

Exhibit “A”

INTERLOCAL COOPERATION AGREEMENT

This Interlocal Cooperation Agreement (“*Agreement*”) is entered into effective the ___ day of _____, 2015 (the “*Effective Date*”) by and between the “*Local Governments*” as defined in Exhibit A, acting by and through their duly authorized representatives.

ARTICLE I RECITALS

WHEREAS, the Local Governments are authorized to enter into this Agreement pursuant to the Interlocal Cooperation Act, TEXAS GOVERNMENT CODE § 791.001 et seq. (the “*Act*”);

WHEREAS, the Local Governments operate non-state government-owned nursing facilities and participate in the Texas Nursing Facility Minimum Payment Amount Program (“*MPA Program*”);

WHEREAS, the Local Governments desire to maximize reimbursement, reduce certain cash flow and economic risks, and resolve certain inequities related to the MPA Program; and

WHEREAS, the Local Governments desire to cooperate and work collectively to help ensure that the MPA Program is administrated based on certain principles, as enumerated below.

NOW THEREFORE, the Local Governments, in consideration of the mutual covenants and agreements contained herein, agree as follows:

ARTICLE II RESPONSIBILITIES OF THE LOCAL GOVERNMENTS

2.1 Pursuant to Section 791.013 of the Act, the Local Governments shall create an administrative agency to supervise the performance of this Agreement (the “*Agency*”). The Agency shall be governed by a Board of Trustees (the “*Board*”) consisting of eleven (11) members to be appointed by a majority vote of the Local Governments.

2.2 The Agency, on behalf of the Local Governments, will create a recompilation to achieve the following principles:

a. Rather than the amount of the intergovernmental transfers (“*IGT*”) made by the Local Governments be based on historical information, the IGTs for each Local Government will be adjusted to be proportionate to the actual utilization of each participating nursing facility.

b. MPAP Program payments will be made to nursing facilities based on the actual Medicaid utilization of each participating nursing facility operated by a Local Government under this Agreement.

2.3 The Agency, on behalf of the Local Governments, will negotiate an agreement with the managed care organizations (“*MCOs*”) based on the following principles:

a. The MCOs shall facilitate, at a minimum, an expedited interim payment to the Local Government representing the approximate IGT of each Local Government;

b. Neither the MCOs nor the Local Governments will suffer an economic loss by participating in the MPA Program, either by:

i. MPA Program payments made by the MCOs in excess of the MCO specific premium for the MPA Program, resulting in an economic loss to the MCOs; or

ii. Undisbursed MPA Program premiums retained by the MCOs in excess of the Texas Health and Human Services Commission (“*HHSC*”) calculated MPA Program amount, resulting in an economic loss to the Local Governments.

2.4 Excess MPA Program payments received pursuant to Section 2.3(b)(ii), if any, shall be distributed in the form of a pro rata payment or bonus to the Local Governments based on the actual utilization of each nursing facility. Likewise, any deficit pursuant to Section 2.3(b)(i) shall be pro rata assessed and allocated to the Local Governments based on the actual utilization of each nursing facility.

2.5 The Agency may contract for administrative services with the Texas Organization of Rural and Community Hospitals (“*TORCH*”) and/or the Texas Association of Health Plans (“*TAHP*”), or a subsidiary of a similar trade association, to carry out the goals of this Agreement.

2.6 The Agency may retain a portion of the monthly or quarterly MPAP Program payments to cover shortfalls, etc., provided that any amount withheld from a quarter will be paid by the next quarterly settlement; except, however, if the HHSC terminates or does not renew the MPA Program, that an appropriate amount may be withheld until a final reconciliation is performed by HHSC and the Agency. The Agency shall use commercially reasonable efforts to distribute all funds to the Local Governments as quickly as possible.

2.7 The Agency may withhold no more than one percent (1%) of total payments to cover reasonable administrative costs incurred, or expected to be incurred, by the Agency, as approved by the Board.

