

# **Exhibit “A”**

**BENCKENSTEIN & OXFORD, L.L.P.**

ATTORNEYS AT LAW  
BBVA COMPASS BANK BUILDING  
3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706  
TELEPHONE: (409) 833-9182  
FAX: (409) 833-8819

hoxfordiv@benoxford.com

November 25, 2014

Mr. Elroy Henry, President  
Winnie Stowell Hospital District  
825 State Hwy 124  
Winnie Texas 77665

Re: Winnie Stowell Hospital District; Invoice for the month of October 2014; Our File No. 87250.

Dear President Henry,

Attached, please find the invoice for work performed during the month of August 2014. The total amount of this invoice is 23,125.00. However, the amount owed to Benckenstein & Oxford, LLP is \$22,125.00, as shown on the invoice, and the remaining \$1,000.00 is covered by the monthly retainer. Please be assured we appreciate the work.

After you have had a chance to review this invoice, and if you find it in order, please draft a check payable to Benckenstein & Oxford, LLP in the amount of \$22,125.00 and two \$500.00 checks payable to Josh Heinz and Hubert Oxford, IV for the \$1,000.00 retainer.

If you have any questions concerning the invoice or the previously prepared minutes, please do not hesitate to contact me.

With best wishes, I am

Sincerely,

**BENCKENSTEIN & OXFORD, L.L.P.**

By: \_\_\_\_\_

Hubert Oxford, IV

Enclosure

# Benckenstein & Oxford, L.L.P.

3535 Calder Avenue  
Suite 300  
Beaumont, TX 77706

November 25, 2014

Winnie-Stowell Hospital District  
P.O. Box 1997  
Winnie, TX 77665

INVOICE #: 47300 HOIV  
Billed through: October 31, 2014  
Client/Matter #: WSHD 87250

RE: Winnie-Stowell Hospital District

## PROFESSIONAL SERVICES RENDERED

10/01/14	HOIV	Reviewed Medicaid documents submitted by Caring Healthcare for El Roy Henry's signature and conducted extensive work and exchanged twenty-one (21) e-mails regarding: the Cumulative Spreadsheet in order to determine cost and net profit for participating in the Nursing Home UPL program; and conducted research on "source of funds"; "public funds"; IGT funding matters; and control over facility and account information.	4.80 hrs
10/02/14	HOIV	Conducted extensive conference call with Dot and T.J., consultants for Tag Management regarding acquiring the Arboretum nursing home for the Texas Nursing Home UPL program.	1.30 hrs
10/02/14	HOIV	Revised spreadsheet to account for State UPL money to be deposited into each account and revised worksheet to show Origination Fee for investor.	1.30 hrs
10/02/14	HOIV	Telephone conference with Daren Janssen, Mary Ellen, and Trent Kreinke regarding issues with IGT and IGT funding; status of nursing home accounts; and accounting protections for these accounts.	1.40 hrs
10/02/14	HOIV	Telephone conference with Mary Ellen Robertson regarding issues with IGT and IGT funding and status of nursing home accounts.	0.80 hrs
10/02/14	HOIV	Conducted extensive conference call with Erich Heidleberg with Tag Management regarding acquiring the Arboretum nursing home for the Texas Nursing Home UPL program.	1.20 hrs
10/03/14	HOIV	Prepared for and conducted conference call with Tommy Davis regarding IGTs and request for an opinion from the Auditor on the proper method to fund IGTs.	2.70 hrs
10/03/14	HOIV	Drafted extensive e-mail to Tahir Javed following conversation with Dot Cole regarding status of Arboretum Nursing Home and status of Medicare bed nights for a third nursing home in Chambers County Texas.	0.80 hrs
10/03/14	HOIV	Read letter from CMS and State of Texas regarding Medicaid deferral of the UCC Program in North Texas because of questions regarding ownership and control.	0.40 hrs



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10/06/14	HOIV	Telephone conference with Mark Chouteau with Hursch Blackwell in regard to various issues with IGT of funds for Nursing Home UPL requesting his assistance. Drafted follow up e-mail to Mr. Chouteau providing him with documents and a summary of all of the issues.	4.00 hrs	
10/07/14	HOIV	Reviewed letter from Rosehaven giving notice of claim and drafted letter to Rosehaven giving notice of claim and requesting indemnity for the claim.	0.80 hrs	
10/07/14	HOIV	Drafted e-mail to clients advising them of the need to get an Attorney's Opinion on payment of IGT funds; control over nursing facilities and accounts; and borrowing money to comply with state and federal rules.	0.70 hrs	
10/07/14	HOIV	Conference call with various individual Board member(s) to discuss Nursing Home UPL program.	0.60 hrs	
10/07/14	HOIV	Telephone conference with Rhonda Devillier at Prosperity Bank regarding Line of Credit and reviewed loan documents before submitting them to client and CPA for review.	0.60 hrs	
10/07/14	HOIV	Conference call with LTC regarding 4th Quarter IGT that was scheduled for October 7, 2014 and its delay until December 1, 2014 and five e-mails regarding the same.	1.20 hrs	
10/07/14	HOIV	Exchanged eight (8) e-mails with New Light CPA and District's CPA about the need to establish controls over the thirteen (13) nursing home accounts.	1.50 hrs	
10/08/14	HOIV	Exchanged nine (9) e-mails with counsel for Skilled Healthcare regarding proof of non-profit status for HUD lender and researched IRS website to obtain proof of non-profit letter to be issued by the IRS.	1.80 hrs	
10/08/14	HOIV	Requested, received and reviewed Insurance Dec. Pages for each of the thirteen (13) nursing homes to make sure the District was listed as an additional insured and distributed to client.	0.70 hrs	
10/08/14	HOIV	Worked with Lee Hughes of LTC Group on Cumulative Spreadsheet to forecast cost; loans; and potential revenue from the Nursing Home UPL program in light of the state's changes to the program due to Managed Care system.	2.70 hrs	
10/09/14	HOIV	Worked with District's Administrator on agenda and circulated draft agenda to LTC Group and District's CPA to confirm all agenda items for October were on the agenda.	0.40 hrs	
10/09/14	HOIV	Conference call with District's Auditor, Tommy Davis, to inquire about questions and concerns raised in his opinion of the IGT funding process proposed by the District for the Nursing Home UPL program.	0.80 hrs	
10/09/14	HOIV	Conference calls with District's CPA; proposed lender's counsel; and LTC Group to discuss Auditor's opinion letter and the need to move forward with finding alternative funding for the Nursing Home UPL program IGT.	1.80 hrs	
10/09/14	HOIV	Conference call with Jimmy Bishop regarding CCPHD 1's appraisal and issues with the appraisal.	0.40 hrs	
10/10/14	HOIV	Read and reviewed letter from Tommy Davis regarding payments of IGTs and made extensive revisions to the IGT payment spreadsheet to illustrate	3.00 hrs	



60/40% split.

10/10/14	HOIV	Telephone conferences with Tommy Davis, Mary Ellen Robertson, and Lee Hughes regarding Nursing Home UPL program and funding of IGTs.	2.50 hrs
10/10/14	HOIV	Continued work on Cumulative Spreadsheet to account for IGT funds and mechanism to fund IGT as well as cost associated with IGT.	2.80 hrs
10/13/14	HOIV	Prepared minutes for September 2014 Regular Meeting.	1.80 hrs
10/13/14	HOIV	Made revisions to Special Meeting on September 30, 2014 and submitted the revisions to the District's administrator.	0.40 hrs
10/14/14	HOIV	Conference call with outside counsel regarding Nursing Home UPL opinion.	0.30 hrs
10/14/14	HOIV	Exchanged five (5) e-mails LTC and counsel for Managers of the Nursing Homes discussing the need for Fair Market Value Appraisals for the Management Agreements with Caring Healthcare and Skilled.	0.50 hrs
10/15/14	HOIV	Prepare for and attended monthly meeting.	5.50 hrs
10/15/14	HOIV	Worked with District Administrator to respond to Open Records Request by Hazel Meaux.	1.30 hrs
10/15/14	HOIV	Reviewed extensive appraisal by the CCPHD 1 for the property inside of the District.	0.40 hrs
10/16/14	HOIV	Conference calls with Arboretum Nursing home general counsel regarding status of CHOW and rates for Management Agreement.	1.50 hrs
10/16/14	HOIV	Worked on drafting a response to Hazel Maux regarding her allegations at the meeting.	2.50 hrs
10/16/14	HOIV	Drafted e-mail to Byron Burris, owner of the Arboretum advising him of some potential issues with the Nursing Home UPL and requested a meeting with himself and Javed Tahir to figure out if there is a way for the three entities to work together.	0.40 hrs
10/16/14	HOIV	Read, reviewed and responded e-mail from Trent Kreinke, counsel for LTC Group in regard to the mechanism the District intends to use to fund IGTs.	0.80 hrs
10/17/14	HOIV	Finalized response to Hazel Maux regarding allegations in Regular meeting.	1.50 hrs
10/17/14	HOIV	Worked with staff to gather extensive number of records in order to respond to Open Letter request by Hazel Meaux and Gloria Roemer and exchanged multiple e-mails with both Meaux and Roemer including the responsive documents.	5.00 hrs
10/20/14	HOIV	Read, reviewed, gathered records, and responded to Open Records Request by Gloria Roemer.	0.70 hrs
10/20/14	HOIV	Exchanged four (4) e-mails with Gary Klein, Trent Kreinke, Mary Ellen Robertson, and Darrin Jannsen with LTC Group, to discuss accounting procedures for thirteen (13) nursing home depository accounts.	0.40 hrs
10/21/14	HOIV	Reviewed condemnation laws and prepared agenda for Special Meeting on	2.70 hrs

November 28, 2014.

