

AGREEMENT FOR CLINIC SUPPORT

This Agreement for Clinic Support ("Agreement") is entered into this 8th day of September, 2017 ("Effective Date") by and between **Orcas Medical Foundation** ("**Foundation**") and **UW Physicians Network** ("**UWPN**") (individually a "Party" and collectively the "Parties").

WHEREAS, Foundation is a non-profit entity that owns the building and equipment used in a primary care medical practice located at #7 Deye Lane, Eastsound, Orcas Island, Washington; and

WHEREAS, Foundation's purpose is to support the provision of health and medical services to the Orcas Island Community;

WHEREAS, UW Medicine, which is comprised of Harborview Medical Center and its associated clinics ("HMC"); UW Medicine/Northwest dba Northwest Hospital and Medical Center and its associated clinics ("NWH"); Public Hospital District No.1 dba Valley Medical Center and its associated clinics ("VMC"); UW Medical Center and its associated clinics ("UWMC"); UW Physicians Network dba UW Neighborhood Clinics ("UWPN"); The Association of University Physicians dba UW Physicians ("UWP"); the University of Washington School of Medicine ("UW SoM"); and Airlift Northwest ("Airlift").

WHEREAS, UWPN was created by the University of Washington to support UWMC, HMC and UW SoM by establishing community-based primary care clinics and expanding access for community patients, physicians and providers to the quaternary and tertiary specialty and subspecialty care available at UWMC and HMC and the clinical services provided by UW SoM faculty physicians; and

WHEREAS, UWPN is staffed by UW SoM faculty physicians and other healthcare professionals with expertise in providing clinical care to patients according to evidence-based, standardized clinical workflows, embracing a team approach to effectively manage the health of the patient together with specialty and subspecialty clinical resources as necessary for the patient and has developed specific expertise and experience in the establishment and operation of primary care clinics; and

WHEREAS, UWP is the faculty practice plan for UW SoM faculty who provide clinical care to patients at sites of practice approved by the CEO of UW Medicine/Dean of the UW SoM. UWP contracts, bills and collects the revenues generated through the clinical activities of UWP members at approved sites of practice including the UWPN clinics; and

WHEREAS, Foundation and UW Medicine have the shared goals of ensuring accessible, high-quality, coordinated and cost-effective patient care services through community-based healthcare delivery systems including access to complex tertiary and quaternary care when needed, and to further their commitment to the "Triple Aim" of better care for individuals, better health for populations, and lower per capita costs; and

WHEREAS, to further the goals of the Parties in pursuit of the Triple Aim, Foundation desires for UWPN to operate and manage a UW Medicine primary care clinic on Orcas Island to provide community access to certain primary care medical services; and

WHEREAS, the Parties agree that establishing a UW Medicine primary care clinic on Orcas Island, Washington (the "Clinic") will further their shared goals to manage the health of populations of the community and local region

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which being hereby acknowledged, Foundation and UWPN hereby agree as follows:

