

Contents

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION	2
1. Legal Name	2
2. Name of Owner	2
3. APPLICANT	3
4. Name of Licensee or Proposed Licensee, if different from the applicant:	3
5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant)	4
6. PERSON(S) TO WHOM QUESTIONS REGARDING THIS APPLICATION SHOULD BE DIRECTED	4
7. TYPE OF PROJECT	5
8. PROJECT DESCRIPTION	6
9. Current Capacity and Proposed Changes:	6
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.	6
11. REQUIRED APPROVALS AND SITE CONTROL	6
12. PROJECT SCHEDULE	7
13. PROJECT DRAWINGS	7
14. FEATURES OF PROJECT CONSTRUCTION	8
PART II - PROJECT BUDGET	8
PART III - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE	9
PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR 10.24.01.08G(3):	11
Standard .05(A) (1) Information Regarding Charges.	11
Standard .05(A) (2) Information Regarding Procedure Volume... ..	12
Standard .05(A) (3) Charity Care Policy.	12
Standard .05(A) (4) Quality of Care	14
Standard .05(A) (5) Transfer Agreements.	15
Standard .05B (1) Service Area	15
Standard .05B (3) Need - Minimum Utilization for Expansion of An Existing Facility.	16

Standard .05B (4) Design Requirements.....	17
Standard .05B (5) Support Services.....	17
Standard .05B (6) Patient Safety.....	17
Standard .05B (7) Construction Costs.....	18
Standard .05B (8) Financial Feasibility.....	19
Standard .05B (9) Impact.....	20
Standard .05B (10) Preference in Comparative Reviews.....	20
10.24.01.08G(3) (b). Need.....	21
TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY.....	23
TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT.....	23
10.24.01.08G(3) (c). Availability of More Cost-Effective Alternatives.....	24
10.24.01.08G(3) (d). Viability of the Proposal.....	25
TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project).....	26
TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT.....	29
10.24.01.08G(3) (e). Compliance with Conditions of Previous Certificates of Need.....	31
10.24.01.08G(3) (f). Impact on Existing Providers and the Health Care Delivery System.....	31

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. Legal Name

Legal Name: CLARKVIEW SURGERY CENTER,LLC
ADDRESS: 1427 CLARKVIEW ROAD, SUITE 300, BALTIMORE, MD 21209
COUNTY: BALTIMORE COUNTY
TELEPHONE: (410)296-0414
FAX: (410)296-0412

2. Name of Owner

Shari Cohen- 50% of Ownership
Michael Cohen- 50% of Ownership

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.

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

Legal Name: CLARKVIEW SURGERY CENTER,LLC

ADDRESS: 1427 CLARKVIEW ROAD, SUITE 300, BALTIMORE, MD 21209

COUNTY: BALTIMORE COUNTY

TELEPHONE: (410)296-0414

FAX: (410)296-0412

4. Name of Licensee or Proposed Licensee, if different from the applicant:

NON APPLICABLE

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

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

Organizational Chart- Attachment A

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

CONFIRMED

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

A. Lead or primary contact:

Name and Title: Shari Cohen, Chief Operating Officer

Company Name Clarkview Surgery Center, LLC

Mailing Address:
1427 Clarkview Road, Suite 300, Baltimore, MD 21209

Telephone: (410)296-0414

E-mail Address (required): sharicohen@belcarahealth.com

Fax: (410) 296- 0412

If company name is different than applicant briefly describe the relationship **NON APPLICABLE**

Name and Title: Angel Hyatt, Administrator

Company Name Clarkview Surgery Center, LLC

Mailing Address:
1427 Clarkview Road, Suite 300, Baltimore, MD 21209

Telephone: (410)296-0414

E-mail Address (required): angel@belcarahealth.com

Fax: (410) 296- 0412

If company name is different than applicant briefly describe the relationship **NON APPLICABLE**

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

SEE Attachment B

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.

SEE Attachment B



9. Current Capacity and Proposed Changes:

Unit Description	Currently Licensed/ Certified	Units to be Added or Reduced	Total Units if Project is Approved
Operating Rooms	2	1	3
Procedure Rooms	2	0	2

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. **Non applicable**

11. REQUIRED APPROVALS AND SITE CONTROL

- A. Site size: **NA acres**
- 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**



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: Continental Realty
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: _____
Explain and provide legal documents as an attachment.

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.

Project Implementation Target Dates

- A. Obligation of Capital Expenditure 1 months from approval date.
- B. Beginning Construction 6 months from capital obligation.
- C. Pre-Licensure/First Use 7 months from capital obligation.
- D. Full Utilization 36 months from first use.

For projects not involving construction or renovations.

Project Implementation Target Dates

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

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.

These drawings should include the following before (existing) and after (proposed), as applicable:
See Attachments B1 and B2

- 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**
- 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.

There is adequate availability of all utilities to the proposed renovation as they are established within the Operating room suite and will extend into the renovated area. No additional steps will need to be taken.

- **Water- Baltimore County**
- **Electricity- BGE**
- **Sewage- Baltimore County**
- **Natural Gas- BGE**

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.).

See Attachment S- Project Budget for a comprehensive budget plan from Obrecht construction.

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.

Shari Cohen 1427 Clarkview Road, Suite 300 Baltimore, MD 21209
Michael Cohen 1427 Clarkview Road, Suite 300 Baltimore, MD 21209

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.

Other than established Clarkview Surgery Center, LLC, NO

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.

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.

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).

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.

4/20/2022
Date

Shari Cohen
Signature of Owner or Board-designated Official
COO
Position/Title
Shari Cohen
Printed Name

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.

SURGERY Standards

A. General Standards.

The following general standards reflect 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.

Standard .05(A) (1) Information Regarding Charges.

Information regarding charges for surgical services shall be available to the public.

(a) A physician outpatient surgery center, ambulatory surgical facility, or a general hospital 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. - **The Clarkview Surgery**

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

Center has an established fee schedule. This fee schedule is used to provide all patients with an estimate of charges prior to their surgical procedure. The Clarkview Surgery Center also collects payment upfront for surgical procedures based on that estimate. **Attachment C Established Fee Schedule**

(b) The Commission shall consider complaints to the Consumer Protection Division in the Office of the Attorney General of Maryland or to the Maryland Insurance Administration when evaluating an applicant's compliance with this standard in addition to evaluating other sources of information. **Since its establishment in 2004 no complaints have been made. The complaint reporting process is made available to patients via their Rights and Responsibilities consent form pre-operatively. The form is also displayed in the surgical suite. See Attachment D**

(c) Making this information available shall be a condition of any CON issued by the Commission. **CONFIRMED**

Standard .05(A) (2) Information Regarding Procedure Volume.

A hospital, physician outpatient surgery center, or ASF shall provide to the public upon inquiry information concerning the volume of specific surgical procedures performed at the location where an individual has inquired. A hospital, POSC, or ASF shall provide the requested information on surgical procedure volume for the most recent 12 months available, updated at least annually. - **The Clarkview Surgery Center will provide volume information upon request to patients based off attachment E. See Attachment E- Top 10 Codes Spreadsheet**

Standard .05(A) (3) Charity Care Policy. - **See Attachment F 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 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, the facility shall address any financial concerns of the patient, and individual notice regarding the facility's charity care policy shall be provided.

(iii) **Criteria for Eligibility.** A hospital shall comply with applicable State statutes and Health Services Cost Review Commission ("HSCRC") regulations regarding financial assistance policies and charity care eligibility. An ASF, at a minimum, shall include the following eligibility criteria in its 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.

(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 HSCRC Community Benefit Report, shall demonstrate that its level of charity care is appropriate to the needs of its service area population.

(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 its historic level of charity care was appropriate to the needs of the service area population.

(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 make a commitment 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 its historic level of charity care was appropriate to the needs of the population in the proposed service area.

Standard .05(A) (4) 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. - **The Clarkview Surgery Center is in Good Standing. See Attachment G- Letter of Good Standing**

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

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

(i) In compliance with the conditions of participation of the Medicare and Medicaid programs; **The Clarkview Surgery Center is in the process of credentialing with Medicare. When the Clarkview Surgery Center was the Cosmetic Surgi Center of Maryland it was deemed as a Medicare facility. All standards and requirements have been maintained.**

(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; and- **The Clarkview Surgery Center is AAAHC. See Attachment H- AAAHC Certificate**

(iii) A provider of quality services, as demonstrated by its performance on publicly reported performance measures, including quality measures adopted by the Centers for Medicare and Medicaid Services. The applicant shall explain how its ambulatory surgical facility or each POSC, as applicable, compares on these quality measures to other facilities that provide the same type of specialized services in Maryland. - **According to the ASCQR Program Reference (Attachment Q) the Clarkview Surgery Center is not required to participate as less than 240 claims were submitted to Medicare (Attachment R).**

(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; and **See Attachment I- Maryland License**

(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 suspend operation of the facility. **See Attachment H- AAAHC Certificate**

(e) An applicant or a related entity that currently or previously has operated or owned a POSC or ambulatory surgical facility, in Maryland or outside of Maryland, in the five years prior to the applicant's filing of a request for exemption request to establish an ASF, shall address the quality of care provided at each location through the provision of information on licensure, accreditation, performance metrics, and other relevant information. **See Attachment J for Quality Improvement Program. This**

program has been reviewed during multiple AAAHC surveys and has met all requirements.

Standard .05(A) (5) Transfer Agreements.

(a) Each ASF shall have written transfer and referral agreements with hospitals capable of managing cases that exceed the capabilities of the ASF. - *See Attachment K- Transfer Agreement*

(b) Written transfer agreements between hospitals shall comply with Department of Health regulations implementing the requirements of Health-General Article §19-308.2. *See Attachment K- Transfer Agreement*

(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. *See Attachment L*

B. Project Review Standards.

The standards in this regulation 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, unless an applicant is eligible for an exemption covered in Regulation .06. of this chapter. -

Standard .05B (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. *See Attachment N- Patients by zip code.*

Standard .05B (2) Need - Minimum Utilization for Establishment of a New or Replacement Facility. NA

An applicant proposing to establish or replace a hospital or ambulatory surgical facility shall:

(a) Demonstrate the need for the number of operating rooms proposed for the facility, consistent with the operating room capacity assumptions and other guidance included in Regulation .07 of this chapter.

(b) 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 initiation of surgical services at the proposed facility, consistent with Regulation .07 of this chapter.

(c) 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.

(d) 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.

Standard .05B (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 .07 of this chapter; **See Attachment M- Block Utilization Report and Table 1**

(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
See Attachment M- Block Utilization Report and Table 1

(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, consistent with Regulation .07 of this chapter. The needs assessment shall include the following:

(i) Historic and projected trends in the demand for specific types of surgery among the population in the proposed service area;

See Table 1

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

See Table 1

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

See Table 2 and Attachments O and P with supporting letters from current surgeons.

Standard .05B (4) Design Requirements.

Floor plans submitted by an applicant must be consistent with the current Facility Guidelines Institute's Guidelines for Design and Construction of Health Care Facilities (FGI Guidelines):
See Attachment B1 and B2

(a) A hospital shall meet the requirements in current Section 2.2 of the FGI Guidelines.

(b) An ASF shall meet the requirements in current Section 3.7 of the FGI Guidelines.
See Attachment B1 and B2

(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.

Standard .05B (5) Support Services.

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

Clarkview Surgery Center utilizes Lab Corp, Quest and DermPath diagnostic for pathology services. Patient's requiring laboratory services are referred to the appropriate facility according to their insurance.

Standard .05B (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

The Clarkview Surgery Center worked with reputable health care architects to develop the design of the additional operating room. In preparation for the development of the design research was done on how the design of the additional room could impact patient safety. After reading the article "The Impact of Facility Design on Patient Safety" published by the US National Library of Medicine it was quickly determined that the proposed operating room must mirror the design of the established two operating rooms. By mirroring the design of the established two operating rooms the Clarkview Surgery Center is minimizing the opportunity for latent conditions. According to the article, Standardization of workspaces have a "significant impact on human performance, especially on the health and safety of employees, patients, and

families”.

Citation: Reiling, J. (2008). *The impact of facility design on Patient Safety*. Patient Safety and Quality: An Evidence-Based Handbook for Nurses. Retrieved March 23, 2022, from <https://www.ncbi.nlm.nih.gov/books/NBK2633/>

(b) Provide an analysis of patient safety features included in the design of proposed new, replacement, or renovated surgical facilities.

- **Safety Features included are:**
 - **Continued use of the established efficient electronic medical records system.**
 - **Increased lighting in the medication dispensing areas.**
 - **Use of soundproofing to dilute noise pollution**

Standard .05B (7) Construction Costs.

The cost of constructing surgical facilities shall be reasonable and consistent with current industry cost experience.

(a) Hospital projects.

(i) The projected cost per square foot of a hospital construction or renovation project that includes surgical facilities shall be compared to the benchmark cost of good quality Class A hospital construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors.

(ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost, any rate increase proposed by the hospital related to the capital cost of the project shall not include:

1. The amount of the projected construction cost and associated capitalized construction cost that exceeds the Marshall Valuation Service® benchmark; and
2. Those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess construction cost.

(b) **Ambulatory Surgical Facilities.**

(i) The projected cost per square foot of new construction shall be compared to the benchmark cost of good quality Class A construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors. This standard does not apply to the costs of renovation or the fitting out of shell space.

(ii) If the projected cost per square foot of new construction exceeds the Marshall Valuation Service® benchmark cost by 15% or more, then the applicant's project shall not be

approved unless the applicant demonstrates the reasonableness of the construction costs. Additional independent construction cost estimates or information on the actual cost of recently constructed surgical facilities similar to the proposed facility may be provided to support an applicant's analysis of the reasonableness of the construction costs.

Standard .05B (8) Financial Feasibility.

A surgical facility project shall be financially feasible. Financial projections filed as part of an application that includes the establishment or expansion of surgical facilities and services shall be accompanied by a statement containing each assumption used to develop the projections.

(a) An applicant shall document that:

(i) Utilization projections are consistent with observed historic trends in use of each applicable service by the likely service area population of the facility.

Per the growing trend shown in attachment M which is supported by attachments O&P with letters, the projections of full utilization are highly achievable.

(ii) Revenue estimates are consistent with utilization projections and are based on current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by the applicant facility or, if a new facility, the recent experience of similar facilities;

Clarkview Surgery Center is a cash based operation which allows for us to generate accurate projections based on case volume as we are not reliant on 3rd party companies.

(iii) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the applicant facility, or, if a new facility, the recent experience of similar facilities; and

The staffing projections listed in table L of the CON Hospital application package are based off of the current utilization rate and staffing levels. We have also allotted for staff salaries to account for 30% of the revenue generated.

(iv) The facility will generate excess revenues over total expenses (including debt service expenses and plant and equipment depreciation), if utilization forecasts are achieved for the specific services affected by the project within five years of initiating operations.

The Clarkview Surgery Center does not have any bad debt or plant/equipment depreciation.

(b) A project that does not generate excess revenues over total expenses even if utilization forecasts are achieved for the services affected by the project may be approved upon

demonstration that overall facility financial performance will be positive and that the services will benefit the facility's primary service area population.

Standard .05B (9) Impact. (See ADDENDUM B: PROVIDING INDIVIDUAL PHYSICIAN VOLUME DATA.)

(a) An application to establish a new ambulatory surgical facility shall present the following data as part of its impact assessment, in addition to addressing COMAR 10.24.01.08G(3)(f):

(i) The number of surgical cases projected for the facility and for each physician and practitioner;

(ii) A minimum of two years of historic surgical case volume data for each physician or practitioner, identifying each facility at which cases were performed and the average operating room time per case. Calendar year or fiscal year data may be provided as long as the time period is identified and is consistent for all physicians; and

(iii) The proportion of case volume expected to shift from each existing facility to the proposed facility.

(b) An application shall assess the impact of the proposed project on surgical case volume at general hospitals:

(i) If the applicant's needs assessment includes surgical cases performed by one or more physicians who currently perform cases at a hospital within the defined service area of the proposed ambulatory surgical facility that, in the aggregate, account for 18 percent or more of the operating room time in use at a hospital, then the applicant shall include, as part of its impact assessment, a projection of the levels of use at the affected hospital for at least three years following the anticipated opening of the proposed ambulatory surgical facility.

(ii) The operating room capacity assumptions in Regulation .07A of this chapter and the operating room inventory rules in Regulation .07C of this chapter shall be used in the impact assessment.

Standard .05B (10) Preference in Comparative Reviews.

In a comparative review of CON applications to establish an ambulatory surgical facility or provide surgical services, preference will be given to a project that commits to serve a larger proportion of charity care and Medicaid patients. An applicant's commitment to provide charity care will be evaluated based on its past record of providing such care and its proposed outreach strategies for meeting its projected level of charity care.-

While the Clarkview Surgery Center does have a Charity Care Policy the credentialed surgeons are elective cash-based providers for cosmetic procedures which do not generate requests for charity care.

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.

10.24.01.08G(3)(b). Need.

As discussed in Attachment B, the Clarkview Surgery Center is requesting to add an additional operating room based on the removal of Cosmetic Surgery Programs at a local Hospital. With the removal of this program there are no local hospitals that provide a cost-conscious fee schedule to plastic surgery patients which has resulted in multiple plastic surgeons requesting time at our facility.

The local hospital stopped their program in September 2021. You can see by the utilization rates below it dramatically increased our utilization of our operating rooms.

	Hours Avail	Total Utilization	
		Hours Filled	
Jan-21	360	313	87%
Feb-21	304	260	86%
Mar-21	368	320.5	87%
Apr-21	352	265	75%
May-21	340	315	93%

Jun-21	340	252.5	74%
Jul-21	352	293	83%
Aug-21	352	284.5	81%
Sep-21	288	240	83%
Oct-21	340	292.5	86%
Nov-21	350	302	86%
Dec-21	350	317	91%
	4096	3455	84%
Jan-22	336	320	95%
Feb-22	295.5	278	94%
	631.5	598	95%

With the increase in demand for surgical time, there are now surgical wait lists of up to 5 months for our credentialed surgeons (please reference the signed letters) These surgeons are now requesting additional time which we are unable to grant. This has resulted in the request for the 3rd room.

In addition to surgeons requesting time due to the closure of the Cosmetic Program, additional time is also being allotted for the projected growth of Cosmetic Surgery.

“During the pandemic, 11% of women surveyed indicated they are more interested in cosmetic plastic surgery or non-surgical procedures now than before COVID-19, and the figure is even higher among women who have already had surgery or a procedure – 24%, respectively. Also, 35% of women who have previously had at least one cosmetic surgical procedure or minimally invasive procedure plan to spend significantly or somewhat more on treatments in 2021 than in 2020.”

<https://www.plasticsurgery.org/news/press-releases/american-society-of-plastic-surgeons-unveils-covid19s-impact-and-pent-up-patient-demand-fueling-the-industrys-current-post-pandemic-boom#:~:text=During%20the%20pandemic%2C%2011%25%20of,procedure%20%E2%80%93%2024%25%20respectively.>

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)			
	2020	2021	2022	2023	2024	2025	2026
a. Number of operating rooms (ORs)	2	2	2	3	3	3	3
• Total Procedures in ORs	1301	1891	2210	3020	3322	3654	4018
• Total Cases in ORs	690	938	1105	1510	1661	1827	2009
• Total Surgical Minutes in ORs**	109920	154380	176800	241600	265760	292320	321440
b. Number of Procedure Rooms (PRs)	2	2	2	2	2	2	2
• Total Procedures in PRs	305	267	315	346	381	419	461
• Total Cases in PRs	305	267	315	346	381	419	461
• Total Minutes in PRs**	9150	8010	9450	10380	11418	12573	13827

*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)			
	2023	2024	2025	2026
a. Number of operating rooms	3	3	3	3

(ORs)				
● Total Procedures in ORs	3020	3322	3654	4018
● Total Cases in ORs	1510	1661	1827	2009
● Total Surgical Minutes in ORs**	241600	265760	292320	321440
b. Number of Procedure Rooms (PRs)	2	2	2	2
● Total Procedures in PRs	346	381	419	461
● Total Cases in PRs	346	381	419	461
● Total Minutes in PRs**	10380	11418	12573	13827

*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.

Availability of more cost- effective alternatives

As discussed in Attachment B, the Clarkview Surgery Center is requesting to add an additional operating room based on the removal of Cosmetic Surgery Programs at a local hospital. With the removal of this program there are no local hospitals that provide a cost-conscious fee schedule to plastic surgery patients which has resulted in multiple plastic surgeons requesting time at our facility. These physicians are looking for an established, safe facility to provide care to their patients.

With the increase in demand for surgical time, there are now surgical wait lists of up to 5 months for our credentialed surgeons. These surgeons are now requesting additional time which we are unable to grant. This has resulted in the request for a 3rd room.

After consideration, it was determined that we could best achieve the 3rd operating room by repurposing our existing Operating Room Lobby and Administrative office to the 3rd OR. The estimated cost is \$500,000.

The addition of the third room will allow for the practice to increase the number of surgical procedures performed and ease any scheduling conflicts or pressure with having seven surgeons credentialed as well as additional surgeons requesting privileges.

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.
- Complete Table L (Workforce) from the Hospital CON Application Table Package.
- 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.
- 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. **Non applicable.**

- Describe and document relevant community support for the proposed project. **Non applicable.**
- 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).

Clarkview Surgery Center works with a reputable construction company with years of experience building medical facilities. However, post COVID we are aware that some materials are difficult to obtain and may not be readily available. While we will make every effort to adhere to the schedule, the CSS will not start construction until all major materials are available.

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

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

CY or FY (Circle)	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	2020	2021	2022	2023	2024	20__	20__
1. Revenue							
a. Inpatient services	0	0	0	0	0	0	0
b. Outpatient services	\$1,167,205	\$2,121,112 9.40	\$3,111,028	\$388,878 85	\$4,666,542		
c. Gross Patient Service Revenue	\$1,167,204.62	\$2,121,112 9.40	\$3,111,028	\$388,878 85	\$4,666,542		
d. Allowance for Bad Debt	0	0	0				
e. Contractual Allowance	0	0	0				
f. Charity Care	0	0	0				
g. Net Patient Services Revenue	\$1,167,204.62	\$2,121,112 9.40	\$3,111,028	\$388,878 85	\$4,666,542		
Table 3 Cont.							
	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	2020	2021	2022	2023	2024	20__	20__
h. Other Operating Revenues (Specify)	0	0	0	0	0	0	0
i. Net Operating Revenue	\$1,167,204.62	\$2,121,112 9.40	\$3,111,020	\$388,878 85	\$4,666,542		
2. Expenses							
a. Salaries, Wages, and Professional Fees,	\$370,292.08	\$563,580.33	\$933,308.4	\$1,166,635.5	\$1,399,962		

(including fringe benefits)							
b. Contractual Services	\$13,560.49	\$50,783.57	\$72,797.87	\$90,997.57	\$109,197.08		
c. Interest on Current Debt	0	0	0	0	0		
d. Interest on Project Debt	0	0	0	0	0		
e. Current Depreciation	0	0	0	0	0		
f. Project Depreciation	0	0	0	0	0		
g. Current Amortization	0	0	0	0	0		
h. Project Amortization	0	0	0	0	0		
i. Supplies	\$422,019.19	\$830,750.04	\$1,119,967	\$1,399,962.6	\$1,679,955.12		
j. Other Expenses (Specify)	0	0	0	0	0		
k. Total Operating Expenses	\$1,165,174.65	\$1,853,344.98	\$2,706,587	\$3,344,355	\$4,013226		
3. Income							
	\$2,029.97	\$294,533.32	\$404,433	\$544,430	\$653,315		
a. Income from Operation	\$2,029.97	\$294,533.32	\$404,433	\$544,430	\$653,315		
b. Non-Operating Income	0	0	0	0	0		
c. Subtotal	\$2,029.97	\$294,533.32	\$404,433	\$544,430	\$653,315		
d. Income Taxes	\$26,612.50	\$101,443.65	\$147,773	\$184,717.29	\$221,660.75		
e. Net Income (Loss)	\$2,029.97	\$294,533.32	\$404,433	\$544,430	\$653,315		
4. Patient Mix:							
A. Percent of Total Revenue							
1. Medicare	.1	1	1	1	1		
2. Medicaid	0	0	0	0	0		
3. Blue Cross	1	1	1	1	1		
4. Commercial Insurance	1	1	1	1	1		
Table 3 Cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	2020	2021	2022	2023	2024	20__	20__
5. Self-Pay	97	97	97	97	97		
6. Other (Specify)							

7. TOTAL	100%	100%	100%	100%	100%	100%	100%
B. Percent of Patient Days/Visits/Procedures (as applicable)							
1. Medicare	0	0	0	0	0		
2. Medicaid	0	0	0	0	0		
3. Blue Cross	0	0	0	0	0		
4. Commercial Insurance	0	0	0	0	0		
5. Self-Pay	100	100	100	100	100		
6. Other (Specify)	0	0	0	0	0		
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)

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	2023	2024	20__	20__
1. Revenues				
a. Inpatient Services	0	0		
b. Outpatient Services	\$777,757	\$1,555,514		
c. Gross Patient Services Revenue	\$777,757	\$1,555,514		
d. Allowance for Bad Debt	0	0		
e. Contractual Allowance	0	0		
f. Charity Care	0	0		
g. Net Patient Care Service Revenues	\$777,757	\$1,555,514		
h. Total Net Operating Revenue	\$777,757	\$1,555,514		
2. Expenses				
a. Salaries, Wages, and Professional Fees, (including fringe benefits)	\$288,590	\$288,590		
b. Contractual Services	\$25,391.79	\$25,391.79		
c. Interest on Current Debt	0	0		
d. Interest on Project Debt	0	0		
e. Current Depreciation	0	0		
f. Project Depreciation	0	0		
g. Current Amortization	0	0		
h. Project Amortization	0	0		
i. Supplies	\$280,000	\$560,000		
j. Other Expenses (Specify)	0	0		
k. Total Operating Expenses	\$568,590	\$873,981		
3. Income				
	\$209,167	\$681,533		

a. Income from Operation	\$209,167	\$681,533		
Table 4 Cont.	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__
b. Non-Operating Income	0	0		
c. Subtotal	0	0		
d. Income Taxes	\$36,944	\$73,887,75		
e. Net Income (Loss)	\$172,223	\$607,645		
4. Patient Mix:				
A. Percent of Total Revenue				
1. Medicare	1	1		
2. Medicaid	0	0		
3. Blue Cross	1	1		
4. Commercial Insurance	1	1		
5. Self-Pay	97	97		
6. Other (Specify)	0	0		
7. TOTAL	100%	100%	100%	100%
B. Percent of Patient Days/Visits/Procedures (as applicable)				
1. Medicare	0	0		
2. Medicaid	0	0		
3. Blue Cross	0	0		
4. Commercial Insurance	0	0		
5. Self-Pay	100	100		
6. Other (Specify)				
7. TOTAL	100%	100%	100%	100%

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.

- **CON Docket Number 13-03—2344 granted 11/12/2013- Project is following all terms and conditions of established CON as you can see by utilization reports.**

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;

As discussed in attachment B there are no longer any local hospitals that provide financially feasible options for cosmetic surgery patients. Therefore there will not be a negative impact on local providers.

- 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.

The Clarkview Sugery Center is cash based so other health care establishments should not see an impact in their payer mix.

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);

By adding the 3rd operating room, the Clarkview Surgery Center is increasing its capability to provide a safe and financially feasible option to local health care providers as well as the local cosmetic surgery patient population.

d) On costs to the health care delivery system.

The Clarkview Surgery Center is a cash-based facility therefore there will not be an impact to the health care delivery system.

