

# **Exhibit “A”**

**BUSINESS ASSOCIATE AGREEMENT  
WINNIE-STOWELL HOSPITAL DISTRICT AND WINNIE-STOWELL VOLUNTEER EMS**

This Business Associate Agreement (“BA Agreement”), effective April 19, 2017 (the “Effective Date”), is entered into by and between Winnie-Stowell EMS (“Business Associate”) and Winnie-Stowell Hospital District as agent for and on behalf of its affiliates which are covered entities (collectively, “Covered Entity”).

**RECITALS**

A. Business Associate and Covered Entity are engaged in a business relationship whereby Covered Entity obtains from Business Associate, and Business Associate provides to Covered Entity, certain healthcare services, namely emergency medical services to the Covered Entity’s indigent client’s (“Business Relationship”);

B. As part of this Business Relationship, Business Associate performs or assists in performing a function or activity on behalf of Covered Entity that involves the use and/or disclosure of Protected Health Information (as defined in 45 C.F.R. 160.103).

C. The parties desire to enter into this BA Agreement regarding the use and/or disclosure of Protected Health Information as required by the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Standards for Privacy of Individually Identifiable Health Information (the “Privacy Rule”) and the Standards for Security of Electronic Protected Health Information (the “Security Rule”) promulgated thereunder, and the Health Information Technology for Economic and Clinical Health Act (Division A, Title XIII and Division B, Title IV, of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) (the “HITECH Act”), and the regulations implementing the HITECH Act.

NOW, THEREFORE, for and in consideration of the representations, warranties and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**AGREEMENT**

1. Terms Used. Terms used but not otherwise defined in this BA Agreement shall have the same meaning given to such terms in HIPAA, the HITECH Act, or any implementing regulations promulgated thereunder, including but not limited to the Privacy Rule and the Security Rule. For the avoidance of doubt, the term Protected Health Information shall include Electronic Protected Health Information.

2. Permitted Uses and Disclosures of Protected Health Information. Except as otherwise limited in the Business Relationship or this BA Agreement, Business Associate may use and/or disclose Protected Health Information to perform the functions, activities, or services for or on behalf of Covered Entity as specified in the Business Relationship provided that such use and/or disclosure (a) would not violate the Privacy Rule or Security Rule if done by Covered Entity, (b) is reasonably limited to the minimum

necessary information to accomplish the intended purpose of the use or disclosure, (c) is in compliance with each applicable requirement of 45 C.F.R. § 164.504(e), and (d) is in compliance with the HITECH Act and its implementing regulations. All other uses and/or disclosures not authorized by the Business Relationship or this BA Agreement are prohibited.

3. Responsibilities of Business Associate with Respect to Protected Health Information. With regard to the use and/or disclosure of Protected Health Information, Business Associate hereby agrees:

a. not to use and/or disclose Protected Health Information other than as permitted or required by the Business Relationship or this BA Agreement or as Required By Law;

b. to use appropriate safeguards to prevent the use and/or disclosure of Protected Health Information other than as provided for by the Business Relationship or this BA Agreement;

c. to comply with the Security Rule provisions set forth in 45 C.F.R. Part 164, Subpart C, including provisions relating to Security Standards General Rules (45 C.F.R. § 164.306), Administrative Safeguards (45 C.F.R. § 164.308), Physical Safeguards (45 C.F.R. § 164.310), Technical Safeguards (45 C.F.R. § 164.312), Organizational Requirements (45 C.F.R. § 164.314) and Policies and Documentation (45 C.F.R. § 164.316), and to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information which Business Associate creates, receives, maintains, or transmits on behalf of Covered Entity;

d. to report to Covered Entity any Security Incident or potential Breach of Unsecured Protected Health Information of which it becomes aware, in the following times and manners:

(1) any actual, successful Security Incident shall be reported to Covered Entity in writing within two (2) business days of Business Associate's discovery of such actual, successful Security Incident;

(2) any attempted, unsuccessful Security Incident of which Business Associate becomes aware shall be reported to Covered Entity in writing, on a reasonable basis at the written request of Covered Entity but in no event more often than on a quarterly basis; and

(3) any potential Breach of Unsecured Protected Health Information shall be reported to Covered Entity in writing within two (2) business days of Business Associate's discovery of such potential Breach of Unsecured Protected Health Information,

and (in any case) any such report shall include the identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed by Business

Associate to have been, accessed, acquired, used or disclosed during any such Security Incident or potential Breach, together with such other information regarding the Security Incident or potential Breach as is known to Business Associate at the time such report is made (such as the type of Protected Health Information involved in the event, the nature of the information accessed, acquired or disclosed, etc.) or promptly thereafter as such other information becomes available;

e. to notify Covered Entity in writing within two (2) business days of any use and/or disclosure of Protected Health Information that is not provided for by the Business Relationship or this BA Agreement;

f. to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this BA Agreement or by its subcontractor or agent in violation of the agreement described in Section 3.h., or as the result of any Security Incident or potential Breach, using mitigation actions that are disclosed to Covered Entity in advance and authorized by Covered Entity, all at the sole cost and expense of Business Associate;

g. to work cooperatively with Covered Entity in connection with Covered Entity's investigation of any potential Breach and in connection with any notices Covered Entity determines are required as a result, and to refrain from giving any notice itself unless Covered Entity expressly agrees in advance and in writing to Business Associate giving notice and to the form, content and method of delivery of such notice, all at the sole cost and expense of Business Associate;

h. to ensure that all subcontractors and agents that create, receive, maintain or transmit Protected Health Information on behalf of Business Associate agree in writing to substantially the same restrictions and conditions that apply to Business Associate with respect to such Protected Health Information;

i. to provide access (at the request of, and in the time and manner reasonably designated by, Covered Entity) to Protected Health Information in a Designated Record Set to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. § 164.524 (this provision shall be applicable only if Business Associate has Protected Health Information in a Designated Record Set) and to notify Covered Entity of any requests for access it receives from an Individual within two (2) business days of receipt;

j. to make any amendment(s) (at the request of, and in the time and manner reasonably designated by, Covered Entity) to Protected Health Information in a Designated Record Set that Covered Entity directs pursuant to 45 C.F.R. § 164.526 (this provision shall be applicable only if Business Associate has Protected Health Information in a Designated Record Set) and to notify Covered Entity of any amendment requests it receives from an Individual within two (2) business days of receipt;

k. to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528;

l. to provide to Covered Entity, in a time and manner reasonably designated by Covered Entity, information collected in accordance with Section 3.k. of this BA Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 (and HITECH Act § 13405(c) when such requirements are effective as to Covered Entity);

m. to the extent Business Associate is to carry out an obligation of Covered Entity under the Privacy Rule provisions set forth at 45 C.F.R. Part 164, Subpart E (any such obligation to be carried out only when so directed by Covered Entity pursuant to the Business Relationship or this BA Agreement), to comply with the requirements of the Privacy Rule that apply to Covered Entity in the performance of such obligation;

n. to make its internal practices, books, and records relating to the use and/or disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to Covered Entity, or at the request of Covered Entity, to the Secretary of the Department of Health and Human Services or his/her designee, in a time and manner designated by Covered Entity or the Secretary, for purposes of determining Covered Entity's and/or Business Associate's compliance with the Privacy Rule and/or Security Rule; and

o. if Business Associate knows of a pattern of activity or practice by its subcontractor or agent that constitutes a material breach or violation of Business Associate's obligations under this BA Agreement or of the agreement described in Section 3.h. of this BA Agreement, (i) to give written notice of such pattern or practice to Covered Entity within two (2) business days of its discovery; (ii) to take reasonable steps to cure the breach or end the violation; and (iii) if Business Associate determines that such steps appear to have been unsuccessful, to promptly terminate the subcontractor's or agent's creation, receipt, maintenance, or transmittal of Protected Health Information on behalf of Business Associate and to give Covered Entity written notice of such determination and termination.

4. Responsibilities of Covered Entity with Respect to Protected Health Information.  
If deemed applicable by Covered Entity, Covered Entity shall:

a. provide Business Associate with the notice of privacy practices that Covered Entity produces in accordance with 45 C.F.R. 164.520 as well as any changes to such notice;

b. notify Business Associate in writing of any change in, or revocation of, permission by Individual to the use and/or disclosure of Protected Health Information, if

such changes affect Business Associate's permitted or required uses and/or disclosures; and

c. notify Business Associate in writing of any restriction to the use and/or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. 164.522.

5. Specific Use and Disclosure by Business Associate. Except as otherwise limited in the Business Relationship and this BA Agreement, Business Associate may:

a. use Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate;

b. disclose Protected Health Information for the proper management and administration of Business Associate, provided that the disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom Protected Health Information is disclosed that it will remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of Protected Health Information has been breached; and

c. use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 42 C.F.R. 164.504(e)(2)(i)(B).

6. Term and Termination.

a. Term. The Term of this BA Agreement shall be effective as of the Effective Date and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such Protected Health Information, in accordance with Section 6.c. below.

b. Termination for Cause. Covered Entity may immediately terminate the Business Relationship and/or this BA Agreement if Covered Entity determines that Business Associate has breached a material term of this BA Agreement.

c. Effect of Termination.

(1) Except as provided in paragraph (2) of this Section 6.c., upon termination of the Business Relationship and/or this BA Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This Section 6.c.(1) shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(2) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide in writing to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual written agreement of the Parties that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this BA Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

7. Indemnification. To the extent allowed by law, Business Associate agrees to indemnify and hold harmless Covered Entity and its affiliates and their respective current and former officers, directors, members, employees and agents (collectively, “Indemnitees”), from and against any liability, claim, action, loss, cost, damage or expense (including reasonable fees of attorneys and experts) incurred or suffered by Indemnitees, to the extent that such liability, claim, action, loss, cost, damage, expense or fee is attributable to or incurred as a result of an unauthorized use or disclosure of Protected Health Information by Business Associate or its subcontractor or agent; an acquisition, access, use, or disclosure, by Business Associate or its subcontractor or agent, that constitutes a Breach or Security Incident; any breach of this BA Agreement by Business Associate; or any breach of the agreement described in Section 3.h. of this BA Agreement by Business Associate’s subcontractor or agent.

8. Miscellaneous.

a. Application and Incorporation. As of the Effective Date, this BA Agreement supersedes any preexisting business associate agreement between the parties and automatically amends any preexisting contract or relationship — written or unwritten, formal or informal — between Business Associate and Covered Entity, and this BA Agreement does and will apply to, and be deemed incorporated into, all present and future contracts and relationships — written or unwritten, formal or informal — between Business Associate (including its officers, directors, employees, independent contractors, and agents) and Covered Entity regardless of any specific reference to this BA Agreement or lack thereof.

b. Amendment. The Parties agree to take such action as is necessary to amend this BA Agreement from time to time as is necessary for Covered Entity and Business Associate to comply with the requirements of the Privacy Rule, the Security Rule, HIPAA, the HITECH Act and its implementing regulations. Notwithstanding the forgoing, if Covered Entity and Business Associate have not amended this BA Agreement to address a law or final regulation that becomes effective after the Effective Date and that is applicable to this BA Agreement, then upon the effective date of such law or regulation (or any portion thereof) this BA Agreement shall be amended automatically and deemed to incorporate such new or revised provisions as are necessary for this BA Agreement to be consistent with such law or regulation and for Covered Entity and Business Associate to be and remain in compliance with all applicable laws and regulations. Except as provided in this Section 8.b., no amendment to this BA

Agreement shall be effective unless it is in writing and signed on behalf of Covered Entity and Business Associate.

c. Survival. The respective rights and obligations of Business Associate under Section 6.c. of this BA Agreement shall survive the termination of the Business Relationship and/or this BA Agreement. Sections 7 and 8 shall also survive the termination of the Business Relationship and/or this BA Agreement.

d. Regulatory and Statutory References. Any reference in this BA Agreement to a section of HIPAA, the Privacy Rule, the Security Rule, the HITECH Act, or any other regulations implementing HIPAA or the HITECH Act, shall mean such regulation or statute as in effect at the time of execution of this BA Agreement or, if and to the extent applicable, as subsequently updated, amended or revised.

e. Interpretation. Any conflict, inconsistency or ambiguity in or between this BA Agreement and HIPAA or the HITECH Act shall be resolved in favor of a meaning that permits Covered Entity to comply with HIPAA and the HITECH Act and any implementing regulations promulgated thereunder, including but not limited to the Privacy Rule and the Security Rule. Any conflict, inconsistency or ambiguity between this BA Agreement and any other contract between Business Associate and Covered Entity shall be resolved in favor of this BA Agreement.

f. No Third Party Beneficiary. Nothing in this BA Agreement is intended, nor shall be deemed, to confer any benefits on any third party.

g. Notices. Notwithstanding anything to the contrary in any document describing the Business Relationship, notices under this BA Agreement shall be sufficient only if in writing and personally delivered, delivered by a major commercial rapid delivery courier service, or mailed by certified or registered mail, postage prepaid and return receipt requested, to a party at the address set forth below or as amended by notice pursuant to this subsection.

**If to Covered Entity:**

Winnie Stowell Hospital District  
Attn: Mrs. Sherrie Norris  
P. O. Box 1997  
Winnie, Texas 77665  
e-mail: Sherrie@wshd-tx.com

**If to Business Associate:**

Winnie Stowell Volunteer EMS  
Attn: Mr. Jerry Hamilton  
538 Broadway  
Winnie, Texas 77665  
e-mail: jhamiltonwsems@aol.com



h. Effect of BA Agreement. Except as amended by this BA Agreement, the terms and provisions of the Business Relationship shall remain in full force and effect.

i. Assignment. This BA Agreement may not be transferred or assigned by either party without the prior written consent of the other party, except that Covered Entity may assign this BA Agreement to a parent, subsidiary, or affiliate or to a successor by merger or consolidation without notice to or consent of Business Associate. Any assignment in violation of this provision is void and without effect. In the case of any permitted assignment or transfer of or under this BA Agreement, this BA Agreement or the relevant provisions shall be binding upon, and inure to the benefit of, the successors and permitted assigns of the parties hereto.

**BUSINESS ASSOCIATE:**

**WINNIE STOWELL VOLUNTEER EMS**

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

Title: \_\_\_\_\_

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

**COVERED ENTITY:**

**WINNIE-STOWELL HOSPITAL DISTRICT**

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

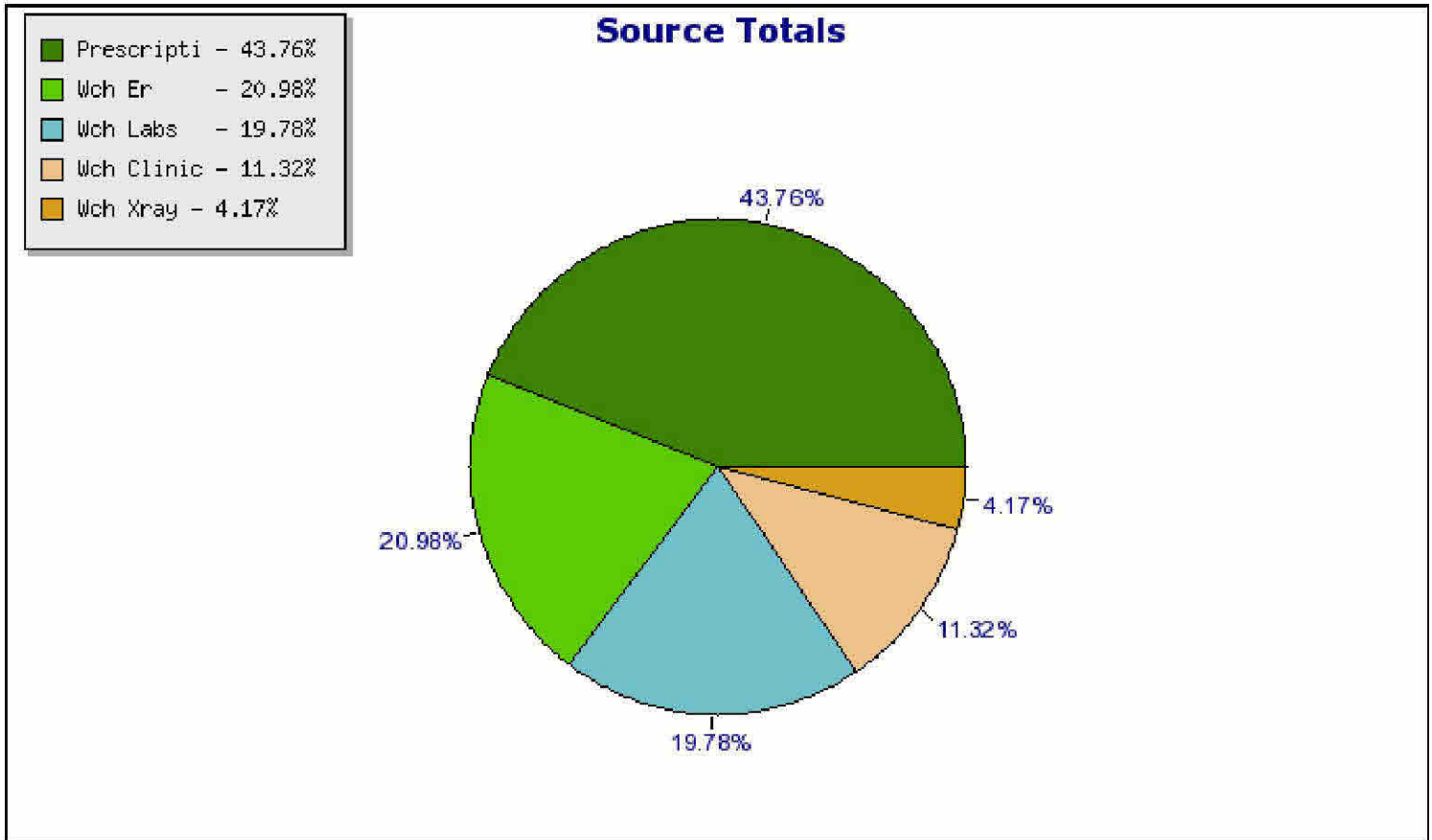
Title: President

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

# Exhibit “B”

**Source Totals for Batch Dates 04/01/2017 through 04/30/2017**

Prescription Drugs	43.76%	\$8,035.04
Wch Er	20.98%	\$3,851.95
Wch Labs	19.78%	\$3,631.78
Wch Clinic	11.32%	\$2,078.29
Wch Xray	4.17%	\$766.29
<b>Total Expenditures</b>		<b>\$18,363.35</b>