I. Obligations of UWPN

- A. UW Medicine Orcas Island Clinic: UWPN shall operate and manage the Clinic at #7 Deye Lane, Eastsound, Orcas Island, Washington. The anticipated opening of the Clinic under UWPN management is October 1, 2017 (the "Commencement Date"). UWPN and Foundation will cooperate with Island Hospital for a smooth transition between the closing of the Orcas Island clinic currently operated by Island Hospital and the opening of the Clinic, as operated and managed by UWPN.
- B. Information Systems Infrastructure
- i. UWPN will be responsible for the installation and ongoing maintenance of all information systems infrastructure necessary for operation of the Clinic including, but not limited to:
 1. Epic electronic medical record (Epic EMR);
 2. Patient scheduling applications and software;
 3. Interfaces with third party software applications for connectivity to the Epic EMR; and
 4. Billing software for physician professional services billing.
- C. Staffing
- i. UWPN will be solely responsible for recruiting and hiring all physicians, healthcare professionals and staff for the Clinic, including any selection of a medical director for the Clinic pursuant to UWPN's hiring policies and procedures. UWPN will provide administrative management and support personnel as appropriate to operate and manage the Clinic.
 - ii. UWPN will maintain the level of staffing necessary to provide high quality clinical care to the Clinic's patients. In general, the staffing levels will align with the staffing levels and standardized practices established by UWPN for a rural clinic model.
 - iii. UWPN, in its sole discretion, may increase or decrease the staffing levels based on patient care needs and patient volumes in the Clinic.
 - iv. Island Hospital employees, and any other individuals, who provide services at the Orcas Island clinic prior to operation of the Clinic by UWPN must apply for and be offered a position to continue working at the Clinic.
 - v. All hiring decisions for Clinic personnel will be based on UWPN's application and hiring policies and procedures.
- D. Clinic Operations
- i. UWPN will have sole responsibility for all aspects of operation and management of the Clinic including, but not limited to, preparation of the annual budget, hiring of personnel, scheduling of patients, contracting with vendors and suppliers and purchasing of supplies necessary for clinic operations. UWPN also shall be solely responsible for all decisions regarding the branding and marketing of the Clinic.
 - ii. UWPN, in its sole discretion, will determine appropriate scope of practice to ensure the delivery of safe and high quality care. All medical care services and operations of the Clinic shall be performed according to UWPN standards, professional practice guidelines, clinical protocols and practices and UWPN policies and procedures.
 - iii. UWP will bill and collect for all clinical services provided at the Clinic pursuant to UWP and UWPN's standard processes.
 - iv. UWPN will be solely responsible for establishing the hours of operation at the Clinic with the intent to operate a full time Clinic to meet the needs of the community.

II. Obligations of Foundation

- A. Start Up Payment. Foundation paid UWPN \$411,950 (“Start-Up Payment”) to cover start-up expenses that UWPN will incur prior to the Commencement Date. On or before the Commencement Date, UWPN shall provide an accounting of the actual start-up expenses incurred (“Final Start-up Expenses”) and if such expenses (including credits for any grant funds received by UWPN) are less than the Start-Up Payment, UWPN shall apply an amount equal to the amount by which the Start-up Payment exceeded the Final Start-up Expenses as a credit toward one or more of the quarterly payments of the Budgeted Loss for the Clinic as described in detail in Section II.D.ii.3.b. below.
- B. Clinic Operations. Foundation will not have a role in operations, management, employment or policies of the Clinic. Such matters shall be solely and fully within the discretion of UWPN.
- C. Medical Office Space Lease and Furniture, Fixtures and Equipment Contribution.
- i. Foundation will contribute the medical office space of the Clinic for the Term of this Agreement in accordance with the draft medical office and equipment lease attached as Exhibit A (the “Lease”).
 - ii. Foundation will contribute all costs associated with the use, maintenance and replacement of the furniture, fixtures and equipment (collectively the “Equipment”) currently located at the Clinic as listed on Exhibit A of the Lease.
 - iii. As the owner of the building where the medical office space for the Clinic is located and owner of the Equipment listed on Exhibit A of the Lease, Foundation shall assume the obligations of a lessor as set forth in the Lease. Commensurate with the execution of this Agreement, the parties shall execute the Lease, substantially in the form of the document attached as Exhibit A to this Agreement.
- D. Operating Loss Contribution
- i. The Parties recognize that primary care outpatient clinics often experience operational losses. However, the Parties also recognize that strong primary care services are needed to succeed in effectively managing the health of patients and achieving the Triple Aim. Operation and management of the Clinic furthers the mission of UW Medicine to improve the health of the public by delivering primary and secondary care close to the patient’s home and the Foundation’s purpose to ensure access to high quality health care to the Orcas Island community. As such, both UW Medicine and Foundation have an interest in ensuring that the Clinic has the necessary financial support.
 - ii. Annual Operating Losses.
 1. For the purpose of this Agreement the term “Annual Operating Loss” is defined as the actual loss from the Clinic’s operations calculated as its actual revenue less operating expenses for a given Fiscal Year.
 2. For the purpose of this Agreement, the term “Fiscal Year” shall mean July 1st through June 30th.
 3. To the extent that the Clinic experiences an Annual Operating Loss, Foundation will pay the Clinic's Annual Operating Loss as set forth below.
 - a. During the Term (as defined in Section III.A below), UWPN and Foundation will meet prior to the start of each Fiscal Year to discuss priorities for the Clinic so that UWPN can determine the annual budget for the Clinic (the “Annual Budget”). The Annual Budget shall include such items and categories of expenses as were reflected in the Draft Pro Forma, unless otherwise mutually agreed to by the Parties. The Draft Pro Forma for the Initial Term is attached as Exhibit B. Thereafter, UWPN will provide Foundation the Annual Budget for the Clinic for the upcoming UWPN Fiscal Year. UWPN will provide Foundation with a prorated Annual Budget for any partial Fiscal Year(s) during the Term.