Index Of Attachments

- A. Organizational Chart
- B. Project Description
 - 1. Blueprint
 - 2. Blueprint
- C. Fee Schedule
- D. Rights and Responsibilities
- E. Case Volume/Top 10 CPT Codes
- F. Charity Care Policy
 - 1. Application for Reduction of Rates
- G. Letter of Good Standing
- H. AAAHC Certificate
- I. Clarkview Surgery Center State of Maryland License
- J. Quality Management Policy
- K. Hospital Transfer Agreement
- L. Patient Transfer Policy
- M. OR Utilization
- N. Patients By Zip Code
- O. Proposed Block Schedule with 3rd Room
- P. Potential Case Volume by Physician
 - a. Scanned Letters
- Q. ASCQR Checklist
- R. CSC Medicare Charges
- S. Project Budget
- T. Clarkview Lease
- U. Profit and Loss Statements
- V. CON Hospital Package

CLARKVIEW SURGERY CENTER



Shari Cohen
 Role: Owner (50%) and COO

Angel Hyatt
 Role: Administrator

Joyce Butler
 Role: Treatment Billing
 Role: Billing Manager

Paige Diamond
 Role: Patient Services and Billing
 Role: Billing Support/PSG

Jessica Cruz
 Role: Operating Room
 Role: SURG TECH AND EQUIPMENT/SUPPLY MANAGER

Nigel Harrison
 Role: Operating Room
 Role: Surgical Tech

Tammysean Reagan
 Role: Operating Room
 Role: Surgical Assistant

Tobias Jones
 Role: Operating Room
 Role: Surgical Assistant

Jennifer Barlow
 Role: Operating Room
 Role: Surgical Assistant

Sarah Chetani
 Role: OR
 Role: CHARGE NURSE

Lauren Pinedney
 Role: OR
 Role: RN2

Sarah Nervud
 Role: OR
 Role: RN3

Megan Ratis
 Role: OR
 Role: RN

Kayla Gannas
 Role: OR
 Role: RN

Attachment B

Brief Description of the Project

The Clarkview Surgery Center (formerly the Cosmetic Surgery Center of Maryland) is requesting an additional Operating Room to our existing facility. Currently the Clarkview Surgery Center ("CSC") has a Certificate Of Need (Docket No 13-03-2344) for 2 Operating Rooms and 2 non-sterile procedure rooms.

Rationale for the project

At this time, we are at capacity for the number of cases/ hours that our center can handle. Recently, a local hospital removed their established Cosmetic Surgery Program which has resulted in multiple surgeons requesting time at our facility and we have a need for an additional room to be able to accommodate. Additionally, we have a new surgeon joining our practice in September 2022 who will also need surgical time.

2020	2021	2022 Projection
690 Cases	938 Cases	1100 Cases

Cost of Implementing the project

CSC proposes to add a third operating room ("OR") through renovation of existing space. Thus, this project will be defined as an expansion of a current ambulatory surgical facility. The space used by CSC is leased from Continental Realty. The third operating room will be in the same operating room suite.

The project consists of renovation of 500 square feet of existing building space that currently serves as a waiting room. The renovation will not impact the current operating or procedure rooms.

The total estimated cost of the project is \$500,000. Building renovations, including architect/engineering fees/permits, etc., constitutes the bulk of the expenditures at \$450,000, the remaining \$50,000 is for major movable equipment. The source of the funds for the renovation is cash provided by the CSC. The project is anticipated to be completed within 6 months of the start of renovation due to difficulty in securing the needed HVAC components.

Comprehensive Project Description

Construction, renovation, and demolition plans

- Please see Attachment B1 and B2 for full construction, renovation, and demolition plans.

Changes in square footage of departments and units

- The square footage of the facility remains the same. The 500 square feet that is to be used for the OR is being repurposed from the existing waiting room.

Physical plant or location changes- NA

Changes to affected services following completion of the project

CSC will remain a multispecialty ambulatory surgical center focusing primarily on Cosmetic Plastic Surgery outpatient procedures. The addition of the 3rd operating room will allow for a greater volume of cases to be completed as well as eliminating the surgical waiting list. Currently our credentialed surgeons are posting cases through the month of September due to the lack of operating room availability at the surgical center. This addition will also provide the opportunity for more surgeons to be granted block time at our facility, which currently we have had to deny.

Outline of Project Schedule

For new construction or renovation projects.

Project Implementation Target Dates

- A. Obligation of Capital Expenditure 1 months from approval date.
- B. Beginning Construction 6 months from capital obligation.
- C. Pre-Licensure/First Use 7 months from capital obligation.
- D. Full Utilization 36 months from first use.

CLARKVIEW SURGERY CENTER

Fee For Service:

Time (Hours)	Time (Min)	Anes	Facility	Total
1	60	\$450.00	\$950.00	\$1,400.00
1.5	90	\$610.00	\$1,070.00	\$1,800.00
2	120	\$770.00	\$1,210.00	\$1,980.00
2.5	150	\$930.00	\$1,545.00	\$2,475.00
3	180	\$1,090.00	\$1,880.00	\$2,970.00
3.5	210	\$1,250.00	\$2,215.00	\$3,465.00
4	240	\$1,410.00	\$2,550.00	\$3,960.00
4.5	270	\$1,570.00	\$2,885.00	\$4,455.00
5	300	\$1,730.00	\$2,770.00	\$4,500.00
5.5	330	\$1,890.00	\$3,060.00	\$4,950.00
6	360	\$2,050.00	\$3,350.00	\$5,400.00
6.5	390	\$2,210.00	\$3,640.00	\$5,850.00
7	420	\$2,370.00	\$3,930.00	\$6,300.00
7.5	450	\$2,530.00	\$4,220.00	\$6,750.00

Procedure Room for Locals or Topical Anesthesia Room Rate:

Time (Hours)	Procedure Room Fee
0.5\$	500.00
1\$	650.00
1.5\$	770.00
2\$	900.00
2.5\$	900.00
3\$	900.00

Equipment Fees

Breast Implants	\$1,800.00	Standard Implants
Assistant	\$350.00	
Exparel	\$500.00	
PALS (Outside)- Fee Applicable to Procedure Room Cases Only	\$500.00	
Laser Fee -Fee Applicable to Procedure Room Cases Only	\$250.00	
Chin Implants	\$350.00	
Buttock Implants	\$3,600.00	
Revolve/PUREGRAFT	\$500.00	
Galashape	\$1,500.00	
Endotines	\$615.00	
Surgical Garment	\$180.00	
Abdominal Binder\$	120.00	

PATIENT RIGHTS AND RESPONSIBILITIES

At CLARKVIEW SURGERY CENTER of Maryland, we believe that our patients have the following rights:

1. Patients may expect to be treated courteously and with respect, dignity and compassion by all who provide care and be free from all forms of abuse or harassment.
2. Patients may expect privacy and safe physical surroundings while in the surgical suite.
3. Patients may expect that all information, communication and records related to their care will be treated confidentially and may approve or refuse the release of their health information except when required by law.
4. Patients will be informed of their diagnosis, options for treatment and the likely outcomes of those options.
5. Patients may expect to receive instructions related to their care upon discharge.
6. Patients may expect that all personnel providing care will be current in their knowledge and skills and be licensed or certified as required.
7. Patients may review a copy of their bill regardless of who pays for the services.
8. Patients will not be discriminated against on the basis of race, religion, nationality, sex, age, handicap, marital status, or source of payment.
9. Patients have the right to refuse to participate in experimental research should such research be conducted.
10. Patients have the right to decide who provides their care and may review their medical credentials. In the event the patient wishes to change providers, our center will facilitate the transfer of all medical records to such provider.
11. Patients have the right to report any grievances to the facility or state and federal agencies. To file a complaint with the facility; call Kristin 410-643-1999 or to the State; Maryland Office of Health Care Quality call 1-800-492-6005 or visit <http://dhmh.maryland.gov/ohcq/index.html>. Click on file a complaint or download a complaint form or write the program manager of Ambulatory Care, Spring Grove Center, Bland Bryant Bldg, 55 Wade Ave, Catonsville, MD 21228.
12. For our Medicare beneficiaries, the website for the Office of the Medicare Ombudsman: <http://www.medicare.gov/claims-and-appeals/medicare-rights/get-help/ombudsman.html>. The ombudsman can help patients understand their Medicare options and their Medicare rights and protections.

At CLARKVIEW SURGERY CENTER of Maryland, we believe the patients have the following responsibilities to the facility:

1. Patients are responsible to the healthcare provider, to provide to the best of his/her knowledge, accurate and complete current and past health history.
2. Patients are responsible for reporting unexpected changes in his/her condition to the healthcare provider.
3. Patients are responsible for reporting to the healthcare provider that the planned course of treatment and expected outcomes are fully understood.
4. Patients are responsible for following a treatment plan, and remaining compliant throughout the course of treatment.
5. Patients are responsible for keeping appointments, and if unable to do so, to notify the facility in a timely manner.
6. Patients are responsible for his/her actions if he/she refuses treatment for any reason or refuses to follow given instructions regarding their treatment.
7. Patients are responsible for fulfilling financial obligations for his/her healthcare as agreed by the healthcare provider/ facility.
8. Patients are responsible for conducting themselves appropriately while in the facility.
9. Patients are responsible for informing provider of any living will, power of attorney or advanced directive.

CLARKVIEW SURGERY CENTER of Maryland ownership disclosure: This facility is owned by the following physicians: Michael Cohen, MD

2019	
Erbium Laser	18
Liposuction Abdomen, Chest and Flanks	19
Blepharoplasty	23
Breast Surgery Secondary	23
Facelift (Rhythidectomy)	26
Implantation of Galatea	39
Liposuction Flanks	39
Abdominoplasty Standard	68
Breast Lift w/ Augmentation-Silicone	81
Breast Aug-Silicone	104
2020	
Facelift (Rhythidectomy)	20
Blepharoplasty Upper lids	22
Mastopexy	23
Capsulorrhaphy	23
Breast Reduction	24
Liposuction Flanks and Back	33
Implantation of Galatea	51
Abdominoplasty Extended	74
Breast Lift w/ Augmentation-Silicone	83
Breast Aug-Silicone	122
2021	
Mastopexy	32
Facelift (Rhythidectomy)	36
Clarisonic	37
Breast Reduction	37
Blepharoplasty Upper and Lowers	39
Liposuction Flanks and Lateral Chest Wall	54
Implantation of Galatea	100
Breast Lift w/ Augmentation-Silicone	104
Abdominoplasty Standard	107
Breast Aug-Silicone	139

Category: Administrative

Original Date: 1/07

Subject: Financial Aid (Charity/Indigent Care)

Reviewed: Annually

Department: Facility Wide

Revised: 3/2012

Page: 1 of 1

POLICY FOR FINANCIAL AID TO PATIENTS AND PAYMENT ARRANGEMENTS

Purpose:

To provide guidelines for the Billing department staff to determine patients' need for charity care, financial aid or special payment arrangements in the patient billing process for the center.

Policy:

1. Full payment for services is due at the time of service. We accept cash, cashier's checks, debit cards, VISA, MasterCard, American Express and Discover credit cards.
2. In the event that a patient cannot meet the financial responsibility for their elective procedure, they may request consideration for financial aid or special payment arrangements.
3. The Center may at its sole discretion, provide "charity care," financial or special payment arrangements for elective outpatient surgical procedures based on patients' financial and medical needs.
4. Verification of financial need shall be assessed by means of a "Financial Application" completed by the patient or guarantor. Medical need shall be confirmed by the scheduling surgeon.
5. Payment arrangements for a seven (7) day grace period for co-pays and deductibles may be granted by the business office staff. A "Seven Day Promissory Note" must be completed by the patient or guarantor.
6. Payment arrangements for periods not to exceed three months may be made with approval of the Administrator. A "Truth and Lending Statement" must be completed by the patient or guarantor. (See Sample)
7. Approval for Charity Care shall be the responsibility of the Administrator. Determination of probable eligibility will be made within two business days.
8. This organization will communicate this policy through an annual notice in at least one newspaper with in the patient draw area and through a notice posted in the facility waiting area.

NOTICE FOR INDIGENT CARE
CLARKVIEW SURGERY CENTER

DB

If you believe that you are eligible for a reduction in charges or extended payment and desire to submit a request, Please see

ANGEL HYATT Administrator of CLARKVIEW SURGERY CENTER.

A written determination of eligibility will be made within two business days of the request.

CLARKVIEW SURGERY CENTER

**APPLICATION FOR ELIGIBILITY DETERMINATION
FOR UNCOMPENSATED SERVICES**

I hereby request that the CLARKVIEW SURGERY CENTER make a written determination of my eligibility for uncompensated services. I understand that the information submitted concerning my annual income and family size is subject to verification by the CLARKVIEW SURGERY CENTER. I also understand that if the information that I submit is determined to be false, such a determination will result in denial of providing services as uncompensated services, and that I will be liable for charges for services provided. I affirm that the following information is true and correct to the best of my knowledge.

Date of Request Signature & Relationship of Person Making Request

1. Patient's Name _____
Address _____
Phone _____

2. Occupation _____ Employer _____

3. Income: List income for family from:

	<u>Total for Last 3 Months</u>	<u>Total for Last 12 Months</u>
Wages	_____	_____
Public Assistance	_____	_____
Social Security	_____	_____
Unemployment Compensation	_____	_____
Alimony	_____	_____
Child Support	_____	_____
Dividends, Interest, Rent	_____	_____
Other	_____	_____

Note: Proof of income required such as: IRS 1040, W-2 Form, Pay Stubs, etc.

4. Number of Persons in Family _____

CLARKVIEW SURGERY CENTER, LLC: W20028775

Department ID Number:

W20028775

Business Name:

CLARKVIEW SURGERY CENTER, LLC

Principal Office: ⓘ

1247 CLARKVIEW ROAD

SUITE 300C

BALTIMORE MD 21209

Resident Agent: ⓘ

JUDSON H LIPOWITZ

101 EAST CHESAPEAKE AVENUE

FLOOR 5

TOWSON MD 21286

Status:

ACTIVE

Good Standing:

THIS BUSINESS IS IN GOOD STANDING

Business Type:

DOMESTIC LLC

Business Code:

20 ENTITIES OTHER THAN CORPORATIONS

Date of Formation/ Registration:

10/18/2019

State of Formation:

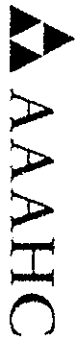
MD

Stock Status:

N/A

Close Status:

N/A



ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

ACCREDITATION NOTIFICATION

March 8, 2021

Organization #	83086		
Organization Name	Clarkview Surgery Center, LLC, DBA Belcara Health, Cosmetic Surgi Center of Maryland		
Address	1427 Clarkview Rd Ste 300C,		
City State Zip	Baltimore	MD	21209-2100
Decision Recipient	Miss Megan Northwood, RN, BSN, CEN		
Survey Date	1/28/2021-1/29/2021	Type of Survey	Re-Accreditation
Accreditation Type	Full Accreditation		
Accreditation Term Begins	12/12/2020	Accreditation Term Expires	12/11/2023
Interim Survey Required	1/29/2022 - Interim - focused		
Accreditation Renewal Code	43857F2783086		



**STATE OF MARYLAND
MARYLAND DEPARTMENT OF HEALTH
OFFICE OF HEALTH CARE QUALITY**

7120 SAMUEL MORSE DRIVE
SECOND FLOOR
COLUMBIA, MARYLAND 21046

License No.: A1412

Issued to: Clarkview Surgery Center, LLC
1427 Clarkview Road, Suite 300
Baltimore, MD 21209

Type of Facility or Community Program:
FREESTANDING AMBULATORY SURGICAL FACILITY

Date Issued: May 13, 2020

SPECIALTIES: General, Plastic Surgery and Podiatric

Authority to operate in this State is granted to the above entity pursuant to The Health-General Article, Title 19, Subtitle 3B, Annotated Code of Maryland, including all applicable rules and regulations promulgated there under. This document is not transferable.

Expiration: NON-EXPIRING

Patricia Tomsko May, MD

Executive Director

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

CONTINUOUS QUALITY MANAGEMENT

PURPOSE:

1. To have effective reduction of medical/health care errors and other factors that contribute to unintended adverse patient outcomes in a health care organization an environment in which patients, their families, and organization staff and leaders can identify and manage actual and potential risks to patient safety is required. This environment encourages recognition and acknowledgment of risks to patient safety and medical/health care errors; the initiation of actions to reduce these risks; the internal reporting of what has been found and the actions taken; a focus on processes and systems; and minimization of individual blame or retribution for involvement in a medical/health care error. It encourages organizational learning about medical/health care errors and supports the sharing of that knowledge to effect behavioral changes in itself and other health care organizations to improve patient safety. The leaders of the organization are responsible for fostering such an environment through their personal example and by establishing mechanisms that support effective responses to actual occurrences; ongoing proactive reduction in medical/health care errors; and integration of patient safety priorities into the new design and redesign of all relevant organization processes, functions, and services.
2. To improve the quality of care, maintain and improve patient safety, and to promote more effective, efficient utilization of facilities and services at The Clarkview Surgery Center, the organization must maintain an active integrated, organized, peer-based program of quality management and improvement that links peer review, quality improvement activities and risk management in an organized systematic way.

POLICY:

- A. The Clarkview Surgery Center shall have a peer-based Continuous Quality Management Program, which shall consist of three integrated components: peer review, continuous quality improvement, and risk management. These components shall be comprised of committees under the chairmanship of the Medical Director.
 1. The members of the committees shall be made up of all job levels and departments of the Center as well as members of administration and medical staff.
 2. Although the committees are separate, they have overlapping members, so as to effectively communicate with each other.
 3. Each committee shall meet periodically, and shall report to the Executive Director; the Executive Director shall present any necessary information to the Board of Directors.
 4. The chairperson for Continuous Quality Improvement shall present a quarterly report to the Board of Directors. This report summarizes activities from each of the three committees.
 5. Any confidential information pertinent to the Continuous Quality Management Program shall be kept in a separate and locked file.
- B. The Quality Improvement activities shall follow the five-step process of “closing the QI loop” and involve both health care practitioners as well as administrative staff. These five steps are:
 1. Identify important problems or concerns in the care of patients.

2. Evaluate the frequency, severity and source of suspected problems or concerns.
3. Implement measures to resolve important problems or concerns
4. Re-evaluate the problems or concerns to determine if implemented measures for correction have achieved and sustained the desired results and take alternative corrective actions if necessary.
5. Report quality improvement activities, as appropriate to the proper personnel, the Executive Director, the President and the governing body.

CONTENT:

A. Peer Review Committee

1. Consists of at least two physician members and one nursing member responsible for selecting critical indicators for evaluation of the care provided, and monitor this in an ongoing fashion by evaluating medical records for every physician and non-physician member of the staff.
2. The medical records review is used to evaluate quality of care, medical record completeness, over-utilization and/or under-utilization of services and resources, and to identify non-compliant members of the staff. Those identified are notified of their non-compliance, and given the opportunity to take corrective action. Medical records are evaluated again after a designated period of time, to check for compliance. This information is used as criteria in granting privileges, and in staff evaluations.
3. The Peer Review Committee also investigates allegations of misconduct and/or violations of the standard of care. Where necessary, charts are blinded and sent to outside practitioners for review and comment. Practitioners implicated in any such allegations are given opportunity to provide written comments about the incident and to appear before the Peer Review Committee. Recommendations are then made to the department head, and Board of Directors.
4. Provisions for peer review process and emergency corrective action to address and protect patients from likelihood of immediate injury or damage to health or safety is outlined in the Center's Medical Staff Bylaws. This action may include immediate suspension of a practitioner's privileges.
5. Reports of the above activities are given to the Executive Director, and President of the Board of Directors.

B. Continuous Quality Improvement Committee

1. Consists of multiple physician core members, nursing core members, and rotating staff members from all departments of the facility.
2. The Committee is responsible for defining critical indicators relating to patient care, outcomes, safety, medical/health care errors, infection control, cost containment, and efficiency. Data is collected, evaluated, and recommendations are made based on the findings. The planning process provides for setting performance-improvement priorities and identifies how the Center shall adjust priorities in response to emerging needs, unanticipated adverse occurrences affecting patients, changing regulatory requirements, significant patient and staff needs, changes in environment of care, or changes in the community.
 - a. CQI audit sheet/ incident report is available on every chart for every patient that comes through the SurgiCenter, and is reviewed by the Chairperson of the CQI Committee, and reported to the CQI Committee.

- b. Audit sheets contains critical indicators chosen by the CQI Committee, for prospective review. These indicators are based on high volume /high risk events and are periodically reviewed and updated by the CQI Committee. They include but are not limited to:
 - i. patient care,
 - ii. safety,
 - iii. infection control,
 - iv. cost containment, and
 - v. efficiency
 - c. Any problems or trends are discussed and evaluated by the committee, and recommendations are made based on the data. Managers then share the appropriate information and corrective action with their staff members.
 3. Problems are identified by multiple different mechanisms. The first is by review of process data, Reports of frequency, severity, and source of problems are given to appropriate managers, who then counsel their staff on how improvements are to be made. If deficiencies exist, then corrective action will be recommended. Reports are given at the CQI meetings.
 4. The CQI Committee hears reports from Peer Review, and Risk Management, OSHA and serves as the central meeting through which all four committees communicate.
 5. Employee first report of injury forms are filled out by employees who have sustained a work-related injury.
 - a. These are reviewed by the Executive Director, the Chairperson for CQI and Risk Management as they are generated. Periodic reports are given to the CQI Committee and the Board of Directors.
 - b. OSHA log 200 is completed for each calendar year and is posted during the month of February the following year.
 6. The problem identification sheet is a three-part form designed for the staff to identify problems, or potential problems in the SurgiCenter. They include:
 - a. description of the problem.
 - b. proposed solution to the problem.
 - i. No problem will be evaluated without the proposed solution section filled out
 - c. staff signature, which is optional.
 - i. If a written response is expected, then the signature section must be filled out.
 7. These are reviewed by the chairperson of the CQI Committee, and forwarded to the appropriate manager. The manager then responds in writing to the CQI chairperson, and the problem and proposed solutions are presented anonymously at the CQI Committee meeting. Corrective actions will be taken as deemed appropriate by the Committee.
 8. The Committee is responsible for reviewing the Patient Satisfaction Survey. Every patient is asked to complete a computer survey regarding their experience with The Clarkview Surgery Center. A CQI sub-committee evaluates and revises the survey periodically, and makes recommendations to the CQI Committee. Data collected from the survey box is evaluated, and patients are called if their responses do not meet expected thresholds. Information received from these patient phone calls is

used to modify or correct the process that patients experience here.

9. Any problems not identified by the above mechanisms are placed on the CQI agenda, and discussed by the Committee. Problems not falling under the scope of CQI are referred to the appropriate manager, committee, etc.

C. Risk Management

1. Risk Management is an ongoing process consistently applied throughout the organization including all departments and all service locations, encompassing clinical and administrative activities to identify, evaluate and reduce the risk of patient injury and SurgiCenter liability associated with care. Risk management and quality assurance/improvement overlap; the common area is risk prevention. The committee meets concurrently with the Quality Improvement Committee.
2. The Risk Management Committee is responsible for reviewing medicolegal matters, risk avoidance programs and making recommendations to the Executive Director regarding these matters. The committee consists of one designated risk management specialist, and at least two support personnel. At least one member is a physician. At the SurgiCenter the leadership of this committee is delegated to a member of the Anesthesia Professional staff. The applications of this committee include all staff members, medical and non-medical.
3. There is an operational linkage between quality assurance and risk management activities. The Risk Management Committee is responsible for the following:
 - a. ongoing review of accidents, injuries, safety hazards poor outcomes adverse events, trauma and deaths
 - b. development of measurable indicators to identify risk and develop educational and action programs to reduce risk
 - c. periodically reviews all litigation involving the SurgiCenter, its staff and its health care practitioners
 - d. reviews all patient complaints
 - e. communicates with the professional liability insurance carrier as necessary
 - f. monitors the safety and performance of all biomedical equipment
 - g. shares pertinent information with the peer review and CQI committees and reports findings to the Executive Director, who in turn reports them to the Board of Directors.
 - h. Reviews OSHA issues and compliance through the OSHA sub-committee.
4. Participates in the development of policies and procedures that relate to risk management. These policies and procedures may include:
 - a. description for prevention/management of risks
 - b. reporting occurrences and incident pertaining to patients, staff, or visitors (including deaths, trauma, and adverse events)
 - c. addressing how a patient may be dismissed from care, or refused care
 - d. addressing inquiries from governmental agencies, lawyers, consumer advocate groups, media, and reporters.

- e. addressing how to manage an impaired or incapacitated physician or other impaired health care worker
 - f. addressing methods for handling relationships with competing health care organization so as to avoid antitrust and restraint of trade issues
 - g. addressing how to comply with governmental regulations
 - h. addressing establishment and documentation of coverage after normal working hours
 - i. addressing issues with contractual agreements
4. The risk management committee meets periodically to review the above policies, and to make any necessary recommendations for changes to the policies. In addition, any risk management issues concerning the SurgiCenter, such as incident reports, are reviewed periodically by the committee.

D. Patient Safety / Medical Error Reduction Program

1. The program shall target applicable events (sentinel events or additional error events) and sources of health care errors that contribute to morbidity and mortality in the service area.
2. The program shall analyze the organizational processes, functions, and services that are relevant to applicable events.
3. The program shall utilize active investigation of medical records, medication utilization, laboratory results, and other information to discover health care errors.

4. Sentinel event:

- a. Is an event that has resulted in an unanticipated death or major permanent loss of function; and is not related to the natural course of the illness or underlying condition of the patient (major permanent loss of function – means – sensory, motor, physiologic, or intellectual impairment that:
 - i.)requires continued treatment or imposes persistent major restrictions in activities of daily living; and
 - ii.)was not present on admission of the patient
- b. Surgery on wrong patient or wrong body part or wrong side.
- c. Hemolytic transfusion reaction involving administration of blood or blood products that have blood group incompatibilities.

4. Additional error events:

- a. medication error that has been demonstrated to contribute substantially to morbidity or mortality.

**Patient Transfer Agreement
By and Between
Cosmetic Surgi Center of Maryland DBA-Belecara Ambulatory Surgery Center
and
University of Maryland St Joseph's Medical Center Inc.**

THIS PATIENT TRANSFER AGREEMENT (this "Agreement") is entered into and is effective as of the latest date(s) set forth on the signature lines below (the "Effective Date") and is by and between Cosmetic Surgi Center of Maryland DBA-Belecara Ambulatory Surgery Center ("Surgery Center") and University of Maryland St Joseph's Medical Center, Inc. ("Hospital").

NOW THEREFORE, in consideration of the promises, and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. AGREEMENTS OF TRANSFER

- A. Hospital. Hospital agrees to accept the transfer of patients from the Surgery Center in accordance with the terms of this Agreement.
- B. Surgery Center. Surgery Center agrees to effect transfers of patients to Hospital in accordance with the terms of this Agreement.

2. CONDITIONS OF TRANSFER

- A. Patient Transfers. The decision to transfer a patient will involve the attending physician, the patient (and his/her representatives, as appropriate), the Surgery Center and the Hospital in accordance with this Agreement. The need for the transfer of a patient from the Surgery Center to the Hospital shall be determined by the patient's treating/attending physician in his/her independent professional judgment. When the determination is made that a transfer is appropriate, the Surgery Center shall immediately notify the Hospital of the impending transfer. The Hospital agrees to admit the patient as promptly as possible, provided that all conditions of eligibility for admission are met and bed space is available to accommodate the patient. Prior to transferring the patient, the Surgery Center must receive confirmation from the Hospital that it can accept the patient.
- B. Transfer Consent. The Surgery Center shall have responsibility for obtaining consent from the patient (or, if applicable, from the patient's authorized representative) to the transfer in accordance with all applicable law. Nothing in this Agreement shall restrict a patient's freedom of choice to choose to be transferred to an institution other than the Hospital.
- C. Transportation of Patient.
 - (i) The Surgery Center shall have the responsibility for arranging transportation of the patient to the Hospital, including the selection of

the mode of transportation at the appropriate level of care for the patient. Until the patient is admitted to the Hospital, the Hospital shall have no responsibility for the patient's care.

D. Provision of Information. The parties agree to provide each other with the names or classifications of persons authorized to initiate, confirm, and accept the transfer of patients on behalf of the other.

E. Patient Records. The parties agree to utilize appropriate and mutually acceptable forms to appropriately document pertinent medical and administrative information, which records shall accompany a patient being transferred from the Surgery Center to the Hospital. The information shall include the following patient information:

- (i) Patient's name, address, age;
- (ii) Name, address, and telephone number of patient's guardian, authorized agent or surrogate decision-maker;
- (iii) Any information available to the Surgery Center concerning advance directives of the patient;
- (iv) Patient's third party billing data;
- (v) History and physical;
- (vi) Discharge summary;
- (vii) All operative and treatment reports;
- (viii) Current care plan;
- (ix) Name, address, and phone number of physician referring the patient;
- (x) Name of physician in the Hospital to whom the patient is to be transferred; and
- (xi) Name of physician at the Hospital who has been contacted about patient;
- (xii) Any other information necessary to continue the patient's treatment without interruption, including the maintenance of the patient during transport and treatment of the patient upon arrival at the Hospital

F. Property of Patient. The parties agree to utilize appropriate and mutually

acceptable forms to inventory a patient's personal effects and valuables, which form shall accompany the patient during transfer. Each party also agrees to appropriately safeguard the patient's property in accordance with its policies.

