Construction Loan Amortization table Debt Payments for first 3 years

Loan Amount	\$2,197,584	Est. Date	1/1/21
Years	30	Months	360.00
Annual Rate	5.000%		
Monthly	0.4167%		
Payment	\$11,797.10		

	PAYMENT	LOAN	INTEREST	ACTUAL	INTEREST		LOAN
	DATE	BEG BAL	RATE	PAYMENT	EXPENSE	PRINCIPAL	END BAL
1	01/01/21	2,197,583.79	0.417%	\$11,797.10	9,156.60	2,640.51	2,194,943.28
2	02/01/21	2,194,943.28	0.417%	\$11,797.10	9,145.60	2,651.51	2,192,291.78
3	03/01/21	2,192,291.78	0.417%	\$11,797.10	9,134.55	2,662.56	2,189,629.22
4	04/01/21	2,189,629.22	0.417%	\$11,797.10	9,123.46	2,673.65	2,186,955.57
5	05/01/21	2,186,955.57	0.417%	\$11,797.10	9,112.31	2,684.79	2,184,270.78
6	06/01/21	2,184,270.78	0.417%	\$11,797.10	9,101.13	2,695.98	2,181,574.80
7	07/01/21	2,181,574.80	0.417%	\$11,797.10	9,089.90	2,707.21	2,178,867.59
8	08/01/21	2,178,867.59	0.417%	\$11,797.10	9,078.61	2,718.49	2,176,149.10
9	09/01/21	2,176,149.10	0.417%	\$11,797.10	9,067.29	2,729.82	2,173,419.29
10	10/01/21	2,173,419.29	0.417%	\$11,797.10	9,055.91	2,741.19	2,170,678.10
11	11/01/21	2,170,678.10	0.417%	\$11,797.10	9,044.49	2,752.61	2,167,925.48
12	12/01/21	2,167,925.48	0.417%	\$11,797.10	9,033.02	2,764.08	2,165,161.40
13	01/01/22	2,165,161.40	0.417%	\$11,797.10	9,021.51	2,775.60	2,162,385.80
14	02/01/22	2,162,385.80	0.417%	\$11,797.10	9,009.94	2,787.16	2,159,598.64
15	03/01/22	2,159,598.64	0.417%	\$11,797.10	8,998.33	2,798.78	2,156,799.86
16	04/01/22	2,156,799.86	0.417%	\$11,797.10	8,986.67	2,810.44	2,153,989.42
17	05/01/22	2,153,989.42	0.417%	\$11,797.10	8,974.96	2,822.15	2,151,167.27
18	06/01/22	2,151,167.27	0.417%	\$11,797.10	8,963.20	2,833.91	2,148,333.36
19	07/01/22	2,148,333.36	0.417%	\$11,797.10	8,951.39	2,845.72	2,145,487.65
20	08/01/22	2,145,487.65	0.417%	\$11,797.10	8,939.53	2,857.57	2,142,630.07
21	09/01/22	2,142,630.07	0.417%	\$11,797.10	8,927.63	2,869.48	2,139,760.59
22	10/01/22	2,139,760.59	0.417%	\$11,797.10	8,915.67	2,881.44	2,136,879.16
23	11/01/22	2,136,879.16	0.417%	\$11,797.10	8,903.66	2,893.44	2,133,985.72
24	12/01/22	2,133,985.72	0.417%	\$11,797.10	8,891.61	2,905.50	2,131,080.22
25	01/01/23	2,131,080.22	0.417%	\$11,797.10	8,879.50	2,917.60	2,128,162.62
26	02/01/23	2,128,162.62	0.417%	\$11,797.10	8,867.34	2,929.76	2,125,232.85
27	03/01/23	2,125,232.85	0.417%	\$11,797.10	8,855.14	2,941.97	2,122,290.89
28	04/01/23	2,122,290.89	0.417%	\$11,797.10	8,842.88	2,954.23	2,119,336.66
29	05/01/23	2,119,336.66	0.417%	\$11,797.10	8,830.57	2,966.54	2,116,370.12
30	06/01/23	2,116,370.12	0.417%	\$11,797.10	8,818.21	2,978.90	2,113,391.23
31	07/01/23	2,113,391.23	0.417%	\$11,797.10	8,805.80	2,991.31	2,110,399.92
32	08/01/23	2,110,399.92	0.417%	\$11,797.10	8,793.33	3,003.77	2,107,396.15
33	09/01/23	2,107,396.15	0.417%	\$11,797.10	8,780.82	3,016.29	2,104,379.86
34	10/01/23	2,104,379.86	0.417%	\$11,797.10	8,768.25	3,028.86	2,101,351.01
35	11/01/23	2,101,351.01	0.417%	\$11,797.10	8,755.63	3,041.48	2,098,309.53
36	12/01/23	2,098,309.53	0.417%	\$11,797.10	8,742.96	3,054.15	2,095,255.38

