

Exhibit “A”

Winnie-Stowell Hospital District

Balance Sheet

17-Dec-14

Cash

	\$222,444.13	Prosperity Operating
	\$64,802.93	Comptroller -- Deposit
Cash Balance	\$287,247.06	

Accounts Paid (in between regular meetings)

\$500.00	1611	Hubert Oxford/B&O	1/2 Retainer
\$500.00	1612	Josh Heinz/B&O	1/2 Retainer
\$22,493.38	1613	Benckenstein & Oxford	Inv 47300

Accounts Payable

			Inv No.'s
		Chambers County-Indigent care	
\$28,282.70		Benckenstein & Oxford	Inv 47342
\$500.00		Hubert Oxford/B&O	1/2 retainer
\$500.00		Josh Heinz/B&O	1/2 retainer
\$100.00		Fred Gough	Deposit for Graham Acct
\$1,000.00		Mary Ellen Robertson, CPA	Inv 141210
\$7,943.75		Mary Ellen Robertson, CPA	Inv141211
\$2,110.00		Sherrie Norris (Nov-Dec)	Admin Services
\$50.00		Carroll R Hand Ins- Bond R Espinoza	Inv 11453
\$50.00		Carroll R Hand Ins- Bond R Burgess	Inv 11452
\$22,263.50		Husch Blackwell	Invs 2171088 & 2191731
\$170.10		Time Warner Cable	(Service Period 12/05-01/04)
Total Liabilities	\$62,970.05		

Total Cash Balance **\$224,277.01**

Winnie-Stowell Hospital District

Balance Sheet

17-Dec-14

Pg 2 of 2

Investments

\$223,456.09	TexStar	
\$103,545.72	Prosperity CD (447)	
\$1,551,100.00	Graham InterBank	
\$32,803.05	Wells Fargo (7180)	WSHD NH Sweep
\$50.00	Wells Fargo (1386)	Marshall Manor West
\$50.00	Wells Fargo (1378)	Rose Haven
\$50.00	Wells Fargo (9502)	Clairmont
\$50.00	Wells Fargo (9528)	Garrison
\$50.00	Wells Fargo (9510)	Golden Villa
\$50.00	Wells Fargo (9494)	Hallettsville
\$50.00	Wells Fargo (9460)	Marshall Manor N&R
\$50.00	Wells Fargo (9452)	Monument Hill
\$50.00	Wells Fargo (3691)	Oak Manor
\$50.00	Wells Fargo (9437)	Oakland Manor
\$50.00	Wells Fargo (7018)	Spring
\$50.00	Wells Fargo (7133)	Woodlands

Total Investments \$1,911,504.86

Total Fund Balance \$2,135,781.87

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300
BEAUMONT, TEXAS 77706
TELEPHONE: (409) 833-9182
FAX: (409) 833-8819

Hubert Oxford, IV

hoxfordiv@benoxford.com

December 17, 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 December 2014; Our File No. 87250.

Dear President Henry,

Attached, please find the invoice for work performed during the month of November 2014. The total amount of this invoice is \$29,828.70. However, the amount owed to Benckenstein & Oxford, LLP is \$28,282.70, 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 \$28,282.70 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

December 17, 2014

Winnie-Stowell Hospital District
P.O. Box 1997
Winnie, TX 77665INVOICE #: 47342 HOIV
Billed through: November 30, 2014
Client/Matter #: WSHD 87250

RE: Winnie-Stowell Hospital District

PROFESSIONAL SERVICES RENDERED

11/03/14	HOIV	Drove to Anahuac to meet with County Judge to discuss the status of the District.	3.00 hrs
11/03/14	HOIV	Began review and revisions to draft opinion letter by Hursch Blackwell as to IGTs and researched cited laws in the letter.	4.50 hrs
11/03/14	HOIV	Drafted six e-mails to counsel for Skilled regarding the IGT Responsibility Agreement.	0.40 hrs
11/03/14	HOIV	Drafted seven e-mails to counsel for Caring Healthcare regarding the IGT Responsibility Agreement.	0.40 hrs
11/03/14	HOIV	E-mail to David Smith with LTC Group confirming the filing of the IGT Agreements.	0.30 hrs
11/04/14	HOIV	Continued researching cases, opinions, statutes, and rules quoted in opinion letter for IGTs being prepared by Hursch Blackwell and make extensive comments to the draft letter with my questions and suggested changes.	6.00 hrs
11/04/14	HOIV	Read, reviewed and exchanged e-mails with LTC Group regarding IGT Schedule for Nursing Home UPL Program post Managed Care changes.	0.70 hrs
11/04/14	HOIV	Read, reviewed, and forwarded e-mail and spreadsheets for dismissals in the Texas Silica MDL for November 3rd, 2014	0.70 hrs
11/05/14	HOIV	Read, reviewed and modified proposed answer responding to the Federal Court Petition and submitted my changes for review.	0.70 hrs
11/05/14	HOIV	Reviewed term sheet for \$1,000,000.00 loan with New Light and made suggested changes.	0.80 hrs
11/05/14	HOIV	Exchanged four e-mails with counsel for Lender regarding the legality of short term revenue loans.	0.60 hrs
11/05/14	HOIV	Exchanged eight (8) e-mails with counsel for Lender regarding the legal opinion submitted by Hursch Blackwell and answered questions regarding the same.	1.30 hrs

11/06/14	HOIV	Submitted draft changes to Term Sheet for New Light's proposed loan to their counsel with suggestions.	0.80 hrs
11/06/14	HOIV	Researched issue of feasibility of the District obtaining a loan to make an IGT and drafted extensive e-mail to lawyers with Hursch Blackwell advising them of my findings and requesting a confirmation opinion.	3.40 hrs
11/10/14	HOIV	Reviewed draft agenda and made changes accordingly.	0.40 hrs
11/10/14	HOIV	Conducted extensive conference call with Darren Coates to discuss changes to opinion letter regarding "control" and the IGT process for the Nursing Home UPL program.	1.20 hrs
11/10/14	HOIV	Began initial assessment of Term Sheets submitted by Neches Finance for IGT Loans and the process Neches proposed to fund the loans.	0.60 hrs
11/11/14	HOIV	Reviewed notes from Special Meeting and Regular Board meeting and drafted extensive set of minutes for both meetings.	6.80 hrs
11/11/14	HOIV	Exchanged eight (8) e-mails with LTC Group and CPA regarding upcoming meeting and coordinated the preparation of documents for the various agenda items.	0.90 hrs
11/11/14	HOIV	Read, reviewed and responded to twenty-two (22) e-mails with District CPA; LTC Group; Caring Healthcare; and counsel for Caring Healthcare discussing the need to establish a set of procedures that gives the District "control" over the Depository Accounts for thirteen (13) nursing homes at Wells Fargo in Beaumont, Texas.	1.50 hrs
11/12/14	HOIV	Worked on flow charts for Nursing Homes Cash Flow to exercise control and IGT for lender and had conference calls with Hursch Blackwell and Managers of the nursing homes to discuss both the cash flow and IGT flow charts.	5.80 hrs
11/12/14	HOIV	Prepared for conference call with nursing home operator and exchanged multiple e-mails regarding cash flow from Depository Account to Operations Accounts.	2.00 hrs
11/13/14	HOIV	Conference call with General Counsel of the Arboretum nursing home regarding its status with Victoria County and drafted extensive e-mail to the Board regarding the same.	1.60 hrs
11/13/14	HOIV	Reviewed notes and prepared minutes for October 15, 2014 Regular Meeting and October 28, 2014 Special Meeting and submitted to Board for approval.	3.00 hrs
11/14/14	HOIV	Worked with Lender on Lender's documents and drafted several e-mails to assist Lender obtain a better understanding of the issues surrounding "control" and Article 3, Section 52 of the Texas Constitution.	5.80 hrs
11/14/14	HOIV	Exchanged fourteen (14) e-mails with representatives the Arboretum to start the Change of Ownership process for this facility and to supply them with necessary information.	2.00 hrs
11/14/14	HOIV	Conference call with auditor, Tommy Davis, to update him on the status of the Attorney Opinion and the preliminary results.	0.70 hrs