10/21/14	HOIV	Conference call with Jim Bishop to discuss settlement offer for property owned by CCPHD 1 inside of the District.	0.30 hrs
10/23/14	HOIV	Prepared extensive e-mail to counsel for lender explaining the Nursing Home UPL program and providing him with a number of documents for his review.	2.50 hrs
10/23/14	HOIV	Drafted e-mail to Mark Chouteau regarding new IGT commitment document.	0.80 hrs
10/23/14	HOIV	Conducted extensive conference calls with lawyer for Lender and read, reviewed, and responded to a number of questions by him to educate him on the Nursing Home UPL program and issues the District has identified with the program.	3.70 hrs
10/24/14	HOIV	Researched loans to public entities and the ability of the District to get a short term loan based on Revenue to IGT for the Nursing Home UPL program. Drafted e-mail to co-counsel with research results and questions.	6.00 hrs
10/24/14	HOIV	Exchanged six (6) e-mails with Johnathan Helm with VGM Health regarding change to Nursing Home UPL Program and to follow up on conference call to get a Fair Market Value assessment of the Management Agreements for each nursing home.	0.70 hrs
10/24/14	HOIV	Conference call with Johnathan Helm to discuss obtaining Fair Market Value assessments of the Management Agreements for each nursing home.	0.50 hrs
10/27/14	HOIV	Re-drafted e-mails to Mark Chouteau regarding loans to fund operations of Nursing Facilities, including IGTs for the Nursing Home UPL program.	0.70 hrs
10/28/14	HOIV	Prepare for and attend Special Board Meeting.	2.00 hrs
10/28/14	HOIV	Drafted purchase agreement for District's acquisition of CCPHD 1's property inside of the District.	1.20 hrs
10/28/14	HOIV	Responded to questions by lawyer at Hursch Blackwell regarding the prior day's e-mails on loans for Operations, including IGTs in an extensive e-mail.	0.80 hrs
10/29/14	HOIV	Gathered documents and began preparation of extensive e-mail to Sheriff Hawthorn regarding questions surrounding the Nursing Home UPL program.	5.50 hrs
10/29/14	HOIV	Telephone conference with New Light and lawyers for New Light regarding new IGT requirements and needed signatures for the March 2015 IGT.	0.70 hrs
10/29/14	HOIV	Read and reviewed new IGT Responsibility Agreement and inquired about the changes to Trenk Krienke, counsel for LTC Group.	0.40 hrs
		Total fees for this matter	\$23,125.00
<b>DISBURSEMENTS</b>			
10/20/14		Federal Express; Invoice # 2-814-06404; Federal Express/Express Mail	64.26
10/23/14		American Express; Invoice # Amazon	258.12
10/31/14		Copy Expense	3.50
10/31/14		Color Copy Expense	27.50

Client- WSHD 87250 Invoice # 47300

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10/31/14 Messenger Service 15.00  
Total disbursements for this matter \$368.38

**BILLING SUMMARY:**

Oxford, IV Hubert	92.50 hrs @	\$250.00 /hr	\$23,125.00
TOTAL FEES			\$23,125.00
TOTAL DISBURSEMENTS			\$368.38
TOTAL CHARGES FOR THIS INVOICE			\$23,493.38
MONTHLY RETAINER			\$1,000.00 CR
<b>TOTAL BALANCE NOW DUE</b>			<b>\$22,493.38</b>

Federal ID# 74-1646478

**Invoice Terms: Net 10 Days Upon Receipt**  
Please Reference Invoice Number on Your Check



# **Exhibit “B”**

## LOAN AND SECURITY AGREEMENT (Deposit Accounts)

Effective as of \_\_\_\_\_, 2014, WINNIE-STOWELL HOSPITAL DISTRICT, a political subdivision of the State of Texas ("Debtor"), whose address is P.O. Box 1997, Winnie, Texas 77665, and NECHES CAPITAL, LLC ("Secured Party"), a Texas limited liability company whose address is P.O. Box 930, 455 Elm Street, Graham, Texas 76540, agree as follows:

### LOAN AGREEMENT

Debtor is a Political Subdivision of the State of Texas that was created pursuant to Article IX, Section 9 of the Texas Constitution and Chapter 286 of the Health and Safety Code. Pursuant to Article III, Section 52 of the Texas Constitution, the Legislature shall have no power to authorize any county, city, town or other political corporation or subdivision of the State to lend its credit or to grant public money or thing of value in aid of, or to any individual, association or corporation whatsoever, or to become a stockholder in such corporation, association or company. Both the Debtor and the Lender understand that neither the State of Texas, the unit, nor any political corporation, subdivision, or agency of the state (i.e., the Debtor) shall be obligated to pay the same or the interest thereon and that neither the faith and credit nor the taxing power of the state, the unit, or any other political corporation, subdivision, or agency thereof is pledged to the payment of the principal of or the interest on such debt, note, or bonds.

Debtor and Secured Party have agreed that Secured Party will from time to time, in its discretion and on an uncommitted basis, fund a loan or loans to Debtor to fund Debtor's operation of its nursing homes, including Debtor's inter-governmental transfers for Debtor's participation in the Supplemental Payments to Non-State Government-Owned Nursing Facilities Program provided for and described in Tex. Admin. Code §355.314, as amended, each such loan to be evidenced by a promissory note (the "Notes", whether one or more) executed or to be executed by Debtor and made payable to the order of Secured Party. Secured Party will deposit the proceeds of each loan that it elects to make into the Funding and Disbursement Account (defined in clause (ii) of Article 2) and Debtor will fund the related inter-governmental transfer from the Funding and Disbursement Account. Debtor agrees to cause all matching Federal funds that are returned to Debtor under such program to be deposited into the Funding and Disbursement Account, and shall withdraw such funds from the Funding and Disbursement Account only (i) before maturity of the related Note, to pay accrued interest on the related Note, (ii) at maturity of the related Note, to pay it off and (iii) after payment in full of the related Note, to disburse the remaining balance of such matching Federal funds to itself and its nursing homes.

### CREATION OF SECURITY INTEREST

In order to secure the prompt and unconditional payment of the Debt (defined in Section 3.2) and the other obligations of Debtor hereinafter described or referred to, and the performance of the obligations, covenants, agreements and undertakings herein described, and to the extent allowed by Article III, Section 52 of the Texas Constitution and Section 286.129 of the Health and Safety Code, Debtor hereby grants to Secured Party a security interest in and mortgages, assigns, transfers, delivers, pledges, sets over and confirms to Secured Party all of Debtor's non-Federal, non-Medicaid, or non-Medicare revenues, powers, privileges, rights, titles and interests (including all power of Debtor, if any, to pass greater title than it has itself) of every kind and character now owned or hereafter acquired, created or arising in and to the following:

- (i) Account maintained by the Debtor with InterBank, Graham, Texas, Account Number: 1755271008, for the purpose of serving as the Debtor's intergovernmental transfer TexNet account and all deposits now or hereafter made to that account (the "Funding and Disbursement Account");
- (ii) All other bank deposit accounts now owned or hereafter established or acquired by Debtor with InterBank, Graham, Texas or any other state bank or national banking association; and
- (iii) all interest on the foregoing; all modifications, extensions and increases of the foregoing; all sums now or at any time hereafter on deposit in the foregoing or represented by the foregoing; all shares, deposits, investments and interest of every kind of Debtor at any time evidenced by any deposit account receipt or certificate relating to the foregoing or issued in connection with the foregoing, and all other related property;

together with all accessions, appurtenances and additions to and substitutions for any of the foregoing and all products and proceeds of any of the foregoing, together with all renewals and replacements of any of the foregoing, all accounts, receivables, accounts receivable, instruments, notes, chattel paper, documents, books, records, contract rights and general intangibles arising in connection with any of the foregoing. All of the property and interests described in this Article are herein collectively called the "Collateral." The inclusion of proceeds does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not authorized by Secured Party in writing. It is expressly contemplated that additional Collateral may from time to time be pledged to Secured Party as additional security for the Debt (hereinafter defined), and the term "Collateral" as used herein shall be deemed for all purposes hereof to include all such Collateral, together with all other property of the types described above related to the Collateral.

Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement.

#### SECURED INDEBTEDNESS

1.1. This Security Agreement (this "Agreement") is made to secure all of the following present and future debt and obligations:

- (a) any and all obligations of Debtor, whether absolute or contingent and howsoever and whensoever arising under the Notes or any of them;
- (b) any and all obligations of Debtor evidenced by the Notes and the any Related Documents (as defined in the Notes, to which reference is here made for all purposes);
- (c) all other obligations incurred by Debtor to Secured Party, if any, described or referred to in any other place in this Agreement; and
- (d) any and all sums and the interest which accrues on them as provided in this Agreement which Secured Party may advance or which Debtor may owe Secured Party pursuant to this Agreement on account of Debtor's failure to keep, observe or perform any of Debtor's covenants under this Agreement.