- b. If the Annual Budget forecasts an estimated annual operating loss (the “Budgeted Loss”), Foundation shall provide to UWPN an amount equal to one quarter (1/4th) of the Budgeted Loss reflected in the Annual Budget on the last day of each quarter of the Fiscal Year.
- c. At the close of the Fiscal Year, UWPN will calculate the actual performance of the Clinic and determine the Annual Operating Loss and compare that to the Budgeted Loss. If the Annual Operating Loss exceeded the Budgeted Loss, Foundation will pay UWPN the difference but in no event will Foundation be required to pay a total annual amount (which amount includes the quarterly payments described in Section II.D.ii.3.b) that exceeds the Maximum Annual Funding (as defined below), which has been agreed to by the Parties in advance of the Fiscal Year. If the Annual Operating Loss is less than the Budgeted Loss, UWPN shall apply an amount equal to the amount by which the Budgeted Loss exceeded the Annual Operating Loss as a credit to the next scheduled payment by Foundation. If no further payments are scheduled, UWPN shall pay such amount to Foundation within fifteen (15) calendar days of completion of said calculation.
- d. UWPN will provide Foundation access to data related to actual performance of the Clinic, which UWPN uses for purposes of reconciliation.

iii. Maximum Annual Funding During Initial Term. The maximum amount of funding that Foundation will provide during the Initial Term for the Annual Operating Loss (“Maximum Annual Funding”) pursuant to the process outlined in Section II.D.ii above will be as follows:

Commencement Date - June 30, 2018	\$526,345*
July 1, 2018 - June 30, 2019	\$536,454
July 1, 2019 - June 30, 2020	\$547,059
July 1, 2020 -3rd anniversary of Commencement Date	\$557,765*

*Amount will be prorated for partial Fiscal Year.

The Maximum Annual Funding reflected above was based on the assumptions used to develop the Draft Pro Forma attached as Exhibit B. The Maximum Annual Funding will be adjusted upward accordingly to account for any of the following:

- A. Mutually agreed upon new expense items;
- B. Requests from the Foundation for changes to the Draft Pro Forma or any Annual Budget resulting in an increase in operating expenses;
- C. Any mutually agreed upon increase in an existing expense item in the Draft Pro Forma or Annual Budget that is deemed necessary for the operation of the UW Medicine Clinic but was unknown by the Parties at the time the Draft Pro Forma or Annual Budget was finalized; or
- D. Any additional operating expense necessitated by a change in applicable law or regulation. The foregoing notwithstanding, any such expense in excess of \$25,000 shall require mutual consent and if such consent is not given, the Agreement may be terminated by either party upon not less than six months written notice.

iv. No less than six (6) months prior to any automatic Renewal Term as defined under Section III.A below, UWPN shall provide Foundation with a financial pro forma

establishing the projected Annual Operating Losses for the Renewal Term. At that time, the Parties may establish new Maximum Annual Funding amounts for the Renewal Term. The Maximum Annual Funding amounts to be paid by Foundation during any Renewal Terms shall be prorated for any partial Fiscal Years of the Renewal Term. All Maximum Annual Funding amounts shall be established in writing in the form of an amendment to this Agreement.