11/17/14	HOIV	Read and reviewed eight (8) e-mails between Trenk Kreinke, Mary Ellen Robertson and Gary Klein regarding process to move money from Depository Accounts to Operations Accounts.	0.80 hrs
11/17/14	HOIV	Read, reviewed, and responded to eleven (11) e-mails from Robert Spurch, counsel for the Chambers County Hospital District #1 regarding the proposed Purchase and Sales Agreement.	0.80 hrs
11/17/14	HOIV	Read and reviewed revisions to Commercial Note, Security Agreement, and Block Agreement with Lender for nursing homes and made comments regarding the same.	2.50 hrs
11/17/14	HOIV	Reviewed Hursch Blackwell's invoice and submitted to Board with a detailed explanation of their fees and the importance of their services.	0.70 hrs
11/17/14	HOIV	Exchanged multiple conference calls with Lawyer for the Lender; LTC Group; Board Members; and counsel for Hursch Blackwell advising the District on the loan documents and the loan process.	3.00 hrs
11/17/14	HOIV	Researched statutes and Attorney General Opinions and drafted extensive e-mail to lender's counsel explaining why Section 315 of the Texas Health and Safety Code did not apply to the District and why there was a need for language from MW-85 Opinion on the face of the Loan Document.	2.00 hrs
11/18/14	HOIV	Drafted and responded to eight (8) e-mails in which I prepared the initial payment schedule for interest and payment of principle for loans with Neches Capital.	2.30 hrs
11/18/14	HOIV	Began assessment of IGT Responsibility Agreement for Eligibility Period 1 and effects on Eligibility Period 2	3.00 hrs
11/18/14	HOIV	Read and reviewed revised term sheet for the New Light group and exchanged eleven (11) e-mails regarding the same with counsel for New Light and Todd Beiderman explaining that this note would have to a second lien behind the underlying loan note.	1.60 hrs
11/18/14	HOIV	Exchanged nine (9) e-mails with Lender ("Neches Capital") to discuss Security Agreement and finalizing terms of the other agreements in anticipation of the upcoming Regular Board meeting.	2.00 hrs
11/19/14	HOIV	Prepared and attended Regular Monthly Meeting.	4.00 hrs
11/19/14	HOIV	Researched changes to Nursing Home UPL and changes to the Program due to Managed Care the financial affects of the change and prepared memo to Board on Agenda for meeting explaining the same.	3.00 hrs
11/19/14	HOIV	Received Open Record Request by Gloria Roemer and responded to the same.	1.00 hrs
11/19/14	HOIV	Drafted extensive e-mail to Hursch Blackwell and responded to same requesting legal advice Medicare IGT Timeline and concerns regarding Board action on this matter at the upcoming meeting.	0.80 hrs
11/20/14	HOIV	Worked with Sherrie Norris on Special Meeting Agenda.	0.40 hrs
11/20/14	HOIV	Resumed work of Cash Flow Spreadsheet and Income Flow Chart for the	7.00 hrs

Nursing Home UPL Programs to illustrate dates of IGTs; Interest Payments; Principle Repayments; UPL Payments as well as payout amounts and dates for the "Old Program" and "Eligibility Period 1 and Eligibility Period 2".

11/21/14	HOIV	Continued work of Cash Flow Spreadsheet and Income Flow Chart for the Nursing Home UPL Programs to illustrate dates of IGTs; Interest Payments; Principle Repayments; UPL Payments as well as payout amounts and dates for the "Old Program" and "Eligibility Period 1 and Eligibility Period 2" and drafted e-mail to LTC and Trent Kreinke outlining the concerns.	5.50 hrs
11/21/14	HOIV	Exchanged ten (10) e-mails and multiple conference call with Lender and LTC Group to discuss ownership issues with the proposed Graham Account and prepared detailed flow chart regarding the same.	1.80 hrs
11/21/14	HOIV	Conference call with Banker in Graham to initiate the set up of Texnet and submitted the appropriate documents to banker for his review by way of multiple e-mails.	1.40 hrs
11/24/14	HO	Review of various documents regarding funding for State Supplement; Discussions with Hubert and Co-Counsel;	3.00 hrs
11/24/14	HOIV	Made final changes to Loan documents submitted by Neches Capital for the Nursing Homes and e-mailed those changes to Lender.	0.80 hrs
11/24/14	HOIV	Continued work on cash flow projections spreadsheet for upcoming Board meeting.	3.50 hrs
11/25/14	HO	Brief review of various documents relating to Hospital District;	2.00 hrs
11/25/14	HOIV	Prepared for and attended Special Board meeting.	4.00 hrs
11/25/14	HOIV	Gathered documents for Prosperity Bank to obtain loan for property acquired from the CCPHD 1 and e-mailed them to Rhonda Devillier.	0.80 hrs
11/25/14	HOIV	Met with Lee Hughes of LTC Group to finalize Cash Flow Spreadsheet and to narrow the spreadsheet to one page for the upcoming Special Board Meeting.	3.50 hrs
		Total fees for this matter	\$29,275.00

DISBURSEMENTS

11/30/14	Copy Expense	7.70
	Total disbursements for this matter	\$7.70

BILLING SUMMARY:

Oxford, III Hubert	5.00 hrs @	\$250.00 /hr	\$1,250.00
Oxford, IV Hubert	112.10 hrs @	\$250.00 /hr	\$28,025.00
TOTAL FEES			\$29,275.00
TOTAL DISBURSEMENTS			\$7.70

Client-

WSHD 87250

Invoice # 47342

PAGE

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TOTAL CHARGES FOR THIS INVOICE

\$29,282.70

MONTHLY RETAINER

\$1,000.00 CR

TOTAL BALANCE NOW DUE

\$28,282.70

Federal ID# 74-1646478

Invoice Terms: Net 10 Days Upon Receipt

Please Reference Invoice Number on Your Check



Sherrie Norris <snorris881@gmail.com>

Initial \$100 - Graham Bank Account

1 message

Lee Hughes <Lee.Hughes@newlighthealthcare.com>

Tue, Dec 9, 2014 at 2:20 PM

To: Sherrie Norris <snorris881@gmail.com>

Cc: Hubert Oxford IV <hoxfordiv@benoxford.com>, Mary Ellen Robertson <mercpatex@msn.com>

Fred Gough is the person who put down the initial \$100 for the Graham bank account. His business address is 421 Oak St. Graham, TX 76450. Let me know if you have any other questions.