1.2. The term "Debt" means and includes all debt and obligations of Debtor to Secured Party described or referred to in Section 3.1. The Debt includes interest and other obligations accruing or arising on



the Debt after (a) commencement of any case under any bankruptcy or similar laws by or against any party comprising Debtor or any other person or entity now or hereafter primarily or secondarily obligated to pay all or any part of the Debt (with such parties comprising Debtor and any such other persons and entities being sometimes hereinafter collectively referred to as "Obligors") or (b) the obligations of any Obligor shall cease to exist by operation of law or for any other reason. The Debt also includes all reasonable attorneys' fees and any other expenses incurred by Secured Party in enforcing this Agreement.

## REPRESENTATIONS AND WARRANTIES

Debtor represents and warrants as follows:

- (a) Debtor is the legal and equitable owner and holder of good and marketable title to the Collateral free of any adverse claim and free of any security interest or encumbrance except only for the security interest granted hereby in the Collateral. Debtor agrees to defend the Collateral and its proceeds against all claims and demands of any person at any time claiming the Collateral, its proceeds or any interest in either. Debtor has not heretofore granted control of the Collateral to any Person other than Secured Party, or signed or authorized the filing of any financing statement directly or indirectly affecting the Collateral or any part of it which has not been completely terminated of record, and no such financing statement signed or authorized by Debtor is now on file in any public office.
- (b) Debtor's execution, delivery and performance of this Agreement has been duly authorized by all necessary action under Debtor's organizational documents and otherwise. Debtor's execution, delivery and performance of this Agreement do not and will not require (i) any consent of any other person or entity or (ii) any consent, license, permit, authorization or other approval (including foreign exchange approvals) of any court, arbitrator, administrative agency or other governmental authority, or any notice to, exemption by, any registration, declaration or filing with or the taking of any other action in respect of, any such court, arbitrator, administrative agency or other governmental authority.
- (c) Neither execution or delivery of this Agreement, nor the fulfillment of or compliance with the terms and provisions hereof will (i) violate any constitutional provision, law or rule, or any regulation, order or decree of any governmental authority or the basic organizational documents of Debtor or (ii) conflict with or result in a breach of the terms, conditions or provisions of, or cause a default under, any agreement, instrument, franchise, license or concession to which Debtor is a party or bound.
- (d) Debtor has duly and validly executed, issued and delivered this Agreement. This Agreement is in proper legal form for prompt enforcement and is Debtor's valid and legally binding obligation, enforceable in accordance with its respective terms. Debtor does not have any indebtedness other than indebtedness owing to Secured Party and indebtedness specifically disclosed in writing to Secured Party prior to the date hereof.
- (e) Debtor is now solvent, and no bankruptcy or insolvency proceedings are pending or contemplated by or — to Debtor's knowledge — against Debtor. Debtor's liabilities and obligations under this Agreement do not and will not render Debtor insolvent, cause Debtor's liabilities to exceed Debtor's assets or leave Debtor with too little capital to properly conduct all of its business as now conducted or contemplated to be conducted.

- (f) All of Debtor's books and records with regard to the Collateral are maintained and kept at the address of Debtor set forth in this Agreement.
- (g) The liens and security interests of this Agreement will constitute valid and perfected first and prior liens and security interests on the Collateral, subject to no other liens, security interests or charges whatsoever.
- (h) The Collateral is genuine, free from any restriction on transfer, duly and validly authorized and issued, constituting the valid and legally binding obligation of the issuer or issuers thereof, enforceable in accordance with its terms, and fully paid, and is hereby duly and validly pledged and hypothecated to Secured Party in accordance with law.
- (i) There is no action, suit or proceeding pending — or, to the best of Debtor's knowledge, threatened — against or affecting Debtor or the Collateral, at law or in equity, or before or by any governmental authority, which might result in any material adverse change in Debtor's business or financial condition or in the Collateral or in Debtor's other property or Debtor's interest in it.
- (j) Debtor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental authority, in the payment of any debt for borrowed money or under any agreement or other papers evidencing or securing any such debt.
- (k) Debtor is not a party to any contract or agreement which materially and adversely affects its business, property, assets or financial condition.

## COVENANTS

### 1.3. Debtor covenants and agrees with Secured Party as follows:

- (a) Debtor shall furnish to Secured Party such instruments as may be reasonably required by Secured Party to assure Secured Party's control of the Collateral and the transferability of the Collateral when and as often as may be requested by Secured Party.
- (b) If the validity or priority of this Agreement or of any rights, titles, security interests or other interests created or evidenced hereby shall be attacked, endangered or questioned or if any legal proceedings are instituted with respect thereto, Debtor will give prompt written notice thereof to Secured Party and at Debtor's own cost and expense will diligently endeavor to cure any defect that may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, and Secured Party (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Agreement and the rights, titles, security interests and other interests created or evidenced hereby, and all expenses so incurred of every kind and character shall constitute sums advanced pursuant to Section 5.2.
- (c) Debtor will, on request of Secured Party, (i) promptly correct any defect, error or omission which may be discovered in the contents of this Agreement or in any other instrument executed in connection herewith or in the execution or acknowledgment thereof, (ii) execute, acknowledge, deliver and record or file such further instruments (including further security agreements, financing statements and continuation statements) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Agreement and such other



instruments and to subject to the security interests hereof and thereof any property intended by the terms hereof and thereof to be covered hereby and thereby including specifically any renewals, additions, substitutions, replacements or appurtenances to the then Collateral, and (iii) execute, acknowledge, deliver, procure and record or file any document or instrument (including specifically any financing statement) deemed advisable by Secured Party to protect the security interest hereunder against the rights or interests of third persons, and Debtor will pay all costs connected with any of the foregoing.

- (d) To the extent not prohibited by applicable law, Debtor will pay all out-of-pocket costs and expenses and reimburse Secured Party for any and all expenditures of every character incurred or expended from time to time in connection with enforcing and realizing upon Secured Party's security interests in and liens on any of the Collateral, and all costs and expenses relating to Secured Party's exercising any of its rights and remedies under this Agreement or at law; provided, that no right or option granted by Debtor to Secured Party or otherwise arising pursuant to any provision of this or any other instrument shall be deemed to impose or admit a duty on Secured Party to supervise, monitor or control any aspect of the character or condition of any of the Collateral or any operations conducted in connection with it for the benefit of Debtor or any other person or entity other than Secured Party. Any amount to be paid under this Section by Debtor to Secured Party shall be a demand obligation owing by Debtor to Secured Party and shall bear interest from the date of expenditure until paid at the highest lawful rate permitted by applicable law (the "Past Due Rate").
- (e) Debtor will not sell, lease, exchange, lend, rent, assign, transfer or otherwise dispose of, or pledge, hypothecate or grant any security interest in, or permit to exist any lien, security interest, charge or encumbrance against, all or any part of the Collateral or any interest therein or permit any of the foregoing to occur or arise or permit title to the Collateral, or any interest therein, to be vested in any other party, in any manner whatsoever, by operation of law or otherwise, without the prior written consent of Secured Party.

1.4. If Debtor should fail to comply with any of its agreements, covenants or obligations under this Agreement and such failure continues beyond any applicable notice or cure period afforded herein, then Secured Party (in Debtor's name or in Secured Party's own name) may perform them or cause them to be performed for Debtor's account and at Debtor's expense, but shall have no obligation to perform any of them or cause them to be performed. Any and all expenses thus incurred or paid by Secured Party shall be Debtor's obligations to Secured Party due and payable on demand, and each shall bear interest from the date Secured Party pays it until the date Debtor repays it to Secured Party, at the Past Due Rate. Upon making any such payment or incurring any such expense, Secured Party shall be fully and automatically subrogated to all of the rights of the person, corporation or body politic receiving such payment. Any amounts owing by Debtor to Secured Party pursuant to this or any other provision of this Agreement shall automatically and without notice be and become a part of the Debt and shall be secured by this and all other instruments securing the Debt.

#### EVENTS OF DEFAULT

The occurrence of an Event of Default under any Note shall constitute an Event of Default (herein so called) under this Agreement.

#### REMEDIES IN EVENT OF DEFAULT



1.5. At any time after the occurrence of an Event of Default:

- (a) Secured Party shall have the option of declaring, without notice to any person, all Debt to be immediately due and payable;
- (b) Secured Party shall have all the rights of a secured party after default under the Uniform Commercial Code of Texas and in conjunction with, in addition to or in substitution for those rights and remedies:
  - (i) it shall not be necessary that the Collateral or any part thereof be present at the location of any sale pursuant to the provisions of this Article; and
  - (ii) before application of proceeds of disposition of the Collateral to the Debt, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by Secured Party, each Obligor, to the extent applicable, to remain liable for any deficiency; and
  - (iii) the sale by Secured Party of less than the whole of the Collateral shall not exhaust the rights of Secured Party hereunder, and Secured Party is specifically empowered to make successive sale or sales hereunder until the whole of the Collateral shall be sold; and, if the proceeds of such sale of less than the whole of the Collateral shall be less than the aggregate of the Debt, this Agreement and the security interest created hereby shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made; and
  - (iv) in the event any sale hereunder is not completed or is defective in the opinion of Secured Party, such sale shall not exhaust the rights of Secured Party hereunder and Secured Party shall have the right to cause a subsequent sale or sales to be made hereunder; and
  - (v) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of any indebtedness or as to the occurrence of any default, or as to Secured Party having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and the Collateral to be sold having been duly given, as to any other act or thing having been duly done by Secured Party, shall be taken as *prima facie* evidence of the truth of the facts so stated and recited; and
  - (vi) Secured Party may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but in the name and on behalf of Secured Party; and
  - (vii) demand of performance, advertisement and presence of property at sale are hereby WAIVED by Debtor and Secured Party is hereby authorized to sell hereunder any evidence of debt it may hold as security for the Debt. All demands and presentments of any kind or nature are expressly WAIVED by Debtor. Debtor WAIVES the right to require Secured Party to pursue any other remedy for the benefit of Debtor and agrees that Secured Party may proceed against any Obligor for the amount of the Debt owed to Secured Party without taking any action against Debtor any other Obligor without selling or otherwise proceeding against or applying any of the Collateral in Secured Party's possession.