III. Term and Termination

- A. Term. The term of this Agreement shall commence on the Effective Date and shall continue for a period of three (3) years (the "Initial Term") from the Commencement Date. Unless otherwise terminated as set forth herein, this Agreement shall automatically renew for additional three (3) year terms ("Renewal Term(s)"). The Initial Term and any Renewal Term(s) may be collectively referred to herein as the "Term."
- B. Termination During the Initial Term or Renewal Term(s)
- i. Breach. In the event of a material breach of this Agreement by a party, the non-breaching Party may terminate this Agreement by giving the breaching Party thirty (30) days advance written notice of the breach and intent to terminate unless the breaching Party cures the breach within such thirty (30) day notice period. The Parties agree that such cure period shall be extended for a reasonable period of time if the allegedly breaching Party demonstrates a good faith effort and actual improvement toward curing the breach, and it appears likely that the allegedly breaching Party will not be able to cure the breach within the thirty (30) day cure period. Foundation's failure to make any of the payments required under this Agreement shall be considered a material breach.
 - ii. Bankruptcy. Either Party may terminate this Agreement if the other Party (A) commences a voluntary action for bankruptcy; (B) if a court of competent jurisdiction appoints, or the Party makes an assignment of all or substantially all of its assets to, a receiver or trustee for the Party or for all of substantially all of its assets; or (C) if the Party fails to generally pay its debts as they become due or is otherwise unable to do so.
- C. Termination During Renewal Term(s). In addition to the termination provisions set forth in Section III.B. i-ii above, this Agreement may be terminated during a Renewal Term by either party, without cause, with three hundred sixty five (365) days' advance written notice to the other party.
- D. Termination Due to Failure of Public Hospital District Ballot Measure. In the event that the April 2018 ballot measure to create a public hospital district on Orcas Island as described in Section IV fails to take place or fails to pass, this Agreement may be terminated upon written notice by either party, which termination shall be effective October 31, 2018, unless an earlier effective date is agreed upon by the parties. During the notice period, Foundation will continue to fund the Annual Operating Loss of the Clinic while UWPN winds down the operations of the Clinic.
- E. Termination Due to Failure to Reach Agreement with Board of Commissioners.
- i. This Agreement may be terminated by written notice by either party in the event that:
 1. the Board of Commissioners (for any Public Hospital District that is created following the April 2018 ballot measure as described in Section IV below) is unwilling, after a period of good faith negotiations, to unconditionally agree to accept assignment of this Agreement; or
 2. UWPN and the Board of Commissioners are unable, after a period of good faith negotiations, to enter into a new agreement on substantially the same terms as this Agreement for financial support of the Clinic.
 - ii. The termination shall be effective October 31, 2018, unless an earlier effective date is agreed upon by the parties. Upon such notice of termination pursuant to this Section III.E, Foundation shall continue to provide the funding for the Clinic pursuant to this

Agreement during the notice period during which time UWPN will wind down the operations of the Clinic.

- F. Effect of Termination. Termination of this Agreement by either Party shall not act as a waiver of any breach of this Agreement and shall not act as a release of either Party from any liability for breach of such Party's obligations under this Agreement. Termination of this Agreement by a Party shall be without prejudice to any other right or remedy of such Party under this Agreement or applicable law.