Thanks,
Lee

Lee Hughes / Regional Vice President / **NewLight Healthcare** / 3267 Bee Caves Road, Ste 517 / Austin, TX 78746

MARY ELLEN ROBERTSON
CERTIFIED PUBLIC ACCOUNTANT
985 IH-10 NORTH, SUITE 101
BEAUMONT, TEXAS 77706

(409) 892-8901

Invoice # 141210
December 15, 2014

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

Accounting services rendered as follows:

General Ledger Write-Up for October & November, 2014
2 months @ \$500.00 per month

1,000.00

Amount Due

1,000.00

Please remit to: P. O. Box 5151
Beaumont, TX 77726

MARY ELLEN ROBERTSON
CERTIFIED PUBLIC ACCOUNTANT
985 IH-10 NORTH, SUITE 101
BEAUMONT, TEXAS 77706

(409) 892-8901

Invoice # 141211
December 15, 2014

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

Accounting services rendered as follows:

Additional Hours - Nursing Home Program - UPL (see attached)	7,943.75
Amount Due	<u><u>\$7,943.75</u></u>

Please remit to: P. O. Box 5151
Beaumont, TX 77726

MARY ELLEN ROBERTSON, CPA

Winnie Stowell Hospital District
 Timekeeping for the months of Oct thru Dec, 2014
 Nursing Home Program Only

Date	Description	Time
10/2/2014	Telephone - Hubert	0.50
10/2/2014	Conference call-Lee, Darin & Hubert	0.50
10/2/2014	Conference call - Darin	0.50
10/7/2014	Email - Darin & Hubert	4.50
	Telephone Conference - Hubert	
	Telephone Conference - Sherri	
	Development of transfer procedures for NH	
10/7/2014	Worksheet for transfers	1.75
10/8/2014	Call with Hubert and Darin to discuss NH	1.00
10/10/2014	Emails, telephone call w/ Hubert, help with board meeting agenda and set-up of separate IGT Sweep Account	3.00
10/15/2014	Comparisons of bank service fees, wiretransfer memo, LOC Application, Financials for 9/30/14 Additional work on Fund transfer procedures.	3.75
10/15/2014	Board Meeting - 6:30 to 9:00 pm	2.50
10/21/2014	Conference call concerning NH movement of money to NH on a systematic basis. Telephone call with Josh at Wells Fargo about bank fees.	1.00
10/22/2014	Telephone call with Josh at Wells Fargo Meeting with Josh and Sherrie to set up new transfer sweep account for NH. Telephone with Hubert. Research and approve 4 skilled NH transfers.	2.50
10/24/2014	Request for transfer of funds for Caring	1.00
10/24/2014	Telephone and emails with Hubert and Sherrie about start of sweep transfers.	0.50
10/28/2014	Additional transfer for Caring.	1.00
10/29/2014	Email to Caring about transfers. Helped Sherrie with caring transfer sheets	0.50
10/30/2014	Request for transfer of funds for Caring. Approval by email	0.25
10/31/2014	Transfer approval for Caring	0.25
11/5/2014	Approval of Skilled transfers and Caring ACH	0.50
11/7/2014	Approval of Caring transfers	0.25
11/11/2014	Problem resolution with begin of sweep acct by Wells Fargo causing problem with Caring	1.25
11/12/2014	Add'l issues with transfers. Meeting at Wells Fargo to determine what is needed to make sure transfer is completed from 11th. Telephone Telephone conversation with Darin about special issues on transfers, etc.	2.50
11/13/2014	Deal with requests from Caring about transfers. Helping Sherrie implement new transfer procedures from the sweep account.	1.25
11/17/2014	Working on recap of NH accounts and reconciling the sweep account to make sure we have a proper reconciliation and procedures in place.	7.00
11/18/2014	Telephone with Hubert	0.25

Winnie Stowell Hospital District
 Timekeeping for the months of Oct thru Dec, 2014
 Nursing Home Program Only

Date	Description	Time
11/18/2014	Telephone with Shapiro with Caring about transfers, sweep account and other info	1.00
11/18/2014	Telephone with Hubert about Shapiro conversation	0.25
11/19/2014	Daily transfer worksheets for NH	1.50
	Daily transfer worksheets for NH	2.00
	Telephone with Hubert	0.25
11/19/2014	Conference call concerning UPL Program	0.50
11/19/2014	Board Meeting preparation work	0.50
11/20/2014	Telephone call with Sherrie about transfers	0.25
11/20/2014	Preparation of Sweep transfers and reconciliations	3.00
11/20/2014	Board Meeting	3.00
11/25/2014	Transfers for NH and reconciliation of Sweep	2.50
11/25/2014	Special called meeting	2.50
11/26/2014	Reconciliation of sweep and calc of weekly transfers and special transfer for Caring on Friday	1.25
11/26/2014	Printing documents for file	0.25
11/26/2014	Working with Hubert of cash flow worksheet	0.50
11/26/2014	Cash Flow Model changes to worksheet for Hubert	1.25
12/4/2014	Telephone with Sherrie and Hubert concerning budget changes and workshop for finance	0.25
12/5/2014	Caring transfer review for Sherrie	0.25
12/8/2014	Conference call with Hubert, Darin and Lee	0.25
12/10/2014	Budget workshop to work on 2014 amended budget for 2014 and new budget for 2015	1.50
	Total Hours	60.75
	Hourly Rate	\$125.00
	Additional amount to bill	<u>\$7,593.75</u>

Administrative Assistant - Susan McFaddin

12/9-12-11/1	Additional accounting for NH - UPL as part of WSHD monthly account process	7.00
	Hourly Rate	50.00
		<u>350.00</u>
	Total accounting for UPL Nursing Home Programs	<u>7943.75</u>

Date	Description	Time	Expense	Mileage
11/17/14	Office: To/From Post Office	6.50		5
11/18/14	Office; To/From Post Office	5.00		5
11/19/14	Office: District Reg Meeting; To/From Post Office	8.50		5
11/20/14	Office; To/From Post Office	5.00		5
11/21/14	Office: To/From Post Office	4.00		5
11/24/14	Review and Save emails; update wells fargo accounts; To/From Post Office	3.00		5
11/25/14	Office: District Special Meeting; To/From Post Office	7.00		5
11/26/14	Office; To/From Post Office	4.00		5
11/27/14	Office; To/From Post Office	4.50		5
11/28/14	Office; To/From Post Office	6.00		5
12/01/14	Office; To/From Post Office	4.00		5
12/02/14	Office; To/From Post Office	5.00		5
12/03/14	Office; To/From Post Office	5.00		5
12/04/14	Review and Save emails; update wells fargo accounts; To/From Post Office	3.00		5
12/05/14	Office; To/From Post Office	6.00		5
12/08/14	Office; To/From Post Office	5.50		5
12/09/14	Office; To/From Post Office	4.50		5
12/10/14	office; District Budget Workshop	5.00		5
12/11/14	Office	4.50		5
12/12/14	Review and Save emails; update wells fargo accounts; To/From Post Office	3.50		5
Total Hours			\$1,990.00	99.50
Total Exp			\$120.00	100
Total			\$2,110.00	
Expenses				
	Cell Phone		\$50.00	
	Mileage		\$55.00	
	11/20/14 Court filing (Agenda 11/25/14)		\$5.00	
	12/05/14 Court filing (Agenda 12/10/14)		\$5.00	
	12/05/14 Court filing (Public Notice 12/17/14)		\$5.00	
			\$120.00	
<i>Sherrie Norris</i>				

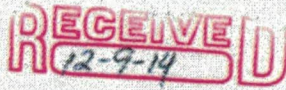
Signed:

Board Member Signature

Approval Date

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

Date Printed: DEC 8 2014



Invoice Number: 11543
CLIENT#: 2133

Due Date: FEB 11 2015

Total amount due: \$50.00

Amount of remittance: \$

Remit To:

Carroll R. Hand Insurance Agency
P O Drawer 1000
Anahuac, TX 77514

Please return this portion with payment

Invoice Date: FEB 11 2015

Type: A

Invoice # 11543

Trans Code	Coverage Eff Date	Policy#	Line of Business	Description	Amount
RE	FEB 11 2015	TX805103	Surety Bonds	Renewal Raul Espinoza Board Bond	\$50.00

TOTAL AMOUNT DUE: \$50.00

Carroll R. Hand Insurance Agency
P O Drawer 1000
Anahuac, TX 77514

PHONE : (409) 267-3115

FAX: (409) 267-3451

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

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

Date Printed: DEC 8 2014

RECEIVED
12-9-14

Invoice Number: 11542
CLIENT#: 2133

Due Date: JAN 3 2015

Total amount due: \$50.00

Amount of remittance: \$ _____

Remit To:

Carroll R. Hand Insurance Agency
P O Drawer 1000
Anahuac, TX 77514

Please return this portion with payment

Invoice Date: JAN 3 2015

Type: A

Invoice # 11542

Trans Code	Coverage Eff Date	Policy#	Line of Business	Description	Amount
RE	JAN 3 2015	TX811251	Surety Bonds	Renewal Sharon Burgess Board Bond	\$50.00