G. Non-Exclusive Agreement: No Obligation to Refer. Nothing in this Agreement shall be construed as limiting the rights of either party to affiliate, contract or enter into a transfer agreement with any other facility or entity. In addition, nothing in this Agreement shall require either Hospital or Surgery Center to refer or transfer any patient to the other for care, items or services.

H. Advertising and Public Relations. Neither party shall use the name of the other in any promotional or advertising material unless the party whose name is to be used first reviews and approves the intended promotion or advertisement. The parties shall deal with each other in good faith, and each party shall maintain good public and patient relations and efficiently handle complaints and inquiries with respect to transferred or transferring patients.

3. TERM

A. The initial term of this Agreement shall be for a period of one year commencing on the Effective Date and terminating on the first anniversary thereof, unless earlier terminated in accordance with the terms hereof.

B. After the initial term, this Agreement shall automatically continue in effect (with the initial term, as thus extended, the "Term"), on the then current terms and conditions of the Agreement until the Agreement is terminated by either party in accordance with the terms hereof.

C. Either party may terminate this Agreement, with or without cause, upon one hundred and twenty (120) days' advance written notice to the other party.

4. INSURANCE AND INDEMNIFICATION

A. Insurance. Each party shall, at its sole cost and expense and at all times during the term of this Agreement, procure and maintain professional liability insurance coverage (including personal injury, property damage, and products liability) applicable to its performance and the performance of its employees and agents hereunder, in a minimum amount of One Million Dollars (\$1,000,000) per occurrence and Five Million Dollars (\$5,000,000) in the aggregate. At the other party's request, a party shall deliver to the other party documentation confirming the required insurance coverages. The foregoing requirement that a party procure insurance shall not be construed as in any manner limiting the extent to which a party has agreed to defend, indemnify, protect, and hold harmless the other party, its officers, directors, affiliates, employees, and agents pursuant to this Agreement.

5. GENERAL

- A. Independent Contractors. In the performance by each party of its obligations pursuant to this Agreement, each party and all of its employees and agents shall be, and will remain at all times, independent contractors, and nothing herein contained shall be construed to create or establish a partnership, joint venture, or any other business relationship between the parties other than that of independent contractors.
- B. Compliance with Law. Each party shall comply with, and shall ensure that its employees, agents, representatives and contractors (excluding the other party) comply with, all applicable laws in its/their performance of this Agreement.
- C. Anti-Fraud and Abuse. Nothing in this Agreement shall be construed as an offer or payment by one party to the other party or any affiliate of the other party of any remuneration, whether directly or indirectly, overtly or covertly, intended to induce or encourage patient referrals or for recommending or arranging the purchase, lease or order of any item or service.
- D. Nondiscrimination. Each party agrees that it shall not discriminate in the admission of patients to its institution or otherwise in the performance of this Agreement on the basis of race, color, disability, religion, sex, sexual preference, age or national origin or in violation of any applicable federal, state, or local law and regulation.
- E. HIPAA Compliance. Neither Hospital nor Surgery Center is serving in the capacity of a "business associate" (as defined under 45 C.F.R. Sec. 164.501) of the other party in the performance of services hereunder. Nevertheless, both parties agree to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Sec. 1302d ("HIPAA") and any current and/or future regulations promulgated thereunder including, without limitation, the federal privacy regulations contained in 45 C.F.R., Parts 160 and 164, the federal security standards contained in 45 C.F.R, Part 142, and the federal standards for electronic transactions contained in 45 C.F.R., Parts 160 and 162, all collectively referred to herein as "HIPAA Requirements"). Each party agrees not to use or disclose any protected health information (as defined in 45 C.F.R Sec. 160.103) other than as permitted by HIPAA Requirements.
- F. Notices. All notices hereunder shall be in writing, and shall be delivered by hand, transmitted by confirmed facsimile, or mailed, postage prepaid, registered, or certified mail receipt requested to the addresses set forth on the signature lines hereto, which may be changed at any time by any party in accordance with this notice provision. Any notice hereunder shall be deemed given five (5) business days after mailing, if given by mailing in the manner provided above, or on the date delivered or transmitted if given by hand or

confirmed facsimile.

- G. Assignment. The parties shall not assign or otherwise transfer any responsibilities due under the Agreement without the express written consent of the other party.
- H. Waiver. No waiver by either party of any breach or default in performance by the other party, and no failure, refusal or neglect to exercise any right, power or remedy given to either party hereunder or to insist upon strict compliance with or performance of all obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by such party of its right at any time thereafter to require exact and strict compliance with the provisions of this Agreement.
- I. Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.
- J. Construction; Counterparts. The headings used herein are for convenience only and the parties agree that such headings are not to be construed to be party of this Agreement or to be used to determine the meaning or interpretation of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument.
- K. Governing Law; Binding Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the jurisdiction of the Hospital. This Agreement shall inure to the benefit of and shall be binding on Hospital and Surgery Center and their respective successors and permitted assigns.
- L. Legal Costs. In the event of judicial or other legal action(s) to enforce this Agreement, the party prevailing in such action shall be entitled to collect from the other party all of the costs and expenses (including reasonable attorneys' fees) of such action.
- M. Entire Agreement; Modifications; Changes in Law. This Agreement constitutes the complete understanding of the parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or in writing between the parties hereto with respect to the subject matter hereof, and no other agreement, statement, or promise relating to the subject matter of this Agreement that is not contained herein shall be valid or binding. Any amendments or modifications to this Agreement shall be of no force and effect unless in writing and signed by both Surgery Center and Hospital.

[signatures follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed, under seal, by their duly authorized officers as of the day and year first written above.

HOSPITAL

SURGERY CENTER

By: _____

Name: Moham Suntha, MD, MBA
Title: President + CEO

Date

8/19/14

Address:

FAX:

By: _____

Barbara Getlan RN BSN
Signature of Authorized Official

Barbara Getlan RN BSN Administrator
Print Name & Title

Date

8/19/14

Address:

1427 Clarkview Road Suite 300
Baltimore, Maryland 21209
FAX: 410-505-1930

GENERAL POLICIES

PATIENT TRANSFER TO HOSPITAL

Policy:

To ensure an organized and safe patient transfer to a hospital in the event of an unexpected complication in the center, the following protocol should be followed:

Procedure:

The surgeon, anesthesia provider, and nurse determine the need for emergency transfer. Situations warranting transfer could be blood loss greater than anticipated, change in vital signs, changes in heart rhythm, complications of surgery, to name a few.

Emergent transfer:

1. The medical staff at the surgical center will carry out stabilizing intervention so that the patient will be able to tolerate transfer safely:
 - a. In respiratory or cardiac arrest. CPR measures would immediately be instituted and maintained until the emergency unit team intervenes and stabilizes for transfer.
2. Call 911 and explain briefly the nature of the problem and what measures are being instituted at the center.
3. Document all interventions and sequence of events in the surgery chart and complete up to time of transfer.
4. Copy office surgery records and other pertinent information and give to emergency team for delivery to the hospital along with the patient.
5. Assist family/friend through the trauma by offering support, empathy, explanations, and instructions as to the sequence of events and directions to the hospital, if not riding with the emergency unit.
6. Inform administration of the occurrence and complete a notification report.
7. Upon discharge, a copy of the discharge summary will be acquired from the hospital.

For Non-emergent patient transfer per the surgeon:

1. Call the hospital to arrange a direct admit.
2. Determine what type of care will be needed, ICU, Med-surg
3. Report to the admitting RN all pertinent information.
4. Call the ambulance service to arrange appropriate BLS or ALS coverage for patient.
5. Prepare the doctor's orders for the hospital.
6. Prepare the patient and family for the transfer.
7. Ensure the patient has all of their belongings.
8. Upon patient discharge, acquire a copy of the discharge summary for the patient's record.
9. Inform administration of the occurrence and complete a notification report.

OR 1				OR 2				Total Utilization			
Month	Hours Avail	Hours Filled	%	Month	Hours Avail	Hours Filled	%	Month	Hours Avail	Hours Filled	%
Jan-21	180	173	96%	Jan-21	180	140	78%	Jan-21	360	313	87%
Feb-21	152	160	105%	Feb-21	152	100	66%	Feb-21	304	260	86%
Mar-21	184	185.5	101%	Mar-21	184	135	73%	Mar-21	368	320.5	87%
Apr-21	176	174	99%	Apr-21	176	91	52%	Apr-21	352	265	75%
May-21	170	175	103%	May-21	170	140	82%	May-21	340	315	93%
Jun-21	170	142.5	84%	Jun-21	170	110	65%	Jun-21	340	252.5	74%
Jul-21	176	173	98%	Jul-21	176	120	68%	Jul-21	352	293	83%
Aug-21	176	158.5	90%	Aug-21	176	126	72%	Aug-21	352	284.5	81%
Sep-21	144	140	97%	Sep-21	144	100	69%	Sep-21	288	240	83%
Oct-21	170	167.5	99%	Oct-21	170	125	74%	Oct-21	340	292.5	86%
Nov-21	175	159.5	91%	Nov-21	175	142.5	81%	Nov-21	350	302	86%
Dec-21	175	160	91%	Dec-21	175	157	90%	Dec-21	350	317	91%
	2048	1968.5	96%		2048	1486.5	73%		4096	3455	84%
Jan-22	168	159.5	95%	Jan-22	168	160.5	96%	Jan-22	336	320	95%
Feb-22	152	154	101%	Feb-22	143.5	124	86%	Feb-22	295.5	278	94%
	320	313.5	98%		311.5	284.5	91%		631.5	598	95%

OR Days are scheduled to end at 3:30pm. To accommodate additional cases we allowed physicians to post over the 3:30 stop. This resulted in high and/or over 100% utilization of OR 1.

19152 Philadelphia, PA
19320 Coatesville, PA
19382 West Chester, PA
19390 West Grove, PA
19448 Palermo, Gina
19468 Royersford, PA
19532 Lincoln Univeristy, PA
19709 Middletown, DE
19734 Townsend, DE
19934 Camden Wyoming, DE
19970 Ocean View, DE
20002 Washington, DC
20007 Washington, DC
20008 Washington, DC
20011 Washington, DC
20015 Washington, DC
20111 Manassas Park, VA
20117 Middleburg, VA
20152 Chantilly, VA
20155 Gainesville, VA
20164 Sterling, VA
20170 Herndon, VA
20186 Warrenton, VA
20190 Reston, VA
20602 Waldorf, MD
20619 California, MD
20634 Great Mills, MD
20637 Hughesville, MD
20639 Huntingtown, MD
20646 La Plata, MD
20650 Leonardtown, MD
20653 Lexington Park, MD
20678 Prince Frederick, MD
20706 Lanham, MD
20708 Laurel, MD
20715 Bowie, MD
20716 Bowie, MD
20721 Bowie, MD
20723 Laurel, MD
20724 Laurel, MD
20735 Clinton, MD
20736 Owings, MD
20737 Riverdale, MD
20744 Fort Washington, MD
20747 District Heights, MD
20748 Temple Hills, MD
20755 Fort George G Meade, MD

10016 New York, NY
10965 Pearl River, NY
11102 Astoria, NY
11111 Baltimore, MD
12206 Albany, NY
13116 Minoa, NY
13501 Utica, NY
13792 Smearman, Lisa
14172 Doran, Marcia E
15104 Braddock, PA
16920 Elkland, PA
17015 Carlisle, PA
17025 Enola, PA
17055 Mechanicsburg, PA
17070 New Cumberland, PA
17112 Harrisburg, PA
17202 Chambersburg, PA
17236 Mercersburg, PA
17320 Fairfield, PA
17322 Felton, PA
17325 Gettysburg, PA
17327 Glen Rock, PA
17329 Glenville, PA
17331 Hanover, PA
17339 Lewisberry, PA
17340 Littlestown, PA
17349 New Freedom, PA
17350 New Oxford, PA
17356 Red Lion, PA
17360 Seven Valleys, PA
17361 Shrewsbury, PA
17362 Spring Grove, PA
17363 Stewartstown, PA
17364 Thomasville, PA
17402 York, PA
17403 York, PA
17404 York, PA
17406 York, PA
17408 York, PA
17516 Conestoga, PA
17560 New Providence, PA
17601 Lancaster, PA
17603 Lancaster, PA
19123 Philadelphia, PA
19124 Philadelphia, PA
19134 Philadelphia, PA
19151 Philadelphia, PA

21050 Forest Hill, MD
21052 Fort Howard, MD
21053 Freeland, MD
21054 Gambrills, MD
21057 Glen Arm, MD
21060 Glen Burnie, MD
21061 Glen Burnie, MD
21074 Hampstead, MD
21075 Elkridge, MD
21076 Hanover, MD
21078 Havre De Grace, MD
21082 Hydes, MD
21084 Jarrettsville, MD
21085 Joppa, MD
21087 Kingsville, MD
21090 Linthicum Heights, MD
21093 Lutherville Timonium, MD
21102 Manchester, MD
21104 Marriottsville, MD
21108 Millersville, MD
21111 Monkton, MD
21113 Odenton, MD
21114 Crofton, MD
21117 Owings Mills, MD
21120 Parkton, MD
21122 Pasadena, MD
21128 Perry Hall, MD
21131 Phoenix, MD
21132 Pylesville, MD
21133 Randallstown, MD
21136 Reisterstown, MD
21144 Severn, MD
21146 Severna Park, MD
21152 Sparks Glencoe, MD
21154 Street, MD
21155 Upperco, MD
21156 Upper Falls, MD
21157 Westminster, MD
21158 Westminster, MD
21160 Whiteford, MD
21161 White Hall, MD
21162 White Marsh, MD
21163 Woodstock, MD
21202 Baltimore, MD
21204 Towson, MD
21206 Baltimore, MD
21207 Gwynn Oak, MD

20759 Fulton, MD
20769 Glenn Dale, MD
20772 Upper Marlboro, MD
20774 Upper Marlboro, MD
20776 Harwood, MD
20783 Hyattsville, MD
20794 Jessup, MD
20815 Chevy Chase, MD
20817 Bethesda, MD
20850 Rockville, MD
20851 Rockville, MD
20852 Rockville, MD
20866 Burtonsville, MD
20871 Clarksburg, MD
20877 Gaithersburg, MD
20878 Gaithersburg, MD
20879 Gaithersburg, MD
20882 Gaithersburg, MD
20886 Montgomery Village, MD
20895 Kensington, MD
20902 Silver Spring, MD
20904 Silver Spring, MD
20912 Takoma Park, MD
21001 Aberdeen, MD
21005 Aberdeen Proving Ground, MD
21009 Abingdon, MD
21012 Arnold, MD
21013 Baldwin, MD
21014 Bel Air, MD
21015 Bel Air, MD
21017 Belcamp, MD
21028 Churchville, MD
21029 Clarksville, MD
21030 Cockeysville, MD
21032 Crownsville, MD
21034 Darlington, MD
21035 Davidsonville, MD
21036 Dayton, MD
21037 Edgewater, MD
21040 Edgewood, MD
21042 Ellicott City, MD
21043 Ellicott City, MD
21044 Columbia, MD
21045 Columbia, MD
21046 Columbia, MD
21047 Fallston, MD
21048 Finksburg, MD

21723 Cooksville, MD
21737 Glenelg, MD
21738 Glenwood, MD
21740 Hagerstown, MD
21750 Hancock, MD
21754 Ijamsville, MD
21756 Keedysville, MD
21769 Middletown, MD
21774 New Market, MD
21776 New Windsor, MD
21784 Sykesville, MD
21787 Taneytown, MD
21791 Union Bridge, MD
21793 Walkersville, MD
21794 West Friendship, MD
21795 Williamsport, MD
21797 Woodbine, MD
21801 Salisbury, MD
21804 Salisbury, MD
21842 Ocean City, MD
21901 North East, MD
21903 Perryville, MD
21904 Port Deposit, MD
21911 Rising Sun, MD
21912 Warwick, MD
21917 Colora, MD
21921 Elkton, MD
22025 Dumfries, VA
22192 Woodbridge, VA
22201 Arlington, VA
22304 Alexandria, VA
22312 Alexandria, VA
22837 Kurland, Marti
23322 Chesapeake, VA
24450 Lexington, VA
25403 Martinsburg, WV
25405 Martinsburg, WV
25420 Gerrardstown, WV
25430 Kearneysville, WV
25443 Shepherdstown, WV
25951 Hinton, WV
26753 Ridgeley, WV

21208 Pikesville, MD
21209 Baltimore, MD
21210 Baltimore, MD
21211 Baltimore, MD
21212 Baltimore, MD
21213 Baltimore, MD
21214 Baltimore, MD
21215 Baltimore, MD
21216 Baltimore, MD
21218 Baltimore, MD
21219 Sparrows Point, MD
21220 Middle River, MD
21221 Essex, MD
21222 Dundalk, MD
21223 Baltimore, MD
21224 Baltimore, MD
21225 Brooklyn, MD
21226 Curtis Bay, MD
21227 Halethorpe, MD
21228 Catonsville, MD
21229 Baltimore, MD
21230 Baltimore, MD
21231 Baltimore, MD
21233 Baltimore, MD
21234 Parkville, MD
21236 Nottingham, MD
21237 Rosedale, MD
21239 Baltimore, MD
21240 Towson, MD
21244 Windsor Mill, MD
21286 Towson, MD
21401 Annapolis, MD
21402 Rasinski, Janine
21403 Annapolis, MD
21511 Dorsey, Stacey A
21519 Burns, Megan
21613 Cambridge, MD
21617 Centreville, MD
21620 Chestertown, MD
21638 Grasonville, MD
21643 Hurlock, MD
21651 Millington, MD
21663 Saint Michaels, MD
21666 Stevensville, MD
21701 Frederick, MD
21702 Frederick, MD
21703 Frederick, MD

Current Block Calendar

Week 1	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1	Vela	Cohen	Vela	Cohen	Cohen
OR 2	Rottman	Vela		Rottman	Schuster
Week 2	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1	Robertson	Cohen	Vela	Cohen	Sultan
OR 2	Rottman	Schuster		Rottman	Schuster
Week 3	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1	Vela	Cohen	Vela	Cohen	Cohen
OR 2	Rottman	Schuster		Rottman	Schuster
Week 4	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1		Cohen	Vela	Cohen	Cohen
OR 2	Rottman	Schuster		Rottman	Schuster

Proposed Block Schedule

Week 1	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1	Vela	Cohen	Vela	Cohen	Cohen
OR 2	Rottman	Vela		Rottman	Schuster
OR 3	McMillan		Robertson	Schuster	Rottman
Week 2	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1	Robertson	Cohen	Vela	Cohen	Sultan
OR 2	Rottman	Schuster		Rottman	Schuster
OR 3	Cohen	McMillan	Sultan		Rottman
Week 3	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1	Vela	Cohen	Vela	Cohen	Cohen
OR 2	Rottman	Schuster		Rottman	Schuster
OR 3	McMillan	Vela	Robertson	Schuster	Rottman
Week 4	Monday	Tuesday	Wednesday	Thursday	Friday
OR 1	Robertson	Cohen	Vela	Cohen	Sultan
OR 2	Rottman	Schuster		Rottman	Schuster
OR 3	Cohen	McMillan	Sultan	Vela	Rottman

Physician	Cohen	Vela	Robertson	Sultan	Schuster	Rottman	McMillan
Total Block Days	10	7	2	2	7	8	0
Wait List in Months	5	3	2	2	2	5	0
With 3rd OR							
Additional Days Per Month Requested	2	2	2	2	2	4	4
Average Case Count Per Day	3	3	1	2	3	3	2
Additional Cases Per Month	6	6	2	4	6	12	8
Total Additional Cases Per Year	72	72	24	48	72	144	96
Average Case Duration (in Minutes)	137	136	120	150	196	160	154
Minutes in 3rd OR	9864	9792	2880	7200	14112	23040	14798
Hours in 3rd OR	164.4	163.2	48	120	235.2	384	247

TOTAL 3RD HOUR HOURS (YEAR 1) 1493

Physician	New Surgical Cases to CSC	Total Increase in Cases to CSC
Dr. Michael Cohen	18	18
Dr. Gary Vela	96	96
Dr. Bradley Robertson	48	48
Dr. Nadia Mostovych	24	24
Dr. Steven Rottman	144	144
Dr. Ronald Schuster	96	96
Dr. Babar Sultan	48	48
Dr. McMillan	96	96
NEW CASE TOTAL	570	570

See Signed Letter
See Signed Letter

See Signed Letter
See Signed Letter
See Signed Letter
See Signed Letter

New Credentialed Physician to the Area. Moving from WA State.

CLARKVIEW SURGERY CENTER

March 10, 2022

To Whom It May Concern,

I am writing this letter in support of the Clarkview Surgery Center requesting a CON for an additional operating room. Currently, I am unable to schedule the volume of cases due to the lack of open operating room time.

Due to the lack of available time and my current business growth, I am currently holding a wait list of 5 surgical months, and have had to turn away potential surgical patients.

If the Clarkview Surgery Center was granted an additional room I feel as if I would be able to bring an additional 72 cases per year.

Our goal is to care for our patients in a safe environment in timey manner while being financialy feasible. If the additional time was available it would allow for the cases to be at the Clarkview Surgery Center

Please take into consideration our patients preference to have their procedure at Clarkview Surgery Center in addition to mine when you make your decision.

Respectfully,

A handwritten signature in black ink, appearing to read "Cohen", written in a cursive style.

Dr. Michael Cohen

CLARKVIEW SURGERY CENTER

March 10, 2022

To Whom It May Concern,

I am writing this letter in support of the Clarkview Surgery Center requesting a CON for an additional operating room. Currently, I am unable to schedule the volume of cases due to the lack of open operating room time.

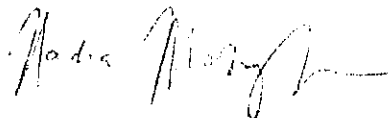
Due to the lack of available time and my current business growth, I am currently holding a wait list of 2 surgical months.

If the Clarkview Surgery Center was granted an additional room I feel as if I would be able to bring an additional 2 cases per week (24 per year).

Our goal is to care for our patients in a safe environment in a timely manner while being financially feasible. If the additional time was available it would allow for the cases to be at the Clarkview Surgery Center.

Please take into consideration our patients preference to have their procedure at Clarkview Surgery Center in addition to mine when you make your decision.

Respectfully,



Dr. Nadia Mostovych

CLARKVIEW SURGERY CENTER

March 10, 2022

To Whom It May Concern,

I am writing this letter in support of the Clarkview Surgery Center requesting a CON for an additional operating room. Currently, I am unable to schedule the volume of cases due to the lack of open operating room time

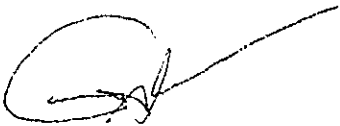
Due to the lack of available time and my current business growth, I am currently holding a wait list of 3 surgical months, and have had to turn away potential surgical patients

If the Clarkview Surgery Center was granted an additional room I feel as if I would be able to bring an additional 72 cases per year.

Our goal is to care for our patients in a safe environment in a timely manner while being financially feasible. If the additional time was available it would allow for the cases to be at the Clarkview Surgery Center.

Please take into consideration our patients preference to have their procedure at Clarkview Surgery Center in addition to mine when you make your decision.

Respectfully,

A handwritten signature in black ink, appearing to read "Gary Vela", with a long horizontal stroke extending to the right.

Dr. Gary Vela

CLARKVIEW SURGERY CENTER

March 10, 2022

To Whom It May Concern,

I am writing this letter in support of the Clarkview Surgery Center requesting a CON for an additional operating room. Currently, I am unable to schedule the volume of cases due to the lack of open operating room time.

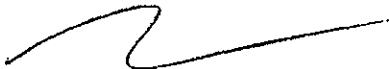
Due to the lack of available time and my current business growth, I am currently holding a wait list of 2 surgical months, and have had to turn away potential surgical patients.

If the Clarkview Surgery Center was granted an additional room I feel as if I would be able to bring an additional 4 cases per month.

Our goal is to care for our patients in a safe environment in a timely manner while being financially feasible. If the additional time was available it would allow for the cases to be at the Clarkview Surgery Center.

Please take into consideration our patients preference to have their procedure at Clarkview Surgery Center in addition to mine when you make your decision.

Respectfully,



Babar Sultan MD, FACS

CLARKVIEW SURGERY CENTER

March 10, 2022

To Whom It May Concern,

I am writing this letter in support of the Clarkview Surgery Center requesting a CON for an additional operating room. Currently, I am unable to schedule the volume of cases due to the lack of open operating room time. Recently, a local hospital (North West) eliminated their cosmetic rate fee schedule. Due to the increase, it is not financially feasible for patients to have surgery at their facility. Based on this I am looking to obtain 1 additional block day per week at the Clarkview Surgery Center.

Due to the lack of available time and my current business growth, I am currently holding a wait list of 5 surgical months, and have had to turn away potential surgical patients.

If the Clarkview Surgery Center was granted an additional room I feel as if I would be able to bring an additional 3 cases per week (144 per year).

Our goal is to care for our patients in a safe environment in a timely manner while being financially feasible. If the additional time was available it would allow for the cases to be at the Clarkview Surgery Center.

Please take into consideration our patients preference to have their procedure at Clarkview Surgery Center in addition to mine when you make your decision.

Respectfully,



Dr. Steven Rottman

CLARKVIEW SURGERY CENTER

March 10, 2022

To Whom It May Concern,

I am writing this letter in support of the Clarkview Surgery Center requesting a CON for an additional operating room. Currently, I am unable to schedule the volume of cases due to the lack of open operating room time.

Due to the lack of available time and my current business growth, I am currently holding a wait list of 3 surgical months, and have had to turn away potential surgical patients.

If the Clarkview Surgery Center was granted an additional room I feel as if I would be able to bring an additional 96 cases per year.

Our goal is to care for our patients in a safe environment in a timely manner while being financially feasible. If the additional time was available it would allow for the cases to be at the Clarkview Surgery Center.

Please take into consideration our patients preference to have their procedure at Clarkview Surgery Center in addition to mine when you make your decision.

Respectfully,



Dr. Ronald Schuster

Successful Reporting in the ASCQR Program

AMBULATORY SURGICAL CENTER QUALITY REPORTING (ASCQR) PROGRAM REFERENCE CHECKLIST

ASCQR PROGRAM REQUIREMENTS SUMMARY

Welcome to the ASCQR Program! Participating in this quality program allows you to showcase the high standard of care and performance your facility provides to the ASC community. The following information will outline the program requirements and the tools needed to ensure your facility succeeds.

ASCs are paid by Medicare under Part B Fee-for-Service (FFS). ASCs that do not meet ASCQR Program requirements may receive a reduction of 2.0 percentage points in their payment update for the applicable payment year. Participating ASCs that meet program requirements will not be penalized under the ASCQR Program and will receive their full Medicare payment update. This Program Reference Checklist is your resource for meeting those requirements. Our goal is your success!

Any data submitted for the ASCQR Program may be made publicly available after the Centers for Medicare & Medicaid Services (CMS) provides ASCs with an opportunity to review the data. ASCs will have approximately 30 days during the preview period to review their data before the data are published. This preview period does not serve as a correction period. More information on the public reporting requirements is available at 42 CFR 416.315.

Eligible ASCs must follow the requirements as outlined in the applicable Outpatient Prospective Payment System/Ambulatory Surgical Center (OPPS/ASC) Final Rule, published in the *Federal Register*, or may incur a payment penalty. The most recent requirements are available at <https://www.govinfo.gov/content/pkg/FR-2020-12-29/pdf/2020-26819.pdf> beginning on page 86187. Requirements to date are summarized in the **ASCQR Program Reference Checklist**.

Claims Threshold

ASCs that have fewer than 240 Medicare claims (primary plus secondary payer) per year during a reporting period for a payment determination year are not required to participate in the ASCQR Program for the subsequent reporting period for that subsequent payment determination year. This includes all program requirements, both claims-based measures and measure data entered via a web-based tool. For example, an ASC with fewer than 240 Medicare claims in 2019 would not be required to submit 2020 data for the calendar year (CY) 2022 payment determination.