2.8 The actual agreements, various data and description of formulas will be approved in accordance with Exhibit B to this Agreement and will be determined by the Board. To become effective, Exhibit B must be ratified by a majority vote of the Local Governments within 30 days following its submittal to the Local Governments.

2.9 All Agency meetings will be posted and open for all Local Governments to attend in person or through electronic means.

ARTICLE III **MEMBERS**

3.1 Any non-state governmental entity participating in the MPA Program shall be eligible to be a party to this Agreement.

3.2 Each Local Government shall appoint a representative and proxy representative.

3.3 This Agreement must be authorized by the governing body of each Local Government pursuant to Section 791.011(d)(1) of the Act.

a. Before any payments under 2.3(a) of this Agreement, each Local Government participating in Period 1 of the MPA Program shall provide a signed board resolution authorizing this Agreement by no later than June 15, 2015.

b. For Local Governments not participating in Period 1 of the MPA Program, but who will participate in Period 2 of the MPA Program, a signed board resolution authorizing this Agreement must be provided by no later than June 15, 2015, unless extended by the Board.

ARTICLE IV
TERM

4.1 *Term.* The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until (i) the MPA Program is terminated by HHSC; and (ii) all required MPA Program funds have been distributed and paid, as well as rebates or assessments of IGTs.

4.2 *Termination.* In the event that a Local Government desires to withdraw from this Agreement, the Local Government may withdraw upon thirty (30) days' prior written notice to the Agency. Any such Local Government shall not be eligible for any bonus made under Section 2.3(b)(ii), nor be eligible for any advance payments under Section 2.3(a).

ARTICLE V
MISCELLANEOUS

5.1 *Notices.* Any and all notices required or permitted to be given under this Agreement will be sufficient if furnished in writing, sent by certified mail addressed at the addresses listed on Exhibit A or at such other address as either party may from time to time notify the other in writing:

5.2 *Governing Law.* This Agreement shall be interpreted, construed, and governed according to the laws of the State of Texas. Venue of any action concerning this Agreement shall be in Travis County, Texas.

5.3 *Paragraph Headings.* The paragraph headings contained in this Agreement are for convenience only and shall in no manner be construed as part of the Agreement.

5.4 *Legal Construction.* In case any one or more of the previous provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalidity or unenforceable provision has never been contained herein.

5.5 *Entirety of this Agreement.* Except as provided herein, this Agreement supersedes all other agreements, either oral or in writing, between the Local Governments, and contains all of the covenants and agreements between the Local Governments. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party, that are not embodied in this Agreement and, except as provided herein, that no other agreement, statement, or promise shall be valid or binding. This Agreement

may be amended only by mutual agreement reduced to writing and signed by a majority of the Local Governments; provided, however, that the addition of Local Governments to Exhibit A shall not constitute an amendment. Additionally, the calculations on Exhibit B, will be approved by the trustees, as complying with the principles in Article II. .

5.6 *Waiver.* Waiver by any Local Government of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any prior, concurrent or subsequent breach of the same or similar provision. None of the provisions of this Agreement shall be considered waived by any Local Government except when such waiver is given in writing.

5.7 *Surviving Terms.* Any covenant or provision herein which requires or might require performance after the termination or expiration of this Agreement, including but not limited to indemnities, confidentiality, settlement of accounts and records retention and access, shall survive any termination or expiration of this Agreement.

5.8 *Assignment.* This Agreement may not be assigned by any party, without the express written consent of the others.

5.9 *Dispute Resolution Procedure.* The Local Governments agree to use the dispute resolution process provided for in Chapter 2009 of the TEXAS GOVERNMENT CODE to attempt to resolve all disputes arising under this Agreement. A party must give written notice to the other Local Governments of a claim for breach of this Agreement not later than the 180th day after the date of the event giving rise to the claim. By their execution of this Agreement, the Local Governments acknowledge and knowingly and voluntarily agree that neither the execution of this Agreement; nor the conduct, act or inaction by any person in the execution, administration, or performance of this Agreement constitutes or is intended to constitute a waiver of the other party's immunity from suit with respect to claims of third parties.