**Entry Statistics for Entry Dates 04/01/2017 through 04/30/2017**

Clients Entered	3
Rapid Reg. Entered	2
Vendors Entered	0
Worksheets Entered	8
Invoices Entered	65

**Void Statistics for Void Dates 04/01/2017 through 04/30/2017**

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Clients Voided	0
Vendors Voided	0
Rapid Reg. Voided	0
Invoices Voided	0

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**Active Clients by Program for Eligibility Dates 04/01/2017 through 04/30/2017**

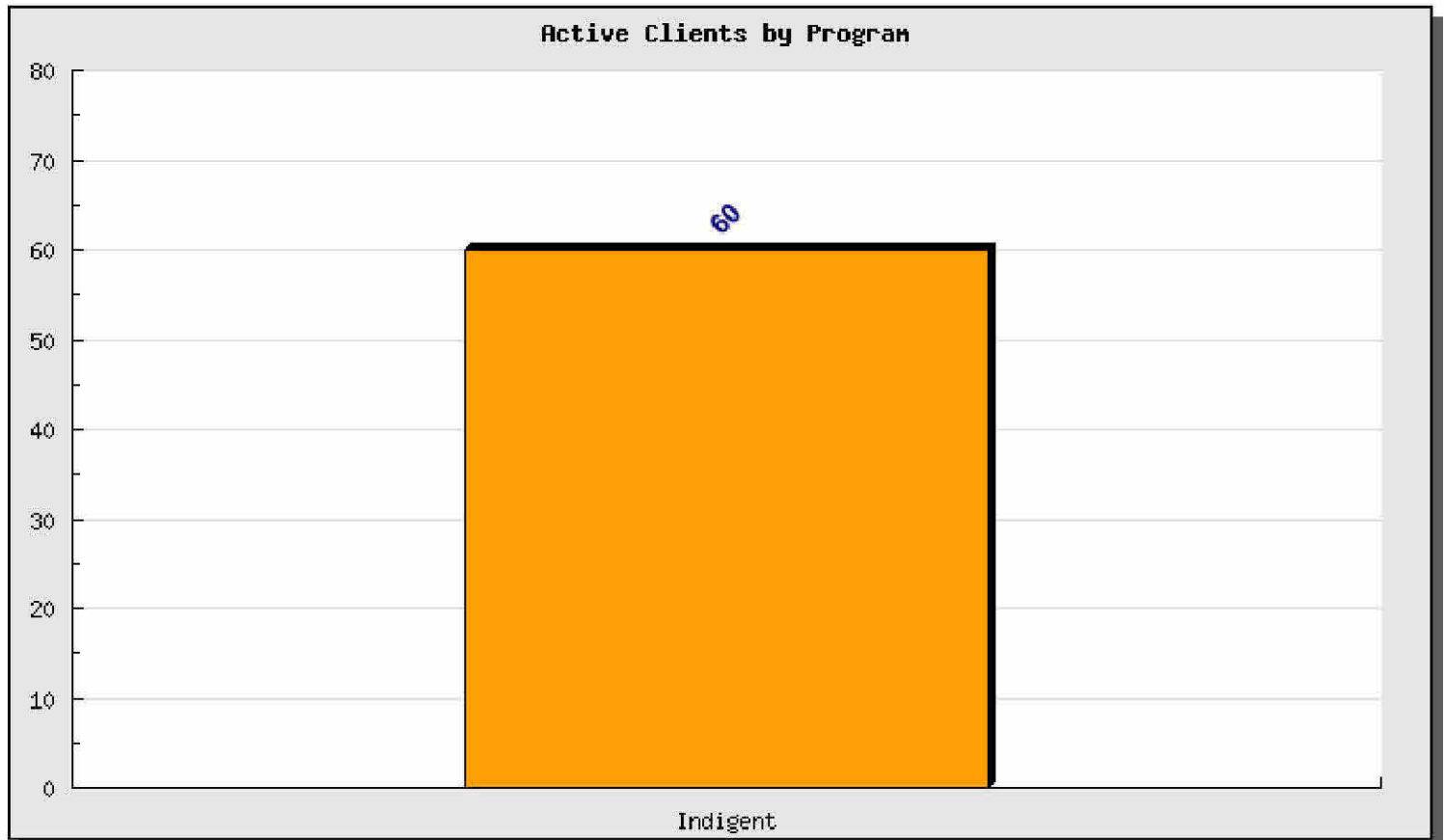
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Indigent	60
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<b>Total Clients By Program</b>	<b>60</b>
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**Appointments Scheduled by Type for Appointment Dates 04/01/2017 through 04/30/2017**

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New Appointment	0
Renewal	8

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<b>Total Appointments Scheduled</b>	<b>8</b>
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**Source Totals Report**Winnie Stowel Hospital District Indigent Healthcare  
ServicesBatch Dates 04/30/2017 through 04/30/2017  
For Vendor: WINNIE COMMUNITY HOSPITAL

Source	Description	Amount Billed	Amount Paid
21	Wch Clinic	5,069.00	2,078.29
24	Wch Er	9,395.00	3,851.95
27	Wch Labs	8,858.00	3,631.78
28	Wch Xray	1,869.00	766.29
<b>Expenditures</b>		25,191.00	10,328.31
<b>Reimb/Adjustments</b>		0.00	0.00
<b>Grand Total</b>		<b>25,191.00</b>	<b>10,328.31</b>

**Source Totals Report Detail**

Invoice #	Source	DOS	Amount Billed	Amount Paid
036-2856*63057*6	21	04/05/2017	213.00	87.33
036-3426*63057*18	21	04/04/2017	323.00	132.43
036-3432*63057*9	21	04/15/2017	526.00	215.66
1031*63057*3	21	04/03/2017	213.00	87.33
1043*63057*3	21	04/10/2017	143.00	58.63
1044*63057*2	21	04/18/2017	143.00	58.63
036-3067*63057*2	21	04/06/2017	143.00	58.63
036-3067*63057*2	21	04/17/2017	208.00	85.28
1051*63057*1	21	04/17/2017	323.00	132.43
1051*63057*1	21	04/18/2017	213.00	87.33
1047*63057*2	21	04/05/2017	213.00	87.33
1047*63057*2	21	04/20/2017	213.00	87.33
1047*63057*2	21	04/28/2017	444.00	182.04
1045*63057*2	21	04/10/2017	213.00	87.33
036-2821*63057*2	21	04/04/2017	216.00	88.56
1030*63057*8	21	04/06/2017	213.00	87.33
036-2749*63057*16	21	04/06/2017	213.00	87.33
036-2749*63057*16	21	04/20/2017	250.00	102.50
036-3213*63057*7	21	04/17/2017	290.00	118.90
036-3217*63057*13	21	04/26/2017	213.00	87.33
036-2929*63057*4	21	04/06/2017	143.00	58.63
<b>16 invoices, 21 line items</b>			<b>5,069.00</b>	<b>2,078.29</b>
1045*63057*2	24	04/13/2017	949.00	389.09
036-2749*63057*16	24	04/15/2017	1,010.00	414.10
036-2811*63057*10	24	04/14/2017	1,127.00	462.07
1046*63057*2	24	04/19/2017	1,984.00	813.44
036-3213*63057*7	24	04/15/2017	1,769.00	725.29
036-3217*63057*13	24	04/20/2017	2,556.00	1,047.96
<b>6 invoices, 6 line items</b>			<b>9,395.00</b>	<b>3,851.95</b>
1051*63057*1	27	04/18/2017	954.00	391.14
1047*63057*2	27	04/20/2017	536.00	219.76
036-2821*63057*2	27	04/04/2017	1,468.00	601.88

036-2749*63057*16	27	04/10/2017	931.00	381.71
036-2749*63057*16	27	04/26/2017	138.00	56.58
1042*63057*3	27	03/14/2017	2,928.00	1,200.48
036-2929*63057*4	27	04/03/2017	1,465.00	600.65
036-2929*63057*4	27	04/06/2017	438.00	179.58

**6 invoices, 8 line items**

**8,858.00 3,631.78**

1030*63057*8	28	04/06/2017	492.00	201.72
036-2749*63057*16	28	04/06/2017	1,377.00	564.57

**2 invoices, 2 line items**

**1,869.00 766.29**

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**Grand Totals**

**25,191.00 10,328.31**

**19 invoices listed.**

**37 line items listed.**

# Exhibit “C”

**From:** [Hubert Oxford IV](#)  
**To:** ["murrelledward@yahoo.com"](mailto:murrelledward@yahoo.com); ["rollojer@yahoo.com"](mailto:rollojer@yahoo.com); ["espinosa307@yahoo.com"](mailto:espinosa307@yahoo.com); ["sburgess102745@gmail.com"](mailto:sburgess102745@gmail.com); ["anthony@stramecki.com"](mailto:anthony@stramecki.com); [David Sticker \(davidbsticker@gmail.com\)](mailto:David Sticker (davidbsticker@gmail.com)); ["sherrie@wshd-tx.com"](mailto:sherrie@wshd-tx.com); [Yani Jimenez <yjimenez@wshd-tx.com>](mailto:Yani Jimenez <yjimenez@wshd-tx.com>) ([yjimenez@wshd-tx.com](mailto:yjimenez@wshd-tx.com))  
**Subject:** Loan Package for QIPP 1  
**Date:** Tuesday, May 23, 2017 9:47:00 AM  
**Attachments:** [Item 13 Loan 10 - Wells Fargo DACA Agreement Final.pdf](#)  
[Item 13 Loan 10 - Interbank DACA Agreement Final.pdf](#)  
[Item 13 Loan 10 - Promissory Note Final.pdf](#)  
[Item 13 Loan 10 - Security Agreement for Promissory Note Final.pdf](#)  
[Winnie Stowell Double Lock Box Memo\(103321697 8\).docx](#)  
[Salt Creek Capital Interest Calculator.xlsx](#)  
[2017 QIPP 1 and 2 and MPAP 3 Budget Forecast \(Accured\).xlsx](#)

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All,

I wanted to write and attempt to give you a big picture of all the activity regarding QIPP, MPAP 3, Loans, etc. over the last couple months. I have been working with Anthony and Edward to try to make sure they were aware of all the issues discussed in this e-mail. It is my hope that this will provide you with some comfort that more than just Hubert understands all of this.

First and foremost, at tomorrow's meeting we are going to be asking you to approve funding for QIPP 1 IGT that is due on May 25, 2017. In order to do this, we wanted to make sure you had an understanding of the issues. Of course we can discuss tomorrow but I wanted to get all this out there now.

### **QIPP Program Surprises:**

As it relates to the QIPP Program itself, we recently learned that the State's interpretation of the IGT repayment schedule is different than what we were told it was going to be. Instead of receiving the full IGT back during months 5, 6, 7, 8, 9, and 10 (i.e., 6 months) plus the extra 10% IGT, we are being asked by the State to make an IGT of 110 and then receive 90.78% back starting on month 5 and this amount escalates through month 10. However, even at month 10, we are still short \$200,000.00, which is paid out of over twenty months but is more weighted toward months 11 and 15.

Because of and in addition to this change of repayment schedule for IGT funds, there are a couple of other issues to mention:

1. We will need to work with Managers to change the payment schedule for the Quarterly Achievement payments because they were based on the assumption that we were receiving the 10% extra IGT on the front end. Now that we are receiving these funds on the back end, we need to recoup our IGT payment from the initially Quarterly Achievement and then make up these funds as the IGTs are paid out over 20 months. That is, our partners should have to share in this burden and get paid when we get paid.
2. Given the participation levels from Public Homes and Private Homes, who share in the Achievement payments even though they are not making IGTs the amount of funds available to all the District's has gone down.
3. Therefore, it is critical that we reduce our interests costs and hold off on any agreements with LTC Group until we get a better picture of our different bottom line



scenarios. As proposed, if we paid LTC Group for QIPP what they are requesting to be paid and we pay high interest rates, our net return is \$253,518.50 assuming a 66% achievement rate. Meanwhile, our interest costs would be \$504,147.52 and LTC Group costs, as proposed is \$649,800.00. We have been raising this issue with LTC and have made it very clear that we cannot recommend committing to anything until we get a better picture of all the different variables.

### **Loans with Salt Creek Capital, LLC:**

Neches Capital is now Salt Creek Capital, LLC and unfortunately since the District is being asked to make an IGT for QIPP one on May 25, 2017, we are not in position to utilize Post Oak Bank in time to make this IGT. Therefore, we have no other choice but to use Salt Creek Capital for this one loan. The amount of the loan is going to be \$4,557,788.00. At the end of the Promissory Note is a loan repayment schedule to be \$4,557,788.00 to be paid in full on March 25, 2018, or in ten (10) months.

See the attached loan documents that we are asking you to approve at tomorrow night's meeting. It is based on an interest only payment schedule. I found a free calculator online and have attached it to this e-mail for you to review.

Otherwise, the highlights for this loan are:

#### Pros:

1. Even though the District is making an IGT on May 25, 2017, the District is not receiving any IGT return until October 2017. All we are being asked to pay in the interim is interest.
2. On month 5, once IGT payments are made to the District, the payment we make will be paid directly to Lenders so that we will be reducing the principles and total interest owed.

#### Cons:

1. They are requiring us to set aside interest for the note in our Graham account up front (May 24, 2017) and then we can transfer interest from our Interbank account to their account at Interbank as it is due throughout the note. The amount we will need to transfer on the 24<sup>th</sup> is \$504,147.54.
2. The interpretation of the IGT repayment schedule is now different than what we were told. Regardless, the bottom line is that once we receive the funds starting in October 2017, the amount of the funds we will receive will be less than the amount we owe as the amount we owe is based on receipt of equal payments as we initially thought. I tried to get Rusty to agree to let us repay all that we have received so that we would not have to dip into our reserves but it created too many complications with his investors.

**Status of Post Oak Bank Loans:** Despite working tirelessly to avoid using Salt Creek Capital, formerly Neches Capital, and being able to use a traditional bank, Post Oak Bank, we simply have run out of time for this first loan. The reasons being:

1. We need to approve the 2014 and 2015 Audit but we don't have a final copy yet. We are expecting drafts today.
2. In addition, we just received the final draft of the Legal Opinion that will allow us to utilize funds already accumulated and funds expected to be received as collateral for Post Oak Bank to issue loans in the future. I have attached a copy of this final version for you to review.
3. Lastly, Post Oak Bank, for the initial loans, would like for the District to put up some collateral before issuing some loans. Once the Bank sees how the programs work, we will not have to do this. In order to put up this collateral, we need the settlement funds from the State of Texas but are still a week or two out from receiving them.

Regardless all three of these issues should be resolved in the next couple of weeks and then we should be in good shape to go with Post Oak Bank. Moving forward, the cost of this same loan will be around \$82,000.00. I am hoping to be able to demonstrate all of this to you tomorrow!

### **MPAP 3:**

Lastly, as it relates to MPAP 3, there is still lots in the air and that should be clarified in the next two weeks. As it currently is modeled, we anticipate a request for an IGT in early June but we still don't know if and when we are requested to make the IGT if the Plan will be approved. If the plan has not been approved by CMS, there is no guarantees on when and if the MPAP return will be made. If the plan is approved and the payments start flowing in July, we are prepared to work with Post Oak Bank to fund the loan. The cost of this loan would be \$23,500.00 as opposed to \$500,000.00.

It has taken me three months to get all this straight in my mind and we know that there will be lots of questions. For now, we need to get the IGT made and then we can meet as frequently as you would like to make sure you understand the program details and all the variables we are dealing with. Regardless, please call me anytime and I will be happy to answer questions.

### **District Budget:**

At this meeting, we will need to amend our budget to account for the anticipated activity resulting from QIPP 1 and 2 and MPAP. Attached is a spreadsheet showing the cash flow for these three IGTs using Salt Creek Capital for the first QIPP loan and then using Post Oak Bank for the QIPP 2 and MPAP 3.

**\*\*PLEASE NOTE:** The spreadsheet for the three IGTS assumes:

1. The numbers used assume MPAP 3 will be initiated and completed in 2017.
2. For budgeting purposes only, I assume LTC is going to be paid what they are requesting and assigned these payments to the months accrued. In saying this, I am not recommending we agree to this but just putting it in the spreadsheet so that David can use it for budget purposes.

3. Lastly, I assume when the first Achievement payments are made in month 4, we split the payment with the Managers and receive 100% of the balance of the 110% IGT over 20 months. In reality, I don't recommend this but again, this is for budgeting only.