ASCs Newly Designated as Open

Administrative requirements apply to all ASCs designated as operating in the CMS Certification and Survey Provider Enhanced Reporting (CASPER) system, Medicare's database for survey and certification purposes, four months prior to January 1 of the data collection period. Upon successful submission of any quality measure data, the ASC will be deemed as participating in the ASCQR Program for the upcoming payment year determination. For example, if an ASC is designated as newly operating on October 17, 2020, the ASC would begin collecting data in

Charges By Insurance Company

From 1/1/2021 To 12/31/2021

ID	Patient	Service Date	Insurance Type	Service Code	Amount	Insurance Responsibility	Applied Payments	Applied Adjustments	Insurance Balance
Novitas Solutions, Inc. Medicare *									
36946		5/5/2021	Primary	15823 - BLEPHARP UPR EYELID W/EX	\$1,700.00	\$1,530.79	\$0.00	\$0.00	\$1,530.79
483538		4/20/2021	Primary	11606 - EXC MAL LES W/MRGN T/AL	\$2,364.00	\$2,364.00	\$0.00	\$0.00	\$2,364.00
483538		4/20/2021	Primary	15100 - SPLIT AGFFT T/AL 1ST 100 C	\$1,000.00	\$1,000.00	\$0.00	\$0.00	\$1,000.00
483538		4/20/2021	Primary	14000 - ATT/REARGMT TRNK DFCT 1	\$2,032.00	\$2,032.00	\$0.00	\$0.00	\$2,032.00
495540		12/17/2021	Primary	21235 - GRF EAR CRTLG AUTOG NOS	\$1,585.00	\$1,585.00	\$0.00	\$0.00	\$1,585.00
495540		12/17/2021	Primary	30520 - SEPTOP/SBMCSL RESCJ	\$1,598.00	\$1,598.00	\$0.00	\$0.00	\$1,598.00
495540	-P	12/17/2021	Primary	30930 - FX NSL INF TURBINATE THE	\$410.00	\$410.00	\$0.00	\$0.00	\$410.00
Insurance Company Totals:					\$10,519.79	\$10,519.79	\$0.00	\$0.00	\$10,519.79
Report Totals:					\$10,519.79	\$10,519.79	\$0.00	\$0.00	\$10,519.79

Conceptual Budget

Belcara

1427 Clarkview Road

Baltimore, MD 21209

Obrecht Job #C-2226-BLC

April 13, 2022

Three separate modifications of roughly 1,075 SF within the existing premises

Code	Classification	4/13/22 Concept Budget	Comments
1	Plans	\$0	
2	Permits	\$870	
3	Supervision	\$42,600	
4	Demolition	\$11,425	
5	Masonry	\$0	
6	Concrete Work/Flsh Patch	\$500	
7	Insulation/Drywall/Metal Stud	\$28,655	
8	Ceiling Grid/Tile	\$3,630	
9	Doors/Frames/Hardware	\$21,340	
10	Painting	\$11,480	
11	FRP Wall Covering	\$12,100	
12	Bathroom Partitions/Accessories/Mirrors	\$1,500	
13	Sheet Vinyl Flooring	\$1,200	
14	Carpet	\$2,260	
15	Ceramic Tile Work	\$5,000	
16	Epoxy Flooring in OR Room	\$11,500	
17	Carpentry/Wood Blocking	\$1,500	
18	Countertops/Cabinets/Millwork	\$5,000	Reception Rm Allowance
19	HVAC	\$118,000	
20	Plumbing	\$22,640	
21	Sprinkler	\$5,500	
22	Electrical	\$97,000	
23	Roller Shades	\$0	
24	Shower Doors	\$0	
25	Miscellaneous	\$3,500	
26	Cleaning/New Building Preparation	\$2,750	
27	Project Manager	\$9,828	
28	Fire Extinguishers w/Cabinets	\$0	
29	Temporary Enclosures	\$3,750	
30	Acrovyn Wall Protection, Door Protection, Corner Guards	\$0	
31	T.V. Brackets	\$0	
32	Storage Trailer	\$0	
33	Floor Protection	\$2,500	
34	Builder's Risk Insurance	\$0	
35	Generator (Furnish & Deliver; other work in Item #22)	\$0	
36	Entry Artwork (Sign)	\$0	
37	Cubicle Curtains & Tracks	\$0	
38	Signage Lettering	\$0	
39	Temporary Utilities	\$0	

40	Structural Engineer for Support Steel	\$2,500
41	Roof Patch	\$6,000
42	Generator Enclosure	\$0
43	Mechanical Equipment Support (New RTU)	\$6,500
44	Steel Support for OR Light	\$4,500
45	Site Work for Generator (Concrete in Item #6)	\$0
46	Cutting/Patching Floor Penetrations for Generator	\$0
47	Steel Beam Support for Muraflex Telescopic Door	\$0
48	In-Wall Wood Blocking for Herman Miller Furniture	\$0
49	Wood Sills	\$0
50	Medical Gas Piping and Equipment Costs	\$28,425
	Subtotal	\$473,953
	6% Construction Management Fee	\$28,437
	TOTAL	\$502,390

TABLE OF CONTENTS

1. BASIC LEASE TERMS.....1
 2. PREMISES.....2
 3. TERM; LEASE COMMENCEMENT DATE; LEASE YEAR.....2
 4. MINIMUM RENT; RENT COMMENCEMENT DATE.....3
 5. TAXES.....3
 6. COMMON FACILITIES; COMMON FACILITIES PAYMENT.....4
 7. UTILITIES.....6
 8. SECURITY DEPOSIT.....7
 9. CONSTRUCTION.....7
 10. REPAIRS AND MAINTENANCE.....8
 11. INSURANCE AND INDEMNIFICATION.....9
 12. ASSIGNMENT.....10
 13. SUBORDINATION/ATTORNEY.....12
 14. PARKING.....12
 15. USE OF PREMISES.....12
 16. SIGNAGE.....13
 17. DAMAGE OR DESTRUCTION.....13
 18. TRASH.....14
 19. DEFAULT.....15
 20. QUIET ENJOYMENT.....17
 21. CONDEMNATION.....17
 22. BROKERAGE COMMISSIONS.....17
 23. RULES AND REGULATIONS.....17
 24. LANDLORD'S LIABILITY.....17
 25. RECORDING.....18
 26. LANDLORD ACCESS.....18
 27. STOPPEL CERTIFICATES.....18
 28. NOTICES.....19
 29. DEVELOPMENT OF PROJECT.....19
 30. MECHANIC'S LIENS.....19
 31. WAIVER OF JURY TRIAL.....19
 32. HAZARDOUS SUBSTANCES.....19
 33. RELOCATION OF PREMISES.....21
 34. HOLDING OVER.....21
 35. RIGHTS OF MORTGAGEES AND GROUND LESSORS.....21
 36. SURRENDER OF PREMISES.....21
 37. MISCELLANEOUS.....22
 38. OFFICE FILES.....23
 39. SUBORDINATION OF LANDLORD'S FIXTURE LIEN.....23
 40. TENANT'S EXCLUSIVE.....24
 41. TENANT'S FINANCING CONTINGENCY.....24

LEASE AGREEMENT

LANDLORD:
 BARE HILLS LOT 3, LLC

TENANT:
 COSMETIC ORGANIZATION FOR
 PRACTICE ENHANCEMENT, LLC
 1/6 COSMETIC SURGERY CENTER OF MARYLAND

Project: Bare Hills Corporate Center
 Suite No: 300 and 300-A
 Date: May 21, 2013

Exhibit A – Site Plan of the Premises
 Exhibit B – Construction Obligations
 Exhibit C – Rules and Regulations

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of the 21st day of May 2013, by and between BARE HILLS LOT 3, LLC, a Maryland limited liability company, as landlord (the "Landlord"), and COSMETIC ORGANIZATION FOR PRACTICE ENHANCEMENT, LLC, a Maryland limited liability company, 66 Cosmetic Surgery Center of Maryland, as tenant (the "Tenant").

1 BASIC LEASE TERMS.

- 1.1. Project: Bare Hills Corporate Center 1427 Clarkview Road, Suite 500 Baltimore, Maryland 21209
1.2. Premises: Approximately 16,106 square feet of floor area 1427 Clarkview Road, Suite 300 and 300-A See Exhibit A - Site Plan of Premises
1.3. Lease Term: Shall commence on the Rent Commencement Date (as defined below) and shall expire on February 29, 2024.
1.4. Commencement Date: The terms and conditions of this Lease shall commence and be in full force and effect as of the date of full and proper execution of this Lease, but the Lease Term shall not commence until the Rent Commencement Date.
1.5. Rent Commencement Date: The date Landlord delivers the Premises to Tenant
1.6. Minimum Rent PRSF: Year 1: \$13.50 Total Annualized Minimum Rent: Year 1: \$217,451.00
1.7. Monthly Minimum Rent: Year 1: \$18,119.25
1.8. Common Facilities Costs: Tenant pays pro rata share
1.9. Real Estate Taxes: Tenant pays pro rata share
1.10. Building Insurance: Included in Common Facilities Costs
1.11. Security Deposit: \$20,897.53
1.12. Permitted Use: An office for a cosmetic medical practice and cosmetic surgery center, and medical spa services, all under the supervision of a physician (including, as required by law and/or standard medical practice, direct supervision by an on-site physician), and all general office services that may be reasonably related to a medical practice and cosmetic surgery center and/or medical spa services. No other use or purpose.
1.13. Trade Name: Cosmetic Surgery Center of Maryland
1.14. Real Estate Broker: David Paulson of Blue & Drelich Realty, LLC
1.15. Address for Notices: Landlord: 1427 Clarkview Road, Suite 500 Baltimore, Maryland 21209-2100

2. PREMISES.

- (a) Lease of Premises. In consideration of the obligation of Tenant to pay Rent as herein provided and in consideration of the other terms, covenants and conditions hereof, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Premises, to have and to hold for the Lease Term upon all of the terms, covenants and conditions contained in the Lease.
(b) Measurement of Premises. Tenant represents and warrants to Landlord that Tenant has had an opportunity to measure the actual dimensions of the Premises and agrees to the square footage figures set forth in Section 1 above for all purposes of this Lease (except in the event of a condemnation or casualty that decrease the size of the Premises as more fully provided elsewhere in this Lease). For purposes of this Lease, the term "floor area" shall mean the floor area stated in square feet bounded by the exterior faces of the exterior walls, or the exterior or Common Facilities face of any wall between the Premises and any portion of the Common Facilities, or the center line of any wall between two occupancies, and any reference to floor area of a building shall mean the aggregate floor area of all levels or stories of such building, including any basement level areas available for use by customers and any mezzanine areas available for use by customers, excluding (i) any truck dock, (ii) the Common Facilities (whether or not bounded by walls or contained within a building), and (iii) any area used by Landlord for storage, for housing meters and/or other equipment or for other purposes.

- (c) Acceptance of Premises. Subject to the terms hereof, Tenant represents and warrants that it has investigated and examined the relevant data relating to or affecting the Premises and is relying solely on its own judgment in entering into this Lease. Tenant accepts the Premises on the date hereof and on the Rent Commencement Date in "As Is" "Where Is" condition with all faults, subject only to the completion of Landlord's Work, if any. Tenant accepts the Premises subject to all applicable zoning, municipal, county, state and federal laws, ordinances and regulations governing use of the Premises or the Project and to any covenants or restrictions of record. Tenant acknowledges that Landlord and Landlord's agents have not made any representations or warranties as to the suitability of the Premises for Tenant's business.
(d) Automatic Lease Termination. Intentionally deleted.

- (e) Waiver. Landlord and Tenant expressly waive and disclaim any implied warranty that the Premises are suitable for Tenant's intended purpose. Tenant agrees that Tenant's obligation to pay Minimum Rent and other sums hereunder is not dependent upon the condition of the Premises or the performance by Landlord of its obligations hereunder and, except as otherwise expressly provided herein, Tenant shall continue to pay Minimum Rent and such other sums, without abatement, set off or deduction, notwithstanding any breach by Landlord of such obligations, whether express or implied.

3. TERM; COMMENCEMENT DATE; LEASE YEAR.

- (a) Term. The term of this Lease (the "Lease Term" or "Term") shall commence on the Rent Commencement Date (defined below) and shall continue through February 29, 2024. If there is any renewal or extension of the Lease Term, then references to Lease Term or Term shall include any such renewal or extension term properly exercised.

- (b) Rent Commencement Date. The date upon which the Landlord delivers the Premises to Tenant in "as is" "where is" condition. Delivery of the Premises to the possession of Tenant shall be deemed to have occurred on the earlier of (i) the third (3rd) day after Landlord notifies Tenant that the Premises are in the condition required by this Lease for delivery, or (ii) the date Landlord delivers a key to the Premises to Tenant. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to deliver the Premises to Tenant with a key. Landlord shall send a written statement setting forth the Rent Commencement Date and expiration date of this Lease and Tenant's acceptance of the Premises, and Tenant shall respond in writing within ten (10) business days after such statement is sent noting any discrepancies, or the information as set forth in that statement shall be deemed accepted by Tenant.

- (c) Lease Year. The first "Lease Year" shall commence on the Rent Commencement Date and shall end on February 28, 2014. The anniversary thereafter calendar month periods shall be the subsequent Lease

4. **MINIMUM RENT; RENT COMMENCEMENT DATE.**

(c) **Minimum Rent.**

(i) Commencing on the Rent Commencement Date specified in Section 1, Tenant covenants to pay Landlord a minimum annual rent (the "Minimum Rent") for the Premises for the Lease Term in the amounts set forth in Section 1 above. Tenant shall pay Minimum Rent on the first day of each month during the Lease Term, in advance, in equal, consecutive and continuous monthly installments without prior demand and without abatement, recoupment, deduction, counterclaim, adjustment, or setoff. If the Rent Commencement Date is a day other than the first day of a calendar month, then rent for the first partial month shall be prorated.

(ii) Notwithstanding anything in this Lease to the contrary, as partial inducement for Tenant to execute this Lease, Landlord agrees to (A) abate recurring monthly payments of Real Estate Taxes and the Common Facilities Payment from the Rent Commencement Date through the earlier of (i) the date Tenant opens for business in the Premises, or (ii) February 28, 2014 (the "First Abatement"), and (B) abate recurring monthly payments of Minimum Rent through February 28, 2014 (the "Second Abatement").

(b) **Minimum Rent Escalation.**

(i) Commencing on the first day of the second Lease Year, the Minimum Rent shall be increased by three percent (3%). Such increased Minimum Rent shall thereafter be known as the Minimum Rent. On the first day of each subsequent Lease Year during the Lease Term, the then annual Minimum Rent in effect shall be increased by three percent (3%).

(ii) Commencing on the first day of the Renewal Term, the Minimum Rent shall be increased by three percent (3%). Such increased Minimum Rent shall thereafter be known as the Minimum Rent. On the first day of each subsequent Lease Year during the Renewal Term, the then annual Minimum Rent in effect shall be increased by three percent (3%).

(c) **Additional Rent.** All amounts payable by Tenant to Landlord pursuant to this Lease, including but not limited to Tenant's share of Common Facilities Costs and Taxes, whether or not denominated as such, shall constitute additional rental hereunder and shall be collectible as rent. Tenant's obligation to pay additional rent hereunder shall commence on the Rent Commencement Date. Such additional rental, together with the Minimum Rent, shall sometimes be collectively referred to in this Lease as "Rent".

(d) **Late Charges.** If any installment of Minimum Rent, any additional rent or any other charges due to Landlord under this Lease are not paid within ten (10) days after the due date, Tenant shall pay Landlord a late charge of ten percent (10%) of the amount due in liquid (or a lesser amount if required by law). Such charge shall be deemed to be additional rent under this Lease, and Landlord shall not be obligated to accept any late payment of Minimum Rent or additional rent if said charge is not also paid. If Tenant shall make any payment to Landlord under this Lease by a check or draft which is not honored by the drawee or is returned unpaid for any reason, Landlord may at any time thereafter (or from time to time) require that Tenant pay Minimum Rent and additional rent by certified check, cashier's check or money order. In addition, Tenant shall be liable for an administrative charge of Forty Dollars (\$40.00) for each check or draft which is not honored by the drawee for any reason. Landlord and Tenant recognize that the damage which Landlord shall suffer as a result of Tenant's failure to pay Rent is difficult to ascertain, said late charge being the best estimate of the damage which Landlord shall suffer in the event of Tenant's late payment. This provision shall not relieve Tenant of Tenant's obligation to pay Rent at the time and in the manner herein specified.

(e) **Where and How Payable.** All Minimum Rent, additional rent, charges, fees and other amounts due hereunder, as and when the same become due and payable according to the terms hereof, shall be payable to Landlord in lawful money of the United States at the address of Landlord specified in this Lease, without notice or demand therefor and without any setoff, deduction, counterclaim, recoupment, abatement, or adjustment whatsoever. Landlord shall have the right to apply any payment made by Tenant to the satisfaction of any debt or obligation of Tenant to Landlord according to Landlord's sole discretion and notwithstanding any instructions of Tenant as to application of any such payment, whether such instructions be endorsed upon Tenant's check or otherwise given. The acceptance by Landlord of a check or checks drawn by parties other than Tenant shall not affect Tenant's liability hereunder, nor shall it be deemed an approval of any assignment of this Lease by Tenant. Landlord shall not be required to accept the check of any person other than the Tenant. Tenant shall assume the risk of lateness or failure of delivery of mails, and no lateness or failure of mails excuses Tenant from its obligation to have made the payment in question required under this Lease.

assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Tenant agrees to pay promptly all personal property taxes, business taxes, sales taxes, and other taxes and assessments levied against Tenant's personal property, business, income, fixtures, payments to Landlord, whether levied or assessed against Landlord or Tenant.

(b) **Tenant's Share of Taxes.** Tenant agrees to pay as additional rent its pro rata share of all Real Estate Taxes to be paid by Tenant in accordance with the terms of Section 5(c) of the Lease. Tenant's pro rata share of Real Estate Taxes shall be a ratio equal to the total floor area of the Premises divided by the total gross leasable floor area in the Project. The floor area of the Project shall include all space occupied or ready for occupancy (whether or not leased). The denominator of the fraction that constitutes the ratio may exclude any areas ground leased to tenant(s) of the Project, if such ground tenants pay their own Real Estate Taxes or provided any contributions to Real Estate Taxes by such ground lessees are deducted from the Real Estate Taxes that are passed through to Tenant. Tenant shall pay one hundred percent (100%) of any Taxes attributable to improvements alterations made to the Premises by Tenant.

(c) **Payment of Tenant's Share of Taxes.** In Maryland, the real estate tax year commences on July 1 and ends on the following June 30 and Real Estate Taxes are paid in advance of the tax year to the taxing authority. Therefore, Tenant shall pay to Landlord Tenant's pro rata share of Real Estate Taxes with respect to the period of time from the Rent Commencement Date through the expiration of the tax year in which the Lease Term commences within thirty (30) days following receipt by Tenant of written notices from Landlord assessing Tenant's pro rata share thereof. In addition, on the Rent Commencement Date, and on the first day of each succeeding calendar month during the remainder of the tax year in which the Term of this Lease commences, Tenant shall pay to Landlord a sum to be estimated by Landlord which will collectively be sufficient to pay, in advance, Tenant's proportionate share of the estimated taxes for the first full tax year falling within the Lease Term. Thereafter, Landlord shall estimate Tenant's annual proportionate share of the Real Estate Taxes and Tenant shall pay to Landlord one-twelfth (1/12th) of the amount so estimated, in advance, on the first day of each month during the balance of the Lease Term. When the amount of any item comprising Real Estate Taxes is finally determined, Landlord and Tenant shall adjust themselves for any underpayment or overpayment. Any underpayment shall be remitted to Landlord within twenty (20) days after demand therefor, and any overpayment, less any sums otherwise due Landlord, shall be credited against Tenant's pro rata share of future installments of Real Estate Taxes, or at Landlord's option, refunded to Tenant.

6. **COMMON FACILITIES; COMMON FACILITIES PAYMENT.**

(a) **Common Facilities.** The term "Common Facilities" means all areas and facilities outside the Premises and within the exterior land boundary lines of the Project that are provided and designated by Landlord as such from time-to-time for general non-exclusive use, including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, landscaped areas, lighting fixtures, retaining walls, roofs, parapets, toilet facilities, common hallways and mechanical equipment as Landlord shall designate. Landlord hereby grants Tenant, for the benefit of Tenant and its employees, suppliers, shippers, customers and invitees during the Lease Term, the non-exclusive right to use, in common with others entitled to such use (including Landlord), the Common Facilities as they exist from time-to-time, subject to all rights reserved by Landlord hereunder and the terms of all rules and regulations promulgated by Landlord from time-to-time with respect thereto. Tenant's non-exclusive license over and through the Common Facilities shall not permit Tenant to store anything on the Common Facilities or to erect any structures, permanent or temporary, or to make any other use of the Common Facilities except as specifically permitted by Landlord. Where Landlord has designated a portion of the Common Facilities for an individual tenant's exclusive use, such as assigning parking spaces in a parking area to an individual tenant or creating a storage or trash disposal area to be used by an individual tenant, such areas shall still be deemed to be part of the Common Facilities. Landlord shall have exclusive management and control over all Common Facilities. Landlord further reserves the right from time-to-time to (i) make changes, rearrangements, additions or reductions to the Common Facilities; (ii) close temporarily or permanently any of the Common Facilities for maintenance or other purposes so long as access to the Premises remains available; (iii) do and perform such other acts and make such other changes in, to or with respect to the Common Facilities as Landlord may, in the exercise of its business judgement, deem appropriate, provided such acts or changes do not materially and adversely prevent Tenant from reasonably operating for the Permitted Use in the Premises. Landlord may, but has no obligation to, provide police or other security personnel or security services.

(b) **Common Facilities Costs Defined.** The term "Common Facilities Costs" means all costs and expenses incurred by Landlord with respect to the ownership, maintenance and operation of the Common Facilities and any improvements thereto and facilities thereon (or in or on unimproved outdoor areas of the Property or in adjacent public streets or rights of way), including, but not limited to the following: (i) building repairs, replacements and maintenance and all other repairs, replacements and maintenance in and to the Common Facilities,

providing any utility service to the Property, including, without limitation, maintenance, repair, installation, and service costs associated therewith; (vii) cleaning of all Common Facilities; (viii) parking lot striping, vehicle area line painting, curbs and other directional devices; (ix) removal of snow and ice; (x) collection and removal of trash from the Common Facilities and outdoor areas; (xi) rental and depreciation of all machinery and equipment used in maintaining and operating the Common Facilities; (xii) salaries of personnel directly engaged in operating, cleaning, maintaining, and managing the Common Facilities (including security personnel, accounting personnel, and parking attendants), and all related payroll charges, benefits, and taxes; (xiii) changes or assessments of any association to which the Project is subject; (xiv) security services and equipment, if any; (xv) plus fifteen percent (15%) of said costs for Landlord's administrative/overhead expenses.

Notwithstanding the foregoing, Common Facilities Costs shall not include (i) costs for the solicitation and execution of leases for space in the Project, including legal fees, real estate brokers' commissions, moving expenses, design fees, rental concessions, rental credits, tenant improvement allowances, or lease assumptions; (ii) the cost of any repair made by Landlord because of any fire or other casualty or any condemnation of the Project or any portion of the Project to the extent Landlord receives compensation therefor through insurance or condemnation proceeds; (iii) any costs for which Landlord is reimbursed by insurance proceeds, warranties, service contracts, condemnation proceeds or any other party (other than as part of tenants' proportionate shares of Common Facilities Costs or similar charges); (iv) the original construction cost of the Project; (v) the cost of alterations, renovations or improvements of rentable space in the Project; (vi) inheritance or gift taxes imposed on Landlord; (vii) any bad debt loss, costs and expenses incurred in connection with any transfer of an interest in the Landlord entity and any cost or expense necessitated by or resulting from the gross negligence of Landlord, its agents or employees; (viii) costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, such as trustee's fees, annual Res, partnership organization or administration expenses, deed recordation expenses, or legal and accounting fees (other than with respect to Project operations); (ix) penalties arising by reason of Landlord's failure to timely pay any Real Estate Taxes or Common Facilities Costs, except to the extent that such failure is the result of Tenant's act or omission; (x) costs incurred to remove any Hazardous Substances from the Project to the extent that the same are existing in the Project as of the date of this Lease, other than when caused by Tenant; (xi) cost of collecting any obligation due to Landlord from any other tenant; (xii) loan payments, charges for depreciation of the building or equipment (except as expressly provided herein) and any interest or other financing charges or refinancing costs; (xiii) the cost of any repair or replacement item which, by standard accounting practice, is required to be capitalized; (xiv) reserves for repairs, maintenance, and replacements; (xv) compensation paid to employees above the grade of property manager, or (xvi) salaries, wages, or other compensation or benefits paid to off-site employees or other employees of Landlord who are not assigned full-time to the operation, management, maintenance, or repair of the Project, provided however, Common Facilities Costs shall include Landlord's reasonable allocation of compensation or benefits paid to employees who are assigned part-time to the operation, management, maintenance, or repair of the Project. Tenant shall not be double billed for the same cost by Landlord billing the same cost under two different Sections of this Lease (e.g., Tenant is billed separately for a particular cost elsewhere in this Lease and such cost also is included in the Common Facilities Costs) or under two different classifications of Common Facilities Costs.

(c) **Payments.** Tenant agrees to pay on a monthly basis, as additional rent, in advance, its pro rata share of the Common Facilities Costs for each calendar year or partial calendar year during the Term. Tenant's share of the Common Facilities Costs shall be a ratio equal to the total floor area of the Premises divided by the total leaseable floor area of the Project. The floor area of the Project shall include all space occupied or ready for occupancy (whether or not leased). The denominator of the fraction that constitutes the ratio shall exclude any area ground leased to any ground lessors of the Project, provided such ground lessors handle their own maintenance of Common Facilities, or provided that any contributions to Common Facilities Costs by such ground lessors are deducted from the Common Facilities Costs which are passed through to Tenant. Landlord may equitably increase Tenant's share for any item of expense or cost reimbursable by Tenant hereunder that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Project that includes the Premises or that varies with the occupancy of the Project. Every fiscal year when Landlord finally determines its actual costs (and from time to time, where appropriate), Landlord shall adjust Tenant's Common Facilities Costs payment. Landlord shall use commercially reasonable efforts to provide Tenant with an annual statement of Common Facilities Costs within one hundred twenty (120) days after the expiration of a landlord's fiscal year. If the annual Common Facilities Costs are higher than the estimated Common Facilities Costs, then within thirty (30) days after Tenant's receipt of the notice of adjustment from Landlord, Tenant promptly shall send Landlord the additional amount. If the actual Common Facilities Costs are less than the estimated Common Facilities Costs, then Landlord shall refund any overpayment to Tenant, at Landlord's option, in the form of an application against future rental payments or in the form of an actual cash refund. Landlord's failure to or delay in providing year-end adjustment information to Tenant shall in no way excuse Tenant from its obligation to pay its share of Common Facilities Costs or constitute a waiver of Landlord's right to bill and collect Tenant's share of Common Facilities Costs from Tenant in accordance with this Lease. Notwithstanding the foregoing, Tenant shall not be required to pay, and Landlord

(A) Tenant has paid the Common Facilities Costs billed to its account in full;

(B) Tenant requests the Review in writing within six (6) months after receipt of the Statement;

(C) Such Review will be conducted only during regular business hours at the office where Landlord maintains Common Facilities Costs records and only after Tenant gives Landlord fourteen (14) days prior written notice;

(D) Such Review will be conducted only by a certified public accountant that is not being compensated by Tenant on a contingency fee basis;

(E) Tenant shall not be entitled to inspect any of Landlord's books and records that apply to any prior Common Facilities Costs statements or to any calendar year other than the year covered by the most recent Statement delivered to Tenant.

(i) Copy of Review. Tenant shall deliver to Landlord a copy of the results of such Review within fifteen (15) days of its receipt by Tenant.

(ii) Tenant Not in Default. No Review shall be conducted any time during which an event of default that remains uncured beyond any applicable notice and cure periods of this Lease shall exist. If an event of default that remains uncured beyond any applicable notice and cure periods of this Lease shall occur at any time during the Review, the Review shall immediately cease and the matters originally set forth in the Statement which is the subject of such Review shall be deemed to be correct.

(iv) Limits for Subtenants and Assignees. No subtenant shall have any right to conduct a Review and no assignee shall conduct a Review for any period during which such assignee was not in possession of the Premises.

(v) Waiver. If Tenant fails to timely request the Review, or the results of the Review are not timely delivered to Landlord, or Tenant fails to follow any of the procedures set forth in this Section, then the Statement that is subject of such Review shall be deemed to have been approved and accepted by Tenant and Landlord.