TOTAL AMOUNT DUE: \$50.00

Carroll R. Hand Insurance Agency
P O Drawer 1000
Anahuac, TX 77514

PHONE : (409) 267-3115

FAX: (409) 267-3451

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

HUSCH BLACKWELL

111 Congress Avenue, Suite 1400, Austin, Texas, 78701, (512) 472-5456, Federal ID No. 26-1688286

Our Reference No. 6061577-0000001

PAYMENT DUE UPON RECEIPT

Hospital Organization/Compliance Matters

Date: December 15, 2014

Invoice No. 2191731

For Professional Services Rendered and Costs Advanced Through November 30, 2014

Total Professional Services	\$	22,216.50
Total Disbursements and Other Charges	\$	0.00
Total Current Invoice	\$	22,216.50

Other Invoices Outstanding:

Our records indicate that the following invoices are outstanding. For your convenience, a list of these outstanding invoices is below. If payment has been remitted, please disregard. If not, we would appreciate your payment as soon as possible. Should you need a copy of the invoice(s) faxed or e-mailed, please call (512) 479-1158, or email ARInfo@HuschBlackwell.com.

<u>Date</u>	<u>Invoice</u>	<u>Balance</u>
10/08/14	2171088	\$47.00
Total		\$47.00

Current Invoice	\$22,216.50
Other Invoices Outstanding	\$47.00
Total Balance Due	\$22,263.50

THIS INVOICE IS PAYABLE UPON RECEIPT. PLEASE RETURN THIS PAGE WITH YOUR REMITTANCE.

(Please reference your client and/or invoice number when submitting payment. Thank you!)

For wire transfer instructions, please email:
ARInfo@huschblackwell.com

Mail Payments to:
Husch Blackwell LLP
P.O. BOX 802765
KANSAS CITY, MO 64180

HUSCH BLACKWELL

111 Congress Avenue, Suite 1400, Austin, Texas, 78701, (512) 472-5456, Federal ID No. 26-1688286

Hubert Oxford, IV Benckenstein & Oxford, L.L.P.
3535 Calder Ave., Suite 300
Beaumont, TX 77706

PAYMENT DUE UPON RECEIPT

Date: December 15, 2014
Invoice No. 2191731

INVOICE SUMMARY

For Professional Services Rendered and Costs Advanced Through November 30, 2014
(See attached pages for detail)

Our Reference No. 6061577-0000001

Hospital Organization/Compliance Matters

Total Professional Services.....	\$	22,216.50
Total Disbursements and Other Charges.....	\$	0.00
Total Amount this Invoice.....	\$	22,216.50

CONFIDENTIAL INFORMATION PROTECTED BY ATTORNEY-CLIENT PRIVILEGE

HUSCH BLACKWELL

111 Congress Avenue, Suite 1400, Austin, Texas, 78701, (512) 472-5456, Federal ID No. 26-1688286

Hubert Oxford, IV Benckenstein & Oxford, L.L.P.
3535 Calder Ave., Suite 300
Beaumont, TX 77706

PAYMENT DUE UPON RECEIPT

Date: December 15, 2014
Invoice No. 2191731

For Professional Services Rendered and Costs Advanced Through November 30, 2014

Our Reference No. 6061577-0000001

Hospital Organization/Compliance Matters

Date	Professional Services	Hours	Amount
11/03/14	Review e-mail from Jerry Harris with his analysis of local government law to debt issue posed and comment regarding same (.2). M. Chouteau	0.20	\$94.00
11/03/14	Research Texas Constitution provisions applicable to a political subdivision borrowing money and their applicability to hospital districts; email to D. Coates regarding same. J. Harris	2.90	\$1,493.50
11/03/14	Review email from Mr. Harris regarding outline to governmental law question; draft response to same. D. Coates	0.40	\$128.00
11/04/14	Research regarding legal authority of a hospital district to borrow money from a private lender to fund district business with the loan to be paid back from district-owned nursing home revenues; prepare memorandum regarding same. J. Harris	4.60	\$2,369.00
11/04/14	Prepare for and participate in conference call with Mr. Hubert regarding need for overview of funding process; draft correspondence to follow up with same. D. Coates	1.60	\$512.00
11/04/14	Review draft memorandum on governmental law question. D. Coates	0.40	\$128.00

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Date	Professional Services	Hours	Amount
11/07/14	Review response from Mr. Oxford regarding analogy to Louisiana Medicaid payments. D. Coates	0.40	\$128.00
11/07/14	Review JM 1276 sent by Mr. Oxford for analysis of governmental law question. D. Coates	0.70	\$224.00
11/10/14	Review e-mail exchanges between J. Harris and D. Coates regarding issues to address in local government law opinion (.2). M. Chouteau	0.20	\$94.00
11/10/14	Prepare for and participate in conference call with Mr. Oxford (0.9); assess impact to opinion letter regarding nursing home participation (1.5); draft outline of same (0.5). D. Coates	2.90	\$928.00
11/10/14	Draft correspondence outlining remaining steps to complete analysis for the District. D. Coates	0.50	\$160.00
11/11/14	Exchange e-mail with E. Weatherford and D. Coates regarding overseeing final approval of draft opinion letter (.2); monitor e-mail between D. Coates and J. Harris regarding outline of draft of opinion letter regarding local government law as applied to IGT proposal (.1). M. Chouteau	0.30	\$141.00
11/11/14	Revise analysis on governmental law question to be consistent with Medicaid reimbursement analysis. D. Coates	1.60	\$512.00
11/11/14	Review comments and revisions from Mr. Oxford on opinion for nursing home participation; respond to same. D. Coates	2.60	\$832.00
11/12/14	Review term sheet for proposed loan. M. Chouteau	0.10	\$47.00
11/12/14	Review term sheet for District loan; assess impact of same; draft overview of same. D. Coates	1.40	\$448.00
11/12/14	Prepare for and participate in conference call with Mr. Oxford and Mr. Hughes of NewLight regarding nursing home transaction. D. Coates	1.60	\$512.00
11/12/14	Revise overview of explanation of funding mechanisms based on the most compliant way to fund the nursing home program. D. Coates	1.40	\$448.00

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Date	Professional Services	Hours	Amount
11/13/14	Prepare for and participate in conference call with Mr. Oxford and representatives of the entity wishing to make a loan to the District; discuss compliance concerns from the District's perspective; outline changes necessary to documents to protect District's interests. D. Coates	1.80	\$576.00
11/13/14	Draft follow up correspondence regarding prohibition on creating a security interests in Medicaid payments. D. Coates	0.40	\$128.00
11/17/14	Review security agreement and block agreement for compliance concerns. D. Coates	1.90	\$608.00
11/18/14	Confer with Mr. Oxford regarding operation of block agreement; assess compliance issues with same; draft correspondence regarding same. D. Coates	2.60	\$832.00
11/19/14	Conference with D. Coates regarding memorandum on legality of private loan to be paid back form nursing home revenues; review D. Coates revisions to memorandum; revise memorandum; email to D. Coates regarding same. J. Harris	3.20	\$1,648.00
11/19/14	Review e-mail from Hubert Oxford regarding preparation for Board meeting tonight, review yesterday's e-mail regarding security agreement and LOI terms, and e-mail to D. Coates and E. Weatherford regarding preparation for telephone conference today (.6); exchange e-mail with D. Coates regarding preparation for conference call with H. Oxford III (.1); telephone conference with D. Coates regarding update on all outstanding issues in preparation for call today (.3); telephone conference with E. Weatherford and D. Coates regarding discuss status of opinions and analyses of information to discuss with H. Oxford and his father today (.3); review carefully for accuracy the meeting agenda for tonight and notes from H. Oxford accompanying agenda (.3); exchange e-mail with H. Oxford regarding conference call instructions and strategy (.2); review carefully draft memo from J. Harris and exchange e-mail with J. Harris and with D. Coates regarding same (.4); telephone conference with H. Oxford, H. Oxford III, D. Coates and E. Weatherford regarding detailed discussion on aspects of proposed UPL program going forward. (5). M. Chouteau	2.70	\$1,269.00
11/19/14	Prepare for and participate in conference call with H. Oxford, M. Chouteau and D. Coates regarding nursing home UPL arrangement and opinion; follow-up call regarding same. E. Weatherford	1.70	\$756.50
11/19/14	Prepare for and participate in conference call with Mr. Chouteau and Mr. Weatherford to discuss status of issues with nursing home deal D. Coates	0.60	\$192.00

