



STATE OF WASHINGTON
 DEPARTMENT OF HEALTH
 Olympia, Washington 98504

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CERTIFICATE OF NEED PROGRAM
 DEPARTMENT OF HEALTH

CN 19-61

APPLICATION FOR CERTIFICATE OF NEED
 Health Care Facility Projects
 (excluding nursing home, hospital, or CCRC related projects)

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 hereby certify that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer 	Date 2/13/19 Telephone Number 425-455-7225
Legal Name of Applicant Bel-Red Ambulatory Surgical Facility Address of Applicant 1260 116th Ave NE STE 110 Bellevue, WA 98004-3800	Type of Application: <input checked="" type="checkbox"/> Ambulatory Surgical Facility <input type="checkbox"/> Kidney Disease Treatment Center Type of Project (check all that apply) <input type="checkbox"/> New Health Care Facility <input type="checkbox"/> Capital expenditure over expenditure minimum <input type="checkbox"/> Pre-development Expenditure <input type="checkbox"/> Increase in the number of dialysis stations in a kidney disease center
Intended date of incurring contractual obligation to construct, acquire, lease or finance capital asset: Estimated capital expenditure: \$ <u>0</u>	Intended date of undertaking project: project completed Intended date for beginning to offer services or operate completed project: when CON granted Project Summary:

APPLICATION FOR WASHINGTON STATE CERTIFICATE OF NEED UNDER RCW 70.78 AND WAC 246-310

I. APPLICANT DESCRIPTION:

a. Legal name(s) of applicant(s).

Jan Zemplenyi, MD, FACS doing business as Bel-Red Center for Aesthetic Surgery, PS, a Washington State Professional Corporation UBI 602-086-613. Bel-Red Ambulatory Surgical Facility (BRASF) exists as part of the Bel-Red Center for Aesthetic Surgery, PS.

b. Name and address of the proposed/existing facility.

The address is and will continue to be:

Bel-Red Ambulatory Surgical Facility (BRASF)
1260-116th Avenue NE, Suite 110
Bellevue, WA 98004

BRASF is an existing Medicare-certified and Washington State-licensed facility.

c. Type of ownership (public/private/corporation, etc.).

Bel-Red Center for Aesthetic Surgery, PS owns 100% of BRASF.

d. Name and address of owning entity at completion of project (unless same as applicant).

The same as applicant.

e. Name, title, address, and telephone number of the person to whom questions regarding this application should be directed.

Jan Zemplenyi, MD
1260-116th Avenue NE, Suite 110
Bellevue, WA 98004
(425) 455-7725; FAX (425) 455-0045
ejzemp@aol.com

f. Corporate structure and related parties. Attach chart showing organizational relationship to related parties.

Jan Zemplenyi, MD, president & Eva Zemplenyi, MD, vice-president of Bel-Red Center for Aesthetic Surgery, PS, incorporated January 1, 2006, are 100% owners of the professional corporation and the office-based Bel-Red Ambulatory Surgical Facility (BRASF). See Organizational Chart, **Exhibit A**.

g. Name and address of operating entity at completion of project (unless same as applicant)

Same as applicant.

h. General description and address of each facility owned and/ or operated by applicant.

Only as above. No other facilities owned.

i. Facility licensure/accreditation status.

CMS certificate: 50-C000125 (Medicare) WA ASC State license: ASF.FS.60102983

j. Is applicant reimbursed for services under Titles V, XVIII, and XIX of Social Security Act?

Applicant currently participates and will continue to be reimbursed for services under Title XVIII and Title XIX of the Social Security Act.

k. Geographic identification of primary service area.

Consistent with WAC 246-310-270, the East King County secondary service area is the primary service area of this ASC project.

1. List physician specialties represented on active medical staff and indicate number of active staff per specialty.

Currently BRASF is used by 10 surgeons and its medical director, Jan Zempenyi, MD, license MD00024917.

Table 1

Specialty	Number of Physicians
OB-Gyn	1
Ophthalmology/Oculoplastics	1
Oral-maxillofacial surgery	1
Otolaryngology/Facial Pl. Surg.	3
Plastic Surgery	3
General Surgery	3

See **Table 14** for Staff and Credential numbers

Currently, BRASF uses the following anesthesia providers as independent contractors

-Maan Salloum MD MD00016874

-Allyn Wilcox, CRNA AP30006926

m. List all other generally similar providers currently operating in the primary service area.

In addition to Bel-Red Ambulatory Surgical Facility, other providers of surgical services in the East King County secondary health services planning area include:

Table 2

East King County Planning Area Hospitals

Hospitals	City/Zip
Evergreen Health	Kirkland/98034
Overlake Hospital Medical Center	Bellevue/98004
Snoqualmie Valley Hospital	Snoqualmie/98065
Swedish Medical Center-Issaquah	Issaquah/98029

Table 3
East King County Planning Area Ambulatory Surgery Centers

Ambulatory Surgery Centers	City/zip
Aesthetic Eye Associates	Kirkland//98033
Aesthetic Facial Plastic Surgery	Bellevue/98004
Aesthetic Physicians dba Sonobello	Bellevue/98004
Allure Laser Center	Kirkland/98033
Anderson Sobel Cosmetic Surgery	Bellevue/98004
Athenix Body Sculpting Institute	Bellevue/98005
Aysel Anderson, MD	Bellevue/98004
Bellevue Plastic Surgery Center	Bellevue/98004
Bellevue Spine Specialists	Bellevue/98005
Bellevue Surgery Center	Bellevue/98004
Bel-Red ASF (applicant)	Bellevue/98004
Center for Plastic Surgery	Bellevue/98004
Cosmetic Surgery and Dermatology of Issaquah	Issaquah/98027
Eastside Surgery Center	Issaquah/98027
Egrari Plastic Surgery Center	Bellevue/98004
Evergreen Health Surgical Center	Kirkland/98034
Evergreen Surgical Clinic ASC	Kirkland/98034
Gaboriau Center	Sammamish/98074
Group Health Cooperative-BellevueASC	Bellevue/98004
Naficy Plastic Surgery and Rejuvenation Center	Bellevue/98004
Northwest Center for Aesthetic Plastic Surgery	Bellevue/98004
Northwest Laser and Surgery Center	Bellevue/98004
Northwest Nasal Sinus Center	Kirkland/98033
Overlake Reproductive Health, Inc.	Bellevue/98004
Overlake Surgical Center	Bellevue/98004
Pacific Cataract and Laser Institute-Bellevue	Bellevue/98004
Proliance Eastside Surgery Center	Kirkland/98034
Proliance Highlands Surgery Center	Issaquah/98029
Redmond Ambulatory Surgery Center, LLC	Redmond/98034
Remington Plastic Surgery Center	Kirkland/98034
Retina Surgery Center	Bellevue/98004
Seattle Children's-Bellevue	Bellevue/98004
GoGab Surgery Center	Kirkland/98033
Stern Center for Aesthetic Surgery	Bellevue/98004
Washington Institute Orthopedic Center	Kirkland/98034
Washington Urology Associates, Bellevue	Bellevue/98004
Washington Urology Associates, Kirkland	Kirkland/98034
Yarrow Bay Plastic Surgery Center	Kirkland/98033

[Source: ILRS]

- n. For existing facilities, provide applicant's overall utilization for the last five years, as appropriate.
1. Ambulatory Surgical Facility - surgeries per year;
 2. Kidney Disease Treatment Center - dialyses and/or transplants per year;

BRASF has been in existence since 2006 in the current location as a CoN-exempt ASC provider and as a CoN-approved facility since 2012. Historical volumes for the past five years are below in **Table 4**:

Table 4
Historical Volumes for BRASF

Year	No. of Procedures
2013	155
2014	124
2015	262
2016	354
2017	360
2018	402

See Exhibit K for procedure break-down.

- o. Describe the history of applicant entity with respect to criminal convictions related to ownership/operation of health care facility, license revocations, and other sanctions described in WAC 246-310-230 5)(a). If there have been no such convictions or sanctions, please state.

BRASF has not been an object of any sanctions or convictions as described in the WAC 246-310-230(5)(a).

II. PROJECT DESCRIPTION

Include the following elements in the project description. Be aware that an amendment to a Certificate of Need is required for certain project modifications as described in WAC 246-310-100 (1).

- a. Describe the project for which Certificate of Need approval is sought.

Bel-Red Ambulatory Surgical Facility (BRASF) has been operating in the current location since March of 2006 under a CoN exemption (70-38-111 RCW). It became a State-licensed ASC in July 2009 and obtained CoN approval in March 2012. BRASF now seeks to expand the scope of services in its CoN-approved to include general surgery, bariatric surgery, podiatry, orthopedic, urologic, gynecological, gastroenterology, oral and maxillofacial, ophthalmologic and pain management surgical services, in addition to the current cosmetic, plastic and otolaryngologic (ENT) surgical services.

Approval of this expansion will provide needed access to a cost-effective, efficient, high-quality community service.

b. Total estimated capital expenditures.

There is no capital expenditure anticipated for this expansion of services at BRASF. New equipment appropriate for the proposed expanded procedures has been gradually obtained over the last five years. There is no proposed increase in the number of operating rooms above the two operating rooms for which the surgical center is currently approved.

c. Total estimated operating expense for the first and second years of operation (please show separately).

Please refer to **Table 5** for estimated operating expenses current year and for projected expenses for the first and second years of operation following expansion of CoN. See **Exhibit B** for estimated operating expenses following CoN approval.

Table 5
BRASF Estimated Operating Expenses

Year	Operating Expenses
2018	\$ 461,639
2019	\$ 521,204
2020	\$ 593,091
2021	\$ 629,854
2022	\$ 698,980

d. New services/changes in services represented by this project.

BRASF will bring on additional specialty services as stated in the Letter of Intent (**Exhibit E**), with procedures appropriate for the specialty and setting. BRASF now seeks to expand the scope of services in its CoN-approved facility to include general surgery, bariatric surgery, podiatry, orthopedic, urologic, gynecological, gastroenterology, oral and maxillofacial, ophthalmologic and pain management surgical services, in addition to the current cosmetic, plastic and otolaryngologic (ENT) surgical services. See **Exhibit C** for a list of new services.

e. General description of types of patients to be served by the project.

The proposed service expansion will provide services to patients who require surgical services, are not expected to require hospitalization, and can be served appropriately in an outpatient hospital setting. BRASF already has the necessary specialized equipment for a wide-range of surgical services. Surgeries performed in the ASC will be supported by anesthesia services.

- f. **Projected utilization of service(s) for the first and second year of operation following project completion (please show separately). This should be expressed in appropriate workload unit measures.**

Table 6
Projected Utilization

Year	Projected Utilization (cases)
2018	402
2019	456
2020	492
2021	521
2022	545

Please see **Exhibit D** for additional utilization information.

- g. **A copy of the letter of intent, per WAC 246-310-080.**

Please see **Exhibit E**.

- h. **Sources of patient revenue (Medicare, etc.) with anticipated percentage of revenue from each source. Estimate the percentage of change for each of the courses of revenue by payer that will result from this project.**

Table 7 indicates the sources of patient revenue. Since Charity Care does not generate revenue, it is not accounted for in **Table 5**.

Table 7

Source	Current	Projected
Medicaid	0%	1%
Medicare	2%	5%
Commercial	20%	25%
Private pay	78%	69%
Total	100%	100%

- i. **Source(s) of financing.**

BRASF will not need any additional loans or financing resulting from the expansion of services. New equipment appropriate for the proposed procedures expansion has been gradually obtained over the last five years. There is no proposed increase in the number of operating rooms above the two operating rooms for which the surgical center is currently approved.

- j. **Equipment proposed:**
1. **Description of equipment proposed.**
 2. **Description of equipment to be replaced, including cost of the equipment, and salvage value (if any) or disposal, or use of the equipment to be replaced.**

1. No new equipment is immediately needed as BRASF already owns equipment necessary for the procedures of the proposed expanded services. The equipment necessary for the procedure expansion has been gradually

acquired over the past five years as appropriate equipment became available. BRASF may obtain new technology when such technology becomes proven to be superior to the current equipment.

2. No equipment will need to be replaced as a consequence of this project.

k. Drawings:

1. **Single line drawings, at least approximately to scale, of current locations which identify current department and services.**
2. **Single line drawings, at least approximately to scale, of proposed locations which identify proposed services and departments.**
3. **Total net and gross square feet of project.**
4. **Describe any changes in dialysis station capacity proposed as part of this project.**

1. For line drawing of BRASF please see **Exhibit G**. No new square footage is needed for this project.
2. The total usable square footage of the ASC is approximately 2,470 sq ft.

1. Anticipated dates of both commencement and completion of project.

The commencement date will be the date of approval of expansion of services.

m. Describe the relationship of this project to the applicant's long-range plan and long-range financial plan (if any).

Approval of expansion of services at BRASF will allow greater use of an existing facility for highly utilized services and make those services available to other patients in the East King Secondary Health Planning Area. There is no increase in operating rooms requested in this application. Allowing qualified, credentialed and privileged physicians in good standing to utilize BRASF's fully built-out and operational ASF is a cost-effective means of increasing patient access to outpatient surgical services. See **Exhibit F** for Surgeons' Letters of Interest in Use of BRASF.

n. Describe any of the following which would currently restrict usage of the proposed site and/or alternate site for the proposed project: (a) mortgages; (b) liens; (c) assessments; (d) mineral or mining rights; (e) restrictive clauses in the instrument of conveyance; (f) easements and right-of-ways; (g) building restrictions; (h) water and sewer access; (i) probability of flooding; (j) special use restrictions; (k) existence of access roads; (l) access to power and/or electricity sources; (m) shoreline management/environmental impact; (n) others (please explain).

BRASF has operated at its existing location since 2006 and none of the above will affect or limit the use of the site. No such restrictions are applicable to this project.

o. Provide documentation that the proposed site may be used for the proposed project. Include a letter from any appropriate municipal authority indicating that: 1) the site for the proposed project is properly zoned for the anticipated use, and 2) scope of the project or a written explanation of why the proposed project is exempt.

Not applicable. BRASF is a fully built-out, existing facility with the proper business license and certificate of occupancy.

- p. Provide documentation that the applicant has sufficient interest in the site or facility proposed. *"Sufficient interest"* shall mean any of the following:
- a. clear legal title to the proposed site;
 - b. a lease for at least five years, with options to renew for not less than a total of five years
 - c. a draft lease for at least one year with, options to renew for not less than a total of five years. A draft is acceptable only if all parties identified in the draft agreement provide a signed "Letter of Intent to finalize" the agreement.
 - d. an earnest money agreement provided all parties identified in the agreement have signed it.
 - e. a letter signed by a duly authorized representative of the property owner attesting to the property owners intent to sale the site as represented in the application.

BRASF is located in Bel-Red Center -- a building wholly owned and operated by Bel-Red Center, LLC. Please see **Exhibit H** for lease for Bel-Red Center for Aesthetic Surgery, PS. (BRASF occupies part of this space as shown in **Exhibit G**).

Please see **Exhibit I** for Title Insurance for the Bel-Red Center, LLC building.

///. PROJECT RATIONALE

Provide documentation to establish conformance of this project with applicable review criteria. *A. Need (WA C 246-310-210)*

1. Identify and analyze the unmet health services needs and/or other problems toward which this project is directed.
 - a. Unmet health services needs of the defined populations should be differentiated from physical plant and operating (*service delivery*) deficiencies that are related to present arrangements.
 - b. The negative impact and consequences of unmet needs and deficiencies should be identified.

