

# **Exhibit “A”**





# **Exhibit “B”**

# WSHD Financial Reporting Sheet

Winnie Stowell Hospital District

Reporting Date: November 18, 2015

From	Sales Tax	Property Tax	County	Other	Net
NH UPL MPAP Mar & Apr 2015	\$0.00	\$0.00	\$0.00	\$5,447,169.64	\$5,447,169.64
Texas Comptroller	\$51,215.91	\$0.00	\$0.00	\$0.00	\$51,215.91
<b>Total:</b>	<b>\$51,215.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,447,169.64</b>	<b>\$5,498,385.55</b>

Expenses	For	Amount
Benckenstein & Oxford	Inv 47843	12,285.00
Hubert Oxford	1/2 Retainer Oct 2015	500.00
Josh Heinz	1/2 Retainer Oct 2015	500.00
Mary Ellen Robertson	Inv's 151126 & 151127	7,431.26
Quill	Inv #9540604	270.20
Deputy	Nov Reg Mtg	100.00
Smalley, Robert MD PA	Oct-15	45.98
Brookshire Bros Pharmacy	Oct-15	1,839.34
Willcox Pharmacy	Oct-15	1,545.51

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Funds Summary	Totals
Prosperity Operating	\$641,267.94
Interbank	\$100.00
Prosperity CD	\$103,817.03
TexStar	\$152,482.21
<b>Net Expenses</b>	<b>\$4,887,814.55</b>
<b>Net Income</b>	<b>\$5,498,385.55</b>
<b>Ending Balance</b>	<b>\$1,251,838.94</b>

American Express	October Inv	82.06	Ck #1873
Time Warner	October Inv	169.72	Ck #1881
IHS	Inv #61558	1,059.00	Ck #1880
Entergy	October Inv	166.14	Ck #1878
TBCD	October Inv	46.23	Ck #1879
Dars Thomas	October Inv	350.00	Ck #1877
Carroll R Hand Ins	Bond Renewal EH	50.00	Ck #1874
Carroll R Hand Ins	Bond Renewal EM	50.00	Ck #1876
Carroll R Hand Ins	Bond Renewal JR	50.00	Ck #1875

Loan Summary	Totals
Starting Balance	320,000.00
Payment 1-Due 4/30/15	-10,008.70
Payment 2-Due 7/30/15	-10,008.70
Payment 3-Due 10/30/15	-10,008.70
Payment 4-Due 1/31/2016	
<b>Ending Balance</b>	<b>289,973.90</b>

Loan Int	169,795.06
Loan # _ Paid in Full	4,149,527.65
LTC	Inv's 1039 & 1043 541,951.40

**Total: \$4,887,814.55**

**WINNIE-STOWELL HOSPITAL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Modified Cash Basis**  
**For the 10-Month Period Ended October 31, 2015**

	General Operating Fund	Nursing Home Program	Total
<b>REVENUE:</b>			
Sales Tax Revenue	\$ 460,691	\$ -	460,691
Investment Income	2,279	-	2,279
Other Revenue	13,182	-	13,182
Loan Proceeds - Building & Land (2107 Hwy 124)	320,000	-	320,000
Nursing Home - UPL Program	-	14,506,634	14,506,634
<b>TOTAL REVENUE</b>	<u>796,152</u>	<u>14,506,634</u>	<u>15,302,786</u>
<b>EXPENSES:</b>			
Administrative Salary	25,188	-	25,188
Administrative Services(Contract Basis & Security)	9,552	-	9,552
Administrative Expenses	3,446	-	3,446
1115 Waiver Program	48,867	-	48,867
Bank Service Charges	40	-	40
Bonds	150	-	150
District/County Promotion	1,500	-	1,500
Continuing Education, Travel & Seminar	11,849	-	11,849
County Indigent/1115 Wavier/Uncompensated Care Program	103,887	-	103,887
Salary - Indigent Care Administrator	14,152	-	14,152
Depreciation Expense	5,861	-	5,861
Meals	1,900	-	1,900
Insurance	13,977	-	13,977
Insurance - Property	3,695	-	3,695
Interest - Building	10,583	-	10,583
Notices & Fees	326	-	326
Travel	277	-	277
Travel - Indigent Care	1,548	-	1,548
Professional Fees - Acctg.	10,289	-	10,289
Professional Fees - Legal	95,556	-	95,556
Principal Payments on Building	19,443	-	19,443
Project Cost - Nursing Home - UPL Program	-	2,828,498	2,828,498
Nursing Home Program - Acctg. Fees.	-	7,875	7,875
Nursing Home Program - Legal Fees	-	120,784	120,784
Nursing Home Program - Mgmt. Fees	-	5,454,358	5,454,358
Nursing Home Program - Bonds	-	4,300	4,300
Nursing Home Program - Interest Expense	-	1,210,920	1,210,920
Software Cost - Indigent Care	6,354	-	6,354
Office Supplies/Postage	5,647	-	5,647
Taxes - Payroll	2,458	-	2,458
Taxes - Payroll - Indigent Care	1,134	-	1,134
Telephone/Internet	1,876	-	1,876
Web-Site	2,317	-	2,317
Hwy 124 - Property Expenses	5,755	-	5,755
Purchase of Land and Building	411,150	-	411,150
Payment to Hospital for Equip.,Furn. & Improv.	-	2,000,000	2,000,000
<b>TOTAL EXPENSES</b>	<u>818,777</u>	<u>11,626,735</u>	<u>12,445,512</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>(22,625)</u>	<u>2,879,899</u>	<u>2,857,274</u>
<b>NET POSITION, BEGINNING OF PERIOD</b>	<u>2,702,978</u>	<u>-</u>	<u>2,702,978</u>
<b>NET POSITION, END OF PERIOD</b>	<u>\$ 2,680,353</u>	<u>\$ 2,879,899</u>	<u>\$ 5,560,252</u>

*For management purposes only.*

**WINNIE-STOWELL HOSPITAL DISTRICT**  
**Supplementary Information - Comparison Actual to Budget**  
**Modified Cash Basis**

	10 Months Ended 10/31/2015 Actual	Annual Budget	Over (Under) Budget	% of Budget Used
<b>Revenue</b>				
Sales Tax Revenue	\$ 460,691	\$ 695,000	(234,309)	66.29%
Investment Income	2,279	2,500	(221)	91.16%
Other Revenue	13,182	13,182	-	100.00%
Loan Proceeds - Building & Land (2107 Hwy 124)	320,000	320,000	-	100.00%
Loan Proceeds - UPL Program	-	19,640,000	(19,640,000)	0.00%
Nursing Home - UPL Program	14,506,634	35,675,000	(21,168,366)	40.66%
<b>Total Revenue</b>	<u>15,302,786</u>	<u>56,345,682</u>	<u>(41,042,896)</u>	<u>27.16%</u>
<b>Expenses</b>				
Administrative Salary	25,188	31,200	(6,012)	80.73%
Administrative Services(Contract Basis & Security)	9,552	11,200	(1,648)	85.29%
Administrative Expenses	3,446	2,500	946	137.84%
1115 Waiver Program	48,867	-	48,867	0.00%
Bank Service Charges	40	150	(110)	26.67%
Bonds	150	350	(200)	42.86%
District/County Promotion	1,500	1,500	-	100.00%
Continuing Education, Travel & Seminar	11,849	8,000	3,849	148.11%
Continuing Education - Medical Personnel	-	12,000	(12,000)	0.00%
County Indigent/1115 Wavier/Uncompensated Care Program	103,887	280,000	(176,113)	37.10%
Salary - Indigent Care Administrator	14,152	36,500	(22,348)	38.77%
Meals	1,900	750	1,150	253.33%
Insurance	13,977	6,000	7,977	232.95%
Insurance - Property	3,695	6,000	(2,305)	61.58%
Interest - Building	10,583	10,584	(1)	99.99%
Notices & Fees	326	2,500	(2,174)	13.04%
Travel	277	-	277	0.00%
Travel - Indigent Care	1,548	2,500	(952)	61.92%
Professional Fees - Acctg.	10,289	30,000	(19,711)	34.30%
Professional Fees - Legal	95,556	100,000	(4,444)	95.56%
Principal Payments on Building	19,443	19,442	1	100.01%
Software Cost - Indigent Care	6,354	7,413	(1,059)	85.71%
Office Supplies/Postage	5,647	5,000	647	112.94%
Taxes - Payroll	2,458	2,500	(42)	98.32%
Taxes - Payroll - Indigent Care	1,134	2,800	(1,666)	40.50%
Benefits - Employee	-	2,000	(2,000)	0.00%
Telephone/Internet	1,876	2,000	(124)	93.80%
Web-Site	2,317	1,500	817	154.47%
Hwy 124 - Property Expenses	5,755	8,000	(2,245)	71.94%
Purchase of Land and Building	411,150	411,150	-	100.00%
Contingency	-	200,000	(200,000)	0.00%
Principal Payments on UPL Program Loans	-	19,640,000	(19,640,000)	0.00%
Project Cost - Nursing Home - UPL Program	2,828,498	3,381,150	(552,652)	83.65%
Nursing Home Program - Acctg. Fees.	7,875	-	7,875	0.00%
Nursing Home Program - Legal Fees	120,784	100,000	20,784	120.78%
Nursing Home Program - Mgmt. Fees	5,454,358	19,875,000	(14,420,642)	27.44%
Nursing Home Program - Bonds	4,300	3,500	800	122.86%
Nursing Home Program - Interest Expense	1,210,920	1,621,456	(410,536)	74.68%
Payment to Hospital for Equip.,Furn. & Improv.	2,000,000	3,750,000	(1,750,000)	53.33%
<b>Total Expenses</b>	<u>12,439,651</u>	<u>49,574,645</u>	<u>(37,134,994)</u>	<u>25.09%</u>
<b>Revenue Over(Under) Expenses</b>	<u>\$ 2,863,135</u>	<u>\$ 6,771,037</u>		

*For management purposes only.*

**WINNIE-STOWELL HOSPITAL DISTRICT**  
**Supplementary Information**  
**Cash/Cash Equivalents and Short-term Investments**  
**As of October 31, 2015**

**Cash and Cash Equivalents**

Prosperity Bank - Checking	\$	58,495
Petty Cash		150
TexStar		152,482
Wells Fargo - WSHD Transfer Account		516,627
Graham InterBank		<u>4,834,494</u>
<b>Total Cash and Cash Equivalents</b>		<b>5,562,248</b>

**Short-term Investments**

Prosperity Bank - CD#6200447		<u>103,817</u>
<b>Total Cash and Short-term Investments</b>	<b>\$</b>	<b><u>5,666,065</u></b>

*For management purposes only.*



**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

November 18, 2015

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

Re: Winnie Stowell Hospital District; Invoice for September 2015; Our File No. 87250.