(vi) Overpayment. In the event the results of the Review reveal that Tenant has overpaid its obligations and is due a credit for a preceding period, Landlord shall credit the amount due against Tenant's next payable installment(s) of estimated Common Facilities Costs or, if such overpayment should be revealed either the expiration or earlier termination of the Lease, Landlord shall refund the amount due to Tenant by check, within twenty (20) days after the results of the Review have been received and accepted by Landlord. Tenant shall not have the right to terminate the Lease on account of an overpayment.

(vii) Underbilling. In the event that, as a result of the Review, it is ascertained that Tenant has been underbilled for a preceding period, the amount of such underbilling shall be paid by Tenant to Landlord within the next payable installment of estimated Common Facilities Costs.

(viii) Confidentiality. Tenant acknowledges and agrees that any records reviewed under this Section constitute confidential information of Landlord, which shall not be disclosed to anyone other than the accountant performing the Review and the principals of Tenant who receive the results of the Review. Tenant further acknowledges and agrees that the disclosure of information to any other person, whether by Tenant or anyone acting on behalf of Tenant, shall constitute a material breach of this Lease. The parties agree that expressly exempted from this Section 6(d)(viii) is any information disclosed to Tenant's directors, officers, or employees, or any law firm, accounting firm, or financial institution who would need such information to assist Tenant in its business, provided such are informed of the confidential nature of the information. Accordingly, Tenant shall cause its accountant to execute and deliver to Landlord a confidentiality agreement prepared by Landlord, in favor of Landlord, prior to conducting any Review.

7. UTILITIES.

(a) Tenant's Obligations. Immediately upon the earlier to occur of the Rent Commencement Date or the date on which Landlord delivers possession of the Premises to Tenant, Tenant shall contact all utility

all costs associated with Tenant's usage of utilities within the Premises, as determined by Landlord's reading of any sub-meters. Landlord reserves the right at any time to require that Tenant install, at Tenant's sole cost and expense, individual sub-meters within the Premises for the purpose of reading the amount of utilities used by Tenant. Tenant shall complete such installation within thirty (30) days after receipt of Landlord's written notice. Notwithstanding anything herein to the contrary, Tenant agrees to install such a submeter in the Premises for the purpose of reading the amount of water used by Tenant as part of Tenant's Work.

(c) **Utility Providers.** Landlord shall have the right at any time and from time to time during the Lease Term to either contract for service from a different company or companies providing electric service or gas service or other utilities or to continue to contract for service from the service provider currently providing service (variously, "Utility Service Provider"). In conjunction therewith, Tenant shall cooperate with Landlord and Utility Service Provider at all times and, as reasonably necessary, shall allow Landlord and/or Utility Service Provider reasonable access to the Project's electric lines, feeders, risers, wiring, plumbing lines, and any other machinery or equipment that may be located within the Premises. Landlord shall not be liable or responsible for any loss, damage, or expense Tenant may incur or sustain by reason of any change, failure, interference, disruption, or defect in the supply or character of the electric energy or the gas service or other utility service furnished to the Premises, and no such change, failure, defect, unavailability, or unsuitability shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligation under the Lease.

8. **SECURITY DEPOSIT.** Tenant shall deposit the Security Deposit referenced in Section 1 of this Lease with the Landlord within five (5) days after the full execution of this Lease. If for any reason Tenant has not deposited a Security Deposit pursuant to the foregoing sentence, Tenant agrees that it will do so within five (5) days after written demand therefor by Landlord. Landlord shall hold the Security Deposit as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease. Landlord may, in Landlord's sole discretion, invest the Security Deposit in interest bearing securities or accounts, and interest earned thereon, if any, shall belong to Landlord. Tenant further agrees that Landlord shall be entitled to co-mingle the Security Deposit and interest, if any, with its own funds. If, during the Lease Term, any amount due from Tenant to Landlord as Minimum Rent, additional rent, or otherwise, shall become past due, Landlord shall have the right to apply the Security Deposit, or any portion thereof, to satisfy such obligation and Tenant shall thereafter immediately replenish the Security Deposit to the sum specified in Section 1 of this Lease with the next payment of Minimum Rent due hereunder. Further, in the event Tenant fails to comply with any of the terms or conditions contained in this Lease, Landlord shall have the right to apply the Security Deposit against any brokerage fee paid by Landlord to secure Tenant and to repay Landlord for any money expended by Landlord in preparing the Premises for Tenant or a replacement occupant; and Tenant shall thereafter immediately replenish the Security Deposit to the sum specified above in this Section. If Tenant is in default under this Lease more than two (2) times in any twelve-month period, irrespective of whether or not such default is cured, then, without limiting Landlord's other rights and remedies set forth in this Lease or at law or equity, the Security Deposit shall automatically be increased by an amount equal to the greater of (a) two (2) times the original Security Deposit amount, or (b) two (2) months' Minimum Rent, and Tenant shall pay such increased amount to Landlord on demand. Provided there is no dispute between Landlord and Tenant over any application of the Security Deposit to any Rent due under this Lease as noted herein, then within ninety (90) days after the termination date of this Lease, any remaining Security Deposit shall be returned to Tenant, less all costs incurred by Landlord in correcting or satisfying any default under this Lease, including Tenant's obligations to deliver the Premises to Landlord in a certain condition. In the event of the sale or transfer of Landlord's interest in the Project, including, but not limited to, a transfer as a result of a foreclosure or similar proceeding, Landlord shall have the right to transfer the Security Deposit to such purchaser in which event Tenant shall look only to the new landlord for the return of the Security Deposit, and Landlord shall thereupon be released from all liability to Tenant for the return of such Security Deposit. Tenant hereby acknowledges that Tenant will not look to the holder of any Mortgage (hereinafter defined) encumbering the Project for the return of the Security Deposit if such holder or its successors or assigns shall succeed to the ownership of the Project, whether by foreclosure or deed in lieu thereof, except if and to the extent such Security Deposit is actually transferred to such holder. Tenant hereby grants to Landlord a security interest in the Security Deposit in accordance with the applicable provisions of the Uniform Commercial Code. Tenant also hereby consents to Landlord's application of all or part of the Security Deposit to any post-rejection claims that Landlord may have with respect to Tenant's obligations under this Lease in any bankruptcy proceeding involving Tenant. See further Section 41 of this Lease.

9. CONSTRUCTION.

(a) Landlord's Work. Landlord's Work shall be as set forth on Exhibit B attached hereto and made a part hereof. Landlord shall use commercially reasonable efforts to complete Landlord's Work by July 1, 2013. After execution of this Lease, any changes requested by Tenant to Landlord's Work that are approved by Landlord, and which will necessitate an increase to Landlord of Landlord's Work, shall be performed at Tenant's

lighting fixtures, and all other fixtures which have been installed in the Premises, shall be the property of the Landlord regardless of whether originally installed by or paid for by Landlord or by Tenant. Notwithstanding the foregoing, before the expiration of the term of this Lease Tenant shall remove all Specialized Improvements (as defined in Exhibit B) and restore those areas of the Premises that contained such Specialized Improvements to the same condition as when Landlord delivered the Premises to Tenant, and Tenant shall repair any damage to the Premises caused by such removal and restoration, but Tenant shall not be required to replace such Specialized Improvements.

10. REPAIRS AND MAINTENANCE.

(a) **Tenant's Obligations.** Tenant shall, at Tenant's sole expense, maintain the Premises in good repair and in clean, orderly, and sanitary condition, except to the extent that such maintenance is Landlord's obligation under Section 10(b) of this Lease, and subject to the provisions of Section 11(G) of this Lease. Tenant's obligation to so maintain the Premises shall include, but not be limited to, all maintenance, repairs, and replacements necessary to keep the following in good and proper working condition: plumbing, electrical, heating, air conditioning systems and equipment, sprinklers, doors and door closers, glass fronts, signs, windows, window frames, window sashes, fixtures, floor coverings, delivery and loading areas, the sidewalks fronting the Premises, and all other improvements, systems and furniture and equipment within and serving the Premises. The parties agree that Landlord shall be responsible for the removal of snow and ice from the sidewalk in front of the Premises and any front or back door leading to the Premises, and that Landlord in its sole discretion shall determine which areas of the Project shall be cleared of snow and ice first. Landlord shall notify Landlord's snow removal contractor to commence any reasonably required snow and ice removal services as soon as may be reasonably possible after any inclement weather event. Notwithstanding the foregoing, if Tenant shall open for business during or after inclement weather and prior to Landlord's removal of snow and ice from the areas immediately adjacent to the Premises, Tenant shall use best efforts to remove snow and ice from the sidewalk in front of the Premises. Tenant shall, at Tenant's sole expense, immediately replace all broken glass in the Premises with glass equal to the specifications and quality of the original glass. Tenant shall be responsible for repairs, preventive maintenance and replacement of the heating, ventilation and air conditioning system installed in the Premises. Tenant shall contract for full service of repairs and maintenance and quarterly filter changes and inspections with competent heating, air conditioning or other appropriate contractors. In the event Tenant fails to maintain such a heating, ventilation and air conditioning repairs and maintenance contract (and such failure continues after fifteen (15) days' written notice of the same from Landlord), Landlord may contract for full service of repairs and maintenance of the heating, ventilation and air conditioning system which serves the Premises. If Landlord shall so elect, when billed by Landlord, Tenant shall reimburse Landlord for the cost of such contract plus a fifteen percent (15%) administrative fee or Landlord may include such cost in Landlord's Common Facilities Costs billed to Tenant. In addition, Tenant shall keep the Premises free of insects, rodents, vermin and other pests. If by reason of any infestation of the Premises by insects, rodents, vermin or other pests, any other premises in the Project becomes infested by any such condition, then Tenant shall be responsible for exterminating any such condition from other infested areas. Landlord may require that Tenant obtain and maintain a pest control contract at Tenant's sole cost and expense. Tenant shall provide Landlord with copies of all required service contracts for Landlord's approval prior to the execution thereof, which approval shall not be unreasonably withheld. Subject to the terms of Section 11(G) of this Lease, Tenant shall, at Tenant's sole expense, repair any area within the Premises or the Project damaged by Tenant, Tenant's agents, employees and visitors, provided that Tenant obtains Landlord's prior approval with respect to the method and quality of such repair. If Tenant shall not promptly and diligently make any repairs or perform its obligations under this clause (a) within ten (10) days after written notice from Landlord or such shorter notice or no notice as may be reasonable under the circumstances, Landlord may enter the Premises and perform any such obligations on Tenant's behalf without liability on the part of Landlord for any loss or damage resulting from such action, and Tenant shall pay to Landlord upon demand any expense incurred by Landlord in taking such action together with an administrative charge of fifteen percent (15%) of the amount expended.

(b) **Landlord's Obligations.** Landlord shall maintain in good condition and repair damage to the roof, downspouts, exterior and bearing walls (excluding windows, glass or plate glass, special stone fronts, or office entries) and foundation when required and after written notice from Tenant of the necessity therefor, unless such damage was due to Tenant's (or any subtenant, concessionaire, licensee, officer, employee, agent, customer or invitee of Tenant) negligence or to work performed by or on behalf of Tenant, subject to the terms of Section 11(G) and reasonable wear and tear and casualty losses and damage excluded. Tenant covenants to advise Landlord in writing promptly after Tenant learns of any damage to the Premises or of any repairs required to be made by Landlord. Landlord shall not be liable for any damage or loss arising from the bursting, overflowing, or leaking of the roof or of water, sprinkler, sewer, or steam pipes, or for malfunctioning heating, air conditioning or plumbing fixtures or from electric wire or fixtures or arising from any other cause whatsoever, unless caused by Landlord's gross negligence or willful misconduct.

laws, rules, regulations, ordinances and requirements. Tenant shall procure all necessary permits before making any Alterations and shall employ new materials of good quality and shall perform such work in a good and workmanlike manner. All plans and specifications for any Alterations (or, in the event formal plans and specifications for any such proposed Alterations are not commercially reasonable for such Alterations, a reasonable written description of such proposed Alterations), shall be submitted to Landlord in advance regardless of whether Landlord's approval is required, and Landlord may thereafter monitor construction, and Tenant shall reimburse Landlord for its costs in reviewing plans and documents and in monitoring construction. Landlord may post on and about the Premises notices and give notices that Landlord shall not be liable on account of any damage or claim in connection with such construction, and Tenant shall provide Landlord with the identities and mailing addresses of all persons performing work or supplying materials, prior to beginning such construction. Landlord's right to review plans and specifications and monitor construction shall be solely for its own benefit, and Landlord shall have no duty to see that such plans and specifications or construction comply with applicable laws, codes, rules, or regulations. At Landlord's reasonable request, Tenant shall obtain payment and performance bonds for any Alterations which bonds shall be delivered to Landlord prior to commencement of work on the Alterations and/or installation. Tenant shall deliver to Landlord within thirty (30) days after completion of any Alteration and/or installation, Tenant shall deliver to Landlord any as-built drawings received by Tenant depicting such Alterations and/or installation. Promptly following the completion of any work, Tenant agrees to obtain and deliver to Landlord within six (6) months additional warranties of mechanic's and materialman's liens against the Project and the land upon which it is situated from all work, labor, and services to be performed and materials to be furnished in connection with such additions, improvements, alterations and/or installations to the Premises.

11. INSURANCE AND INDEMNIFICATION.

(a) **Tenant's Insurance.** Tenant, at its own expense, shall maintain during the Lease Term the following insurance coverage: Fire and extended coverage insurance covering the replacement cost of all Work and Improvements, installed or placed on the Premises by Tenant, including but not limited to Tenant's Property or any other leasehold improvements; worker's compensation insurance with no less than the minimum limits required by law; employer's liability insurance with such limits as required by law; commercial general liability insurance (including but not limited to automobile liability insurance for owned or operated vehicles), with liability limits of not less than Three Million Dollars (\$3,000,000.00) combined single limit per occurrence (together with such additional umbrella coverage as Landlord may require) for property damage or deaths of persons occurring in or about the Premises; Five Hundred Thousand Dollars (\$500,000.00) for property damage including water damage and sprinkler leakage; liability, steam boiler, air conditioning and machinery insurance, with limits as reasonably determined by Landlord, but only if there is a boiler or pressure object or other similar equipment in the Tenant's Premises; and, if appropriate for Tenant's operations, pollution liability insurance with such limits as Landlord may reasonably require; and business interruption insurance in no event less than the equivalent of twelve (12) months' Rent following the insured against peril, provided, however, that Landlord may from time-to-time require an increase in any such limits. The liability policies shall name Landlord, its property management company and (within five (5) business days after Tenant is provided the name(s) of Landlord's mortgagee) Landlord's mortgagees as additional insureds. All policies shall insure on an occurrence and not a claims-made basis, be issued by insurance companies licensed in the State of Maryland rated A/XI or better in the most current edition of Best's Insurance Guide (or any substitute guide acceptable to Landlord). Any deductible amounts under insurance required hereunder shall not exceed One Thousand Dollars (\$1,000.00) per occurrence, except with respect to business interruption coverage for which a deductible may not exceed five (5) days' income. Any insurance provided for may be affected by a policy or policies of blanket insurance, covering additional items or locations; provided, however, that (1) Landlord shall be named as an additional insured thereunder as its interests may appear; (ii) the coverage of (1) Landlord will not be reduced or diminished by reason of the use of such blanket policy; (iii) any such casualty policy shall specify therein (or Tenant shall furnish Landlord with a written statement from the insurer under such policy specifying) the amount of the total insurance allocated to Tenant's property at the Premises; and (iv) the requirements set forth herein are otherwise satisfied. Tenant's insurance shall not be cancelled, terminated, reduced or materially changed unless ten (10) days prior written notice shall have been given to Landlord by the insurer and shall provide primary coverage to Landlord (any policy issued to Landlord providing duplicate or similar coverage shall be deemed excess over Tenant's policies). Such policies or certificates thereof (Acord Form 27 or its equivalent in the case of casualty and an insurance company letterhead in the case of liability or in form otherwise acceptable to Landlord) shall be delivered to Landlord by Tenant at least ten (10) days prior to the Commencement Date and within ten (10) days prior to each renewal of said insurance. The insurance carrier and the form and substance of the policies shall otherwise be reasonably satisfactory to the Landlord. If Tenant shall fail to procure the insurance required under this Section or Exhibit B in a timely manner or deliver the required certificates to Landlord, such failure shall not operate to delay the commencement of the Lease Term or delivery of the Premises to Tenant, but shall constitute a material default hereunder, and Landlord may, in addition to any other remedies available hereunder in the event of default, assess against Tenant's account, as liquidated damages and not as a penalty, One Hundred Dollars (\$100.00) per day, payable by Tenant as additional rent, for each day that such failure

operate its business in any manner whereby the fire insurance or other insurance in effect with respect to the Premises or the Project shall become void or suspended or which will prevent Landlord from obtaining insurance with companies acceptable to Landlord or which will prevent Landlord from obtaining insurance with higher than those which would normally be in effect. In case of a breach of this covenant, in addition to other rights and remedies of the Landlord hereunder, Tenant shall pay to Landlord any and all increases of premiums of any insurance resulting from such breach.

(d) Mutual Releases; Waiver of Subrogation.

(i) Notwithstanding anything in this Lease to the contrary, Tenant hereby releases Landlord from all liability or responsibility to Tenant or any person claiming by, through or under Tenant, by way of subrogation or otherwise, for any injury, loss or damage to the Premises or any part thereof or any property of Tenant in or around the Premises or to Tenant's business, irrespective of the cause of such injury, loss or damage, and Tenant shall require its insurer(s) to include in all Tenant's insurance policies which could give rise to a right of subrogation against Landlord a clause or endorsement whereby the insurer(s) shall waive any rights of subrogation against Landlord. The failure of Tenant to insure its property in accordance with the provisions of this Lease shall not void this waiver.

(ii) Notwithstanding anything in this Lease to the contrary, Landlord hereby releases Tenant from all liability or responsibility to Landlord or any person claiming by, through or under Tenant, by way of subrogation or otherwise, for any injury, loss or damage to the Project coverable by a Cause of Loss - Special Form Property Insurance Policy as full replacement cost (including any deductible thereof) or any part thereof, irrespective of the cause of such injury, loss or damage, and Landlord shall require its insurer(s) to include in all Landlord's insurance policies which could give rise to a right of subrogation against Tenant a clause or endorsement whereby the insurer(s) shall waive any rights of subrogation against Tenant. The failure of Landlord to insure the Project in accordance with the provisions of this Lease shall not void this waiver.

(e) **Indemnification.** Subject to the terms of Section 11(d) above, Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless Landlord and its property management company from and against any and all claims, suits, actions, proceedings, liabilities, damages, costs or expenses, including attorneys' fees and other defense costs, arising (i) from any act, omission, or negligence of Tenant or its officers, contractors, licensees, agents, employees, subcontractors and assignees in or about the Premises or the Project, (provided, in the case of any act or omission, Tenant had a legal obligation to act), (ii) from Tenant's use and occupancy of the Premises or the business conducted by Tenant thereon, (iii) from any breach or default under this Lease by Tenant, or (iv) from any accident, injury, or damage, however and by whomsoever caused, to any person or property, occurring in or about the Premises. The furnishing of insurance by Tenant or Landlord shall not be deemed to limit Tenant's obligations under this paragraph. This provision shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries (or death) to third parties to the extent caused by the negligence or intentional misconduct of Landlord or Landlord's officers, agents, or employees.

12. ASSIGNMENT.

(a) **Prohibited and Permitted Transfers.** Tenant shall not subject the Premises or any portion thereof or permit other persons to occupy the Premises or any part thereof, or grant any license or concession for all or any part of the Premises, without the prior written consent of Landlord, which consent may be granted or withheld in the sole and absolute discretion of Landlord. Tenant may assign this Lease with Landlord's consent, which consent shall not be unreasonably withheld and which shall be given within thirty (30) days after receipt of a written request from Tenant, if all of the following conditions are satisfied:

- (i) the tangible net worth of the assignee ("Assignee") immediately prior to and following such assignment shall not be less than the greater of the tangible net worth of the Tenant or Guarantors. If any, on the date hereof or on the date of assignment, whichever is greater. The parties hereby agree that expressly excluded from such tangible net worth shall be good will, trade name, intellectual property, unmarketable assets and assets of unverifiable value;
- (ii) the Assignee shall have at least five (5) years' experience with respect to owning and operating the same type of business as the Permitted Use;
- (iii) the assignment consists of all of Tenant's leasehold interest and shall transfer to the Assignee all of Tenant's rights in, and interest under, this Lease, including but not limited to, the Security Deposit, if any;

intended to circumvent restrictions otherwise contained in this Section 12 (e.g., a step transaction in which the Lease is assigned to a wholly owned subsidiary, whose only asset is the Lease, followed by a sale of such subsidiary's stock to a third party, hereinafter, a "Step Transaction").

13. SUBORDINATION/ATTORNIAMENT.

(a) **Subordination.** This Lease shall be subject and subordinate to the lien of all mortgages or deeds of trust or ground or underlying lease(s) (the "Mortgage") which may now or hereafter affect the Project or any part thereof and to all advances made thereunder, as well as renewals, modifications, consolidations, replacements and extensions of the same. The holder of a Mortgage to which this Lease is subordinate shall have the right to declare this Lease to be superior to the lien of such Mortgage and Tenant agrees to execute all documents required by such holder in confirmation thereof. Although the terms of this Section are intended to be self-operative and self-executing, Tenant shall, within ten (10) business days after Landlord so requests, execute and acknowledge any certificate and/or instrument reasonably required by any mortgagee or any beneficiary under any Mortgage (the "Mortgagee") to effectuate the provisions of this Section. In the event Tenant fails to comply timely with this requirement, such failure shall be a material breach of this Lease.

(b) **Attornment.** In the event of a foreclosure of any Mortgage or the termination of Landlord's interest in this Lease, Tenant will, upon request of any person or party succeeding to the interest of Landlord as a result of such foreclosure or termination, automatically without the need for execution of any further instruments, become the Tenant of such successor in interest without change in the terms or other provisions of this Lease. Within ten (10) calendar days after request by Landlord's mortgagee or such successor in interest, Tenant shall execute and deliver, on terms and conditions reasonably acceptable to the parties, an instrument or instruments confirming the attornment herein provided for. Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event any foreclosure or other proceedings is prosecuted or completed.

(c) **Non-disturbance.** Upon execution of this Lease, Landlord agrees to use commercially reasonable efforts to obtain for Tenant a subordination, non-disturbance and attornment agreement ("SNDA") from Landlord's existing lender on such lender's standard SNDA form, but Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished by reason of, such lender's refusal or failure to provide such agreement. In addition, if at any time during the term of this Lease Tenant shall request in writing that Landlord obtain from Landlord's lender a SNDA with respect to this Lease, Tenant shall be responsible for all costs and fees incurred by Landlord and Landlord's lender in connection with such request. Provided Landlord is not required to negotiate the terms of any requested SNDA, or to intercede on Tenant's behalf with any lender in regard to such request, Landlord agrees that it shall not charge Tenant any fees for Landlord's work in processing any SNDA request. Notwithstanding the foregoing, Tenant acknowledges and agrees that Landlord shall have no control over the costs and fees, if any, that may be charged by Landlord's lender in regard to any SNDA request, and Tenant shall reimburse Landlord for any such lender costs that Landlord may pay on Tenant's behalf, which shall be due and payable as additional rent under this Lease. Landlord makes no representations or warranties as to the time of delivery or execution of any such document, or its ability to procure same, but will make commercially reasonable efforts to obtain such document if Tenant so requests, provided Tenant pays to Landlord, prior to Landlord's submission of Tenant's request to Landlord's lender, an amount estimated by Landlord to cover such costs (the "SNDA Cost Estimate"). After the actual costs in regard to any Tenant request for a SNDA have been determined, Landlord shall issue a statement to Tenant in regard to the same, and (e) in the event of an overpayment by Tenant, Landlord shall credit any amount due against Rent on Tenant's account, or (f) in the event of an underpayment by Tenant, Tenant shall pay Landlord for any difference between the SNDA Cost Estimate and the actual costs within ten (10) days after the date of Landlord's statement.

14. **PARKING.** Tenant's employees, customers and invitees shall have a nonexclusive right, in common with other tenants and their employees, customers and invitees, to use up to eighty (80) non-reserved parking areas in the Project as designated by Landlord in its sole discretion. Upon written request by Landlord, Tenant shall furnish to Landlord the license numbers of Tenant's and Tenant's employees' vehicles. Tenant and/or its employees must park only in areas reserved by Landlord for Tenant parking, if so designated. All parking spaces may be used only for parking vehicles no larger than full-size passenger automobiles, minivans or pickup trucks. In the event Landlord provides to Tenant written notice of any designated employee parking, then thereafter Landlord reserves the right to tow away or have removed at Tenant's expense any vehicle belonging to Tenant or Tenant's employees which is parked in an area not reserved for Tenant parking or employee parking, as applicable, any oversized vehicles and any equipment or other property of Tenant, which shall not be permitted to be parked or stored in any parking areas or paved areas. Tenant covenants that it will not, and will not cause or permit any of its employees, agents, servants, invitees, tradesmen or suppliers, to park, leave or locate any vehicle or other property in

(viii) Tenant shall have obtained and furnished to Landlord the written consent of the Guarantor of this Lease, if any, wherein said Guarantor, in accordance with the terms of the guaranty executed by Guarantor guaranteeing Tenant's obligations and covenants under said Lease, agrees to continue to be guarantor of the terms, obligations and covenants of Tenant and Tenant's successor under this Lease notwithstanding such assignment or transfer of stock;

(ix) the Assignee shall not be subject to any bankruptcy or insolvency proceedings at the time of such assignment; and

(x) the Assignee shall not be any person or entity which was a tenant of Landlord during the five (5) years preceding the proposed assignment, and which, during that time, was in monetary default under its lease for any two consecutive months or which was in such monetary default in more than two instances during the term of its lease.

Failure of Landlord to give Tenant written notice of Landlord's action with respect to any request for Landlord's consent to a proposed assignment shall not constitute or be deemed Landlord's consent to such proposed assignment. Landlord's consent to a proposed assignment shall only be given if and when Landlord has notified Tenant in writing that Landlord consents to such proposed assignment. Neither the consent of Landlord to an assignment, subletting, concession, or license, nor the references in this Lease to assignees, subtenants, concessionaires or licensees, shall in any way be construed to relieve Tenant of the requirement of obtaining the consent of Landlord to any further assignment or subletting or to the making of any assignment, subletting, concession or license for all or any part of the Premises. If Tenant requests Landlord's consent to any assignment, subletting or other transfer, then Tenant shall provide Landlord with a written description of all terms thereof, copies of the proposed documentation and the following information about the proposed assignee, sublessee or other transferee: name and address; satisfactory information about its proposed business and business history; its proposed use of the Premises; banking, financial and other credit information; and other information sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. If Landlord consents to any assignment of this Lease, the assignee shall execute and deliver to Landlord an agreement in form and substance satisfactory to Landlord whereby the assignee shall assume all of Tenant's obligations under this Lease. Tenant shall pay all of the Landlord's costs in connection with any assignment or sublease of Tenant's interests in this Lease, but in no event shall such costs exceed One Thousand Dollars (\$1,000.00). If at any time (a) the original Tenant named herein, (i) the then Tenant, (ii) any Guarantor, or (iii) any corporation owning a majority of the voting stock of, or directly or indirectly controlling, the then Tenant, shall be a corporation, partnership or limited liability company, any transfer of voting stock or partnership or membership interest resulting in the person(s) who shall have owned a controlling or majority interest in such corporation, partnership or limited liability company, as the case may be, immediately before such transfer, ceasing to own a controlling or majority interest in such corporation, partnership or limited liability company, as the case may be, shall be deemed to be an assignment of this Lease as to which Landlord's consent shall have been required, and in any such event Tenant shall so notify Landlord, except that the provisions of this Section shall not be applicable to any corporation all the outstanding voting stock of which is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended). For the purposes of this Section, the words "voting stock" shall refer to shares of stock regularly entitled to vote for the election of directors of the corporation. It is understood and agreed that a controlling interest for purposes of this Section may be less than a majority interest. The terms "control" or "controlling" shall mean direct or indirect possession or the power to direct or cause the direction of the management and policies of any person or entity whether through the ownership of voting securities or partnership interests, by contract or otherwise. Landlord shall have the right from time to time during the Term to inspect the books and records of the entities to which the provisions of this Section apply, and Tenant will produce the same on request of Landlord. See further Section 12(d) below.