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Date	Professional Services	Hours	Amount
11/19/14	Prepare for and participate in conference call with Mr. Oxford and Mr. Oxford regarding overview of compliance issues with the nursing home participation. D. Coates	1.00	\$320.00
11/19/14	Confer with Mr. Harris; revise memorandum of governmental law question. D. Coates	0.60	\$192.00
11/20/14	Review current draft of Opinion Letter regarding UPL IGT issues in preparation for conference call with E. Weatherford and D. Coates regarding same (.7); review and comment on D. Coates' revisions to the letter (.1). M. Chouteau	0.80	\$376.00
11/20/14	Revise opinion letter to address comments on same. D. Coates	0.60	\$192.00
11/20/14	Revise memorandum on governmental law to address comments on same. D. Coates	0.80	\$256.00
11/21/14	Email from M. Chouteau regarding governmental law memorandum relating to loan from private lender; revise governmental law memorandum; emails to and from M. Chouteau regarding same; emails from M. Chouteau, D. Coates and M. Emerson regarding governmental law memorandum; conference with M. Emerson regarding same; email to M. Emerson regarding same. J. Harris	1.80	\$927.00
11/21/14	Review revisions to Opinion Letter from D. Coates (.1); review revision to J. Harris's memo and reply to D. Coates regarding same (.2); e-mail to J. Harris regarding issues with memo (.2); exchange e-mail with J. Harris and with E. Weatherford and D. Coates regarding issues to address in J. Harris's memo (.3); review E. Weatherford's revisions to Opinion Letter and e-mail to him regarding same and the need to get this to the client today (.3); review J. Harris's changes to his memo (.2). M. Chouteau	1.30	\$611.00
11/21/14	Draft correspondence regarding governmental law memo. D. Coates	0.40	\$128.00
11/24/14	E-mail to D. Coates regarding status report on opinion delivery J. Harris memo (.2); review final draft of J. Harris memo and e-mail to D. Coates regarding authorize him to send to Hubert Oxford (.2); monitor e-mail between D. Coates and E. Weatherford regarding authorize delivery of opinion to H. Oxford (.1); review signature block and respond to D. Coates regarding authorization to sign for firm (.2). M. Chouteau	0.70	\$329.00

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Date	Professional Services	Hours	Amount
11/24/14	Finalize opinion letter; draft correspondence to Mr. Oxford regarding same. D. Coates	1.20	\$384.00
11/25/14	Email from H. Oxford regarding opinion letter on private lender loan; emails to and from D. Coates regarding same; conference with D. Coates regarding same; revise opinion memorandum. J. Harris	2.70	\$1,390.50
11/25/14	Review MSA agreement for compliance issues. D. Coates	2.90	\$928.00
11/26/14	Review D. Coates' e-mail regarding changes to Management Agreement (.1). M. Chouteau	0.10	\$47.00
11/26/14	Revise MSA to be more compliant with provider donation analysis. D. Coates	2.90	\$928.00
Total Hours and Fees		<u>56.50</u>	<u>\$ 22,216.50</u>

	Total Professional Services	\$
	22,216.50	
	Current Invoice Due	\$
	<u>22,216.50</u>	
47.00	Other Outstanding Invoices	\$
	Total Balance Due	\$
<u>22,263.50</u>		

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HUSCH BLACKWELL

111 Congress Avenue, Suite 1400, Austin, Texas, 78701, (512) 472-5456, Federal ID No. 26-1688286

THIS INVOICE IS PAYABLE UPON RECEIPT. PLEASE RETURN THIS PAGE WITH YOUR REMITTANCE.

(Please reference your client and/or invoice number when submitting payment. Thank you!)

For wire transfer instructions, please email:
ARInfo@huschblackwell.com

Mail Payments to:
Husch Blackwell LLP
P.O. Box 802765
KANSAS CITY, MO 64180



Rec'd
12/8/14

Customer service
Call us anytime: 1-866-519-1263
Manage your account:
business.twc.com/myaccount
Visit us online: business.twc.com

Account number
8260 17 029 0121119
Customer code 1931

Due date	Service period	Amount due
Dec 16, 2014	12/05 - 01/04	\$170.10

Service address
Winnie Stowell Hospital
Account Phone 406-201-3922
538 Broadway
Wshd Rm
Winnie, TX 77665-7600

Previous balance & payments

Balance last statement	679.13
Payments received as of Nov 26, 2014	-679.13

Current month

Monthly services	149.94
Surcharges	10.06
Taxes and fees	10.10

Total due by Dec 16, 2014

\$170.10

~~Invoice 2014 1205
Due 170.10
Entered
Vendor # 112~~



7010 AIRPORT RD EL PASO TX 79906-4943
8260 1700 NO RP 25 11272014 NYNNYNN 01 007811 0027

WINNIE STOWELL HOSPITAL
538 BROADWAY
WSHD RM
WINNIE, TX 77665-7600



Payment due date
Dec 16, 2014

Account number
8260 17 029 0121119

Please write your account
number on your check.

Please enclose this coupon with your payment

Please allow 7-10 days for delivery and payment
processing. See reverse side for more convenient
payment options.

Total amount due
\$170.10

Amount enclosed

TIME WARNER CABLE
PO BOX 50074
CITY OF INDUSTRY CA 91716-0074



826017029012111900170100

Exhibit “B”

**Winnie-Stowell Hospital District
General Operating Fund Budget Worksheet
for the year ended 12/31/15**

	Prior Year Budget as Proposed #3	2015 Worksheet for Proposed Budget
Budgetary fund balance, January 1	\$ 946,933	\$ 2,874,345
Resources (inflows):		
Sales Tax Revenue	695,000	695,000
Interest Income	925	925
Miscellaneous	10,705	-
Loan Proceeds - Building		400,000
Nursing Home - UPL Program	14,552,391	11,233,172
Amounts available for appropriation	<u>16,205,954</u>	<u>15,203,442</u>
Charges to appropriations (outflows):		
Administrative Wages	15,000	30,000
Administrative Payroll Tax Expense	500	1,500
Administrative Expenses	1,500	1,500
Assistance Program	40,000	-
1115 Waiver Program	247,888	250,000
Audit/Accounting	30,000	30,000
Bonds	325	350
County Indigent	36,000	30,000
Project Cost-Nursing Home-UPL Program	6,011,591	5,000,000
Nursing Home Program Management Fee	6,103,583	4,717,932
Nursing Home Program - Bonds	5,000	3,500
Nursing Home Program - Interest Expense	43,430	208,000
Education, Travel & Seminar	-	6,000
Insurance	3,700	3,750
Insurance - Property		10,000
Interest - Building		20,000
Principle Payments on Building		
Legal Fees	450,000	125,000
Notices & Fees	5,500	2,500
Travel	4,000	2,000
Election Cost	-	-
Web-Site		1,500
Consultant Fees	50,000	-
Provider Retention	12,000	-
Continuing Education - Medical Personnel		12,000
Bankruptcy Fees	163,592	-
Office Supplies/Postage	2,000	2,000
Telephone & Internet	1,000	2,000
Purchase of Equipment	5,000	-
Purchase of Land and Building		400,000
Contingency	100,000	100,000
Total Expenses	<u>13,331,608</u>	<u>10,959,532</u>
Budgetary Fund balance	<u>\$ 2,874,346</u>	<u>\$ 4,243,910</u>

Notes: 2015 Proposed Budget Info needed to complete:

1. Still need details of the building financing.
2. Need to clarify Nursing Home UPL Program Participation and estimates.