The BRASF application for expanded services will not add outpatient ambulatory surgery operating rooms in the East King County Secondary Health Planning Area thus not changing population to OR ratio. Expanding services in an established ASC will enable BRASF to offer a wider range of necessary surgical services in a cost-efficient manner without the additional expense of building new operating rooms or purchasing new equipment which would otherwise be necessary to accommodate additional surgical procedures.

2. Define the population that is expected to be served by the project. The specific manner of definition is of necessity based on the specific project proposed, and may require definitions for different elements of the project.

In all cases, provide Office of Fiscal Management population forecasts for the next ten years, broken down into age and gender categorizes.

In the case of an existing facility, include a patient origin analysis for at least the most recent three-month period, if such data is maintained, or provide patient origin data from the last statewide patient origin study. Patient origin is to be indicated by zip code. Zip codes are to be grouped by city and county, and include a zip code map illustrating the service area.

The population expected to be served can be defined according to specific needs and circumstances of patients (e.g., alcoholism treatment, renal dialysis), or by the number of persons who prefer to receive the services of a particular recognized school or theory of medical care.

The methodology in WAC divides Washington State into 54 planning/service areas. Bellevue is located within the East King secondary service area. East King County consists of the zip codes in **Table 11** below:

Table 11
Zip Codes within the East King Secondary Service Area

Zip Code	City	Zip Code	City
98004	Bellevue	98039	Medina
98005	Bellevue	98040	Mercer Island
98006	Bellevue	98041	Bothell
98007	Bellevue	98045	North Bend
98008	Bellevue	98050	Preston
98009	Bellevue	98052	Redmond
98011	Bothell	98053	Redmond
98014	Carnation	98065	Snoqualmie
98015	Bellevue	98068	Snoqualmie Pass
98019	Duvall	98072	Woodinville
98024	Fall City	98073	Redmond
98027	Issaquah	98074	Redmond
98028	Kenmore	98075	Sammamish
98029	Pine Lake/Sam	98077	Woodinville
98033	Kirkland	98083	Kirkland
98034	Kirkland	98288	Skykomish

Source: Applicant

The population data for East King in **Table 12** below, demonstrates that the total 2015 population of approximately 660,229 continues to grow, and is expected increase by 6.8% by 2020. The largest growth will occur in the age 45-84 cohorts. These combined age cohorts are expected to add another 39,530 residents (nearly 32%) over the next three years. The data from the OFM King County Population Projection through 2030, (**Exhibit J**), similarly shows an increase in the 45 to 85 population of 31% in the same time period. This population increase is in the population segment of higher health care utilization, for both functional and cosmetic surgery.

Table 12
East King Secondary Service Area Population¹

	2010 Census	Pct. of Tot Pop	2015 Est	Pct of Tot Pop	Pct Chg 2010 - 2015	2020 Proj	Pct of Tot Pop	Pct Chg 2015-2020
Tot.Pop	608,587	100.0%	660,229	1%	7.8%	708,329	1%	6.8%
Pop. by Age								
0-20	163,431	26.7%	175,089	26.5%	6.7%	185,325	26%	5.5%
21-44	208,282	34.2%	213,191	32.3%	2.3%	211,331	30%	-0.9%
45-64	169,963	27.9%	187,519	28.4%	9.4%	203,777	29%	8.0%
65-84	56,721	9.3%	73,363	11.1%	22.7%	96,635	14%	24.1%

85+	10,110	1.7%	11,067	1.7%	8.6%	11,261	2%	1.7%
Tot. 0-64	541,676	89.1%	575,799	88. %	11.9%	478,671	85.8%	1.3%
Tot. 65+	66,831	10.9%	84,430	12.8%	33.9%	79,438	14.2%	29.2%

¹ Source: *The Nielsen Company*

The 2017 patient origin data for Bel-Red Ambulatory Surgical Facility, detailed in **Table 13** below, demonstrates that 76% of patients resided in the East King secondary service area. Another 20% came from other nearby and adjacent planning areas of King and Snohomish Counties.

Table 13
Bel-Red Ambulatory Surgical Facility
Patient Origin by Service Areas, 2018

Service Area	Percent of Patients
East King	76%
Southeast King	10%
Central King	6%
Southwest Snohomish	4%
Other	4%
Total	100%

Source: *Applicant*

3. Provide utilization forecasts for each service included in the project. Include the following:

- a. Utilization forecasts for at least five years following project completion.**
- b. The complete quantitative methodology used to construct each utilization forecast.**
- c. Identify and justify all assumptions related to changes in use rate, market share, intensity of service and others.**
- d. Evidence of the number of persons now using the service(s) who will continue to use the service(s). Utilization experience for existing services involved in the project should be reported for up to the last ten years, as available. Such utilization should be reported in recognized units of measure appropriate to the service.**
- e. Evidence of the number of persons who will begin to use the services(s).**

a. **Exhibit K** provides a forecast of surgeries to be performed at BRASF.

b,c. The projections are based on historical trends, current economic reality, requests of other surgeons and current surgeons, as indicated by the letters of intent in **Exhibit F**, who would like to expand their services. The additional surgeons who would like operate in BRASF will bring new specialty expertise which will bring new cases to BRASF as projected for the next five years. A conservative growth of 5% to 10% per year has been estimated for years 2019 to 2021, slowing to 5% thereafter. However, as the population data shows, the almost 30% growth in the 65+ group provides a growing population whose needs BRASF will be able to meet. This age group is a high utilizer of orthopedic and pain management services.

d, e. **Table 4** in Section I.n. shows the utilization of BRASF since acquiring the current CoN. The surgeons currently using BRASF plan on continuing using the facility. The patient population using BRASF services should increase with the population growth shown in **Table 12** and **Exhibit J**. The addition of surgeons in different specialties offering new surgical procedures will further increase surgical volume. These surgeons, in **Exhibit F**, have submitted letters of intent to use the facility.

4. a. **Provide information on the availability and accessibility of similar existing services to the defined population expected to be served. This section should concentrate on other facilities and services which "compete" with the applicant.**
- i. Identify all existing providers of services similar to those proposed and include sufficient utilization experience of those providers that demonstrates that such existing services are not available in sufficient supply to meet all or some portion of the forecaster utilization.**
 - ii. If existing services are available to the defined population, demonstrate that such services are not accessible to that population. Time and distance factors, among others, are to be analyzed in this section.**
 - iii. If existing services are available and accessible to the defined population, justify why the proposed project does not constitute an unnecessary duplication of services.**

a. i.,ii.,The existing providers of service are listed in Tables 2 and 3. As shown in **Exhibit T**, there is current need for additional surgical services in the planning area. This project proposes to expand the services of BRASF which currently provides specialized plastic and cosmetic and otoralngologic surgical services. The expansion of services in this existing CoN facility will enable it to provide additional surgical services while increasing access to those services by promoting choice and more effective utilization of existing operating room and surgical instrument capacity.

iii.A CoN expansion for BRASF will increase access to needed services by allowing qualified, credentialed and privileged physicians in good standing to utilize its fully built-out and operational facility. Approving expansion of the CoN for an existing facility is a cost-effective means of increasing patient access to these services without duplication of services. No increase in operating rooms is being requested.

- b. **In the context of the criteria contained in WAC 246-310-210 (1) (a) and (b), document the manner in which:**
- i. Access of low-income persons, racial and ethnic minorities, women, mentally handicapped persons, and other under-served groups to the services proposed is commensurate with needs for the health services.**

BRASF serves patients regardless of race, income, ethnicity, sex or handicap. See **Exhibit L** for BRASF's non-discrimination policy. Additionally, consistent with the requirements of WAC, we estimate providing the average charity care for King County for 2016. Please see **Exhibit M** for BRASF charity care policy. We have been providing and will continue providing charity care at 1.3% of gross revenue for our charitable care, based on the average of charitable care for Overlake Medical Center (1.66%) Evergreen Medical Center (.62%), the two medical centers closest to our facility. Please see **Exhibit N** for Charity Care in Washington Hospitals.

- ii In the case of the relocation of a facility or service, or the reduction or elimination of a service, the present needs of the defined population for that facility or service, including the needs of under-served groups, will continue to be met by the proposed relocation by alternative arrangements.**

The project does not propose any relocation, reduction or elimination of any existing services.

Applicants should include the following:

- Copy of admissions policy;
- Copy of community service policy;
- Reference appropriate access problems and discuss how this project addresses such problems;
- As appropriate, reference health facility related access problems of under-served groups noted in social services plan documents;
- Other information as appropriate

See Exhibits L and M for the above information.

5. As applicable, substantiate the following special needs and circumstances that the proposed project is to serve.

- a. The special needs and circumstances of entities such as medical and other health professions' schools, multi-disciplinary clinics, and specialty centers that provide a substantial portion of their services, resources, or both, to individuals not residing in the health services areas in which the entities are located or in adjacent health services areas.
- b. The special needs and circumstances of biomedical and behavioral research projects which are designed to meet a national need and for which local conditions offer special advantages.
- c. The special needs and circumstances of osteopathic hospitals and non-allopathic services with which the proposed facility/service would be affiliated.

The above are not applicable to BRASF.

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

1. Proposed capital expenditures should be broken out in detail and should account for at least the following:
 - Land acquisition;
 - Site survey, tests, inspections;
 - Construction contract;
 - Financial feasibility studies, architectural fees/engineering fees/consulting fees;
 - Fixed equipment (not in construction contract);
 - Movable equipment;
 - Freight and delivery charges;
 - Sales tax;
 - Cost of tuning up and trial runs;
 - Reconditioning costs (in case of used asset);
 - Cost of title investigations, legal fees, brokerage commissions;
 - Other activities essential to the acquisition, improvement, expansion, or replacement of plant and equipment due to the project; and
 - Financing costs, including interim interest expense, reserve account, interest expenses and other financing costs.

Not applicable. No proposed capital expenditures. Bel-Red Ambulatory Surgical Facility is already fully built out and no equipment acquisition is anticipated since necessary equipment has been gradually acquired over the last five or so years.

- 2. The method and sources for calculating construction costs and other estimated capital expenditures should be fully explained.**

Not applicable.

- 3. Documentation of project impact on (a) capital costs, and (b) operating costs and charges for health services.**

Not applicable as no additional costs are required and operational costs will be covered in the same manner as in the last decade when BRASF has operated in a fiscally responsible manner.

- 4. Source(s) of financing (*loan, grant, gifts, etc.*). Provide all financing costs, including reserve account, interest expense, and other financing costs. If acquisition of the asset is to be by lease, copies of any lease agreements, and/or maintenance repair contracts should be provided. The proposed lease should be capitalized with interest expense and principal separated. For debt amortization, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized.**

Not applicable to this project.

- 5. Provide a cost comparison analysis of the following alternative financing methods: purchase, lease, board-designated reserves, and inter-fund loan or bank loan. Provide the rationale for choosing the financing method selected.**

Not applicable.

- 6. Provide a pro forma balance sheet and the accounting statement, statement of changes in financial position of unrestricted funds and changes in components of working capital.**

Please see **Exhibit O** for the Pro Forma balance sheet.

- 7. Provide a capital expenditure budget through the project completion and for three years following completion of the project.**

Not applicable to project.

- 8. The expected sources of revenues for the applicant's total operations (e.g., Medicaid, Blue Cross, Labor and Industries, etc.) with anticipated percentage of revenue from each source.**

This project principally relies on "private-pay" payments. See **Table 7** for sources of revenue.

- 9. Expense and revenue statements for the last three full years.**

Please see **Exhibit P** for the expense and revenue statement for the last three years.

- 10. Cash flow statement for the last three full years.**

Please see **Exhibit Q** for the cash flow statement for the last three years.

11. Balance sheets detailing the assets, liabilities, and net worth of facility or the last three full fiscal years.

Please **Exhibit R** for the balance sheet for the last three years.

12. Indicate the reduction or addition of FTEs with the salaries, wages, employee benefits for each FTE affected.

Table 14 below shows anticipated staffing changes. Projected salaries and wages are shown in **Exhibit B**.

Table 14
Bel-Red Ambulatory Surgical Facility
Current and Projected Staffing 2018-2022

Position	2018	2019	2020	2021	2022
Medical Director	1	1	1	1	1
RN	2.5	2.5	3	3.5	3.5
Scrub Tech	1.0	1.0	1.5	1.5	2.0
Registration/Reception	.75	.75	.75	1.0	1.0
Tech Sterilization	.5	.5	.5	.75	.75

C. Structure and Process (Quality) of Care (WAC 246-310-230)

Please document the following associated with structure and process of care.

- 1. The availability of sufficient numbers of qualified health manpower and management personnel. If the staff availability is a problem, describe the manner in which the problem will be addressed.**

The existing surgical center currently has sufficient staff to serve our surgical volume. A surgical volume increase can be accommodated by increasing hours of current part-time nursing staff. Additionally, we have a list of available RN nurses who have worked with cosmetic patients to accommodate future need. More health care workers will be hired either on a full-time or part-time basis as the volume of patients using BRASF increases.

- 2. Identify the facility’s Medical Director, Director of Nursing, and other key staff. For each provide their professional license number for Washington. If they are also licensed in other states, provide their license number in those states.**

BRASF’s Medical Director is Jan Zempenyi MD, MD00024917. The Director of Nursing is Kristine Daher RN, RN60450166.

Staff

Stacy Pelroy	ST60405260	Jan Zemplenyi	MD00024917	Amit Bhrany	MD00048531
Kristine Daher	RN60450166	Rikesh Parikh	MD60540348	Nicholas Flugstad	MD60544566
Terri Frisbie	RN00112834	Bryan McIntosh	MD60123704	Robert Dragotti	OP60528179
Alexandra King	RN60756911	Angie Song	MD60136134	Myur Srikanth	MD00033726
Samantha Acheson	RN60859042	AJ Amadi	MD00039588	Serge Barlam	PO00000798
U-sa Somboonoo	RN60432573	Maaan Salloum	MD00016874	William Bullis	MD60033065
Allyn Wilcock	AP30006926	Amir Shakouripartovi	MD60611578		

- 3. For the Medical Director indicate if he/she will be an employee of the facility or contractual. If performing his/her duties through a contract, provide a copy. A draft is acceptable only if all parties identified in the draft agreement provide a signed "Letter of Intent to finalize" the agreement and all terms and costs are included.**

The Medical Director is and will continue to be an employee of BRASF.

- 4. The relationship of ancillary and support services to proposed services, and the capability of ancillary and support services to meet the service demands of the proposed project.**

BRASF's current staff can meet the demands of the proposed expansion of services as well as the procedures currently performed. Additional staff and/or training will be provided as required.

- 5. The specific means by which the proposed project will promote continuity in the provision of health care to the defined population and avoid unwarranted fragmentation of services. This section should include the identification of existing and proposed formal working relationships with hospitals, nursing homes, and other health service resources serving your primary service area. This description should include recent, current, and pending cooperative planning activities, shared services agreements, and transfer agreements. Copies of relevant agreements and other documents should be included.**

BRASF will continue to provide the care it currently provides if CoN expansion is granted. Continuity of service will be maintained with more specialized services being made available in one location with the availability specialized surgical equipment and sub-specialty staff at one site. BRASF has had a transfer agreement with Overlake Hospital for the past twelve years and continues with that agreement. **Exhibit S** is a copy of the transfer agreement with Overlake Hospital Medical Center.