(b) **Tenant to Remain Liable.** Notwithstanding any assignment or subletting, including, without limitation, any assignment or subletting permitted or consented to, the original Tenant named herein and any other person(s) who at any time was or were Tenant or a guarantor of this Lease shall remain fully liable on this Lease, as the same may be amended, modified, extended or renewed. Tenant and any other person(s) who at any time was or were Tenant or a guarantor of this Lease shall remain liable, jointly and severally, for any and all acts and omissions of any and all assignees, subtenants and other occupants of the Premises. If this Lease shall be assigned or if the Premises or any part thereof shall be sublet or occupied by any person or persons other than the original Tenant named herein, Landlord may collect rent from any assignee and/or any subtenants or occupants, and apply the net amounts collected to Minimum Rent and additional rent payable hereunder, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Section, or the acceptance of the assignee, subtenant or occupant as Tenant, or a release of any person from the further performance by such person of the obligations of Tenant under this Lease.

business sale on the Premises. Tenant shall continuously and uninterruptedly keep the Premises open for business at least three (3) days a week, eight hours a day, except for federal holidays, or during such other hours as Landlord shall approve in writing in advance. Notwithstanding the foregoing, Tenant may temporarily cease operations in the Premises for the purpose of (a) a vacation, no more than two (2) times in any calendar year, or (b) Premises renovations, provided Tenant has given Landlord at least five (5) days' prior written notice of such vacation or renovation closure, and further provided each such closure for vacation or renovation shall in no event exceed seven (7) business days. Tenant covenants to open for business by the Rent Commencement Date to keep the Premises occupied at all times and not to vacate the Premises or abandon its business. If Tenant fails to open or fails to operate its business as provided in this Lease, then, in addition to all the other remedies available hereunder, Landlord shall have the right to additional Minimum Rent at the rate which is twenty-five percent (25%) of the then rate of Minimum Rent for the period during which such failure of Tenant is continuing, and if Tenant's failure to open or to so operate continues for more than thirty (30) days, Landlord may recapture the Premises after written notice to Tenant delivered at least five (5) days before the date of recapture.

(f) **Compliance with Laws.** Tenant shall comply with all present and future federal, state and local laws, ordinances (including zoning ordinances and land use requirements), rules, statutes, regulations and orders concerning the use, occupancy, facilities in and condition of the Premises and all machinery, equipment, fixtures, contents therein, exits therefrom and furnishings therein, including, without limitation, the Americans With Disabilities Act, as well as requirements of the appropriate agencies, officers, boards, and board of fire underwriters and/or fire insurance rating organization, and safety recommendations of Landlord's insurance carrier; and all declarations, covenants and restrictions applicable to Tenant's use or occupation of the Premises. It is expressly understood that Tenant, at Tenant's sole cost and expense, shall obtain an occupancy permit for the Premises. If any present or future law, ordinance, regulation, or order requires another occupancy permit or other permit for the Premises, Tenant shall obtain such permit at Tenant's sole expense.

(g) **Prohibited Uses.** Tenant shall not commit or suffer to be committed any waste upon the Premises. Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise, or vibrations to emanate from the Premises, or take any other action that would constitute a nuisance or would disturb, unreasonably interfere with, or endanger Landlord or any other tenants of the Project, or which may disturb the quiet enjoyment of any person within five hundred (500) feet of the boundaries of the Project. Tenant agrees, upon Landlord's written request, to install at Tenant's expense such sound-proofing on floor, walls and ceiling as is necessary to abate noise emanating from the Premises. Tenant shall not do, print or say anything tending to injure the reputation of the Project. Tenant shall not conduct or allow upon the Premises any business or activity which is contrary to law. Tenant shall not permit the accumulation of crowds of people within the Project which will impede the orderly course of business of other tenants, as determined by Landlord. Tenant shall not overload the floors or walls with furniture or equipment beyond its present carrying capacity. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant's or Landlord's insurance, increase the insurance risk, or cause the devaluation of any sprinkler credits. Outside storage or sidewalks or parking areas, including without limitation, storage of trucks and other vehicles (other than the parking of trailers on site only for so long as necessary for loading and unloading of materials), is prohibited. Tenant shall not interfere in any way with pedestrian or vehicular ingress to or traffic flow throughout the Project.

16. SIGNAGE.

(a) **Permitted Signage.** Tenant shall have the right to erect, at Tenant's sole expense, one (1) sign on the front of the Premises, and one (1) sign above the rear door of the Premises. Such sign(s) shall (i) conform to applicable law, (ii) conform to Landlord's signage criteria and (iii) have been approved by Landlord in writing with respect to design, manufacture, location and method of installation. If Tenant elects to erect any such sign(s), it must keep the sign(s) in good order and repair, and in the event Tenant fails to properly maintain its sign(s), Landlord shall have the right to (i) have the sign(s) removed and replaced at Tenant's expense, and (ii) install any sign(s) deemed to be a default hereunder. In all other cases, Tenant shall not make any changes to the exterior of the Premises, install any exterior lights, decorations, balloons, flags, pennants, banners, or painting, or erect or install any signs, windows or door lettering, placards, or advertising media of any type, blinds, awnings, awnings and other window treatment or bars or other security installations visible from the exterior of the Premises, without Landlord's prior written consent, which consent shall not be unreasonably withheld. All permits for permitted signs shall be procured and paid for by Tenant. Tenant shall not display in the windows or anywhere in the Premises, any non-professionally lettered signage. Tenant shall not display any "going out of business" sign or similar signage. Upon vacation of the Premises, Tenant shall remove all signs and repair, paint, and/or replace the building fascia surface to which its signs are attached.

(b) **Landlord's Sign Criteria.** Tenant agrees, that if Landlord adopts and implements a plan or scheme to conform all exterior signs to a standard set by Landlord or Landlord's agents as part of a remodeling

(ii) any portion of the Project shall be damaged by fire or other casualty to the extent of more than ten percent (10%) of the aggregate replacement cost of the entire Project, or

(iii) the net insurance proceeds (after deducting all expenses in connection with obtaining the same) shall, by reasonable anticipation, be insufficient to pay for the repair or restoration work to be done by Landlord.

Notwithstanding anything to the contrary set forth in this Section, Landlord shall not be obligated to repair, restore, or reconstruct the Premises or any portion of the Project if any of the following conditions shall exist: (i) the holder of the first deed of trust, security agreement or mortgage which encumbers the Project elects not to permit the insurance proceeds payable upon the damage or destruction of the Premises or Project to be used for repair, restoration, or reconstruction, or (ii) the damage or destruction is not fully covered by insurance maintained by Landlord or for Landlord's benefit, or (iii) the damage or destruction occurs during the last twenty-four (24) months of the Lease Term, or (iv) an event of default, or an event which with the passage of time or giving of notice would become an event of default, exists under this Lease, or (v) Tenant has ceased doing business or vacated the Premises before the casualty. Upon the existence of any of the foregoing conditions, Landlord may terminate this Lease by delivering written notice to Tenant within one hundred twenty (120) days after the occurrence of the damage or destruction.

(b) Tenant's Right to Termination.

(i) If during the last two (2) years of the Lease Term the Premises shall be damaged by fire or other casualty to the extent of more than twenty five percent (25%) of the replacement cost of the Premises, Tenant may terminate this Lease by delivering written notice to Landlord before Landlord commences any repair or restoration work and in any event within thirty (30) days after the date of occurrence of such damage and this Lease shall terminate upon the giving of such notice. Tenant's termination right shall not apply if the damage was caused by Tenant's, its agents, employees or contractor's negligence or willful misconduct.

(ii) If this Lease is not terminated by Landlord and Landlord does not either: (i) obtain a building permit for any repairs, rebuilding or restoration required hereunder within six (6) months after the date of such damage or destruction; or (ii) complete such repairs, rebuilding or restoration within twelve (12) months after the date of such damage or destruction, then, in either event, Landlord or Tenant may, at any time thereafter, terminate this Lease by sending thirty (30) days' written notice thereof to the other, except, however, Tenant's notice of termination to Landlord shall not be effective if Landlord, within said thirty (30) day period, shall obtain such permit or complete the repairs, rebuilding or restoration as aforesaid, as the case may be.

(c) **Rent.** Any provision of this Lease to the contrary notwithstanding, unless and until this Lease is terminated pursuant to the rights granted to Landlord and Tenant elsewhere in this Section, Tenant shall continue to operate its business from the Premises to the fullest extent possible and to the extent permitted by law. Tenant waives any right to terminate this Lease by reason of damage or casualty loss. If the Premises is damaged to such extent that Tenant is unable reasonably to continue to operate for the Permitted Use in the Premises, Tenant's term shall abate during the period of repair or reconstruction, which abatement shall end when Tenant may reasonably re-open for business.

(d) **Restoration.** If this Lease shall not be terminated after damage by fire or other casualty, (i) promptly after receipt of the insurance proceeds for such damage, Landlord shall proceed with the restoration of the Premises and the Project to substantially the condition in which the same existed prior to the damage with such changes as Landlord may desire to make, provided, however, Landlord shall not be required to reconstruct those leasehold improvements constructed with the Allowance, if any, or any other leasehold improvements, or to restore or replace Tenant's stock in trade, furniture, furnishings, removable floor coverings, equipment, signs, chairs, inventory, contents, and personal property of Tenant, and (ii) Tenant promptly shall proceed with restoration or replacement of Tenant's leasehold improvements, stock in trade, furniture, furnishings, removable floor coverings, equipment, signs, chairs, inventory, contents, and all personal property of Tenant and decorations in and around the Premises. Tenant's liability for restoration or replacement shall not be limited to insurance proceeds.

18. TRASH.

(a) **Tenant's Obligations.** Tenant hereby covenants, at its expense, to keep the Premises at all times, both inside and out, clean and free of trash and debris. Tenant shall remove all refuse, garbage and trash from the interior of the Premises and the adjacent sidewalk, driveway, loading and other areas. Tenant shall provide at its expense, trash receptacles required by Landlord, including but not limited to commercial trash dumpsters or similar receptacles. All trash receptacles must be approved by Landlord and shall be located in the rear of the

(b) **Landlord's Trash Removal Program.** If Landlord in its sole discretion institutes a trash removal program that covers the whole or any portion of the Project, Tenant agrees to discontinue its program and to participate in Landlord's program. At Landlord's option, the cost of any such service shall be included in Common Facilities Costs or shall be billed monthly to Tenant, based on the ratio that the floor area of the Premises bears to the annual average of the total floor area of premises leased to Project tenants participating in Landlord's trash collection program. Notwithstanding the foregoing, if at any time during the Lease Term, Landlord shall determine that Tenant's use of the designated trash compactor receptacles within the Common Facilities is in excess of that of other tenants within the Project which are leasing a premises of the same or similar size to that of the Premises, Landlord shall bill and Tenant shall pay to Landlord, as additional rent hereunder, those costs and expenses of trash removal which are reasonably attributable to such excess usage by Tenant. Landlord shall have the unilateral right at any time thereafter to discontinue the Landlord trash removal services and to require that Tenant provide for its own trash removal services at Tenant's sole cost and expense as hereinabove provided as of the date specified by Landlord in a written notice to Tenant.

19. DEFAULT.

(a) **Default.** Tenant shall be in breach under this Lease upon the occurrence of any one or more of the following circumstances (a "default" or an "event of default"):

(i) if Tenant shall fail to pay any Minimum Rent, additional rent, fee, charge or other amount due Landlord hereunder as and when due payable and after five (5) days' written notice of such failure from Landlord (except that Landlord shall not be required to provide any written notice after the fifth (5th) such written notice during the Lease Term);

(ii) if Tenant shall fail to perform any other term, condition or covenant of this Lease applicable to Tenant for more than ten (10) days after written notice of such default shall have been given to Tenant (or such additional time as may be reasonably necessary to cure such default, provided Tenant commences said cure within the ten (10) day period and diligently pursues the same, but in no event more than thirty (30) days after written notice of such default shall have been given to Tenant);

(iii) if Tenant or an agent of Tenant shall falsify any report required to be furnished to Landlord pursuant to the terms of this Lease;

(iv) if Tenant shall fail to insure the Premises as required by this Lease and furnish certificates of such insurance to Landlord;

(v) if Tenant or any guarantor of this Lease shall become bankrupt or insolvent, or be unable to pay its debts as they become due, or file or have filed against it or consents to the filing of, any debtor proceeding, or petition for or make a general assignment for the benefit of creditors, or take the benefit of any insolvency act, or if a receiver or trustee is appointed for the property of Tenant or of any guarantor or all or substantially all of Tenant's assets at the Premises or Tenant's interests in this Lease are attached or levied upon under execution; or

(vi) if Tenant shall vacate or abandon the Premises or fails to occupy the Premises for a period of thirty (30) days, or any substantial portion thereof, whether or not Tenant is otherwise in default under this Lease.

(b) **Remedies of Landlord.** Upon the occurrence of a default under clause (a), the following provisions shall apply:

(i) Landlord may immediately or any time thereafter cure the default for the account, and at the expense of, Tenant. In the case of an emergency, Landlord need not give Tenant any notice before undertaking to cure the default. If Landlord at any time, by reason of such default, incurs any cost or expense, including attorney's fees, court costs and other disbursements, incurring Tenant's default and/or in instituting or prosecuting any action or proceeding to enforce Landlord's right hereunder, the sum or sums so paid by Landlord, plus an additional twenty percent (20%) of such sum or sums for administrative or overhead expenses, shall be deemed to be additional rent hereunder and shall be due from Tenant to Landlord immediately upon demand therefor.

(ii) Landlord may terminate this Lease or Tenant's right to possession under this Lease as of the date of such default, in which event: (i) neither Tenant nor any person claiming under or through

on relating, and no such failure to renew or to collect rent shall relieve Tenant of any liability under this Lease or otherwise affect any such liability.

(iii) No action taken by Landlord under the provisions of this Section shall operate as a waiver of any right Landlord would otherwise have against Tenant for Minimum Rent, additional rent or any other sums payable hereunder hereby reserved or otherwise, and Tenant shall remain responsible to Landlord for any loss and/or damage suffered by Landlord by reason of any default by Tenant hereunder. If Tenant's right to possession of the Premises should be terminated, or if this Lease shall be terminated, in either case, as a result of Tenant's default, Tenant shall remain liable to Landlord for the Rent that would have been due through the expiration date of this Lease, or any renewal or extension thereof, and Tenant shall further remain liable for such other damages sustained by Landlord due to Tenant's breach of lease and/or the termination of Tenant's right of possession of the Premises, including all expenses incurred in recovering possession of and relieving the Premises. If the Tenant's right of possession of the Premises and/or this Lease is terminated, the damages for which Tenant shall be liable shall, at Landlord's election, be either (x) the entire balance of the Minimum Rent, additional rent, and any other sums payable hereunder for the remainder of the Lease Term to be due and payable, plus expenses incurred in recovering possession of and relieving the Premises (including all repairs, tenant finish improvements, brokers and attorney's fees), less the amount of rent, if any, which Landlord receives during such period from others to whom the Premises may be rented (other than any additional rent received by Landlord as a result of any failure of such other person to perform any of its obligations to Landlord), which shall be computed and payable in monthly installments, in advance, on the first day of each calendar month following Tenant's default; provided, however, separate suits may be brought to collect any such damages for any month(s), and such separate suits shall not in any manner prejudice the right of Landlord to collect any damages for any subsequent month(s), or Landlord may defer any suits until after expiration of the Lease Term, in which event Tenant agrees that suits shall be deemed not to have accrued until the expiration of the Lease Term; or (y) if Landlord elects to terminate the Lease after recovering possession of the Premises, an amount equal to the present value, as of the date of Tenant's default, of the Minimum Rent, additional rent and other sums which would have become due under this Lease through the end of the Lease Term in excess of the then fair and reasonable rental value of the Premises for the same period, which amount shall be payable to Landlord in a lump sum on demand. For purposes of clause (y), present value shall be computed by discounting at a rate equal to two (2) whole percentage points below the prime rate published by *The Wall Street Journal*. Landlord may collect damages in any manner not inconsistent with applicable law.

(c) **Remedies Cumulative; No Waiver.** All rights and remedies of Landlord herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law or in equity and said rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion therefor arises. The waiver of Landlord of any breach of this Lease shall not constitute a waiver of the term, covenant or condition breached or of any subsequent breach of the same or any other term, covenant or condition of this Lease; and the acceptance of rent during the continuance of any breach of this Lease shall not constitute a waiver of such breach. Minimum Rent, additional rent, and any fee, charge or other amount due from Tenant hereunder may be recovered by Landlord from Tenant by distress or by any legal action or process as may at the time be in operation and force relating to proceedings between landlords and tenants. The receipt by Landlord of less than the full rent due shall not be construed to be other than a payment on account of rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of the rent due or to pursue any other remedies provided in this Lease. No surrender of the Premises by Tenant (prior to any termination of this Lease) shall be valid unless consented to in writing by Landlord.

(d) **Habitual Default.** Tenant shall be considered in "Habitual Default" of this Lease upon (a) Tenant's failure, on three (3) or more occasions during any twelve (12) month period, to pay when due any installment of Minimum Rent, additional rent, or any other sum required by the terms of this Lease, or (b) Tenant's failure, on three (3) or more occasions during any twelve (12) month period, to comply with any term, covenant or condition of this Lease after any applicable notice and cure period. Upon the occurrence of an event of Habitual Default on the part of Tenant, then without limiting any other rights or remedies to which Landlord may be entitled as a result of such default, Tenant shall immediately be deemed to have relinquished any and all options or rights granted, or to be granted, to Tenant under the terms of this Lease or any amendment hereto (including, without limitation, rights of assignment, rights to sublease, rights of renewal, rights to terminate, or rights of first refusal). In addition, at any time thereafter, whether or not Tenant shall have cured any default which resulted in Tenant being considered in Habitual Default, Landlord may terminate this Lease, or any renewal or extension thereof, upon one (1) month's prior written notice to Tenant.

(e) **Tenant Self Help Event.** A Tenant "Self Help Event" shall have occurred upon the occurrence of each of the following conditions: (i) Landlord fails to perform a Landlord obligation under the Lease, (ii) such failure materially and adversely affects Tenant's commercially reasonable ability to use the Premises for

terms and conditions of this Lease to be taken by Landlord. Tenant shall be entitled to reimbursement by Landlord of Tenant's actual and reasonable out-of-pocket costs and expenses in taking such action within thirty (30) days after Landlord's receipt of an invoice and reasonable documentary evidence of Tenant's actual expenditures. In the event Landlord fails to reimburse Tenant pursuant to the immediately preceding sentence (and such failure is not due to a good faith dispute), then Tenant's right to reimbursement shall include any reasonable attorney's fees or other reasonable costs Tenant may incur in the pursuit of collection, provided Tenant prevails in such collection efforts.

In the event of a Self-Help Event, Tenant shall utilize the services of a qualified contractor which normally and regularly performs similar work. Promptly following completion of any such work, Tenant shall deliver a detailed invoice of the work completed, the materials used and the costs relating thereto and Landlord shall pay such amount within thirty (30) days thereafter. If Landlord fails to pay such amount, Tenant shall have the right to pursue a monetary claim against Landlord in law or equity. Nothing contained in this Section shall be construed to provide Tenant with a right to set off such amounts from Rent nor the right to terminate the Lease.

20. **QUIET ENJOYMENT.** Provided Tenant is not in default beyond any applicable notice and cure periods of this Lease, Landlord covenants that Tenant, on paying the Minimum Rent and additional rent and other sums due hereunder and performing in full all of Tenant's obligations under this Lease, shall have, hold and enjoy the Premises and the Common Facilities throughout the term without hindrance, eviction or molestation by any person lawfully claiming under Landlord, subject to the terms and provisions of this Lease.

21. **CONDEMNATION.** If the whole or a part of the Premises shall be taken under the power of eminent domain, or shall be conveyed to a governmental agency to avoid such taking, and as a result, Tenant shall not reasonably be able to operate its business from the balance of the Premises, either Landlord or Tenant shall have the option to terminate this Lease as of the date Tenant is required to yield possession. If a part of the Premises shall be so taken and the remaining part of the Premises shall be adequate for use by Tenant, then this Lease shall terminate as to the part so taken or conveyed on the day when Tenant is required to yield possession thereof and Landlord shall make such repairs and alterations as may be necessary in order to render the part not taken in usable condition. Landlord shall have no obligation to pay more for such repairs, alterations and improvements than the net amount of such award payable for the benefit of Landlord (less any expenses incurred by Landlord in obtaining the award) for such taking, and Landlord shall be under no obligation to restore or pay for any leasehold improvements made by Tenant, including but not limited to Tenant's Work. All compensation awarded for such taking of the fee and the leasehold shall belong to and be the property of Landlord, and the same is hereby assigned to Landlord and Tenant shall have no interest or claim to such award or any part thereof, except for such compensation as may be made for Tenant's moving or relocation expenses, Tenant's business interruption losses, and for the taking of Tenant's trade fixtures. Except as set forth in this Paragraph, Landlord shall have no liability to Tenant for interruption of Tenant's business upon the Premises, diminution of Tenant's ability to use the Premises or other injury or damage sustained by Tenant as a result of such condemnation. If the Project shall be acquired or condemned in whole or in part by eminent domain for any public or quasi-public use or purpose and such acquisition or condemnation renders the Project unsuitable for the business of Landlord, then the term of this Lease shall cease and terminate as of the date that title vests in such authority. All amounts due as rent or otherwise hereunder shall be prorated to the date of termination and Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired term of this Lease. In the event this Lease is not terminated, the Minimum Rent payable hereunder shall be reduced in such amount as may be fair and reasonable, but not more than the proportion which the area so taken or insurable bears to the total floor area of the Premises before the taking. If the taking does not render any part of the Premises unusable, there shall be no abatement of Minimum Rent.

22. **BROKERAGE COMMISSIONS.** Tenant and Landlord each represent and warrant to the other that neither has had any dealings with any person, entity, broker or finder in connection with the negotiation of this Lease, other than the Brokers, if any, set forth in Section 1. Tenant and Landlord each agree to indemnify, defend and hold the other harmless from and against any claims, damages, costs, expenses, attorney's fees or liability for compensation or changes which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings, actions or agreements of the indemnifying party. Landlord shall pay a commission to the Brokers pursuant to a separate agreement.

23. **RULES AND REGULATIONS.** Tenant shall comply with the rules and regulations set forth in Exhibit C annexed hereto, and with any additions thereto and modifications thereof adopted from time to time by Landlord, and such rules and regulations shall be covenants of this Lease to be performed and observed by Tenant, and Tenant agrees to comply with any changes to the rules and regulations within five (5) business days after written notice of said changes from Landlord. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants or occupants in the Project.

24. **LANDLORD'S LIABILITY.**

merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors, whether such damage or injury is caused by or results from any cause whatsoever including, but not limited to, theft, criminal activity at the Premises, negligent security measures, bombings or bomb scares, hazardous waste, fire, steam, electricity, gas, water or rain, leakage of pipes, sprinklers, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions existing upon the Premises, or from other sources or places, or from new construction or the repair, alteration or improvement of any part of the Premises, or of the equipment, fixtures or furnishings applicable thereto, and regardless of whether the cause of the damage or injury arises out of Landlord's or its employee or agent's negligent or intentional acts, Tenant, as a material part of the consideration to Landlord hereunder, hereby assumes all risk of damage to property of Tenant or injury to persons, in, upon or about the Premises arising from any cause, including Landlord's negligence or the negligence of its agents, partners or employees, and Tenant hereby waives, to the fullest extent permitted by law, all claims in respect thereof against Landlord, its agents, partners and employees.

25. **RECORDING.** Tenant shall not record this Lease. Tenant agrees that at or prior to the Commencement Date, or at a later date, if requested by Landlord, it will, upon the written request of Landlord, execute, acknowledge and deliver a short form memorandum of lease setting forth the date, a description of the Premises, term, renewal option and restrictive covenants, if any, contained and found to exist in this Lease. If the short form memorandum of lease herein referred to is recorded, all costs incident thereto shall be paid by the party requesting recording. The cost of recording any financing statement required by Landlord as security for the rent or other payments due hereunder shall be at Tenant's expense.

26. **LANDLORD ACCESS.**

(a) **Access to Premises.** Landlord and Landlord's agents shall have the right to enter the Premises upon reasonable prior written notice to Tenant or to Tenant's on-Premises staff to inspect and examine the same, and (during the last six (6) months of the Lease Term only) to show the Premises to prospective purchasers or lessees, and to make such repairs, alterations, improvements or additions to the Premises, adjacent premises or the Project as Landlord may deem necessary or desirable, or for any other business purpose, and Landlord shall be allowed to take all material into and upon the Premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part and no rent or other payments hereunder shall be abated during any period of repairs, alterations, or construction, by reason of loss or interruption of business of Tenant or otherwise, and Tenant shall have the right to have a representative of Tenant accompany Landlord and Landlord's agents during any such entry. Notwithstanding the foregoing, (i) Landlord shall use commercially reasonable efforts to provide such verbal notice of entry to Stan Collins, or to any other designee identified to Landlord by Tenant in writing, and (ii) Landlord and Landlord's agents shall have the right to enter the Premises at any time, without prior notice to Tenant or to Tenant's on-Premises staff, in an emergency, and in any such emergency entry Tenant's right to have its representative accompany Landlord and Landlord's agents shall be deemed waived. If Tenant shall not be personally present to open and permit entry into the Premises, Landlord or Landlord's agents may enter the same by a key, or, if reasonably necessary, may forcibly enter the same without rendering Landlord or such agents liable therefor, and without in any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligations, responsibility or liability whatsoever, for the care, maintenance or repair of the Premises or any part thereof, except as otherwise herein specifically provided. Landlord agrees that in the event Landlord and Landlord's agents shall require access to any area of the Premises where surgery is performed, Landlord and Landlord's agents shall comply with any reasonable requirements for entry into surgical areas that may be established by Tenant, including, but not limited to, an obligation to wear protective gear provided by Tenant.

(b) **Use of Roof.** Use of and access to the roof over the Premises or the building containing the Premises is reserved exclusively to Landlord, provided, however, Tenant or its contractors shall be permitted access to the roof to service, repair or replace any heating, ventilating and air conditioning equipment. Notwithstanding anything in this Lease to the contrary, Tenant agrees that no work shall be performed on the roof without prior notice to Landlord (unless the work is strictly limited to routine, scheduled maintenance only, as previously outlined in any heating, ventilating and air conditioning contract previously provided to Landlord, in which event no prior notice shall be required), and Landlord shall have the right to require Tenant to have Landlord's roof contractor perform any work that may involve possible penetration of the roofing material, and/or to have Landlord's roofing contractor supervise any equipment installation on the roof. Tenant and its contractors shall at all times use best efforts to perform any work on the roof in a manner that will not negatively impact Landlord's roof warranty. Tenant shall indemnify, defend (with counsel acceptable to Landlord) and hold harmless Landlord from and against any loss, cost, claim, damage, liability or expense arising or occurring by virtue of Tenant or its contractor's exercise of the rights herein granted, or for any other damage to the roof caused by Tenant, its employees, agents, contractors or subcontractors.

Environmental Laws relating to the premises or to Tenant's use or occupancy thereof. Tenant shall promptly notify Landlord in writing of, and contemporaneously shall provide Landlord with a copy of, any notices or other communications received or given by Tenant or any subcontract or other occupant of the Premises relating to Hazardous Substances at the Premises or the Project. Should any Authority or any third party demand that a cleanup plan be prepared and that a clean-up be undertaken because of any deposit, spill, discharge or other release of Hazardous Substances that occurs at or from the Premises, or which arises at any time from Tenant's use or occupancy of the Premises, Tenant shall, at Tenant's own expense, prepare and submit the required plans and all related bonds and other financial assurances, and shall carry out all such cleanup plans. Tenant shall promptly provide all information regarding the use, generation, storage, transportation or disposal of Hazardous Substances that is requested by Landlord. If Tenant fails to fulfill any duty imposed under this Section within a reasonable time, Landlord may do so at Tenant's cost and expense; and in such case, Tenant shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the applicability of Environmental Laws to the Premises and Tenant's use thereof, and for compliance therewith, and Tenant shall execute all documents promptly upon Landlord's request. No such action by Landlord and no attempt made by Landlord to mitigate damages under any Environmental Laws shall constitute a waiver of any of Tenant's obligations under this Section. Notwithstanding anything to the contrary in this Lease, Tenant shall have no liability for and shall not have any duty to pay any costs in connection with any release of Hazardous Substances in the Premises if (A) such release occurred prior to the date of this Lease, (B) if caused by Landlord, its contractors or agents, or (C) in regard to the Project (excluding the Premises), if such release was not due to the actions of Tenant, its agents, contractors or suppliers.

