

STATE OF MARYLAND

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CHAIR



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For internal staff use:

**MARYLAND
HEALTH
CARE
COMMISSION**

MATTER/DOCKET NO.

DATE DOCKETED

Certificate of Need Application

Mid-Atlantic Surgery Center, LLC

August 5, 2016

Table of Contents

| | | |
|------------------------|--|----|
| Part I | Project Identification..... | 4 |
| | Project Description..... | 8 |
| Part II | Project Budget..... | 16 |
| Part III | Applicant History and Signature..... | 17 |
| Part IV | Consistency with General Review Criteria..... | 19 |
| | COMAR 10.24.01.08G(3)(a) State Health Plan Standards..... | 19 |
| | Information Regarding Charges..... | 20 |
| | Charity Care..... | 21 |
| | Quality of Care..... | 26 |
| | Transfer Agreements..... | 27 |
| | Service Area..... | 28 |
| | Need – Minimum Utilization for | 29 |
| | Design Requirements..... | 31 |
| | Support Services..... | 32 |
| | Patient Safety..... | 33 |
| | COMAR 10.24.01.08G(3)(b) Need..... | 34 |
| | COMAR 10.24.01.08G(3)(c) Availability of More Cost-Effective Alternatives... | 40 |
| | COMAR 10.24.01.08G(3)(d) Viability of the Proposal..... | 42 |
| | COMAR 10.24.01.08G(3)(e) Conditions of Previous Certificates of Need..... | 52 |
| | COMAR 10.24.01.08G(3)(f) Impact..... | 53 |
| Attachments | | |
| | 1 – Current Ownership | 56 |
| | 2 – Facility Diagrams | 57 |
| | 3 – Space Lease Agreement | 58 |
| | 4 – Accreditation and Licensure Documents | 59 |
| | 5 – Transfer Agreement | 60 |

Attachments
continued

| | |
|--|----|
| 6 – Service Area | 61 |
| 7 – Financial Statements FY 2014 | 62 |
| 8 – Financial Statements FY 2015 and projected FY 2016 | 63 |
| 9 – Prior CON Exemption Letter issued by Commission on May 8, 1989 | 64 |
| 10 – Letters of Support | 65 |
| 11 – Affirmation Statements | 66 |

PART I

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. FACILITY

Name of Facility: Mid-Atlantic Surgery Center

Address:

| | | | |
|------------------------------|-----------|-------|--------------|
| 2448 Holly Ave. Suite 400 | Annapolis | 21401 | Anne Arundel |
| Street | City | Zip | County |

2. Name of Owner

If Owner is a Corporation, Partnership, or Limited Liability Company, attach a description of the ownership structure identifying all individuals that have or will have at least a 5% ownership share in the applicant and any related parent entities. Attach a chart that completely delineates this ownership structure.

Plastic Surgery Specialists, P.C. See also Attachment 1.

3. APPLICANT. If the application has a co-applicant, provide the following information in an attachment.

Legal Name of Project Applicant (Licensee or Proposed Licensee):

**Plastic Surgery Specialists, P.C.
 on behalf of "Mid-Atlantic Surgery Center, LLC"**

Address:

| | | | | |
|--|----------------|-------|-------|--------------|
| 2448 Holly Ave. Suite 400 Street | Annapolis | 21401 | MD | Anne Arundel |
| | City | Zip | State | County |
| Telephone: | (410) 841-5355 | | | |

4. NAME OF LICENSEE OR PROPOSED LICENSEE, if different from the applicant:

Mid-Atlantic Surgery Center, LLC

5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant).

Check or fill in applicable information below and attach an organizational chart showing the owners of applicant (and licensee, if different).

- A. Governmental
- B. Corporation
- (1) Non-profit
- (2) For-profit
- (3) Close State & Date of Incorporation
- C. Partnership
- General
- Limited
- Limited Liability Partnership
- Limited Liability Limited Partnership
- Other (Specify): _____
- D. Limited Liability Company
- E. Other (Specify): _____
- To be formed:
- Existing:

6. PERSON(S) TO WHOM QUESTIONS REGARDING THIS APPLICATION SHOULD BE DIRECTED

A. Lead or primary contact:

Name and Title: John Shire, Esq.

Company Name: Fox Rothschild LLP

Mailing Address: 1030 15th Street, N.W., Suite 380 East, Washington, D.C. 20005

Telephone: (202) 696-1477

E-Mail Address: jshire@foxrothschild.com

Fax: n/a

B. Additional or alternate contact:

Name and Title: David Sokolow, Esq.

Company Name: Fox Rothschild LLP

Mailing Address: 2000 Market St., 20th Floor, Philadelphia, PA 19103-3222

Telephone: (215) 299-2712

E-Mail Address: dsokolow@foxrothschild.com

Fax: n/a

7. TYPE OF PROJECT

The following list includes all project categories that require a CON pursuant to COMAR 10.24.01.02(A). Please mark all that apply in the list below.

If approved, this CON would result in (check as many as apply):

- (1) A new health care facility built, developed, or established
- (2) An existing health care facility moved to another site
- (3) A change in the bed capacity of a health care facility
- (4) A change in the type or scope of any health care service offered by a health care facility
- (5) A health care facility making a capital expenditure that exceeds the current threshold for capital expenditures found at:

http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_capital_threshold_20140301.pdf

8. PROJECT DESCRIPTION

A. Executive Summary of the Project: The purpose of this BRIEF executive summary is to convey to the reader a holistic understanding of the proposed project: what it is, why you need to do it, and what it will cost. A one-page response will suffice. Please include:

- (1) Brief Description of the project – what the applicant proposes to do
- (2) Rationale for the project – the need and/or business case for the proposed project
- (3) Cost – the total cost of implementing the proposed project

This project involves the expansion of surgical services offered by an existing ambulatory surgical center (“ASC”) to convert from single specialty in plastic surgery to multi-specialty, to provide the additional services of pain management, orthopedic surgery and neuro spine surgery. The ASC is located at 2448 Holly Avenue, Suite 400, Annapolis, Maryland 21401 and is owned and operated by Plastic Surgery Specialists, PC. The ASC has been in existence since 1989 and is outfitted with two sterile surgical operating rooms and two procedure rooms. Upon CON approval from the Commission, the ASC will be syndicated to the new additional surgeon owners under the legal name, Mid-Atlantic Surgery Center, LLC. This conversion and expansion from single specialty to multi-specialty surgical services will enable the ASC to respond to the increasing demand for specialty surgical services in a cost-effective manner by creating lower cost alternatives to hospital outpatient surgery. By providing patients with greater convenience and access to specialty treatment, the ASC will deliver greater efficiency and lower costs for the healthcare market. This conversion will also respond to the increasing demands on specialty surgeons who have trouble finding available operating rooms for scheduling procedure times in their current settings. Mid-Atlantic Surgery Center will offer specialists the ability to satisfy current procedure demands with increased access to operating rooms and greater schedule flexibility, while offering patients the convenience of shorter wait times and a non-hospital surgical setting. The impact to the system is greater efficiency and quality of care at lower cost than hospital outpatient settings. The expected acquisition cost of moveable equipment to provide the multi-specialty services is approximately \$500,000 to be derived from existing operational cash flow and from capital contributions from the new physician members of the ASC pursuant to a syndication.

B. Comprehensive Project Description: The description should include details regarding:

- (1) Construction, renovation, and demolition plans
- (2) Changes in square footage of departments and units
- (3) Physical plant or location changes
- (4) Changes to affected services following completion of the project
- (5) Outline the project schedule.

Plastic Surgery Specialists, PC ("PSSPC") is converting its existing single-specialty ambulatory surgery center ("ASC") into a multi-specialty ambulatory surgery center, under the name Mid-Atlantic Surgery Center ("MASC"). The physical site will remain the same and continue to be located at 2448 Holly Avenue, Suite 400, Annapolis, Maryland 2140. The physical site will also not undergo any renovation or construction. The ASC will be owned and operated by a Maryland limited liability company, called Mid-Atlantic Surgery Center, LLC ("MASC LLC"). Initially, MASC LLC will be owned 100% by PSSPC. PSSPC is owned in equal parts by three plastic surgeons. Upon syndication, MASC, LLC will be owned by these three plastic surgeons and the new specialty surgeons in pain management, orthopedics and neuro spine surgery. MASC will acquire some additional equipment to support the surgical operating needs of the new specialty surgeons. This equipment will include a c-arm, an x-ray, instrument trays, a sterilizer for the spine trays and 2 OR tables for injections. The projected total cost of this additional equipment is approximately \$500,000.

The development of MASC will achieve the following goals:

- (1) To provide a lower cost alternative to hospitals in and around Annapolis, Maryland.
- (2) To increase the availability of specialty surgery in pain management, orthopedics and neuro spine.
- (3) To provide greater access and convenience to patients for specialty care.
- (4) To support the increasing demand for specialty care in a non-hospital setting.
- (5) To alleviate the back-log of cases and procedure scheduling conflicts in hospitals.
- (6) To deliver leading high-quality care in a safe and efficient manner.
- (7) To achieve the best possible patient outcomes.

MASC will not require (and this CON request does not contemplate) any construction, renovation or demolition. MASC will not undergo changes in square footage of any departments or units. There will be no changes to the physical plant or location changes.

Following the acquisition of the equipment (described above), the impact on the ASC will be to enable the ASC to deliver, in addition to plastic surgery, the additional surgical services in pain management, orthopedics and neuro spine.

As demonstrated below, PSSPC is already operating the ASC at or above an 80% utilization rate. With the departure of one of the original PSSPC members earlier this summer (and, although this former member continues to utilize the ASC), PSSPC anticipates that there will be increased flexibility in OR schedule and operating times, creating the perfect entry point for the admission of new specialty surgeons. As the demand for procedures increases, following the Commission's approval of this request for a multi-specialty CON, MASC will in the future seek the Commission's approval to convert one of its existing procedure rooms to a sterile OR, thereby offering a total of three sterile OR rooms and one procedure room. (Note: the third OR is not the subject of this CON request).

As further demonstrated below, the case for converting the ASC from single-specialty to multi-specialty becomes more compelling as Medicare payment models and third party payment systems seek to find the best care for patients to achieve better outcomes in more cost effective ways, which includes shifting surgical procedures away from hospital settings to non-hospital alternatives such as the ASC.

The majority of the cases to be performed at MASC will continue to derive from the PSSPC surgeons. The additional cases to be performed at MASC will derive from UM-BWMC. It is anticipated that these additional cases will have no significant impact any facility, as these procedures will amount to far less than 18% of all such procedures performed at these locations. The impact is expected not to exceed 3% individually or in the aggregate.

Following Commission approval of this CON request and issuance of the CON for the multi-specialty ASC, MASC will move to quickly acquire the additional surgical equipment. Very little lead time will be required to commence operations as a multi-specialty ASC, and it is anticipated that MASC can be operational as a multi-specialty facility within 30 to 60 days following notice of Commission approval. There will be no interruption of service at the ASC for the performance of plastics procedures or surgery at any point in time.

9. Current Capacity and Proposed Changes: No Changes

| Service | Unit Description | Currently Licensed/ Certified | Units to be Added or Reduced | Total Units if Project is Approved |
|-----------------------|------------------|----------------------------------|------------------------------|------------------------------------|
| ICF-MR | Beds | ___/___ | | |
| ICF-C/D | Beds | ___/___ | | |
| Residential Treatment | Beds | ___/___ | | |
| Ambulatory Surgery | Operating Rooms | 2 | 0 | 2 |
| | Procedure Rooms | 2 | 0 | 2 |
| Home Health Agency | Counties | ___/___ | | |
| Hospice Program | Counties | ___/___ | | |
| Other (Specify) | | | | |
| TOTAL | | 2 OR and 2 PRO | 0 | 2 OR and 2 PRO |

10. Identify any community based services that are or will be offered at the facility and explain how each one will be affected by the project.

Response: no community based services will be offered by MASC.

11. REQUIRED APPROVALS AND SITE CONTROL

A. Site size: n/a acres **Response: n/a, as this is an existing building with an existing ASC site of operations.**

B. Have all necessary State and local land use and environmental approvals, including zoning and site plan, for the project as proposed been obtained?
YES X NO _____ (If NO, describe below the current status and timetable for receiving each of the necessary approvals.)

| |
|-----|
| n/a |
|-----|

C. Form of Site Control (Respond to the one that applies. If more than one, explain.):

(1) Owned by: _____

(2) Options to purchase held by: _____
Please provide a copy of the purchase option as an attachment.

(3) Land Lease held by: _____
Please provide a copy of the land lease as an attachment.

(4) Option to lease held by: _____
Please provide a copy of the option to lease as an attachment.

(5) Other: See comments below.
Explain and provide legal documents as an attachment.

Response: Currently, the ASC leases the surgical suite from Helmsman Holly Limited Partnership (“Landlord”). The space consists of 7,408 sq. ft. The lease expires in September 2025. Upon approval of the CON, MASC will sub-lease the surgical suite from PSSPC. A copy of the Lease Agreement is attached as Attachment 3.

12. PROJECT SCHEDULE

(INSTRUCTION: IN COMPLETING THE APPLICABLE OF ITEMS 10, 11 or 12, PLEASE CONSULT THE PERFORMANCE REQUIREMENT TARGET DATES SET FORTH IN COMMISSION REGULATIONS, COMAR 10.24.01.12)

For new construction or renovation projects. n/a

Project Implementation Target Dates

- A. Obligation of Capital Expenditure _____ months from approval date.
- B. Beginning Construction _____ months from capital obligation.
- C. Pre-Licensure/First Use _____ months from capital obligation.
- D. Full Utilization _____ months from first use.

For projects not involving construction or renovations.

Project Implementation Target Dates

- A. Obligation or expenditure of 51% of Capital Expenditure 3 months from CON approval date.
- B. Pre-Licensure/First Use n/a* months from capital obligation.
- C. Full Utilization 4 months from first use.

***There will be no interruption of services at the ASC**

For projects not involving capital expenditures.

Project Implementation Target Dates

- A. Obligation or expenditure of 51% Project Budget _____ months from CON approval date.
- B. Pre-Licensure/First Use _____ months from CON approval.
- C. Full Utilization _____ months from first use.

13. PROJECT DRAWINGS

Projects involving new construction and/or renovations should include scalable schematic drawings of the facility at least a 1/16" scale. Drawings should be completely legible and include dates.

Response: n/a for purposes of this CON Application request, since Applicant ASC facility exists and is not changing. However, diagrams are attached for reference only at Attachment 2.

These drawings should include the following before (existing) and after (proposed), as applicable:

- A. Floor plans for each floor affected with all rooms labeled by purpose or function, number of beds, location of bath rooms, nursing stations, and any proposed space for future expansion to be constructed, but not finished at the completion of the project, labeled as "shell space".
- B. For projects involving new construction and/or site work a Plot Plan, showing the "footprint" and location of the facility before and after the project.
- C. Specify dimensions and square footage of patient rooms.

14. FEATURES OF PROJECT CONSTRUCTION

- A. If the project involves new construction or renovation, complete **Tables C and D of the Hospital CON Application Package**

Response: n/a because there is no new construction or renovation under this request.

- B. Discuss the availability and adequacy of utilities (water, electricity, sewage, natural gas, etc.) for the proposed project and identify the provider of each utility. Specify the steps that will be necessary to obtain utilities.

Response: Utilities available on site include water, electricity, sewer and natural gas. Water and sewer are Anne Arundel County utility services. Power (electric and gas) are provided by BGE. All utilities at the building are adequate to accommodate the ASC. There will be no change to the volume, scope or location of these services.

PART II

PART II - PROJECT BUDGET

Complete Table E of the Hospital CON Application Package

Note: Applicant should include a list of all assumptions and specify what is included in each budget line, as well as the source of cost estimates and the manner in which all cost estimates are derived. Explain how the budgeted amount for contingencies was determined and why the amount budgeted is adequate for the project given the nature of the project and the current stage of design (i.e., schematic, working drawings, etc.).

Response:

Mid-Atlantic Surgery Center

Statement of Assumptions

Capital Cost

- This project does not have any renovation costs.
- This project does not require any permitting.
- Projected costs for movable equipment in the amount of \$500,000 include the following items:

\$400,000 – c-arm

\$ 60,000 – OR tables for spine procedures

\$ 40,000 – spine instrument trays and sterilizer

Source of Funds

- Cash flows from existing ASC operations
- Capital contributions from new MASC surgeon members

PART III

PART III - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE

1. List names and addresses of all owners and individuals responsible for the proposed project and its implementation.

Response: The existing ASC is currently owned and operated by Plastic Surgery Specialists, PC ("PSSPC"). The address is set forth on **Page 4** of this Application. The individual ownership of PSSPC is set forth at **Attachment 1**. Upon CON approval, the ASC will continue to be operated at the same address and the ASC will be syndicated to several specialty surgeons in pain management, orthopedics and neuro spine.

2. Are the applicant, owners, or the responsible persons listed in response to Part 1, questions 2, 3, 4, 7, and 9 above now involved, or have they ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of these facilities, including facility name, address, and dates of involvement.

Response: Yes. The existing ASC is called Plastic Surgery Specialists and is owned 100% by those individuals listed at **Attachment 1**.

3. Has the Maryland license or certification of the applicant facility, or any of the facilities listed in response to Question 2, above, been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant, owners or individuals responsible for implementation of the Project were not involved with the facility at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.

Response: No.

4. Other than the licensure or certification actions described in the response to Question 3, above, has any facility with which any applicant is involved, or has any facility with which any applicant has in the past been involved (listed in response to Question 2, above) received inquiries in last from 10 years from any federal or state authority, the Joint Commission, or other regulatory body regarding possible non-compliance with any state, federal, or Joint Commission requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission bans, probationary status, or other sanctions at the applicant facility or at any facility listed in response to Question 2? If yes, provide for each such instance, copies of any settlement reached, proposed findings or final findings of non-compliance and related documentation including reports of non-compliance, responses of the facility, and any final disposition or conclusions reached by the applicable authority.

Response: No.

5. Have the applicant, owners or responsible individuals listed in response to Part 1, questions 2, 3, 4, 7, and 9, above, ever pled guilty to or been convicted of a criminal offense in any way connected with the ownership, development or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a

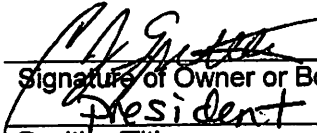
written explanation of the circumstances, including as applicable the court, the date(s) of conviction(s), diversionary disposition(s) of any type, or guilty plea(s).

Response: No.

One or more persons shall be officially authorized in writing by the applicant to sign for and act for the applicant for the project which is the subject of this application. Copies of this authorization shall be attached to the application. The undersigned is the owner(s), or Board-designated official of the proposed or existing facility.

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

8-4-16
Date


Signature of Owner or Board-designated Official
President
Position/Title
Christopher J. Spittler
Printed Name

PART IV

**PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR
10.24.01.08G(3):**

**INSTRUCTION: Each applicant must respond to all criteria included in COMAR
0.24.01.08G(3), listed below.**

An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards and other review criteria.

If a particular standard or criteria is covered in the response to a previous standard or criteria, the applicant may cite the specific location of those discussions in order to avoid duplication. When doing so, the applicant should ensure that the previous material directly pertains to the requirement and to the directions included in this application form. Incomplete responses to any requirement will result in an information request from Commission Staff to ensure adequacy of the response, which will prolong the application's review period.

10.24.01.08G(3)(a). The State Health Plan.

Every applicant must address each applicable standard in the chapter of the State Health Plan for Facilities and Services¹. Commission staff can help guide applicants to the chapter(s) that applies to a particular proposal.

Please provide a direct, concise response explaining the project's consistency with each standard. Some standards require specific documentation (e.g., policies, certifications) which should be included within the application as an exhibit.

¹ [1] Copies of all applicable State Health Plan chapters are available from the Commission and are available on the Commission's web site here: http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_shp/hcfs_shp

10.24.11.05 SURGERY Standards A. General Standards.

The following general standards encompass Commission expectations for the delivery of surgical services by all health care facilities in Maryland, as defined in Health General §19-114 (d). Each applicant that seeks a Certificate of Need for a project or an exemption from Certificate of Need review for a project covered by this Chapter shall address and document its compliance with each of the following general standards as part of its application.

1. Information Regarding Charges.

Information regarding charges for surgical services shall be available to the public. A hospital or an ambulatory surgical facility shall provide to the public, upon inquiry or as required by applicable regulations or law, information concerning charges for the full range of surgical services provided.

Response: The ASC will make information regarding charges for the full range of surgical services provided readily available to the public, upon inquiry, or as required by applicable regulations or laws. It should be noted that Medicare and Medicaid fees are fixed based on internal policies, and insurance company fees are based on their policies or on individual contracts with the ASC. Co-pays and deductibles will vary by payer and by specific insurance plan. The ASC staff will work closely with patients to provide information for charges and determine applicable co-payment obligations.

2a. Charity Care Policy.

a) Each hospital and ambulatory surgical facility shall have a written policy for the provision of charity care that ensures access to services regardless of an individual's ability to pay and shall provide ambulatory surgical services on a charitable basis to qualified indigent persons consistent with this policy. The policy shall have the following provisions:

(i) **Determination of Eligibility for Charity Care.** Within two business days following a patient's request for charity care services, application for medical assistance, or both, the facility shall make a determination of probable eligibility.

(ii) **Notice of Charity Care Policy.** Public notice and information regarding the facility's charity care policy shall be disseminated, on an annual basis, through methods designed to best reach the facility's service area population and in a format understandable by the service area population. Notices regarding the surgical facility's charity care policy shall be posted in the registration area and business office of the facility. Prior to a patient's arrival for surgery, facilities should address any financial concerns of patients, and individual notice regarding the facility's charity care policy shall be provided.

(iii) **Criteria for Eligibility.** Hospitals shall comply with applicable State statutes and HSCRC regulations regarding financial assistance policies and charity care eligibility. ASFs, at a minimum, must include the following eligibility criteria in charity care policies. Persons with family income below 100 percent of the current federal poverty guideline who have no health insurance coverage and are not eligible for any public program providing coverage for medical expenses shall be eligible for services free of charge. At a minimum, persons with family income above 100 percent of the federal poverty guideline but below 200 percent of the federal poverty guideline shall be eligible for services at a discounted charge, based on a sliding scale of discounts for family income bands. A health maintenance organization, acting as both the insurer and provider of

health care services for members, shall have a financial assistance policy for its members that is consistent with the minimum eligibility criteria for charity care required of ASFs described in these regulations.

Response: The ASC does not currently have a financial assistance policy in place as it provides only plastic surgery. Upon CON approval by the Commission, the ASC will implement a financial assistance policy consistent with the Commission's guidelines.

2b. Charity Care Policy.

(b) A hospital with a level of charity care, defined as the percentage of total operating expenses that falls within the bottom quartile of all hospitals, as reported in the most recent Health Service Cost Review Commission Community Benefit Report, shall demonstrate that its level of charity care is appropriate to the needs of its service area population.

Response: n/a

2c. Charity Care Policy.

(c) A proposal to establish or expand an ASF for which third party reimbursement is available, shall commit to provide charitable surgical services to indigent patients that are equivalent to at least the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of total operating expenses. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.

(iii) If an existing ASF has not met the expected level of charity care for the two most recent years reported to MHCC, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the service area population.

Response: The ASC is a plastic surgery practice and has not tracked its historical data related to charity care cases. However, upon approval of the CON, the proposed ASC will provide charity care services to indigent patients that are equivalent to at least the average amount of charity care provided by the ASF's in the most recent year reported, measured as a percentage of total operating expenses.

2. Charity Care Policy.

(d) A health maintenance organization, acting as both the insurer and provider of health care services for members, if applying for a Certificate of Need for a surgical facility project, shall commit to provide charitable services to indigent patients. Charitable services may be surgical or non-surgical and may include charitable programs that subsidize health plan coverage. At a minimum, the amount of charitable services provided as a percentage of total operating expenses for the health maintenance organization will be equivalent to the average amount of charity care provided statewide by ASFs, measured as a percentage of total ASF expenses, in the most recent year reported. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.

(iii) If the health maintenance organization's track record is not consistent with the expected level for the population in the proposed service area, the applicant shall demonstrate that the historic level of charity care was appropriate to the n

Response: n/a

3. Quality of Care.

A facility providing surgical services shall provide high quality care.

(a) An existing hospital or ambulatory surgical facility shall document that it is licensed, in good standing, by the Maryland Department of Health and Mental Hygiene.

(b) A hospital shall document that it is accredited by the Joint Commission.

(c) An existing ambulatory surgical facility shall document that it is:

(i) In compliance with the conditions of participation of the Medicare and Medicaid programs; and

(ii) Accredited by the Joint Commission, the Accreditation Association for Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgery Facilities, or another accreditation agency recognized by the Centers for Medicare and Medicaid as acceptable for obtaining Medicare certification.

(d) A person proposing the development of an ambulatory surgical facility shall demonstrate that the proposed facility will:

(i) Meet or exceed the minimum requirements for licensure in Maryland in the areas of administration, personnel, surgical services provision, anesthesia services provision, emergency services, hospitalization, pharmaceutical services, laboratory and radiologic services, medical records, and physical environment.

(ii) Obtain accreditation by the Joint Commission, the Accreditation Association for Ambulatory Health Care, or the American Association for Accreditation of Ambulatory Surgery Facilities within two years of initiating service at the facility or voluntarily suspended operation of the facility.

Response: The Applicant is committed to the provision of high-quality patient-centered care. Copies of all existing licenses and State certifications are included in this filing as Attachment 4. The Applicant is in compliance with all conditions of participation for Medicare and Medicaid and all relevant accreditation organization requirements.

4. Transfer Agreements.

- (a) Each ASF and hospital shall have written transfer and referral agreements with hospitals capable of managing cases that exceed the capabilities of the ASF or hospital.
- (b) Written transfer agreements between hospitals shall comply with the Department of Health and Mental Hygiene regulations implementing the requirements of HealthGeneral Article §19-308.2.
- (c) Each ASF shall have procedures for emergency transfer to a hospital that meet or exceed the minimum requirements in COMAR 10.05.05.09.

Response: The ASC has a transfer agreement in place with Anne Arundel Medical Center. This agreement is set forth at Attachment 5.

B. Project Review Standards.

The standards in this section govern reviews of Certificate of Need applications and requests for exemption from Certificate of Need review involving surgical facilities and services. An applicant for a Certificate of Need or an exemption from Certificate of Need shall demonstrate consistency with all applicable review standards.

1. Service Area.

An applicant proposing to establish a new hospital providing surgical services or a new ambulatory surgical facility shall identify its projected service area. An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall document its existing service area, based on the origin of patients served.

Response: The service area for the current and proposed ASC is set forth at **Attachment**

6. This list reflects nearly 100% of patient origin.

2. Need - Minimum Utilization for Establishment of a New or Replacement Facility.

An applicant proposing to establish or replace a hospital or ambulatory surgical facility shall demonstrate the need for the number of operating rooms proposed for the facility. This need demonstration shall utilize the operating room capacity assumptions and other guidance included in Regulation .06 of this Chapter. This needs assessment shall demonstrate that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the initiation of surgical services at the proposed facility.

(a) An applicant proposing the establishment or replacement of a hospital shall submit a needs assessment that includes the following: (i) Historic trends in the use of surgical facilities for inpatient and outpatient surgical procedures by the new or replacement hospital's likely service area population; (ii) The operating room time required for surgical cases projected at the proposed new or replacement hospital by surgical specialty or operating room category; and (iii) In the case of a replacement hospital project involving relocation to a new site, an analysis of how surgical case volume is likely to change as a result of changes in the surgical practitioners using the hospital.

(b) An applicant proposing the establishment of a new ambulatory surgical facility shall submit a needs assessment that includes the following: (i) Historic trends in the use of surgical facilities for outpatient surgical procedures by the proposed facility's likely service area population; (ii) The operating room time required for surgical cases projected at the proposed facility by surgical specialty or, if approved by Commission staff, another set of categories; and (iii) Documentation of the current surgical caseload of each physician likely to perform surgery at the proposed facility.

Response: n/a since this project involves conversion of single specialty to multi-specialty for an existing ASC. To the extent applicable, please refer to Tables 1, 2, and 3 reflecting historical patient volume trends and forecasts through 2020.

| Procedure Volume for Proposed New Specialty Surgeons | | | | | | |
|---|---------------|-----------------|--------------------------|----------------------------|---------------------------------------|---------------|
| Physician | Lumbar | Cervical | Lumbar Instrument | Cervical Instrument | Pain Mgmt/ Spine Injection | Totals |
| 1 | 12 | 12 | 6 | 6 | 240 | 276 |
| 2 | 12 | 12 | 6 | 6 | 240 | 276 |
| 3 | 6 | 6 | 3 | 3 | 240 | 258 |
| 4 | 3 | 3 | 3 | 3 | 240 | 252 |
| Total | 33 | 33 | 18 | 18 | 960 | 1062 |

3. Need - Minimum Utilization for Expansion of An Existing Facility.

An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall:

(a) Demonstrate the need for each proposed additional operating room, utilizing the operating room capacity assumptions and other guidance included at Regulation .06 of this Chapter;

(b) Demonstrate that its existing operating rooms were utilized at optimal capacity in the most recent 12-month period for which data has been reported to the Health Services Cost Review Commission or to the Maryland Health Care Commission; and

(c) Provide a needs assessment demonstrating that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the completion of the additional operating room capacity. The needs assessment shall include the following:

(i) Historic trends in the use of surgical facilities at the existing facility;

(ii) Operating room time required for surgical cases historically provided at the facility by surgical specialty or operating room category; and

(iii) Projected cases to be performed in each proposed additional operating room.