EXHIBIT B.16b EQUIPMENT LOAN SCHEDULE

Equipment Loan Amortization table Debt Payments for first 3 years

Loan Amount	345,186.00	Est Start Date	1/1/21
Years	5	Months	60.00
Annual Rate	5.000%		
Monthly	0.4167%		
Payment	\$6,514.09		

	PAYMENT	LOAN	INTEREST	ACTUAL	INTEREST		LOAN
	DATE	BEG BAL	RATE	PAYMENT	EXPENSE	PRINCIPAL	END BAL
1	01/01/21	345,186.00	0.417%	\$6,514.09	1,438.28	5,075.81	340,110.19
2	02/01/21	340,110.19	0.417%	\$6,514.09	1,417.13	5,096.96	335,013.23
3	03/01/21	335,013.23	0.417%	\$6,514.09	1,395.89	5,118.20	329,895.03
4	04/01/21	329,895.03	0.417%	\$6,514.09	1,374.56	5,139.52	324,755.51
5	05/01/21	324,755.51	0.417%	\$6,514.09	1,353.15	5,160.94	319,594.57
6	06/01/21	319,594.57	0.417%	\$6,514.09	1,331.64	5,182.44	314,412.13
7	07/01/21	314,412.13	0.417%	\$6,514.09	1,310.05	5,204.04	309,208.09
8	08/01/21	309,208.09	0.417%	\$6,514.09	1,288.37	5,225.72	303,982.38
9	09/01/21	303,982.38	0.417%	\$6,514.09	1,266.59	5,247.49	298,734.88
10	10/01/21	298,734.88	0.417%	\$6,514.09	1,244.73	5,269.36	293,465.53
11	11/01/21	293,465.53	0.417%	\$6,514.09	1,222.77	5,291.31	288,174.21
12	12/01/21	288,174.21	0.417%	\$6,514.09	1,200.73	5,313.36	282,860.85
13	01/01/22	282,860.85	0.417%	\$6,514.09	1,178.59	5,335.50	277,525.36
14	02/01/22	277,525.36	0.417%	\$6,514.09	1,156.36	5,357.73	272,167.63
15	03/01/22	272,167.63	0.417%	\$6,514.09	1,134.03	5,380.05	266,787.57
16	04/01/22	266,787.57	0.417%	\$6,514.09	1,111.61	5,402.47	261,385.10
17	05/01/22	261,385.10	0.417%	\$6,514.09	1,089.10	5,424.98	255,960.12
18	06/01/22	255,960.12	0.417%	\$6,514.09	1,066.50	5,447.59	250,512.53
19	07/01/22	250,512.53	0.417%	\$6,514.09	1,043.80	5,470.28	245,042.25
20	08/01/22	245,042.25	0.417%	\$6,514.09	1,021.01	5,493.08	239,549.18
21	09/01/22	239,549.18	0.417%	\$6,514.09	998.12	5,515.96	234,033.21
22	10/01/22	234,033.21	0.417%	\$6,514.09	975.14	5,538.95	228,494.26
23	11/01/22	228,494.26	0.417%	\$6,514.09	952.06	5,562.03	222,932.24
24	12/01/22	222,932.24	0.417%	\$6,514.09	928.88	5,585.20	217,347.04
25	01/01/23	217,347.04	0.417%	\$6,514.09	905.61	5,608.47	211,738.56
26	02/01/23	211,738.56	0.417%	\$6,514.09	882.24	5,631.84	206,106.72
27	03/01/23	206,106.72	0.417%	\$6,514.09	858.78	5,655.31	200,451.41
28	04/01/23	200,451.41	0.417%	\$6,514.09	835.21	5,678.87	194,772.54
29	05/01/23	194,772.54	0.417%	\$6,514.09	811.55	5,702.53	189,070.01
30	06/01/23	189,070.01	0.417%	\$6,514.09	787.79	5,726.29	183,343.72
31	07/01/23	183,343.72	0.417%	\$6,514.09	763.93	5,750.15	177,593.56
32	08/01/23	177,593.56	0.417%	\$6,514.09	739.97	5,774.11	171,819.45
33	09/01/23	171,819.45	0.417%	\$6,514.09	715.91	5,798.17	166,021.28
34	10/01/23	166,021.28	0.417%	\$6,514.09	691.76	5,822.33	160,198.95
35	11/01/23	160,198.95	0.417%	\$6,514.09	667.50	5,846.59	154,352.36
36	12/01/23	154,352.36	0.417%	\$6,514.09	643.13	5,870.95	148,481.41

EXHIBIT B.17a Form 1040 - TAX RETURN 2017**SCHEDULE C
(Form 1040)****Profit or Loss From Business**