(c) **Mold.** Tenant, at its sole cost and expense, shall regularly monitor the Premises for the presence of mold or conditions that might reasonably be expected to cause mold to grow (collectively, "Mold Conditions"), and shall be responsible for the clean up and remediation of any Mold Conditions as hereinafter provided. If any Mold Conditions should arise or exist, Tenant shall promptly send Landlord notice of the Mold Conditions and any information or reports obtained by Tenant with respect to same. In the event any suspected Mold Conditions at the Premises are observed by Tenant or Landlord, or should be reported to Tenant and/or Landlord by any third party, Tenant, at its sole cost and expense, shall promptly cause an inspection of the Premises to be conducted, during such time as Landlord may designate, to determine if Mold Conditions are present at the Premises. Tenant shall retain an industrial hygienist certified by the American Board of Industrial Hygienists ("CIHT") or an otherwise qualified mold consultant (generally, "Mold Inspector") to conduct the inspection, which inspection shall include, but not be limited to, an air sampling. The Mold Inspector shall maintain such insurance with such limits and coverage as Landlord may require. A copy of the inspection report shall be promptly provided to Landlord. All reports and findings shall be kept confidential. Tenant shall promptly remediate any Mold Conditions at the Premises to the reasonable satisfaction of Landlord and pursuant to a remediation plan approved in advance by Landlord. Such remediation shall be carried out in accordance with the relevant provisions of the document "Mold Remediation in Schools and Commercial Buildings" (EPA 402-K-01-001, March 2001), published by the U.S. Environmental Protection Agency, as it may be amended or revised from time to time, or any other applicable laws, regulatory standards or guidelines. Upon completion of the mold remediation, Tenant shall provide Landlord with a copy of the remediation report.

(d) **Tenant's Indemnification.** Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless Landlord, the property manager of the Project, Landlord's lender and their respective officers, directors, members, managing agents, trustees, beneficiaries, shareholders, partners, agents and employees from all fines, suits, proceedings, claims and actions of every kind, and all costs associated therewith (including attorneys' and consultants' fees) arising out of or in any way connected with (i) any deposit, spill, discharge or other release of Hazardous Substances that occurs in, on or from the Premises commencing on the Rent Commencement Date and continuing through the expiration or earlier termination of this Lease (unless such release is caused by Landlord, its agents or contractors, in which case Tenant shall have no liability), (ii) any deposit, spill, discharge or other release of Hazardous Substances that occurs in, on or from the Property which is caused directly or indirectly by Tenant, its agents, employees, customers, invitees, contractors or suppliers, or (iii) Tenant's failure to provide all information, make all submissions, and take all steps required by all Authorities under Environmental Laws; (iv) the occurrence of any Mold Conditions; or (v) any other breach by Tenant of the provisions of this Section 32.

(e) **Notices and Filings.** Tenant expressly acknowledges its understanding and agreement that certain notices, filings (and, possibly, sampling plans, remediation plans and remediation work) may be required by law, even after the Expiration Date or earlier termination of this Lease, and if this occurs, then Tenant shall, in its own name or, if required, in the name of Landlord, comply, at Tenant's sole cost and expense, with all such applicable notices, filings and other required actions, and defend, indemnify and hold Landlord harmless from all costs and expenses related to the same. However, Tenant shall file no documents or take any other action under this Section without Landlord's prior written approval thereof, and Landlord shall also have the right to file such

28. **NOTICES.** Any notice, demand, consent, approval, request or other communication or document to be provided hereunder to a party hereto shall be (a) in writing, and (b) deemed to have been provided (i) seventy two (72) hours after being sent by certified first-class mail in the United States mails, postage prepaid, return receipt requested, (ii) the second business day after having been deposited for second day delivery with Federal Express or another national courier service (or, the next business day after being deposited for overnight delivery with such courier service, provided in either event said deposit was made in time for delivery by such service in such business day), in each case to the address of such parties set forth herein or to such address in the United States of America as such party may designate from time to time by written notice to the other party hereto, or (iii) (if such party's receipt thereof is acknowledged in writing) upon being provided by hand or other actual delivery to such party. Either party may designate, in writing, a substitute address for the address set forth in Section 1, and thereafter all notices shall be sent to such substitute address.

29. **DEVELOPMENT OF PROJECT.** Tenant recognizes that the Project has been and may be developed in stages and leased at different times and as a result the several rents, charges, fees and other amounts paid to Landlord by other tenants are not necessarily assessed uniformly or as described herein. Tenant expressly waives any claim for such lack of uniformity. Nothing herein contained shall be deemed to prohibit Landlord from enlarging or reducing the Project by an addition or subtraction of land and/or buildings or by enlargement or reduction of existing buildings. Tenant hereby expressly consents to any such addition or enlargement as well as any additional construction in the existing parking area, and any airspace. At Landlord's option, exercised in its sole and absolute subjective discretion, any such addition or enlargement shall be deemed part of the Project.

30. **MECHANIC'S LIENS.** Nothing contained in this Lease shall be deemed, construed or interpreted to imply any consent or agreement on the part of Landlord to subject Landlord's interest or estate to liability under any mechanic's or other lien law. If Landlord receives any notice of intention to file a mechanic's or other lien against the Project, or any part thereof, or the Premises, or any part thereof, for any work, labor, services or materials claimed to have been performed or furnished for or on behalf of Tenant or anyone holding any part of the Premises, through or under Tenant, Tenant shall act promptly to have such notice withdrawn and to settle any dispute that is the subject of such notice. If any such petition to establish a mechanic's or other lien is filed, or if any mechanic's or other lien is established, against the Project or the Premises then Tenant shall cause the same to be cancelled and discharged of record by payment, bond or order of court within 20 days after the filing of same. Tenant shall, at Landlord's request, give written notice to all of Tenant's laborers and materialmen that Landlord shall not be responsible for work, labor, services or materials which have been furnished. Tenant shall be responsible for paying, as additional rent, any attorneys' fees Landlord incurs as a result of Landlord receiving any notice of intent to file a mechanic's, or other lien described herein, as a result of any such petition to file a mechanic's, or other lien; or the establishment of a mechanic's, or other lien against the Project or the Premises, or any part thereof.

31. **WAIVER OF JURY TRIAL, LANDLORD AND TENANT EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER LANDLORD AGAINST TENANT OR TENANT AGAINST LANDLORD ON ANY MATTER 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, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, OR REGULATION, EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT. TENANT FURTHER AGREES THAT IT SHALL NOT INTERPOSE ANY NON-MANDATORY COUNTERCLAIM(S) IN A SUMMARY PROCEEDING OR IN ANY ACTION BASED ON HOLDOVER OR NON-PAYMENT OF MINIMUM RENT AND ADDITIONAL RENT AND/OR ANY OTHER SUM PAYABLE HEREUNDER.**

32. **HAZARDOUS SUBSTANCES.**
(a) **Hazardous Substances Defined.** The term "Hazardous Substances" means flammable, items, explosives, radioactive materials, hazardous or toxic substances, materials or waste or related materials, including any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "infectious wastes," "hazardous materials" or "toxic substances," now or subsequently regulated under any federal, state or local laws, regulations or ordinances, including, without limitation, oil, petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, "Chinese wallboard", PCBs and similar compounds, and including any different products and materials which are subsequently found to have, or thought to have, adverse effects on the environment or the health and safety of persons. Unless removal is required as part of Tenant's Work, Landlord hereby releases Tenant from liability to Landlord for contamination arising from any Hazardous Substances that may have been

medical equipment located on the Premises and for providing cosmetic surgery services within the Premises, including diagnostic, laboratory or radiology equipment, provided all such materials are used, stored and disposed of in accordance with all applicable laws. Further, Landlord acknowledges that in the ordinary course of Tenant's business, Tenant may handle and/or produce substances or materials which may be deemed medical or infectious waste, and Tenant is hereby permitted to handle and/or produce such substance or materials, provided Tenant shall store and dispose of any such substance or material in accordance with all applicable federal and state laws, rules, regulations and ordinances. Tenant shall dispose of all medical or infectious waste at Tenant's sole cost and expense, with a licensed disposal company. Tenant further agrees that it shall, upon written request, give a written certification to Landlord regarding the disposal company used by Tenant and the amounts and the methods of storage, treatment, use and disposal thereof. Provided Tenant is otherwise in full compliance with the terms and conditions of this Section 32(g), Landlord agrees that Tenant may determine the frequency of disposal and removal of medical or infectious waste from the Project, but Landlord reserves the right to require Tenant to increase said frequency of disposal and removal of medical or infectious waste at any time, upon Landlord's written request, if Landlord reasonably determines that more frequent removal of such medical or infectious waste is in the best interests of the Project.

(b) General. Tenant shall require any permitted assignee or subtenant of the Premises to agree, expressly, in writing, to comply with all the provisions of this Section. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

33. **RELOCATION OF PREMISES.** Intentionally deleted.

34. **HOLDING OVER.** If Tenant or any party claiming by, through, or under Tenant shall remain in possession of the Premises after the expiration or termination of this Lease Term, no tenancy or other right to possession shall be created thereby and Tenant shall be obligated to pay Minimum Rent equal to one hundred fifty percent (150%) of the Minimum Rent in effect during the last month of the Lease Term, plus one hundred percent (100%) of all additional rent in effect during the last month of the Lease Term (subject to increases thereafter as determined by Landlord in accordance with the provisions of this Lease) for any month or partial month Tenant remains in possession of the Premises. In the event Tenant shall hold over after the expiration of the Lease Term, Landlord, at its option, may forthwith reenter and take possession of the Premises without process, or by any legal process in force in the State of Maryland. To the extent permitted by law, Landlord may accept rent in the holdover amount and concurrently commence legal proceedings to regain possession of the Premises. Tenant shall also pay to Landlord all damages sustained by Landlord resulting from retention of possession by Tenant, including the loss of any proposed subsequent tenant for all or any portion of the Premises.

35. **RIGHTS OF MORTGAGEES AND GROUND LESSORS.** Tenant agrees to simultaneously furnish to any mortgagee or groundlessor of which Tenant has notice copies of any default or other notices delivered by Tenant to Landlord in connection with this Lease, and no such notice shall be effective unless and until a copy of it is sent to each such ground lessor or mortgagee. Each such mortgagee or ground lessor shall have the right (but not the obligation) to cure any default by Landlord within the same time period afforded to Landlord to cure any such default, plus such additional period of time thereafter as may be reasonably necessary for such mortgagee to cure such default (including such time as may be necessary to obtain possession of the Premises).

36. **SURRENDER OF PREMISES.**

(a) **Condition of Premises.** Tenant shall surrender the Premises peacefully at the expiration of the Term, in the same condition as delivered by Landlord, together with any leasehold improvements not required to be removed pursuant to clause (b), reasonable wear and tear and casualty excepted. Whenever this Lease refers to Tenant's obligation to return the Premises to Landlord in the same condition as existed at the inception of this Lease, excluding "reasonable wear and tear," or "normal wear and tear," the parties agree that specifically excluded from the "wear and tear" exception are any items for which Tenant is responsible for repair or replacement under this Lease.

(b) **Removal/Repair.** Upon expiration of the Lease Term or earlier termination of Tenant's right of possession, Tenant shall, at Tenant's expense, restore the Premises to their original condition, unless Landlord shall elect that all or any Alterations made by Tenant, including Tenant's Work, shall remain on the Premises and Tenant shall repair any damage caused by such Alterations. Any Trade Fixtures, Alterations, or other property not so removed by Tenant as permitted or required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention pursuant to the provisions of such property. All Alterations except those which Landlord requires or permits Tenant to remove shall remain in the Premises as the property of Landlord.

37. **MISCELLANEOUS.**

(a) **Binding Effect.** This Lease shall be binding upon and inure to the benefit of Landlord and its successors and assigns and Tenant and its successors and permitted assigns. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease. In such event and upon the effective date of such sale, transfer, or financing, no further liability or obligation shall thereafter accrue against Landlord hereunder from and after such effective date.

(b) **Partial Invalidation.** The invalidity of any particular clause, phrase, section or part of this Lease by order of court or decision of any judicial authority having jurisdiction over the same shall not be construed to void or invalidate the Lease in its entirety and the remaining parts shall continue in full force and effect.

(c) **No Waiver.** The failure of Landlord to insist in any one or more instances upon strict performance of any covenant of this Lease or to exercise any right granted herein shall not be construed as a waiver of the breach or relinquishment for the future of such covenant or right but the same shall remain in full force and effect. A waiver by Landlord must be in writing and no waiver of the breach of any covenant shall be construed as a waiver of the covenant or any subsequent breach thereof.

(d) **Captions.** All captions used in this Lease are for reference purposes only. The captions do not limit and should not be used to interpret or construe any of the provisions which follow the captions.

(e) **Attorneys' Fees.** In the event legal proceedings are instituted by either party, except as otherwise expressly provided by this Lease, each party shall pay its own attorney's fees and costs and expenses.

(f) **Name and Address of Project.** Landlord shall have the right at any time to change the name or the current address of the Project or both, in Landlord's sole discretion. Landlord shall incur no liability as to Tenant as the result of such change; furthermore, such change shall not entail a decrease in rental value, constitute an eviction or diminution of services, or excuse Tenant from the full performance of all its Lease obligations. Tenant agrees not to refer to the Project by any name or address other than that designated by Landlord.

(g) **Joint and Several Liability.** If this Lease is executed by two or more individuals, as Tenant, the liability for all obligations on Tenant's part to be performed hereunder, specifically including but not limited to the obligation to pay all Rent provided for herein, shall be joint and several.

(h) **Applicable Law.** The parties agree that this agreement shall be construed only in accordance with the laws of the State of Maryland without regard to principles of conflict of law.

(i) **Entire Agreement.** This written agreement constitutes the entire agreement and understanding of the parties. No representations, inducements, promises or agreements, oral or written, have been made by Landlord or Tenant, or anyone acting on behalf of Landlord or Tenant, which are not contained herein, and any prior agreements, promises, negotiations, or representations not expressly set forth in this Lease are of no force or effect. This Lease cannot be modified or amended except in a writing signed by both parties.

(j) **No Offer.** The submission of an unsigned copy of this document to Tenant for Tenant's consideration does not constitute an offer to lease the Premises or an option to or for the Premises. This document shall become effective and binding only upon the execution and delivery of this Lease by both Landlord and Tenant.

(k) **Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

(l) **Time of Essence.** Time is of the essence with respect to the carrying out of each and every term and provision of this lease to be performed by Tenant.

(m) **Tenant's Authority.** Each individual executing this Lease on behalf of Tenant hereby represents and warrants that he or she is duly authorized to execute and deliver this Lease and that Tenant is a duly organized corporation, limited liability company, association or partnership under the laws of the state of its incorporation or formation, is qualified to do business in the jurisdiction in which the Project is located, is in good standing under the laws of the state of its incorporation or formation and the laws of the jurisdiction in which the Project is located, has the power and authority to enter into this Lease, and that all corporate or partnership action requisite to authorize Tenant to enter into this Lease has been duly taken.

(n) **Landlord's Liability to Perform.** This Lease and the obligation of Tenant to pay Rent

regarding this security interest. Tenant agrees that it will execute such other documents or instruments as may be reasonably necessary to carry out and effectuate the purpose and terms of this section, or as otherwise reasonably requested by Landlord, including without limitation, execution of a UCC-1 financing statement, or Landlord may execute any such documents or instruments on Tenant's behalf. See further Section 39 of this Lease.

(p) **Security Service.** Tenant acknowledges and agrees that regardless of whether Landlord is providing any security services with respect to the Premises, Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other injury (including death) or damage suffered or incurred by Tenant or its employees, customers, invitees or agents in connection with any unauthorized entry into the Premises or any other breach of security with respect to the Premises.

(q) **Default Rate.** If any installment of Rent, additional rent or any other sum due from Tenant to Landlord under this Lease is not paid promptly when due, such amount shall bear interest at the lesser of the maximum rate permitted by law or twelve percent (12%) per annum from the date on which said payment was due until the date on which Landlord shall receive such payment.

(r) **Confidentiality.** Tenant hereby acknowledges that Landlord reserves the right to subject the Premises and the Project to a condominium regime pursuant to applicable Maryland statute and, that upon such submission the leasehold estate created hereby shall be fully subject and subordinate to such condominium regime; provided, however, that so long as the Tenant is not in default under the terms of this Lease after expiration of any applicable notice and cure periods or under the terms of the applicable condominium documents (including without limitation, declarations, by-laws, and rules and regulations), Tenant's leasehold estate created hereby shall not be disturbed by virtue of the creation of such condominium regime. Landlord or its agents shall be entitled, upon notice given to Tenant, to enter the Premises for such actions as may be necessary in order to effect the submission of the Premises to a condominium regime, including without limitation, the performance of inspections, measurements, renovations, and Tenant agrees to execute any documents reasonably necessary to submit the Premises to a condominium regime.

(s) **Exhibits.** All exhibits attached hereto are hereby incorporated into this Lease and made a part hereof.

(t) **Construction.** Should any provisions of this Lease require judicial interpretation, it is agreed that the court interpreting or construing same shall not apply the presumption that the terms hereof shall be more strictly construed against the party who itself or through its agent prepared the same, it being agreed that all parties hereto have participated in the preparation of this Lease and that legal counsel was consulted by each party hereto (or opportunity for such legal consultation afforded to each party) before the execution of this Lease. Tenant acknowledges that at the time this Lease is executed, the terms of this Lease are commercially reasonable and effectuate the intent and purpose of Landlord and Tenant with respect to the Premises. No inferences shall be drawn from matters deleted from any working drafts of this Lease. If Landlord shall fail or refuse to give its consent or approval regarding any matter where Landlord is required, either by this Lease or by law not to unreasonably withhold its consent, Tenant shall not be entitled to any damages for any withholding or delay of such consent but shall be entitled to bring an action for injunction or specific performance.

(u) **Financial Statements.** From time to time Landlord may request, and Tenant hereby agrees to provide, within twenty (20) days after receipt of any such request, certified financial statements of Tenant or such other financial information as Landlord may request regarding Tenant or its business operations. Tenant represents and warrants to Landlord that all financial statements delivered to Landlord are or will be (if delivered in the future) true and accurate in all material respects. If Tenant shall deliver to Landlord any such financial statements which are materially and intentionally inaccurate, then such delivery shall be deemed to be a default under this Lease without any right to notice or cure.

(v) **Commercial Lease.** Landlord and Tenant agree and acknowledge that this Lease is for commercial purposes. To the fullest extent permitted by law, Tenant waives the right to redeem the Premises following a default by Tenant.

38. **OFFICE FILES.** In the event of a secured default by Tenant that culminates in an eviction of Tenant from the Premises, or in the event Tenant vacates or abandons the Premises, Tenant hereby authorizes Landlord, at Tenant's expense, to box up any and all files, including but not limited to, any patient records (the "Office Files") that may remain in the Premises after such eviction or abandonment, or Tenant vacating of the Premises, and to deliver the Office Files to the attention of Dr. Michael D. Cohen at 8522 Belton Avenue, Suite 300, Towson, Maryland 21204 (the "Records Address"). Tenant hereby expressly agrees that it shall immediately notify Landlord in writing in the event the Records Address should change. In the event Tenant is no longer

subordination, (i) all heating, ventilation and air conditioning equipment, hot water heaters(s), bathroom fixtures, lighting fixtures, and all other fixtures which have been installed in the Premises (but not medical equipment or Specialized Improvements, as defined in Exhibit B of this Lease), shall be the property of the Landlord regardless of whether originally installed by or paid for by Landlord or by Tenant, and shall be expressly excluded from Tenant's Collateral, (ii) either Tenant or Tenant's lender shall remove the Tenant's Collateral from the Premises within fifteen (15) days after the expiration or early termination of this Lease (and any Tenant's Collateral not removed within such timeframe shall be deemed abandoned), and (iii) any damages to the Premises caused by the removal of Tenant's Collateral shall be repaired by the party removing the same at its expense.

40. **TENANT'S EXCLUSIVE.** So long as Tenant is actively using the Premises for the primary purpose of an office for a cosmetic medical practice and cosmetic surgery center, and medical spa services administered or overseen by an on-site physician, and provided Tenant is not in default of any of its obligations under this Lease, Landlord agrees that it will not enter into any lease of other in-line space in the building containing the Premises to any tenant whose primary purpose is an office for a cosmetic surgery center administered or overseen by an on-site physician. For purposes of this clause, the "primary" purpose for use of the premises can be measured by Landlord using any reasonable method, including but not limited to the number of employees devoted to the use, the floor area devoted to the use, or dollar volume produced by such use. This exclusive shall not, however, restrict any tenant leasing space within the building as of the date of this Lease nor any replacement tenant who succeeds to the interest of any such tenant, or any tenant whose square footage is greater than 15,000 square feet. If Landlord defaults under its obligations set forth in this Section, Tenant shall provide written notice to Landlord within thirty (30) days after the occurrence of the default. Notwithstanding any provisions herein to the contrary, in the event the Premises are not being used by the Tenant primarily for the purpose set forth herein, the provisions of this Section shall be of no force or effect. Tenant acknowledges that this exclusive is personal to Tenant only and shall be automatically null and void of no further force or effect in the event Tenant assigns its rights under this Lease, in whole or in part, or sublets all or any portion of the Premises. Further, the provisions of this Section shall be of no force or effect in the last six (6) months of the term of this Lease.

41. **TENANT'S FINANCING CONTINGENCY.** Landlord and Tenant agree that (i) Tenant intends to obtain a loan from a financial institution to finance the cost of Tenant's Work (hereinafter, "Tenant's Financing"), and (ii) Tenant shall have the conditional right to terminate this Lease effective June 17, 2013 if Tenant is unable to secure Tenant's Financing, subject to the terms herein. Tenant affirms to Landlord that it applied for Tenant's Financing prior to Tenant's execution of this Lease and has been, and shall continue to, diligently pursue the same. For purposes of this Section, the term "diligently pursue" shall include payment of all fees and charges, providing all requested information and data to the financial institution in a timely manner, and otherwise cooperating with the financial institution in an expeditious manner. Landlord and Tenant agree that after Landlord delivers the Premises to Tenant in the condition required by this Lease, Tenant shall restrict its activities within the Premises to access for planning purposes for Tenant's Work only, and no construction activities associated with Tenant's Work shall be performed in the Premises until after June 17, 2013, unless Tenant shall have obtained Tenant's Financing prior to that date and has provided Landlord with documentary evidence of the same. In the event Tenant fails to obtain Tenant's Financing by the close of business on June 17, 2013, Tenant shall have the right to terminate this Lease upon written notice of such early termination exercises (the "Termination Notices") delivered to Landlord, solely for the purposes of this Section 41, via facsimile to 443-921-4441, with a copy faxed to 443-921-4411, by no later than 4:00 p.m. on June 17, 2013, which notice shall be accompanied by a copy of formal notice from Tenant's financial institution denying Tenant's application for Tenant's Financing. A copy of any such Termination Notice (accompanied by a copy of formal notice from Tenant's financial institution denying Tenant's application for Tenant's Financing) shall be sent to Landlord by Tenant via certified mail or overnight delivery service for delivery to Landlord by June 21, 2013. In the event Tenant fails to provide the foregoing facsimile mail or overnight delivery service by June 21, 2013, or fails to provide copies of the same via certified mail or overnight delivery service by June 21, 2013, Tenant's right to terminate this Lease pursuant to this Section 41 shall be deemed null and void and of no further force or effect.

Tenant expressly agrees that in the event Tenant exercises its termination right as set forth in this Section 41, Tenant shall pay to Landlord the amount of Ten Thousand Dollars (\$10,000.00), the "Termination Fee" as consideration for Tenant's early termination of this Lease. Upon timely receipt by Landlord of the Termination Notice and accompanying documentation required herein, the Lease shall be deemed terminated as of June 17, 2013, and all rights and obligations of the parties shall cease, except (a) Tenant shall remain liable for vacating the Premises in the condition required hereunder, and for payment of the Termination Fee, and (b) Landlord shall return to Tenant the Security Deposit (less the Termination Fee, if unpaid, and/or any other amounts that may then be due and payable by Tenant pursuant to the terms of this Lease), and such liabilities shall survive termination. Time is of the essence of the provisions of this Section 41.

BALANCE OF PAGE INTENTIONALLY BLANK

IN WITNESS WHEREOF, the parties have signed these presents the day and year first above written.

WITNESS/ATTEST:

LANDLORD:
BARE HILLS LOT 3, LLC
By: Condemna Realty Corporation, Agent

[Handwritten Signature]
Witness Signature

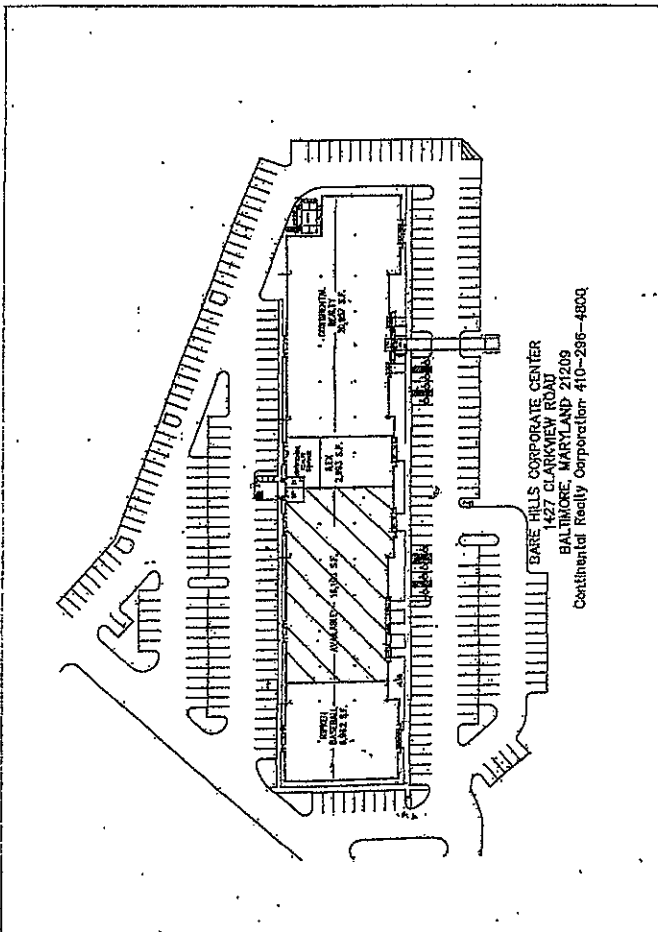
By: *[Handwritten Signature]*
Lawrence G. Riedl, Vice President

WITNESS/ATTEST:

TENANT:
COSMETIC ORGANIZATION FOR PRACTICE
ENHANCEMENT, LLC

[Handwritten Signature]
Witness Signature

By: *[Handwritten Signature]*
Name: Harold D. Loken
Title: President
Federal Tax Id Number: 20-0863592



BARE HILLS LOT 3, LLC

EXHIBIT B

CONSTRUCTION OBLIGATIONS

A. Except as otherwise indicated, Tenant accepts the premises in "As Is" condition as of the Commencement Date. Landlord agrees, at its cost and expense, to perform the following with respect to the Premises in a workmanlike manner and in compliance with applicable governmental requirements (collectively, "Landlord's Work"): Deliver existing heating, ventilation and air conditioning unit(s), stove fronts and office chairs in working order by July 1, 2013. Work to be performed by Landlord shall be performed in a workmanlike manner and in compliance with applicable governmental requirements. In the event that Landlord shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor trouble, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the Landlord, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Except for the work specifically enumerated above, Landlord shall have no obligation to perform any work in the Premises in connection with Tenant's initial build-out as such work shall be the sole obligation of Tenant at Tenant's sole cost and expense.