- 6. Fully describe any history of the applicant entity with respect to the actions noted in Certificate of Need rules and regulations WAC 246-310-230 (5) (a). If there is such history, provide clear, cogent, and convincing evidence that the proposed project will be operated in a manner that ensures safe and adequate care to the public to be served and in conformance with applicable federal and state requirements.**

No such history exists.

- 7. Services to be provided will be provided (a) in a manner that ensures safe and adequate care, and (b) in accord with applicable federal and state laws, rules, and regulations.**

BRASF operates as a Medicare-certified, state-licensed ASC. Our procedures in place are in compliance with the above.

D. Cost Containment (WAC 246-310-240)

Please document the following associated with cost containment.

- 1. Exploration of alternatives to the project you have chosen to pursue, including postponing action, shared service arrangements, merger, contract services, and different methods of service provision, including different spacial configurations you have evaluated and rejected. Each alternative should be analyzed by application of the following:**

- **Decision making criteria (*cost limits, availability, quality of care, legal restriction, etc.*):**
- **Advantages and disadvantages, and whether the sum of either the advantages or the disadvantages outweigh each other by application of the decision-making criteria;**
- **Capital costs;**
- **Staffing impact.**

BRASF has been in operation since 2012 as a CoN approved facility.

Alternatives to seeking CoN expansion are:

Alternative 1: Not applying for CoN expansion:

The considered advantages of not pursuing the CoN expansion project are:

- a. Savings of time and cost of the CoN application process.

The considered disadvantages of not pursuing CoN expansion are:

- a. Inability to use available existing facility and equipment at no additional cost.
- b. Not providing needed surgical services in the East King County Area.

Alternative 2: Sending expanded surgical procedures to other surgical facilities:

The considered advantages of sending expanded procedures to outside facilities.

- a. There are no advantages to not performing the additional procedures at BRASF

The considered disadvantages of sending expanded procedures to outside facilities.

- a. Not using efficiencies of scale with already available equipment and staff to meet existing surgical needs.
- b. Not using existing operating room capacity
- c. Inconvenience to patients and surgeons who would not be able to perform necessar procedures at the same time in one location.

In summary: The advantages of applying for CoN outweigh the disadvantages.

The considered advantages and reasons for applying for CoN expansion are:

1. The facility already owns specialized state-of-the-art equipment thus not requiring increased capital expenditure.
2. BRASF has the capacity with current operating rooms and staff to accommodate increased use.
3. Efficiency-of-scale applicable to the use of specialized equipment by surgeons who do not have access to such equipment.
4. Ability of existing qualified staff to expand and diversify the services which they are able and qualified to perform in one facility.
5. Private and convenient setting for patients.

- 2. The specific ways in which the project will promote staff or system efficiency or productivity.**

Specialized lasers and other equipment for existing and proposed surgical procedures are already available and fully paid for. These are available to all qualified, credentialed and privileged surgeons in good standing who use the facility thus offering more choices for patients and contributing to overall cost

containment. This, in turn, will increase patient access to procedures requiring such equipment, without duplication of acquisition of such equipment by multiple surgeons and offices. BRASF staff is already trained on the use of this instrumentation and is familiar with patient needs and care following its use.

3. In the case of construction, renovation, or expansion, capital cost reductions achieved by architectural planning and engineering methods and methods of building design and construction. Include an inventory of net and gross square feet for each service and estimated capital cost for each proposed service. Reference appropriate recognized space planning guidelines you have employed in your space allocation activities.

This project does not require new construction or renovation.

4. In the case of construction, renovation or expansion, an analysis of the capital and operating costs of alternative methods of energy consumption, including the rationale for choosing any method other than the least costly. For energy-related projects, document any efforts to obtain a grant under the National Energy Conservation Act.

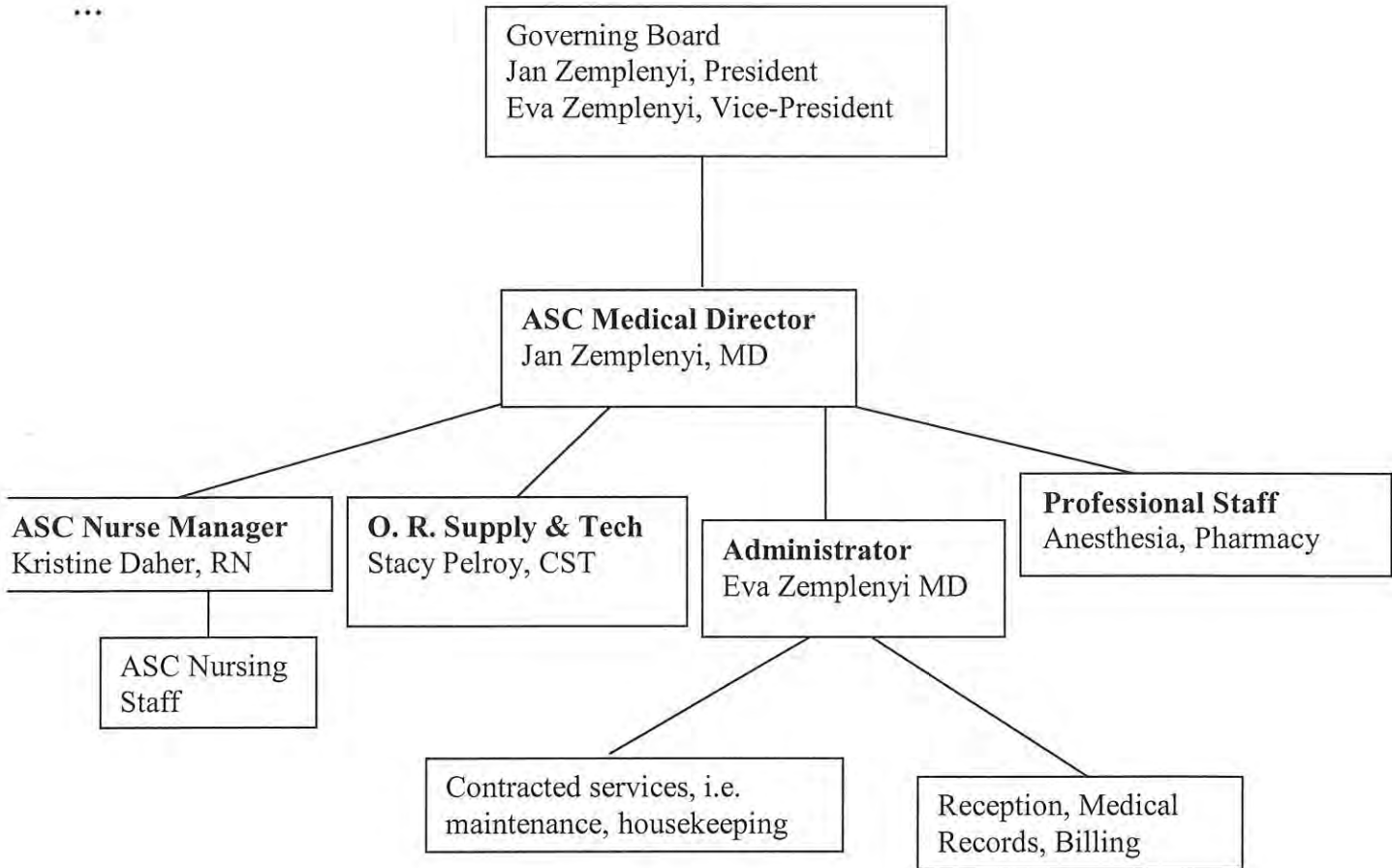
This project does not require new construction or renovation.

Exhibit Index

- Exhibit A - BRASF Organizational Chart
Medical Director Duties
- Exhibit B - BRASF Operating Expense Projections
- Exhibit C - New Services to be Offered by BRASF
- Exhibit D - Projected Utilization of Services,
- Exhibit E - Letter of Intent
- Exhibit F - Surgeons' Letters of Interest in Use of BRASF
- Exhibit G - Plan of BRASF
- Exhibit H - Office Lease Agreement
- Exhibit I - Title of Bel-Red Center, LLC
- Exhibit J - Office of Financial Management Population Projection
- Exhibit K - Five Year Utilization Forecast
- Exhibit L - Non-Discrimination Policy
- Exhibit M - Charity Policy
- Exhibit N - Charity Care in Washington Hospitals
- Exhibit O - Pro Forma Balance Sheet
- Exhibit P - Expense and Revenue Statement for the Last Three Full Years
- Exhibit Q - Cash flow Statement for the Last Three Full Years
- Exhibit R - Balance Sheet for the Last Three Full Years
- Exhibit S - Transfer Agreement with Overlake Hospital Medical Center
- Exhibit T - ASC Need Methodology 2019

EXHIBIT A

Bel-Red Ambulatory Surgical Center Organizational Chart



MEDICAL DIRECTOR DUTIES

Jan Zemplyeni, MD is appointed by the Governing Body as the Director of the Medical Staff. His term is indefinite and shall remain in effect until his death or until he resigns.

DUTIES OF THE MEDICAL DIRECTOR

The Director functions as the chief of the Medical Staff and the Director of BRASF. In this capacity, he shall:

1. Act in coordination and cooperation with the Governing Body in all matters of mutual concern within the facility.
2. Preside at, and be responsible for the agenda of all general meetings of the Medical Staff.
3. Review and contribute to all Policy and Procedure Manuals, Bylaws and job descriptions.
4. Assure that BRASF is in compliance with federal, state and local regulations.
5. Review all BRASF contracts and capital expenditures.
6. Be responsible for enforcing or assuring the enforcement of the medical staff rules, regulations, and policies.
7. Implement corrective actions and sanctions when indicated.
8. Represent the views, policies, needs and grievances of the Medical Staff to the Governing Body.
9. Ensure that the staff maintains an adequate educational program.
10. Act as a spokesman for the Medical Staff in its external professional and public relations.
11. Appoint an acting Director in his absence.

EXHIBIT B
BRASF Operating Expense Projections

Year December 31	2022	2021	2020	2019	2018
Number of Procedures	545	521	492	456	402
Income					
Net Charges	\$ 899,250.00	\$ 859,650.00	\$ 811,800.00	\$ 752,400.00	\$ 663,300.00
Charity Care ¹	(10,251.45)	(9,800.01)	(9,254.52)	(8,577.36)	(7,561.62)
Bad Debt ²	(8,992.50)	(8,596.50)	(8,118.00)	(7,524.00)	(6,633.00)
Net Revenue	880,006.05	841,253.49	794,427.48	736,298.64	649,105.38
Operating Expenses					
Salaries and Benefits	\$ 198,561.00	\$ 189,106.00	\$ 171,915.00	\$ 156,286.00	\$ 142,079.00
Accounting & Consulting	7,719.00	7,018.00	6,380.00	5,380.00	4,891.00
Bank & Collection Fees	13,488.00	12,894.00	12,148.00	11,044.00	9,735.00
Purchased Services	15,861.00	13,217.00	11,014.00	9,179.00	8,345.00
Depreciation	164,285.00	123,372.00	121,856.00	94,253.66	78,841.60
Office Equipment Expense	2,847.00	2,792.00	5,710.00	2,631.00	2,580.00
Insurance	17,577.00	16,740.00	14,556.00	12,658.00	11,007.00
Legal Fees	675.00	575.00	575.00	375.00	275.00
Administrative Expense ³	-	-	-	-	-
Medical Director Fee ³	-	-	-	-	-
Marketing	8,740.00	7,740.00	6,740.00	5,540.00	5,037.00
Medical and Patient Supplies	156,903.00	149,432.00	142,317.00	129,379.00	108,527.00
Medical Waste Disposal	1,870.00	1,630.00	1,390.00	1,150.00	930.00
Office Supplies & Expenses	11,668.00	11,112.00	9,260.00	8,053.00	7,670.00
Parking	-	-	-	-	-
Postage & Printing	470.00	448.00	434.00	422.00	410.00
Rent, Facility	54,177.00	52,599.00	51,067.00	49,580.00	48,136.02
Repairs, Maintenance, & Cleaning	15,645.00	14,223.00	12,930.00	11,754.00	10,686.00
Seminars & Conference Fees	840.00	740.00	740.00	540.00	540.00
Taxes & Licenses	23,692.00	22,564.00	20,513.00	19,537.00	18,607.00
Telephone	1,245.00	1,208.00	1,173.00	1,139.00	1,106.00
Travel & Entertainment	-	-	-	-	-
Uniform & Laundry	2,517.00	2,444.00	2,373.00	2,304.00	2,237.00
Total Operating Expenses	698,780.00	629,854.00	593,091.00	521,204.66	461,639.62
Operating Income (loss)	\$ 181,226.05	\$ 211,399.49	\$ 201,336.48	\$ 215,093.98	\$ 187,465.76
Interest income	-	-	-	-	-
Interest expense	-	-	-	-	-
Net interest	-	-	-	-	-
Income (loss)	\$ 181,226.05	\$ 211,399.49	\$ 201,336.48	\$ 215,093.98	\$ 187,465.76

1. Charity care budget is derived from the percentage of total revenue for charity care in the local hospitals: Evergreen Hospital Medical Center- .62%; Overlake Medical Center- 1.66 %. See **Exhibit N**. The average is 1.14%. We have chosen 1.3% as the charity care budget for this project.
2. Bad debt is estimated at 1% from historical average.
3. The Medical Director position is held by the owning physician who performs administrative duties and is not a separately paid position.

EXHIBIT C

New Services

New Services	CPT
Urologic Surgery	
Incontinence procedures	51840, 51845
Orthopedic Surgery	
Tendon sheath incision	26055, 26045
Arthroscopy	28927
Podiatric Surgery	
Hammer toe repair	28270
Bunion procedures	28290
Pain Management	
Injections	20552
Bariatric Procedures	
Aspire bariatric	No CPT assigned
Intragastric balloons	No CPT assigned
Laparoscopy, surgical Gastric restrictive procedure	43770
Laparoscopy, longitudinal gastrectomy (ie. sleeve)	43775

EXHIBIT D
Projected Utilization of Services

Procedures Currently Performed	Number of Procedures					
	CPT	2018	2019	2020	2021	2022
Abdominoplasty	15847	56	59	61	62	62
Blepharoplasty	15820,2	39	41	43	43	44
Brachioplasty	15836	9	10	11	12	12
Fat grafting	20926	28	30	31	33	35
Labioplasty	56620	3	4	4	4	4
Liposuction, SmartLipo Triplex	15877	66	70	72	75	78
Mammoplasty, augmentation	19325	64	69	71	73	76
Mastopexy	19316	11	12	14	15	15
Mentoplasty	21120	5	5	6	6	7
Functional nasal surgery	30465, 30520	20	25	26	27	28
Reduction mammoplasty	19318	32	33	34	35	36
Rhinoplasty	30410	33	35	37	39	40
Rhytidectomy	15829	18	22	24	25	27
Sinusectomy	31255	13	14	14	15	15
Unspecified procedures	--	5	5	6	6	6
		402	434	454	470	485
Projected Utilization of New Services						
Aspire bariatric	No CPT	0	4	6	8	10
Capsulotomy, metatarsphalangeal	28270	0	2	4	5	6
Correction, hallux valgus	28290	0	2	4	5	6
Injections	20552	0	4	5	6	8
Intragastric balloons	No CPT	0	2	4	6	6
Laparoscopy, surgical, gastric restrictive procedure	43770	0	1	2	3	4
Laparoscopy, longitudinal gastrectomy (ie.sleeve)	43775	0	1	2	3	4
Tendon sheath incision	26055	0	2	5	6	6
Urethropexy, vesicle neck suspension	51840,5	0	3	5	7	8
Unlisted procedure	43999	0	1	1	2	2
			22	38	51	60
Total		402	456	492	521	545

EXHIBIT E

Letter of Intent

BEL-RED AMBULATORY SURGICAL FACILITY

Jan Zempenyi, MD, FACS
Medical Director
(425) 455-7225

1260-116TH Avenue NE, #110
Bellevue, WA 98004
FAX (425) 455-0045

Ms. Karen Nidermayer
Senior Analyst, Certificate of Need
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dec 5, 2018

Dear Ms. Nidermayer:

We are adding another expansion of procedures to the previous Letter of Intent dated July 3, 2018. We are adding the specialties below to the Letter of Intent.