(Sole Proprietorship)

OMB No. 1545-0074

2017Attachment
Sequence No. **09**Department of the Treasury
Internal Revenue Service (99)

◆ Go to www.irs.gov/ScheduleC for instructions and the latest information.
◆ Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor

Arthur W Giebel

Social security number (SSN)

[REDACTED]

A Principal business or profession, including product or service (see instructions)**Ophthalmologist & Health Educator****B** Enter code from instruction:◆ **621399****C** Business name. If no separate business name, leave blank.**Blue Mountain Eye LLC****D** Employer ID number (EIN) (see instr.)**27-3774591****E** Business address (including suite or room no.) ◆

City, town or post office, state, and ZIP code

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ◆**G** Did you "materially participate" in the operation of this business during 2017? If "No," see instructions for limit on losses☒ Yes ☐ No**H** If you started or acquired this business during 2017, check here**I** Did you make any payments in 2017 that would require you to file Form(s) 1099? (see instructions)☐ Yes ☒ No**J** If "Yes," did you or will you file required Forms 1099?☐ Yes ☐ No**Part I Income**

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked	<input type="checkbox"/>	1	1,176,434
2 Returns and allowances		2	2,886
3 Subtract line 2 from line 1		3	1,173,548
4 Cost of goods sold (from line 42)		4	
5 Gross profit. Subtract line 4 from line 3		5	1,173,548
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		6	
7 Gross income. Add lines 5 and 6	◆	7	1,173,548

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising	8	22,046	18 Office expense (see instructions)	18	60,624
9 Car and truck expenses (see instructions)	9	2,790	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10	364	20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11	2,675	a Vehicles, machinery, and equipment	20a	285
12 Depletion	12		b Other business property	20b	39,390
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	54,541	21 Repairs and maintenance	21	37,015
14 Employee benefit programs (other than on line 19)	14	4,663	22 Supplies (not included in Part III)	22	56,972
15 Insurance (other than health)	15	53,263	23 Taxes and licenses	23	63,413
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	17,156
b Other	16b	5,298	b Deductible meals and entertainment (see instructions)	24b	964
17 Legal and professional services	17	30,568	25 Utilities	25	15,018
			26 Wages (less employment credits)	26	375,330
			27a Other expenses (from line 48)	27a	83,047
			b Reserved for future use	27b	

28 Total expenses before expenses for business use of home. Add lines 8 through 27a**29** Tentative profit or (loss). Subtract line 28 from line 7**30** Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions).

Simplified method filers only: enter the total square footage of: (a) your home: _____
and (b) the part of your home used for business: _____. Use the Simplified

Method Worksheet in the instructions to figure the amount to enter on line 30

31 Net profit or (loss). Subtract line 30 from line 29.

• If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2.
(If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

• If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you must attach Form 6198. Your loss may be limited.

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions.

Schedule C (Form 1040) 2017

DAA

075

Arthur W Giebel

Schedule C (Form 1040) 2017 **Optomomologist & Health Educator**

Page 2

Part III	Cost of Goods Sold (see instructions)
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33 Method(s) used to value closing inventory: a ☒ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory?
If "Yes," attach explanation ☐ Yes ☒ No

35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	200
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36	Purchases less cost of items withdrawn for personal use	36
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37	Cost of labor. Do not include any amounts paid to yourself	37
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38	Materials and supplies	38
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39	Other costs	39
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40	Add lines 35 through 39	40	200
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41	Inventory at end of year	41	200
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42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4 **42**

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year)

44 Of the total number of miles you drove your vehicle during 2017, enter the number of miles you used your vehicle for:

a Business **b** Commuting (see instructions) **c** Other

45 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

47a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If "Yes," is the evidence written? ☐ Yes ☐ No

Part V	Other Expenses. List below business expenses not included on lines 8-26 or line 30.
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Bank Charges	2,456
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Continuing Education	11,722
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Concerning Education	11,722
Dues & Subscriptions	53,290

IT Expense	4,084
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11 Expense	1,064
Patient Education	2,208

Patient Education	2,200
Telephone	6,195

Telephone	0,195
Uniforms	580

UNIFORMS	589
De Minimis Assets Expensed	1,000

De MINIMIS Assets Expensed	1,000
Amortization	1,503

Amortization	1,503
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48	Total other expenses. Enter here and on line 27a	48	83,047
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Form **1120S**

U.S. Income Tax Return for an S Corporation

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

Go to www.irs.gov/Form1120S for instructions and the latest information.