Response: n/a as no additional OR is being requested.

4. Design Requirements.

Floor plans submitted by an applicant must be consistent with the current FGI Guidelines.

- (a) A hospital shall meet the requirements in Section 2.2 of the FGI Guidelines.
- (b) An ASF shall meet the requirements in Section 3.7 of the FGI Guidelines.
- (c) Design features of a hospital or ASF that are at variance with the current FGI Guidelines shall be justified. The Commission may consider the opinion of staff at the Facility Guidelines Institute, which publishes the FGI Guidelines, to help determine whether the proposed variance is acceptable.

Response: The ASC is designed in accordance with Section 3.7 of the FGI Guidelines and will meet the current requirements for FGI compliance. Specifically, the ASC contains the following features:

-Properly sized ORs to accommodate the range of surgical procedures, allowing for necessary space for instrumentation, equipment and maintaining the integrity of sterile fields.

-Properly zoned facilities that allow for the dirty to clean to sterile movement for movable equipment, instruments, supplies and personnel.

-Properly sized storage areas for equipment to provide for fast access to ORs and eliminating the cluttering of hallways.

-Electrical and mechanical systems that satisfy current guidelines for air exchange, temperature and humidity control, along with emergency power sources.

-Patient care stations that are private for pre-and post-op allowing for adequate separation between patients, staff and family.

-Properly sized staff areas, including centralized stations with ease of access and visibility to patient care stations.

5. Support Services.

Each applicant shall agree to provide as needed, either directly or through contractual agreements, laboratory, radiology, and pathology services.

Response: Support services, providing for comprehensive laboratory and pathology are provided for by LabCorp.

Radiology providers are selected by patients in their sole discretion.

6. Patient Safety. The design of surgical facilities or changes to existing surgical facilities shall include features that enhance and improve patient safety. An applicant shall:

- (a) Document the manner in which the planning of the project took patient safety into account; and
- (b) Provide an analysis of patient safety features included in the design of proposed new, replacement, or renovated surgical facilities.

Response: The ASC is compliant with all patient safety standards as required by applicable Maryland law, and as evidenced by its State licensure and certification attached hereto as Attachment 4.

10.24.01.08G(3)(b). Need.

The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

INSTRUCTIONS: Please discuss the need of the population served or to be served by the Project.

Responses should include a quantitative analysis that, at a minimum, describes the Project's expected service area, population size, characteristics, and projected growth. If the relevant chapter of the State Health Plan includes a need standard or need projection methodology, please reference/address it in your response. For applications proposing to address the need of special population groups, please specifically identify those populations that are underserved and describe how this Project will address their needs.

If the project involves modernization of an existing facility through renovation and/or expansion, provide a detailed explanation of why such modernization is needed by the service area population. Identify and discuss relevant building or life safety code issues, age of physical plant issues, or standard of care issues that support the need for the proposed modernization.

Please assure that all sources of information used in the need analysis are identified. List all assumptions made in the need analysis regarding demand for services, utilization rate(s), and the relevant population, and provide information supporting the validity of the assumptions.

Complete Tables 1 and/or 2 below, as applies.

[(INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

| CY or FY (Circle) | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (ending with first full year at full utilization) | | | |
|------------------------------------|------------------------------------|------|------------------------|---|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| 1. Admissions Response: n/a | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| Day Students | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |

| | | | | | | | |
|--------------------------------------|--|--|--|--|--|--|--|
| e. TOTAL | | | | | | | |
| 2. Patient Days Response: n/a | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |

| Table 1 Cont. CY or FY (Circle) | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (ending with first full year at full utilization) | | | |
|--|------------------------------------|------|------------------------|---|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| 3. Average Length of Stay Response: n/a | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| 4. Occupancy Percentage* Response: n/a | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| 5. Number of Licensed Beds* Response: n/a | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| 6. Home Health Agencies Response: n/a | | | | | | | |
| a. SN Visits | | | | | | | |
| b. Home Health Aide | | | | | | | |
| c. Other Staff | | | | | | | |
| d. | | | | | | | |
| e. Total patients srvd. | | | | | | | |

| Table 1 Cont. CY or FY (Circle) | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (ending with first full year at full utilization) | | | |
|--|------------------------------------|--------|------------------------|---|--------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| 7. Hospice Programs Response: n/a | | | | | | | |
| a. SN visits | | | | | | | |
| b. Social work visits | | | | | | | |
| c. Other staff visits | | | | | | | |
| d. | | | | | | | |
| e. Total patients served. | | | | | | | |
| 8. Ambulatory Surgical Facilities | | | | | | | |
| a. Number of operating rooms (ORs) | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| • Total Procedures in ORs | 1,053 | 1,066 | 1,098 | 1,153 | 1,210 | 1,271 | 1,335 |
| • Total Cases in ORs | 532 | 471 | 472 | 496 | 521 | 547 | 574 |
| • Total Surgical Minutes in ORs** | 75,108 | 83,982 | 76,410 | 80,230.5 | 84,242 | 88,454.10 | 92,876.80 |
| b. Number of Procedure Rooms (PRs) | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| • Total Procedures in PRs | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| • Total Cases in PRs | 292 | 312 | 388 | 407 | 427 | 448 | 470 |
| • Total Minutes in PRs** | 17,520 | 18,720 | 23,280 | 24,444 | 25,666 | 26,949 | 28,296 |

*Number of beds and occupancy percentage should be reported on the basis of licensed beds.
 **Do not include turnover time.

**TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT
 (INSTRUCTION: All applicants should complete this table.)**

| CY or FY (Circle) | Projected Years (Ending with first full year at full utilization) | | | |
|-------------------|---|------|------|------|
| | 2017 | 2018 | 2019 | 2020 |
| | | | | |

| | | | | |
|--|--|--|--|--|
| 1. Admissions Response: n/a | | | | |
| a. ICF-MR | | | | |
| b. RTC-Residents | | | | |
| Day Students | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 2. Patient Days Response: n/a | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 3. Average Length of Stay Response: n/a | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 4. Occupancy Percentage* Response: n/a | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |

| | | | | |
|---|--|------|------|------|
| Table 2 Cont. | Projected Years (Ending with first full year at full utilization) | | | |
| CY or FY (Circle) | 2017 | 2018 | 2019 | 2020 |
| 5. Number of Licensed Beds Response: n/a | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |

| | | | | |
|--|-----------------|---------------|------------------|------------------|
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 6. Home Health Agencies Response: n/a | | | | |
| a. SN Visits | | | | |
| b. Home Health Aide | | | | |
| c. | | | | |
| d. | | | | |
| e. Total patients served | | | | |
| 7. Hospice Programs Response: n/a | | | | |
| a. SN Visits | | | | |
| b. Social work visits | | | | |
| c. Other staff visits | | | | |
| d. Total patients served | | | | |
| 8. Ambulatory Surgical Facilities | | | | |
| a. Number of operating rooms (ORs) | 2 | 2 | 2 | 2 |
| • Total Procedures in ORs | 1,153 | 1,210 | 1,271 | 1,335 |
| • Total Cases in ORs | 496 | 521 | 547 | 574 |
| • Total Surgical Minutes in ORs** | 80,230.5 | 84,242 | 88,454.10 | 92,876.80 |
| b. Number of Procedure Rooms (PRs) | 2 | 2 | 2 | 2 |
| • Total Procedures in PRs | n/a | n/a | n/a | n/a |
| • Total Cases in PRs | 407 | 427 | 448 | 470 |
| • Total Minutes in PRs** | 24,444 | 25,666 | 26,949 | 28,296 |

*Do not include turnover time

10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives.

The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

INSTRUCTIONS: Please describe the planning process that was used to develop the proposed project. This should include a full explanation of the primary goals or objectives of the project or the problem(s) being addressed by the project. It should also identify the alternative approaches to achieving those goals or objectives or solving those problem(s) that were considered during the project planning process, including the alternative of the services being provided by existing facilities.

For all alternative approaches, provide information on the level of effectiveness in goal or objective achievement or problem resolution that each alternative would be likely to achieve and the costs of each alternative. The cost analysis should go beyond development cost to consider life cycle costs of project alternatives. This narrative should clearly convey the analytical findings and reasoning that supported the project choices made. It should demonstrate why the proposed project provides the most effective goal and objective achievement or the most effective solution to the identified problem(s) for the level of cost required to implement the project, when compared to the effectiveness and cost of alternatives including the alternative of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

Response: This project involves a CON approval request to convert an existing single-specialty ASC to a multi-specialty ASC that provides pain management, orthopedic surgery and neuro spine surgery, in addition to the existing plastics surgical cases. The Applicant's goals in converting to a multi-specialty ASC include:

- (1) Accommodating the organic growth of cases in the relevant service area;**
- (2) Creating greater flexibility and ease of access for both patients and surgeons;**
- (3) Providing greater access and efficiency in the delivery of specialty care;**
- (4) Ensuring high-quality care through outcomes-based treatment;**
- (5) Maintaining full utilization of existing OR rooms, with the goal of future expansion; and**
- (6) Providing a net lower-cost alternative to hospital out-patient settings.**

The following alternatives were considered by the ASC:

- (1) Status Quo ("Alternative 1"):**

Maintaining the status quo as a single specialty ASC in plastics did not satisfy the Applicant's objectives of meeting community needs for a multi-specialty surgical

facility that satisfies the objectives (1) through (6) described above. The Applicant has been considering the ways in which it may provide a lower cost setting that satisfies patient preferences for receiving high quality care at settings that are not hospital-based. By maintaining the status quo, the Applicant would not be able to achieve these objectives and, therefore, that approach has been rejected.

(2) Convert ASC from Single Specialty to Multi-Specialty (“Alternative 2”):

By converting the existing ASC to a multi-specialty facility, the Applicant believes that it can satisfy all of its enumerated objectives, thereby providing value to the community and to the healthcare system. This approach involves the least amount of capital cost because the conversion requires only the acquisition of certain items of movable equipment. This approach can be achieved through existing cash flows and capital contributions from new members of the syndicated ASC. Accordingly, this approach was chosen because it achieves the Applicant’s objectives through the lowest actual cost expenditure.

(3) Convert ASC from Single Specialty to Multi-Specialty and add a Third Sterile OR (“Alternative 3”).

The Applicant considered the conversion, plus the addition of a third sterile room. This approach would have required the ASC to undergo heavy renovation to the existing physical plant and would require an interruption of operations for a period of time during renovation. This approach would also entail a significant amount of additional capital expenditure by a factor of at least 2X. Because of the significant additional capital requirement for the addition of a third room, the Applicant has concluded that a two-step process to expansion is the most economically efficient approach, with conversion to multi-specialty being the priority. Therefore, the addition of the 3rd sterile OR was rejected in favor of Alternative 2.

Based on the above criteria and analysis of each alternative, the Applicant has concluded that Alternative 2 is the most efficient and lowest-cost option.

10.24.01.08G(3)(d). Viability of the Proposal.

The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

INSTRUCTIONS: Please provide a complete description of the funding plan for the project, documenting the availability of equity, grant(s), or philanthropic sources of funds and demonstrating, to the extent possible, the ability of the applicant to obtain the debt financing proposed. Describe the alternative financing mechanisms considered in project planning and provide an explanation of why the proposed mix of funding sources was chosen.

- Complete Tables 3 and/or 4 below, as applicable. Attach additional pages as necessary detailing assumptions with respect to each revenue and expense line item.

Response: Table 3 and Table 4 are completed below.

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

(INSTRUCTION: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS)

(Please See Table 3 at next page)

Plastic Surgery Specialists, PC
Table 3: Revenues and Expenses - Entire Facility

| CY or FY (Circle) | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (Ending with first full year at full utilization) | | | |
|--|---------------------------------------|-----------|---------------------------|--|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| 1. Revenue | | | | | | | |
| a. Inpatient Services | | | | | | | |
| b. Outpatient Services | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| c. Gross Patient Service Revenue | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| d. Allowance for Bad Debt | | | | | | | |
| e. Contractual Allowance | | | | | | | |
| f. Charity Care | | | | | | | |
| g. Net Patient Services Revenue | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| h. Other Operating Revenues (Specify) | | | | | | | |
| i. Net Operating Revenue | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| 2. Expenses | | | | | | | |
| a. Salaries, Wages, and Professional Fees (including fringe benefits) | 2,268,796 | 2,131,765 | 2,238,000 | 2,350,000 | 2,468,000 | 2,591,000 | 2,721,000 |
| b. Contractual Services | 72,234 | 91,612 | 96,000 | 101,000 | 106,000 | 111,000 | 117,000 |
| c. Interest on Current Debt | 5,253 | 1,718 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| d. Interest on Project Debt | | | | | | | |
| e. Current Depreciation | 36,445 | 93,886 | 99,000 | 104,000 | 109,000 | 114,000 | 120,000 |
| f. Project Depreciation | | | | | | | |
| g. Current Amortization | | | | | | | |
| h. Project Amortization | | | | | | | |
| i. Supplies | 472,733 | 644,294 | 677,000 | 710,000 | 746,000 | 783,000 | 822,000 |
| j. Other Expenses (See schedule) | 1,214,025 | 1,260,805 | 1,324,000 | 1,390,000 | 1,460,000 | 1,533,000 | 1,609,000 |
| k. Total Operating Expenses | 4,069,486 | 4,224,079 | 4,436,000 | 4,657,000 | 4,891,000 | 5,134,000 | 5,391,000 |
| 3. Income | | | | | | | |
| a. Income from Operation | 984,921 | 873,453 | 916,000 | 963,000 | 1,010,000 | 1,062,000 | 1,115,000 |
| b. Non-Operating Income | 6,403 | 2,324 | 2,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| c. Subtotal | 991,324 | 875,777 | 918,000 | 966,000 | 1,013,000 | 1,065,000 | 1,118,000 |
| d. Income Taxes | | | | | | | |
| e. Net Income/(Loss) | 991,324 | 875,777 | 918,000 | 966,000 | 1,013,000 | 1,065,000 | 1,118,000 |

Plastic Surgery Specialists, PC
Table 3: Revenues and Expenses - Entire Facility
Schedule of Other Expenses (j)

| 2014 | 2015 | | |
|--------------------------------|---------------------|--------------------------------|---------------------|
| Advertising | 110,095.29 | Advertising | 138,101.54 |
| Automobile Expense | 28,800.00 | Automobile Expense | 24,000.00 |
| Bank Charges | 3,585.61 | Bank Charges | 1,720.16 |
| Cleaning | 38,950.00 | Cleaning | 40,220.00 |
| Credit Card Processing Fee | 60,050.06 | Credit Card Processing Fee | 72,695.08 |
| Computer Maintenance | 44,410.84 | Computer Maintenance | 53,117.32 |
| Charitable Contributions | 10,500.00 | Charitable Contributions | 6,000.00 |
| Dues & Subscriptions | 22,627.00 | Dues & Subscriptions | 24,897.70 |
| Officer's Life Insurance | 24,507.56 | Officer's Life Insurance | 20,246.94 |
| Officer's Disability Insurance | 44,482.07 | Officer's Disability Insurance | 47,997.33 |
| Other Insurance | 89,848.44 | Other Insurance | 92,131.05 |
| Laundry & Linens | 20,831.52 | Laundry & Linens | 22,358.31 |
| Licenses | 1,131.25 | Licenses | 3,440.00 |
| Lease Expense | 2,856.92 | Lease Expense | 2,365.31 |
| Repairs & Maintenance | 32,978.83 | Repairs & Maintenance | 20,397.39 |
| Meals & Entertainment | 6,710.06 | Meals & Entertainment | 1,119.04 |
| Office | 50,521.98 | Office | 54,105.23 |
| Other Taxes | 7,898.73 | Other Taxes | 11,997.27 |
| Pension Contribution | 206,183.56 | Pension Contribution | 215,932.07 |
| Photography | 325.38 | Postage | 6,398.51 |
| Postage | 7,784.33 | Printing | 15,347.45 |
| Printing | 8,632.29 | Rent | 295,334.43 |
| Rent | 287,773.88 | Payroll Expense | 7,495.08 |
| Real Estate Tax | 1,780.25 | Telephone | 49,743.64 |
| Seminars | 3,778.00 | Travel | 3,442.25 |
| Payroll Expense | 7,811.43 | Utilities | 30,201.61 |
| Telephone | 63,710.78 | | |
| Travel | 2,226.16 | | |
| Utilities | 23,232.35 | | |
| Total | 1,214,024.57 | Total | 1,260,804.71 |

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Following page is "Table 3 continued."

| Table 3 Cont. CY or FY (Circle) | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (ending with first full year at full utilization) | | | |
|---|------------------------------------|------|------------------------|---|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| 4. Patient Mix: | | | | | | | |
| A. Percent of Total Revenue | | | | | | | |
| 1. Medicare | 8 | 6 | 4 | 4 | 4 | 4 | 4 |
| 2. Medicaid | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 3. Blue Cross | 15 | 17 | 8 | 8 | 8 | 8 | 8 |
| 4. Commercial Insurance | 2 | 4 | 7 | 7 | 7 | 7 | 7 |
| 5. Self-Pay | 65 | 66 | 72 | 76 | 80 | 84 | 88 |
| 6. Other (Specify) | 9 | 6 | 8 | 8 | 8 | 8 | 8 |
| 7. TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. Percent of Patient Days/Visits/Procedures (as applicable) | | | | | | | |
| 1. Medicare | 8 | 6 | 4 | 4 | 4 | 4 | 4 |
| 2. Medicaid | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 3. Blue Cross | 15 | 17 | 8 | 8 | 8 | 8 | 8 |
| 4. Commercial Insurance | 2 | 4 | 7 | 7 | 7 | 7 | 7 |
| 5. Self-Pay | 65 | 66 | 72 | 76 | 80 | 84 | 88 |
| 6. Other (Specify) | 9 | 6 | 8 | 8 | 8 | 8 | 8 |
| 7. TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

Response: Please see attached Table (next page) under "Projected Years"

| CY or FY (Circle) | Projected Years (Ending with first full year at full utilization) | | | |
|--|--|------|------|------|
| | 2017 | 2018 | 2019 | 2020 |
| 1. Revenues | | | | |
| a. Inpatient Services | | | | |
| b. Outpatient Services | | | | |
| c. Gross Patient Services Revenue | | | | |
| d. Allowance for Bad Debt | | | | |
| e. Contractual Allowance | | | | |
| f. Charity Care | | | | |
| g. Net Patient Care Service Revenues | | | | |
| h. Total Net Operating Revenue | | | | |
| 2. Expenses | | | | |
| a. Salaries, Wages, and Professional Fees, (including fringe benefits) | | | | |
| b. Contractual Services | | | | |
| c. Interest on Current Debt | | | | |
| d. Interest on Project Debt | | | | |
| e. Current Depreciation | | | | |
| f. Project Depreciation | | | | |
| g. Current Amortization | | | | |
| h. Project Amortization | | | | |
| i. Supplies | | | | |
| j. Other Expenses (Specify) | | | | |
| k. Total Operating Expenses | | | | |

Plastic Surgery Specialists, PC
Table 3: Revenues and Expenses - Entire Facility

| CY or FY (Circle) | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (Ending with first full year at full utilization) | | | |
|--|---------------------------------------|-----------|---------------------------|--|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| 1. Revenue | | | | | | | |
| a. Inpatient Services | | | | | | | |
| b. Outpatient Services | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| c. Gross Patient Service Revenue | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| d. Allowance for Bad Debt | | | | | | | |
| e. Contractual Allowance | | | | | | | |
| f. Charity Care | | | | | | | |
| g. Net Patient Services Revenue | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| h. Other Operating Revenues (Specify) | | | | | | | |
| i. Net Operating Revenue | 5,054,407 | 5,097,532 | 5,352,000 | 5,620,000 | 5,901,000 | 6,196,000 | 6,506,000 |
| 2. Expenses | | | | | | | |
| a. Salaries, Wages, and Professional Fees (including fringe benefits) | 2,268,796 | 2,131,765 | 2,238,000 | 2,350,000 | 2,468,000 | 2,591,000 | 2,721,000 |
| b. Contractual Services | 72,234 | 91,612 | 96,000 | 101,000 | 106,000 | 111,000 | 117,000 |
| c. Interest on Current Debt | 5,253 | 1,718 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| d. Interest on Project Debt | | | | | | | |
| e. Current Depreciation | 36,445 | 93,886 | 99,000 | 104,000 | 109,000 | 114,000 | 120,000 |
| f. Project Depreciation | | | | | | | |
| g. Current Amortization | | | | | | | |
| h. Project Amortization | | | | | | | |
| i. Supplies | 472,733 | 644,294 | 677,000 | 710,000 | 746,000 | 783,000 | 822,000 |
| j. Other Expenses (See schedule) | 1,214,025 | 1,260,805 | 1,324,000 | 1,390,000 | 1,460,000 | 1,533,000 | 1,609,000 |
| k. Total Operating Expenses | 4,069,486 | 4,224,079 | 4,436,000 | 4,657,000 | 4,891,000 | 5,134,000 | 5,391,000 |
| 3. Income | | | | | | | |
| a. Income from Operation | 984,921 | 873,453 | 916,000 | 963,000 | 1,010,000 | 1,062,000 | 1,115,000 |
| b. Non-Operating Income | 6,403 | 2,324 | 2,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| c. Subtotal | 991,324 | 875,777 | 918,000 | 966,000 | 1,013,000 | 1,065,000 | 1,118,000 |
| d. Income Taxes | | | | | | | |
| e. Net Income/(Loss) | 991,324 | 875,777 | 918,000 | 966,000 | 1,013,000 | 1,065,000 | 1,118,000 |

Plastic Surgery Specialists, PC
Table 3: Revenues and Expenses - Entire Facility
Schedule of Other Expenses (j)

| 2014 | 2015 | | |
|--------------------------------|---------------------|--------------------------------|---------------------|
| Advertising | 110,095.29 | Advertising | 138,101.54 |
| Automobile Expense | 28,800.00 | Automobile Expense | 24,000.00 |
| Bank Charges | 3,585.61 | Bank Charges | 1,720.16 |
| Cleaning | 38,950.00 | Cleaning | 40,220.00 |
| Credit Card Processing Fee | 60,050.06 | Credit Card Processing Fee | 72,695.08 |
| Computer Maintenance | 44,410.84 | Computer Maintenance | 53,117.32 |
| Charitable Contributions | 10,500.00 | Charitable Contributions | 6,000.00 |
| Dues & Subscriptions | 22,627.00 | Dues & Subscriptions | 24,897.70 |
| Officer's Life Insurance | 24,507.56 | Officer's Life Insurance | 20,246.94 |
| Officer's Disability Insurance | 44,482.07 | Officer's Disability Insurance | 47,997.33 |
| Other Insurance | 89,848.44 | Other Insurance | 92,131.05 |
| Laundry & Linens | 20,831.52 | Laundry & Linens | 22,358.31 |
| Licenses | 1,131.25 | Licenses | 3,440.00 |
| Lease Expense | 2,856.92 | Lease Expense | 2,365.31 |
| Repairs & Maintenance | 32,978.83 | Repairs & Maintenance | 20,397.39 |
| Meals & Entertainment | 6,710.06 | Meals & Entertainment | 1,119.04 |
| Office | 50,521.98 | Office | 54,105.23 |
| Other Taxes | 7,898.73 | Other Taxes | 11,997.27 |
| Pension Contribution | 206,183.56 | Pension Contribution | 215,932.07 |
| Photography | 325.38 | Postage | 6,398.51 |
| Postage | 7,784.33 | Printing | 15,347.45 |
| Printing | 8,632.29 | Rent | 295,334.43 |
| Rent | 287,773.88 | Payroll Expense | 7,495.08 |
| Real Estate Tax | 1,780.25 | Telephone | 49,743.64 |
| Seminars | 3,778.00 | Travel | 3,442.25 |
| Payroll Expense | 7,811.43 | Utilities | 30,201.61 |
| Telephone | 63,710.78 | | |
| Travel | 2,226.16 | | |
| Utilities | 23,232.35 | | |
| Total | 1,214,024.57 | Total | 1,260,804.71 |

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- Audited financial statements for the past two years should be provided by all applicant entities and parent companies to demonstrate the financial condition of the entities involved and the availability of the equity contribution. If audited financial statements are not available for the entity or individuals that will provide the equity contribution, submit documentation of the financial condition of the entities and/or individuals providing the funds and the availability of such funds. Acceptable documentation is a letter signed by an independent Certified Public Accountant. Such letter shall detail the financial information considered by the CPA in reaching the conclusion that adequate funds are available.

Response: Please see Attachments 7 and 8 for un-audited financial statements. The ASC is a relatively small operation and, as such, its financial controls do not require or contemplate that its financials take the form of audited statements.

- If debt financing is required and/or grants or fund raising is proposed, detail the experience of the entities and/or individuals involved in obtaining such financing and grants and in raising funds for similar projects. If grant funding is proposed, identify the grant that has been or will be pursued and document the eligibility of the proposed project for the grant.

Response: The ASC is an existing facility. At this time the ASC does not contemplate (and does not require) debt financing or grant funding. The acquisition of equipment anticipated to be approximately \$500,000 will take place through existing cash flows and through the syndication of the ASC to additional new specialty surgeons.

- Describe and document relevant community support for the proposed project.

Response: The ASC is an existing operation, and conversion from single-specialty to multi-specialty does not impact the relevant community in any form, other than to increase the availability of surgical services in plastics, pain management, orthopedics and neuro spine.

Please see Attachment 10 for letters of support from surgeons involved in the project.

- Identify the performance requirements applicable to the proposed project (see question 12, "Project Schedule") and explain how the applicant will be able to implement the project in compliance with those performance requirements. Explain the process for completing the project design, obtaining State and local land use, environmental, and design approvals, contracting and obligating the funds within the prescribed time frame. Describe the construction process or refer to a description elsewhere in the application that demonstrates that the project can be completed within the applicable time frame(s).

Response: The ASC is an existing operation, and at no time will the ASC cease operations. The acquisition of additional items of equipment is expected to be completed within 3 or 4 months of the date that the CON approval is issued. The equipment acquisition process will commence immediately upon CON approval.

10.24.01.08G(3)(e). Compliance with Conditions of Previous Certificates of Need.

An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

INSTRUCTIONS: List all of the Maryland Certificates of Need that have been issued to the project applicant, its parent, or its affiliates or subsidiaries over the prior 15 years, including their terms and conditions, and any changes to approved Certificates that needed to be obtained. Document that these projects were or are being implemented in compliance with all of their terms and conditions or explain why this was not the case.

Response:

PSSPC has never applied for a certificate of need and, therefore no certificates of need have been issued to PSSPC.

PSSPC currently operates the ASC pursuant to a CON Exemption Letter furnished to PSSPC by the Commission on May 8, 1989. A copy is included with the filing as Attachment 9 ("MD CON Exemption Letter").

10.24.01.08G(3)(f). Impact on Existing Providers and the Health Care Delivery System.

An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

INSTRUCTIONS: Please provide an analysis of the impact of the proposed project. Please assure that all sources of information used in the impact analysis are identified and identify all the assumptions made in the impact analysis with respect to demand for services, payer mix, access to service and cost to the health care delivery system including relevant populations considered in the analysis, and changes in market share, with information that supports the validity of these assumptions. Provide an analysis of the following impacts:

- a) On the volume of service provided by all other existing health care providers that are likely to experience some impact as a result of this project;
- b) On the payer mix of all other existing health care providers that are likely to experience some impact on payer mix as a result of this project. If an applicant for a new nursing home claims no impact on payer mix, the applicant must identify the likely source of any expected increase in patients by payer.
- c) On access to health care services for the service area population that will be served by the project. (State and support the assumptions used in this analysis of the impact on access);
- d) On costs to the health care delivery system.

If the applicant is an existing facility or program, provide a summary description of the impact of the proposed project on the applicant's costs and charges, consistent with the information provided in the Project Budget, the projections of revenues and expenses, and the work force information.