In accordance with WAC 246-310-080, Bel-Red Ambulatory Surgical Facility (BRASF), a wholly-owned ASC of the Bel-Red Center for Aesthetic Surgery, PS, located at 1260 116th Ave. NE Ste. 110, Bellevue, WA 98004 hereby submits a Letter of Intent proposing to expand the services of the existing CoN-approved Bel-Red Ambulatory Surgical Facility (BRASF) to include a wider range of surgical services, including general surgery, bariatric surgery, podiatry, orthopedic, urologic, gynecological, gastroenterology procedures, oral and maxillofacial, ophthalmologic and pain management surgical services, in addition to the current cosmetic, plastic and otolaryngologic (ENT) surgical services provided.

In compliance with the above-stated WAC the following information is provided:

1. Description of the extent of services proposed

BRASF currently provides cosmetic, plastic and otolaryngologic (ENT) surgical services. BRASF has been in continuous operation since 1993 as a Medicare-certified surgical facility, and since 2012 as a CoN-approved ambulatory surgical facility at the current location. BRASF proposes to obtain expansion of the current surgical procedures provided, to allow current physicians and other physicians, who are not employees or partners of BRASF, to provide the above additional surgical services at this ASC in a cost-effective manner.

2. Estimated cost of the project

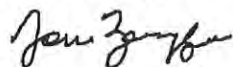
As this facility is already operational there are no capital expenditures planned or needed for this project.

3. Description of the service area

BRASF serves the King County East health care community.

Thank you in advance for your consideration.

Respectfully,



Jan Zempenyi, MD

EXHIBIT F
Surgeons' Letters Indicating Interest in Use of BRASF

ISB INC
2001 152ND AVE NE
REDMOND, WA 98052
P. 425-643-8901 F.425-643-8901



October 25, 2018

Ms. Karen Nidermayer
Senior Analyst, Certificate of Need
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Ms. Nidermayer:

I am writing in support of the Bel-Red Ambulatory Surgical Facility (BRASF) application for expansion of surgical services.

As a physician specializing in podiatry in Bellevue, Washington, I treat patients pursuant to referral from area providers. An expansion of services at BRASF to include podiatric procedures would create additional capacity for such surgery, as well as continuity of care for my patients in a safe, cost-effective setting.

Such additional capacity would thus benefit patients. Accordingly, I plan to perform appropriate surgeries at BRASF upon your approval of the application for expansion of services.

If you require additional information, you may contact me at the address below.

Serge Barlam, DPM
16511 NE 46th St.
Redmond, WA 98052
(425) 643-8901

Sincerely,

Serge Barlam, DPM



MICHAEL N. BROWN, MD

Interventional Regenerative Orthopedic Medicine Institute

Physical Medicine & Rehabilitation Interventional Pain Management

1515 116th Avenue NE, Suite #202
Bellevue, WA 98004

Office#: 425.326.1665 Fax#: 425.326.1667
www.michaelnbrownmd.com

October 25, 2018

Ms. Karen Nidermayer
Senior Analyst, Certificate of Need
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Ms. Nidermayer:

I am writing in support of the Bel-Red Ambulatory Surgical Facility (BRASF) application for expansion of surgical services.

As a physician specializing in pain and regenerative medicine in Bellevue, Washington, I treat patients pursuant to referral from area providers. An expansion of services at BRASF to include pain management procedures would create additional capacity for such surgery, as well as continuity of care for my patients in a safe, cost-effective setting.

Such additional capacity would thus benefit patients. Accordingly, I plan to perform appropriate surgeries at BRASF upon your approval of the application for expansion of services.

If you require additional information, you may contact me at the address below.

Michael Brown, MD
1515 116th Ave. NE #202
Bellevue, WA 98004
(425) 326-1665

Sincerely,

Michael N. Brown, MD

October 25, 2018

Ms. Karen Niedermayer
Senior Analyst, Certificate of Need
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Ms. Niedermayer:

I am writing in support of the Hel-Red Ambulatory Surgical Facility (BRASF) application for expansion of surgical services.

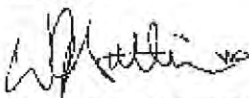
As a physician specializing in cosmetic surgery and obstetrics and gynecology in Bellevue, Washington, I currently perform cosmetic surgery at BRASF. An expansion of services at BRASF to include functional gynecologic and/or gynecological procedures would create additional capacity for such procedures, as well as continuity of care for my patients.

Such additional capacity would thus benefit patients. Accordingly, I plan to perform appropriate surgeries at BRASF upon your approval of the application for expansion of services.

If you require additional information, you may contact me at the address below.

William Bullis, MD
11520 NE 20th St, Suite A
Bellevue, WA 98004
(425) 615-6307

Sincerely,



W. John Bullis, MD, F.A.C.O.G., F.A.A.C.S.



18120 97th Ave. NE Bothell WA 98011

October 25, 2018

Ms. Karen Nidermayer
Senior Analyst, Certificate of Need
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Ms. Nidermayer:

I am writing in support of the Bel-Red Ambulatory Surgical Facility (BRASF) application for expansion of surgical services.

As a physician specializing in cosmetic surgery and general surgery in Bothell, Washington, I currently perform cosmetic surgery at BRASF. An expansion of services at BRASF to include general surgical procedures would create additional capacity for such procedures, as well as continuity of care for my patients in a safe, cost-effective setting.

Such additional capacity would thus benefit patients. Accordingly, I plan to perform appropriate surgeries at BRASF upon your approval of the application for expansion of services.

If you require additional information, you may contact me at the address below.

Robert Dragotti, D.O.
18120 97th Ave. NE
Bothell, WA 98011
(425) 949-7779

Sincerely,

A handwritten signature in black ink, appearing to read "R. Dragotti", written over a horizontal line.

Robert Dragotti, D.O.

October 25, 2018

Ms. Karen Nidermayer
Senior Analyst, Certificate of Need
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Ms. Nidermayer:

I am writing in support of the Bel-Red Ambulatory Surgical Facility (BRASF) application for expansion of surgical services.

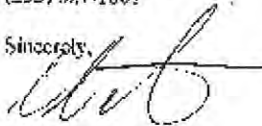
As a physician specializing in cosmetic surgery and general surgery in Tacoma, Washington, I currently perform cosmetic surgery at BRASF. An expansion of services at BRASF to include general surgical procedures would create additional capacity for such procedures, as well as continuity of care for my patients in a safe, cost-effective setting.

Such additional capacity would thus benefit patients. Accordingly, I plan to perform appropriate surgeries at BRASF upon your approval of the application for expansion of services.

If you require additional information, you may contact me at the address below.

Amir Partovi
801 Pacific Ave.
Tacoma, WA 98402
(253) 527-1001

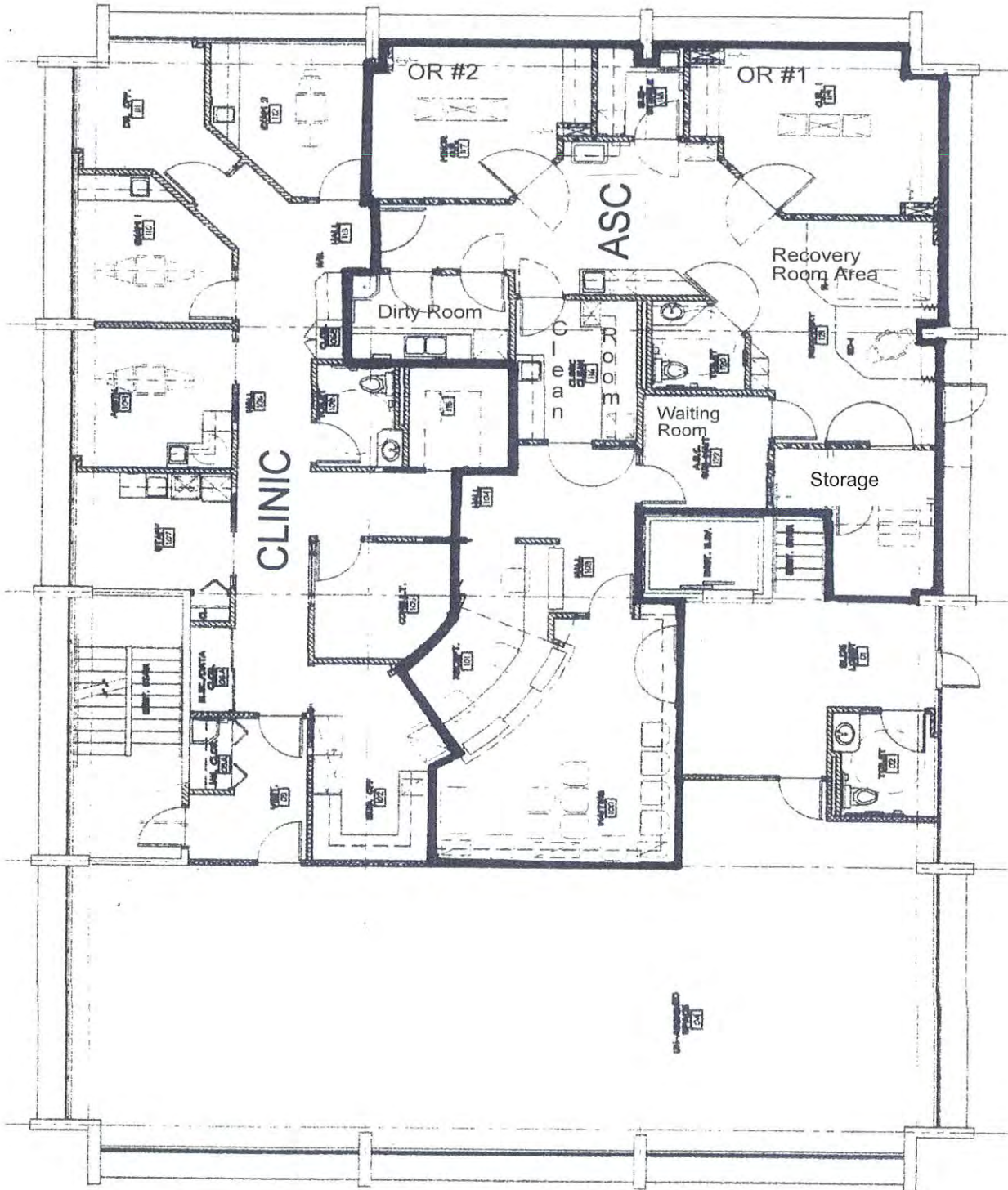
Sincerely,



Amir Partovi, MD

EXHIBIT G

ASC Plan



BEL-RED SURGERY CENTER

EXHIBIT H

OFFICE LEASE AGREEMENT

In consideration of the mutual promises, terms and conditions hereof, this, office lease agreement (the "LEASE") is entered into as of September 20, 2005 by and between:

LANDLORD:

and TENANT:

**Bel-Red Center, LLC
1260 116th Avenue N.E.
Bellevue, WA 98004**

**Bel-Red Center of Aesthetic Surgery, PS
1260 116th Avenue N.E., #110
Bellevue, WA 98004**

1. PREMISES

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, upon the terms and conditions set forth in this Lease, 3,234 **rentable square feet** (2,940 usable square feet) of office space located on the first floor of the building owned by Landlord located at **1260-116th Avenue N.E., Bellevue, King County, Washington** (the "Building"), which space as shown outlined on the floor plan(s) attached as Exhibit A. Such office space for use as an office for general medical or dentistry and for no other use or purpose, together with the improvements, if any, to be constructed for Tenant pursuant to the Tenant Improvement Agreement, attached as Exhibit B, are herein referred to as the "Premises".

The area of the Premises, and therefore Tenant's Pro Rata Share of the Building for purposes of certain calculations set forth in this Lease, is 31.0% of the total Usable Area of 9,482 square feet.

2. TERM

2.1 Initial Term. The term of this Lease shall commence the earlier of (i) 150 days following the delivery of this Lease (the "Lease Commencement Date") or, (ii) the date Tenant commences business in the Premises, (anticipated to be January 1, 2018) and continue thereafter for ten (10) years. Landlord shall deliver possession of the Premises to Tenant upon the execution date of this Lease. If for any reason beyond the Landlord's reasonable control, Landlord cannot deliver possession of the Premises to Tenant on or before March 31, 2018, Landlord shall not be liable to Tenant for any loss or damage resulting from such a delay, but Tenant shall have the right to terminate this Lease at any time until actual delivery by written notice to Landlord. In the event of late delivery by Landlord, however, the Rent Commencement Date (as hereafter defined) shall be extended for a period of such delay, except that if any part of the delay is caused by Tenant, rent shall not be abated for the period of delay caused by Tenant. The "Rent Commencement Date" shall be the "Lease Commencement Date".

2.2 Option to Extend. If not in default at the time, Tenant shall have the right, exercisable by notice to Landlord given not less than six months prior to the end of the initial term hereof, to extend such term for two (2) extension option period of five (5) years (the "Extension Term"). This extension option shall permit the Tenant to extend the Term of the Lease on the same terms and conditions as those previously in effect; except

that no free rental periods or Tenant Improvement allowances shall be in effect. Basic Rent during the Extension Term shall be one-hundred percent (100%) of Fair Market Rental Value, which shall be the rental rate that comparable Premises for the same term of the Extension Term would command on the open market at the time of commencement of the Extension Term determined in the manner set forth in this Section. For purposes hereof, the term “comparable Premises” shall mean premises similar in size and location (within a one-mile radius of Overlake Hospital) to the Premises with similar improvements and amenities.

a) If Landlord and Tenant cannot agree upon the Fair Market Rental Value of the Premises within thirty (30) days after Landlord’s receipt of Tenant’s notice exercising an Extension Term option, then Landlord and Tenant shall agree within ten (10) days thereafter on one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers or equivalent) who will determine the Fair Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, then one M.A.I. qualified appraiser shall be appointed by Tenant and one M.A.I. qualified appraiser shall be appointed by Landlord within ten (10) days of notice by one party to the other of such disagreement. The two appraisers shall determine the Fair Market Rental Value of the Premises within twenty (20) days of their appointment; provided, however, if either party fails to appoint an appraiser within such ten (10) day period, then the determination of the appraiser first appointed shall be final, conclusive and binding upon both parties. The appraisers appointed shall proceed to determine Fair Market Rental Value within twenty (20) days following such appointment. The conclusion shall be final, conclusive and binding upon both Landlord and Tenant. If said appraisers should fail to agree, but the difference in their conclusions as to Fair Market Rental Value is ten percent (10%) or less of the lower of the two appraisals, the Fair Market Rental Value shall be deemed the average of the two.

b) If the two appraisers should fail to agree on the Fair Market Rental Value, and the difference between the two appraisals exceeds ten percent (10%), then the two appraisers thus appointed shall appoint a third M.A.I. qualified appraiser, and in case of their failure to agree on a third appraiser within ten (10) days after their individual determination of the Fair Market Rental Value, either party may apply to the Presiding Judge of the Superior Court for King County, Washington, requesting said Judge to appoint the third M.A.I. qualified appraiser. The third appraiser so appointed shall promptly determine the Fair Market Rental Value of the Premises and the average of the appraisals of the two closest appraisers shall be final, conclusive and binding upon both parties. The fees and expenses of said third appraiser or the one appraiser Landlord and Tenant agree upon, shall be borne equally by Landlord and Tenant. Landlord and Tenant shall pay the fees and expenses of their respective appraiser if the parties fail to agree on a single appraiser. All M.A.I. appraisers appointed or selected pursuant to this subsection shall have at least ten (10) years experience appraising commercial properties in the downtown Bellevue central business district.