Dear President Henry,

Attached, please find the invoice for work performed during the month of September 2015. The total amount of this invoice is \$13,285.00. However, the amount owed to Benckenstein & Oxford, LLP has been reduced to \$12,285.00 as shown on the invoice, and the remaining \$1,000.00 is covered by the monthly retainer.

I have not had time to break this invoice down into categories but will have this and October and November bill ready for the Board at the December meeting.

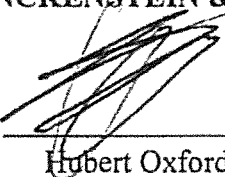
After you have had a chance to review this invoice, and if you find it in order, please draft a check payable to Benckenstein & Oxford, LLP in the amount of \$12,285.00. In addition, please make two checks payable for \$500.00 each to Hubert Oxford, IV and to Josh Heinz as is called for in our retainer agreement.

**[INTENTIONALLY LEFT BLANK]**

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

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

By:



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Hubert Oxford, IV

HOIV/jr  
Enclosure

**Benckenstein & Oxford, L.L.P.**

3535 Calder Avenue  
Suite 300  
Beaumont, TX 77706

**November 18, 2015**

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

**INVOICE #:** 47843      **HOIV**  
**Billed through:** September 30, 2015  
**Client/Matter #:** WSHD      87250

**RE:** Winnie-Stowell Hospital District

**PROFESSIONAL SERVICES RENDERED**

09/01/15	HOIV	Drafted e-mail to counsel for Genesis regarding attorney fees and exchanged five (5) subsequent e-mails regarding the same.	0.70 hrs
09/01/15	HOIV	Read, reviewed and revised resumes for Board members to be submitted with Genesis Loan packages for the Woodlands and Clairmont facilities.	1.20 hrs
09/01/15	HOIV	Exchanged three e-mails with counsel for Neches Capital confirming payment of monthly interest payments.	0.30 hrs
09/01/15	HOIV	Read, reviewed, and responded to six e-mails concerning Riceland Hospital and the acquisition of of medical facility in Beaumont, Texas; held two conference calls with counsel for Riceland and New Light personnell regarding the same.	1.60 hrs
09/01/15	HOIV	Participated in weekly conference call for TAPNH regarding upcoming QIPPP program.	0.60 hrs
09/03/15	HOIV	Received proposed bylaws for TAPNH and reviewed them, then drafted e-mail to Brandon Durbin inquiring about payment methodology.	1.30 hrs
09/04/15	HOIV	Participated in weekly TAPNH conference call.	0.40 hrs
09/08/15	HOIV	Read, reviewed and responded to four e-mails with Gary Klein regarding the status of the Caring Healthcare HUD transactions and instructions from HUD regarding various documents.	0.40 hrs
09/08/15	HOIV	Reviewed attachments to e-mails from Gary Klein regarding HUD approval of Del Rio HUD loan structure that was approved by HUD.	1.20 hrs
09/08/15	HOIV	Received e-mail from Genesis regarding status of Blue Cross Blue Shield documents and responded to the same.	0.20 hrs
09/08/15	HOIV	Received, reviewed, and responded to four (4) e-mails from Genesis regarding QIPP program and the need to meet and confer on the program in order to provide public comment.	0.40 hrs
09/10/15	HOIV	Received and reviewed e-mail and attached spreadsheet from Brandon Durbin	1.00 hrs

Client-	WSHD 87250	Invoice # 47843	PAGE 2
		regarding future MPAP payments and the benefits of joining TAPNH.	
09/11/15	HOIV	Participated in weekly conference call for TAPNH Board.	0.60 hrs
09/11/15	HOIV	Worked with Hospital to prepare a draft presentation to the Board regarding expiditure of public funds.	1.30 hrs
09/11/15	HOIV	Received e-mail and attached spreadsheet from Genesis counsel regarding occupancy rates and responded to e-mail with questions regarding the need and vailidity of the information	0.80 hrs
09/14/15	HOIV	Exchanged six (6) e-mails with client and other interested parties concerning the status of the distribution of MPAP funds.	0.70 hrs
09/14/15	HOIV	Conference call to listen to State of Texas's report on the distribution of MPAP funds.	1.30 hrs
09/15/15	HOIV	Exchanged five (5) e-mails with Managers providing them with an update on the payment of MPAP funds.	0.50 hrs
09/16/15	HOIV	Prepared for and attended Regular Monthly Meeting.	3.50 hrs
09/16/15	HOIV	Conference call with local counsel regarding strategy and began review of deposition in order to prepare a comprehensive report letter to client.	3.40 hrs
09/17/15	HOIV	Conference calls with Board members to follow up on issues discussed at the September Regular meeting.	1.70 hrs
09/17/15	HOIV	Conference call with Scott Campbell regarding sale of Hwy 124 property and potential partnership project for Hospital District and East Chambers Independent School District to work on together.	0.70 hrs
09/17/15	HOIV	Drafted extensive e-mail to Board and Hospital regarding the Board's action at the September Regular Meeting regarding a review of the Hospital's proof of payment for invoices presented by the Hospital in response to request by Hospital District.	0.80 hrs
09/17/15	HOIV	Made revision to Indigent Policy and submitted to changes to website drafter.	0.60 hrs
09/17/15	HOIV	Researched e-mails for on FQHC material and provided requested information to Board members.	0.40 hrs
09/17/15	HOIV	Drafted e-mail to counsel for Hospital outlining timeline of events for requested information from Hospital.	0.70 hrs
09/21/15	HOIV	Worked on spreadsheet to be submitted to Genesis regarding reimbursement of legal fees and drafted extensive e-mail to counsel for Genesis explaining the Board's action at the September Regular meeting.	1.80 hrs
09/22/15	HOIV	Received, reviewed e-mail and attachments from Neches Capital regarding October 1, 2015 interest payment and adjusted the timeline spreadsheet in anticipation of making the payment.	1.30 hrs
09/23/15	HOIV	Received correspondence from East Chambers Independent School District regarding the sale of the Hospital District's property located on Highway 124 and a partnership with the School District for the Health Care needs of the	0.30 hrs

Client-	WSHD 87250	Invoice # 47843	PAGE 3
		students of the School District.	
09/23/15	HOIV	Receipt, reviewed, and exchanged five e-mails with counsel for Neches Capital and the District's CPA concerning upcoming interest payment and Mary Ellen Robertson's increased role.	0.50 hrs
09/23/15	HOIV	Receipt, review, and responded to five (5) e-mails regarding the 4th Quarter IGT payment for the Uncompensated Care Program and coordinated the deadlines for funding the IGT.	1.30 hrs
09/23/15	HOIV	Incorporated research into draft report letter to client and continued work on report letter.	2.30 hrs
09/24/15	HOIV	Read, reviewed, and made extension revisions to draft website text and researched prior e-mails for language to insert into website.	5.50 hrs
09/24/15	HOIV	Conference call with Genesis regarding the status of HUD loans.	0.70 hrs
09/24/15	HOIV	Received, reviewed, and responded to five (5) e-mails from Genesis regarding HUD documents that have been approved in other transactions and reviewed the documents in order to determine how the documents would affect the District.	1.30 hrs
09/24/15	HOIV	Exchanged four (4) e-mails with Scott Campbell, East Chambers ISD, regarding history of the District; sale of Highway 124 Property; and partnership for student healthcare.	0.40 hrs
09/25/15	HOIV	Read, reviewed and responded five e-mails between counsel for Genesis Lender and Genesis regarding status of HUD approval and outstanding documents to be reviewed as well as reviewed proposed documents submitted as attachments to the e-mail.	1.50 hrs
09/26/15	HOIV	Conference call with TAPNH personnel regarding cash flow models and funding of MPAP payments.	0.80 hrs
09/28/15	HOIV	Drafted e-mails to counsel for Genesis and Caring Healthcare regarding payment of a portion of the District's fees for the TAPNH.	0.40 hrs
09/28/15	HOIV	Conference call with Gary Kreinke regarding proxy payment; Fee for Service issues; and distribution of funds.	0.70 hrs
09/28/15	HOIV	Exchanged thirteen (13) e-mails with counsel for HUD Lender, Trent Krienke, and Genesis counsel regarding cash flow chart and upcoming conference call.	1.60 hrs
09/28/15	HOIV	Conference call with Genesis HUD team to discuss status of document review and outstanding documents to be submitted to HUD.	0.80 hrs
09/28/15	HOIV	Prepared and exchanged eight (8) e-mails with Mary Ellen Robertson and LTC group regarding interest schedules and to report on conference call with TAPNH personnel regarding cash flow and funding March and April MPAP Payment.	1.10 hrs
09/29/15	HOIV	Exchanged eight e-mails with LTC Group and Mary Ellen Robertson to discuss the status of MPAP payments.	0.80 hrs

09/29/15	HOIV	Conference call with Mary Ellen Robertson to discuss upcoming interest payments and issues with Neches Capital.	0.60 hrs
09/29/15	HOIV	Exchanged three (3) e-mails with Mary Ellen Robertson discussing interest schedules for the District's Nursing Home Loans.	0.60 hrs
09/29/15	HOIV	Worked with the LTC Group to obtain outstanding invoices and corrected issues with the invoices submitted.	0.80 hrs
09/30/15	HOIV	Participated in TAPNH conference call.	0.60 hrs
09/30/15	HOIV	Exchanged six e-mails with Pam McDonald concerning the payment of MPAP funds.	0.60 hrs
09/30/15	HOIV	Read and reviewed e-mail and attachment from Mary Ellen Robertson regarding request from Hospital for additional information for proof of payment concerning the ongoing indigent care agreement funds.	0.40 hrs
		Total fees for this matter	\$13,250.00

**DISBURSEMENTS**

09/30/15	Color Copy Expense	35.00
	Total disbursements for this matter	\$35.00

**BILLING SUMMARY:**

Oxford, IV Hubert	53.00 hrs @	\$250.00 /hr	\$13,250.00
TOTAL FEES			\$13,250.00
TOTAL DISBURSEMENTS			\$35.00
TOTAL CHARGES FOR THIS INVOICE			\$13,285.00
RETAINER			\$1,000.00 CR
<b>TOTAL BALANCE NOW DUE</b>			<b>\$12,285.00</b>

Federal ID# 74-1646478  
**Invoice Terms: Net 10 Days Upon Receipt**  
 Please Reference Invoice Number on Your Check