Response:

Impact of proposed multi-specialty ASC on existing healthcare providers in the health planning region – The proposed ASC will have an insignificant impact on other healthcare providers within the health planning region. As an existing ASC, with its own patient volumes, the ASC does not now rely on (or draw from) other existing facilities within the relevant service area. The ASC does anticipate that the addition of multi-specialty services in pain management, orthopedics and neuro spine to existing plastics procedures will relieve an existing pressure valve for some surrounding facilities, where surgeons are unable to schedule procedures with any degree of efficiency or within reasonable time-frames. The effect will be additive to the overall system by allowing for

more procedures to take place overall within the service area, rather than losing those cases to facilities outside of the service area. This will have minimal to no impact on healthcare providers in the healthcare planning region. The Applicant anticipates a moderate 5% growth in OR and procedure room cases across the board based on increased demand. **The impact in FY 2020 is projected to have a less than 3% impact on any facility with the health planning region on an individual basis and in the aggregate.**

For all of the foregoing reasons, the Applicant anticipates the following results:

- A moderate and organic 5% growth in cases and procedures.
- No more than a 3% impact on any facility within the region.
- Generally, little to no impact to virtually all facilities within the region.

Impact on access to healthcare services for the service area population – The proposed ASC will provide more convenient access to needed healthcare services for the service area population. Access to the ASC is conveniently located just off of Route 50 and there is abundant, free parking at the location. The ASC will improve access and reduce costs imposed by payment policies for patients with co-pay obligations and/or high deductibles because such policies often restrict the use of hospital-based facilities for certain specialty procedures.

For all of the foregoing reasons, the Applicant anticipates:

- Greater efficiency in the delivery of needed specialty surgery.
- Greater access for patients.
- Lower costs to patients and to the payor market.
- Faster access to OR scheduling.

Impact on other affected providers – It is anticipated that additional cases leading to organic 5% growth derive from natural population growth, programmatic growth and some market share shifts. The Applicant anticipates that less than 3% of its growth volume will come from University of Maryland – Baltimore Washington Medical Center (“UM-BWMC”). The applicant does not anticipate any impact on other providers.

Impact on payor mix at other facilities- Because the impact on volume at other facilities will be negligible, as discussed above, the Applicant expects little to no impact on the payor mix at other facilities.

Impact on costs to the healthcare delivery system- The Applicant anticipates net reductions to the healthcare delivery system by approval of the ASC CON request. Since current Medicare and commercial reimbursement program rules have shifted incentives to focus on patient outcomes, patient satisfaction, and cost reduction, the shifting of ambulatory surgery cases from the hospital setting to the free-standing setting serves to achieve these objectives. The proposed ASC will further these objectives by providing care that is patient centered, high quality, efficient and lower cost.

EXHIBIT 1

Attachment 1 – Current Ownership

Mid-Atlantic Surgery Center, LLC will be owned 100% by Plastic Surgery Specialists, PC (“PSSPC”) at the time of formation. The current ownership structure of PSSPC is as follows:

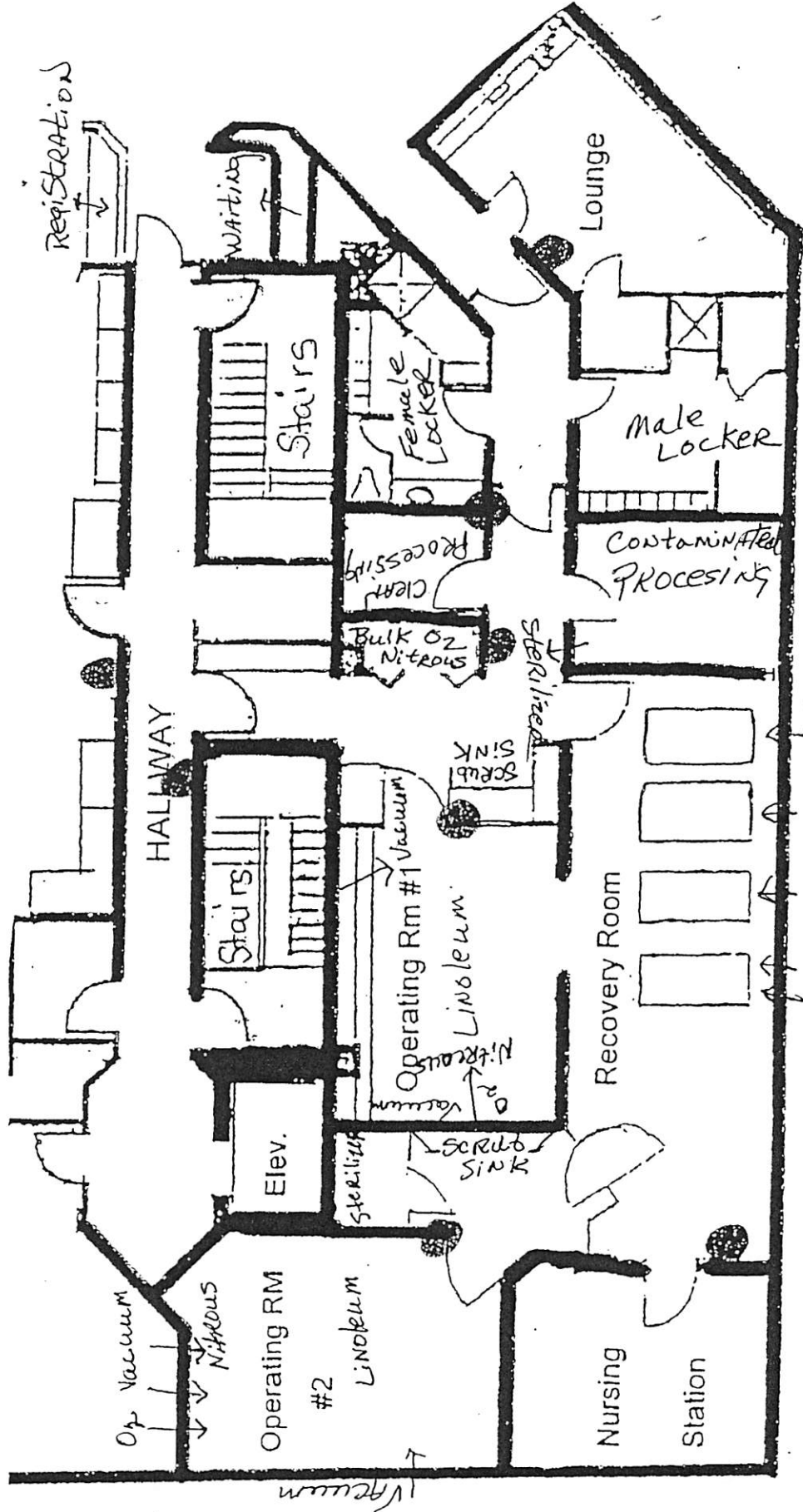
| PSSPC Ownership as of August 5, 2016 | |
|--------------------------------------|--------------------|
| Name | Ownership Interest |
| Paul Buhrer, M.D. | 33⅓ % |
| David Lowe, M.D. | 33⅓ % |
| Christopher Spittler, M.D. | 33⅓ % |

EXHIBIT 2

Attachment 2 – Facility Diagrams

1. Flooring - Linoeluum throughout ASC

2. In Line Gases - each O.R. = 2 Vacuum, 1m.O₂, N₂O = 1 ea.
PACU - 4 BEDS - 1 each O₂, 1 Vacuum



O₂ Vacuum > 4 Beds

Plastic Surgery Specialists, PC / Ambulatory Surgical Facility / 2448 Holly Avenue, Suite 400, Annapol.

FIRE EXTINGUISHER LOCATION

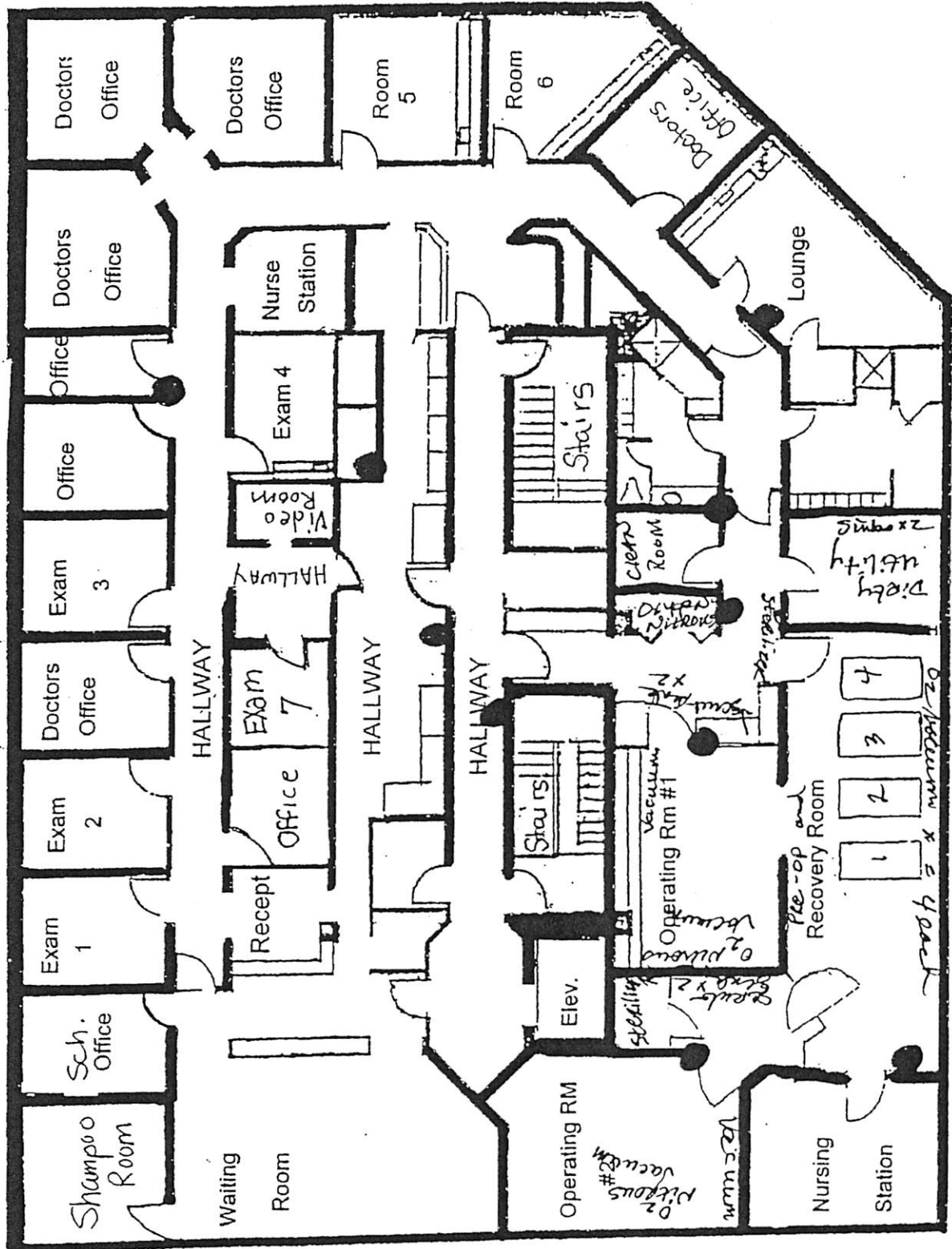


EXHIBIT 1

#2

EXHIBIT 3

Attachment 3 – Space Lease Agreement

WEST COURT

LEASE AGREEMENT

BY AND BETWEEN

Helmsman Holly Limited Partnership, Landlord

AND

Plastic Surgery Specialists, P.C., Tenant

DATE: 9-30-14

TABLE OF CONTENTS

ARTICLE I. SUMMARY OF LEASE TERMS

ARTICLE II. DEFINITIONS

ARTICLE III. GENERAL TERMS AND CONDITIONS

| | |
|-----|--|
| 1. | Lease of Premises. |
| 2. | Quiet Possession..... |
| 3. | Term. |
| 4. | Construction and Delivery of the Premises. |
| 5. | Rent. |
| 6. | Permitted Use; Compliance with Legal Requirements; Hazardous Materials. |
| 7. | Transfer of Lease by Tenant. |
| 8. | Abandonment of Premises or Tenant’s Personal Property; Surrender of Premises. |
| 9. | Repairs and Alterations. |
| 10. | Common Areas. |
| 11. | Operating Costs. |
| 12. | Taxes..... |
| 13. | Utilities. |
| 14. | Indemnifications and Waiver of Claims. |
| 15. | Insurance. |
| 16. | Casualty and Condemnation. |
| 17. | Signs. |
| 18. | Right of Entry for Inspection, Exhibition, Repair. |
| 19. | Subordination and Attornment. |
| 20. | Modifications to Lease; Rights of Superior Mortgagee, Superior Lessor. |
| 21. | Defaults by the Tenant. |
| 22. | Miscellaneous Provisions. |

EXHIBITS

- Exhibit A-1** - Site Plan of Property
- Exhibit A-2** - Floor Plan or other Depiction of Location of Premises
- Exhibit B** - Construction Provisions for Leasehold Improvements
- Exhibit B-1** - Preliminary or Final Plans and/or Specifications for Construction of Leasehold Improvements
- Exhibit C** - Rules and Regulations
- Exhibit D** - Form of Commencement Date Letter

WEST COURT
STANDARD FORM
NET LEASE AGREEMENT

THIS AGREEMENT OF LEASE, is made as of this 30 day of September, 2014, by Helmsman Holly Limited Partnership ("Landlord"), and Plastic Surgery Specialists P.C ("Tenant"). This Lease supersedes all currently or previous existing agreements between Landlord and tenant, except that tenant shall be responsible for all charges incurred up to the commencement date hereby.

IN CONSIDERATION of the Rent hereinafter reserved and the agreements set forth in the General Terms and Conditions, and any and all Exhibits and Riders hereto, as well as any other schedules or attachments hereto, Landlord hereby leases to Tenant and Tenant rents from the Landlord the Premises, located in the Building, for the Term. Landlord and Tenant agree as follows.

ARTICLE I. SUMMARY OF LEASE TERMS. The following is a summary of certain of the terms, defined words and phrases of this Lease. These shall have the following meanings, when used in the foregoing grant and in the following Articles, Sections, Subsections, Exhibits and Rider, and in all the other schedules or attachments, and are in addition to the definitions contained in this Lease.

1.1 Deposit: \$8877.63,

1.2. Basic Rent: The annual sum of \$203,720.00 payable in equal consecutive monthly installments of \$16,976.67 with respect to the first Lease Year of the Term, subject to adjustment as provided in Section 5.2 of the General Terms and Conditions to Lease.

1.3. Basic Rent Adjustment: For the second and each successive Lease Year, All Basic Rent shall be increased by two and one half percent (2.5%) payable during the Term in accordance with the following schedule:

| YEAR | ENDING | ANNUAL BASE RENT | MONTHLY BASE RENT |
|------|-----------|------------------|-------------------|
| 1 | 9/30/2015 | \$203,720.00 | \$16,976.67 |
| 2 | 9/30/2016 | \$208,813.00 | \$17,401.08 |
| 3 | 9/30/2017 | \$214,033.33 | \$17,836.11 |
| 4 | 9/30/2018 | \$219,384.16 | \$18,282.01 |
| 5 | 9/30/2019 | \$224,868.76 | \$18,739.06 |
| 6 | 9/30/2020 | \$230,490.48 | \$19,207.54 |
| 7 | 9/30/2021 | \$236,252.74 | \$19,687.73 |
| 8 | 9/30/2022 | \$242,159.06 | \$20,179.92 |
| 9 | 9/30/2023 | \$248,213.04 | \$20,684.42 |
| 10 | 9/30/2024 | \$254,418.36 | \$21,201.53 |
| 11 | 9/30/2025 | \$260,778.82 | \$21,731.57 |

Annual Base Rent for space L2 shall be \$6000 per annum for Year 1, payable monthly, and increasing by 2.5% annually on each October 1.

1.4. Building and Center: The building having the address of 2448 Holly Ave Annapolis MD 21401, as shown on Exhibit A-1.

1.6. Commencement Date: October 1, 2014.

1.7. Rent Commencement Date: October 1, 2014, provided that Basic Rent for the months of October, November, and December, 2014 and January 2015 shall be reduced to \$8488.33 per month.

1.8. Landlord's Notice Address: c/o Helmsman Property Services, Inc., 1212 York Road Suite C300 Lutherville MD 21093, Attention: Michael B. Glick, or such other address as Landlord may provide to Tenant from time to time.

1.9. Landlord's Rental Payment Address: Care of Helmsman Property Services, Inc., 1212 York Road Suite C300 Lutherville MD 21093, Attention: Michael B. Glick, with all checks to be drawn payable to Landlord.

1.10. Named Brokers: Colliers International and TTR Sotheby's International Realty.

1.11. Permitted Use: The use of the Premises as medical space.

1.12. Premises; Rentable Area of the Premises: That portion of the Building leased by Tenant from Landlord and shown outlined on Exhibit A-2, containing the agreed upon equivalent of 7408 square feet (the "Rentable Area of the Premises") and known and designated as Suites 400, 200B and 600 square feet .("storage space") know and designated as Suite L2.

1.13. Tenant's Notice Address: The term means 2448 Holly Ave, Suite 400 Annapolis MD 21401.

1.14. Term: A period of 132 calendar months.

1.15 Proportionate Share: Tenant's proportionate share is 27.56%.

1.16 Tenant Improvement Allowance: Deleted. See letter agreement between the parties of even date herewith.

2. Exhibits. The Exhibits attached to this Lease, and all drawings and documents prepared pursuant thereto, shall be deemed to be a part hereof and are incorporated herein by reference.

3. Rider. Any Rider to Lease which is attached hereto is intended to be an integral part of this Lease and is incorporated herein by reference.

ARTICLE II. DEFINITIONS.

In addition to any terms defined elsewhere in this Lease, the following definitions shall apply in Article III (General Terms and Conditions) and in any Exhibits, Riders or other addenda to this Lease:

Additional Rent: All sums of money or charges required to be paid by Tenant under this Lease other than Basic Rent, whether or not such sums or charges are so designated.

Alterations: Any of the following, made or proposed to be made to the Premises or any other part of the Building or Center following the Commencement Date: (i) any alteration, modification, substitution or other change of any nature to the structural, mechanical, electrical, plumbing, HVAC and fire suppression systems within or serving the Premises or the Building; (ii) any renovations, improvements or other installations in, on or to any part of the Premises or Building or Center generally (including, without limitation, any alterations of the exterior of the Premises, signs, structural alterations, or any cutting or drilling into any part of the Premises or Building or Center or any securing of any fixture, apparatus, or equipment of any kind to any part of the Premises); (iii) any installation or modification of carpeting, walls, partitions, counters, doors, shelves, lighting fixtures, hardware, locks, ceiling, window and wall coverings within the Premises.

Appropriate Authorities: All Federal, state or county governmental officer, agency or department, having jurisdiction over the administration and enforcement of Legal Requirements, and also including any public or private authority which is required to issue any permits, licenses, consents, waivers or other approvals needed in connection with the construction, occupation or use of the Premises or the Center generally.

Casualty: Damage to all or any part of the Center, including the Building and the Premises, caused by fire, the elements, accident, act of God or the like.

Commencement Date: The date specified in Section 1 of the Lease, but if no date is specified there, then upon the date, following Substantial Completion of any Leasehold Improvements, on which Landlord tenders to Tenant the keys to the Premises or other indicia of possession with respect thereto, indicating that Tenant may enter into possession of the Premises for the Term, or otherwise tenders delivery of the Premises to Tenant, in writing.

Common Areas: Those areas and facilities which may be furnished by Landlord within the Center, for the general common use of tenants and other occupants of the Center, their officers, agents, employees and invitees, including (without limitation) all parking areas, access areas (other than public streets), employee parking areas, truckways, driveways, loading docks and areas, sidewalks, ramps, roofs, sprinkler systems, landscaped and planted areas, retaining walls, stairways, lighting systems and facilities, common utility and telecommunications facilities, drainage areas, roads, the common use elements of the Landlord's Building (including, without limitation, all stairs, landings, roofs, utility and mechanical rooms and equipment, service closets, corridors, elevators, lobbies, lavatories and other public areas of the Building and all other buildings located within the Center), and other similar areas, facilities or improvements.

Environmental Laws: The Clean Air Act, the Resource Conservation Recovery Act of 1976, the Hazardous Material Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Consumer Product Safety Act, the Clean Water Act, the Federal Water Pollution Control Act, the National Environmental Policy Act, Md. *Nat. Res. Code Ann.*, Title 8, and Md. *Env. Code Ann.*, Title 7, as each of the foregoing shall be amended from time to time, and any similar or successor laws, federal, state or local, or any rules or regulations promulgated thereunder.

Fees and Costs: Any and all advances, charges, costs or fees actually and reasonably incurred by Landlord in collecting any sums due from Tenant hereunder, or otherwise in preserving the rights of

Landlord hereunder or in enforcing the rights and obligations of Landlord and Tenant hereunder, (and specifically including actual legal expenses and management fees reasonably incurred by Landlord hereunder).

Final Plans and Specifications: NA

Hazardous Materials: Asbestos; "oil, petroleum products and their by-products"; "hazardous substances"; "hazardous wastes" or "toxic substances", as those terms are used in Environmental Laws; or any substances or materials listed as hazardous or toxic by any Appropriate Authority.

Insurance Costs: For any Operating Year, Landlord's costs for maintaining, under one or more policies, property insurance coverage with respect to the Building and the Center generally, including, without limitation, commercial general liability insurance; insurance against fire and "all-risk" coverage, including earthquake and flood, theft or other casualties; insurance against loss of Rent and other income; workers' compensation insurance or similar insurance covering personnel; fidelity bonds for personnel; insurance against liability for defamation and claims of false arrest occurring on and about the Center; and such other insurance coverages deemed appropriate by Landlord with such coverage limits, deductible amounts and companies as Landlord may reasonably determine.

Lease Year: Generally a period of twelve (12) consecutive full calendar months except that (i) the first Lease Year shall begin on the Commencement Date and shall end on the last day of the twelfth full calendar month thereafter; (ii) each successive Lease Year shall commence upon the first day of the calendar month next following the end of the first Lease Year and shall consist of twelve (12) consecutive full calendar months and (iii) if the Term is not equally divisible into twelve-month segments, then the last Lease Year shall consist of the number of full calendar months, less than twelve, remaining in the Term after accounting for the first Lease Year and all previous twelve-month Lease Years.

Leasehold Improvements: NA

Legal Requirements: (i) all laws, ordinances, notices, orders, rules, regulations and requirements of any and all Federal, state or municipal governments, and of the appropriate departments, commissions, boards and officers thereof which impose any duties on a party respecting the use, operation, care, repair, replacement or alteration of the Premises generally, and including but not limited to The Americans with Disabilities Act, 42 U.S.C. § 12101, *et. seq.*, and the ADA Disability Guidelines promulgated with respect thereto; (ii) all Environmental Laws; (iii) all zoning and other land use matters and utility availability regulations or directives; (iv) any direction of any public officer or officers, pursuant to law, which shall impose any duty upon Landlord or Tenant respecting the use, operation, care, repair, replacement or alteration of the Premises; and (v) all notices, orders, rules and regulations of the National Board of Fire Underwriters, or any other body now or hereafter constituted and exercising similar functions, relating to all or any part of the Premises, regardless of when they became effective; (v) all covenants, conditions, restrictions, reciprocal easement agreements and the like which are recorded among the land records of the jurisdiction in which the Center is located and which are applicable to the Center generally.

Notice: Any notice required or permitted to be given hereunder. All Notices shall be in writing and shall be conclusively presumed to have been received one (1) day after depositing into the United States mail, if delivery is by postage paid registered or certified mail, or by telecopier, or by FEDEX or other nationally recognized overnight courier service. Any notice in any other manner shall be deemed given when actually received. Any notice given by telecopier shall be promptly sent by first class mail, postage prepaid, as well. All notices to be sent to the Tenant shall be sent care of the Tenant's Notice Address. Notices to Landlord shall be delivered or addressed to Landlord's Notice Address, with a copy to

any other persons designated by Landlord. Either party may, at any time, in the manner set forth for giving notices to the other, set forth a different address to which notices to it shall be delivered or sent.

Operating Costs: In each Operating Year, all costs and expenses incurred by or on behalf of Landlord in operating, managing, insuring, securing and maintaining the Center (excepting Taxes), including, without limitation, all costs and expenses of operating, maintaining, repairing, lighting, signing, cleaning, painting, striping, policing and security of the Common Areas (including cost of uniforms, equipment and employment taxes); alarm and life safety systems; Insurance Costs; cost of cleaning all exterior glass; removal of water, snow, ice, litter and debris; regulation of traffic; costs and expenses of inspecting and depreciation of machinery and equipment used in the operation and maintenance of the Common Areas and personal property taxes and other charges (including, but not limited to, leasing or rental costs) incurred in connection with such equipment; costs and expenses incurred in making any alterations to the Center required to be made pursuant to Legal Requirements, consistent with the provisions of Subsection 9.5; costs and expenses of maintenance and repair or replacement of roofs, awnings, paving, curbs, walkways, landscaping, drainage, pipes, ducts, conduits and similar items, signage for the Center, and lighting facilities; costs and expenses of planting, replanting and replacing flowers, shrubbery and planters; costs of providing energy to light, heat, ventilate and air condition areas in which the Common Areas are located and the maintenance and repair of such equipment; cost of water services, if any, furnished by Landlord for the non-exclusive use of all tenants; costs and expenses of repairing and maintaining all mains and electrical conduits necessary to provide water, electricity, telephone and sewer service to the Center; roads and storm drainage facilities unless and until dedicated for public purposes; Landlord's share of expenses under any declaration, covenant, condition, restriction or other agreement recorded among the land records of the county in which the Center is located and applicable to the Center; wages, salaries or other compensation or benefits paid to any building manager or other non-executive employees below the grade of building manager, to the extent allocable to services rendered in connection with the operation or maintenance of the Building; and administrative costs or management fees relating to operating and maintaining the Center. Any of the foregoing expenses required to be capitalized for federal income tax purposes shall be amortized on a straight-line basis over a period equal to the lesser of the useful life thereof for federal income tax purposes or ten years. The term "Operating Costs" shall not include debt service under any Superior Mortgage, or ground rent payments under any Superior Lease; leasing commissions; expenditures for which Landlord is reimbursed by any insurance carrier, or from any other source; or cost of repairs or replacements incurred by reason of Casualty or condemnation. Anything contained in the foregoing notwithstanding, Landlord shall not be responsible for the cost of janitorial services to the Premises .

Operating Year: Each successive calendar year or part thereof during the Term of this Lease or any renewal thereof, or, at Landlord's option, each successive fiscal year of Landlord or part thereof, during the Term.

Plans and Specifications: Any Preliminary Plans and Specifications or Final Plans and Specifications for the completion of Leasehold Improvements, so identified and attached hereto as or referenced in **Exhibit B-1**.

Ready for Occupancy: *See Substantial Completion.*

Reimbursement Rate: 18% per annum.

Rent: All Basic Rent and Additional Rent.

Rentable Area of the Center: The total rentable square footage of the Building and all other buildings located from time to time within the Center.

Substantial Completion/Ready for Occupancy: NA. Premises are to be delivered as is.

Superior Lease; Superior Lessor: "Superior Lease" means all present and future ground leases, operating leases, superior leases, overriding leases and underlying leases and grants of term of the Center and the Building or any portion thereof; and "Superior Lessor" means the party then exercising the rights of landlord thereunder.

Superior Mortgage; Superior Mortgagee: "Superior Mortgage" means all mortgages and building loan agreements, including leasehold mortgages and spreader and consolidation agreements, which may now or hereafter affect the Center, the Building or the Premises, except that a mortgage on the Center only shall not be a Superior Mortgage so long as there is in effect a Superior Lease which is not subordinate to such mortgage; and "Superior Mortgage" means the party then exercising the rights of mortgagee, beneficiary or secured party thereunder.

Taxes: (i) all real estate and other *ad valorem* taxes, including, without limitation, real estate rental, receipt or gross receipt tax or any other tax on Landlord (excluding Landlord's income taxes), now or hereafter imposed by any Appropriate Authority and whether as a substitution for or in addition to the present method of real property taxation currently in use; (ii) charges or assessments imposed under the authority of any applicable parks and recreation association or the like, which appear on the Tax bill furnished by the Appropriate Authority; and (iii) Fees and Costs, if necessary, incurred in connection with any negotiation, contest or appeal pursued by Landlord in an effort to reduce Taxes, and (iv) any metropolitan district water and sewer charges and other governmental charges which customarily are part of the real estate tax bill issued by Appropriate Authorities charged with said responsibility.

Tax Year: The twelve (12) month period beginning July 1 of each year or such other twelve (12) month period (deemed to have 365 days) established as a real estate tax year by the taxing authorities having lawful jurisdiction over the Center.

Tenant's Personal Property: All equipment, machinery, furniture, furnishings and/or other property now or hereafter installed or placed in or on the Premises by and at the sole expense of Tenant with respect to which Tenant has not been granted any credit or allowance by Landlord and which (a) is not used, or was not procured for use, in connection with the operation, maintenance or protection of the Premises or the Building; (b) is removable without damage to the Premises or the Building, and (c) is not a replacement of any property of Landlord, whether such replacement is made at Tenant's expense or otherwise. Notwithstanding any other provision of this Lease, Tenant's Personal Property shall not include any Leasehold Improvements or Alterations, whether or not any of the same were installed at Tenant's expense.