Exhibit “C”

LOAN AND SECURITY AGREEMENT
4th Quarter Short Term Commercial Revenue Note
(Deposit Accounts)

Effective as of December 31, 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, Suite 100, Graham, Texas 76540, agree as follows:

ARTICLE 1
LOAN AGREEMENT

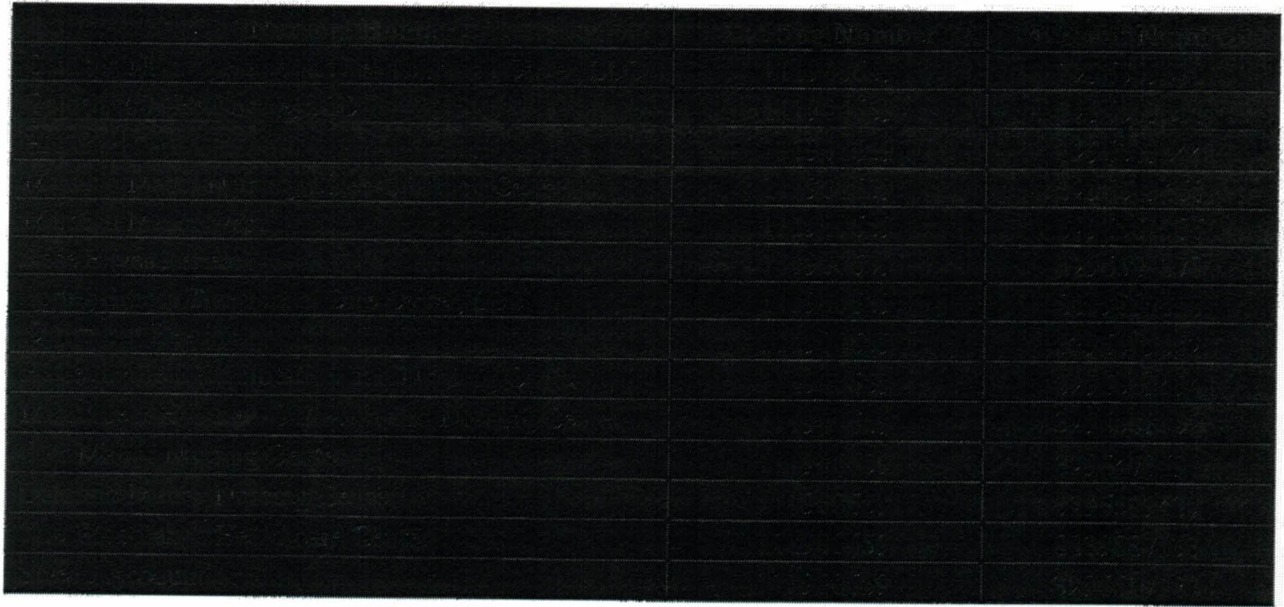
Debtor is a Political Subdivision of the State of Texas that was created pursuant to Article IX, Section 9 of the Texas Constitution and Chapter 286 of the Health and Safety Code. Pursuant to Article III, Section 52 of the Texas Constitution, the Legislature shall have no power to authorize any county, 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.

ARTICLE 2
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) The following thirteen (13) depository accounts and the Sweep Account maintained by Debtor with Wells Fargo Bank in Beaumont, Texas for the purposes of serving as Depository Accounts for the Debtor's thirteen nursing facilities:



- (iii) 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
- (iv) 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.

ARTICLE 3 SECURED INDEBTEDNESS

3.1. 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.

3.2. 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.

ARTICLE 4 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.

ARTICLE 5
COVENANTS

- 5.1. 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.

5.2. 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.

ARTICLE 6 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.

ARTICLE 7 REMEDIES IN EVENT OF DEFAULT

- 7.1. 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.

7.2. 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.

7.3. 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.

7.4. 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 appraisal, 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, appraisal, 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.

ARTICLE 8
ADDITIONAL AGREEMENTS

8.1. 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.

8.2. 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.

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

8.4. 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.

8.5. 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 refiling 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.

8.6. 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.

8.7. 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.

8.8. 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.

8.9. 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.

8.10. 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.

8.11. 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.

8.12. 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.

8.13. 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.

8.14. 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.

8.15. 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."

8.16. 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.**

8.17. 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.

8.18. 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.

8.19. 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: Elroy Henry
Name: Elroy Henry
Title: Chairman

SECURED PARTY:

NECHES CAPITAL, LLC

By: _____
Name: Alfred G. Allen, III
Title: President

Exhibit “D”

**Master Blocked Account Control
Agreement ("Shifting Control")
4thrd QUARTER IGT SHORT TERM COMMERCIAL REVENUE NOTE
Dated December 17, 2014**

AGREEMENT dated as of	December 31,	2014,	by and among	WINNIE-STOWELL HOSPITAL DISTRICT	(the "District"),
NECHES CAPITAL, LLC			(the "Lender")	and Wells Fargo Bank	(the "Depository").

The parties hereto refer to Account Nos.	set forth in Exhibit "A"	in the name of District maintained at Depository (the "Account")
and hereby agree as follows:		

- 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.
- The purpose of this Agreement is to perfect a lien against the District's Depository Accounts at Wells Fargo Bank in Beaumont, Texas, as described in Exhibit "A" 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 Accounts in Exhibit "A". 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 "B", 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 "B" or does not attach an appropriate copy of this Agreement), with no liability whatsoever to District or any other party for doing so.

- 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).
- 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.
- 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.