OMB No. 1545-0123

2018Department of the Treasury
Internal Revenue Service

For calendar year 2018 or tax year beginning , ending

A	S election effective date 01/01/18	TYPE OR PRINT	Name Blue Mountain Eye, PLLC Lifestyle Eye Center	D	Employer identification number 27-3774591
B	Business activity code number (see instructions) 621320		Number, street and room or suite no. If a P.O. box, see instructions. [REDACTED]	E	Date incorporated 10/21/2010
C	Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code [REDACTED]	F	Total assets (see instructions) \$ 324,036

G Is the corporation electing to be an S corporation beginning with this tax year? ☒ Yes ☐ No If "Yes," attach Form 2553 if not already filedH Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocationI Enter the number of shareholders who were shareholders during any part of the tax year **1**

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a	Gross receipts or sales	1a	1,287,796	1c	1,275,314
	b	Returns and allowances	1b	12,482		
	c	Balance. Subtract line 1b from line 1a				
	2	Cost of goods sold (attach Form 1125-A)				
	3	Gross profit. Subtract line 2 from line 1c				1,275,314
	4	Net gain (loss) from Form 4797, line 17 (attach Form 4797)				
Deductions (see instructions for limitations)	5	Other income (loss) (see instructions—attach statement)			5	
	6	Total income (loss). Add lines 3 through 5			6	1,275,314
	7	Compensation of officers (see instructions—attach Form 1125-E)			7	60,651
	8	Salaries and wages (less employment credits)			8	482,255
	9	Repairs and maintenance			9	2,664
	10	Bad debts			10	
	11	Rents			11	71,376
	12	Taxes and licenses			12	76,243
	13	Interest (see instructions)			13	
	14	Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	86,018
	15	Depletion (Do not deduct oil and gas depletion.)			15	
	16	Advertising			16	
	17	Pension, profit-sharing, etc., plans			17	
	18	Employee benefit programs			18	22,667
	19	Other deductions (attach statement) See Stmt 1			19	326,050
20	Total deductions. Add lines 7 through 19			20	1,127,924	
21	Ordinary business income (loss). Subtract line 20 from line 6			21	147,390	
Tax and Payments	22a	Excess net passive income or LIFO recapture tax (see instructions)	22a		22c	
	b	Tax from Schedule D (Form 1120S)	22b			
	c	Add lines 22a and 22b (see instructions for additional taxes)				
	23a	2018 estimated tax payments and 2017 overpayment credited to 2018	23a		23e	
	b	Tax deposited with Form 7004	23b			
	c	Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d	Refundable credit from Form 8827, line 8c	23d			
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			24	
	25	Amount owed. If line 23e is smaller than the total of lines 22c and 24, enter amount owed			25	
	26	Overpayment. If line 23e is larger than the total of lines 22c and 24, enter amount overpaid			26	
27	Enter amount from line 26: Credited to 2019 estimated tax <input checked="" type="checkbox"/> Refunded <input type="checkbox"/>			27		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Sign Here

Signature of officer **Arthur W Giebel**

Date

PLLC Member

Title

Paid Preparer Use Only

Print/Type preparer's name

Andy Block, CPA

Preparer's signature

Andy Block, CPA

Date

09/16/19Check ☒ if self-employed

PTN

P01082762Firm's name **Block, Maughan & Associates, PLLC**

Firm's EIN

Firm's address **117 E Rose St****Walla Walla, WA****99362-1929**Phone no. **509-525-6307**

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2018)

DAA

077

Schedule B Other Information (see instructions)

1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ♦	Yes	No
2 See the instructions and enter the: a Business activity ♦ Opthomologist & Health Ed b Product or service ♦ Medical		
3 At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation		X
4 At the end of the tax year, did the corporation: a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below	X
--	----------

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

5 a At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below. (i) Total shares of restricted stock ♦ (ii) Total shares of non-restricted stock ♦	X
b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below. (i) Total shares of stock outstanding at the end of the tax year ♦ (ii) Total shares of stock outstanding if all instruments were executed ♦	X
6 Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?	X
7 Check this box if the corporation issued publicly offered debt instruments with original issue discount If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. ♦ <input type="checkbox"/>	
8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ♦ \$	
9 Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions	X
10 Does the corporation satisfy one of the following conditions and the corporation doesn't own a pass-through entity with current year, or prior year carryover, excess business interest expense? See instructions a The corporation's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year don't exceed \$25 million, and the corporation isn't a tax shelter; or b The corporation only has business interest expense from (1) an electing real property trade or business, (2) an electing farming business, or (3) certain utility businesses under section 163(j)(7). If "No," complete and attach Form 8990.	X
11 Does the corporation satisfy both of the following conditions? a The corporation's total receipts (see instructions) for the tax year were less than \$250,000 b The corporation's total assets at the end of the tax year were less than \$250,000 If "Yes," the corporation is not required to complete Schedules L and M-1.	X

Schedule B Other Information (see instructions) (continued)