Tenant's Proportionate Share: A fraction, which shall be adjusted as necessary, expressed as a percentage, the numerator of which is the Rentable Area of the Premises, as the same may be increased or decreased during the Term of this Lease, and the denominator of which is the Rentable Area of the Center, as the same may be increased or decreased during the Term of this Lease .

Transfer; Transferee: (i) an assignment or other transfer, mortgage or other encumbrance of Tenant's interest in this Lease or any of its rights under it; (ii) a sublease of all or part of the Premises or the occupancy or use of any part of the Premises by any person other than Tenant; or (iii) an assignment or other transfer of Tenant's interest in this Lease by operation of law, including any levy or sale in execution of a judgment or any assignment or sale in bankruptcy, or insolvency, or the appointment of a receiver or trustee by any state or federal court; and a Transferee means any transferee, assignee, mortgagee, sublessee or occupant with respect to such a Transfer.

Unavoidable Delay: Any delay caused by fire, earthquake, or other acts of God, acts of the public enemy, riot, insurrection, governmental regulations, the sales of materials and supplies, or strikes directly affecting the work of construction or shortages of materials or labor resulting from governmental control or diversions.

ARTICLE III. GENERAL TERMS AND CONDITIONS.

1. Lease of Premises.

Landlord agrees to lease the Premises, located in the Building within the Center, to the Tenant and Tenant agrees to rent and accept the same from the Landlord, subject to these General Terms and Conditions and the provisions of the Exhibits and any Rider and Addenda to the Lease.

2. Quiet Possession.

Following the Commencement Date Tenant shall peaceably and quietly have, hold and enjoy the Premises without hindrance, ejection or molestation by Landlord or any person lawfully claiming through or under Landlord. This covenant is subject to the provisions of this Lease and to any Superior Lessor and any Superior Mortgage and shall apply if and so long as Tenant pays all Rent due hereunder, performs and observes the other terms and covenants to be performed and kept by it as provided in this Lease, and complies with Legal Requirements. This covenant shall be construed as a covenant running with the land, and is not a personal covenant of Landlord, except to the extent of Landlord's interest in this Lease and only so long as such interest shall continue, and thereafter this covenant shall be binding only upon subsequent successors in interest of Landlord's interest in this Lease, to the extent of their respective interests, as and when they shall acquire the same, and so long as they shall retain such interest.

3. Term.

The Term of this Lease shall commence upon the Commencement Date and shall end on the last day of the last calendar month of the Term (unless sooner terminated pursuant to the provisions of this Lease).

4. Rent.

Tenant covenants and agrees to pay to Landlord during the Term, as Rent for the Premises, the aggregate of all Basic Rent and Additional Rent due hereunder, as provided in this Section.

4.1. Basic Rent. The Basic Rent shall be payable in equal Monthly Installments of Basic Rent in advance on the first day of each full calendar month during the Term, without any deduction or setoff whatsoever, and without demand. Tenant shall pay the Advance Rent to Landlord concurrently with the signing of this Lease. The first monthly payment due following the Commencement Date shall include any prorated Basic Rent for the period from the Commencement Date to the first day of the first full calendar month.

4.2. Basic Rent Adjustment. Commencing with the second Lease Year and continuing each Lease Year thereafter for the remainder of the Term, the Basic Rent shall be increased by an amount equal to the product of the Basic Rent Adjustment multiplied by the Basic Rent paid by Tenant during the Lease Year preceding each annual increase. The Basic Rent Adjustment shall apply during the original Term and any extended or renewal term of this Lease unless otherwise expressly provided in any Attachment, or amendment to this Lease.

4.3. Additional Rent. Tenant shall pay all elements of Additional Rent due under this Lease at the times and in the manner prescribed below.

4.4. Late Charge For Failure to Pay Rent and Additional Rent. All sums payable as Basic Rent or Additional Rent shall be paid by Tenant to Landlord's Rental Payment Address, or at such other address as Landlord may from time to time designate by Notice given to Tenant care of Tenant's Notice Address. If any check tendered by Tenant in payment of Rent is dishonored upon presentment for payment, then Landlord, in addition to all other rights and remedies contained in this Lease, may assess a dishonor charge of One Hundred Fifty Dollars (\$150.00); and Landlord shall thereafter have the right to insist that all of Tenant's further payments be made by certified check or wire transfer. If Tenant fails to pay any Basic Rent or any Additional Rent within five (5) days of the time it is due and payable (including deemed failure to pay due to dishonor of Tenant's check upon presentation for payment), then Landlord, in addition to all other rights and remedies contained in this Lease, may assess a late charge against Tenant in the amount of five percent (5%) of the delinquent amount. Additionally, if Tenant fails to pay any Basic Rent or any Additional Rent when due and payable, then such unpaid amounts shall bear interest from the due date thereof to the date of payment at the Reimbursement Rate together with Landlord's Fees and Costs incurred in collecting any delinquent Rent due hereunder.

4.5. All Charges Constitute Rent. Every amount payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as Basic Rent or Additional Rent, and including all Fees and Costs, shall constitute and shall be referred to as "Rent" for the purposes of this Lease as well as Section 502(b)(6) of the Bankruptcy Code, 11 U.S.C. § 502(b)(6).

4.6. Deposit. The Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. It shall not be considered a measure of liquidated damages. Landlord may apply all or any part of the Deposit in total or partial satisfaction of any default by Tenant. The application of all or any part of the Deposit to any obligation or default of Tenant under this Lease shall not deprive Landlord of any other rights or remedies Landlord may have, nor shall such application by Landlord constitute a waiver by Landlord. If all or any part of the Deposit is applied to an obligation of Tenant under this Agreement then Landlord shall have the right to call upon Tenant to restore the Deposit to its original amount in cash by giving notice to Tenant, in which case Tenant shall immediately restore the Deposit. The Deposit shall be held by Landlord without liability for interest; Landlord shall be entitled to the full use of the Deposit and shall not be required to keep it in a segregated account or escrow. If Landlord conveys its interest under this Lease, the Deposit, to the extent not previously applied to the cure of a Tenant Default, will be turned over by Landlord to Landlord's grantee or transferee, and upon any such delivery of the Deposit the Landlord herein named shall be released of any and all liability with respect to the Deposit, its application and return, and Tenant agrees to look solely to such grantee or transferee. This provision shall also apply to subsequent grantees and transferees. Landlord will return the balance of the Deposit not previously applied as provided herein, within thirty (30) days after expiration of the Term.

5. Permitted Use; Compliance with Legal Requirements; Hazardous Materials.

5.1. Permitted Use . The Premises shall be used and occupied for Medical Purposes and for no other use or purpose. Tenant shall not commit or suffer to be committed any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenant in the Building, or in the Center, or which may disturb the quiet enjoyment of any person outside the Building or in the Center in contravention of such person's legal rights, or which will subject Landlord to any liability for injury to persons or damages to property. Furthermore, except as specifically and expressly described within the definition of the Permitted Use, no use of the Premises shall be made or be permitted to be made that shall result in any use of the Premises deemed by Landlord to be improper, unlawful or

objectionable, specifically including the sale, storage or preparation of food, alcoholic beverages or materials generating an odor on the Premises, or any other use generating noises or vibrations that may disturb the Landlord or other tenants of the Center. Tenant will not do or suffer to be done, or keep or suffer to be kept, anything in, upon or about the Premises which will violate Landlord's policies of hazard or liability insurance or which will prevent Landlord from procuring such policies in companies acceptable to Landlord, or which will cause the rate of fire or other insurance on the Premises or on other property of Landlord or others within the Property to be increased beyond the rates otherwise in effect.

5.2. Acceptability of the Premises for Permitted Use . By its entry into this Lease, Tenant acknowledges to Landlord that Tenant has satisfied itself that the Premises can be used by Tenant for the Permitted Use in accordance with Legal Requirements and that the Premises will be acceptable to Tenant for the Permitted Use pursuant to this Lease. Tenant agrees that Landlord has made no express or implied warranty, representation or covenant to or with Tenant with respect to these matters. Landlord makes no representation that any license, permit or approval of any Appropriate Authority will be granted for Tenant's use at the Premises, or, if granted, will be continued in effect or renewed, and any failure to obtain such license or licenses, permit or permits, or any revocation thereof or failure to renew the same, shall not release the Tenant from its obligations under this Lease Agreement.

5.3. Compliance with Rules, Ordinances, Etc. Tenant shall, throughout the Term, at Tenant's sole cost and expense, promptly comply with the provisions of the Rules and Regulations and all Legal Requirements.

6.4 Hazardous Material.

6.4.1. Tenant's Agreements. Tenant warrants and agrees that Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by Tenant, its agents, employees, contractors or invitees that have not already been used previously (provided that Tenant shall submit a list of such materials to Landlord within thirty days of the commencement of the Term) without the prior written consent of Landlord (which Landlord shall

not unreasonably withhold as long as Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Material is necessary or useful to Tenant's business and will be used, kept and stored in a manner that complies with all Environmental Laws regulating any such Hazardous Material so brought upon or used or kept in or about the Premises). If Tenant breaches the obligations stated in the preceding sentence then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Appropriate Authority because of Hazardous Material present in the soil or ground water on or under the Premises or the Center generally. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by Tenant results in any contamination of the Premises or the Center generally, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises or the Center generally. It shall not be unreasonable for Landlord to withhold its consent to any proposed Transfer otherwise permitted pursuant to Section 7 of the Lease if (i) the proposed Transferee's anticipated use of the Premises involves the generation, storage, use, treatment or disposal of Hazardous Material; (ii) the proposed Transferee has been required by any prior landlord, lender or governmental authority to take remedial action in connection with Hazardous Material contaminating a property if the contamination resulted from such Transferee's actions or use of the property in question; or (iii) the proposed Transferee is subject to an enforcement order issued by any Appropriate Authority in connection with the use, disposal or storage of a Hazardous Material.

6.4.1. Annual Disclosure . At the commencement of this Lease and thereafter, on request by Landlord, Tenant shall disclose to Landlord the names and amounts of all Hazardous Materials, or any combination thereof, which were stored, used, or disposed of on the Premises, or which Tenant intends to store, use, or dispose of on the Premises.

6.5. Moisture and Mold. Tenant covenants and agrees to use Tenant's best efforts to prevent any condition in the Premises, such as excessive moisture, which could create an environment conducive to mold growth and Tenant agrees not to foster or permit any condition to exist in the Premises which is likely to create such mold growth. Tenant covenants and agrees to regularly inspect the Premises for the presence of mold or for any condition that may reasonably be expected to give rise to mold, including but not limited to the observance of suspected excess dampness or instances of water damage in the Premises. In the event any such condition develops from water penetration through the windows, roof or mechanical systems then Landlord is responsible at Landlord's sole cost for any act or omission which leads to or exacerbates mold growth Tenant agrees promptly to give notice to Landlord in writing of any actual or potential mold problem, regardless of what may have caused such problem. Tenant acknowledges that prior to taking possession of the Premises, it will conduct its own inspection for the presence of mold in the Premises, and will notify Landlord of any mold or suspected mold found in the Premises, and if Tenant fails to notify Landlord of the presence of any mold or suspected mold in the Premises prior to the Lease commencement date, the Premises shall conclusively be deemed to be free of mold as of the Lease commandment date.

Tenant further agrees that, in the event Landlord notifies Tenant of Landlord's intention to remediate mold in the Premises or in any adjoining property of Landlord, Tenant will provide access to the Premises to permit Landlord to remediate any such problem. In the event Landlord determines that Tenant should vacate the Premises during such remediation which was not caused by any act or omission of Tenant, its agents, employees, contractors or invitees, Tenant agrees to relocate at Landlord's expense, to another premises mutually agreed upon, if necessary, in order for Landlord to complete such remediation.

6. Transfer of Lease by Tenant.

6.1. Transfer. No Transfer shall be permitted of this Lease without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, in each instance first obtained, in the exercise of Landlord's sole and absolute discretion. Any consent given to any one Transfer shall not constitute a consent to any subsequent Transfer. Any attempted Transfer without Landlord's consent shall be null and void and shall not confer any rights upon any purported Transferee. No Transfer, regardless of whether Landlord's consent has been granted or withheld, shall be deemed to release Tenant from any of its obligations hereunder or to alter, impair or release the obligations of any person guaranteeing the obligations of Tenant hereunder. Landlord will give Tenant prompt Notice of any acceptance or denial of a request for Transfer approval.

6.2. Transfer Approval Conditions. The parties agree that Landlord may consider the following conditions to a proposed transfer, which list of conditions is non-exclusive.

6.2.1 Tenant shall submit to Landlord (i) in writing, the name and address of the proposed Transferee, a reasonably detailed statement of the proposed Transferee's business, and reasonably detailed information as to the character, reputation and business experience of the proposed Transferee, as well as reasonably detailed financial references and information concerning the financial condition of the proposed Transferee (including, at Tenant's expense, a current Dun & Bradstreet, TRW, Equifax or other similar report and a financial statement certified as being true and correct by the chief

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financial executive of the proposed Transferee); (ii) a fully executed copy of the proposed Transfer document, in Landlord's standard form or in form and content reasonably acceptable to Landlord, the effective date of which shall be at least thirty (30) days after the date on which Tenant shall have furnished Landlord with all of the information required pursuant to (i) above and which shall be conditioned on Landlord's consent thereto; and (iii) an agreement in form and substance satisfactory to Landlord by Tenant to indemnify Landlord against liability resulting from any claim made against Landlord by the proposed Transferee or by any broker claiming a commission in connection with the proposed Transfer. Tenant's written request for consent to Transfer will be accompanied by a nonrefundable Transfer Review Fee of \$1,000.00, which is imposed in order to reimburse Landlord for all of its internal costs and expenses incurred with respect to Landlord's review of the request for the Transfer (and not intended as consideration for the consent to Transfer, it being understood that such payment won't obligate the Landlord to consent to any requested Transfer).

6.2.2 No Default on Tenant's part can exist at the time of the consent request and at the effective Transfer date;

6.2.3 Any Transfer will be upon and subject to all terms and conditions of this Lease, including those regarding the Permitted Use of the Premises;

6.2.4 Any assignment must specifically state (and, if it does not, it will be deemed to specifically state) that the assignee assumes and agrees to be bound by all terms and conditions of this Lease, and any sublease must specifically state (and, if it does not, it will be deemed to specifically state) that at Landlord's election the subtenant will attorn to Landlord and recognize Landlord as Tenant's successor under the sublease for the balance of the sublease term if this Lease is surrendered by Tenant or terminated by reason of Tenant's default;

6.2.5 Tenant will promptly reimburse Landlord for all Fees and Costs actually and reasonably incurred by Landlord in connection with the review and approval of the proposed Transfer and any Transfer instrument;

6.2.6 No Transfer will be to a then-existing tenant or occupant of the Center;

6.2.7 Upon request the assignee (in the case of a proposed assignment) or Tenant (in the case of a proposed subletting) will increase the original Deposit to such amount as Landlord may reasonably require (or if no Deposit was initially made then such party will post with Landlord such Deposit as Landlord may reasonably require);

6.2.8 The Transfer must first be approved in writing by any Superior Mortgagee of Landlord having the right to approve it;

6.2.9 The Transferee (i) is not a Federal, State or local governmental entity, or agency or instrumentality thereof; (ii) will not perform governmental or quasi-governmental functions or dispense medical, relief or social welfare services; and (iii) will not operate an employment service, a messenger or an answering service, or any business that in Landlord's opinion is unsuitable for the then tenant mix and character of the Center; and

6.2.10 The Transfer will not result in the subletting, or subletting and assignment, of the Premises for occupancy by more than two (2) sublessees or assignees.

6.3. Corporate, Partnership or Limited Liability Company Transfers.

6.3.1 If Tenant is a corporation and if at any time during the Term of this Lease any part or all of the corporate shares of Tenant, or of a parent corporation of which the Tenant is a direct or indirect subsidiary, shall be transferred by sale, assignment, bequest, inheritance, operation of law, or other disposition so as to result in a change in the present effective voting control of Tenant or of such parent corporation by the person or persons owning or controlling a majority of the shares of Tenant or of such parent corporation on the date of this Lease then Tenant shall promptly notify Landlord in writing of such change, and such change in voting control shall constitute a Transfer of this Lease for all purposes of this Section; provided, however, that this provision shall not apply if, as of the Commencement Date, over fifty percent (50%) of the voting power of the Tenant corporation or of such parent corporation is held by fifty (50) or more unrelated shareholders or distributed to such number of unrelated shareholders in a public distribution of securities.

6.3.2 Tenant may Transfer this Lease, at any time during the Term of this Lease, to any parent, subsidiary or affiliate corporation of Tenant or to the surviving corporation in connection with a merger, consolidation or acquisition between Tenant and any of its subsidiaries or any other corporation, or in connection with the sale of all or substantially all of the property and assets of the Tenant, upon prior Notice to Landlord and with Landlord's prior written consent (which consent shall not be unreasonably withheld or delayed), provided, in the case of any assignment, (i) the net worth of the assignee corporation shall be reasonably satisfactory to Landlord; (ii) such assignee continues to operate the business conducted in the Premises for the Permitted Use and in the same manner as Tenant and pursuant to all of the provisions of this Lease; (iii) such assignee corporation shall assume in writing in a form reasonably satisfactory to Landlord all of Tenant's obligations hereunder; (iv) Landlord shall be furnished with a copy of such assignment within ten (10) days prior to the effective date of the proposed assignment or other transfer thereof; and (v) Tenant to which the Premises were initially leased shall continue to remain liable on this Lease for the performance of all terms including, but not limited to, payment of all rentals and other sums due under this Lease.

6.3.3 If Tenant is a partnership, limited liability company or other legal entity and if at any time during the Term of this Lease any person or entity, which at the Commencement Date, owns a general partner's, manager's or controlling member's interest, ceases to own such general partner's, manager's or controlling member's interest, then such cessation of ownership shall constitute a Transfer of this Lease for all purposes of this Section, and Tenant shall promptly notify Landlord in writing of such change.

6.4. Request For Transfer. Tenant's notice and request for Landlord's consent to Transfer shall also be deemed to constitute Tenant's offer to reconvey to Landlord, as of the proposed effective date of the Transfer, that portion of the Premises which is the subject of the proposed Transfer, which offer shall contain an undertaking by Tenant to accept, as full and adequate consideration for the reconveyance, Landlord's release of Tenant from all future Rent and other obligations under this Lease with respect to the Premises or the portion thereof so reconveyed. Landlord, in the sole and unfettered exercise of its discretion, shall accept or reject the offered reconveyance within thirty (30) days of the offer, and, if Landlord accepts, the reconveyance shall be evidenced by an agreement in form and substance acceptable to Landlord. If Landlord fails to accept or reject the offer within the thirty (30) day period then Landlord shall be deemed to have rejected the offer of reconveyance, but no such rejection shall be deemed to be a consent to the requested Transfer. This provision shall not apply in the case of a proposed Transfer covered by Section 7.3.2.

6.5. Excess Rent. In the case of any Transfer made without Landlord's prior written consent Landlord may nevertheless collect Rent from the Transferee and apply the net amount collected to the Rents herein reserved. The acceptance by Landlord of the payment of Rent following any Transfer not expressly consented to by Landlord pursuant to this Section shall not be deemed to be a consent by

Landlord to such Transfer nor shall the same be deemed to be a waiver of any right or remedy of Landlord hereunder, nor constitute a release of Tenant or any guarantor of Tenant's obligations from the further performance by Tenant and such guarantor of the terms and provisions of this Lease and any such guaranty. Furthermore, under any and all circumstances, in the case of any Transfer, Tenant shall pay to Landlord monthly, as Additional Rent, half of the excess of the consideration received or to be received during such month for such Transfer (whether or not denominated as rent) over the Rent reserved for such month in this Lease applicable to such portion of the Premises so Transferred.

7. Abandonment of Premises or Tenant's Personal Property; Surrender of Premises.

7.1. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the Term of this Lease. If Tenant does vacate or abandon the Premises or is dispossessed by process of law then any of Tenant's Personal Property left on the Premises may, at the option of the Landlord, be deemed to have been abandoned by Tenant, in which case the provisions of Subsection 8.4 shall apply.

7.2. Surrender. Unless sooner terminated, this Lease shall expire absolutely upon the expiration of the Term without the necessity of any notice or other action from or by either party. At the expiration or earlier termination of the Term of this Lease, Tenant shall peaceably surrender the Premises in broom clean condition and good order and repair and otherwise in the same condition as the Premises were upon the Commencement Date, except (i) ordinary wear and tear, (ii) to the extent that the Premises is not required to be repaired or maintained by Tenant and (iii) damage by Casualty. Tenant shall surrender to Landlord all keys for the Premises to Landlord's Notice Address and shall notify Landlord in writing of all combinations or codes for any other locks, vaults or alarm systems, if any, installed in the Premises. Landlord shall inspect the Premises to determine whether they are returned in the condition called for under this Section. Tenant shall be afforded a reasonable opportunity to be present at such inspection. Tenant's obligations to observe and perform the covenants set forth in this Subsection shall survive the expiration or earlier termination of this Lease.

7.4. Removal of Tenant's Personal Property, Trade Fixtures. At the expiration or earlier termination of the Term of this Lease, Tenant shall immediately remove all of Tenant's Personal Property from the Premises and, failing to do so, Landlord at its option may either: (i) cause Tenant's Personal Property to be removed at Tenant's risk and expense (both as to loss and damage) in which case Tenant

hereby agrees to pay all Fees and Costs incurred by Landlord, including sums paid to store the property elsewhere, together with the costs of any repairs to the Premises caused by the removal of Tenant's Personal Property; and (ii) upon five (5) days Notice to Tenant, which the parties agree is commercially reasonable, sell at public or private sale any or all of such Tenant's Personal Property, whether exempt or not from sale under execution or attachment (such property being deemed charged with a lien in favor of Landlord for all sums due hereunder), or (iii) at Landlord's option, title shall pass to Landlord.

8. Repairs and Alterations.

8.1. Repairs to be Made by Landlord.

8.1.1 Except as otherwise provided in this Section, Landlord shall maintain the roof and exterior walls of the Building, including the structural columns and floors, but excluding floor coverings such as carpet and floor tile, and excluding all doors and locks, door frames, storefronts, windows and glass within the Premises; except that if Landlord is required to make any repairs to such portions of the Premises or Building by reason, in whole or in part, of the negligent act or failure to act by Tenant or Tenant's contractors or subcontractors or its or their agents or employees, or by reason of any unusual use of the Premises by Tenant (whether or not such use is contemplated within the definition of the Permitted Use) then Landlord may collect the cost of such repairs, as Additional Rent, upon demand.

8.1.2 If without Landlord's prior consent, Tenant performs or permits to be performed any Alterations which affect the structural portions of the Premises and/or the roof of the Building or which affect the structural integrity of the Building, such action by Tenant shall release and discharge Landlord as of the commencement of such Alteration from such repair obligation. Thereafter, Tenant agrees to be solely responsible under Landlord's supervision for the maintenance, repair, and replacement of any or all such structural portions and/or roof which have been affected as aforesaid, and Tenant shall commence promptly after demand by Landlord to make any such repairs and replacements and proceed diligently to complete them. If Tenant fails in the performance of such responsibilities, to Landlord's satisfaction, then, in addition to Landlord's other remedies under this Lease Landlord may (but shall not be obligated to) cure such failure on behalf of Tenant without any liability to Tenant for damage to Tenant's business operations or its fixtures or other personal property. In such case Tenant shall reimburse Landlord, as Additional Rent, upon demand, for any Fees and Costs incurred in curing such failure, together with interest at the Reimbursement Rate accounting from the date of demand until payment is made. If Tenant performs or permits to be performed any Alterations inconsistently with Landlord's prior consent then such work shall be deemed to have been performed without Landlord's consent.

8.2. Repairs to be Made by Tenant. All repairs to the Premises or to any Alterations therein, other than those repairs required to be made by Landlord pursuant to Subsections 9.1 or 16.1, including Alterations required by Legal Requirements (but subject to the provisions of Subsection 9.5) shall be made by Tenant at its expense and in a professional manner. Tenant shall at all times at its own expense keep and maintain the Premises in good order and repair, and in a neat, safe, clean, and orderly condition, including, but not limited to, reasonable periodic painting and making all nonstructural ordinary and extraordinary, foreseen and unforeseen repairs and replacements to the Premises. These include, without limitation, repairs and replacements: to the plumbing and electrical apparatus therein; to the other mechanical installations therein; and to all doors and locks, door frames, storefronts, windows and glass within the interior of the Premises. In furtherance of Tenant's obligations hereunder, Landlord agrees to obtain a maintenance repair and service contract on the heating, ventilating and air conditioning system of the Premises.

Tenant shall not overload the electrical wiring serving the Premises or within the Premises, and will install at its own expense under Landlord's supervision, but only after obtaining Landlord's written approval, any additional electrical wiring which may be required in connection with the Premises. Tenant shall be responsible for storage of Tenant's trash or refuse in proper receptacles furnished within the Center by Landlord. Tenant shall not install or use additional dumpsters or other trash containers in the Center without Landlord's prior written consent. If such consent be given by Landlord, the type, size, and location of such containers shall be only as approved by Landlord and shall be maintained by Tenant in a clean sanitary manner, and in good repair at all times.

8.3. Damage to Premises, Building, Center. Except as, and to the extent, otherwise provided in Subsection 14.5, Tenant will be liable for the cost and expense of the repair of any damage to the Premises, however caused, and regardless of fault (unless caused or created by Landlord, its agents, employees or contractors); Landlord shall make such repairs at the cost of Tenant, which Tenant shall pay promptly upon receipt of an invoice, as Additional Rent. Tenant shall also reimburse Landlord, upon demand (as Additional Rent), for the cost of the repair of any damage to or dangerous condition caused or created elsewhere in the Center, if caused or created by Tenant, its employees, agents or contractors. If Tenant fails to commence such repair or remediation within five (5) days after Landlord's notice to do so, or if Landlord elects to undertake such repair or remediation for the account of Tenant, then Tenant agrees to pay to Landlord promptly upon Landlord's demand, as Additional Rent. Tenant's obligations for Additional Rent hereunder shall accrue interest thereon at the Reimbursement Rate until paid; and its payment and performance obligations hereunder shall survive the termination of this Lease. Tenant's obligations under this Section do not apply in the case of remediation following a Casualty.

8.4. Alterations by Tenant.

8.4.1 Tenant may make Alterations to the Premises consisting solely of decorations, painting, plastering or carpeting, without Landlord's written consent, but Tenant shall be required to give Landlord at least ten (10) days prior Notice thereof. Tenant shall be required to obtain the prior written approval of Landlord for any other Alterations. Landlord will not unreasonably withhold, condition or delay its consent to Tenant's request if all of the following conditions are satisfied: (i) the proposed Alterations are to be located wholly within the Premises and are not visible from the exterior of the Premises or the Building; (ii) the proposed Alterations will not decrease the value of the Building or Center; (iii) the proposed Alterations will not affect the structural integrity of the Building; (iv) the proposed Alterations do not require modification to, or affect the operation of any part of, the HVAC, plumbing, electricity, fire suppression or water and sewer systems service of the Building or Center. In all other cases, Tenant shall be required to obtain the prior written approval of Landlord before making Alterations, which approval may be withheld in landlord's sole discretion.

8.4.2 If Landlord's consent is required for the making of an Alteration then Tenant's request for consent will be accompanied by reasonably complete plans and specifications for the proposed Alterations. If such approval is granted, Tenant shall cause the Alterations described in such plans and specifications to be performed, at its expense, promptly, efficiently, competently and in a good and workmanlike manner by duly qualified and licensed persons or entities, without interference with or disruption to the operations of tenants or other occupants of the Building or the Center. Alterations shall only be made after Tenant has obtained any necessary permits from governmental authorities for the Alterations. Tenant shall notify Landlord of the date on which work on Alterations is scheduled to begin and shall arrange for periodic inspections by Landlord of the job progress to insure compliance with the approved plans and specifications. All such work shall comply with all Legal Requirements and shall be performed by contractors who are approved by Landlord and who carry the insurance coverage required

in Section 15. Landlord shall have the right to require Tenant, or Tenant's contractor, to furnish bond in an amount equal to the estimated cost of construction, as well as further assurances against mechanics' liens including, but not limited to, lien waivers and releases from all contractors, subcontractors, and suppliers.