5.10 *Public Records.* It shall be the independent responsibility of the Local Governments to comply with the provisions of Chapter 552, TEXAS GOVERNMENT CODE (the "Public Information Act"), as those provisions apply to the Local Governments' respective information. No party is authorized to receive public information requests or take any action under the Public Information Act on behalf of another party.

IN WITNESS HEREOF, the parties, acting by and through their duly authorized representative, have executed this Agreement on this ____ day of _____, 2015.

Exhibit A
PARTICIPATING LOCAL GOVERNMENTS

Entity Name

By _____
Printed Name: _____
Title: _____
Date: _____
Address: _____

Entity Name

By _____
Printed Name: _____
Title: _____
Date: _____
Address: _____

Entity Name

By _____
Printed Name: _____
Title: _____
Date: _____
Address: _____

Entity Name

By _____
Printed Name: _____
Title: _____
Date: _____
Address: _____

Entity Name

By _____
Printed Name: _____
Title: _____
Date: _____
Address: _____

Entity Name

By _____
Printed Name: _____
Title: _____
Date: _____
Address: _____

Exhibit B
DATA AND FORMULAS

Exhibit “B”

RESOLUTION OF THE BOARD OF DIRECTORS OF

WHEREAS, _____ (“_____”) operates non-state government-owned nursing facilities and participates in the Texas Nursing Facility Minimum Payment Amount Program (“*MPA Program*”);

WHEREAS, _____ desires to maximize reimbursement, reduce certain cash flow and economic risks, and resolve certain inequities related to the MPA Program;

WHEREAS, in order to accomplish the above, _____ must cooperate and work collectively with other Local Governments that operate non-state government- owned nursing facilities (the “Local Governments”);

WHEREAS, in order to cooperate and work collectively with other Local Governments it is necessary for _____ to enter into the Interlocal Cooperation Agreement with the Local Governments, which is attached hereto;

WHEREAS, _____ is authorized to enter into the Interlocal Cooperation Agreement pursuant to the Interlocal Cooperation Act, Texas Government Code § 791.001 et seq. (the “*Act*”); and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the _____ hereby adopts the following resolutions:

1. the Board of Directors of _____ has determined that it is in the best interest of the _____ to enter into the Interlocal Cooperation Agreement, and any ancillary documents related thereto;

2. The Board of Directors of the _____ authorizes _____, as Chair, and _____, as CEO, acting individually or jointly, to finalize the consummation of the Interlocal Cooperation Agreement and deliver any and all agreements, certificates and instruments and take any and all actions necessary or advisable to complete and give effect to the transactions contemplated by and provided for in the Interlocal Cooperation Agreement.

3. The findings and determination of the Board of Directors of the _____ specified in the preamble provision of this Resolution are hereby incorporated in to the body of this Resolution as if fully set forth therein for all purposes.

4. This Resolution shall be in full force and effect from and upon the adoption hereof.

Adopted by the Board of Directors of the _____ on _____, 2015.

Secretary, Board of Directors

Exhibit “C”



RiceLand

MEDICAL CENTER™

PROJECT UPDATE

PATIENT ROOMS

- ▣ THE PREVIOUS PATIENT ROOMS WERE IN DIRE NEED OF REPAIRS, MAINTENANCE AND UPGRADING.
- ▣ SINCE OUR ORGANIZATION HAS TAKEN OVER, WE HAVE COMPLETED A TOTAL OF 9 PATIENT ROOMS.