	Yes	No
12 During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
If "Yes," enter the amount of principal reduction		u \$
13 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
14a Did the corporation make any payments in 2018 that would require it to file Form(s) 1099?	X	
b If "Yes," did the corporation file or will it file required Forms 1099?	X	
15 Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund?		X
If "Yes," enter the amount from Form 8996, line 13		u \$

Schedule K Shareholders' Pro Rata Share Items

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1 147,390
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4 7
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
b Collectibles (28%) gain (loss)	8b	
c Unrecaptured section 1250 gain (attach statement)	8c	
9 Net section 1231 gain (loss) (attach Form 4797)	9	
10 Other income (loss) (see instructions)	10	
Deductions	11 Section 179 deduction (attach Form 4562)	11
	12a Charitable contributions	12a 130
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type u	12c(2)
d Other deductions (see instructions)	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c
	d Other rental real estate credits (see instructions)	13d
	e Other rental credits (see instructions)	13e
	f Biofuel producer credit (attach Form 6478)	13f
	g Other credits (see instructions)	13g
Foreign Transactions	14a Name of country or U.S. possession u	
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level	14c
	Foreign gross income sourced at corporate level	
	d Section 951A category	14d
	e Foreign branch category	14e
	f Passive category	14f
	g General category	14g
	h Other (attach statement)	14h
	Deductions allocated and apportioned at shareholder level	
	i Interest expense	14i
	j Other	14j
	Deductions allocated and apportioned at corporate level to foreign source income	
	k Section 951A category	14k
	l Foreign branch category	14l
	m Passive category	14m
	n General category	14n
	o Other (attach statement)	14o
	Other information	
p Total foreign taxes (check one): u <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14p	
q Reduction in taxes available for credit (attach statement)	14q	
r Other foreign tax information (attach statement)		

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	-1
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties – gross income	15d	
	e Oil, gas, and geothermal properties – deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	2,540
	d Distributions (attach statement if required) (see instructions)	16d	263,320
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	7
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement) See Statement 3		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14p	18	147,267

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			71,565		87,490
2a Trade notes and accounts receivable					
b Less allowance for bad debts	()		()		
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities (see instructions)					
6 Other current assets (attach statement) Stmt 4					71,882
7 Loans to shareholders					
8 Mortgage and real estate loans					
9 Other investments (attach statement)					
10a Buildings and other depreciable assets	669,858		695,997		
b Less accumulated depreciation	(465,611)	204,247	(551,629)	144,368	
11a Depletable assets					
b Less accumulated depletion	()		()		
12 Land (net of any amortization)					
13a Intangible assets (amortizable only)	25,635		25,635		
b Less accumulated amortization	(14,368)	11,267	(15,870)	9,765	
14 Other assets (attach statement) Stmt 5		6,531		10,531	
15 Total assets		293,610		324,036	
Liabilities and Shareholders' Equity					
16 Accounts payable					
17 Mortgages, notes, bonds payable in less than 1 year					
18 Other current liabilities (attach statement) Stmt 6		16,585		168,881	
19 Loans from shareholders					
20 Mortgages, notes, bonds payable in 1 year or more		131,867		128,590	
21 Other liabilities (attach statement)					
22 Capital stock					
23 Additional paid-in capital					
24 Retained earnings		145,158		26,565	
25 Adjustments to shareholders' equity (attach statement)					
26 Less cost of treasury stock	()		()		
27 Total liabilities and shareholders' equity		293,610		324,036	

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The corporation may be required to file Schedule M-3 (see instructions)

1 Net income (loss) per books	144,727	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14p (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14p, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$ 2,540	2,540	7 Add lines 5 and 6	
4 Add lines 1 through 3	147,267	8 Income (loss) (Schedule K, line 18). Line 4 less line 7	147,267

Schedule M-2 Analysis of Accumulated Adjustments Account, Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other Adjustments Account
(see instructions)

	(a) Accumulated adjustments account	(b) Shareholders' undistributed taxable income previously taxed	(c) Accumulated earnings and profits	(d) Other adjustments account
1 Balance at beginning of tax year	145,158			
2 Ordinary income from page 1, line 21	147,390			
3 Other additions stmt 7	7			
4 Loss from page 1, line 21	()			
5 Other reductions stmt 8	(2,670)			()
6 Combine lines 1 through 5	289,885			
7 Distributions	263,320			
8 Balance at end of tax year. Subtract line 7 from line 6	26,565			

Form **1120S** (2018)

Exhibit B.17c Form 1120S - TAX RETURN 2019

Form **1120-S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2019Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Go to www.irs.gov/Form1120S for instructions and the latest information.