1.6. All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the Debt, or any part thereof, or otherwise benefiting Secured Party, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

1.7. Secured Party may resort to any security given by this Agreement or to any other security now existing or hereafter given to secure the payment of the Debt, in whole or in part, and in such portions and in such order as may seem best to Secured Party in its sole and absolute discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits or security interests evidenced by this Agreement.

1.8. To the full extent Debtor may do so, Debtor agrees that Debtor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisalment, valuation, stay, extension or redemption, and Debtor, for Debtor, Debtor's heirs, devisees, executors, administrators, personal representatives, successors, receivers, trustees and assigns, and for any and all persons ever claiming any interest in the Collateral, to the extent permitted by law, hereby WAIVES and releases all rights of redemption, valuation, appraisalment, stay of execution, notice of intention to mature or to declare due the whole of the Debt, notice of election to mature or to declare due the whole of the Debt and all rights to a marshaling of the assets of Debtor, including the Collateral, or to a sale in inverse order of alienation in the event of foreclosure of the security interest hereby created.

#### ADDITIONAL AGREEMENTS

1.9. Subject to the automatic reinstatement provisions set forth below, upon full payment and performance of the Debt and final termination of all obligations, if any, of Secured Party to fund loans or provide other financial accommodations to or for Debtor, all rights under this Agreement shall terminate and the Collateral shall thereafter become wholly clear of the security interest evidenced hereby, and upon written request by Debtor such security interest shall be released by Secured Party in due form, at Debtor's cost.

1.10. Secured Party may waive any default without waiving any other prior or subsequent default. Secured Party may remedy any default without waiving the default remedied. The failure by Secured Party to exercise any right, power or remedy upon any default shall not be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Secured Party of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to nor demand on Debtor in any case shall of itself entitle Debtor to any other or further notice or demand in similar or other circumstances. Acceptance by Secured Party of any payment in an amount less than the amount then due on the Debt shall be deemed an acceptance on account only and shall not in any way affect the existence of a default hereunder.

1.11. Secured Party shall not be required to take any steps necessary to preserve any rights against prior parties to any of the Collateral.



1.12. The security interest and other rights of Secured Party hereunder shall not be impaired by any indulgence, moratorium or release granted by Secured Party, including but not limited to (a) any renewal, extension or modification which Secured Party may grant with respect to the Debt, (b) any surrender, compromise, release, renewal, extension, exchange or substitution which Secured Party may grant in respect of any item of the Collateral, or any part thereof or any interest therein, or (c) any release or indulgence granted to any endorser, guarantor or surety of the Debt.

1.13. Debtor hereby authorizes Secured Party to cause all financing statements and continuation statements relating hereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Secured Party shall reasonably elect and will pay all such recording, filing, re-recording, and re-filing taxes, fees and other charges. Debtor also hereby authorizes Secured Party to take such other measures as Secured Party may deem necessary or appropriate to perfect any security interests created hereunder in and to the Collateral.

1.14. In the event the ownership of the Collateral or any part thereof becomes vested in a person other than Debtor, Secured Party may, without notice to Debtor, deal with such successor or successors in interest with reference to this Agreement and to the Debt in the same manner as with Debtor, without in any way vitiating or discharging Debtor's liability hereunder or upon the Debt. No sale of the Collateral, and no forbearance on the part of Secured Party and no extension of the time for the payment of the Debt given by Secured Party shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Debtor hereunder for the payment of the Debt or the liability of any other person hereunder for the payment of the Debt, except as agreed to in writing by Secured Party.

1.15. Any other or additional security taken for the payment of any of the Debt shall not in any manner affect the security given by this Agreement.

1.16. If any part of the Debt cannot be lawfully secured by this Agreement, or if the lien, assignments and security interests of this Agreement cannot be lawfully enforced to pay any part of the Debt, then and in either such event, at the option of Secured Party, all payments on the Debt shall be deemed to have been first applied against that part of the Debt.

1.17. This Agreement shall not be changed orally but shall be changed only by agreement in writing signed by Debtor and Secured Party. No course of dealing between the parties, no usage of trade and no parole or extrinsic evidence of any nature shall be used to supplement or modify any of the terms or provisions of this Agreement.

1.18. Any notice, request or other communication required or permitted to be given hereunder shall be given in writing by delivering it against receipt for it, by depositing it with an overnight delivery service or by depositing it in a receptacle maintained by the United States Postal Service, postage prepaid, registered or certified mail, return receipt requested, addressed to the respective parties at the addresses shown herein (and if so given, shall be deemed given when mailed). Debtor's address for notice may be changed at any time and from time to time, but only after thirty (30) days' advance written notice to Secured Party and shall be the most recent such address furnished in writing by Debtor to Secured Party. Secured Party's address for notice may be changed at any time and from time to time, but only after ten (10) days' advance written notice to Debtor and shall be the most recent such address furnished in writing by Secured Party to Debtor. Actual notice, however and from whomever given or received, shall always be effective when received.

1.19. This Agreement shall be binding upon Debtor, and the heirs, devisees, executors, administrators, personal representatives, trustees, beneficiaries, conservators, receivers, successors and assigns of Debtor, including all successors in interest of Debtor in and to all or any part of the Collateral, and shall benefit



Secured Party and its successors and assigns.

1.20. Secured Party is hereby authorized at any time and from time to time after the occurrence of an Event of Default, without notice to any person or entity (and Debtor hereby WAIVES any such notice) to the fullest extent permitted by law, to set-off and apply any and all monies, securities and other properties of Debtor now or in the future in the possession, custody or control of Secured Party, or on deposit with or otherwise owed to Debtor by Secured Party — including without limitation the Collateral and all other monies, securities and other properties held in general, special, time, demand, provisional or final accounts or for safekeeping or as collateral or otherwise (but excluding those accounts clearly designated as escrow or trust accounts held by Debtor for others unaffiliated with Debtor) — against any and all of Debtor's obligations to Secured Party now or hereafter existing, irrespective of whether Secured Party shall have made any demand therefor.

1.21. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby, and this Agreement shall be liberally construed so as to carry out the intent of the parties to it. Each waiver in this Agreement is subject to the overriding and controlling rule that it shall be effective only if and to the extent that (a) it is not prohibited by applicable law and (b) applicable law neither provides for nor allows any material sanctions to be imposed against Secured Party for having bargained for and obtained it.

1.22. The pronouns used in this Agreement are in the masculine and neuter genders but shall be construed as feminine, masculine or neuter as occasion may require. "Secured Party", "Obligor" and "Debtor" as used in this Agreement include the heirs, devisees, executors, administrators, personal representatives, trustees, beneficiaries, conservators, receivers, successors and assigns of those parties.

1.23. The section headings appearing in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement. Terms used in this Agreement which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined. Wherever the term "including" or a similar term is used in this Agreement, it shall be read as if it were written "including by way of example only and without in any way limiting the generality of the clause or concept referred to."

1.24. This Agreement is performable in Young County, Texas, which shall be a proper place of venue for suit on or in respect of this Agreement. Debtor irrevocably agrees that any legal proceeding in respect of this Agreement shall be brought in the district courts of Young County, Texas or the United States District Court for the Northern District of Texas. Nothing herein shall affect the right of Secured Party to commence legal proceedings or otherwise proceed against Debtor in any jurisdiction or to serve process in any manner permitted by applicable law. Debtor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE APPLICABLE LAWS OF THE STATE OF TEXAS AND THE UNITED STATES OF AMERICA FROM TIME TO TIME IN EFFECT.

1.25. Debtor agrees that, if at any time all or any part of any payment previously applied by Secured Party to the Debt is or must be returned by Secured Party — or recovered from Secured Party — for any reason (including the order of any bankruptcy court), this Agreement shall automatically be reinstated to the same effect, as if the prior application had not been made, and, in addition, Debtor hereby agrees to indemnify Secured Party against, and to save and hold Secured Party harmless from any required return by Secured Party — or recovery from Secured Party — of any such payments because of its being deemed preferential under applicable bankruptcy, receivership or insolvency laws, or for any other

reason.

1.26. This Agreement embodies the entire agreement and understanding between Secured Party and Debtor with respect to their subject matter and supersedes all prior conflicting or inconsistent agreements, consents and understandings relating to such subject matter. Debtor acknowledges and agrees there is no oral agreement between Debtor and Secured Party which has not been incorporated in this Agreement.

1.27. Provided no default or Event of Default is continuing, cash on deposit comprising the Collateral may be requested by Debtor to pay for customary operating expenses of the Project incurred by Debtor after the date the Evidence of Completion has been delivered to Lender. Such requests shall be accompanied by bills or invoices setting forth in reasonable detail the basis for the expense, the name of the payee, and all relevant payment information.