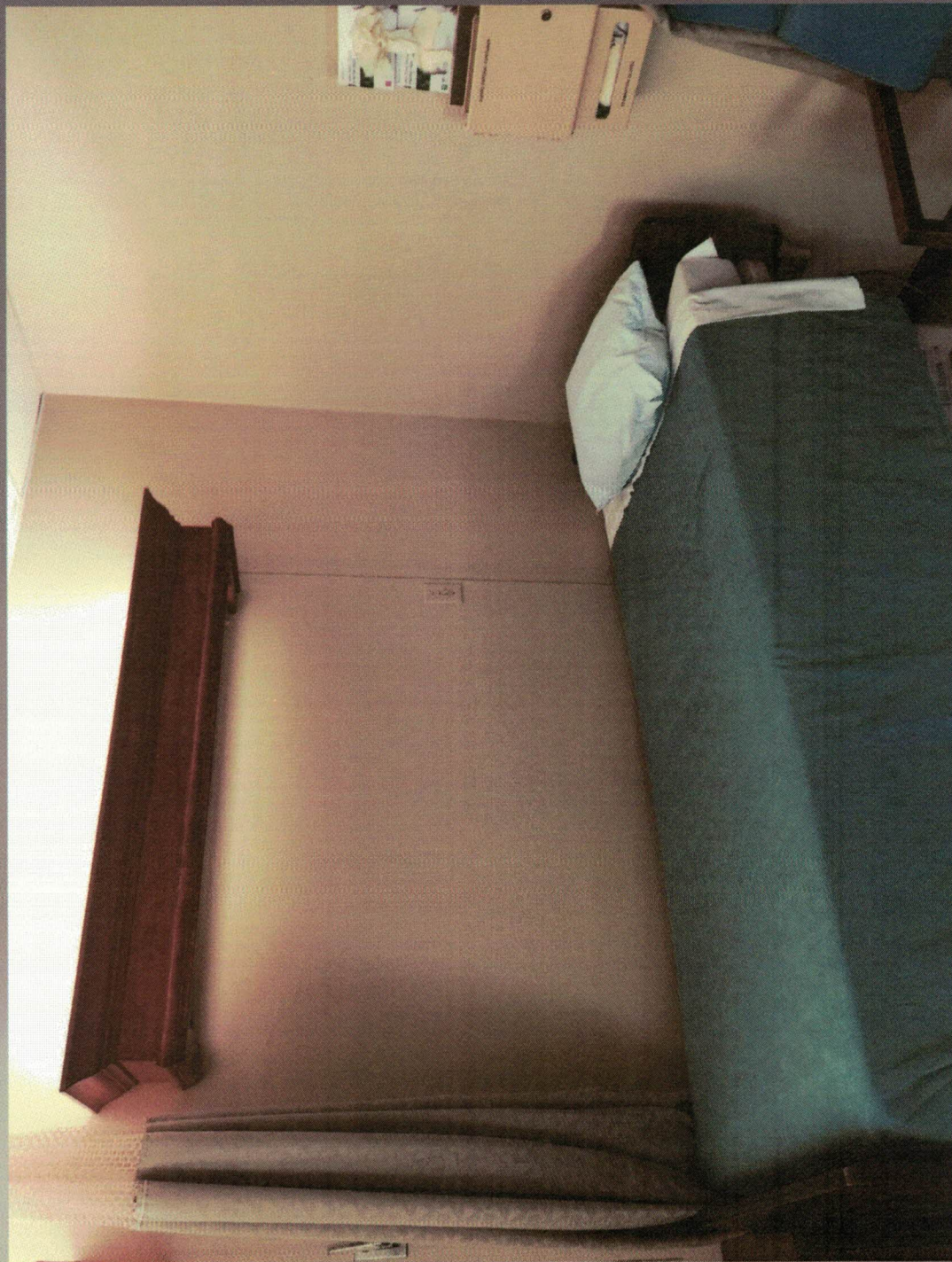
PATIENT ROOMS

- ▣ PATIENT ROOM FLOORS HAVE BEEN RETILED
- ▣ PATIENT ROOM WALLS HAVE BEEN REPAINTED AND RETEXTURED.
- ▣ BATHROOM FLOORS HAVE BEEN REMODELED
- ▣ ROOM WASH BASINS HAVE BEEN CHANGED AND AREA SURROUNDING IT HAS BEEN RETILED
- ▣ THE BATHTUBS THAT HAVE BEEN IN THE PATIENT ROOMS SINCE THE HOSPITAL WAS BUILT HAVE BEEN REMOVED AND REPLACED WITH WALK IN SHOWERS.
- ▣ THE LIGHTING OVER THE PATIENT BEDS HAVE BEEN UPDATED AND REMODELED.