For calendar year 2019 or tax year beginning , ending

A S election effective date 01/01/18	TYPE OR PRINT	Name Blue Mountain Eye, PLLC Lifestyle Eye Center	D Employer identification number 27-3774591
B Business activity code number (see instructions) 621320		Number, street, and room or suite no. If a P.O. box, see instructions. [REDACTED]	E Date incorporated 10/21/2010
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code [REDACTED]	F Total assets (see instructions) \$ 395,219

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed
H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation
I Enter the number of shareholders who were shareholders during any part of the tax year **1**
J Check if corporation: (1) ☐ Aggregated activities for section 465 at-risk purposes (2) ☐ Grouped activities for section 469 passive activity purposes

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a	1,599,979	
	b Returns and allowances	1b	3,095	
	c Balance. Subtract line 1b from line 1a	1c	1,596,884	
	2 Cost of goods sold (attach Form 1125-A)	2		
	3 Gross profit. Subtract line 2 from line 1c	3	1,596,884	
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)	4		
Deductions (see instructions for limitations)	5 Other income (loss) (see instructions—attach statement)	5		
	6 Total income (loss). Add lines 3 through 5	6	1,596,884	
	7 Compensation of officers (see instructions—attach Form 1125-E)	7	127,300	
	8 Salaries and wages (less employment credits)	8	517,136	
	9 Repairs and maintenance	9	1,915	
	10 Bad debts	10		
	11 Rents	11	152,923	
	12 Taxes and licenses	12	109,308	
	13 Interest (see instructions)	13		
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	14	135,230	
	15 Depletion (Do not deduct oil and gas depletion.)	15		
	16 Advertising	16		
	17 Pension, profit-sharing, etc., plans	17		
	18 Employee benefit programs	18	16,609	
	19 Other deductions (attach statement) See Stmt 1	19	333,611	
20 Total deductions. Add lines 7 through 19	20	1,394,032		
21 Ordinary business income (loss). Subtract line 20 from line 6	21	202,852		
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120-S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)	22c		
	23a 2019 estimated tax payments and 2018 overpayment credited to 2019	23a		
	b Tax deposited with Form 7004	23b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
	d Reserved for future use	23d		
	e Add lines 23a through 23d	23e		
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	24		
	25 Amount owed. If line 23e is smaller than the total of lines 22c and 24, enter amount owed	25		
	26 Overpayment. If line 23e is larger than the total of lines 22c and 24, enter amount overpaid	26		
27 Enter amount from line 26: Credited to 2020 estimated tax Refunded	27			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the RS discuss this return with the preparer shown below? See instructions. ☒ Yes ☐ No

Sign Here	Signature of officer Arthur W Giebel		Date	Title PLLC Member	
	Print/Type preparer's name Andy Block, CPA		Preparer's signature Andy Block, CPA	Date 05/12/20	Check <input checked="" type="checkbox"/> if self-employed PTN P01082762
	Firm's name Block, Maughan & Associates, PLLC		Firm's EIN 72-1578563		
	Firm's address 117 E Rose St Walla Walla, WA 99362-1929		Phone no. 509-525-6307		

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120-S** (2019)

Schedule B Other Information (see instructions)

		Yes	No
1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) u		
2	See the instructions and enter the: a Business activity u Opthomologist & Health Ed b Product or service u Medical		
3	At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation		X
4	At the end of the tax year, did the corporation: a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) Is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		X
--	--	----------

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock?		X
If "Yes," complete lines (i) and (ii) below.		
(i) Total shares of restricted stock	u	
(ii) Total shares of non-restricted stock	u	
b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments?		X
If "Yes," complete lines (i) and (ii) below.		
(i) Total shares of stock outstanding at the end of the tax year	u	
(ii) Total shares of stock outstanding if all instruments were executed	u	
6 Has this corporation filed, or is it required to file, Form 8918 , Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
7 Check this box if the corporation issued publicly offered debt instruments with original issue discount	u <input type="checkbox"/>	
If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
8 If the corporation (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years. See instructions	u \$	
9 Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions		X
10 Does the corporation satisfy one or more of the following? See instructions		X
a The corporation owns a pass-through entity with current, or prior year carryover, excess business interest expense.		
b The corporation's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the corporation has business interest expense.		
c The corporation is a tax shelter and the corporation has business interest expense. If "Yes," complete and attach Form 8990.		
11 Does the corporation satisfy both of the following conditions?		X
a The corporation's total receipts (see instructions) for the tax year were less than \$250,000.		
b The corporation's total assets at the end of the tax year were less than \$250,000. If "Yes," the corporation is not required to complete Schedules L and M-1.		