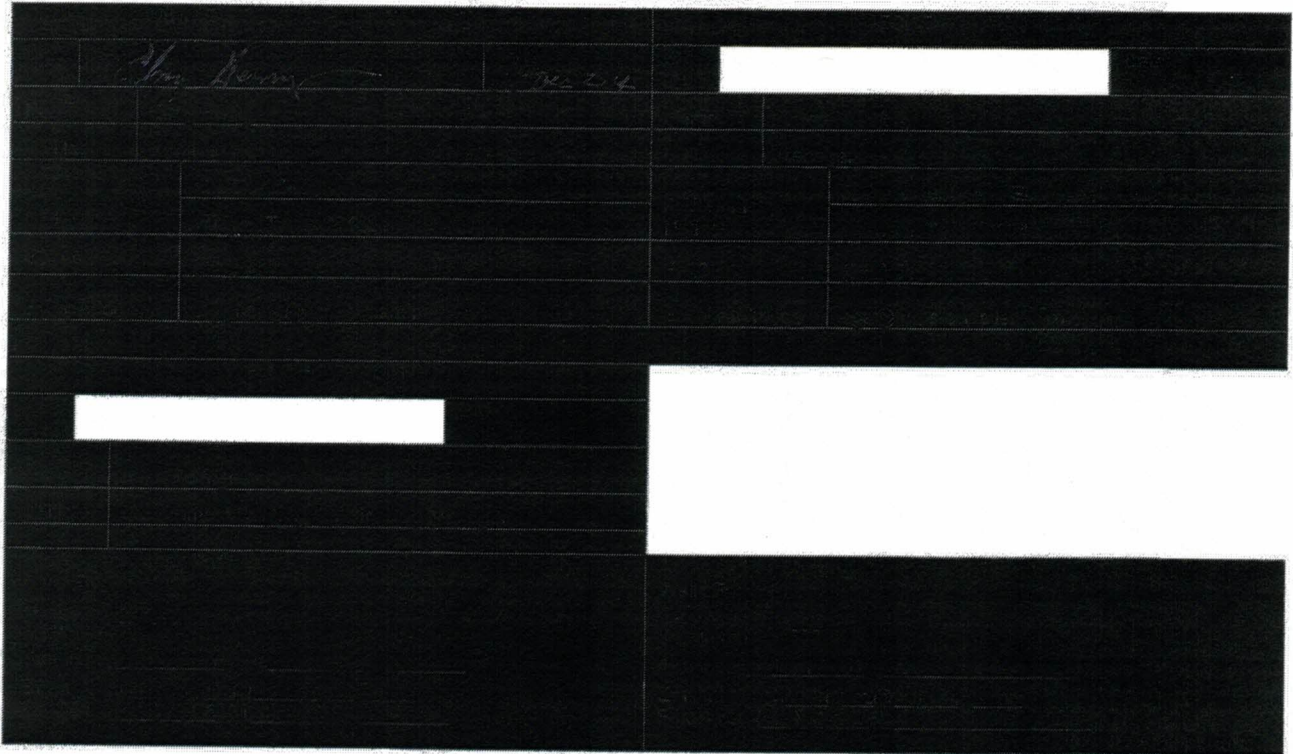
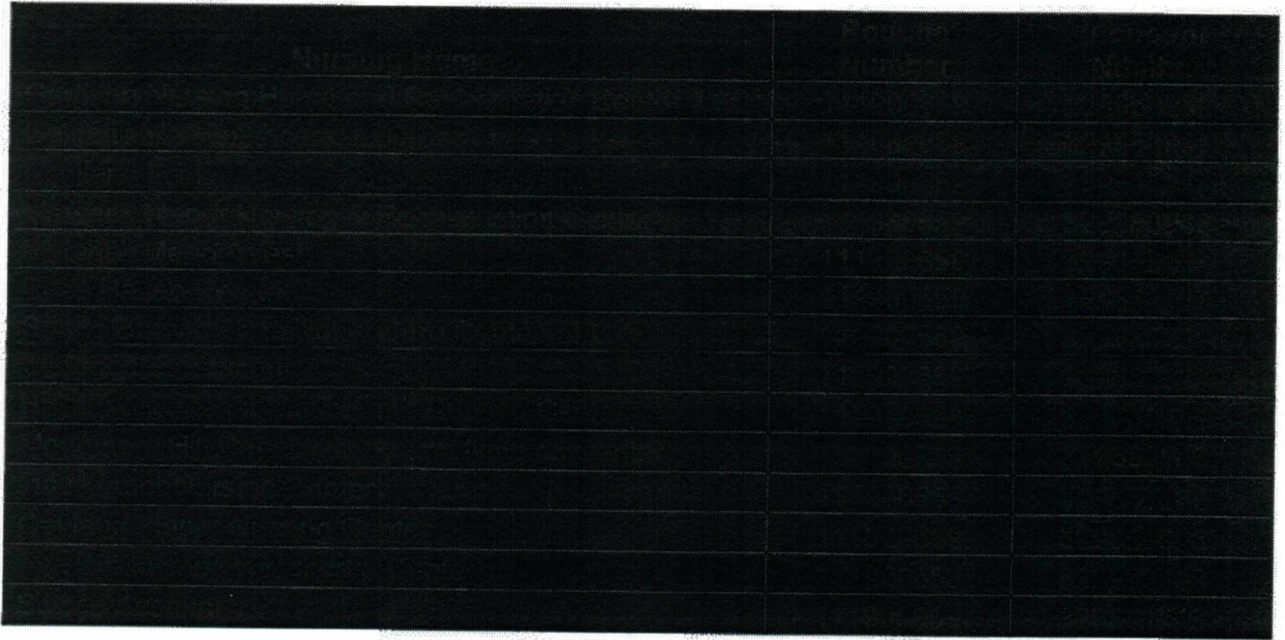


Exhibit "A"
List of WSHD District's Depository Accounts
Wells Fargo Bank, Beaumont, Texas



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Exhibit "B"

SHIFTING CONTROL NOTICE

Wells Fargo Bank
6250 Delaware St
Beaumont, TX 77706

Attention: Josh Rodriguez

Email: josh.rodriguez@wellsfargo.com

Fax No.: (409) 861-6361

Re: Blocked Account Control Agreement dated as of December 31, 2014, (the "Agreement") by and among Winnie-Stowell Hospital District ("Debtor"), NECHES Capital, LLC ("Secured Party") and Wells Fargo Bank relating to Account(s) listed in Exhibit "A".

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 “E”

**Master Blocked Account Control
Agreement ("Shifting Control")
3rd QUARTER IGT SHORT TERM COMMERCIAL REVENUE NOTE
Dated December 17, 2014**

AGREEMENT dated as of	December 17	2014,	by and among	WINNIE-STOWELL HOSPITAL DISTRICT	(the "District"),
NECHES CAPITAL, LLC			(the "Lender")	and Wells Fargo Bank	(the "Depository").

The parties hereto refer to Account Nos.	set forth in Exhibit "A"	in the name of District maintained at Depository (the "Account")
and hereby agree as follows:		

- 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.
- The purpose of this Agreement is to perfect a lien against the District's Depository Accounts at Wells Fargo Bank in Beaumont, Texas, as described in Exhibit "A" 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 Accounts in Exhibit "A". 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 "B", 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 "B" or does not attach an appropriate copy of this Agreement), with no liability whatsoever to District or any other party for doing so.

- 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).
- 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.
- 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.