Sincerely,

Hubert Oxford, IV  
Benckenstein & Oxford, L.L.P.  
3535 Calder Avenue, Suite 300  
Beaumont, Texas 77706  
(409) 951-4721 Direct  
(409) 351-0000 Cell  
(409) 833-8819 Fax

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# Exhibit “D”

<b>Winnie-Stowell Hospital District</b>			
<b>Executive Summary of Nursing Home Monthly Site Visits</b>			
<b>April 2017</b>			
<b>Facility</b>	<b>Operator</b>	<b># of Lic. Beds</b>	<b>Comments</b>
<b>Marshall Manor (MM)</b>	Caring Healthcare	179	Census: 110, Down 6. The facility had their annual survey on June 9 <sup>th</sup> , 2016, they are in the early stages of preparing for their 2017 annual survey. The facility has had their plan of correction accepted by the state. No reportable incidents since the last visit. The new A wing has been completed at the facility and turned out wonderfully, construction is continuing as scheduled.
<b>Highland Park Care Center (HPCC)</b>	Carling Healthcare	64	Census: 43, No change. The facility had its annual survey, they did not receive any F-tags but did receive a couple life-safety tags, they are working on sending a plan of correction to the state for review. The new dietary manager has started, an update will be provided next month on their performance. There were two reportable incidents since the last visit, both were substantiated but neither led to a citation for the facility.
<b>Marshall Manor West (MMW)</b>	Caring Healthcare	118	Census: 74, Up 2. Facility had their annual survey in February, they received three minor tags, a plan of correction is being sent to the state for review. No reportable incidents since the last visit. The new activities director has been a hit with the residents thus far, planning lots of activities for the residents to get out of the facility.
<b>Golden Villa (GV)</b>	Caring Healthcare	120	Census: 90, Up 3. The facility had their 2017 annual survey, they received tags for dietary and minor nursing tags; their plan of correction was accepted via desk review. There have been no reportable incidents since the last visit. All residents observed were clean and well groomed. The facility is planning to do a summer carnival, like last year.
<b>Rose Haven Retreat (RHR)</b>	Caring Healthcare	108	Census: 56. The facility is in their survey window. One reportable incident since the last visit, the state investigated and it was unsubstantiated and uncited. Administrator not available on this visit due to inclement weather, still toured the facility and facility presented very well.
<b>Spring Branch Transitional Care Center (SBTCC)</b>	Caring Healthcare	198	Census: 190, Down 3. The facility had their annual survey last month, they received 10 minor tags, all expected to be cleared via desk review. There were two reportable incidents for the month, both were unsubstantiated and uncited. The facility has hired a new administrator who has almost 40 years in the healthcare industry. The facility presents well and staff was taking great care to answer all call lights promptly.

<b>Garrison Nursing Home and Rehabilitation Center</b>	Caring Healthcare	93	Census 85, No change. The facility is in their survey window. No reportable incidents were reported since the last visit. The facility fixed a broken floor with a patch as well as painting the 400 hall, this is helping to keep the facility updated. All residents observed were content and well-groomed.
<b>Clairmont Beaumont (CB)</b>	Genesis	148	Census 101, No change. Facility will be in their survey window in May. Improvements continue to be made to the facility. The facility appears very nice. One reportable incident since the last visit, it was unsubstantiated. The staffing issues are being relieved, the administrator has changed shift times to better suit the staff and become more appealing to applicants.
<b>The Woodlands Healthcare Center (WHC)</b>	Genesis	214	Census: 161, No change. Survey was in May and all tags cleared. There was one reportable incident since the last visit, facility is expecting it to be desk reviewed. There were no compliance issues noticed during the visit. Falls continue trend downward which is a welcome sight, there was one major injury but the gross number of falls continues to drop.
<b>Monument Hill Rehabilitation and Nursing Center (MHRNC)</b>	Genesis	108	Census: 63, Up 6. The facility will be in their survey window in June. No reportable incidents since the last visit. The facility is putting in procedures to maintain healthy living weight for all its residents. Due to the flu, a tour of the facility was not available.
<b>Oakland Manor Nursing Center (OKLD)</b>	Genesis	120	Census: 53, Down 1. The facility presents well and the staff is doing a good job. No reportable incidents since the last visit. The facility had their full-book survey at the end of November, they received tags for quality of life and infection control, none of which were major. The falls checklist is showing its affect, the overall number continues to drop and the administration feels positive about the checklist's affect.
<b>Hallettsville Rehabilitation and Nursing Center (HRNC)</b>	Genesis	120	Census: 68, Down 3. Facility appeared neat and the residents appeared happy and well kept. The facility is in their survey window. There were no reportable incidents since the last visit. The staffing issues are continuing but the facility is doing everything they can to make due in the meantime.
<b>Oak Manor Nursing Center (OMNC)</b>	Genesis	82	Census: 38, Up 1. Tour of the facility was provided by the new DON. There were two reportable incidents since the last visit, both were unsubstantiated. The facility has a slight staffing problem with CNA's, they had to use agency staffing in March but are hoping to hire in the next month.

# Exhibit “E”

RESOLUTION OF THE BOARD OF DIRECTORS WINNIE-STOWELL HOSPITAL DISTRICT REGARDING AFFILIATION WITH LONG TERM CARE PROVIDERS TO IMPROVE FUNDING FOR MEDICAID LONG TERM CARE AND OTHER HEALTH CARE SERVICES IN THE COMMUNITY

**WHEREAS**, the Winnie Stowell Hospital District, a governmental entity and body politic established pursuant to CHAPTER 286 OF THE TEXAS HEALTH & SAFETY CODE (“District”) subleases the nursing facilities known as Marshall Manor Nursing & Rehabilitation Center, Spring Branch Transitional Care Center, Garrison Nursing Home & Rehabilitation Center and Golden Villa (the “**Facilities**”) and engages Marshall Manor Healthcare LLC, Spring Branch SNF LLC, Garrison Healthcare LP, and Golden Villa Healthcare LLC, respectively, to manage Facility operations pursuant to the subleases, management agreements and operations transfer agreements (the “**Transaction Documents**”) between the parties.

**WHEREAS**, in order to enter into the sublease arrangements described above, the approval of the United States Department of Housing and Urban Development (“**HUD**”) and Housing & Healthcare Finance LLC, a Delaware limited liability company (the “**Mortgagee**”), including entering into certain documents with respect to the Facilities, including but not limited to: (i) a Healthcare Regulatory Agreement – Sub-Operator with HUD, (ii) an Estoppel Certificate relating to the sublease, (iii) a Sub-Operator Security Agreement in favor of the Mortgagee and HUD granting a security interest in the District’s assets used at or directly in connection with the Facilities (all such assets are hereinafter referred to as the “**Collateral**”), (iv) deposit account control agreements related to such receivables and the bank accounts of the District related to the Facility; (v) subordination agreements, and (vi) such other documents required by HUD or the Mortgagee and deemed necessary or helpful by any one or more of the below designated individuals (collectively, the “**HUD Approval Documents**”).

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

1. The Board hereby authorizes the District to (a) enter into, deliver and perform the Transaction Documents; (b) enter into, deliver and perform the HUD Approval Documents and (c) take such other actions that are necessary or helpful to consummate the transactions contemplated by the Transaction Documents or the HUD Approval Documents; and
2. The Board of Directors of the District authorizes Mr. Elroy Henry, the Chairman of the Board for the District, to sign the HUD Approval Documents, any documents or applications related to nursing facility licensure, Medicaid and Medicare participation, and any related documents required for participation in the Minimum Payment Amounts Program or any successor programs, along with any other documents necessary to effect this transaction; and

I further certify that the District is duly organized and existing, and has the power to take the action called for by the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary this \_\_\_ day of \_\_\_\_\_, 2017.

---

Edward Murrell, Secretary  
Board of Directors



# Exhibit “F-1”

**Winnie-Stowell Hospital District**  
**Balance Sheet**  
As of May 22, 2017

Accrual Basis

	<u>May 22, 17</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
100 Prosperity Bank -Checking	2,008,654.51
102 Prosperity Bank - CD#0447	104,469.73
105 TexStar	655,814.78
107 Graham InterBank	100.00
Total Checking/Savings	<u>2,769,039.02</u>
Total Current Assets	<u>2,769,039.02</u>
<b>TOTAL ASSETS</b>	<u><b>2,769,039.02</b></u>
<b>LIABILITIES &amp; EQUITY</b>	0.00

## Winnie-Stowell Hospital District

## Profit &amp; Loss

April 20 through May 24, 2017

	<u>Apr 20 - May 24, 17</u>
<b>Income</b>	
400 Sales Tax Revenue	36,581.92
405 Investment Income	793.85
409 Tobacco Settlement	11,538.30
<b>Total Income</b>	<u>48,914.07</u>
<b>Expense</b>	
500 Admin-Administrative Salary	6,000.00
504 Admin-Administrators PR Tax	2,453.60
521 Professional Fees - Acctng	2,343.75
523 Professional Fees - Legal	33,308.32
550 Admin-D&O / Liability Ins.	13,336.00
562 Admin-Travel&Mileage Reimb.	0.00
569 Admin-Meals	114.15
572 Admin-Web Site	20.00
573 Admin-Copier Lease/Contract	179.37
575 Admin-Cell Phone Reimburse	225.00
576 Admin-Telephone/Internet	171.25
600 East Chambers ISD Partnersh	15,000.00
603 IC-Pharmaceutical Costs	8,035.04
605 IC-Office Supplies/Postage	352.31
611 IC-Indigent Care Dir Salary	3,600.00
615 IC-Software	1,059.00
616 IC-Travel	194.13
634 NH Program-Legal Fees	17,321.00
636 NH Program-Bonds	450.00
639 NH Program-Appraisal	23,593.62
Payroll Expenses	15.90
<b>Total Expense</b>	<u>127,772.44</u>
<b>Net Income</b>	<u><u>-78,858.37</u></u>

Hubert

Winnie-Stowell Hospital District

5/22/2017 8:29 AM

Register: 100 Prosperity Bank -Checking

From 04/19/2017 through 05/22/2017

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
04/19/2017	2180	American Express	Accounts Payable	0-51003	89.31	X		2,007,667.04
04/19/2017	2181	Benckenstein & Oxford	Accounts Payable	Inv 48437 (Jan ...	11,057.10	X		1,996,609.94
04/19/2017	2182	Brookshire Brothers	Accounts Payable	IC-Mar Rx's	5,242.90	X		1,991,367.04
04/19/2017	2183	David Sticker	Accounts Payable	Inv 19648	2,468.75	X		1,988,898.29
04/19/2017	2184	Hubert Oxford	Accounts Payable	1/2 April Retainer	500.00	X		1,988,398.29
04/19/2017	2185	Indigent Healthcare S...	Accounts Payable	Inv 64017 (May)	1,059.00	X		1,987,339.29
04/19/2017	2186	Josh Heinz	Accounts Payable	1/2 April Retainer	500.00	X		1,986,839.29
04/19/2017	2187	Tony King	Accounts Payable	Security-RM M...	100.00	X		1,986,739.29
04/19/2017	2188	Wilcox Pharmacy	Accounts Payable	IC-Mar Rx's	1,645.66	X		1,985,093.63
04/19/2017	2189	Function 4 (fka Star ...	Accounts Payable	3A0064	35.22	X		1,985,058.41
04/20/2017		Tx Comptroller	409 Tobacco Settlement	ACH Deposit C...		X	11,538.30	1,996,596.71
04/20/2017		QuickBooks Payroll S...	Direct Deposit Liabilities	Created by Payr...	2,660.20	X		1,993,936.51
04/21/2017	DD1048	Jimenez, Deyanira	-split-	Direct Deposit		X		1,993,936.51
04/21/2017	DD1049	Norris, Sherrie	-split-	Direct Deposit		X		1,993,936.51
04/28/2017		Texas Workforce Co...	Payroll Expenses	ACH Payment ...	15.90	X		1,993,920.61
04/30/2017			405 Investment Income	Accr Earning P...		X	409.25	1,994,329.86
05/04/2017		QuickBooks Payroll S...	Direct Deposit Liabilities	Created by Payr...	2,660.20			1,991,669.66
05/05/2017	DD1050	Jimenez, Deyanira	-split-	Direct Deposit		X		1,991,669.66
05/05/2017	DD1051	Norris, Sherrie	-split-	Direct Deposit		X		1,991,669.66
05/09/2017		Texas Mutual	550 Admin-D&O / Liab...	Deposit		M	87.00	1,991,756.66
05/09/2017	995017	ECISD	600 East Chambers ISD...	Check	15,000.00	M		1,976,756.66
05/11/2017		IRS	504 Admin-Administrat...	ACH Payment I...	1,719.20	M		1,975,037.46
05/12/2017		Tx Comptroller	400 Sales Tax Revenue	ACH Deposit C...		M	36,581.92	2,011,619.38
05/16/2017		Star Graphics Lease	573 Admin-Copier Leas...	ACH Payment ...	133.42	M		2,011,485.96
05/16/2017		Time Warner Cable	576 Admin-Telephone/L...	ACH Payment ...	171.25	M		2,011,314.71
05/18/2017		QuickBooks Payroll S...	Direct Deposit Liabilities	Created by Payr...	2,660.20			2,008,654.51
05/19/2017	DD1052	Jimenez, Deyanira	-split-	Direct Deposit		X		2,008,654.51
05/19/2017	DD1053	Norris, Sherrie	-split-	Direct Deposit		X		2,008,654.51

**Winnie-Stowell Hospital District**  
**Open Invoices for Approval**  
As of May 24, 2017

Date	Num	Memo	Due Date	Open Balance
<b>American Express</b>				
05/24/2017		Apr Invoice	06/03/2017	631.36
Total American Express				631.36
<b>Benckenstein &amp; Oxford</b>				
05/24/2017		Inv 48467 (Feb Legal fees)	06/03/2017	32,022.12
Total Benckenstein & Oxford				32,022.12
<b>Brookshire Brothers</b>				
05/24/2017		Apr 2017 Rx's	06/03/2017	6,640.14
Total Brookshire Brothers				6,640.14
<b>CNA Surety</b>				
05/24/2017		NH Bond Renewal- C MMW Policy 71565112	06/03/2017	300.00
05/24/2017		NH Bond Renewal- C RH Policy 71565111	06/03/2017	150.00
Total CNA Surety				450.00
<b>David Sticker</b>				
05/24/2017		Inv # 19730	06/03/2017	2,343.75
Total David Sticker				2,343.75
<b>Dentons US LLP</b>				
05/24/2017		Inv 1892379	06/03/2017	17,321.00
Total Dentons US LLP				17,321.00
<b>Function 4 (fka Star Graphics-Contract)</b>				
05/24/2017		Inv 537049	06/03/2017	45.95
Total Function 4 (fka Star Graphics-Contract)				45.95
<b>HMG Healthcare, LLC</b>				
05/24/2017		1/2 HMG-FMV Appraisal	06/03/2017	23,593.62
Total HMG Healthcare, LLC				23,593.62
<b>Husch Blackwell</b>				
05/24/2017		Inv 2448796	06/03/2017	286.20
Total Husch Blackwell				286.20
<b>Indigent Healthcare Solutions, LTD</b>				
05/24/2017		Inv 64161-Jun Services	06/03/2017	1,059.00
Total Indigent Healthcare Solutions, LTD				1,059.00
<b>Philadelphia Insurance Companies</b>				
05/24/2017		Inv #04026458023 (paid full premium)	06/03/2017	13,423.00
Total Philadelphia Insurance Companies				13,423.00
<b>Tony King</b>				
05/24/2017		Security-RM May	06/03/2017	100.00
Total Tony King				100.00
<b>Wilcox Pharmacy</b>				
05/24/2017		IC Apr 2017 Rx's	06/03/2017	1,394.90
Total Wilcox Pharmacy				1,394.90
<b>Yani Jimenez</b>				
05/24/2017		Reimb Training	06/03/2017	49.23
Total Yani Jimenez				49.23
<b>TOTAL</b>				<b>99,360.27</b>



# Corporate Card Statement of Account

## RECEIVED

MAY 08 2017

Sign-up For Online Statements

www.americanexpress.com/checkyourbill

Prepared For  
SHERRIE NORRIS  
WINNIE STOWELL HOSP

Account Number  
XXXX-XXXX4-11004

Closing Date  
04/29/17

Page 1 of 3

Previous Balance \$	New Charges \$	Other Debits \$	Payments \$	Other Credits \$
89.31	631.36	0.00	89.31	0.00

Balance Please Pay By  
Due \$ 05/14/17

631.36 For important information regarding your account refer to page 2.

Payment is due in full. Please pay by 05/14/17 to allow time for your payment to be received by us and credited to your account.

To manage your Account online or to pay your bill, please visit us at corp.americanexpress.com. For additional contact information, please see the reverse side of this page.

### Corporate Card Snapshot

Card Number	Card	New Charges + Other Debits	Payments + Other Credits
XXXX-XXXX4-11004	SHERRIE NORRIS	0.00	-89.31
XXXX-XXXX4-11012	SHERRIE NORRIS	631.36	0.00
	Total	631.36	-89.31

### Activity

Date reflects either transaction or posting date

#### Card Number XXXX-XXXX4-11004

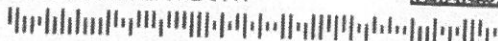
Date	Description	Reference Code	Amount \$
04/23/17	PAYMENT RECEIVED - THANK YOU	04/23	-89.31
	<b>Total for SHERRIE NORRIS</b>		
	New Charges/Other Debits		0.00
	Payments/Other Credits		-89.31

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

Do not staple or use paper clips

### Payment Coupon

AB 01 026629 22796 B 91 A



SHERRIE NORRIS  
WINNIE STOWELL HOSP  
538 BROADWAY  
WINNIE TX 77665

Mail Payment to:



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

Account Number  
3787-512624-11004

Payable upon receipt in U.S. Dollars.

Please Pay By  
05/14/17

Enter 15 digit account number on all payments.

Amount Due  
\$631.36

Checks or drafts must be drawn against banks located in the U.S.

Check here if address, telephone number, or e-mail address has changed. Note changes on reverse side.