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

(409) 892-8901

Invoice # 151126  
November 18, 2015

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

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Accounting services rendered as follows:

General Ledger Write-Up for September & October, 2015 2 month @ \$625.00 per month	1,250.00
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**Amount Due**

**\$1,250.00**

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 # 151127  
November 18, 2015

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

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Accounting services rendered as follows:

Per time sheets attached for the period July-September, 2015:

Mary Ellen: 35.25 hours @ \$125.00	4,406.25
Susan: 73.00 hours @ \$50.00	3,650.00
Less amount billed previously: July - September, 2015	(1,875.00)

**Amount Due**

**\$6,181.25**

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



Mary Ellen Robertson, CPA  
Winnie-Stowell Hospital District  
Time for period 7/06/15-9/30/15

7/6/2015 ACS Access set-up	0.75
7/7/2015 Conference call - Initial mtg. minimum payment	0.75
7/22/2015 Budget revisions	2.00
7/22/2015 Meetings: Personnel, Finance & Board	5.50
8/4/2015 Amended transfer procedures. Discussions with Hubert. Development of flow chart ideas, current issues, HUD etc.	3.00
8/6/2015 Special called meeting	2.25
8/18/2015 Review of minutes, telephone with Sherrie about bonds, insurance, budget, planning. Prep for board meeting.	1.50
8/19/2015 Emails, financial, preparation for meeting.	2.00
8/19/2015 Meeting with Riceland to work on invoices, etc..	1.50
8/19/2015 Board meeting	2.00
8/25/2015 Prepared transfer worksheets for Sherrie, sent to Charice for approval.	2.50
8/26/2015 Additional work on transfers, input to portal and sent for approvals.	1.00
8/26/2015 Check pending transfers on-line	0.25
9/15/2015 Preparation of meeting notes from 8/19/15 meeting with Riceland	1.50
9/24/2015 E-mails from Hubert about IGT for hospital and verifying interest on loans - Graham	3.25
9/29/2015 Loans 3, 5 & 6 set-up & verify transfers on interest	3.50
9/30/2015 Memo to Mo Danishmund w/Riceland Hospital requesting additional information. Telephone conversation with Sherrie and changes to memo to Riceland.	2.00
<b>TOTAL HOURS THIS PERIOD</b>	<u><u>35.25</u></u>

Winnie-Stowell Hospital District  
Hours - Susan McFaddin  
2015

Date	Time	Description
07/06/15	5.25	June, 2015 General Ledger
07/07/15	3.00	June, 2015 General Ledger
07/08/15	1.00	June, 2015 General Ledger
07/09/15	2.50	June, 2015 General Ledger write-up and Financials
07/10/14	2.00	June, 2015 General Ledger write-up and Financials
07/22/15	5.00	Financials/ Quarterly payroll report filing
08/10/15	6.00	July, 2015 General Ledger
08/11/15	3.00	July, 2015 General Ledger
08/12/15	6.25	July, 2015 General Ledger, financials, weekly transfer worksheet design
08/13/15	2.50	Worksheet design
08/17/15	3.50	New budget and Financials
08/18/15	1.00	Financials
08/19/15	4.75	Financials
08/21/15	2.50	Aug., 2015 trans. entry
08/21/15	3.00	Worksheet design
08/24/15	6.50	Worksheet design
08/27/15	1.00	Deposit Procedure
09/11/15	1.75	Aug., 2015 General Ledger
09/14/15	3.50	Aug., 2015 General Ledger
09/15/15	9.00	Aug., 2015 General Ledger
	<u>73.00</u>	



0:  
 Order Date : 11/11/2015  
 Ship Date : 11/11/2015  
 InvoiceDate : 11/11/2015  
 TIN : 36-2952904

P.O. Box 37600 Philadelphia, PA 19101-0600  
 Customer Service: 1-800-789-1331

Sold To:  
 Winniestowell Hospital Distri  
  
 Po Box 1997  
 Winnie TX 77665-1997

Ship To:  
 Winnie Stowell Hospital Distri  
 Sherrie Norris  
 538 Broadway  
 Winnie TX 77665

Customer PO : norrissherrie      Order# : 86053743      Invoice# : 9540604      Account# : C7769473

Item Number	Description	Color	Qty shipped	Price/UM	Extended
901-D8J69FN	Hp 932XI/933 hy blk cmy color		1	\$66.99/pack	\$66.99
901-TN336BK	Brother tn336Bk hy toner blk		1	\$74.99/each	\$74.99
901-7QFL5AD	Quill 1/2 flags w/dispenser	Asstd	4	\$5.49/pack	\$21.96
901-M3	M3 3Lb digital mailing scale		1	\$43.89/each	\$43.89
816-720222CT	Quill brand copy paper letter	White	1	\$29.99/carton	\$29.99
901-985396	Gp premium multipurpose legal	White	1	\$11.79/ream	\$11.79
999-15811S	Corporate gift product info		1	\$0.00/each	\$0.00
999-15746S	50% off holiday cards info		1	\$0.00/each	\$0.00
999-15771S	Flu season product information		1	\$0.00/each	\$0.00

Remember you can check your order status & tracking, print invoices and more in the Manage My Account section on Quill.com.

**Always Expanding Assortment.**

Everything it takes for your business. Go to [Quill.com/new](http://Quill.com/new)

To help apply your payment properly, remember to include your **account #** on your check and remit your payment to the address shown below. All shipping carrier fees are covered by Quill. A handling fee may apply to small orders. See [Quill.com/shipping](http://Quill.com/shipping). Track shipments, pay invoices and view past orders at My Account on Quill.com.

Mdse Total: \$249.61  
 Tax: \$20.59  
 Shipping: Free

Amount Due: \$270.20  
 Due Date: 12/11/2015

Customer is responsible for collection fees, court costs and reasonable attorney fees to collect unpaid accounts

Payment Coupon: Please detach and enclose this portion with your payment. Please do not staple. Thank You.

Account Number: C7769473  
 Winniestowell Hospital Dis



Invoice Number: 9540604  
 Invoice Date: 11/11/2015  
 Amount Due: \$270.20  
 Payable in U.S. Dollars

Payable to:  
 Quill Corporation  
 P.O.Box 37600  
 Philadelphia, PA 19101-0600

0011000000095406040007769473710000000270206

©IHS  
Issued 11/18/15

**GL Totals**

Winnie Stowel Hospital District Indigent Healthcare Services  
Batch Dates 11/18/15-11/18/15  
Source Group Indigent Health Care

Robert H Smalley, Md, Pa  
335 Club View Drive  
La Grange, TX 78945

Vendor #: 067259

GL #	Description	Amount
WSHD	Wshd	45.98
	Expenditures	45.98
	Reimb/Adjustments	0.00
	<b>Grand Total</b>	<b>45.98</b>

**GL Totals Detail**

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-3213*067259*7	WSHD	10/12/15	42.00	6.42	
036-3467*067259*1	WSHD	09/18/15	78.00	39.56	

2 invoices listed.

**GL Totals**

Winnie Stowel Hospital District Indigent Healthcare Services  
 Batch Dates 11/18/15-11/18/15  
 Source Group Indigent Health Care

Brookshire Bros. Phar. (winnie)  
 P.o. Box 1359  
 Winnie, TX 77665

Vendor #: 65460

GL #	Description	Amount
WSHD	Wshd	1,839.34
	Expenditures	1,839.34
	Reimb/Adjustments	0.00
	<b>Grand Total</b>	<b>1,839.34</b>

**GL Totals Detail**

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2547*65460*4	WSHD	10/13/15	12.00	12.00	
036-2547*65460*4	WSHD	10/13/15	40.00	40.00	
036-2547*65460*4	WSHD	10/13/15	38.25	38.25	
036-2749*65460*3	WSHD	10/01/15	36.20	36.20	
036-2749*65460*3	WSHD	10/05/15	40.00	40.00	
036-2749*65460*3	WSHD	10/05/15	22.39	22.39	
036-2749*65460*3	WSHD	10/07/15	5.00	5.00	
036-3217*65460*4	WSHD	10/01/15	43.88	43.88	
036-3217*65460*4	WSHD	10/14/15	443.59	179.77	
036-3224*65460*2	WSHD	10/03/15	5.00	5.00	
036-3224*65460*2	WSHD	10/03/15	10.00	10.00	
036-3224*65460*2	WSHD	10/03/15	5.00	5.00	
036-3224*65460*2	WSHD	10/03/15	34.60	34.60	
036-3224*65460*2	WSHD	10/03/15	5.00	5.00	
036-3292*65460*2	WSHD	10/26/15	5.00	5.00	
036-3413*65460*1	WSHD	10/29/15	1,012.18	903.13	
036-3413*65460*1	WSHD	10/29/15	63.22	63.22	
036-3413*65460*1	WSHD	10/29/15	29.80	11.78	
036-3426*65460*3	WSHD	10/03/15	25.04	25.04	
036-3426*65460*3	WSHD	10/23/15	15.00	15.00	
036-3426*65460*3	WSHD	10/09/15	5.00	5.00	
1000*65460*2	WSHD	10/28/15	20.71	20.71	
1000*65460*2	WSHD	10/29/15	49.76	22.89	
1002*65460*1	WSHD	10/28/15	32.58	32.58	
1003*65460*1	WSHD	10/23/15	44.46	24.37	
1003*65460*1	WSHD	10/23/15	458.74	223.53	
1003*65460*1	WSHD	10/23/15	10.00	10.00	

10 invoices listed.