2.3 Holdover. If Tenant remains in possession of the Premises or any part thereof after the expiration of the term (as the same may be extended as set forth above) without the express written consent of Landlord,

such occupancy shall be a tenancy from month-to-month upon all the terms hereof applicable to a month-to-month tenancy, at a rental of 140% of the last monthly rental, plus all other charges payable hereunder.

3. **DEPOSIT**

Landlord hereby acknowledges receipt from Tenant of a deposit of \$10,000 as security for Tenant's faithful performance. If Tenant complies with all its obligations under this Lease, such deposit shall be repaid, without interest, within thirty days after Tenant's vacation of the Premises. Otherwise, Landlord may apply all or part of the deposit, as may be required to reimburse Landlord for any default of Tenant hereunder.

4. **RENT**

4.1 **Basic Rent.** On or before the first day of each calendar month of the term hereof, in advance and without demand offset (except as expressly set forth herein), Tenant shall pay Landlord at Landlord's address Basic Rent for the Premises in accordance with the following schedule:

For the first twelve (12) months of the term hereof, \$23.50 annually per rentable square foot ("RSF") of the Premises.

Commencing with the second year and continuing through end of the initial Term, the Basic Rent shall be increased from the previous year by a percentage equal to four percent (4%).

Basic Rent for the first month of the Lease Term shall be due upon execution of this Lease. If the term commences on other than the first day of a month, rent for the first month and last month of the term shall be prorated.

4.2 **Additional Rent -Definitions.** For the purposes of calculating additional rent pursuant to Section 4.3 hereof, the following terms are hereby defined:

a) Operating Expenses shall mean all reasonable costs paid or incurred by Landlord in maintaining, repairing and operating the Building, the Property, and any personal property used in conjunction therewith, whether for materials, supplies, services, labor and fringe benefits, taxes or other items, including (for illustration but not limitation) insurance, utilities, janitorial services, property management, energy conservation or life safety requirements lawfully imposed by a governmental entity, legal, accounting or other professional services, excise, sales, business and occupation or other tax levied upon rent or rental receipts, window cleaning and replacement, security and refuse collection, and Property Taxes.

b) Estimated Excess Operating Expenses (or Estimated) shall mean the amount, if any, by which Operating Expenses estimated by Landlord pursuant to Section 4.3 hereof for any calendar year exceed actual Operating Expenses for calendar year _____.

c) Actual Excess Operating Expenses (or Actual) shall mean the amount, if any, by which the Operating Expenses actually incurred for any calendar year exceed actual Operating Expenses for calendar year _____.

d) Property Taxes shall mean all ad valorem charges, special assessments and taxes imposed by or behalf of any federal, state or local governmental entity or improvement district upon the Building, the Property, and any other real or personal property used in conjunction therewith, together with any legal, expert witness or other expenses incurred in connection with any valuation or other proceedings or appeals.

4.3 Additional Rent - Calculation. Not less than thirty days prior to the commencement of any calendar year after _____ (base year) during which Landlord, using information reasonable available and prudent business judgment, estimates that Operating Expenses will exceed actual Operating Expenses for calendar year _____, Landlord shall so notify Tenant. Such notice shall set forth in reasonable detail the determination of such estimated Operating Expenses and a calculation showing the Estimated Excess Operating Expenses and a Tenant's Pro Rata Share thereof. On or before the first day of the twelve months beginning with January immediately following such notice, in advance and without demand or effort, Tenant shall pay Landlord as Additional Rent one-twelfth of Tenant's Pro Rata Share of the Estimated Excess Operating Expenses.

Not more than ninety days following the close of any calendar year during which Tenant has paid Additional Rent pursuant to this Section 4.3, Landlord shall determine the actual Operating Expenses for such year and shall so notify Tenant. Such notice shall set forth in reasonable detail the determination of such actual Operating Expenses and a calculation showing the difference between Estimated Excess Operating Expenses and Actual Excess Operating Expenses for such year. Should Actual exceed Estimated, within thirty days after such notice Tenant shall pay Landlord Tenant's Pro Rata Share thereof. Should Estimated exceed Actual, within thirty days after such notice Landlord shall refund Tenant's Pro Rata Share thereof. Landlord shall provide Tenant with reasonable documentation of Actual upon written request.

5. TENANT IMPROVEMENT, ALTERATIONS

5.1 **Tenant Improvements.** Pursuant to the provisions of Exhibit _____, Landlord shall cause certain improvements to be constructed for Tenant.

5.2 **Alterations and Additions.** Tenant shall not, without Landlord's prior written consent, make any alterations, improvements, additions, utility installations (including power panels) in, on or about the Premises. On termination, Landlord may require Tenant, to remove all or part of any such alterations, improvements, additions, utility installations (including power panels), the removal of which was specifically required by the Landlord at the time the written consent was given, and in such case to restore the premises to their original condition (as modified by the Tenant improvements), normal wear and tear excepted. Unless landlord requires their removal as provided above, all alterations, improvements, additions or fixtures, other than Tenant's trade fixtures now existing or hereafter placed on the Premises, shall become property of Landlord and be surrendered with the Premises.

5.3 **Window Coverings.** Adjustable blinds are an integral part of all exterior windows provided by Landlord. Subject to prior written consent of Landlord, Tenant may install draperies or other interior window coverings if such installation or the operation thereof does not interfere with the lighting, heating or air conditioning facilities or adversely affect the exterior or interior appearance of the Building or Premises.

6. UTILITIES, SERVICES, MAINTENANCE

6.1 **Normal.** Landlord shall maintain and keep in good repair the Building and the Property. So long as Tenant is not in default under any of the provisions of this lease, Landlord shall furnish during the ordinary business hours of the Building, heat, air conditioning, lighting and power for Tenant's ordinary business machines and medical equipment in use on or about the Lease Commencement Date. However, Landlord shall not be liable for any injury, damages or costs which may arise or accrue should the providing of any such maintenance services or utilities be interrupted or prevented by strike, riot, act of God, or any other cause beyond the reasonable control of Landlord. "Ordinary business hours" shall mean the time periods specified in the rules and regulations to be provided by Landlord pursuant to section 14.11 hereof.

6.2 **Special** Any heat, air conditioning, lighting and power furnished to Tenant during other than ordinary business hours will be paid for by Tenant at a standard rate to be established by Landlord. Any special electric outlets, installation or equipment requiring amperes, wattage or voltage other than required for Tenant's medical equipment in use on or about the Lease Commencement Date must be approved by Landlord and such installation will be at the cost of Tenant. The cost of electric energy consumed by any equipment other than the ordinary business machines (electric typewriters, word processing equipment, personal computers or computer access terminals, desk adding machines, dictating equipment and the like) and Tenant's medical equipment in use on or about the Lease Commencement Date shall be paid for by Tenant at a standard rate to be established by Landlord.

7. USE AND CARE OF PREMISES

7.1 Use. Without the prior written consent of Landlord, Tenant's use of the Premises shall not be changed from the initial use as of the Lease Commencement Date nor shall any use be made which would cause a floor load to exceed the design load criteria: 50 pounds per square foot live load; 20 pounds per square foot partition load. Landlord shall have the right to limit the weight, size and to designate the locations of all safes, filerooms, libraries and other heavy property within the building. If excess floor loading and/or concentrated point loading is required, all costs (including engineering) to prepare the floor surface and structure to withstand excess floor loads shall be borne by the Tenant. In no event shall excess floor loads be accomplished without express written permission by Landlord. Tenant shall exercise reasonable care to avoid damage or inordinate wear and tear to the Premises, the Building and the Property.

7.2 Legal and Other Compliance. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use of the Premises. Tenant shall not use or permit the use of the Premises in any manner that will increase the rate of Landlord's insurance coverage upon the Building or cause cancellation of any insurance policy thereon, or that will tend to create waste or a nuisance which would disturb other.

7.3 Condition of Premises Tenant accepts the Premises subject to all applicable laws, ordinances and regulations governing the use thereof in their condition on the date hereof except as otherwise provided in Exhibit _____ (TI Ex.). Neither Landlord nor Landlord's agent has made any representation or warranty as to the suitability of the Premises for the conduct of the Tenant's business.

8. INSURANCE, INDEMNITY

8.1 Liability Insurance. Tenant shall maintain in effect bodily injury and property damage liability insurance (with Landlord as an additional insured) in connection with the use and condition of the Premises in a single limit amount of not less than \$1,000,000.

8.2 Fire and Extended Coverage. Tenant shall maintain in effect such fire and extended coverage insurance on its furniture, fixtures and equipment together with insurance against vandalism and malicious mischief, as is deemed satisfactory in Tenant's sole judgment.

8.3 Insurance Policies. Insurance purchased by Tenant shall be with companies rated A-+ or better in "Best's Insurance Guide" and shall not be cancelable or subject to reduction of coverage or other modification except after 30 days' written notice to Landlord. Within 10 days after commencement of the term hereof, Tenant shall deliver to Landlord copies of insurance policies or an Acord certificate evidencing such insurance. At least 10 days prior to the expiration of such policies, Tenant shall furnish Landlord with renewals or an Acord certificate, or Landlord may order such insurance and charge the cost thereof to Tenant.

8.4 **Indemnity.** Tenant shall indemnify and hold harmless Landlord against any and all claims arising from Tenant's use of the Premises, or from the conduct of Tenant's business, or from any activity, work or things done, permitted or suffered by Tenant or any of Tenant's agents, contractors or employees, and against all costs attorney's fees, expenses and liabilities incurred in the defense of such claim. Landlord agrees to and shall be liable for any damages or injury caused by gross negligence on the part of Landlord, and provided further, that Landlord agrees to be liable for any damage or injury occurring on the property or building to the extent that said damage or injury is included in and recompensed by the coverage provided by any insurance policy maintained by Landlord.

8.5 **Waiver of Subrogation.** Unless prohibited by their respective insurers, Landlord and Tenant each hereby release and relieve the other of responsibility for, and waive their entire claim of, recovery for any loss or damage to the real or personal property of either located anywhere in the Premises or the Building and including the Building itself, arising out of or incident to the occurrence of any of the perils which may be covered by all risk property forms. This waiver of subrogation shall apply whether the loss or damage is due to the negligence of either Landlord or Tenant or their agents, officers, directors, partners employees, licensees or invitees, or any other cause. Each party shall obtain any special endorsements, if required by their insurer, to evidence compliance with such waiver.

9. DAMAGE OR DESTRUCTION, REPAIRS AND RESTORATION

9.1 **Destruction.** If the Premises are totally destroyed or suffer damage so extensive that, in Landlord's judgment made known to Tenant in writing within 30 days thereafter, the Premises cannot be restored within 180 days, this Lease shall terminate automatically as of the date of such occurrence, and Tenant shall remain liable for all sums owed at the date of such occurrence but neither party shall be liable to the other for any other sums under this Lease.

9.2 **Damage.** If the Premises suffer less extensive damage so that, in Landlord's sole judgment made known to Tenant in writing within 30 days thereafter, the Premises can be restored within 180 days, Landlord shall proceed to restore the Premises in compliance with applicable building codes and other governmental regulations to substantially their condition immediately preceding such damage. In the event, for the time which is reasonably necessary to complete the restoration, the rent shall abate in proportion, as determined by Landlord, to the amount, extent and nature of the damage.

9.3 **Insufficient Insurance.** In any event, without regard to the extent of damage or the time required to restore the Premises, if the proceeds of insurance maintained by Landlord will be insufficient to cover the full costs to restoration, Landlord may at its sole option elect to terminate this Lease as of the date of the occurrence of damage.

10. ACCESS

Landlord shall have the right to enter the Premises at reasonable times for the purpose of inspecting, showing to prospective tenants, purchasers or lenders, or making such repairs, to the Premises as Landlord may deem necessary or desirable. All locks used in connection with the Premises shall be keyed to the Building master lock system and all keys and locks obtained from or with the written permission of Landlord. Landlord may at any time place on or about the Premises ordinary "For Sale" signs and may during the last ninety days of the term hereof place on or about the Premises ordinary "For Lease" signs.

11. DEFAULTS, REMEDIES

11.1 **Defaults.** the occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

- a) Vacation or abandonment of the Premises prior to the expiration of the term hereof;
- b) Failure by Tenant to make any payment required as and when due; where such failure shall continue for a period of five (5) days after due date;
- c) Failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease, other than the making of any payment, where such failure shall continue for a period of 30 days after written notice from Landlord or such longer period as may reasonably be required to cure such default, provided that Tenant promptly commence and actively and diligently pursues such cure;
- d.) (i) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; (ii) the filing by or against Tenant of a petition in bankruptcy, including reorganization or arrangement, unless, in the case of a petition filled against Tenant, the same is dismissed within 30 days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease.

11.2 **Remedies.** In the event of any such material default or breach, Landlord may at any time after any required notice and further action required by law, and without waiving or limiting any other right or remedy:

- a) Immediately re-enter and remove all persons and property from Premises, storing such property in a public warehouse or elsewhere at Tenant's expense without liability to Landlord;
- b) Re-let the Premises or any part thereof for the account of Tenant upon such terms and conditions and for such period (whether longer than the balance of the term hereof or not) as Landlord may consider advisable, either with or without any equipment or fixtures that may be situated in or on the Premises. The rents received on re-letting shall be applied first to the expenses of recovery of possession and re-letting, including necessary renovation and alteration, reasonable attorney's fees and any real estate commission actually paid, and thereafter toward payment of all sums due or to become due to Landlord hereunder, and the balance, if any, shall be retained by Landlord. If sufficient sum is not realized on re-letting to pay such rent and other charges, Tenant shall pay to Landlord monthly any deficiency and Landlord may sue therefor as each monthly deficiency shall arise. Such monthly deficiencies shall be paid promptly, notwithstanding the fact that Landlord may receive or have received rental in excess of the monthly rental herein stipulated in future or previous months. No re-entry shall terminate this Lease unless written notice on intention to terminate is given by Landlord;

c) Terminate this Lease, in which event Tenant agrees to immediately surrender possession of the Premises and to pay Landlord all damages Landlord may incur by reason of Tenant's default, including the cost of recovering possession of the Premises and including the value of the excess, if any, of the amount of rent and charges reserved in this Lease for the remainder of the term over the then reasonable rental value of the Premises for the remainder of the term.