0000378751262411004 000063136000063136 29HH



Prepared For  
**SHERRIE NORRIS**  
**WINNIE STOWELL HOSP**

Account Number  
**XXXX-XXXXX4-11004**

Closing Date  
**04/29/17**

Page 3 of 3

**Activity Continued**

**Card Number XXXX-XXXXX4-11012**

		Reference Code	Amount \$
04/02/17	GOOGLE *SVCSAPPS_WSH CC@GOOGLE.COM REF# A05KWLWC ADVERTISING	CA 04/02/17	
		<i>Website fees</i>	20.00
04/05/17	TONYS BARBECUE & STE WINNIE REF# 10156320170 4092962225	TX 04/04/17	
		10156320170 <i>Lunch - Committee meeting</i>	114.15
04/06/17	OFFICE DEPOT #178 00 BEAUMONT REF# 40500104124 8004633768 MRKR, EXPO2, DE, CHSL PT, 4PK, ASTD PAPER, COPY, OD, CASE, 10-REAM BOARD, FORAY, COMBO, 24X36, DECOR MORGAN, M/BACK, EXEC, CHAIR, BLK ROC NUMBER 40500104124	TX 04/05/17	
		40500104124 <i>IC-OFFICE Supplies-</i>	352.31
		TAX	\$26.85
04/29/17	CROWNE PLAZA HOTEL A AUSTIN FOL# 27975602 LODGING ARRIVAL DATE DEPARTURE DATE 04/27/17 04/28/17 00 ROOM RATE ROC NUMBER 27975602	TX 04/28/17	
		27975602000 <i>IC-Training</i>	144.90
			\$126.00
<b>Total for SHERRIE NORRIS</b>			
		New Charges/Other Debits	631.36
		Payments/Other Credits	0.00

026629 2/2

**GL Totals**

Winnie Stowel Hospital District Indigent Healthcare Services  
 Batch Dates 04/30/17-04/30/17

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

Vendor #: 65460

GL #	Description	Amount
WSHD	Wshd	6,640.14
<b>Expenditures</b>		<b>6,640.14</b>
<b>Reimb/Adjustments</b>		<b>0.00</b>
<b>Grand Total</b>		<b>6,640.14</b>

31 total invoices

**GL Totals Detail**

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2749*65460*23	WSHD	04/04/17	25.00	25.00	
036-2749*65460*23	WSHD	04/11/17	375.20	375.20	
036-2749*65460*23	WSHD	04/20/17	16.38	16.38	
036-2811*65460*19	WSHD	04/14/17	40.63	38.65	
036-2811*65460*19	WSHD	04/11/17	45.77	45.77	
036-2821*65460*2	WSHD	04/04/17	492.85	415.12	
036-2821*65460*2	WSHD	04/04/17	27.07	27.07	
036-2821*65460*2	WSHD	04/04/17	202.89	147.11	
036-2856*65460*7	WSHD	04/05/17	152.10	152.10	
036-2856*65460*7	WSHD	04/05/17	25.00	25.00	
036-2856*65460*7	WSHD	04/27/17	16.77	16.77	
036-2929*65460*2	WSHD	04/06/17	30.30	30.30	
036-2929*65460*2	WSHD	04/06/17	19.99	19.99	
036-2929*65460*2	WSHD	04/25/17	37.07	37.07	
036-2929*65460*2	WSHD	04/06/17	24.00	19.92	
036-2929*65460*2	WSHD	04/06/17	5.00	5.00	
036-2929*65460*2	WSHD	04/25/17	34.40	34.40	
036-3067*65460*2	WSHD	04/07/17	314.64	130.63	
036-3067*65460*2	WSHD	04/17/17	45.41	45.41	
036-3067*65460*2	WSHD	04/17/17	30.30	30.30	
036-3213*65460*3	WSHD	04/15/17	9.14	9.14	
036-3213*65460*3	WSHD	04/15/17	75.44	60.32	
036-3213*65460*3	WSHD	04/15/17	26.35	26.35	
036-3217*65460*22	WSHD	04/20/17	114.20	114.20	
036-3372*65460*4	WSHD	04/06/17	39.64	39.64	
036-3372*65460*4	WSHD	04/06/17	38.91	38.91	
036-3372*65460*4	WSHD	04/06/17	27.19	27.19	
036-3413*65460*18	WSHD	04/11/17	384.27	384.27	
036-3413*65460*18	WSHD	04/11/17	32.77	32.77	
036-3426*65460*23	WSHD	04/04/17	5.00	5.00	
036-3426*65460*23	WSHD	04/07/17	71.56	71.56	
036-3426*65460*23	WSHD	04/07/17	15.00	15.00	
036-3426*65460*23	WSHD	04/04/17	10.00	10.00	
036-3432*65460*15	WSHD	04/24/17	25.86	25.86	



**GL Totals**

Winnie Stowel Hospital District Indigent Healthcare Services  
 Batch Dates 04/30/17-04/30/17

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

Vendor #: 65460

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-3432*65460*15	WSHD	04/03/17	10.00	10.00	
036-3432*65460*15	WSHD	04/19/17	5.00	5.00	
036-3432*65460*15	WSHD	04/24/17	30.00	30.00	
036-3432*65460*15	WSHD	04/15/17	26.35	26.35	
036-3432*65460*15	WSHD	04/24/17	5.00	5.00	
1000*65460*15	WSHD	04/08/17	115.58	115.58	
1011*65460*15	WSHD	04/17/17	306.21	256.48	
1011*65460*15	WSHD	04/17/17	28.51	28.51	
1011*65460*15	WSHD	04/17/17	12.76	12.76	
1016*65460*12	WSHD	04/03/17	78.75	78.75	
1016*65460*12	WSHD	04/03/17	19.21	13.59	
1016*65460*12	WSHD	04/03/17	31.23	31.23	
1016*65460*12	WSHD	04/05/17	22.05	22.05	
1019*65460*9	WSHD	04/05/17	5.00	5.00	
1019*65460*9	WSHD	04/05/17	5.00	5.00	
1019*65460*9	WSHD	04/05/17	77.93	53.78	
1019*65460*9	WSHD	04/05/17	56.96	56.96	
1024*65460*9	WSHD	04/26/17	35.06	35.06	
1024*65460*9	WSHD	04/26/17	5.00	5.00	
1030*65460*9	WSHD	04/10/17	108.75	108.75	
1031*65460*3	WSHD	04/04/17	75.44	60.32	
1031*65460*3	WSHD	04/04/17	5.00	5.00	
1031*65460*3	WSHD	04/04/17	5.00	5.00	
1036*65460*6	WSHD	04/12/17	484.65	484.65	
1036*65460*6	WSHD	04/13/17	15.00	15.00	
1038*65460*5	WSHD	04/01/17	691.68	580.73	
1038*65460*5	WSHD	04/24/17	231.21	231.21	
1038*65460*5	WSHD	04/25/17	44.08	41.32	
1039*65460*5	WSHD	04/20/17	78.75	78.75	
1039*65460*5	WSHD	04/01/17	30.93	30.93	
1039*65460*5	WSHD	04/14/17	64.30	64.30	
1042*65460*3	WSHD	04/03/17	85.07	85.07	
1043*65460*3	WSHD	04/05/17	10.00	10.00	
1043*65460*3	WSHD	04/17/17	5.00	5.00	
1043*65460*3	WSHD	04/13/17	54.72	25.33	
1043*65460*3	WSHD	04/05/17	15.67	15.67	
1043*65460*3	WSHD	04/17/17	10.25	10.25	
1043*65460*3	WSHD	04/17/17	10.00	10.00	
1044*65460*2	WSHD	04/18/17	6.57	6.57	
1044*65460*2	WSHD	04/18/17	7.50	7.50	
1044*65460*2	WSHD	04/18/17	25.00	25.00	
1045*65460*3	WSHD	04/05/17	11.63	11.63	
1045*65460*3	WSHD	04/10/17	17.35	17.35	
1046*65460*2	WSHD	04/01/17	25.86	25.86	
1046*65460*2	WSHD	04/01/17	102.08	102.08	
1046*65460*2	WSHD	04/26/17	5.00	5.00	
1047*65460*2	WSHD	04/27/17	10.00	10.00	

### GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services  
Batch Dates 04/30/17-04/30/17

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

Vendor #: 65460

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
1047*65460*2	WSHD	04/20/17	5.00	5.00	
1047*65460*2	WSHD	04/27/17	26.03	26.03	
1047*65460*2	WSHD	04/05/17	5.00	5.00	
1049*65460*1	WSHD	04/06/17	42.60	42.60	
1049*65460*1	WSHD	04/03/17	85.07	85.07	
1050*65460*1	WSHD	04/10/17	34.52	34.52	
1050*65460*1	WSHD	04/10/17	49.28	49.28	
1050*65460*1	WSHD	04/10/17	33.05	31.74	
1051*65460*1	WSHD	04/17/17	28.70	28.70	
1051*65460*1	WSHD	04/18/17	646.66	545.86	
1051*65460*1	WSHD	04/18/17	492.20	414.57	
	***		<b>7,396.30</b>	<b>6,640.14</b>	
	***		<b>7,396.30</b>	<b>6,640.14</b>	

92 records listed.  
**31 total invoices**

**GL Totals**

Winnie Stowel Hospital District Indigent Healthcare Services  
 Batch Dates 04/30/17-04/30/17

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

Vendor #: 18651

GL #	Description	Amount
WSHD	Wshd	1,394.90
	<b>Expenditures</b>	<b>1,394.90</b>
	<b>Reimb/Adjustments</b>	<b>0.00</b>
	<b>Grand Total</b>	<b>1,394.90</b>

9 total invoices

**GL Totals Detail**

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2778*18651*28	WSHD	04/14/17	159.21	75.67	
036-2783*18651*71	WSHD	04/21/17	81.87	39.84	
036-2783*18651*71	WSHD	04/21/17	116.33	45.26	
036-2783*18651*71	WSHD	04/21/17	177.06	97.18	
036-2833*18651*87	WSHD	04/03/17	415.29	328.07	
036-2942*18651*69	WSHD	04/06/17	36.22	29.78	
036-2942*18651*69	WSHD	04/06/17	359.69	284.32	
036-2942*18651*69	WSHD	04/06/17	43.09	21.42	
036-3068*18651*50	WSHD	04/05/17	75.00	33.78	
036-3364*18651*38	WSHD	04/21/17	54.86	54.86	
036-3364*18651*38	WSHD	04/24/17	20.00	20.00	
036-3364*18651*38	WSHD	04/24/17	22.85	22.85	
036-3364*18651*38	WSHD	04/24/17	24.00	24.00	
036-3364*18651*38	WSHD	04/24/17	16.23	9.02	
1007*18651*3	WSHD	04/27/17	54.63	26.93	
1008*18651*12	WSHD	04/24/17	75.00	43.36	
1008*18651*12	WSHD	04/24/17	22.85	22.85	
1040*18651*5	WSHD	04/24/17	57.72	57.72	
1040*18651*5	WSHD	04/24/17	79.56	79.56	
1040*18651*5	WSHD	04/24/17	165.18	78.43	
	***		<b>2,056.64</b>	<b>1,394.90</b>	
	***		<b>2,056.64</b>	<b>1,394.90</b>	

20 records listed.

9 total invoices

Billing Questions (888) 866-2666  
Email [info@cnasurety.com](mailto:info@cnasurety.com)

Premium \$300.00

RECEIVED

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

MAY 18 2017

*mmw*

**Amount Due** \$300.00

**Bond Detail**

Bond #	71565112	Bond Penalty	\$30,000.00
Company	Western Surety Company		
Effective Date	07/17/2017		
Anniversary Date	07/17/2018		
Description	TX Nursing Homes - Nursing Facility Residents Texas		

**Agent Information**

**Messages**

J. S. Edwards & Sherlock  
Insurance Agency, L. L. P.  
P. O. Box 22237  
Beaumont, TX 77720  
Phone : (409)832-7736

**Payment Instructions**



- **Pay Online at [ONLINEPAY.CNASURETY.COM](http://ONLINEPAY.CNASURETY.COM)**
- If paying by mail, please send payment 2 weeks prior to due date to ensure receipt  
Make check payable to CNA Surety  
Detach payment stub and return with payment

Note-Renewal documents will only be sent upon receipt of full payment

Winnie-Stowell Hospital District

Bond #	71565112
Company	0601
Agency	42-23390
J. S. Edwards & Sherlock	

<b>Payment Due</b>	07/17/2017	<b>Amount Due</b>	\$300.00
--------------------	------------	-------------------	----------

**CNA Surety Direct Bill**  
P.O. Box 957312  
St. Louis, MO 63195-7312

Billing Questions (888) 866-2666  
Email [info@cnasurety.com](mailto:info@cnasurety.com)

RECEIVED

MAY 18 2017

Premium \$150.00

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

RH

**Amount Due \$150.00**

**Bond Detail**

Bond #	71565111	Bond Penalty	\$15,000.00
Company	Western Surety Company		
Effective Date	07/17/2017		
Anniversary Date	07/17/2018		
Description	TX Nursing Homes - Nursing Facility Residents Texas		

**Agent Information**

**Messages**

J. S. Edwards & Sherlock  
Insurance Agency, L. L. P.  
P. O. Box 22237  
Beaumont, TX 77720  
Phone : (409)832-7736

**Payment Instructions**



- **Pay Online at [ONLINEPAY.CNASURETY.COM](http://ONLINEPAY.CNASURETY.COM)**
- If paying by mail, please send payment 2 weeks prior to due date to ensure receipt  
Make check payable to CNA Surety  
Detach payment stub and return with payment

Note-Renewal documents will only be sent upon receipt of full payment

Winnie-Stowell Hospital District

Bond #	71565111
Company	0601
Agency	42-23390
J. S. Edwards & Sherlock	

<b>Payment Due</b>	07/17/2017	<b>Amount Due</b>	\$150.00
--------------------	------------	-------------------	----------

**CNA Surety Direct Bill**  
P.O. Box 957312  
St. Louis, MO 63195-7312

**David Sticker & Co. P.C.**  
**Certified Public Accountant**  
**2180 Eastex Freeway**  
**Beaumont, TX 77703**  
**(409) 899-3000**

Invoice  
submitted to:  
Winnie Stowell Hospital District  
PO Box 1997  
Winnie, TX 77665

05/22/2017

Invoice # 19730

Professional Services

	<u>Amount</u>
05/22/17 4-18-17 Download books and review. Check balances and bank recs. 4.00 Hrs.	2,343.75
4-26-17 Prepare Quarterly Payroll Reports, Check and file TWC on-line. 3.75 Hrs.	
4-27-17 Assist in preparation of and review Insurance renewal application. Review payrolls as submitted. 3.50 Hrs.	
5-10-17 Review and respond to Audit Questions. 3.50 Hrs.	
5-11-17 Review spreadsheets showing differences per audit, exchange emails with NH reps and conference cal re: audit status. Review Payrolls as submitted. 4.00 Hrs.	
<b>TOTAL HRS 18.75 @ \$125.00 = \$2,343.75</b>	
For professional services rendered	<u>\$2,343.75</u>
Balance due	<u><u>\$2,343.75</u></u>

***Invoices Due Upon Receipt***



Dentons US LLP  
1221 Avenue of the Americas  
New York, NY 10020-1089

Salans FMC SNR Denton  
McKenna Long  
dentons.com

Winnie Stowell Hospital District  
Mr. Hubert Oxford, IV, Benckenstein & Oxford, LLP  
3535 Calder Avenue, Suite 300  
Beaumont, TX 77706  
USA

May 19, 2017

**Invoice No. 1892379**

Client/Matter: 15262160-000001

Opinion on Collateralization of Medicaid revenues

Payment Due Upon Receipt

Total This Invoice \$ 17,321.00

Please return this page with your payment

Payments by check should be sent to:  
Dentons US LLP  
Dept. 3078  
Carol Stream, IL 60132-3078

OR

Payment by wire transfer should be sent to:  
Citi Private Bank  
227 West Monroe, Chicago, IL 60606  
ABA Transit # 271070801  
Account #: 0801051693  
Account Name: Dentons US LLP  
Swift Code: CITIUS33  
Reference: Invoice # and/or client matter #

Please send payment remittance advice information to [cashreceipts@dentons.com](mailto:cashreceipts@dentons.com)  
In order to guarantee proper allocation of payments

All payments must be in U.S. Dollars - Federal Tax I.D. Number 36-1796730  
Questions relating to this invoice should be directed to:  
C. Luband  
at 1 212 768 6700



Dentons US LLP  
 1221 Avenue of the Americas  
 New York, NY 10020-1089

Salans FMC SNR Denton  
 McKenna Long  
 dentons.com

Winnie Stowell Hospital District  
 Mr. Hubert Oxford, IV, Benckenstein & Oxford, LLP  
 3535 Calder Avenue, Suite 300  
 Beaumont, TX 77706  
 USA

May 19, 2017

**Invoice No. 1892379**

Client/Matter: 15262160-000001

Opinion on Collateralization of Medicaid revenues

For Professional Services Rendered through May 19, 2017:

<u>Date</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Amount</u>	<u>Narrative</u>
04/06/17	R. Fayed	0.90	585.00	Prepare and participate in conference with H. Oxford et al to discuss collateralizing receivables; follow-up conference with C. Luband and C. Bornstein on same.
04/06/17	C. Luband	1.00	700.00	Conference with client regarding project on ability to collateralize Medicaid supplemental payment receivables; follow up with C Bornstein, R Fayed regarding same.
04/06/17	C. Bornstein	3.20	1,312.00	Research and analyze Medicaid double lock box method; conference call with C. Luband, R. Fayed and H. Oxford to discuss new matter.
04/16/17	C. Bornstein	2.90	1,189.00	Begin to draft comprehensive outline regarding double lock box method in the context of the collateralization of Medicaid nursing home supplemental payments.
04/17/17	C. Bornstein	6.30	2,583.00	Continue to draft comprehensive outline, statement of facts, and statement of law regarding double lock box method in the context of the collateralization of Medicaid nursing home supplemental payments.
04/18/17	C. Bornstein	1.60	656.00	Research and analyze federal and state case law regarding permissible collateral arrangements under Medicare and Medicaid anti-assignment prohibition.
04/20/17	C. Bornstein	3.90	1,599.00	Continue draft memorandum regarding collateralization of Medicaid revenues.
04/24/17	C. Luband	0.10	70.00	Conference with C Bornstein regarding outline.
04/24/17	C. Bornstein	1.50	615.00	Finalize draft memo on collateralization of Medicaid revenues per C. Luband and R. Fayed.
04/26/17	C. Luband	0.30	210.00	Review draft memo; email regarding same.