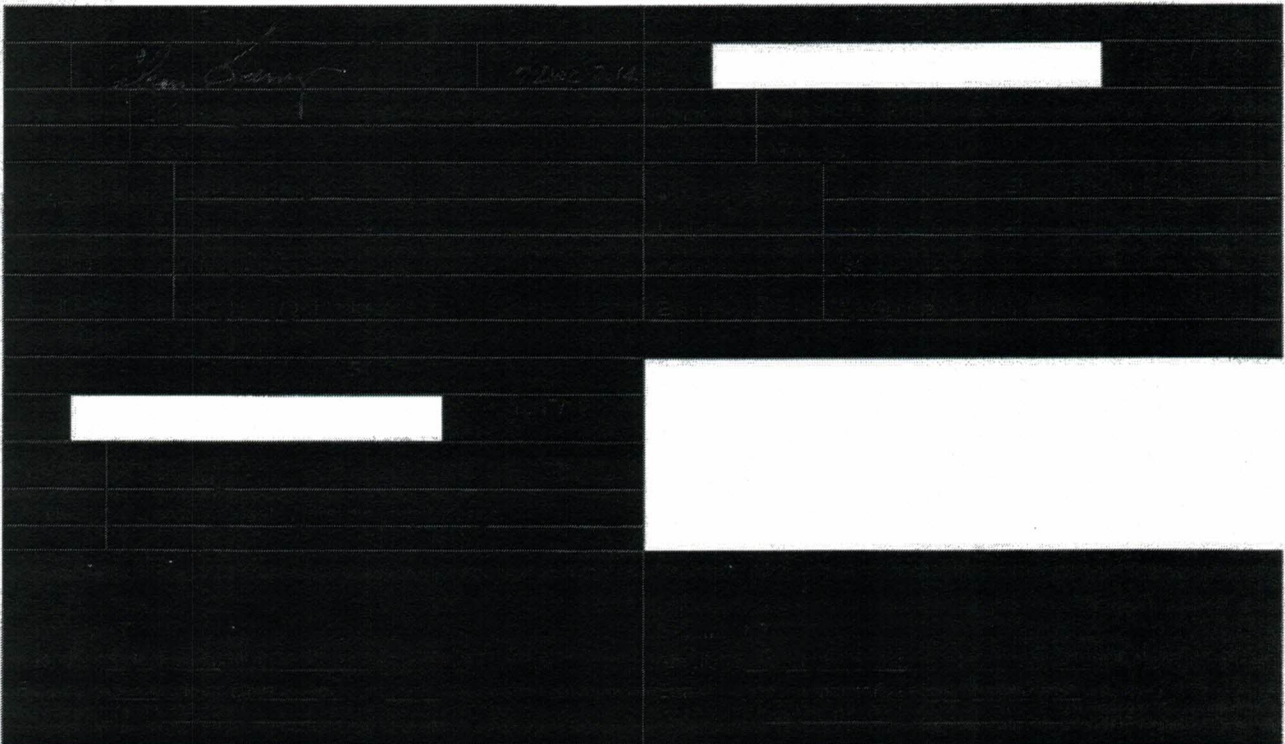
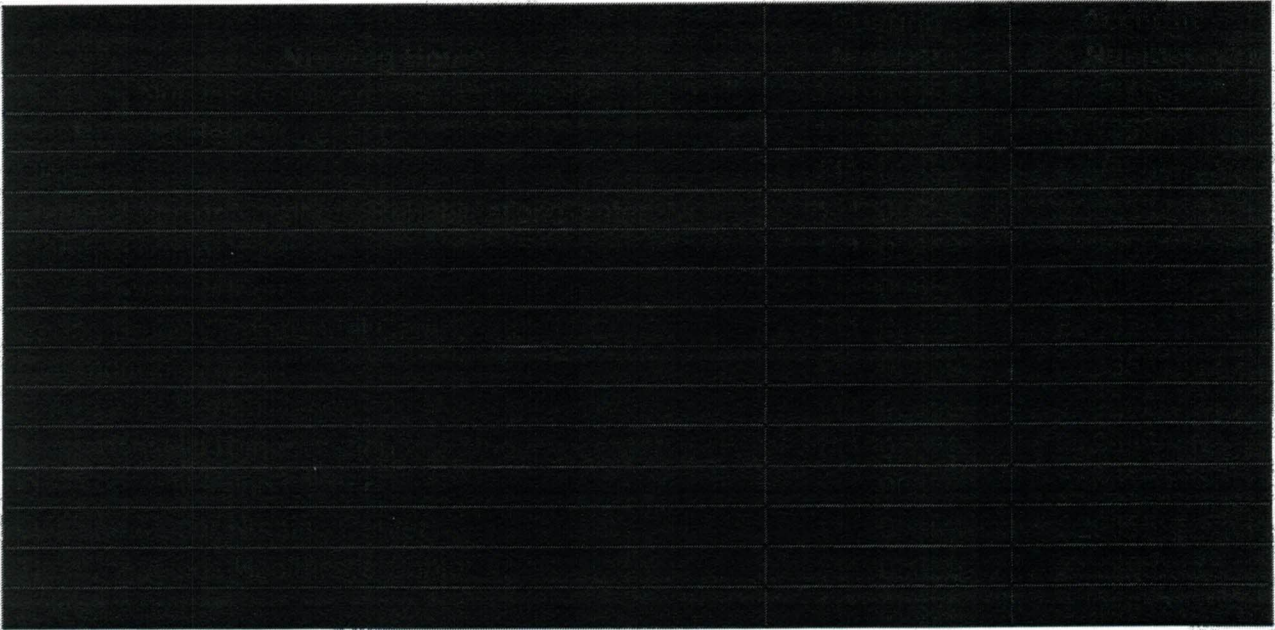


Exhibit "A"
List of WSHD District's Depository Accounts
Wells Fargo Bank, Beaumont, Texas



The table content is completely redacted with a solid black box. The table structure is not visible.

Exhibit "B"

SHIFTING CONTROL NOTICE

Wells Fargo Bank
6250 Delaware St
Beaumont, TX 77706

Attention: Josh Rodriguez

Email: josh.rodriguez@wellsfargo.com

Fax No.: (409) 861-6361

Re: Blocked Account Control Agreement dated as of December 17, 2014, (the "Agreement") by and among

Winnie-Stowell Hospital District ("Debtor"), NECHES Capital, LLC ("Secured Party") and Wells Fargo Bank

relating to Account(s) listed in Exhibit "A".

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 “F”

WINNIE STOWELL HOSPITAL DISTRICT

WELLS FARGO DEPOSITORY ACCOUNT TRANSFER PROCEDURES

Purpose of procedures: The purpose of this procedure is to insure that the District maintains proper control over 1) the income received for use by the nursing home homes for daily operations and 2) income derived from Nursing Home Upper Payment Limit Program Funds that are to be deposited in these same accounts.

1. NURSING HOME OPERATION PROCEDURES:

On a weekly basis (or more frequently if needed), transfers of monies deposited to the thirteen (13) Depository Nursing Home Accounts ("Depository Accounts) set up to receive patient payments in the form of Medicaid and Medicare must be transferred to the operating accounts of the Nursing Homes so that they can maintain cash flow for operating purposes.

The procedures to accomplish this task will be:

1. All monies in the Depository Accounts will be moved into a central account of the district each evening through a bank sweep.
2. On a weekly basis (the 7-day period beginning on Wednesday of each week and ending on Tuesday of the next week), the amount to transfer will be determined by the District administrator by completing a worksheet for both Caring and Skilled Nursing Homes. The District Administrator will then send her worksheet to Darin Janssen with New Light Health Care (the nursing home management company) and Mary Ellen Robertson, the District CPA for review and approval.
3. Following approval by Mary Ellen Robertson and Darren Janssen, ACH transfers for each week will be initiated by Sherrie Norris and approved by the board president on Wednesday after the close of the week.
4. The following day, Thursday, the amounts will be verified as having been properly transferred by comparing the transfer to the bank information on line, signed and dated by the district accountant or the district management company representative.

*In the event large deposits are received and needed immediately, special considerations will be made and the procedure above will be initiated by a request by the nursing home administrators by email to any of the three parties.

**Under no circumstances will money be moved by the nursing home administrators or anyone not authorized by the board to do so.

2. PROCEDURES FOR THE RECEIPT OF MONIES FROM THE UPL (Upper Payment Limit):

Money received from DADS (Department of Aging and Disability) as payment for the Nursing Home UPL Program is to be deposited into the District's thirteen (13) "Depository Accounts" but distributions of these funds are to follow a separate set of procedures.

1. Neches Capital (i.e., Lender-"Neches") will be authorized to have "view only" status of the Depository Accounts.
2. When UPL funds are received in the Depository Accounts, Neches will be notified by one of the persons authorized to deal with the account, verifying that the funds are there, and stating the amount of the loan principal owed relating to such payment and the total interest payable on the note (i.e., the total amount of interest on the full term of the note, less the amount of interest on the note that has already been paid to Neches on a monthly basis).
3. Once Neches and the District's Administrator with consent of Mary Ellen Robertson and Darren Janssen, agree on the amount owed, that amount will be wired to the District's account in Graham. The interest received as part of this transfer will then be paid and the principal will be paid at maturity of the note.
4. The District **shall not transfer any other UPL funds** from the Depository Accounts until all funds (i.e., Principle and Interest) owed to Neches have been paid to Neches.

Exhibit “G”



Sherrie Norris <snorris881@gmail.com>

Initial \$100 - Graham Bank Account

1 message

Lee Hughes <Lee.Hughes@newlighthealthcare.com>

Tue, Dec 9, 2014 at 2:20 PM

To: Sherrie Norris <snorris881@gmail.com>

Cc: Hubert Oxford IV <hoxfordiv@benoxford.com>, Mary Ellen Robertson <mercpatex@msn.com>

Fred Gough is the person who put down the initial \$100 for the Graham bank account. His business address is 421 Oak St. Graham, TX 76450. Let me know if you have any other questions.

Thanks,
Lee

Lee Hughes / Regional Vice President / **NewLight Healthcare** / 3267 Bee Caves Road, Ste 517 / Austin, TX 78746