B. The following shall be incorporated in the construction of the Premises by the Tenant, and all labor, material and equipment therefor shall be at Tenant's sole cost and expense (collectively, "Tenant's Work"):

1. Tenant will do all work necessary other than that specifically set forth in A. above to constitute the Premises as a fully rentable unit by no later than one hundred eighty (180) days after the date Landlord delivers the Premises to Tenant ("Tenant's Work Period"). The cost of any and all work not specifically delineated as the responsibility of Landlord, or any increase in cost resulting from subsequent changes, shall be the responsibility of Landlord, and paid for by, Tenant. Failure of Tenant to timely complete Tenant's Work shall be a material default of this Lease.
2. All work included in or in addition to the foregoing shall be subject to Landlord's prior written approval as to design, materials and details, all as shown on plans submitted to Landlord by Tenant in advance of Tenant commencing any work. Tenant shall use best efforts to submit Tenant's plans and specifications to Landlord within forty five (45) days of execution of this Lease, which plans and specifications shall include detailed information regarding any medical trade fixtures Tenant intends to install in the Premises. Landlord shall review and either approve the construction plans and specifications within thirty (30) days following delivery of same to Landlord or shall advise Tenant in writing of any objection thereto. In all events, Landlord's notice to Tenant regarding Tenant's plans and specifications shall include a list of those medical trade fixtures Landlord will require Tenant to remove upon the expiration or early termination of the Lease (the "Specialized Improvements"), pursuant to Section 9(c) of the Lease. Tenant may, as part of Tenant's Work, install chillers and a generator on the roof or on the parking lot of the Premises (as determined by Landlord in its sole discretion), provided any such installation has been approved by Landlord and is performed under the direct supervision of Landlord's roofing contractor; if applicable. Tenant agrees that in the event of any conflict between the terms and conditions of Tenant's contract for any such chiller and/or generator installation, the plans and specifications approved by Landlord and the on-site instructions of Landlord's roofing contractor; the instructions of Landlord's roofing contractor shall control. Landlord's approval of the plans, specifications and/or working drawings for Tenant's Work shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental authorities or agencies. In the event the parties cannot agree on final plans and specifications within fifteen (15) days from Landlord's written notice of objection, Landlord shall be entitled to terminate this Lease by written notice to Tenant, whereupon neither party shall have any rights, obligations or liability to or against the other.
3. Tenant shall apply for a building permit with respect to the construction of Tenant's Work promptly upon Landlord's approval of Tenant's plans and specifications. Tenant shall prosecute the application diligently and shall begin to construct Tenant's Work promptly following the date on which a building permit is issued with respect to Tenant's Work.
4. Tenant shall make the Premises available for Landlord's inspection (i) prior to construction of any interior demising walls, to verify location, (ii) prior to installation of Tenant's trade fixtures, equipment and inventory, and (iii) after such installation. Approval must be obtained at all inspections. Landlord may inspect Tenant's Work at any other reasonable times during the course of construction. Landlord may enter the Premises for

6. Construction shall be prosecuted diligently and continuously to completion such that Tenant shall open the Premises for business to the public by no later than February 28, 2014. If Tenant shall cease construction for any period of time in excess of thirty (30) days other than because of conditions beyond the reasonable control of Tenant such as a strike or shortage of labor or materials, Landlord may terminate this Lease, effective as of the date set forth in such termination notice.

C. Provisions governing work (including any Alterations) performed by Tenant.

1. All work performed by Tenant shall be performed in a first class and workmanlike manner using only new materials. Tenant shall not use or permit to be used any construction materials which may be susceptible to mold growth, for example, rubber foam.
2. Tenant shall be responsible for obtaining all permits and licenses required in connection with the performance of its work and shall use diligent efforts and good faith to obtain such permits and approvals, including any certificate of occupancy. Tenant shall forward to Landlord a copy of the certificate of occupancy promptly upon Tenant's receipt of the same.
3. Tenant's general contractor shall be approved in advance by Landlord. Before Tenant or its contractors commence any work, they shall arrange with Landlord for allocation of space for storage of equipment and materials, if necessary, outside of the Premises, and for access to the site of the work. Storage of all materials and equipment shall be confined to the areas from time to time designated by Landlord, and access to the site of the work by Tenant's contractors, and their employees and suppliers shall be confined to the routes from time to time designated by Landlord.
4. Connections for utility service for Tenant and its contractors during the construction period shall not be made without prior notice to Landlord and without making arrangements satisfactory to Landlord for payment by Tenant for such connections and service.
5. Tenant shall require its contractors to comply with all requirements of Landlord regarding coordination of work in the property.
6. Tenant shall cause its contractors to remove and dispose of promptly debris, rubbish, surplus materials and temporary structures resulting from Tenant's work in the Premises, as may be necessary to avoid interference with construction, other tenants in the Project, Project customers, or when directed by Landlord.
7. Tenant shall cause any contractor which performs Tenant's Work to observe Landlord's labor regulations, to prevent any labor disturbances, to minimize interference with other tenants, and to preserve and protect the improvements to the Project. If any labor dispute is caused by or related to any of Tenant's contractors, subcontractors, or suppliers, Tenant shall, upon Landlord's demand, cause the contractor, subcontractor or supplier causing, involved in or related to such labor dispute to immediately cease work and deliveries in the Project until further notice from Landlord. Tenant shall indemnify, defend and hold harmless Landlord from and against any damage to any part of the Project caused by Tenant's contractors and suppliers, and any other liability, loss, cost or expense (including attorneys' fees) incurred by Landlord as a result of the activities of Tenant and its contractors.
8. At all times when any work is in progress, Tenant shall maintain or cause to be maintained with such companies and for such periods as Landlord may require (i) worker's compensation insurance covering all persons employed in connection with the work, in an amount at least equal to the minimum amount of such insurance required by law; and (ii) for the mutual protection of Landlord, Tenant and any mortgage, commercial general liability insurance against all hazards, with limits for bodily injury or death to any one person, for bodily injury or death to any number of persons in respect of any one accident or occurrence, and for property damage in respect of one accident or occurrence in such amounts as are set forth under Section 11. Such commercial general liability insurance may be satisfied by the insurance required under Section 11, but may be effected by an endorsement, upon the insurance policy referred to in said Section. The provisions and conditions of Section 11 herof shall apply to any insurance which Tenant shall be required to maintain or cause to be maintained during any period of construction.
9. All work performed by Tenant shall be performed in compliance with applicable governmental and quasi-governmental requirements and codes.
10. If reasonably required by Landlord, Tenant shall cause its contractors to furnish performance and labor and material payment bonds from a reputable surety company and which shall include Tenant, Landlord, and other Designees of Landlord as obligees at no cost to Landlord.

13. Landlord shall have no responsibility or liability whatever for any materials or equipment stored by Tenant or its contractors either in the premises or elsewhere in the property. If Tenant desires insurance protection for such materials and equipment, it shall arrange for coverage at its expense.

MINIMUM BUILDING STANDARD SPECIFICATIONS

- Partitions – Metal Stud/Gypsum**
- Demising walls:** 20 gauge 3 5/8" metal studs placed 16" O.C. with bridging placed horizontally every 48" O.C. R-13 unfaced fiberglass insulation friction fit. 5/8" type "X" gypsum board one layer each side finished to Level 4 specifications.
- Interior Walls:** (Deck to ceiling) 20 gauge 3 5/8" metal studs placed 24" O.C. R-13 unfaced fiberglass insulation friction fit. 1/2" type "X" gypsum board one layer each side finished to Level 4 specifications.
- Perimeter Walls:** (Deck to 6" above finish ceiling) 2 1/2" 20 gauge metal studs placed 34" O.C. R-11 unfaced fiberglass insulation friction fit. 1/2" type "X" gypsum board applied to occupied side finished to Level 4 specifications.
- Ceiling**
- Suspended Acoustical:** Suspended ceiling will be installed at minimum 9'-0" A.F.F. Grid will be a 2' x 4' configuration with 15/16" exposed white rec. Lay in panels will be 5/8" fissured acoustical mineral tile. (BET 197 or approved equal.)
- Paints:** Walls will be primed with latex primer and receive two finish coats of flat latex wall paint. Metal frames will receive two finish coats of semi-gloss trim paint.
- Floors – Carpet/CT**
- Carpet:** Carpet must be a minimum of \$20.00 per square yard, including wall base.
- VCT:** 12" x 12" x 1/8" commercial floor tile; Armstrong Standard Execution or equal.
- Lights:** 2' x 4' 18 cell parabolic lay in fluorescent fixtures with 3 4'-0" lamps each. Fixtures will provide 80 foot candles at 30" above finished floor.
- HVAC:** Roof top gas fired will be used to condition the space. Cooling is formulated at one ton per 325 square feet using ducted supplies and returns. Supply and return diffusers will be lay in 2' x 2' unified.
- Sprinkler:** Existing wet system will be utilized to provide protection at the new ceiling level meeting NFPA 13 requirements. Heads will be standard chrome with chrome escutcheons.
- Doors:** 3'-0" x 7'-0" solid core hard doors will be used along with metal knock down frames. Hardware shall be Schlage lever set, Adams styling with satin bronze finish (612).
- Electric:** 480V 3 phase service with step down transformer. Typical layout will include 3 duplex outlets per office along with reasonable convenience outlets. RITUs to be 480V, lighting to be 277V, and receptacles to be 120V.
- Restrooms:** Fixtures will be white china in accordance to local codes including ADA requirements. Sinks will be white china surface mounted on plastic laminate tops with compliant polished chrome hand sets. Nonbrushing the foregoing. Tenant may install fixtures and/or sinks that are not white china, with Landlord's prior written consent, which consent shall not be unreasonably withheld. Metal partitions (if needed) will be floor mounted and have a factory standard finish.

BARE HILLS LOT 3, LLC

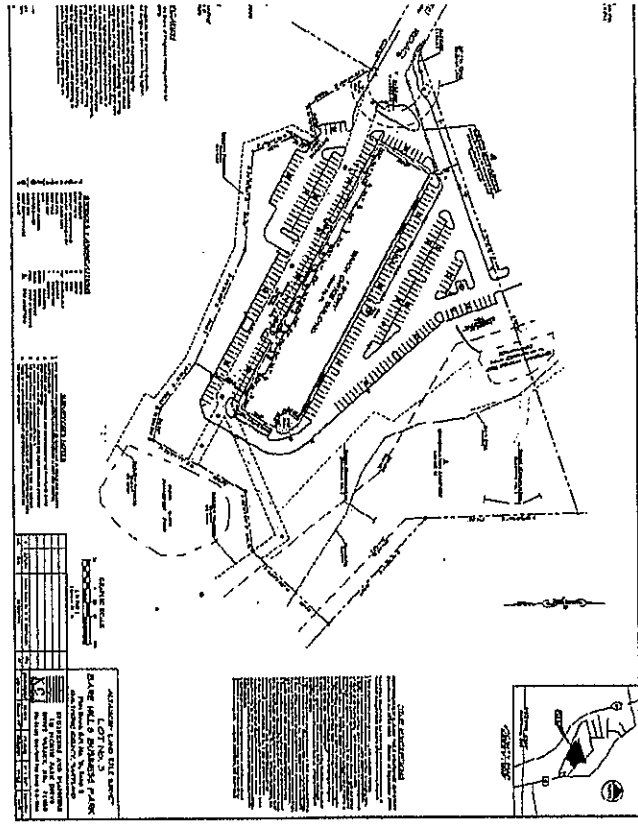
EXHIBIT C

RULES AND REGULATIONS

1. Tenant shall not keep merchandise on or obstruct the driveways, walks, roadways, highways, streets, parking areas, common halls or other areas outside the Premises. Tenant shall not obstruct the windows, doors, partitions or lights within the Premises or the Project.
2. Tenant shall comply with any delivery schedules generated by Landlord and not load or unload from the front of the Premises, if Premises has a rear door or a side loading dock.
3. Tenant shall keep the Premises clean and free from refuse, rubbish and dirt at all times and shall keep all glass in the doors and windows of the Premises clear and repaired.
4. Tenant shall not permit any act or practice which may tend to injure the Premises and the apartments of the Project or any other equipment or display located thereon or which will annoy, disturb or interfere with other tenants or customers of the Project.
5. Tenant shall not mark, paint, drill into or in any way deface any part of the Premises or the Project nor shall boring, cutting or stringing of wires be permitted other than as part of any approved construction or alterations.
6. Tenant shall not permit loudspeakers, sound amplifiers, phonographs, radio or television broadcasts, or similar devices or any unseemly or disturbing noises to be heard outside the Premises.
7. Tenant shall not use an advertising medium that may constitute a nuisance to other tenants or to customers of the Project.
8. Tenant shall not use the plumbing facilities for any purpose other than that for which they were constructed, nor perform any act or carry on any practice which may damage, mar, or deface the Premises or any other part of the Project.
9. Tenant shall not operate on the Premises or in any part of the Project any coin or token operated vending machine or similar devices for the sale of foods or anything else, except for use by Tenant's employees only.
10. Tenant shall not install any awnings, canopy, sign or other projections on the exterior of the Premises without Landlord's consent. 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 prior written consent of Landlord. Such curtains, blinds and shades must be of a quality, type, design and color, and attached in a manner reasonably approved by Landlord.
11. No aerial, antenna, pipes, wiring or other projections shall be erected on the roof or exterior walls of the Premises or on the grounds without in each instance the prior written consent of Landlord, which consent may be given or withheld in Landlord's sole and absolute subjective discretion. Any aerial or antenna so installed without such written consent shall be subject to removal without notice at any time. Whether or not Tenant shall install an aerial or antenna with Landlord's prior written consent, Tenant shall be responsible for (i) any and all damage to the building, in particular the roof, as a result of such installation, (ii) full compliance with the roof warranty affecting the building, and (iii) removal of the aerial or antenna upon Landlord's demand, if installed without consent, or at the expiration or early termination of the Lease Term, if installed with consent, and (iv) restoration of the roof and other affected areas upon removal of the aerial or antenna.
12. Tenant shall at all times keep the Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
13. The outside area immediately adjoining the Premises shall be kept clean and free from snow and ice (subject to the terms of Section 10(a) of the Lease), and dirt and rubbish by Tenant to the satisfaction of Landlord, and Tenant shall not place or permit any obstruction or merchandise in such areas.

interlining of builder's deadening felt shall be first affixed to the floor by a paste or other material, the use of cement or other similar adhesive material being expressly prohibited.

19. No additional lock or locks shall be placed by Tenant on any door in the building containing the Premises without prior consent of Landlord. Tenant shall supply Landlord with keys and/or security codes to any door lock installed by Tenant. Tenant, its agents and employees shall not change any locks without Landlord's consent. All keys for the Premises shall be returned to Landlord at the termination of the tenancy. In the event of the loss of any key(s) furnished by Landlord, Tenant shall pay Landlord the cost of each key lost or the cost of replacing all the locks operated by the lost key(s), at Landlord's sole and absolute subjective discretion.
20. Tenant, before closing and leaving the Premises, shall ensure that all windows are closed and all entrance doors locked, and all electrical appliances are turned off.
21. Neither Tenant nor Tenant's employees or agents shall solicit business in the common use areas or distribute any handbills or other advertising matter in such areas.
22. Smoking is prohibited in all common or shared hallways, pursuant to county and state laws. Tenant shall enforce this non-smoking policy with its employees and invitees. Tenant will be assessed One Hundred Fifty Dollars (\$150.00) per violation by Landlord, as liquidated damages and not as a penalty and collectible as additional rent if not promptly paid.
23. Tenant shall deliver all its requests for services to be performed by Landlord to the management agent designated by Landlord. Employees of Landlord shall not perform any work for Tenant or do anything outside of their regular duties, unless under special instructions from Landlord.
24. Dumpsters or other trash containers shall be permitted in designated areas only. 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.
25. Bicycles, motorcycles or other vehicles shall not be brought into the interior of any building or Premises within the Project.
26. Intentionally deleted.
27. Tenant shall not use any system of heating or cooling other than that existing in the Premises at the commencement of the Lease Term or which is part of Tenant's Work without the prior written consent of Landlord.
28. No animals (other than seeing eye dogs) shall be kept in or about the Building.
29. No portion of the Premises shall at any time be used or occupied as sleeping or lodging quarters or for any immoral or illegal purpose.
30. Tenant shall not use the name of the Project for any purpose other than as a business address of Tenant, and shall not use any picture or likeness of the Project in any circular, notice, advertisement or correspondence, without the prior written consent of Landlord, which consent shall not be unreasonably withheld.
31. Landlord may change the name or address of the Project, and may install and maintain any permanent or temporary sign or signs on the exterior of the buildings within the Project.
32. Common or shared hallways shall be kept clean and free of trash and debris. All doors leading to and from these areas shall be securely locked at all times. Tenant shall strictly enforce these rules with its employees and invitees. Tenant will be assessed One Hundred Fifty Dollars (\$150.00) per violation by Landlord, as liquidated damages and not as a penalty and collectible as additional rent if not promptly paid.
33. Tenant shall hold no sidewalk sales, fire sales, auctions, bankruptcy or liquidation sales on the Premises, nor shall Tenant display any advertising or signage concerning such types of sales. If Tenant violates this provision, in addition to all the other remedies provided in this Lease, Tenant shall pay One Hundred Fifty Dollars (\$150.00) per day, as liquidated damages and not as a penalty and collectible as additional rent if not promptly paid.
34. Landlord reserves the right to rescind, waive, alter or add to these Rules and Regulations as Landlord in its reasonable discretion, from time to time determines is in the best interests of the Project, and Tenant



1:49 PM

03/29/22

Accrual Basis

Clarkview Surgery Center, LLC
Profit & Loss Prev Year Comparison
 January through December 2021

	Jan - Dec 21	Jan - Dec 20	\$ Change
Ordinary Income/Expense			
Income			
All Service Income	2,121,129.40	0.00	2,121,129.40
Revenue - Surgery Center	0.00	1,167,204.62	-1,167,204.62
Total Income	2,121,129.40	1,167,204.62	953,924.78
Cost of Goods Sold			
Cost of Goods Sold	-26,748.90	0.00	-26,748.90
Total COGS	-26,748.90	0.00	-26,748.90
Gross Profit	2,147,878.30	1,167,204.62	980,673.68
Expense			
Advertising and Promotion	4,109.13	0.00	4,109.13
Automobile Expense	1,982.31	0.00	1,982.31
Bank Service Charges	10,805.94	0.00	10,805.94
Charitable Contributions	5,000.00	0.00	5,000.00
Continuing Education	13,990.78	0.00	13,990.78
Dues and Subscriptions	0.00	4,349.95	-4,349.95
Insurance Expense			
Health	0.00	12,117.43	-12,117.43
Malpractice	7,962.12	4,726.50	3,235.62
Umbrella	0.00	2,674.99	-2,674.99
Insurance Expense - Other	41,462.91	0.00	41,462.91
Total Insurance Expense	49,425.03	19,518.92	29,906.11
Interest Expense	74.93	0.00	74.93
Management Fee Expense	0.00	68,739.31	-68,739.31
Meals and Entertainment	3,417.12	2,378.29	1,038.83
Medical Records and Supplies			
Garments	0.00	1,998.44	-1,998.44
Gases	0.00	59,824.59	-59,824.59
Implants	0.00	300,075.94	-300,075.94
Other	0.00	60,120.22	-60,120.22
Medical Records and Supplies - Other	830,750.04	0.00	830,750.04
Total Medical Records and Supplies	830,750.04	422,019.19	408,730.85
Merchant Fees	0.00	36,751.47	-36,751.47
Miscellaneous Expense	426.08	0.00	426.08
Office Expense	10,192.51	27,192.42	-16,999.91
Office Supplies	19,588.56	0.00	19,588.56
Outsourced Services			
IT Support	0.00	515.80	-515.80
Outsourced Services - Other	50,783.57	13,044.69	37,738.88
Total Outsourced Services	50,783.57	13,560.49	37,223.08
Payroll Expenses	210.03	0.00	210.03
Pension Expense	0.00	3,397.75	-3,397.75
Postage & Delivery	0.00	852.68	-852.68
Professional Fees			
Accounting	0.00	7,320.00	-7,320.00
Legal	0.00	8,091.56	-8,091.56
Professional Fees - Other	34,022.20	32,644.47	1,377.73
Total Professional Fees	34,022.20	48,056.03	-14,033.83
Rent Expense	61,800.05	48,834.37	12,965.68
Repairs and Maintenance	78,225.13	27,875.19	50,349.94
Salaries & Wages			
Administrative	665.00	29,927.47	-29,262.47
Staff	0.00	340,368.61	-340,368.61
Salaries & Wages - Other	562,915.33	0.00	562,915.33
Total Salaries & Wages	563,580.33	370,296.08	193,284.25

1:49 PM

03/29/22

Accrual Basis

Clarkview Surgery Center, LLC
Profit & Loss Prev Year Comparison
January through December 2021

	<u>Jan - Dec 21</u>	<u>Jan - Dec 20</u>	<u>\$ Change</u>
Taxes			
Payroll	43,582.70	26,012.50	17,570.20
Personal Property	297.22	600.00	-302.78
State Income	15,823.02	0.00	15,823.02
Taxes - Other	41,739.71	0.00	41,739.71
Total Taxes	<u>101,442.65</u>	<u>26,612.50</u>	<u>74,830.15</u>
Travel Expense			
Uniforms	1,654.08	5,847.67	-4,193.59
Utilities	83.29	7,522.47	-7,439.18
	11,781.22	31,369.87	-19,588.65
Total Expense	<u>1,853,344.98</u>	<u>1,165,174.65</u>	<u>688,170.33</u>
Net Ordinary Income	<u>294,533.32</u>	<u>2,029.97</u>	<u>292,503.35</u>
Other Income/Expense			
Other Income			
COVID	0.00	988.70	-988.70
Total Other Income	<u>0.00</u>	<u>988.70</u>	<u>-988.70</u>
Net Other Income	<u>0.00</u>	<u>988.70</u>	<u>-988.70</u>
Net Income	<u>294,533.32</u>	<u>3,018.67</u>	<u>291,514.65</u>

TABLE C. CONSTRUCTION CHARACTERISTICS

INSTRUCTION: If project includes non-hospital space structures (e.g., parking garages, medical office buildings, or energy plants), complete an additional Table C for each structure.

	NEW CONSTRUCTION	RENOVATION
BASE BUILDING CHARACTERISTICS	Check if applicable	
Class of Construction (for renovations the class of the building being renovated)*		
Class A	<input type="checkbox"/>	<input type="checkbox"/>
Class B	<input type="checkbox"/>	<input type="checkbox"/>
Class C	<input type="checkbox"/>	CLASS C <input type="checkbox"/>
Class D	<input type="checkbox"/>	<input type="checkbox"/>
Type of Construction/Renovation*		
Low	<input type="checkbox"/>	<input type="checkbox"/>
Average	<input type="checkbox"/>	AVERAGE COST <input type="checkbox"/>
Good	<input type="checkbox"/>	<input type="checkbox"/>
Excellent	<input type="checkbox"/>	<input type="checkbox"/>
Number of Stories		

*As defined by Marshall Valuation Service

PROJECT SPACE	List Number of Feet, if applicable	
Total Square Footage	Total Square Feet	
Basement		
First Floor		500
Second Floor		
Third Floor		
Fourth Floor		
Average Square Feet		
Perimeter in Linear Feet	Linear Feet	
Basement		
First Floor		279
Second Floor		
Third Floor		
Fourth Floor		
Total Linear Feet		
Average Linear Feet		
Wall Height (floor to eaves)	Feet	
Basement		
First Floor		10
Second Floor		
Third Floor		
Fourth Floor		
Average Wall Height		
OTHER COMPONENTS		
Elevators	List Number	
Passenger		0
Freight		0
Sprinklers	Square Feet Covered	
Wet System		X
Dry System		
Other	Describe Type	
Type of HVAC System for proposed project	Unidirectional flow ventilation system	
Type of Exterior Walls for proposed project	Brick	

TABLE C. CONSTRUCTION CHARACTERISTICS

INSTRUCTION: If project includes non-hospital space structures (e.g., parking garages, medical office buildings, or energy plants), complete an additional Table C for each structure.

	NEW CONSTRUCTION	RENOVATION
BASE BUILDING CHARACTERISTICS	Check if applicable	
Class of Construction (for renovations the class of the building being renovated)*		
Class A	<input type="checkbox"/>	<input type="checkbox"/>
Class B	<input type="checkbox"/>	<input type="checkbox"/>
Class C	<input type="checkbox"/>	CLASS C <input type="checkbox"/>
Class D	<input type="checkbox"/>	<input type="checkbox"/>
Type of Construction/Renovation*		
Low	<input type="checkbox"/>	<input type="checkbox"/>
Average	<input type="checkbox"/>	AVERAGE COST <input type="checkbox"/>
Good	<input type="checkbox"/>	<input type="checkbox"/>
Excellent	<input type="checkbox"/>	<input type="checkbox"/>
Number of Stories		

*As defined by Marshall Valuation Service

PROJECT SPACE	List Number of Feet, if applicable	
Total Square Footage	Total Square Feet	
Basement		
First Floor		500
Second Floor		
Third Floor		
Fourth Floor		
Average Square Feet		
Perimeter in Linear Feet	Linear Feet	
Basement		
First Floor		279
Second Floor		
Third Floor		
Fourth Floor		
Total Linear Feet		
Average Linear Feet		
Wall Height (floor to eaves)	Feet	
Basement		
First Floor		10
Second Floor		
Third Floor		
Fourth Floor		
Average Wall Height		
OTHER COMPONENTS		
Elevators	List Number	
Passenger		0
Freight		0
Sprinklers	Square Feet Covered	
Wet System		X
Dry System		
Other	Describe Type	
Type of HVAC System for proposed project	Unidirectional flow ventilation system	
Type of Exterior Walls for proposed project	Brick	

TABLE E. PROJECT BUDGET

INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. See additional instruction in the column to the right of the table.

NOTE: Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.a as a use of funds and on line B.8 as a source of funds

	Hospital Building	Other Structure	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. New Construction			
(1) Building			\$0
(2) Fixed Equipment			\$0
(3) Site and Infrastructure			\$0
(4) Architect/Engineering Fees			\$0
(5) Permits (Building, Utilities, Etc.)			\$0
SUBTOTAL	\$0	\$0	\$0
b. Renovations			
(1) Building		\$450,000	\$450,000
(2) Fixed Equipment (not included in construction)			\$0
(3) Architect/Engineering Fees		\$25,000	\$25,000
(4) Permits (Building, Utilities, Etc.)		\$2,000	\$2,000
SUBTOTAL	\$0	\$477,000	\$477,000
c. Other Capital Costs			
(1) Movable Equipment		\$50,000	\$50,000
(2) Contingency Allowance		\$100,000	\$100,000
(3) Gross interest during construction period			\$0
(4) Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$0	\$150,000	\$150,000
TOTAL CURRENT CAPITAL COSTS	\$0	\$627,000	\$627,000
d. Land Purchase			
e. Inflation Allowance			\$0
TOTAL CAPITAL COSTS	\$0	\$627,000	\$627,000
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees			\$0
b. Bond Discount			\$0
c. Legal Fees (CON)			\$0
d. Legal Fees (Other)			\$0
e. Non-Legal Consultant Fees (CON application related - specify what it is and why it is needed for the CON)			\$0
f. Non-Legal Consultant Fees (Other)			\$0
g. Liquidation of Existing Debt			\$0
h. Debt Service Reserve Fund			\$0
i. Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$0	\$0	\$0
3. Working Capital Startup Costs			\$0
TOTAL USES OF FUNDS	\$0	\$627,000	\$627,000
B. Sources of Funds			
1. Cash			\$0
2. Philanthropy (to date and expected)			\$0
3. Authorized Bonds			\$0
4. Interest Income from bond proceeds listed in #3			\$0
5. Mortgage			\$0
6. Working Capital Loans			\$0
7. Grants or Appropriations			
a. Federal			\$0
b. State			\$0
c. Local			\$0
8. Other (Specify/add rows if needed)			\$0
TOTAL SOURCES OF FUNDS			\$0
	Hospital Building	Other Structure	Total
Annual Lease Costs (if applicable)			
1. Land			\$0
2. Building		\$62,000	\$62,000
3. Major Movable Equipment			\$0
4. Minor Movable Equipment			\$0
5. Other (Specify/add rows if needed)			\$0

* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

TABLE L. WORKFORCE INFORMATION

Administration (List general categories, add rows if needed)										
NA	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0	\$0
Total Administration										
Direct Care Staff (List general categories, add rows if needed)										
NA	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0	\$0
Total Direct Care Staff										
Support Staff (List general categories, add rows if needed)										
NA	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0	\$0
Total Support Staff										
CONTRACTUAL EMPLOYEES TOTAL										
Benefits (State method of calculating benefits below):										
TOTAL COST	0.0	\$571,150	\$365,380	0.0	\$0	\$0	0.0	\$0	\$0	\$936,530