IV. Change of Circumstances – Public Hospital District

- A. The Parties acknowledge that there is a future ballot measure planned for April of 2018 to create a public hospital district ("PHD") pursuant to Chapter 70.44 RCW on Orcas Island. If the April 2018 ballot measure for the PHD passes and the Board of Commissioners is elected, UWPN will enter into discussions with the newly formed Board of Commissioners for the PHD to assume Foundation's role under this Agreement. The Parties anticipate that either (i) UWPN and the Board of Commissioners will enter into an assumption and assignment Agreement whereby the PHD unconditionally agrees to assume all of the Foundation's obligations under Agreement or (ii) UWPN and Board of Commissioners enter into a new agreement containing the financial support and other applicable terms that are substantially equivalent to those set forth in this Agreement.
- B. To the extent that UWPN and the Board of Commissioners do not agree to the unconditional assignment of this Agreement or a new agreement to replace the Agreement, UWPN may terminate this Agreement pursuant to Section III.E above.
- C. Foundation will provide 100% of the financial support contemplated herein for the Annual Operating Losses until such time as (i) the PHD begins providing equivalent funding for the Annual Operating Losses or (ii) until October 31, 2018 or such date as mutually agreed to by the parties if this Agreement is terminated pursuant to Section III.D and Section III.E.

- V. Publicity, Marketing, Use of Names, Trademarks and Services Marks.** UWPN and UW Medicine shall be solely responsible for all plans, campaigns and decisions regarding the branding and marketing of the Clinic to the community, providers and patients. The Parties shall mutually agree on the content for all press releases regarding the opening of Clinic. All additional press releases or publicity regarding the Clinic shall be issued solely by UWPN and UW Medicine. Neither Party grants any right to use any of its identifying marks, such as, but not limited to, trademarks, service marks, trade names, logos, designs, symbols, abbreviations or contractions ("Identifiers"). Neither Party shall use any Identifier of the other Party for any purpose, including but not limited to any publicity, sales, marketing, publication or advertisement without the prior written consent of the other Party's officer who has been duly-designated for such purpose.

VI. Insurance and Indemnification

- A. UWPN Insurance. UWPN shall maintain adequate levels of insurance to cover all aspects of the operation and management of the Clinic, including professional and general liability insurance, personal property insurance for UWPN owned property or equipment and workers compensation insurance. The University of Washington provides professional liability coverage for UWPN through a self-insurance program pursuant to RCW 28B.20.250 through RCW 28B.20.255. Coverage through the University of Washington self-insurance program shall be deemed to satisfy the professional liability coverage requirements for the purpose of this Agreement.
- B. Foundation Insurance. During the term of this Agreement, Foundation will maintain the following insurance coverage: (i) comprehensive general liability insurance with limits of at least \$1 million per occurrence and \$2 million aggregate; (ii) property insurance in sufficient amounts to cover complete loss and replacement of the Clinic's building location and all equipment owned