11.3 Notice by Tenant of Default. Tenant shall notify Landlord promptly of any default not by its nature necessarily known to Landlord.

11.4 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform its obligations within thirty days after notice by Tenant specifying wherein Landlord has failed to perform; provided that if the nature of Landlord's obligation is such that more than thirty days are required for performance, Landlord shall not be in default if Landlord commences performance within thirty days of Tenant's notice and thereafter completes Landlord's performance within a reasonable time; except that Landlord agrees to promptly commence within three business days and to thereafter pursue with reasonable diligence any repairs modifications or maintenance activities with respect to utilities, services and maintenance as specified in section 6.1 hereof.

12. ASSIGNMENT AND SUCCESSORS

12.1 Landlord's Consent Required. Tenant shall not voluntarily or by operation of law assign, sublet or otherwise transfer or encumber any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent. Upon request by Tenant to assign or sublet, Landlord may at its sole option elect to regain possession of the Premises. Any attempted assignment, transfer, encumbrance or subletting without consent shall be void, provided, however, that should Tenant sell substantially all of its assets or all of its stock to another entity, the Landlord will not unreasonably withhold its consent for the subsequent owner of the business to be an assignee of the Tenant under this Lease, provided that the new owner meets all of the following requirements:

a) the proposed assignee's or subtenant's financial condition, as evidenced by a current audited or certified financial statement, including, without limitation statements of profits and losses, shall comply with Landlord's standard tenant financial requirements for leasing of space in the project as of the date of such assignment or sublease; and

b) the proposed use of the Premises shall comply with the provisions of this lease.

12.2 No Release of Tenant. Regardless of Landlord's consent, no subletting or assignment shall release Tenant from Tenant's obligation to pay the rent and to perform all of Tenant's other obligations. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12.3 Sale by Landlord. In the event of a sale of the Building or assignment of the Lease by Landlord, Landlord shall be fully relieved of any obligation or liability arising or incurred hereunder from and after the date of such sale or assignment, provided that Landlord's duties hereunder are assumed by Landlord's successor in interest.

12.4 Lease Binds Successors. Subject to the foregoing provisions, this lease shall bind the parties, their personal representatives, successors and assigns.

13. CONDEMNATION

If all or part of the Premises are taken under power of eminent domain, or sold under the threat of the exercise of such power, this Lease shall terminate as to the part so taken as of the date the condemning authority takes possession. If more than 25% of the floor area of the Premises is taken by condemnation, Tenant may by a written notice within 10 days after notice of such taking from Landlord (or absent such notice, within 10 days after the condemning authority takes possession) terminate this Lease as of the date the condemning authority takes possession. If Tenant does not so terminate, this Lease shall remain in effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the floor area taken bears to the original total floor area; provided that if circumstances make abatement based on floor area unreasonable, the rent shall abate by a reasonable amount to be determined by Landlord. Any award for the taking of all or part of the Premises under the power of eminent domain, including payment made under threat of the exercise of such power, shall be the property of Landlord, whether made as compensation for diminution in value of the leasehold or for the taking of the fee or as severance damages; provided, that Tenant shall be entitled to any award for loss of or damage to Tenant's improvements, trade fixtures and removable personal property.

14. General Provisions

14.1 Estoppel Certificate and Financial Statements. Upon 10 days' written notice from Landlord, Tenant shall execute, acknowledge and deliver to Landlord financial statements of Tenant (if required by a lender or purchaser in connection with refinancing or sale of Building), and a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, is so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Tenant's failure to deliver such statements shall be conclusive upon Tenant (i) that this Lease is in full force and effect without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's performance, and that there are no uncured defaults in Landlord's performance, and (iii) that not more than one month's rent has been paid in advance.

14.2 Landlord's Liability. The term "Landlord" means only the owner or owners at the time in question of the fee title, or a lessee's interest in a ground lease, of the Premises; Landlord and its successors

shall be liable only for obligations arising during their respective periods of fee ownership or tenancy under a ground lease.

14.3 Interest on Past Due Obligations. Except as expressly provided, any amount not paid by Tenant when due shall bear interest at 18% per year from the date due; provided that, if 18% exceeds the applicable legal maximum, the legal maximum shall apply.

14.4 Time of Essence. Time is of the essence.

14.5 Documentation and Interpretation. All agreements of the parties made prior to or concurrent with the execution of this Lease are contained in the Lease and may be modified only by a writing signed by the parties in interest at the time of the modification. If any provision of this Lease in any circumstance is held to be invalid or unenforceable to any extent, the remaining provisions or application to other circumstances shall not be affected and shall continue in full force and effect.

14.6 Waivers. Waiver by Landlord of any provision shall not waive any other provision or any subsequent breach of the same or any other provision. Landlord's consent to or approval of any act shall not render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act.

14.7 Recording. Tenant shall not record this Lease without Landlord's prior written consent. Either party shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording.

14.8 Subordination. This Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust or other security arrangement now or later placed upon the Property or other security arrangement now or later placed upon the Property or the Building, to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default. Tenant and Landlord shall execute any documents required to effectuate such subordination and non disturbance agreements. Tenant hereby irrevocably appoints Landlord as Tenant's attorney in fact to do so.

14.9 Litigation Expenses. If either party brings an action to enforce the terms hereof or declare rights hereunder, the losing party shall pay the prevailing party's (as well as its own) reasonable litigation expenses, including attorney fees and expenses, court costs and investigation expense.

14.10 Incorporation by Reference. All exhibits and other attachment referred to in this Lease are incorporated herein by such reference.

14.11 **Rules and Regulations.** Landlord may at any time and from time to time promulgate reasonable, non-discriminatory Rules and Regulations applicable to the Premises, the building and the Property which, in Landlord's judgment, are necessary or desirable to promote the safe, legal, orderly and efficient use thereof. Tenant hereby agrees to observe and be bound by such Rules and Regulations. Initial Rules and Regulations are attached hereto as Exhibit C.

14.12 **Addresses, Notices.** the initial addresses of the parties are as set forth in the outset of the Lease. Each party shall notify the other promptly of any change in address. Any notice required or permitted shall be in writing and shall be effective immediately upon being served personally or one business day following deposit in the US. Mail as registered mail, return receipt required, addressed to the most recent address of the party being notified.

Executed as of the date first above written.

Landlord:

Bel-Red Center, LLC

By: _____

Name: _____

Its: _____

Tenant:

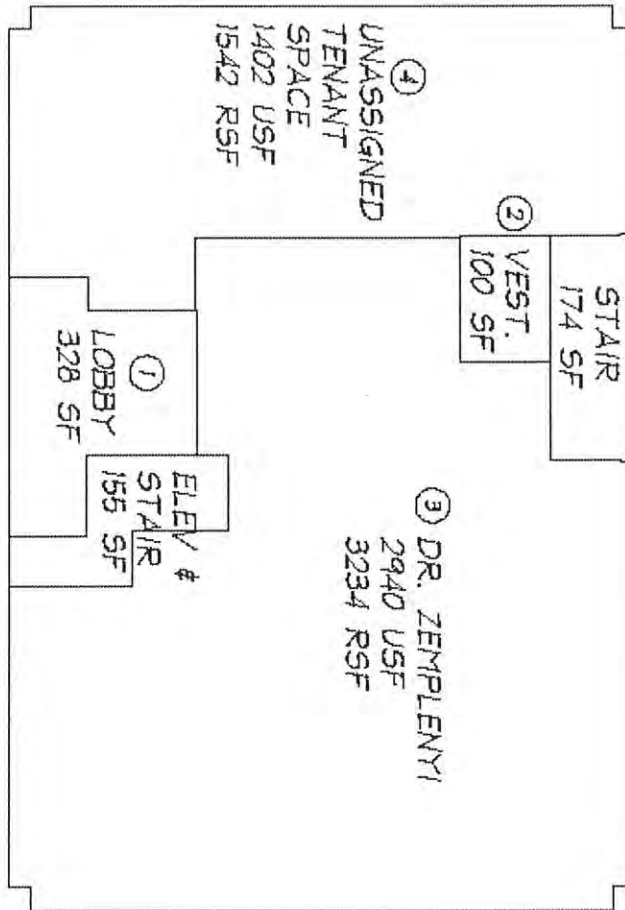
Bel-Red Center for Aesthetic Surgery, P.S.

By: _____

Name: _____

Its: _____

EXHIBIT A
DIAGRAM OF PREMISES



AREA BREAKDOWN
FIRST FLOOR

RENTABLE SF
AREAS 1, 2, 3, # 4 = 4770 RSF

USABLE SF
AREAS 3 & 4 = 4342 USF

R/U FACTOR RSF ÷ USF = 1.10

EXHIBIT B
WORK LETTER AGREEMENT

A. Concurrently with the execution of this Work Letter Agreement, Landlord and Tenant have entered into a lease (the "Lease") covering certain premises (the "Premises") more particularly described in the Lease.

B. In order to induce Tenant to enter into the Lease (which is hereby incorporated by reference to the extent that the provisions of this Work Letter Agreement may apply thereto) and in consideration of the mutual covenants herein after contained, Landlord and Tenant hereby agree:

AGREEMENT

1. Landlord's Work: Landlord shall demise the Premises and deliver same to Tenant in their "as-is" condition; provided that, upon the delivery the Premises shall be in a condition that meets all current building codes and regulations applicable for the use of the Premises.

2. Remodel. Landlord shall also, on or before the first (1st) anniversary of the date of mutual execution of this Lease, perform at its sole expense an exterior cosmetic remodel/rehabilitation of the Building.

3. Tenant Plans. Tenant shall provide to Landlord its plans for Tenant's intended leasehold improvements (the "Tenant Improvements") in form suitable for permit application (collectively, the "Working Drawings"). Working Drawings, and all material changes thereto, shall be subject to Landlord's written approval, which shall not be unreasonably conditioned or withheld and shall be deemed given if not denied in writing within five (5) business days after Tenant submits them. If Landlord denies its approval, it shall specify the reasons for doing so in detail. Landlord's review and consideration of the Working Drawings, and any changes thereto, shall be limited to matters affecting the structure of the Building and mechanical, electrical and other Building systems.

4. Contractors. All contractors and subcontractors participating in construction of the Improvements shall be reputable and shall meet all licensing and insurance requirements of the state of Washington.

5. Construction Work and Costs. Tenant shall complete the Tenant Improvements at Tenant's sole risk, cost and expense (subject, however to Landlord's payment obligations set forth below). Construction shall be performed in a good and workmanlike manner and in compliance with all applicable rules, laws, codes and regulations. Landlord shall provide at its cost reasonably adequate power and water to Tenant's contractors at all times during construction of the Tenant Improvements.

6. Liens. Tenant shall keep the Premises and Property free and clear of liens of any kind. If any such liens are filed, Tenant shall have thirty (30) days from the receipt of notice from Landlord informing Tenant of such filing to either remove such liens or to bond around the lien claim. Tenant agrees to hold harmless and indemnify Landlord in the event of any breach of Tenant's obligations.

7. Restoration. Upon the expiration or termination of this Lease, Tenant shall not be

required to remove any of the Tenant Improvements, provided that all of its personal property and trade fixtures shall be removed and any damage caused to the Premises by such removal repaired.

8. Allowance. Landlord shall contribute a tenant improvement allowance of Fifty Dollars (\$40.00) per useable square foot in the Premises (the "Tenant Improvement Allowance") towards the hard and soft costs and expenses in designing, permitting, and constructing the Tenant Improvements. Landlord shall pay to Tenant or, at Tenant's election, directly Tenant's contractors, within fifteen (15) days after Tenant has submitted to Landlord invoices in reasonable detail showing the work performed and/or materials provided and which are marked "approved for payment" by Tenant or its construction manager. If Landlord does not pay Tenant or its contractors as set forth hereinabove, Tenant may withhold payment of monthly Rent under the Lease with interest at the Default Rate until the Tenant Improvement Allowance has been fully paid out notwithstanding anything to the contrary in the Lease.

EXHIBIT C

BUILDING RULES AND REGULATIONS

Landlord reserves the right to promulgate reasonable Building Rules and Regulations pursuant to paragraph 14.11 of the Lease

The total usable square footage of the ASC is approximately 2,470 sq ft.

EXHIBIT I

Title Insurance



20050504000710

CHICAGO TITLE WD 23.00
PAGE 001 OF 005
05/04/2005 11:27
KING COUNTY, WA

WHEN RECORDED RETURN TO
DR. JAN ZEMPLENYI
BEL-RED CENTER, LLC
1370 116TH AVENUE N.E., SUITE 209
BELLEVUE, WA 98004

E2120557

05/04/2005 11:11
KING COUNTY, WA
TAX \$40,940.00
SALE \$2,300,000.0

PAGE 001 OF 001



CHICAGO TITLE INSURANCE COMPANY CTI-

STATUTORY WARRANTY DEED 1154767 -6

Dated: May 4, 2005

THE GRANTOR
WRIGHT-EVANS ASSOCIATES, L.L.C., A WASHINGTON LIMITED LIABILITY COMPANY (S)

for and in consideration of
TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION

in hand paid, conveys and warrants to
BEL-RED CENTER, LLC, A WASHINGTON LIMITED LIABILITY COMPANY

the following described real estate situated in the County of KING State of Washington.

Tax Account Number(s):
282505-9212-09

THE ABBREVIATED LEGAL DESCRIPTION IS AS FOLLOWS:

LOT 3, CITY OF BELLEVUE SHORT PLAT RECORDED UNDER RECORDING NUMBER
7906270847.

THE COMPLETE LEGAL DESCRIPTION IS LOCATED ON PAGE 3 AS EXHIBIT "A".

SUBJECT TO: EXCEPTIONS SET FORTH ON ATTACHED EXHIBIT "B" AND BY THIS
REFERENCE MADE A PART HEREOF AS IF FULLY INCORPORATED HEREIN.

WRIGHT-EVANS ASSOCIATES, L.L.C.