PATIENT ROOMS



PATIENT ROOMS



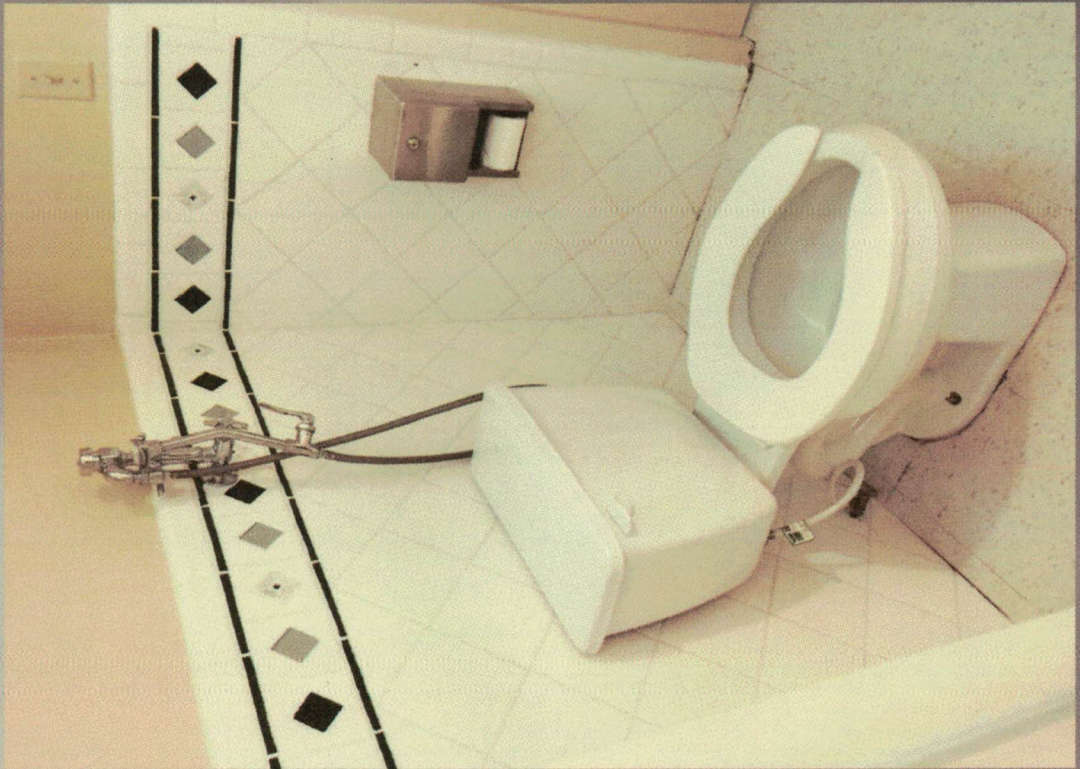
PATIENT ROOMS



PATIENT ROOMS