Schedule B Other Information (see instructions) (continued)

	Yes	No
12 During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
If "Yes," enter the amount of principal reduction u \$		
13 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
14a Did the corporation make any payments in 2019 that would require it to file Form(s) 1099?	X	
b If "Yes," did the corporation file or will it file required Forms 1099?	X	
15 Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund?		X
If "Yes," enter the amount from Form 8996, line 14 u \$		

Schedule K Shareholders' Pro Rata Share Items

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1 202,852
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss) 3a	
	b Expenses from other rental activities (attach statement) 3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends 5b	
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120-S))	7
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120-S))	8a
	b Collectibles (28%) gain (loss) 8b	
	c Unrecaptured section 1250 gain (attach statement) 8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9
	10 Other income (loss) (see instructions) Type u	10
	11 Section 179 deduction (attach Form 4562)	11
	12a Charitable contributions See Stmt 2	12a 20
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type u (2) Amount u	12c(2)
	d Other deductions (see instructions) Type u	12d
Credits	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c
	d Other rental real estate credits (see instructions) Type u	13d
	e Other rental credits (see instructions) Type u	13e
	f Biofuel producer credit (attach Form 6478)	13f
	g Other credits (see instructions) Type u	13g
Foreign Transactions	14a Name of country or U.S. possession u	
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level	14c
	Foreign gross income sourced at corporate level	
	d Reserved for future use	14d
	e Foreign branch category	14e
	f Passive category	14f
	g General category	14g
	h Other (attach statement)	14h
	Deductions allocated and apportioned at shareholder level	
	i Interest expense	14i
	j Other	14j
	Deductions allocated and apportioned at corporate level to foreign source income	
	k Reserved for future use	14k
	l Foreign branch category	14l
	m Passive category	14m
	n General category	14n
	o Other (attach statement)	14o
	Other information	
p Total foreign taxes (check one): u <input type="checkbox"/> Paid <input type="checkbox"/> Accrued u	14p	
q Reduction in taxes available for credit (attach statement)	14q	
r Other foreign tax information (attach statement)		

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	4
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties – gross income	15d	
	e Oil, gas, and geothermal properties – deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	9,212
	d Distributions (attach statement if required) (see instructions)	16d	45,544
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement) See Statement 3		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14p	18	202,832

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			87,490		28,349
2a Trade notes and accounts receivable					
b Less allowance for bad debts	()		()		
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities (see instructions)					
6 Other current assets (attach statement) Stmt 4			71,882		244,294
7 Loans to shareholders					
8 Mortgage and real estate loans					
9 Other investments (attach statement)					
10a Buildings and other depreciable assets		695,997		790,642	
b Less accumulated depreciation	(551,629)		144,368	(686,859)	103,783
11a Depletable assets					
b Less accumulated depletion	()		()		
12 Land (net of any amortization)					
13a Intangible assets (amortizable only)		25,635		25,635	
b Less accumulated amortization	(15,870)		9,765	(17,373)	8,262
14 Other assets (attach statement) Stmt 5			10,531		10,531
15 Total assets			324,036		395,219
Liabilities and Shareholders' Equity					
16 Accounts payable					
17 Mortgages, notes, bonds payable in less than 1 year					
18 Other current liabilities (attach statement) Stmt 6			168,881		68,516
19 Loans from shareholders					
20 Mortgages, notes, bonds payable in 1 year or more			128,590		152,062
21 Other liabilities (attach statement)					
22 Capital stock					
23 Additional paid-in capital					
24 Retained earnings			26,565		174,641
25 Adjustments to shareholders' equity (attach statement)					
26 Less cost of treasury stock	()		()		()
27 Total liabilities and shareholders' equity			324,036		395,219

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The corporation may be required to file Schedule M-3. See instructions.

1 Net income (loss) per books	193,620	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14p (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14p, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$ 4,229			
Stmt 7 4,983	9,212	7 Add lines 5 and 6	
4 Add lines 1 through 3	202,832	8 Income (loss) (Schedule K, line 18). Subtract line 7 from line 4 ..	202,832

Schedule M-2 Analysis of Accumulated Adjustments Account, Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other Adjustments Account
(see instructions)

	(a) Accumulated adjustments account	(b) Shareholders' undistributed taxable income previously taxed	(c) Accumulated earnings and profits	(d) Other adjustments account
1 Balance at beginning of tax year	26,565			
2 Ordinary income from page 1, line 21	202,852			
3 Other additions				
4 Loss from page 1, line 21	()			
5 Other reductions Stmt 8	(9,232)			()
6 Combine lines 1 through 5	220,185			
7 Distributions	45,544			
8 Balance at end of tax year. Subtract line 7 from line 6	174,641			

Form **1120-S** (2019)

EXHIBIT C.2 FTE BY CLASSIFICATION

This table identifies projected staffing, by FTE for each of the first 3 years of operation.