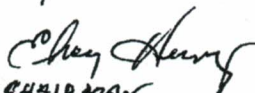
**NOTICE PURSUANT TO TEX. BUS. & COMM. CODE 26.02**

**THIS AGREEMENT, THE LOAN AGREEMENT AND ANY OTHER RELATED CREDIT DOCUMENTS TOGETHER CONSTITUTE A WRITTEN AGREEMENT AND REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

*[signatures on following page]*

**DEBTOR:**

WINNIE-STOWELL HOSPITAL DISTRICT

By:  
Name:   
Title: CHAIRMAN

**SECURED PARTY:**

NECHES CAPITAL, LLC

By:  
Name:  
Title:



# **Exhibit “C”**

## Blocked Account Control Agreement ("Shifting Control")

1. District and Lender notify Depository that by separate agreement District has granted Lender a security interest in the Account and all funds on deposit from time to time therein. Depository acknowledges being so notified.
2. The purpose of this Agreement is to perfect a lien against the District's Texnet Account at Interbank in Graham, Texas, Account No. 1755271008, in the event the District defaults on the attached Commercial Note.

Prior to the Effective Time (as defined below) Depository shall honor all withdrawal, payment, transfer or other fund disposition or other instructions which the District is entitled to give under the Account Documentation (as hereinafter defined) (collectively, "instructions") received from the District (but not those from Lender) concerning the Account. On and after the Effective Time (and without District's consent), Depository shall honor all instructions received from Lender (but not those from District) concerning the Account and District shall have no right or ability to access or withdraw or transfer funds from the Account.

For the purposes hereof, the "Effective Time" shall be the opening of business on the business day next succeeding the business day on which a notice purporting to be signed by Lender in substantially the same form as Exhibit A, attached hereto, with a copy of this Agreement attached thereto (a "Shifting Control Notice"), is actually received by Depository; provided that if any such notice is so received after 2:00 PM, Central time, on any business day, the "Effective Time" shall be the opening of business on the second business day next succeeding the business day on which such receipt occurs; and provided further, that a "business day" is any day other than a Saturday, Sunday or other day on which Depository is authorized or required by law to be closed.

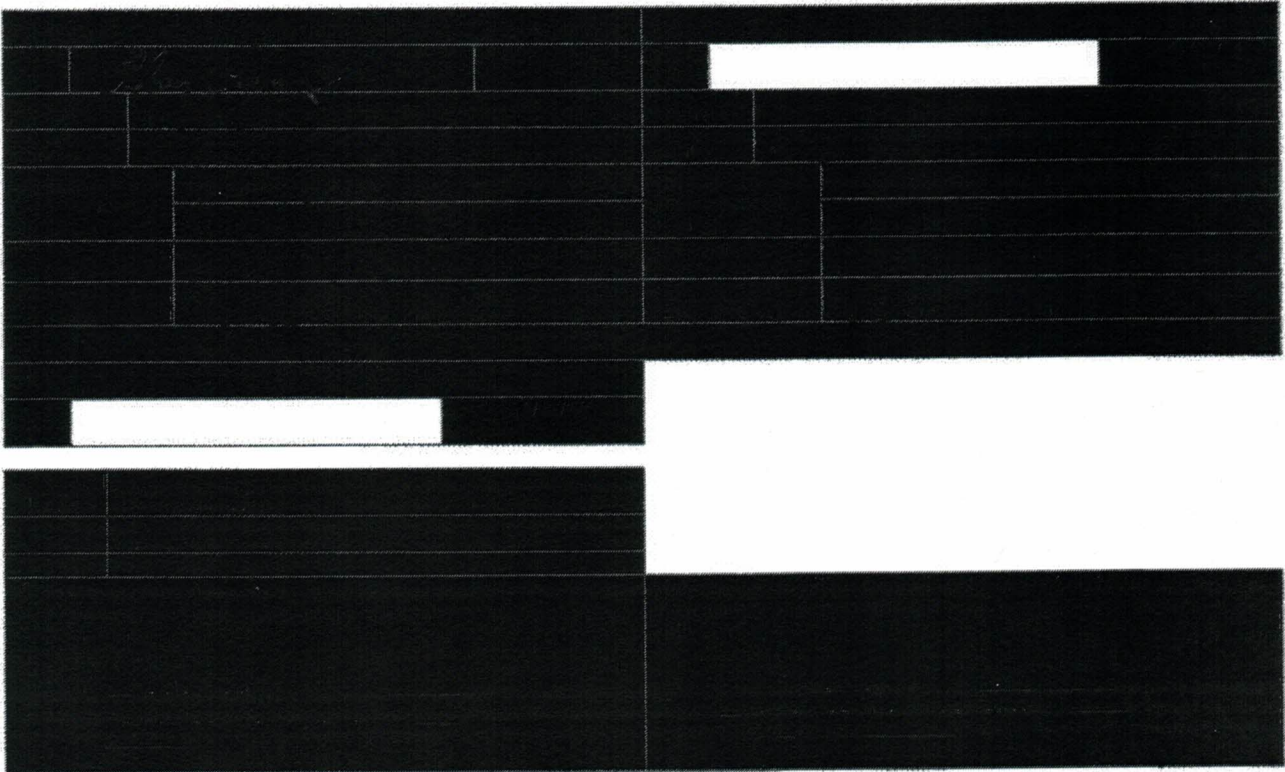
Notwithstanding the foregoing: (i) all transactions involving or resulting in a transaction involving the Account duly commenced by Depository or any affiliate prior to the Effective Time and so consummated or processed thereafter shall be deemed not to constitute a violation of this Agreement; and (ii) Depository and/or any affiliate may (at its discretion and without any obligation to do so) (x) cease honoring District's instructions and/or commence honoring solely Lender's instructions concerning the Account at any time or from time to time after it becomes aware that Lender has sent to it a Shifting Control Notice but prior to the Effective Time therefor (including without limitation halting, reversing or redirecting any transaction referred to in clause (i) above), or (y) deem a Shifting Control Notice to be received by it for purposes of the foregoing paragraph prior to the specified unit's actual receipt if otherwise actually received by Depository (or if such Shifting Control Notice does not comply with the form attached hereto as Exhibit A or does not attach an appropriate copy of this Agreement), with no liability whatsoever to District or any other party for doing so.

3. This Agreement supplements, rather than replaces, Depository's deposit account agreement, terms and conditions and other standard documentation in effect from time to time with respect to the Account or services provided in connection with the Account (the "Account Documentation"), which Account Documentation will continue to apply to the Account and such services, and the respective rights, powers, duties, obligations, liabilities and responsibilities of the parties thereto and hereto, to the extent not expressly conflicting with the provisions of this Agreement (however, in the event of any such conflict, the provisions of this Agreement shall control). Prior to issuing any instructions on or after the Effective Time, Lender shall provide Depository with such documentation as Depository may reasonably request to establish the identity and authority of the individuals issuing instructions on behalf of Lender. Lender may request the Depository to provide other services (such as automatic daily transfers) with respect to the Account on or after the Effective Time; however, if such services are not authorized or otherwise covered under the Account Documentation, Depository's decision to provide any such services shall be made in its sole discretion (including without limitation being subject to District and/or Lender executing such Account Documentation or other documentation as Depository may require in connection therewith).
4. Depository agrees not to exercise or claim any right of offset, banker's lien or other like right against the Account for so long as this Agreement is in effect except with respect to (i) returned or charged-back items, reversals or cancellations of payment orders and other electronic fund transfers or other corrections or adjustments to the Account or transactions therein, (ii) overdrafts in the Account or (iii) Depository's charges, fees and expenses with respect to the Account or the services provided hereunder.
5. Notwithstanding anything to the contrary in this Agreement: (i) Depository shall have only the duties and responsibilities with respect to the matters set forth herein as is expressly set forth in writing herein and shall not be deemed to be an agent, bailee or fiduciary for any party hereto; (ii) Depository shall be fully protected in acting or refraining from acting in good faith without investigation on any notice (including without limitation a Shifting Control Notice), instruction or request purportedly furnished to it by District or Lender in accordance with the terms hereof, in which case the parties hereto agree that Depository has no duty to make any further inquiry whatsoever; (iii) it is hereby acknowledged and agreed that Depository has no knowledge of (and is not required to know) the terms and provisions of the separate agreement referred to in paragraph 1 above or any other related documentation or whether any actions by Lender (including without limitation the sending of a Shifting Control Notice), District or any other person or entity are permitted or a breach thereunder or consistent or inconsistent therewith, (iv) Depository shall not be liable to any party hereto or any other person for any action or failure to act under or in connection with this Agreement except to the extent such conduct constitutes its own willful misconduct or gross negligence (and to the maximum extent permitted by law, shall under no circumstances be liable for any incidental, indirect, special, consequential or punitive damages); and (v) Depository shall not be liable for losses or delays caused by force majeure, interruption or malfunction of computer, transmission or communications facilities, labor difficulties, court order or decree, the commencement of bankruptcy or other similar proceedings or other matters beyond Depository's reasonable control.