©IHS  
 Issued 11/18/15

**GL Totals**

Winnie Stowel Hospital District Indigent Healthcare Services  
 Batch Dates 11/18/15-11/18/15  
 Source Group Indigent Health Care

Wilcox Pharmacy  
 P. O. Box 1850  
 Winnie, TX 77665

Vendor #: 18651

GL #	Description	Amount
WSHD	Wshd	1,548.51
	Expenditures	1,548.51
	Reimb/Adjustments	0.00
	<b>Grand Total</b>	<b>1,548.51</b>

**GL Totals Detail**

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2778*18651*7	WSHD	10/05/15	75.00	75.00	
036-2782*18651*66	WSHD	10/06/15	75.00	75.00	
036-2782*18651*66	WSHD	10/06/15	75.00	46.50	
036-2782*18651*66	WSHD	10/06/15	75.00	66.20	
036-2783*18651*49	WSHD	10/10/15	190.82	151.41	
036-2783*18651*49	WSHD	10/05/15	53.04	26.31	
036-2783*18651*49	WSHD	10/05/15	48.63	24.13	
036-2833*18651*58	WSHD	10/31/15	330.68	261.49	
036-2833*18651*58	WSHD	10/01/15	330.68	261.49	
036-2942*18651*54	WSHD	10/05/15	131.59	126.01	
036-2942*18651*54	WSHD	10/05/15	36.22	28.45	
036-3068*18651*30	WSHD	10/13/15	23.08	7.56	
036-3068*18651*30	WSHD	10/12/15	75.00	42.08	
036-3213*18651*4	WSHD	10/12/15	43.89	43.89	
036-3213*18651*4	WSHD	10/12/15	13.33	7.76	
036-3364*18651*17	WSHD	10/27/15	22.85	22.85	
036-3364*18651*17	WSHD	10/26/15	37.53	18.80	
036-3364*18651*17	WSHD	10/26/15	16.23	9.02	
036-3364*18651*17	WSHD	10/26/15	35.41	28.94	
036-3364*18651*17	WSHD	10/26/15	75.00	46.50	
036-3432*18651*5	WSHD	10/01/15	75.00	75.00	
036-3432*18651*5	WSHD	10/01/15	75.00	75.00	
036-3432*18651*5	WSHD	10/01/15	43.36	10.28	
036-3453*18651*2	WSHD	10/01/15	37.53	18.84	

10 invoices listed.



**Blue for Business®**  
 WINNIE STOWELL HOSPI  
 JOHN E HENRY SR  
 Closing Date 11/10/15 Next Closing Date 12/11/15



Account Ending 0-51003

<b>New Balance</b>	<b>\$82.06</b>
<b>Minimum Payment Due</b>	<b>\$35.00</b>
<b>Payment Due Date</b>	<b>12/05/15 ‡</b>

‡ **Late Payment Warning:** If we do not receive your Minimum Payment Due by the Payment Due Date of 12/05/15, you may have to pay a late fee of up to \$38.00 and your Purchase APR may be increased to the Penalty APR of 27.24%.

**Membership Rewards® Points**  
 Available and Pending as of 09/30/15  
**27,659**

For up to date point balance and full program details, visit [membershiptrewards.com](http://membershiptrewards.com)

**Account Summary**

Previous Balance	\$243.95
Payments/Credits	-\$243.95
New Charges	+\$82.06
Fees	+\$0.00
Interest Charged	+\$0.00

<b>New Balance</b>	<b>\$82.06</b>
<b>Minimum Payment Due</b>	<b>\$35.00</b>

Credit Limit	\$15,500.00
Available Credit	\$15,417.94
Cash Advance Limit	\$3,100.00
Available Cash	\$3,100.00

Days in Billing Period: 30

**Minimum Payment Warning:** If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges and each month you pay...	You will pay off the balance shown on this statement in about...	And you will pay an estimated total of...
Only the Minimum Payment Due	3 months	\$83

If you would like information about credit counseling services, call 1-888-733-4139.

📄 See page 2 for important information about your account.

**Customer Care**

**Pay by Computer**  
[open.com/pbc](http://open.com/pbc)

**Customer Care** 1-877-258-3254    **Pay by Phone** 1-800-472-9297

📄 See page 2 for additional information.

↓ Please fold on the perforation below, detach and return with your payment ↓

**Payment Coupon**  
 Do not staple or use paper clips

**Pay by Computer**  
[open.com/pbc](http://open.com/pbc)

**Pay by Phone**  
 1-800-472-9297

**Account Ending 0-51003**

Enter 15 digit account # on all payments.  
 Make check payable to American Express.

JOHN E HENRY SR  
 WINNIE STOWELL HOSPI  
 PO BOX 304  
 WINNIE TX 77665-0304

Payment Due Date	<b>12/05/15</b>
New Balance	<b>\$82.06</b>
Minimum Payment Due	<b>\$35.00</b>

CK# 1873 \$ 82.06  
**Amount Enclosed**

Check here if your address or phone number has changed. Note changes on reverse side.

AMERICAN EXPRESS  
 P.O. BOX 650448  
 DALLAS TX 75265-0448



0000349992195946734 000008206000003500 07 H

**Payments:** Your payment must be sent to the payment address shown on your statement and must be received by 5 p.m. local time at that address to be credited as of the day it is received. Payments we receive after 5 p.m. will not be credited to your Account until the next day. Payments must also: (1) include the remittance coupon from your statement; (2) be made with a single check drawn on a US bank and payable in US dollars, or with a negotiable instrument payable in US dollars and clearable through the US banking system; and (3) include your Account number. If your payment does not meet all of the above requirements, crediting may be delayed and you may incur late payment fees and additional interest charges. Electronic payments must be made through an electronic payment method payable in US dollars and clearable through the US banking system. If we accept payment in a foreign currency, we will convert it into US dollars at a conversion rate that is acceptable to us, unless a particular rate is required by law. Please do not send post-dated checks as they will be deposited upon receipt. Any restrictive language on a payment we accept will have no effect on us without our express prior written approval. We will re-present to your financial institution any payment that is returned unpaid.

**Permission for Electronic Withdrawal:** (1) When you send a check for payment, you give us permission to electronically withdraw your payment from your deposit or other asset account. We will process checks electronically by transmitting the amount of the check, routing number, account number and check serial number to your financial institution, unless the check is not processable electronically or a less costly process is available. When we process your check electronically, your payment may be withdrawn from your deposit or other asset account as soon as the same day we receive your check, and you will not receive that cancelled check with your financial account statement. If we cannot collect the funds electronically we may issue a draft against your deposit or other asset account for the amount of the check. (2) By using Pay By Computer, Pay By Phone or any other electronic payment service of ours, you give us permission to electronically withdraw funds from the deposit or other asset account you specify in the amount you request. Payments using such services of ours received after 8:00 p.m. MST may not be credited until the next day.


**How We Calculate Your Balance:** We use the Average Daily Balance (ADB) method (including new transactions) to calculate the balance on which we charge interest on your Account. Call the Customer Care number listed below for more information about this balance computation method and how resulting interest charges are determined. *The method we use to calculate the ADB and interest results in daily compounding of interest.*


**Paying Interest:** Your due date is at least 25 days after the Closing Date of each billing period. We will not charge you interest on your purchases if you pay the New Balance by the due date each month. We will charge you interest on cash advances and (unless otherwise disclosed) balance transfers beginning on the transaction date.

**Foreign Currency Charges:** If you make a Charge in a foreign currency, we will convert it into US dollars on the date we or our agents process it. **We will charge a fee of 2.70% of the converted US dollar amount.** We will choose a conversion rate that is acceptable to us for that date, unless a particular rate is required by law. The conversion rate we use is no more than the highest official rate published by a government agency or the highest interbank rate we identify from customary banking sources on the conversion date or the prior business day. This rate may differ from rates in effect on the date of your charge. Charges converted by establishments (such as airlines) will be billed at the rates such establishments use.

**Credit Balance:** A credit balance (designated CR) shown on this statement represents money owed to you. If within the six-month period following the date of the first statement indicating the credit balance you do not request a refund or charge enough to use up the credit balance, we will send you a check for the credit balance within 30 days if the amount is \$1.00 or more.

**Credit Reporting:** We may report information about your Account to credit bureaus. Late payments, missed payments, or other defaults on your Account may be reflected in your credit report.

	<b>Customer Care &amp; Billing Inquiries</b>	1-877-258-3254	<b>Hearing Impaired</b>
	<b>International Collect</b>	1-623-492-7719	<b>TTY:</b> 1-800-221-9950
	<b>Large Print and Braille Statements</b>	1-877-258-3254	<b>FAX:</b> 1-800-695-9090
	<b>Lost or Stolen Card</b>	1-800-521-6121	<b>In NY:</b> 1-800-522-1897
	<b>Cash Advance at ATMs Inquiries</b>	1-800-CASH-NOW	

	<b>Website:</b> americanexpress.com	
	<b>Mobile Site:</b> amexmobile.com	
<b>Customer Care &amp; Billing Inquiries</b>	<b>Payments</b>	
	P.O. BOX 981535 EL PASO, TX 79998-1535	P.O. BOX 650448 DALLAS TX 75265-0448

**Change of Address**

If correct on front, do not use.

- To change your address online, visit [www.americanexpress.com/updatecontactinfo](http://www.americanexpress.com/updatecontactinfo)
- For Name, Company Name, and Foreign Address or Phone changes, please call Customer Care.
- Please print clearly in blue or black ink only in the boxes provided.

Street Address

City, State

Zip Code

Area Code and Home Phone

Area Code and Work Phone

Email

**Pay Your Bill with AutoPay**

- Avoid late fees
- Save time

Deduct your payment from your bank account automatically each month

Visit [americanexpress.com/autopay](http://americanexpress.com/autopay) today to enroll.

For information on how we protect your privacy and to set your communication and privacy choices, please visit [www.americanexpress.com/privacy](http://www.americanexpress.com/privacy).





**Blue for Business®**  
 WINNIE STOWELL HOSPI  
 JOHN E HENRY SR  
 Closing Date 11/10/15

**OPEN**<sup>SM</sup>

p. 3/8

Account Ending 0-51003

**Payments and Credits**

**Summary**

	<b>Total</b>
<b>Payments</b>	-\$243.95
<b>Credits</b>	\$0.00
<b>Total Payments and Credits</b>	<b>-\$243.95</b>

**Detail** \*Indicates posting date

	<b>Amount</b>
<b>Payments</b>	
10/30/15* JOHN E HENRY SR PAYMENT RECEIVED - THANK YOU	-\$243.95

**New Charges**

**Summary**

	<b>Total</b>
SHERRIE NORRIS 0-51011	\$82.06
<b>Total New Charges</b>	<b>\$82.06</b>

**Detail**



**SHERRIE NORRIS**  
 Card Ending 0-51011

	<b>Amount</b>
10/23/15 NET DATA SULPHUR SPRINGS TX SULPHUR SPRINGS TX COMP SFTWARE	\$1.00
10/23/15 CHAMBERS COUNTY CLERANAHUAC TX ANAHUAC TX GOVT SERVICES	\$4.00
10/28/15 USPS 489815066425606WINNIE TX WINNIE TX 800-2758777	\$49.00
11/03/15 GOOGLE*SVCSAPPSWSHD-Mountain View Mountain View ADVERTISING SERVICE	\$28.06

**Fees**

	<b>Amount</b>
<b>Total Fees for this Period</b>	<b>\$0.00</b>

## Interest Charged

	Amount
<b>Total Interest Charged for this Period</b>	<b>\$0.00</b>

### About Trailing Interest

You may see interest on your next statement even if you pay the new balance in full and on time and make no new charges. This is called "trailing interest." Trailing interest is the interest charged when, for example, you didn't pay your previous balance in full. When that happens we charge interest from the first day of the billing period until we receive your payment in full. You can avoid paying interest on purchases by paying your balance in full and on time each month. Please see the "When we charge interest" sub-section in your Cardmember Agreement for details.