Opinion on Collateralization of Medicaid revenues

May 19, 2017

Matter: 15262160-000001

Invoice No.: 1892379

04/28/17	C. Bornstein	0.80	328.00	Prepare for and attend meeting with C. Luband and R. Fayed regarding legal opinion; begin to review and revise opinion.
04/28/17	R. Fayed	1.40	910.00	Review and assess memo on collateralizing accounts receivable; prepare and participate in conference with C. Luband and C. Bornstein to discuss collateralizing accounts receivable and next steps on same.
04/28/17	C. Luband	0.40	280.00	Conference with C Bornstein, R Fayed regarding draft memo.
05/01/17	C. Bornstein	1.90	779.00	Update and revise opinion letter per comments from R. Fayed and C. Luband.
05/02/17	C. Bornstein	2.60	1,066.00	Continue to update and revise opinion letter per comments from R. Fayed and C. Luband.
05/08/17	C. Luband	0.50	350.00	Emails regarding memo on double-lockbox method.
05/08/17	C. Bornstein	1.90	779.00	Continue to update and revise legal opinion per comments from client.
05/09/17	C. Bornstein	3.80	1,558.00	Continue to update and revise legal opinion per comments from client.
05/14/17	C. Bornstein	1.20	492.00	Continue to update and revise legal opinion per comments from C. Luband; research regarding CMS memoranda on double lock box method.
05/14/17	C. Luband	0.60	420.00	Review and revise memo regarding double-lockbox collateral questions.
05/15/17	C. Luband	0.80	560.00	Conference with C Bornstein, R Fayed regarding memo; research to try to obtain HCFA memos and letters on double lockbox.
05/16/17	C. Luband	0.20	140.00	Emails regarding status of memo.
05/17/17	C. Luband	0.10	70.00	Emails regarding status of memo.
05/18/17	C. Luband	0.10	70.00	Emails regarding status of memo and questions from client.
Total Hours		38.00		
Fee Amount				\$17,321.00

TIME AND FEE SUMMARY

Opinion on Collateralization of Medicaid revenues

May 19, 2017

Matter: 15262160-000001  
Invoice No.: 1892379

<u>Timekeeper</u>	<u>Rate</u>	<u>Hours</u>	<u>Fees</u>
C. Luband	\$700.00	4.10	\$2,870.00
R. Fayed	\$650.00	2.30	\$1,495.00
C. Bornstein	\$410.00	<u>31.60</u>	<u>\$12,956.00</u>
Totals		38.00	\$17,321.00
Fee Total	\$	17,321.00	
Invoice Total	\$	<u>17,321.00</u>	



Dentons US LLP  
1221 Avenue of the Americas  
New York, NY 10020-1089

Salans FMC SNR Denton  
McKenna Long  
dentons.com

For your Information - Open Invoices

Winnie Stowell Hospital District  
Mr. Hubert Oxford, IV, Benckenstein & Oxford, LLP  
3535 Calder Avenue, Suite 300  
Beaumont, TX 77706  
USA

May 19, 2017

Client/Matter #: 15262160-000001

Opinion on Collateralization of Medicaid revenues

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Statement of Account

According to our records, as of May 19, 2017, the amounts shown below are outstanding on this matter.  
If your records are not in agreement with ours, please call us. Thank you.

<u>Date</u>	<u>Invoice No.</u>	<u>Invoice Amount</u>	<u>Payments/ Adjustments</u>	<u>Invoice Total</u>
05/19/17	1892379	17,321.00	0.00	<u>17,321.00</u>
		Total Outstanding Invoices		<u>17,321.00</u>

Questions should be directed to:  
C. Luband  
at 1 212 768 6700

Federal Tax I.D. Number 36-1796730



**CONTRACT INVOICE**

Invoice Number: INV537049  
 Invoice Date: 05/18/2017

**Bill To:** Winnie - Stowell Hospital District  
 PO Box 1997  
 Winnie, TX 77665

**Customer:** Winnie - Stowell Hospital District  
 538 Broadway  
 Winnie, TX 77665

Account No	Payment Terms	Due Date	Invoice Total	Balance Due	
3A0064	Net 30	06/17/2017	\$45.95	\$45.95	
Contract Number	Contact	Contract Amount	P.O. Number	Start Date	Exp. Date
4457-01		\$42.45		01/26/2016	01/25/2021
Remarks					

**Summary:**

Contract base rate charge for this billing period	\$0.00
Contract overage charge for the 04/26/2017 to 05/25/2017 overage period	\$42.45 **
	\$42.45

\*\*See overage details below

**Detail:**

**Equipment included under this contract**

**KM/227**

Number	Serial Number	Base Adj.	Location						
3A2812	A7AK011001716	\$0.00	Winnie - Stowell Hospital District 538 Broadway Winnie, TX 77665						
Meter Type	Meter Group	Begin Meter	End Meter	Credits	Total	Covered	Billable	Rate	Overage
B\W	3A2812 - B\W	34,328	37,836		3,508	0	3,508	\$0.012100	\$42.45
									\$42.45

Please include invoice number on check.  
 Remit Payment To:  
 Function 4, LLC  
 12560 Reed Rd, Ste 200  
 Sugar Land, TX 77478

Invoice SubTotal	\$42.45
Tax:	\$3.50
Invoice Total	\$45.95
<b>Balance Due:</b>	<b>\$45.95</b>



May 5, 2017

RECEIVED

MAY 17 2017

Sherrie Norris  
P.O. Box 1997  
Winnie, Texas 77665  
(409) 296-1003

RE: HMG Healthcare- 6 skilled nursing facilities FMV

Sherrie-

Please see the attached Fair Market Value appraisal invoice for the 6 skilled nursing facilities that were accepted into the QIPP program with Winnie Hospital District on April 1, 2017. Per the agreement Winnie Hospital is responsible for half of the cost, \$23,593.62. Please make checks payable to HMG Services.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Prince", written in a cursive style.

Derek Prince

1780 Hughes Landing Boulevard, Suite 500  
The Woodlands, Texas 77380  
281-419-5520-phone  
281-419-5527-fax



# INVOICE

Mr. Derek Prince  
CEO  
HMG Healthcare, LLC  
4 Waterway Square Place, Suite 350  
The Woodlands, TX 77380  
derek.prince@healthmarkgroup.com

Date: February 27, 2017  
Invoice: 21145-21098  
Invoice Due Upon Receipt  
RE: HMG Healthcare – 6 Skilled Nursing Facilities – Appraisals

Professional fees related to:

Market Rent – Appraisal Report – Real Property – HMG – 6 Skilled Nursing Facilities Houston, Conroe, Humble & Missouri City, TX	25,500.00
Fair Market Value ("FMV") opinion of the management fees to be stated in management services agreements ("MSAs") between HMG Healthcare, LLC and various county hospital districts to manage the operations of six (6) skilled nursing facilities located in the Houston metropolitan area.	19,500.00

Expense

Travel	1,843.25	
Admin	350.00	2,193.25
	Invoice Total	<u>\$47,193.25</u>

Please return this portion with payment.

Invoice: 21145-21098

VMG Health P.O. Box  
674046 Dallas, Texas  
75267-4046 Office: (214)  
369-4888 Fax: (214) 369-  
0541

Amount Enclosed: \$ \_\_\_\_\_

A 1% monthly surcharge will be added to all invoices 31 days or more past due.

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

Invoice # 64161

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

RECEIVED

MAY 01 2017

Date: 5/1/2017

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

Terms: Net receipt of invoice

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Professional services for the month of June 2017

1,059.00

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**Total**

**\$1,059.00**

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

*THANK YOU FOR YOUR BUSINESS!!!*

**IHS**

**Billing terms**

- Policy** The program
- Term** The policy length
- Product** Identifies PHLV niche product group
- Bill plan** Full or interval payment plan applied to the policy, see section opposite for details
- Premium charged** Policy premium at inception plus any additional premium or return premium endorsements
- Premium applied** Payments or adjustments made to date
- Previous balance** Amount due at the end of prior month
- Installation amount** Divided portion of premium invoiced this month based on the Bill Plan
- Taxes/surcharges and fees** State imposed taxes or surcharges based on specific coverage and/or premium
- Payment / credits** Payments or adjustments made during prior month
- Balance due** Total amount currently due

**Available bill plans**

*If interested in bill plan options please contact customer service at 877-438-7459 to see if your account qualifies.*

**Fixed Annual**

One bill is produced for the annual premium as of the effective date of the policy.

**Installation plans**

For the following plans, a \$500 installment minimum is required. Any endorsement activity will be billed or credited over any remaining installments. These plans do not reflect options available for Rental and Leasing policies.

**= 25% & 9**

25% of the annual premium is billed the first month, 1/9th of the remaining annual will be billed in consecutive monthly intervals.

**= 25% & 5**

25% of the annual premium is billed the 1st month, The remaining installments of 1/5th will be billed in consecutive monthly intervals.

**= 25% & 3**

25% of the annual premium is billed the 1st month, 1/3rd of the remaining annual will be billed in consecutive monthly intervals.

**= 50% & 2**

50% of the annual premium is billed the 1st month, 1/2 of the remaining annual will be billed in consecutive monthly intervals.

RECEIVED

MAY 22 2017

**PHILADELPHIA INSURANCE COMPANIES**

A Member of the Tokio Marine Group  
PO BOX 70251 PHILADELPHIA PA 19176-0251

Invoice Number:	04026458023
Account Number:	80026218 <input type="checkbox"/>
Billing Date:	05/15/2017
Due Date:	06/04/2017
Amount Due:	<b>\$3,355.75</b>

Remittance Amount: \$       1342300

Total Premium **PA**

MB 01 000532 37246 E 4 A



WINNIE-STOWELL HOSPITAL DISTRICT  
PO BOX 1997  
WINNIE TX 77665-1997



PHILADELPHIA INSURANCE COMPANIES  
PO BOX 70251  
PHILADELPHIA PA 19176-0251

04026458023 00000080026218 8 20170515 20170604 00000000335575 7



Your account summary

Product	Policy	Term / Bill plan	Premium charged (\$)	Premium applied (\$)	Previous balance (\$)	Installation amount (\$)	Taxes / surcharge (\$)	Fees (\$)	Payment / credits	Balance due (\$)
---------	--------	------------------	----------------------	----------------------	-----------------------	--------------------------	------------------------	-----------	-------------------	------------------

80026218 Winnie-Stowell Hospital District

D&O Flexi Plus	PHSD1243693	05/07/2017 - 18 25% & 3	13,423.00	0.00	0.00	3,355.75	0.00	0.00	0.00	0.00
Payments will be allocated towards these charges first										
<b>Total Balance: 3,355.75</b>										

Your balance breakdown

Total Balance: 3,355.75

Applications, policy forms, risk management services, and claims management services are available at www.phly.com  
 \*Denotes change in term premium \*\*Denotes the 25% down and 1st installment billed together.



**PHILADELPHIA**  
INSURANCE COMPANIES

A Member of the Tokio Marine Group

# Invoice

WINNIE-STOWELL HOSPITAL DISTRICT  
Account number 80026218

Invoice number: 04026458023 Date: 05/15/2017

Please pay \$3,355.75

Visit **PHLY.com/myphly** to pay your invoice online by Electronic Funds Transfer (EFT).

Or detach the coupon on the last page and return with check made payable to: Philadelphia Insurance Companies  
PO Box 70251  
Philadelphia, PA 19176-0251

Or call 877-438-7459 to make a single credit card or EFT payment.

## Managing your policy

For coverage questions, policy changes or claims please contact your agent at:

J.S. EDWARDS & SHERLOCK INSUR  
AGCY  
(409) 832-7736

To pay your invoice online or update your details access your account at **PHLY.com/myphly**

# \$3,355.75

Due 06/04/2017

Breakdown on page 2

service@phly.com 877-438-7459  
Lines open Monday to Friday: 8:30am - 8:00pm EST

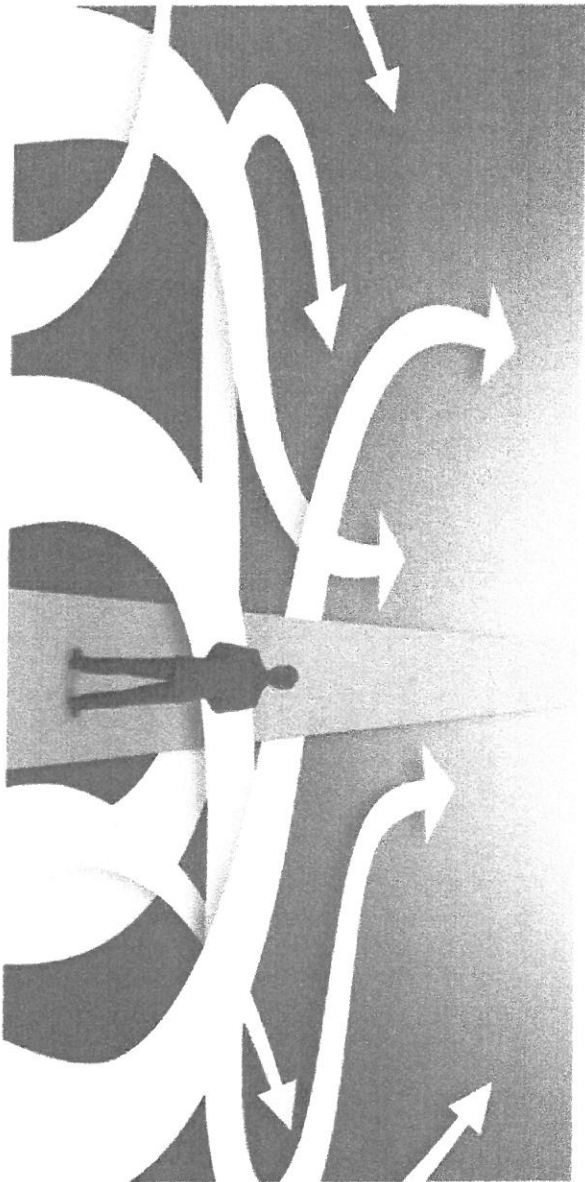
## Your payment history

Payment date	Payment number
--------------	----------------

Your full payment history is available online through your MyPHLY account.



These charges will be shown on your next monthly invoice if they remain unpaid by current month end.

## Our risk management services



Philadelphia Insurance Companies' Risk Management Services give you peace of mind with well-developed procedures, action plans and projects that protect your business and improve customer satisfaction.

### What can we help you with?

-  **We help you control risk** through analyzing what's driving up your losses, and assessing your existing management programs to see what can be improved.
-  **We offer training to suit your needs:** whether for onsite defensive driving or online content development, our training is interactive and implementable for everyone that takes part.

We're driven to help prevent loss and help your business achieve measurable results. To find out how we can help you, visit [PHLY.com](http://PHLY.com) or call us on **800.873.4552**



## PHLY Tree Planting Initiative






PHLY is bringing hope and healing to forest and communities nationwide that have been devastated by record wildfires, storms, and other natural disasters by partnering with the Arbor Day Foundation to pledge \$80,000 for the planting of 80,000 trees.

### Help PHLY Reach Our Planting Goals

**Direct Bill Customers:** Switch to paperless billing and PHLY will plant 15 trees in forests or communities in need.

### Follow these steps to enroll:

-  Login or create a MyPHLY user account at [PHLY.com/myphly](http://PHLY.com/myphly).
-  Choose Create a new account.
-  Once logged in, please follow the eBill instructions.

**All Customers:** You can also donate to the tree planting initiative directly, at: [PHLY.com/trees](http://PHLY.com/trees). \$1 plants 1 tree.

**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

May 23, 2017

Mr. Edward Murrell  
President  
Winnie Stowell Hospital District  
825 State Hwy 124  
Winnie Texas 77665

Re: Winnie Stowell Hospital District; Billable Invoice for February 2017 less Retainer; Our File No. 87250.

Dear President Murrell,

Attached, please find the invoice for Benckenstein & Oxford, LLP for work performed in January 2017. The invoice is for \$33,022.12, however, the amount owed is \$32,022.12 after taking into account the \$1,000.00 retainer that has previously been paid. We request that this invoice be paid at either the upcoming May 24, 2017 Regular meeting.

Clearly, the invoice for the month of February 2017 is higher than it has usually been. The reasons are as follows:

- Worked extensively preparing diagrams and cash flow models for the QIPP program in order to structure agreement with HMG nursing home and other nursing homes; to educate potential lenders; and to obtain an understanding of the program so that it could be explained to the Board;
- Assisted with the CHOW process for the six HMG facilities, which included making substantial changes to the proposed Management Agreements in order to account for the QIPP program and in anticipation of the upcoming Private Bank security agreements; and
- Gathered information and worked extensively with potential lender to assists in cutting District costs for the upcoming potential MPAP 3 and QIPP program.

Again, we understand that this invoice is larger than usual but the work that needed to be done in order to prepare for the QIPP program and to acquire six (6) new facilities was


necessary. With this said, we request the payment of this invoice in the amount of \$32,022.12 at the May 24, 2017 Regular Meeting.

If there are any questions, please do not hesitate to contact me.