- by Foundation that is used in the operation of the Clinic; and (iii) directors/officers or errors/omissions insurance in amounts of not less than \$1 per claim and \$2m annual aggregate.
- C. Proof of Coverage. Limits of insurance coverage shall not limit each Party's legal liability to the other. Proof of coverage shall be provided on request. Each Party will notify the other should its coverage be canceled or modified, or if per occurrence or aggregate limits are impaired by fifty percent (50%) or more.
- D. Indemnification. To the extent allowed under applicable law, each Party (the "Indemnifying Party") shall be responsible for and indemnify and hold the other Party (the "Indemnified Party") harmless against any and all claims, damages, or losses incurred by the other, including reasonable attorney's fees, arising out of or in connection with any negligent act or omission by the Indemnifying Party, its employ except to the extent any such loss is as a result of the acts or omissions of the Indemnified Party.
- E. Notice of Claim. The Party seeking indemnification under this section shall provide written notice within thirty (30) days of the receipt any third party claim covered hereunder to the Indemnifying Party. The Indemnifying Party shall have the right to assume exclusive control of the defense of such claim, or at the option of the Indemnifying Party, to settle the same. The Indemnified Party agrees to cooperate reasonably with the Indemnifying Party in connection with the performance by the Indemnifying Party of its obligations under this section, and failure to do so shall terminate the Indemnifying Party's obligations.
- VII. **Compliance with Law**. Each Party shall carry out its respective activities and obligations in this Agreement in conformance with applicable federal, state and local laws and regulations, and, where relevant, so as to preserve the respective tax-exempt status of any Party or entity in UW Medicine. Foundation and UWPN agree to comply with the licensure laws and pertinent regulations of the state of Washington, the accreditation standards of any applicable recognized accrediting body and any other requirements of any other regulatory entity having legal authority as to their respective operations. The Parties intend this Agreement to comply with all laws, regulations and requirements applicable to physicians, ambulatory clinics, Medicare and Medicaid participants, and healthcare professionals in general. This Agreement shall be construed in a manner consistent with compliance with such statutes and regulations. If at any time either Party has reasonable grounds to believe this Agreement may not conform to evolving requirements or interpretations relevant to such matters, the Parties shall immediately reopen negotiations in good faith to bring it into compliance.
- VIII. **Access to Books and Records**. The following clause is included because of the possible application of Section 1861(v)(1)(I) of the Social Security Act to this Agreement; but if that section should be found inapplicable to this Agreement, then this clause shall be deemed not to be part of this Agreement and shall be void: Until the expiration of four (4) years after the furnishing of services under this Agreement, each Party shall make available upon written request of the Secretary of Health & Human Services or the Comptroller General of the United States, or any other of their duly authorized representatives, this Agreement and such books, documents and records of the Party as are necessary to certify the nature and extent of the costs hereunder. If either Party carries out any of the duties under this Agreement through a subcontract, for the value or cost of \$10,000 or more over a 12-month period, with a related organization, such contract shall contain a clause placing the same duty on the subcontractor as this contract places on the Party. This clause shall survive the termination of this Agreement according to its terms.
- IX. **Cooperation in Compliance**. To ensure compliance with all legal and regulatory investigations, audits or similar inquiries, the Parties agree to work collaboratively and in good faith to provide ready access to relevant information and documentation maintained by the other Party. Access pursuant to these inquiries shall include the right to inspect, copy and audit accounting, administrative and billing records pursuant to a Party's obligations.

X. **Legal Jeopardy.** If either Party believes, on the basis of an opinion of legal counsel, that this Agreement or the performance by either Party under this Agreement violates any material law, regulation, or governmental guidelines, State or federal, presents a substantial risk of the loss or restriction of that Party's license, tax-exemption, or right to participate in Medicare, Medicaid or any other governmental program, or presents a substantial risk of causing debt issued by that Party that was tax-exempt when originally issued to become subject to State or federal income tax, (such event referred to as "**Legal Jeopardy**"), that Party may, upon written notice, require the other Party to enter into good faith negotiations to renegotiate the terms of this Agreement, in a manner that attempts to retain as much as possible of the economic arrangements originally contemplated by the Parties without violating any applicable legal, tax, or reimbursement requirements. If the Parties are unable to reach an agreement concerning the modification of this Agreement within ninety (90) days after the date of the notice seeking renegotiation (or sooner if required by law), then either Party may immediately terminate this Agreement by written notice to the other Party. The rights of the Parties under this Section are in addition to any other termination rights the Parties may have under this Agreement.

XI. **Dispute Resolution**

- A. Informal Resolution. In the event of a dispute or disagreement between the Parties with respect to this Agreement or any aspect of UWPN's management or operation of the Clinic, the Parties shall meet and confer in good faith to resolve the dispute informally.
- B. Mediation. If a dispute with respect to this Agreement cannot be resolved through informal meetings between the leadership of each Party, the Parties may initiate mediation by giving written notice thereof to the other Party. Both Parties shall attend and participate in the mediation, which shall be binding upon the Parties only if a mutually agreeable resolution is achieved. The mediation proceeding shall commence not more than thirty (30) days after the written notice initiating the mediation process is given by one Party to the other Party and shall be conducted in King County, in the State of Washington, by an independent third party mediator mutually selected by the Parties. The mediator may be given written statements of the Parties and may inspect any applicable documents or instruments. All mediation proceedings shall be attended by representatives of each Party with reasonable authority to resolve the dispute. The costs and expenses associated with the mediator and the mediation shall be paid equally by the Parties regardless of the result of the mediation proceeding unless otherwise agreed to by the Parties. Further, each Party shall bear its own attorneys' fees and costs in connection with the mediation process.