JOHN P. EVANS, MEMBER

DOUGLAS WRIGHT, MEMBER

EXHIBIT J
Office of Financial Management Population Projection
King County

King County Population Projection: Medium Series

Age	2015			2020			2025		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	2,029,053	1,018,767	1,010,286	2,114,415	1,063,660	1,050,755	2,192,868	1,104,024	1,088,844
0-4	126,382	64,689	61,693	131,056	67,110	63,946	132,457	67,854	64,603
5-9	118,475	60,639	57,836	125,987	64,508	61,479	130,554	66,880	63,674
10-14	110,259	56,426	53,833	114,651	58,697	55,954	121,874	62,430	59,444
15-19	108,038	54,312	53,726	115,521	57,952	57,569	120,348	60,404	59,944
20-24	146,976	73,306	73,670	136,193	68,005	68,188	145,577	72,570	73,007
25-29	174,135	88,086	86,049	166,342	84,289	82,053	153,836	78,073	75,763
30-34	164,451	85,234	79,217	175,293	89,211	86,082	167,133	85,172	81,961
35-39	131,510	67,967	63,543	160,298	83,508	76,790	170,908	87,354	83,554
40-44	136,913	71,084	65,829	127,380	65,893	61,487	155,406	81,060	74,346
45-49	140,774	73,289	67,485	132,636	68,852	63,784	123,246	63,749	59,497
50-54	141,254	71,923	69,331	136,280	71,005	65,275	128,344	66,675	61,669
55-59	138,156	69,919	68,237	135,917	69,126	66,791	130,596	67,667	62,929
60-64	121,784	60,322	61,462	130,482	66,187	64,295	129,239	66,294	62,945
65-69	99,228	48,631	50,597	111,495	54,805	56,690	119,621	60,289	59,332
70-74	63,522	30,554	32,968	88,346	42,192	46,154	99,431	47,698	51,733
75-79	40,242	18,373	21,869	54,774	25,334	29,440	76,559	35,228	41,331
80-84	27,723	11,426	16,297	32,008	13,755	18,253	43,962	19,225	24,737
85+	39,231	12,587	26,644	39,756	13,231	26,525	43,777	15,402	28,375

Age	Total	2030		Summary Data				
		Male	Female	Period	Change	Births	Deaths	Migration
Total	2,262,977	1,139,750	1,123,227	2010-15	94,929	123,898	68,901	39,932
0-4	132,906	68,120	64,786	2015-20	85,362	128,624	73,238	29,976
5-9	131,773	67,546	64,227	2020-25	78,453	129,956	79,861	28,358
10-14	126,091	64,632	61,459	2025-30	70,109	130,425	89,173	28,857
15-19	127,985	64,253	63,732					
20-24	151,980	75,799	76,181					
25-29	164,552	83,366	81,186					
30-34	154,497	78,882	75,615					
35-39	162,522	83,166	79,356					
40-44	165,599	84,711	80,888					
45-49	150,253	78,386	71,867					
50-54	118,987	61,607	57,380					
55-59	122,035	62,711	59,324					
60-64	124,985	65,742	59,243					
65-69	118,430	60,441	57,989					
70-74	106,699	52,620	54,079					
75-79	86,431	40,094	46,337					
80-84	62,022	27,124	34,898					
85+	55,230	20,550	34,680					

EXHIBIT K
Five-Year Utilization Forecast

		Number of Procedures					
Procedures Currently Performed	CPT	2018	2019	2020	2021	2022	2023
Abdominoplasty	15847	56	59	61	62	62	63
Blepharoplasty	15821,3	39	41	43	43	44	45
Brachioplasty	15836	9	10	11	12	12	13
Fat grafting	20926	28	30	31	33	35	35
Labioplasty	56620	3	4	4	4	4	5
Liposuction	15877	66	70	72	75	78	79
Mammaplasty, augmentation	19325	64	69	71	73	76	78
Mastopexy	19316	11	12	14	15	15	15
Mentoplasty	21120	5	5	6	6	7	7
Nasal surgery, functional	30520,30465	20	25	26	27	28	29
Reduction mammoplasty	19318	32	33	34	35	36	37
Rhinoplasty	30410	33	35	37	39	40	41
Rhytidectomy	15829	18	22	24	25	27	28
Sinusectomy	31255	13	14	14	15	15	16
Unspecified procedures		5	5	6	6	6	7
TOTAL		402	434	454	470	485	498
Projected Utilization of New Services							
Aspire bariatric	No CPT	0	2	5	6	8	9
Capsulotomy, metatarsphalangeal	28270	0	2	4	5	6	7
Correction, hallux valgus	28290	0	2	4	5	6	6
Endoscopy, small intestine	44360, 61	0	2	5	6	6	7
Injections	20552	0	3	4	6	7	9
Intra-gastric balloons	No CPT	0	2	2	4	5	6
Laparoscopy, surgical, gastric	43770	0	2	2	3	4	6
Laparoscopy, longitudinal	43775	0	1	2	3	4	5
Tendon sheath incision	26055	0	2	5	6	7	8
Urethropexy, vesicle neck suspension	51840,5	0	3	4	5	5	7
Unlisted procedure	43999	0	1	1	2	2	3
		0	22	38	51	60	73
TOTAL		402	456	492	521	545	571

EXHIBIT L

Non-Discrimination Policy

Policy:

Bel-Red Ambulatory Surgical Facility complies with the provisions of the Federal Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 (Non-discrimination against the handicapped), and state regulations and requirements. The facility employs and provides without distinction services to all persons regardless of race, creed, color, ethnic origin, nationality, sex, handicap, age, or affiliation with fraternal or religious organizations. The facility also provides wheel access for the handicapped. This policy applies to all patients, employment opportunities, professional staff applicants, visitors and Governing Board memberships.

With respect to patient care, the physicians and staff agree to:

1. To treat every patient with respect, consideration, and dignity.
2. To ensure patient privacy and confidentiality,
3. To provide access to information so that patients are able to make informed decisions and participate in their care.

Implementation:

The Medical Director and the Governing Body are responsible for enforcement and compliance with the above stated policy.

Procedure:

- All new personnel are instructed to review this policy as part of general employee orientation.
- A copy of this policy will be available for review by anyone upon request.

EXHIBIT M

Charity Care

Bel-Red Ambulatory Surgical Facility shall provide charity care for selected qualified individuals and will budget amounts for such charity care consistent with other health care facilities in Eastside King County region.

Financial assistance is available to all BRASF patients based solely on financial resources and not on the basis of age, sex, race, color, religion or national origin. BRASF ensures that individuals seeking financial assistance are treated with dignity, sensitivity, and strict confidentiality.

Financial assistance is secondary to all other financial resources available to the patient such as health insurance, worker's compensation, Medicare, or third party liability situations.

In those cases where appropriate payment sources for necessary care are not available, patients shall be considered for charity care under this policy based on the following criteria as calculated for the 12 months prior to the date of charity application:

- a. Full charity care will be provided to patients with gross family income below 200% of the Federal Poverty Guidelines as adjusted for family size.
- b. Full or partial charity care may be provided to patients with gross family income above 200% of the Federal Poverty Guidelines as adjusted for family size when circumstances determined by BRASF indicate that full payment will cause social and financial hardship so as to significantly harm the patient or family unit.

All charity care provided will be within the usual scope of practice of BRASF physicians and will be subject to all other guidelines of BRASF.

Process for Eligibility Determination:

- Patients for consideration may be proposed by the patient or family, by the patient's physician, by BRASF personnel aware of the patient's financial need, or by recognized social agencies.
- Forms and instruction will be furnished to patients when charity care is requested, when need is indicated, or when financial screening indicates potential needs.
- All applications shall be accompanied by documentation to verify family income. The application must be accompanied by one or more of the following types of documentation for verification of income: W2 statements, payroll check stubs, IRS tax returns, applications and denial of eligibility for DSHS Medicaid, and written statements from employers or welfare agencies.
- Each application will be reviewed and a determination will be made on a case by case basis. The total household income will be compared to the U.S. HHS Federal Poverty Guidelines to determine ability to pay (see website: <http://aspe.hhs.gov/poverty/11poverty.shtml>). The application will be reviewed and a determination rendered within fifteen (15) working days of receipt of all of the required financial information.

Financial Assistance Discount will be based on the Poverty Guidelines published annually by the Department of Human Health and Services.

Below Poverty to 200% of Poverty Level	Free Care Discount
201% to 300% of Poverty Level	50% Discount
301% to 400% of Poverty Level	25% Discount

- The applicant will be informed in writing of the approval or denial of their financial assistance application. BRASF will keep the application and copies of all related financial information. BRASF may request that the applicant update credit information if the applicant's financial condition changes. Falsification of data will result in the reversal of any financial assistance and payment will be required in full within 30 days. If the applicant is approved for partial financial assistance and does not pay according to pre-determined payment schedule, the delinquent account will be turned over to a collection agency when no payment is received following two billing statements for the agreed monthly payment.

HHS 2018 Federal Poverty Guidelines

Number of People in Household	48 States & DC	Alaska	Hawaii
One	\$12,140	\$15,180	\$13,960
Two	\$16,460	\$20,580	\$18,930
Three	\$20,780	\$25,980	\$23,900
Four	\$25,100	\$31,380	\$28,870
Five	\$29,420	\$36,780	\$33,840
Six	\$33,740	\$42,180	\$38,810
Seven	\$38,060	\$47,580	\$43,780
Eight	\$42,380	\$52,980	\$48,750
For each additional person, add	\$ 4,320	\$ 5,400	\$ 4,970

Source: *Federal Register*, Vol. 83, No. 12, January 18, 2018, pp.2642-2644

Instructions for Patients applying for Financial Assistance

- Complete and sign the attached financial assistance application.
- Total household income is considered for financial assistance.
- Report of pension(s) income, social security or SSI income, child support, unemployment benefits or other forms of income that you might be receiving.
- If you are presently unemployed with no income, please send a letter of explanation as to how you are meeting your day-to-day expenses.
- Do you currently have any type of medical insurance, are you receiving public assistance, or have you been denied either of these? Have you pursued all other payment sources, including Public Aid?
- A household consists of all persons who occupy a housing unit (house or apartment), whether they are related to each other or not. If a family and unrelated individual, or two unrelated individuals are living in the same housing unit, they would constitute one household.
- If you have any questions or need any assistance with the Financial Application, please call the billing department at (425) 455-7225.

Financial Assistance Application

Patient Name Last First Middle Maiden

Address Street City State Zip () Phone

Social Security # Annual Income Source(s) Annual Income (Gross) /Year Date

Dependents Name	Total # in Family: _____		Total # in Household: _____		
	Age	Income	Name	Age	Income
1) _____			4) _____		
2) _____			5) _____		
3) _____			6) _____		

Other Income: Please list annual income Social Security _____/Year

Rental Property _____/Year Interest/Investment _____/Year

Child Support _____/Year Other _____/Year

Total Family Gross Income _____/Year

Additional Notes/Comments Pertaining to Financial Status:

I certify that everything I have stated in this application and on any attachments is correct. The falsification of data may result in the reversal of any financial assistance and full payment will be required within 30 days.

Applicant's Signature

Date

Bel-Red Ambulatory Surgical Facility
Review of Financial Assistance Application

Thank you for your Financial Assistance application for services at the Bel-Red Center for Aesthetic Surgery and Bel-Red Ambulatory Surgical Facility. Your application has been reviewed with the following results:

- Your application has been approved for a full write-off of \$ _____.
- Your application has been approved for a one time partial write-off of \$ _____. Your new balance is \$ _____.
Please call the billing department (425) 455-7225 to make arrangements for payment of any balance due.
- Your application met the eligibility criteria and has been approved for a payment arrangement. *Please call the billing department (425) 455-7225 to make arrangements for payment of your balance due.*
- Your application did not meet the eligibility criteria and has been denied because of the following:

- Due to the financial aid denial, you are required to pay your balance due of \$ _____ immediately. *Please contact the billing department (425) 455-7225 to inform us of the date that full payment will be made.*
- There is a pending liability claim, workman's compensation claim, or insurance claim. Assistance cannot be applied until payments from all outside sources have been exhausted.

Please note, if you have any change in your financial situation, please contact the billing department at the Bel-Red Center for Aesthetic Surgery at (425) 455-7225.

Additional Notes/Comments Pertaining to Decision:

EXHIBIT N

Charity Care In Washington Hospitals – King County

Appendix 1 Charity Care by Hospital by Region by Adjusted Patient Service Revenue

Total Patient Service Revenue, Adjusted Patient Service Revenue, and Amount of Charity Care as a Percent for Washington Hospital Fiscal Years Ending During Calendar Year 2016

Revenue Categories - Patient Service Revenue - (Billed Charges)							
Region/Hospital	Total Patient Service Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Patient Service Revenue	Charity Care	Charity Care as a % of Total Patient Service Revenue	Charity Care as a % of Adjusted Patient Service Revenue
KING COUNTY (N=22)							
Cascade Behavioral Health	61,420,825	32,173,325	18,107,450	11,140,050	63,662	0.10%	0.57%
CHU/Highline Community Hospital	798,326,360	344,975,088	208,924,227	244,427,045	5,671,186	0.71%	2.32%
CHU/Regional Hospital	43,260,243	28,283,106	3,015,215	11,961,922	572,927	1.32%	4.79%
CHU/Saint Elizabeth Hospital	167,076,159	51,734,651	31,144,706	84,196,802	933,623	0.56%	1.11%
CHU/Saint Francis Community Hospital	1,033,489,775	394,445,456	240,328,951	398,715,368	7,735,739	0.75%	1.94%
EvergreenHealth/Kirkland	1,679,133,006	666,019,454	159,183,966	853,929,586	5,297,622	0.32%	0.62%
Kindred Hospital Seattle	133,697,043	58,383,534	5,690,325	69,623,184	-	0.00%	0.00%
MultiCare/Auburn Regional Medical Center*	737,095,750	310,109,245	191,216,827	235,769,678	11,525,196	1.56%	4.89%
Navos	19,032,466	4,020,410	11,966,287	3,045,769	510,435	2.68%	16.76%
Overlake Hospital Medical Center	1,386,652,700	602,235,299	93,955,422	690,461,979	11,444,129	0.83%	1.66%
Providence/Swedish - Cherry Hill	1,865,265,137	940,361,492	237,012,759	687,890,886	16,837,565	0.90%	2.45%
Providence/Swedish - First Hill	4,008,121,018	1,432,010,588	646,534,485	1,929,575,945	32,993,281	0.82%	1.71%
Providence/Swedish - Issaquah	636,917,207	215,975,377	65,415,507	355,526,323	5,291,909	0.83%	1.49%
Seattle Cancer Care Alliance	869,814,662	289,996,212	85,004,360	494,814,090	6,888,227	0.79%	1.39%
Seattle Children's Hospital	2,172,801,730	32,441,581	1,008,623,685	1,131,736,464	27,203,739	1.25%	2.40%
Snoqualmie Valley Hospital	44,025,060	24,184,769	4,787,158	15,053,133	1,550,969	3.52%	10.30%
UHS/BHC Fairfax Hospital	Hospital Late in Reporting to Department of Health						
UW Medicine/Harborview Medical Center	2,226,302,661	635,600,992	747,249,570	843,452,099	67,254,350	3.02%	7.97%
UW Medicine/Northwest Hospital	1,075,874,468	466,195,007	141,760,528	467,918,933	8,882,127	0.83%	1.90%
UW Medicine/University of Washington	2,445,382,841	818,866,064	456,721,543	1,169,795,234	23,330,084	0.95%	1.99%
UW Medicine/Valley Medical Center	1,686,484,731	571,907,496	397,877,920	716,699,315	7,423,198	0.44%	1.04%
Virginia Mason Medical Center	2,041,725,972	895,574,867	144,005,857	1,002,145,248	15,250,158	0.75%	1.52%
KING COUNTY TOTALS	25,131,899,814	8,815,494,013	4,898,526,748	11,417,879,053	256,660,126	1.02%	2.25%