6. District hereby agrees to indemnify, defend and save harmless Depository against any loss, liability or expense, including reasonable fees and disbursements of counsel (collectively, "Covered Items"), incurred in connection with this Agreement or the Account (except to the extent due to Depository's willful misconduct or gross negligence) or any interpleader proceeding relating thereto or incurred as a result of following District's direction or instruction. Lender hereby agrees to indemnify, defend and save harmless Depository against any Covered Items incurred (i) on or after the Effective Time in connection with this Agreement or the Account (except to the extent due to Depository's willful misconduct or gross negligence) or any interpleader proceeding related thereto, (ii) as a result of following Lender's direction or instruction (including without limitation Depository's honoring of a Shifting Control Notice) or (iii) due to any claim by Lender of an interest in the Account or the funds on deposit therein.
7. Depository may terminate this Agreement (i) in its discretion upon the sending of at least thirty (30) days' advance written notice to the other parties hereto or (ii) because of a material breach by District or Lender of any of the terms of this Agreement or the Account Documentation, upon the sending of at least five (5) days advance written notice to the other parties hereto. Lender may terminate this Agreement in its discretion upon the sending of at least three (3) days advance written notice to the other parties hereto, provided that Depository may shorten or waive the requirement that Lender's notice be in advance and any such shortening or waiver shall be binding on all parties. Any other termination or any amendment or waiver of this Agreement shall be effected solely by an instrument in writing executed by all the parties hereto. The provisions of paragraphs 5 and 6 above shall survive any such termination.
8. District shall compensate Depository for the opening and administration of the Account and services provided hereunder in accordance with Depository's fee schedules from time to time in effect. Payment will be effected by a direct debit to the Account.
9. This Agreement: (i) may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument; (ii) shall become effective when counterparts hereof have been signed by the parties hereto; and (iii) **shall be governed by and construed in accordance with the laws of the State of Texas.** All notices under this Agreement shall be in writing and sent (including via emailed pdf or similar file or facsimile transmission) to the parties hereto at their respective addresses, email addresses or fax numbers set forth below (or to such other address, email address or fax number as any such party shall designate in writing to the other parties from time to time).

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.





## Exhibit A

### SHIFTING CONTROL NOTICE

InterBank  
455 Elm Street  
Graham, Texas 76450  
Attention: Harold Wilbanks  
Email: harold.wilbanks@interbankus.com  
Fax No.: \_\_\_\_\_

Re: Blocked Account Control Agreement dated as of November 26, 2014, (the "Agreement") by and among  
Winnie-Stowell Hospital District ("Debtor"), NECHES Capital, LLC ("Secured Party") and InterBank  
relating to Account(s) 1755271008

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Ladies and Gentlemen:

This constitutes a Shifting Control Notice as referred to in paragraph 2 of the Agreement, a copy of which is attached hereto.

NECHES CAPITAL, LLC			
By:		Date:	
Name:	Alfred G. Allen, III		
Title:	Manager		

# **Exhibit “D”**

## SHORT TERM COMMERCIAL REVENUE NOTE

### BORROWER INFORMATION

Winnie-Stowell Hospital District  
538 Broadway  
Winnie, Texas 77665

**NOTE.** This Commercial Promissory Note dated November 28, 2014, will be referred to in this document as the "Note."

**LENDER.** "Lender" means Neches Capital, LLC whose address is P. O. Box, 930, 455 Elm Street, Suite 100, Graham, Young County, Texas 76450, its successors and assigns.

**BORROWER.** The Winnie Stowell Hospital District ("Borrower") is a Political Subdivision of the State of Texas that was created pursuant to Article IX, Section 9 of the Texas Constitution and Chapter 286 of the Health and Safety Code.

**REVENUE NOTE.** Both Borrower and Lender agree that Article III, Section 52 of the Texas Constitution, prohibits the Legislature from authorizing any county, city, town or other political corporation or subdivision of the State to lend its credit or to grant public money or thing of value in aid of, or to any individual, association or corporation whatsoever, or to become a stockholder in such corporation, association or company. Both the Borrower and the Lender understand that neither the State of Texas, the Borrower, nor any political corporation, subdivision, or agency of the state, (i.e., Debtor) shall be obligated to pay the same or the interest thereon and that neither the faith and credit nor the taxing power of the state, the unit, or any other political corporation, subdivision, or agency thereof is pledged to the payment of the principal of or the interest on such debt, note, or bonds.

**PROMISE TO PAY.** For value received, receipt of which is hereby acknowledged, on or before January 31, 2015, (the Maturity Date), the Borrower promises to pay the principal amount of One Million Five Hundred and Fifty One Thousand and 00/100 Dollars (\$1,551,000.00) and all interest on the outstanding principal balance and all other charges provided for in this Note, including service charges, to the order of Lender at its office at the address noted above or at such other place as Lender may designate in writing. The Borrower will make all payments in lawful money of the United States of America.

**PAYMENT SCHEDULE.** This Note will be paid according to the following schedule: Unpaid interest accrued on the unpaid principal balance of this Note shall be due and payable on January 1, 2015, and on the Maturity Date, the entire balance of unpaid principal and accrued interest shall be finally due and payable, without notice or demand. All payments received by the Lender for application on this Note may be applied to the Borrower's obligations under this Note in such order and manner as Lender shall determine in its sole discretion.

**INTEREST RATE AND SCHEDULED PAYMENT CHANGES.** Interest on the principal of this Note from time to time outstanding will begin to accrue on the date of this Note and continue until all principal and accrued interest on this Note shall have been fully paid and satisfied. Before maturity, the interest rate on this Note will be fixed at 16.8% per annum, and all past due principal and interest shall bear interest at a rate per annum equal to the less of 18% per annum or the Highest Lawful Rate. It is the intention of Borrower and Lender to conform strictly to the usury laws in force in the State of Texas and in the United States of America, as applicable. If, for any reason whatsoever, the interest paid or received on this Note shall exceed the Highest Lawful Rate (defined below), the owner or holder of this Note shall credit on the principal hereof, or after all principal has been paid, refund to the payor, such portion of said interest as may be necessary to cause the interest paid on this Note to equal to the Highest Lawful Rate. "Highest Lawful Rate" means the maximum nonusurious rate of interest from time to time permitted by applicable federal or Texas law, whichever permits the higher lawful rate. All sums paid or agreed to be paid to the owner or holder hereof for the use, forbearance or detention of the indebtedness evidenced hereby shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of this Note. To the fullest extent permitted by law, all amounts charged, paid or received hereunder shall be characterized as a fee or an expense and not as interest. In the event any amount is charged, paid or received hereunder which would result in a payment of interest in excess of the Highest Lawful Rate, such overcharged or overpaid amount may, at Lender's or any subsequent owner's or holder's discretion, be applied as a partial prepayment of principal or refunded to Borrower.

**LATE PAYMENT CHARGE.** If any required payment is more than 10 days late, then at Lender's option, Lender will assess a late payment charge of 5.000% of the amount of the required payment then past due.



**SECURITY.** This Note is secured by a security agreement dated November 28, 2014, between the Borrower, as debtor, and the Lender, as secured party, covering deposit accounts.

**RIGHT OF SET-OFF.** To the extent permitted by law, Borrower agrees that Lender has the right to set-off any amount due and payable under this Note, whether matured or unmatured, against any amount owing by Lender to Borrower. Such right of set-off may be exercised by Lender against Borrower or against any assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor of Borrower, or against else claiming through or against Borrower or such assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off has not been exercised by Lender prior to the making, filing or issuance or service upon Lender of, or of notice of, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena or order or warrant. Borrower agrees to hold Lender harmless from any claim arising as a result of Lender exercising Lender's right to set-off.

**RELATED DOCUMENTS.** The words "Related Documents" mean all promissory notes, security agreements, mortgages, deeds of trust, deeds to secure debt, business loan agreements, construction loan agreements, resolutions, guaranties, environmental agreements, subordination agreements, assignments and any other documents or agreements executed in connection with this Note whether now or hereafter existing, including any modifications, extensions, substitutions or renewals of any of the foregoing. The Related Documents are hereby made a part of this Note by reference thereto, with the same force and effect as if fully set forth herein.

**DEFAULT.** Upon the occurrence of any one of the following events (Each, an "Event or Default" or "default" or "event of default"), Lender's obligations, if any, to make any advances will, at Lender's option, immediately terminate and Lender, at its option, may declare all indebtedness of Borrower to Lender under this Note immediately due and payable without further notice of any kind notwithstanding anything to the contrary in this Note or any other agreement: (a) Borrower's failure to make any payment on time in the amount due; (b) any default by Borrower under the terms of this Note or any other Related Documents executed in connection with this Note; (c) any default by Borrower under the terms of any Related Documents in favor of Lender; (d) the dissolution or termination of existence of Borrower or any guarantor; (e) Borrower is not paying Borrower's debts as such debts become due; (f) the commencement of any proceeding under bankruptcy or insolvency laws by or against Borrower or any guarantor or the appointment of a receiver; (g) any default under the terms of any other indebtedness of Borrower to any other creditor; (h) any writ of attachment, garnishment, execution, tax lien or similar instrument is issued against any collateral securing the loan, if any, or any of Borrower's property or any judgment is entered against Borrower or any guarantor; (i) any part of Borrower's business is sold to or merged with any other business, individual, or entity; (j) any representation or warranty made by Borrower to Lender in any of the Related Documents or any financial statement delivered to Lender proves to have been false in any material respect as of the time when made or given; (k) if any guarantor, or any other party to any Related Documents in favor of Lender entered into or delivered in connection with this Note terminates, attempts to terminate or defaults under any such Related Documents in favor of Lender entered into or delivered in connection with this Note terminates, attempts to terminate or defaults under any such Related Documents; (l) Lender has deemed itself insecure or there has been a material adverse change of condition of the financial prospects of Borrower or any collateral securing the obligations owing to Lender by Borrower. Upon the occurrence of an event of default, Lender may pursue any remedy available under any Related Document, at law or in equity.

**GENERAL WAIVERS.** To the extent permitted by law, the Borrower severally waives any required notice of presentment, demand, acceleration, intent to accelerate, protest and any other notice and defense due to extensions of time or other indulgence by Lender or to any substitution or release of collateral. No failure or delay on the part of Lender, and no course of dealing between Borrower and Lender, shall operate as a waiver of such power or right, nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right.