## 2015 Fees and Interest Totals Year-to-Date

	Amount
Total Fees in 2015	\$0.00
Total Interest in 2015	\$0.00

## Interest Charge Calculation

Your Annual Percentage Rate (APR) is the annual interest rate on your account.

	Annual Percentage Rate	Balance Subject to Interest Rate	Interest Charge
Purchases	11.24% (v)	\$0.00	\$0.00
Cash Advances	25.24% (v)	\$0.00	\$0.00
Introductory Purchase Rate Expires 11/10/2015*	0.00%	\$0.00	\$0.00
<b>Total</b>			<b>\$0.00</b>

(v) Variable Rate

\* The APR for this balance is a promotional rate and it will expire on the date shown. Any balance at a promotional interest rate that has not been paid in full by the expiration date will begin accruing interest at the APR applicable to Purchases (current Purchases APR shown in table above). Promotional APRs may terminate earlier than the expiration date if you make a late payment or upon any event that causes a Penalty APR to apply to your account (see your Card Member Agreement).



## Membership Rewards® Monthly Statement and Program News

Prepared for JOHN E HENRY SR

Account Number 1M70555067

**Total Points Balance** **27,659**

**Points Earned this Period** **684**

**Account Summary** September 1, 2015 - September 30, 2015

Opening Points Balance	26,975
Points Earned this Period	+684
Points Used this Period	0
Reinstated Points and Adjustments	0
<b>Total Points Balance</b>	<b>27,659</b>

Points Earned this Period are pending until charges are paid in full and all your accounts are in good standing.

### Questions About Your Account?



[membershiprewards.com](http://membershiprewards.com)

1-800-AXP-EARN (297-3276)  
International Collect: 305-816-2799

### Did You Know?

#### Use Points For Your Charges

Use your Card for charges like travel, dining, groceries, and more, then go online and use the points you earned toward your eligible charges.

Learn more at  
[membershiprewards.com/yourcharges](http://membershiprewards.com/yourcharges)

### Points Transaction Detail

September 1, 2015 - September 30, 2015

Points Earned this Period	Points Activity On Eligible Charges	Bonus Points Awarded	Total Points Activity Per Card
<b>Blue For Business</b> XXXX-XXXXX0-51003	4	0	4
<b>Add'l Blue For Business</b> XXXX-XXXXX0-51011	680	0	680
<b>Total</b>	<b>684</b>	<b>0</b>	<b>684</b>

Membership Rewards points earned may be transferred or redeemed as long as all enrolled Card accounts are in good standing. Points transferred or redeemed cannot be reversed back into the program. **Forfeited points can be reinstated for a fee by calling the number provided below or visiting [membershiprewards.com](http://membershiprewards.com).** Terms and Conditions of the Membership Rewards Express® program apply. For more information, visit [membershiprewards.com/terms](http://membershiprewards.com/terms) or call 1-800-AXP-EARN (297-3276). From overseas, call collect 305-816-2799.

Prepared for  
**JOHN E HENRY SR**  
Membership Rewards® Account Number  
**1M70555067**



# OPEN Savings® Summary

WINNIE STOWELL FOSPI  
JOHN E HENRY SR  
Closing Date 11/10/15

Account Ending 0-51003

<b>Discounts</b>	
<b>This Period</b>	<b>\$0.00</b>
<b>Year to Date</b>	<b>\$3.25</b>

<b>Membership Rewards® Points</b>	
<b>This Period</b>	<b>0</b>
<b>Year to Date</b>	<b>0</b>

Remember, you can get benefits on eligible purchases with OPEN Savings® partners<sup>1</sup> automatically when you use your Business Card from American Express OPEN. Learn more at [opensavings.com](https://opensavings.com).

OPEN Savings Benefits	This Period			Year to Date		
Offer Description	Transactions	Savings Earned	Points Earned	Transactions	Savings Earned	Points Earned
1-800-FLOWERS.COM - Visit <a href="https://opensavings.com">opensavings.com</a>	\$0.00	\$0.00	0	\$64.93	\$3.25	0
<b>Ongoing Benefits Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0</b>	<b>\$64.93</b>	<b>\$3.25</b>	<b>0</b>
<b>Grand Totals</b>		<b>\$0.00</b>	<b>0<sup>2</sup></b>		<b>\$3.25</b>	<b>0<sup>2</sup></b>

Discounts will be applied in the form of a statement credit. For full terms and conditions go to [opensavings.com](https://opensavings.com).

1 See individual OPEN Savings partner terms and conditions located at [opensavings.com](https://opensavings.com).

2 The Membership Rewards points balance shown above reflects only points received through the OPEN Savings benefit and may not reflect any reversals. Please refer to your Membership Rewards account balance for the most up-to-date balance information.

**Get 2 additional Membership Rewards® points for each eligible dollar spent OR a 5% discount on eligible purchases with OPEN Savings® partners. Visit [opensavings.com](https://opensavings.com) for details.**



PARK HYATT®

ANDAZ

GRAND | HYATT

HYATT



Merchant participation and offers are subject to change without notice. Maximum annual caps and exclusions may apply to the benefit you can receive. See individual OPEN Savings partner terms and conditions located at [opensavings.com](https://opensavings.com).

**Offers are made only to Cardmembers who meet certain qualifying criteria. By responding you will be disclosing to the merchant that you meet these criteria.**

---

**GREAT NEW PLACES**



**Grand Effects** - The leading manufacturer of outdoor Fire & Water Features. Products include: Fire Bowls, Fire Pits & Water Features. Located in Irvine CA. Ship all over the US.

**CE 120847**

**949 697-5270 or  
grandeffectsinc.com**

**SpareFoot** - Get a storage unit with the click of a button. Find and reserve high-quality self-storage near you with SpareFoot. Shop now at sparefoot.com.

**sparefoot.com**

---

**Offers are made only to Cardmembers who meet certain qualifying criteria. By responding you will be disclosing to the merchant that you meet these criteria.**



RECEIVED  
NOV 12 2015

**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
UPON RECEIPT	11/05 - 12/04	<b>\$339.39</b>

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

Previous balance & payments	
Balance last statement	169.72
Unpaid balance	169.72
Current month	
Monthly services	149.94
Surcharges	9.61
Taxes and fees	10.12
<b>Total due UPON RECEIPT</b>	<b>\$339.39</b>

*Handwritten: pd, ck#, 1866*

*169.67*



7010 AIRPORT RD EL PASO TX 79906-4943  
8260 1700 NO RP 26 10272015 YNNNNYNN 01 006182 0028

WINNIE STOWELL HOSPITAL  
PO BOX 1997  
WSHD RM  
WINNIE, TX 77665-1997



Payment due date  
UPON RECEIPT

Account number  
**8260 17 029 0121119**

Please write your account number on your check.

Please enclose this coupon with your payment.

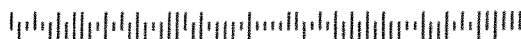
\*\*Please allow 7-10 days for delivery and payment processing. See reverse side for more convenient payment options.

Total amount due  
**\$339.39**

Amount enclosed  
*169.67*

*ck # 1881*

TIME WARNER CABLE  
PO BOX 60074  
CITY OF INDUSTRY CA 91716-0074



826017029012111900339390

Indigent Healthcare Solutions, Ltd.  
2040 North Loop, 336 West, Suite 304  
Conroe, TX 77304

Invoice # 61558

Phone # (800) 834-0560  
Fax # (936) 756-6741

RECEIVED  
NOV 12 2015

Date: 11/1/2015

WINNIE STOWELL HOSPITAL DISTRICT  
P O BOX 1997  
WINNIE, TX 77665

Terms: Net receipt of invoice

---

Professional services for the month of December 2015

1,059.00

---

**Total**

**\$1,059.00**

PLEASE REMIT PAYMENT TO  
INDIGENT HEALTHCARE SOLUTIONS, LTD  
ATTN: KELLEY ASTOLOS  
3011 ARMORY DRIVE, SUITE 190  
NASHVILLE, TN 37204

Pod CK#  
1880

*THANK YOU FOR YOUR BUSINESS!!!*

**IHS**







# TRINITY BAY CONSERVATION DISTRICT

P.O. BOX 599 • STOWELL, TEXAS 77661  
 PHONE: (409) 296-3602 FAX: (409) 296-3745  
 www.tbcd.org

AMOUNT PAID



ON OR BEFORE DUE DATE	DUE DATE	AFTER DUE DATE		
87.03	11/15/15	87.72	1-04-08000-03	53
			2107 HWY 124	

WINNIE-STOWELL HOSPITAL DISTRI  
 PO BOX 1997  
 WINNIE TX 77665

RECEIVED  
 NOV 12 2015

Trinity Bay Conservation Dist.  
 P. O. BOX 599  
 Stowell TX 77661-0599



IF YOUR MAILING ADDRESS HAS CHANGED PLEASE CORRECT  
 PLEASE RETURN TOP PORTION WITH PAYMENT

MAKE CHECK PAYABLE TO:	SERVICE ADDRESS		ACCOUNT NUMBER
	Trinity Bay Conservation Dist. P. O. BOX 599 Stowell TX 77661	2107 HWY 124	
SERVICE PERIOD		FROM TO	BILLING DATE
	09/30/15	10/29/15	10/29/15
		DESCRIPTION	AMOUNT
READ DATE (W)	10/22/15	*** USAGE HISTORY ***	
METER NUM.	08126189	-----	
PRES. READ	124.7	WATER	
PREV. READ	124.7	GALLONS	
TOTAL GALLONS	.0	PAST DUE 40.80	
		09/17/15	.0
		08/19/15	.0
		07/21/15	.0
		06/23/15	.0
		05/21/15	.0
		04/28/15	3.1
		04/16/15	.0
		02/18/15	.0
		01/21/15	.0
		12/17/14	.0
		11/19/14	.0
		10/21/14	.0
		WATER 36.00	
		SEWER 10.00	
		TWC FEE .23	
		THIS MONTH 46.23	
		TOTAL NOW DUE	87.03
		PENALTY AMOUNT	PAY THIS AMOUNT AFTER
		.69	11/15/2015
			87.72

pol ck# 1867

pol ck# 1879

604

## MESSAGES

OFFICE HOURS ARE MON. - THURS.  
 7:00AM TO 5:30PM. TO  
 CONTACT US OR FOR  
 AFTER HOURS EMERGENCIES  
 CALL 409-296-3602,  
 THEN PRESS 1.