XII. **Relationship of the Parties.**

- A. Independent Parties. The Parties to this Agreement are independent Parties, and nothing in this Agreement shall be construed or be deemed to create between them any relationship of principal and agent, partnership, joint venture, or any relationship other than that of independent Parties. Each Party has separate goals, aspirations and responsibilities and is accountable to its separate and independent governing body. Each Party will continue its respective existing ownership, governance structure and control of ongoing operations.
- B. Representations and Warranties. Each Party represents and warrants that each has the right, power and authority to execute and deliver this Agreement and to fully perform each's obligations hereunder. Further, each Party represents and warrants that neither the execution of this Agreement nor the performance of each Party's obligations hereunder will directly or indirectly contravene, conflict or otherwise result in a material violation of any agreement with any third party.

XIII. General Provisions

- A. No Obligation to Refer. Nothing in this Agreement requires either Party to make referrals to the other Party.
- B. Nondiscrimination. Both Parties agree to comply with all applicable non-discrimination laws and regulations.
- C. Entire Agreement; Amendments. This Agreement, including the attached Exhibits, constitutes the full and complete expression of the rights and obligations of the Parties with respect to the subject matter and supersedes all prior understandings and agreements, whether oral or written. This Agreement or any Addenda may not be amended except upon the written agreement of the Parties.
- D. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of the Agreement, such provision shall be fully severable from this Agreement. Therefore, the Parties agree that should any covenant herein be declared illegal, invalid or unenforceable under present or future laws as currently stated, this Agreement shall be deemed modified as necessary to be enforceable while maintaining the original intent of the Parties, as originally stated, to the fullest extent legally possible, and the Parties agree to promptly (but in any case within thirty (30) days), execute an amendment memorializing any such required amendments. If the Agreement is unable to be so amended, then it shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.
- E. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Washington. Venue for any and all actions, claims, or proceedings arising from or related to this Agreement shall lie exclusively in, and each Party hereby submits to the exclusive jurisdiction of, the federal and state courts situated in King County, Washington.
- F. Waiver. The waiver of any provision of this Agreement shall only be effective if set forth in a writing signed by the waiving Party. Any such or other waiver shall not operate as, or be deemed to be, a continuing waiver of the same or of any other provision of this Agreement.
- G. No Third-Party Rights. The Parties do not intend the benefits of this Agreement to inure to any third person not a signatory to this Agreement except as otherwise described in this Agreement. The Agreement shall not be construed as creating any right, claim, or cause of action against any Party by any person or entity not a Party to this Agreement except as otherwise described in this Agreement.
- H. Notices. When required by the terms of this Agreement, the parties will give notice by personal delivery or by Certified Mail, return receipt requested, postage prepaid, to the following addresses:

UWPN: UW Physicians Network
4333 Brooklyn Avenue NE
Seattle, WA 98195
Attn: Executive Director

With Copy to: General Counsel for UWPN
Box 359110
701 Fifth Avenue
Suite 700
Seattle, WA 98104

To Foundation: Orcas Medical Foundation

With a Copy to: Lori Nomura
Foster Pepper PLLC
1111 Third Avenue, Suite 3000
Seattle, WA 98101

I. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all counterparts together shall constitute one and the same instrument. Signatures transmitted by facsimile, PDF, JPG or other digital formats shall be deemed valid execution of this Agreement and Addenda and binding on the Parties.

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Signatures on following page

Signature Page to Clinic Support Agreement

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth below.