8.4.3 Landlord may elect that any Alterations be performed by Landlord or by contractors engaged by and under the direction of Landlord, in which case such Alterations shall nevertheless be made at Tenant's sole cost, payable by Tenant as Additional Rent; and such cost shall include a supervisory fee of fifteen percent (15%) of the total cost of the work. If Tenant makes any Alterations without Landlord's prior consent then, in addition to Landlord's other remedies, Landlord may correct or remove such Alterations and Tenant shall, on demand, pay the cost thereof (plus fifteen percent (15%) of such cost as a supervisory fee) as Additional Rent. If any mechanic's lien is filed against the Premises or the Building or the Center for work or materials furnished to Tenant (other than by Landlord) the lien shall be discharged by Tenant within ten (10) days thereafter, solely at Tenant's expense, by either paying off or bonding the lien. Should Tenant fail to discharge any lien within ten (10) days of its filing, then, in addition to Landlord's other remedies, Landlord shall have the right, but not the obligation, to discharge said lien at Tenant's expense, in which case Tenant shall reimburse Landlord for the same upon demand, as Additional Rental, together with interest accounting from the date of demand until payment is made.

8.5. Alterations to Comply with Legal Requirements.

8.5.1 If any Alterations are required to be made to the Premises, the Building or the Center due to a change in, or change in the interpretation of, or more stringent enforcement of, Legal Requirements occurring on or after the Commencement Date (and not in connection with Alterations elsewhere in the Center undertaken by Landlord), then Landlord shall make such Alterations as aforesaid, provided that the cost of such Alterations shall be amortized over their useful life and a ratable portion of such cost shall be included within the definition of Operating Costs in each Lease Year until such cost is fully amortized.

8.5.2 If (i) any Alterations are required to be made to the Premises or to all or any part of the Building other than the Premises due to Legal Requirements as a consequence of any Alterations made by Tenant within the Premises, or (ii) any Alterations are required to be made to all or any part of the Building, including the Premises, at any time during the Term pursuant to any Legal Requirements relating to accessibility by persons with disabilities or otherwise pursuant to the ADA (collectively, the "Accessibility Alterations"), because the Premises, as used by Tenant, is deemed to be a "place of public accommodation" under the ADA, then all such required Alterations shall be made by Landlord at its sole cost and expense,

8.5.3 Within ten (10) days after receipt, Tenant shall advise Landlord in writing, and provide Landlord with a copy of (as applicable), any notices alleging violation of Legal Requirements relating to any portion of the Building or of the Premises; any claims made or threatened in writing regarding noncompliance with Legal Requirements and relating to any portion of the Building or of the Premises; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Building or the Premises.

9. Common Areas.

9.1. Use of Common Areas. Landlord grants to Tenant and its agents, employees and invitees, a non-exclusive license to use the Common Areas in the Center in common with others during the Term, subject to the exclusive control and management thereof at all times by Landlord or others and subject, further, to the rights of Landlord set forth elsewhere in this Section.

9.2. Management and Operation of Common Areas. The Common Areas will be operated and maintained in a manner deemed by Landlord to be reasonable and appropriate and in the best interests of the Center generally. Landlord will have the right (i) to establish, modify and enforce rules and regulations with respect to the Common Areas; (ii) to enter into, modify and terminate easements and other agreements pertaining to the use and maintenance of the Common Areas; (iii) to implement a parking management plan; (iv) to close all or any portion of the Common Areas to such extent as may, in the opinion of Landlord, be necessary to prevent a dedication thereof or the accrual of any rights to any person or to the public therein; (v) to close temporarily any or all portions of the Common Areas; and (vi) to do and perform such other acts in and to said areas and improvements as, in the exercise of good business judgment, Landlord shall determine to be advisable.

9.3. Changes and Additions to the Center. Landlord reserves the right at any time and from time to time to (i) make or permit changes or revisions in the plan for the Center, including additions to, subtractions from, rearrangements of, alterations, modifications of, or supplements to, the building areas, walkways, driveways, parking areas, or other Common Areas; (ii) construct other buildings or improvements on the Center (including any portion of the Common Areas) and make alterations thereof or additions thereto and build additional stories on or in any such building(s) and build extensions adjoining same; and (iii) make or permit changes or revisions to the Center, including additions thereto, and to convey portions of the Center (including any portion of the Common Areas) to others for the purpose of constructing thereon other buildings or improvements, including additions thereto and alterations thereof; provided however that Landlord shall not unreasonably impair or impede access to the Premises by Tenant, its employees and invitees. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to or near the Building shall in no way affect this Lease or impose any liability on Landlord.

9.4. Roof and Walls; Excavations. Landlord shall have the exclusive right to use all or any part of the roof of the Premises for any purpose; to erect additional stories or other structures over all or any part of the Premises; to erect in connection with the construction thereof temporary scaffolds and other aids to construction on the exterior of the Premises, provided that access to the Premises shall not be denied or materially impeded; and to install, maintain, use, repair and replace within the Premises pipes, ducts, conduits, wires and all other mechanical equipment serving other parts of the Building, the same to be in locations within the Premises as will not unreasonably deny or adversely affect Tenant's use thereof. Landlord may make any use it desires of the side or rear walls of the Premises, provided that such use shall not encroach upon the interior of the Premises. If an excavation shall be made upon land adjacent to the Premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of doing such work as Landlord shall deem necessary to preserve the wall or the Landlord's Building of which the Premises form a part from injury or damage and to support the same by proper foundations, without any claim for damages or indemnification against Landlord, for diminution or abatement of rent.

10. Operating Costs.

10.1. Tenant's Proportionate Share of Operating Costs. In each Operating Year Tenant shall pay to Landlord, as Additional Rent, its Proportionate Share of Operating Costs above a 2015 base year. Such Proportionate Share shall be paid by Tenant in monthly installments in such amounts as are estimated and billed by Landlord at the beginning of each Operating Year. Each installment payment in respect of Operating Costs shall be due on the first day of each calendar month or otherwise as indicated by Landlord's statement. At any time during an Operating Year Landlord may re-estimate Tenant's Proportionate Share of Operating Costs and adjust Tenant's monthly installments payable during such Operating Year to reflect more accurately Tenant's Proportionate Share of Operating Costs. THE FOREGOING NOTWITHSTANDING, TENANT IS NOT RESPONSIBLE FOR PAYMENT OF OPERATING COST

OTHER THAN JANITORIAL SERVICES, UTILITIES AND PROPERTY TAXES AS DESCRIBED HEREIN.

10.2. Expense Statement; Accounting. NA

11. Taxes.

11.1. Taxes. Landlord shall pay all Taxes levied upon or assessed against the land and improvements comprising the Center and the appurtenances thereto during the Term of this Lease.

11.2. Payment of Proportionate Share of Taxes. Tenant's Proportionate Share of Taxes in excess of taxes in effect for the Base Year (July 1, 2014 to June 30, 2015) shall be paid by Tenant, at Landlord's election (i) in advance, in equal monthly installments in such amounts as are estimated and billed for each Tax Year by Landlord at the commencement of the Term and at the beginning of each successive Tax Year during the Term, each such installment being due on the first day of each calendar month or (ii) in lump sum, following Landlord's receipt of the tax bill for the Tax Year in question, and calculation of Tenant's Proportionate Share with respect thereto. If Landlord has elected that Tenant pay its Proportionate Share of Taxes in installments, in advance, then, at any time during a Tax Year, Landlord may re-estimate Tenant's Proportionate Share

of Taxes and thereafter adjust Tenant's monthly installments payable during the Tax Year to reflect more accurately Tenant's Proportionate Share of Taxes. Promptly following Landlord's receipt of tax bills for each Tax Year Landlord will notify Tenant of the amount of Taxes for the Tax Year in question and the amount of Tenant's Proportionate Share thereof. Any overpayment or deficiency in Tenant's payment of its Proportionate Share of Taxes for each Tax Year shall be adjusted between Landlord and Tenant; Tenant shall pay Landlord or Landlord shall credit to Tenant's account (or, if such adjustment is at the end of the Term, Landlord shall pay Tenant), as the case may be, within fifteen (15) days of the aforesaid notice to Tenant, such amount necessary to effect such adjustment. Landlord's failure to provide such notice within the time prescribed above shall not relieve Tenant of any of its obligations hereunder.

11.3. Taxes on Rent. Tenant shall pay to the appropriate agency any sales, excise and other tax (not including, however, Landlord's income taxes) levied, imposed or assessed by the State of Maryland or any political subdivision thereof or other taxing authority upon any Rent payable hereunder. Tenant shall also pay, prior to the time the same shall become delinquent or payable with penalty, all taxes imposed on its inventory, furniture, trade fixtures, apparatus, equipment, Leasehold Improvements installed by Tenant or by Landlord on behalf of Tenant (except to the extent such Leasehold Improvements or Alterations shall be covered by Taxes referred to in Subsection 12.1 hereof), and any other property of Tenant.

12. Utilities.

12.1. Tenant's Utilities. Tenant shall promptly pay when due the charges for all utility services rendered or furnished to or for the Premises, including, without limitation, water (whether by meter or submeter), electricity, telephone, cable and telecommunications services sanitary sewer service, and any other public utility service now or hereafter provided to the Premises, together with all taxes, levies and other charges on such utilities. If Tenant defaults in the payment of any such charges or taxes, Landlord may, at its option, pay the same for and on Tenant's account, in which event Tenant shall promptly reimburse Landlord therefor. If any of such utility charges are billed directly to Landlord then Tenant will reimburse Landlord for such charges, as Additional Rent, promptly upon demand therefor. If utility charges for water are charged to Tenant as an element of Operating Costs Landlord reserves the right to arrange at Tenant's expense for the installation of a submeter exclusively for the Premises to

measure the consumption of water by Tenant and upon the installation of such submeter Tenant shall promptly pay when due the charges for all water service furnished to the Premises.

12.2. Discontinuances and Interruptions of Utility Services. Landlord shall not be in default hereunder or be liable for any damages by, or indirectly resulting from, nor shall the Rent be abated by reason of, (i) the installation, use or interruption of use of any equipment in connection with the furnishing of the foregoing utilities and services; (ii) failure to furnish or delay in furnishing any such utilities or service when such failure or delay due to Unavoidable Delays, or by the making of repairs or improvements to the Premises or the Building or the Center generally; or (iii) the limitation, curtailment, rationing or restriction on use of water or electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or the Building. Neither shall the same be deemed a termination of this Lease or an eviction of Tenant. Furthermore, Landlord shall be entitled to cooperate voluntarily in a reasonable manner with the efforts of national, state or local governmental agencies or utilities suppliers in reducing energy or other resource consumption provided such cooperation does not unreasonably interfere with Tenant's use of the Premises.

13. Indemnifications and Waiver of Claims.

13.1. Indemnity by Tenant. To the maximum extent permitted by law, but subject to the provisions of Subsection 14.5, Tenant indemnifies Landlord, any Superior Lessor and any Superior Mortgagee, and agrees to save them harmless and, at the option of any of them, defend them from and against any and all claims, actions, damages, liabilities and expenses (including attorneys' and other professional fees) judgments, settlement payments, and fines paid, incurred or suffered by any of them in connection with loss of life or personal injury, or damage to property or to the environment, suffered by third parties, or in connection with any accident, injury or damages whatever in the Premises, and arising from or out of the conduct or management of the Premises or of any business therein, or any work or thing whatsoever done, or any condition created in or about the Premises during the Term of this Lease or during the period of time, if any, prior to the Commencement Date that Tenant may have been given access to the Premises.

13.2. Indemnity by Landlord. To the maximum extent permitted by law, but subject to the provisions of Subsection 14.5, Landlord indemnifies Tenant and agrees to save it harmless from and against any and all claims, actions, damages, liabilities and expenses (including attorneys' and other professional fees) judgments, settlement payments, and fines paid, incurred or suffered by any of them in connection with loss of life or personal injury, or damage to property suffered by third parties arising from or out of the use of any portion of the Common Areas by Landlord, occasioned wholly or in part by any negligent act or omission of Landlord, its officers, agents, contractors or employees.

13.3. Survival of Indemnities. Landlord's and Tenant's obligations pursuant to Subsections 14.1 and 14.2 shall survive any termination of this Lease with respect to any act, omission or occurrence which took place prior to such termination.

13.4. Limitation on Landlord's Liability for Loss, Damage and Injury. To the maximum extent permitted by law, Tenant shall occupy and use the Premises, the Building and the Common Areas at Tenant's own risk. All property of Tenant shall be and remain at the sole risk of Tenant. Tenant hereby expressly agrees that Landlord and its agents, servants and employees shall not be liable or responsible for any damage or injury to the person or property of Tenant directly or indirectly caused by any source, circumstance or cause whatsoever. The foregoing waiver and release is intended by Landlord and Tenant to be absolute and unconditional, and without exception, and to supersede any specific repair obligation imposed by Landlord hereunder; provided that such waiver and release shall not apply to the omission, fault, negligence, or other misconduct of Landlord except to the extent such omission, fault, negligence or other misconduct is waived by Tenant after the occurrence or is waived pursuant to Tenant's policies of

fire insurance with standard broad form coverage indorsements, which waiver Tenant is obligated to obtain and shall be liable for failure to obtain. No representation, guaranty, assurance or warranty is made or given by Landlord that the communications or security systems, devices or procedures used, if any, will be effective to prevent injury to Tenant or any other person or damage to, or loss (by theft or otherwise) of any of Tenant's Personal Property or of the property of any other person, and Landlord reserves the right to discontinue or modify at any time such communications or security systems, devices or procedures without liability to Tenant.

13.5. Waiver of Right of Recovery. Except as provided in Subsection 6.4, neither party, nor its officers, directors, employees, agents or invitees, nor, in case of Tenant, its subtenants, shall be liable to the other party or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, when such loss is caused by any of the perils which are or could be insured against under a standard policy of full replacement cost insurance for fire, theft and all risk coverage, or losses under workers' compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees (this clause shall not apply, however, to any damage caused by intentionally wrongful actions or omissions); provided, however, that if, by reason of the foregoing waiver, either party shall be unable to obtain any such insurance, such waiver shall be deemed not to have been made by such party and, provided, further, that if either party shall be unable to obtain any such insurance without the payment of an additional premium therefor, then, unless the party claiming the benefit of such waiver shall agree to pay such party for the cost of such additional premium within thirty (30) days after notice setting forth such requirement and the amount of the additional premium, such waiver shall be of no force and effect between such party and such claiming party. Each party shall use reasonable efforts to obtain such insurance from a company that does not charge an additional premium or, if that is not possible, one that charges the lowest additional premium. Each party shall give the other party notice at any time when it is unable to obtain insurance with such a waiver of subrogation without the payment of an additional premium and the foregoing waiver shall be effective until thirty (30) days after notice is given. Each party represents that its current insurance policies allow such waiver. The provisions of this Section shall not limit the indemnification for liability to third parties pursuant to Subsections 14.1 and 14.2.

14. Insurance .

14.1. Tenant's Insurance. Tenant, at its expense, shall obtain and maintain in effect as long as this Lease remains in effect and during such other time as Tenant occupies the Premises or any part thereof, insurance policies providing at least the following coverage:

14.1.1 commercial general liability insurance written on an occurrence basis with respect to the Premises and the business operated by Tenant and any subtenants, concessionaires or licensees of Tenant, to afford insurance against personal injury, death and property damage, and including insurance against assumed or contractual liability under this Lease, specifically including the liability of Tenant arising out of the indemnities provided in Subsection 14.1, with minimum combined single limits of Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate;

14.1.2 all-risk property and casualty insurance, including theft coverage, written at full replacement cost value and with full replacement cost endorsement, covering all of Tenant's Personal Property and Tenant's interest in all Alterations installed in the Premises by or on behalf of Tenant (other than the Leasehold Improvements constructed by Landlord as provided in Section 4 of this Lease);

14.1.3 comprehensive boiler and machinery equipment insurance, including electrical apparatus, if applicable; and

14.1.4 if and to the extent required by law, workers' compensation or similar insurance in form and amounts required by law.

14.2. Tenant's Contractor's Insurance . Tenant shall require any contractor of Tenant performing work on or about the Premises to carry and maintain, at no expense to Landlord:

14.2.1 commercial general liability insurance written on an occurrence basis with respect to the Premises and the business operated by Tenant and any subtenants, concessionaires or licensees of Tenant, to afford insurance against personal injury, death and property damage, and including insurance against assumed or contractual liability under this Lease, with minimum combined single limits of Two Million Dollars (\$2,000,000) per occurrence and in the aggregate;

14.2.2 comprehensive automobile liability insurance with limits for each occurrence of not less than One Million Dollars (\$1,000,000) with respect to personal injury or death and Five Hundred Thousand Dollars (\$500,000) with respect to property damage; and

14.2.3 workers' compensation or similar insurance in form and amounts required by law.

14.3. Policy Requirements. The company or companies writing any insurance which Tenant or Tenant's contractor is required to carry and maintain or cause to be carried or maintained pursuant to Subsections 15.1 and 15.2 shall be licensed to do business in the State of Maryland and have an A. M. Best rating of at least A/VIII. The form of such insurance shall at all times be subject to Landlord's approval. Public liability policies shall name Landlord and/or its designee(s) as additional insured, shall be primary and non-contributory, and shall also contain a provision by which the insurer agrees that such policy shall not be canceled, materially changed or not renewed without at least thirty (30) days advance notice to Landlord, at Landlord's Notice Address, by certified mail, return receipt requested, or to its designee. Each such policy, or a certificate thereof, shall be deposited with Landlord by Tenant promptly upon commencement of Tenant's obligation to procure the same.

14.4. Tenant's Failure to Insure . If Tenant fails to obtain insurance as required under this Section then Landlord may, but shall not be obligated to, obtain such insurance, and in such event, Tenant agrees to pay, as Additional Rent, the premium for such insurance upon demand by Landlord.

14.5. Landlord's Insurance Coverage . During each Operating Year Landlord shall maintain in force, under one or more policies, property insurance coverage with respect to the Building and the Center generally, including, without limitation, commercial general liability insurance, insurance against fire, all-risk coverage including earthquake and flood, theft or other casualties and such other liability and property insurance coverage deemed appropriate by Landlord with such coverage limits, deductible amounts and companies as Landlord may determine.

15. Casualty and Condemnation.

15.1. Landlord's Obligation to Repair and Reconstruct. If the Premises shall be damaged by a Casualty but the Premises shall not be thereby rendered wholly or partially untenantable, then Landlord shall promptly cause such damage to be repaired and there shall be no abatement of Rent. If, as the result of such Casualty, the Premises shall be rendered wholly or partially untenantable, then, subject to the provisions of Subsection 16.2, Landlord shall cause such damage to be repaired and all Rent shall be abated proportionately as to the portion of the Premises rendered untenantable during the period of such untenantability. All such repairs shall be made at the expense of Landlord, but Landlord shall not be required to perform any work within the Premises beyond that described and constructed by Landlord prior to the Commencement Date as Leasehold Improvements. Landlord shall not be liable for

interruption to Tenant's business or for damage to or replacement or repair of Tenant's Personal Property or to any Alterations, all of which damage, replacement or repair shall be undertaken and completed by Tenant promptly.

15.2. Landlord's, Tenant's Options to Terminate Lease .

15.2.1 If the Premises are (a) rendered wholly untenable, or (b) damaged as a result of any cause which is not covered by Landlord's insurance, or if the Building is damaged to the extent of fifty percent (50%) or more of the Rentable Area of the Premises, or if, for reasons beyond Landlord's control or by virtue of the terms of any financing of the Building, sufficient insurance proceeds are not available for the reconstruction or restoration of the Building or Premises, then, in any such events, Landlord may elect to terminate this Lease by giving to Tenant notice of such election within sixty (60) days after the occurrence of such event, or after the insufficiency of such proceeds becomes known to Landlord, whichever is applicable. If such notice is given, the rights and obligations of the parties shall cease as of the date set forth in such notice, and the Basic Rent and Additional Rent (other than any Additional Rent due Landlord either by reason of Tenant's failure to perform any of its obligations hereunder or by reason of Landlord's having provided Tenant with additional services hereunder) shall be adjusted as of the date of such termination.

15.2.2 If, within the 60 day period set forth above, Landlord shall not have made an election to rebuild or to terminate this Lease as provided in the preceding paragraph, then Tenant may elect to terminate this Lease by giving to Landlord notice of such election within thirty (30) days following the expiration of such sixty (60) period. If the Premises have not been fully restored within 180 days following the occurrence of a Casualty then Tenant may elect to terminate this Lease by giving to Landlord notice of such election within thirty (30) days following the expiration of such 180 day period. In either case, if such notice is given, the rights and obligations of the parties shall cease as of the date set forth in such notice, and the Basic Rent and Additional Rent (other than any Additional Rent due Landlord either by reason of Tenant's failure to perform any of its obligations hereunder or by reason of Landlord's having provided Tenant with additional services hereunder) shall be adjusted as of the date of such termination.

15.3. Insurance Proceeds. If neither party elects to terminate this Lease pursuant to Subsection 16.2, Landlord shall, subject to the prior rights of any Superior Mortgagee or Superior Lessor, disburse and apply any insurance proceeds received by Landlord to the restoration and rebuilding of the Building in accordance with Subsection 16.1 hereof. All insurance proceeds payable with respect to the Premises (excluding proceeds payable to Tenant pursuant to Subsection 15.1), shall belong to and shall be payable to Landlord.

15.4. Condemnation. If the whole or any part of the Premises is taken under the power of eminent domain then this Lease shall terminate as to the part so taken on the date Tenant is required to yield possession thereof to the condemning authority. Landlord shall make necessary repairs and alterations to restore the part not taken to useful condition and the Basic Rent shall be reduced proportionately as to the portion of the Premises so taken. If the amount of the Premises so taken substantially impairs the usefulness of the Premises for the Permitted Use, then either party may terminate this Lease as of the date when Tenant is required to yield possession. All compensation awarded for any taking of the fee and the leasehold shall belong to and be the property of Landlord; provided, however, that Tenant, and not Landlord, shall be entitled to any portion of the award which does not serve to reduce Landlord's award and is made directly to Tenant in reimbursement for Tenant's cost of removal of its stock, trade fixtures, moving and relocation costs.

16. Signs.

Tenant shall neither erect, maintain or replace any sign within the Premises visible from outside the Building, nor erect or maintain any sign upon the exterior of the Building or anywhere else upon the Center, without first obtaining Landlord's written approval as to the size, design, location, type of composition or material and lighting thereof. Design shall be in accordance with the guidelines established by Landlord from time to time and all applicable laws and regulations. Any such sign shall be inscribed, painted or affixed by Landlord, or a company approved by Landlord, but the entire cost thereof shall be borne by Tenant. Tenant shall maintain any such sign or signs in good condition and repair at all times, and pay any taxes imposed thereon. During the six (6) month period preceding the expiration date of the Term, Landlord may place upon the Premises a FOR RENT sign.

17. Right of Entry for Inspection, Exhibition, Repair.

Landlord and its representatives shall have the right at all reasonable times during normal business hours with prior Notice to enter the Premises for the purposes of inspecting them and exhibiting them for sale, lease or financing; and Landlord shall not be liable in any manner for any entry into the Premises for such purposes. If Landlord's inspection discloses a violation of the provisions of this Lease then all Fees and Costs incurred by Landlord in connection with the inspection shall be due and payable by Tenant to Landlord, as Additional Rent, on demand by Landlord. Landlord reserves and shall at all times have the right to re-enter the Premises upon 24 hours prior notice to Tenant (except in an emergency) to maintain, repair and replace the Premises and any portion of the Building of which the Premises are a part, without abatement of Rent. Landlord may for the purpose of such work erect, use and maintain scaffolding, pipes, conduits and other necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that entrance to the Premises shall not be blocked. Tenant waives any claim for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises and any other loss occasioned by any such maintenance, repair or replacement work.

18. Subordination and Attornment.

This Lease and all rights of Tenant hereunder are and shall be subject and subordinate in all respects to all Superior Leases and Superior Mortgages, including each advance made or to be made under any Superior Mortgage and all renewals, modifications, replacements, supplements, substitutions and extensions of the Superior Lease and the Superior Mortgage and all spreaders and consolidations of the Superior Mortgage. The provisions of this Section shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute and deliver, at its own cost and expense, any instrument, in recordable form if requested, that Landlord, the Superior Lessor or the Superior Mortgagee may reasonably request to evidence such subordination. The Superior Mortgagee may elect that this Lease shall have priority over its Superior Mortgage and, upon notification by the Superior Mortgagee to Tenant, this Lease shall be deemed to have priority over such Superior Mortgage, whether this Lease is dated prior to or subsequent to the date of such Superior Mortgage. If, at any time prior to the termination of this Lease, the Superior Lessor or the Superior Mortgagee or any person, or the Superior Lessor's or Superior Mortgagee's or such person's successors or assigns (the Superior Lessor, Superior Mortgagee and any such person or successor or assign being herein collectively referred to as "Successor Landlord") shall succeed to the rights of Landlord under this Lease through possession or foreclosure or delivery of a new lease or deed or otherwise, Tenant agrees, at the election and upon request of any such Successor Landlord, to fully and completely attorn to and recognize any such Successor Landlord, as Tenant's landlord under this Lease upon the then-executory terms of this Lease; provided such Successor Landlord shall agree in writing to accept Tenant's attornment. The foregoing provisions of this Section shall: (i) inure to the benefit of any such Successor Landlord; (ii)

apply notwithstanding that, as a matter of law, this Lease may terminate upon the termination of the Superior Lease; (iii) be self-operative upon any such demand; and (iv) require no further instrument to give effect to said provisions. Tenant, however, upon demand of any such Successor Landlord agrees to execute, from time to time, instruments to evidence and confirm the foregoing provisions of this Section, satisfactory to any such Successor Landlord, acknowledging such attornment and setting forth the terms and conditions, of its tenancy. Upon such attornment this Lease shall continue in full force and effect as a direct lease between such Successor Landlord and Tenant upon all of the then-executory terms of this Lease except that such Successor Landlord shall not be: (i) liable for any previous act or omission or negligence of Landlord under this Lease; (ii) subject to any counterclaim, defense or offset, not expressly provided for in this Lease and asserted with reasonable promptness, which theretofore shall have accrued to Tenant against Landlord; (iii) obligated to perform any Leasehold Improvements or other work with respect to the Premises; (iv) bound by any previous modification or amendment of this Lease or by any previous prepayment of more than one month's Rent, unless such modification or prepayment shall have been approved in writing by the Superior Lessor or the Superior Mortgagee through or by reason of which the Successor Landlord shall have succeeded to the rights of Landlord under this Lease; (v) obligated to repair the Premises or the Building or any part thereof, in the event of total or substantial total damage beyond such repair as can reasonably be accomplished from the net proceeds of insurance actually made available to Successor Landlord; or (vi) obligated to repair the Premises or the Building or any part thereof, in the event of partial condemnation beyond such repair as can reasonably be accomplished from the net proceeds of any award actually made available to Successor Landlord, as consequential damages allocable to the part of the Premises or the Building not taken. Nothing contained in this Section shall be construed to impair any right otherwise exercisable by any such owner, holder or lessee.

19. Modifications to Lease; Rights of Superior Mortgagee, Superior Lessor.

If, in connection with the obtaining, continuing or renewing of financing for which the Building, the Center or the interest of the lessee under the Superior Lease represents collateral, in whole or in part, a savings or commercial bank or trust company, insurance company, savings and loan association, a welfare, pension or retirement fund or system or any other lender shall be or be willing to become the Superior Mortgagee and shall request reasonable modifications of this Lease as a condition of such financing, Tenant will not unreasonably withhold its consent thereto, provided that such modifications do not materially and adversely either increase the obligations of Tenant hereunder or affect the rights of Tenant under this Lease. If any act or omission by Landlord would give Tenant the right, immediately or after lapse of time, to cancel or terminate this Lease or to claim a partial or total eviction, Tenant will not exercise any such right until: (i) it has given Notice of such act or omission to each Superior Mortgagee and each Superior Lessor, whose name and address shall have previously been furnished to Tenant; and (ii) a reasonable period for remedying such act or omission shall have elapsed following such giving of Notice and following the time when such Superior Mortgagee or Superior Lessor shall have become entitled under such Superior Mortgage or Superior Lease, as the case may be, to remedy the same (which shall in no event be less than the period to which Landlord would be entitled under this Lease to effect such remedy) provided such Superior Mortgagee or Superior Lessor shall, with reasonable diligence, give Tenant notice of intention to, and commence and continue to, remedy such act or omission or to cause the same to be remedied.

20. Defaults by the Tenant.

20.1. Events of Default Defined. Each of the following shall be deemed an "Event of Default" under this Lease:

20.1.1 The failure by Tenant to pay Basic Rent, Additional Rent, or any other sum required to be paid under the terms of this Lease, when and as due hereunder.