TO RESTORE CUT OFF SERVICES: PAY BY 4:00PM,  
 ONLY CASH, MONEY ORDER OR CREDIT CARD  
 (ONLINE ONLY) WILL BE ACCEPTED. CHECKS MUST  
 CLEAR BANK BEFORE SERVICE IS TURNED BACK ON.

THIS STATEMENT INCLUDES A PAST DUE BALANCE.  
 PAYMENT IS DUE IMMEDIATELY UPON RECEIPT TO  
 AVOID DISCONNECTION OF SERVICE. A \$25.00  
 SERVICE CHARGE WILL BE ASSESSED. AN  
 ADDITIONAL DEPOSIT MAY BE REQUIRED.

~~Cut Fat~~

10/3/15

\$175.00

10/15/15

175.00

\$350.00

Winn Thomas St.

P.O. Box 1051

Winnie TX 77665

pd ck #  
1877

RECEIVED

NOV - 4 2015

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

Date Printed: NOV 4 2015

Invoice Number: 12398  
CLIENT#: 2133

Due Date: DEC 10 2015  
Total amount due: \$50.00

Remit To:

Amount of remittance: \$

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

Please return this portion with payment

Invoice Date: DEC 10 2015  
Type: A

Invoice # 12398

Trans Code	Coverage Eff Date	Policy#	Line of Business	Description	Amount
RE	DEC 10 2015	TX 804412	Surety Bonds	Renewal Elroy Henry bond	\$50.00

**TOTAL AMOUNT DUE:** \$50.00

*Pd CK# 1874*

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: NOV 4 2015

Invoice Number: 12396  
CLIENT#: 2133

Due Date: DEC 10 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: DEC 10 2015

Type: A

Invoice # 12396

Trans Code	Coverage Eff Date	Policy#	Line of Business	Description	Amount
RE	DEC 10 2015	TX 804414	Surety Bonds	Renewal Edward Murrell bond	\$50.00
<b>TOTAL AMOUNT DUE:</b>					<u>\$50.00</u>

*pd ck # 1876*

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: NOV 4 2015

Invoice Number: 12397  
CLIENT#: 2133

Due Date: DEC 10 2015  
Total amount due: \$50.00

Remit To:

Amount of remittance: \$ \_\_\_\_\_

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

Please return this portion with payment

Invoice Date: DEC 10 2015  
Type: A

**Invoice # 12397**

Trans Code	Coverage Eff Date	Policy#	Line of Business	Description	Amount
RE	DEC 10 2015	TX 804413	Surety Bonds	Renewal Jeff Rollo bond	\$50.00

**TOTAL AMOUNT DUE: \$50.00**

*Pd CK # 1875*

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

# **Exhibit C**

# **Job Description: INDIGENT HEALTH CARE DIRECTOR**

## **SUMMARY OF POSITION**

Manages day-to-day coordination of the activities of the Indigent Health Care office, including determining applicant eligibility for Winnie Stowell Hospital District (WSHD) health care, local, state, and federal grant programs, administering office budget, and approving payments on claims for Indigent Health Care for WSHD and local, state, and federal social service and grant programs. Maintains departmental records, including medical and grant contracts, budget, annual reports, etc., for the indigent care department.

## **ORGANIZATIONAL RELATIONSHIPS**

1. **Reports to:** Board of Directors
2. **Directs:** This is a non-supervisory position.
3. **Other:** Has contact with board attorney, CPA, board members and representatives of social service provider agencies or organizations, program participants, and the general public.

## **EXAMPLES OF WORK**

### **Essential Duties**

Oversees and coordinates the activities of the WSHD Indigent Health Care office, including contracting with outside health care agencies to provide services to eligible clients; must maintain knowledge of their program guidelines, interview clients, process case files, review, authorize, and process claims, and bill and request payment for services paid for and rendered;

Interviews clients to assess their needs and establish their eligibility for indigent health care services;

Refers clients to other agencies as required;

Processes case files within the guidelines established by grants and other programs available to clients through Indigent Health Care office;

Resolves problems arising from clients or health care providers as necessary;

Authorizes and processes claims for payment for WSHD indigent care services;

Prepares and submits grant proposals to assist county residents with social services and administers any grants received, including performing accounting tasks and ensuring compliance with contract agreements;

Administers Indigent Health Care office budget to ensure effective utilization of available funds within established guidelines and agreements;



**(Continued)**

Prepares and submits financial, activity, and other reports to WSHD Board of Directors and appropriate agencies as required;

Travels to different locations within the state as approved by board, to obtain needed education, to administer programs, grants, etc., or to assist clients for the indigent program;

Requests necessary equipment and supplies to ensure efficient office operations from the office administrator;

Maintains thorough knowledge and ability to carry out the policy guidelines of the Texas Department of State Health Services to maintain a district health care program that complies with Chapter 61 state mandated Indigent Health Care and Treatment Act (by attending continuing education classes);

Reviews, authorizes and processes claims for payment for Indigent Health Care, WSHD, and state and federal grant programs;

Director of the WSHD Indigent Health Care Program;

Processes referrals and authorizations to appropriate medical facilities and follows-up with medical providers, to determine services were provided and document findings;

Performs such other related duties as may be assigned.

**REQUIRED KNOWLEDGE, SKILLS, AND ABILITIES**

*Knowledge of:* social service agencies and programs; standard office management procedures; current basic accounting practices and procedures; and interviewing techniques.

*Skill/Ability to:* make appropriate referrals for social services; prepare complete and accurate records and reports; demonstrate proficiency in both oral and written communication, including ability to communicate with people from varying socioeconomic and situational backgrounds; operate standard office equipment, including typewriter, calculator, and computer using standard word processing and spreadsheet software; and establish and maintain effective working relationships with staff, clients, hospital staff, other district employees or officials, representatives of other social service agencies, and the general public; make decisions in accordance with established departmental rules, regulations, and statutes; maintain complex records and files; prepare technical, legal, or statistical reports; make sound decisions in stressful situations; make appropriate referrals; prepare complete and accurate records and reports; work cases in an efficient and timely manner.

**ACCEPTABLE TRAINING AND EXPERIENCE**

Bachelor's degree in social sciences, business administration, or a related field, plus at least two years of related work experience;

*or* high school diploma, or its equivalent, plus experience in areas of accounting, secretarial work, or office administration and social work and at least six years of related work experience;

**(Continued)**

*or* any equivalent combination of experience and training which provides the required knowledge, skills, and abilities.

**CERTIFICATES AND LICENSES REQUIRED**

Appropriate Texas driver's license or available alternate means of transportation.

Newspaper Ad:

INDIGENT HEALTH CARE DIRECTOR needed for Winnie Stowell Hospital District. 32-36 hours per week. Salary dependent on experience and education. Manages day-to-day supervision and coordination of the activities of the Indigent Health Care Program. Bachelor's degree in social services, business administration or a related field plus two years' experience preferred, but related experience may be considered.

For a full job description, please contact Sherrie Norris, District Administrator, at (409) 296-1003 or it can be picked up at Commissioner Mark Huddleston's office located at 211 Broadway, Winnie, Texas 77665; (409) 296-8250. More information can be obtained on the District's website [www.wshd-tx.org](http://www.wshd-tx.org). Applications accepted through November 30<sup>th</sup>, 2015.

# Exhibit D

	QTD 06/30/2015	QTD 09/30/2015
<b>Funds Expended</b>	<b>Amount Spent</b>	<b>Amount Spent</b>
HOSPITAL ROOM RENOVATIONS	\$225,000.00	\$40,540.45
ADDITIONAL MONEY PAID TO CONTRACTOR FOR FURTHER RENOVATIONS (SIDEWALK, ADDITIONAL FLOORING, ETC.)	\$150,000.00	
AMOUNT FOR CT MACHINE (INCLUDES RENOVATIONS TO THE ROOM)	\$410,000.00	
PHP PROGRAM (START UP COSTS)	\$87,000.00	\$273,573.30
VAN FOR PHP PROGRAM	\$20,000.00	
HANDICAP VAN FOR PHP PROGRAM	\$50,000.00	
LED SIGN FOR WCH	\$25,000.00	
SIGN FOR OUTSIDE HOSPITAL	\$2,500.00	
PAYMENT TO HEALTHLAND (3 PAYMENTS)	\$250,000.00	
PAYMENT FOR MOBILE BUILDINGS (2)	\$20,500.00	
1 MARKETING VEHICLE	\$12,000.00	
NEW OPERATING ROOM MASTER PLAN (PRELIMINARY WORK)	\$26,000.00	
<b>TOTAL</b>	<b>\$1,278,000.00</b>	

	Initially Approved Projects	Amount Allocated	QTD 06/30/2015	QTD 09/30/2015	Amount Spent	Amount Unspent
PHP Program		\$425,000.00	\$157,000.00	\$273,573.30	\$64,426.70	
Renovation of 25 Hospital Rooms		\$825,000.00	\$225,000.00	\$40,540.45	\$559,459.55	
Operating Room		\$1,700,000.00	\$26,000.00	\$0.00	\$1,674,000.00	
CT Machine		\$750,000.00	\$410,000.00	\$0.00	\$340,000.00	
Other		\$0.00	\$460,000.00	\$0.00	\$0.00	
	Total Projects Submitted	\$3,700,000.00	\$3,700,000.00	\$314,113.75	\$2,637,886.25	
	<b>Amount Funded Per Indigent Agreement</b>	<b>\$2,000,000.00</b>				

# **Exhibit E**

## **INTERLOCAL COOPERATION AGREEMENT EXHIBIT B**

The Board of **Texas Association of Public Nursing Homes ("TAPNH")** has released the Bylaws and Financial Management Policies & Procedures for ratification of the Exhibit B.

The attached Ratification / Rejection transmittal needs to be completed and submitted by October 31, 2015. If this is not ratified by such date, it is assumed that you have rejected the Exhibit and terminate your Interlocal Agreement. This is an irrevocable and final decision, based on the policies in Exhibit B.

The various public entities handle their management and board actions in various ways. It is beyond the scope of TAPNH to direct how you conduct your affairs. Some entities use formal resolutions while others may just make an approval in the minutes. For public entities that use formal resolutions, we have attached a draft resolution that you may use or modify as your entity desires. We have sent this resolution to the various public attorneys, and you may wish to consult with them regarding the resolution.