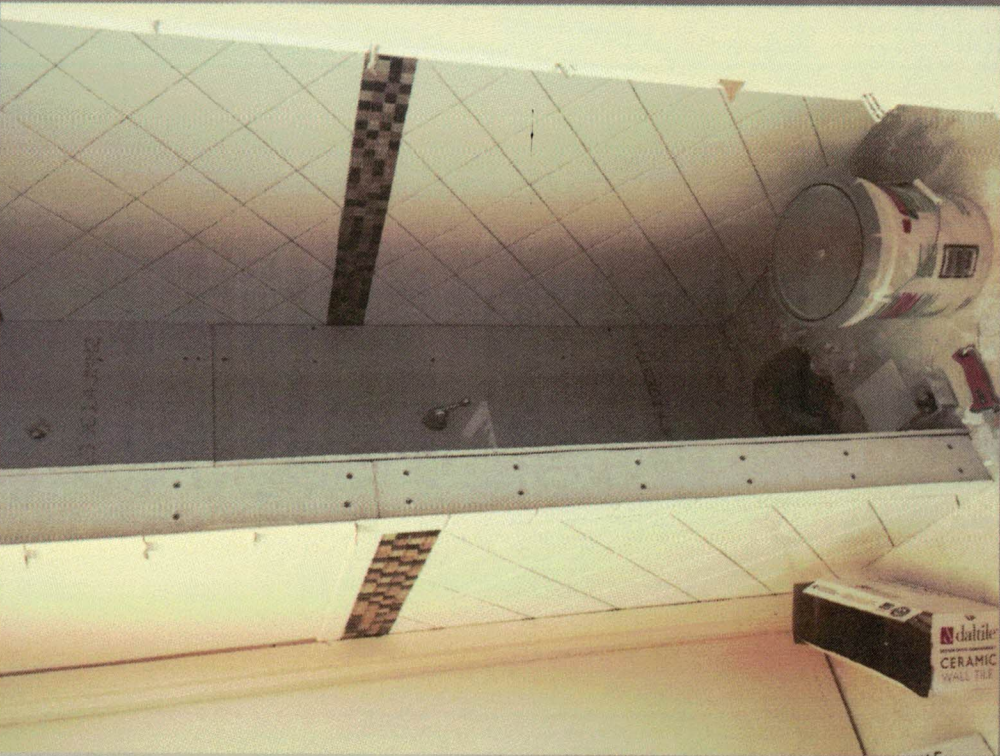
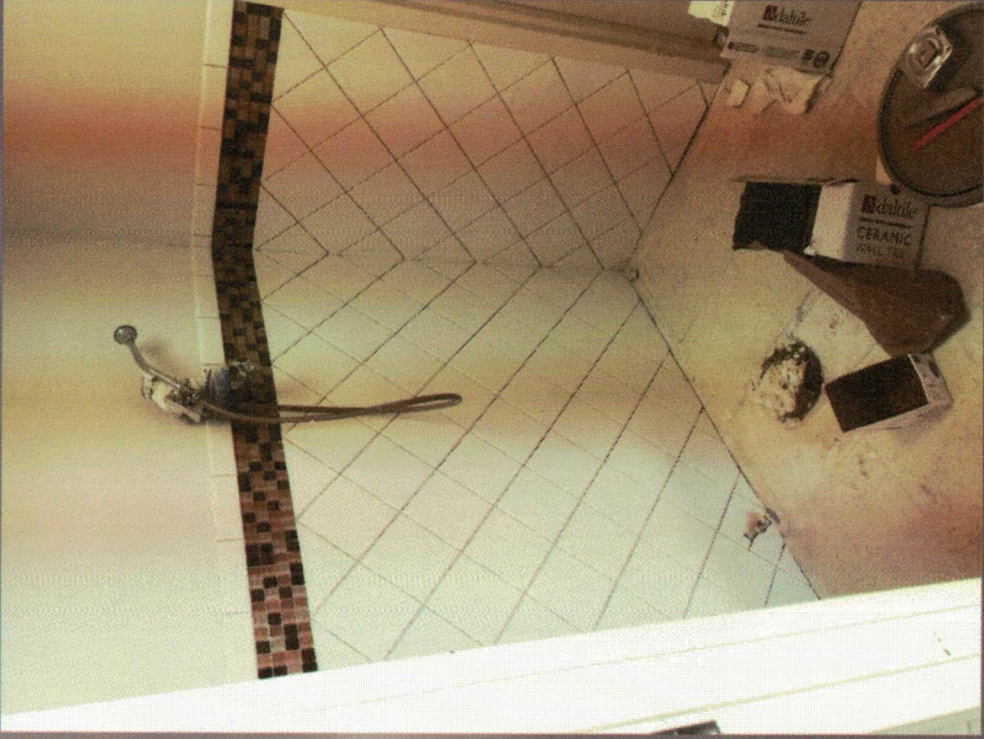
PATIENT ROOMS