Position	2021	2022	2023
Registered Nurse Clinical Director	.5	.5	.5
Scheduler/Receptionist	.4	.4	.4
Registered Nurse	1.6	1.6	1.6
Licensed Practical Nurse Surgical Technologist Medical Assistant	.8	.8	.8
Total	3.3	3.3	3.3

Lifestyle Surgery Center Job Description**Position Title:** Medical Director**Reports To:** Governing BodyPage 1 of 2

Position Summary:

Chief officer of the medical staff and chairman of the QAPI Committee / Medical Advisory Committee. Oversees medical administrative activities of the facility. Works cooperatively with physicians and staff members. Functions as liaison between the medical staff and the facility, and as liaison between medical staff and the Governing Body. Is accountable to the Governing Body for the quality of medical services and performance within the facility, and for the effectiveness of patient care and the quality assessment and performance improvement functions delegated to the staff.

Minimum Requirements:

- **Education/Experience/Licenses/Certificates/Eligibility:** Current Washington medical license.
- **Eligibility:** Active member in good standing of the medical staff of Lifestyle Surgery Center

Skills/Knowledge/Ability:

- **Interpersonal:** Superior leadership and public relations skills. Establishes and maintains healthy interpersonal relations with employees, patients, organizations and the public. Excellent communication skills; oral and written.
- **Critical Thinking:** Above average ability to handle multiple simultaneous tasks and phone calls while maintaining a professional courteous demeanor. Must be able to handle patient, employee or visitor confrontations in a positive manner. Above average ability to recognize, evaluate, solve problems and correct errors.
- **Knowledge:** Knowledge of the medical staff bylaws, standards of care and regulatory issues bearing on the facility. Knowledge of approved facility policies and procedures, and the quality assessment and performance improvement program. Ability to identify and implement opportunities to improve performance of the facility.
- **Machines, Equipment, Work Aides:** Wide variety of medical equipment. Standard office equipment such as telephone, fax, copier, computer.

Lifestyle Surgery Center Job Description

Position Title: Medical Director

Reports To: Governing Body

Page 2 of 2

Essential Competencies / Performance Expectations:

▪ Medical Staff Leadership

- Enforces medical staff bylaws and rules and regulations.
- Initiates action to assure enforcement of medical staff bylaws, rules and regulations as necessary.
- Presides over quarterly and, as needed, Medical Advisory meetings.
- Oversees compliance with procedural safeguards when corrective action has been requested or initiated.
- Appoints in consultation with the QAPI Committee / Medical Advisory Committee, committee members and chairs.
- In consultation with the QAPI Committee / Medical Advisory Committee, makes recommendations for medical staff appointment.
- Functions as liaison between medical staff and the Governing Body, providing two-way communication.

▪ Facility Leadership

- Works closely with the Clinical Director to plan and execute quarterly QAPI Committee / Medical Advisory Committee meetings.
- Reviews data, special reports, analyses and financial statement, providing leadership and direction in facility planning.
- Provides accessibility and availability to the Clinical Director as needed or requested to discuss/review facility issues requiring Medical Director input.
- Collaborates with the Clinical Director in day-to-day problem solving.
- Facilitates the constructive resolution of conflict.
- Provides leadership and direction in identifying opportunities for growth and development of the facility.
- Actively seeks opportunities to recruit new physician users to the facility.
- Acts decisively to implement solutions to resolve critical issues or improve processes.

▪ Facility Image

- May participate in activities that promote a healthy community.
- Demonstrates knowledge and professionalism with community and other organizational members.
- Provides timely response and resolution to client complaints.

▪ Communication

- Listens respectfully, gives feedback directly, honestly and talks with others to clarify differences.
- Effectively communicates and interacts with patients (using translation services when needed), their family, and other external and internal clients (including fellow employees) from diverse backgrounds.

▪ Quality

- Demonstrates a willingness to look at new ideas and work in a changing environment.
- Understands, verbalizes and participates in the quality improvement process.
- Supports initiatives designed to improve individual and organizational performance.
- Provides appropriate patient care across the age span.

Memorandum of Understanding

This memorandum of understanding is entered into on 3rd day of July, 2020 between Lifestyle Surgery Center and Providence St Mary Medical Center.

WHEREAS, Providence St Mary Medical Center owns and operate the only full service general acute care hospital in Walla Walla, Washington, and


WHEREAS, Lifestyle Surgery Center has submitted an application for a Certificate of Need to the Washington State Department of Health to develop and operate a single specialty ophthalmic ambulatory surgery center in Walla Walla, Washington, and

WHEREAS, Lifestyle Surgery Center recognizes that on occasion one of their patient's needs may be such that treatment at a full services general acute care hospital is required; and

WHEREAS, the parties hereto agree to execute an Agreement specifying the conditions upon which a patient may be transferred from one institution to another, and further specifying the procedures of such transfer either on a temporary or permanent basis at such time is appropriate, after issuance of the Certificate of Need and prior to commencing ASC operations.



Lifestyle Surgery Center



Providence St. Mary Medical Center

7-27-2020

Date

7/03/2020

Date