Finally we have attached the following FAQ's to assist you in this process

## Frequently Asked Questions

- What does TAPNH do?
  - TAPNH has negotiated with the various Managed care organizations (MCO's) to assist and act as a fiscal agent to distribute the MPAP funds.
- What are the advantages is participation?
  - Several:
    - Expedite the return of IGT portion of the premium to the Governmental Entities, faster than the existing program. The Planned policy is several months faster.
    - Limit risk for a Governmental Entity to have a loss on their IGT funds, in case the MPAP is lower than the IGT. .
    - Recalculate the MPAP to be more similar to a UPL type payment, as well as remove uncertainty regarding actuarial and other projected data that are currently used in the program.
    - Base all payments on utilization.
- How does TAPNH handle the funds?
  - The funds are treated as a segregated and restricted governmental fund, with appropriate safeguards as required by governmental entities. The funds are collateralized in accordance with Texas law, with appropriate internal controls. All funds are under the control and direction of the Board.
- What is the cost of participation?
  - The cost is shared by all participating nursing facilities based on contracted Medicaid Beds. The estimated cost, for the MPAP facilities is about \$4 per bed per month. The estimated cost is about 1/3<sup>rd</sup> to 1/2 of 1% of the MPAP payments, and is limited by the Agreement to never be more than 1%.
- How does the Board operate?
  - The meetings are open to ALL members, as well as the various consultants, lawyers, accountants, etc. that are involved. The meetings have sought questions from all parties, and has involved the various participants and advisors in committee meetings developing the Exhibit B.
  - TAPNH operates with an understanding that all documents are open records.
- Does TAPNH create an increased risk of deferral?
  - Based on the experience of TAPNH's advisors, no. These types of arrangements have been used in other States, in other programs, and have never been the cause of a CMS disallowance. CMS deferrals primarily relate to the validity of the source of the IGT, as it must be public funds, and not be a private donation. TAPNH has no involvement in the source of IGT's. TAPNH



is working with the MCO's to transmit a letter to HHSC notifying them of the TAPNH program, asking for any objections to the TAPNH program.

- Will we have a gain or loss under TAPNH's program as compared to the MPAP program?
  - Initial forecasts, although accurate data has been an issue, seem to indicate gains from excess premium dollars is more likely than losses. A more in-depth answer is below.
  - The MPAP program's results are uncertain, while the TAPNH program is based on traditional UPL like principles. The TAPNH program provides that every provider will receive the same percentage of profit, just like the UPL and UCC programs. The MPAP program has many moving variables and it is basically a gamble on the forecasted data. The MPAP program uses several projections of utilization and actuarial projections in its calculations. TAPNH mitigates the risk of the impact of data errors/utilization changes in the actuarial forecast, as well as the risk of incorrect data elements used throughout the program. The initial HHSC actuarial forecast premiums in excess of historical MPAP by about \$100 million for the 18th month program. That amounts to an overage of more than 15%. The \$100 million amount assumed 100% utilization, and the utilization will be less than 100% (currently at about 85%). The supporting data used by HHSC is known to be understated. HHSC released a letter on September 30, 2015 that they are having data issues, and will have to compute proxy payments. The TAPNH program simply eliminates the risk for results determined by erroneous data, bad forecast, and actuarial projections to the historic principles of UPL type programs. While it seems like there should be gains from the excess premium dollars, due to the erroneous data, nobody can forecast an individual provider's results. All we can definitively provide is a more certain and timely payment based on actual results rather than results based on projections.
- Does this impact the contracts with our contracted providers?
  - TAPNH has no authority over the individual contracts you have with your contracted providers. TAPNH is attempting to provide payments consistent or UPL like payments, and this was designed to be similar to the expected benefits, but how this may impact other contracts is beyond the scope of TAPNH.
- Where will the money be paid?
  - Each individual provider's funds for this program will go to the governmental accounts that you designate to receive your provider payments. The account would most likely be the exact same account that you would use for your MPAP programs, as if TAPNH did not exist, and if not then you probably need

to verify the account with your advisors. TAPNH will not be responsible for the account you designate.

- Does this comply with our other agreements or note agreements?
  - TAPNH is paying the funds which are in lieu of the MCO's paying MPAP directly. TAPNH is taking the place of the MCO's in the payment process, under the agreement with the MCO's. From your standpoint TAPNH is like any other 3<sup>rd</sup> Party Payer. We cannot answer the question further, as we are not familiar with your other agreements or note agreements.
- What is the future of TAPNH
  - While TAPNH is only designed to handle the MPAP program, it does establish a working relationship with the MCO's for a coordinated voice on the new QIPP program. This may be the greatest benefit of this program, in the long run.

## INTERLOCAL COOPERATION AGREEMENT APPROVAL OF EXHIBIT B - TRANSMITTAL

\_\_\_\_\_ (“**Local Government**”) previously approved and executed an Interlocal Cooperation Agreement (“**Agreement**”) for the Texas Nursing Facility Minimum Payment Amount Program (“**MPA Program**”).

Under Section 2.8 of the Agreement, the Local Government must ratify documents in Exhibit B of the Agreement, when they are developed.

The Board of TAPNH after providing the due investigation, and seeking and receiving input from all interested parties, has agreed and accepted the attached documents, the Bylaws and the Financial Management Policies & Procedures to comprise the documents in Exhibit B.

This form is used to transmit your ratification / rejection of the Exhibit B.

\_\_\_\_\_ {Local Governmental} has considered the Exhibit B and elects to (Choose 1):

- \_\_\_\_\_ Ratify the Exhibit B documents, and continue our Membership and participation in TAPNH
- \_\_\_\_\_ Reject the Exhibit B Document, and terminate our membership in TAPNH.

\_\_\_\_\_ {Local Governmental}

By \_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

Date \_\_\_\_\_

Email to [cruiz@torchnet.org](mailto:cruiz@torchnet.org) or fax to Carrie Ruiz at 512-873-0046

# **Exhibit F**

**LOAN AND SECURITY AGREEMENT FOR  
(270 Day) -SHORT TERM COMMERCIAL REVENUE NOTE No. 7  
November 9, 2015 – August 4, 2016  
(Deposit Accounts)**

Effective as of November 9, 2015, 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 “Note”, 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:

<b>Nursing Home</b>	<b>Routing Number</b>	<b>Account Number</b>
Garrison Nursing Home and Rehabilitation Center, LLC	111900659	3296509528
Golden Villa Healthcare, LLC	111900659	3296509510
Highland Park	111900659	3296509544
Marshall Manor Nursing & Rehabilitation Center	111900659	3296509460
Marshall Manor West	111900659	3296581386
Rose Haven Retreat	111900659	3296581378
Spring Branch Transitional Care Center, LLC	111900659	8839887018
Clairmont Beaumont	111900659	3296509502
Hallettsville Rehabilitation and Nursing Center	111900659	3296509494
Monument Hill Rehabilitation and Nursing Center	111900659	3296509452
Oak Manor Nursing Center	111900659	3296473691
Oakland Manor Nursing Center	111900659	3296509437
The Woodlands Healthcare Center	111900659	8839887133
Sweep Account	111900659	3296617180

- (iii) To the extent allowed by the laws of the United States and the State of Texas, 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 Note, (270 Day) Short Term Commercial Note signed on November 9, 2015 by the Debtor with a term ending August 4, 2016, and all of the following present and future debt and obligations including:

- (a) any and all obligations of Debtor, whether absolute or contingent and howsoever and whensoever arising under the Note or any of them;
- (b) any and all obligations of Debtor evidenced by the Note and the any Related Documents (as defined in the Note, 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, because 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.
- (f) Debtor agrees that as part of this Security Agreement, Debtor will comply with the terms of its First Amended Transfer Procedures adopted by the Debtor's Board on August 6, 2015, including, but not limited, obtaining written consent of the Secured Party before changing the Procedures.

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 and take possession of such Debt and all accrued and unpaid interest from any accounts on which secured party has perfected a lien;
  - (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.

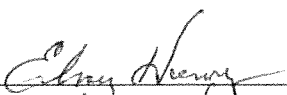
8.19. Provided no default or Event of Default is continuing, cash on deposit comprising the Collateral may be requested by Debtor to pay for customary operating expenses of the Project incurred by Debtor after the date the Evidence of Completion has been delivered to Lender. Such requests shall be accompanied 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.**