PATIENT ROOMS IN PROCESS



PATIENT ROOMS IN PROCESS



PATIENT ROOMS IN PROCESS



CT MACHINE (16 SLICE)

- A 16 SLICE CT MACHINE HAS BEEN PURCHASED FOR THE HOSPITAL
- THE MACHINE HAS BEEN INSTALLED AND HAS BEEN OPERATIONAL FOR THE LAST FEW WEEKS
- THE SOFTWARE NEEDED TO RUN THE MACHINE HAS ALSO BEEN UPDATED AND INSTALLED
- THE CT ROOM HAS BEEN REMODELED TO SUIT THE NEW MACHINE

CT MACHINE (16 SLICE)



CT MACHINE (16 SLICE)



CT MACHINE (16 SLICE)



CT MACHINE (16 SLICE)



CT MACHINE (16 SLICE)



PHP IMPROVEMENTS

- ▣ THE MAINTENANCE SHOP HAS BEEN TRANSFORMED INTO THE IOP PROGRAM
- ▣ THE CONFERENCE ROOM IS NOW THE PHP PROGRAM. NEW FURNITURE HAS BEEN INSTALLED
- ▣ WOOD FLOORS HAVE BEEN INSTALLED IN THE ENTRANCE
- ▣ A PORTABLE BUILDING HAS BEEN PURCHASED TO HOUSE MEDICAL RECORDS

PHP IMPROVEMENTS

- AN ADDITIONAL PORTABLE BUILDING HAS BEEN PURCHASED FOR MORE OFFICE SPACE
- AWNINGS HAVE BEEN ADDED TO THE EXISTING WALKWAYS.
- 2 VANS HAVE BEEN PURCHASED FOR THE PHP PROGRAM, ONE OF WHICH IS HANDICAP ACCESSIBLE.

PHP IMPROVEMENTS



PHP IMPROVEMENTS



PHP IMPROVEMENTS



PHP IMPROVEMENTS



PHP IMPROVEMENTS



PHP IMPROVEMENTS (PORTABLE BUILDINGS) BUILDINGS



PHP IMPROVEMENTS (AWNINGS)



PHP IMPROVEMENTS (SIDEWALKS)



PHP PROGRAM (VANS)



PHP PROGRAM (VANS)



PHP PROGRAM (VANS)



PHP PROGRAM (VANS)



