



State of Washington  
Department of Health

June 1, 2016

CERTIFIED MAIL # 7009 0960 0000 5565 0284

Neil Kunkel, VP & Secretary  
Capella Healthcare, Inc.  
501 Corporate Center Drive, Suite 200  
Franklin, TN 37067

CN: 16-21

Dear Mr. Kunkel:

Enclosed is Certificate of Need #1577 issued to Columbia Capital Medical Center, Limited Partnership approving the sale Columbia Capital Medical Center's land and building to MPT of Olympia-Capella, LLC and the lease of the medical center back to Columbia Capital Medical Center, Limited Partnership.

The certificate is not approval for any other local, federal, or state statutes, rules, or regulations. Such a project may also need Department of Health approval for a construction plan and facility licensing or certification, as well as other federal or local jurisdiction permits.

The Certificate of Need is valid for two years. The project must begin during this time. If there is substantial and continuing progress, we may extend the certificate for one six month period. For an extension, you must submit an extension request at least 120 days before the expiration. You cannot begin a project after the expiration date.

This decision may be appealed. The appeal options are listed below.

Appeal Option 1:

Any person with standing may request a public hearing to reconsider this decision. The request must state the specific reasons for reconsideration in accordance with Washington Administrative Code 246-310-560. A reconsideration request must be received within 28 calendar days from the date of the decision at one of the following addresses:

Mailing Address:

Department of Health  
Certificate of Need Program  
Mail Stop 47852  
Olympia, WA 98504-7852

Physical Address:

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

Appeal Option 2:

Any person with standing may request an adjudicative proceeding to contest this decision within 28 calendar days from the date of this letter. The notice of appeal must be filed according to the provisions of Revised Code of Washington 34.05 and Washington Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

Mailing Address:

Adjudicative Service Unit  
Mail Stop 47879  
Olympia, WA 98504-7879

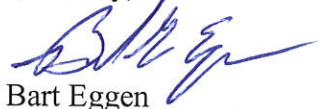
Physical Address:

Adjudicative Service Unit  
111 Israel Road SE  
Tumwater, WA 98501

We monitor projects until completed or the expiration date, whichever occurs last. We do this with quarterly progress reports. At least 30 days before the report's due date, you will receive a form to complete and return.

If you have any questions, please contact Janis Sigman, Manager of the Certificate of Need Program at (360) 236-2955.

Sincerely,



Bart Eggen  
Acting Director, Office of Community Health Systems

Enclosure



This Certificate is granted under the authority of RCW 70.38. Issuance of this Certificate does not constitute approval under any other local, federal or state statute, implementing rules and regulations. Examples where additional approval may be necessary include, but are not limited to, construction plan approval through the Construction Review Unit of the Department of Health, facility licensing/certification through the Department of Social and Health Services or Department of Health, and other federal or local jurisdiction permits.

**Certificate of Need #1577 is issued to:**

**Legal Name of Applicant:** Columbia Capital Medical Center Limited Partnership  
**Address of Applicant:** c/o Capella Healthcare Inc. 501 Corporate Center Drive, Suite 200 Franklin, Tennessee 37067 - 2662  
**Type of Service:** Acute Care Hospital  
**Facility Name:** Columbia Capital Medical Center, Limited Partnership  
**Facility Address:** 3900 Capital Mall Drive SW, Olympia, WA 98502

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED May 16, 2016 (CN App #16-21)**

**Project Description**

This project approves:

1. The purchase of the real property assets of Columbia Capital Medical Center, Limited Partnership by MPT of Olympia- Capella, LLC.
2. The lease of MPT Olympia-Cappella, LLC to MPT of Olympia-Capella Hospital, LLC; and
3. The sub-lease by MPT of Olympia-Capella Hospital, LLC of Columbia Capital Medical Center to Columbia Capital Medical Center, Limited Partnership.

There is no change in the number of approved beds. A breakdown of the beds by type is shown below.

**Capital Medical Center Number of Licensed Beds**

Bed Type	# of Licensed Beds
General Medical/Surgical	110
<b>Total Licensed Beds</b>	<b>110</b>

**Service Area**  
Thurston County

**Conditions**  
Conditions identified on page two

**Approved Capital Expenditure**  
The approved capital expenditure for this project is \$100,000,000.

This Certificate authorizes commencement of the project from June 1, 2016 to June 1, 2018 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: June 1, 2016

Bart Eggen, Acting Director  
Office of Community Health Systems

**This Certificate is not transferable**



**Certificate of Need #1577**

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**Conditions**

1. Columbia Capital Medical Center, Limited Partnership and MPT of Olympia-Capella, LLC agree with the project description as stated. Columbia Capital Medical Center, Limited Partnership and MPT of Olympia-Capella, LLC further agree that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Columbia Capital Medical Center, Limited Partnership and MPT of Olympia-Capella, LLC must submit to the department for review and approval the executed purchase and sale agreement between MPT of Olympia-Capella, LLC and Columbia Capital Medical Center, Limited Partnership consistent with the draft agreement provided in the application.
3. Columbia Capital Medical Center, Limited Partnership and MPT of Olympia-Capella, LLC must submit to the department for review and approval the executed lease of MPT Olympia-Cappella, LLC to MPT of Olympia-Capella Hospital, LLC consistent with the draft agreement provided in the application. .
4. Columbia Capital Medical Center, Limited Partnership and MPT of Olympia-Capella, LLC must submit to the department for review and approval the executed sublease agreement with MPT of Olympia-Capella Hospital, LLC consistent with the draft sublease agreement provided in the application.
5. Columbia Capital Medical Center, Limited Partnership as a subsidiary of Capella Healthcare, Inc. agrees that approval of this transaction in no way changes or modifies Capital's charity care obligations as outlined in the March 14, 2016 settlement agreement between the department and Columbia Capital Medical Center, Limited Partnership.
6. No later than 30 days after acceptance of these conditions, Capital must submit to the Department's Hospital and Patient Data Section for review and approval the charity care policy as agreed to in the settlement agreement dated March 14, 2016. [M2014-1190]. Columbia Capital Medical Center, Limited Partnership will ensure the Hospital provides charity care in compliance with the approved settlement agreement