UW Physicians Network



Debra Gussin
Executive Director

Date: 9/8/17

Orcas Medical Foundation



Leslie Murdock
President

Date: 9/8/17

UW Medicine



Brian Goldstein, MD
Chief Health System Officer, UW Medicine
Vice President for Medical Affairs, UW School of Medicine

Date: 09/08/17

Exhibit A

Medical Office and Equipment Lease

See Attached

CONFIDENTIAL -- FOR INTERNAL BRIEFING ONLY -- REFLECTS AVAILABLE INFORMATION AS OF 4/4/2017 - ASSUMES RURAL HEALTHCARE (RHC) DESIGNATION IS NOT PURSUED

LIKELY CASE SCENARIO

	CY15, Cost Report	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5
Inferred Unique Patients							
Inferred Households							
Payor Mix							
Medicare			65%	65%	65%	65%	65%
Medicaid			1%	1%	1%	1%	1%
Commercial (include BCBS, Managed Care)			33%	33%	33%	33%	33%
Self Pay			1%	1%	1%	1%	1%
Annual Visits	5,541		5,541	5,541	5,541	5,541	5,541
Patient Revenue	996,379		\$ 585,955	\$ 585,955	\$ 585,955	\$ 585,955	\$ 585,955
Other -- Assumed to be OMF Funding	110,114						
Total Net Revenue	\$ 1,106,493		\$ 585,955	\$ 585,955	\$ 585,955	\$ 585,955	\$ 585,955
Net Revenue	\$ 1,106,493		\$ 585,955	\$ 585,955	\$ 585,955	\$ 585,955	\$ 585,955
Direct Expenses	\$ 1,127,181		\$ 901,039	\$ 911,039	\$ 921,539	\$ 932,139	\$ 943,139
Contribution Margin	\$ (20,688)		\$ (315,084)	\$ (325,084)	\$ (335,584)	\$ (346,184)	\$ (357,184)
Net Revenue Per Visit	\$ 200		\$ 106	\$ 106	\$ 106	\$ 106	\$ 106
Direct Expenses Per Visit	\$ 203		\$ 163	\$ 164	\$ 166	\$ 168	\$ 170
FTEs							
Physicians	-		0.60	0.60	0.60	0.60	0.60
Certified Nurse Midwife	-		-	-	-	-	-
ARNPs	-		1.10	1.10	1.10	1.10	1.10
Other Staffing	-		5.00	5.00	5.00	5.00	5.00
Total	-		6.70	6.70	6.70	6.70	6.70
Staff / Provider Ratio	Unknown		2.94	2.94	2.94	2.94	2.94
Salary & Benefits							
Physicians			\$ 199,400	\$ 204,500	\$ 209,900	\$ 215,300	\$ 220,900
ARNPs			\$ 164,500	\$ 169,400	\$ 174,500	\$ 179,700	\$ 185,100
Call Coverage							
Support Staff			\$ 377,500	\$ 377,500	\$ 377,500	\$ 377,500	\$ 377,500
Total	\$ 967,542		\$ 741,400	\$ 751,400	\$ 761,900	\$ 772,500	\$ 783,500
Remaining Operating Expenses	\$ 159,639		\$ 159,639	\$ 159,639	\$ 159,639	\$ 159,639	\$ 159,639
Startup Costs:							
Equipment	\$ 50,000						
Epic Equipment	\$ 20,000						
Signage	\$ 10,000						
Marketing	\$ 10,000						
Project Manager	\$ 84,500						
Travel	\$ 10,000						
ITS Start-up	\$ 150,000						
Medical Chart Conversion	40,000						
Overhead Expenses							
Administrative Time (10%)	\$ 128,334	37,450	90,104	91,104	92,154	93,214	94,314
Billing Costs			\$ 19,985	\$ 19,085	\$ 18,140	\$ 17,186	\$ 16,196
Annual Maintenance, Allocations			\$ 101,181	\$ 101,181	\$ 101,181	\$ 101,181	\$ 101,181
Operating Margin (Loss)	(\$149,022)	(\$411,950)	(\$526,354)	(\$536,454)	(\$547,059)	(\$557,765)	(\$568,875)