With best wishes, I am

Sincerely,

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

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

Hubert Oxford, IV

Enclosure

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

3535 Calder Avenue  
Suite 300  
Beaumont, TX 77706

**May 23, 2017**

**INVOICE #:** 48467      **HOIV**  
**Billed through:** February 28, 2017  
**Client/Matter #:** WSHD      87250

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

RE: Winnie-Stowell Hospital District

**PROFESSIONAL SERVICES RENDERED**

02/01/17	HOIV	Prepared for meeting with Commissioner Gore by gathering documents and preparing notebooks to provide a comprehensive overview of the District's activities since 2013.	4.00 hrs
02/01/17	HOIV	Received and reviewed revised Letter of Intent from HMG and held conference call with their counsel to discuss the changes.	0.70 hrs
02/02/17	HOIV	Prepared for and attended meeting with Commissioner Jimmy Gore.	4.00 hrs
02/02/17	HOIV	Received revision to LOI agreement and exchanged multiple e-mails with HMG counsel regarding the same.	0.70 hrs
02/02/17	HOIV	Exchanged two e-mails with counsel for HMG regarding letter of intent and upcoming meeting to approve FMV appraisals.	0.30 hrs
02/02/17	HOIV	Exchanged eleven (11) e-mails with Gary Klein regarding Credit Authorization Forms for four (4) nursing homes and the initiation of the HUD Loan process for the four (4) facilities.	0.40 hrs
02/02/17	HOIV	Exchanged ten (10) e-mails with HMG representatives and LTC Group to assist facilitating the exchange of documents and information needed by HMG to complete the CHOW process for six (6) nursing facilities.	1.30 hrs
02/03/17	HOIV	Worked with LTC Group to prepare initial cash flow and payment schedule for QIPP program; gathered documents and data requested by HMG in order for them to initiate the CHOW process; and prepared comprehensive e-mail to HMG explaining the District's cash flow process for UPL and MPAP program.	6.80 hrs
02/06/17	HOIV	Worked with staff on reconciling final loan repayment for Loan 9 and exchanged e-mails with Lender's counsel regarding the same.	0.70 hrs
02/06/17	HOIV	Began researching Component 2 and 3 of QIPP payment guidelines and schedules to get an understanding of the quality measure achievement percentage rates and the escalation of these rates by preparing a comparable spreadsheet to a documents produces by the HHSC that calculates these rates.	5.80 hrs

Client-	WSHD 87250	Invoice # 48467	PAGE 2
02/07/17	HOIV	Worked on QIPP timeline spreadsheet in anticipation of Special Meeting and participated in multiple conference calls with LTC asking questions about the QIPP program.	8.00 hrs
02/07/17	HOIV	Received copy of notice of lawsuit against Marshal Manor, drafted letter requesting indemnity and forwarded to Caring Healthcare for confirmation of indemnity and defense.	0.80 hrs
02/08/17	HOIV	Continued working on Timeline in order to present QIPP program to Board.	5.00 hrs
02/09/17	HOIV	Worked on QIPP spreadsheet for nineteen nursing homes and reviewed HHSC document providing example.	6.80 hrs
02/10/17	HOIV	Created worksheet mirroring HHSC example of QIPP and worked with Caring Healthcare to automate the worksheet to assist with QIPP assessments.	5.00 hrs
02/10/17	HOIV	Conference call with LTC regarding concerns about increased achievement levels.	0.60 hrs
02/10/17	HOIV	Multiple conference calls with Gary Klein at Caring Healthcare to receive assistance with spreadsheet formulas for QIPP.	0.70 hrs
02/10/17	HOIV	Drafted e-mail to LTC Group expressing concerns of achievement success rates and analysis based on 75% achievement.	0.40 hrs
02/10/17	HOIV	Exchanged six (6) e-mails and multiple conference calls with HMG counsel and consultant regarding status of HMG financing and plan for moving forward.	1.60 hrs
02/13/17	HOIV	Received requests for District information from HMG in order for HMG to begin the CHOW filings for their six (6) facilities; gathered the information and documents; and exchanged six (6) e-mails regarding the same.	1.30 hrs
02/13/17	HOIV	Received list of eligible QIPP private homes and compared to estimated lists in order to determine impact of potential private homes on pool of participating facilities; and exchanged ten (10) e-mails with LTC Group regarding the same.	1.20 hrs
02/13/17	HOIV	Prepared spreadsheet requesting basic information for HMG homes in order to be able to complete requested CHOW documents.	0.40 hrs
02/13/17	HOIV	Exchanged thirty-two (32) e-mails with LTC Group regarding concerns about LTC Capital's concerns with bank accounts not being able to be used as collateral due to the fact that they already are collateralized with a third party lender.	2.00 hrs
02/13/17	HOIV	Made revisions to proposed Interlocal Agreement and exchanged twelve (12) e-mails with staff regarding the agreement and necessary changes.	2.40 hrs
02/14/17	HOIV	Received revised Letter of Intent from HMG Counsel and exchanged three (3) e-mails regarding the same and then read, reviewed, and made additional revisions to Letter of Intent before asking for it to be executed by the Board President.	1.30 hrs
02/14/17	HOIV	Conference call with consultant for HMG regarding QIPP program and calculations.	0.80 hrs

02/14/17	HOIV	Conference call with LTC Group about potential Lufkin facility and reviewed data presented by the facility.	0.80 hrs
02/14/17	HOIV	Received HMG Spreadsheet for QIPP payment calculator and worked with the spreadsheet in order to make extensive updates to the District QIPP projections; exchanged a combined twenty-seven (27) e-mails with HMG; Caring Healthcare, and LTC Group to discuss the spreadsheet and question the Component 1 payments.	3.40 hrs
02/14/17	HOIV	Conference call with Post Oak Bank regarding loans for QIPP program.	0.70 hrs
02/15/17	HOIV	Conference call with LTC Group to discuss QIPP funding and timing.	0.70 hrs
02/15/17	HOIV	Revised District QIPP Spreadsheet post call and worked with LTC to reconcile District's estimates with LTC estimates and to incorporate aspects of the LTC Spreadsheet with the District's.	4.00 hrs
02/15/17	HOIV	Received e-mail from Health and Human Service Commission Regarding MPAP 2 and 2A Proxy payment calculation and worked with LTC Group to begin reconciling the payment with anticipated returns.	0.80 hrs
02/16/17	HOIV	Prepared for meeting with Post Oak Bank by preparing comprehensive PowerPoint for Supplemental Programs; revising and reconciling original Timeline Spreadsheet, and creating charts for Powerpoint.	4.50 hrs
02/16/17	HOIV	Conference call with HMG Consultant to receive explanation of program and spreadsheet formulas in order to assess accuracy of LTC QIPP calculations.	0.70 hrs
02/16/17	HOIV	Gathered information and participated in conference call with Murphy consulting requesting information for HUD submittal on behalf Caring Healthcare (not related to HUD Loan).	0.40 hrs
02/16/17	HOIV	Worked with LTC Group to review cash flow models and responded to HMG regarding the accuracy of the models they presented.	1.40 hrs
02/16/17	HOIV	Began drafting minutes of January 25, 2017 Regular Meeting.	2.00 hrs
02/16/17	HOIV	Worked with Dave Bushland of LTC to make changes to Timeline Excess Spreadsheet and reconciled Mr. Bushland's changes to prior calculations.	3.00 hrs
02/16/17	HOIV	Received and reviewed petition in Lucile Starling case against Marshal Manor and forwarded to Caring Healthcare requesting indemnity and insurance coverage.	0.40 hrs
02/17/17	HOIV	Coordinated with counsel for HMG on arranging for President Murrell to execute CHOW documents by way of gathering documents and assembling documents to be presented to Mr. Murrell.	1.30 hrs
02/17/17	HOIV	Received initial draft Management Agreement for HMG and QIPP and briefly reviewed.	0.60 hrs
02/17/17	HOIV	Drafted e-mail to Board advising of new lawsuit and provided a summary of other existing claims.	0.60 hrs
02/17/17	HOIV	Continued drafting minutes for January 25, 2017 Regular Meeting and reviewed draft before submitting to the Board for review.	2.50 hrs



02/17/17	HOIV	Conference call with Post Oak Bank about the possibility of providing capital for IGT Loans and gathered information after call to provide to bank in anticipation of February 23, 2017 meeting.	1.80 hrs
02/18/17	HOIV	Performed detail review of Management Agreements for HMG and made revisions to the Agreement to be submitted to counsel for HMG.	4.00 hrs
02/20/17	HOIV	Extensive conference call with Bob Walker to provide him with an history of the Hospital, the Hospital District, Supplemental Funds, and prior issues of the Hospital in anticipation of hiring Mr. Walker to serve as Project Manager for the Emergency Room Project.	0.80 hrs
02/20/17	HOIV	Prepared Cash Flow spreadsheet for QIPP in anticipation of upcoming Board meeting.	1.80 hrs
02/21/17	HOIV	Gathered minutes for November and December 2016 and drafted extensive e-mail to Tommy Davis responding to request from prior conference call discussing the need to complete the 2014 and 2015 Budget.	1.30 hrs
02/21/17	TR	Travel to and from Winnie; met with Edward Murrell, sign and notarize all CHOW paperwork	1.30 hrs
02/22/17	HOIV	Continued working with HMG counsel and LTC Group on reviewing and preparing CHOW documents for six nursing facilities.	2.50 hrs
02/22/17	HOIV	Attended Regular monthly meeting.	3.00 hrs
02/23/17	HOIV	Received proposed Management Agreement from HMG; compared to prior Management Agreement and made substantial changes and comments.	6.00 hrs
02/24/17	HOIV	Prepared for meeting by revising timeline spreadsheet; conducted multiple conference calls and exchange numerous e-mails with LTC Group, Staff, and counsel for HMG; and prepared Powerpoint for QIPP 100% Achievement.	4.50 hrs
02/24/17	HOIV	Received request from LTC Financial to view District's Account and then participated in calls with LTC Group and staff regarding the basis of this request.	0.80 hrs
02/25/17	HOIV	Received and reviewed responses from HMG to the District's numerous changes to the Management Agreements.	1.60 hrs
02/27/17	HOIV	Began revising and preparing flow charts for Post Oak Bank and HMG Healthcare illustrating proposed cash flow models for Nursing Home Income and QIPP payments.	6.00 hrs
02/27/17	HOIV	Exchanged fifteen (15) e-mails with Bob Walker regarding his proposed timeline for the construction of the emergency room.	0.80 hrs
02/28/17	HOIV	Finalized cash flow charts for Post Oak Bank for QIPP program and HMG accounts; created PowerPoint regarding cash flows and QIPP program; exchanged eleven (11) e-mails with HMG counsel and Post Oak; and participated in multiple conference call with HMG counsel and Post Oak bank regarding the same.	3.70 hrs
02/28/17	HOIV	Received revisions to the proposed deed from the County to the District for	0.60 hrs

the existing fire station; reviewed the revisions; and continued making changes to the revisions per his request.

02/28/17	TR	Receive signed CHOW documents from Edward Murrell and FedEx originals to Julie Wells	0.20 hrs
02/28/17	TR	Receive signed CHOW documents from Edward Murrell and FedEx originals to Julie Wells	0.20 hrs
		Total fees for this matter	\$32,627.50

**DISBURSEMENTS**

02/21/17		Mileage Reimbursement - Travel to/from Winnie Stowell Hospital. Documents Signed and Notarized	26.75
02/22/17		Federal Express; Invoice # 5-709-85576	56.93
02/27/17		American Express; Invoice # Chambers County; DBA Filings	167.67
02/28/17		Copy Expense	27.30
02/28/17		Color Copy Expense	40.00
02/28/17		Messenger Service	75.97
		Total disbursements for this matter	\$394.62

**BILLING SUMMARY:**

Oxford, IV Hubert	130.00 hrs @	\$250.00 /hr	\$32,500.00
Jones, Cayla	1.70 hrs @	\$75.00 /hr	\$127.50
TOTAL FEES			\$32,627.50
TOTAL DISBURSEMENTS			\$394.62
TOTAL CHARGES FOR THIS INVOICE			\$33,022.12
RETAINER			\$1,000.00 CR
<b>TOTAL BALANCE NOW DUE</b>			<b>\$32,022.12</b>

Federal ID# 74-1646478

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

# HUSCH BLACKWELL

P.O. BOX 790379, SAINT LOUIS, MISSOURI 63179, (314) 480-1500, Federal ID No. 26-1688286

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

PAYMENT DUE UPON RECEIPT

Date: May 5, 2017  
Invoice No. 2448796

## INVOICE SUMMARY

For Professional Services Rendered and Costs Advanced Through April 30, 2017  
(See attached pages for detail)

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Our Reference No. 6061577-0000001

Hospital Organization/Compliance Matters

Total Professional Services.....	\$	286.20
Total Disbursements and Other Charges .....	\$	0.00
<b>Total Amount this Invoice.....</b>	<b>\$</b>	<b>286.20</b>

---

*CONFIDENTIAL INFORMATION PROTECTED BY ATTORNEY-CLIENT PRIVILEGE*

# HUSCH BLACKWELL

P.O. BOX 790379, SAINT LOUIS, MISSOURI 63179, (314) 480-1500, Federal ID No. 26-1688286

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

PAYMENT DUE UPON RECEIPT

Date: May 5, 2017  
Invoice No. 2448796

For Professional Services Rendered and Costs Advanced Through April 30, 2017

Our Reference No. 6061577-0000001

Hospital Organization/Compliance Matters

Date	Professional Services	Hours	Amount
04/25/17	Review Hubert Oxford's e-mail and attached audit letters; forward to audit letter team within firm. M. Chouteau	0.20	\$95.40
04/26/17	Review audit letter received from Hubert Oxford; research file to ascertain activity in 2014 and 2015 and respond to Audit Letter Team. M. Chouteau	0.40	\$190.80
Total Hours and Fees		<u>0.60</u>	<u>\$ 286.20</u>

Timekeeper	Title	Rate	Hours	Fees
M. Chouteau	PARTNER	477.00	0.60	\$286.20
Total Professional Services				<u>\$ 286.20</u>
Current Invoice Due				<u>\$ 286.20</u>

**CONFIDENTIAL INFORMATION**  
**PROTECTED BY ATTORNEY-CLIENT PRIVILEGE**

# HUSCH BLACKWELL

P.O. BOX 790379, SAINT LOUIS, MISSOURI 63179, (314) 480-1500, Federal ID No. 26-1688286

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Our Reference No. 6061577-0000001

PAYMENT DUE UPON RECEIPT

Hospital Organization/Compliance Matters

Date: May 5, 2017  
Invoice No. 2448796

For Professional Services Rendered and Costs Advanced Through April 30, 2017

Total Professional Services	\$	286.20
Total Disbursements and Other Charges	\$	0.00
<b>Total Current Invoice</b>	<b>\$</b>	<b>286.20</b>

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

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

For wire transfer instructions, please email:  
[ARInfo@huschblackwell.com](mailto:ARInfo@huschblackwell.com)

Mail Payments to:  
Husch Blackwell LLP  
P.O. Box 790379  
SAINT LOUIS, MO 63179

\*\*\*\*\*

For a Chance to WIN

See Back of Receipt

Survey Code: 1704-7031-2857-3322

(Diganos en Espanol)

\*\*\*\*\*

Taco Bell 030157

1016 E Anderson Ln

Austin, TX 78752

(512)835-7269

4/27/2017

9:44:12 PM

Order 336767

Cashier: MAGDA F

1 Combo 6	6.99
2 Chalupa Chk Sup	0.80
Crunchy Taco	0.00
Lrg Dr Pepper	0.00

SubTotal	7.79
Tax	0.64
<b>Total</b>	<b>8.43</b>
Cash	10.50
Change	2.07

*Lunch*

DRIVE THRU

Thank you for visiting!

Total Items in Order: 4

*Yani - Reimbursement  
Austin TRAINING*

7-ELEVEN

3600 E HWY 290

AUSTIN TX 78724

5129267821

STORE#: 36266

Welcome to 7-11

FROM 7-11 :)

1 Gasoline	30.00
SubTOTAL	30.00
TOTAL DUE	30.00
<b>DEBIT</b>	<b>30.00</b>

*Gas*

ACCT#: \*\*\*\*\*4389

ACCT TYPE: DDA

APPROVAL#: 825402

AUTH CODE: 0

APPROVAL TIME: 135903

Maestro

STORE#: 36266

TERM#: 00073626601 03

TERM SEQ#: 934465

REF#: 97000 05 009 4

AID: A0000000042203

ENTRY: CHIP

Debit

TC 29AED6BA9812273C

PIN VERIFIED

APPROVED

PAQUETAS ARANDINAS  
1011 REINI ST  
AUSTIN, TX 78723  
(512) 454 2210

**Sale**

Merchant ID: 542929805916855

Term ID: LK417918

April 29, 2017

11:47

Batch#: 000001

Inv #: 0000

MASTERCARD

Entry Method:

XXXXXXXXXXXX4889

Seq.#: 0014

Appr Code: 536745

Amount:

\$ 10.80

Tip:

**Total:**

CUSTOMER AGREES TO PAY THE ABOVE  
TOTAL AMOUNT ACCORDING TO THE CARD  
HOLDERS AGREEMENT

Download Your 7-11 APP Today  
7 REWARDS any 7th CUP is FREE  
T#02 OP04 TRN1636 04/28/2017 01:59 PM

*Lunch*

APPROVED

Customer Copy

THANK YOU!