**JOINT AND SEVERAL LIABILITY.** If permitted by law, each Borrower executing this Note is jointly and severally bound.

**SEVERABILITY.** If a court of competent jurisdiction determines any term or provision of this Note is invalid or prohibited by law, that term or provision will be ineffective to the extent required. Any term or provision that has been determined to be invalid or prohibited will be severed from the rest of this Note without invalidating the remainder of either the affected provision or this Note.

**SURVIVAL.** The rights and privileges of the Lender hereunder shall inure to the benefit of its successors and assigns, and this Note shall be binding on all heirs, executors, administrators, assigns and successors of Borrower.

**ASSIGNABILITY.** Lender may assign, pledge or otherwise transfer this Note or any of its rights and powers under this Note without notice, with all or any of the obligations owing to Lender by Borrower, and in such event the



assignee shall have the same rights as if originally named herein in place of Lender. Borrower may not assign this Note or any benefit accruing to it hereunder or delegate any of its obligations hereunder without the express written consent of the Lender.

**GOVERNING LAW.** This Note is governed by the laws of the state of Texas except to the extent that federal law controls. Venue shall be deemed to be proper in Young, County, Texas, being the place of payment on this note and the place at which the contract had its inception and is to be performed.

**HEADING AND GENDER.** The headings preceding text in this Note are for general convenience in identifying subject matter, but have no limiting impact on the text which follows any particular heading. All words used in this Note shall be construed to be of such gender or number as the circumstances require.

**ATTORNEYS' FEES AND OTHER COSTS.** If legal proceedings are instituted to enforce the terms of this Note, Borrower agrees to pay all costs of the Lender in connection therewith, including reasonable attorney's fees, to the extent permitted by law.

**ADDITIONAL PROVISIONS.** Federal Small Business Certification. Borrower represents, warrants and certifies, that none of the principals of Borrower or Borrower's affiliates have been convicted of, or pleaded nolo contendere to, any offense covered by 42 U.S.C. sec.16911(7). For purposes of this subsection, the term "principal" means: (a) with respect to a sole proprietorship, the proprietor; (b) with respect to a partnership, each managing partner and each partner who is a natural person and holds twenty percent (20.00%) or more ownership interest in the partnership; and (c) with respect to a corporation, limited liability company, association or development company, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is direct or indirect holder of twenty percent (20.00%) or more of the ownership stock or stock equivalent of the entity.

The loan proceeds are to fund operation of its nursing homes, including Borrower's inter-governmental transfers for Borrower's participation in the Supplemental Payments to Non-State Government-Owned Nursing Facilities Program provided for and described in Tex. Admin. Code §355.314. Borrower and signers, with proper board approval and consent, certify the loan proceeds will be used for this sole purpose, and to the best of their knowledge, they are authorized to borrow this loan for this purpose. Borrower and signers, with proper board of director approval and consent, also certify that the reimbursement to the Borrower of transferred funds and the applicable federal matching funds received from the aforementioned IGT made with the proceeds of these loaned funds will be utilized to directly and without diversion repay the outstanding principal and accrued interest on this note to its holder. Further, such federal matching funds received by Borrower shall be placed in Borrower's account at Interbank in Graham, Young County, Texas, and shall be used to first repay the principal and unpaid accrued interest owed as a result of this Note, prior to further disposition of such funds.

This Note and the Related Documents constitute the complete and final expression of the parties' loan agreement and may not be amended or modified by oral agreement.

No present or future agreement securing any other debt owed to Neches Capital, LLC will secure the payment of this Loan if, with respect to this loan, Borrower fails to fulfill any necessary requirements or limitations of Sections 19(a), 32 or 35 of Regulation Z or if, as a result, this Loan would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007. This Note is governed by the laws of Texas and the United States of America, and to the extent required, by the laws of the jurisdiction where the property securing this Note is located, except to the extent such state laws are preempted by federal law. Borrower agrees to supply Neches Capital, LLC with whatever information it reasonably requests. Neches Capital, LLC will make requests for this information without undue frequency, and will give Borrower reasonable time in which to supply the information. Unless otherwise required by law, any notice will be given by delivering it or mailing it by email or first class mail. Notice to one Borrower will be deemed to be notice to all Borrowers. Borrower will inform Neches Capital, LLC in writing of any change in my name, address or other application information and agrees to provide Neches Capital, LLC any correct and complete financial statements or other information it requests. Borrower agrees to sign, deliver, and file any additional documents or certifications that Neches Capital, LLC may consider necessary to perfect, continue, and preserve any obligations under the Loan and to confirm Neches Capital, LLC lien status on any Property. Time is of the essence.



[SIGNATURE PAGE TO FOLLOW]

By signing this Note, Borrower acknowledges reading, understanding, and agreeing to all its provisions and receipt of a true and complete copy of this Note.

Borrower: Winnie-Stowell Hospital District

By: \_\_\_\_\_  
Name: Elroy Henry  
Title: Chairman

# **Exhibit “E”**



HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

NF 9-digit Medicaid Contract Number(s) (to be completed by GE): See Attachment  
If more than one NF, please list all 9-digit Medicaid Contract Number(s) on an attachment to this agreement

## **IGT RESPONSIBILITY AGREEMENT**

**between**

**The Texas Health and Human Services Commission**

**and**

**Non-State Governmental Entity**

### **I. CONTRACTING PARTIES**

This Agreement is between the Texas Health and Human Services Commission ("HHSC") and the Winnie-Stowell Hospital District ("Governmental Entity," or "GE") (collectively, "the Parties").

### **II. BACKGROUND AND PURPOSE**

- A. HHSC is the single state agency designated in Texas to administer the medical assistance program known as Medicaid.
- B. On or after March 1, 2015, Medicaid-covered nursing facility ("NF") services will be carved in to managed care, as directed by the 83rd Texas Legislature.
- C. GE is, or owns, a Non-state Government-owned Nursing Facility that has met, or will meet, HHSC's eligibility requirements for the receipt of Minimum Payment Amounts for Eligibility Period One.
- D. As consideration for entering into this Agreement, the Non-state Government-owned Nursing Facility owned by GE will receive the Minimum Payment Amount for qualified Nursing Facility Unit Rate services paid through Medicaid managed care organizations ("MCOs"), provided that the NF meets the requirements of a Qualified Nursing Facility. Medicaid MCOs will pay the Minimum Payment Amount in two installments.
- E. The purposes of this Agreement are:
  - 1. To provide terms and conditions for GE to transfer non-federal Public Funds, to HHSC for use as a portion of the capitation payment for Medicaid MCOs;
  - 2. To describe the expectations of the Parties in the event GE fails to timely transfer funds to HHSC for this purpose; and
  - 3. To describe the process that will be used to reconcile the non-federal percentage of payments from HHSC to the MCOs with the amount of funds transferred to HHSC from GE.

HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

NF 9-digit Medicaid Contract Number(s) (to be completed by GE): See Attachment  
If more than one NF, please list all 9-digit Medicaid Contract Number(s) on an attachment to this agreement

### III. DEFINITIONS

For purposes of this Agreement, the following terms have the meanings as described below:

1. **Base Period-** The time period from which data is drawn to calculate the MCOs' capitation rates. For Eligibility Period One, the base period is May 1, 2013 through April 30, 2014.
2. **Eligibility Period One-** The first period of time for which a Qualified Nursing Facility may receive the Minimum Payment Amounts, covering dates of service from the later of March 1, 2015, or the date on which nursing facilities are carved in to managed care, to August 31, 2015.
3. **First Payment-** The payment made in the ordinary course of business by MCOs to Qualified Nursing Facilities for the provision of services to Medicaid recipients.
4. **Intergovernmental Transfer (IGT)-** A transfer of Public Funds from a Non-state Governmental Entity to HHSC.
5. **Managed Care Organization (MCO)-** A Medicaid managed care organization contracted with HHSC to provide nursing facility services to Medicaid recipients.
6. **Minimum Payment Amount-** The minimum payment amount for a Qualified Nursing Facility, as calculated by HHSC.
7. **Network Nursing Facility-** A nursing facility that has a contract with an MCO for the delivery of Medicaid covered benefits to the MCO's enrollees.
8. **Non-state Governmental Entity-** A hospital authority, hospital district, health district, city or county.
9. **Non-state Government-owned Nursing Facility-** A Network Nursing Facility where a Non-state Governmental Entity holds the license and is a party to the nursing facility's Medicaid provider enrollment agreement with the state.
10. **Nursing Facility Add-on Services-** The types of services that are provided in the nursing facility setting by a provider, but are not included in the Nursing Facility Unit Rate, including but not limited to emergency dental services, physician-ordered rehabilitative services, customized power wheel chairs, and augmentative communication devices.
11. **Nursing Facility Unit Rate-** The types of services included in the DADS daily rate for nursing facility providers, such as room and board, medical supplies and equipment, personal needs items, social services, and over-the-counter drugs. The Nursing Facility Unit Rate also includes applicable nursing facility rate enhancements as described in 1 TAC §355.308 (relating to Direct Care Staff Rate Component), and professional and general liability insurance. Nursing Facility Unit Rates exclude Nursing Facility Add-on Services.



HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

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12. Public Funds- Funds derived from taxes, assessments, levies, investments, and other public revenues within the sole and unrestricted control of a non-state governmental entity that holds the license and is party to the Medicaid provider enrollment agreement with the state. Public funds do not include gifts, grants, trusts, or donations, the use of which is conditioned on supplying a benefit solely to the donor or grantor of the funds.
13. Qualified Nursing Facility- A Non-state Government-owned Nursing Facility that meets the eligibility requirements prescribed by HHSC.
14. RUG- For purposes of the First Payment, a resource utilization group under Medicare Part A as established by the Centers for Medicare and Medicaid Services. For purposes of the Second Payment, a resource utilization group under the RUG-III 34 group classification system, Version 5.20, index maximizing, as established by the state and the Centers for Medicare and Medicaid Services.
15. Second Payment- The amount a Qualified Nursing Facility can receive that is equal to the Minimum Payment Amount less adjustments to that amount, as determined by HHSC.

#### IV. CONTRACT PERIOD

The Agreement begins on the later of March 1, 2015 or the date that nursing facility services become Medicaid managed care benefits, and ends on August 31, 2017. The term of this Agreement may be modified by written agreement between the Parties.

#### V. CONTRACT AMOUNT

The Contract Amount is the amount of non-federal Public Funds transferred by GE. The Contract Amount is determined as follows:

- A. **Statewide IGT = Member Months x Non-Federal Share x Increase in Payment x 1.1**
  1. "Statewide IGT" is the total amount of non-federal Public Funds that need to be transferred by all governmental entities to fully fund the difference between the First Payments and Second Payments for all Qualified Nursing Facilities approved by HHSC to receive the Minimum Payment Amount, plus ten percent.
  2. "Member Months" is the total number of member months for all Medicaid MCOs in the state for the state fiscal quarter as estimated by HHSC, in its sole discretion.
  3. "Non-Federal Share" is equal to one-hundred minus the Federal Medical Assistance Percentage for Medicaid for Texas for Federal Fiscal Year 2015. (See <http://aspe.hhs.gov/health/reports/2014/FMAP2015/fmap15.pdf>.)
  4. "Increase in Payment" is the increase in the MCOs' capitation rates due to the Minimum Payment Amount program described in 1 TAC §353.608 as determined by HHSC, in its sole discretion.

HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

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- B.  $GE \text{ Proportion} = \text{Individual UPL for Base Period} / \text{Statewide UPL for Base Period}$
1. "GE Proportion" is the proportion of the Statewide IGT attributed to GE.
  2. "Individual UPL for Base Period" is the total estimated UPL payment, as determined by HHSC in its sole discretion. HHSC will calculate the Individual UPL for the Base Period for all Qualified Nursing Facilities owned by GE that are approved by HHSC to receive the Minimum Payment Amount.
  3. "Statewide UPL for Base Period" is the total estimated UPL payment, as determined by HHSC in its sole discretion. HHSC will calculate the Statewide UPL for the Base Period for all Qualified Nursing Facilities that are approved by HHSC to receive the Minimum Payment Amount.

C.  $\text{Contract Amount} = \text{Statewide IGT} \times \text{GE Proportion}$

#### **VI. STATEMENT OF SERVICES TO BE PERFORMED**

- A. By GE: Beginning on or before March 1, 2015, and continuing on or before the first day of each state fiscal quarter of Eligibility Period One, GE will transfer to HHSC an amount equal to the Contract Amount. Transfer dates will be determined by HHSC, in its sole discretion.
- B. By HHSC:
1. HHSC will notify all MCOs that the Qualified Nursing Facilities owned by GE are eligible to receive the Minimum Payment.
  2. HHSC will calculate the Minimum Payment Amount.
  3. HHSC will utilize the Contract Amount to fund the non-federal share of the Second Payment.
  4. HHSC will perform the reconciliation described in Section VIII of this Agreement.

#### **VII. FAILURE BY GE TO TRANSFER FUNDS TO HHSC**

If GE does not transfer the full amount described in Section VI.A. of this Agreement for any state fiscal quarter during the Eligibility Period One, all NFs owned by GE will be ineligible to receive the Minimum Payment Amounts described in this agreement for future eligibility periods, subject to Section VIII. Nothing in this contract supersedes other eligibility requirements described in the Texas Administrative Code.



HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

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### VIII. RECONCILIATION

HHSC will complete the reconciliation in two parts.

- A. The first reconciliation will occur no later than 30 days after the end of Eligibility Period One.
1. HHSC will compare the amount transferred by GE to HHSC for Eligibility Period One to the non-federal amount expended during Eligibility Period One by HHSC for all Qualified Nursing Facilities owned by GE that are approved by HHSC to receive the Minimum Payment Amount.
  2. The calculation of the non-federal amount expended during Eligibility Period One by HHSC for all Qualified Nursing Facilities owned by GE that are approved by HHSC to receive the Minimum Payment Amount will be the same as the calculation of the "Contract Amount" described in Section V with two exceptions:
    - a. "Member months" will be revised to reflect actual known member months for the eligibility period. The revision will be conducted no sooner than the day after the last day of the Eligibility Period and no later than 30 days after the end of the eligibility period.
    - b. The "Statewide IGT" will be calculated as Member Months x Non-Federal Share x Increase in Payment. The calculation will not include the additional ten percent included in the calculation of the "Contract Amount."
    - c. No other changes will be made to the calculation of the "Contract Amount" and no other data points included in the calculation will be updated for purposes of this reconciliation.
  3. If the amount transferred by GE exceeds the non-federal percentage of the amount expended by HHSC, HHSC will refund the excess amount to GE, less two percent of the Contract Amount.
  4. If the amount transferred by GE is less than the non-federal percentage of the amount expended by HHSC, HHSC will notify GE of the amount of the shortfall and of a deadline for GE to transfer the shortfall plus two percent of the Contract Amount to HHSC.

HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

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- B. The second reconciliation will occur no later than August 31, 2017.
1. HHSC will compare the amount transferred by GE to HHSC for Eligibility Period One to the non-federal amount expended during Eligibility Period One by HHSC for all Qualified Nursing Facilities approved by HHSC to receive the Minimum Payment Amount owned by GE:
  2. The calculation of the non-federal amount expended during Eligibility Period One by HHSC for all Qualified Nursing Facilities owned by GE that are approved by HHSC to receive the Minimum Payment Amount will be the same as the calculation described under Subsection A of this Section except that Member Months will be revised to reflect updated actual known member months for the eligibility period. The revision will be conducted sometime during the month of August 2017.
  3. If the amount transferred by GE exceeds the non-federal percentage of the amount expended by HHSC, HHSC will refund the excess amount to GE.
  4. If the amount transferred by GE is less than the non-federal percentage of the amount expended by HHSC, HHSC will notify GE of the amount of the shortfall and of a deadline for GE to transfer the shortfall.
- C. If GE does not timely complete the transfer described in paragraphs A.4. or B.4. of this Section, HHSC will withhold any or all future Medicaid payments from GE until HHSC has recovered an amount equal to the amount of the shortfall under this Agreement and GE will be ineligible for future eligibility periods.

#### **IX. TERMINATION**

HHSC may terminate this agreement at any time at its discretion. GE has no termination rights for the duration of the Contract Period.

#### **X. ADDITIONAL TERMS**

- A. The services specified above are necessary and authorized for activities that are properly within the statutory functions and programs of the Parties.
- B. The services contracted for are not required by Section 21 of Article XVI of the Constitution of Texas to be supplied under contract given to the lowest responsible bidder.
- C. All acts required under this Agreement will be done in conformity with federal and state laws and regulations. If any term of this Agreement conflicts with state law or rule, state law or rule controls.



HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

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- D. If any portion of this Agreement is held to be invalid or unenforceable, the remainder of the Agreement remains valid and enforceable.
- E. The dispute resolution process provided for in Texas Government Code Chapter 2260 (Resolution of Certain Contract Claims Against the State) will be used by the Parties to attempt to resolve any claim for breach of the Agreement.
- F. HHSC shall have the right to audit transactions related to the Minimum Payment Amounts. Such audit right includes, but is not limited to, the examination of any contract or transaction to ensure that no contingent fees, consulting fees, or legal fees are paid for the purpose of, or having the effect of, maximizing Medicaid payments.

**XI. NOTICE**

- A. All communications to GE will be sent to (GE Contact and address):

Hubert Oxford, IV  
 Benckenstein & Oxford, L.L.P.  
 3535 Calder Avenue, Suite 300  
 Beaumont, Texas 77706  
 (409) 951-4721 Direct

- B. All communications to HHSC will be sent to Kyle L. Janek, M.D., Executive Commissioner, Health and Human Services Commission, Brown-Heatly Bldg., 4900 North Lamar Blvd., Austin, TX 78751

The individuals below are authorized representatives of their respective agencies and have the authority to bind their respective agencies in a contractual agreement:

**HEALTH AND HUMAN SERVICES  
COMMISSION**

Winnie-Stowell Hospital District  
Name of G.E.

By: \_\_\_\_\_

Kyle L. Janek, M.D.  
Executive Commissioner

Date: \_\_\_\_\_

By: John Henry Sr.  
Signature

By: John Henry, Sr.  
Printed

Title: Board Chairman

Phone: 409-296-6000

E-mail: snorris881@gmail.com  
hoxfordiv@benoxford.com



HHSC Contract Number (to be completed by HHSC): \_\_\_\_\_

[ \_\_\_\_\_ ] Contract Number (to be completed by HHSC): \_\_\_\_\_

**NF 9-digit Medicaid Contract Number(s) (to be completed by GE): See Attachment**

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Date: \_\_\_\_\_