20.1.2 The failure by Tenant to perform or observe any other term, covenant, agreement or condition of this Lease on the part of Tenant to be performed, for a period of fifteen (15) days following Notice;

20.1.3 Tenant or any guarantor of any of Tenant's obligations hereunder shall make or deliver to Landlord any financial report or statement, certificate, representation or warranty (including, without limitation, any representation or warranty made by Tenant herein) which proves to have been false or misleading in any material respect as of the time at which the facts therein set forth were stated or certified, or if any such financial report or statement has omitted any material contingent or unliquidated liability or claim against Tenant or any such guarantor of any of Tenant's obligations hereunder;

20.1.4 Tenant or any guarantor of any of Tenant's obligations hereunder shall cease doing business as a going concern, make an assignment for the benefit of creditors, generally not pay its debts as they become due or admit in writing its inability to pay its debts when they become due, be adjudicated an insolvent, file a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law, rule or regulation, or file an answer admitting the material allegations of a petition filed against it in any such proceeding, or consent to the filing of such a petition or acquiesce in the appointment of a trustee, receiver, custodian or other similar official for it of all or any substantial part of its assets or properties, or take any action looking to its dissolution or liquidation; file a voluntary or involuntary petition proposing the adjudication of Tenant or any guarantor of Tenant's obligations hereunder as a debtor under the Bankruptcy Code, or the reorganization of Tenant or any such guarantor under the Bankruptcy Code, unless such a petition is filed by a party other than Tenant or any such guarantor and is withdrawn or dismissed within sixty (60) days after the date of filing;

20.1.5 A Transfer in violation of the prohibition contained in Section 7;

20.1.6 The vacating or abandonment of the Premises by Tenant at any time during the term of this Lease, or the suspension of business by Tenant at the Premises for more than fifteen (15) consecutive days; or

20.1.7 The failure of Tenant to vacate the Premises upon the expiration of the Term, or earlier termination thereof pursuant to other provisions of this Lease.

20.2. Landlord's Remedies for Default. Upon the occurrence of an Event of Default, Landlord shall have the right, at its election, immediately upon such Event of Default or at any time thereafter and while any such Event of Default shall continue, to exercise one or more of the following remedies.

20.2.1 Landlord may terminate this Lease, as well as all right, title and interest of Tenant hereunder, by giving Notice of Landlord's intention to terminate this Lease on the date of such given notice or on any later date specified therein, whereupon, on the date specified in such notice, Tenant's right to possession of the Premises shall cease and this Lease shall thereupon be terminated, except as to Tenant's liability for damages as hereafter set forth, as if the expiration of the term fixed in such notice were the end of the Term originally set forth in this Lease.

20.2.2 Landlord may re-enter the Premises, with or without legal process and using such force for such purposes as may be reasonably necessary, without being liable for prosecution thereof, and without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Rent or preceding breach of covenants or conditions and, upon such reentry, Landlord may remove any and all of Tenant's property at the Premises;

20.2.3 Landlord may exercise any other remedy available to it at law, in equity, by statute or otherwise; and, for such purposes, Landlord shall be entitled to the benefit of all provisions of applicable city or county ordinances and public local laws and of the public general laws of the State of Maryland dealing with the speedy recovery of lands and tenements held over by tenants or proceedings in forcible entry and detainer;

20.2.4 In addition to any other rights it may have in law or equity, Landlord shall be entitled (but shall not be obligated) to cure such Default, in which case Tenant shall reimburse Landlord for any Fees and Costs incurred in curing such Default, plus interest thereon at the Reimbursement Rate, all of which shall be payable by Tenant upon demand by Landlord.

20.3. Landlord's Right to Re-let Premises. Upon any entry or re-entry by Landlord, with or without legal process, Landlord shall also have the right (but not the obligation) to re-let all or any part of the Premises, from time to time, at the risk and expense of Tenant. No re-entry by Landlord with or without a declaration of termination shall be deemed to be an acceptance or a surrender of this Lease or as a release of Tenant's liability for damages under the provisions of this Section. Landlord shall have the right to let or re-let the Premises for a longer or shorter term than that remaining after Tenant's default, to lease more or less area than that contained in the Premises, to lease the Premises together with other premises or property owned or controlled by Landlord, and to change the character or use of the Premises. Landlord shall be entitled to deduct from any amounts received from any such letting or re-letting all Fees and Costs incurred in connection with Tenant's default. No entry or re-entry by Landlord, whether resulting from summary proceedings or otherwise, nor any letting or re-letting shall absolve or discharge Tenant from liability hereunder. Tenant's liability hereunder, even if there be no letting or re-letting, shall survive the issuance of any dispossession warrant, order of court terminating this Lease or any other termination based upon Tenant's default. The words "enter", "re-enter", and "re-entry" as used in this Section and elsewhere in this Lease are not restricted to their technical legal meanings.

20.4. Damages. Tenant further agrees (i) notwithstanding re-entry by Landlord with or without termination pursuant to the provisions of the previous Subsection, or (ii) if this Lease is otherwise terminated by reason of Tenant's Default, or (iii) if Landlord retakes possession with or without process of law, or re-enters with or without a declaration of termination or (iv) if Landlord following any of the foregoing events, elects to let or re-let the Premises as provided in the previous Subsection, then Tenant shall, nevertheless, in each instance, be and remain obligated to, and shall pay to Landlord as damages, upon demand, all Fees and Costs incurred in connection with Tenant's breach of this Lease, plus, at the election of the Landlord, either:

20.4.1 Liquidated damages determined as of the date of termination of the Lease, in an amount equal to the excess, if any, of the sum of the aggregate Basic Rent and the aggregate Additional Rent which would have been paid over the remaining Term had this Lease not been terminated, discounted to present worth, over the then-current rental value of the Premises, for such remaining Term, as determined by Landlord, discounted to present worth, and in determining such liquidated damages, the Additional Rent for each year of such remaining Term shall be assumed to equal the Additional Rent payable for the Lease Year immediately preceding the Lease Year in which the default occurs, annualized in the event that such preceding Lease Year is less than twelve (12) months, and in determining present worth, a discount rate equal to one percentage point above the discount rate then in effect at the Federal Reserve Bank in Baltimore shall be used; or

20.4.2 Damages (payable in monthly installments, in advance, on the first day of each calendar month following such termination and continuing until the date originally fixed herein for the expiration of the Term of this Lease) in amounts equal to the sum of (i) an amount equal to the installment of Basic Rent which would have been payable by Tenant for such calendar month had this

Lease not been terminated plus (ii) an amount equal to one-twelfth (1/12) of the total Additional Rent payable for the Lease Year immediately preceding the Lease Year in which the default occurred, annualized to the extent that such preceding Lease Year is less than twelve (12) months, minus the Rent, if any, collected by Landlord in respect to such calendar month pursuant either to re-leasing the Premises or portion thereof or from any existing subleases permitted under the terms of this Lease (after deduction from such Rent of the sum of Landlord's costs and expenses as set forth in Subsection). Landlord shall be entitled immediately to bring a separate suit, action or proceeding to collect any amount due from Tenant under this Subsection for any calendar month and any such suit, action, or proceeding shall not prejudice in any way the right of Landlord to collect such amount due on account of any subsequent calendar month by similar proceeding.

20.5. Rent During Holdover. If Tenant fails to vacate the Premises at any time after termination of this Lease, then Landlord shall be entitled to the benefit of all summary proceedings to recover possession of the Premises at the end of the Term, as if statutory notice had been given. If Tenant remains in possession of the Premises after the expiration of the Term, such action shall not renew the Lease by operation of law and nothing herein shall be deemed as a consent by Landlord to Tenant's remaining in the Premises. If Tenant fails to vacate the Premises as required, Landlord may consider Tenant as either (i) a "Tenant-at-Will" liable for the payment of one and a half times (150%) the Basic Rent payable at the end of the Term or (ii) as a "Tenant-Holding-Over" liable for an amount equal to the actual damages incurred by Landlord as a result of Tenant's holding over, including, without limitation, all incidental, prospective and consequential damages and Fees and Costs, but in no event shall such amount be less than the amounts of (a) one and a half times (150%) the Basic Rent payable at the end of the Term and (b) the Additional Rent reserved hereunder applicable to the period of the holdover. In either event, all other covenants of this Lease shall remain in full force and effect.

20.6. No Implied Waiver of Landlord's Rights. The failure of Landlord to insist in any one or more instances upon the performance of any of the covenants or conditions of this Lease, or to exercise any right or privilege herein conferred shall not be construed as thereafter waiving or relinquishing Landlord's right to the performance of any such covenants, conditions, rights or privileges, and the same shall continue and remain in full force and effect, and the waiver of one default or right shall not constitute waiver of any other default, and the receipt of any Rent by Landlord from Tenant or any assignee or subtenant of Tenant, whether the same be Rent that originally was reserved or that which may become payable under any covenants herein contained, or of any portion thereof, shall not operate as a waiver of Landlord's right to enforce the payment of the Rent or of any of the other obligations of this Lease by such remedies as may be appropriate, and shall not waive or avoid Landlord's right at any time thereafter to elect to terminate this Lease, on account of such assignment, subletting, transferring of this Lease or any other breach of any covenant or condition herein contained, unless evidenced by Landlord's written waiver thereof. The acceptance of Rent or any other consideration by Landlord at any time shall not be deemed an accord and satisfaction, and Landlord shall have absolute discretion to apply same against any sum for any period or reason due hereunder without the same constituting a release of any other sums remaining due and unpaid.

20.7. Waiver of Jury Trial. LANDLORD AND TENANT HEREBY JOINTLY AND SEVERALLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COURT CLAIM BROUGHT BY LANDLORD OR TENANT ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES OTHER THAN LANDLORD OR TENANT. Landlord and Tenant make this waiver knowingly, willingly and voluntarily. Each party represents that no representations of fact or opinion have been made by any individual to induce this mutual waiver of trial by jury or to in any way modify or nullify its effect. If

landlord commences any summary proceeding for nonpayment of Rent or for possession of the Premises Tenant will not interpose and hereby waives any counterclaim of whatever nature or description in any such proceeding. Tenant further waives the right to remove said summary proceeding to any other court or to consolidate said summary proceeding with any other action, whether brought prior or subsequent to such summary proceeding. This shall not, however, be construed as a waiver of Tenant's right to assert such claims in any separate action or actions brought by Tenant.

21. Miscellaneous Provisions.

21.1. The Landlord. As used herein, the term "Landlord" means the Landlord originally so named as well as its successors and assigns, and any other subsequent owner of the leasehold estate or reversion in the Center, as well as the heirs, personal representatives, successors and assigns of any such subsequent owner, each of whom shall have the same rights, remedies, powers, authorities and privileges as he would have had if he had originally signed this Lease as Landlord, but any such person, whether or not named herein, shall have no liability hereunder after he shall cease to hold the title to or a leasehold interest in the said real estate, except for obligations which may have theretofore accrued. Neither

Landlord nor any principal of Landlord, whether disclosed or undisclosed, shall have any personal liability with respect to this Lease, the Premises and the Center. After Tenant has accepted and taken occupancy of the Premises, Tenant shall look only to Landlord's estate and property in the Center (or the proceeds thereof) for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder, and no other property or assets of Landlord or its partners or principals, disclosed or undisclosed shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder or Tenant's use or occupancy of the Premises.

21.2. The Tenant.

21.2.1 As used herein, the term "Tenant" means the Tenant named in this Lease as well as its heirs, personal representatives, successors and assigns, each of which shall be under the same obligations, liabilities, and disabilities and have only such rights, privileges and powers as it would have possessed had it originally signed this Lease as Tenant. However, no such rights, privileges or powers shall inure to the benefit of any assignee of Tenant, immediate or removed, unless the assignment to such assignee shall have been consented to in writing by the Landlord, as aforesaid. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code, shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such Assignee shall upon demand execute and deliver unto Landlord an instrument confirming such assumption.

21.2.2 If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this Lease as Tenant, the liability of each such individual corporation, partnership or other business association to pay Rent and perform all other obligations hereunder shall be deemed to be joint and several. In like manner, if the Tenant named in this Lease shall be a partnership or other business association, the members of which are, by virtue of statute or general law, subject to personal liability, the liability of each such member shall be joint and several.

21.2.3 If Tenant is a corporation, general partnership, limited partnership or limited liability company, each person executing this Lease on behalf of Tenant, whether as officer, partner, manager or the like, jointly and severally covenants and warrants that Tenant has the requisite organizational approval to enter into and execute this Lease Agreement and that, on request such person shall be bound to provide to Landlord a copy of an appropriate organizational directive authorizing the

execution of this Lease Agreement and authorizing the individual executing this Lease Agreement to execute said Agreement on behalf of and in the name of the Tenant.

21.3. Tenant's Estoppel Certificate . Tenant agrees at any time, and from time to time, within ten (10) days after Landlord's written request, to execute, acknowledge and deliver to Landlord a written instrument in recordable form certifying or stating: (i) that this Lease is unmodified and in full force and effect (or if there shall then have been modifications, that the same is in full force and effect as so modified, and setting forth such modifications); (ii) that the Premises have been completed by Landlord in accordance with Section 4 hereof (or if not so completed, stating the respects in which not completed); (iii) that Tenant has accepted possession of the Premises, the date upon which the Term has commenced and the date of the expiration of the Term of this Lease; (iv) the dates to which Rent and other charges have been paid in advance, if any; (v) whether or not, to the best knowledge of the signer of such certificate, Landlord is then in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying in detail each such default of which the signer may have knowledge; (vi) as to any other matters as may be reasonably so requested; and (vii) that it is understood that such instrument may be relied upon by any prospective purchaser, mortgagee, assignee or lessee of Landlord's interest in this Lease, in the Center, or any portion or part thereof.

21.4. Consent to Requests. If Tenant requests Landlord's consent on any matter as to which Landlord's consent is required to be obtained under this Lease, and Landlord fails or refuses to give such consent, then Tenant shall not be entitled to any damages for Landlord's withholding of its consent, it being intended that the sole and exclusive remedy for a wrongful withholding of consent shall be an expedited arbitration of the dispute in the following manner. The Tenant may initiate the arbitration within ten (10) days after receiving Landlord's notice of denial of consent, by sending Landlord notice of Tenant's demand for arbitration of the matter, referencing this Section. Tenant's notice shall also name Tenant's proposed arbitrator, who shall be an attorney licensed to practice law in the State of Maryland whose practice is primarily real estate sales and leasing transactions. Within five (5) days following receipt of Tenant's nomination Landlord shall send a responsive notice accepting Tenant's nominee, or rejecting such nominee and proposing an alternate arbitrator for Tenant's approval. If Landlord fails to respond within such time then Tenant's nominee shall be deemed approved. If any alternate nominee proposed by Landlord is in turn rejected by Tenant, so that the parties cannot agree upon an arbitrator within five (5) days after Landlord's response, then the arbitrator shall be appointed, at the request of either party, by the chief judge of the third judicial circuit of Maryland. A prerequisite for such appointment shall be the arbitrator's commitment to consider the matter and render a determination within thirty (30) days of the date of the selection of the arbitrator. The jurisdiction of the arbitrator in any such proceeding shall be limited to rendering a determination as to whether the withholding was reasonable or unreasonable, and such determination shall be final and binding upon the parties. Each party shall submit its position to the arbitrator, and the losing party shall pay all of the costs of the arbitration and the reasonable attorneys' fees and costs incurred by the prevailing party in connection with the arbitration. Except as otherwise provided herein, the procedures for the arbitration shall be in accordance with the rules of the American Arbitration Association.

21.5. Relocation. Landlord reserves the right at its option and at Landlord's sole cost and expense (including all moving expenses of Tenant) to relocate the Premises hereby leased to another area within the Building [or Center], provided such new location shall be comparable to the Premises hereby leased and provided Landlord gives Tenant at least thirty (30) days' prior Notice of such relocation.

21.6. Unavoidable Delays. Other than Tenant's obligation to pay Rent or any other payment to cure a Default and except as otherwise provided in this Lease, either party shall be excused for the period of any delay in the performance of any obligation when the delay is due to Unavoidable Delays. Neither party shall be entitled to rely upon this Section unless it shall give to the other party notice of the

existence of the Unavoidable Delay within five (5) days after the commencement of the Unavoidable Delay.

21.7. Brokerage . Tenant warrants that it has had no dealings with any broker or agent in connection with this Lease other than the Named Broker, whose commission Landlord covenants and agrees to pay in the amount agreed between Landlord and such broker or brokers. Tenant covenants to pay, hold harmless and indemnify Landlord from and against any and all costs, expense or liability for any compensation, commissions or charges claimed by any broker other than those stated above or any other agent with respect to this Lease or the negotiation thereof.

21.8. Entire Agreement. The Lease, including these General Terms and Conditions to Agreement of Lease, and any and all Exhibits and Riders hereto, as well as any other schedules or attachments hereto, set forth all the promises, agreements, conditions and understandings between Landlord and Tenant with respect to the Premises, and there are no promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed and delivered by each of them.

21.9. Effect of Delivery. Landlord has delivered a copy of this Lease to Tenant for Tenant's review only, and the delivery does not constitute an irrevocable offer to Tenant or an option to lease. Because the Premises are on the open market and are presently being shown, this Lease should be treated as a revocable offer, with the Premises being subject to prior lease, and such offer is subject to withdrawal or non-acceptance by Landlord or to other use of the Premises at any time and without notice. This Lease shall not be valid or binding unless and until signed by Tenant, delivered to Landlord, and accepted and signed by Landlord.

21.10. Delay in Delivery of Premises; Rule Against Perpetuities. To avoid application of the Rule Against Perpetuities, if the Commencement Date has not occurred within one (1) year following the date of this Lease for any reason other than the default of either party hereto then, unless the parties otherwise agree in writing, this Lease shall terminate, in which case Landlord shall return any Deposit previously delivered by Tenant, and all rights and obligations of the parties with respect to this Lease shall terminate. Tenant shall have no rights or claims under this Lease at law except that Landlord shall return to Tenant promptly after any termination any Deposit previously tendered to Landlord.

21.11. Tenant's Financial Statements. Tenant shall deliver to Landlord , within one hundred twenty (120) days following the end of Tenant's fiscal year, a copy of Tenant's financial statements prepared in accordance with generally accepted accounting principles consistently applied, and certified as correct by an independent certified public accountant or by Tenant's chief financial officer only if Tenant is in default of the Lease or if required by Landlord's lender or a lender to whom Landlord has made a request for financing of the Building

21.12. Recording. Neither this Lease, nor any memorandum, affidavit, or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant, and the recording thereof in violation of this provision, shall (i) be deemed an Event of Default and, (ii) at Landlord's election, make this Lease null and void.

21.13. Time . Time is of the essence of this Lease.

21.14. Counterparts. This Lease may be executed in separate counterparts, all of which taken together shall constitute a single original instrument.

Early Termination. Tenant shall have the right to terminate this Lease at the end of the sixth Lease Year, provided that Tenant must give notice to Landlord of its election to so terminate not later than the last day of the Fifth Lease Year, September 30, 2019.

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~~the event that the medical practice has been closed.~~

23.

24. Replacement Lease . Note that this Lease, on October 1, 2014, shall supersede and render void any and all prior leases between the parties regarding any spaces in the Building other than a lease entered into contemporaneously herewith for Suite 102 in the Building. However, the parties shall be responsible for any and all financial obligations incurred and/or accruing up to and including September 30, 2014.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement of Lease, or have caused the same to be executed on their respective behalf by their duly authorized representatives, as of the date and year first above written.

WITNESS:

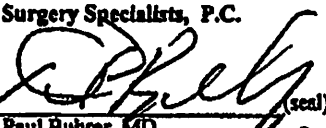
LANDLORD:

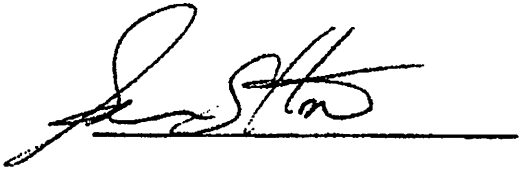

~~Helmman Holly Limited Partnership~~

By:  (seal)
Name: Michael Gluck
Title: President HRR, Inc. GP

TENANT:

~~Plastic Surgery Specialists, P.C.~~

By:  (seal)
Name: Paul Buhner, MD
Title: Treasurer of P.S.S.

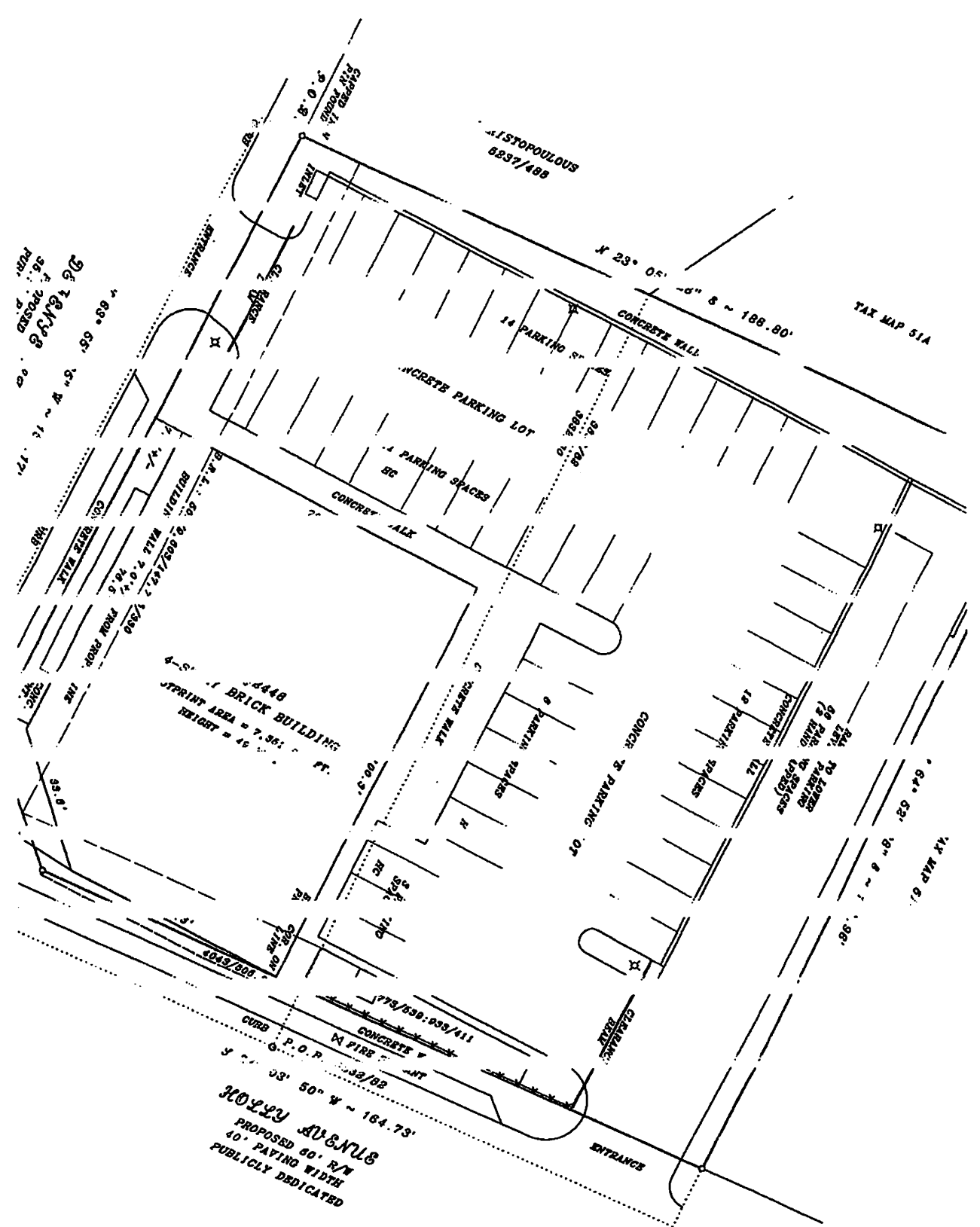


NET LEASE AGREEMENT

**EXHIBIT A-1
SITE PLAN OF CENTER
AND
EXHIBIT A-2
FLOOR PLAN OR OTHER DEPICTION OF LOCATION OF PREMISES**

See page or pages which follow

A-1



26 18/198
 36 1/2 20352
 20 00
 15 171
 89° 05'
 15' 11.171

4-5' BRICK BUILDING
 PRINT AREA = 7.351
 PERIMETER = 45'

HOUSTON AVENUE
 PROPOSED 60' R/W
 PUBLICLY DEDICATED

TAX MAP 51A

TAX MAP 01

A-2

4/3 P02 JUN 19 '96 14:16

ALTERNATE

TENANT SPACE 1

LOBBY

ELEVATOR

STAIR

HCP TOILET
HCP TOILET

EXIST. TELE ROOM

EXIST. ELEC ROOM

TENANT SPACE 2

STAIR

1st Floor

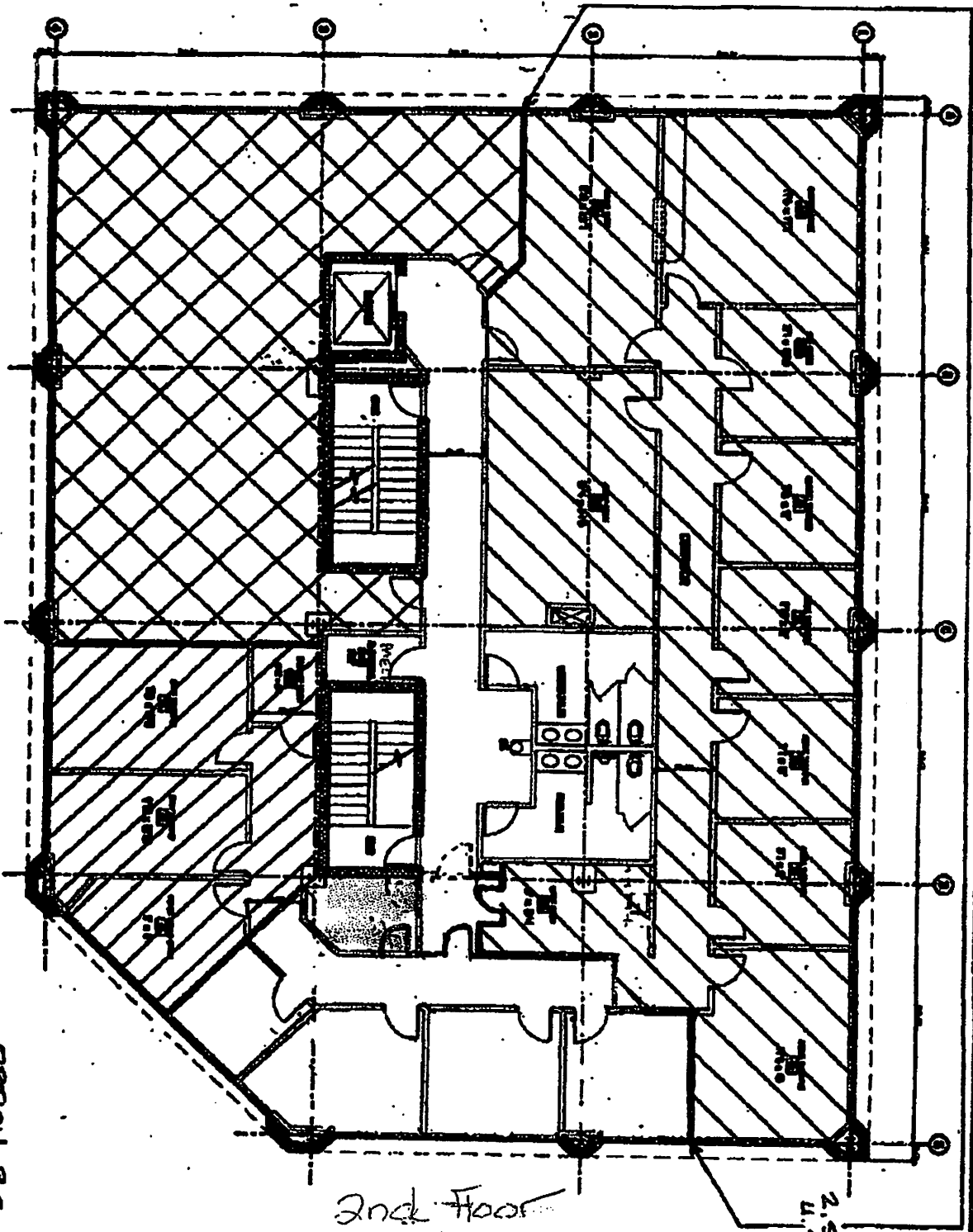
ARCHITECTS
LANDSCAPE

PLANNERS
ARCHITECTS

IDR Brasher

9440 STREET PLACE, SUITE 300 COLUMBIA, MD 21046
BALTO. (410)775-0925 WASH./VA. (703)431-6484

D-2



OPTION B2
 2/12/02

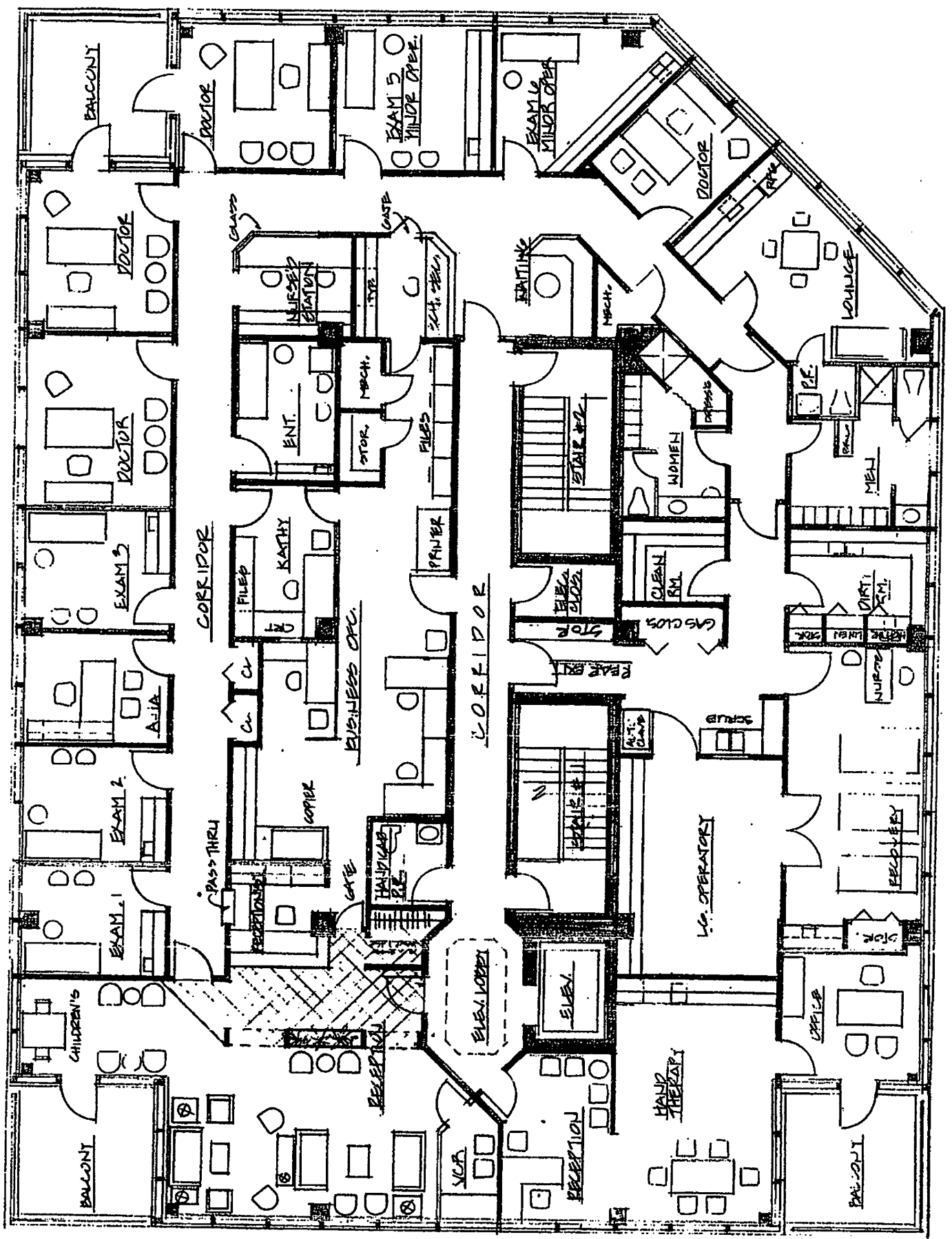
2nd Floor

2,517
 U.S.F.