TRANSACTION  
ENCRYPTED BY  
WORLDPAY  
REFERENCE ID:  
1704280010014

0 \* \*

30.00 +

10.80 +

8.43 +

49.23 \* +

0 \* \*

# Exhibit “F-2”

2017 Proposed Budget and Amendments

	Budget	Year to Date	\$ Over Budget	% of Budget	Amendment No.	Revised Budget Post Amendment No.
Beginning of Year Governmental Fund Balance	\$3,724,216.00				1	1
Income						
400 Sales Tax Revenue	\$560,000.00	\$199,086.52	(\$360,913.48)	35.6%		\$560,000.00
405 Investment Income	\$5,800.00	\$3,309.92	(\$2,490.08)	57.1%		\$5,800.00
409 Tobacco Settlement	\$9,000.00	\$11,538.30	\$2,538.30	128.2%		\$12,000.00
410 Other Revenue	\$0.00	\$0.00	\$0.00	0.0%		\$0.00
415 Nursing Home-MPAP & QIPP Programs	\$0.00	\$0.00	\$0.00	0.0%		\$19,320,647.26
901 - Short Term Borrowings	\$0.00	\$0.00	\$0.00	0.0%		\$0.00
Total Income	\$574,800.00	\$213,934.74	(\$360,865.26)	37.2%		\$19,898,447.26
Total Revenue Plus Beginning Fund Balance						
Expense						
500 Admin-Administrator Salary	\$48,000.00	\$19,650.00	(\$28,350.00)	40.9%		\$48,000.00
501 Admin-Security	\$1,200.00	\$600.00	(\$600.00)	50.0%		\$1,200.00
504 Admin-Administrator's Payroll Taxes	\$4,000.00	\$2,933.24	(\$1,066.76)	73.3%		\$4,000.00
505 Admin-Board Bonds	\$100.00	\$50.00	(\$50.00)	50.0%		\$100.00
515 Admin-District Bank Service Charges	\$360.00	\$80.00	(\$280.00)	22.2%		\$360.00
521 Professional Fees - District Acctg	\$30,000.00	\$10,625.00	(\$19,375.00)	35.4%		\$30,000.00
522 Professional Fees - District Legal	\$15,000.00	\$0.00	(\$15,000.00)	0.0%		\$25,000.00
523 Professional Fees - District Legal	\$110,000.00	\$24,929.00	(\$85,071.00)	22.7%	\$10,000.00	\$110,000.00
550 Admin-D&O / Liability Insurance	\$15,000.00	\$13,822.00	(\$1,178.00)	92.1%		\$15,000.00
560 Admin-Cont Ed, Travel & Seminar	\$10,000.00	\$0.00	(\$10,000.00)	0.0%		\$10,000.00
561 Admin-Cont Ed-Med Personnel	\$0.00	\$0.00	\$0.00	0.0%	\$20,000.00	\$20,000.00
562 Admin-Travel & Mileage Reimbursed	\$1,000.00	\$56.71	(\$943.29)	5.7%		\$1,000.00
569 Admin-Meals	\$500.00	\$1,692.37	\$1,192.37	338.5%	\$2,000.00	\$2,500.00
570 Admin-District/County Promotion	\$500.00	\$75.68	(\$424.32)	15.1%		\$500.00
571 Admin-Office Supplies/Postage	\$3,600.00	\$441.59	(\$3,158.41)	12.3%		\$3,600.00
572 Admin-Copier Lease/Contract	\$1,500.00	\$549.03	(\$950.97)	36.6%		\$1,500.00
572 Admin-Web-Site	\$500.00	\$859.34	\$359.34	171.9%	\$1,000.00	\$1,500.00
575 Admin-Cell Phone Reimbursement	\$1,200.00	\$750.00	(\$450.00)	62.5%		\$1,200.00
576 Admin-Telephone/Internet	\$2,000.00	\$856.03	(\$1,143.97)	42.8%		\$2,000.00
590 Admin-Election Cost	\$0.00	\$0.00	\$0.00	0.0%		\$0.00
591 Admin- Notices & Fees	\$100.00	\$0.00	(\$100.00)	0.0%		\$100.00
600 East Chambers ISD Partnership	\$180,000.00	\$75,000.00	(\$105,000.00)	41.7%		\$180,000.00
601 IC-Pmt to Hosp-Equip	\$0.00	\$0.00	\$0.00	0.0%		\$0.00
602 IC-WCH 1115 Waiver UC/IGT Prog	\$275,000.00	\$91,335.09	(\$183,664.91)	33.2%		\$275,000.00
603 IC-Pharmaceutical Costs	\$48,000.00	\$29,253.17	(\$18,746.83)	60.9%		\$48,000.00
604 IC-Non Hosp. Cost	\$300.00	\$0.00	(\$300.00)	0.0%		\$300.00
605 IC-Office Supplies/Postage	\$100.00	\$886.39	\$786.39	886.4%	\$1,000.00	\$1,100.00
601 IC-Pmt to Hosp.-ER	\$2,000,000.00	\$0.00	(\$2,000,000.00)	0.0%		\$2,000,000.00
611 IC-Indigent Care Director Salary	\$25,000.00	\$11,700.00	(\$13,300.00)	46.8%		\$25,000.00
612 IC-Payroll Taxes for Director	\$2,400.00	\$1,346.91	(\$1,053.09)	56.1%		\$2,400.00
615 IC-Software	\$12,000.00	\$5,295.00	(\$6,705.00)	44.1%		\$12,000.00
616 IC-Travel	\$500.00	\$194.13	(\$305.87)	38.8%		\$500.00
630 NH Program - Mgt Fees	\$0.00	\$0.00	\$0.00	0.0%	\$5,429,188.75	\$5,429,188.75
631 NH Program IGT	\$0.00	\$0.00	\$0.00	0.0%	\$9,386,034.13	\$9,386,034.13
633 NH Program-Acctg Fees	\$0.00	\$0.00	\$0.00	0.0%	\$25,000.00	\$25,000.00



634 NH Program-Legal Fees	\$0.00	\$31,855.35	\$31,855.35	0.0%	\$100,000.00	\$100,000.00
635 NH Program-LTC Fees	\$0.00	\$0.00	\$0.00	0.0%	\$1,490,360.00	\$1,490,360.00
636 NH Program - Bonds	\$0.00	\$450.00	\$450.00	0.0%	\$450.00	\$450.00
637 NH Program-Interest Expense	\$50,000.00	\$49,985.75	(\$14.25)	100.0%	\$459,017.16	\$509,017.16
638 NH Program Bank Fees & Misc	\$0.00	\$90.00	\$90.00	0.0%	\$0.00	\$0.00
653 Service Fee	\$0.00	\$90.00	\$0.00	0.0%	\$100.00	\$100.00
999 Undistributed			\$0.00			
800 Contingency	\$0.00	\$23,593.62	\$23,593.62	0.0%	\$0.00	\$0.00
902 - Pmts of Short Term Loans	\$0.00	\$394.16	\$394.16	0.0%	\$0.00	\$0.00
Payroll Expense						
<b>Total Expense</b>	<b>\$2,837,860.00</b>	<b>\$399,349.56</b>	<b>(\$2,438,510.44)</b>		<b>\$16,924,150.04</b>	<b>\$19,762,010.04</b>
<b>Net Income</b>	<b>-\$2,263,060.00</b>	<b>(\$185,414.82)</b>			<b>\$2,396,497.22</b>	<b>\$136,437.22</b>
<b>Expected Fund Balance (includes \$2,278,777.41 in net Settlement Funds after paying \$29,668.00 in settlement funds to 4 Districts)</b>	<b>\$3,739,900.41</b>					

# Exhibit “G-1”

**Loan 10**  
**(10 Month) Short Term REVENUE NOTE**  
May 25, 2017 –March 25, 2018

**BORROWER INFORMATION**

Winnie-Stowell Hospital District  
538 Broadway  
Winnie, Texas 77665

**NOTE.** This Commercial Promissory Note dated May 25, 2017, will be referred to in this document as the “Note.”

**LENDER.** “Lender” means Salt Creek 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 May 25, 2017, (the Maturity Date), the Borrower promises to pay the principal amount of four million seventy seven-five thousand five hundred and eighty-eight dollars and 00/100 Dollars (\$4,775,588.00) 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 in the amount of \$68,858.23 on the unpaid principal balance of this Note shall be due and payable in four (4) equal monthly payments on June 25, 2017, July 25, 2017, August 25, 2017, and September 25, 2017, and then the remaining principal and interest shall be paid in six (6) equal monthly payments of \$835,383.77 due on October 25, 2017, November 25, 2017, December 25, 2017, January 25, 2018, February 25, 2018, and March 25, 2018, with any and all remaining principal payment and accrued interest on the Note being due and payable on the Maturity Date, without notice or demand. (See Exhibit “A”). 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 May 25th, 2017, 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 Salt Creek 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 Salt Creek Capital, LLC with whatever information it reasonably requests. Salt Creek 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 Salt Creek Capital, LLC in writing of any change in my name, address or other application information and agrees to provide Salt Creek 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 Salt Creek Capital, LLC may consider necessary to perfect, continue, and preserve any obligations under the Loan and to confirm Salt Creek 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: \_\_\_\_\_

Title: \_\_\_\_\_

# Exhibit "A"

## Payment Schedule

### Line of Credit Calculator



<http://www.vertex42.com/Calculators/line-of-credit.html>

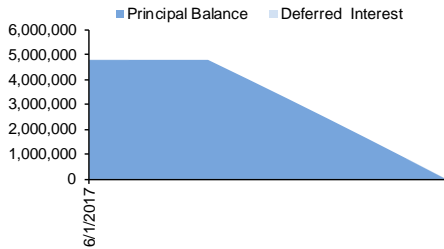
© 2010-2017 Vertex42 LLC

**Borrower: Winnie Stowell Hospital District**  
 P.O. Box 1997  
 Winnie Texas 77706  
 Phone: (409)296-1003

**Lender: Salt Creek Capital, LLC**  
 P.O. Box 930, 455 Elm Street, Suite 100,  
 Graham, Texas 76540  
 Phone:

Inputs	
Credit Limit	4,775,588
Starting Interest Rate	16.80%
Draw Period in Years	0.83
First Day Interest Accrues	5/25/2017
Payment Frequency	Monthly
Days in Year	360

Balance at End of Draw Period	
Total Borrowed	4,775,588.00
Total Payments	5,012,302.62
Total Interest Accrued	504,147.54
Ending Principal Balance	823,849.85
Deferred Interest Balance	-
<b>Total Balloon Payment Owed</b>	<b>823,849.85</b>



Use Random Rates?	No
Min Change	-0.35%
Max Change	0.45%
Minimum Interest Rate	2.00%

### Payment Schedule

No.	Payment Date	Interest Rate	Interest Accrued	Payment	Amount Borrowed	Principal	Principal Balance	Deferred Interest	Total Owed
	5/25/2017	16.80%			4,775,588.00		\$4,775,588.00		
1	6/25/17	16.80%	66,858.23	0.00			4,775,588.00	0.00	4,775,588.00
2	7/25/17	16.80%	66,858.23	0.00			4,775,588.00	0.00	4,775,588.00
3	8/25/17	16.80%	66,858.23	0.00			4,775,588.00	0.00	4,775,588.00
4	9/25/17	16.80%	66,858.23	0.00			4,775,588.00	0.00	4,775,588.00
5	10/25/17	16.80%	66,858.23	835,383.77		768,525.54	4,007,062.46	0.00	4,007,062.46
6	11/25/17	16.80%	56,098.87	835,383.77		779,284.90	3,227,777.56	0.00	3,227,777.56
7	12/25/17	16.80%	45,188.89	835,383.77		790,194.88	2,437,582.68	0.00	2,437,582.68
8	1/25/18	16.80%	34,126.16	835,383.77		801,257.61	1,636,325.07	0.00	1,636,325.07
9	2/25/18	16.80%	22,908.55	835,383.77		812,475.22	823,849.85	0.00	823,849.85
10	3/25/18	16.80%	11,533.92	835,383.77		823,849.55	0.00	0.00	0.00

# Exhibit “G-2”



**- LOAN. 10**  
**LOAN AND SECURITY AGREEMENT FOR**  
**(10 MONTH) -SHORT TERM COMMERCIAL REVENUE NOTE**  
May 25, 2017 – March 25, 2018

Effective as of May 25, 2017, WINNIE-STOWELL HOSPITAL DISTRICT, a political subdivision of the State of Texas (“Debtor”), whose address is P.O. Box 1997, Winnie, Texas 77665, and SALT CREEK 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 the United States Code; Code of Federal Regulations; any rules and regulations promulgated by an agent of the United State of America, including but not limited to, the Center for Medicare and Medicaid Services (“CMS”); Article III, Section 52 of the Texas Constitution; or statutes of the State of Texas, 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 savings account and intergovernmental transfer TexNet account and all deposits now or hereafter made to that account (the “Funding and Disbursement Account”);
- (ii) Account maintained by Debtor with Wells Fargo Bank in Beaumont, Texas, Account Number 3296617180 known as the District Sweep Account..
- (iii) Accounts maintained by Debtor with Post Oak Bank in Beaumont, Texas known as the Commercial Disbursement Accounts for the following:

Account Name	Account Number
Highand Park	1067180
Marshall Manor West	1067206
Rose Haven	1067230

- (iv) 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
- (v) 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, (10 Month Day) Short Term Commercial Note signed on May 25, 2017 by the Debtor with a term ending March 25, 2018, 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 Second Amended Transfer Procedures adopted by the Debtor's Board on January 20, 2016, 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 re-filing taxes, fees and other charges. Debtor also hereby authorizes Secured Party to take such other measures as



Secured Party may deem necessary or appropriate to perfect any security interests created hereunder in and to the Collateral.

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: Edward Murrell

Title: President, Winnie Stowell Hospital District

**SECURED PARTY:**

SALT CREEK CAPITAL, LLC

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

Name: Alfred G. Allen, III

Title: President

# **Exhibit B**

# Exhibit “G-3”

## Loan 10 Blocked Account Control Agreement (“Shifting Control”)

AGREEMENT dated as of	May 25,	2017,	by and among	WINNIE-STOWELL HOSPITAL DISTRICT	(the “District”),
SALT CREEK 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 (10 Month) Short Term Commercial Note No. 10 signed on May 25, 2017 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				SALT CREEK CAPITAL, LLC			
By:		Date:		By:		Date:	
Name:		Edward Murrell		Name:		Alfred G. Allen, III	
Title:		President		Title:		Manager	
Address for Notices:		P.O. Box 1997, 538 Broadway		Address for Notices:		P.O. Box 930, 455 Elm Street, Suite 100	
		Winnie, Texas 77665				Graham, Texas 76540	
Fax No.:		(409) 296-6326		Fax No.:		(940) 549-5691	
Email Address:		Murrelledward@yahoo.Com		Email Address:		aga@turnerandallen.com	
INTERBANK							
By:		Date:					
Name:		Harold Wilbanks					
Title:		Sr. Vice President					
<b>Address for other Notices:</b>				<b>Address For Shifting Control and Termination Notices:</b>			
InterBank 455 Elm Street Graham, Texas 76450				InterBank 455 Elm Street Graham, Texas 76450			
Attention: <u>Harold Wilbanks</u>				Attention: <u>Harold Wilbanks</u>			
Email: <u>harold.wilbanks@interbankus.com</u>				Email: <u>harold.wilbanks@interbankus.com</u>			
Fax No.: _____				Fax No.: _____			

# **Exhibit A**



## 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 May 24 2017, (the "Agreement") by and among

Winnie-Stowell Hospital District ("Debtor"), SALT CREEK Capital, LLC ("Secured Party") and InterBank

relating to Account(s) 1755271008

---

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.

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

# **Exhibit “G-4”**



## DEPOSIT ACCOUNT CONTROL AGREEMENT

(Access Restricted after Notice)

This **Deposit Account Control Agreement** (the "Agreement"), dated as of the date specified on the initial signature page of this Agreement, is entered into by and among **WINNIE- STOWELL HOSPITAL DISTRICT** ("Company"), **Salt Creek Capital, LLC** ("Secured Party") and **Wells Fargo Bank, National Association** ("Bank"), and sets forth the rights of Secured Party and the obligations of Bank with respect to the deposit accounts of Company at Bank identified at the end of this Agreement as the Collateral Accounts (each hereinafter referred to individually as a "Collateral Account" and collectively as the "Collateral Accounts"). Each account designated as a Collateral Account includes, for purposes of this Agreement, and without the necessity of separately listing subaccount numbers, all subaccounts presently existing or hereafter established for deposit reporting purposes and integrated with the Collateral Account by an arrangement in which deposits made through subaccounts are posted only to the Collateral Account. Each Collateral Account operated as a "Multi-Currency Account" is a deposit account maintained with Bank's Cayman Islands Branch, which may be denominated in foreign currency.

- 1. Secured Party's Interest in Collateral Accounts.** Secured Party represents that it is either (i) a lender who has extended credit to Company and has been granted a security interest in the Collateral Accounts or (ii) such a lender and the agent for a group of such lenders. Company hereby confirms the security interest granted by Company to Secured Party in all of Company's right, title and interest in and to the Collateral Accounts and all sums now or hereafter on deposit in or payable or withdrawable from the Collateral Accounts (the "Collateral Account Funds"). In furtherance of the intentions of the parties hereto, this Agreement constitutes written notice by Secured Party to Bank and Bank's Cayman Islands Branch of Secured Party's security interest in the Collateral Accounts.
- 2. Secured Party Control.** Bank, Secured Party and Company each agree that Bank will comply with instructions given to Bank by Secured Party directing disposition of funds in the Collateral Accounts ("Disposition Instructions") without further consent by Company. Except as otherwise required by law, Bank will not agree with any third party to comply with instructions for disposition of funds in the Collateral Accounts originated by such third party.
- 3. Company Access to Collateral Accounts.** Notwithstanding the provisions of the "Secured Party Control" section of this Agreement, Secured Party agrees that Company will be allowed access to the Collateral Accounts and Collateral Account Funds until Bank receives, and has had a reasonable opportunity to act on, written notice from Secured Party directing that Company no longer have access to any Collateral Accounts or Collateral Account Funds (an "Access Termination Notice"). Company irrevocably authorizes Bank to comply with any Access Termination Notice and/or Disposition Instructions even if Company objects to them in any way, and agrees that Bank may pay any and all Collateral Account Funds to Secured Party in response to any Disposition Instructions. Company further agrees that after Bank receives an Access Termination Notice, Company will not have access to any Collateral Accounts or Collateral Account Funds.
- 4. Transfers in Response to Disposition Instructions.** Notwithstanding the provisions of the "Secured Party Control" section of this Agreement, unless Bank separately agrees in writing to

the contrary, Bank will have no obligation to disburse funds in response to Disposition Instructions other than by automatic standing wire. Bank agrees that on each Business Day after it receives and has had a reasonable opportunity to act on an Access Termination Notice and corresponding Disposition Instructions it will transfer to the account specified at the end of this Agreement as the Destination Account or, if no account is specified, to such account as Secured Party specifies in the Access Termination Notice (in either case, the "Destination Account") the full amount of the collected and available balance in the Collateral Accounts at the beginning of such Business Day. Any disposition of funds which Bank makes in response to Disposition Instructions is subject to Bank's standard policies, procedures and documentation governing the type of disposition made; provided, however, that in no circumstances will any such disposition require Company's consent. To the extent any Collateral Account is a certificate of deposit or time deposit, Bank will be entitled to deduct any applicable early withdrawal penalty prior to disbursing funds from such account in response to Disposition Instructions. To the extent Secured Party requests that funds be transferred from any Collateral Account in a currency different from the currency denomination of the Collateral Account, the funds transfer will be made after currency conversion at Bank's then current buying rate for exchange applicable to the new currency.