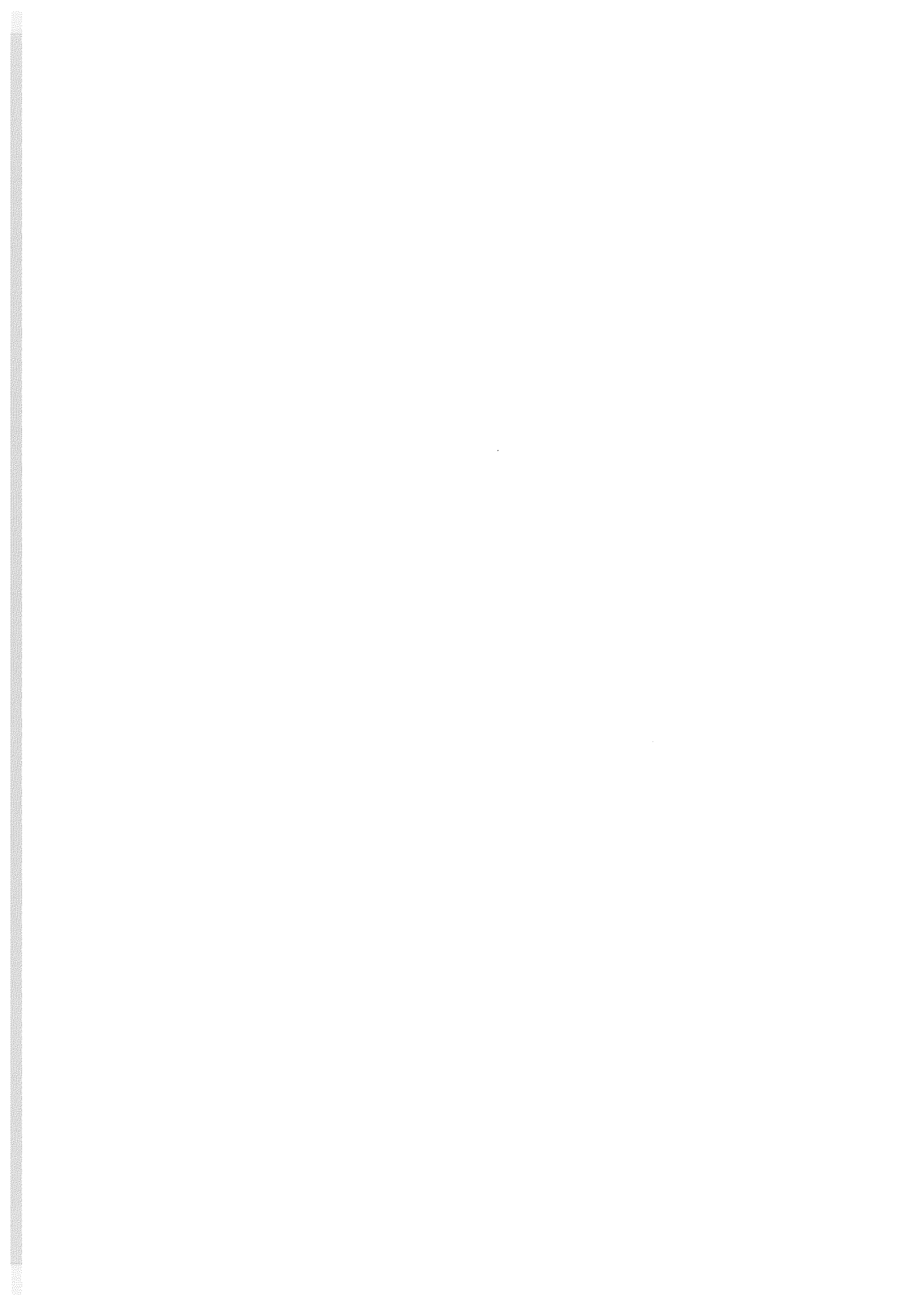
**DEBTOR:**

WINNIE-STOWELL HOSPITAL DISTRICT

By:   
Name: ELROY HENRY  
Title: CAO

**SECURED PARTY:**

NECHES CAPITAL, LLC  
By: \_\_\_\_\_  
Name: Alfred G. Allen, III  
Title: President





**Loan 7  
Blocked Account Control  
Agreement ("Shifting Control")**

AGREEMENT dated as of	November 9,	2015,	by and among	WINNIE-STOWELL HOSPITAL DISTRICT	(the "District"),
NECHES CAPITAL, LLC			(the "Lender")	and INTERBANK	(the "Depository").

The parties hereto refer to Account No.	1755271008	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, attached hereto as Exhibit A, 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 Texnet Account at Interbank in Graham, Texas, Account No. 1755271008, in the event the District defaults on the attached (270 days) Short Term Commercial Note No. 7 signed on November 9, 2015 by the District. (See Exhibit B)

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

For the purposes hereof, the "Effective Time" shall be the opening of business on the business day next succeeding the business day on which a notice purporting to be signed by Lender in substantially the same form as Exhibit C, 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.

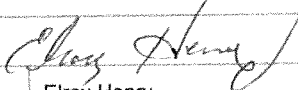
Notwithstanding the foregoing: (i) all transactions involving or resulting in a transaction involving the Account duly commenced by Depository or any affiliate prior to the Effective Time and so consummated or processed thereafter shall be deemed not to constitute a violation of this Agreement; and (ii) 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 C 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.

WINNIE-STOWELL HOSPITAL DISTRICT		NECHES CAPITAL, LLC	
By:		Date:	15 Nov 9
Name:	Elroy Henry	Name:	Alfred G. Allen, III
Title:	President	Title:	Manager
Address for Notices:	538 Broadway Winnie, Texas 77665	Address for Notices:	P.O. Box 930, 455 Elm Street, Suite 100 Graham, Texas 76540
Fax No.:	(409) 296-6326	Fax No.:	(940) 549-5691
Email Address:	elroyhenry@windstream.net	Email Address:	aga@turnerandallen.com
<b>INTERBANK</b>			
By:		Date:	
Name:	Harold Wilbanks		
Title:	Sr. Vice President		
<b>Address for other Notices:</b> InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____		<b>Address For Shifting Control and Termination Notices:</b> InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____	

# Exhibit A

# Exhibit B

## Exhibit C

### SHIFTING CONTROL NOTICE

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

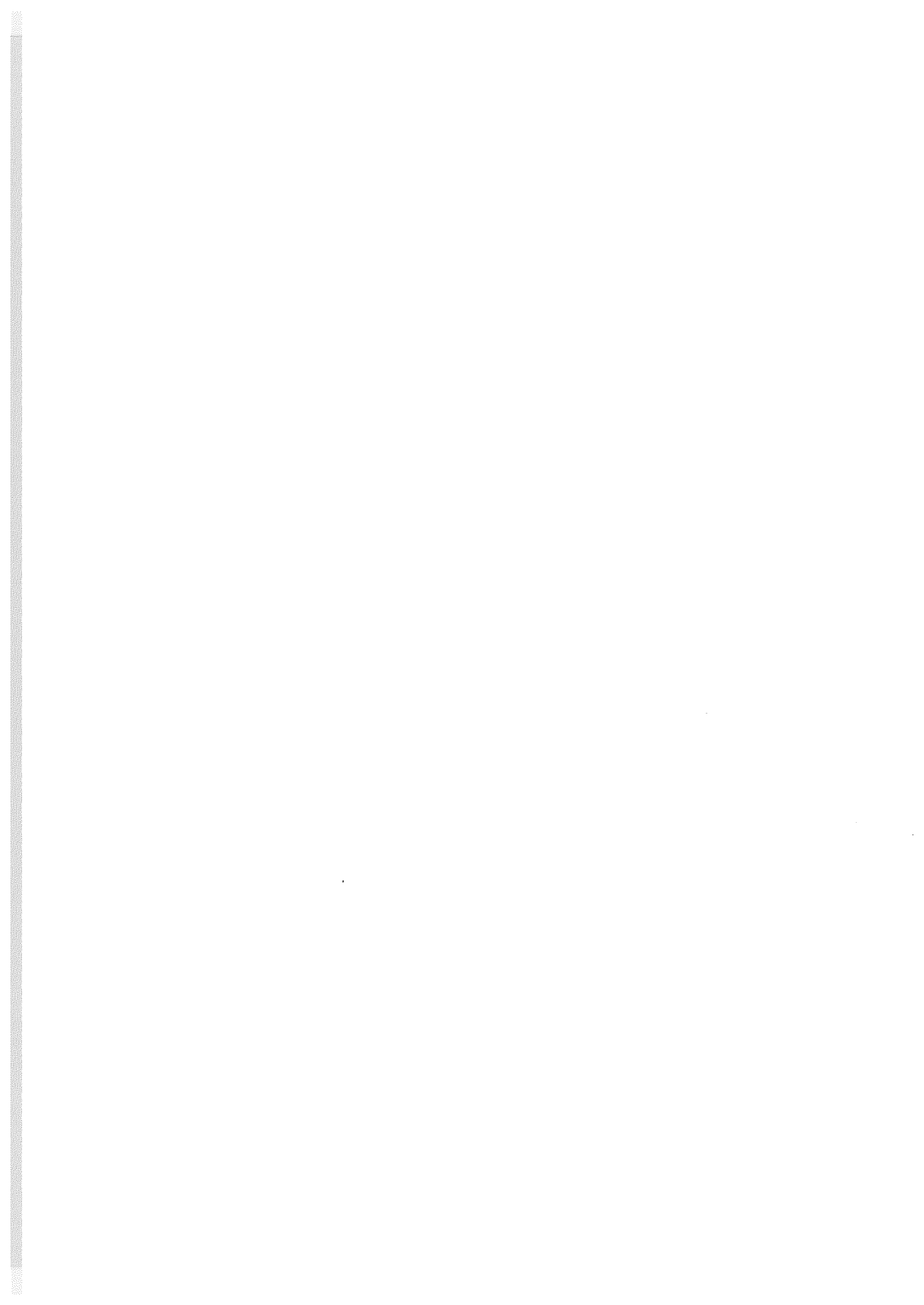
Re: Blocked Account Control Agreement dated as of November 9 2015, (the "Agreement") by and among  
Winnie-Stowell Hospital District ("Debtor"), NECHES Capital, LLC ("Secured Party") and InterBank  
relating to Account(s) 1755271008

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Ladies and Gentlemen:

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

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



**Loan 7**  
**(270 Day) Short Term Promissory Note**  
November 9, 2015 – August 4, 2016

**BORROWER INFORMATION**

Winnie-Stowell Hospital District  
538 Broadway  
Winnie, Texas 77665

**NOTE.** This Commercial Promissory Note dated November 9, 2015, will be referred to in this document as the "Note."

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

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

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

**PROMISE TO PAY.** For value received, receipt of which is hereby acknowledged, on August 4, 2016, (the Maturity Date), the Borrower promises to pay the principal amount of three million six hundred and ten thousand dollars and 00/100 Dollars (\$3,610,000.00) and all interest on the outstanding principal balance and all other charges provided for in this Note, including service charges, to the order of Lender at its office at the address noted above or at such other place as Lender may designate in writing. The Borrower will make all payments in lawful money of the United States of America.

**PAYMENT SCHEDULE.** This Note will be paid according to the following schedule: Unpaid interest accrued on the unpaid principal balance of this Note shall be due and payable on November 30, 2015, and on the last day of each month thereafter until the Maturity Date, and on the Maturity Date, the entire balance of unpaid principal and accrued interest shall be finally due and payable, without notice or demand. All payments received by the Lender for application on this Note may be applied to the Borrower's obligations under this Note in such order and manner as Lender shall determine in its sole discretion.

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

overpaid amount may, at Lender's or any subsequent owner's or holder's discretion, be applied as a partial prepayment of principal or refunded to Borrower.

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

**SECURITY.** This Note is secured by a security agreement dated November 9, 2015, between the Borrower, as debtor, and the Lender, as secured party, covering deposit accounts.

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

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

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

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

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

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



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

**ASSIGNABILITY.** Lender may assign, pledge or otherwise transfer this Note or any of its rights and powers under this Note without notice, with all or any of the obligations owing to Lender by Borrower, and in such event the assignee shall have the same rights as if originally named herein in place of Lender. Borrower may not assign this Note or any benefit accruing to it hereunder or delegate any of its obligations hereunder without the express written consent of the Lender.

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

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

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

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

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

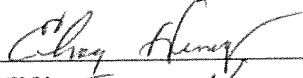
This Note and the Related Documents constitute the complete and final expression of the parties' loan agreement and may not be amended or modified by oral agreement.

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

[SIGNATURE PAGE TO FOLLOW]

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

Borrower: Winnie-Stowell Hospital District

By:   
Name: EROY HENRY  
Title: CHAIR