| | | | |
|--|--------------------------------------|---|--|
| HOLLY BUILDING <small>RENOVATION PROJECT</small> | | <small>2000 BRADLEY PLAZA, SUITE 200 BOSTON, MA 02108</small> <small>TEL: 617-552-1100 FAX: 617-552-1101</small> | |
| ARCHITECTS LANDSCAPE | PLANNERS ARCHITECTS | DKBrasher | |

D-2

4th Floor



NET LEASE AGREEMENT

EXHIBIT B

CONSTRUCTION PROVISIONS FOR LEASEHOLD IMPROVEMENTS

NA

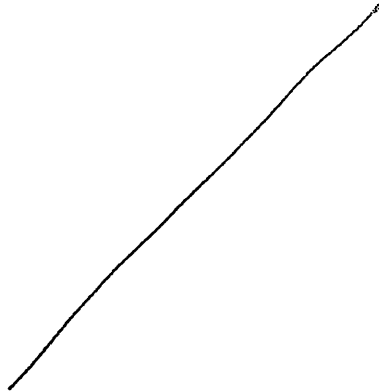


NET LEASE AGREEMENT

EXHIBIT B-1

**PRELIMINARY OR FINAL PLANS AND/OR SPECIFICATIONS
FOR CONSTRUCTION OF LEASEHOLD IMPROVEMENTS**

NA



**{NAME OF BUILDING & CENTER}
NET LEASE AGREEMENT**

**EXHIBIT C
RULES AND REGULATIONS TO LEASE**

1. Tenant shall not obstruct in any way the sidewalks or parking areas in the front, side, or rear of the Building nor do anything directly or indirectly that will limit any of the ingress or egress or of the light of any other tenant or of Landlord.

2. Tenant shall not attach awnings, antennas, pipes, wiring or other projections to the roof or outside walls of the Building. No curtains, blinds, shades, or screens shall be attached to, or hung in, or used in connection with any window or door of the Premises without the prior written consent of Landlord.

3. No additional lock or locks shall be placed by Tenant on any door in the Building without prior written consent of Landlord. All keys to doors shall be returned to Landlord at the termination of the tenancy. At Tenant's request, locks may be changed by Landlord and cost of the change shall be charged to and paid for by Tenant, and Tenant agrees to pay the same promptly upon demand.

4. Tenant shall be responsible for storage of Tenant's trash or refuse in proper receptacles and for removal of the same from the Premises and the Center at Tenant's cost and expense. Dumpsters or other trash containers shall not be allowed on the outside of the Building without Landlord's prior written consent. If such consent be given by Landlord, the type, size, and location of such containers shall be only as approved by Landlord and shall be maintained by Tenant in a clean sanitary manner, and in good repair at all times.

5. Tenant shall not burn any trash or garbage of any kind in or about the Premises.

6. Tenant shall not commit any waste upon the Premises or create a nuisance nor cause or permit objectionable odors to emanate or be dispelled from the Premises.

7. No loudspeakers, radios, or other devices shall be used in a manner so as to be heard outside of the Premises.

8. Tenant shall not locate or store any of Tenant's Personal Property outside the confines of the Premises without Landlord's express written consent.

9. Under no circumstances shall all or any portion of the Premises be used at any time, however temporarily, as a dormitory or otherwise for residential purposes.

10. The maintenance of dogs, cats, domesticated animals or any other type of pet or animal of any kind on or about the Premises, however temporarily, is strictly forbidden.

11. Tenant, its officers, employees, agents, contractors and invitees shall park their vehicles only in those portions of the parking area marked for such purpose by Landlord. Neither Tenant nor its officers, employees or agents shall park in any spaces designated as "Visitor Spaces" on Exhibit A-1. Any vehicle parked in any other location on the Center or within public road rights-of-way may be towed without notice at the expense of the tenant responsible therefor.

12. Tenant shall observe and comply with the requirements imposed by any and all policies of public liability, fire and other insurance at any time in force with respect to the Premises or with respect to the Building, any other improvements upon the Premises, and/or equipment therein.

13. Tenant shall comply with the National Fire Code which prohibits smoking in storage areas containing combustible products and shall install, at its expense, "No Smoking" signs in those areas of the Premises.

14. Tenant shall install fire extinguishers throughout the Premises and Tenant shall inspect such extinguishers at least once a year and refill and maintain such extinguishers as often as necessary.

15. Tenant shall maintain all exit and emergency directional signs within the Premises.

16. Any breach by Tenant of any of the foregoing Rules and Regulations, or any other rules or regulations contained in the Lease or hereafter promulgated by Landlord pursuant to its reserved powers contained in the Lease, if not remediated by Tenant within five (5) days following written notice by Landlord, will result in the imposition of a penalty for breach in the amount of Twenty-Five Dollars (\$25.00) for each day of infraction, accounting from the date of Landlord's notice until remediation of the breach. The penalties imposed by this section shall be in addition to all other rights and remedies inuring to Landlord under the Lease in case of Tenant's breach, specifically including the right of self-help as therein set forth.

**WEST COURT
NET LEASE AGREEMENT**

**EXHIBIT D
COMMENCEMENT DATE LETTER**

Date:

{TENANT}

Tenant Address

Re: Commencement Date Letter with respect to Lease dated as of {DATE} between _____, as Landlord, and {TENANT}, as Tenant, for Premises (defined in the Lease) in {BUILDING}.

Greetings:

This Commencement Date Letter is issued in accordance with Section 3 of the General Terms and Conditions to the above-referenced Lease.

Landlord certifies the Substantial Completion of all Leasehold Improvements required to be installed in the Premises, and tenders possession of the Premises to Tenant.

The Commencement Date of the Lease is {COMMENCEMENT DATE}.

The termination date of the Lease is {TERMINATION DATE}.

{LANDLORD}

By: _____

EXHIBIT 4

Table 4 – Table E – Accreditation and Licensure Documents

#20



STATE OF MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
OFFICE OF HEALTH CARE QUALITY
SPRING GROVE CENTER
BLAND BRYANT BUILDING
55 WADE AVENUE
CATONSVILLE, MARYLAND 21228

License No. A1026

Issued to: Plastic Surgery Specialists
2448 Holly Avenue
Annapolis, MD 21401

Type of Facility or Community Program: **AMBULATORY SURGICAL CENTER**

Date Issued: July 15, 2015

SPECIALTIES: Plastic Surgery

Authority to operate in this State is granted to the above entity pursuant to The Health-General Article, Title 19 Annotated Code of Maryland, including all applicable rules and regulations promulgated there under. This document is not transferable.

Expiration Date: July 15, 2018

Patricia Tomasko May, MD

Director

Falsification of a license shall subject the perpetrator to criminal prosecution and the imposition of civil fines.



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

Office of Health Care Quality

Spring Grove Center • Bland Bryant Building

55 Wade Avenue • Catonsville, Maryland 21228-4663

Larry Hogan, Governor - Boyd Rutherford, Lt. Governor - Van Mitchell, Secretary

June 23, 2015

Ms. Sue Patton, Administrator
Plastic Surgery Specialists
2448 Holly Ave
Annapolis, MD 21401

RE: ACCEPTABLE PLAN OF CORRECTION

Dear Ms. Patton:

We have reviewed and accepted the Plan of Correction submitted as a result of a Recertification Survey completed at your facility on May 15, 2015

Please be advised that an unannounced follow-up visit may occur prior to the standard survey to ensure continual compliance.

If there are any questions concerning this notice, please contact this Office at 410-402-8040.

Sincerely,

Leon Carlton, Program Coordinator
Ambulatory Care Programs
Office of Health Care Quality



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene
Office of Health Care Quality
Spring Grove Center • Bland Bryant Building
55 Wade Avenue • Catonsville, Maryland 21228-4663
Larry Hogan, Governor - Boyd Rutherford, Lt. Governor - Van Mitchell, Secretary

July 24, 2015

Administrator
Plastic Surgery Specialists
2448 Holly Avenue
Annapolis, MD 21401

**RE: ACCEPTABLE LIFE SAFETY CODE
PLAN OF CORRECTION**

Dear Administrator:

We have reviewed and accepted the Plan of Correction submitted as a result of a **Life Safety Code Survey** completed at your facility on June 22, 2015.

Please be advised that an unannounced follow-up visit may occur prior to the standard survey to ensure continual compliance.

If there are any questions concerning this notice, please contact this Office at 410-402-8040.

Sincerely,

Leon Cafton, Program Coordinator
Ambulatory Care Programs
Office of Health Care Quality

DLLR

STATE OF MARYLAND
DEPARTMENT OF LABOR, LICENSING AND REGULATION

Larry Hogan, Governor
Boyd Rutherford, Lt. Governor

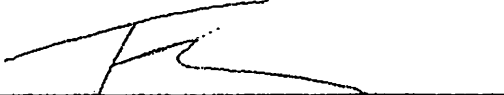
Elevator Safety Inspection Unit
www.dllr.state.md.us/labor_elev.html

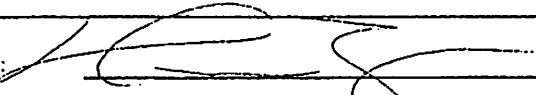
Third Party Periodic Inspection Report

Article-Public Safety Title 12, subtitle 8 requires that all elevator units be inspected periodically in conformance with the applicable sections of the Safety Code (ASME A17.1). Documentation of the periodic inspection performed shall be submitted to the Commissioner of Labor and Industry on this form only.

| | | | |
|--|---|--|--|
| Site Name: West Court Building | | Date Inspected: 8/4/15 | |
| Site Address: 2448 Holly Ave | | | |
| City: Annapolis | | County: Anne Arundel | |
| Zip Code: 21401 | | | |
| Owner/Agent: Hermann Helmsman Holly LLP | Location Contact: Dianna Maevers | Phone #: 410-321-5656 / 443-677-9477 | |
| | | Email: dmaevers@helmsman-properties.com | |
| Registration #: AA1431 | | | |
| Inspection Type: <small>Periodic - or - Re-inspection</small> Periodic | | | |
| Code Year in effect: 2013 | | | |
| Last Annual Test Date: 8/11/14 | | | |
| Last 5 Year Test Date: / | | | |
| Number of Violations: 0 | | | |
| <i>When a periodic annual inspection reveals that the elevator unit is in violation of the Safety Code, the owner of the elevator unit must be given a copy of the Violation Notice report form.</i> | | | |
| Unit In Compliance: Y/N | Y | | |
| <i>By indicating that the elevator unit is in compliance the third party inspector is recommending to the Commissioner that a Certificate of Inspection be issued. Elevator units that are not identified as in compliance will not be issued a certificate.</i> | | | |

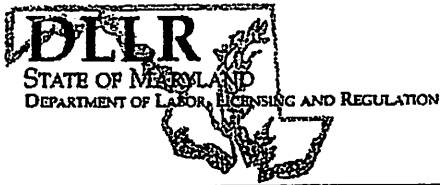
I affirm under penalty of perjury that the elevator units identified above were inspected in accordance with the Maryland Public Safety Article, §§ 12-801--12-816, Annotated Code of Maryland and in conformance with the Safety Code as adopted by the Commissioner of Labor and Industry.

Q.E.I. Signature:  Q.E.I. Cert #: **S-167**
Print Name: **Tim Marshall** Phone# **410-766-4600** Date: **8/4/15**

Signature of Owner or Authorized Representative: 
Print name: **Dianna Maevers** Date: **8/7/15**
Agent for Helmsman Holly LP.

| 10 Violations: | | 11 REQUIREMENTS TO RESOLVE EACH VIOLATION: | |
|--|--|---|--|
| CONDITIONS Describe new installation documentation, repairs and alterations quality and documentation ("R form") since last inspection, each non-compliance (violation) to Law, Regulations or Codes; deposits such as oil, scale, etc.; defects such as corrosion, erosion, cracking, bulging, etc.; condition of springs, fittings, bolts, supports, tubes, tube ends, coils, nipples, rivets, stays (bowed, loose, broken), etc.; condition of water level, pressure, and temperature indicators and controls; pressure relief devices, fuel train, blowdown, piping, etc.; Attach a map of the object if helpful. | | 9 operational controls/controls - good, setpoints - good, relief valve hand tested, unit serviced May 2015 | |
| 10 THIS INSPECTOR HAS EXPLAINED HIS FINDINGS TO ME: EMPLOYED BY: _____ TITLE: _____ LOCATION PHONE: _____ OTHER CONTACT INFO: _____ INSPECTOR SIGNATURE: _____ INSPECTOR NAME, PRINTED: _____ MID COMMISSION NUMBER: _____ INR COMMISSION NUMBER: _____ | | 11 REQUIREMENTS TO RESOLVE EACH VIOLATION: _____ _____ _____ | |
| THEREBY CERTIFY THIS IS A TRUE REPORT OF MY INSPECTION * | | | |
| INSPECTOR EMPLOYED BY: Atlantic Services, Inc. | | COPY FOR OWMER OR USER: _____ COPY FOR CONTRACTOR OR INSTALLER: _____ | |

| 1 DATE INSPECTED * | | 2 CUR CERT EXP DATE * | | 3 JURISDICTION NUMBER * | | 4 NAT BID NUMBER * | | 5 OWNER NUMBER | | 6 SERIAL NUMBER | |
|---|--|---|--|---|--|---|--|---|--|---|--|
| 10/15/2015 | | 10/15/2017 | | MD147947V | | 80725 | | 2 | | | |
| OBJECTS PHYSICAL LOCATION NAME * | | OBJECTS PHYSICAL ADDRESS * | | CITY * | | STATE * | | ZIP * | | INC CODE * | |
| Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | | MD | | 21401-3152 | | 8062 | |
| OWNER * | | OWNER ADDRESS | | CITY | | STATE | | ZIP | | | |
| Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | | MD | | 21401-3152 | | | |
| MAIL INVOICE TO * | | INVOICE ADDRESS | | CITY | | STATE | | ZIP | | | |
| Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | | MD | | 21401-3152 | | | |
| MAIL CERTO * | | CERTIFICATE ADDRESS | | CITY | | STATE | | ZIP | | | |
| Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | | MD | | 21401-3152 | | | |
| SPECIFIC LOCATION IN PLANT * | | USE * | | Autoclave | | | | | | | |
| 4th floor | | V - Process-Sterilizing | | | | | | | | | |
| MANUFACTURER * | | YEAR BUILT * | | YEAR INSTALLED | | INSTALLED NEW? | | VARIANCE OR EXCEPTION? | | ASME STAMP * | |
| Steris Corp | | 2000 | | 2013 | | <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes | | <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes | | U - Pressure Vessel, Div 1 | |
| FUEL (if boiler) * | | FUEL TRAIN (if boiler) * | | FIRING METHOD (if boiler) * | | IF OTHER, explain fully \$ | | IF OTHER, explain fully \$ | | | |
| Water and Steam | | CSD-1 <input type="checkbox"/> Other <input type="checkbox"/> | | Auto <input type="checkbox"/> Un-fired <input type="checkbox"/> | | Manual <input type="checkbox"/> Other <input type="checkbox"/> | | | | | |
| MAMP STAMPED (PSIG) \$ | | MAMP CALCULATED (PSIG) \$ | | RELIEF DEVICE CAPACITY MIN * | | RECID (include units) | | STATUS * | | INSPECTION TYPE * | |
| 50 | | 50 | | 103 LB STEAM/HR | | Active | | <input checked="" type="checkbox"/> CERT <input type="checkbox"/> NONCERT <input type="checkbox"/> ACORDING | | <input checked="" type="checkbox"/> COS | |
| CERT POSTED * | | MAMP ALLOWED (PSIG) * | | PRDG) SET AT (PSIG) * | | TOTAL PRD CAP INSTALLED * | | PRESSURE GAUGE TESTED * | | | |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | 50 | | 50 | | 383 | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | |
| IS CONDITION OF SUBJECT SUCH THAT A CERTIFICATE MAY BE ISSUED? * | | HYDRO TEST PERFORMED * | | | | | | | | | |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | | | | |
| COMMENTS, EXPLANATIONS @ AND INCLUDE COMPLETE NAMEPLATE INFORMATION | | | | | | | | | | | |



Safety Inspection Unit
 Boiler Inspection Section
 1100 N Eustaw St. Room 605
 Baltimore MD 21204
 http://www.dlr.state.md.us
 boilers@dlr.state.md.us
 phone (410) 767-2990
 fax (410) 333-7827

BOILER or PRESSURE VESSEL INSPECTIONS

| | | | | | | | | |
|----|---|--|--|---|---|---|--------------------|------------|
| 1 | DATE INSPECTED * | CUR CERT EXP DATE * | JURISDICTION NUMBER * | NAT BID NUMBER If NONE, explain fully § | OWNER NUMBER | SERIAL NUMBER | | |
| | 10/15/2015 | 10/15/2017 | MD140433 | 0029785 | | | | |
| | OBJECTS PHYSICAL LOCATION NAME * | | OBJECTS PHYSICAL ADDRESS * | | CITY * | STATE * | ZIP * | SIC CODE * |
| | Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | MD | 21401-3152 | 8062 |
| 2 | OWNER * | <input type="checkbox"/> LOCATION | OWNER ADDRESS | | CITY | STATE | ZIP | |
| | Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | MD | 21401-3152 | |
| | MAIL INVOICE TO * | <input type="checkbox"/> LOCATION | INVOICE ADDRESS | | CITY | STATE | ZIP | |
| | Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | MD | 21401-3152 | |
| | MAIL CERT TO * | <input type="checkbox"/> LOCATION | CERTIFICATE ADDRESS | | CITY | STATE | ZIP | |
| | Plastic Surgery Specialists | | 2448 Holly Ave Ste 400 | | Annapolis | MD | 21401-3152 | |
| 3 | SPECIFIC LOCATION IN PLANT * | | USE * | TYPE * | | | | |
| | 4th floor | | H - Steam Heat (Steam <= 15 psig) | Electric (NOT HLW) | | | | |
| 4 | MANUFACTURER * | YEAR BUILT * | YEAR INSTALLED | INSTALLED NEW <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes | VARIANCE or EXCEPTION? If YES, explain fully § | ASME STAMP * See Quick Reference Guide | | |
| | Electro-Steam | 2011 | | | <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes | E - Electric Boiler | | |
| 5 | FUEL (if BOILER) * FLUID (if PV) * | FUEL TRAIN (if BOILER) If OTHER, explain fully § | | FIRING METHOD (if BOILER) * If OTHER, explain fully § | | | | |
| | Electric | <input type="checkbox"/> CSD-1 <input type="checkbox"/> Other | | <input checked="" type="checkbox"/> Auto <input type="checkbox"/> Unfired <input type="checkbox"/> Manual <input type="checkbox"/> Other | | | | |
| 6 | MAWP STAMPED (PSIG) * | MAWP CALCULATED (PSIG) § * | RELIEF DEVICE CAPACITY MIN REQD (include units) | | STATUS * | INSPECTION TYPE * | | |
| | 100 | | 103 LB STEAM/HR | | Active | <input checked="" type="checkbox"/> CERT <input type="checkbox"/> NONCERT <input type="checkbox"/> ACCIDENT IN <input type="checkbox"/> INT <input checked="" type="checkbox"/> EXT <input type="checkbox"/> COS | | |
| 7 | CERT POSTED* <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | MAWP ALLOWED (PSIG) * | PRD(S) SET AT (PSIG) * | TOTAL PRD CAP INSTALLED * (include units) | | PRESSURE GAUGE TESTED * | | |
| | | 100 | 100 | 646000 | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| | IS CONDITION OF OBJECT SUCH THAT A CERTIFICATE MAY BE ISSUED? * | | | HYDRO TEST PERFORMED | | | | |
| | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If NO, explain fully under CONDITIONS | | | <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes | | PSIG DATE | | |
| 9 | COMMENTS, EXPLANATIONS (¶) AND INCLUDE COMPLETE NAME/PLATE INFORMATION | | | | | | | |
| | Water feeder - satisfactory, auto controls- satisfactory, pressure controls - satisfactory, safety valve satisfactory, unit serviced May 2015 | | | | | | | |
| 10 | CONDITIONS Include Violations: | Describe new installation documentation; repairs and alterations quality and documentation ("R Form") since last inspection; each non-conformity (violation) in Law, Regulations or Codes; deposits such as oil, scale, etc.; defects such as corrosion, erosion, grooving, bulging, cracking, etc.; condition of setting, lashing, bracing supports, tubes, tube ends, coils, nipples, rivets, stays (bowed, loose, broken), etc.; condition of water level, pressure, and temperature indicators and controls; pressure relief devices; fuel train, blowdown, piping, etc.; Attach a map of the object if helpful. | | | | | | |
| 11 | REQUIREMENTS TO RESOLVE EACH VIOLATION: | | | | | | | |
| | | | | | | | | |
| | THE INSPECTOR EXPLAINED HIS FINDINGS TO ME * | SIGNATURE | PRINTED NAME | | LOCATION PHONE | | OTHER CONTACT INFO | |
| | | | | | | | | |
| | EMPLOYED BY | TITLE | | MD COMMISSION NUMBER | | NB COMMISSION NUMBER | | |
| | | | | Richard A. Pais | | | | |
| | INSPECTOR SIGNATURE | INSPECTOR NAME PRINTED | | MD COMMISSION NUMBER | | NB COMMISSION NUMBER | | |
| | | Richard A. Pais | | MD1254-ATL | | 12387 | | |
| | INSPECTOR EMPLOYED BY | Atlantic Services, Inc. | | | | | | |
| | COPY FOR INSPECTOR | COPY FOR OWNER OR USER | | COPY FOR CONTRACTOR OR INSTALLER | | | | |



AMERICAN ASSOCIATION FOR ACCREDITATION OF AMBULATORY SURGERY FACILITIES, INC.

Medicare ASC • Medicare RHC • Medicare RA/OPT • ASF Surgical • ASF Oral Maxillofacial • ASF Procedural
ACCREDITATION OFFICE: 5101 Washington Street, Suite 2F • P.O. Box 9500 Gurnee, Illinois 60031 • Toll Free 1-888-545-5222
Phone 847-775-1970 • Fax 847-775-1985 • E-mail: reception@aaaasf.org • Web Site: www.aaaasf.org

1/12/2015

Final Accreditation Decision Letter

Director: Christopher J. Spittler M.D.

Thank you for participating in this important quality assurance and patient safety process administered by the American Association for Accreditation of Ambulatory Surgery Facilities. The following report contains information relevant to the conclusion your recent accreditation survey process including your facility accreditation demographic information, accreditation decision, and recent survey history. Please note that AAAASF requires that all standards be met in order to achieve accreditation and that 100% compliance must be maintained at all times. AAAASF reserves the right to conduct additional surveys to validate the findings of previous surveys and to ensure continued compliance with standards.

Attached you will find a report containing all of the deficiencies cited during the accreditation survey along with the corrective action plans submitted to AAAASF. The Final Accreditation Decision based on the findings and corrective action taken in response to your recent survey process is Full.

Survey Details Below

Survey: 11609

Program AAAASF Surgical

Facility Number: 1103

DBA:

Mailing: Plastic Surgery Specialists

Survey Type: Full Accreditation Survey

2448 Holly Avenue Suite 400

Request Type: Re-Survey

Annapolis, MD 21401

Survey Begin: 1/6/2015

United States

Survey End: 1/6/2015

Accreditation Decision: Full

Expiration Date: 1/13/2018

Follow-up Method:

Plan of Correction Time Frame:

Recertification Survey Information:

Effective Date of Accreditation: 1/13/2015

Jun 10 2014 1:21PM

PLASTIC SURGERY SPEC

4108971096

p. 1

| | | |
|--|------------------------|--|
| PLASTIC SURGERY SPECIALISTS | Original Date: | |
| | Approved By: | |
| Infection Control Policy & Procedure Manual | Revised Date/Approval: | |
| | Revised Date/Approval: | |
| | Revised Date/Approval: | |

POLICY: AIR EXCHANGES, TEMPERATURE, AND HUMIDITY

PURPOSE: An effective ventilation system is in place to minimize airborne microbial contamination. Temperature and humidity control is in place to maintain integrity of sterile packaging.

PROCEDURE:

Humidity and Temperature: Room temperature and humidity is checked and recorded every surgery day for the operating rooms. Daily a.m. checks of temperature and humidity will be recorded by the designated employee. A log sheet will be maintained for the operating room. In the event that the humidity or temperature is outside the acceptable range, the Nurse Manager or Infection Control Manager will be notified immediately for appropriate action.

1. Operating room humidity is maintained between 20 – 60% relative humidity.
 - a. A relative humidity that is too high can result in damp or moist supplies with added opportunity for mold growth and other microbial contamination. A relative humidity that is too low can result in excessive dryness, especially in the presence of flammable agents.
 - b. Room temperature is maintained between 68 – 73 degrees F.

2. Air Exchange and Ventilation:
 - a. Doors to the O.R. will remain closed other than during transportation of personnel, instruments, and patients.
 - b. Filters are inspected and replaced according to maintenance procedures and manufacturer's recommendations.
 - c. Primary filtration of 30%.
 - d. Secondary filtration of 90%.
 - e. Operating room air exchanges will be at least 15 per hour. This will be measured and documented annually by a contracted HVAC service company.
 - f. At least 20% of the total hourly air exchanges should be fresh air.
 - g. Air will enter the O.R. near the ceiling and be removed near the floor.
 - h. Air pressure in the O.R. will be positive relative to the surrounding areas.

3. Maintenance:
 - a. A trained HVAC service company will perform all preventative and unscheduled maintenance on the ventilation system.