5. **Lockboxes.** To the extent items deposited to a Collateral Account have been received in one or more post office lockboxes maintained for Company by Bank (each a "Lockbox") and processed by Bank for deposit, Company acknowledges that Company has granted Secured Party a security interest in all such items (the "Remittances"). Company agrees that after Bank receives an Access Termination Notice, Company will have no further right or ability to instruct Bank regarding the receipt, processing or deposit of Remittances, and that Secured Party alone will have the right and ability to so instruct Bank. Company and Secured Party acknowledge and agree that Bank's operation of each Lockbox, and the receipt, retrieval, processing and deposit of Remittances, will at all times be governed by Bank's Master Agreement for Treasury Management Services or other applicable treasury management services agreement, and by Bank's applicable standard lockbox Service Description.
6. **Balance Reports and Bank Statements.** Bank agrees, at the request of Secured Party on any day on which Bank is open to conduct its regular banking business, other than a Saturday, Sunday or public holiday (each a "Business Day"), to make available to Secured Party a report ("Balance Report") showing the opening available balance in the Collateral Accounts as of the beginning of such Business Day, by a transmission method determined by Bank, in Bank's sole discretion. Company expressly consents to this transmission of information. After Bank receives an Access Termination Notice, Bank will, on receiving a written request from Secured Party, send to Secured Party by United States mail, at the address indicated for Secured Party after its signature to this Agreement, duplicate copies of all periodic statements on the Collateral Accounts which are subsequently sent to Company.
7. **Returned Items.** Secured Party and Company understand and agree that the face amount ("Returned Item Amount") of each Returned Item will be paid by Bank debiting the Collateral Account to which the Returned Item was originally credited, without prior notice to Secured Party or Company. As used in this Agreement, the term "Returned Item" means (i) any item deposited to a Collateral Account and returned unpaid, whether for insufficient funds or for any other reason, and without regard to timeliness of the return or the occurrence or timeliness of any drawee's notice of non-payment; (ii) any item subject to a claim against Bank of breach of transfer or presentment warranty under the Uniform Commercial Code (as adopted in the applicable state) or Regulation CC (12 C.F.R. §229), as in effect from time to time; (iii) any automated clearing house ("ACH") entry credited to a Collateral Account and returned unpaid or subject to an adjustment entry under applicable clearing house rules, whether for insufficient funds or for any other reason, and without regard to timeliness of the return or adjustment; (iv) any credit to a Collateral Account from a merchant card transaction, against which a contractual

demand for chargeback has been made; and (v) any credit to a Collateral Account made in error. Company agrees to pay all Returned Item Amounts immediately on demand, without setoff or counterclaim, to the extent there are not sufficient funds in the applicable Collateral Account to cover the Returned Item Amounts on the day Bank attempts to debit them from the Collateral Account. After Bank receives an Access Termination Notice, Secured Party agrees to pay all Returned Item Amounts within fifteen (15) calendar days after demand, without setoff or counterclaim, to the extent that (i) the Returned Item Amounts are not paid in full by Company within five (5) calendar days after demand on Company by Bank, and (ii) Secured Party has received proceeds from the corresponding Returned Items under this Agreement.

8. **Settlement Items.** Secured Party and Company understand and agree that the face amount ("Settlement Item Amount") of each Settlement Item will be paid by Bank debiting the applicable Collateral Account, without prior notice to Secured Party or Company. As used in this Agreement, the term "Settlement Item" means (i) each check or other payment order drawn on or payable against any controlled disbursement account or other deposit account at any time linked to any Collateral Account by a zero balance account connection or other automated funding mechanism (each a "Linked Account"), which Bank cashes or exchanges for a cashier's check or official check in the ordinary course of business prior to receiving an Access Termination Notice and having had a reasonable opportunity to act on it, and which is presented for settlement against the Collateral Account (after having been presented against the Linked Account) after Bank receives the Access Termination Notice, (ii) each check or other payment order drawn on or payable against a Collateral Account, which, on the Business Day Bank receives an Access Termination Notice, Bank cashes or exchanges for a cashier's check or official check in the ordinary course of business after Bank's cutoff time for posting, (iii) each ACH credit entry initiated by Bank, as originating depository financial institution, on behalf of Company, as originator, prior to Bank having received an Access Termination Notice and having had a reasonable opportunity to act on it, which ACH credit entry settles after Bank receives an Access Termination Notice, and (iv) any other payment order drawn on or payable against a Collateral Account or any Linked Account, which Bank has paid or funded prior to receiving an Access Termination Notice and having had a reasonable opportunity to act on it, and which is first presented for settlement against the Collateral Account in the ordinary course of business after Bank receives the Access Termination Notice and has transferred Collateral Account Funds to Secured Party under this Agreement. Company agrees to pay all Settlement Item Amounts immediately on demand, without setoff or counterclaim, to the extent there are not sufficient funds in the applicable Collateral Account to cover the Settlement Item Amounts on the day they are to be debited from the Collateral Account. Secured Party agrees to pay all Settlement Item Amounts within fifteen (15) calendar days after demand, without setoff or counterclaim, to the extent that (i) the Settlement Item Amounts are not paid in full by Company within five (5) calendar days after demand on Company by Bank, and (ii) Secured Party has received Collateral Account Funds under this Agreement.
9. **Bank Fees.** Company agrees to pay all Bank's fees and charges for the maintenance and administration of the Collateral Accounts and for the treasury management and other account services provided with respect to the Collateral Accounts and any Lockboxes (collectively "Bank Fees"), including, but not limited to, the fees for (a) Balance Reports provided on the Collateral Accounts, (b) funds transfer services received with respect to the Collateral Accounts, (c) lockbox processing services, (d) Returned Items, (e) funds advanced to cover overdrafts in the Collateral Accounts (but without Bank being in any way obligated to make any such advances), and (f) duplicate bank statements. The Bank Fees will be paid by Bank debiting one or more of the Collateral Accounts on the Business Day that the Bank Fees are due, without notice to Secured Party or Company. If there are not sufficient funds in the Collateral Accounts to cover fully the Bank Fees on the Business Day Bank attempts to debit them from the Collateral Accounts, such shortfall or the amount of such Bank Fees will be paid by Company to Bank, without setoff or counterclaim, within five (5) calendar days after demand from Bank. Secured Party agrees to pay any Bank Fees which accrue after Bank receives an Access Termination Notice, within fifteen (15) calendar days after demand, without setoff or counterclaim, to the

extent such Bank Fees are not paid in full by Company within five (5) calendar days after demand on Company by Bank.

- 10. Account Documentation.** Except as specifically provided in this Agreement, Secured Party and Company agree that the Collateral Accounts will be subject to, and Bank's operation of the Collateral Accounts will be in accordance with, the terms of Bank's applicable deposit account agreement governing the Collateral Accounts ("Account Agreement"). In addition to the Account Agreement, each Collateral Account operated as a "Multi-Currency Account" will be governed by Bank's Master Agreement for Treasury Management Services or other applicable treasury management services agreement, and by Bank's Multi-Currency Account Service Description in effect from time to time. All documentation referenced in this Agreement as governing any Collateral Account or the processing of any Remittances is hereinafter collectively referred to as the "Account Documentation".
- 11. Partial Subordination of Bank's Rights.** Bank hereby subordinates to the security interest of Secured Party in the Collateral Accounts (i) any security interest which Bank may have or acquire in the Collateral Accounts, and (ii) any right which Bank may have or acquire to set off or otherwise apply any Collateral Account Funds against the payment of any indebtedness from time to time owing to Bank from Company, except for debits to the Collateral Accounts permitted under this Agreement for the payment of Returned Item Amounts, Settlement Item Amounts or Bank Fees.
- 12. Bankruptcy Notice; Effect of Filing.** If Bank at any time receives notice of the commencement of a bankruptcy case or other insolvency or liquidation proceeding by or against Company, Bank will continue to comply with its obligations under this Agreement, except to the extent that any action required of Bank under this Agreement is prohibited under applicable bankruptcy laws or regulations or is stayed pursuant to the automatic stay imposed under the United States Bankruptcy Code or by order of any court or agency. With respect to any obligation of Secured Party hereunder which requires prior demand on Company, the commencement of a bankruptcy case or other insolvency or liquidation proceeding by or against Company will automatically eliminate the necessity of such demand on Company by Bank, and will immediately entitle Bank to make demand on Secured Party with the same effect as if demand had been made on Company and the time for Company's performance had expired.
- 13. Legal Process, Legal Notices and Court Orders.** Bank will comply with any legal process, legal notice or court order it receives in relation to a Collateral Account if Bank determines in its sole discretion that the legal process, legal notice or court order is legally binding on it.
- 14. Indemnification.** Company will indemnify, defend and hold harmless Bank, its officers, directors, employees, and agents (collectively, the "Indemnified Parties") from and against any and all claims, demands, losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees) (collectively "Losses and Liabilities") Bank may suffer or incur as a result of or in connection with (a) Bank complying with any binding legal process, legal notice or court order referred to in the immediately preceding section of this Agreement, (b) Bank following any instruction or request of Secured Party, including but not limited to any Access Termination Notice or Disposition Instructions, or (c) Bank complying with its obligations under this Agreement, except to the extent such Losses and Liabilities are caused by Bank's gross negligence or willful misconduct. To the extent such obligations of indemnity are not satisfied by Company within five (5) days after demand on Company by Bank, Secured Party will indemnify, defend and hold harmless Bank and the other Indemnified Parties against any and all Losses and Liabilities Bank may suffer or incur as a result of or in connection with Bank following any instruction or request of Secured Party, except to the extent such Losses and Liabilities are caused by Bank's gross negligence or willful misconduct.

- 15. Bank's Responsibility.** This Agreement does not create any obligations of Bank, and Bank makes no express or implied representations or warranties with respect to its obligations under this Agreement, except for those expressly set forth herein. In particular, Bank need not investigate whether Secured Party is entitled under Secured Party's agreements with Company to give an Access Termination Notice or Disposition Instructions. Bank may rely on any and all notices and communications it believes are given by the appropriate party. Bank will not be liable to Company, Secured Party or any other party for any Losses and Liabilities caused by (i) circumstances beyond Bank's reasonable control (including, without limitation, computer malfunctions, interruptions of communication facilities, labor difficulties, acts of God, wars, or terrorist attacks) or (ii) any other circumstances, except to the extent that such Losses and Liabilities are directly caused by Bank's gross negligence or willful misconduct. In no event will Bank be liable for any indirect, special, consequential or punitive damages, whether or not the likelihood of such damages was known to Bank, and regardless of the form of the claim or action, or the legal theory on which it is based. Any action against Bank by Company or Secured Party under or related to this Agreement must be brought within twelve (12) months after the cause of action accrues.
- 16. Termination.** This Agreement may be terminated by Secured Party or Bank at any time by either of them giving thirty (30) calendar days prior written notice of such termination to the other parties to this Agreement at their contact addresses specified after their signatures to this Agreement; provided, however, that this Agreement may be terminated immediately upon written notice (i) from Bank to Company and Secured Party should Company or Secured Party fail to make any payment when due to Bank from Company or Secured Party under the terms of this Agreement, or (ii) from Secured Party to Bank on termination or release of Secured Party's security interest in the Collateral Accounts; provided that any notice from Secured Party under clause (ii) of this sentence must contain Secured Party's acknowledgement of the termination or release of its security interest in the Collateral Accounts. Company's and Secured Party's respective obligations to report errors in funds transfers and bank statements and to pay Returned Item Amounts, Settlement Item Amounts, and Bank Fees, as well as the indemnifications made, and the limitations on the liability of Bank accepted, by Company and Secured Party under this Agreement will continue after the termination of this Agreement with respect to all the circumstances to which they are applicable, existing or occurring before such termination, and any liability of any party to this Agreement, as determined under the provisions of this Agreement, with respect to acts or omissions of such party prior to such termination will also survive such termination. Upon any termination of this Agreement which occurs after Bank has received an Access Termination Notice and has had a reasonable opportunity to act on it, (i) Bank will transfer all collected and available balances in the Collateral Accounts on the date of such termination in accordance with Secured Party's written instructions, and (ii) Bank will close any Lockbox and forward any mail received at the Lockbox unopened to such address as is communicated to Bank by Secured Party under the notice provisions of this Agreement for a period of three (3) months after the effective termination date, unless otherwise arranged between Secured Party and Bank, provided that Bank's fees with respect to such disposition must be prepaid directly to Bank at the time of termination by cashier's check payable to Bank or other payment method acceptable to Bank in its sole discretion.
- 17. Modifications, Amendments, and Waivers.** This Agreement may not be modified or amended, or any provision thereof waived, except in a writing signed by all the parties to this Agreement.
- 18. Notices.** All notices from one party to another must be in writing, must be delivered to Company, Secured Party and/or Bank at their contact addresses specified after their signatures to this Agreement, or any other address of any party communicated to the other parties in writing, and will be effective on receipt. Any notice sent by a party to this Agreement to another

party must also be sent to all other parties to this Agreement. Bank is authorized by Company and Secured Party to act on any instructions or notices received by Bank if (a) such instructions or notices purport to be made in the name of Secured Party, (b) Bank reasonably believes that they are so made, and (c) they do not conflict with the terms of this Agreement as such terms may be amended from time to time, unless such conflicting instructions or notices are supported by a court order.

- 19. Successors and Assigns.** Neither Company nor Secured Party may assign or transfer its rights or obligations under this Agreement to any person or entity without the prior written consent of Bank, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, Secured Party may transfer its rights and duties under this Agreement to (i) a transferee to which, by contract or operation of law, Secured Party transfers substantially all of its rights and duties under the financing or other arrangements between Secured Party and Company, or (ii) if Secured Party is acting as a representative in whose favor a security interest is created or provided for, a transferee that is a successor representative; provided that as between Bank and Secured Party, Secured Party will not be released from its obligations under this Agreement unless and until Bank receives any such transferee's binding written agreement to assume all of Secured Party's obligations hereunder. Bank may not assign or transfer its rights or obligations under this Agreement to any person or entity without the prior written consent of Secured Party, which consent will not be unreasonably withheld or delayed; provided, however, that no such consent will be required if such assignment or transfer takes place as part of a merger, acquisition or corporate reorganization affecting Bank.
- 20. Governing Law.** This Agreement will be governed by and be construed in accordance with the laws of the state in which the office of Bank that maintains the Collateral Accounts is located, without regard to conflict of laws principles. This state will also be deemed to be Bank's jurisdiction, for purposes of Article 9 of the Uniform Commercial Code as it applies to this Agreement.
- 21. Severability.** To the extent that the terms of this Agreement are inconsistent with, or prohibited or unenforceable under, any applicable law or regulation, they will be deemed ineffective only to the extent of such prohibition or unenforceability, and will be deemed modified and applied in a manner consistent with such law or regulation. Any provision of this Agreement which is deemed unenforceable or invalid in any jurisdiction will not affect the enforceability or validity of the remaining provisions of this Agreement or the same provision in any other jurisdiction.
- 22. Counterparts.** This Agreement may be executed in any number of counterparts each of which will be an original with the same effect as if the signatures were on the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or electronic image scan transmission (such as a "pdf" file) will be effective as delivery of a manually executed counterpart of the Agreement.
- 23. Entire Agreement.** This Agreement, together with the Account Documentation, contains the entire and only agreement among all the parties to this Agreement and between Bank and Company, on the one hand, and Bank and Secured Party, on the other hand, with respect to (a) the interest of Secured Party in the Collateral Accounts and Collateral Account Funds, and (b) Bank's obligations to Secured Party in connection with the Collateral Accounts and Collateral Account Funds.

This Agreement has been signed by the duly authorized officers or representatives of Company, Secured Party and Bank on the date specified below.

Formatted: Indent: First line: 0.5"



Date: \_\_\_\_\_, 2017

Collateral Account Numbers:

3296617180

Destination Account Number:

Bank of Destination Account:

[Insert bank name and bank ABA number]

**WINNIE- STOWELL HOSPITAL DISTRICT**

**Salt Creek Capital, LLC**

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

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

Name: Edward Murrell

Name: Alfred G Allen, III

Title: President

Title: Manager

**Address for Notices:**

**Address for Notices:**

538 Broadway

455 Elm St STE 100

Winnie TX, 77665-7600

Graham, TX 76540

Attn: Elroy Henry

Attn: Alfred G Allen, III

[SIGNATURE PAGES CONTINUE]

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION**

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

Name: Ralph Miller \_\_\_\_\_

Title: Business Banking Manager \_\_\_\_\_

**Address for Notices:**

Wells Fargo Bank, National Association \_\_\_\_\_

Mail Address Code: D1129-075I \_\_\_\_\_

301 South Tryon Street, 7<sup>th</sup> Floor \_\_\_\_\_

Charlotte, North Carolina 28282-1915 \_\_\_\_\_

Attn: Regional DACA Team \_\_\_\_\_

with a copy to:

Ralph Miller  
Business Banking Manager  
1000 Louisiana St, 7th Floor  
Houston, TX 77002-5027 \_\_\_\_\_

Josh Rodriguez  
Business Relationship Manager  
6250 Delaware St  
Beaumont, TX 77706 \_\_\_\_\_

Lori Reneau  
Business Associate  
6250 Delaware St  
Beaumont, TX 77706 \_\_\_\_\_

Tim Kreitzer  
Business Banking Manager  
14200 Gulf Freeway  
Houston, TX 77034 \_\_\_\_\_