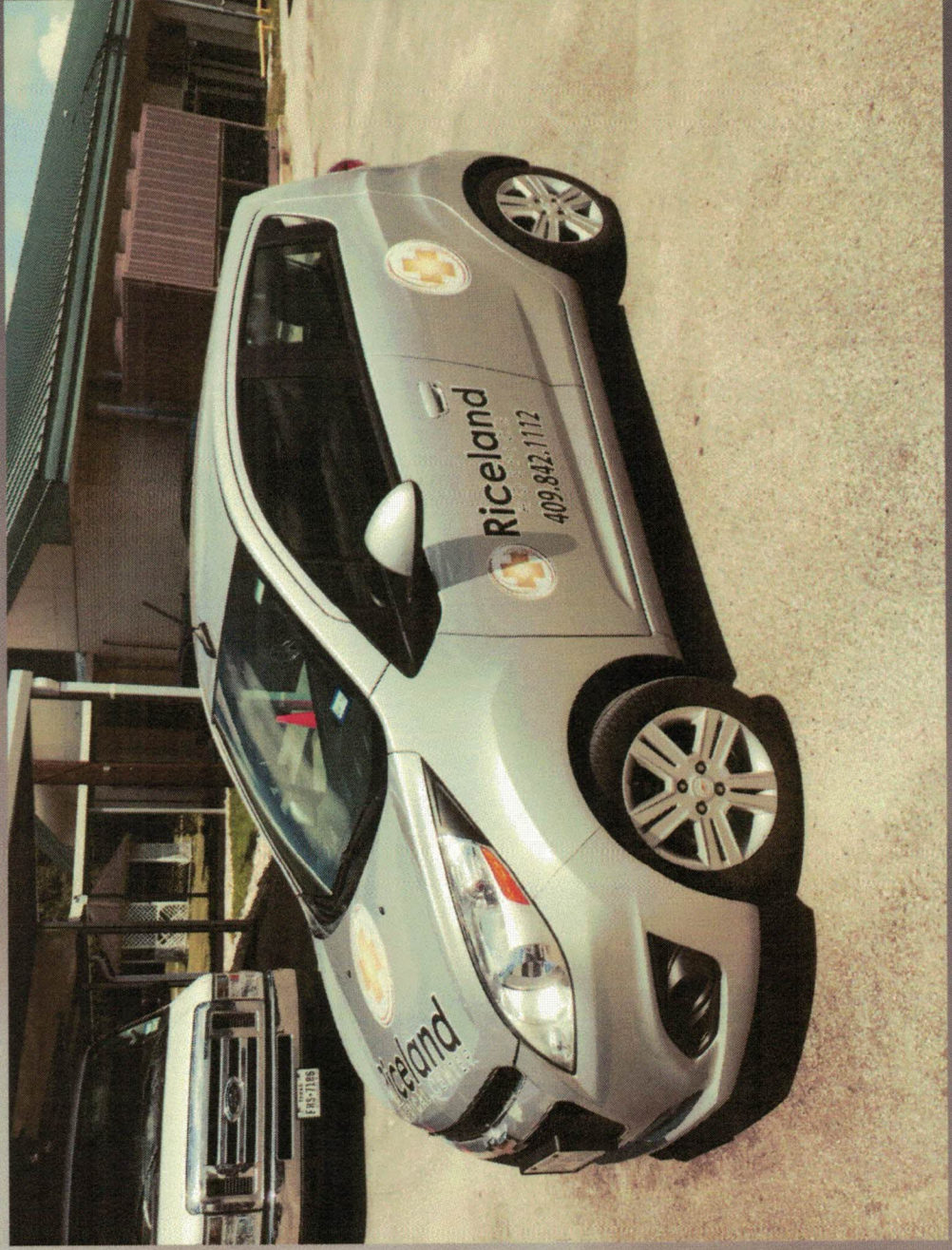
PHP/MARKETING VEHICLE

- A VEHICLE WITH THE RICELAND LOGO HAS BEEN PURCHASED FOR THE HOSPITAL
- THE VEHICLE IS USED FOR MARKETING AND OUT REACH PURPOSES
- THE VEHICLE IS ALSO SOMETIMES UTILIZED TO PICKUP PATIENTS WHOSE LOCATION IS CONSIDERED AS OUT OF THE WAY.

PHP/MARKETING VEHICLE



PHP/MARKETING VEHICLE



OPERATING ROOM PROJECT

- ▣ THREE DIFFERENT ARCHITECTURAL GROUPS HAVE BEEN MET WITH. OUR VISION FOR THE OR HAS BEEN RELAYED TO THEM
- ▣ CEO HAS MET IN DETAIL WITH THE GROUP FROM AUSTIN, AND HAS A MEETING IN JULY WITH THE BEAUMONT GROUP
- ▣ ONE OF THE MAJOR AREAS OF CONCERN IS WHETHER TO REMODEL, OR BUILD FROM SCRATCH. FOR THIS, ATTORNEYS HAVE BEEN EMPLOYED TO LOOK DEEPER INTO EACH OPTION