EXHIBIT O

Pro Forma Balance Sheet

Bel-Red Ambulatory Surgical Facility					
Projected Balance Sheet					
31-Dec					
Year	2022	2021	2020	2019	2018
Assets					
Cash	\$ 1,067,486.02	\$ 875,974.97	\$ 695,203.48	\$ 525,011.00	\$ 579,526.00
Accounts Receivable, Net	17,500.00	18,500.00	19,500.00	16,500.00	18,500.00
Prepaid Assets & Short Term Deposits	-	-	-	-	-
Total Current Assets	1,084,986.02	894,474.97	714,703.48	541,511.00	598,026.00
Property & Equipment	784,315.00	754,315.00	724,315.00	699,315.00	674,315.00
Accumulated Depreciation	(688,902.23)	(568,617.23)	(469,245.23)	(371,389.23)	(277,135.57)
Net Property & Equipment	95,412.77	185,697.77	255,069.77	327,925.77	397,179.43
Total Assets	\$ 1,180,398.79	\$ 1,080,172.74	\$ 969,773.25	\$ 869,436.77	\$ 995,205.43
Liabilities and Member's Equity					
Accounts Payable & Accrued Expenses	\$ -	\$ -	\$ -	-	\$ -
Current Portion of LTD	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Members' Capital	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00
Beginning Retained Earnings	930,172.74	819,773.25	719,436.77	629,342.79	782,739.67
Partner's Distributions	(125,000.00)	(125,000.00)	(125,000.00)	(125,000.00)	(125,000.00)
Net Income	225,226.05	235,399.49	225,336.48	215,093.98	187,465.76
Total Members' Equity	1,180,398.79	1,080,172.74	969,773.25	869,436.77	995,205.43
Total Liabilities and members' Equity	\$ 1,180,398.79	\$ 1,080,172.74	\$ 969,773.25	\$ 869,436.77	\$ 995,205.43

EXHIBIT P

Expense and Revenue Statements for the Last Three Full Years

Bel-Red Ambulatory Surgical Facility			
Income and Expense Statement			
For the Year Ended December 31			
Year	2017	2016	2015
Income	\$ 594,000.00	\$ 584,100.00	\$ 432,300.00
Other Income	-	-	-
Net Revenues	\$ 594,000.00	\$ 584,100.00	\$ 432,300.00
Operating Expenses			
Salary & Wages	\$ 129,163.00	\$ 126,704.00	\$ 93,569.00
Accounting & Consulting Fees	2,452.00	2,256.00	1,847.00
Bank & Collection Fees	1,842.00	1,766.00	788.00
Purchased Services	8,244.00	8,105.00	5,623.00
Depreciation	66,269.00	63,597.00	62,642.00
Office Equipment Expense	2,505.00	2,337.00	1,996.00
Insurance	10,740.00	10,256.00	7,856.00
Legal Fees	-	-	-
Administrative Expenses	-	-	-
Medical Director Fee	-	-	-
Marketing	5,479.00	6,077.00	4,007.00
Medical & Patient Supplies	94,687.00	93,664.00	73,842.00
Medical Waste Disposal	696.00	696.00	336.00
Office Supplies & Expense	15,123.00	11,987.00	8,693.00
Parking	-	-	-
Postage & Printing	401.00	536.00	204.00
Rent, Facility	46,734.00	45,331.00	43,972.00
Repairs, Maintenance & Cleaning	7,897.00	11,428.00	10,248.00
Seminars & Conference fees	538.00	455.00	460.00
Taxes & Licenses	18,131.00	16,534.00	15,841.00
Telephone	1,074.00	1,012.00	945.00
Travel & Entertainment	-	-	-
Uniforms & Laundry	2,172.00	2,239.00	1,579.00
Total Operating Expenses	\$ 414,147.00	\$ 404,980.00	\$ 344,448.00
Operating Income before Interest	\$ 179,184.00	\$ 179,120.00	\$ 97,852.00
Interest Income	-	-	-
Interest Expense	-	-	-
Net Income (loss)	\$ 179,184.00	\$ 179,120.00	\$ 97,852.00

EXHIBIT Q

Cash Flow Statement for the Last Three Full Years

Bel-Red Ambulatory Surgical Facility			
Statement of Cash Flow			
For the Year Ended December 31			
Year	2017	2016	2015
Cash flows from operating activities:			
Net Income	\$ 179,184.00	\$ 179,120.00	\$ 97,852.00
Adjustments:			
Depreciation	66,269.00	63,597.00	62,642.00
Changes in:			
Accounts receivable	(1,000.00)	4,250.00	1,250.00
Prepaid Assets	-	-	
Accounts Payable & Accrued Expenses	-	-	
Net Cash provided by operating activities	\$ 244,453.00	\$ 246,967.00	\$ 161,744.00
Cash flows from investing activities:			
Proceeds from Settlement/ Disposal of Asset	-	-	
Additions to property and equipment	(30,000.00)	(30,000.00)	(31,107.00)
Net cash provided by (used in) investing activities	\$ (30,000.00)	\$ (30,000.00)	\$ (31,107.00)
Cash flows from financing activities:			
Distributions paid to members	(75,000.00)	(75,000.00)	(75,000.00)
Repayment of long-term notes payable	-	-	
Net cash used in financing activities	\$ (75,000.00)	\$ (75,000.00)	\$ (75,000.00)
Net increase (decrease) in cash	\$ 139,453.00	\$ 141,967.00	\$ 55,637.00
Cash, beginning of year	\$ 787,045.00	\$ 645,078.00	\$ 589,441.00
Cash, end of period	\$ 926,498.00	\$ 787,045.00	\$ 645,078.00

EXHIBIT R

Balance Sheet for the Last Three Full Years

Bel-Red Ambulatory Surgical Facility			
Balance Sheet for Last Three Full Years			
Dec. 31			
Year	2017	2016	2015
Assets			
Cash	\$ 926,498.00	\$ 787,045.00	\$ 645,078.00
Accounts Receivable, Net	\$ 17,500.00	18,500.00	14,250.00
Prepaid Assets & Short Term Deposits	-	-	-
Total Current Assets	943,998.00	805,545.00	659,328.00
Property & Equipment	585,315.00	555,315.00	525,315.00
Accumulated Depreciation	(404,597.00)	(338,328.00)	(274,731.00)
Net Property & Equipment	180,718.00	216,987.00	250,584.00
Total Assets	\$ 1,124,716.00	\$ 1,022,532.00	\$ 909,912.00
Liabilities and Member's Equity			
Accounts Payable & Accrued Expenses	\$ -	\$ -	\$ -
Current Portion of LTD	-	-	-
Total Current Liabilities	-	-	-
Total Liabilities	\$ -	\$ -	\$ -
Members' Capital	150,000.00	150,000.00	150,000.00
Beginning Retained Earnings	870,532.00	768,412.00	737,060.00
Partner's Distributions	(75,000.00)	(75,000.00)	(75,000.00)
Net Income	179,184.00	179,120.00	97,852.00
Total Members' Equity	1,124,716.00	1,022,532.00	909,912.00
Total Liabilities and members' Equity	\$ 1,124,716.00	\$ 1,022,532.00	\$ 909,912.00

EXHIBIT S

Transfer Agreement With Overlake Hospital Medical Center

2017
Specialty
Includes M.H.



Specialty Surgery Center Patient Transfer Agreement

Between, Bel-Red Ambulatory Surgical Facility, Bellevue Washington and Overlake Hospital Medical Center, Bellevue, Washington

In consideration of the requirements of the residents of the area served by both of the parties herein named, this agreement is entered into with Bel-Red Ambulatory Surgical Facility, PLLC, hereinafter called the "Center," and Overlake Hospital Medical Center, hereinafter called the "Hospital" (the "Agreement").

Witnesseth:

1. The governing body of the Hospital and the governing body of the Center shall have exclusive control of the management, assets and affairs of their respective institutions. Neither party by virtue of this agreement assumes any liability for any debts or obligations of either a financial or a legal nature incurred by the other party to this agreement.
2. When a patient's need for emergent transfer from Center to Hospital has been determined by the patient's physician, Hospital agrees to admit the patient as promptly as possible, provided that Hospital has the available capacity and available qualified personnel to treat the patient; all conditions of medical eligibility for admission have been met; a physician who has admitting privileges at Hospital and who will accept the patient transfer, admit and attend to the patient while hospitalized at Hospital is identified; acceptance of the patient transfer has been arranged by the physician responsible for the patient's care at the Center; and a suitable hospital bed is available. Emergent transfer patients are those patients that have an emergency medical condition as defined in 42 U.S.C. § 1395od(e). The emergency medical condition arises out of an unforeseen complication from services provided by the Center to the patients.
3. When a patient's need for unplanned necessary or urgent transfer from the Center to the Hospital has been determined by the patient's physician, the Hospital agrees to admit the patient as promptly as possible, provided that the Hospital has the available capacity and qualified personnel to treat the patient; all conditions of medical eligibility for admission have been met; a physician who has admitting privileges at the Hospital is identified and has agreed to admit and accept the patient transfer; and a suitable hospital bed is available. The Center agrees to provide advance arrangements and/or notification to the Hospital in these instances. Center will use its best efforts to avoid such unplanned necessary or urgent transfers.
4. Center shall be responsible for and shall make all the necessary arrangements for the appropriate, safe transportation of all patients from the Center to Hospital, which shall include but not be limited to, all necessary lifesaving and/or stabilization measures. Furthermore, Center shall bear sole responsibility for the patient's care during transport. In those instances where emergent transfer is required, the Center agrees to proceed with this transfer utilizing the regional CMS system. Any and all costs associated with

Transfer Agreement Pg. 2

- patient transfers from Center to Hospital, including helicopter or ambulance expenses shall be the sole responsibility of the Center.
5. Upon transfer of a patient from Center to Hospital, Hospital agrees to comply with its obligations under this Agreement and applicable law, including but not limited to the Emergency Medical Treatment and Active Labor Act of 1985 ("EMTALA"), 42 C.F.R. §1395dd.
 6. The parties acknowledge and agree that Hospital reserves the right to accept or reject patients according to Hospital's admission policies and other applicable state and federal legal obligations, including EMTALA. The parties further acknowledge and agree that Hospital does not schedule or provide *preplanned* elective post procedure care following a completed procedure that is performed in a physician's office or free standing clinic facility, including the Center, and that neither this Agreement nor anything contained herein obligates Hospital to do so. This Agreement covers only those patients with emergency medical conditions occurring as a result of unforeseen circumstances and unplanned necessary or urgent transfers.
 7. The Center agrees that any physician seeking to transfer a patient from the Center to the Hospital shall be a member of the medical staff of the Hospital. If the Center's physician does not have admitting privileges at the Hospital, the physician shall identify a physician who has admitting privileges at the Hospital and who will accept the patient transfer and admit and attend to the patient while hospitalized at the Hospital.
 8. The Center agrees to send with each patient, at the time of transfer, or in the case of an emergency as promptly after the transfer as possible, a summary of medical and other information necessary to continue the patient's treatment without interruption, a copy of the patient's medical record, together with essential, identifying and administrative data. All patient information transferred by the Center to Hospital shall be in accordance with federal and state privacy mandates.
 9. Prior to the transfer of a patient to the Hospital, the Center shall make a written inventory of all valuables of the patient which shall accompany the patient in his or her transfer to Hospital. This written inventory shall be provided to Hospital upon admission of the patient. The Center shall be responsible for the transfer of the patient's valuables and, in accordance with Hospital's current policy, Hospital shall not be liable for the loss of or damage to any personal valuables including but not limited to money, jewelry, glasses, dentures, documents, clothing, or other article of unusual value unless deposited with the Hospital for safekeeping.
 10. The parties agree that the services rendered by the Hospital or the Center shall be charged to the patient (or his/her respective third party payer) and that the Hospital shall not be held responsible for payment of services rendered to a patient by the Center, and that Center shall not be held responsible for payment of services rendered to a patient by the Hospital.
 11. Hospital maintains sufficient quantities of dantrolene to treat malignant ^{HYPERTHERMIA} ~~hyperthermia~~ in both immediate and post-immediate stages. TJD
 12. This Agreement shall be effective and shall commence as of JANUARY 4, 2008 ^{TJD} and shall continue in force and effect for a period of one (1) year, unless earlier terminated

by the parties herein. Thereafter, this Agreement shall automatically renew for successive one (1) year terms, unless either party shall give written notice of non-renewal to the other party at least thirty (30) days in advance of the end of the then-current term. Notwithstanding the above, this Agreement may be terminated at any time, with or without cause by either party by giving thirty (30) days written notice of its intention to terminate this Agreement to the other party and by providing for the continuity of care to patients for whom Center has begun the Agreement's transfer process in good faith. However, this Agreement shall be immediately terminated should either party fail to maintain its license or certification status. The Agreement shall be reviewed annually, or earlier at the request of either party, to assure it continues to be an effective document for both parties.

13. Neither party shall use the name of the other party in any promotional or advertising material unless review and specific written approval of the material and intended use is first obtained from the party whose name is to be used.
14. Nothing in this Agreement shall be construed as limiting the right of either party to affiliate or contract with any other party, on either a limited or general basis, while the agreement is in effect. Nothing in this Agreement shall be construed as limiting either party's exclusive control of their separate identity and integrity. This Agreement contains no implication of responsibility or warranty for quality of patient care or legal responsibility on the part of either party for the other.
15. During the term of this Agreement both parties shall maintain in force and effect through self-insurance or otherwise, comprehensive general liability and professional liability insurance each with levels of coverage of no less than five million dollars (\$5,000,000) per occurrence.
16. Each party agrees to indemnify, defend and hold harmless the other and its respective agents and employees from and against any and all loss, damage, injury, cause of action, claim, or liability of any kind whatsoever, including reasonable defense costs and legal fees, arising out of or resulting from the acts or omissions of the indemnifying party, its agents and employees related to this Agreement.
17. This Agreement is the final expression of and constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior understandings or agreements with respect thereto. There are no understandings, agreements or representations, oral or written not specified herein regarding this agreement. This Agreement may be modified or amended by the mutual written agreement of the parties; however, any such modification or amendment shall be attached to and become a part of this Agreement.

[Remainder of page left intentionally blank; signature page follows]

Transfer Agreement Pg. 4

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be signed in duplicate each executed copy hereof to be considered an original on the day and year last written below.

For Center:

[Signature] 4/14/18
By: Jon Zampieri MD Date
Its: Administrator / medical
Director

For Hospital:

[Signature] 1/1/18
By: Thomas A. DeBoo Date
Its: COO



APPENDIX A
ASC Need Methodology
East King County

Certificate of Need Applications
16-38

	Service Area Population: 2019 Surgeries @ 140,482/1,000:	576,362 80,968	Clartias	Age:15+				
a.i.	94,250 minutes/year/mixed-use OR							
a.ii.	68,850 minutes/year/dedicated outpatient OR							
a.iii.	35 dedicated outpatient OR's x 68,850 minutes =					2,409,750 minutes dedicated OR capacity	40,305	Outpatient surgeries
a.iv.	39 mixed-use OR's x 94,250 minutes =					3,675,750 minutes mixed-use OR capacity	33,366	Mixed-use surgeries
b.i.	projected inpatient surgeries = projected outpatient surgeries =	24,936 56,032				2,747,149 minutes inpatient surgeries 3,350,030 minutes outpatient surgeries		
b.ii.	Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's	56,032 40,305				15,727 outpatient surgeries		
b.iii.	average time of inpatient surgeries average time of outpatient surgeries					110.17 minutes 59.79 minutes		
b.iv.	inpatient surgeries*average time remaining outpatient surgeries(b.ii.)*ave time					2,747,149 minutes 940,280 minutes 3,687,429 minutes		
c.i.	if b.iv. < a.iv., divide (a.iv.-b.iv.) by 94,250 to determine surplus of mixed-use OR's Not Applicable - Go to c.11. and ignore any value here.	3,675,750 3,687,429 -11,679				94,250 =	-0.12	
c.ii.	if b.iv. > a.iv., divide (inpatient part of b.iv - a.iv.) by 94,250 to determine shortage of inpatient OR's USE THESE VALUES	2,747,149 3,675,750 (928,601)				94,250 =	-9.85	
	divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's	940,280				68,850 =	13.66	