References:

1. CDC: Guidelines for Environmental Infection Control in Healthcare Facilities

EXHIBIT 5

Attachment 5 – Transfer Agreement

| | |
|--|------------------|
| SUBJECT: PATIENT TRANSFER HIGHER LEVEL OF CARE | REFERENCE #2616 |
| DEPARTMENT: PLASTIC SURGERY SPECIALISTS | PAGE: 1 OF: 2 |
| | EFFECTIVE: 2009 |
| APPROVED BY: DR. CHRISTOPHER SPITTLER | REVISED: 5/14 |

POLICY:

- All patients with a physician's order to transfer from the _PACU to another facility will be transferred to Anne Arundel Medical Center. All surgeons have privileges at AAMC. The patient will be stabilized and monitored in the ASC until the following requirements of the transfer mechanism are complete:
 - A physician's order specifying the new facility is required for transfer of a patient.
 - Physician will notify the Emergency Department of AAMC of transfer.
 - A transfer report is to be completed by the nursing staff in OR or PACU.
 - The transfer report and a photocopy of the history and physical are to be routinely sent with the patient, plus discharge summary, progress notes and diagnostic test results.
 - Any other forms requested by the new facility or facility physicians are to be approved by the transferring physician.
 - Do not send the entire medical record or Nurses' Notes.
 - Patient will be transferred via ambulance via 911 emergent or non emergent designation to Anne Arundel Medical Center.
 - Copies of Anesthesia record, medical history and current medications and physician documentation regarding reason for transfer will accompany patient.
 - The Surgeon or the Surgeon "On Call" is responsible for the notification to the ED Physician

| | |
|---|-----------------------------------|
| SUBJECT: Patient Transfer to Outside Facility | REFERENCE # 2616 |
| PLASTIC SURGERY SPECIALISTS | PAGE: 1 OF: 2 |
| APPROVED BY: Dr. Christopher Spittler | EFFECTIVE: 04-01-2008 REVISED: |

PURPOSE:

To ensure that appropriate patient transfer arrangements are made in a timely manner and care is coordinated between the Plastic Surgery Specialist's surgery center and other institutions. To ensure emergency and/or stabilizing care is provided until transfer is completed.

BACKGROUND:

The Plastic Surgery Specialist's surgery center recognizes its role as an ambulatory surgery center. There may be times when patients need to be transported to a facility which can provide a higher level of care.

SCOPE:

This policy applies to all patients transferred from the Plastic Surgery Specialist's surgery center to any other hospital or institution.

DEFINATIONS:

Emergency Medical Condition: Any condition which, if not treated, will result in a serious deterioration of the patient's health.

Transfer: The movement of a patient outside the Plastic Surgery Specialist's surgery center's facilities at the direction of a physician or a nurse.

POLICY:

- The Plastic Surgery Specialist's surgery center team remains with the patient and under the direction of the surgeon or CRNA, provides all necessary emergency medical treatment to the patient. Life support will be maintained until patient has been transported and admitted to a hospital or placed under the care of qualified emergency personnel who will assume responsibility for patient.
- At an appropriate time, when directed by the surgeon in charge of the patient, 911 is notified. The medical emergency is described and an advanced life support ambulance is requested.
- A copy of any pertinent patient information will be made which will be sent with the patient.
- The surgeon will write a transfer note to be sent with the patient.

| | |
|---|-----------------------|
| SUBJECT: Patient Transfer to Outside Facility | REFERENCE # 2616 |
| PLASTIC SURGERY SPECIALISTS | PAGE: 2 OF: 2 |
| | EFFECTIVE: 04-01-2008 |
| APPROVED BY: Dr. Christopher Spittler | REVISED: |

- The surgeon will telephone the receiving facility (e.g. AAMC Emergency Room) and give a report to the attending ER physician.
- After the patient is transferred, a follow up on the care the patient received needs to be obtained along with a copy of the discharge summary from the hospital. This documentation needs to be filed in the patient's chart.

EXHIBIT 6

Attachment 6 – Service Area

Dorchester County

21613 Cambridge
21622 Church Creek
21626 Crapo
21627 Crocheron
21631 East New Market
21632 Federalsburg
21634 Fishing Creek
21643 Hurlock
21648 Madison
21659 Rhodesdale
21669 Taylors Island
21672 Toddville
21675 Wingate
21677 Woolford
21835 Linkwood
21869 Vienna

Kent County

21610 Betterton
21620 Chestertown
21635 Galena
21645 Kennedyville
21650 Massey
21651 Millington
21661 Rock Hall
21667 Still Pond
21678 Worton

Queen Anne's County

21607 Barclay
21617 Centreville
21619 Chester
21620 Chestertown
21623 Church Hill
21638 Grasonville
21640 Henderson
21644 Ingleside
21649 Marydel
21651 Millington
21657 Queen Anne
21658 Queenstown
21666 Stevensville
21668 Sudlersville
21679 Wye Mills
21628 Crumpton
21656 Price
21670 Templeville

Somerset County

21817 Crisfield
21821 Deal Island
21822 Eden
21824 Ewell
21838 Marion Station
21851 Pocomoke City
21853 Princess Anne
21871 Westover
21890 Westover
21836 Manokin
21857 Rehobeth
21866 Tylerton
21867 Upper Fairmount

Talbot County

21601 Easton
21612 Bozman
21625 Cordova
21647 McDaniel
21652 Neavitt
21654 Oxford
21657 Queen Anne
21662 Royal Oak
21663 Saint Michaels
21665 Sherwood
21671 Tilghman
21673 Trappe
21676 Wittman
21679 Wye Mills
21624 Claiborne
21653 Newcomb

Wicomico County

21801 Salisbury
21804 Salisbury
21814 Bivalve
21822 Eden
21826 Fruitland
21830 Hebron
21837 Mardela Springs
21840 Nanticoke
21849 Parsonsburg
21850 Pittsville
21856 Quantico
21865 Tyaskin
21874 Willards
21875 Delmar
21802 Salisbury
21803 Salisbury
21810 Allen
21852 Powellville
21861 Sharptown

Worcester County

21804 Salisbury
21811 Berlin
21813 Bishopville
21829 Girdletree
21841 Newark
21842 Ocean City
21851 Pocomoke City
21862 Showell
21863 Snow Hill
21864 Stockton
21872 Whaleyville
21843 Ocean City

St Mary's County

20606 Abell
20609 Avenue
20618 Bushwood
20619 California
20620 Callaway
20621 Chaptico
20622 Charlotte Hall
20624 Clements
20626 Coltons Point
20628 Dameron
20630 Drayden
20634 Great Mills
20636 Hollywood
20650 Leonardtown
20653 Lexington Park
20656 Loveville
20659 Mechanicsville
20667 Park Hall
20670 Patuxent River
20674 Piney Point
20680 Ridge
20684 Saint Inigoes
20687 Scotland
20690 Tall Timbers
20692 Valley Lee
20627 Compton
20635 Helen
20660 Morganza
20686 Saint Marys City

Calvert County Maryland

20615 Broomes Island

20629 Dowell

20639 Huntingtown

20657 Lusby

20676 Port Republic

20678 Prince Frederick

20685 Saint Leonard

20688 Solomons

20689 Sunderland

20714 North Beach

20732 Chesapeake Beach

20736 Owings

20754 Dunkirk

20758 Friendship

20610 Barstow

EXHIBIT 7

Attachment 7 – Financial Statements - FY 2014

Plastic Surgery Specialists, PC
Profit & Loss by Class
 January through December 2014

| | <u>Jan - Dec 14</u> |
|--|---------------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Professional Fees | 4,322,227.23 |
| 4001 · Anesthesia Fees | 363,749.01 |
| 4035 · Product Sales | 75.00 |
| 4050 · Vein Treatments | 23,525.00 |
| 4055 · Dermal Fillers Treatments | 91,597.50 |
| 4059 · Xeomin Treatment | 5,675.00 |
| 4060 · Botox Treatments | 268,477.60 |
| 4061 · Dysport Treatment | 900.00 |
| 4062 · CoolSculpt Treatment | 147,454.00 |
| 4065 · Patient Refunds | -167,159.15 |
| 4070 · Sales Tax Discounts | -2,113.98 |
| Total Income | 5,054,407.21 |
| Cost of Goods Sold | |
| 5205 · Drug & Medical Supplies | 163,575.58 |
| 5210 · Lab Fees | 10,864.39 |
| 5215 · Products | 2,571.70 |
| 5220 · OR Supplies | 184,525.85 |
| 5225 · Botox Product Purchase | 99,417.13 |
| 5226 · Xeomin Product Purchase | 3,400.00 |
| 5230 · Dermal Filler Product Purchase | -18,228.81 |
| 5231 · CoolSculpt / Cards / Supplies | 62,607.36 |
| Total COGS | 508,733.20 |
| Gross Profit | 4,545,674.01 |
| Expense | |
| 6100 · Advertising | 110,095.29 |
| 6150 · Automobile Expense | 28,800.00 |
| 6200 · Bank Charges | 3,585.61 |
| 6205 · Cleaning | 38,950.00 |
| 6210 · Credit Card Processing Fee | 60,050.06 |
| 6240 · Casual Labor | 3,900.00 |
| 6280 · Computer Maintenance | 44,410.84 |
| 6330 · Contributions | 10,500.00 |
| 6400 · Depreciation | 36,445.38 |
| 6460 · Dues & Subscriptions | 22,627.00 |
| 6600 · Insurance | |
| 6605 · Officer's Disability | |
| 6606 · Officer's Disability Lowe | 1,135.41 |
| 6607 · Officer's Disability Buhner | 11,159.17 |
| 6608 · Officer's Disability Laughlin | 15,627.94 |
| 6609 · Officers's Disability Spittler | 16,559.55 |
| Total 6605 · Officer's Disability | 44,482.07 |
| 6615 · Officer's Health | |
| 6616 · Officer's Health Lowe | 10,955.99 |
| 6617 · Officer's Health Buhner | 25,884.16 |
| 6618 · Officer's Health Laughlin | 25,584.88 |
| 6619 · Officer's Health Spittler | 24,619.58 |
| Total 6615 · Officer's Health | 87,044.61 |
| 6624 · Health - All Others | 169,932.08 |
| 6625 · Officer's Life | |
| 6626 · Officer's Life Lowe | 9,501.64 |
| 6627 · Officer's Life Buhner | 4,097.51 |
| 6628 · Officer's Life Laughlin | 4,938.16 |
| 6629 · Officer's Life Spittler | 5,970.25 |
| Total 6625 · Officer's Life | 24,507.56 |

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08/03/16

Accrual Basis

Plastic Surgery Specialists, PC
Profit & Loss by Class
 January through December 2014

| | Jan - Dec 14 |
|--------------------------------------|---------------------|
| 6600 · Insurance - Other | 5,772.98 |
| Total 6600 · Insurance | 331,739.30 |
| 6630 · Malpractice Insurance | 84,075.46 |
| 6700 · Interest Expense | 5,253.38 |
| 6740 · Laundry & Linens | 20,831.52 |
| 6745 · Licences | 1,131.25 |
| 6750 · Lease Expense | 2,856.92 |
| 6755 · Maintenance & Repair - Office | 32,978.83 |
| 6780 · Meals & Entertainment | 6,710.06 |
| 6800 · Miscellaneous Expense | 1,063.00 |
| 6850 · Office Supplies | 49,458.98 |
| 6875 · Other Taxes | 7,898.73 |
| 6940 · P.S. Contributions | 206,183.56 |
| 6950 · Photography | 325.38 |
| 6960 · Postage | 7,784.33 |
| 6970 · Printing & Stationery | 8,632.29 |
| 7000 · Professional Fees Expense | 76,197.42 |
| 7100 · Rent | 287,773.88 |
| 7150 · Real Estate Tax | 1,780.25 |
| 7200 · Seminars | 3,778.00 |
| 7250 · Physicians Salaries | 661,501.37 |
| 7255 · Staff Salaries | 1,153,459.59 |
| 7260 · Contractor Salaries | 68,333.56 |
| 7510 · Payroll Taxes | |
| 7515 · Employer Social Security | 91,738.29 |
| 7520 · Employer Medicare | 25,668.41 |
| 7525 · Payroll Taxes - Other | 3,253.94 |
| Total 7510 · Payroll Taxes | 120,660.64 |
| 7530 · Payroll Expenses | 7,811.43 |
| 7600 · Telephone | |
| 7601 · Telephone/ LOWE | 3,498.21 |
| 7602 · Telephone/BUHRER | 3,473.25 |
| 7603 · Telephone/SPITTLER | 4,000.54 |
| 7604 · Telephone/LAUGHLIN | 5,896.80 |
| 7600 · Telephone - Other | 46,841.98 |
| Total 7600 · Telephone | 63,710.78 |
| 7700 · Travel | 2,226.16 |
| 7800 · Utilities | 23,232.35 |
| 7999 · Overhead | -36,000.00 |
| Total Expense | 3,560,752.60 |
| Net Ordinary Income | 984,921.41 |
| Other Income/Expense | |
| Other Income | |
| 8010 · Interest Income | 53.06 |
| 8300 · Other Income | 6,350.00 |
| Total Other Income | 6,403.06 |
| Net Other Income | 6,403.06 |
| Net Income | 991,324.47 |

EXHIBIT 8

Attachment 8 – Financial Statements – FY 2015 and Projected FY 2016

8:04 AM

08/03/16

Accrual Basis

Plastic Surgery Specialists, PC
Profit & Loss by Class
 January through December 2015

| | <u>Jan - Dec 15</u> |
|--|---------------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Professional Fees | 4,354,931.86 |
| 4001 · Anesthesia Fees | 326,498.00 |
| 4035 · Product Sales | 2,703.00 |
| 4040 · Skin Care Treatments | 5,200.00 |
| 4050 · Vein Treatments | 19,700.00 |
| 4055 · Dermal Fillers Treatments | 87,885.80 |
| 4059 · Xeomin Treatment | 1,200.00 |
| 4060 · Botox Treatments | 295,438.77 |
| 4062 · CoolSculpt Treatment | 136,770.00 |
| 4065 · Patient Refunds | -130,256.93 |
| 4070 · Sales Tax Discounts | -2,538.50 |
| Total Income | <u>5,097,532.00</u> |
| Cost of Goods Sold | |
| 5205 · Drug & Medical Supplies | 156,940.80 |
| 5210 · Lab Fees | 8,553.19 |
| 5215 · Products | 528.60 |
| 5220 · OR Supplies | 261,636.79 |
| 5225 · Botox Product Purchase | 145,582.72 |
| 5230 · Dermal Filler Product Purchase | 61,807.07 |
| 5231 · CoolSculpt / Cards / Supplies | 41,644.91 |
| 5232 · KYBELLA | 3,600.00 |
| Total COGS | <u>680,294.08</u> |
| Gross Profit | 4,417,237.92 |
| Expense | |
| 6100 · Advertising | 138,101.54 |
| 6150 · Automobile Expense | 24,000.00 |
| 6200 · Bank Charges | 1,720.16 |
| 6205 · Cleaning | 40,220.00 |
| 6210 · Credit Card Processing Fee | 72,695.08 |
| 6240 · Casual Labor | 3,900.00 |
| 6280 · Computer Maintenance | 53,117.32 |
| 6330 · Contributions | 6,000.00 |
| 6400 · Depreciation | 93,885.56 |
| 6460 · Dues & Subscriptions | 24,897.70 |
| 6600 · Insurance | |
| 6605 · Officer's Disability | |
| 6606 · Officer's Disability Lowe | 4,737.46 |
| 6607 · Officer's Disability Buhner | 10,267.01 |
| 6608 · Officer's Disability Laughlin | 16,189.21 |
| 6609 · Officers's Disability Spittler | 16,803.65 |
| Total 6605 · Officer's Disability | <u>47,997.33</u> |
| 6615 · Officer's Health | |
| 6616 · Officer's Health Lowe | 12,461.95 |
| 6617 · Officer's Health Buhner | 26,520.79 |
| 6618 · Officer's Health Laughlin | 27,039.79 |
| 6619 · Officer's Health Spittler | 21,845.51 |
| Total 6615 · Officer's Health | <u>87,868.04</u> |
| 6624 · Health - All Others | 103,814.86 |
| 6625 · Officer's Life | |
| 6626 · Officer's Life Lowe | 5,320.30 |
| 6627 · Officer's Life Buhner | 3,738.92 |
| 6628 · Officer's Life Laughlin | 5,493.70 |
| 6629 · Officer's Life Spittler | 5,694.02 |
| Total 6625 · Officer's Life | <u>20,246.94</u> |

8:04 AM
 08/03/16
 Accrual Basis

Plastic Surgery Specialists, PC
Profit & Loss by Class
 January through December 2015

| | Jan - Dec 15 |
|--------------------------------------|---------------------|
| 6600 · Insurance - Other | 528.88 |
| Total 6600 · Insurance | 260,456.05 |
| 6630 · Malpractice Insurance | 91,602.17 |
| 6700 · Interest Expense | 1,718.49 |
| 6740 · Laundry & Linens | 22,358.31 |
| 6745 · Licences | 3,440.00 |
| 6750 · Lease Expense | 2,365.31 |
| 6755 · Maintenance & Repair - Office | 20,397.39 |
| 6780 · Meals & Entertainment | 1,119.04 |
| 6800 · Miscellaneous Expense | 426.40 |
| 6850 · Office Supplies | 54,188.58 |
| 6875 · Other Taxes | 11,997.27 |
| 6940 · P.S. Contributions | 215,932.07 |
| 6960 · Postage | 6,398.51 |
| 6970 · Printing & Stationery | 15,347.45 |
| 7000 · Professional Fees Expense | 67,815.56 |
| 7100 · Rent | 295,334.43 |
| 7200 · Seminars | -509.75 |
| 7250 · Physicians Salaries | 612,527.22 |
| 7255 · Staff Salaries | 1,136,315.47 |
| 7260 · Contractor Salaries | 87,711.57 |
| 7510 · Payroll Taxes | |
| 7515 · Employer Social Security | 93,292.89 |
| 7520 · Employer Medicare | 25,371.62 |
| 7525 · Payroll Taxes - Other | 4,759.24 |
| 7510 · Payroll Taxes - Other | 0.00 |
| Total 7510 · Payroll Taxes | 123,423.75 |
| 7530 · Payroll Expenses | 7,495.08 |
| 7600 · Telephone | |
| 7601 · Telephone/ LOWE | 3,054.48 |
| 7602 · Telephone/BUHRER | 4,086.05 |
| 7603 · Telephone/SPITTLER | 3,728.47 |
| 7604 · Telephone/LAUGHLIN | 6,670.54 |
| 7600 · Telephone - Other | 32,204.10 |
| Total 7600 · Telephone | 49,743.64 |
| 7700 · Travel | 3,442.25 |
| 7800 · Utilities | 30,201.61 |
| 7999 · Overhead | -36,000.00 |
| Total Expense | 3,543,785.23 |
| Net Ordinary Income | 873,452.69 |
| Other Income/Expense | |
| Other Income | |
| 8010 · Interest Income | 48.21 |
| 8300 · Other Income | 2,276.06 |
| Total Other Income | 2,324.27 |
| Net Other Income | 2,324.27 |
| Net Income | 875,776.96 |

8:04 AM
 08/03/16
 Accrual Basis

Plastic Surgery Specialists, PC
Profit & Loss by Class
 January through June 2016

| | <u>Jan - Jun 16</u> |
|--|---------------------|
| Ordinary Income/Expense | |
| Income | |
| 4000 · Professional Fees | 2,076,103.11 |
| 4001 · Anesthesia Fees | 152,150.00 |
| 4035 · Product Sales | 4,019.44 |
| 4040 · Skin Care Treatments | 13,999.34 |
| 4050 · Vein Treatments | 17,680.00 |
| 4055 · Dermal Fillers Treatments | 46,895.00 |
| 4060 · Botox Treatments | 108,225.00 |
| 4061 · Dysport Treatment | 1,000.00 |
| 4062 · CoolSculpt Treatment | 95,493.58 |
| 4063 · KYBELLA TREATMENT | 2,400.00 |
| 4064 · SCULPSURE TREATMENTS | 30,500.00 |
| 4065 · Patient Refunds | -51,461.18 |
| 4070 · Sales Tax Discounts | 65.08 |
| Total Income | 2,497,069.37 |
| Cost of Goods Sold | |
| 5205 · Drug & Medical Supplies | 74,385.84 |
| 5210 · Lab Fees | 6,398.25 |
| 5215 · Products | 3,017.05 |
| 5220 · OR Supplies | 100,227.11 |
| 5225 · Botox Product Purchase | 79,789.44 |
| 5230 · Dermal Filler Product Purchase | 95,569.15 |
| 5231 · CoolSculpt / Cards / Supplies | 24,559.32 |
| 5232 · KYBELLA | -852.80 |
| Total COGS | 383,093.36 |
| Gross Profit | 2,113,976.01 |
| Expense | |
| 6100 · Advertising | 68,246.00 |
| 6150 · Automobile Expense | 14,400.00 |
| 6200 · Bank Charges | 862.30 |
| 6210 · Credit Card Processing Fee | 35,720.02 |
| 6240 · Casual Labor | 1,575.00 |
| 6280 · Computer Maintenance | 25,842.43 |
| 6330 · Contributions | 1,500.00 |
| 6400 · Depreciation | 110,533.42 |
| 6460 · Dues & Subscriptions | 21,125.50 |
| 6600 · Insurance | |
| 6605 · Officer's Disability | |
| 6606 · Officer's Disability Lowe | 1,851.78 |
| 6607 · Officer's Disability Buhrer | 5,059.60 |
| 6608 · Officer's Disability Laughlin | 7,393.89 |
| 6609 · Officers's Disability Spittler | 8,557.49 |
| Total 6605 · Officer's Disability | 22,862.76 |
| 6615 · Officer's Health | |
| 6616 · Officer's Health Lowe | 7,358.70 |
| 6617 · Officer's Health Buhrer | 16,087.14 |
| 6618 · Officer's Health Laughlin | 16,772.94 |
| 6619 · Officer's Health Spittler | 13,185.66 |
| Total 6615 · Officer's Health | 53,404.44 |
| 6624 · Health - All Others | 64,808.56 |
| 6625 · Officer's Life | |
| 6626 · Officer's Life Lowe | 10.56 |
| 6627 · Officer's Life Buhrer | 1,571.20 |
| 6628 · Officer's Life Laughlin | 1,271.70 |
| 6629 · Officer's Life Spittler | 1,244.02 |
| Total 6625 · Officer's Life | 4,097.48 |

8:04 AM
 08/03/16
 Accrual Basis

Plastic Surgery Specialists, PC
Profit & Loss by Class
 January through June 2016

| | Jan - Jun 16 |
|--------------------------------------|---------------------|
| 6600 · Insurance - Other | 3,261.87 |
| Total 6600 · Insurance | 148,435.11 |
| 6630 · Malpractice Insurance | 45,424.79 |
| 6700 · Interest Expense | 1,428.80 |
| 6740 · Laundry & Linens | 9,752.22 |
| 6745 · Licences | 200.00 |
| 6750 · Lease Expense | 682.12 |
| 6755 · Maintenance & Repair - Office | 44,374.66 |
| 6800 · Miscellaneous Expense | 2,000.00 |
| 6850 · Office Supplies | 39,028.79 |
| 6875 · Other Taxes | 1,582.80 |
| 6960 · Postage | 3,039.95 |
| 6970 · Printing & Stationery | 4,151.32 |
| 7000 · Professional Fees Expense | 36,890.87 |
| 7100 · Rent | 160,840.86 |
| 7200 · Seminars | 5,763.05 |
| 7250 · Physicians Salaries | 341,349.39 |
| 7255 · Staff Salaries | 540,006.36 |
| 7260 · Contractor Salaries | 54,106.83 |
| 7510 · Payroll Taxes | |
| 7515 · Employer Social Security | 55,715.03 |
| 7520 · Employer Medicare | 13,030.16 |
| 7525 · Payroll Taxes - Other | 2,360.98 |
| 7510 · Payroll Taxes - Other | -1,216.64 |
| Total 7510 · Payroll Taxes | 69,889.53 |
| 7530 · Payroll Expenses | 3,864.27 |
| 7600 · Telephone | |
| 7601 · Telephone/ LOWE | 1,718.85 |
| 7602 · Telephone/BUHRER | 2,632.34 |
| 7603 · Telephone/SPITTLER | 2,511.33 |
| 7604 · Telephone/LAUGHLIN | 2,363.21 |
| 7600 · Telephone - Other | 15,946.33 |
| Total 7600 · Telephone | 25,172.06 |
| 7700 · Travel | 2,050.22 |
| 7800 · Utilities | 17,788.44 |
| 7999 · Overhead | -18,000.00 |
| Total Expense | 1,819,627.11 |
| Net Ordinary Income | 294,348.90 |
| Other Income/Expense | |
| Other Income | |
| 8010 · Interest Income | 23.96 |
| 8300 · Other Income | 6,058.00 |
| Total Other Income | 6,081.96 |
| Net Other Income | 6,081.96 |
| Net Income | 300,430.86 |

EXHIBIT 9

**Attachment 9 – Prior CON Exemption Letter
Issued by Commission on May 8, 1989**

Carville M. Akehurst
Chairman
James R. Stanton
Executive Director
Yvian C. Bailey
Janet Brewington
James T. Estes, M.D.
Walter Hall
Joan O. Horsey

STATE OF  MARYLAND

William Donald Schaefer
Governor

Philip L. Jones
Mary Etta Mills, Sc.D.
Frank A. Pommett
Dominic B. Raino
Nick Rajacich
F. Perry Smith
Harvey R. Wertlieb
Ex-Officio

Maryland Health Resources Planning Commission

4201 Patterson Ave. • P.O. Box 2679
Baltimore, Maryland 21215-2299

May 8, 1989

Ajia Markland, R.N.
Administrator,
2448 Holly Avenue,
Suite 400,
Annapolis, Maryland, 21401.

Re: Exemption of
Plastic Surgery Specialists, P.C.

Location: 2448 Holly Avenue
Annapolis, Maryland.

Dear Ms. Markland:

This letter acknowledges receipt of your recent request for a determination of Certificate of Need reviewability under the Annotated Code of Maryland [1988 Cumulative Supplement] section 19-101(e).

After reviewing your correspondence, the Maryland Health Resources Planning Commission has determined that your proposal, as described in your letter, does not require a Certificate of Need (CON) because the proposed establishment will not constitute a health care facility as defined in the Annotated Code of Maryland 19-101(e)(2) and (3).

The Commission bases this determination on the following facts as presented in your letter:

1. The Center will provide services only in a single medical/surgical sub-specialty - Plastic Surgery.
2. The Center will be used only by Plastic Surgeons for their own patients.
3. The Center includes three surgical suites

Area Code 301
764-3255
FAX 764-6996

TTY for the Deaf:
Baltimore Area 383-7655
D.C. Metro Area 566-0451

Ajia Markland, R.N.
May 8, 1989
Page Two

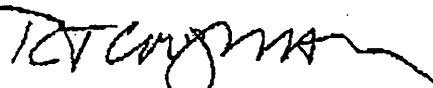
4. The procedures performed at the Center are part of the Center's Physicians' routine office practice.
5. There is no administrative or functional relationship or arrangement for shared facilities, service, or staff involving the surgical suites of the Center with a separate office offering services of a different sub-specialty.

Therefore, the above referenced Ambulatory Surgical Facility, consisting only of Plastic Surgery Specialists, is exempt from CON review to provide Plastic Surgery in the manner and to the extent described in your letter.

The MRRPC must be notified if you propose to change the nature of the ambulatory surgery center, as described above. This will allow us to evaluate whether the exemption would remain valid, or whether the proposed change(s) would require a CON.

If you have any questions, please do not hesitate to contact me, or Abe Turay, a member of my Staff, at (301) 764 3277.

Sincerely,



Richard J. Coughlan,
Director
Resources Development

RJC:at

cc:Abe Turay
San Cheang
Henry Schwartz
Patricia Brown, Esquire.

EXHIBIT 10

Attachment 10 – Letters of Support

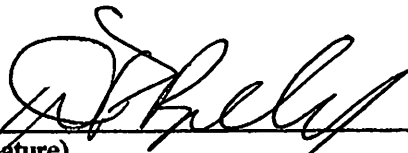
This CON Application filing will be supplemented with physician letters of support and commitment immediately following the date of filing.

EXHIBIT 11

Attachment 11 – Affirmation Statements

Affirmation Statement

I hereby declare and affirm under the penalties of perjury that the facts stated in this Application and its Attachments are true and correct and to the best of my knowledge, information and belief.



(signature)

Donald Paul Behrer, Jr.

(print name and affiliation)

8/5/2016

(date)

Affirmation Statement

I hereby declare and affirm under the penalties of perjury that the facts stated in this Application and its Attachments are true and correct and to the best of my knowledge, information and belief.



(signature)

C. J. SPITTLER

(print name and affiliation)

8-4-16

(date)

Fwd: Need your printed name, signature and date - and can you pass this along to Dr. Lowe - dloweediag... Page 2 of 2

Document2-C1-C1.docx

Open

Affirmation Statement

I hereby declare and affirm under the penalties of perjury that the facts stated in this Application and its Attachments are true and correct and to the best of my knowledge, information and belief.


(signature)

DAVID H. Lowe
(print name and affiliation)

8/5/16
(date)